SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14D-1
TENDER OFFER STATEMENT
PURSUANT TO SECTION 14(D)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934
AND
SCHEDULE 13D
UNDER THE SECURITIES EXCHANGE ACT OF 1934

OPAL, INC.
(Name of Subject Company)
ORION CORP. I
APPLIED MATERIALS, INC.
(Bidders)
COMMON STOCK, $.01 PAR VALUE
(Title of Class of Securities)
683474-10-0
(CUSIP Number of Class of Securities)

JOSEPH J. SWEENEY, ESQ.
APPLIED MATERIALS, INC.
2881 SCOTT BLVD.
SANTA CLARA, CALIFORNIA 95050
(408) 727-5555
(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications on behalf of Bidders)

COPY TO:

DAVID FOX, ESQ.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
919 THIRD AVENUE
NEW YORK, NEW YORK 10022
(212) 735-3000

NOVEMBER 24, 1996
(Date of Event Which Requires Filing Statement on Schedule 13D)

CALCULATION OF FILING FEE

TRANSACTION VALUATION* $168,990,710.50
AMOUNT OF FILING FEE $33,799.00

* Estimated for purposes of calculating the amount of the filing fee only. The amount assumes the purchase of 9,134,633 shares of common stock, $.01 par value, of Opal, Inc. (the "Company") (the "Shares"), at a price per Share of $18.50 in cash (the "Offer Price"). Such number of Shares represents all the Shares outstanding as of November 24, 1996, plus 351,050 Shares issuable upon the exercise of outstanding vested employee stock options, and up to 40,000 shares which may be issued pursuant to the Company's employee stock purchase plan.

[ ] Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.
Amount Previously Paid: None
Form or Registration No.: N/A
Filing Party: N/A
Date Filed: N/A

Exhibit Index is located on Page 8

1. Names of Reporting Persons S.S. or I.R.S. Identification Nos. of Above Persons

Orion Corp. I

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2. Check the Appropriate Box if a Member of a Group (a) [ ] (b) [ ]

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3. SEC Use Only

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4. Source of Funds

AF

Check Box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(e) or 2(f) [ ]

5.

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6. Citizenship or Place of Organization

Delaware

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7. Aggregate Amount Beneficially Owned By Each Reporting Person*

4,289,777

Check Box if the Aggregate Amount in Row (7) Excludes Certain Shares [ ]

8.

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9. Percent of Class Represented By Amount in Row (7)*

Approximately 47% of the Shares outstanding on a fully diluted basis as of November 24, 1996

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10. Type of Reporting Person

CO

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* See footnote on following page.

1.	Names of Reporting Person S.S. or I.R.S. Identification No. of Above Persons Applied Materials, Inc.
2.	Check the Appropriate Box if a Member of a Group (a) [ ] (b) [ ]
3.	SEC Use Only
4.	Source of Funds WC or BK
5.	Check Box if Disclosure of Legal Proceedings is Required Pursuant to Items 2(e) or 2(f) [ ]
6.	Citizenship or Place of Organization Delaware
7.	Aggregate Amount Beneficially Owned By Each Reporting Person* 4,289,777
8.	Check Box if the Aggregate Amount in Row (7) Excludes Certain Shares [ ]
9.	Percent of Class Represented By Amount in Row (7)* Approximately 47% of the Shares outstanding on a fully diluted basis as of November 24, 1996
10.	Type of Reporting Person CO

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* On November 24, 1996, Applied Materials, Inc. ("Parent") and Orion Corp. I, a wholly owned subsidiary of Parent (the "Purchaser"), entered into separate Stockholder Agreements (collectively, the "Stockholder Agreements"), with each of Rafi Yizhar, the Chief Executive Officer and President of the Company and the beneficial owner of an aggregate of 253,922 Shares, Israel Niv, the General Manager and Executive Vice President of Sales and Marketing of the Company and the beneficial owner of an aggregate of 101,878 Shares, Clal Electronics Industries Ltd., the beneficial owner of an aggregate of 2,692,327 Shares, and Orbotech Ltd., the beneficial owner of an aggregate of 1,241,650 Shares (individually, a "Selling Stockholder" and, collectively, the "Selling Stockholders"). The Selling Stockholders beneficially own an aggregate of 4,289,777 Shares or approximately 47% of the Company's outstanding Shares on a fully diluted basis. Pursuant to the Stockholder Agreements, the Selling Stockholders have agreed to validly tender, at the Offer Price, pursuant to the Offer (as defined in the Offer to Purchase) and not withdraw all Shares which are beneficially owned by the Selling Stockholders prior to the expiration date of the Offer. Each of the Stockholder Agreements provides that Parent has an irrevocable option to acquire from each Selling Stockholder, at the Offer Price, all of such Selling Stockholder's Shares if (i) the Offer is terminated, abandoned or withdrawn by Parent or the Purchaser (whether due to the failure of any

of the conditions to the Offer or otherwise), other than at a time when Parent or the Purchaser is in material breach of the terms of the Agreement and Plan of Merger, dated November 24, 1996, between Parent, the Purchaser and the Company (the "Merger Agreement"), or (ii) the Merger Agreement is terminated in accordance with its terms, other than as a result of certain material breaches by Parent or the Purchaser in the terms of the Merger Agreement. Subject to certain conditions specified in each of the Stockholder Agreements, such options are exercisable in whole but not in part for the 60 day period following the first to occur of the foregoing events. Pursuant to the Stockholder Agreements, each Selling Stockholder has also delivered a proxy to the Purchaser to vote, or grant a consent or approval in respect of, the Shares subject to the Stockholder Agreements in favor of the Merger (as defined in the Offer to Purchase) and against any transaction with a third party that would impede or frustrate the Merger Agreement. The Stockholder Agreements are described more fully in Section 12 -- "Purpose of the Offer, Merger, Merger Agreement and Stockholder Agreements" of the Offer to Purchase dated November 26, 1996 (the "Offer to Purchase").

TENDER OFFER

This Tender Offer Statement on Schedule 14D-1 relates to the offer by the Purchaser to purchase all outstanding shares of common stock, par value $.01 per share (the "Shares"), of Opal, Inc., a Delaware corporation, at $18.50 per Share, net to the seller in cash, on the terms and subject to the conditions set forth in the Offer to Purchase, dated November 26, 1996 (the "Offer to Purchase"), and in the related Letter of Transmittal, copies of which are attached hereto as Exhibits (a)(1) and (a)(2), respectively (which, as amended or supplemented from time to time, together constitute the "Offer"). This Tender Offer Statement on Schedule 14D-1 also constitutes a Statement on Schedule 13D with respect to the acquisition by Parent and the Purchaser of beneficial ownership of the Shares subject to the Stockholder Agreements. The item numbers and responses thereto below are in accordance with the requirements of Schedule 14D-1.

ITEM 1. SECURITY AND SUBJECT COMPANY.

(a) The name of the subject company is Opal, Inc., a Delaware corporation (the "Company"). The address of the Company's principal executive offices is 3050 Bowers Avenue, Santa Clara, California 95054.

(b) The information set forth in the Introduction of the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in Section 6--"Price Range of Shares; Dividends" of the Offer to Purchase is incorporated herein by reference.

ITEM 2. IDENTITY AND BACKGROUND.

(a)-(d), (g) This Statement is filed by the Purchaser and Parent. The information set forth in the Introduction, in Section 9--"Certain Information Concerning the Purchaser and Parent" and in Schedule I of the Offer to Purchase is incorporated herein by reference.

(e)-(f) During the last five years, none of the Purchaser Entities (as defined in the Offer to Purchase) nor, to their knowledge, any of the persons listed in Schedule I (Directors and Executive Officers) to the Offer to Purchase, (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE SUBJECT COMPANY.

(a)-(b) The information set forth in the Introduction, in Section 9--"Certain Information Concerning the Purchaser and Parent," in Section 11--"Background of the Offer; Contacts with the Company" and in Section 12--"Purpose of the Offer, Merger, Merger Agreement and Stockholder Agreements" of the Offer to Purchase is incorporated herein by reference.

ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a)-(b) The information set forth in Section 10--"Source and Amount of Funds" of the Offer to Purchase is incorporated herein by reference.

(c) Not applicable.

ITEM 5. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE BIDDERS.

(a)-(g) The information set forth in the Introduction, in Section 7--"Effect of the Offer on the Market for the Shares; Nasdaq Quotation and Exchange Act Registration" and in Section 12--"Purpose of the Offer, Merger, Merger Agreement and Stockholder Agreements" of the Offer to Purchase is incorporated herein by reference.

ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

(a)-(b) The information set forth in the Introduction and in Section 12--"Purpose of the Offer, Merger, Merger Agreement and Stockholder Agreements" is incorporated herein by reference.

ITEM 7. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SUBJECT COMPANY'S SECURITIES.

The information set forth in the Introduction, in Section 9--"Certain Information Concerning the Purchaser and Parent," in Section 11--"Background of the Offer; Contacts with the Company," and in Section 12--"Purpose of the Offer, Merger, Merger Agreement and Stockholder Agreements" of the Offer to Purchase is incorporated herein by reference.

ITEM 8. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

The information set forth in the Introduction, in Section 16--"Fees and Expenses" and in Section 17--"Miscellaneous" of the Offer to Purchase is incorporated herein by reference.

ITEM 9. FINANCIAL STATEMENTS OF CERTAIN BIDDERS.

The information set forth in Section 9--"Certain Information Concerning the Purchaser and Parent," of the Offer to Purchase, including the financial statements and related notes thereto incorporated by reference in Section 9, is incorporated herein by reference.

The incorporation by reference herein of the above-referenced financial information does not constitute an admission that such information is material to a decision by a stockholder of the Company whether to sell, tender or hold shares being sought in the Offer.

ITEM 10. ADDITIONAL INFORMATION.

(a) The information set forth under Introduction, in Section 9--"Certain Information Concerning the Purchaser and Parent," in Section 11--"Background of the Offer; Contacts with the Company," and in Section 12--"Purpose of the Offer, Merger, Merger Agreement and Stockholder Agreements" of the Offer to Purchase is incorporated herein by reference.

(b)-(c) The information set forth in Section 12--"Purpose of the Offer, Merger, Merger Agreement and Stockholder Agreements" and in Section 15--"Certain Legal Matters" of the Offer to Purchase is incorporated herein by reference.

(d) The information set forth in Section 7--"Effect of the Offer on the Market for the Shares; Nasdaq Quotation and Exchange Act Registration" of the Offer to Purchase is incorporated herein by reference.

(e) Not applicable.

(f) The information set forth in the Offer to Purchase and the Letter of Transmittal, copies of which are attached hereto as Exhibits (a)(1) and (a)(2), respectively, is incorporated herein by reference.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

(a)(1) Offer to Purchase, dated November 26, 1996.

(a)(2) Letter of Transmittal.

(a)(3) Notice of Guaranteed Delivery.

(a)(4) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.

(a)(5) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.

(a)(6) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

(a)(7) Form of Summary Advertisement, dated November 26, 1996.

(a)(8) Text of Press Release, dated November 24, 1996.

(a)(9) Text of Press Release, dated November 26, 1996

(b) None

(c)(1) Agreement and Plan of Merger, dated as of November 24, 1996, by and among Parent, the Purchaser and the Company.

(c)(2) Stockholder Agreement, dated as of November 24, 1996, by and among Parent, the Purchaser and Rafi Yizhar.

(c)(3) Stockholder Agreement, dated as of November 24, 1996, by and among Parent, the Purchaser and Israel Niv.

(c)(4) Stockholder Agreement, dated as of November 24, 1996, by and among Parent, the Purchaser and Clal Electronics Industries Ltd.

(c)(5) Stockholder Agreement, dated as of November 24, 1996, by and among Parent, the Purchaser and Orbotech Ltd

(c)(6) Confidentiality and Nondisclosure Agreement, dated October 21, 1996, by and between Parent and the Company.

(d) None.

(e) Not applicable.

(f) None.

SIGNATURES

After due inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: November 26, 1996

ORION CORP. I

BY: /s/ Nancy H. Handel

Name: Nancy H. Handel
Title: President and Chief Executive Officer

APPLIED MATERIALS, INC

BY: /s/ Joseph J. Sweeney

Name: Joseph J. Sweeney
Title: Vice President

EXHIBIT INDEX

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
OF
OPAL, INC.
AT
$18.50 NET PER SHARE
BY
ORION CORP. I
A WHOLLY OWNED SUBSIDIARY OF
APPLIED MATERIALS, INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT,
NEW YORK CITY TIME, ON TUESDAY, DECEMBER 24, 1996,
UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES (AS DEFINED HEREIN) WHICH CONSTITUTES AT LEAST A MAJORITY OF THE SHARES OUTSTANDING ON A FULLY DILUTED BASIS. THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS. SEE SECTION 14.

THE BOARD OF DIRECTORS OF OPAL, INC. (THE "COMPANY") HAS APPROVED THE OFFER AND THE MERGER (AS DEFINED HEREIN), HAS DETERMINED THAT THE TERMS OF THE OFFER AND THE MERGER ARE FAIR TO AND IN THE BEST INTERESTS OF THE STOCKHOLDERS OF THE COMPANY AND RECOMMENDS THAT STOCKHOLDERS ACCEPT THE OFFER AND TENDER THEIR SHARES PURSUANT TO THE OFFER.

IMPORTANT

Any stockholder desiring to tender all or any portion of his shares of common stock, par value $.01 per share, of the Company (the "Shares"), should either (a) complete and sign the Letter of Transmittal (or a facsimile thereof) in accordance with the instructions in the Letter of Transmittal and mail or deliver it together with the certificate(s) evidencing tendered Shares, and any other required documents, to the Depositary or tender such Shares pursuant to the procedures for book-entry transfer set forth in Section 3 or (b) request such stockholder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such stockholder. A stockholder whose Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if such stockholder desires to tender such Shares.

Any stockholder who desires to tender Shares and whose certificates evidencing such Shares are not immediately available or who cannot comply with the procedures for book-entry transfer described in this Offer to Purchase on a timely basis may tender such Shares by following the procedures for guaranteed delivery set forth in Section 3.

Questions and requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase. Requests for additional copies of this Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery and other tender offer materials may be directed to the Information Agent. A stockholder may also contact brokers, dealers, commercial banks and trust companies for assistance concerning this Offer.

The Dealer Manager for the Offer is:

MORGAN STANLEY & CO.
INCORPORATED

NOVEMBER 26, 1996

TABLE OF CONTENTS

To the Holders of Common Stock of
OPAL, INC.:

INTRODUCTION

Orion Corp. I, a Delaware corporation (the "Purchaser") and a wholly owned subsidiary of Applied Materials, Inc., a Delaware corporation ("Parent"), hereby offers to purchase all outstanding shares of common stock, par value $.01 per share (the "Shares"), of Opal, Inc., a Delaware corporation (the "Company"), at $18.50 per Share (the "Offer Price"), net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which, as amended or supplemented from time to time, together constitute the "Offer").

Tendering stockholders will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the Letter of Transmittal, stock transfer taxes on the purchase of Shares by the Purchaser pursuant to the Offer. The Purchaser will pay all fees and expenses of Morgan Stanley & Co. Incorporated, which is acting as the Dealer Manager (the "Dealer Manager"), Harris Trust Company of New York, which is acting as the Depositary (the "Depositary"), and Georgeson & Company, Inc., which is acting as the Information Agent (the "Information Agent"), incurred in connection with the Offer. See Section 16.

The Offer is conditioned upon, among other things, there having been validly tendered and not withdrawn prior to the expiration of the Offer a number of Shares which constitutes at least a majority of the Shares outstanding on a fully diluted basis (the "Minimum Condition"). See Section 14.

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of November 24, 1996 (the "Merger Agreement"), by and among the Company, Parent and the Purchaser. The Merger Agreement provides that, among other things, following the consummation of the Offer and the satisfaction or waiver of the other conditions set forth in the Merger Agreement, the Purchaser will be merged with and into the Company (the "Merger"). At the effective time of the Merger (the "Effective Time"), each outstanding Share (other than Shares held in the treasury of the Company, owned by Parent, the Purchaser or any other wholly owned subsidiary of Parent or held by stockholders who perfect their appraisal rights under Delaware law) will be converted into the right to receive the per Share price paid in the Offer, without interest (referred to herein as the "Merger Consideration"). See Section 12.

THE BOARD OF DIRECTORS OF THE COMPANY HAS APPROVED THE OFFER AND THE MERGER, HAS DETERMINED THAT THE TERMS OF THE OFFER AND THE MERGER ARE FAIR TO AND IN THE BEST INTERESTS OF THE STOCKHOLDERS OF THE COMPANY AND RECOMMENDS THAT STOCKHOLDERS ACCEPT THE OFFER AND TENDER THEIR SHARES PURSUANT TO THE OFFER.

Robertson, Stephens & Company LLC, the Company's financial advisor ("Robertson Stephens"), has delivered to the Board of Directors of the Company (the "Company Board") its written opinion to the effect that, as of the date of such opinion, the Offer Price is fair to the stockholders of the Company from a financial point of view. Such opinion is set forth in full as an exhibit to the Company's Solicitation/Recommendation Statement on Schedule 14D-9, which is being mailed to stockholders of the Company herewith.

The Merger Agreement provides that promptly upon the purchase by Parent or any of its subsidiaries of Shares pursuant to the Offer that represent at least a majority of the outstanding Shares on a fully diluted basis, Parent shall be entitled to designate up to such number of directors, rounded up to the next whole number, on the Company Board as will give Parent representation on the Company Board equal to the product of the total number of directors on the Company Board multiplied by the percentage that the number of Shares so accepted for payment bears to the total number of Shares then outstanding. In the Merger Agreement, the Company has agreed to use its best efforts promptly to cause Parent's designees to be elected as directors of the Company, including increasing the size of the Company Board or securing the resignations of incumbent directors or both. Notwithstanding the foregoing, Parent and the Purchaser have agreed that, until the Effective Time, the Company Board shall have at least three members who were directors on the date of the Merger Agreement.

The consummation of the merger is subject to the satisfaction or waiver of certain conditions, including, if required by law, the approval and adoption of the merger agreement by the requisite vote of the stockholders of the company. see section 12. Under the company's certificate of incorporation and delaware law, except as otherwise described below, the affirmative vote of the holders of a majority of the outstanding shares is required to approve and adopt the merger agreement and the merger. Consequently, if the purchaser acquires (pursuant to the offer or otherwise) at least a majority of the then outstanding shares, the purchaser will have sufficient voting power to approve and adopt the merger agreement and the merger without the vote of any other stockholder.

Under delaware law, if the purchaser acquires, pursuant to the offer or otherwise, at least 90% of the then outstanding shares, the purchaser will be able to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger, without a vote of the company's stockholders. In such event, parent, the purchaser and the company have agreed to take, at the request of the purchaser, all necessary and appropriate action to cause the merger to become effective as soon as practicable after such acquisition, without a meeting of the company's stockholders. If, however, the purchaser does not acquire at least 90% of the then outstanding shares pursuant to the offer or otherwise and a vote of the company's stockholders is required under delaware law, a significantly longer period of time will be required to effect the merger. see section 12.

The merger agreement provides that, following the satisfaction or waiver of the conditions to the offer, the purchaser will accept for payment, in accordance with the terms of the offer, all shares validly tendered pursuant to the offer as soon as it is permitted to do so pursuant to applicable law, which could be as early as immediately following 12:00 midnight, new york city time, on tuesday, december 24, 1996. The merger agreement provides that the purchaser may under certain circumstances, from time to time, extend the expiration date of the offer beyond the time it would otherwise be required to accept validly tendered shares for payment. The offer will not remain open following the time shares are accepted for payment.

In connection with the execution of the merger agreement, parent and the purchaser entered into separate stockholder agreements, dated as of november 24, 1996 (collectively, the "stockholder agreements"), with each of rafi yizhar, the company's chief executive officer and president and the beneficial owner of an aggregate of 253,922 shares, israel niv, the company's general manager and executive vice president of sales and marketing and the beneficial owner of an aggregate of 101,878 shares, clal electronics industries ltd., the beneficial owner of an aggregate of 2,692,327 shares ("clal "), and orbotech ltd., the beneficial owner of an aggregate of 1,241,650 shares (each, a "selling stockholder" and, collectively, the "selling stockholders"). The selling stockholders beneficially own an aggregate of 4,289,777 shares or approximately 47% of the company's outstanding shares on a fully diluted basis. Pursuant to the stockholder agreements, the selling stockholders have agreed to validly tender pursuant to the offer and not withdraw all shares which are beneficially owned by the selling stockholders prior to the expiration date (as hereinafter defined). Each of the stockholder agreements provides that parent has an irrevocable option to acquire from the selling stockholder, at the offer price, all of such selling stockholder's shares if (i) the offer is terminated, abandoned or withdrawn by parent or purchaser (whether due to the failure of any of the conditions to the offer or otherwise), other than at a time when parent or the purchaser is in material breach of the terms of the merger agreement, or (ii) the merger agreement is terminated in accordance with its terms, other than as a result of certain material breaches by parent or the purchaser in the terms of the merger agreement. Subject to certain conditions specified in each of the stockholder agreements, such options are exercisable in whole but not in part for the 60 day period following the first to occur of the foregoing events. The stockholder agreements are more fully described in section 12.

According to the company, as of november 24, 1996 there were 8,743,583 shares outstanding, 351,050 shares reserved for issuance upon the exercise of outstanding vested employee stock options and up to 40,000 shares issuable in respect of outstanding employee contributions under the company's employee stock purchase plan for the period ending december 31, 1996. For purposes of the offer, "fully diluted basis" assumes that such vested employee stock options are exercised for shares and that all of such 40,000 shares are issued pursuant to the company's employee stock purchase plan. Based upon the

foregoing information, the minimum condition would be satisfied if 4,567,318 shares were validly tendered. assuming the valid tender into the offer of the 4,289,777 shares beneficially owned by the selling stockholders, the purchaser will need to purchase an additional 277,541 shares to satisfy the minimum condition.

THIS OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

1. TERMS OF THE OFFER

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any extension or amendment), the Purchaser will accept for payment and pay for all Shares which are validly tendered prior to the Expiration Date and not withdrawn in accordance with Section 4. The term "Expiration Date" means 12:00 Midnight, New York City time, on Tuesday, December 24, 1996, unless and until the Purchaser, in its sole discretion (but subject to the terms of the Merger Agreement), shall have extended the period of time during which the Offer is open, in which event the term "Expiration Date" shall mean to the latest time and date at which the Offer, as so extended by the Purchaser, shall expire.

The Offer is conditioned upon, among other things, satisfaction of the Minimum Condition. See Section 14, which sets forth in full the conditions to the Offer. If the Minimum Condition is not satisfied or any or all of the other events set forth in Section 14 shall have occurred or shall be determined by the Purchaser to have occurred prior to the Expiration Date, the Purchaser reserves the right (but shall not be obligated) to (i) decline to purchase any of the Shares tendered in the Offer and terminate the Offer and return all tendered Shares to the tendering stockholders, (ii) waive any or all conditions to the Offer, to the extent permitted by applicable law and the provisions of the Merger Agreement, and, subject to complying with applicable rules and regulations of the Securities and Exchange Commission (the "Commission"), purchase all Shares validly tendered, (iii) extend the Offer and, subject to the right of stockholders to withdraw Shares until the Expiration Date, retain the Shares which have been tendered during the period or periods for which the Offer is extended or (iv) subject to the terms of the Merger Agreement, amend the Offer. The Merger Agreement provides that the Purchaser will not, without the consent of the Company, decrease the Offer Price, decrease the numbers of Shares sought in the Offer, amend or waive the Minimum Condition, or amend any other condition of the Offer in any manner adverse to the holders of Shares, except that if on the initial expiration date all conditions to the Offer shall not have been satisfied or waived, the Offer may be extended from time to time and, if certain required regulatory approvals have not been obtained, the Offer will be extended for up to twenty business days. The Merger Agreement provides that if, immediately prior to the expiration date of the Offer, the Shares tendered and not withdrawn pursuant to the Offer equal less than 90% of the outstanding Shares, the Purchaser may extend the Offer for a period not to exceed thirty business days.

The Purchaser expressly reserves the right, in its sole discretion, at any time or from time to time, subject to the terms of the Merger Agreement and regardless of whether or not any of the events set forth in Section 14 shall have occurred or shall have been determined by the Purchaser to have occurred, (i) to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and the payment for, any Shares, by giving oral or written notice of such extension to the Depositary and (ii) to amend the Offer in any respect by giving oral or written notice of such amendment to the Depositary. The rights reserved by the Purchaser in this paragraph are in addition to the Purchaser's rights to terminate the Offer pursuant to Section 14. Any extension, amendment or termination will be followed as promptly as practicable by public announcement thereof, the announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date in accordance with Rules 14d-4(c), 14d-6(d) and 14e-1(d) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Without limiting the obligation of the Purchaser under such rules or the manner in which the Purchaser may choose to make any public announcement, the Purchaser currently intends to make announcements by issuing a release to the Dow Jones News Service.

If the Purchaser extends the Offer, or if the Purchaser (whether before or after its acceptance for payment of Shares) is delayed in its purchase of or payment for Shares or is unable to pay for Shares pursuant to the Offer for any reason, then, without prejudice to the Purchaser's rights under the Offer, the Depositary may retain tendered shares on behalf of the Purchaser, and such Shares may not be withdrawn except to the extent tendering stockholders are entitled to withdrawal rights as described in Section 4. However, the ability of the Purchaser to delay the payment for Shares which the Purchaser has accepted for payment is limited by Rule 14e-1(c) under the Exchange Act, which requires that a bidder pay the consideration offered or return the securities deposited by or on behalf of holders of securities promptly after the termination or withdrawal of the Offer.

If the Purchaser makes a material change in the terms of the Offer or the information concerning the Offer or waives a material condition of the Offer (including the Minimum Condition, subject to the Merger Agreement), the Purchaser will disseminate additional tender offer materials and extend the Offer to the extent required by Rules 14d-4(c) and 14d-6(d) under the Exchange Act. The minimum period during which the Offer must remain open following material changes in the terms of the Offer or information concerning the Offer, other than a change in price or a change in percentage of securities sought, will depend upon the facts and circumstances, including the relative materiality of the terms or information. With respect to a change in price or a change in percentage of securities sought, a minimum ten business day period is required to allow for adequate dissemination to stockholders and investor response. If, prior to the Expiration Date, the Purchaser should decide to increase the price per Share being offered in the Offer, such increase will be applicable to all stockholders whose Shares are accepted for payment pursuant to the Offer. The Merger Agreement provides that, without the Company's consent, the Purchaser will not decrease the price or the number of Shares sought in the Offer. As used in this Offer to Purchase, "business day" has the meaning set forth in Rule 14d-1 under the Exchange Act.

The Company has provided to the Purchaser its list of stockholders and security position listings for the purpose of disseminating the Offer to holders of Shares. This Offer to Purchase and the related Letter of Transmittal and other relevant materials will be mailed to record holders of Shares and furnished to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to beneficial owners of Shares.

2. ACCEPTANCE FOR PAYMENT AND PAYMENT FOR SHARES

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any extension or amendment), the Purchaser will purchase, by accepting for payment, and will pay for, all Shares validly tendered prior to the Expiration Date (and not properly withdrawn in accordance with Section 4) promptly after the later to occur of (i) the Expiration Date and (ii) the satisfaction or waiver of the conditions set forth in Section 14. Subject to the applicable rules of the Commission and the terms of the Merger Agreement, the Purchaser expressly reserves the right to delay acceptance for payment of, or payment for, Shares in order to comply, in whole or in part, with any applicable law, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"). See Sections 14 and 15.

In all cases, payment for Shares purchased pursuant to the Offer will be made only after timely receipt by the Depositary of (i) certificates evidencing such Shares ("Stock Certificates") or timely confirmation of a book-entry transfer (a "Book-Entry Confirmation") of such Shares into the Depositary's account at The Depository Trust Company or the Philadelphia Depository Trust Company (each, a "Book-Entry Transfer Facility") pursuant to the procedures set forth in Section 3, (ii) a properly completed and duly executed Letter of Transmittal (or facsimile thereof) or, in the case of a book-entry transfer, an Agent's Message (as defined below) and (iii) any other documents required by the Letter of Transmittal.

The term "Agent's Message" means a message, transmitted by a Book-Entry Transfer Facility to, and received by, the Depositary and forming a part of a Book-Entry Confirmation, which states that such

Book-Entry Transfer Facility has received an express acknowledgment from the participant in such Book-Entry Transfer Facility tendering the Shares that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that the Purchaser may enforce such agreement against the participant.

For purposes of the Offer, the Purchaser will be deemed to have accepted for payment, and thereby purchased, tendered Shares if, as and when the Purchaser gives oral or written notice to the Depositary of the Purchaser's acceptance of such Shares for payment. Payment for Shares accepted pursuant to the Offer will be made by deposit of the purchase price with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payments from the Purchaser and transmitting payments to such tendering stockholders. UNDER NO CIRCUMSTANCES WILL INTEREST ON THE PURCHASE PRICE FOR SHARES BE PAID BY THE PURCHASER, REGARDLESS OF ANY DELAY IN MAKING SUCH PAYMENT.

Upon the deposit of funds with the Depositary for the purpose of making payments to tendering shareholders, the Purchaser's obligation to make such payment shall be satisfied and tendering shareholders must thereafter look solely to the Depositary for payment of amounts owed to them by reason of the acceptance for payment of Shares pursuant to the Offer.

If any tendered Shares are not accepted pursuant to the Offer for any reason, or if Stock Certificates are submitted evidencing more Shares than are tendered, Stock Certificates evidencing Shares not purchased or tendered will be returned, without expense to the tendering stockholder (or in the case of Shares tendered by book-entry transfer into the Depositary's account at a Book-Entry Transfer Facility pursuant to the procedures set forth in Section 3, such Shares will be credited to an account maintained at such Book-Entry Transfer Facility), as promptly as practicable after the expiration, termination or withdrawal of the Offer.

The Purchaser reserves the right to transfer or assign, in whole at any time or in part from time to time, to Parent or to one or more of its affiliates, the right to purchase all or a portion of the Shares tendered pursuant to the Offer, but any such transfer or assignment will not relieve the Purchaser of its obligations under the Offer and will in no way prejudice the rights of tendering stockholders to receive payment for Shares validly tendered and accepted for payment pursuant to the Offer.

3. PROCEDURES FOR TENDERING SHARES

Valid Tender. For Shares to be validly tendered pursuant to the Offer, a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, or an Agent's Message (in the case of any book-entry transfer), and any other required documents, must be received by the Depositary at its address set forth on the back cover of this Offer to Purchase prior to the Expiration Date. In addition, either (i) the Stock Certificates evidencing Shares must be received by the Depositary along with the Letter of Transmittal or Shares must be tendered pursuant to the procedures for book-entry transfer described below and a Book-Entry Confirmation must be received by the Depositary, in each case prior to the Expiration Date or (ii) the tendering stockholder must comply with the guaranteed delivery procedures described below.

Book-Entry Transfer. The Depositary will establish an account with respect to the Shares at each Book-Entry Transfer Facility for purposes of the Offer within two business days after the date of this Offer to Purchase, and any financial institution that is a participant in any of the Book-Entry Transfer Facilities' systems may make book-entry delivery of Shares by causing a Book-Entry Transfer Facility to transfer such Shares into the Depositary's account at a Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures for transfer. However, although delivery of Shares may be effected through book-entry transfer at a Book-Entry Transfer Facility, the Letter of Transmittal (or facsimile thereof), with any required signature guarantees, or an Agent's Message in connection with a book-entry delivery of Shares, and any other required documents, must, in any case, be transmitted to and received by the Depositary at its address set forth on the back cover of this Offer to Purchase prior to the Expiration Date or the tendering stockholder must comply with the guaranteed delivery procedures described below. DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY IN ACCORDANCE WITH THE BOOK-ENTRY TRANSFER FACILITY'S PROCEDURES DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

Signature Guarantees. Signatures on all Letters of Transmittal must be guaranteed by a participant in the Security Transfer Agents Medallion Program (each, an "Eligible Institution"), unless the Shares tendered thereby are tendered (i) by a registered holder of Shares who has not completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the Letter of Transmittal, or (ii) for the account of an Eligible Institution. See Instruction 1 of the Letter of Transmittal.

If a Stock Certificate is registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made, or a Stock Certificate not accepted for payment or not tendered is to be returned, to a person other than the registered holder(s), then the Stock Certificate must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear on the Stock Certificate, with the signature(s) on such Stock Certificate or stock powers guaranteed as described above. See Instructions 1 and 5 of the Letter of Transmittal.

THE METHOD OF DELIVERY OF STOCK CERTIFICATES, THE LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH ANY BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

Guaranteed Delivery. If a stockholder desires to tender Shares pursuant to the Offer and such stockholder's Stock Certificates are not immediately available or time will not permit all required documents to reach the Depositary prior to the Expiration Date, or the procedures for book-entry transfer cannot be completed on a timely basis, such Shares may nevertheless be tendered if all the following conditions are satisfied:

(i) the tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by the Purchaser herewith, is received by the Depositary prior to the Expiration Date as provided below; and

(iii) the Stock Certificates for all tendered Shares, in proper form for transfer (or a Book-Entry Confirmation), together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message) and any other documents required by the Letter of Transmittal, are received by the Depositary within three Nasdaq National Market System trading days after the date of execution of the Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, facsimile transmission or mail to the Depositary and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

Notwithstanding any other provision hereof, payment for Shares purchased pursuant to the Offer will in all cases be made only after timely receipt by the Depositary of (i) Stock Certificates evidencing such Shares or a Book-Entry Confirmation of the delivery of such Shares, (ii) a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message) and (iii) any other documents required by the Letter of Transmittal.

BACK-UP FEDERAL INCOME TAX WITHHOLDING. TO PREVENT BACKUP FEDERAL INCOME TAX WITHHOLDING WITH RESPECT TO PAYMENT OF THE PURCHASE PRICE FOR SHARES PURCHASED PURSUANT TO THE OFFER, EACH TENDERING STOCKHOLDER MUST PROVIDE THE DEPOSITARY WITH SUCH STOCKHOLDER'S CORRECT TAXPAYER IDENTIFICATION NUMBER AND CERTIFY THAT SUCH STOCKHOLDER IS NOT SUBJECT TO BACKUP FEDERAL INCOME TAX WITHHOLDING BY COMPLETING THE SUBSTITUTE FORM W-9 INCLUDED IN THE LETTER OF TRANSMITTAL. IF BACKUP WITHHOLDING APPLIES WITH RESPECT TO A STOCKHOLDER, THE DEPOSITARY IS REQUIRED TO WITHHOLD 31% OF ANY PAYMENTS MADE TO SUCH STOCKHOLDER. SEE INSTRUCTION 9 OF THE LETTER OF TRANSMITTAL.

Determination of Validity. All questions as to the validity, form, eligibility (including time of receipt) and acceptance for payment of any tendered Shares pursuant to any of the procedures described above will be determined by the Purchaser, in its sole discretion, whose determination will be final and binding on all parties. The Purchaser reserves the absolute right to reject any or all tenders of any Shares determined by it not to be in proper form or if the acceptance for payment of, or payment for, such Shares may, in the opinion of the Purchaser's counsel, be unlawful. The Purchaser also reserves the absolute right, in its sole discretion, subject to the Merger Agreement, to waive any of the conditions of the Offer or any defect or irregularity in any tender with respect to Shares of any particular stockholder, and the Purchaser's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Instructions thereto) will be final and binding. None of the Purchaser, Parent, the Dealer Manager, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or will incur any liability for failure to give any such notification.

Other Requirements. By executing a Letter of Transmittal as set forth above, a tendering stockholder irrevocably appoints designees of the Purchaser as the stockholder's attorneys-in-fact and proxies, in the manner set forth in the Letter of Transmittal, each with full power of substitution, to the full extent of the stockholder's rights with respect to the Shares tendered by the stockholder and accepted for payment by the Purchaser (and any and all other Shares or other securities issued or issuable in respect of such Shares on or after the date of the Merger Agreement). All such proxies shall be considered coupled with an interest in the tendered Shares. This appointment will be effective when, and only to the extent that, the Purchaser accepts Shares for payment. Upon acceptance for payment, all prior proxies given by the stockholder with respect to the Shares or other securities will, without further action, be revoked, and no subsequent proxies may be given nor any subsequent written consent executed by such stockholder (and if given or executed, will not be deemed to be effective) with respect thereto. The designees of the Purchaser will, with respect to the Shares and other securities, be empowered to exercise all voting and other rights of such stockholder as they in their sole discretion may deem proper at any annual, special or adjourned meeting of the Company's stockholders, by written consent or otherwise. The Purchaser reserves the right to require that, in order for Shares to be deemed validly tendered, immediately upon the Purchaser's acceptance for payment of such Shares, the Purchaser must be able to exercise full voting and other rights of a record and beneficial holder, including rights in respect of acting by written consent, with respect to such Shares.

A tender of Shares pursuant to any one of the procedures described above will constitute the tendering stockholder's acceptance of the terms and conditions of the Offer. The Purchaser's acceptance for payment of Shares tendered pursuant to the Offer will constitute a binding agreement between the tendering stockholder and the Purchaser upon the terms and subject to the conditions of the Offer.

4. WITHDRAWAL RIGHTS

Except as otherwise provided in this Section 4, tenders of Shares made pursuant to the Offer are irrevocable, provided that Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by the Purchaser pursuant to the Offer, may also be withdrawn at any time after January 24, 1997, or at such later time as may apply if the Offer is extended.

For a withdrawal to be effective, a written, telegraphic or facsimile transmission notice of withdrawal must be timely received by the Depositary at its address set forth on the back cover of this Offer to Purchase. Any such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder, if different from that of the person who tendered such Shares. If Stock Certificates evidencing Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such Stock Certificates, the serial numbers of the particular Stock Certificates and a signed notice of withdrawal with signatures guaranteed by an Eligible Institution, except in the case of Shares tendered for the account of an Eligible Institution, must also be furnished to the Depositary as described above. If Shares have been tendered pursuant to the procedures for book-entry transfer as set forth in Section 3, any notice of

withdrawal must also specify the name and number of the account at the appropriate Book-Entry Transfer Facility to be credited with the withdrawn Shares.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Purchaser, in its sole discretion, whose determination will be final and binding. None of the Purchaser, Parent, the Dealer Manager, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

ANY SHARES PROPERLY WITHDRAWN WILL BE DEEMED TO NOT HAVE BEEN VALIDLY TENDERED FOR PURPOSES OF THE OFFER. However, withdrawn Shares may be re-tendered by following one of the procedures described in Section 3 at any time prior to the Expiration Date.

5. CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The receipt of cash for Shares pursuant to the Offer (or the Merger) will be a taxable transaction for federal income tax purposes and may also be a taxable transaction under applicable state, local or foreign tax laws. The tax consequences of such receipt pursuant to the Offer (or the Merger) may vary depending upon, among other things, the particular circumstances of the stockholder. In general, a stockholder who receives cash for Shares pursuant to the Offer (or the Merger) will recognize gain or loss for federal income tax purposes equal to the difference between the amount of cash received in exchange for the Shares sold and such stockholder's adjusted tax basis in such Shares. Provided that the Shares constitute capital assets in the hands of the stockholder, such gain or loss will be capital gain or loss, and will be long term capital gain or loss if the holder has held the Shares for more than one year at the time of sale. With respect to the receipt of cash for Shares pursuant to the Offer, gain or loss will be recognized by the stockholder in the tax year in which such Shares are accepted for payment by the Purchaser (even if the cash is not received by such stockholder until after the close of such tax year). With respect to the receipt of cash for Shares pursuant to the Merger, gain or loss will be recognized by the stockholder at the Effective Time of the Merger (even if the cash is not received until a later time).

THE FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND IS BASED UPON PRESENT LAW. STOCKHOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF THE OFFER TO THEM, INCLUDING THE APPLICATION AND EFFECT OF THE ALTERNATIVE MINIMUM TAX, AND STATE, LOCAL AND FOREIGN TAX LAWS. IN ADDITION, THE DISCUSSION SET FORTH ABOVE MAY NOT APPLY TO PARTICULAR CATEGORIES OF STOCKHOLDERS, INCLUDING STOCKHOLDERS WHO ACQUIRED SHARES PURSUANT TO THE EXERCISE OF EMPLOYEE STOCK OPTIONS OR OTHERWISE AS COMPENSATION, INDIVIDUALS WHO ARE NOT CITIZENS OR RESIDENTS OF THE UNITED STATES AND FOREIGN CORPORATIONS, OR ENTITIES THAT ARE OTHERWISE SUBJECT TO SPECIAL TAX TREATMENT.

6. PRICE RANGE OF SHARES; DIVIDENDS

The Shares trade on the Nasdaq National Market System under the symbol "OPAL." The following table sets forth, for the fiscal quarters indicated, the high and low sales price per Share on the Nasdaq National Market System. All prices set forth below are as reported in published financial sources:

	MARKET PRICE	
	HIGH	LOW
Year Ended December 31, 1995:		
Second Quarter (since May 18)	$20.75	$ 14.00
Third Quarter	25.25	16.25
Fourth Quarter	20.25	11.00
Year Ended December 31, 1996:		
First Quarter	14.25	10.375
Second Quarter	19.25	11.75
Third Quarter	13.25	6.50
Fourth Quarter (through November 26, 1996)	18.375	8.00

On November 22, 1996 the last full trading day prior to the announcement of the terms of the Merger Agreement, the reported closing sales price per Share on the Nasdaq National Market System was $12 1/8. On November 26, 1996 the last full trading day prior to the commencement of the Offer, the reported closing sales price per Share on the Nasdaq National Market System was $18 1/8. STOCKHOLDERS ARE URGED TO OBTAIN A CURRENT MARKET QUOTATION FOR THE SHARES.

Since the Company became a public company on May 18, 1995 it has not paid any dividends on its common stock.

7. EFFECT OF THE OFFER ON THE MARKET FOR THE SHARES; NASDAQ QUOTATION AND EXCHANGE ACT REGISTRATION

The purchase of Shares pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly and the number of holders of Shares and could adversely affect the liquidity and market value of the remaining Shares held by the public.

Depending upon the aggregate market value and per share price of any Shares not purchased pursuant to the Offer, the Shares may no longer meet the standards for continued inclusion in the Nasdaq National Market System, which require that an issuer have at least 200,000 publicly held shares with a market value of $1 million held by at least 400 stockholders or 300 stockholders holding round lots. If these standards were not met, quotations might continue to be published in the over-the-counter "additional list" or in one of the "local lists," but if the number of holders of Shares falls below 300, or if the number of publicly held Shares falls below 100,000, or there is not at least two market makers for the Shares, the National Association of Securities Dealers ("NASD") rules provide that the securities would no longer be "authorized" for Nasdaq reporting and Nasdaq would cease to provide any quotations. Shares held directly or indirectly by an officer or director of the Company, or by any beneficial owner of more than 10 percent of the Shares, ordinarily will not be considered as being publicly held for this purpose. In the event the Shares were no longer eligible for Nasdaq quotation, quotations might still be available from other sources. The extent of the public market for the Shares and availability of such quotations would, however, depend upon the number of holders of Shares remaining at such time, the interest in maintaining a market in the Shares on the part of securities firms, the possible termination of registration under the Exchange Act, as described below, and other factors.

The Shares are currently "margin securities" under the regulations of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), which has the effect, among other things, of allowing brokers to extend credit on the collateral of the Shares. Depending upon factors similar to those described above regarding listing and market quotations, following the Offer it is possible that the Shares would no longer constitute "margin securities" for the purposes of the margin regulations of the Federal Reserve Board and therefore could no longer be used as collateral for loans made by brokers.

The Shares are currently registered under the Exchange Act. Registration of the Shares under the Exchange Act may be terminated upon application of the Company to the Commission if the Shares are not listed on a national securities exchange or Nasdaq and there are fewer than 300 record holders of the Shares. Termination of registration of the Shares under the Exchange Act would reduce substantially the information required to be furnished by the Company to its stockholders and to the Commission and would make certain provisions of the Exchange Act, such as the short-swing profit recovery provisions of Section 16(b), the requirement of furnishing a proxy statement in connection with stockholders' meetings pursuant to Section 14(a) and the requirements of Rule 13e-3 under the Exchange Act with respect to "going private" transactions no longer applicable to the Company. Furthermore, if the Purchaser acquires a substantial number of Shares or the registration of the Shares under the Exchange Act were to be terminated, the ability of "affiliates" of the Company and persons holding "restricted securities" of the Company to dispose of such securities pursuant to Rule 144 under the Securities Act of 1933 may be impaired or eliminated. If registration of the Shares under the Exchange Act were terminated prior to the consummation of the Merger, the Shares would no longer be "margin securities" or be eligible for Nasdaq reporting. It is the present intention of the Purchaser to seek to cause the Company to make an application for termination of registration of the Shares as soon as possible following the Offer if the requirements for termination of registration are met.

8. CERTAIN INFORMATION CONCERNING THE COMPANY

The information concerning the Company contained in this Offer to Purchase, including financial information (other than forecasts of the Company's results of operations provided below), has been taken from or based upon publicly available documents and records on file with the Commission and other public sources. Neither Parent nor the Purchaser assumes any responsibility for the accuracy or completeness of the information concerning the Company contained in such documents and records or for any failure by the Company to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to Parent or the Purchaser.

The Company is a Delaware corporation with its principal executive offices located at 3203 Scott Boulevard, Santa Clara, California 95054. The telephone number of the Company at such offices is (408) 727-6060. The Company is a supplier of CD-SEM systems for use in semiconductor manufacturing.

Set forth below is a summary of certain consolidated financial information with respect to the Company, excerpted or derived from the information contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1995, as well as the Company's Quarterly Report on Form 10-Q for the nine months ended September 30, 1996. More comprehensive financial information is included in such reports and other documents filed by the Company with the Commission, and the following summary is qualified in its entirety by reference to such reports and other documents and all of the financial information (including any related notes) contained therein. Such reports and other documents may be inspected and copies may be obtained from the offices of the Commission in the manner set forth below.

