

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM F-3

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)

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Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box: ☐

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box: ☒

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a registration statement pursuant to General Instruction I.C. or a post effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ☐

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

Calculation of Registration Fee

Title of Class of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Aggregate Price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Warrants (2)	25,254,070(2)	1.70(3)	\$ 42,931,919	\$ 3,061.05
Ordinary Shares, par value NIS 1.00 per share (4)	25,254,070(4)	(5)	(5)	(5)
Total				\$ 3,061.05

- (1) Pursuant to Rule 416 of the Securities Act of 1933, this registration statement also includes an indeterminate number of shares that may be issued to prevent dilution from stock splits, stock dividends or similar transactions that could affect the shares to be offered by selling stockholders..
- (2) Represents 25,254,070 outstanding Series J Warrants issued to selling securityholders pursuant to a note exchange in July 2010. The warrants are currently exercisable for a like number of ordinary shares at an exercise price of \$1.70 per share and expire on June 30, 2015. This Registration Statement covers the resale from time to time of these warrants.
- (3) Estimated solely for purposes of calculating the amount of the registration fee pursuant to Rule 457(g) under the Securities Act based on the actual exercise price for the Series J Warrants.
- (4) Represents ordinary shares being registered for resale by certain selling securityholders issuable upon exercise of Series J Warrants pursuant to an agreement between the registrant and those selling securityholders.
- (5) Pursuant to Rule 457(g) under the Securities Act, no separate registration fee is payable with respect to the ordinary shares underlying the warrants being offered hereby because the ordinary shares are being registered in the same registration statement as the warrants.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION
DATED SEPTEMBER 15, 2010

PROSPECTUS



25,254,070 Series J Warrants

25,254,070 Ordinary Shares

This prospectus relates to the resale, from time to time, by the selling securityholders named in this prospectus of up to 25,254,070 Series J Warrants and up to 25,254,070 ordinary shares issuable upon exercise of such warrants held by the selling securityholders. This prospectus also relates to the offer and sale by us of up to 25,254,070 ordinary shares issuable upon the exercise of the Series J Warrants by persons other than the persons who acquired the Series J Warrants in the transactions described in the section entitled "Selling Securityholders".

The selling securityholders may sell all or any portion of these warrants in one or more transactions through the over-the-counter market, in privately negotiated transactions or otherwise. The selling securityholders may sell all or any portion of these ordinary shares in one or more transactions through Nasdaq, the Tel Aviv Stock Exchange, in the over-the-counter market, in privately negotiated transactions or otherwise. In addition, the selling securityholders may sell any portion of these ordinary shares or warrants (i) directly to purchasers or through agents, brokers, dealers or underwriters; (ii) at market prices prevailing at the time of sale, at prices related to such prevailing market prices, or at negotiated prices; or (iii) or any other means described in the section entitled "Plan of Distribution."

Our ordinary shares are listed on the NASDAQ Global Market under the symbol "TSEM" and on the Tel Aviv Stock Exchange in Israel under the symbol "TSEM." On September 14, 2010, the last reported sale price of our ordinary shares on the NASDAQ Global Market was \$1.40 per share and on the Tel Aviv Stock Exchange was NIS 5.27 per share. The Series J Warrants are not listed for trading on any established market and we do not expect a trading market for the Series J Warrants to develop.

The securities offered hereby involve a high degree of risk. See "Risk Factors" beginning on page 2.

None of the U.S. Securities and Exchange Commission, the Israeli Securities Authority or any state securities commission have approved or disapproved of these securities or passed upon the adequacy, completeness or accuracy of this prospectus. Any representation to the contrary is a criminal offense under the laws of the United States and the laws of the State of Israel.

The date of this prospectus is _____, 2010

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ABOUT TOWER SEMICONDUCTOR LTD.

We are a pure-play independent specialty wafer foundry dedicated to the manufacture of semiconductors. Typically, pure-play foundries do not offer products of their own, but focus on producing integrated circuits, or ICs, based on the design specifications of their customers. We manufacture semiconductors for our customers primarily based on third party designs and our own process technology and engineering support. We currently offer the manufacture of ICs with geometries ranging from 1.0 to 0.13-micron. We also provide design services and complementary technical services. ICs manufactured by us are incorporated into a wide range of products in diverse markets, including consumer electronics, personal computers, communications, automotive, industrial and medical device products.

In January 2001, we commenced construction of a state-of-the-art wafer fabrication facility, which we refer to as Fab 2, located in Migdal Haemek, Israel and adjacent to our first facility, Fab 1. In 2003, we completed the infrastructure of Fab 2 and commenced production at this Fab. Fab 2 is designed to operate in geometries of 0.18-micron and below, using advanced materials and advanced CMOS technology licensed from Freescale and Toshiba and other technologies that we developed and will develop independently or with development partners. Depending on the process technology and product mix, when fully ramped-up, we estimate that Fab 2 will be able to achieve capacity levels of approximately 40,000 wafers per month. We have not completed the full ramp-up of Fab 2. The timing of that decision and its implementation will depend upon several factors, including funding, cost and availability of equipment and market conditions.

