

As filed with the Securities and Exchange Commission on September 29, 2008

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

TOWER SEMICONDUCTOR LTD.

(Exact name of Registrant as specified in its charter)

Israel

(State or other jurisdiction of incorporation or organization)

Not Applicable

(I.R.S. Employer Identification No.)

P.O. Box 619
Migdal Haemek, Israel, 23105
972-4-650-6611

(Address and telephone number of Registrant's principal executive offices)

Employee Share Option Plan 2005
Jazz Technologies, Inc. 2006 Equity Incentive Plan
(Full title of plans)

Tower Semiconductor USA
4300 Stevens Creek Blvd., Suite 175
San Jose, California 95129
Tel: 408-551-6500
Facsimile: 408-551-6509

(Name, address and telephone number of agent for service)

Copies of all Correspondence to:

DAVID H. SCHAPIRO, ESQ.
Yigal Arnon & Co.
1 Azrieli Center
Tel Aviv, 67021 Israel
Tel: 972-3-608-7856

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Eilenberg Krause & Paul LLP
11 East 44th Street
New York, NY 10017
Tel: 212-986-9700

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Ordinary Shares, par value NIS 1.00 per share ("Ordinary Shares") (relating to Employee Share Option Plan 2005)	855,000(2)	\$ 0.46(3)	\$ 393,300(3)	\$ 15.46
Ordinary Shares (relating to Jazz Technologies, Inc. 2006 Equity Incentive Plan)	3,905,253(4)	\$ 1.48(3)	\$ 5,779,774(3)	\$ 227.15
TOTAL:				\$ 242.61

- (1) This Registration Statement also registers an indeterminate number of Ordinary Shares which may become issuable pursuant to the adjustment and anti-dilution provisions of the plans and options to which this Registration Statement relates.
- (2) Represents shares that may be issued pursuant to options which have been granted pursuant to the Registrant's Employee Share Option Plan 2005; these shares are additional shares over and above the 9,824,660 and 4,424,938 shares previously registered on the Registrant's registration statements on Form S-8, No. 333-138837 and No. 333-147071, respectively.
- (3) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(h) under the Securities Act of 1933. The registration fee is based upon an offering price per share equal to the weighted average of the per share exercise prices of the outstanding options.
- (4) Represents shares that may be issued pursuant to options outstanding under the Jazz Technologies, Inc. 2006 Equity Incentive Plan, as assumed by the Registrant.

EXPLANATORY NOTE

This Registration Statement on Form S-8 is filed by Tower Semiconductor Ltd., a company organized under the laws of the State of Israel (the "Registrant"), in connection with the Agreement and Plan of Merger and Reorganization among the Registrant, its wholly owned subsidiary, Armstrong Acquisition Corp., a Delaware corporation, and Jazz Technologies, Inc., a Delaware corporation ("Jazz"), dated as of May 19, 2008 (the "Merger Agreement"), pursuant to which Armstrong Acquisition Corp. merged with and into Jazz (the "Merger"), with Jazz surviving as a wholly owned subsidiary of the Registrant. The Merger became effective on September 19, 2008, at which time the Registrant assumed each outstanding option under the Jazz Technologies, Inc. 2006 Equity Incentive Plan (the "Jazz Plan").

The Registration Statement is also being filed by the Registrant to register an additional 855,000 Ordinary Shares issuable pursuant to the Employee Share Option Plan 2005 (together with the Jazz Plan, the "Plans").

The documents containing the information specified in Part I of this Registration Statement on Form S-8 will be sent or given to participants in the Plans as specified by Rule 428(b)(i) under the Securities Act of 1933, as amended (the "Securities Act"). Such documents are not required to be, and are not being, filed by us with the Securities and Exchange Commission ("SEC"), either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424 under the Securities Act. Such documents, together with the documents incorporated by reference herein pursuant to Item 3 of Part II of this Registration Statement on Form S-8, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

As used herein or any in any document incorporated by reference hereto, the "Company", "Tower Semiconductor Ltd.", "Registrant", "we", "us", or "our" refers to Tower Semiconductor Ltd. and its consolidated subsidiaries.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

As permitted by the rules of the Securities and Exchange Commission, this Registration Statement omits the information specified in Part I of Form S-8.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents By Reference.

The following documents filed with the SEC by the Registrant pursuant to the Securities Exchange Act of 1934 are incorporated by reference in this registration statement:

- Prospectus that forms part of Registration Statement on Form F-4 (Reg. No. 333-151919), filed with the SEC on August 12, 2008 pursuant to Rule 424(b)(3) under the Securities Act, as supplemented.
- Report on Form 6-K dated August 2008 No. 2 (filed on August 13, 2008).
- Report on Form 6-K dated August 2008 No. 3 (filed on August 14, 2008).

- Report on Form 6-K dated August 2008 No. 4 (filed on August 20, 2008).
- Report on Form 6-K dated August 2008 No. 5 (filed on August 20, 2008).
- Report on Form 6-K dated August 2008 No. 7 (filed on August 21, 2008).
- Report on Form 6-K dated September 2008 (filed on September 18, 2008).
- Report on Form 6-K dated September 2008 No.2 (filed on September 19, 2008).
- Report on Form 6-K dated September 2008 No.3 (filed on September 25, 2008).
- The description of the Company's Ordinary Shares which is contained in its Registration Statement on Form 8-A declared effective on October 25, 1994.

All documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all shares offered hereby have been sold or which deregisters all then remaining unsold, shall be deemed to be incorporated by reference in this registration statement and to be a part hereof from the date of filing of such documents. We may also incorporate any Form 6-K subsequently filed or furnished by us to the SEC prior to the filing of any such post-effective amendment, by identifying in such Form 6-K that it is being incorporated by reference herein, and any Forms 6-K so identified shall be deemed to be incorporated by reference in this registration statement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this registration statement to the extent that a statement contained herein or in any other subsequently filed document which also is incorporated or deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this registration statement.

Item 4. Description of Securities.

Not Applicable.

Item 5. Interests of Named Experts and Counsel.

Not Applicable.

Item 6. Indemnification of Directors and Officers.

The Israeli Companies Law-1999, or the Companies Law, provides that a company may include in its articles of association provisions allowing it to:

1. partially or fully, exempt in advance, an office holder of the company from his responsibility for damages caused by the breach of his duty of care to the company, except for damages caused to the Company due to any breach of such Office Holder's duty of care towards the company in a "distribution" (as defined in the Companies Law).
2. enter into a contract to insure the liability of an office holder of the company by reason of acts or omissions committed in his capacity as an office holder of the company with respect to the following:
 - (a) the breach of his duty of care to the company or any other person;

- (b) the breach of his fiduciary duty to the company to the extent he acted in good faith and had a reasonable basis to believe that the act or omission would not prejudice the interests of the company; and
 - (c) monetary liabilities or obligations which may be imposed upon him in favor of other persons.
3. indemnify an office holder of the company for:
- (a) monetary liabilities or obligations imposed upon, or actually incurred by, such officer holder in favor of other persons pursuant to a court judgment, including a compromise judgment or an arbitrator's decision approved by a court, by reason of acts or omissions of such officer holder in his or her capacity as an office holder of the company;
 - (b) reasonable litigation expenses, including attorney's fees, actually incurred by such office holder or imposed upon him or her by a court, in an action, suit or proceeding brought against him or her by or on behalf of us or by other persons, or in connection with a criminal action from which he or she was acquitted, or in connection with a criminal action which does not require criminal intent in which he was convicted, in each case by reason of acts or omissions of such officer holder in his or her capacity as an office holder; and
 - (c) reasonable litigation expenses, including attorneys' fees, actually incurred by such office holder due to an investigation or a proceeding instituted against such office holder by an authority competent to administrate such an investigation or proceeding, and that was finalized without the filing of an indictment against such office holder and without any financial obligation imposed on such office holder in lieu of criminal proceedings, or that was finalized without the filing of an indictment against such office holder but with financial obligation imposed on such office holder in lieu of criminal proceedings of a crime which does not require proof of criminal intent, in each case by reason of acts of such officer holder in his or her capacity as an office holder of the company.

The Companies Law provides that a company's articles of association may provide for indemnification of an office holder post-factum and may also provide that a company may undertake to indemnify an office holder in advance, as described in:

- i. sub-section 3(a) above, provided such undertaking is limited to and actually sets forth the occurrences, which, in the opinion of the company's board of directors based on the current activity of the company, are, at the time such undertaking is provided, foreseeable, and to an amount and degree that the board of directors has determined is reasonable for such indemnification under the circumstances; and

ii. sub-sections 3(b) and 3(c) above.

The Companies Law provides that a company may not indemnify or exempt the liabilities of an office holder or enter into an insurance contract which would provide coverage for the liability of an office holder with respect to the following:

- a breach of his fiduciary duty, except to the extent described above;
- a breach of his duty of care, if such breach was done intentionally, recklessly or with disregard of the circumstances of the breach or its consequences, but excluding a breach due to negligence only;
- an act or omission done with the intent to unlawfully realize personal gain; or
- a fine or monetary settlement imposed upon him.

Under the Companies Law, the term "office holder" may include a director, managing director, general manager, chief executive officer, executive vice president, vice president, other managers directly subordinate to the managing director and any other person fulfilling or assuming any such position or responsibility without regard to such person's title.

The grant of an exemption, an undertaking to indemnify or indemnification of, and procurement of insurance coverage for, an office holder of a company requires, pursuant to the Companies Law, the approval of our audit committee and board of directors, and, in certain circumstances, including if the office holder is a director, the approval of our shareholders.

We have entered into an insurance contract for directors and officers and have procured indemnification insurance for our office holders to the extent permitted by our Articles of Association.

We have also entered into indemnification agreements with certain of our directors and officers to the extent permitted by our Articles of Association. The indemnification agreements provide that, subject only to mandatory provisions of applicable law to the contrary, we will indemnify such individuals against the obligations and expenses described above with respect to acts performed in the capacity of an office holder, subject, in certain instances, to (i) the obligation or expense being imposed or expended in connection with a specified event; and (ii) a specific cap. The indemnification agreements also exempt such individuals from liability for damage caused or to be caused to us as a result of a breach of such individual's duty of care, subject only to mandatory provisions of applicable law to the contrary.

Merger Agreement Provisions. Pursuant to the Merger Agreement, following the effective time of the Merger and through the sixth anniversary of the effective time, the Registrant has agreed to, and to cause Jazz (as the surviving corporation) to, maintain the current level and scope of directors' and officers' liability insurance policy in effect as of the date of the Merger Agreement; provided that the Registrant or Jazz (as the surviving corporation) will not be required to expend annually more than an agreed upon amount for such coverage. All rights to indemnification by Jazz or its subsidiaries and exculpation existing in favor of certain of their directors and officers for their acts and omissions occurring at or prior to the effective time of the Merger pursuant to certain indemnification agreements listed in the disclosure schedules and Jazz's organizational documents, will survive for a period of six years following the Merger.

Item 7. Exemption From Registration Claimed.

Not applicable.