OPAL, INC.
SELECTED CONSOLIDATED FINANCIAL DATA
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	NINE MONTHS ENDED SEPTEMBER 30,		YEAR ENDED DECEMBER 31,		
	1996	1995	1995	1994	1993
	(UNAUDITED)				
STATEMENT OF OPERATIONS DATA:					
Revenues	$47,954	$30,992	$44,736	$24,573	$12,384
Income from operations	9,195	5,946	8,519	4,304	1,529
Net income	9,233	6,244	9,074	4,099	1,322
Net income per Share	$ 1.01	$ 0.80	$ 1.10	$ 0.61	$ 0.23
Weighted average common shares and equivalents	9,104	7,842	8,250	6,678	5,715

	AT SEPTEMBER 30,	YEAR ENDED DECEMBER 31,		
	1996	1995	1994	1993
	(UNAUDITED)			
BALANCE SHEET DATA:				
Working capital	$51,077	$42,292	$ 8,619	$ 7,091
Total assets	67,309	55,252	16,701	11,672
Long-term debt	--	--	475	1,321
Series E Mandatorily Redeemable Preferred Stock	--	--	1,476	1,405
Stockholders' equity	$56,131	$46,508	$ 9,336	$ 5,143

The Company is subject to the information filing requirements of the Exchange Act and is required to file reports and other information with the Commission relating to its business, financial condition and other matters. Information, as of particular dates, concerning the Company's directors and officers, their remuneration, options granted to them, the principal holders of the Company's securities and any material interest of such persons in transactions with the Company is required to be described in proxy statements

distributed to the Company's stockholders and filed with the Commission. These reports, proxy statements and other information should be available for inspection and copying at the Commission's office at 450 Fifth Street, N.W., Washington, D.C. 20549, and also should be available for inspection and copying at the regional offices of the Commission located at Seven World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of this material may also be obtained by mail, upon payment of the Commission's customary fees, from the Commission's principal office at 450 Fifth Street, N.W., Washington, D.C. 20549. The Commission also maintains an internet web site at http://www.sec.gov that contains reports, proxy statements and other information. Copies should also be available at the offices of the NASD, 1735 K Street, N.W. Washington, D.C. 20006.

During the course of the discussions between Parent and the Company that led to the execution of the Merger Agreement, the Company provided Parent with certain information about the Company and its financial performance which is not publicly available. The information provided included forecasts of the Company's 1996, 1997, 1998, 1999, 2000 and 2001 results of operations as an independent company (i.e., without regard to the impact to the Company of a transaction with Parent), which included the following information: total revenues, $64.2 million, $65.6 million, $97.4 million, $161.3 million, $220.4 million and $290.7 million, respectively; gross profit, $34.2 million, $35.1 million, $52.1 million, $86.3 million, $117.9 million and $155.5 million, respectively; and income from operations, $12.0 million, $10.8 million, $16.8 million, $32.4 million, $47.2 million and $62.2 million, respectively. The foregoing forecasts were prepared by the Company in conjunction with its financial advisor solely for internal use in connection with the transactions contemplated by the Merger Agreement and not for publication or with a view to complying with the published guidelines of the Commission regarding projections or with the guidelines established by the American Institute of Certified Public Accountants and are included in this Offer to Purchase only because they were furnished to Parent. The forecasts necessarily reflect numerous assumptions with respect to industry
performance, general business and economic conditions and other matters, many of which are inherently uncertain or beyond the Company's control. One cannot predict whether the assumptions made in preparing the forecasts will be accurate, and actual results may be materially higher or lower than those contained in the forecasts. The inclusion of this information should not be regarded as an indication that Parent, the Purchaser, the Company, or anyone who received this information considered it a reliable predictor of future events, and this information should not be relied on as such. None of Parent, the Purchaser or the Company assumes any responsibility for the validity, reasonableness, accuracy or completeness of the forecasts and the Company has made no representation to Parent or the Purchaser regarding the forecasts described above.

9. CERTAIN INFORMATION CONCERNING THE PURCHASER AND PARENT

The Purchaser is a newly incorporated Delaware corporation and a wholly owned subsidiary of Parent. To date the Purchaser has not conducted any business other than in connection with the Offer and the Merger. The principal executive offices of the Purchaser are located at 3050 Bowers Avenue, Santa Clara, California 95054.

The name, citizenship, business address, present principal occupation or employment and five-year employment history of each of the directors and executive officers of the Purchaser and Parent are set forth in Schedule I hereto.

Parent is a Delaware corporation with its principal office located at 3050 Bowers Avenue, Santa Clara, California 95054. Parent's principal line of business is the development, manufacture, marketing and servicing of semiconductor wafer fabrication equipment and related spare parts.

Until immediately prior to the time the Purchaser purchases Shares pursuant to the Offer, it is not anticipated that the Purchaser will have any significant assets or liabilities or engage in activities other than those incident to its formation and capitalization and the transactions contemplated by the Offer and the Merger. Because the Purchaser is a newly formed corporation and has minimal assets and capitalization, no meaningful financial information regarding the Purchaser is available.

Financial information with respect to Parent and its subsidiaries is included in Parent's Annual Report on Form 10-K for the fiscal year ended October 29, 1995, which is incorporated herein by

reference, and other documents filed by Parent with the Commission. Such reports and other documents should be available for inspection and copies thereof should be obtainable in the manner set forth below under "Available Information."

Available Information. Parent is subject to the informational filing requirements of the Exchange Act and is required to file reports and other information with the Commission relating to its business, financial condition and other matters. Information, as of particular dates, concerning Parent's directors and officers, their remuneration, options granted to them, the principal holders of Parent's securities and any material interest of such persons in transactions with Parent is required to be described in proxy statements distributed to Parent's stockholders and filed with the Commission. Such reports, proxy statements and other information may be inspected and copies may be obtained from the offices of the Commission in the same manner as set forth with respect to information concerning the Company in Section 8. Such material should also be available at the offices of the NASD, 1735 K Street, N.W., Washington, D.C. 20006.

Except as set forth in this Offer to Purchase, none of the Purchaser or Parent (collectively, the "Purchaser Entities"), or, to the best knowledge of any of the Purchaser Entities, any of the persons listed on Schedule I, has any contract, arrangement, understanding or relationship with any other person with respect to any securities of the Company, including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any securities of the Company, joint ventures, loan or option arrangement, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies. Except as set forth in this Offer to Purchase, none of the Purchaser Entities, or, to the best knowledge of any of the Purchaser Entities, any of the persons listed on Schedule I, has had any business relationships or transactions with the Company or any of its executive officers, directors or affiliates that would require reporting under the rules of the Commission. Except as set forth in this Offer to Purchase, there have been no contacts, negotiations or transactions between the Purchaser Entities, or their respective subsidiaries or, to the best knowledge of any of the Purchaser Entities, any of the persons listed on Schedule I, and the Company or its affiliates, concerning a merger, consolidation or acquisition, tender offer or other acquisition of securities, election of directors or a sale or other transfer of a material amount of assets. Except as set forth in this Offer to Purchase, none of the Purchaser Entities or, to the best knowledge of any of the Purchaser Entities, any of the persons listed on Schedule I, beneficially owns any Shares or has effected any transactions in the Shares in the past 60 days.

10. SOURCE AND AMOUNT OF FUNDS

The total amount of funds required by the Purchaser to purchase all of the Shares pursuant to the Offer and to pay related fees and expenses is approximately $171 million. The Purchaser plans to obtain all funds needed for the Offer and the Merger through a capital contribution from Parent. Parent plans to obtain such funds from cash accounts, under available lines of credit or pursuant to the issuance of debt securities. No final decisions have been made by Parent concerning the source of funds to be used for purchase of the Shares. However, the Offer is not conditioned on obtaining financing.

11. BACKGROUND OF THE OFFER; CONTACTS WITH THE COMPANY

Between August and November 1995, Mr. Mendy Erad, the Company's Chairman and the Managing Director of Clal, discussed with Dr. Dan Maydan, the President of Parent, Clal's view of the strategic opportunities in the metrology and inspection business (the "M&I Business") in Israel, including the benefit to the global competitiveness of certain participants that might result from an industry consolidation. Dr. Maydan joined the Company Board in November 1995. Since December 1995, Mr. Erad and Mr. Dennis Hunter, Managing Director, Corporate Development of Parent, discussed from time-to-time the possibilities of enhancing Clal's and initiating Parent's participation in the M&I Business, including by forming a joint venture to acquire interests in various companies (including the company) engaged in the M&I Business principally in Israel.

Discussions continued during the Spring of 1996 regarding various participation opportunities and the goals of the respective companies. During July 1996, Mr. James C. Morgan, the Chairman and Chief

Executive Officer of Parent, informed Mr. Erad of Parent's decision to explore a direct participation in the M&I Business alone rather than through a joint venture with Clal.

Notwithstanding Parent's July decision, during August and September 1996, Mr. Erad and legal counsel and a tax advisor met with representatives of Parent, together with representatives of Parent's financial advisors and legal counsel, to discuss alternative transaction approaches that would enable Clal to participate with Parent in the M&I Business, including through the possible acquisition of the Company. Following these meetings, Clal determined that the complexity and timing of a collaborative transaction involving Clal and Parent would not be in the best interests of the Company and its stockholders, and Parent reaffirmed its conclusion that it would not be in Parent's best interests to include Clal in its contemplated efforts to enter the M&I Business.

On October 20, 1996, the Company engaged Robertson Stephens and Evergreen Capital Markets, Ltd. to assist the Company in its evaluation of any offer which might be made by Parent.

On October 21, 1996, Parent and the Company entered into a confidentiality agreement preceding Parent's review of certain confidential information concerning the Company. Subsequently, there were meetings in the United States and Israel to review and analyze Company information.

During meetings in late October and early November 1996, representatives of Parent's financial advisors met with the Company's financial advisors to discuss valuation parameters of the Company. In addition, a representative of Parent's legal counsel met with representatives of the Company's legal counsel to discuss generally the terms and conditions of a possible transaction between Parent and the Company. At these meetings, Parent's financial advisors and legal counsel stated that it was an express condition to Parent's willingness to enter into an agreement to acquire the Company that there be an agreement along the lines of the Stockholder Agreements.

At a meeting on November 10, 1996, representatives of Parent and the Company began negotiating the terms of a definitive agreement providing for Parent's acquisition of the Company. Following further negotiations on November 11, 1996, representatives of Parent indicated that they would be prepared to recommend to Parent's Board of Directors that Parent pay a price of $18.50 per Share in cash to acquire the Company, conditioned upon the willingness of the Selling Stockholders to sign the Stockholder Agreements providing for the sale of the Shares owned by each of them to Parent at a price per Share equal to the price paid in the Offer, through a tender of such Shares in the Offer or otherwise.

Negotiations between Parent and the Company continued through November 22, 1996, culminating in Parent and the Company agreeing upon a form of Merger Agreement and a form of the Stockholder Agreements which were presented to and approved by Parent's Board of Directors at a meeting held on November 22, 1996, subject to the finalization of certain open items.

After completion of final negotiations, a meeting of the Company Board was held on November 24, 1996, at which Robertson Stephens delivered its opinion as to the fairness of the Offer Price to the Company's stockholders from a financial point of view and the definitive Merger Agreement and Stockholder Agreements were approved by the Company Board, with Dr. Maydan and Mr. Zvi Lapidot, the Chairman of Orbot Instruments Ltd., a privately-held Israeli company ("Orbot Instruments"), and Messrs. Rafi Yizhar and Israel Niv, two of the Selling Stockholders, not participating in the vote of the Company Board relating to the Merger Agreement and the Stockholder Agreements and the transactions contemplated thereby. Following this approval, the Merger Agreement and the Stockholder Agreements were executed, and the transactions were publicly announced before financial markets opened on November 25, 1996.

In addition, on November 24, 1996, Parent entered into an agreement to acquire all of the outstanding capital stock of Orbot Instruments for $110 million. Certain stockholders of the Company have stockholders that are also stockholders of Orbot Instruments.

12. PURPOSE OF THE OFFER, MERGER, MERGER AGREEMENT AND STOCKHOLDER AGREEMENTS

The purpose of the Offer, the Merger, the Merger Agreement and the Stockholder Agreements is to enable Parent to acquire control of, and the entire equity interest in, the Company. Upon consummation of the Merger, the Company will become a subsidiary of Parent. The Offer and the Stockholder Agreements are intended to increase the likelihood that the Merger will be effected.

MERGER AGREEMENT. The following is a summary of certain provisions of the Merger Agreement. The summary is qualified in its entirety by reference to the Merger Agreement which is incorporated herein by reference and a copy of which has been filed with the Commission as an exhibit to Parent's and the Purchaser's Tender Offer Statement on Schedule 14D-1 (the "Schedule 14D-1"). The Merger Agreement may be examined and copies may be obtained at the places and in the manner set forth in Section 8 of this Offer to Purchase.

The Offer. The Merger Agreement provides that the Purchaser will commence the Offer and that, upon the terms and subject to prior satisfaction or waiver of the conditions of the Offer, the Purchaser will purchase all Shares validly tendered pursuant to the Offer. The Merger Agreement provides that, without the written consent of the Company, the Purchaser will not decrease the Offer Price, decrease the number of Shares sought in the Offer, amend or waive the Minimum Condition, or amend any condition of the Offer in a manner adverse to the holders of Shares (other than with respect to insignificant changes or amendments and subject to certain conditions in the Merger Agreement), except that if on the initial scheduled expiration date all conditions to the Offer shall not have been satisfied or waived, the Purchaser may (and under certain circumstances will be required to) extend the expiration date. The Merger Agreement provides that if, immediately prior to the expiration date of the Offer, as it may be extended, the Shares tendered and not withdrawn pursuant to the Offer equal less than 90% of the Shares outstanding, the Purchaser may extend the Offer for a period not to exceed 30 business days.

The Merger. Following the consummation of the Offer, the Merger Agreement provides that, subject to the terms and conditions thereof, and in accordance with Delaware law, at the Effective Time, the Purchaser will be merged with and into the Company. As a result of the Merger, the separate corporate existence of the Purchaser will cease and the Company will continue as the surviving corporation (the "Surviving Corporation").

The respective obligations of Parent and the Purchaser, on the one hand, and the Company, on the other hand, to effect the Merger are subject to the satisfaction on or prior to the Closing Date (as defined in the Merger Agreement) of each of the following conditions, any and all of which may be waived in whole or in part, to the extent permitted by applicable law: (i) the Merger Agreement shall have been approved and adopted by the requisite vote of the holders of Shares, if required by applicable law, in order to consummate the Merger; (ii) no law, statute, rule, order, decree or regulation shall have been enacted or promulgated by any government or any governmental agency or authority of competent jurisdiction which declares the Merger Agreement invalid or unenforceable in any material respect or which prohibits the consummation of the Merger, and all governmental consents, orders and approvals required for the consummation of the Merger and the transactions contemplated by the Merger Agreement shall have been obtained and shall be in effect at the Effective Time; (iii) Parent, the Purchaser or their affiliates shall have purchased Shares pursuant to the Offer, unless such failure to purchase is as a result of a breach of Parent's and the Purchaser's obligations under the Merger Agreement; and (iv) the applicable waiting period under the HSR Act shall have expired or been terminated.

At the Effective Time of the Merger (i) each issued and outstanding Share (other than Shares that are owned by the Company as treasury stock, any Shares owned by Parent, the Purchaser or any other wholly owned subsidiary of Parent, or any Shares which are held by stockholders exercising appraisal rights under Delaware law) will be converted into the right to receive the Merger Consideration and (ii) each issued and outstanding share of the Purchaser will be converted into one share of common stock of the Surviving Corporation.

The Company's Board of Directors. The Merger Agreement provides that promptly after the purchase by Parent of at least a majority of the outstanding Shares (on a fully diluted basis), Parent will be entitled to designate such number of directors, rounded up to the next whole number, on the Company Board as is equal to the product of the total number of directors on the Company Board multiplied by the percentage that the number of Shares so accepted for payment bears to the total number of Shares then outstanding. The Company will, upon request of the Purchaser, use its best reasonable efforts promptly to either increase the size of the Company Board or secure the resignations of such number of its incumbent directors as is necessary to enable Parent's designees to be elected to the Company Board. In the event that Parent's designees are elected to the Company Board, until the Effective Time, the

Company Board will have at least three directors who are directors on the date of the Merger Agreement. The Company's obligation to appoint the Purchaser's designees to the Board of Directors is subject to compliance with Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder.

Stockholders Meeting. Pursuant to the Merger Agreement, the Company will, if required by applicable law in order to consummate the Merger, duly call, give notice of, convene and hold a special meeting of its stockholders (the "Special Meeting") as soon as practicable following the acceptance for payment and purchase of Shares by the Purchaser pursuant to the Offer for the purpose of considering and taking action upon the Merger Agreement. The Merger Agreement provides that the Company will, if required by applicable law in order to consummate the Merger, prepare and file with the Commission a preliminary proxy or information statement (the "Proxy Statement") relating to the Merger and the Merger Agreement and use its reasonable efforts (i) to obtain and furnish the information required to be included by the Commission in the Proxy Statement and, after consultation with Parent, to respond promptly to any comments made by the Commission with respect to the preliminary Proxy Statement and cause a definitive Proxy Statement to be mailed to its stockholders and (ii) to obtain the necessary approvals of the Merger and the Merger Agreement by its stockholders. If the Purchaser acquires at least a majority of the outstanding Shares, the Purchaser will have sufficient voting power to approve the Merger, even if no other stockholder votes in favor of the Merger. The Company has agreed, subject to the provisions described below under "No Solicitation," to include in the Proxy Statement the recommendation of the Company Board that stockholders of the Company vote in favor of the approval of the Merger and the adoption of the Merger Agreement. Parent has agreed that it will vote, or cause to be voted, all of the Shares then owned by it, the Purchaser or any of its other subsidiaries and affiliates in favor of the approval of the Merger and the adoption of the Merger Agreement.

The Merger Agreement provides that in the event that Parent, the Purchaser or any other subsidiary of Parent acquires at least 90% of the outstanding Shares, pursuant to the Offer or otherwise, Parent, the Purchaser and the Company will, at the request of Parent and subject to the terms of the Merger Agreement, take all necessary and appropriate action to cause the Merger to become effective as soon as practicable after such acquisition, without a meeting of stockholders of the Company, in accordance with Delaware law.

Options. Pursuant to the Merger Agreement, effective as of the Effective Time, and subject to the receipt of certain Israeli governmental approvals and exemptions, Parent and the Company will cause each outstanding unvested employee stock option to purchase Shares (the "Unvested Options") granted under the Company's stock option plans (collectively, the "Option Plan") to be assumed by Parent and converted into an option (or a new substitute option will be granted) (a "Parent Option") to purchase shares of common stock, par value $.01 per share (the "Parent Common Stock"), of Parent. Pursuant to the Merger Agreement (i) the number of shares of Parent Common Stock subject to each such Parent Option will be determined by multiplying the number of Shares subject to the Unvested Option to be cancelled by the Option Exchange Ratio (as defined below), rounding any fractional share up to the nearest whole share, and (ii) the exercise price per share of such Parent Option will be determined by dividing the exercise price per share under the Unvested Option in effect immediately prior to the Effective Time by the Option Exchange Ratio, and rounding the exercise price thus determined up to the nearest whole cent, subject to appropriate adjustments for stock splits and other similar events. See Section 15. Except as provided above, the converted or substituted Parent Options will be subject to the same terms and conditions (including, without limitation, expiration date, vesting and exercise provisions) as were applicable to the Unvested Options immediately prior to the Effective Time. The issuance of Parent Options as provided above is subject to, and conditioned upon, obtaining an exemption by the Israeli Securities Authority from the prospectus delivery requirement under Israeli securities laws. In the event such exemption is not obtained, unless Parent elects to comply with the applicable requirements of the Israeli securities laws, all Unvested Options held by the 35 persons holding the greatest aggregate amount of Unvested Options will be treated as described above and exchanged for Parent Options and the remaining Unvested Options will be treated in the same manner as the Vested Options (as defined below) described below. For purposes of the Merger Agreement, the "Option Exchange Ratio" is (x) the Offer Price divided by (y) the average of the closing prices of the Parent Common Stock on the Nasdaq National Market System during the ten trading days preceding the fifth trading day prior to the Closing Date.

Immediately before the Effective Time, each outstanding fully vested employee stock option to purchase Shares (a "Vested Option," and together with an Unvested Option, a "Company Option") granted under the Option Plan, subject to certain limited exceptions and subject to the receipt of certain Israeli governmental approvals and exemptions, will be surrendered to the Company and will be cancelled and the Company or the Surviving Corporation will pay to each holder of a Vested Option, by check, an amount equal to (i) the product of the number of the Shares which are issuable upon exercise of such Vested Option, multiplied by the Offer Price, less (ii) the aggregate exercise price of such Vested Option.

In addition, except as may be otherwise agreed to by Parent or the Purchaser and the Company, the Option Plan and the Company's 1995 Employee Stock Purchase Plan (the "Stock Purchase Plan") will terminate as of the Effective Time and the provisions in any other plan, program or arrangement providing for the issuance or grant of any other interest in respect of the capital stock of the Company or any of its subsidiaries will be deleted as of the Effective Time. However, each participant in the Stock Purchase Plan will be entitled to receive, pursuant to the Stock Purchase Plan, a number of Shares based upon such participant's contributions in accordance with the provisions of the Stock Purchase Plan for the Purchase Period (as defined in the Stock Purchase Plan) ending December 31, 1996, or such part of such Purchase Period as has been completed at the Effective Time, and at the applicable purchase price per Share determined in accordance with the provisions of the Stock Purchase Plan for such Purchase Period, provided that no such participant will be entitled to increase his or her rate of contribution after the date of the Merger Agreement, and the Shares so purchased will immediately be exchanged for cash pursuant to the Merger.

Interim Operations. Pursuant to the Merger Agreement, the Company has agreed that, except as expressly contemplated or provided by the Merger Agreement or agreed to in writing by Parent, prior to the time the directors of the Purchaser constitute a majority of the Company Board, the business of the Company and its subsidiaries will be conducted only in the ordinary and usual course and to the extent consistent therewith, each of the Company and its subsidiaries will use its best efforts to preserve its business organization intact and maintain its existing relations with customers, suppliers, employees, creditors and business partners, and (a) the Company will not, directly or indirectly, (i) sell, transfer or pledge, or agree to sell, transfer or pledge, any treasury stock of the Company or any capital stock of any of its subsidiaries beneficially owned by it; (ii) amend its certificate of incorporation or by-laws or similar organizational documents; or (iii) split, combine or reclassify the outstanding Shares or preferred stock or any outstanding capital stock of any of the subsidiaries of the Company; and (b) neither the Company nor any of its subsidiaries shall (i) declare, set aside or pay any dividend or other distribution payable in cash, stock or property with respect to its capital stock; (ii) issue, sell, pledge, dispose of or encumber any additional shares of, or securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of capital stock of any class of the Company or its subsidiaries, other than shares reserved for issuance on November 24, 1996 pursuant to the exercise of Company Options outstanding on November 24, 1996 or pursuant to the Stock Purchase Plan; (iii) transfer, lease, license, sell, mortgage, pledge, dispose of, or encumber any material assets other than in the ordinary and usual course of business and consistent with past practice, or incur or modify any material indebtedness or other liability, other than in the ordinary and usual course of business and consistent with past practice; (iv) redeem, purchase or otherwise acquire directly or indirectly any of its capital stock, except pursuant to stock restriction agreements with employees existing on November 24, 1996; (v) grant any increase in the compensation payable or to become payable by the Company or any of its subsidiaries to any of its executive officers or key employees, except inflationary increases given in accordance with past practice or adopt any new or amend or otherwise increase or accelerate the payment or vesting of the amounts payable or to become payable under any existing bonus, incentive compensation, deferred compensation, severance, profit sharing, stock option, stock purchase, insurance, pension, retirement or other employee benefit plan, agreement or arrangement including, without limitation, the Option Plan and the Stock Purchase Plan; (vi) enter into any employment or severance agreement with, or, except in accordance with the existing written policies of the Company, grant any severance or termination pay to any officer, director or employee of the Company or any of its subsidiaries; (vii) modify, amend or terminate any of its material contracts or waive, release or assign any material rights or claims, except in the ordinary course of business and consistent with past practice; (viii) permit any material insurance policy naming it as a beneficiary or a loss payable payee to be cancelled or terminated without notice to Parent, except in the ordinary course of business and consistent with past practice; (ix)

incur or assume any long-term debt, or, except in the ordinary course of business, incur or assume any short-term indebtedness in amounts not consistent with past practice; (x) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other person, except in the ordinary course of business and consistent with past practice; (xi) make any loans, advances or capital contributions to, or investments in, any other person (other than to wholly owned subsidiaries of the Company); (xii) enter into any material commitment or transaction (including, but not limited to, any borrowing, capital expenditure or purchase, sale or lease of assets or real estate); (xiii) change any of the accounting methods used by it unless required by generally accepted accounting principles; (xiv) pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction, in the ordinary course of business and consistent with past practice of claims, liabilities or obligations reflected or reserved against in, or contemplated by, the consolidated financial statements (or the notes thereto) of the Company and its consolidated subsidiaries; (xv) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company or any of its subsidiaries (other than the Merger); (xvi) take, or agree to commit to take, any action that would or is reasonably likely to result in any of the conditions to the Offer or any of the conditions to the Merger not being satisfied, or would make any representation or warranty of the Company contained in the Merger Agreement inaccurate in any respect at, or as of any time prior to, the Effective Time, or that would materially impair the ability of the Company to consummate the Offer or the Merger in accordance with the terms of the Merger Agreement or materially delay such consummation; or (xvii) enter into an agreement, contract, commitment or arrangement to do any of the foregoing, or to authorize, recommend, propose or announce an intention to do any of the foregoing.

No Solicitation. In the Merger Agreement, the Company has agreed that neither the Company nor any of its subsidiaries will (and the Company will use its best efforts to cause its officers, directors, employees, representatives and agents, including, but not limited to, investment bankers, attorneys and accountants, not to), directly or indirectly, encourage, solicit, participate in or initiate discussions or negotiations with, or provide any information to, any corporation, partnership, person or other entity or group (other than Parent, any of its affiliates or representatives) concerning any proposal or offer to acquire all or a substantial part of the business and properties of the Company or any of its subsidiaries or any capital stock of the Company or any of its subsidiaries, whether by merger, tender offer, exchange offer, sale of assets or similar transactions involving the Company or any subsidiary, division or operating or principal business unit of the Company (an "Acquisition Proposal"), except that the Company and the Company Board are not prohibited from (i) taking and disclosing to the Company's stockholders a position with respect to a tender or exchange offer by a third party pursuant to Rules 14d-9 and 14e-2 promulgated under the Exchange Act, or (ii) making such disclosure to the Company's stockholders as, in the good faith judgment of the Board, after receiving advice from outside counsel, is required under applicable law, provided that the Company may not, except as described below, withdraw or modify, or propose to withdraw or modify, its position with respect to the Offer or the Merger or approve or recommend, or propose to approve or recommend, any Acquisition Proposal, or enter into any agreement with respect to any Acquisition Proposal. The Company also agreed to immediately cease any existing activities, discussions or negotiations with any parties conducted prior to the date of the Merger Agreement with respect to any of the foregoing. The Merger Agreement provides that the Company may furnish information concerning its business, properties or assets to any corporation, partnership, person or other entity or group pursuant to appropriate confidentiality agreements, and may negotiate and participate in discussions and negotiations with such entity or group concerning an Acquisition Proposal if (i) such entity or group has on an unsolicited basis submitted a bona fide written proposal to the Company Board relating to any such transaction which the Company Board determines in good faith represents a superior transaction to the Offer and the Merger and which is not conditioned upon obtaining additional financing and (ii) if, in the opinion of the Company Board, only after receipt of advice from independent legal counsel, the failure to provide such information or access or to engage in such discussions or negotiations could reasonably be expected to cause the Company Board to violate its fiduciary duties to the Company's stockholders under applicable law (an Acquisition Proposal which satisfies clauses (i) and (ii) is referred to in the Merger Agreement as a "Superior Proposal"). The Company will immediately notify Parent of the existence of any proposal or inquiry, and the identity of the party making such proposal or inquiry which it may receive in respect of any such transaction.

Except as provided below, pursuant to the terms of the Merger Agreement, neither the Company Board nor any committee thereof is permitted to (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to Parent or the Purchaser, the approval or recommendation by the Company Board or any such committee of the Offer, the Merger Agreement or the Merger, (ii) approve or recommend, or propose to approve or recommend, any Acquisition Proposal or (iii) enter into any agreement with respect to any Acquisition Proposal. Notwithstanding the foregoing, prior to the time of acceptance for payment of Shares in the Offer, the Company Board may (subject to the terms of this and the following sentence) withdraw or modify its approval or recommendation of the Offer, the Merger Agreement or the Merger, approve or recommend a Superior Proposal, or enter into an agreement with respect to a Superior Proposal, in each case at any time after the second business day following Parent's receipt of written notice advising Parent that the Company Board has received a Superior Proposal, specifying the material terms and conditions of such Superior Proposal and identifying the person making such Superior Proposal; provided that the Company may not enter into an agreement with respect to a Superior Proposal unless the Company furnishes Parent with written notice not later than 12:00 noon one day in advance of any date that it intends to enter into such agreement and has caused its financial and legal advisors to negotiate with Parent to make such adjustments in the terms and conditions of the Merger Agreement as would enable the Company to proceed with the transactions contemplated herein on such adjusted terms. In addition, if the Company proposes to enter into an agreement with respect to any Acquisition Proposal, it will be required to concurrently with entering into such agreement pay, or cause to be paid, to Parent the termination fee described below under "Termination Fee."

Indemnification and Insurance. Pursuant to the Merger Agreement, for seven years after the Effective Time, Parent will, and will cause the Surviving Corporation (or any successor to the Surviving Corporation) to, (i) retain all provisions of the Company's Certificate of Incorporation as now in effect respecting the limitation of liabilities of directors and officers and (ii) indemnify, defend and hold harmless the present and former officers and directors of the Company and its subsidiaries with respect to matters occurring at or prior to the Effective Time to the full extent permitted under Delaware law, subject to the Company's Certificate of Incorporation and By-laws. The Merger Agreement also provides that Parent or the Surviving Corporation will maintain the Company's existing officers' and directors' liability insurance ("D&O Insurance") for a period of not less than seven years after the Effective Time, provided that Parent may substitute therefor policies of substantially similar coverage and amounts containing terms no less favorable to such former directors or officers. Parent has also agreed that if the existing D&O Insurance expires, is terminated or cancelled during such period, Parent or the Surviving Corporation will use all reasonable efforts to obtain substantially similar D&O Insurance, but in no event will it be required to pay aggregate premiums for such insurance in excess of 150% of the aggregate premiums paid in 1995 on an annualized basis for such purpose (the "1995 Premium"). If Parent or the Surviving Corporation is unable to obtain substantially similar D&O Insurance, Parent or the Surviving Corporation has agreed to obtain as much insurance as can be obtained for an annual premium not in excess of 150% of the 1995 Premium.

Representations and Warranties. In the Merger Agreement, the Company has made customary representations and warranties to Parent and the Purchaser with respect to, among other things, its organization, capitalization, financial statements, public filings, conduct of business, employee benefit plans, intellectual property, employment matters, compliance with laws, contracts, potential conflicts of interest, tax matters, litigation, title and condition of properties, vote required to approve the Merger Agreement, undisclosed liabilities, suppliers and customers, information in the Proxy Statement and the absence of any material adverse changes in the Company since December 31, 1995.

Termination; Fees. The Merger Agreement may be terminated and the Merger abandoned at any time prior to the Effective Time, whether before or after approval of the stockholders of the Company, (a) by mutual consent of the Board of Directors of Parent or the Purchaser and the Company Board, (b) by either the Company Board or the Board of Directors of Parent or the Purchaser (i) if (x) the Offer shall have expired without any Shares being purchased therein or (y) the Purchaser shall not have accepted for payment any Shares pursuant to the Offer by August 24, 1997, provided that such right to terminate will not be available to any party whose failure to fulfill any obligation under the Merger Agreement was the

cause of, or resulted in, the failure of Parent or the Purchaser to purchase the Shares on or before such date; or (ii) if any governmental entity shall have issued an order, decree or ruling or taken any other action (which order, decree, ruling or other action the parties will use their best efforts to lift), in each case permanently restraining, enjoining or otherwise prohibiting the acceptance for payment of, or payment for, Shares pursuant to the Offer or the Merger and such order, decree, ruling or other action shall have become final and non-appealable, (c) by the Company Board (i) if Parent, the Purchaser or any of their affiliates shall have failed to commence the Offer on or prior to five business days following the date of the initial public announcement of the Offer; provided, that the Company may not terminate the Merger Agreement pursuant to this clause (i) if the Company is at such time in material breach of its obligations under the Merger Agreement; (ii) in connection with entering into a definitive agreement with respect to an Acquisition Proposal; provided it has complied with all of the provisions, including the notice provisions described above under "No Solicitation," and that it makes simultaneous payment of the Termination Fee (as defined below); or (iii) if Parent or the Purchaser shall have breached in any material respect any of their respective representations, warranties, covenants or other agreements contained in the Merger Agreement, which breach cannot be or has not been cured within 30 days after the giving of written notice to Parent or the Purchaser, as applicable, (d) by the Board of Directors of Parent or the Purchaser (i) if, due to an occurrence, not involving a breach by Parent or the Purchaser of their obligations under the Merger Agreement, which makes it impossible to satisfy any of the conditions to the Offer, Parent, the Purchaser, or any of their affiliates shall have failed to commence the Offer on or prior to five business days following the date of the initial public announcement of the Offer; (ii) if prior to the purchase of Shares pursuant to the Offer, the Company shall have breached any representation, warranty, covenant or other agreement contained in the Merger Agreement which (x) would give rise to the failure of a condition described in paragraph (f) or (g) under Section 14 and (y) cannot be or has not been cured within 30 days after the giving of written notice to the Company; or (iii) if either Parent or the Purchaser is entitled to terminate the Offer as a result of the occurrence of any event described in paragraph (e) under Section 14.

In accordance with the Merger Agreement, if (i) the Company Board terminates the Merger Agreement pursuant to clause (c)(ii) of the immediately preceding paragraph, (ii) the Board of Directors of Parent or the Purchaser terminates the Merger Agreement pursuant to clause (d)(iii) of the immediately preceding paragraph, or (iii) prior to the termination of the Merger Agreement (other than by the Company Board pursuant to clauses (c)(i) or (c)(iii) of the immediately preceding paragraph), an Acquisition Proposal shall have been made and within one year of such termination, the Company enters into an agreement with respect to, approves or recommends or takes any action to facilitate an Acquisition Proposal with the person making such original Acquisition Proposal at a price and on terms at least as favorable to the stockholders of the Company as the Offer and the Merger and such later Acquisition Proposal is consummated, the Company has agreed to pay to Parent (concurrently with such termination, in the case of clauses (i) or (ii) above, and not later than the consummation of such later Acquisition Proposal, in the case of clause (iii) above) an amount equal to $4,000,000 (the "Termination Fee"); provided that no Termination Fee will be payable if the Purchaser or Parent was in material breach of its representations, warranties or obligations under the Merger Agreement at the time of its termination.

STOCKHOLDER AGREEMENTS. The following is a summary of the material terms of the Stockholder Agreements. This summary is qualified in its entirety by reference to the Stockholder Agreements which are incorporated herein by reference and a copy of each of which has been filed with the Commission as an exhibit to the Schedule 14D-1. The Stockholder Agreements may be examined and a copy of each of them may be obtained at the place and in the manner set forth in Section 8.

Tender of Shares. In connection with the execution of the Merger Agreement, Parent and the Purchaser entered into a separate Stockholder Agreement with each of the Selling Stockholders. Upon the terms and subject to the conditions of each of such agreements, each of the Selling Stockholders has agreed to validly tender (and not withdraw) pursuant to and in accordance with the terms of the Offer, not later than the fifth business day after commencement of the Offer, the number of Shares owned beneficially by such Selling Stockholder (or a total of 4,289,777 Shares, representing approximately 47% of the outstanding Shares on a fully diluted basis). The Selling Stockholders have also consented to the treatment of the Company Options held by them as described under "The Merger Agreement--Options" above.

Stock Option. In order to induce Parent and the Purchaser to enter into the Merger Agreement, each of the Selling Stockholders has granted to Parent an irrevocable option (a "Stock Option") to purchase such Selling Stockholder's Shares (the "Option Shares") at an amount (the "Purchase Price") equal to the Offer Price. Pursuant to each of the Stockholder Agreements, if (i) the Offer is terminated, abandoned or withdrawn by Parent or the Purchaser (whether due to the failure of any of the conditions set forth in Section 14 or otherwise), other than at a time when Parent or the Purchaser is in material breach of the terms of the Merger Agreement, or (ii) the Merger Agreement is terminated in accordance with its terms, other than as a result of certain material breaches by Parent or the Purchaser in the terms of the Merger Agreement, the Stock Options will, in any such case, become exercisable, in whole but not in part, upon the first to occur of any such event and remain exercisable in whole until the date which is 60 days after the date of the occurrence of such event (the "60 Day Period"), so long as: (i) all waiting periods under the HSR Act required for the purchase of the Option Shares upon such exercise, shall have expired or been waived, (ii) all other applicable consents of any governmental entity required for the purchase or sale of the Option Shares upon such exercise shall have been granted or otherwise satisfied, and (iii) there shall not be in effect any preliminary or final injunction or other order issued by any court or governmental entity prohibiting the exercise of the Stock Options pursuant to the Stockholder Agreements. Each of the Stockholder Agreements provides that if (i) all HSR Act waiting periods have not expired or been waived, (ii) all other applicable consents of any governmental entity required for the purchase or sale of the Option Shares shall not have been granted or otherwise satisfied, or (iii) or there shall be in effect any such injunction or order, in each case on the expiration of the 60 Day Period, the 60 Day Period shall be extended until 5 business days after the later of (A) the date of expiration or waiver of all HSR Act waiting periods, (B) the grant or other satisfaction of such required consents, and (C) the date of removal or lifting of such injunction or order; provided, however, that in no event will the Stock Option be exercisable after the date which is six months after the date on which the Stock Option first becomes exercisable; provided, further, that the Stock Option will terminate if any governmental entity issues an order, decree or ruling or takes any other action (which order, decree, ruling or other action the parties to each of the Stockholder Agreements will use their best efforts to lift), which permanently restrains, enjoins or otherwise prohibits Parent's exercise of the Stock Option or the sale of the Option Shares to Parent by the Selling Stockholders.

Resale of the Option Shares. Each of the Stockholder Agreements provides that if, within 12 months following the acquisition by the Purchaser of the Option Shares, Parent or its affiliates sell, transfer or otherwise dispose of any or all of the Option Shares to any third party (other than to another affiliate of Parent) (a "Subsequent Sale") and realizes a Profit (as defined below) from such Subsequent Sale, then Parent will pay to the Selling Stockholder an amount equal to 95% of the Profit, promptly upon receipt of the proceeds from such Subsequent Sale. "Profit" is defined in each of the Stockholder Agreements to mean (A) the amount of the excess, if any, of (x) the aggregate consideration received by Parent or its affiliates in connection with a Subsequent Sale over (y) the product of (i) the number of Shares sold, transferred or disposed of multiplied by (ii) the Purchase Price less (B) any taxes or any other payment of any nature due or payable by Parent with respect to the amount specified in clause (A), other than Parent's or the Purchaser's expenses incurred in connection with the negotiation, execution and delivery of the Stockholder Agreements and the Merger Agreement. In the event the consideration received by Parent in a Subsequent Sale is other than cash, each of the Stockholder Agreements provides that the Selling Stockholder shall be entitled to the same form of consideration as received by Parent in such Subsequent Sale or, at Parent's election, an amount in cash equal to the fair market value of such other consideration that the Selling Stockholder would have been entitled to.

Provisions Concerning the Shares. The Selling Stockholders have agreed that during the period commencing on the date of each of the Stockholder Agreements and continuing until the first to occur of the Effective Time or the termination of the Merger Agreement in accordance with its terms, at any meeting of the Company's stockholders or in connection with any written consent of the Company's stockholders, the Selling Stockholders will vote (or cause to be voted) the Shares held of record or beneficially owned by each of such Selling Stockholders: (i) in favor of the Merger, the execution and delivery by the Company of the Merger Agreement and the approval of the terms thereof and each of the other actions contemplated by the Merger Agreement and each of the Stockholder Agreements and any

actions required in furtherance thereof; and (ii) against any Acquisition Proposal and against any action or agreement that would impede, frustrate, prevent or nullify each of the Stockholder Agreements or result in a breach in any respect of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement or which would result in any of the conditions to the Offer or to the Merger not being fulfilled. In addition, each of the Selling Stockholders has appointed representatives of Parent as proxies to vote such Selling Stockholder's Shares or grant a consent or approval in respect of such Shares in favor of the various transactions contemplated by the Merger Agreement and against any Acquisition Proposal. Each of the Selling Stockholders also agreed not to transfer such Selling Stockholder's Shares and not to, directly or indirectly, encourage, solicit, participate in or initiate discussions or negotiations with, or provide any information to, any corporation, partnership, person or other entity or group (other than Parent, any of its affiliates or representatives) concerning any Acquisition Proposal.

Other Covenants, Representations, Warranties. In connection with each of the Stockholder Agreements, each of the Selling Stockholders made certain customary representations and warranties, including with respect to (i) ownership of the Shares, (ii) the Selling Stockholder's authority to enter into and perform its or his obligations under the Stockholder Agreement, (iii) the absence of conflicts and requisite governmental consents and approvals, and (iv) the absence of encumbrances on and in respect of the Selling Stockholder's Shares. Parent and the Purchaser have made certain representations and warranties with respect to Parent and the Purchaser's authority to enter into the Stockholder Agreements and the absence of conflicts and requisite governmental consents and approvals.

In each of the Stockholder Agreements, Parent agreed that, in the event that within three years following Parent's exercise of a Stock Option, Parent, the Purchaser or any of their subsidiaries acquires any additional Shares from, or pursuant to an offer made to all of the Company's stockholders, whether by merger, consolidation, tender offer or other similar transaction, the price paid per Share would be no less than the Purchase Price.

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT. Pursuant to the Confidentiality and Nondisclosure Agreement entered into on October 21, 1996 by Parent and the Company (the "Confidentiality Agreement"). The Company and Parent agreed to provide, among other things, for the confidential treatment of their discussions regarding the Offer and the Merger and the exchange of certain confidential information concerning the Company. The Confidentiality Agreement which is incorporated herein by reference and a copy of which has been filed with the Commission as an exhibit to the Schedule 14D-1. The Confidentiality Agreement may be examined and copies may be obtained at the places and in the manner set forth in Section 8 of this Offer to Purchase.

OTHER MATTERS. Under Delaware law, the affirmative vote of holders of a majority of the outstanding Shares entitled to vote, including any Shares owned by the Purchaser, would be required to adopt the Merger. If the Purchaser acquires, through the Offer or otherwise, voting power with respect to at least a majority of the outstanding Shares, which would be the case if the Minimum Condition were satisfied, it would have sufficient voting power to effect the Merger without the vote of any other stockholder of the Company. Delaware law also provides that if a parent company owns at least 90% of each class of stock of a subsidiary, the parent company can effect a merger with the subsidiary without the authorization of the other stockholders of the subsidiary. Accordingly, if, as a result of the Offer, the Stockholder Agreements or otherwise, the Purchaser acquires at least 90% of the outstanding Shares, the Purchaser could, and intends to, effect the Merger without approval of any other stockholder of the Company.

No appraisal rights are available in connection with the Offer. However, if the Merger is consummated, stockholders of the Company may have certain rights under Delaware law to dissent and demand appraisal of, and payment in cash of the fair value of, their Shares. Such rights, if the statutory procedures were complied with, could lead to a judicial determination of the fair value (excluding any element of value arising from the accomplishment or expectation of the Merger) required to be paid in

cash to such dissenting holders for their Shares. Any such judicial determination of the fair value of Shares could be based upon considerations other than or in addition to the price paid in the Offer and the market value of the Shares, including asset values and the investment value of the Shares. The value so determined could be more or less than the purchase price per Share pursuant to the Offer or the consideration per Share to be paid in the Merger.

In addition, several decisions by Delaware courts have held that, in certain instances, a controlling stockholder of a corporation involved in a merger has a fiduciary duty to the other stockholders that requires the merger to be fair to such other stockholders. In determining whether a merger is fair to minority stockholders, the Delaware courts have considered, among other things, the type and amount of consideration to be received by the stockholders and whether there were fair dealings among the parties. The Delaware Supreme Court has indicated in recent decisions that in most cases the remedy available in a merger that is found not to be "fair" to minority stockholders is the right to appraisal described above or a damages remedy based on essentially the same principles.

Section 203 of the Delaware General Corporation Law (the "DGCL") prohibits business combination transactions involving a Delaware corporation and an "interested stockholder" (defined generally as any person that directly or indirectly beneficially owns 15% or more of the outstanding voting stock of the subject corporation) for three years following the date such person became an "interested stockholder," unless certain exceptions apply, including that prior to such date the Board of Directors of the company approved either the business combination or the transaction which resulted in such person being an interested stockholder. As set forth below, the Company Board has taken actions to make Section 203 of the DGCL inapplicable to Parent and the Purchaser in connection with the Offer, the Merger and the transactions contemplated by the Stockholder Agreements.

In the Merger Agreement, the Company represented that the Company Board has duly and validly approved the transactions contemplated by the Merger Agreement and the Stockholder Agreements, including the Offer, the Merger and the acquisition of Shares pursuant to the foregoing, for purposes of Section 203 of the DGCL, such approval occurring prior to the time the Purchaser became an "interested stockholder" as defined in Section 203 of the DGCL, so that the provisions thereof are not applicable to such transactions.

The Commission has adopted Rule 13e-3 under the Exchange Act which is applicable to certain "going private" transactions and which may under certain circumstances be applicable to the Merger or another business combination following the purchase of Shares pursuant to the Offer in which the Purchaser seeks to acquire the remaining Shares not held by it. The Purchaser believes, however, that Rule 13e-3 will not be applicable to the Merger because it is anticipated that the Merger will be effected within one year following consummation of the Offer. Rule 13e-3 requires, among other things, that certain financial information concerning the Company and certain information relating to the fairness of the proposed transaction and the consideration offered to minority stockholders in such transaction, be filed with the Commission and disclosed to stockholders prior to consummation of the transaction.

The Purchaser or an affiliate of the Purchaser may, following the consummation or termination of the Offer, seek to acquire additional Shares through open market purchases, privately negotiated transactions, a tender offer or exchange offer or otherwise, upon such terms and at such prices as it shall determine, which may be more or less than the price to be paid pursuant to the Offer. The Purchaser and its affiliates also reserve the right to dispose of any or all Shares acquired by them.

Upon the completion of the Offer, Parent intends to conduct a detailed review of the Company and its assets, corporate structure, dividend policy, capitalization, operations, properties, policies, management and personnel and consider what, if any, changes would be desirable in light of the circumstances which then exist. Such changes could include changes in the Company's business, corporate structure, charter, by-laws, capitalization, Board of Directors, management or dividend policy, although Parent has no current plans with respect to any of such matters.