In September 2008, we acquired Jazz Technologies in a stock for stock transaction. Jazz is an independent semiconductor foundry focused on specialty process technologies for the manufacture of analog and mixed-signal semiconductor devices. Jazz's specialty process technologies include advanced analog, radio frequency, high voltage, bipolar and silicon germanium bipolar complementary metal oxide ("SiGe") semiconductor processes, for the manufacture of analog and mixed-signal semiconductors. Jazz's customers use the analog and mixed-signal semiconductor devices in products they design that are used in cellular phones, wireless local area networking devices, digital TVs, set-top boxes, gaming devices, switches, routers and broadband modems. Jazz operates one semiconductor fabrication facility in Newport Beach, California, in which it currently produces the majority of its products and in which all of Jazz's process research and development is performed.

Our executive offices are located in the Ramat Gavriel Industrial Park, Post Office Box 619, Migdal Haemek, 23105 Israel, and our telephone number is 972-4-650-6611.

Additional information about us and our operations may be found at our web site: www.towerjazz.com. Information on our website is not incorporated by reference in this prospectus.

RISK FACTORS

An investment in our securities is speculative and involves a high degree of risk. Therefore, you should not invest in our securities unless you are able to bear a loss of your entire investment. You should carefully consider the risk factors described in our periodic reports filed with the SEC, including those specified in Exhibit 99.1 to our Report on Form 6-K for the month of September 2010 No. 1, filed with the SEC on September 7, 2010 in the section captioned "Risk Factors", which is incorporated by reference in this prospectus. You should carefully consider those risks together with the other information in this prospectus before deciding to invest in our securities. If any of those risks actually occur, our business, financial condition and results of operations could be materially and adversely affected. In that case, the trading price of our ordinary shares could decline, and you may lose all or part of your investment.

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

The statements incorporated by reference or contained in this prospectus discuss our future expectations, contain projections of our results of operations or financial condition, and include other forward-looking information within the meaning of Section 27A of the Securities Act of 1933, as amended. Our actual results may differ materially from those expressed in forward-looking statements made or incorporated by reference in this prospectus. Forward-looking statements that express our beliefs, plans, objectives, assumptions or future events or performance may involve estimates, assumptions, risks and uncertainties. Therefore, our actual results and performance may differ materially from those expressed in the forward-looking statements. Forward-looking statements often, although not always, include words or phrases such as the following: "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "intends," "plans," "projection" and "outlook."

You should not unduly rely on forward-looking statements contained or incorporated by reference in this prospectus. Various factors discussed in this prospectus, including, but not limited to, all the risks discussed in "Risk Factors," and in our other SEC filings may cause actual results or outcomes to differ materially from those expressed in forward-looking statements. You should read and interpret any forward-looking statements together with these documents.

Any forward-looking statement speaks only as of the date on which that statement is made. We will not update any forward-looking statement to reflect events or circumstances that occur after the date on which such statement is made.

CAPITALIZATION

The following table sets forth our long-term debt, debentures and capitalization as of June 30, 2010 on an actual basis. This table was prepared in accordance with the US GAAP and the financial data is derived from our unaudited interim consolidated financial statements as of June 30, 2010.

	(US dollars in thousands)
Short term bank loan	\$ 12,000
Long-term bank loans	160,941
Debentures	230,580
Long-term customers' advances	7,940
Other long-term liabilities	58,999
Shareholders' equity:	
Ordinary Shares, NIS 1.00 par value per share; 1,100,000,000 authorized shares, 235,812,789 issued shares* and 234,512,789 outstanding shares	\$ 59,741
Additional paid-in capital	736,859
Capital notes	311,472
Equity component of convertible debentures and cumulative stock based compensation	25,988
Accumulated other comprehensive loss	(1,472)
Accumulated deficit	(1,054,340)
Treasury stock, 1,300,000 shares	(9,072)
Total shareholders' equity	69,176
Total capitalization	\$ 648,232

*Includes 1,300,000 treasury shares

The information set forth on an actual basis in the foregoing table excludes the following securities as of August 31, 2010

- (i) approximately 26.1 million ordinary shares issuable upon exercise of options granted to employees and directors at a weighted average exercise price of \$1.14;
- (ii) 23.4 million ordinary shares issuable upon exercise of options granted to our Chief Executive Officer at a weighted average exercise price of \$1.15;
- (iii) 11.5 million ordinary shares issuable upon exercise of options granted to our Chairman of the Board at an exercise price of \$0.29;
- (iv) 2.5 million ordinary shares issuable upon exercise of warrants issued to our banks with an exercise price of \$2.04 per share exercisable until December 2015;
- (v) 0.9 million ordinary shares issuable upon exercise of warrants issued to our banks in connection with our credit facility with an exercise price of \$6.17 per share exercisable until December 2015;
- (vi) 1.1 million ordinary shares issuable upon exercise of warrants issued to our banks in connection with our credit facility with an exercise price of \$0.89 per share exercisable until December 2015;