Item 8. Exhibits.

<u>Exhibit Numbers</u>	<u>Description of Document</u>
3.1	Articles of Association of the Registrant, approved by shareholders on November 14, 2000, as amended (incorporated by reference to Exhibit 3.1 of the Registrant's Registration Statement on Form F-1, File No. 333-126909)
3.2	Amendment to the Articles of Association of the Registrant (approved by shareholders on September 28, 2006) (incorporated by reference to Exhibit 4.2 of the Registrant's Registration Statement on Form S-8, File No. 333-117565)
3.3	Amendment to Articles of Association of the Registrant (incorporated by reference to Exhibit 4.2 of the Registrant's Registration Statement on Form S-8, File No. 333-138837 (the "2006 Form S-8"))
3.4	Amendment to Articles of Association of Registrant (approved by shareholders on September 24, 2008)
4.1	Employee Share Option Plan 2005, as amended
4.2	Form of Grant Letter to Israeli Employees (incorporated by reference to Exhibit 4.4 of the 2006 Form S-8)
4.3	Form of Grant Letter to U.S. Employees (incorporated by reference to Exhibit 4.5 of the 2006 Form S-8)
4.4	Form of Grant Letter for grants to Jazz employees under the Employee Share Option Plan 2005
4.5	Jazz Technologies, Inc. 2006 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 of Jazz Technologies, Inc.'s Current Report on Form 8-K filed with the SEC on February 8, 2007)
4.6	Form of Assumption Letter from the Registrant to holders of Jazz Technologies, Inc. 2006 Equity Incentive Plan options
4.7	Form of Option Agreement under the Jazz Technologies, Inc. 2006 Equity Incentive Plan (incorporated by reference to Exhibit 99.2 of Jazz Technologies, Inc.'s Registration Statement on Form S-8 filed with the SEC on May 16, 2007)
5.1	Opinion of Yigal Arnon & Co.
23.1	Consent of Yigal Arnon & Co. (included in Exhibit 5.1)
23.2	Consent of Brightman Almagor & Co.
24.1	Power of Attorney (included on signature page)

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

- i. To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
- ii. To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment hereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
- iii. To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- i. Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
- ii. Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
- iii. The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
- iv. Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in such Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement on Form S-8 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Migdal Haemek, Israel, on September 29, 2008.

TOWER SEMICONDUCTOR LTD.

By: /s/ Russell C. Ellwanger

Russell C. Ellwanger
Director and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in their respective capacities and on the respective dates indicated. Each person whose signature appears below hereby authorizes Russell Ellwanger with full power of substitution, to execute in the name and on behalf of such person any amendment or any post-effective amendment to this Registration Statement and to file the same, with exhibits thereto, and other documents in connection therewith, making such changes in this Registration Statement as the Registrant deems appropriate, and appoints Russell Ellwanger, with full power of substitution, attorney-in-fact to sign any amendment and any post-effective amendment to this Registration Statement and to file the same, with exhibits thereto, and other documents in connection therewith.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ Dov Moran _____ Dov Moran	Chairman of the Board	September 29, 2008
/s/ Russell C. Ellwanger _____ Russell C. Ellwanger	Director and Chief Executive Officer (Principal Executive Officer)	September 29, 2008
/s/ Oren Shiraz _____ Oren Shirazi	Vice President of Finance and Acting Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	September 29, 2008
_____ Nir Gilad	Director	September __, 2008

<u>/s/ Alex Kornhauser</u> Alex Kornhauser	Director	September 29, 2008
<u>Kalman Kaufman</u>	Director	September __, 2008
<u>/s/ Amir Elstein</u> Amir Elstein	Director	September 29, 2008
<u>/s/ Ron Moskovitz</u> Ron Moskovitz	Director	September 29, 2008
AUTHORIZED REPRESENTATIVE IN THE UNITED STATES Tower Semiconductor USA, Inc. By <u>/s/ Russell C. Ellwanger</u> Russell C. Ellwanger Chief Executive Officer		September 29, 2008

EXHIBIT INDEX

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24.1	Power of Attorney (included on signature page)

AMENDMENT TO THE ARTICLES OF ASSOCIATION

At the shareholders' meeting that was held on September 24, 2008, it was proposed that for the purpose of ensuring the availability of a sufficient number of authorized shares for issuance in connection with the proposed restructuring and investment, Tower Semiconductor Ltd. increase its authorized share capital from 800,000,000 shares NIS 1.00 per share to 1,100,000,000, NIS 1.00 per share.

The shareholders of Tower Semiconductor Ltd. resolved the following:

“[T]O INCREASE THE NUMBER OF THE COMPANY’S AUTHORIZED ORDINARY SHARES TO 1,100,000,000 AND AUTHORIZED SHARE CAPITAL TO NIS 1,100,000,000 AND TO AMEND THE COMPANY’S ARTICLES OF ASSOCIATION TO REFLECT SUCH INCREASE.”

The above resolution was adopted by a majority of the Shareholders present in person or by proxy.