Except as noted in this Offer to Purchase, neither Parent nor the Purchaser has any present plans or proposals that would result in an extraordinary corporate transaction, such as a merger, reorganization, liquidation, relocation of operations, or sale or transfer of assets, involving the Company or any of its subsidiaries, or any material changes in the Company's corporate structure, business or composition of its management or personnel.

13. DIVIDENDS AND DISTRIBUTIONS

As described above, the Merger Agreement provides that, prior to the Effective Time, the Company will not, except as explicitly permitted by the Merger Agreement, (i) declare, set aside or pay any dividend or other distribution payable in cash, stock or property with respect to its capital stock, (ii) issue, sell, pledge, dispose of or encumber any additional shares of, or securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of capital stock of any class of the Company or its subsidiaries, other than Shares reserved for issuance on November 24, 1996 pursuant to the exercise of Company Options outstanding at November 24, 1996 or pursuant to the Stock Purchase Plan, as permitted by the Merger Agreement, or (iii) redeem, purchase or otherwise acquire directly or indirectly any of its capital stock except pursuant to stock restriction agreements with employees existing as of November 24, 1996.

14. CONDITIONS TO THE OFFER

Notwithstanding any other provisions of the Offer, and in addition to (and not in limitation of) the Purchaser's rights to extend and amend the Offer at any time in its sole discretion (subject to the provisions of the Merger Agreement), the Purchaser will not be required to accept for payment or, subject to any applicable rules and regulations of the Commission, including Rule 14e-1(c) under the Exchange Act (relating to the Purchaser's obligation to pay for or return tendered Shares promptly after termination or withdrawal of the Offer), pay for, and may delay the acceptance for payment of or, subject to the restriction referred to above, the payment for, any tendered Shares, and may terminate or amend the Offer as to any Shares not then paid for, if (i) any applicable waiting period under the HSR Act has not expired or terminated, (ii) the Minimum Condition has not been satisfied, (iii) the approval of the Offer and the Merger by the Israeli Investments Center shall not have been obtained, (iv) any applicable waiting period under the Israeli Restrictive Trade Practices Act of 1988 has not expired or terminated, (v) the approval of the Offer and the Merger by the Israeli Office of Chief Scientist shall not have been obtained, (vi) the exemption by the Israeli Securities Authority from the registration and prospectus delivery requirements of the Israeli securities laws for the issuance of the Parent Options shall not have been obtained, or (vii) at any time on or after the date of the Merger Agreement and before the time of payment for any such Shares, any of the following events shall occur or shall be determined by the Purchaser to have occurred:

(a) there shall be threatened or pending any suit, action or proceeding by any governmental entity against the Purchaser, Parent, the Company or any subsidiary of the Company (i) seeking to prohibit or impose any material limitations on Parent's or the Purchaser's ownership or operation (or that of any of their respective subsidiaries or affiliates) of all or a material portion of their or the Company's businesses or assets, or to compel Parent or the Purchaser or their respective subsidiaries and affiliates to dispose of or hold separate any material portion of the business or assets of the Company or Parent and their respective subsidiaries, in each case taken as a whole, (ii) challenging the acquisition by Parent or the Purchaser of any Shares under the Offer or pursuant to the Stockholder Agreements, seeking to restrain or prohibit the making or consummation of the Offer or the Merger or the performance of any of the other transactions contemplated by the Merger Agreement or of the Stockholder Agreements (including the voting provisions thereunder), or seeking to obtain from the Company, Parent or the Purchaser any damages that are material in relation to the Company and its subsidiaries taken as a whole, (iii) seeking to impose material limitations on the ability of the Purchaser, or render the Purchaser unable, to accept for payment, pay for or purchase some or all of the Shares pursuant to the Offer and the Merger, (iv) seeking to impose material limitations on the ability of the Purchaser or Parent effectively to exercise full rights of ownership of the Shares, including, without limitation, the right to vote the Shares purchased by it on all matters properly presented to the Company's stockholders, or (v) which otherwise is reasonably likely to have a material adverse affect on the consolidated financial condition, businesses or results of operations of the Company and its subsidiaries, taken as a whole;

(b) there shall be any statute, rule, regulation, judgment, order or injunction enacted, entered, enforced, promulgated, or deemed applicable, pursuant to an authoritative interpretation by or on

behalf of a government entity, to the Offer or the Merger, or any other action shall be taken by any governmental entity, other than the application to the Offer or the Merger of applicable waiting periods under HSR Act, that is reasonably likely to result, directly or indirectly, in any of the consequences referred to in clauses (i) through (iv) of paragraph (a) above;

(c) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on the New York Stock Exchange or in the Nasdaq National Market System, for a period in excess of 24 hours (excluding suspensions or limitations resulting solely from physical damage or interference with such exchanges not related to market conditions), (ii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory), (iii) a commencement of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States or involving Israel and, in the case of armed hostilities involving Israel, having, or which could reasonably be expected to have, a substantial continuing general effect on business and financial conditions in Israel, (iv) any limitation (whether or not mandatory) by any United States or Israeli governmental authority on the extension of credit generally by banks or other financial institutions, or (v) a change in general financial bank or capital market conditions which materially and adversely affects the ability of financial institutions in the United States and in Israel to extend credit or syndicate loans or (vi) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof;

(d) there shall have occurred any material adverse change (or any development that, insofar as reasonably can be foreseen, is reasonable likely to result in any material adverse change) in the consolidated financial condition, businesses, results of operations or prospects of the Company and its subsidiaries, taken as a whole, other than any such change which relates to general conditions in the economy or in the Company's industry or arises solely from the Company's execution and delivery of the Merger Agreement;

(e) (i) the Company Board or any committee thereof shall have withdrawn or modified in a manner adverse to Parent or the Purchaser its approval or recommendation of the Offer, the Merger or the Merger Agreement, or approved or recommended any Acquisition Proposal or (ii) the Company shall have entered into any agreement with respect to any Superior Proposal in accordance with the terms of the Merger Agreement;

(f) any of the representations and warranties of the Company set forth in the Merger Agreement that are qualified as to materiality shall not be true and correct and any such representations and warranties that are not so qualified shall not be true and correct in any material respect, in each case (i) as of the date referred to in any representation or warranty which addresses matters as of a particular date, or (ii) as to all other representations and warranties, as of the date of the Merger Agreement and as of the scheduled expiration of the Offer;

(g) the Company shall have failed to perform in any material respect any material obligation or to comply in any material respect with any material agreement or covenant of the Company to be performed or complied with by it under the Merger Agreement; or

(h) the Merger Agreement shall have been terminated in accordance with its terms;

which in the reasonable good faith judgment of Parent or the Purchaser, in any such case, and regardless of the circumstances (including any action or inaction by Parent or the Purchaser) giving rise to such condition makes it inadvisable to proceed with the Offer and/or with such acceptance for payment of or payment for Shares.

The foregoing conditions are for the sole benefit of Parent and the Purchaser and may be waived by Parent or the Purchaser, in whole or in part at any time and from time to time in the sole discretion of Parent or the Purchaser. The failure by Parent or the Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

15. CERTAIN LEGAL MATTERS

Except as described in this Section 15, based on a review of publicly available filings by the Company with the Commission and other publicly available information concerning the Company, the Purchaser is not aware of any regulatory license or permit that appears to be material to the business of the Company and its subsidiaries, taken as a whole, that might be adversely affected by the acquisition of Shares by the Purchaser pursuant to the Offer or, except as set forth below, of any approval or other action by any governmental, administrative or regulatory agency or authority, domestic or foreign, that would be required prior to the acquisition of Shares by the Purchaser pursuant to the Offer. Should any such approval or other action be required, the Purchaser currently contemplates that it will be sought. While the Purchaser does not currently intend to delay the acceptance for payment of Shares tendered pursuant to the Offer pending the outcome of any such matter, there can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that adverse consequences might not result to the Company's business or that certain parts of the Company's business might not have to be disposed of in the event that such approvals were not obtained or any other actions were not taken. The Purchaser's obligation under the Offer to accept for payment and pay for Shares is subject to certain conditions, including conditions relating to the legal matters discussed in this Section 15. See Section 14.

State Takeover Statutes. A number of states have adopted "takeover" statutes that purport to apply to attempts to acquire corporations that are incorporated in such states, or whose business operations have substantial economic effects in such states, or which have substantial assets, security holders, employees, principal executive offices or principal places of business in such states.

The Company, directly or through subsidiaries, conducts business in a number of states throughout the United States, some of which have enacted "takeover" statutes. The Purchaser does not know whether any of these statutes will, by their terms, apply to the Offer, and has not complied with any such statutes. To the extent that certain provisions of these statutes purport to apply to the Offer, the Purchaser believes that there are reasonable bases for contesting such statutes. The Board of Directors of the Company has approved the acquisition of Shares pursuant to the Offer for purposes of Section 203 of the DGCL. See Section 12. If any person should seek to apply any state takeover statute, the Purchaser would take such action as then appears desirable, which action may include challenging the validity or applicability of any such statute in appropriate court proceedings. If it is asserted that one or more takeover statutes apply to the Offer, and it is not determined by an appropriate court that such statute or statutes do not apply or are invalid as applied to the Offer, the Purchaser might be required to file certain information with, or receive approvals from, the relevant state authorities, and the Purchaser might be unable to purchase or pay for Shares tendered pursuant to the Offer, or be delayed in continuing or consummating the Offer. In such case, the Purchaser may not be obligated to accept for payment or pay for Shares tendered. See Section 14.

United States Antitrust. The Offer, the Merger and the acquisition of Shares pursuant to the Stockholder Agreements are subject to the HSR Act, which provides that certain acquisition transactions may not be consummated unless certain information has been furnished to the Antitrust Division of the Department of Justice (the "Antitrust Division") and the Federal Trade Commission ("FTC") and certain waiting period requirements have been satisfied. On November 26, 1996, Parent filed a Notification and Report Form with respect to the Offer, the Merger and the purchase of Shares pursuant to each of the Stockholder Agreements.

Under the provisions of the HSR Act applicable to the Offer, the purchase of Shares under the Offer may not be consummated until the expiration of a 15-calendar day waiting period following the filing by Parent. Accordingly, as such filing was made on November 26, 1996, the waiting period with respect to the Offer will expire at 11:59 p.m., New York City time, on December 11, 1996, unless Parent receives a request for additional information or documentary material, or the Antitrust Division and the FTC terminate the waiting period prior thereto. If, within such 15-day period, either the Antitrust Division or the FTC requests additional information or material from Parent concerning the Offer, the waiting period will be extended and would expire at 11:59 p.m., New York City time, on the tenth calendar day after the

date of substantial compliance by Parent with such request. Only one extension of the waiting period pursuant to a request for additional information is authorized by the HSR Act. Thereafter, such waiting period may be extended only by court order or with the consent of Parent. The Purchaser will not accept for payment Shares tendered pursuant to the Offer unless and until the waiting period requirements imposed by the HSR Act with respect to the Offer have been satisfied. See Section 14.

The provisions of the HSR Act would similarly apply to any purchase of the Shares subject to the Stockholder Agreements pursuant to the Stockholder Agreements (other than purchases effected through a tender pursuant to the Offer or purchases pursuant to the Stockholder Agreements occurring after the expiration of the 15-day waiting period connected to the Offer). If, as is expected, the purchase of Shares permitted by the Stockholder Agreements is effected through a tender of such Shares pursuant to the Offer or pursuant to the Stockholder Agreements after the expiration of the 15-day waiting period connected to the Offer, the HSR requirements applicable to the Offer described in the prior paragraph would apply.

The Merger would not require an additional filing under the HSR Act if the Purchaser owns 50% or more of the outstanding Shares at the time of the Merger or if the Merger occurs within one year after the HSR Act waiting period applicable to the Offer expires or is terminated.

The FTC and the Antitrust Division frequently scrutinize the legality under the antitrust laws of transactions such as the Purchaser's acquisition of Shares pursuant to the Offer, the Merger and each of the Stockholder Agreements. At any time before or after the Purchaser's acquisition of Shares, the Antitrust Division or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the acquisition of Shares pursuant to the Offer or otherwise or seeking divestiture of Shares acquired by the Purchaser or divestiture of substantial assets of Parent or its subsidiaries. Private parties and state attorneys general may also bring legal action under the antitrust laws under certain circumstances. Based upon an examination of publicly available information relating to the businesses in which Parent and the Company are engaged, Parent and the Purchaser believe that the acquisition of Shares by the Purchaser will not violate the antitrust laws. Nevertheless, there can be no assurance that a challenge to the Offer or other acquisition of Shares by the Purchaser on antitrust grounds will not be made or, if such a challenge is made, of the result. See Section 14 for certain conditions to the Offer, including conditions with respect to litigation and certain governmental actions.

German Antitrust. The Merger is subject to German antitrust law, which requires the pre-closing approval of any merger or acquisition, where (i) one party has consolidated worldwide net sales in its most recent financial year exceeding DM 2 billion or each of at least two parties to such a transaction has consolidated worldwide net sales exceeding DM 1 billion, and (ii) such transaction has effects in Germany. Accordingly, a pre-closing notification must be filed with the German Federal Cartel Office in connection with the Merger. The German Federal Cartel Office has an initial one-month review period in which it may either (i) approve the Merger, or (ii) initiate an investigation to examine the consequences of the Merger, which investigation cannot last more than a total of four months from the date of the original notification. On November 25, 1996, Parent filed a notification with the German Federal Cartel Office in connection with the Merger. Accordingly, the initial one-month review period will expire on December 27, 1996, unless the German Federal Cartel Office commences an investigation of the Merger or approves the Merger prior thereto.

Israeli Restrictive Trade Practices. Concurrently with entering into the Merger Agreement and the Stockholder Agreements, Parent entered into an agreement to acquire all of the outstanding capital stock of Orbot Instruments, which develops, manufactures, markets and services automated optical inspection systems for use in the production of integrated circuits by the semiconductor industry. Under Israeli antitrust law, the acquisition of both the Company and Orbot Instruments by the same acquiror may be deemed to be a merger which requires that a filing be made with the Israeli Comptroller of Restrictive Trade Practices (the "Comptroller") and the expiration of a 30-day waiting period. The Comptroller may either render a "no-action" letter within such 30-day period, fail to take any action (in which case upon the expiration of the 30-day period the transaction will be deemed to have been approved) or (upon

approval by the Restrictive Trade Practices Court) extend the waiting period and investigate the transaction.

On November 26, 1996, Parent filed with the Comptroller an application (i) requesting confirmation that Parent's acquisition of the Company and Parent's acquisition of Orbot Instruments is not a "Merger" (as such term is defined in Section 17 of the Restrictive Trade Practices Law, 1988), or, alternatively, (ii) requesting that the Comptroller approve such transactions, if such an approval is required. Accordingly, the 30-day waiting period is expected to expire on December 26, 1996, unless the Comptroller receives the requisite approval to extend the waiting period and investigate the transaction or the Comptroller terminates the waiting period prior thereto.

Israeli Chief Scientist Office. Parent's acquisition of control over the Company may require the approval of the Office of the Chief Scientist at the Ministry of Industry and Trade of the State of Israel (the "OCS").

Under the Law for the Encouragement of Industrial Research and Development, 1984 (the "Research Law"), and the regulations promulgated thereunder, research and development programs approved by the OCS are eligible to receive grants, if they meet certain criteria, in exchange for the payment of royalties from the sale of the products developed in the course of the OCS-funded research and development programs. Significant portions of the Company's research and development activities are funded through OCS grants received by the Company's Israeli subsidiary, Opal Technologies Ltd. ("Opal Technologies"). The terms of the OCS grants awarded to Opal Technologies include the obligation to obtain the approval of the OCS prior to any change of control over Opal Technologies.

The OCS will generally condition its consent on the receipt of the following:

(i) an undertaking by the new owner to abide by the provisions of the Research Law, the regulations promulgated thereunder, and the terms of the relevant grants, including a commitment not to transfer the know-how developed in the course of the OCS-funded research and development programs to any other entity without the approval of the OCS, and an undertaking to pay all royalties as and when due; and

(ii) a commitment that the manufacture of the products developed under the OCS-funded research and development programs will take place in Israel and that manufacturing rights will not be transferred to any third party without the prior consent of the OCS.

On November 26, 1996, Parent and the Company filed with the OCS an application to obtain the approval of the OCS, to the extent that such approval is required, to Parent's acquisition of control over the Company.

Israeli Investment Center. The Law for the Encouragement of Capital Investments, 1959 (the "Investment Law") provides that a capital investment in eligible facilities may, upon application to the Investment Center of the Ministry of Industry and Trade of the State of Israel (the "Investment Center"), be designated as an "Approved Enterprise." Each certificate of approval for an Approved Enterprise relates to a specific investment program delineated both by its financial scope, including its capital sources, and by its physical characteristics, e.g., the equipment to be purchased and utilized pursuant to the program.

The benefits and obligations which apply to the Approved Enterprise are set out in the regulations promulgated under the Investment Law and the specific approval issued by the Investment Center with regard to each Approved Enterprise. The benefits include government grants, government guaranteed loans, tax holidays and combinations thereof. Opal Technologies has four Approved Enterprises, all of which enjoy tax holiday benefits and one of which also enjoyed government guaranteed loans. The Investment Center's approval may be required prior to Parent's acquisition of control over the Company.

On November 26, 1996, Parent and the Company filed with the Investment Center an application to obtain approval of the Investment Center, to the extent that such approval is required, to Parent's acquisition of control over the Company.

Israeli Securities Authority. Under Israeli securities laws, a person may not offer securities to the public other than pursuant to a prospectus whose publication has been authorized by the Israeli Securities Authority (the "ISA"). Pursuant to ISA policy, an offer of securities in Israel to more than 35 offerees is deemed to be an offer to the public. However, the ISA has the authority to exempt offers to more than 35 offerees from the prospectus publication requirement under certain circumstances.

As described in Section 12, the Merger Agreement provides that, in the Merger, the Company's Unvested Options will be assumed by Parent and converted into Parent Options to purchase shares of

Parent Common Stock. Due to the fact that the Company has approximately 115 holders of Unvested Options in Israel, the conversion of Unvested Options into Parent Options in the Merger may be deemed to be an offer of securities to the public subject to the Israeli prospectus publication requirement. The Merger Agreement provides that the issuance of Parent Options to holders of Unvested Options is conditioned upon the issuance of an exemption by the ISA from the prospectus publication requirement under Israeli securities laws. In the event such exemption is not obtained, the Merger Agreement provides that the Unvested Options held by the 35 largest holders of Unvested Options will be converted into Parent Options, as provided above, and that the Unvested Options held by the remaining holders will be cancelled in exchange for cash payments in the same manner as Vested Options. See Section 12.

On November 26, 1996, Parent filed an application with the ISA for an exemption from the prospectus publication requirement under Israeli securities laws in connection with the treatment of Unvested Options in the Merger.

Israeli Tax Authorities. Grants of Company Options to employees of the Company who are residents of Israel are governed by the provisions of Section 102 of the Israeli Income Tax Ordinance (the "Section 102 Company Options") which requires, among other things, that a trustee designated by the Company (the "Trustee") hold the Section 102 Company Options or the Shares issued upon exercise of such Section 102 Company Options (the "Section 102 Shares") for a cumulative minimum period of two years (the "Minimum Holding Period") prior to any disposition of the Section 102 Company Options or the Section 102 Shares. As of the date of the Merger Agreement, all of the Section 102 Company Options had been held by the Trustee for less than the Minimum Holding Period and no Section 102 Shares had been issued.

On November 26, 1996, Parent and Opal Technologies requested the Israeli Tax Authorities to (i) qualify the Parent Options issuable in exchange for the unvested Section 102 Company Options pursuant to the terms of the Merger Agreement under Section 102 or another similar provision of the Israeli Income Tax Ordinance, and to approve such exchange of options as a non-taxable event, (ii) approve Parent's and Opal Technologies' request that the Minimum Holding Period with respect to such Parent Options will include the period during which the unvested Section 102 Company Options were held by the Trustee prior to the Effective Time, (iii) approve the cancellation in exchange for cash payments of the vested Section 102 Company Options pursuant to the terms of the Merger Agreement, and conclude that such cancellation and cash payments do not violate the terms of the plan pursuant to which such vested Section 102 Company Options were granted, and (iv) approve that,following the completion of the transaction, Opal Technologies and its employees will be entitled to all of the rights and benefits under Section 102 that they were entitled to prior to the completion of the transaction.

16. FEES AND EXPENSES

The Purchaser has retained Morgan Stanley & Co. Incorporated to act as the Dealer Manager and to provide certain financial advisory services, Georgeson & Company Inc. to act as the Information Agent and Harris Trust Company of New York to act as the Depositary in connection with the Offer. The Dealer Manager and the Information Agent may contact holders of Shares by mail, telephone, telex, telegraph and personal interview and may request brokers, dealers, commercial banks, trust companies and other nominees to forward the Offer material to beneficial owners. The Dealer Manager, the Information Agent and the Depositary each will receive reasonable and customary compensation for their services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection therewith, including certain liabilities under the federal securities laws. None of the Dealer Manager, the Information Agent or the Depositary has been retained to make solicitations or recommendations in connection with the Offer. Neither Parent nor the Purchaser will pay any fees or commissions to any broker or dealer or other person (other than the Dealer Manager and the Information Agent) for soliciting tenders of Shares pursuant to the Offer. Brokers, dealers, commercial banks and trust companies will be reimbursed by the Purchaser for reasonable expenses incurred by them in forwarding material to their customers.

17. MISCELLANEOUS

The Purchaser is not aware of any jurisdiction in which the making of the Offer is not in compliance with applicable law. If the Purchaser becomes aware of any jurisdiction in which the making of the Offer would not be in compliance with applicable law, the Purchaser will make a good faith effort to comply

with any such law. If, after such good faith effort, the Purchaser cannot comply with any such law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares residing in such jurisdiction. In those jurisdictions whose securities or blue sky laws require the Offer to be made by a licensed broker or dealer, the Offer is being made on behalf of the Purchaser by the Dealer Manager or one or more registered brokers or dealers which are licensed under the laws of such jurisdiction.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ON BEHALF OF THE PURCHASER OR PARENT NOT CONTAINED IN THIS OFFER TO PURCHASE OR IN THE LETTER OF TRANSMITTAL AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

The Purchaser has filed with the Commission the Schedule 14D-1 pursuant to Rule 14d-3 under the Exchange Act, furnishing certain additional information with respect to the Offer, and may file amendments thereto. The Schedule 14D-1 and any amendments thereto, including exhibits, may be inspected and copies may be obtained at the same places and in the same manner as set forth in Section 8 (except that they will not be available at the regional offices of the Commission).

ORION CORP. I

November 26, 1996

SCHEDULE I

DIRECTORS AND EXECUTIVE
OFFICERS OF PARENT AND THE PURCHASER,

1. DIRECTORS AND EXECUTIVE OFFICERS OF PARENT. The following table sets forth the name and present principal occupation or employment, and material occupations, positions, offices or employments for the past five years of each director and executive officer of Parent. Each such person is a citizen of the United States of America, and, except as otherwise noted, the business address of each such person is c/o Parent, 3050 Bowers Avenue, Santa Clara, California 95054.

NAME AND BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
James C. Morgan (57)	Director of Parent since 1977 and Chairman of the Board of Directors of Parent since 1987 and Chief Executive Officer of Parent since February 1977. Mr. Morgan also served as President of Parent from 1976 to 1987.
Dan Maydan (60)	Director of Parent since 1992 and President of Parent since December 1993 and a Chairman of Applied Komatsu Technology, Inc. (formerly Applied Display Technology, Inc.) since December 1991. From 1990 to December 1993, he was Executive Vice President of Parent. During 1989 and 1990, Mr. Maydan was a Group Vice President of Parent. Dr. Maydan has been a director of the Company since November 1995.
Michael H. Armacost* (58) ..... The Brookings Institution 1775 Massachusetts Ave., N.W. Washington, DC 20036-2188	Director of Parent since 1993. Mr. Armacost is President of The Brookings Institution, a nonpartisan public policy research organization, since October 1995. From September 1993 through September 1995, he was a Distinguished Senior Fellow and Visiting Professor at the Asia/Pacific Research Center, Stanford University. From 1989 to 1993, he was the U.S. Ambassador to Japan. Mr. Armacost is a director of TRW, Inc. and AFLAC Incorporated.
Herbert M. Dwight, Jr.** (65) ..... Optical Coating Laboratory, Inc. 2789 Northpoint Parkway Department 101-1 Santa Rosa, CA 95407-7397	Director of the Parent since 1981. Mr. Dwight is President, Chairman and Chief Executive Officer of Optical Coating Laboratory, Inc., a manufacturer of optical thin films and components, since August 1991. From 1988 through 1991, Mr. Dwight was President and Chief Executive Officer of Superconductor Technologies, Inc., a high temperature superconductor research and development company. Mr. Dwight is a director of Applied Magnetics Corporation and Trans Ocean Ltd.
George B. Farnsworth ** (72)	Director of the Parent since 1974. Mr. Farnsworth retired in January 19 From September 1981 through January 1986, he was Senior Vice President 86. and Group Executive, Aerospace Business Group, of General Electric Co.

* Member of Audit Committee

** Member of Stock Option and Compensation Committee

NAME AND BUSINESS ADDRESS	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
Philip V. Gerdine* (56) Siemens AG ZFG-4 Wittelsbachersplatz, 2 D-8000 Munich 2, Germany	Director of the Parent since 1976. Mr. Gerdine is Executive Director (Overseas Acquisitions) of Siemens AG, Munich, Germany, a manufacturer of electrical and electronic products, since October 1990.
Tsuyoshi Kawanishi (66) Toshiba Corporation 1-1-1 Shibaura Minato-Ku Tokyo 105, Japan	Director of the Parent since 1994. Mr. Kawanishi is Senior Adviser to Toshiba Corporation, a manufacturer of electrical and electronic products, since June 1994. From June 1990 to June 1994, he was Senior Executive Vice President and a member of the Board of Directors of Toshiba Corporation.
Paul R. Low* (62) P.R.L. Associates 11 Birchwood Drive Greenwich, CT 06831	Director of the Parent since 1992. Mr. Low is Chief Executive Officer of P.R.L. Associates, a consulting firm, since July 1992. From July 1990 to July 1992, Dr. Low was a Vice President, and General Manager of Technical Products, of International Business Machines Corporation. Dr. Low is a director of Network Computing Devices, Inc., Number Nine Visual Technology Corporation, Solectron Corporation and Veeco Instruments Inc.
Alfred J. Stein** (63) VLSI Technology, Inc. 1109 McKay Drive San Jose, CA 95131	Director of the Parent since 1981. Mr. Stein is Chairman and Chief Executive Officer of VLSI Technology, Inc., a manufacturer of semiconductor devices, since March 1982. Mr. Stein is a director of Tandy Corporation.
Sasson Somekh (49)	Senior Vice President of Parent since December 1993. Dr. Somekh served as Group Vice President from 1990 to 1993. Prior to that, Dr. Somekh had been a divisional Vice President. Dr. Somekh joined Applied Materials in 1980 as a Project Manager.
Gerald F. Taylor (55)	Chief Financial Officer of Parent since 1984. Mr. Taylor has also been a Senior Vice President of the Company since 1991 and was previously Vice President of Finance from 1984 to 1991.
David N.K. Wang (49)	Senior Vice President of Parent since December 1993. Dr. Wang served as Group Vice President from 1990 to 1993. Prior to that, Dr. Wang had been a divisional Vice President. Dr. Wang joined Applied Materials in 1980 as a Manager, Process Engineering and Applications.
Keisuke Yawata (61)	President and Chief Executive Officer of Applied Materials Japan, effective January 1, 1995. From 1995 through 1994, Mr. Yawata was a Vice President, and from 1993 through 1994, he was Executive Advisor to the Chairman, of LSI Logic Corp. From 1985 through 1992, Mr. Yawata was President, and from 1992 through 1993, he was Chairman, of LSI Logic K.K.

2. DIRECTORS AND EXECUTIVE OFFICERS OF THE PURCHASER. The following table sets forth the name and present principal occupation or employment, and material occupations, positions, offices or employments for the past five years of each director and executive officer of the Purchaser. Each such person is a citizen of the United States of America and the business address of each such person is c/o Parent, 3050 Bowers Avenue, Santa Clara, California 95054.

NAME	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; MATERIAL POSITIONS HELD DURING THE PAST FIVE YEARS
Nancy H. Handel (45)	President and Chief Executive Officer of the Purchaser; Vice President Corporate Finance and Treasurer of Parent since January 1995. During 1994, Ms. Handel served as Managing Director Corporate Finance of Parent. Prior to that, Ms. Handel served as Treasurer of Parent from 1986 to 1994. Ms. Handel joined Parent in March 1985.
Dennis A. Hunter (54)	Director of the Purchaser since November 1996; Managing Director Corporate Development of Parent. Mr. Hunter has been head of Business Development since 1986. Prior to that, he served as director of Finance and Administration for worldwide marketing and product development. Mr. Hunter has also served as Corporate Controller. Mr. Hunter currently serves as a member of the Shareholders Committee of Applied Komatsu Technologies, Inc.
Joseph J. Sweeney (48) ...	Vice President and Secretary of the Purchaser; Vice President of Parent since December 1993. Previously, Mr. Sweeney was a Managing Director of Parent. From 1992 to 1993, Mr. Sweeney was a Vice President of Silicon Graphics, Inc., and from 1988 to 1992 Mr. Sweeney was a Vice President of MIPS Computer Systems, Inc.

Facsimile copies of the Letter of Transmittal, properly completed and duly executed, will be accepted. The Letter of Transmittal, certificates for Shares and any other required documents should be sent or delivered by each stockholder of the Company or his broker, dealer, commercial bank or other nominee to the Depositary at one of its addresses set forth below.

The Depositary for the Offer is:

HARRIS TRUST COMPANY OF NEW YORK
By Overnight Courier:
77 Water Street, 4th Floor
New York, New York 10005

By Mail:
Wall Street Station
P.O. Box 1010
New York, New York 10268-1010

By Facsimile Transmission
(for Eligible Institutions only):
Fax: (212) 701-7636
(212) 701-7637
Confirm by telephone:
(212) 701-7618

By Hand:
Receive Window
77 Water Street, 5th Floor
New York, New York

Any questions or requests for assistance may be directed to the Dealer Manager or the Information Agent at their respective telephone numbers and locations listed below. Additional copies of this Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Information Agent at its address and telephone numbers set forth below. You may also contact your broker, dealer, commercial bank or trust company or nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

GEORGESON & COMPANY INC.

Wall Street Plaza
New York, New York 10005
Banks and Brokers Call Collect: (212) 440-9800
All Others Call Toll Free: 800-223-2064

The Dealer Manager for the Offer is:

MORGAN STANLEY & CO.
INCORPORATED

555 California Street
Suite 2200
San Francisco, California 94104
(415) 576-2331

LETTER OF TRANSMITTAL

TO TENDER SHARES OF COMMON STOCK
OF
OPAL, INC.
Pursuant to the Offer to Purchase Dated November 26, 1996
by
Orion Corp. I
a wholly owned subsidiary of
Applied Materials, Inc.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT,
NEW YORK CITY TIME, ON TUESDAY, DECEMBER 24, 1996,
UNLESS THE OFFER IS EXTENDED

The Depositary for the Offer is:

HARRIS TRUST COMPANY OF NEW YORK
By Overnight Courier:
77 Water Street, 4th Floor
New York, New York 10005

By Mail:
Wall Street Station
P.O. Box 1010
New York, New York 10268-1010

By Facsimile Transmission
(for Eligible Institutions only):
Fax: (212) 701-7636
(212) 701-7637
Confirm by telephone:
(212) 701-7618

By Hand:
Receive Window
77 Water Street, 5th Floor
New York, New York

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE TRANSMISSION OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

This Letter of Transmittal is to be completed by stockholders either if certificates evidencing Shares (as defined below) are to be forwarded herewith or if delivery of Shares is to be made by book-entry transfer to the Depositary's account at The Depository Trust Company ("DTC") or the Philadelphia Depository Trust Company ("PDTC") (each a "Book-Entry Transfer Facility" and collectively, the "Book-Entry Transfer Facilities") pursuant to the book-entry transfer procedure described in Section 3 of the Offer to Purchase (as defined below). Delivery of documents to a Book-Entry Transfer Facility does not constitute delivery to the Depositary.

Stockholders whose certificates evidencing Shares ("Stock Certificates") are not immediately available or who cannot deliver their Stock Certificates and all other documents required hereby to the Depositary prior to the Expiration Date (as defined in Section l of the Offer to Purchase) or who cannot complete the procedure for delivery by book-entry transfer on a timely basis and who wish to tender their Shares must do so pursuant to the guaranteed delivery procedure described in Section 3 of the Offer to Purchase. See Instruction 2.

[ ] CHECK HERE IF SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE DEPOSITARY'S ACCOUNT AT ONE OF THE BOOK-ENTRY TRANSFER FACILITIES AND COMPLETE THE FOLLOWING:

Name(s) of Tendering Institution:
- ---

Check Box of Applicable Book-Entry Transfer Facility:
(CHECK ONE) [ ] DTC [ ] PDTC

Account Number Transaction Code Number
- ---

[ ] CHECK HERE IF SHARES ARE BEING TENDERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s):
- ---

Window Ticket No. (if any):
- ---

Date of Execution of Notice of Guaranteed Delivery:
- ---

Name of Institution which Guaranteed Delivery:
- ---

If Delivered by Book-Entry Transfer, Check Box of Book-Entry Transfer Facility:
(CHECK ONE) [ ] DTC [ ] PDTC

Account Number Transaction Code Number
- ---

DESCRIPTION OF SHARES TENDERED

NAME(S) AND ADDRESS(S) OF REGISTERED HOLDER(S) (PLEASE FILL IN, IF BLANK, EXACTLY AS NAME(S) APPEAR(S) ON STOCK CERTIFICATE(S))	STOCK CERTIFICATE(S) AND SHARE(S) TENDERED (ATTACH ADDITIONAL LIST, IF NECESSARY)		
	STOCK CERTIFICATE(S) NUMBER(S)*	TOTAL NUMBER OF SHARES EVIDENCED BY STOCK CERTIFICATE(S)*	NUMBER OF SHARES TENDERED**
	TOTAL SHARES		

* Need not be completed by stockholders delivering Shares by book-entry transfer.
** Unless otherwise indicated, it will be assumed that all Shares evidenced by each Stock Certificate delivered to the Depositary are being tendered hereby. See Instruction 4.

NOTE: SIGNATURES MUST BE PROVIDED BELOW.
PLEASE READ THE INSTRUCTIONS SET FORTH IN THIS LETTER OF TRANSMITTAL CAREFULLY.

Ladies and Gentlemen:

The undersigned hereby tenders to Orion Corp. I, a Delaware corporation (the "Purchaser") and a wholly owned subsidiary of Applied Materials, Inc., a Delaware corporation, the above-described shares of common stock, par value $.01 per share (the "Shares"), of Opal, Inc., a Delaware corporation (the "Company"), pursuant to the Purchaser's offer to purchase all outstanding Shares, at $18.50 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated November 26, 1996 (the "Offer to Purchase"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which, as amended or supplemented from time to time, together constitute the "Offer"). The undersigned understands that the Purchaser reserves the right to transfer or assign, in whole or from time to time in part, to one or more of its affiliates, the right to purchase all or any portion of the Shares tendered pursuant to the Offer.

Subject to, and effective upon, acceptance for payment of the Shares tendered herewith, in accordance with the terms of the Offer (including, if the Offer is extended or amended, the terms and conditions of such extension or amendment), the undersigned hereby sells, assigns and transfers to, or upon the order of, the Purchaser all right, title and interest in and to all the Shares that are being tendered hereby and all dividends, distributions (including, without limitation, distributions of additional Shares) and rights declared, paid or distributed in respect of such Shares on or after November 24, 1996, (collectively, "Distributions"), and irrevocably appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares and all Distributions, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (i) deliver Stock Certificates evidencing such Shares and all Distributions, or transfer ownership of such Shares and all Distributions on the account books maintained by a Book-Entry Transfer Facility, together, in either case, with all accompanying evidences of transfer and authenticity, to or upon the order of the Purchaser, (ii) present such Shares and all Distributions for transfer on the books of the Company and (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares and all Distributions, all in accordance with the terms of the Offer.

The undersigned hereby irrevocably appoints Nancy H. Handel and Joseph J. Sweeney, and each of them, as the attorneys and proxies of the undersigned, each with full power of substitution, to vote in such manner as each such attorney and proxy or his substitute shall, in his sole discretion, deem proper and otherwise act (by written consent or otherwise) with respect to all the Shares tendered hereby which have been accepted for payment by the Purchaser prior to the time of such vote or other action and all Shares and other securities issued in Distributions in respect of such Shares, which the undersigned is entitled to vote at any meeting of stockholders of the Company (whether annual or special and whether or not an adjourned or postponed meeting) or consent in lieu of any such meeting or otherwise. This proxy and power of attorney is coupled with an interest in the Shares tendered hereby, is irrevocable and is granted in consideration of, and is effective upon, the acceptance for payment of such Shares by the Purchaser in accordance with the terms of the Offer. Such acceptance for payment shall revoke all other proxies and powers of attorney granted by the undersigned at any time with respect to such Shares (and all Shares and other securities issued in Distributions in respect of such Shares), and no subsequent proxy or power of attorney shall be given or written consent executed (and if given or executed, shall not be effective) by the undersigned with respect thereto. The undersigned understands that, in order for Shares to be deemed validly tendered, immediately upon the Purchaser's acceptance of such Shares for payment, the Purchaser must be able to exercise full voting and other rights with respect to such Shares, including, without limitation, voting at any meeting of the Company's stockholders then scheduled.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby and all Distributions, and that when such Shares are accepted for payment by the Purchaser, the Purchaser will acquire good, marketable and unencumbered title thereto and to all Distributions, free and clear of all liens, restrictions, charges and encumbrances, and that none of such Shares and Distributions will be subject to any adverse claim. The undersigned, upon request, shall execute and deliver all additional documents deemed by the Depositary or the Purchaser to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered hereby and all Distributions. In addition, the undersigned shall remit and transfer promptly to the Depositary for the account of the Purchaser all Distributions in respect of the Shares tendered hereby, accompanied by appropriate documentation of transfer, and, pending such remittance and transfer or appropriate assurance thereof, the Purchaser shall be entitled to all rights and privileges as owner of each such Distribution and may withhold the entire purchase price of the Shares tendered hereby or deduct from such purchase price the amount or value of such Distribution as determined by the Purchaser in its sole discretion.

No authority herein conferred or agreed to be conferred shall be affected by, and all such authority shall survive, the death or incapacity of the undersigned. All obligations of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer to Purchase, this tender is

irrevocable.

The undersigned understands that tenders of Shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the instructions hereto will constitute the undersigned's acceptance of the terms

and conditions of the Offer. The Purchaser's acceptance of such Shares for payment will constitute a binding agreement between the undersigned and the Purchaser upon the terms and subject to the conditions of the Offer.

Unless otherwise indicated herein in the box entitled "Special Payment Instructions," please issue the check for the purchase price of all Shares purchased, and return all Stock Certificates evidencing Shares not purchased or not tendered, in the name(s) of the registered holder(s) appearing above under "Description of Shares Tendered." Similarly, unless otherwise indicated in the box entitled "Special Delivery Instructions," please mail the check for the purchase price of all Shares purchased and all Stock Certificates evidencing Shares not tendered or not purchased (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) appearing above under "Description of Shares Tendered." In the event that the boxes entitled "Special Payment Instructions" and "Special Delivery Instructions" are both completed, please issue the check for the purchase price of all Shares purchased and return all Stock Certificates evidencing Shares not purchased or not tendered in the name(s) of, and mail such check and Stock Certificates to, the person(s) so

indicated. Unless otherwise indicated herein in the box entitled "Special Payment Instructions," please credit any Shares tendered hereby and delivered by book-entry transfer, but which are not purchased, by crediting the account at the Book-Entry Transfer Facility designated above. The undersigned recognizes that the Purchaser has no obligation, pursuant to the Special Payment Instructions, to transfer any Shares from the name of the registered holder(s) thereof if the Purchaser does not purchase any of the Shares tendered hereby.

SPECIAL PAYMENT INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares purchased or Stock Certificates evidencing Shares not tendered or not purchased are to be issued in the name of someone other than the undersigned, or if Shares tendered hereby and delivered by book-entry transfer which are not purchased are to be returned by credit to an account at one of the Book-Entry Transfer Facilities other than that designated above.

Issue [ ] check [ ] Stock Certificate(s) to:

Name:
- ----------

(Print)

Address:
- ----------

- ----------
(Include Zip Code)

- ----------
TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NUMBER
(SEE SUBSTITUTE FORM W-9 ON REVERSE SIDE)

[ ] Credit Shares delivered by book-entry transfer and not purchased to the account set forth below:

Check appropriate box:
[ ] DTC [ ] PDTC
Account Number
- ----------

SPECIAL PAYMENT INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares purchased or Stock Certificates evidencing Shares not tendered or not purchased are to be mailed to someone other than the undersigned, or to the undersigned at an address other than that shown under "Description of Shares Tendered."

Mail [ ] check [ ] Stock Certificate(s) to:

Name:
- ----------
(Print)

Address:
- ----------

- ----------
(Include Zip Code)

- ---

IMPORTANT
STOCKHOLDERS: SIGN HERE
(Please Complete Substitute Form W-9 on Reverse)

- ---

Signature(s) of Holder(s)

Dated: ,199

(Must be signed by registered holder(s) exactly as name(s) appear(s) on Stock Certificates or on a security position listing or by a person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please provide the following information. See Instruction 5.)

Name(s):

- ---

(Please Print)

Capacity (full title):

- ---

- ---

Address:

- ---

- ---

(include Zip Code)

Area Code and Telephone No.:

- ---

Taxpayer Identification or Social Security No.:

- ---

(See Substitute Form W-9 on reverse side)

GUARANTEE OF SIGNATURE(S)
(If Required--See Instructions 1 and 5)

FOR USE BY FINANCIAL INSTITUTIONS ONLY. PLACE MEDALLION GUARANTEE IN SPACE BELOW.

Authorized Signature:

- ---

Name:

- ---

(Please Print)

Name of Firm:

- ---

Address:

- ---

- ---

(include Zip Code)

Area Code and Telephone No.:

- ---

Dated: , 19

- ---

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. Guarantee of Signatures. Except as otherwise provided below, all signatures on this Letter of Transmittal must be guaranteed by a financial institution (including most banks, savings and loans associations and brokerage houses) that is a participant in the Security Transfer Agents Medallion Program (each an "Eligible Institution"). No signature guarantee is required on this Letter of Transmittal (a) if this Letter of Transmittal is signed by the registered holder(s) (which term, for purposes of this document, shall include any participant in a Book-Entry Transfer Facility whose name appears on a security position listing as the owner of Shares) of Shares tendered herewith, unless such holder(s) has completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the reverse hereof, or (b) if such Shares are tendered for the account of an Eligible Institution. See Instruction 5.

2. Delivery of Letter of Transmittal and Stock Certificates. This Letter of Transmittal is to be used either if Stock Certificates are to be forwarded herewith or if Shares are to be delivered by book-entry transfer pursuant to the procedure set forth in Section 3 of the Offer to Purchase. Stock Certificates evidencing all physically tendered Shares, or a confirmation of a book-entry transfer into the Depositary's account at a Book-Entry Transfer Facility of all Shares delivered by book-entry transfer as well as a properly completed and duly executed Letter of Transmittal (or facsimile thereof) with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message, as defined below) and any other documents required by this Letter of Transmittal, must be received by the Depositary at one of its addresses set forth on the reverse hereof prior to the Expiration Date (as defined in Section l of the Offer to Purchase). If Stock Certificates are forwarded to the Depositary in multiple deliveries, a properly completed and duly executed Letter of Transmittal must accompany each such delivery. Stockholders whose Stock Certificates are not immediately available, who cannot deliver their Stock Certificates and all other required documents to the Depositary prior to the Expiration Date or who cannot complete the procedure for delivery by book-entry transfer on a timely basis may tender their Shares pursuant to the guaranteed delivery procedure described in Section 3 of the Offer to Purchase. Pursuant to such procedure: (i) such tender must be made by or through an Eligible Institution; (ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form made available by the Purchaser, must be received by the Depositary prior to the Expiration Date; and (iii) the Stock Certificates evidencing all physically delivered Shares in proper form for transfer by delivery, or a confirmation of a book-entry transfer into the Depositary's account at a Book-Entry Transfer Facility of all Shares delivered by book-entry transfer, in each case together with a Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Massage), and any other documents required by this Letter of Transmittal, must be received by the Depositary within three Nasdaq National Market System trading days after the date of execution of such Notice of Guaranteed Delivery, all as described in Section 3 of the Offer to Purchase. The term "Agent's Message" means a message, transmitted by a Book-Entry Transfer Facility to, and received by the Depositary and forming a part of the Book-Entry Confirmation, which states that such Book-Entry Transfer Facility has received an express acknowledgment from the participant in such Book-Entry Transfer Facility tendering the Shares that such participant has received and agrees to be bound by the terms of this Letter of Transmittal and that the Purchaser may enforce such agreement against the participant.

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, STOCK CERTIFICATES AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH ANY BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER, AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

No alternative, conditional or contingent tenders will be accepted and no fractional Shares will be purchased. By execution of this Letter of Transmittal (or a facsimile hereof), all tendering stockholders waive any right to receive any notice of the acceptance of their Shares for payment.

3. Inadequate Space. If the space provided herein under "Description of Shares Tendered" is inadequate, the Stock Certificate numbers, the number of Shares evidenced by such Stock Certificates and the number of Shares tendered should be listed on a separate schedule and attached hereto.

4. Partial Tenders (not applicable to shareholders who tender by book-entry transfer). If fewer than all the Shares evidenced by any Stock Certificate delivered to the Depositary herewith are to be tendered hereby, fill in the number of Shares which are to be tendered in the box entitled "Number of Shares Tendered." In such cases, new Stock Certificate(s) evidencing the remainder of the Shares that were evidenced by the Stock

Certificates delivered to the Depositary herewith will be sent to the person(s) signing this Letter of Transmittal, unless otherwise provided in the box entitled "Special Delivery Instructions" on the reverse hereof, as soon as practicable after the expiration or termination of the Offer. All Shares evidenced by Stock Certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. Signatures on Letter of Transmittal; Stock Powers and Endorsements. If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond with the name(s) as written on the face of the Stock Certificates evidencing such Shares without alteration, enlargement or any other change whatsoever.

If any Share tendered hereby is owned of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any of the Shares tendered hereby are registered in the names of different holders, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of such Shares.

If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, no endorsements of Stock Certificates or separate stock powers are required, unless payment is to be made to, or Stock Certificates evidencing Shares not tendered or not purchased are to be issued in the name of, a person other than the registered holder(s), in which case the Stock Certificate(s) evidencing the Shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Stock Certificate(s). Signatures on such Stock Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Shares tendered hereby, the Stock Certificate(s) evidencing the Shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Stock Certificate(s). Signatures on such Stock Certificate(s) and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any Stock Certificate or stock power is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Purchaser of such person's authority so to act must be submitted.

6. Stock Transfer Taxes. Except as otherwise provided in this Instruction 6, the Purchaser will pay all stock transfer taxes with respect to the sale and transfer of any Shares to it or its order pursuant to the Offer. If, however, payment of the purchase price of any Shares purchased is to be made to, or Stock Certificate(s) evidencing Shares not tendered or not purchased are to be issued in the name of, a person other than the registered holder(s), the amount of any stock transfer taxes (whether imposed on the registered holder(s), such other person or otherwise) payable on account of the transfer to such other person will be deducted from the purchase price of such Shares purchased, unless evidence satisfactory to the Purchaser of the payment of such taxes, or exemption therefrom, is submitted. Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the Stock Certificates evidencing the Shares tendered hereby.

7. Special Payment and Delivery Instructions. If a check for the purchase price of any Shares tendered hereby is to be issued, or Stock Certificate(s) evidencing Shares not tendered or not purchased are to be issued, in the name of a person other than the person(s) signing this Letter of Transmittal or if such check or any such Stock Certificate is to be sent to someone other than the person(s) signing this Letter of Transmittal or to the person(s) signing this Letter of Transmittal but at an address other than that shown in the box entitled "Description of Shares Tendered" on the reverse hereof, the appropriate boxes on the reverse of this Letter of Transmittal must be completed. Stockholders delivering Shares tendered hereby by book-entry transfer may request that Shares not purchased be credited to such account maintained at a Book-Entry Transfer Facility as such stockholder may designate in the box entitled "Special Payment Instructions" on the reverse hereof. If no such instructions are given, all such Shares not purchased will be returned by crediting the account at the Book-Entry Transfer Facility designated on the reverse hereof as the account from which such Shares were delivered.

8. Questions and Requests for Assistance or Additional Copies. Questions and requests for assistance may be directed to the Dealer Manager or the Information Agent at their respective addresses or telephone numbers set forth below. Additional copies of the Offer to Purchase, this Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Dealer Manager or the Information Agent or from brokers, dealers, commercial banks or trust companies.

9. Substitute Form W-9. Each tendering stockholder is required to provide the Depositary with a correct Taxpayer Identification Number ("TIN") on the Substitute Form W-9 which is provided under "Important Tax Information" below, and to certify, under penalties of perjury, that such number is correct and that such stockholder is not subject to backup withholding of federal income tax. If a tendering stockholder has been notified by the Internal Revenue Service that such stockholder is subject to backup withholding, such stockholder must cross out item (2) of the Certification box of the Substitute Form W-9, unless such stockholder has since been

notified by the Internal Revenue Service that such stockholder is no longer subject to backup withholding. Failure to provide the information on the Substitute Form W-9 may subject the tendering stockholder to 31% federal income tax withholding on the payment of the purchase price of all Shares purchased from such stockholder. If the tendering stockholder has not been issued a TIN and has applied for one or intends to apply for one in the near future, such stockholder should write "Applied For" in the space provided for the TIN in Part I of the Substitute Form W-9, sign and date the Substitute Form W-9 and complete the Certificate of Awaiting Taxpayer Identification Number below. If "Applied For" is written in Part I and the Depositary is not provided with a TIN within 60 days, the Depositary will withhold 31% on all payments of the purchase price to such stockholder until a TIN is provided to the Depositary.

10. Lost, Destroyed or Stolen Certificates. If any certificate(s) representing Shares has been lost, destroyed or stolen, the tendering stockholder should promptly notify the Depositary. The tendering stockholder will then be instructed as to the steps that must be taken in order to replace the certificate(s). This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or destroyed certificates have been followed.

IMPORTANT: THIS LETTER OF TRANSMITTAL (OR FACSIMILE HEREOF), PROPERLY COMPLETED AND DULY EXECUTED (TOGETHER WITH ANY REQUIRED SIGNATURE GUARANTEES AND STOCK CERTIFICATES OR CONFIRMATION OF BOOK-ENTRY TRANSFER AND ALL OTHER REQUIRED DOCUMENTS) OR A PROPERLY COMPLETED AND DULY EXECUTED NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE DEPOSITARY PRIOR TO THE EXPIRATION DATE (AS DEFINED IN THE OFFER TO PURCHASE).

IMPORTANT TAX INFORMATION

Under the federal income tax law, a stockholder whose tendered Shares are accepted for payment is required by law to provide the Depositary (as payer) with such stockholder's correct TIN on Substitute Form W-9 below. If such stockholder is an individual, the TIN is such stockholder's social security number. If the Depositary is not provided with the correct TIN, the stockholder may be subject to a $50 penalty imposed by the Internal Revenue Service. In addition, payments that are made to such stockholder with respect to Shares purchased pursuant to the Offer may be subject to backup withholding of 31%.

Certain stockholders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, such individual must submit a statement, signed under penalties of perjury, attesting to such individual's exempt status. Forms of such statements can be obtained from the Depositary. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If backup withholding applies, the Depositary is required to withhold 31% of any payments made to the stockholder. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on payments that are made to a stockholder with respect to Shares purchased pursuant to the Offer, the stockholder is required to notify the Depositary of such stockholder's correct TIN by completing the form below certifying (a) that the TIN provided on Substitute Form W-9 is correct (or that such stockholder is awaiting a TIN), and (b) that (i) such stockholder has not been notified by the Internal Revenue Service that such stockholder is subject to backup withholding as a result of a failure to report all interest or dividends or (ii) the Internal Revenue Service has notified such stockholder that such stockholder is no longer subject to backup withholding.

WHAT NUMBER TO GIVE THE DEPOSITARY

The stockholder is required to give the Depositary the social security number or employer identification number of the record holder of the Shares tendered hereby. If the Shares are in more than one name or are not in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidance on which number to report. If the tendering stockholder has not been issued a TIN and has applied for a number or intends to apply for a number in the near future, the stockholder should write "Applied For" in the space provided for the TIN in Part I, sign and date the Substitute Form W-9 and complete the Certificate of Awaiting Taxpayer Identification Number below. If "Applied For" is written in Part I and the Depositary is not provided with a TIN within 60 days, the Depositary will withhold 31% of all payments of the purchase price to such stockholder until a TIN is provided to the Depositary.

PAYER'S NAME: HARRIS TRUST COMPANY OF NEW YORK

SUBSTITUTE FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE	PART I--Taxpayer Identification Number-- For all accounts, enter taxpayer identification number in the box at right. (For most individuals, this is your social security number. If you do not have a number, see Obtaining a Number in the enclosed Guidelines.) Certify by signing and dating below. Note: If the account is in more than one name, see the chart in the enclosed Guidelines to determine which number to give the payer	Social Security Number OR Employer Identification Number (If awaiting TIN write "Applied For")
Payer's Request for Taxpayer Identification Number (TIN)	PART II--For Payees Exempt From Backup Withholding, see the enclosed Guidelines and complete as instructed therein.	

CERTIFICATION--Under Penalties of perjury, I certify that:

(1) The number shown on this form is my correct Taxpayer Identification Number (or a Taxpayer Identification Number has not been issued to me and either (a) I have mailed or delivered an application to receive a Taxpayer Identification Number to the appropriate Internal Revenue Service ("IRS") or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a Taxpayer Identification Number within sixty (60) days, 31% of all reportable payments made to me thereafter will be withheld until I provide a number), and

(2) I am not subject to backup withholding either because (a) I am exempt from backup withholding, (b) I have not been notified by the IRS that I am subject to backup withholding as a result of failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

CERTIFICATE INSTRUCTIONS--You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2). (Also see instructions in the enclosed Guidelines.)

SIGNATURE DATE , 199

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 31% of all reportable payments made to me will be withheld, but that such amounts will be refunded to me if I then provide a Taxpayer Identification Number within sixty (60) days.

Signature Date

Any questions or requests for assistance may be directed to the Dealer Manager or the Information Agent at their respective telephone numbers and locations listed below. Additional copies of this Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Information Agent at its address and telephone numbers set forth below. You may also contact your broker, dealer, commercial bank or trust company or nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

GEORGESON & COMPANY INC.

Wall Street Plaza
New York, NY 10005
Banks and Brokers Call Collect: (212) 440-9800
All Others Call Toll Free: (800) 223-2064

The Dealer Manager for the Offer is:

MORGAN STANLEY & CO.
INCORPORATED

555 California Street,
Suite 2200
San Francisco, California 94104
(415) 576-2331

NOTICE OF GUARANTEED DELIVERY
FOR
TENDER OF SHARES OF COMMON STOCK
OF
OPAL, INC.
(NOT TO BE USED FOR SIGNATURE GUARANTEES)

This Notice of Guaranteed Delivery, or one substantially in the form hereof, must be used to accept the Offer (as defined below) (i) if certificates ("Stock Certificates") evidencing shares of common stock, par value $.01 per share (the "Shares"), of Opal, Inc., a Delaware corporation (the "Company"), are not immediately available, (ii) if Stock Certificates and all other required documents cannot be delivered to Harris Trust Company of New York, as Depositary (the "Depositary"), prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase (as defined below)) or (iii) if the procedure for delivery by book-entry transfer cannot be completed on a timely basis. This Notice of Guaranteed Delivery may be delivered by hand or mail or transmitted by telegram or facsimile transmission to the Depositary. See Section 3 of the Offer to Purchase.

The Depositary for the Offer is:
HARRIS TRUST COMPANY OF NEW YORK
By Overnight Courier:
77 Water Street, 4th Floor
New York, New York 10005

By Mail:
Wall Street Station
P.O. Box 1010
New York, New York 10268-1010

By Facsimile Transmission
(for Eligible Institutions only):
Fax: (212) 701-7636
(212) 701-7637
Confirm by telephone:
(212) 701-7618

By Hand:
Receive Window
77 Water Street, 5th Floor
New York, New York

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE TRANSMISSION OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

This form is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to Orion Corp. I, a Delaware corporation and a wholly owned subsidiary of Applied Materials, Inc., a Delaware corporation, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated November 26, 1996 (the "Offer to Purchase"), and the related Letter of Transmittal (which, as amended or supplemented from time to time, together constitute the "Offer"), receipt of each of which is hereby acknowledged, the number of Shares specified below pursuant to the guaranteed delivery procedures described in Section 3 of the Offer to Purchase.

Number of Shares:
- ----------

Certificate Nos. (if available)
- ----------

Check ONE box if Shares will be tendered by book-entry transfer:

[] The Depository Trust Company

[] Philadelphia Depository Trust Company

Name(s) of Record Holder(s):

(Please Print)

Address(es):

(Zip Code)

Account Number:

Area Code and Tel. No:

Dated:

Signature(s):

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a participant in the Security Transfer Agents Medallion Program, hereby guarantees to deliver to the Depositary either the certificates representing the Shares tendered hereby, in proper form for transfer, or a Book-Entry Confirmation (as defined in Section 2 of the Offer to Purchase) of a transfer of such Shares, in any such case together with a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile thereof, with any required signature guarantees, or an Agent's Message (as defined in "Acceptance for Payment and Payment for Shares" of the Offer to Purchase), and any other documents required by the Letter of Transmittal within three Nasdaq National Market System trading days after the date of execution of this Notice of Guaranteed Delivery.

The Eligible Institution that completes this form must communicate the guarantee to the Depositary and must deliver the Letter of Transmittal and certificates for Shares to the Depositary within the time period shown herein. Failure to do so could result in financial loss to such Eligible Institution.

Name of Firm:

(Authorized Signature)

Address:

Title:

Date:

(Zip Code)

Area Code and Tel. No.:

NOTE: DO NOT SEND CERTIFICATES FOR SHARES WITH THIS NOTICE.
STOCK CERTIFICATES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
OF
OPAL, INC.
AT
$18.50 NET PER SHARE
BY
ORION CORP. I
A WHOLLY OWNED SUBSIDIARY OF
APPLIED MATERIALS, INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, DECEMBER 24, 1996, UNLESS THE OFFER IS EXTENDED.

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

We have been appointed by Orion Corp. I, a Delaware corporation (the "Purchaser") and a wholly owned subsidiary of Applied Materials, Inc., a Delaware corporation ("Parent"), to act as Dealer Manager in connection with Purchaser's offer to purchase all outstanding shares of common stock, par value $.01 per share (the "Shares"), of Opal, Inc., a Delaware corporation (the "Company"), at a price of $18.50 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Purchaser's Offer to Purchase, dated November 26, 1996 (the "Offer to Purchase"), and the related Letter of Transmittal (which, as amended or supplemented from time to time, together constitute the "Offer") enclosed herewith. Please furnish copies of the enclosed materials to those of your clients for whose accounts you hold Shares registered in your name or in the name of your nominee.

The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn prior to the expiration of the Offer a number of Shares which constitutes at least a majority of the Shares outstanding on a fully diluted basis. The Offer is also subject to other terms and conditions contained in the Offer to Purchase.

Enclosed for your information and use are copies of the following documents:

1. Offer to Purchase;

2. Letter of Transmittal to be used by holders of Shares in accepting the Offer and tendering Shares;

3. Notice of Guaranteed Delivery to be used to accept the Offer if the Shares and all other required documents are not immediately available or cannot be delivered to Harris Trust Company of New York (the "Depositary") by the expiration of the Offer or if the procedure for book-entry transfer cannot be completed by the expiration of the Offer;

4. A letter to stockholders of the Company from Mr. Mendy Erad, Chairman of the Board of the Company, and Rafi Yizhar, President and Chief Executive Officer of the Company, together with a Solicitation/ Recommendation Statement on Schedule 14D-9 filed with the Securities and Exchange Commission by the Company;

5. A letter which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer;

6. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9; and

7. Return envelope addressed to the Depositary.

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. PLEASE NOTE THAT THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, DECEMBER 24, 1996, UNLESS THE OFFER IS EXTENDED.

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of November 24, 1996 (the "Merger Agreement"), by and among the Company, Parent and the Purchaser. The Merger Agreement provides that, among other things, following the consummation of the Offer and the satisfaction or waiver of the other conditions set forth in the Merger Agreement, the Purchaser will be merged with and into the Company (the "Merger"). At the effective time of the Merger, each outstanding Share (other than Shares held in the treasury of the Company, owned by Parent, the Purchaser or any other wholly owned subsidiary of Parent or held by stockholders who perfect their appraisal rights under Delaware law) will be converted into the right to receive the per Share price paid in the Offer, without interest.

In all cases, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of certificates evidencing such Shares or a confirmation of a book-entry transfer of such Shares into the Depositary's account at one of the Book-Entry Transfer Facilities (as defined in the Offer to Purchase), a Letter of Transmittal (or facsimile thereof) properly completed and duly executed, or an Agent's Message (as defined in the Offer to Purchase), and any other required documents in accordance with the instructions contained in the Letter of Transmittal.

If a holder of Shares wishes to tender Shares, but cannot deliver such holder's certificates or other required documents, or cannot comply with the procedure for book-entry transfer, prior to the expiration of the Offer, a tender of Shares may be effected by following the guaranteed delivery procedure described in Section 3 of the Offer to Purchase.

The Purchaser will not pay any fees or commissions to any broker, dealer or other person (other than the Dealer Manager and the Information Agent as described in the Offer) in connection with the solicitation of tenders of Shares pursuant to the Offer. However, Purchaser will reimburse you for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to your clients. The Purchaser will pay or cause to be paid any stock transfer taxes payable with respect to the transfer of Shares to it, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

Any inquiries you may have with respect to the Offer and requests for additional copies of the enclosed material should be addressed to the Dealer Manager or the Information Agent at their respective addresses and telephone numbers set forth on the back cover page of the Offer to Purchase.

Very truly yours,

MORGAN STANLEY & CO.
Incorporated

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON THE AGENT OF PARENT, THE PURCHASER, THE COMPANY, THE DEALER MANAGER, THE INFORMATION AGENT OR THE DEPOSITARY, OR OF ANY AFFILIATE OF ANY OF THEM, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR TO MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.

OFFER TO PURCHASE FOR CASH
ALL OUTSTANDING SHARES OF COMMON STOCK
OF
OPAL, INC.
AT
$18.50 NET PER SHARE
BY
ORION CORP. I
A WHOLLY OWNED SUBSIDIARY OF
APPLIED MATERIALS, INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, DECEMBER 24, 1996, UNLESS THE OFFER IS EXTENDED.

To Our Clients:

Enclosed for your consideration is an Offer to Purchase, dated November 26, 1996 (the "Offer to Purchase"), and a related Letter of Transmittal (which, as amended or supplemented from time to time, together constitute the "Offer") in connection with the offer by Orion Corp. I, a Delaware corporation (the "Purchaser") and a wholly owned subsidiary of Applied Materials, Inc., a Delaware corporation ("Parent"), to purchase all outstanding shares of common stock, par value $.01 per share (the "Shares"), of Opal, Inc., a Delaware corporation (the "Company"), at a price of $18.50 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer. Also enclosed is the Letter to Stockholders of the Company from the Chairman and from the President and Chief Executive Officer of the Company accompanied by the Company's Solicitation/Recommendation Statement on Schedule 14D-9.

WE ARE THE HOLDER OF RECORD OF SHARES HELD BY US FOR YOUR ACCOUNT. A TENDER OF SUCH SHARES CAN BE MADE ONLY BY US AS THE HOLDER OF RECORD AND PURSUANT TO YOUR INSTRUCTIONS. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER SHARES HELD BY US FOR YOUR ACCOUNT.

We request instructions as to whether you wish to have us tender on your behalf any or all of the Shares held by us for your account, upon the terms and subject to the conditions set forth in the Offer.

Your attention is invited to the following:

1. The tender price is $18.50 per Share, net to the seller in cash.

2. The Offer is being made for all outstanding Shares.

3. The Board of Directors of the Company has approved the Offer and the Merger (as defined in the Offer to Purchase) and has determined that the terms of the Offer and the Merger are fair to and in the best interests of the stockholders of the Company, and recommends that stockholders accept the Offer and tender their Shares pursuant to the Offer.

4. The Offer and withdrawal rights will expire at 12:00 midnight, New York City time, on Tuesday, December 24, 1996, unless the Offer is extended.

5. The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn prior to the expiration of the Offer a number of Shares which constitutes at least a majority of the Shares outstanding on a fully diluted basis.

6. Tendering stockholders will not be obligated to pay brokerage fees or commissions or, except as otherwise provided in Instruction 6 of the Letter of Transmittal, stock transfer taxes with respect to the purchase of Shares by the Purchaser pursuant to the Offer.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing and returning to us the instruction form contained in this letter. An envelope in which to return your instructions to us is enclosed. If you authorize the tender of your Shares, all such Shares will be tendered unless otherwise specified in your instructions. YOUR INSTRUCTIONS SHOULD BE FORWARDED TO US IN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF PRIOR TO THE EXPIRATION OF THE OFFER.

The Offer is made solely by the Offer to Purchase and the related Letter of Transmittal and is being made to all holders of Shares. The Offer is not being made to (nor will tenders be accepted from or on behalf of) the holders of Shares in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Purchaser by Morgan Stanley & Co. Incorporated, the Dealer Manager, or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

INSTRUCTIONS WITH RESPECT TO THE OFFER TO PURCHASE
FOR CASH ALL OUTSTANDING SHARES OF COMMON STOCK OF
OPAL, INC. BY ORION CORP. I

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase, dated November 26, 1996, and the related Letter of Transmittal (which, as amended or supplemented from time to time, together constitute the "Offer"), in connection with the offer by Orion Corp. I, a Delaware corporation and a wholly owned subsidiary of Applied Materials, Inc., a Delaware corporation, to purchase all outstanding shares of common stock, par value $.01 per share (the "Shares"), of Opal, Inc., a Delaware corporation.

This will instruct you to instruct your nominee to tender the number of Shares indicated below (or, if no number is indicated below, all Shares) that are held for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer.

SIGN HERE

Number of Shares to be Tendered:

Shares*

Signature(s)

Please type or print name(s)

Dated: , 199

Please type or print address

Area Code and Telephone Number

Taxpayer Identification or Social Security Number

- ---

* Unless otherwise indicated, it will be assumed that all Shares held by us for your account are to be tendered.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYER.--Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payer.

FOR THIS TYPE OF ACCOUNT:	GIVE THE SOCIAL SECURITY NUMBER OF--	FOR THIS TYPE OF ACCOUNT:	GIVE THE EMPLOYER IDENTIFICATION NUMBER OF--
1.An individual's account	The individual	8.Sole proprietorship account	The owner(4)
2.Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)	9.A valid trust, estate, or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)(5)
3.Husband and wife (joint account)	The actual owner of the account or, if joint funds, either person(1)	10.Corporate account	The corporation
4.Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)	11.Religious, charitable, or educational organization account	The organization
5.Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor(1)	12.Partnership account held in the name of the business	The partnership
6.Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, minor, or incompetent person(3)	13.Association, club, or other tax-exempt organization	The organization
7.A.The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)	14.A broker or registered nominee	The broker or nominee
B.So-called trust account that is not a legal or valid trust under state law	The actual owner(1)	15.Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity

(1) List first and circle the name of the person whose number you furnish.

(2) Circle the minor's name and furnish the minor's social security number.

(3) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.

(4) Show your individual name. You may also enter your business name. You may use either your Social Security number or your Employer Identification number.

(5) List first and circle the name of the legal trust, estate or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

OBTAINING A NUMBER

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card (for individuals), or Form SS-4, Application for Employer Identification Number (for businesses and all other entities), at the local office of the Social Security Administration or the Internal Revenue Service (the "IRS") and apply for a number.

PAYEES EXEMPT FROM BACKUP WITHHOLDING

Payees specifically exempted from backup withholding on ALL payments include the following:

- A corporation.
- A financial institution.
- An organization exempt from tax under Section 501(a) of the Internal Revenue Code of 1986, as amended (the "Code"), or an individual retirement plan.
- The United States or any agency or instrumentality thereof.
- A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.
- A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.
- An international organization or any agency or instrumentality thereof.
- A registered dealer in securities or commodities registered in the U.S. or a possession of the U.S.
- A real estate investment trust.
- A common trust fund operated by a bank under Section 584(a) of the Code.
- An exempt charitable remainder trust, or a non-exempt trust described in Section 4947(a)(1) of the Code.
- An entity registered at all times during the tax year under the Investment Company Act of 1940.
- A foreign central bank of issue.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under Section 1441 of the Code.
- Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident partner.
- Payments of patronage dividends where the amount received is not paid in money.
- Payments made by certain foreign organizations.
- Payments made to a nominee.

Payments of interest not generally subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is $600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.

- Payments of tax-exempt interest (including exempt--interest dividends under Section 852 of the Code).
- Payments described in Section 6049(b)(5) of the Code to nonresident aliens.
- Payments on tax-free covenant bonds under Section 1451 of the Code.
- Payments made by certain foreign organizations.
- Payments made to a nominee.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER. IF YOU ARE A NON-RESIDENT ALIEN OR A FOREIGN ENTITY NOT SUBJECT TO BACKUP WITHHOLDING, FILE WITH PAYER A COMPLETED INTERNAL REVENUE FORM W-8 (CERTIFICATE OF FOREIGN STATUS).

Certain payments other than interest, dividends, and patronage dividends, that are not subject to information reporting are also not subject to backup withholding. For details, see Sections 6041, 6041(a), 6045, 6050A and 6050N of the Code and the regulations promulgated thereunder.

PRIVACY ACT NOTICE.--Section 6109 requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

PENALTIES

(1) PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER.--If you fail to furnish your correct taxpayer identification number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING.--If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of $500.

(3) CRIMINAL PENALTY FOR FALSIFYING INFORMATION.--Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares. The Offer is made solely by the Offer to Purchase dated November 26, 1996 and the related Letter of Transmittal and is being made to all holders of Shares. The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Purchaser by Morgan Stanley & Co. Incorporated or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

NOTICE OF OFFER TO PURCHASE FOR CASH

ALL OUTSTANDING SHARES OF COMMON STOCK

OF

OPAL, INC.

AT

$18.50 NET PER SHARE

BY

ORION CORP. I

A WHOLLY OWNED SUBSIDIARY OF

APPLIED MATERIALS, INC.

Orion Corp. I, a Delaware corporation (the "Purchaser") and a wholly owned subsidiary of Applied Materials, Inc., a Delaware corporation ("Parent"), is offering to purchase all outstanding shares of common stock, par value $.01 per share (the "Shares"), of Opal, Inc., a Delaware corporation (the "Company"), at a price of $18.50 per Share, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated November 26, 1996 (the "Offer to Purchase"), and in the related Letter of Transmittal (which, as amended or supplemented from time to time, together constitute the "Offer"). Following the Offer, the Purchaser intends to effect the Merger described below.

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THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, DECEMBER 24, 1996, UNLESS THE OFFER IS EXTENDED.

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The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn prior to the expiration of the Offer a number of Shares which constitutes at least a majority of the Shares outstanding on a fully diluted basis. The Offer is also subject to other terms and conditions.

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of November 24, 1996 (the "Merger Agreement"), by and among Parent, the Purchaser and the Company. The Merger Agreement provides that, among other things, as soon as practicable after the purchase of Shares pursuant to the Offer and the satisfaction of the other conditions set forth in the Merger Agreement and in accordance with the relevant provisions of the General Corporation Law of the State of Delaware ("DGCL"), the Purchaser will be merged with and into the Company (the "Merger"). Following

consummation of the Merger, the Company will continue as the surviving corporation and will be a wholly owned subsidiary of Parent. At the effective time of the Merger (the "Effective Time"), each Share issued and outstanding immediately prior to the Effective Time (other than Shares held in the treasury of the Company or owned by the Purchaser, Parent or any other wholly owned subsidiary of Parent, and any Shares held by stockholders exercising appraisal rights pursuant to Section 262 of the DGCL) will be cancelled and converted into the right to receive $18.50 in cash, without interest.

In connection with the Merger Agreement, Parent and the Purchaser have entered into Stockholder Agreements dated as of November 24, 1996 with certain stockholders of the Company who beneficially own an aggregate of 4,288,634 Shares pursuant to which, among other things, such stockholders have agreed to tender their Shares in the Offer, and have granted Parent an option to acquire their Shares at $18.50 per Share, upon the terms and subject to the conditions thereof in the event of certain terminations of the Offer or the Merger Agreement.

THE BOARD OF DIRECTORS OF THE COMPANY HAS DETERMINED THAT THE TERMS OF THE OFFER AND THE MERGER ARE FAIR TO AND IN THE BEST INTERESTS OF THE STOCKHOLDERS OF THE COMPANY AND RECOMMENDS THAT STOCKHOLDERS ACCEPT THE OFFER AND TENDER THEIR SHARES PURSUANT TO THE OFFER.

For purposes of the Offer, the Purchaser will be deemed to have accepted for payment (and thereby purchased) Shares validly tendered and not properly withdrawn as, if and when the Purchaser gives oral or written notice to Harris Trust Company of New York (the "Depositary") of the Purchaser's acceptance for payment of such Shares pursuant to the Offer. Upon the terms and subject to the conditions of the Offer, payment for Shares accepted for payment pursuant to the Offer will be made by deposit of the purchase price therefor with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payments from the Purchaser and transmitting such payments to tendering stockholders whose Shares have been accepted for payment. Under no circumstances will interest on the purchase price for Shares be paid, regardless of any delay in making such payment. In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (i) the certificates evidencing such Shares or timely confirmation of a book-entry transfer of such Shares into the Depositary's account at one of the Book-Entry Transfer Facilities (as defined in the Offer to Purchase) pursuant to the procedures set forth in Section 3 of the Offer to Purchase, (ii) the Letter of Transmittal (or a facsimile thereof), properly completed and duly executed, with any required signature guarantees, or an Agent's Message (as defined in the Offer to Purchase) in connection with a book-entry transfer, and (iii) any other documents required under the Letter of Transmittal.

The Purchaser expressly reserves the right, in its sole discretion (but subject to the terms and conditions of the Merger Agreement), at any time and from time to time, to extend for any reason the period of time during which the Offer is open, including the occurrence of any of the conditions specified in Section 14 of the Offer to Purchase, by giving oral or written notice of such extension to the Depositary. Any such extension will be followed as promptly as practicable by public announcement thereof, such announcement to be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date of the Offer. During any such extension, all Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the rights of a tendering stockholder to withdraw such stockholder's Shares.

Tenders of Shares made pursuant to the Offer are irrevocable except that such Shares may be withdrawn at any time prior to 12:00 Midnight, New York City time, on Tuesday, December 24, 1996 (or the latest time and date at which the Offer, if extended by the Purchaser, shall expire) and, unless theretofore accepted for payment by the Purchaser pursuant to the Offer, may also be withdrawn at any time after January 24, 1997. For a withdrawal to be effective, a written, telegraphic or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back cover page of the Offer to Purchase. Any such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of such Shares, if different from that of the person who tendered such Shares. If share certificates evidencing Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such Share certificates, the serial numbers shown on such Share certificates must be submitted to the Depositary and the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution (as defined in the Offer to Purchase), unless such Shares have been tendered for the account of an Eligible Institution. If Shares have been tendered pursuant to the procedure for book-entry transfer as set forth in Section 3 of the Offer to Purchase, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Shares. All questions as to the form and validity (including the time of receipt) of any notice of withdrawal will be determined by the Purchaser, in its sole discretion, whose determination will be final and binding.

The information required to be disclosed by Rule 14d-6(e)(1)(vii) of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by

reference.

The Company has provided the Purchaser with the Company's stockholder list and security position listings for the purpose of disseminating the Offer to holders of Shares. The Offer to Purchase and the related Letter of Transmittal will be

mailed to record holders of Shares whose names appear on the Company's stockholder list and will be furnished to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

Questions and requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers as set forth below. Additional copies of the Offer to Purchase and the related Letter of Transmittal and other tender offer materials may be obtained from the Information Agent as set forth below. Such copies will be furnished promptly at the Purchaser's expense. No fees or commissions will be paid to brokers, dealers or other persons (other than the Dealer Manager and the Information Agent) for soliciting tenders of Shares pursuant to the Offer.

The Information Agent for the Offer is:

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GEORGESON & COMPANY INC. LOGO

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Wall Street Plaza
New York, New York 10005
Banks and Brokers Call Collect: (212) 440-9800

or

All Others Call Toll Free: 800-223-2064

The Dealer Manager for the Offer is:

MORGAN STANLEY & CO.
INCORPORATED

555 California Street
Suite 2200
San Francisco, California 94104
(415) 576-2331

November 26, 1996

PRESS RELEASE

APPLIED MATERIALS TO ENTER METROLOGY AND INSPECTION MARKET THROUGH THE ACQUISITION OF OPAL, INC. AND ORBOT INSTRUMENTS, LTD.

SANTA CLARA, Calif., November 24, 1996--Applied Materials announced today that it is entering the metrology and inspection equipment market through the acquisition of Opal, Inc. (NASDAQ symbol "OPAL"), a leading supplier of CD-SEM systems for approximately $175 million, and Orbot Instruments, Ltd., a supplier of wafer and reticle inspection systems with leading-edge technologies, for approximately $110 million in cash.

"Our entry into the market for metrology and inspection equipment is consistent with our long-standing strategy of serving our global customers with a broader array of enabling technology required to economically manufacture new generations of advanced semiconductor devices," said James C. Morgan, chairman and chief executive officer. "As independent companies, Opal and Orbot Instruments each have been gaining rapid customer acceptance. Together with Applied Materials, we expect to leverage their technology across a significantly larger customer base."

According to industry research, the market served by products from Opal and Orbot is expected to grow at a compound annual growth rate of more than 22 percent, from $1.25 billion in 1996 to $3.43 billion in 2001.

Opal is a leading supplier of CD-SEM systems for use in semiconductor manufacturing. CD-SEM systems use scanning electron microscopes (SEMs) to measure certain critical dimensions (CDs) of integrated circuits at various stages of the manufacturing process. Opal's revenues for the 12-month period ended September 30, 1996 were $62 million. Opal's revenues for the fiscal year ended December 31, 1995 were $45 million. Opal conducts its principal sales and marketing activities at its facility in Santa Clara, California, and its research, development and manufacturing activities in Nes Ziona, Israel. Additionally, Opal recently acquired ICT of Heimstetten, Germany, which manufactures scanning electron microscope columns. Opal was incorporated in Delaware in 1986 and employs approximately 325 people.

Pursuant to its agreement with Opal, Applied Materials is expected to commence a cash tender offer on or before Wednesday, November 27 for any and all outstanding shares of Opal's common stock at $18.50 per share net to the seller in cash. Applied Materials intends to acquire any Opal shares not purchased in the tender offer in a second-step merger. Proceeds to the shareholders of Opal will approximate $175 million, while the net cash cost of the transaction to Applied Materials is expected to be approximately $145 million, after considering transaction costs and Opal's available cash.

Applied Materials' acquisition of Opal has been approved by the boards of directors of both companies. Applied Materials has also entered into agreements with certain shareholders of Opal, Clal Electronics Industries, Ltd. and Orbotech, Ltd., and two executive officers of Opal, representing in total 49 percent of Opal's shares outstanding, whereby they have agreed to tender shares into Applied Materials' offer and have granted Applied Materials an option to purchase their shares. The Opal offer and merger are subject to the purchase of a majority of the outstanding shares of Opal's common stock as well as other customary conditions.

"Together with the Opal Board of Directors, I believe that this merger represents a strategic opportunity with significant benefits for our customers, our shareholders and our employees," said Mendy Erad, chairman of Opal. "Leveraging Israel's strong technology talent base, Opal's world-class technology and Applied Materials' global infrastructure will allow us to provide advanced metrology systems and services to meet our customers' emerging requirements. We believe that this merger will enable even faster growth than Opal has achieved during the past few years."

Orbot develops, manufactures, markets and services automated optical inspection systems for use in the production of semiconductors. Orbot produces systems for inspecting patterned silicon wafers for yield enhancement during the semiconductor manufacturing process, as well as systems for inspecting the

reticles, or masks, which are used during the patterning process. Orbot's revenues for the 12-month period ended September 30, 1996 were $36 million. Orbot's revenues for the fiscal year ended December 31, 1995 were $19 million. Orbot was founded in 1988 and has its headquarters in Yavne, Israel. Orbot employs approximately 200 people.

Applied Materials will purchase Orbot for approximately $110 million in cash. Applied Materials' acquisition of Orbot has been approved by the boards of directors of both companies. The Orbot acquisition is subject to certain customary conditions.

"By joining Applied Materials, we will be able to capitalize on our strengths in reticle inspection, and add tremendous leverage to our emerging wafer inspection capability, to better serve our customers in these rapidly growing markets," said Zvi Lapidot, chariman of Orbot.

Applied Materials began operating in Israel in 1990 with the opening of Applied Materials Israel (AMIL). AMIL develops and manufactures control systems for a number of Applied Materials' products distributed worldwide. Applied Materials has since added a second subsidiary to provide after-sales support services for the local customer base.

Both transactions are expected to be completed during Applied Materials' first fiscal quarter ending January 26, 1997. Applied Materials expects that these two acquisitions will result in a first quarter fiscal 1997 pre-tax charge for acquired in-process research and development in the range of $50-$60 million, or $0.27 to $0.32 per share after tax.

Applied Materials, Inc. is a Fortune 500 global growth company and the world's largest supplier of wafer fabrication systems and services to the global semiconductor industry. Applied Materials is traded on the Nasdaq National Market under the symbol "AMAT." Applied Materials' web site is http://www.Applied Materials.com.

Release: Immediate

Contact: Shannon Fryhoff (editorial/media)
(408) 986-7229

Susan Overstreet (investment community)
(408) 748-5227

Santa Clara, California--November 26, 1996--Applied Materials, Inc. announced today that Orion Corp. I, its wholly owned subsidiary, has commenced a cash tender offer for all outstanding shares of common stock of Opal, Inc. at $18.50 per share.

The offer is being made pursuant to the previously announced merger agreement between Applied Materials and Opal. The offer is conditioned upon, among other things, the tender of a majority of the shares outstanding on a fully diluted basis. The offer and withdrawal right are scheduled to expire at 12:00 midnight on Tuesday, December 24, 1996. Morgan Stanley & Co. Incorporated is acting as the Dealer Manager in connection with the offer and Georgeson & Company Inc. is acting as the Information Agent in connection with the offer.

Applied Materials, Inc. is a Fortune 500 global growth company and the world's largest supplier of wafer fabrication systems and services to the global semiconductor industry. Applied Materials is traded on the Nasdaq National Market under the symbol "AMAT." Applied Materials web site is http://www.AppliedMaterials.com

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AGREEMENT AND PLAN OF MERGER

by and among

APPLIED MATERIALS, INC.,

ORION CORP. I,

and

OPAL, INC.

dated as of

November 24, 1996

Index of Defined Terms

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (hereinafter referred to as this "Agreement"), dated as of November 24, 1996, by and among Applied Materials, Inc., a Delaware corporation ("Parent"), Orion Corp. I, a Delaware corporation and a wholly owned subsidiary of Parent (the "Purchaser"), and Opal, Inc., a Delaware corporation (the "Company").

WHEREAS, the Board of Directors of each of Parent, the Purchaser and the Company has approved, and deems it advisable and in the best interests of its respective stockholders to consummate, the acquisition of the Company by Parent upon the terms and subject to the conditions set forth herein; and

WHEREAS, concurrently with the execution of this Agreement, and as an inducement to Parent and the Purchaser to enter into this Agreement, certain stockholders of the Company have each entered into a Stockholder Agreement, dated as of the date hereof (collectively, the "Stockholder Agreements"), among Parent, the Purchaser and the stockholder named therein providing, among other things, that such stockholders will vote in favor of the Merger and will grant a proxy to Parent for that purpose;

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements set forth herein, the parties hereto agree as follows:

ARTICLE I

THE OFFER AND MERGER

Section 1.1 The Offer.

(a) As promptly as practicable (but in no event later than five business days after the public announcement of the execution hereof), the Purchaser shall commence (within the meaning of Rule 14d-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) a tender offer (the "Offer") for all of the outstanding shares of Common Stock, par value $.01

per share (the "Shares"), of the Company at a price of $18.50 per Share, net to the seller in cash (such price, or such other price per Share as may be paid in the Offer, being referred to herein as the "Offer Price"), subject to there being validly tendered and not withdrawn prior to the expiration of the Offer, that number of Shares which represents at least a majority of the Shares outstanding on a fully diluted basis (the "Minimum Condition") and to the other conditions set forth in Annex A hereto, and shall consummate the Offer in accordance with its terms ("fully diluted basis" means issued and outstanding Shares and Shares subject to issuance under Vested Company Options (as defined in Section 2.4(b)) and Shares subject to issuance upon exercise of outstanding warrants, calls, subscriptions or other rights, agreements, arrangements or commitments of any character relating to the issued or unissued capital stock of the Company or securities convertible or exchangeable for such capital stock, but shall not include Unvested Company Options). The obligations of the Purchaser to accept for payment and to pay for any Shares validly tendered on or prior to the expiration of the Offer and not withdrawn shall be subject only to the Minimum Condition and the other conditions set forth in Annex A hereto. The Offer shall be made by means of an offer to purchase (the "Offer to Purchase") containing the terms set forth in this Agreement, the Minimum Condition and the other conditions set forth in Annex A hereto. The Purchaser shall not amend or waive the Minimum Condition and shall not decrease the Offer Price or decrease the number of Shares sought, or amend any other condition of the Offer in any manner adverse to the holders of the Shares (other than with respect to insignificant changes or amendments, not including changes in the form of consideration payable under the Offer, in any of the conditions in Annex A, or in the expiration date of the Offer, and subject to the last sentence of this Section 1.1(a)) without the written consent of the Company (such consent to be authorized by the Board of Directors of the Company or a duly authorized committee thereof); provided, however, that if on the initial scheduled expiration date of the Offer which shall be 20 business days after the date the Offer is commenced, all conditions to the Offer shall not have been satisfied or waived, the Purchaser may, from time to time, in its sole discretion, extend the expiration date. The Purchaser shall, on the terms and subject to the prior satisfaction or waiver of the conditions of the

Offer, accept for payment and pay for Shares tendered as soon as it is legally permitted to do so under applicable law; provided, however, that if, immediately prior to the initial expiration date of the Offer (as it may be extended), the Shares tendered and not withdrawn pursuant to the Offer equal less than 90% of the outstanding Shares, the Purchaser may extend the Offer for a period not to exceed thirty business days, notwithstanding that all conditions to the Offer are satisfied as of such expiration date of the Offer, provided that upon such extension Parent and the Purchaser shall be deemed to have waived all of the conditions set forth in Annex A other than the Minimum Condition; provided, however, that if at the initial expiration date for the Offer, any or all of the conditions set forth in clauses (i), (iii), (iv), (v) or (vi) of Annex A shall not have been satisfied or waived or, as a result of any statute, rule, regulation, judgment, order or injunction having been enacted, entered, enforced, promulgated or deemed applicable, pursuant to an authoritative interpretation by or on behalf of a Governmental Entity, to the Offer or the Merger, or any other action shall be taken by any Governmental Entity, which shall not have become final and non-appealable, the conditions set forth in clause (vii) paragraph (b) of Annex A shall not have been satisfied or waived and at such time all of the other conditions to the Purchaser's obligation to consummate the Offer have been satisfied or waived, the Purchaser shall be obligated to extend the Offer for a period of up to ten business days, which extension shall be repeated one time further if necessary; provided, however, that the Purchaser may, in any such event, extend the expiration date of the Offer beyond such ten day period in its sole discretion.

(b) As soon as practicable on the date the Offer is commenced, Parent and the Purchaser shall file with the United States Securities and Exchange Commission (the "SEC") a Tender Offer Statement on Schedule 14D-1 with respect to the Offer (together with all amendments and supplements thereto and including the exhibits thereto, the "Schedule 14D-1"). The Schedule 14D-1 will include, as exhibits, the Offer to Purchase and a form of letter of transmittal and summary advertisement (collectively, together with any amendments and supplements thereto, the "Offer Documents"). The Offer Documents will comply in all material respects with the provisions of applicable federal securities laws and, on the date filed with the SEC and on the date first published, sent

or given to the Company's stockholders, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation is made by Parent or the Purchaser with respect to information furnished by the Company to Parent or the Purchaser, in writing, expressly for inclusion in the Offer Documents. The information supplied by the Company to Parent or the Purchaser, in writing, expressly for inclusion in the Offer Documents and by Parent or the Purchaser to the Company, in writing, expressly for inclusion in the Schedule 14D-9 (as hereinafter defined) will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of Parent and the Purchaser will take all steps necessary to cause the Offer Documents to be filed with the SEC and to be disseminated to holders of the Shares, in each case as and to the extent required by applicable federal securities laws. Each of Parent and the Purchaser, on the one hand, and the Company, on the other hand, will promptly correct any information provided by it for use in the Offer Documents if and to the extent that it shall have become false or misleading in any material respect and the Purchaser will take all steps necessary to cause the Offer Documents as so corrected to be filed with the SEC and to be disseminated to holders of the Shares, in each case as and to the extent required by applicable federal securities laws. The Company and its counsel shall be given the opportunity to review the Schedule 14D-1 before it is filed with the SEC. In addition, Parent and the Purchaser will provide the Company and its counsel in writing with any comments, whether written or oral, Parent, the Purchaser or their counsel may receive from time to time from the SEC or its staff with respect to the Offer Documents promptly after the receipt of such comments.

Section 1.2 Company Actions.

(a) The Company hereby approves of and consents to the Offer and represents that the Board of Directors, at a meeting duly called and held, has (i) unanimously (with the abstention of Rafi Yizhar, Israel

Niv, Dan Maydan and Zvi Lapidot) determined that each of the Agreement, the Offer and the Merger (as defined in Section 1.4) are fair to and in the best interests of the stockholders of the Company, (ii) approved this Agreement and the Stockholder Agreements and the transactions contemplated hereby and thereby, including the Offer and the Merger (collectively, the "Transactions"), and such approval constitutes approval of the Offer, this Agreement, the Stockholders Agreement and the transactions contemplated hereby and thereby, including the Merger, for purposes of Section 203 of the Delaware General Corporation Law, as amended (the "DGCL")), such that Section 203 of the DGCL will not apply to the transactions contemplated by this Agreement or the Stockholder Agreements, and (iii) resolved to recommend that the stockholders of the Company accept the Offer, tender their Shares thereunder to the Purchaser and approve and adopt this Agreement and the Merger; provided, that such recommendation may be withdrawn, modified or amended if, in the opinion of the Board of Directors, only after receipt of written advice from outside legal counsel, failure to withdraw, modify or amend such recommendation could reasonably be expected to result in the Board of Directors violating its fiduciary duties to the Company's stockholders under applicable law. The Company represents that the actions set forth in this Section 1.2(a) and all other actions it has taken in connection therewith are sufficient to render the relevant provisions of such Section 203 of the DGCL inapplicable to the Offer, the Merger and the Stockholders Agreement.

(b) Concurrently with the commencement of the Offer, the Company shall file with the SEC a Solicitation/Recommendation Statement on Schedule 14D-9 (together with all amendments and supplements thereto and including the exhibits thereto, the "Schedule 14D-9") which shall, subject to the provisions of Section 5.4(b), contain the recommendation referred to in clause (iii) of Section 1.2(a) hereof. The Schedule 14D-9 will comply in all material respects with the provisions of applicable federal securities laws and, on the date filed with the SEC and on the date first published, sent or given to the Company's stockholders, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading,

except that no representation is made by the Company with respect to information furnished by Parent or the Purchaser for inclusion in the Schedule 14D-9. The Company further agrees to take all steps necessary to cause the Schedule 14D-9 to be filed with the SEC and to be disseminated to holders of the Shares, in each case as and to the extent required by applicable federal securities laws. Each of the Company, on the one hand, and Parent and the Purchaser, on the other hand, agrees promptly to correct any information provided by it for use in the Schedule 14D-9 if and to the extent that it shall have become false and misleading in any material respect and the Company further agrees to take all steps necessary to cause the Schedule 14D-9 as so corrected to be filed with the SEC and to be disseminated to holders of the Shares, in each case as and to the extent required by applicable federal securities laws. Parent and its counsel shall be given the opportunity to review the Schedule 14D-9 before it is filed with the SEC. In addition, the Company agrees to provide Parent, the Purchaser and their counsel with any comments, whether written or oral, that the Company or its counsel may receive from time to time from the SEC or its staff with respect to the Schedule 14D-9 promptly after the receipt of such comments or other communications.