**TOWER SEMICONDUCTOR LTD.
EMPLOYEE SHARE OPTION PLAN 2005
(as Amended and Restated Effective as of May 12, 2008)**

**A PLAN UNDER SECTION 102 OF THE INCOME TAX ORDINANCE AND
THE UNITED STATES INTERNAL REVENUE CODE OF 1986**

1. Name and Purpose:

- 1.1 This plan, as amended from time to time, shall be known as the Tower Semiconductor Ltd. Employee Share Option Plan 2005 (the “**2005 Plan**” or the “**Plan**”).
- 1.2 The purpose and intent of the Plan is to provide incentives to employees of Tower Semiconductor Ltd. (the “**Company**”) and its wholly-owned subsidiaries (each, a “**Subsidiary**”) by providing them with options (“**Options**”) to purchase ordinary shares (“**Ordinary Shares**”) in the Company, pursuant to a plan approved by the Board of Directors of the Company (the “**Board**”). Options under this Plan will be granted to the Company’s employees pursuant to the provisions of Section 102 (“**Section 102**”) of the Israeli Income Tax Ordinance (New Version), 1961 as amended from time to time, the Law Amending the Income Tax Ordinance (Number 132) 2002 (as amended, the “**Ordinance**”) and the rules promulgated thereunder (the “**Rules**”). Options under this Plan will be granted to United States residents who are employees of the Company’s United States Subsidiaries, Tower Semiconductor USA, Inc. (“**TSU**”) and Jazz Technologies Inc. and/or Jazz Semiconductor Inc. (collectively, “**Jazz**”) pursuant to the United States Internal Revenue Code of 1986, as amended (the “**Code**”).
- 1.3 The Plan shall become effective upon its adoption by the Board and the Company’s shareholders (the “**Effective Date**”).

2. Scope:

- 2.1 The total number of Options that may be granted under this Plan is 15,104,598. Each Option shall be exercisable into one Ordinary Share of the Company (nominal value NIS 1.00 per share) (the “**Underlying Share**”).
 - 2.2 The total number of ISO (as defined below) Options that may be granted under this Plan is 2,390,000 Options. Accordingly, the maximum number of Underlying Shares that may be issued as result of the exercise of ISO Options granted under this Plan is 2,390,000.
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3. Options granted under Section 102:

Options granted pursuant to Section 102(b) shall be either (a) capital gains track options under Section 102(b)(2), in which income resulting from the sale of Underlying Shares is taxed as capital gain ("**102 Capital Gains Track Options**"), or (b) ordinary income track options under Section 102(b)(1), in which income resulting from the sale of Underlying Shares is taxed as ordinary income ("**102 Ordinary Income Track Options**"; together with 102 Capital Gains Track Options, "**102 Trustee Options**"). Pursuant to the Company's election filed with the Israeli Income Tax Authorities to issue 102 Capital Gains Track Options under the Company's Employee Share Option Plan 2003/1, the Company may currently grant only 102 Capital Gains Track Options. The Company may change such election not earlier than January 1, 2005, following the approval of the Board, all in accordance with the provisions of Section 102(g) of the Ordinance.

4. Options granted under the Code:

Options granted to US residents who are employees of TSU or Jazz shall either qualify as Incentive Stock Options within the meaning of Section 422 of the Code ("**ISOs**"), or not qualify as ISOs and be classified as Non-qualified Stock Options ("**NSOs**") as designated in the Option Letter (as defined below). Options granted as ISO's shall comply with the requirements of Section 422 of the Code.

5. Eligible Grantees:

- 5.1. Options may be granted to any employee of the Company or any Subsidiary ("**Grantee**"). No Option under this Plan may be granted to any person serving as a member of the Board. The grant of an Option to a Grantee hereunder shall neither entitle such Grantee to participate, nor disqualify him/her from participating, in any other grant of Options pursuant to this Plan or any other share incentive or share option plan of the Company or any Subsidiary.
- 5.2. Options designated as ISOs will be treated as NSOs if (i) a Grantee of ISOs at the Date of Grant (as defined in Section 6.2 below) owns shares representing more than 10% of the voting power of the Company or its parent or a Subsidiary, (ii) at the Date of Grant, the aggregate Fair Market Value (as defined in Section 8 below) of the shares underlying ISOs which first become exercisable during any calendar year exceeds \$100,000 (taking such Options into account in the order in which they were granted), (iii) a disposition of Underlying Shares is made within two years from the Date of Grant of the Options or within one year from the exercise thereof, (iv) the Grantee was not an employee of the Company at all times during the period beginning on the Date of Grant and ending on the day 3 months before the date of exercise of such Grantee's Options, or (v) such Options otherwise fail to fully comply with the requirements for ISOs under the Code.

6. Options:

- 6.1. Options may be granted from the later of (i) the Effective Date; or (ii) 30 (thirty) days from the filing of this Plan with the Israeli Income Tax Authorities in accordance with applicable law.
- 6.2. Options may be granted until 10 (ten) years from the Effective Date.
- 6.3. Options shall be granted by issuance of an Option letter to the Grantee stating, inter alia, the number of Underlying Shares, the dates when the Options may be exercised, the Option exercise price and such other terms and conditions at the discretion of the Compensation and Options Committee (the “**Committee**”), provided that they are consistent with this Plan and with applicable law (the “**Option Letter**”). The date of the Option Letter shall be the date of grant of the respective Options (the “**Date of Grant**”).
- 6.4. The Options will not be listed in any stock exchange and are not transferable (except to the Grantee’s legal heirs or estate).
- 6.5. The Grantee shall have no right to vote or receive dividends (subject to Section 12.1) or any other rights of a shareholder prior to his/her exercise of the Options and until the issuance of the stock certificate evidencing the Underlying Shares.