(c) In connection with the Offer, the Company will promptly furnish or cause to be furnished to the Purchaser mailing labels, security position listings and any available listing or computer file containing the names and addresses of all recordholders of the Shares as of a recent date, and shall furnish the Purchaser with such additional information (including, but not limited to, updated lists of holders of the Shares and their addresses, mailing labels and lists of security positions) and assistance as the Purchaser or its agents may reasonably request in communicating the Offer to the record and beneficial holders of the Shares. Except for such steps as are necessary to disseminate the Offer Documents, Parent and the Purchaser shall hold in confidence the information contained in any of such labels and lists and the additional information referred to in the preceding sentence, will use such information only in connection with the Offer, and, if this Agreement is terminated, will upon request of the Company deliver or cause to be delivered to the Company all copies of such

information then in its possession or the possession of its agents or representatives.

Section 1.3 Directors. Promptly upon the purchase of and payment for any Shares by Parent or any of its subsidiaries which represents at least a majority of the outstanding Shares (on a fully diluted basis, as defined in Section 1.1(a)), Parent shall be entitled to designate such number of directors, rounded up to the next whole number, on the Board of Directors of the Company as is equal to the product of the total number of directors on such Board (giving effect to the directors designated by Parent pursuant to this sentence) multiplied by the percentage that the number of Shares so accepted for payment bears to the total number of Shares then outstanding. In furtherance thereof, the Company shall, upon request of the Purchaser, use its best reasonable efforts promptly either to increase the size of its Board of Directors or secure the resignations of such number of its incumbent directors, or both, as is necessary to enable Parent's designees to be so elected to the Company's Board, and shall take all actions available to the Company to cause Parent's designees to be so elected. At such time, the Company shall also cause persons designated by Parent to constitute at least the same percentage (rounded up to the next whole number) as is on the Company's Board of Directors of (i) each committee of the Company's Board of Directors, (ii) each board of directors (or similar body) of each Subsidiary (as defined in Section 3.1) of the Company and (iii) each committee (or similar body) of each such board. The Company shall promptly take all actions required pursuant to Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder in order to fulfill its obligations under this Section 1.3(a), including mailing to stockholders the information required by such Section 14(f) and Rule 14f-1 as is necessary to enable Parent's designees to be elected to the Company's Board of Directors. Parent or the Purchaser will supply the Company and be solely responsible for any information with respect to either of them and their nominees, officers, directors and affiliates required by such Section 14(f) and Rule 14f-1. The provisions of this Section 1.3(a) are in addition to and shall not limit any rights which the Purchaser, Parent or any of their affiliates may have as a holder or beneficial owner of Shares as a matter of law with respect to the election of directors or otherwise. In the event

that Parent's designees are elected to the Company's Board of Directors, until the Effective Time, the Company's Board shall have at least three directors who are directors on the date hereof (the "Independent Directors"), provided that, in such event, if the number of Independent Directors shall be reduced below three for any reason whatsoever, any remaining Independent Directors (or Independent Director, if there be only one remaining) shall be entitled to designate persons to fill such vacancies who shall be deemed to be Independent Directors for purposes of this Agreement or, if no Independent Director then remains, the other directors shall designate three persons to fill such vacancies who shall not be stockholders, affiliates or associates of Parent or the Purchaser and such persons shall be deemed to be Independent Directors for purposes of this Agreement. Notwithstanding anything in this Agreement to the contrary, in the event that Parent's designees are elected to the Company's Board, after the acceptance for payment of Shares pursuant to the Offer and prior to the Effective Time, the affirmative vote of a majority of the Independent Directors shall be required to (a) amend or terminate this Agreement by the Company, (b) exercise or waive any of the Company's rights, benefits or remedies hereunder, (c) extend the time for performance of Parent's and the Purchaser's respective obligations hereunder, (d) take any other action by the Company's Board under or in connection with this Agreement or the Stockholder Agreements, or (e) approve any other action by the Company which could adversely affect the interests of the stockholders of the Company (other than Parent, the Purchaser and their affiliates other than the Company and the Subsidiaries) with respect to the transactions contemplated hereby.

Section 1.4 The Merger. Subject to the terms and conditions of this Agreement, at the Effective Time, the Company and the Purchaser shall consummate a merger (the "Merger") pursuant to which (a) the Purchaser shall be merged with and into the Company and the separate corporate existence of the Purchaser shall thereupon cease, (b) the Company shall be the successor or surviving corporation in the Merger (sometimes hereinafter referred to as the "Surviving Corporation") and shall continue to be governed by the laws of the State of Delaware, and (c) the separate corporate existence of the Company with all its rights, privileges, immunities,

powers and franchises shall continue unaffected by the Merger, except as set forth in this Section 1.4. Pursuant to the Merger, (x) the Certificate of Incorporation of the Purchaser (the "Certificate of Incorporation"), as in effect immediately prior to the Effective Time, shall be the certificate of incorporation of the Surviving Corporation until thereafter amended as provided by law and such Certificate of Incorporation, and (y) the Bylaws of the Purchaser (the "By-laws"), as in effect immediately prior to the Effective Time (as defined in Section 1.5), shall be the By-laws of the Surviving Corporation until thereafter amended as provided by law, by such Certificate of Incorporation or by such By-laws. The Merger shall have the effects specified in the DGCL.

Section 1.5 Effective Time. Parent, the Purchaser and the Company will cause a Certificate of Merger to be executed and filed on the Closing Date (as defined in Section 1.6) (or on such other date as Parent and the Company may agree) with the Secretary of State of Delaware (the "Secretary of State") as provided in the DGCL. The Merger shall become effective on the date on which the Certificate of Merger is duly filed with the Secretary of State or such time as is agreed upon by the parties and specified in the Certificate of Merger, and such time is hereinafter referred to as the "Effective Time."

Section 1.6 Closing. The closing of the Merger (the "Closing") shall take place at 10:00 a.m. on a date to be specified by the parties, which shall be no later than the second business day after satisfaction or waiver of all of the conditions set forth in Article VI hereof (the "Closing Date"), at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, 919 Third Avenue, New York, New York 10022, unless another date or place is agreed to in writing by the parties hereto.

Section 1.7 Directors and Officers of the Surviving Corporation. The directors and officers of the Purchaser at the Effective Time shall, from and after the Effective Time, be the directors and officers, respectively, of the Surviving Corporation until their successors shall have been duly elected or appointed or qualified or until their earlier death, resignation or removal in accordance with the Certificate of Incorporation and the By-laws.

Section 1.8 Stockholders' Meeting.

(a) If required by applicable law in order to consummate the Merger, the Company, acting through its Board of Directors, shall, in accordance with applicable law:

(i) duly call, give notice of, convene and hold a special meeting of its stockholders (the "Special Meeting") as promptly as practicable following the acceptance for payment and purchase of Shares by the Purchaser pursuant to the Offer for the purpose of considering and taking action upon the approval of the Merger and the adoption of this Agreement;

(ii) prepare and file with the SEC a preliminary proxy or information statement relating to the Merger and this Agreement and use its best efforts (x) to obtain and furnish the information required to be included by the SEC in the Proxy Statement (as hereinafter defined) and, after consultation with Parent, to respond promptly to any comments made by the SEC with respect to the preliminary proxy or information statement and cause a definitive proxy or information statement, including any amendment or supplement thereto (the "Proxy Statement") to be mailed to its stockholders, provided that no amendment or supplement to the Proxy Statement will be made by the Company without consultation with Parent and its counsel and (y) to obtain the necessary approvals of the Merger and this Agreement by its stockholders; and

(iii) subject to the provisions of Section 5.4(b), include in the Proxy Statement the recommendation of the Board that stockholders of the Company vote in favor of the approval of the Merger and the adoption of this Agreement.

(b) Parent shall vote, or cause to be voted, all of the Shares then owned by it, the Purchaser or any of its other subsidiaries and affiliates in favor of the approval of the Merger and the adoption of this Agreement.

Section 1.9 Merger Without Meeting of Stockholders. Notwithstanding Section 1.8 hereof, in the event that Parent, the Purchaser and any other Subsidiaries of Parent shall acquire in the aggregate at least 90% of the outstanding shares of each class of capital stock of the Company, pursuant to the Offer or otherwise, the parties hereto shall, at the request of Parent and subject to Article VI hereof, take all necessary and appropriate action to cause the Merger to become effective as soon as practicable after such acquisition, without a meeting of stockholders of the Company, in accordance with Section 253 of the DGCL.

ARTICLE II

CONVERSION OF SECURITIES

Section 2.1 Conversion of Capital Stock. As of the Effective Time, by virtue of the Merger and without any action on the part of the holders of any Shares or holders of common stock, par value $.01 per share, of the Purchaser (the "Purchaser Common Stock"):

(a) the Purchaser Common Stock. Each issued and outstanding share of the Purchaser Common Stock shall be converted into and become one fully paid and nonassessable share of common stock of the Surviving Corporation.

(b) Cancellation of Treasury Stock and Parent-Owned Stock. All Shares that are owned by the Company as treasury stock and any Shares owned by Parent, the Purchaser or any other wholly owned Subsidiary of Parent shall be cancelled and retired and shall cease to exist and no consideration shall be delivered in exchange therefor.

(c) Exchange of Shares. Each issued and outstanding Share (other than Shares to be cancelled in accordance with Section 2.1(b) and any Shares which are held by stockholders exercising appraisal rights pursuant to Section 262 of the DGCL ("Dissenting Stockholders")) shall be converted into the right to receive the Offer Price, payable to the holder thereof, without interest (the "Merger Consideration"), upon surrender of the certificate formerly representing such Share in the manner provided in Section 2.2. All such Shares, when so

converted, shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each holder of a certificate representing any such Shares shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration therefor upon the surrender of such certificate in accordance with Section 2.2, without interest, or the right, if any, to receive payment from the Surviving Corporation of the "fair value" of such Shares as determined in accordance with Section 262 of the DGCL.

Section 2.2 Exchange of Certificates.

(a) Paying Agent. Parent shall designate a bank or trust company reasonably acceptable to the Company to act as agent for the holders of the Shares in connection with the Merger (the "Paying Agent") to receive in trust the funds to which holders of the Shares shall become entitled pursuant to Section 2.1(c). Such funds shall be invested by the Paying Agent as directed by Parent or the Surviving Corporation.

(b) Exchange Procedures. As soon as reasonably practicable after the Effective Time, the Paying Agent shall mail to each holder of record of a certificate or certificates, which immediately prior to the Effective Time represented outstanding Shares (the "Certificates"), whose Shares were converted pursuant to Section 2.1 into the right to receive the Merger Consideration (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Paying Agent and shall be in such form and have such other provisions as Parent and the Company may reasonably specify) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for payment of the Merger Consideration. Upon surrender of a Certificate for cancellation to the Paying Agent or to such other agent or agents as may be appointed by Parent, together with such letter of transmittal, duly executed, the holder of such Certificate shall be entitled to receive in exchange therefor the Merger Consideration for each Share formerly represented by such Certificate and the Certificate so surrendered shall forthwith be cancelled. If payment of the Merger Consideration is to be made to a person other than the person in whose name the surrendered Certificate is registered,

it shall be a condition of payment that the Certificate so surrendered shall be properly endorsed or shall be otherwise in proper form for transfer and that the person requesting such payment shall have paid any transfer and other taxes required by reason of the payment of the Merger Consideration to a person other than the registered holder of the Certificate surrendered or shall have established to the satisfaction of the Surviving Corporation that such tax either has been paid or is not applicable. Until surrendered as contemplated by this Section 2.2, each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive the Merger Consideration in cash as contemplated by this Section 2.2.

(c) Transfer Books; No Further Ownership Rights in the Shares. At the Effective Time, the stock transfer books of the Company shall be closed and thereafter there shall be no further registration of transfers of the Shares on the records of the Company. From and after the Effective Time, the holders of Certificates evidencing ownership of the Shares outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such Shares, except as otherwise provided for herein or by applicable law. If, after the Effective Time, Certificates are presented to the Surviving Corporation for any reason, they shall be cancelled and exchanged as provided in this Article II.

(d) Termination of Fund; No Liability. At any time following twelve months after the Effective Time, the Surviving Corporation shall be entitled to require the Paying Agent to deliver to it any funds (including any interest received with respect thereto) which had been made available to the Paying Agent and which have not been disbursed to holders of Certificates, and thereafter such holders shall be entitled to look to the Surviving Corporation (subject to abandoned property, escheat or other similar laws) only as general creditors thereof with respect to the Merger Consideration payable upon due surrender of their Certificates, without any interest thereon. Notwithstanding the foregoing, neither the Surviving Corporation nor the Paying Agent shall be liable to any holder of a Certificate for Merger Consideration delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

Section 2.3 Dissenters' Rights. If any Dissenting Stockholder shall be entitled to be paid the "fair value" of such holder's Shares, as provided in Section 262 of the DGCL, the Company shall give Parent notice thereof and Parent shall have the right to participate in all negotiations and proceedings with respect to any such demands. Neither the Company nor the Surviving Corporation shall, except with the prior written consent of Parent, voluntarily make any payment with respect to, or settle or offer to settle, any such demand for payment. If any Dissenting Stockholder shall fail to perfect or shall have effectively withdrawn or lost the right to dissent, the Shares held by such Dissenting Stockholder shall thereupon be treated as though such Shares had been converted into the Merger Consideration pursuant to Section 2.1.

Section 2.4 Company Plans.

(a) Parent and the Company shall, effective as of the Effective Time, cause each outstanding unvested employee stock option to purchase Shares (an "Unvested Company Option") granted under the Company's 1993 Employee Stock Option Plan and under prior plans included in the representation in Section 3.2(a)(iv) (collectively, the "Option Plan") to be assumed by Parent and converted into an option (or a new substitute option shall be granted) (a "Parent Option") to purchase shares of common stock, par value $.01 per share, of Parent ("Parent Common Stock") issued under and pursuant to the terms and conditions of Parent's 1995 Equity Incentive Plan, as amended, or any other stock option plan of Parent adopted specifically for employees of the Company in order to issue Parent Options as provided in this Section 2.4(a) (the "Parent Option Plan"). The issuance of shares of Parent Common Stock under the Parent Options shall be registered under the Securities Act pursuant to a Registration Statement of Parent on Form S-8. The parties agree that (i) the number of shares of Parent Common Stock subject to such Parent Option will be determined by multiplying the number of Shares subject to the Unvested Company Option to be cancelled by the Option Exchange Ratio (as hereinafter defined), rounding any fractional share up to the nearest whole share, and (ii) the exercise price per share of such Parent Option will be determined by dividing the exercise price per share under the Company Option in effect immediately prior to the Effec-

tive Time by the Option Exchange Ratio, and rounding the exercise price thus determined up to the nearest whole cent, subject to appropriate adjustments for stock splits and other similar events. Except as provided above, the converted or substituted Parent Options shall be subject to the same terms and conditions (including, without limitation, expiration date, vesting and exercise provisions) as were applicable to the Unvested Company Options immediately prior to the Effective Time. The Company, the trustee under the Option Plan that holds Shares and Company options on behalf of employees of the Company and its Subsidiaries (the "Trustee") and Parent shall take all necessary action to facilitate and effect the substitution described in this Section 2.4(a). Based upon and subject to the accuracy of the Company's representation and warranty set forth in Section 3.9(h), Parent will apply to qualify such Parent Options issued to employees of the Company who are residents of Israel under Section 102 or another similar provision of the Israeli Income Tax Ordinance and will obtain confirmation from the Israeli tax authorities that tacking shall be allowed with respect to the two-year holding period required under Section 102 for such periods in which the Unvested Company Options were held before the Effective Time; provided, that Parent shall not be required to agree to any change in any of the economic terms of such options as established by this Section 2.4(a) (including, without limitation, identity of employer, number of shares, exercise price and vesting provisions) in order to obtain such qualification. The issuance of Parent Options as provided herein shall be subject to, and conditioned upon, obtaining an exemption by the Israeli Securities Authority from the registration and prospectus delivery requirements of the Israeli Securities laws. In the event such exemption is not obtained, unless Parent elects to comply with the requirements of the Israeli Securities laws, all Unvested Company Options held by the 35 persons holding the greatest aggregate amount of Unvested Company Options shall be treated as provided in this Section 2.4(a) and exchanged for Parent Options and the remaining Unvested Company Options shall be treated in the same manner as the Vested Options pursuant to Section 2.4(b). For purposes of this Agreement, the "Option Exchange Ratio" shall be (x) the Offer Price divided by (y) the average of the closing prices of the Parent Common Stock on the Nasdaq National Market System during

the ten trading days preceding the fifth trading day prior to the Closing Date.

(b) At the Closing, immediately before the Effective Time, each outstanding fully vested employee stock option to purchase Shares (a "Vested Company Option", and together with an Unvested Company Option, a "Company Option") granted under the Option Plan, except for the Vested Company Options set forth in Section 2.4(b) of the Company Disclosure Schedule (as defined in Article III) which shall be treated in the same manner as the Unvested Company Options pursuant to Section 2.4(a), shall be surrendered to the Company and shall be forthwith cancelled and the Company or the Surviving Corporation shall pay to each holder of a Vested Company Option, by check, an amount equal to (i) the product of the number of the Shares which are issuable upon exercise of such Vested Company Option, multiplied by the Offer Price, less (ii) the aggregate exercise price of such Vested Company Option; provided that the foregoing cancellation and payment shall be subject to the obtaining of any necessary consents of holders of Vested Company Options and that any such payment may be withheld in respect of any Vested Company Option until any necessary consents or releases are obtained. From and after the Effective Time, each outstanding Vested Company Option held by a holder who has failed to so consent shall be treated as provided in Section 2.4(a). The Company and the Trustee shall take all necessary action to facilitate the surrender, cancellation and payment in consideration for the Vested Company Options described in this Section 2.4(b). The Company or the Trustee shall withhold all income or other taxes as required under applicable law prior to distribution of the cash amount received under this Section 2.4(b) to the holders of Vested Company Options.

(c) Except as may be otherwise agreed to by Parent or the Purchaser and the Company, the Option Plan and the Company's 1995 Employee Stock Purchase Plan (the "1995 Plan") shall terminate as of the Effective Time and the provisions in any other plan, program or arrangement providing for the issuance or grant of any other interest in respect of the capital stock of the Company or any of its Subsidiaries shall be deleted as of the Effective Time. Each participant in the 1995 Plan shall be entitled to receive, pursuant to the 1995 Plan,

a number of Shares based upon such participant's contributions in accordance with the provisions of the 1995 Plan for the Purchase Period (as defined in the 1995 Plan) ending December 31, 1996, or such part of such Purchase Period as has been completed at the Effective Time, and at the applicable purchase price per Share determined in accordance with the provisions of the 1995 Plan for such Purchase Period, provided that no such participant shall be entitled to increase his or her rate of contribution after the date hereof, and the Shares so purchased shall immediately be exchanged for cash pursuant to the Merger. After the expiration of the Purchase Period ending December 31, 1996, no such purchaser shall have any further right under the 1995 Plan to acquire any equity securities of the Company, the Surviving Corporation or any subsidiary thereof.

(d) For purposes of Sections 2.4(a) and (b), any partially vested Company Option shall be treated as two separate Company Options, one consisting of the vested portion and the other consisting of the unvested portion of such Company Option.

(e) Holders of Company Options and participants in the 1995 Plan shall be beneficiaries of the agreements in this Section 2.4.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent and the Purchaser that all of the statements contained in this Article III are true and correct as of the date of this Agreement (or, if made as of a specified date, as of such date), and will be true and correct in all material respects as of the Closing Date as though made on the Closing Date, except as set forth in the schedule attached to this Agreement setting forth exceptions to the Company's representations and warranties set forth herein (the "Company Disclosure Schedule"). The Company Disclosure Schedule will be arranged in sections corresponding to the sections of this Agreement to be modified by such disclosure schedule, provided that any disclosure made in any section of the Company Disclosure Schedule shall be deemed incorporated in all other sections thereof.

Section 3.1 Organization. Each of the Company and its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has all requisite corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as now being conducted, except where the failure to be so organized, existing and in good standing or to have such power, authority, and governmental approvals would not have a material adverse effect on the Company and its Subsidiaries, taken as a whole. As used in this Agreement, the term "Subsidiary" shall mean all corporations or other entities in which the Company or the Parent, as the case may be, owns a majority of the issued and outstanding capital stock or similar interests. As used in this Agreement, any reference to any event, change or effect being material or having a material adverse effect on or with respect to any entity (or group of entities taken as a whole) means such event, change or effect is materially adverse to (i) the consolidated financial condition, businesses, prospects or results of operations of such entity as a whole (or, if used with respect thereto, of such group of entities taken as a whole) or (ii) the ability of such entity (or group) to consummate the transactions contemplated hereby. The Company and each of its Subsidiaries is duly qualified or licensed to do business and in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and in good standing would not individually or in the aggregate have a material adverse effect on the Company and its Subsidiaries, taken as a whole. Except as set forth in Section 3.1 of the Company Disclosure Schedule, the Company does not own (i) any equity interest in any corporation or other entity or (ii) marketable securities where the Company's equity interest in any entity exceeds five percent of the outstanding equity of such entity on the date hereof.

Section 3.2 Capitalization. (a) The authorized capital stock of the Company consists of 12,500,000 Shares and 1,000,000 shares of preferred stock, par value $.01 per share (the "Preferred Stock"). As of the date hereof, (i) 8,743,583 Shares are issued and outstanding, (ii) no Shares are issued and held in the treasury of the

Company, (iii) no shares of Preferred Stock are issued and outstanding, (iv) 351,050 Shares are reserved for issuance upon exercise of Vested Company Options and 859,533 Shares are reserved for issuance upon exercise of Unvested Company Options, in each case under the Option Plan, and (vi) 298,278 Shares remain reserved for issuance under the 1995 Plan, of which up to 40,000 Shares will be issued in respect of outstanding employee contributions for the Purchase Period ending December 31, 1996. All the outstanding shares of the Company's capital stock are, and all Shares which may be issued pursuant to the exercise of outstanding Company Options will be, when issued in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and non-assessable. There are no bonds, debentures, notes or other indebtedness having general voting rights (or convertible into securities having such rights) ("Voting Debt") of the Company or any of its Subsidiaries issued and outstanding. Except as set forth above and except for the transactions contemplated by this Agreement, as of the date hereof, (i) there are no shares of capital stock of the Company authorized, issued or outstanding (ii) there are no existing options, warrants, calls, pre-emptive rights, subscriptions or other rights, agreements, arrangements or commitments of any character, relating to the issued or unissued capital stock of the Company or any of its Subsidiaries, obligating the Company or any of its Subsidiaries to issue, transfer or sell or cause to be issued, transferred or sold any shares of capital stock or Voting Debt of, or other equity interest in, the Company or any of its Subsidiaries or securities convertible into or exchangeable for such shares or equity interests, or obligating the Company or any of its Subsidiaries to grant, extend or enter into any such option, warrant, call, subscription or other right, agreement, arrangement or commitment and (iii) except as set forth in Section 3.2(a) of the Company Disclosure Schedule, there are no outstanding contractual obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any Shares, or the capital stock of the Company, or any Subsidiary or affiliate of the Company or to provide funds to make any investment (in the form of a loan, capital contribution or otherwise) in any Subsidiary or any other entity.

(b) All of the outstanding shares of capital stock of each of the Subsidiaries are beneficial-

ly owned by the Company, directly or indirectly, and all such shares have been validly issued and are fully paid and nonassessable and are owned by either the Company or one of its Subsidiaries free and clear of all liens, charges, claims or encumbrances ("Encumbrances").

(c) There are no voting trusts or other agreements or understandings to which the Company or any of its Subsidiaries is a party with respect to the voting of the capital stock of the Company or any of the Subsidiaries.

Section 3.3 Authorization; Validity of Agreement; Company Action. The Company has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by the Company of this Agreement, and the consummation by it of the transactions contemplated hereby, have been duly authorized by its Board of Directors and, except for obtaining the approval of its stockholders as contemplated by Section 1.8 hereof, no other corporate action on the part of the Company is necessary to authorize the execution and delivery by the Company of this Agreement and the consummation by it of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company and, assuming due and valid authorization, execution and delivery hereof by Parent and the Purchaser, is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

Section 3.4 Consents and Approvals; No Violations. Except for the filings set forth in Section 3.4 of the Company Disclosure Schedule and the filings, permits, authorizations, consents and approvals as may be required under, and other applicable requirements of, the Exchange Act, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), state securities or blue sky laws, and the DGCL, none of the execution, delivery or performance of this Agreement by the Company, the consummation by the Company of the transactions contemplated hereby or compliance by the Company with any of the provisions hereof will (i) conflict with or result in any breach of any provision of the Certificate of Incorporation, the By-laws or similar organizational documents of the Company or of any of its

Subsidiaries, (ii) require any filing with, or permit, authorization, consent or approval of, any court, arbitral tribunal, administrative agency or commission or other governmental or other regulatory authority or agency (a "Governmental Entity"), (iii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, amendment, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which the Company or any of its Subsidiaries is a party or by which any of them or any of their properties or assets may be bound (the "Company Agreements") or (iv) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Company, any of its Subsidiaries or any of their properties or assets, excluding from the foregoing clauses (ii), (iii) and (iv) such violations, breaches or defaults which would not, individually or in the aggregate, have a material adverse effect on the Company and its Subsidiaries, taken as a whole. Section 3.4 of the Company Disclosure Schedule sets forth a list of all third party consents and approvals required to be obtained in connection with this Agreement under the Company Agreements prior to the consummation of the transactions contemplated by this Agreement.

Section 3.5 SEC Reports and Financial Statements. The Company has filed with the SEC, and has heretofore made available to Parent, true and complete copies of, all forms, reports, schedules, statements and other documents required to be filed by it under the Exchange Act or the Securities Act of 1933, as amended (the "Securities Act") (as such documents have been amended since the time of their filing, collectively, the "Company SEC Documents"). As of their respective dates or, if amended, as of the date of the last such amendment, the Company SEC Documents, including, without limitation, any financial statements or schedules included therein (a) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (b) complied in all material respects with the applicable requirements of the Exchange Act and the Securities Act, as the case may

be, and the applicable rules and regulations of the SEC thereunder. None of the Company's Subsidiaries is required to file any forms, reports or other documents with the SEC. The financial statements of the Company included in the Company SEC Documents (the "Financial Statements") have been prepared from, and are in accordance with, the books and records of the Company and its consolidated Subsidiaries, comply in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with United States generally accepted accounting principles ("GAAP") applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present the consolidated financial position and the consolidated results of operations and cash flows (and changes in financial position, if any) of the Company and its consolidated Subsidiaries as of the times and for the periods referred to therein. The financial statements of Opal Technologies Ltd. and of ICT Integrated Circuit Testing GmbH have been prepared from, and are in accordance with, their respective books and records, comply in all material respects with applicable accounting requirements, have been prepared in accordance with Israeli and German generally accepted accounting principals, respectively, applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present the financial position, results of operations and cash flows (and changes in financial position, if any) of Opal Technologies Ltd. and ICT Integrated Circuit Testing GmbH as of the times and for the periods referred to therein.

Section 3.6 Absence of Certain Changes. Except as disclosed in Section 3.6 of the Company Disclosure Schedule, since December 31, 1995, the Company and its Subsidiaries have conducted their respective businesses only in the ordinary and usual course and (i) there has not occurred any events or changes (including the incurrence of any liabilities of any nature, whether or not accrued, contingent or otherwise) having or reasonably likely to have, individually or in the aggregate, a material adverse effect on the Company and its Subsidiaries, taken as a whole, other than such events or changes which relate to general conditions in the economy or in the Company's industry or arise solely from the Company's execution and delivery of this Agreement, and

(ii) the Company has not taken any action which would have been prohibited under Section 5.1 hereof.

Section 3.7 No Undisclosed Liabilities. Except (a) as disclosed in the Financial Statements and (b) for liabilities and obligations (x) incurred in the ordinary course of business and consistent with past practice (y) pursuant to the terms of this Agreement or (z) as set forth in Section 3.7 of the Company Disclosure Schedule, since December 31, 1995, neither the Company nor any of its Subsidiaries has incurred any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, that have, or would be reasonably likely to have, a material adverse effect on the Company and its Subsidiaries, taken as a whole, or would be required by GAAP to be reflected on a consolidated balance sheet of the Company and its Subsidiaries (including the notes thereto).

Section 3.8 Litigation. Except as set forth in Section 3.8 of the Company Disclosure Schedule, as of the date hereof, there are no suits, claims, actions, proceedings, including, without limitation, arbitration proceedings or alternative dispute resolution proceedings, or investigations pending or, to the Company's knowledge, threatened against the Company or any of its Subsidiaries before any Governmental Entity. Except as disclosed in Section 3.8 of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries is subject to any outstanding order, writ, injunction or decree.

Section 3.9 Employee Benefit Plans; ERISA.

(a) Section 3.9(a) of the Company Disclosure Schedule sets forth a true and complete list (or, in the case of an unwritten plan, a description) of all material employee benefit plans, arrangements, contracts or agreements (including employment agreements, severance agreements and managers' insurance plans) of any type, statutory or otherwise, (including but not limited to plans described in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), maintained by the Company, any of its Subsidiaries or any trade or business, whether or not incorporated (an "ERISA Affiliate"), which together with the Company would be deemed a "single employer" within the meaning of Section

414(b), 414(c) or 414(m) of the Internal Revenue Code of 1986, as amended (the "Code"), or the regulations, issued under Section 414(o) of the Code ("Benefit Plans"). Except as disclosed in Section 3.9 of the Company Disclosure Schedule, neither the Company nor any ERISA Affiliate has any formal plan or commitment, whether legally binding or not, to create any additional Benefit Plan or modify or change any existing Benefit Plan that would affect any employee or terminated employee of the Company or any of its Subsidiaries.

(b) With respect to each Benefit Plan: (i) if intended to qualify under Section 401(a) of the Code, such plan so qualifies, and its trust is exempt from taxation under Section 501(a) of the Code, there have been no amendments to any such Benefit Plan which are not the subject of a favorable determination letter, and no condition exists that would reasonably be expected to affect such qualification; (ii) such plan has been administered in all material respects in accordance with its terms and applicable statutes, orders or governmental rules or regulations, including but not limited to ERISA and the Code, no notice has been issued by any Governmental Entity questioning or challenging such compliance, and no condition exists that would be expected to affect such compliance; (iii) no breaches of fiduciary duty have occurred which might reasonably be expected to give rise to material liability on the part of the Company; (iv) no disputes are pending, or, to the Company's knowledge, threatened that might reasonably be expected to give rise to material liability on the part of the Company; (v) no prohibited transaction (within the meaning of Section 406 of ERISA) has occurred that would give rise to material liability on the part of the Company or any ERISA Affiliate; and (vi) all contributions and premiums due as of the date hereof in respect of any Benefit Plan (taking into account any extensions for such contributions and premiums) have been made in full or accrued on the Company's balance sheet.

(c) Except as set forth in Section 3.9(c) of the Company Disclosure Schedule, neither the Company nor any ERISA Affiliate (i) has incurred an accumulated funding deficiency, as defined in the Code and ERISA, or (ii) has any material liability under Title IV of ERISA with respect to any employee benefit plan that is subject to Title IV of ERISA.

(d) With respect to each Benefit Plan that provides employee benefits other than pension benefits (including but not limited to each Benefit Plan that is a "welfare plan" (as defined in section 3(1) of ERISA)), except as disclosed in Section 3.9(d) of the Company Disclosure Schedule, no such plan provides medi-cal or death benefits with respect to current or former employees of the Company or any of its Subsidiaries beyond their termination of employment, other than as required by law.

(e) Except as set forth in Section 3.9(e) of the Company Disclosure Schedule, neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will (i) entitle any individual to severance pay or accelerate the time of payment or vesting, or increase the amount, of compensation or benefits due to any individual, (ii) constitute or result in a prohibited transaction under Section 4975 of the Code or Section 406 of ERISA or (iii) subject the Company, any of its Subsidiaries, any ERISA Affiliate, any of the Benefit Plans, any related trust, any trustee or administrator of any thereof, or any party dealing with the Benefit Plans or any such trust to either a civil penalty assessed pursuant to Section 409 or 502(i) of ERISA or a tax imposed pursuant to Section 4975 of the Code.

(f) There is no Benefit Plan that is a "multiemployer plan," as such term is defined in Section 3(37) of ERISA.

(g) With respect to each Benefit Plan, the Company has previously delivered to Parent or its representatives accurate and complete copies of all plan documents, summary plan descriptions, summary of material modifications, trust agreements and other related agreements, including all amendments to the foregoing; the most recent annual report; the annual and periodic accounting of plan assets in respect of the two most recent plan years; the most recent determination letter received from the United States Internal Revenue Service (the "Service"); and the actuarial valuation, to the extent any of the foregoing may be applicable to a particular Benefit Plan, in respect of the two most recent plan years.

(h) The Option Plan is qualified under Section 102 of the Israeli Income Tax Ordinance and all steps necessary to maintain such qualification have been taken.

Section 3.10 Tax Matters; Government Benefits.

(a) The Company and each of its Subsidiaries have filed all Tax Returns (as hereinafter defined) that are required to be filed and have paid or caused to be paid all Taxes (as hereinafter defined) that are either shown on such Tax Returns as due and payable or otherwise due or claimed to be due by any taxing authority, in each case excluding only such Tax Returns or Taxes as to which any failure to file or pay does not have a material adverse effect on the Company and its Subsidiaries taken as a whole. All such Tax Returns are correct and complete in all material respects and accurately reflect all liability for Taxes for the periods covered thereby. All Taxes owed and due by the Company and each of its Subsidiaries for results of operations through December 31, 1995 (whether or not shown on any Tax Return) have been paid or have been adequately reflected on the Company's balance sheet as of December 31, 1995 included in the Financial Statements (the "Balance Sheet"). Since December 31, 1995, the Company has not incurred liability for any Taxes other than in the ordinary course of business. Neither the Company nor any of its Subsidiaries has received written notice of any claim made by an authority in a jurisdiction where neither the Company nor any of its Subsidiaries file Tax Returns, that the Company is or may be subject to taxation by that jurisdiction.

(b) Neither the Company nor any of its Subsidiaries has violated any applicable law of any jurisdiction relating to the payment and withholding of Taxes, including, without limitation, (x) withholding of Taxes pursuant to Sections 1441 and 1442 of the Code or similar provisions under non-U.S. law and (y) withholding of Taxes in respect of amounts paid or owing to any employee, creditor, independent contractor, or other third party, excluding unintended violations which do not have a material adverse effect on the Company and its Subsidiaries taken as a whole. The Company and each of its Subsidiaries have, in the manner prescribed by law,

withheld and paid when due all Taxes required to have been withheld and paid under all applicable laws.

(c) There are no Encumbrances upon the shares of capital stock of any of the Company's Subsidiaries or any of the assets or properties of the Company or any of its Subsidiaries or, to the Company's knowledge, on any of the Shares that arose in connection with any failure (or alleged failure) to pay any Tax when due.

(d) Neither the Company nor any of its Subsidiaries has waived any statute of limitations in any jurisdiction in respect of Taxes or Tax Returns or agreed to any extension of time with respect to a Tax assessment or deficiency.

(e) No federal, state, local or foreign audits, examinations or other administrative proceedings have been commenced or, to the Company's knowledge, are pending with regard to any Taxes or Tax Returns of the Company or of any of its Subsidiaries. No written notification has been received by the Company or by any of its Subsidiaries that such an audit, examination or other proceeding is pending or threatened with respect to any Taxes due from or with respect to or attributable to the Company or any of its Subsidiaries or any Tax Return filed by or with respect to the Company or any of its Subsidiaries. To the Company's knowledge, there is no dispute or claim concerning any Tax liability of the Company or any of its Subsidiaries either claimed or raised by any taxing authority in writing.

(f) During their most recent five taxable years respectively, neither the Company nor any of its Subsidiaries has made a change in tax accounting methods, received a ruling from any taxing authority or signed an agreement with any taxing authority which could have a material adverse effect on the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries is required to include in income any adjustment pursuant to Section 481(a) of the Code or any similar provision of foreign, state or local law, by reason of a voluntary change in tax accounting method (nor has any taxing authority proposed in writing any such adjustment or change of accounting method).

(g) Neither the Company nor any of its Subsidiaries is a party to, is bound by or has any obligation under any Tax sharing agreement, Tax indemnification agreement or similar contract or arrangement (other than contracts or arrangements among the Company and its Subsidiaries). Neither the Company nor any of its Subsidiaries is aware of any potential liability or obligation to any person as a result of, or pursuant to, any such agreement, contract or arrangement. Neither the Company nor any of its Subsidiaries has any liability for Taxes of another person by contract or otherwise.

(h) No power of attorney with respect to any matter relating to Taxes or Tax Returns has been granted by or with respect to the Company or any of its Subsidiaries.

(i) Neither the Company nor any of its Subsidiaries is a party to any agreement, plan, contract or arrangement that could result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

(j) During the most recent five taxable years of the Company and of each of its Subsidiaries, no closing agreement pursuant to Section 7121 of the Code (or any predecessor provision, or any similar provision of any state, local or foreign law) has been entered into by or with respect to the Company or any of its Subsidiaries.

(k) Neither the Company nor any of its Subsidiaries has filed a consent pursuant to Section 341(f) of the Code (or any predecessor provision) concerning collapsible corporations, or agreed to have Section 341(f)(2) of the Code apply to any disposition of a "subsection (f) asset" (as such term is defined in Section 341(f)(4) of the Code) owned by the Company or any of its Subsidiaries.

(l) The Company has never been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code. The Company has never been a member of an Affiliated Group within the meaning of Section 1504 of the Code. None of the Subsidiaries of the Company is a

foreign personal holding company within the meaning of Section 552 of the Code or a passive foreign investment company within the meaning of Section 1296 of the Code.

(m) No taxing authority is asserting or threatening to assert a claim against the Company or any of its Subsidiaries under or as a result of Section 482 of the Code or any similar provision of state, local or foreign law.

(n) Section 3.10(n) of the Company Disclosure Schedule lists all United States federal, state, local, and foreign Tax Returns in respect of which an audit is in progress or is, to the Company's knowledge, pending, which was filed by, on behalf of or with respect to the Company and its Subsidiaries. The Company has delivered to Parent complete and accurate copies of each of: (A) all audit, examination and similar reports and all letter rulings and technical advice memoranda relating to United States federal, state, local, and foreign Taxes due from or with respect to the Company and its Subsidiaries; (B) all United States federal, state and local, and foreign Tax Returns, Tax examination reports and similar documents filed by the Company and its Subsidiaries; and (C) all closing agreements entered into by the Company and its Subsidiaries with any taxing authority and all statements of Tax deficiencies assessed against or agreed to by the Company and its Subsidiaries. The Company will deliver to the Purchaser all materials with respect to the foregoing for all matters arising after the date hereof.

(o) Section 3.10(o) of the Company Disclosure Schedule lists each tax incentive, other than incentives generally available by operation of law without application or governmental action, given to the Company or any of its Subsidiaries under the laws of the State of Israel, including but not limited to tax benefits granted under the Law for the Encouragement of Capital Investments, 1959, the period for which such tax incentive applies, and the nature of such tax incentive. The Company and each of its Subsidiaries have complied with all requirements of Israeli law to be entitled to claim each such tax incentive. Subject to the receipt of the approvals listed in Section 3.4 of the Company Disclosure Schedule, the consummation of the transactions contemplated hereby will not adversely affect the ability

of the Company or any of its Subsidiaries to claim the benefit of any tax incentive for the remaining duration of the incentive or require any recapture of any previously claimed incentive, and, except as set forth in Section 3.10(o) of the Company Disclosure Schedule, no consent or approval of any Governmental Entity is required in order to preserve the entitlement of the Company to any such incentive and, to the Company's knowledge, there is no intention to change the terms of such tax incentives.

(p) Section 3.10(p) of the Company Disclosure Schedule lists with respect to each grant that the Company or any of its Subsidiaries received or is entitled pursuant to outstanding grant awards to receive from the Office of the Chief Scientist in the Israeli Ministry of Industry and Trade (the "Chief Scientist"), the German Minister of Research and Technology and any other similar organization, the following information: (A) the total amount of the grant received by the Company or any of its Subsidiaries and the amount available for future use by the Company or any of its Subsidiaries; (B) the time period in which the Company or any of its Subsidiaries received, or will be entitled to receive, each grant; (C) a general description of the research and development program for which such grant was approved; (D) the royalty repayment schedule applicable to such grant and the total repayment due; (E) the type of revenues from which royalty payments should be made; and (F) the total amount of royalties paid as of a recent date and the total royalty obligations due as of such date.

(q) The Company and each of its Subsidiaries have complied in all material respects with all applicable laws and regulations, agreements, letters of commitments and any other requirements with respect to the terms and conditions of each of the grants listed in Section 3.10(p) of the Company Disclosure Schedule and no claim was made by the Chief Scientist or any other person with respect to compliance by the Company or any of its Subsidiaries with such terms and conditions or for any repayment in excess of the amounts specified in Section 3.10(p) of the Company Disclosure Schedule and, to the Company's knowledge, there is no threatened or possible claim for any breach of such terms and conditions or any intention to change such terms and conditions.

(r) As used in this Agreement, the following terms shall have the following meanings:

(i) "Tax" or "Taxes" shall mean all taxes, charges, fees, duties, levies, penalties or other assessments imposed by any federal, state, local or foreign governmental authority, including, but not limited to, income, gross receipts, excise, property, sales, gain, use, license, custom duty, unemployment, capital stock, transfer, franchise, payroll, withholding, social security, minimum estimated, and other taxes, and shall include interest, penalties or additions attributable thereto; and

(ii) "Tax Return" shall mean any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

Section 3.11 Title and Condition of Properties. Neither the Company nor any of its Subsidiaries own any real property. The Company and its Subsidiaries own good and marketable title, free and clear of all Encumbrances, to all of the personal property and assets shown on the Balance Sheet or acquired after December 31, 1995, except for (A) assets which have been disposed of to nonaffiliated third parties since December 31, 1995 in the ordinary course of business, (B) Encumbrances reflected in the Balance Sheet or in the notes thereto, (C) Encumbrances or imperfections of title which are not, individually or in the aggregate, material in character, amount or extent and which do not materially detract from the value or materially interfere with the present or presently contemplated use of the assets subject thereto or affected thereby, and (D) Encumbrances for current Taxes not yet due and payable. All of the machinery, equipment and other tangible personal property and assets owned or used by the Company and its Subsidiaries are in good condition and repair, except for ordinary wear and tear not caused by neglect, and are useable in the ordinary course of business. The personal property and assets reflected on the Balance Sheet or acquired after December 31, 1995, the rights under the Company Agreements and the Intellectual Property (as defined in Section 3.12) owned or used by the Company under valid Li-

cense (as defined in Section 3.12), collectively include all assets necessary to provide, produce, sell and license the services and products currently provided, produced, sold and licensed by the Company and its Subsidiaries and to conduct the business of the Company and its Subsidiaries as presently conducted or as currently contemplated to be conducted, provided that the Company makes no warranty with respect to infringement of intellectual property rights of third parties except as expressly provided in Section 3.12(e).

Section 3.12 Intellectual Property.

(a) Section 3.12(a) of the Company Disclosure Schedule contains an accurate and complete listing setting forth (x) all registered Trademarks, Patents, registered Copyrights and registered Mask Works (as each such term is hereinafter defined) which are owned by the Company or any of its Subsidiaries and (y) all Licenses to which the Company or any of its Subsidiaries is a party (other than shrink-wrap software and databases licensed to the Company or to any of its Subsidiaries under non-exclusive software licenses granted to end-user customers by third parties in the ordinary course of business of such third parties' businesses), such schedule indicating, as to each such License, whether the Company or any of its Subsidiaries is the licensee or licensor, whether it is royalty bearing, the territory, whether it is exclusive or non-exclusive, and the nature of the licensed property.

(b) Except as set forth in Section 3.12(b)(i) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries is under any obligation to pay any royalty or other compensation to any third party or to obtain any approval or consent for the use of any Intellectual Property used in or necessary for its business as currently conducted or as currently proposed to be conducted. None of the Intellectual Property owned by the Company or by any of its Subsidiaries, or to the Company's knowledge, licensed to the Company or to any of its Subsidiaries, is subject to any outstanding judgment, order, decree, stipulation, injunction or charge. Except as set forth in Section 3.12(b)(ii) of the Company Disclosure Schedule, there is no claim, charge, complaint, action, suit, proceeding, hearing, investigation or demand pending or, to the Company's knowledge, threat-

ened, which challenges the legality, validity, enforceability, or the Company's or any of its Subsidiaries' use or ownership of any of the Intellectual Property owned by the Company or any of its Subsidiaries or, to the Company's knowledge, licensed to the Company or to any of its Subsidiaries. Neither the Company nor any of its Subsidiaries has agreed to indemnify any person for or against any interference, infringement, misappropriation, or other conflict with respect to any Intellectual Property, except as may be contained within agreements for the sale of the Company's products in the ordinary course or the Licenses set forth in Section 3.12(a) of the Company Disclosure Schedule.

(c) No material breach or default (or event which with notice or lapse of time or both would result in a material event of default) by the Company or any of its Subsidiaries exists or has occurred under any License or other agreement pursuant to which the Company or any of its Subsidiaries uses any Intellectual Property owned by a third party or has granted any third party the right to use its Intellectual Property, and the consummation of the transactions contemplated by this Agreement will not violate or conflict with or constitute a material default (or an event which, with notice or lapse of time or both, would constitute a material default), result in a forfeiture under, or constitute a basis for termination of any such License or other agreement.

(d) The Company and its Subsidiaries own all items of Intellectual Property set forth in Schedule 3.12(a) and own or have the right to use all items of Intellectual Property necessary to provide, produce, sell and license the services and products currently provided, produced, sold and licensed by the Company and its Subsidiaries and to conduct the business of the Company and its Subsidiaries as presently conducted or as currently proposed to be conducted, free and clear of all Encumbrances, provided that the Company makes no warranty with respect to infringement of intellectual property rights of third parties except as expressly provided in Section 3.12(e).

(e) To the Company's knowledge, except as set forth in Section 3.12(e) of the Company Disclosure Schedule, the conduct of the Company's and its Subsidiaries' business, the Intellectual Property owned or used by the

Company and its Subsidiaries, and the products or services produced, sold or licensed by or under development by the Company and its Subsidiaries do not infringe any Intellectual Property rights or any other proprietary right of any person or give rise to any obligations to any person as a result of co-authorship, co-inventorship, or an express or implied contract for any use or transfer. The Company and its Subsidiaries have received no notice of any allegations or threats that the Company's and its Subsidiaries' use of any of the Intellectual Property infringes upon or is in conflict with any Intellectual Property or proprietary rights of any third party, and to the Company's knowledge, no basis exists for any such allegations or threats.

(f) Except as set forth on Section 3.12(f) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries has sent or otherwise communicated to any other person any notice, charge, claim or assertion of any present, impending or threatened infringement by any other person of any Intellectual Property of the Company and its Subsidiaries.

(g) None of the Company's and its Subsidiaries' products or services incorporate, are based upon or are derived or adapted from, any Intellectual Property of any other person in violation of any statutory or other legal obligation or any agreement to which the Company and its Subsidiaries is a party or by which it is bound.

(h) All of the Company's and its Subsidiaries' Patents, Trademarks and Copyrights issued by, registered with or filed with the United States Patent and Trademark Office or Register of Copyrights or the corresponding offices of other countries have been so duly registered, filed in or issued, as the case may be, have been properly maintained and renewed in accordance with all applicable provisions of law and administrative regulations, and the Company and its Subsidiaries, as the case may be, are the record owners thereof. The Company and its Subsidiaries have taken reasonable steps in accordance with normal industry practice to maintain the confidentiality of its trade secrets and other confidential Intellectual Property, and, to the Company's knowledge, there have been no acts or omissions by the Company or its Subsidiaries, the result of which would be to compromise the rights of the Company or its Subsidiaries to apply for or

enforce appropriate legal protection of such Intellectual Property.

(i) Except as described in Section 3.12(i) of the Company Disclosure Schedule, each of the Company's and its Subsidiaries' employees, officers, agents, directors and each independent contractor retained by the Company or any of its Subsidiaries has entered into a written agreement with the Company or any of its Subsidiaries (x) providing that all of the Company's and its Subsidiaries' Intellectual Property is confidential and proprietary to the Company or any of its Subsidiaries, and (y) obligating the disclosure and transfer to the Company or any of its Subsidiaries, in consideration for no more than normal salary and continued employment or consultant fees, as the case may be, of all inventions, developments and work product which during the period of his or her employment or consultancy with the Company or any of its Subsidiaries, as the case may be, such employee, officer, agent, director or independent contractor made or makes that related or relate to any subject matter with which such employee's, officer's, agent's, director's or independent contractor's work for the Company or any of its Subsidiaries was concerned, or, in the case of employees, officers, agents and directors, are made during such person's period of employment (or contractual relationship) or in connection therewith. No former employees, officers, directors or independent contractors of the Company or any of its Subsidiaries have asserted any claim, or have any, valid claim or valid right to any of the Company's or any of its Subsidiaries' Intellectual Property used in or necessary for the conduct of the Company's or its Subsidiaries' business as now conducted or as currently proposed to be conducted. To the Company's knowledge, no employee, officer, agent or director of the Company or any of its Subsidiaries is a party to or otherwise bound by any agreement with or obligated to any other person (including, any former employer) which conflicts with any obligation or commitment of such employee to the Company or any of its Subsidiaries under any agreement to which he or she is a party or otherwise.

(j) Section 3.12(j) of the Company Disclosure Schedule identifies each person to whom the Company or any of its Subsidiaries has sold or otherwise transferred any interest or rights to any Intellectual Property

(other than end users under licenses for computer software and related documentation transferred in the ordinary course of business) or purchased rights in any Intellectual Property, and the date, if applicable, of each such sale, transfer or purchase.

(k) The Company and each of its Subsidiaries have taken reasonable steps in accordance with normal industry practice to preserve and maintain, reasonably complete notes and records (including, without limitation, drawings, flow-charts, prototypes and models) relating to its know-how, inventions, processes, procedures, drawings, specifications, designs, plans, written proposals, technical data, works of authorship and other proprietary technical information, sufficient to cause such proprietary information to be readily identified, understood and available.

(l) As used in this Agreement, "Intellectual Property" means all of the following: (i) U.S., Israeli and foreign registered and unregistered trademarks, trade dress, service marks, logos, trade names, corporate names and all registrations and applications to register the same (the "Trademarks"); (ii) issued U.S., Israeli and foreign patents and pending patent applications, patent disclosures, and any and all divisions, continuations, continuations-in-part, reissues, reexaminations, and extension thereof, any counterparts claiming priority therefrom, utility models, patents of importation/confirmation, certificates of invention and like statutory rights (the "Patents"); (iii) U.S., Israeli and foreign registered and unregistered copyrights (including, but not limited to, those in computer software and databases) rights of publicity and all registrations and applications to register the same (the "Copyrights"); (iv) U.S., Israeli and foreign rights in any semi-conductor chip product works or "mask works" as such term is defined in 17 U.S.C. 901, et seq. and any registrations or applications therefor ("Mask Works"); (v) all categories of trade secrets as defined in the Uniform Trade Secrets Act including, but not limited to, business information; (vi) all licenses and agreements pursuant to which the Company has acquired rights in or to any Trademarks, Patents, Copyrights or Mask Works, or licenses and agreements pursuant to which the Company has licensed or transferred the right to use any of the foregoing ("Licenses").

Section 3.13 Employment Matters. To the Company's knowledge, no key employee or group of employees has any plans to terminate their employment with the Company or any of its Subsidiaries as a result of the transactions contemplated hereby or otherwise. Neither the Company nor any of its Subsidiaries has experienced any strikes, collective labor grievances, other collective bargaining disputes or Claims of unfair labor practices in the last five years. To the Company's knowledge, there is no organizational effort presently being made or threatened by or on behalf of any labor union with respect to employees of the Company and its Subsidiaries.

Section 3.14 Compliance with Laws. The Company and its Subsidiaries are in substantial compliance with, and have not violated any applicable law, rule or regulation of any United States federal, state, local, Israeli or other foreign government or agency thereof which materially affects the business, properties or assets of the Company and its Subsidiaries, and no notice, charge, claim, action or assertion has been received by the Company or any of its Subsidiaries or has been filed, commenced or, to the Company's knowledge, threatened against the Company or any of its Subsidiaries alleging any such violation, except for any matter otherwise covered by this sentence which does not have a material adverse effect on the Company and its Subsidiaries taken as a whole. All licenses, permits and approvals required under such laws, rules and regulations are in full force and effect except where the failure to be in full force and effect would not have a material adverse effect on the Company and its Subsidiaries taken as a whole.

Section 3.15 Contracts. Each Company Agreement is legally valid and binding and in full force and effect, except where failure to be legally valid and binding and in full force and effect would not have a material adverse effect on the Company and its Subsidiaries, taken as a whole, and there are no defaults by the Company or any of its Subsidiaries thereunder, except those defaults that would not have a material adverse effect on the Company and its Subsidiaries, taken as a whole. The Company has previously made available for inspection by Parent or the Purchaser or their representatives all of the Company Agreements. Set forth in

Section 3.15 of the Company Disclosure Schedule is a true and complete list of all agreements, contracts or other arrangements, written or oral, to which ICT Integrated Circuit Testing GmbH ("ICT") or any of its Subsidiaries is a party or by which ICT or any of its Subsidiaries or any of its or their assets may be bound (the "ICT Agreements") concerning or relating to (i) Intellectual Property, (ii) the spin-off or other disposition of assets, (iii) which are necessary to provide, produce, sell and license the services and products currently provided, produced, sold and licensed by ICT and its Subsidiaries and to conduct the business of ICT and its Subsidiaries as presently conducted or as currently contemplated to be conducted. Each ICT Agreement is valid, binding, enforceable and in full force and effect. None of the execution, delivery or performance of this Agreement by the Company, the consummation by the Company of the transactions contemplated hereby or compliance by the Company with any of the provisions hereof will result in a breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, amendment, cancellation or acceleration) under, any of the terms, conditions or provisions of any ICT Agreement. None of ICT or any of its Subsidiaries is or, to the Company's knowledge, any other party is in breach or default (including, with respect to any express or implied warranty), and no event has occurred which with notice or lapse of time or both would constitute a material breach or default or permit termination, modification or acceleration under any ICT Agreement, except for any breaches, defaults, terminations, modifications or accelerations which have been cured or waived; and no party has, to the Company's knowledge, repudiated any provision of any such ICT Agreement.

Section 3.16 Potential Conflicts of Interest. Except as set forth in Section 3.16 of the Company Disclosure Schedule or in the Company SEC Reports, to the Company's knowledge, no officer of the Company or any of its Subsidiaries owns, directly or indirectly, any interest in (excepting not more than 1% stock holdings for investment purposes in securities of publicly held and traded companies) or is an officer, director, employee or consultant of any person which is a competitor, lessor, lessee, customer or supplier of the Company or any of its Subsidiaries; and no officer or director of the Company or any of its Subsidiaries (i) owns, directly or indi-

rectly, in whole or in part, any Intellectual Property which the Company or any of its Subsidiaries is using or the use of which is necessary for the business of the Company or any of its Subsidiaries; (ii) has any claim, charge, action or cause of action against the Company or any of its Subsidiaries, except for claims for accrued vacation pay, accrued benefits under the Benefit Plans and similar matters and agreements existing on the date hereof; (iii) has made, on behalf of the Company or any of its Subsidiaries, any payment or commitment to pay any commission, fee or other amount to, or to purchase or obtain or otherwise contract to purchase or obtain any goods or services from, any other person of which any officer or director of the Company, or, to the Company's knowledge, a relative of any of the foregoing, is a partner or stockholder (except stock holdings solely for investment purposes in securities of publicly held and traded companies); (iv) owes any money to the Company or any of its Subsidiaries; or (v) is owed any money by the Company or any of its Subsidiaries. Opal Technologies Ltd. is not a party to any contract with an "interested party" or any contract in which an "officer" has a "personal interest" (as each of such terms is defined in Chapter 4A of the Israeli Companies Ordinance, 1983).

Section 3.17 Vote Required. The affirmative vote of the holders of a majority of the outstanding Shares are the only votes of the holders of any class or series of the Company's capital stock necessary to approve this Agreement and the transactions contemplated hereby.

Section 3.18 Suppliers and Customers. From December 31, 1995 to the date of this Agreement, no material licensor, vendor, supplier, licensee or customer of the Company or any of its Subsidiaries has cancelled or otherwise modified its relationship with the Company or its Subsidiaries and, to the Company's knowledge, no such person has any intention to do so. Except as set forth in Section 3.18 of the Company Disclosure Schedule, no material customer of the Company or any of its Subsidiaries has expressed to the Company any material dissatisfaction with any of the products of the Company or any of its Subsidiaries, respectively, which is likely to result in an adverse impact on such customer's continuing relationship with the Company or any of its Subsidiaries, and the Company and its Subsidiaries have not experienced any

complaints of a recurring nature with respect to any of their products.

Section 3.19 Information in Proxy Statement. The Proxy Statement, if any (or any amendment thereof or supplement thereto), will, at the date mailed to Company stockholders and at the time of the meeting of Company stockholders to be held in connection with the Merger, not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, except that no representation is made by the Company with respect to statements made therein based on information supplied by Parent or the Purchaser for inclusion in the Proxy Statement. The Proxy Statement will comply in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder.

Section 3.20 Opinion of Financial Advisor. The Company has received the opinion of Robertson Stephens & Company, dated the date hereof, to the effect that, as of such date, the consideration to be received in the Offer and the Merger by the Company's stockholders is fair to the Company's stockholders from a financial point of view, a copy of which opinion has been delivered to Parent and the Purchaser.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND THE PURCHASER

Parent and the Purchaser represent and warrant to the Company that the statements contained in this Article IV are true and correct as of the date of this Agreement and will be correct and complete as of the Closing Date as though made on the Closing Date.

Section 4.1 Organization. Each of Parent and the Purchaser is a corporation duly organized, validly existing and in good standing under the laws of Delaware and has all requisite corporate or other power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its

business as now being conducted, except where the failure to be so organized, existing and in good standing or to have such power, authority, and governmental approvals would not have a material adverse effect on Parent and its Subsidiaries, taken as a whole. Parent and each of its Subsidiaries is duly qualified or licensed to do business and in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and in good standing would not, individually or in the aggregate, have a material adverse effect on Parent and its Subsidiaries, taken as a whole.

Section 4.2 Authorization; Validity of Agreement; Necessary Action. Each of Parent and the Purchaser has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Parent and the Purchaser of this Agreement, and the consummation of the Merger and of the transactions contemplated hereby have been duly authorized by the Board of Directors of Parent and the Purchaser and by Parent as the sole stockholder of the Purchaser and no other corporate action on the part of Parent and the Purchaser is necessary to authorize the execution and delivery by Parent and the Purchaser of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Parent and the Purchaser, as the case may be, and, assuming due and valid authorization, execution and delivery hereof by the Company, is a valid and binding obligation of each of Parent and the Purchaser, as the case may be, enforceable against each of them in accordance with its respective terms.

Section 4.3 Consents and Approvals; No Violations. Except as set forth in Section 4.3 of the schedule attached to this Agreement setting forth exceptions to Parent's representations and warranties set forth herein and except for filings, permits, authorizations, consents and approvals as may be required under, and other applicable requirements of, the Exchange Act, the HSR Act, state securities or blue sky laws and the DGCL, none of the execution, delivery or performance of this Agreement by Parent or the Purchaser, the consummation by

Parent or the Purchaser of the transactions contemplated hereby or compliance by Parent or the Purchaser with any of the provisions hereof will (i) conflict with or result in any breach of any provision of the respective certificate of incorporation or by-laws of Parent or the Purchaser, (ii) require any filing with, or permit, authorization, consent or approval of, any Governmental Entity, (iii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Parent, or any of its Subsidiaries or the Purchaser is a party or by which any of them or any of their respective properties or assets may be bound, or (iv) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Parent, any of its Subsidiaries or any of their properties or assets, excluding from the foregoing clauses (ii),(iii) and (iv) such violations, breaches or defaults which would not, individually or in the aggregate, have a material adverse effect on Parent and its Subsidiaries, taken as a whole.

Section 4.4 Information in Proxy Statement. None of the information supplied by Parent or the Purchaser specifically for inclusion or incorporation by reference in the Proxy Statement will, at the date mailed to stockholders and at the time of the meeting of stockholders to be held in connection with the Merger, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

Section 4.5 Financing. Parent and the Purchaser (i) have bank facilities in place which, either alone or with cash presently on hand, will provide sufficient funds to purchase and pay for the Shares pursuant to the Offer and the Merger in accordance with the terms of this Agreement and to consummate the other transactions contemplated hereby and (ii) will have on the expiration date of the Offer and the Effective Date sufficient funds to purchase and pay for the Shares pursuant to the Offer and the Merger, respectively, in

accordance with the terms of this Agreement. The Parent's bank facilities permit Parent to borrow money under such facilities and use such funds to purchase and pay for the Shares pursuant to the Offer and the Merger in accordance with the terms of this Agreement and to consummate the other transactions contemplated hereby.

Section 4.6 Options. The Parent Options to be granted by Parent under Section 2.4(a) shall be duly authorized, valid and enforceable in accordance with the terms of said Section 2.4(a), and any shares of Parent Common Stock issued upon proper exercise thereof shall be duly and validly issued, fully paid and non-assessable.

Section 4.7 Company Shares. As of the date of this Agreement, neither Parent nor any of its Subsidiaries owns any Shares or is acting together with any other person in connection with the Offer.

ARTICLE V

COVENANTS

Section 5.1 Interim Operations of the Company. The Company covenants and agrees that, except (i) as expressly contemplated by this Agreement, (ii) as set forth in Section 5.1 of the Company Disclosure Schedule, or (iii) as agreed in writing by Parent, after the date hereof, and prior to the time the directors of the Purchaser have been elected to, and shall constitute a majority of, the Board of Directors of the Company pursuant to Section 1.3 (the "Appointment Date"):

(a) the business of the Company and its Subsidiaries shall be conducted only in the ordinary and usual course and, to the extent consistent therewith, each of the Company and its Subsidiaries shall use its best reasonable efforts to preserve its business organization intact and maintain its existing relations with customers, suppliers, employees, creditors and business partners;

(b) the Company will not, directly or indirectly, (i) sell, transfer or pledge or agree to sell, transfer or pledge any treasury stock of the Company or any capital stock of any of its Subsidiaries beneficially owned by it, (ii) amend its Certificate of

Incorporation or By-laws or similar organizational documents; or (iii) split, combine or reclassify the outstanding Shares or Preferred Stock or any outstanding capital stock of any of the Subsidiaries of the Company;

(c) neither the Company nor any of its Subsidiaries shall: (i) declare, set aside or pay any dividend or other distribution payable in cash, stock or property with respect to its capital stock; (ii) issue, sell, pledge, dispose of or encumber any additional shares of, or securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of capital stock of any class of the Company or its Subsidiaries, other than Shares reserved for issuance on the date hereof pursuant to the exercise of Company Options outstanding on the date hereof or pursuant to the 1995 Plan as permitted in Section 2.4 hereof; (iii) transfer, lease, license, sell, mortgage, pledge, dispose of, or encumber any material assets other than in the ordinary and usual course of business and consistent with past practice, or incur or modify any material indebtedness or other liability, other than in the ordinary and usual course of business and consistent with past practice; or (iv) redeem, purchase or otherwise acquire directly or indirectly any of its capital stock except pursuant to stock restriction agreements with employees existing at the date hereof and set forth in Section 3.2(a) of the Company Disclosure Schedule;

(d) neither the Company nor any of its Subsidiaries shall: (i) grant any increase in the compensation payable or to become payable by the Company or any of its Subsidiaries to any of its executive officers or key employees except inflationary increases given in accordance with past practice; or (ii)(A) adopt any new, or (B) amend or otherwise increase, or accelerate the payment or vesting of the amounts payable or to become payable under any existing bonus, incentive compensation, deferred compensation, severance, profit sharing, stock option, stock purchase, insurance, pension, retirement or other employee benefit plan, agreement or arrangement, including, without limitation, the Option Plan and the 1995 Plan; or (iii) enter into any employment or severance agreement with or, except in accordance with the existing written policies of the Company, grant any

severance or termination pay to any officer, director or employee of the Company or any its Subsidiaries;

(e) neither the Company nor any of its Subsidiaries shall modify, amend or terminate any of its material contracts or waive, release or assign any material rights or claims, except in the ordinary course of business and consistent with past practice;

(f) neither the Company nor any of its Subsidiaries shall permit any material insurance policy naming it as a beneficiary or a loss payable payee to be cancelled or terminated without notice to Parent, except in the ordinary course of business and consistent with past practice;

(g) neither the Company nor any of its Subsidiaries shall: (i) incur or assume any long-term debt, or except in the ordinary course of business, incur or assume any short-term indebtedness in amounts not consistent with past practice; (ii) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other person, except in the ordinary course of business and consistent with past practice; (iii) make any loans, advances or capital contributions to, or investments in, any other person (other than to wholly owned Subsidiaries of the Company); or (iv) enter into any material commitment or transaction (including, but not limited to, any material capital expenditure or purchase or lease of assets or real estate other than the purchase of products for inventory and supplies in the ordinary course of business);

(h) neither the Company nor any of its Subsidiaries shall change any of the accounting methods used by it unless required by GAAP;

(i) neither the Company nor any of its Subsidiaries shall pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction in the ordinary course of business and consistent with past practice, of claims, liabilities or obligations reflected or reserved against in, or contemplated by, the consolidated financial state-

ments (or the notes thereto) of the Company and its consolidated Subsidiaries;

(j) neither the Company nor any of its Subsidiaries will adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company or any of its Subsidiaries (other than the Merger);

(k) neither the Company nor any of its Subsidiaries will take, or agree to commit to take, any action that would or is reasonably likely to result in any of the conditions to the Offer set forth in Annex A or any of the conditions to the Merger set forth in Article VI not being satisfied, or would make any representation or warranty of the Company contained herein inaccurate in any respect at, or as of any time prior to, the Effective Time, or that would materially impair the ability of the Company to consummate the Offer or the Merger in accordance with the terms hereof or materially delay such consummation; and

(l) neither the Company nor any of its Subsidiaries will enter into an agreement, contract, commitment or arrangement to do any of the foregoing, or to authorize, recommend, propose or announce an intention to do any of the foregoing.

Section 5.2 Access; Confidentiality. Upon reasonable notice, the Company shall (and shall cause each of its Subsidiaries to) afford to the officers, employees, accountants, counsel, financing sources and other representatives of Parent, access, during normal business hours during the period prior to the Appointment Date, to all its properties, books, contracts, commitments and records and, during such period, the Company shall (and shall cause each of its Subsidiaries to) furnish promptly to the Parent (a) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the requirements of federal securities laws and (b) all other information concerning its business, properties and personnel as Parent may reasonably request. After the Appointment Date the Company shall provide Parent and such persons as Parent shall designate with all such information, at such time as Parent shall request.

Unless otherwise required by law and until the Appointment Date, Parent will hold any such information which is nonpublic in confidence in accordance with the provisions of a letter agreement dated October 21, 1996 between the Company and the Parent (the "Confidentiality Agreement").

Section 5.3 Consents and Approvals. (a) Each of the Company, Parent and the Purchaser will take all reasonable actions necessary to comply promptly with all legal requirements which may be imposed on it with respect to this Agreement and the transactions contemplated hereby (which requirements shall include, without limitation, those identified in Section 5.3(a) of the Company Disclosure Schedule attached to this Agreement, and which actions shall include, without limitation, furnishing all information required under the HSR Act and in connection with approvals of or filings with any other Governmental Entity) and will promptly cooperate with and furnish information to each other in connection with any such requirements imposed upon any of them or any of their Subsidiaries in connection with this Agreement and the transactions contemplated hereby. Each of the Company, Parent and the Purchaser will, and will cause its Subsidiaries to, take all reasonable actions necessary to obtain (and will cooperate with each other in obtaining) any consent, authorization, order or approval of, or any exemption by, any Governmental Entity or other public or private third party required to be obtained or made by Parent, the Purchaser, the Company or any of their Subsidiaries in connection with the Merger or the taking of any action contemplated thereby or by this Agreement.

(b) The Company and Parent shall take all reasonable actions necessary to file as soon as practicable notifications under the HSR Act and to respond as promptly as practicable to any inquiries received from the Federal Trade Commission and the Antitrust Division of the Department of Justice for additional information or documentation and to respond as promptly as practicable to all inquiries and requests received from any State Attorney General or other Governmental Entity in connection with antitrust matters.

Section 5.4 No Solicitation. (a) Neither the Company nor any of its Subsidiaries shall (and the Company shall use its best efforts to cause its officers, directors, employees, representatives and agents, includ-

ing, but not limited to, investment bankers, attorneys and accountants, not to), directly or indirectly, encourage, solicit, participate in or initiate discussions or negotiations with, or provide any information to, any corporation, partnership, person or other entity or group (other than Parent, any of its affiliates or representatives) concerning any proposal or offer to acquire all or a substantial part of the business and properties of the Company or any of its Subsidiaries or any capital stock of the Company or any of its Subsidiaries, whether by merger, tender offer, exchange offer, sale of assets or similar transactions involving the Company or any Subsidiary, division or operating or principal business unit of the Company (an "Acquisition Proposal"), except that nothing contained in this Section 5.4 or any other provision hereof shall prohibit the Company or the Company's Board from (i) taking and disclosing to the Company's stockholders a position with respect to a tender or exchange offer by a third party pursuant to Rules 14d-9 and 14e-2 promulgated under the Exchange Act, or (ii) making such disclosure to the Company's stockholders as, in the good faith judgment of the Board, after receiving advice from outside counsel, is required under applicable law, provided that the Company may not, except as permitted by Section 5.4(b), withdraw or modify, or propose to withdraw or modify, its position with respect to the Offer or the Merger or approve or recommend, or propose to approve or recommend, any Acquisition Proposal, or enter into any agreement with respect to any Acquisition Proposal. The Company will immediately cease any existing activities, discussions or negotiations with any parties conducted heretofore with respect to any of the foregoing. Notwithstanding the foregoing, the Company may furnish information concerning its business, properties or assets to any corporation, partnership, person or other entity or group pursuant to appropriate confidentiality agreements, and may negotiate and participate in discussions and negotiations with such entity or group concerning an Acquisition Proposal if (x) such entity or group has on an unsolicited basis submitted a bona fide written proposal to the Board of Directors of the Company relating to any such transaction which the Board determines in good faith, represents a superior transaction to the Offer and the Merger and which is not conditioned upon obtaining additional financing and (y) in the opinion of the Board of Directors of the Company, only after receipt of advice from outside legal counsel to the

Company, the failure to provide such information or access or to engage in such discussions or negotiations could reasonably be expected to cause the Board of Directors to violate its fiduciary duties to the Company's stockholders under applicable law (an Acquisition Proposal which satisfies clauses (x) and (y) being referred to herein as a "Superior Proposal"). The Company will immediately notify Parent of the existence of any proposal or inquiry received by the Company and the identity of the party making such proposal or inquiry which it may receive in respect of any such transaction.

(b) Except as set forth herein, neither the Board of Directors of the Company nor any committee thereof shall (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to Parent or the Purchaser, the approval or recommendation by such Board of Directors or any such committee of the Offer, this Agreement or the Merger, (ii) approve or recommend, or propose to approve or recommend, any Acquisition Proposal or (iii) enter into any agreement with respect to any Acquisition Proposal. Notwithstanding the foregoing, prior to the time of acceptance for payment of Shares in the Offer, the Board of Directors of the Company may (subject to the terms of this and the following sentence) withdraw or modify its approval or recommendation of the Offer, this Agreement or the Merger, approve or recommend a Superior Proposal, or enter into an agreement with respect to Superior Proposal, in each case at any time after the second business day following Parent's receipt of written notice advising Parent that the Board of Directors has received a Superior Proposal, specifying the material terms and conditions of such Superior Proposal and identifying the person making such Superior Proposal; provided that the Company shall not enter into an agreement with respect to a Superior Proposal unless the Company shall have furnished Parent with written notice not later than 12:00 noon one day in advance of any date that it intends to enter into such agreement and shall have caused its financial and legal advisors to negotiate with Parent to make such adjustments in the terms and conditions of this Agreement as would enable the Company to proceed with the transactions contemplated herein on such adjusted terms. In addition, if the Company proposes to enter into an agreement with respect to any Acquisition Proposal, it shall concurrently with entering into such agreement pay, or cause to be paid, to

Parent the Termination Fee (as defined in Section 8.1(b)) subject to the provisions of Section 8.1(b).

Section 5.5 Brokers or Finders. The Company represents, as to itself and its Subsidiaries and affiliates, that no agent, broker, investment banker, financial advisor or other firm or person is or will be entitled to any brokers' or finder's fee or any other commission or similar fee from the Company or any of its Subsidiaries in connection with any of the transactions contemplated by this Agreement except for Robertson, Stephens & Company LLC and Evergreen Capital Markets Ltd., whose engagement letter is attached as Section 5.5 of the Company Disclosure Schedule.

Section 5.6 Additional Agreements. Subject to the terms and conditions herein provided, each of the parties hereto shall use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations, or to remove any injunctions or other impediments or delays, legal or otherwise, to achieve the satisfaction of the Minimum Condition and all conditions set forth in Annex A and Article VI, and to consummate and make effective the Merger and the other transactions contemplated by this Agreement. Without limitation of the foregoing, Parent, Purchaser and the Company shall take such steps and provide and comply with such undertakings as may be required by any Governmental Entity whose approval or consent, or with respect to which a waiting period must expire, to satisfy the conditions set forth in Annex A and to assure that the Parent Options may properly be issued under Section 2.4(a); provided that such steps and undertakings shall not impose upon the Company or Parent and the Purchaser any terms or conditions which Parent determines reasonably and in good faith to be unreasonably burdensome to Parent or the Purchaser or to the operations of the Company on a going-forward basis. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of the Company, Parent and the Purchaser shall use all reasonable efforts to take, or cause to be taken, all such necessary actions.

Section 5.7 Publicity. The initial press release with respect to the execution of this Agreement

shall be a joint press release acceptable to Parent and the Company. Thereafter, so long as this Agreement is in effect, neither the Company, Parent nor any of their respective affiliates shall issue or cause the publication of any press release or other announcement with respect to the Merger, this Agreement or the other transactions contemplated hereby without the prior consultation of the other party, except as may be required by law or by any listing agreement with a national securities exchange or trading market.

Section 5.8 Notification of Certain Matters. The Company shall give prompt notice to Parent and Parent shall give prompt notice to the Company, of (i) the occurrence or non-occurrence of any event the occurrence or non-occurrence of which would cause any representation or warranty contained in this Agreement to be untrue or inaccurate in any material respect at or prior to the Effective Time and (ii) any material failure of the Company, Parent or the Purchaser, as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 5.8 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

Section 5.9 Directors' and Officers' Insurance and Indemnification. (a) For seven years after the Effective Time, Parent shall, and shall cause the Surviving Corporation (or any successor to the Surviving Corporation) to, (i) retain all provisions of the Company's Certificate of Incorporation as now in effect respecting the limitation of liabilities of directors and officers, and (ii) indemnify, defend and hold harmless the present and former officers and directors of the Company and its Subsidiaries, and persons who become any of the foregoing prior to the Effective Time (each an "Indemnified Party") against all losses, claims, damages, liabilities, costs, fees and expenses (including reasonable fees and disbursements of counsel and judgments, fines, losses, claims, liabilities and amounts paid in settlement (provided that any such settlement is effected with the written consent of the Parent or the Surviving Corporation which consent shall not unreasonably be withheld)) arising out of actions or omissions occurring at or prior to the Effective Time to the full extent permitted under

Delaware law, subject to the terms of the Company's Certificate of Incorporation or the By-laws, as in effect at the date hereof, including provisions relating to advancement of expenses incurred in the defense of any action or suit; provided that, in the event any claim or claims are asserted or made within such seven year period, all rights to indemnification in respect of any such claim or claims shall continue until disposition of any and all such claims; provided, further, that any determination required to be made with respect to whether an Indemnified Party's conduct complies with the standards set forth under Delaware law, the Certificate of Incorporation or the By-Laws, as the case may be, shall be made by independent counsel mutually acceptable to Parent and the Indemnified Party and; provided, further, that nothing herein shall impair any rights or obligations of any present or former directors or officers of the Company. In the event the Surviving Corporation or any of its successors or assigns consolidates with or merges into any other person or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger or transfers or conveys all or substantially all of its properties and assets to any person or entity, then, and in each such case, proper provision shall be made so that the successors and assigns of the Surviving Corporation assume the obligations set forth in this Section 5.9.

(b) Parent or the Surviving Corporation shall maintain the Company's existing officers' and directors' liability insurance ("D&O Insurance") for a period of not less than seven years after the Effective Date; provided, that the Parent may substitute therefor policies of substantially equivalent coverage and amounts containing terms no less favorable to such former directors or officers; provided, further, if the existing D&O Insurance expires, is terminated or cancelled during such period, Parent or the Surviving Corporation will use all reasonable efforts to obtain substantially similar D&O Insurance; provided, further, however, that in no event shall the Company be required to pay aggregate premiums for insurance under this Section in excess of 150% of the aggregate premiums paid by the Company in 1995 on an annualized basis for such purpose (the "1995 Premium"); and provided, further, that if the Parent or the Surviving Corporation is unable to obtain the amount of insurance required by this Section 5.9(b) for such aggregate

premium, Parent or the Surviving Corporation shall obtain as much insurance as can be obtained for an annual premium not in excess of 150% of the 1995 Premium.

Section 5.10 Purchaser Compliance. Parent shall cause the Purchaser to comply with all of its obligations under or related to this Agreement.

Section 5.11 Actions of Parent and the Purchaser. Neither Parent nor the Purchaser will take, or agree to commit to take, any action that would or is reasonably likely to result in any of the conditions to the Offer set forth in Annex A or any of the conditions to the Merger set forth in Article VI not being satisfied, or would make many representation or warranty of Parent or the Purchaser contained herein inaccurate in any respect at, or as of any time prior to, the Effective Time, or that would materially impair the ability of the parties to consummate the Offer or the Merger in accordance with the terms hereof or materially delay such consummation. Neither Parent nor the Purchaser will enter into an agreement, contract, commitment or arrangement to do any of the foregoing, or to authorize, recommend, propose or announce an intention to do any of the foregoing.

Section 5.12 ICT Action. The Company agrees that, prior to the Closing Date, it shall cause its representatives and agents to consult with Parent on an ongoing basis with respect to any decisions and other matters in respect of ICT's discussions with Carl Zeiss and Advantest Corporation and neither the Company nor any of its representatives shall enter into any contractual obligation or waive any rights in respect thereof without Parent's prior written consent.

ARTICLE VI

CONDITIONS

Section 6.1 Conditions to Each Party's Obligation to Effect the Merger. The respective obligation of each party to effect the Merger shall be subject to the satisfaction on or prior to the Closing Date of each of the following conditions, any and all of which may be waived in whole or in part by the Company, Parent

or the Purchaser, as the case may be, to the extent permitted by applicable law:

(a) Stockholder Approval. This Agreement shall have been approved and adopted by the requisite vote of the holders of the Shares, if required by applicable law, in order to consummate the Merger;

(b) Statutes; Consents. No law, statute, rule, order, decree or regulation shall have been enacted or promulgated by any Governmental Entity of competent jurisdiction which declares this Agreement invalid or unenforceable in any material respect or which prohibits consummation of the Merger and all governmental consents, orders and approvals (including, without limitation, those identified in Section 5.3(a) of the Schedule attached to this Agreement) required for the consummation of the Merger and the other transactions contemplated hereby shall have been obtained and shall be in effect at the Effective Time;

(c) Purchase of Shares in Offer. Parent, the Purchaser or their affiliates shall have purchased Shares pursuant to the Offer, except that this condition shall not apply if Parent, the Purchaser or their affiliates shall have failed to purchase Shares pursuant to the Offer in breach of their obligations under this Agreement; and

(d) HSR Approval. The applicable waiting period under the HSR Act shall have expired or been terminated.

Section 6.2. Condition to Parent's and the Purchaser's Obligations to Effect the Merger. The obligations of Parent and the Purchaser to consummate the Merger are further subject to the fulfillment of the condition that all actions contemplated by Section 2.4 hereof shall have been taken, which may be waived in whole or in part by Parent and the Purchaser.

ARTICLE VII

TERMINATION

Section 7.1 Termination. This Agreement may be terminated and the transaction contemplated herein may be abandoned at any time prior to the Effective Time, whether before or after stockholder approval thereof:

(a) By the mutual written consent of the Board of Directors of Parent or the Purchaser and the Board of Directors of the Company.

(b) By either of the Board of Directors of the Company or the Board of Directors of Parent or the Purchaser:

(i) if (x) the Offer shall have expired without any Shares being purchased therein or (y) the Purchaser shall not have accepted for payment any Shares pursuant to the Offer by August 24, 1997; provided, however, that the right to terminate this Agreement under this Section 7.1(b)(i) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of Parent or the Purchaser, as the case may be, to purchase the Shares pursuant to the Offer on or prior to such date; or

(ii) if any Governmental Entity shall have issued an order, decree or ruling or taken any other action (which order, decree, ruling or other action the parties hereto shall use their best efforts to lift), which permanently restrains, enjoins or otherwise prohibits the acceptance for payment of, or payment for, Shares pursuant to the Offer or the Merger and such order, decree, ruling or other action shall have become final and non-appealable.

(c) By the Board of Directors of the Company:

(i) if Parent, the Purchaser or any of their affiliates shall have failed to commence the Offer on or prior to five business days following the date of the initial public announcement of the

Offer; provided, that the Company may not terminate this Agreement pursuant to this Section 7.1(c)(i) if the Company is at such time in material breach of its obligations under this Agreement;

(ii) in connection with entering into a definitive agreement in accordance with Section 5.4(b), provided it has complied with all provisions thereof, including the notice provisions therein, and that it makes simultaneous payment of the Termination Fee; or

(iii) if Parent or the Purchaser shall have breached in any material respect any of their respective representations, warranties, covenants or other agreements contained in this Agreement, which breach cannot be or has not been cured within 30 days after the giving of written notice to Parent or the Purchaser, as applicable.

(d) By the Board of Directors of Parent or the Purchaser:

(i) if, due to an occurrence, not involving a breach by Parent or the Purchaser of their obligations hereunder, which makes it impossible to satisfy any of the conditions set forth in Annex A hereto, Parent, the Purchaser, or any of their affiliates shall have failed to commence the Offer on or prior to five business days following the date of the initial public announcement of the Offer;

(ii) if prior to the purchase of Shares pursuant to the Offer, the Company shall have breached any representation, warranty, covenant or other agreement contained in this Agreement which (A) would give rise to the failure of a condition set forth in paragraph (f) or (g) of Annex A hereto and (B) cannot be or has not been cured within 30 days after the giving of written notice to the Company; or

(iii) if either Parent or the Purchaser is entitled to terminate the Offer as a result of the occurrence of any event set forth in paragraph (e) of Annex A hereto.

Section 7.2 Effect of Termination. In the event of the termination of this Agreement pursuant to its terms, written notice thereof shall forthwith be given to the other party or parties specifying the provision hereof pursuant to which such termination is made, and this Agreement shall forthwith become null and void, and there shall be no liability on the part of the Parent or the Company except (A) for fraud or for breach of this Agreement prior to such termination and (B) as set forth in Section 8.1.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Fees and Expenses. (a) Except as contemplated by this Agreement, including Section 8.1(b) hereof, all costs and expenses incurred in connection with this Agreement and the consummation of the transactions contemplated hereby shall be paid by the party incurring such expenses.

(b) If (x) the Board of Directors of the Company shall terminate this Agreement pursuant to Section 7.1(c)(ii), (y) the Board of Directors of Parent or the Purchaser shall terminate this Agreement pursuant to Section 7.1(d)(iii) hereof, or (z) prior to the termination of this Agreement (other than by the Board of Directors of the Company pursuant to Section 7.1(c)(i) or 7.1(c)(iii)), an Acquisition Proposal shall have been made and within one year of such termination, the Company enters into an agreement with respect to, approves or recommends or takes any action to facilitate an Acquisition Proposal with the person making such original Acquisition Proposal and at a price and on terms at least as favorable to the stockholders of the Company as the Offer and the Merger and such later Acquisition Proposal is consummated, the Company shall pay to Parent (concurrently with such termination, in the case of clauses (x) or (y) above, and not later than the consummation of such later Acquisition Proposal, in the case of clause (z) above) an amount equal to $4,000,000 (the "Termination Fee"); provided that no Termination Fee shall be payable if the Purchaser or Parent was in material breach of its representations, warranties or obligations under this Agreement at the time of its termination.

Section 8.2 Amendment and Modification. Subject to applicable law, this Agreement may be amended, modified and supplemented in any and all respects, whether before or after any vote of the stockholders of the Company contemplated hereby, by written agreement of the parties hereto, by action taken by their respective Boards of Directors (which in the case of the Company shall include approvals as contemplated in Section 1.3(b)), at any time prior to the Closing Date with respect to any of the terms contained herein; provided, however, that after the approval of this Agreement by the stockholders of the Company, no such amendment, modification or supplement shall reduce the amount or change the form of the Merger Consideration.

Section 8.3 Nonsurvival of Representations and Warranties. None of the representations and warranties in this Agreement or in any schedule, instrument or other document delivered pursuant to this Agreement shall survive the Effective Time.

Section 8.4 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (which is confirmed) or sent by an overnight courier service, such as Federal Express, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Parent or the Purchaser, to:

Applied Materials, Inc.
Attention: Joseph J. Sweeney
Telephone No.: (408) 748-5420
Telecopy No.: (408) 563-4635

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
919 Third Avenue
New York, New York 10022
Attention: David Fox, Esq.
Telephone No.: (212) 735-3000
Telecopy No.: (212) 735-2000

and

(b) if to the Company, to:

Opal, Inc.
3203 Scott Boulevard
Santa Clara, CA 95054
Attention: Israel Niv
Telephone No.: (408) 727-6060
Telecopy No.: (408) 727-6332

with a copy to:

Goodwin, Procter & Hoar LLP
Exchange Place
53 State Street
Boston, Massachusetts 02109
Attention: Thomas P. Storer, P.C.
Telephone No.: (617) 570-1145
Telecopy No.: (617) 523-1231

and

Goldfarb, Levy, Eran & Co.
Eliahu House
2 Ibn Gvirol Street
Tel Aviv 64077
Israel
Attention: Yehuda M. Levy, Adv.; Marc A. Rabin, Adv.; and Shirin Halpern-Herzog, Adv.
Telephone No.: (972-3) 695-4343
Telecopy No.: (972-3) 695-4344

Section 8.5 Interpretation. When a reference is made in this Agreement to Sections, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include", "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation". As used in this Agreement, (a) the term "affiliate(s)" shall have the meaning set forth in Rule l2b-2 of the Exchange Act, and (b) the term "Company's knowledge" means the actual knowledge after due inquiry of any of Rafi Yizhar, Henry Schwartzbaum or Israel Niv, provided that none of the foregoing individuals shall have any personal liability to the Parent or the Purchaser by reason of the foregoing.

Section 8.6 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be considered one and the same agreement and shall become effective when two or more counterparts have been signed by each of the parties and delivered to the other parties.

Section 8.7 Entire Agreement; No Third Party Beneficiaries. This Agreement and the Confidentiality Agreement (including the documents and the instruments referred to herein and therein): (a) constitute the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, and (b) except as provided in Sections 2.4 and 5.9 is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

Section 8.8 Severability. Any term or provision of this Agreement that is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction or other authority declares that any term or provision hereof is invalid, void or unenforceable, the parties agree that the court making such determination shall have the power to reduce the scope, duration, area or applicability of the term or provision, to delete specific words or phrases, or to replace any invalid, void or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

Section 8.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the principles of conflicts of law thereof.

Section 8.10 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the

prior written consent of the other parties, except that the Purchaser may assign, in its sole discretion, any or all of its rights, interests and obligations hereunder to Parent or to any direct or indirect wholly owned Subsidiary of Parent. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 8.11 Transfer and Similar Taxes. Notwithstanding any other provision of this Agreement to the contrary, each of the Company's stockholders shall be responsible for the payment of any sales, use, privilege, transfer, documentary, gains, stamp, duties, recording and similar Taxes and fees (including any penalties, interest and additions to such fees) incurred in connection with such stockholder's sale of Shares to the Purchaser pursuant to this Agreement and for the accurate filing of all necessary Tax Returns and other documentation with respect to any transfer Tax.

IN WITNESS WHEREOF, Parent, the Purchaser and the Company have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

APPLIED MATERIALS, INC.

By: /s/ James C. Morgan

Name: James C. Morgan
Title: Chairman and Chief Executive Officer

ORION CORP. I

By: /s/ Joseph J. Sweeney

Name: Joseph J. Sweeney
Title: Vice President

OPAL, INC.

By: /s/ Mendy Erad

Name: Mendy Erad
Title: Chairman of the Board

By: /s/ Rafi Yizhar

Name: Rafi Yizhar
Title: President and Chief Executive Officer

Certain Conditions of the Offer. Notwithstanding any other provisions of the Offer, and in addition to (and not in limitation of) the Purchaser's rights to extend and amend the Offer at any time in its sole discretion (subject to the provisions of the Merger Agreement), the Purchaser shall not be required to accept for payment or, subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) under the Exchange Act (relating to the Purchaser's obligation to pay for or return tendered Shares promptly after termination or withdrawal of the Offer), pay for, and may delay the acceptance for payment of or, subject to the restriction referred to above, the payment for, any tendered Shares, and may terminate or amend the Offer as to any Shares not then paid for, if (i) any applicable waiting period under the HSR Act has not expired or terminated, (ii) the Minimum Condition has not been satisfied, (iii) the approval of the Offer and the Merger by the Israeli Investments Center shall not have been obtained, (iv) any applicable waiting period under the Israeli Restrictive Trade Practices Act of 1988 has not expired or terminated, (v) the approval of the Offer and the Merger by the Israeli Office of Chief Scientist shall not have been obtained, (vi) the exemption by the Israeli Securities Authority from the registration and prospectus delivery requirements of the Israeli Securities laws for the issuance of the Parent Options pursuant to Section 2.4(a) shall not have been obtained or (vii) at any time on or after the date of the Merger Agreement and before the time of acceptance for payment for any such Shares, any of the following events shall occur or shall be determined by the Purchaser to have occurred:

(a) there shall be threatened or pending any suit, action or proceeding by any Governmental Entity against the Purchaser, Parent, the Company or any Subsidiary of the Company (i) seeking to prohibit or impose any material limitations on Parent's or the Purchaser's ownership or operation (or that of any of their respective Subsidiaries or affiliates) of all or a material portion of their or the Company's businesses or assets, or to compel Parent or the Purchaser or their respective Subsidiaries and affiliates to dispose of or hold separate any material portion of the business or assets of the Company or Parent and their respective Subsidiaries, in each case taken as a whole, (ii) challenging the acquisi-

tion by Parent or the purchaser of any Shares under the Offer or pursuant to the Stockholder Agreements, seeking to restrain or prohibit the making or consummation of the Offer or the Merger or the performance of any of the other transactions contemplated by this Agreement or the Stockholder Agreements (including the voting provisions thereunder), or seeking to obtain from the Company, Parent or the Purchaser any damages that are material in relation to the Company and its Subsidiaries taken as a whole, (iii) seeking to impose material limitations on the ability of the Purchaser, or render the Purchaser unable, to accept for payment, pay for or purchase some or all of the Shares pursuant to the Offer and the Merger, (iv) seeking to impose material limitations on the ability of the Purchaser or Parent effectively to exercise full rights of ownership of the Shares, including, without limitation, the right to vote the Shares purchased by it on all matters properly presented to the Company's stockholders, or (v) which otherwise is reasonably likely to have a material adverse affect on the consolidated financial condition, businesses or results of operations of the Company and its Subsidiaries, taken as a whole;

(b) there shall be any statute, rule, regulation, judgment, order or injunction enacted, entered, enforced, promulgated, or deemed applicable, pursuant to an authoritative interpretation by or on behalf of a Government Entity, to the Offer or the Merger, or any other action shall be taken by any Governmental Entity, other than the application to the Offer or the Merger of applicable waiting periods under HSR Act, that is reasonably likely to result, directly or indirectly, in any of the consequences referred to in clauses (i) through (iv) of paragraph (a) above;

(c) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on the New York Stock Exchange or in the NASDAQ National Market System, for a period in excess of 24 hours (excluding suspensions or limitations resulting solely from physical damage or interference with such exchanges not related to market conditions), (ii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory), (iii) a commencement of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States or involving Israel and, in the case of armed hostilities involving Israel, having, or which could reasonably be expected to have, a substantial continuing general effect on business and financial conditions in Isra-

el, (iv) any limitation (whether or not mandatory) by any United States or Israeli governmental authority on the extension of credit generally by banks or other financial institutions, or (v) a change in general financial bank or capital market conditions which materially and adversely affects the ability of financial institutions in the United States and in Israel to extend credit or syndicate loans or (vi) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof;

(d) there shall have occurred any material adverse change (or any development that, insofar as reasonably can be foreseen, is reasonable likely to result in any material adverse change) in the consolidated financial condition, businesses, results of operations or prospects of the Company and its Subsidiaries, taken as a whole, other than any such change which relates to general conditions in the economy or in the Company's industry or arises solely from the Company's execution and delivery of this Agreement;

(e)(i) the Board of Directors of the Company or any committee thereof shall have withdrawn or modified in a manner adverse to Parent or the Purchaser its approval or recommendation of the Offer, the Merger or this Agreement, or approved or recommended any Acquisition Proposal or (ii) the Company shall have entered into any agreement with respect to any Superior Proposal in accordance with Section 5.4(b) of this Agreement;

(f) any of the representations and warranties of the Company set forth in this Agreement that are qualified as to materiality shall not be true and correct and any such representations and warranties that are not so qualified shall not be true and correct in any material respect, in each case (i) as of the date referred to in any representation or warranty which addresses matters as of a particular date, or (ii) as to all other representations and warranties, as of the date of this Agreement and as of the scheduled expiration of the Offer;

(g) the Company shall have failed to perform in any material respect any material obligation or to comply in any material respect with any material agreement or covenant of the Company to be performed or complied with by it under this Agreement; or

(h) the Agreement shall have been terminated in accordance with its terms;

which in the reasonable good faith judgment of Parent or the Purchaser, in any such case, and regardless of the circumstances (including any action or inaction by Parent or the Purchaser) giving rise to such condition makes it inadvisable to proceed with the Offer and/or with such acceptance for payment of or payment for Shares.