7. Vesting and Exercise of Options:

- 7.1. Unless otherwise explicitly determined by the Board and stated in an individual Option Agreement, Options shall vest and become exercisable as follows, subject to the terms under which they were awarded: one-quarter (1/4) of the Options shall vest and become exercisable 12 months after the Date of Grant, one-quarter (1/4) of the Options shall vest and become exercisable 24 months after the Date of Grant, one-quarter (1/4) of the Options shall vest and become exercisable 36 months after the Date of Grant, and one-quarter (1/4) of the Options shall vest and become exercisable 48 months after the Date of Grant, all provided that the Grantee is employed by the Company or any Subsidiary on such dates.
- 7.2. The consideration to be paid for the Underlying Shares, including the method of payment, shall be determined by the Company and may consist entirely of (1) cash, (2) check, or (3) cashless in the case of same day sale. The procedure for exercise of the Options shall be provided to each Grantee together with the Option Letter. The Company may change the procedures for exercise of the Options at its discretion, by giving notice thereof to the Grantee.

7.3. If any Option has not been exercised within ten (10) years after the Date of Grant (or any shorter period set forth in the Option Letter), such Option shall immediately terminate and all of the Grantee's interests in and rights to such Option shall immediately expire.

8. Options' Exercise Price:

Unless otherwise explicitly determined by the Board and stated in an individual Option Agreement, the purchase price in \$US of each share will be the closing sales price of the Company's shares as reported by NASDAQ or the principal national securities exchange upon which the Company's shares are listed or traded on the last market trading day (the "**Fair Market Value**") prior to the Date of Grant. To avoid doubt: (a) Options designated as ISOs must be granted with an exercise price equal to the Fair Market Value of the Company's shares on the date of grant in order to qualify for ISO treatment under the Code and (b) Options designated as 102 Capital Gains Track Options whose exercise price is less than the "102 Fair Market Value", shall be subject to Section 102(b)(3) of the Ordinance.

"**102 Fair Market Value**" shall mean with respect to 102 Capital Gains Track Options only, and for the sole purpose of determining tax liability pursuant to Section 102(b)(3) of the Ordinance, the average value of the Company's shares on the thirty (30) trading days preceding the date of grant.

9. Trustee; Required Holding Periods:

- 9.1. All Options and the Underlying Shares will be held in trust by David H. Schapiro Legal Services (the “**Trustee**”) (i) in accordance with Section 102 and the regulations, rules, orders and procedures promulgated thereunder with respect to Israeli residents; or (ii) pursuant to the Company’s instructions and all applicable laws with respect to non-Israeli residents (all such Options shall be referred to as the “**Trustee Options**”).
- 9.2. 102 Trustee Options and the Underlying Shares shall be held by the Trustee for the requisite period prescribed by the Ordinance and the Rules, or such other period as may be required (the “**Required Holding Period**”).
- 9.3. The Trustee and each Grantee shall comply with the applicable laws and the terms and conditions of the Trust Agreement entered into between the Company and the Trustee.
- 9.4. In the event that the Company issues securities as bonus shares (מניות הטבה), such bonus shares on shares which derive from Trustee Options shall be subject to the provisions of this Section and for bonus shares on shares which derive from 102 Trustee Options, the Required Holding Period for such bonus shares shall be measured from the commencement of the Required Holding Period for the 102 Trustee Options.
- 9.5. The Trustee shall not exercise the voting rights vested in the Underlying Shares, unless the Trustee believes, after consulting with the Committee and the Grantees who hold a majority of the issued Options, that said rights should be exercised for the protection of the Grantees as a minority among the Company’s shareholders.
- 9.6. The Company shall be entitled to replace the Trustee with another appointee from time to time and shall notify the Grantees of such replacement.

10. Reserved Shares:

- 10.1. The Company has reserved 15,104,598 authorized but unissued Ordinary Shares (nominal value NIS 1.00 per share) for purposes of the Plan, subject to adjustments as provided in Section 12 below. If any Options granted under the Plan terminate, expire or otherwise cease to exist, such Options shall again be available for grant under the Plan or any other incentive plan that the Company may adopt.
- 10.2. The Company will maintain a sufficient quantity of Ordinary Shares, NIS 1.00 nominal value, in its registered capital and shall increase said quantity as appropriate to allow for the exercise of the Options under the Plan.

11. Termination of Employment; Termination of Right to Exercise:

- 11.1. Subject to the provisions of paragraph 11.2 and 11.3 hereof, unless determined otherwise by the Board, if a Grantee ceases to be employed by the Company for any reason, all of the Grantee's rights in respect of all Options that are vested and exercisable under the Plan on the date of termination shall terminate sixty (60) days from the date of termination. Options which are not vested and exercisable on the date of termination will become void and unexercisable as of such date.
- 11.2. Notwithstanding paragraph 11.1, in the event the Company terminates the employment of a Grantee under circumstances that entitle the Company (1) to withhold severance pay, in whole or in part, pursuant to the provisions of the Severance Pay Law, 5723-1963, or (2) to terminate the Grantee for Cause as such term is defined in such Grantee's employment agreement, all of the Grantee's exercisable Options shall become void and unexercisable on the last day of the Grantee's employment, unless otherwise set forth in the Grantee's employment agreement.
- 11.3. If a Grantee dies, becomes unable to continue to be employed by the Company due to incapacitation from an accident, illness or other cause approved by the Committee, or retires at the legal retirement age, all of the Grantee's exercisable Options as of such date can be exercised by the Grantee or the Grantee's estate or legal representative, as the case may be, within one (1) year after the Grantee's last day of employment with the Company. Thereafter, such Options shall become void and unexercisable. In the case of an ISO, if the Grantee's disability is not a "disability" as such term is defined in Section 22(e)(3) of the Code, such ISO shall be treated for tax purposes as an NSO as of three months and one day from the Grantee's last day of employment.