The foregoing conditions are for the sole benefit of Parent and the Purchaser and may be waived by Parent or the Purchaser, in whole or in part at any time and from time to time in the sole discretion of Parent or the Purchaser. The failure by Parent or the Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

STOCKHOLDER AGREEMENT

AGREEMENT, dated as of November 24, 1996, among Applied Materials, Inc., a Delaware corporation ("Parent"), Orion Corp. I, a Delaware corporation and a wholly owned subsidiary of Parent (the "Purchaser"), and Rafi Yizhar (the "Stockholder").

W I T N E S S E T H:

WHEREAS, concurrently with the execution and delivery of this Agreement, Parent, the Purchaser and Opal, Inc., a Delaware corporation (the "Company"), have entered into an Agreement and Plan of Merger (as such agreement may hereafter be amended from time to time, the "Merger Agreement"), pursuant to which Purchaser will be merged with and into the Company (the "Merger");

WHEREAS, in furtherance of the Merger, Parent and the Company desire that as soon as practicable (and not later than five business days) after the execution and delivery of the Merger Agreement, the Purchaser shall commence a cash tender offer (the "Offer") to purchase at a price of $18.50 per share all outstanding shares of Company Common Stock (as defined in Section 1 hereof) including all of the Shares (as defined in Section 2 hereof) beneficially owned by the Stockholder; and

WHEREAS, as an inducement and a condition to entering into the Merger Agreement, Parent has required that the Stockholder agree, and the Stockholder has agreed, to enter into this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

1. Definitions. For purposes of this Agreement:

(a) "Beneficially Own" or "Beneficial Ownership" with respect to any securities shall mean having "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), including pursuant to any agreement, arrangement or understanding, whether or not in writing. Without duplicative counting of the same securities by the same holder, securities Beneficially Owned by a Person shall include securities Beneficially Owned by all other Persons with whom such Person would constitute a "group" as within the meaning of Section 13(d)(3) of the Exchange Act.

(b) "Company Common Stock" shall mean at any time the Common Stock, $.01 par value, of the Company.

(c) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(d) Capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement.

2. Tender of Shares.

(a) In order to induce Parent and the Purchaser to enter into the Merger Agreement, the Stockholder hereby agrees to validly tender (or cause the record owner of such shares to validly tender), and not to withdraw, pursuant to and in accordance with the terms of the Offer, not later than the fifth business day after commencement of the Offer pursuant to Section 1.1 of the Merger Agreement and Rule 14d-2 under the Exchange Act, the number of shares of Company Common Stock set forth opposite such Stockholder's name on Schedule I hereto (the "Existing Shares", and together with any shares acquired by such Stockholder in any capacity after the date hereof and prior to the termination of this Agreement whether upon the exercise of Company Options or by means of purchase, dividend, distribution or otherwise, the "Shares"), all of which are Beneficially Owned by such Stockholder. The Stockholder hereby acknowledges and agrees that Parent's and the Purchaser's obligation to accept for payment and pay for the Shares in the Offer, including the Shares Beneficially Owned by such Stockholder, is subject to the terms and conditions of the Offer.

(b) The transfer by the Stockholder of the Shares to Purchaser in the Offer shall pass to and uncon-

ditionally vest in the Purchaser good and valid title to the Shares, free and clear of all Encumbrances.

(c) The Stockholder hereby permits Parent and the Purchaser to publish and disclose in the Offer Documents and, if approval of the Company's stockholders is required under applicable law, the Proxy Statement (including all documents and schedules filed with the SEC) his identity and ownership of the Company Common Stock and the nature of his commitments, arrangements and understandings under this Agreement.

3. Options.

(a) Exercise of Stock Option. In order to induce Parent and the Purchaser to enter into the Merger Agreement, the Stockholder hereby grants to Parent an irrevocable option (a "Stock Option") to purchase such Stockholder's Shares (the "Option Shares") at an amount (the "Purchase Price") equal to the Offer Price. If (i) the Offer is terminated, abandoned or withdrawn by Parent or the Purchaser (whether due to the failure of any of the conditions thereto or otherwise), other than at a time when Parent or the Purchaser is in material breach of the terms of the Merger Agreement, or (ii) the Merger Agreement is terminated in accordance with its terms, other than a termination pursuant to Section 7.1(c)(i) or 7.1(c)(iii), each Stock Option shall, in any such case, become exercisable, in whole but not in part, upon the first to occur of any such event and remain exercisable in whole until the date which is 60 days after the date of the occurrence of such event (the "60 Day Period"), so long as: (i) all waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), required for the purchase of the Option Shares upon such exercise shall have expired or been waived; (ii) all other applicable consents of any Governmental Entity required for the purchase or sale of the Option Shares upon such exercise and identified on Schedule 5(c) attached hereto (if applicable) shall have been granted or otherwise satisfied; and (iii) there shall not be in effect any preliminary injunction or other order issued by any Governmental Entity prohibiting the exercise of the Stock Option pursuant to this Agreement; provided that if (i) all HSR Act waiting periods shall not have expired or been waived, (ii) all other applicable consents of any Governmental Entity required for the

purchase or sale of the Option Shares and identified on Schedule 5(c) attached hereto (if applicable) shall not have been granted or otherwise satisfied, or (iii) there shall be in effect any such injunction or order, in each case on the expiration of the 60 Day Period, the 60 Day Period shall be extended until 5 business days after the later of (A) the date of expiration or waiver of all HSR Act waiting periods, (B) the grant or other satisfaction of such required consents, and (C) the date of removal or lifting of such injunction or order; provided, however, that in no event shall the Stock Option be exercisable after the date which is six months after the date on which the Stock Option first becomes exercisable; provided, further, that the Stock Option shall terminate if any Governmental Entity shall issue an order, decree or ruling or take any other action (which order, decree, ruling or other action the parties hereto shall use their best efforts to lift), which permanently restrains, enjoins or otherwise prohibits Parent's exercise of the Stock Option or the sale of the Option Shares to Parent by the Stockholder. In the event that Parent wishes to exercise a Stock Option, Parent shall send a written notice (the "Notice") to the Stockholder identifying the place and date (not less than two nor more than 10 business days from the date of the Notice) for the closing of such purchase.

(b) Resale of Option Shares. If, within 12 months following the acquisition by Parent of the Option Shares, Parent or any of its affiliates sells, transfers or otherwise disposes of any or all of the Option Shares to any third party (other than to an affiliate of Parent) (a "Subsequent Sale") and realizes a Profit (as defined below) from such Subsequent Sale, then Parent shall pay to the Stockholder an amount equal to 95% of the Profit promptly upon receipt of the proceeds from such Subsequent Sale. For purposes of this Section 3(b), "Profit" shall mean (A) the amount of the excess, if any, of (x) the aggregate consideration received by Parent or its affiliates in connection with a Subsequent Sale over (y) the product of (i) the number of Shares sold, transferred or disposed of multiplied by (ii) the Purchase Price less (B) any taxes or any other payment of any nature due or payable by Parent with respect to the amount specified in clause (A), other than Parent's or the Purchaser's expenses incurred in connection with the negotiation, execution and delivery of this Agreement and the Merger

Agreement. In the event the consideration received by Parent in a Subsequent Sale is other than cash, the Stockholder shall be entitled to the same form of consideration as received by Parent in such Subsequent Sale or, at Parent's election, an amount in cash equal to the fair market value of such other consideration that the Stockholder would have been entitled to pursuant to this Section 3(b).

4. Additional Agreements.

(a) Voting Agreement. The Stockholder shall, at any meeting of the holders of Company Common Stock, however called, or in connection with any written consent of the holders of Company Common Stock, vote (or cause to be voted) the Shares (if any) then held of record or Beneficially Owned by such Stockholder, (i) in favor of the Merger, the execution and delivery by the Company of the Merger Agreement and the approval of the terms thereof and each of the other actions contemplated by the Merger Agreement and this Agreement and any actions required in furtherance thereof and hereof; and (ii) against any Acquisition Proposal and against any action or agreement that would impede, frustrate, prevent or nullify this Agreement, or result in a breach in any respect of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement or which would result in any of the conditions set forth in Annex A to the Merger Agreement or set forth in Article VI of the Merger Agreement not being fulfilled.

(b) No Inconsistent Arrangements. The Stockholder hereby covenants and agrees that, except as contemplated by this Agreement and the Merger Agreement, it shall not (i) transfer (which term shall include, without limitation, any sale, gift, pledge or other disposition), or consent to any transfer of, any or all of such Stockholder's Shares, Company Options or any interest therein, (ii) enter into any contract, option or other agreement or understanding with respect to any transfer of any or all of such Shares, Company Options or any interest therein, (iii) grant any proxy, power-of-attorney or other authorization in or with respect to such Shares or Company Options, (iv) deposit such Shares or Company Options into a voting trust or enter into a voting agreement or arrangement with respect to such Shares or Compa-

ny Options, or (v) take any other action that would in any way restrict, limit or interfere with the performance of its obligations hereunder or the transactions contemplated hereby or by the Merger Agreement.

(c) Grant of Irrevocable Proxy; Appointment of Proxy.

(i) The Stockholder hereby irrevocably grants to, and appoints, Parent and Nancy H. Handel and Joseph J. Sweeney, or either of them, in their respective capacities as officers of Parent, and any individual who shall hereafter succeed to any such office of Parent, and each of them individually, such Stockholder's proxy and attorney-in-fact (with full power of substitution), for and in the name, place and stead of such Stockholder, to vote such Stockholder's Shares, or grant a consent or approval in respect of the Shares in favor of the various transactions contemplated by the Merger Agreement (the "Transactions") and against any Acquisition Proposal.

(ii) The Stockholder represents that any proxies heretofore given in respect of such Stockholder's Shares are not irrevocable, and that any such proxies are hereby revoked.

(iii) The Stockholder understands and acknowledges that Parent is entering into the Merger Agreement in reliance upon such Stockholder's execution and delivery of this Agreement. The Stockholder hereby affirms that the irrevocable proxy set forth in this Section 4(c) is given in connection with the execution of the Merger Agreement, and that such irrevocable proxy is given to secure the performance of the duties of such Stockholder under this Agreement. The Stockholder hereby further affirms that the irrevocable proxy is coupled with an interest and may under no circumstances be revoked. The Stockholder hereby ratifies and confirms all that such irrevocable proxy may lawfully do or cause to be done by virtue hereof. Such irrevocable proxy is executed and intended to be irrevocable in accordance with the provisions of Section 212(e) of the Delaware General Corporation Law.

(d) No Solicitation. The Stockholder hereby agrees, in its or his capacity as a stockholder of the Company, that neither such Stockholder nor any of its

Subsidiaries or affiliates shall (and such Stockholder shall use its best efforts to cause its officers, directors, employees, representatives and agents, including, but not limited to, investment bankers, attorneys and accountants, not to), directly or indirectly, encourage, solicit, participate in or initiate discussions or negotiations with, or provide any information to, any corporation, partnership, person or other entity or group (other than Parent, any of its affiliates or representatives) concerning any Acquisition Proposal. The Stockholder will immediately cease any existing activities, discussions or negotiations with any parties conducted heretofore with respect to any Acquisition Proposal. The Stockholder will immediately communicate to Parent the terms of any proposal, discussion, negotiation or inquiry such Stockholder, in its or his capacity as a stockholder of the Company, receives (and will disclose any written materials received by such Stockholder, in its or his capacity as a stockholder of the Company, in connection with such proposal, discussion, negotiation or inquiry) and the identity of the party making such proposal or inquiry which it may receive in respect of any such transaction.

(e) Company Options. If the Stockholder holds Company Options to acquire shares of Company Common Stock, he shall, if requested by the Company, consent to the cancellation or substitution of his Company Options in accordance with the terms of the Merger Agreement and shall execute all appropriate documentation in connection with such cancellation or substitution.

(f) Best Reasonable Efforts. Subject to the terms and conditions of this Agreement, each of the parties hereto agrees to use its best reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement and the Merger Agreement. Each party shall promptly consult with the other and provide any necessary information and material with respect to all filings made by such party with any Governmental Entity in connection with this Agreement and the Merger Agreement and the transactions contemplated hereby and thereby.

(g) Waiver of Appraisal Rights. The Stockholder hereby waives any rights of appraisal or rights to dissent from the Merger that it or he may have.

(h) Acquisition of Remaining Shares. Parent agrees that, in the event that within three years following Parent's exercise of the Stock Option, Parent, the Purchaser or any of their Subsidiaries acquires any additional shares of Company Common Stock from, or pursuant to an offer made to all of the Company's stockholders, whether by merger, consolidation, tender offer or other similar transaction, the price paid per share of Company Common Stock shall be no less than the Purchase Price.

5. Representations and Warranties of the Stockholder. The Stockholder hereby represents and warrants to Parent as follows:

(a) Ownership of Shares. Such Stockholder is the record and Beneficial Owner of the Existing Shares, as set forth on Schedule I. On the date hereof, the Existing Shares constitute all of the Shares owned of record or Beneficially Owned by such Stockholder. Such Stockholder has sole voting power and sole power to issue instructions with respect to the matters set forth in Sections 2, 3 and 4 hereof, sole power of disposition, sole power of conversion, sole power to demand appraisal rights and sole power to agree to all of the matters set forth in this Agreement, in each case with respect to all of the Existing Shares with no limitations, qualifications or restrictions on such rights, subject to applicable securities laws and the terms of this Agreement.

(b) Power; Binding Agreement. Such Stockholder has the legal capacity, power and authority to enter into and perform all of such Stockholder's obligations under this Agreement. The execution, delivery and performance of this Agreement by such Stockholder will not violate any other agreement to which such Stockholder is a party including, without limitation, any voting agreement, proxy arrangement, pledge agreement, shareholders agreement or voting trust. This Agreement has been duly and validly executed and delivered by such Stockholder and constitutes a valid and binding agreement of such Stockholder, enforceable against such Stockholder in accordance with its terms. There is no beneficiary or holder of a voting trust certificate or other interest of

any trust of which such Stockholder is a trustee whose consent is required for the execution and delivery of this Agreement or the consummation by such Stockholder of the transactions contemplated hereby.

(c) No Conflicts. Except for filings under the HSR Act, the Exchange Act and as set forth on Schedule 5(c) attached hereto, (i) no filing with, and no permit, authorization, consent or approval of, any Governmental Entity for the execution of this Agreement by such Stockholder and the consummation by such Stockholder of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by such Stockholder, the consummation by such Stockholder of the transactions contemplated hereby or compliance by such Stockholder with any of the provisions hereof shall (A) conflict with or result in any breach of any organizational documents applicable to the Stockholder, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which such Stockholder is a party or by which such Stockholder or any of its properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, order, statute, rule or regulation applicable to such Stockholder or any of its properties or assets.

(d) No Encumbrances. Except as permitted by this Agreement, the Existing Shares and the certificates representing such Shares are now, and at all times during the term hereof will be, held by such Stockholder, or by a nominee or custodian for the benefit of such Stockholder, free and clear of all Encumbrances, proxies, voting trusts or agreements, understandings or arrangements or any other rights whatsoever, except for any such Encumbrances or proxies arising hereunder.

(e) No Finder's Fees. No broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transac-

tions contemplated hereby based upon arrangements made by or on behalf of such Stockholder.

(f) Reliance by Parent. The Stockholder understands and acknowledges that Parent is entering into, and causing Purchaser to enter into, the Merger Agreement in reliance upon such Stockholder's execution and delivery of this Agreement.

6. Representations and Warranties of Parent and the Purchaser. Each of Parent and the Purchaser hereby represents and warrants to the Stockholder as follows:

(a) Power; Binding Agreement. Parent and the Purchaser each has the corporate power and authority to enter into and perform all of its obligations under this Agreement. The execution, delivery and performance of this Agreement by each of Parent and the Purchaser will not violate any other agreement to which either of them is a party. This Agreement has been duly and validly executed and delivered by each of Parent and the Purchaser and constitutes a valid and binding agreement of each of Parent and the Purchaser, enforceable against each of Parent and the Purchaser in accordance with its terms.

(b) No Conflicts. Except for filings under the HSR Act and the Exchange Act, (i) no filing with, and no permit, authorization, consent or approval of, any Governmental Entity is necessary for the execution of this Agreement by each of Parent and the Purchaser and the consummation by each of Parent and the Purchaser of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by each of Parent and the Purchaser, the consummation by each of Parent and the Purchaser of the transactions contemplated hereby or compliance by each of Parent and the Purchaser with any of the provisions hereof shall (A) conflict with or result in any breach of any organizational documents applicable to either of Parent or the Purchaser, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agree-

ment or other instrument or obligation of any kind to which either of Parent or the Purchaser is a party or by which either of Parent or the Purchaser or any of their properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, order, statute, rule or regulation applicable to either of Parent or the Purchaser or any of their properties or assets.

7. Further Assurances. From time to time, at the other party's request and without further consideration, each party hereto shall execute and deliver such additional documents and take all such further lawful action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

8. Stop Transfer. The Stockholder shall not request that the Company register the transfer (book-entry or otherwise) of any certificate or uncertificated interest representing any of the Shares, unless such transfer is made in compliance with this Agreement. In the event of a stock dividend or distribution, or any change in the Company Common Stock by reason of any stock dividend, split-up, recapitalization, combination, exchange of shares or the like, the term "Shares" shall refer to and include the Shares as well as all such stock dividends and distributions and any shares into which or for which any or all of the Shares may be changed or exchanged.

9. Termination. Except as provided in Section 3 hereof, the covenants, agreements and proxy shall terminate upon the termination of the Merger Agreement in accordance with its terms.

10. Miscellaneous.

(a) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(b) Binding Agreement. This Agreement and the obligations hereunder shall attach to the Shares and shall be binding upon any person or entity to which legal

or beneficial ownership of such Shares shall pass, whether by operation of law or otherwise, including, without limitation, a Stockholder's heirs, guardians, administrators or successors. Notwithstanding any transfer of Shares, the transferor shall remain liable for the performance of all obligations of the transferor under this Agreement.

(c) Assignment. This Agreement shall not be assigned by operation of law or otherwise without the prior written consent of the other parties, provided that Parent may assign, in its sole discretion, its rights and obligations hereunder to any direct or indirect wholly owned subsidiary of Parent, but no such assignment shall relieve Parent of its obligations hereunder if such assignee does not perform such obligations.

(d) Amendments, Waivers, Etc. This Agreement may not be amended, changed, supplemented, waived or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by the parties hereto.

(e) Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly received if given) by hand delivery or telecopy (with a confirmation copy sent for next day delivery via courier service, such as Federal Express), or by any courier service, such as Federal Express, providing proof of delivery. All communications hereunder shall be delivered to the respective parties at the following addresses:

If to the Stockholder:	c/o Opal Technologies, Inc. Industrial Zone B POB 416 Nes Ziona, Israel 70451 Telephone No.: 972-8-938-3522 Telecopy No.: 972-8-940-9902
If to Parent or the Purchaser:	Applied Materials, Inc. 3050 Bowers Avenue Santa Clara, CA 95405-3299

Attention: Joseph J. Sweeney
Telephone No.: (408) 727-5555
Telecopy No.: (408) 563-4635

Copy to: Skadden, Arps, Slate,
Meagher & Flom LLP
919 Third Avenue
New York, New York 10022
Attention: David Fox
Telephone No.: (212) 735-3000
Telecopy No.: (212) 735-2000

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

(f) Severability. Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

(g) Specific Performance. Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

(h) Remedies Cumulative. All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any

thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party.

(i) No Waiver. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(j) No Third Party Beneficiaries. This Agreement is not intended to be for the benefit of, and shall not be enforceable by, any person or entity who or which is not a party hereto.

(k) Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law thereof.

(l) Jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of the Court of Chancery in the State of Delaware and the United States District Court for the Southern District of New York in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding shall be brought only in such court (and waives any objection based on forum non conveniens or any other objection to venue therein). Each party hereto hereby waives any right to a trial by jury in connection with any such action, suit or proceeding.

(m) Descriptive Headings. The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

(n) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, Parent, the Purchaser and the Stockholder have caused this Agreement to be duly executed as of the day and year first above written.

APPLIED MATERIALS, INC.

By: /s/ James C. Morgan

Name: James C. Morgan
Title: Chairman and Chief Executive Officer

ORION CORP. I

By: /s/ Joseph J. Sweeney

Name: Joseph J. Sweeney
Title: Vice President

By: /s/ Rafi Yizhar

Name: Rafi Yizhar

Schedule I

Name of Stockholder	Number of Shares and Company Options Beneficially Owned
Rafi Yizhar	101,878 Shares 148,572 Company Options

STOCKHOLDER AGREEMENT

AGREEMENT, dated as of November 24, 1996, among Applied Materials, Inc., a Delaware corporation ("Parent"), Orion Corp. I, a Delaware corporation and a wholly owned subsidiary of Parent (the "Purchaser"), and Israel Niv (the "Stockholder").

W I T N E S S E T H:

WHEREAS, concurrently with the execution and delivery of this Agreement, Parent, the Purchaser and Opal, Inc., a Delaware corporation (the "Company"), have entered into an Agreement and Plan of Merger (as such agreement may hereafter be amended from time to time, the "Merger Agreement"), pursuant to which Purchaser will be merged with and into the Company (the "Merger");

WHEREAS, in furtherance of the Merger, Parent and the Company desire that as soon as practicable (and not later than five business days) after the execution and delivery of the Merger Agreement, the Purchaser shall commence a cash tender offer (the "Offer") to purchase at a price of $18.50 per share all outstanding shares of Company Common Stock (as defined in Section 1 hereof) including all of the Shares (as defined in Section 2 hereof) beneficially owned by the Stockholder; and

WHEREAS, as an inducement and a condition to entering into the Merger Agreement, Parent has required that the Stockholder agree, and the Stockholder has agreed, to enter into this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

1. Definitions. For purposes of this Agreement:

(a) "Beneficially Own" or "Beneficial Ownership" with respect to any securities shall mean having "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), including pursuant to any agreement, arrangement or understanding, whether or not in writing. Without duplicative counting of the same securities by the same holder, securities Beneficially Owned by a Person shall include securities Beneficially Owned by all other Persons with whom such Person would constitute a "group" as within the meaning of Section 13(d)(3) of the Exchange Act.

(b) "Company Common Stock" shall mean at any time the Common Stock, $.01 par value, of the Company.

(c) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(d) Capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement.

2. Tender of Shares.

(a) In order to induce Parent and the Purchaser to enter into the Merger Agreement, the Stockholder hereby agrees to validly tender (or cause the record owner of such shares to validly tender), and not to withdraw, pursuant to and in accordance with the terms of the Offer, not later than the fifth business day after commencement of the Offer pursuant to Section 1.1 of the Merger Agreement and Rule 14d-2 under the Exchange Act, the number of shares of Company Common Stock set forth opposite such Stockholder's name on Schedule I hereto (the "Existing Shares", and together with any shares acquired by such Stockholder in any capacity after the date hereof and prior to the termination of this Agreement whether upon the exercise of Company Options or by means of purchase, dividend, distribution or otherwise, the "Shares"), all of which are Beneficially Owned by such Stockholder. The Stockholder hereby acknowledges and agrees that Parent's and the Purchaser's obligation to accept for payment and pay for the Shares in the Offer, including the Shares Beneficially Owned by such Stockholder, is subject to the terms and conditions of the Offer.

(b) The transfer by the Stockholder of the Shares to Purchaser in the Offer shall pass to and uncon-

ditionally vest in the Purchaser good and valid title to the Shares, free and clear of all Encumbrances.

(c) The Stockholder hereby permits Parent and the Purchaser to publish and disclose in the Offer Documents and, if approval of the Company's stockholders is required under applicable law, the Proxy Statement (including all documents and schedules filed with the SEC) his identity and ownership of the Company Common Stock and the nature of his commitments, arrangements and understandings under this Agreement.

3. Options.

(a) Exercise of Stock Option. In order to induce Parent and the Purchaser to enter into the Merger Agreement, the Stockholder hereby grants to Parent an irrevocable option (a "Stock Option") to purchase such Stockholder's Shares (the "Option Shares") at an amount (the "Purchase Price") equal to the Offer Price. If (i) the Offer is terminated, abandoned or withdrawn by Parent or the Purchaser (whether due to the failure of any of the conditions thereto or otherwise), other than at a time when Parent or the Purchaser is in material breach of the terms of the Merger Agreement, or (ii) the Merger Agreement is terminated in accordance with its terms, other than a termination pursuant to Section 7.1(c)(i) or 7.1(c)(iii), each Stock Option shall, in any such case, become exercisable, in whole but not in part, upon the first to occur of any such event and remain exercisable in whole until the date which is 60 days after the date of the occurrence of such event (the "60 Day Period"), so long as: (i) all waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), required for the purchase of the Option Shares upon such exercise shall have expired or been waived; (ii) all other applicable consents of any Governmental Entity required for the purchase or sale of the Option Shares upon such exercise and identified on Schedule 5(c) attached hereto (if applicable) shall have been granted or otherwise satisfied; and (iii) there shall not be in effect any preliminary injunction or other order issued by any Governmental Entity prohibiting the exercise of the Stock Option pursuant to this Agreement; provided that if (i) all HSR Act waiting periods shall not have expired or been waived, (ii) all other applicable consents of any Governmental Entity required for the

purchase or sale of the Option Shares and identified on Schedule 5(c) attached hereto (if applicable) shall not have been granted or otherwise satisfied, or (iii) there shall be in effect any such injunction or order, in each case on the expiration of the 60 Day Period, the 60 Day Period shall be extended until 5 business days after the later of (A) the date of expiration or waiver of all HSR Act waiting periods, (B) the grant or other satisfaction of such required consents, and (C) the date of removal or lifting of such injunction or order; provided, however, that in no event shall the Stock Option be exercisable after the date which is six months after the date on which the Stock Option first becomes exercisable; provided, further, that the Stock Option shall terminate if any Governmental Entity shall issue an order, decree or ruling or take any other action (which order, decree, ruling or other action the parties hereto shall use their best efforts to lift), which permanently restrains, enjoins or otherwise prohibits Parent's exercise of the Stock Option or the sale of the Option Shares to Parent by the Stockholder. In the event that Parent wishes to exercise a Stock Option, Parent shall send a written notice (the "Notice") to the Stockholder identifying the place and date (not less than two nor more than 10 business days from the date of the Notice) for the closing of such purchase.

(b) Resale of Option Shares. If, within 12 months following the acquisition by Parent of the Option Shares, Parent or any of its affiliates sells, transfers or otherwise disposes of any or all of the Option Shares to any third party (other than to an affiliate of Parent) (a "Subsequent Sale") and realizes a Profit (as defined below) from such Subsequent Sale, then Parent shall pay to the Stockholder an amount equal to 95% of the Profit promptly upon receipt of the proceeds from such Subsequent Sale. For purposes of this Section 3(b), "Profit" shall mean (A) the amount of the excess, if any, of (x) the aggregate consideration received by Parent or its affiliates in connection with a Subsequent Sale over (y) the product of (i) the number of Shares sold, transferred or disposed of multiplied by (ii) the Purchase Price less (B) any taxes or any other payment of any nature due or payable by Parent with respect to the amount specified in clause (A), other than Parent's or the Purchaser's expenses incurred in connection with the negotiation, execution and delivery of this Agreement and the Merger

Agreement. In the event the consideration received by Parent in a Subsequent Sale is other than cash, the Stockholder shall be entitled to the same form of consideration as received by Parent in such Subsequent Sale or, at Parent's election, an amount in cash equal to the fair market value of such other consideration that the Stockholder would have been entitled to pursuant to this Section 3(b).

4. Additional Agreements.

(a) Voting Agreement. The Stockholder shall, at any meeting of the holders of Company Common Stock, however called, or in connection with any written consent of the holders of Company Common Stock, vote (or cause to be voted) the Shares (if any) then held of record or Beneficially Owned by such Stockholder, (i) in favor of the Merger, the execution and delivery by the Company of the Merger Agreement and the approval of the terms thereof and each of the other actions contemplated by the Merger Agreement and this Agreement and any actions required in furtherance thereof and hereof; and (ii) against any Acquisition Proposal and against any action or agreement that would impede, frustrate, prevent or nullify this Agreement, or result in a breach in any respect of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement or which would result in any of the conditions set forth in Annex A to the Merger Agreement or set forth in Article VI of the Merger Agreement not being fulfilled.

(b) No Inconsistent Arrangements. The Stockholder hereby covenants and agrees that, except as contemplated by this Agreement and the Merger Agreement, it shall not (i) transfer (which term shall include, without limitation, any sale, gift, pledge or other disposition), or consent to any transfer of, any or all of such Stockholder's Shares, Company Options or any interest therein, (ii) enter into any contract, option or other agreement or understanding with respect to any transfer of any or all of such Shares, Company Options or any interest therein, (iii) grant any proxy, power-of-attorney or other authorization in or with respect to such Shares or Company Options, (iv) deposit such Shares or Company Options into a voting trust or enter into a voting agreement or arrangement with respect to such Shares or Compa-

ny Options, or (v) take any other action that would in any way restrict, limit or interfere with the performance of its obligations hereunder or the transactions contemplated hereby or by the Merger Agreement.

(c) Grant of Irrevocable Proxy; Appointment of Proxy.

(i) The Stockholder hereby irrevocably grants to, and appoints, Parent and Nancy H. Handel and Joseph J. Sweeney, or either of them, in their respective capacities as officers of Parent, and any individual who shall hereafter succeed to any such office of Parent, and each of them individually, such Stockholder's proxy and attorney-in-fact (with full power of substitution), for and in the name, place and stead of such Stockholder, to vote such Stockholder's Shares, or grant a consent or approval in respect of the Shares in favor of the various transactions contemplated by the Merger Agreement (the "Transactions") and against any Acquisition Proposal.

(ii) The Stockholder represents that any proxies heretofore given in respect of such Stockholder's Shares are not irrevocable, and that any such proxies are hereby revoked.

(iii) The Stockholder understands and acknowledges that Parent is entering into the Merger Agreement in reliance upon such Stockholder's execution and delivery of this Agreement. The Stockholder hereby affirms that the irrevocable proxy set forth in this Section 4(c) is given in connection with the execution of the Merger Agreement, and that such irrevocable proxy is given to secure the performance of the duties of such Stockholder under this Agreement. The Stockholder hereby further affirms that the irrevocable proxy is coupled with an interest and may under no circumstances be revoked. The Stockholder hereby ratifies and confirms all that such irrevocable proxy may lawfully do or cause to be done by virtue hereof. Such irrevocable proxy is executed and intended to be irrevocable in accordance with the provisions of Section 212(e) of the Delaware General Corporation Law.

(d) No Solicitation. The Stockholder hereby agrees, in its or his capacity as a stockholder of the Company, that neither such Stockholder nor any of its

Subsidiaries or affiliates shall (and such Stockholder shall use its best efforts to cause its officers, directors, employees, representatives and agents, including, but not limited to, investment bankers, attorneys and accountants, not to), directly or indirectly, encourage, solicit, participate in or initiate discussions or negotiations with, or provide any information to, any corporation, partnership, person or other entity or group (other than Parent, any of its affiliates or representatives) concerning any Acquisition Proposal. The Stockholder will immediately cease any existing activities, discussions or negotiations with any parties conducted heretofore with respect to any Acquisition Proposal. The Stockholder will immediately communicate to Parent the terms of any proposal, discussion, negotiation or inquiry such Stockholder, in its or his capacity as a stockholder of the Company, receives (and will disclose any written materials received by such Stockholder, in its or his capacity as a stockholder of the Company, in connection with such proposal, discussion, negotiation or inquiry) and the identity of the party making such proposal or inquiry which it may receive in respect of any such transaction.

(e) Company Options. If the Stockholder holds Company Options to acquire shares of Company Common Stock, he shall, if requested by the Company, consent to the cancellation or substitution of his Company Options in accordance with the terms of the Merger Agreement and shall execute all appropriate documentation in connection with such cancellation or substitution.

(f) Best Reasonable Efforts. Subject to the terms and conditions of this Agreement, each of the parties hereto agrees to use its best reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement and the Merger Agreement. Each party shall promptly consult with the other and provide any necessary information and material with respect to all filings made by such party with any Governmental Entity in connection with this Agreement and the Merger Agreement and the transactions contemplated hereby and thereby.

(g) Waiver of Appraisal Rights. The Stockholder hereby waives any rights of appraisal or rights to dissent from the Merger that it or he may have.

(h) Acquisition of Remaining Shares. Parent agrees that, in the event that within three years following Parent's exercise of the Stock Option, Parent, the Purchaser or any of their Subsidiaries acquires any additional shares of Company Common Stock from, or pursuant to an offer made to all of the Company's stockholders, whether by merger, consolidation, tender offer or other similar transaction, the price paid per share of Company Common Stock shall be no less than the Purchase Price.

5. Representations and Warranties of the Stockholder. The Stockholder hereby represents and warrants to Parent as follows:

(a) Ownership of Shares. Such Stockholder is the record and Beneficial Owner of the Existing Shares, as set forth on Schedule I. On the date hereof, the Existing Shares constitute all of the Shares owned of record or Beneficially Owned by such Stockholder. Such Stockholder has sole voting power and sole power to issue instructions with respect to the matters set forth in Sections 2, 3 and 4 hereof, sole power of disposition, sole power of conversion, sole power to demand appraisal rights and sole power to agree to all of the matters set forth in this Agreement, in each case with respect to all of the Existing Shares with no limitations, qualifications or restrictions on such rights, subject to applicable securities laws and the terms of this Agreement.

(b) Power; Binding Agreement. Such Stockholder has the legal capacity, power and authority to enter into and perform all of such Stockholder's obligations under this Agreement. The execution, delivery and performance of this Agreement by such Stockholder will not violate any other agreement to which such Stockholder is a party including, without limitation, any voting agreement, proxy arrangement, pledge agreement, shareholders agreement or voting trust. This Agreement has been duly and validly executed and delivered by such Stockholder and constitutes a valid and binding agreement of such Stockholder, enforceable against such Stockholder in accordance with its terms. There is no beneficiary or holder of a voting trust certificate or other interest of

any trust of which such Stockholder is a trustee whose consent is required for the execution and delivery of this Agreement or the consummation by such Stockholder of the transactions contemplated hereby.

(c) No Conflicts. Except for filings under the HSR Act, the Exchange Act and as set forth on Schedule 5(c) attached hereto, (i) no filing with, and no permit, authorization, consent or approval of, any Governmental Entity for the execution of this Agreement by such Stockholder and the consummation by such Stockholder of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by such Stockholder, the consummation by such Stockholder of the transactions contemplated hereby or compliance by such Stockholder with any of the provisions hereof shall (A) conflict with or result in any breach of any organizational documents applicable to the Stockholder, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which such Stockholder is a party or by which such Stockholder or any of its properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, order, statute, rule or regulation applicable to such Stockholder or any of its properties or assets.

(d) No Encumbrances. Except as permitted by this Agreement, the Existing Shares and the certificates representing such Shares are now, and at all times during the term hereof will be, held by such Stockholder, or by a nominee or custodian for the benefit of such Stockholder, free and clear of all Encumbrances, proxies, voting trusts or agreements, understandings or arrangements or any other rights whatsoever, except for any such Encumbrances or proxies arising hereunder.

(e) No Finder's Fees. No broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transac-

tions contemplated hereby based upon arrangements made by or on behalf of such Stockholder.

(f) Reliance by Parent. The Stockholder understands and acknowledges that Parent is entering into, and causing Purchaser to enter into, the Merger Agreement in reliance upon such Stockholder's execution and delivery of this Agreement.

6. Representations and Warranties of Parent and the Purchaser. Each of Parent and the Purchaser hereby represents and warrants to the Stockholder as follows:

(a) Power; Binding Agreement. Parent and the Purchaser each has the corporate power and authority to enter into and perform all of its obligations under this Agreement. The execution, delivery and performance of this Agreement by each of Parent and the Purchaser will not violate any other agreement to which either of them is a party. This Agreement has been duly and validly executed and delivered by each of Parent and the Purchaser and constitutes a valid and binding agreement of each of Parent and the Purchaser, enforceable against each of Parent and the Purchaser in accordance with its terms.

(b) No Conflicts. Except for filings under the HSR Act and the Exchange Act, (i) no filing with, and no permit, authorization, consent or approval of, any Governmental Entity is necessary for the execution of this Agreement by each of Parent and the Purchaser and the consummation by each of Parent and the Purchaser of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by each of Parent and the Purchaser, the consummation by each of Parent and the Purchaser of the transactions contemplated hereby or compliance by each of Parent and the Purchaser with any of the provisions hereof shall (A) conflict with or result in any breach of any organizational documents applicable to either of Parent or the Purchaser, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agree-

ment or other instrument or obligation of any kind to which either of Parent or the Purchaser is a party or by which either of Parent or the Purchaser or any of their properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, order, statute, rule or regulation applicable to either of Parent or the Purchaser or any of their properties or assets.

7. Further Assurances. From time to time, at the other party's request and without further consideration, each party hereto shall execute and deliver such additional documents and take all such further lawful action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

8. Stop Transfer. The Stockholder shall not request that the Company register the transfer (book-entry or otherwise) of any certificate or uncertificated interest representing any of the Shares, unless such transfer is made in compliance with this Agreement. In the event of a stock dividend or distribution, or any change in the Company Common Stock by reason of any stock dividend, split-up, recapitalization, combination, exchange of shares or the like, the term "Shares" shall refer to and include the Shares as well as all such stock dividends and distributions and any shares into which or for which any or all of the Shares may be changed or exchanged.

9. Termination. Except as provided in Section 3 hereof, the covenants, agreements and proxy shall terminate upon the termination of the Merger Agreement in accordance with its terms.

10. Miscellaneous.

(a) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(b) Binding Agreement. This Agreement and the obligations hereunder shall attach to the Shares and shall be binding upon any person or entity to which legal

or beneficial ownership of such Shares shall pass, whether by operation of law or otherwise, including, without limitation, a Stockholder's heirs, guardians, administrators or successors. Notwithstanding any transfer of Shares, the transferor shall remain liable for the performance of all obligations of the transferor under this Agreement.

(c) Assignment. This Agreement shall not be assigned by operation of law or otherwise without the prior written consent of the other parties, provided that Parent may assign, in its sole discretion, its rights and obligations hereunder to any direct or indirect wholly owned subsidiary of Parent, but no such assignment shall relieve Parent of its obligations hereunder if such assignee does not perform such obligations.

(d) Amendments, Waivers, Etc. This Agreement may not be amended, changed, supplemented, waived or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by the parties hereto.

(e) Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly received if given) by hand delivery or telecopy (with a confirmation copy sent for next day delivery via courier service, such as Federal Express), or by any courier service, such as Federal Express, providing proof of delivery. All communications hereunder shall be delivered to the respective parties at the following addresses:

If to the Stockholder:	c/o Opal, Inc. 3203 Scott Boulevard Santa Clara, CA 95054 Telephone No.: (408) 727-6060 Telecopy No.: (408) 727-6332
If to Parent or the Purchaser:	Applied Materials, Inc. 3050 Bowers Avenue Santa Clara, CA 95405-3299 Attention: Joseph J. Sweeney

Telephone No.: (408) 727-5555
Telecopy No.: (408) 563-4635

Copy to: Skadden, Arps, Slate,
Meagher & Flom LLP
919 Third Avenue
New York, New York 10022
Attention: David Fox
Telephone No.: (212) 735-3000
Telecopy No.: (212) 735-2000

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

(f) Severability. Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

(g) Specific Performance. Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

(h) Remedies Cumulative. All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any thereof by any party shall not preclude the simultaneous

or later exercise of any other such right, power or remedy by such party.

(i) No Waiver. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(j) No Third Party Beneficiaries. This Agreement is not intended to be for the benefit of, and shall not be enforceable by, any person or entity who or which is not a party hereto.

(k) Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law thereof.

(l) Jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of the Court of Chancery in the State of Delaware and the United States District Court for the Southern District of New York in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding shall be brought only in such court (and waives any objection based on forum non conveniens or any other objection to venue therein). Each party hereto hereby waives any right to a trial by jury in connection with any such action, suit or proceeding.

(m) Descriptive Headings. The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

(n) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, Parent, the Purchaser and the Stockholder have caused this Agreement to be duly executed as of the day and year first above written.

APPLIED MATERIALS, INC.

By: /s/ James C. Morgan

Name: James C. Morgan
Title: Chairman and Chief Executive Officer

ORION CORP. I

By: /s/ Joseph J. Sweeney

Name: Joseph J. Sweeney
Title: Vice President

By: /s/ Israel Niv

Name: Israel Niv

Schedule I

Name of Stockholder	Number of Shares and Company Options Beneficially Owned
Israel Niv	101,878 Shares 107,143 Company Options

STOCKHOLDER AGREEMENT

AGREEMENT, dated as of November 24, 1996, among Applied Materials, Inc., a Delaware corporation ("Parent"), Orion Corp. I, a Delaware corporation and a wholly owned subsidiary of Parent (the "Purchaser"), and Clal Electronics Industries Ltd. (the "Stockholder").

W I T N E S S E T H:

WHEREAS, concurrently with the execution and delivery of this Agreement, Parent, the Purchaser and Opal, Inc., a Delaware corporation (the "Company"), have entered into an Agreement and Plan of Merger (as such agreement may hereafter be amended from time to time, the "Merger Agreement"), pursuant to which Purchaser will be merged with and into the Company (the "Merger");

WHEREAS, in furtherance of the Merger, Parent and the Company desire that as soon as practicable (and not later than five business days) after the execution and delivery of the Merger Agreement, the Purchaser shall commence a cash tender offer (the "Offer") to purchase at a price of $18.50 per share all outstanding shares of Company Common Stock (as defined in Section 1 hereof) including all of the Shares (as defined in Section 2 hereof) beneficially owned by the Stockholder; and

WHEREAS, as an inducement and a condition to entering into the Merger Agreement, Parent has required that the Stockholder agree, and the Stockholder has agreed, to enter into this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

1. Definitions. For purposes of this Agreement:

(a) "Beneficially Own" or "Beneficial Ownership" with respect to any securities shall mean having "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), including pursuant to any agreement, arrangement or understanding, whether or not in writing. Without duplicative counting of the same securities by the same holder, securities Beneficially Owned by a Person shall include securities Beneficially Owned by all other Persons with whom such Person would constitute a "group" as within the meaning of Section 13(d)(3) of the Exchange Act.

(b) "Company Common Stock" shall mean at any time the Common Stock, $.01 par value, of the Company.

(c) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(d) Capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement.

2. Tender of Shares.

(a) In order to induce Parent and the Purchaser to enter into the Merger Agreement, the Stockholder hereby agrees to validly tender (or cause the record owner of such shares to validly tender), and not to withdraw, pursuant to and in accordance with the terms of the Offer, not later than the fifth business day after commencement of the Offer pursuant to Section 1.1 of the Merger Agreement and Rule 14d-2 under the Exchange Act, the number of shares of Company Common Stock set forth opposite such Stockholder's name on Schedule I hereto (the "Existing Shares", and together with any shares acquired by such Stockholder in any capacity after the date hereof and prior to the termination of this Agreement whether upon the exercise of Company Options or by means of purchase, dividend, distribution or otherwise, the "Shares"), all of which are Beneficially Owned by such Stockholder. The Stockholder hereby acknowledges and agrees that Parent's and the Purchaser's obligation to accept for payment and pay for the Shares in the Offer, including the Shares Beneficially Owned by such Stockholder, is subject to the terms and conditions of the Offer.

(b) The transfer by the Stockholder of the Shares to Purchaser in the Offer shall pass to and uncon-

ditionally vest in the Purchaser good and valid title to the Shares, free and clear of all Encumbrances.

(c) The Stockholder hereby permits Parent and the Purchaser to publish and disclose in the Offer Documents and, if approval of the Company's stockholders is required under applicable law, the Proxy Statement (including all documents and schedules filed with the SEC) its identity and ownership of the Company Common Stock and the nature of its commitments, arrangements and understandings under this Agreement.

3. Options.

(a) Exercise of Stock Option. In order to induce Parent and the Purchaser to enter into the Merger Agreement, the Stockholder hereby grants to Parent an irrevocable option (a "Stock Option") to purchase such Stockholder's Shares (the "Option Shares") at an amount (the "Purchase Price") equal to the Offer Price. If (i) the Offer is terminated, abandoned or withdrawn by Parent or the Purchaser (whether due to the failure of any of the conditions thereto or otherwise), other than at a time when Parent or the Purchaser is in material breach of the terms of the Merger Agreement, or (ii) the Merger Agreement is terminated in accordance with its terms, other than a termination pursuant to Section 7.1(c)(i) or 7.1(c)(iii), each Stock Option shall, in any such case, become exercisable, in whole but not in part, upon the first to occur of any such event and remain exercisable in whole until the date which is 60 days after the date of the occurrence of such event (the "60 Day Period"), so long as: (i) all waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), required for the purchase of the Option Shares upon such exercise shall have expired or been waived; (ii) all other applicable consents of any Governmental Entity required for the purchase or sale of the Option Shares upon such exercise and identified on Schedule 5(c) attached hereto (if applicable) shall have been granted or otherwise satisfied; and (iii) there shall not be in effect any preliminary injunction or other order issued by any Governmental Entity prohibiting the exercise of the Stock Option pursuant to this Agreement; provided that if (i) all HSR Act waiting periods shall not have expired or been waived, (ii) all other applicable consents of any Governmental Entity required for the

purchase or sale of the Option Shares and identified on Schedule 5(c) attached hereto (if applicable) shall not have been granted or otherwise satisfied, or (iii) there shall be in effect any such injunction or order, in each case on the expiration of the 60 Day Period, the 60 Day Period shall be extended until 5 business days after the later of (A) the date of expiration or waiver of all HSR Act waiting periods, (B) the grant or other satisfaction of such required consents, and (C) the date of removal or lifting of such injunction or order; provided, however, that in no event shall the Stock Option be exercisable after the date which is six months after the date on which the Stock Option first becomes exercisable; provided, further, that the Stock Option shall terminate if any Governmental Entity shall issue an order, decree or ruling or take any other action (which order, decree, ruling or other action the parties hereto shall use their best efforts to lift), which permanently restrains, enjoins or otherwise prohibits Parent's exercise of the Stock Option or the sale of the Option Shares to Parent by the Stockholder. In the event that Parent wishes to exercise a Stock Option, Parent shall send a written notice (the "Notice") to the Stockholder identifying the place and date (not less than two nor more than 10 business days from the date of the Notice) for the closing of such purchase.

(b) Resale of Option Shares. If, within 12 months following the acquisition by Parent of the Option Shares, Parent or any of its affiliates sells, transfers or otherwise disposes of any or all of the Option Shares to any third party (other than to an affiliate of Parent) (a "Subsequent Sale") and realizes a Profit (as defined below) from such Subsequent Sale, then Parent shall pay to the Stockholder an amount equal to 95% of the Profit promptly upon receipt of the proceeds from such Subsequent Sale. For purposes of this Section 3(b), "Profit" shall mean (A) the amount of the excess, if any, of (x) the aggregate consideration received by Parent or its affiliates in connection with a Subsequent Sale over (y) the product of (i) the number of Shares sold, transferred or disposed of multiplied by (ii) the Purchase Price less (B) any taxes or any other payment of any nature due or payable by Parent with respect to the amount specified in clause (A), other than Parent's or the Purchaser's expenses incurred in connection with the negotiation, execution and delivery of this Agreement and the Merger

Agreement. In the event the consideration received by Parent in a Subsequent Sale is other than cash, the Stockholder shall be entitled to the same form of consideration as received by Parent in such Subsequent Sale or, at Parent's election, an amount in cash equal to the fair market value of such other consideration that the Stockholder would have been entitled to pursuant to this Section 3(b).

4. Additional Agreements.

(a) Voting Agreement. The Stockholder shall, at any meeting of the holders of Company Common Stock, however called, or in connection with any written consent of the holders of Company Common Stock, vote (or cause to be voted) the Shares (if any) then held of record or Beneficially Owned by such Stockholder, (i) in favor of the Merger, the execution and delivery by the Company of the Merger Agreement and the approval of the terms thereof and each of the other actions contemplated by the Merger Agreement and this Agreement and any actions required in furtherance thereof and hereof; and (ii) against any Acquisition Proposal and against any action or agreement that would impede, frustrate, prevent or nullify this Agreement, or result in a breach in any respect of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement or which would result in any of the conditions set forth in Annex A to the Merger Agreement or set forth in Article VI of the Merger Agreement not being fulfilled.

(b) No Inconsistent Arrangements. The Stockholder hereby covenants and agrees that, except as contemplated by this Agreement and the Merger Agreement, it shall not (i) transfer (which term shall include, without limitation, any sale, gift, pledge or other disposition), or consent to any transfer of, any or all of such Stockholder's Shares, Company Options or any interest therein, (ii) enter into any contract, option or other agreement or understanding with respect to any transfer of any or all of such Shares, Company Options or any interest therein, (iii) grant any proxy, power-of-attorney or other authorization in or with respect to such Shares or Company Options, (iv) deposit such Shares or Company Options into a voting trust or enter into a voting agreement or arrangement with respect to such Shares or Compa-

ny Options, or (v) take any other action that would in any way restrict, limit or interfere with the performance of its obligations hereunder or the transactions contemplated hereby or by the Merger Agreement.

(c) Grant of Irrevocable Proxy; Appointment of Proxy.

(i) The Stockholder hereby irrevocably grants to, and appoints, Parent and Nancy H. Handel and Joseph J. Sweeney, or either of them, in their respective capacities as officers of Parent, and any individual who shall hereafter succeed to any such office of Parent, and each of them individually, such Stockholder's proxy and attorney-in-fact (with full power of substitution), for and in the name, place and stead of such Stockholder, to vote such Stockholder's Shares, or grant a consent or approval in respect of the Shares in favor of the various transactions contemplated by the Merger Agreement (the "Transactions") and against any Acquisition Proposal.

(ii) The Stockholder represents that any proxies heretofore given in respect of such Stockholder's Shares are not irrevocable, and that any such proxies are hereby revoked.

(iii) The Stockholder understands and acknowledges that Parent is entering into the Merger Agreement in reliance upon such Stockholder's execution and delivery of this Agreement. The Stockholder hereby affirms that the irrevocable proxy set forth in this Section 4(c) is given in connection with the execution of the Merger Agreement, and that such irrevocable proxy is given to secure the performance of the duties of such Stockholder under this Agreement. The Stockholder hereby further affirms that the irrevocable proxy is coupled with an interest and may under no circumstances be revoked. The Stockholder hereby ratifies and confirms all that such irrevocable proxy may lawfully do or cause to be done by virtue hereof. Such irrevocable proxy is executed and intended to be irrevocable in accordance with the provisions of Section 212(e) of the Delaware General Corporation Law.

(d) No Solicitation. The Stockholder hereby agrees, in its or his capacity as a stockholder of the Company, that neither such Stockholder nor any of its

Subsidiaries or affiliates shall (and such Stockholder shall use its best efforts to cause its officers, directors, employees, representatives and agents, including, but not limited to, investment bankers, attorneys and accountants, not to), directly or indirectly, encourage, solicit, participate in or initiate discussions or negotiations with, or provide any information to, any corporation, partnership, person or other entity or group (other than Parent, any of its affiliates or representatives) concerning any Acquisition Proposal. The Stockholder will immediately cease any existing activities, discussions or negotiations with any parties conducted heretofore with respect to any Acquisition Proposal. The Stockholder will immediately communicate to Parent the terms of any proposal, discussion, negotiation or inquiry such Stockholder, in its or his capacity as a stockholder of the Company, receives (and will disclose any written materials received by such Stockholder, in its or his capacity as a stockholder of the Company, in connection with such proposal, discussion, negotiation or inquiry) and the identity of the party making such proposal or inquiry which it may receive in respect of any such transaction.

(e) Company Options. If the Stockholder holds Company Options to acquire shares of Company Common Stock, he shall, if requested by the Company, consent to the cancellation or substitution of his Company Options in accordance with the terms of the Merger Agreement and shall execute all appropriate documentation in connection with such cancellation or substitution.

(f) Best Reasonable Efforts. Subject to the terms and conditions of this Agreement, each of the parties hereto agrees to use its best reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement and the Merger Agreement. Each party shall promptly consult with the other and provide any necessary information and material with respect to all filings made by such party with any Governmental Entity in connection with this Agreement and the Merger Agreement and the transactions contemplated hereby and thereby.

(g) Waiver of Appraisal Rights. The Stockholder hereby waives any rights of appraisal or rights to dissent from the Merger that it or he may have.

(h) Acquisition of Remaining Shares. Parent agrees that, in the event that within three years following Parent's exercise of the Stock Option, Parent, the Purchaser or any of their Subsidiaries acquires any additional shares of Company Common Stock from, or pursuant to an offer made to all of the Company's stockholders, whether by merger, consolidation, tender offer or other similar transaction, the price paid per share of Company Common Stock shall be no less than the Purchase Price.

5. Representations and Warranties of the Stockholder. The Stockholder hereby represents and warrants to Parent as follows:

(a) Ownership of Shares. Such Stockholder is the record and Beneficial Owner of the Existing Shares, as set forth on Schedule I. On the date hereof, the Existing Shares constitute all of the Shares owned of record or Beneficially Owned by such Stockholder. Such Stockholder has sole voting power and sole power to issue instructions with respect to the matters set forth in Sections 2, 3 and 4 hereof, sole power of disposition, sole power of conversion, sole power to demand appraisal rights and sole power to agree to all of the matters set forth in this Agreement, in each case with respect to all of the Existing Shares with no limitations, qualifications or restrictions on such rights, subject to applicable securities laws and the terms of this Agreement.

(b) Power; Binding Agreement. Such Stockholder has the legal capacity, power and authority to enter into and perform all of such Stockholder's obligations under this Agreement. The execution, delivery and performance of this Agreement by such Stockholder will not violate any other agreement to which such Stockholder is a party including, without limitation, any voting agreement, proxy arrangement, pledge agreement, shareholders agreement or voting trust. This Agreement has been duly and validly executed and delivered by such Stockholder and constitutes a valid and binding agreement of such Stockholder, enforceable against such Stockholder in accordance with its terms. There is no beneficiary or holder of a voting trust certificate or other interest of

any trust of which such Stockholder is a trustee whose consent is required for the execution and delivery of this Agreement or the consummation by such Stockholder of the transactions contemplated hereby.

(c) No Conflicts. Except for filings under the HSR Act, the Exchange Act and as set forth on Schedule 5(c) attached hereto, (i) no filing with, and no permit, authorization, consent or approval of, any Governmental Entity for the execution of this Agreement by such Stockholder and the consummation by such Stockholder of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by such Stockholder, the consummation by such Stockholder of the transactions contemplated hereby or compliance by such Stockholder with any of the provisions hereof shall (A) conflict with or result in any breach of any organizational documents applicable to the Stockholder, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which such Stockholder is a party or by which such Stockholder or any of its properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, order, statute, rule or regulation applicable to such Stockholder or any of its properties or assets.

(d) No Encumbrances. Except as permitted by this Agreement, the Existing Shares and the certificates representing such Shares are now, and at all times during the term hereof will be, held by such Stockholder, or by a nominee or custodian for the benefit of such Stockholder, free and clear of all Encumbrances, proxies, voting trusts or agreements, understandings or arrangements or any other rights whatsoever, except for any such Encumbrances or proxies arising hereunder.

(e) No Finder's Fees. No broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transac-

tions contemplated hereby based upon arrangements made by or on behalf of such Stockholder.

(f) Reliance by Parent. The Stockholder understands and acknowledges that Parent is entering into, and causing Purchaser to enter into, the Merger Agreement in reliance upon such Stockholder's execution and delivery of this Agreement.

6. Representations and Warranties of Parent and the Purchaser. Each of Parent and the Purchaser hereby represents and warrants to the Stockholder as follows:

(a) Power; Binding Agreement. Parent and the Purchaser each has the corporate power and authority to enter into and perform all of its obligations under this Agreement. The execution, delivery and performance of this Agreement by each of Parent and the Purchaser will not violate any other agreement to which either of them is a party. This Agreement has been duly and validly executed and delivered by each of Parent and the Purchaser and constitutes a valid and binding agreement of each of Parent and the Purchaser, enforceable against each of Parent and the Purchaser in accordance with its terms.

(b) No Conflicts. Except for filings under the HSR Act and the Exchange Act, (i) no filing with, and no permit, authorization, consent or approval of, any Governmental Entity is necessary for the execution of this Agreement by each of Parent and the Purchaser and the consummation by each of Parent and the Purchaser of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by each of Parent and the Purchaser, the consummation by each of Parent and the Purchaser of the transactions contemplated hereby or compliance by each of Parent and the Purchaser with any of the provisions hereof shall (A) conflict with or result in any breach of any organizational documents applicable to either of Parent or the Purchaser, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agree-

ment or other instrument or obligation of any kind to which either of Parent or the Purchaser is a party or by which either of Parent or the Purchaser or any of their properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, order, statute, rule or regulation applicable to either of Parent or the Purchaser or any of their properties or assets.

7. Further Assurances. From time to time, at the other party's request and without further consideration, each party hereto shall execute and deliver such additional documents and take all such further lawful action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

8. Stop Transfer. The Stockholder shall not request that the Company register the transfer (book-entry or otherwise) of any certificate or uncertificated interest representing any of the Shares, unless such transfer is made in compliance with this Agreement. In the event of a stock dividend or distribution, or any change in the Company Common Stock by reason of any stock dividend, split-up, recapitalization, combination, exchange of shares or the like, the term "Shares" shall refer to and include the Shares as well as all such stock dividends and distributions and any shares into which or for which any or all of the Shares may be changed or exchanged.

9. Termination. Except as provided in Section 3 hereof, the covenants, agreements and proxy shall terminate upon the termination of the Merger Agreement in accordance with its terms.

10. Miscellaneous.

(a) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(b) Binding Agreement. This Agreement and the obligations hereunder shall attach to the Shares and shall be binding upon any person or entity to which legal

or beneficial ownership of such Shares shall pass, whether by operation of law or otherwise, including, without limitation, a Stockholder's heirs, guardians, administrators or successors. Notwithstanding any transfer of Shares, the transferor shall remain liable for the performance of all obligations of the transferor under this Agreement.

(c) Assignment. This Agreement shall not be assigned by operation of law or otherwise without the prior written consent of the other parties, provided that Parent may assign, in its sole discretion, its rights and obligations hereunder to any direct or indirect wholly owned subsidiary of Parent, but no such assignment shall relieve Parent of its obligations hereunder if such assignee does not perform such obligations.

(d) Amendments, Waivers, Etc. This Agreement may not be amended, changed, supplemented, waived or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by the parties hereto.

(e) Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly received if given) by hand delivery or telecopy (with a confirmation copy sent for next day delivery via courier service, such as Federal Express), or by any courier service, such as Federal Express, providing proof of delivery. All communications hereunder shall be delivered to the respective parties at the following addresses:

If to the Stockholder:	Clal Electronics Industries Ltd. 5 Druyanov Street Tel Aviv 63143, Israel Telephone No.: 972-3-526-3333 Telecopy No.: 972-3-528-5380
If to Parent or the Purchaser:	Applied Materials, Inc. 3050 Bowers Avenue Santa Clara, CA 95405-3299 Attention: Joseph J. Sweeney

Telephone No.: (408) 727-5555
Telecopy No.:(408) 563-4635

Copy to: Skadden, Arps, Slate,
Meagher & Flom LLP
919 Third Avenue
New York, New York 10022
Attention: David Fox
Telephone No.: (212) 735-3000
Telecopy No.: (212) 735-2000

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

(f) Severability. Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

(g) Specific Performance. Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

(h) Remedies Cumulative. All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any thereof by any party shall not preclude the simultaneous

or later exercise of any other such right, power or remedy by such party.

(i) No Waiver. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(j) No Third Party Beneficiaries. This Agreement is not intended to be for the benefit of, and shall not be enforceable by, any person or entity who or which is not a party hereto.

(k) Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law thereof.

(l) Jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of the Court of Chancery in the State of Delaware and the United States District Court for the Southern District of New York in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding shall be brought only in such court (and waives any objection based on forum non conveniens or any other objection to venue therein). Each party hereto hereby waives any right to a trial by jury in connection with any such action, suit or proceeding.

(m) Descriptive Headings. The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

(n) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, Parent, the Purchaser and the Stockholder have caused this Agreement to be duly executed as of the day and year first above written.

APPLIED MATERIALS, INC.

By: /s/ James C. Morgan

Name: James C. Morgan
Title: Chairman and Chief Executive Officer

ORION CORP. I

By: /s/ Joseph J. Sweeney

Name: Joseph J. Sweeney
Title: Vice President

CLAL ELECTRONICS INDUSTRIES LTD.

By: /s/ Mendy Erad

Name: Mendy Erad
Title: Managing Director

By: /s/ Meir Ben Shoshan

Name: Meir Ben Shoshan
Title: Vice President

Schedule I

Name of Stockholder	Number of Shares Beneficially Owned
Clal Electronics Industries Ltd.	2,692,327

STOCKHOLDER AGREEMENT

AGREEMENT, dated as of November 24, 1996, among Applied Materials, Inc., a Delaware corporation ("Parent"), Orion Corp. I, a Delaware corporation and a wholly owned subsidiary of Parent (the "Purchaser"), and Orbotech Ltd. (the "Stockholder").

W I T N E S S E T H:

WHEREAS, concurrently with the execution and delivery of this Agreement, Parent, the Purchaser and Opal, Inc., a Delaware corporation (the "Company"), have entered into an Agreement and Plan of Merger (as such agreement may hereafter be amended from time to time, the "Merger Agreement"), pursuant to which Purchaser will be merged with and into the Company (the "Merger");

WHEREAS, in furtherance of the Merger, Parent and the Company desire that as soon as practicable (and not later than five business days) after the execution and delivery of the Merger Agreement, the Purchaser shall commence a cash tender offer (the "Offer") to purchase at a price of $18.50 per share all outstanding shares of Company Common Stock (as defined in Section 1 hereof) including all of the Shares (as defined in Section 2 hereof) beneficially owned by the Stockholder; and

WHEREAS, as an inducement and a condition to entering into the Merger Agreement, Parent has required that the Stockholder agree, and the Stockholder has agreed, to enter into this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

1. Definitions. For purposes of this Agreement:

(a) "Beneficially Own" or "Beneficial Ownership" with respect to any securities shall mean having "beneficial ownership" of such securities (as determined pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), including pursuant to any agreement, arrangement or understanding, whether or not in writing. Without duplicative counting of the same securities by the same holder, securities Beneficially Owned by a Person shall include securities Beneficially Owned by all other Persons with whom such Person would constitute a "group" as within the meaning of Section 13(d)(3) of the Exchange Act.

(b) "Company Common Stock" shall mean at any time the Common Stock, $.01 par value, of the Company.

(c) "Person" shall mean an individual, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(d) Capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement.

2. Tender of Shares.

(a) In order to induce Parent and the Purchaser to enter into the Merger Agreement, the Stockholder hereby agrees to validly tender (or cause the record owner of such shares to validly tender), and not to withdraw, pursuant to and in accordance with the terms of the Offer, not later than the fifth business day after commencement of the Offer pursuant to Section 1.1 of the Merger Agreement and Rule 14d-2 under the Exchange Act, the number of shares of Company Common Stock set forth opposite such Stockholder's name on Schedule I hereto (the "Existing Shares", and together with any shares acquired by such Stockholder in any capacity after the date hereof and prior to the termination of this Agreement whether upon the exercise of Company Options or by means of purchase, dividend, distribution or otherwise, the "Shares"), all of which are Beneficially Owned by such Stockholder. The Stockholder hereby acknowledges and agrees that Parent's and the Purchaser's obligation to accept for payment and pay for the Shares in the Offer, including the Shares Beneficially Owned by such Stockholder, is subject to the terms and conditions of the Offer.

(b) The transfer by the Stockholder of the Shares to Purchaser in the Offer shall pass to and uncon-

ditionally vest in the Purchaser good and valid title to the Shares, free and clear of all Encumbrances.

(c) The Stockholder hereby permits Parent and the Purchaser to publish and disclose in the Offer Documents and, if approval of the Company's stockholders is required under applicable law, the Proxy Statement (including all documents and schedules filed with the SEC) its identity and ownership of the Company Common Stock and the nature of its commitments, arrangements and understandings under this Agreement.

3. Options.

(a) Exercise of Stock Option. In order to induce Parent and the Purchaser to enter into the Merger Agreement, the Stockholder hereby grants to Parent an irrevocable option (a "Stock Option") to purchase such Stockholder's Shares (the "Option Shares") at an amount (the "Purchase Price") equal to the Offer Price. If (i) the Offer is terminated, abandoned or withdrawn by Parent or the Purchaser (whether due to the failure of any of the conditions thereto or otherwise), other than at a time when Parent or the Purchaser is in material breach of the terms of the Merger Agreement, or (ii) the Merger Agreement is terminated in accordance with its terms, other than a termination pursuant to Section 7.1(c)(i) or 7.1(c)(iii), each Stock Option shall, in any such case, become exercisable, in whole but not in part, upon the first to occur of any such event and remain exercisable in whole until the date which is 60 days after the date of the occurrence of such event (the "60 Day Period"), so long as: (i) all waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), required for the purchase of the Option Shares upon such exercise shall have expired or been waived; (ii) all other applicable consents of any Governmental Entity required for the purchase or sale of the Option Shares upon such exercise and identified on Schedule 5(c) attached hereto (if applicable) shall have been granted or otherwise satisfied; and (iii) there shall not be in effect any preliminary injunction or other order issued by any Governmental Entity prohibiting the exercise of the Stock Option pursuant to this Agreement; provided that if (i) all HSR Act waiting periods shall not have expired or been waived, (ii) all other applicable consents of any Governmental Entity required for the

purchase or sale of the Option Shares and identified on Schedule 5(c) attached hereto (if applicable) shall not have been granted or otherwise satisfied, or (iii) there shall be in effect any such injunction or order, in each case on the expiration of the 60 Day Period, the 60 Day Period shall be extended until 5 business days after the later of (A) the date of expiration or waiver of all HSR Act waiting periods, (B) the grant or other satisfaction of such required consents, and (C) the date of removal or lifting of such injunction or order; provided, however, that in no event shall the Stock Option be exercisable after the date which is six months after the date on which the Stock Option first becomes exercisable; provided, further, that the Stock Option shall terminate if any Governmental Entity shall issue an order, decree or ruling or take any other action (which order, decree, ruling or other action the parties hereto shall use their best efforts to lift), which permanently restrains, enjoins or otherwise prohibits Parent's exercise of the Stock Option or the sale of the Option Shares to Parent by the Stockholder. In the event that Parent wishes to exercise a Stock Option, Parent shall send a written notice (the "Notice") to the Stockholder identifying the place and date (not less than two nor more than 10 business days from the date of the Notice) for the closing of such purchase.

(b) Resale of Option Shares. If, within 12 months following the acquisition by Parent of the Option Shares, Parent or any of its affiliates sells, transfers or otherwise disposes of any or all of the Option Shares to any third party (other than to an affiliate of Parent) (a "Subsequent Sale") and realizes a Profit (as defined below) from such Subsequent Sale, then Parent shall pay to the Stockholder an amount equal to 95% of the Profit promptly upon receipt of the proceeds from such Subsequent Sale. For purposes of this Section 3(b), "Profit" shall mean (A) the amount of the excess, if any, of (x) the aggregate consideration received by Parent or its affiliates in connection with a Subsequent Sale over (y) the product of (i) the number of Shares sold, transferred or disposed of multiplied by (ii) the Purchase Price less (B) any taxes or any other payment of any nature due or payable by Parent with respect to the amount specified in clause (A), other than Parent's or the Purchaser's expenses incurred in connection with the negotiation, execution and delivery of this Agreement and the Merger

Agreement. In the event the consideration received by Parent in a Subsequent Sale is other than cash, the Stockholder shall be entitled to the same form of consideration as received by Parent in such Subsequent Sale or, at Parent's election, an amount in cash equal to the fair market value of such other consideration that the Stockholder would have been entitled to pursuant to this Section 3(b).

4. Additional Agreements.

(a) Voting Agreement. The Stockholder shall, at any meeting of the holders of Company Common Stock, however called, or in connection with any written consent of the holders of Company Common Stock, vote (or cause to be voted) the Shares (if any) then held of record or Beneficially Owned by such Stockholder, (i) in favor of the Merger, the execution and delivery by the Company of the Merger Agreement and the approval of the terms thereof and each of the other actions contemplated by the Merger Agreement and this Agreement and any actions required in furtherance thereof and hereof; and (ii) against any Acquisition Proposal and against any action or agreement that would impede, frustrate, prevent or nullify this Agreement, or result in a breach in any respect of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement or which would result in any of the conditions set forth in Annex A to the Merger Agreement or set forth in Article VI of the Merger Agreement not being fulfilled.

(b) No Inconsistent Arrangements. The Stockholder hereby covenants and agrees that, except as contemplated by this Agreement and the Merger Agreement, it shall not (i) transfer (which term shall include, without limitation, any sale, gift, pledge or other disposition), or consent to any transfer of, any or all of such Stockholder's Shares, Company Options or any interest therein, (ii) enter into any contract, option or other agreement or understanding with respect to any transfer of any or all of such Shares, Company Options or any interest therein, (iii) grant any proxy, power-of-attorney or other authorization in or with respect to such Shares or Company Options, (iv) deposit such Shares or Company Options into a voting trust or enter into a voting agreement or arrangement with respect to such Shares or Compa-

ny Options, or (v) take any other action that would in any way restrict, limit or interfere with the performance of its obligations hereunder or the transactions contemplated hereby or by the Merger Agreement.

(c) Grant of Irrevocable Proxy; Appointment of Proxy.

(i) The Stockholder hereby irrevocably grants to, and appoints, Parent and Nancy H. Handel and Joseph J. Sweeney, or either of them, in their respective capacities as officers of Parent, and any individual who shall hereafter succeed to any such office of Parent, and each of them individually, such Stockholder's proxy and attorney-in-fact (with full power of substitution), for and in the name, place and stead of such Stockholder, to vote such Stockholder's Shares, or grant a consent or approval in respect of the Shares in favor of the various transactions contemplated by the Merger Agreement (the "Transactions") and against any Acquisition Proposal.

(ii) The Stockholder represents that any proxies heretofore given in respect of such Stockholder's Shares are not irrevocable, and that any such proxies are hereby revoked.

(iii) The Stockholder understands and acknowledges that Parent is entering into the Merger Agreement in reliance upon such Stockholder's execution and delivery of this Agreement. The Stockholder hereby affirms that the irrevocable proxy set forth in this Section 4(c) is given in connection with the execution of the Merger Agreement, and that such irrevocable proxy is given to secure the performance of the duties of such Stockholder under this Agreement. The Stockholder hereby further affirms that the irrevocable proxy is coupled with an interest and may under no circumstances be revoked. The Stockholder hereby ratifies and confirms all that such irrevocable proxy may lawfully do or cause to be done by virtue hereof. Such irrevocable proxy is executed and intended to be irrevocable in accordance with the provisions of Section 212(e) of the Delaware General Corporation Law.

(d) No Solicitation. The Stockholder hereby agrees, in its or his capacity as a stockholder of the Company, that neither such Stockholder nor any of its

Subsidiaries or affiliates shall (and such Stockholder shall use its best efforts to cause its officers, directors, employees, representatives and agents, including, but not limited to, investment bankers, attorneys and accountants, not to), directly or indirectly, encourage, solicit, participate in or initiate discussions or negotiations with, or provide any information to, any corporation, partnership, person or other entity or group (other than Parent, any of its affiliates or representatives) concerning any Acquisition Proposal. The Stockholder will immediately cease any existing activities, discussions or negotiations with any parties conducted heretofore with respect to any Acquisition Proposal. The Stockholder will immediately communicate to Parent the terms of any proposal, discussion, negotiation or inquiry such Stockholder, in its or his capacity as a stockholder of the Company, receives (and will disclose any written materials received by such Stockholder, in its or his capacity as a stockholder of the Company, in connection with such proposal, discussion, negotiation or inquiry) and the identity of the party making such proposal or inquiry which it may receive in respect of any such transaction.

(e) Company Options. If the Stockholder holds Company Options to acquire shares of Company Common Stock, he shall, if requested by the Company, consent to the cancellation or substitution of his Company Options in accordance with the terms of the Merger Agreement and shall execute all appropriate documentation in connection with such cancellation or substitution.

(f) Best Reasonable Efforts. Subject to the terms and conditions of this Agreement, each of the parties hereto agrees to use its best reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement and the Merger Agreement. Each party shall promptly consult with the other and provide any necessary information and material with respect to all filings made by such party with any Governmental Entity in connection with this Agreement and the Merger Agreement and the transactions contemplated hereby and thereby.

(g) Waiver of Appraisal Rights. The Stockholder hereby waives any rights of appraisal or rights to dissent from the Merger that it or he may have.

(h) Acquisition of Remaining Shares. Parent agrees that, in the event that within three years following Parent's exercise of the Stock Option, Parent, the Purchaser or any of their Subsidiaries acquires any additional shares of Company Common Stock from, or pursuant to an offer made to all of the Company's stockholders, whether by merger, consolidation, tender offer or other similar transaction, the price paid per share of Company Common Stock shall be no less than the Purchase Price.

5. Representations and Warranties of the Stockholder. The Stockholder hereby represents and warrants to Parent as follows:

(a) Ownership of Shares. Such Stockholder is the record and Beneficial Owner of the Existing Shares, as set forth on Schedule I. On the date hereof, the Existing Shares constitute all of the Shares owned of record or Beneficially Owned by such Stockholder. Such Stockholder has sole voting power and sole power to issue instructions with respect to the matters set forth in Sections 2, 3 and 4 hereof, sole power of disposition, sole power of conversion, sole power to demand appraisal rights and sole power to agree to all of the matters set forth in this Agreement, in each case with respect to all of the Existing Shares with no limitations, qualifications or restrictions on such rights, subject to applicable securities laws and the terms of this Agreement.

(b) Power; Binding Agreement. Such Stockholder has the legal capacity, power and authority to enter into and perform all of such Stockholder's obligations under this Agreement. The execution, delivery and performance of this Agreement by such Stockholder will not violate any other agreement to which such Stockholder is a party including, without limitation, any voting agreement, proxy arrangement, pledge agreement, shareholders agreement or voting trust. This Agreement has been duly and validly executed and delivered by such Stockholder and constitutes a valid and binding agreement of such Stockholder, enforceable against such Stockholder in accordance with its terms. There is no beneficiary or holder of a voting trust certificate or other interest of

any trust of which such Stockholder is a trustee whose consent is required for the execution and delivery of this Agreement or the consummation by such Stockholder of the transactions contemplated hereby.

(c) No Conflicts. Except for filings under the HSR Act, the Exchange Act and as set forth on Schedule 5(c) attached hereto, (i) no filing with, and no permit, authorization, consent or approval of, any Governmental Entity for the execution of this Agreement by such Stockholder and the consummation by such Stockholder of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by such Stockholder, the consummation by such Stockholder of the transactions contemplated hereby or compliance by such Stockholder with any of the provisions hereof shall (A) conflict with or result in any breach of any organizational documents applicable to the Stockholder, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which such Stockholder is a party or by which such Stockholder or any of its properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, order, statute, rule or regulation applicable to such Stockholder or any of its properties or assets.

(d) No Encumbrances. Except as permitted by this Agreement, the Existing Shares and the certificates representing such Shares are now, and at all times during the term hereof will be, held by such Stockholder, or by a nominee or custodian for the benefit of such Stockholder, free and clear of all Encumbrances, proxies, voting trusts or agreements, understandings or arrangements or any other rights whatsoever, except for any such Encumbrances or proxies arising hereunder.

(e) No Finder's Fees. No broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transac-

tions contemplated hereby based upon arrangements made by or on behalf of such Stockholder.

(f) Reliance by Parent. The Stockholder understands and acknowledges that Parent is entering into, and causing Purchaser to enter into, the Merger Agreement in reliance upon such Stockholder's execution and delivery of this Agreement.

6. Representations and Warranties of Parent and the Purchaser. Each of Parent and the Purchaser hereby represents and warrants to the Stockholder as follows:

(a) Power; Binding Agreement. Parent and the Purchaser each has the corporate power and authority to enter into and perform all of its obligations under this Agreement. The execution, delivery and performance of this Agreement by each of Parent and the Purchaser will not violate any other agreement to which either of them is a party. This Agreement has been duly and validly executed and delivered by each of Parent and the Purchaser and constitutes a valid and binding agreement of each of Parent and the Purchaser, enforceable against each of Parent and the Purchaser in accordance with its terms.

(b) No Conflicts. Except for filings under the HSR Act and the Exchange Act, (i) no filing with, and no permit, authorization, consent or approval of, any Governmental Entity is necessary for the execution of this Agreement by each of Parent and the Purchaser and the consummation by each of Parent and the Purchaser of the transactions contemplated hereby and (ii) none of the execution and delivery of this Agreement by each of Parent and the Purchaser, the consummation by each of Parent and the Purchaser of the transactions contemplated hereby or compliance by each of Parent and the Purchaser with any of the provisions hereof shall (A) conflict with or result in any breach of any organizational documents applicable to either of Parent or the Purchaser, (B) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agree-

ment or other instrument or obligation of any kind to which either of Parent or the Purchaser is a party or by which either of Parent or the Purchaser or any of their properties or assets may be bound, or (C) violate any order, writ, injunction, decree, judgment, order, statute, rule or regulation applicable to either of Parent or the Purchaser or any of their properties or assets.

7. Further Assurances. From time to time, at the other party's request and without further consideration, each party hereto shall execute and deliver such additional documents and take all such further lawful action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

8. Stop Transfer. The Stockholder shall not request that the Company register the transfer (book-entry or otherwise) of any certificate or uncertificated interest representing any of the Shares, unless such transfer is made in compliance with this Agreement. In the event of a stock dividend or distribution, or any change in the Company Common Stock by reason of any stock dividend, split-up, recapitalization, combination, exchange of shares or the like, the term "Shares" shall refer to and include the Shares as well as all such stock dividends and distributions and any shares into which or for which any or all of the Shares may be changed or exchanged.

9. Termination. Except as provided in Section 3 hereof, the covenants, agreements and proxy shall terminate upon the termination of the Merger Agreement in accordance with its terms.

10. Miscellaneous.

(a) Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(b) Binding Agreement. This Agreement and the obligations hereunder shall attach to the Shares and shall be binding upon any person or entity to which legal

or beneficial ownership of such Shares shall pass, whether by operation of law or otherwise, including, without limitation, a Stockholder's heirs, guardians, administrators or successors. Notwithstanding any transfer of Shares, the transferor shall remain liable for the performance of all obligations of the transferor under this Agreement.

(c) Assignment. This Agreement shall not be assigned by operation of law or otherwise without the prior written consent of the other parties, provided that Parent may assign, in its sole discretion, its rights and obligations hereunder to any direct or indirect wholly owned subsidiary of Parent, but no such assignment shall relieve Parent of its obligations hereunder if such assignee does not perform such obligations.

(d) Amendments, Waivers, Etc. This Agreement may not be amended, changed, supplemented, waived or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by the parties hereto.

(e) Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly received if given) by hand delivery or telecopy (with a confirmation copy sent for next day delivery via courier service, such as Federal Express), or by any courier service, such as Federal Express, providing proof of delivery. All communications hereunder shall be delivered to the respective parties at the following addresses:

If to the Stockholder:	Orbotech Ltd. Yavne Industrial Zone P.O. Box 601 Yavne 81106, Israel Attention: President Telephone No.: 972-8-942-5633
If to Parent or the Purchaser:	Applied Materials, Inc. 3050 Bowers Avenue Santa Clara, CA 95405-3299

Attention: Joseph J. Sweeney
Telephone No.: (408) 727-5555
Telecopy No.:(408) 563-4635

Copy to: Skadden, Arps, Slate,
Meagher & Flom LLP
919 Third Avenue
New York, New York 10022
Attention: David Fox
Telephone No.: (212) 735-3000
Telecopy No.: (212) 735-2000

or to such other address as the person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

(f) Severability. Whenever possible, each provision or portion of any provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or portion of any provision in such jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

(g) Specific Performance. Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Agreement will cause the other party to sustain damages for which it would not have an adequate remedy at law for money damages, and therefore in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

(h) Remedies Cumulative. All rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any

thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party.

(i) No Waiver. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, shall not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(j) No Third Party Beneficiaries. This Agreement is not intended to be for the benefit of, and shall not be enforceable by, any person or entity who or which is not a party hereto.

(k) Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law thereof.

(l) Jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of the Court of Chancery in the State of Delaware and the United States District Court for the Southern District of New York in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding shall be brought only in such court (and waives any objection based on forum non conveniens or any other objection to venue therein). Each party hereto hereby waives any right to a trial by jury in connection with any such action, suit or proceeding.

(m) Descriptive Headings. The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

(n) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same Agreement.

IN WITNESS WHEREOF, Parent, the Purchaser and the Stockholder have caused this Agreement to be duly executed as of the day and year first above written.

APPLIED MATERIALS, INC.

By: /s/ James C. Morgan

Name: James C. Morgan
Title: Chairman and Chief Executive Officer

ORION CORP. I

By: /s/ Joseph J. Sweeney

Name: Joseph J. Sweeney
Title: Vice President

ORBOTECH LTD.

By: /s/ Shlomo Barak

Name: Dr. Shlomo Barak
Title: Chairman of the Board

By: /s/ Yochai Richter

Name: Yochai Richter
Title: President and Chief Executive Officer

Schedule I

Name of Stockholder	Number of Shares Beneficially Owned
Orbotech Ltd.	1,241,650

CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT

THIS CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT (the "Agreement") is made and entered into as of October 21, 1996, by and between Applied Materials, Inc. ("Buyer"), a corporation organized under the laws of the State of Delaware, and Opal, Inc. ("Orion"), a company organized under the laws of the State of Delaware, with reference to the following facts:

RECITALS

A. WHEREAS, Buyer and Orion intend to enter into discussions and transfer information regarding the possible acquisition by Buyer of the share capital of Orion (the "Proposed Share Acquisition"); and

B. WHEREAS, in the course of the discussions, Buyer and Orion may disclose or may have disclosed to one another, orally or in writing, certain confidential and proprietary technical, financial and business information; and

C. WHEREAS, Buyer and Orion wish to provide for the confidential treatment of their discussions and written disclosures regarding the Proposed Share Acquisition and all information related thereto.

AGREEMENT

NOW THEREFORE, the parties mutually agree to the following:

1. For the purpose of this Agreement, "Confidential Information" shall mean (a) the existence or status of, or any other information relating to, the discussions between Buyer and Orion (directly or through representatives) relating to the Proposed Share Acquisition, and (b) any information or materials disclosed by Buyer or Orion (in which case such party shall be considered the "Disclosing Party") or by any directors, employees, representatives, agents or professional advisors of the Disclosing Party, to the other party (in which case such other party shall be considered the "Recipient") or to any directors, employees, representatives, agents or professional advisors of the Recipient, relating to the financial and business information of the Disclosing Party or the design, development, manufacturing or marketing of the Disclosing Party's products or services, or otherwise to the business or technology of the Disclosing Party ; provided, however, that any oral information disclosed to the Recipient by the Disclosing Party must be identified in writing

to the Recipient as confidential within 30 days following such disclosure in order for such oral information to be deemed "Confidential Information" hereunder.

2. Subject to Section 3 hereof, Recipient agrees to hold in confidence and not to reveal, report, publish, disclose or transfer, directly or indirectly, any of the Confidential Information of the Disclosing Party (including, without limitation, the Confidential Information referenced in clause (a) of Section 1 above, as to which information both parties shall be considered the "Recipient") to any third party or use any of the Confidential Information of the Disclosing Party for any purpose at any time except as necessary to evaluate and implement the Proposed Share Acquisition; provided that the Recipient may disclose the Confidential Information referenced in clause (a) of Section 1 above to the extent it reasonably deems necessary in order to comply with securities laws and/or stock exchange regulations; and provided further that the Recipient shall, if practicable within the context of applicable legal and stock exchange requirements, give the Disclosing Party prompt prior notice and first allow the Disclosing Party reasonable time to comment on the Confidential Information the Recipient proposes to disclose prior to its disclosure and, if permitted by law, stock exchange regulations and if practicable within the context of applicable legal and stock exchange requirements, use reasonable efforts to accept the good faith comments of the other party. Confidential Information referenced in clause (b) of Section 1 above shall remain the sole property of the Disclosing Party. At the request of the Disclosing Party, Recipient will promptly return to the Disclosing Party all Confidential Information of the Disclosing Party referenced in Section 1 above that is in tangible form, including any copies, and, with respect to abstracts or summaries of Confidential Information that Recipient may have made, Recipient will destroy such abstracts or summaries and will provide a written declaration from an authorized officer of the Recipient certifying to the Disclosing Party that it has done so.

3. Recipient agrees to be responsible for the conduct of its directors, employees, representatives, agents and professional advisors regarding the confidentiality and use of the Confidential Information. In

furtherance and not in limitation thereof, Recipient agrees that without the written consent of the Disclosing Party, disclosure of or access to the Confidential Information shall be permitted only to the directors, key employees, representatives, agents and professional advisors of Recipient who have a need to know in connection with the Proposed Share Acquisition, and who have agreed to hold such information in confidence and to comply with all of the requirements of Section 2 above. Notwithstanding anything contained herein to the contrary, Confidential Information referenced in clause (a) of Section 1 above may be disclosed by Buyer to the directors, key employees and professional advisors of Orbot Instruments Ltd. who have a need to know such Confidential Information in connection with Buyer's possible acquisition of Orbot Instruments Ltd.'s share capital and who have agreed to hold such information in confidence and not to use such information for any purpose except in connection with such possible acquisition. Orion agrees that information disclosed to it by Buyer as to the existence or status of, or any other information relating to, the discussions between Buyer and Orbot

Instruments Ltd. shall be considered "Confidential Information" under clause (a) of Section 1 above and treated as such hereunder.

4. Because of the unique confidential, proprietary and valuable nature of the Confidential Information, Recipient understands and agrees that in the event Recipient fails to comply with Recipient's obligations under Sections 2 and 3 above that monetary damages may be inadequate to compensate the Disclosing Party for such failure. Accordingly, Recipient agrees that the Disclosing Party will, in addition to any other remedies available to it by law or in equity, be entitled to seek injunctive relief to enforce the terms of Sections 2 and 3 above.

5. Notwithstanding Section 2, Confidential Information shall not include any information which (a) at the time of its disclosure or thereafter is generally available to and known by the public other than as a result of a disclosure by the Recipient or its directors, employees, representatives, agents or professional advisors in violation of this Agreement, (b) was or becomes available to the Recipient, on a nonconfidential basis from a source other than the Disclosing Party without, to the knowledge of the Recipient, a duty to the Disclosing Party having been breached, or (c) is shown by written record to have been independently acquired or developed by Recipient without violating this Agreement. If the Recipient or any of its directors, employees, representatives, agents or professional advisors becomes legally compelled to disclose any Confidential Information, Recipient shall provide the Disclosing Party with prompt written notice of such required disclosures so that the Disclosing Party may seek a protective order or other appropriate remedy and/or may waive compliance with the confidentiality obligations hereof. In the event that such protective order or other remedy is not obtained, or that compliance is waived, Recipient shall disclose the minimum amount of Confidential Information legally required and shall use its best efforts to obtain assurance that confidential treatment will be accorded such information.

6. So long as discussions are taking place with respect to the Proposed Share Acquisition, Buyer shall not initiate contact with any officer, employee or agent of Orion regarding its business, operations, prospects or finances, except with the express written permission of Orion and except that Buyer shall have the right to initiate contact with Messrs. Henry Schwarzbaum, Avner Hermoni and Israel Niv without such permission. It is understood that Henry Schwarzbaum will arrange for appropriate contacts for due diligence purposes, which contacts shall include Messrs. Hermoni and Niv. Buyer shall submit or direct all requests for additional information, requests for facility tours or management meetings and discussions or questions regarding procedures, to Mr. Schwarzbaum. So long as active discussions between the parties regarding the Proposed Share Acquisition are being conducted, Orion agrees to promptly provide any information reasonably requested by Buyer in connection with Buyer's consideration of the Proposed Share Acquisition.

7. This Agreement shall be binding upon and inure to the benefit of the parties, their subsidiaries, and their respective successors. No assignment of this Agreement may be made by Recipient without the prior written consent of the Disclosing Party, which consent may be withheld or granted in the Disclosing Party's sole discretion.

8. Any communications, transmissions, correspondence or notices shall be in writing, sent by hand delivery or postage prepaid, certified mail or by telecopier, to the authorized representative of each party at the address set forth below, or to such other address as to which notice is given in accordance with this provision. Notices shall be deemed received seven business days after mailing certified mail, or upon receipt if given by hand or by telecopier.

If to Buyer:

Applied Materials, Inc.
3050 Bowers Avenue
Santa Clara, California 95054-3299
U.S.A.
Attention: Joseph J. Sweeney
Facsimile No. (408) 563-4635
Confirmation No. (408) 748-5420

If to Orion:

Opal, Inc.
c/o Opal Technologies Ltd.
Industrial Zone B
Nes Ziona, 70451
Israel
Attention: Henry Schwarzbaum
Facsimile No. (International) 972 (8) 940-5683
Confirmation No. (International) 972 (8) 938-3524

With a copy to:

Thomas P. Storer, P.C.
Goodwin, Procter & Hoar LLP
Exchange Place
Boston, Massachusetts 02109

9. The parties hereto are independent contractors and nothing herein shall be construed as creating any agency, joint venture, partnership or other form of business association between the parties.

10. (a) The obligations of Buyer and Orion under this Agreement shall be governed by New York law applicable to contracts fully executed and performed in New York, without regard to the principles of conflicts of laws thereof. (b) This Agreement contains the full and complete understanding of the parties with respect to the subject matter hereof and supersedes all prior representations and understandings regarding the subject matter hereof, whether oral or written. (c) In the event that any provision hereof or any obligation hereunder is found invalid or unenforceable pursuant to a judicial decree or decision, any such provision or obligation shall be deemed and construed to extend to and only to the maximum extent permitted by law, and the remainder of this Agreement shall remain valid and enforceable according to its terms. (d) Obligations hereunder shall apply to any item of Confidential Information for a period of three (3) years following its disclosure to Recipient by the Disclosing Party, and with respect to the Confidential Information referenced in clause (a) of Section 1 above, for a period of one (1) year from the date hereof, subject to any longer period of confidentiality to which the Disclosing Party is bound by agreement with a third party. (e) Failure to exercise or delay in exercising any remedy hereunder shall not be deemed a waiver thereof. (f) Each party represents that this Agreement is being signed by a duly authorized officer. (g) The parties intend to be mutually bound hereunder and understand and agree that each of them is subject to all of the obligations of the "Recipient" hereunder with respect to the Confidential Information referenced in clause (a) of Section 1 of this Agreement and with respect to the Confidential Information of the other party referenced in clause (b) of Section 1 above. (h) This Agreement may be signed in counterparts, each of which shall for all purposes be deemed an original, and together shall constitute one and the same instrument.

IN WITNESS WHEREOF the undersigned have executed this Agreement as of the date first written above.

APPLIED MATERIALS, INC.

By: /s/ Joseph J. Sweeney

Title: Vice President

OPAL, INC.

By: /s/ Henry Schwarzbaum

Title: Chief Financial Officer

By: /s/ Rafi Yizhar

Title: Chief Executive Officer