12. Adjustments:

- 12.1. In the event that the Company shall issue any of its Ordinary Shares or other securities as bonus shares (מניות הטבה), each Grantee who has been granted Options as of such date shall, upon exercising his/her Options, be entitled to receive, for the purchase price payable upon such exercise, bonus shares at no additional cost, in an amount and of such class, as the Grantee would have received had he been the holder of the Underlying Shares at the time the Company issued such bonus shares. No fractional shares will be issued under this Section. The Company may aggregate and sell all fractional shares and will be entitled to the proceeds of the sale thereof.

- 12.2. If securities of any kind are offered to the Company's shareholders by means of a rights offering, the exercise price of the Options will not be adjusted, however, the number of Underlying Shares will be increased to take into account the element of economic benefit of the rights issue ("מרכיב ההטבה"), as is represented by the ratio between the price per share of the Company's Ordinary Shares on the effective date of the future rights offering and the base price per share of the Company's Ordinary Shares that is established by the Tel-Aviv Stock Exchange (the "TASE") on the following trading day. If the TASE does not establish a base price per share of the Company's Ordinary Shares, no adjustment in the number of Underlying Shares issuable upon exercise of the Options will be made with respect to such future rights offering.
- 12.3. If the Company consolidates its Ordinary Shares, NIS 1.00 nominal value, into shares with a higher nominal value, or if it splits them into a larger number of shares having a lower nominal value, the number of Underlying Shares issued upon exercise of the Options will be adjusted as appropriate.
- 12.4. In the event that the Company is a party to any agreement or arrangement in which the holders of the Company's ordinary shares are offered the opportunity to exchange their shares for the securities of any other corporation, such as a merger or reorganization (the "**Exchange Transaction**"), the Company will endeavor to cause such other corporation to issue such securities as those offered to the Company's ordinary shareholders to any Grantee who exercises his/her Options, as if said Grantee was the holder of the Underlying Shares on the determining date in connection with the Exchange Transaction.
- 12.5. Voluntary Liquidation: In the event of a decision to voluntarily liquidate the Company, each Grantee will be (i) deemed to have exercised his/her vested and exercisable Options immediately prior to such decision; and (ii) entitled to payment equal to the amount that he/she would receive in liquidation if he/she were a holder of the Underlying Shares immediately prior to the decision to voluntarily liquidate less the exercise price.
- 12.6. The Committee is authorized to implement all adjustments and execute the required calculations, pursuant to the principles in this Section 12.
13. Continuation of Employment:
- Neither the Plan nor the Option Letter shall impose any obligation on the Company or any Subsidiary to continue employing any Grantee.

14. Application of Funds:

The proceeds received by the Company from the sale of Underlying Shares will be used for general corporate purposes of the Company or any Subsidiary.

15. Tax Consequences:

15.1. Any tax consequences arising from (i) the grant or exercise of any Option, (ii) the issuance of Underlying Shares and payment therefor, (iii) the sale, transfer or exchange of Underlying Shares, or (iv) any other event or act of the Company or the Grantee hereunder, and any commissions and other expenses related thereto, shall be borne solely by the Grantee. The Company, any of its Subsidiaries and/or the Trustee may withhold any taxes, expenses and commissions as required. The Grantee agrees to indemnify the Company, any of its Subsidiaries and/or the Trustee and hold them harmless from and against any and all liability for any such tax consequences, commissions, expenses or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Grantee.

15.2. The Grantee will confirm in writing that he/she (1) understands that the Options are granted pursuant to the Plan under Section 102, (2) is aware of the taxation track that applies thereto, and (3) undertakes not to exercise the Options prior to the end of the Required Holding Period, unless otherwise permitted.

16. Administration:

16.1. The Plan will be administered by the Board, taking into account the recommendations of the Committee.

16.2. No member of the Board shall be liable for any action or determination made in good faith with respect to the Plan or any Option granted hereunder.

17. Amendment and Termination of the Plan:

The Board may, at any time, terminate or amend the Plan in any respect, subject to the Company's shareholders' approval, if required.

18. Governing Law:

18.1. The Plan and all instruments issued hereunder in connection with Options granted pursuant to Section 102 shall be governed by, and interpreted in accordance with, the laws of the State of Israel.

18.2. The Plan and all instruments issued hereunder in connection with Options granted pursuant to the Code shall be governed by, and interpreted in accordance with, the laws of the State of California.

Re: Grant of Options under the Internal Revenue Code of 1986 – 2005 Plan

Grant Number: _____

Dear: _____

We are pleased to grant you options (“Options”) to purchase Ordinary Shares, nominal value NIS 1.00 each (the “Shares”), of Tower Semiconductor Ltd. “Tower”), pursuant to the Employee Share Option Plan 2005 of Tower (the “Plan”), as of XX, (the “Date of Grant”), as follows:

1. Total Number of Options Granted: _____
 2. Type of Option:

☐ Option intended to qualify as an incentive stock option (“ISO”) within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (“Code”).
☒ Option not intended to qualify as an Incentive Stock Option (“NSO”).
 3. The exercise price of the Options shall be \$xx per Share.
 4. The Options are hereby issued (the “Option Award”) to the Trustee (as defined in the Plan) for your benefit, subject to the terms and conditions hereunder and the Plan which we have posted on the Jazz Technologies Intranet at _____. You are urged to review the Plan and shall be deemed to be fully aware of all the terms and conditions governing the Options set forth in the Plan. By your signature below, you agree to be bound by the terms and conditions of the Plan.
 5. Subject to the terms and conditions of the Plan and this letter, the Options granted pursuant to this letter shall become exercisable (vest) in accordance with the following schedule:
 - (a) xxx of the Options shall vest 12 months from the Date of Grant;
 - (b) xxx of the Options shall vest 24 months from the Date of Grant;
 - (c) xxx of the Options shall vest 36 months from the Date of Grant; and
 - (d) xxx of the Options shall vest 48 months from the Date of Grant.
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6. The above Options will vest and become exercisable only if on the date of exercise you are still employed by Jazz, Tower or another Tower subsidiary (together, the "Tower Group"). Vested Options may be exercised in whole or in part, at any time within a period of ten (10) years from the Date of Grant (the "Exercise Period"). Any Option not exercised within the Exercise Period shall lapse and become void and unexercisable. In addition, Options which are unvested at the time of termination of your employment with the Tower Group will become void and unexercisable at the time of such termination. In addition, if your employment with the Tower Group is terminated voluntarily by you or is terminated by the Tower Group for any reason (other than as set forth in the Plan), vested Options can be exercised by you within sixty (60) days after your last day of employment with the Tower Group. Thereafter, such options shall lapse and become void and unexercisable.
 7. The procedure for exercise of the Options shall be as detailed in the Intranet. However, Tower may change the procedures for exercise of the Options at its discretion. Jazz or Tower will notify you of any changes in the procedure.
 8. The applicable registration statement on Form S-8 with respect to the Options was filed in the U.S. and is available for retrieval on the SEC's website at www.sec.gov or from the Tower website.
 9. Any tax consequences arising from the grant or exercise of any Option Award, from the payment for Shares covered thereby or from any other event or act (of Jazz, Tower, any Tower Group company or you) hereunder, and commissions and other expenses relating thereto shall be borne solely by you. Furthermore, you shall agree to indemnify Jazz, Tower, the Tower Group and/or the Trustee and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to you. Jazz, Tower, the Tower Group and/or the Trustee may withhold any taxes, expenses and commissions from the exercise of the Options and/or the sale of the underlying Shares.
 10. While we are not providing you any tax advice with respect to the grant of Options, we understand that:
 - a. In the case of an ISO, the exercise of the Option, under current applicable law that is subject to change, will not be subject to U.S. federal income tax, although the excess, if any, of the Fair Market Value (as defined below) of the Shares on the date of exercise over the Fair Market Value of the Shares on the date of grant will be included in computing the alternative minimum tax for federal income tax purposes and may subject you to the alternative minimum tax in the year of exercise.
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b. The exercise of an NSO will be subject to U.S. federal income tax liability (at ordinary tax rates) upon the excess, if any, of the fair market value of the Shares on the date of exercise over their exercise price. If you are an employee or a former employee, we will be required to treat such excess as compensation income and withhold from your compensation or collect from you and pay to the applicable taxing authorities an amount in cash equal to a percentage of this compensation income at the time of exercise. We may refuse to honor the exercise and refuse to deliver Shares if such withholding amounts are not delivered at the time of exercise.

c. In the case of an NSO, if Shares are held for at least one year after exercise, any gain realized on disposition of the Shares, i.e. the excess of the sale proceeds over the basis in the Shares (which will generally be equal to the Fair Market Value of the Shares on the date of exercise), will be treated as long-term capital gain for U.S. federal income tax purposes. In the case of an ISO, if Shares transferred pursuant to the Option are held for at least one year after exercise and for at least two years after the Date of Grant, any gain realized on disposition of the Shares will also be treated as long-term capital gain for U.S. federal income tax purposes. If Shares purchased under an ISO are disposed of within one year after exercise or within two years after the Date of Grant, any gain realized on such disposition will be treated as compensation income (taxable at ordinary income rates) to the extent of the difference between the lesser of (1) the Fair Market Value of the Shares on the date of exercise, or (2) the sale price of the Shares and the exercise price. Any additional gain will be taxed as capital gain.

d. In the case of an ISO, if a Grantee sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (1) the date two years after the Date of Grant, or (2) the date one year after the date of exercise, such Grantee shall immediately notify Jazz in writing of such disposition. You agree that you may be subject to income tax withholding by Jazz, Tower, the Tower Group and/or the Trustee on the compensation income recognized by you.

e. In the case of an ISO, the Option shall not be considered an ISO to the extent that the aggregate Fair Market Value (determined at the time each ISO is granted) of the Shares with respect to which Options designated as ISOs are exercisable for the first time by you during any calendar year exceeds \$100,000 or if you own shares representing more than 10% of the voting power of Tower at the time of the Option Award; such Options shall be treated as NSOs. Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted. For the purposes of this letter, "Fair Market Value" means the last reported sales price of Tower's Shares as reported by NASDAQ or the principal national securities exchange upon which Tower's Shares are listed or traded.

f. You are hereby informed that other and/or additional tax consequences may be applicable to you with respect to the particular circumstances relating to the grant or exercise of any Option Award or from the payment for Shares covered thereby or from a change in your residence or from any other event or act under applicable law, and the above provisions are not a comprehensive description of all tax law provisions which may apply to you and do not replace professional tax advice in these matters.

11. The Options pursuant to this letter will be issued once you sign and return to Jazz: (I) this letter and (II) any other form which is required under applicable law and which will be provided to you by Jazz or Tower. The forms referred to above must reach the Human Resources Manager of Jazz no later than 3:00 p.m. Pacific time on xxx.. No options will be granted to you if the forms are not returned by such date. If you are unable to return the forms by such date, you may contact the CFO or VP, Human Resources of Tower, who is authorized, at his/her discretion, to extend such date, but in any event no later than xxx.
12. All notices, consents and other communications under this Grant or the Plan shall be sent in writing and shall be deemed to have been given when (a) delivered by hand, (b) mailed by certified or registered mail, return receipt requested or express delivery service, or (c) when received by the addressee, if sent by Express Mail, Federal Express or other express service, in each case to the appropriate addresses set forth below (or to such other addresses as a party may designate as to itself by notice to the other parties).

(a) If to you, at your address listed beneath your signature below;

(b) If to Jazz or Tower: Human Resources Department, Tower Semiconductor Ltd. P.O. Box 619, Migdal Ha'emek, Israel;

(c) If with respect to Option exercise procedures: www.tamirfishman.com or facsimile Tel: +972-3-6849282 Fax: +972-3-6853773 Email: sop@tamfish.com

Sincerely,

Tower Semiconductor Ltd.

I hereby acknowledge that a copy of the Plan has been posted on the Jazz Intranet and represent that I am familiar with the terms and provisions thereof, and hereby accept this Option subject to all of the terms and provisions thereof. I further acknowledge that I am aware that (i) Tower intends to issue additional shares and options in the future to various entities and individuals, as Tower in its sole discretion shall determine; and (ii) Tower may from time to time increase its authorized and/or issued share capital by authorization and/or issuance of new securities in such amount as it finds expedient; and I hereby waive any claim I might or may have regarding such increase issuance or increase. I have reviewed the Plan and this Option in their entirety, have had an opportunity to obtain the advice of counsel prior to executing this Option and fully understand all provisions of the Option. I hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Board of Directors of Tower Semiconductor Ltd. upon any questions arising under the Plan or this Option. I further agree to notify Jazz upon any change in the address indicated below.

Name of Employee: _____

Date: _____

Employee signature: _____

Employee Social Security number: _____

Employee address: _____



September 19, 2008

Dear Employee,

We are pleased to announce that Tower Semiconductor completed its merger with Jazz Technologies. As a result, each Jazz option that you hold, when exercised, will give you the right to purchase 1.8 ordinary shares of Tower (rather than Jazz shares which are no longer tradable). The number of ordinary Tower shares to be granted will be calculated as follows: the number of Jazz shares that would be issued upon exercise of the options prior to the closing of the merger multiplied by 1.8 and rounded down to the nearest whole number of ordinary shares. The exercise price will be calculated by dividing it by 1.8 and rounding up to the nearest whole cent. The Jazz options will continue to be governed by Jazz's share option plan and said plan shall remain in effect except for the changes specified in this letter. Vested options will become exercisable after the SEC declares effectiveness of the registration statement on Form S-8 for the registration of the shares underlying said options. Once declared effective, the Form S-8 will be posted in Jazz's intranet site under Human Resources.

Tower has chosen Tamir Fishman, Israel's leading financial group, as its stock administrator. You may visit their web site on www.tamirfishman.com to review their offered services and contact them directly with any specific questions pertaining to your personal option grants. Susan Blumenkrantz will send you a letter with your personal user name and password for entering into the Tamir Fishman system upon completing the following forms:

- Engagement Letter - **Exhibit #1**
- W-9 form (if you are subject to the US tax obligations)- **Exhibit #2**
- W-8 form (if you are not subject to any tax obligations in the US)- **Exhibit #3**

In addition, attached please find a web access presentation from Tamir Fishman which will guide you through their website.

Please review Tower's insider trading policy attached hereto and pay particular attention to the prohibited periods during which insiders, as defined in the policy, may not trade in Tower's securities.

We look forward to working together toward achieving our corporate goals and realizing the joint future success and growth of both of our companies.

Sincerely yours,

Dalit Dahan
VP Human Resources
Tower Semiconductor Ltd.

September 29, 2008

Tower Semiconductor Ltd.
P.O. Box 619
Migdal Haemek, Israel 10556

Re: Registration Statement on Form S-8

Dear Sirs:

We have acted as Israeli counsel for Tower Semiconductor Ltd., a company organized under the laws of Israel (the "Company"), in connection with the Registration Statement on Form S-8 (the "Registration Statement") being filed by the Company under the Securities Act of 1933 for the purposes of registering (i) 855,000 of its ordinary shares, par value New Israeli Shekel 1.00 per share ("Ordinary Shares"), that may be issued pursuant to options granted under the Company's Employee Share Option Plan 2005 (the "2005 Plan") and (ii) 3,905,253 Ordinary Shares that may be issued pursuant to options granted under the Jazz Technologies, Inc. 2006 Equity Incentive Plan (the "Jazz Plan" and together with the 2005 Plan, the "Plans"). The Ordinary Shares referred to in the preceding clauses (i) and (ii) are referred to herein as the "Option Shares."

On the basis of such investigation as we have deemed necessary, we are of the opinion that the Option Shares have been duly and validly authorized for issuance and, when issued upon due exercise in accordance with the applicable option agreement and governing Plan (including payment of the applicable option exercise price), will be legally issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion as an Exhibit to the Registration Statement. In giving this consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, or the Rules and Regulations of the Securities and Exchange Commission thereunder.

The above opinion is based on facts existing on the date hereof and of which we are aware. We express no opinion as to any laws other than the laws of the State of Israel as the same are in force on the date hereof and we have not, for purpose of giving this opinion, made any investigation of the laws of any other jurisdiction.

Very truly yours,

/s/ Yigal Arnon & Co.

Yigal Arnon & Co.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-8 of our reports dated February 6, 2008 relating to the financial statements of Tower Semiconductor Ltd. (the "Company") and the effectiveness of the Company's internal control over financial reporting, appearing in the Annual Report on Form 20-F of the Company for the year ended December 31, 2007.



Brightman Almagor & Co.
Certified Public Accountants
A member of Deloitte Touche Tohmatsu

Tel Aviv, Israel
September 25, 2008