- (vii) 26.5 million ordinary shares issuable upon conversion of our debentures convertible series E until January 2013, issued pursuant to our June 2007 public offering in Israel at conversion rate of approximately \$1.10;
- (viii) 8.3 million ordinary shares issuable upon exercise of warrants we issued to our banks with an exercise price of \$1.21 in connection with the July 2005 amendment to our facility agreement exercisable until December 2015;
- (ix) 9.4 million ordinary shares issuable upon conversion of our debentures convertible series B until January 2012, pursuant to the prospectus dated December 15, 2005 at conversion rate of \$1.10;
- (x) 96.4 million ordinary shares issuable upon conversion of the equity equivalent convertible capital notes we issued to each of our two banks and 206.1 million shares issuable upon conversion of such notes issued to Israel Corp.;
- (xi) 8 million ordinary shares issuable upon exercise of warrants series 6, with an exercise price of \$1.06 per share and exercisable until August 2011;
- (xii) 5.2 million ordinary shares issuable upon exercise of warrants series 5 sold in our private placements completed in November 2006, with an exercise price of approximately \$2.7 per share and exercisable until December 2010;
- (xiii) 28.9 million ordinary shares issuable upon conversion of our debentures convertible series C until December 2011, issued pursuant to our June 2006 public offering in Israel at conversion rate of approximately \$1.10;
- (xiv) 5.3 million ordinary shares issuable upon exercise of the warrants series I issued in our March 2007 private placement at exercise price of \$0.74 exercisable until March 2012;
- (xv) 59.5 million ordinary shares issuable upon exercise of warrants, with an exercise price of approximately \$2.78 per share and exercisable until March 2011;
- (xvi) 10.7 million ordinary shares issuable upon conversion of our debentures convertible until December 2011 at conversion rate of \$4.07; and
- (xvii) 25.3 million ordinary shares issuable upon exercise of warrants series J covered by this prospectus, with an exercise price of \$1.70 per share and exercisable until June 2015.

This information does not take into account potential dilutive issuances of securities pursuant to our credit facility agreement and warrants issuable to our banks since the number of shares issuable will depend upon future transactions in which we may engage and/or the market price of our shares and/or other conditions.

USE OF PROCEEDS

All of the proceeds from the sale of the ordinary shares and warrants offered under this prospectus are for the account of the selling securityholders. Accordingly, we will not receive any proceeds from the sales of these securities. We also will not receive any proceeds resulting from the exercise price payable upon the exercise of warrants held by the selling securityholders because all such warrants are exercisable on a net exercise, or “cashless” basis. See “Description of Share Capital—Series J Warrants.”

We have agreed to bear all expenses relating to the registration of the securities registered pursuant to this prospectus.

MARKET FOR OUR ORDINARY SHARES

Our ordinary shares are listed and traded on the NASDAQ Global Market and on the Tel Aviv Stock Exchange (TASE) under the symbol “TSEM”.

The following table sets forth, for the periods indicated, the high and low reported sales prices of the ordinary shares on the NASDAQ Global Market and Tel Aviv Stock Exchange:

Period	NASDAQ Global Market		Tel Aviv Stock Exchange	
	High (\$)	Low (\$)	High (NIS)	Low (NIS)
August 2010	1.66	1.25	6.12	5.25
July 2010	1.50	1.31	5.96	5.15
June 2010	1.60	1.28	6.10	5.02
May 2010	1.74	1.25	6.35	4.90
April 2010	1.73	1.47	6.48	5.61
March 2010	1.87	1.55	7.02	5.82
Third quarter 2010 through September 14, 2010	1.66	1.25	6.12	5.04
Second quarter 2010	1.74	1.25	6.48	4.90
First quarter 2010	1.87	0.99	7.02	3.71
Fourth quarter 2009	1.18	0.89	4.51	3.35
Third quarter 2009	1.49	0.33	5.13	1.36
Second quarter 2009	0.39	0.19	1.49	0.84
First quarter 2009	0.24	0.13	1.02	0.50
Fourth quarter 2008	0.54	0.09	1.91	0.36
Third quarter 2008	0.86	0.43	2.80	1.70
Second quarter 2008	1.25	0.81	4.13	2.75
First quarter 2008	1.45	0.74	5.50	2.63
2009	1.49	0.13	5.13	0.50
2008	1.45	0.09	5.50	0.36
2007	2.08	1.20	8.88	5.25
2006	2.18	1.22	9.14	5.11
2005	2.38	0.92	10.30	5.10

On September 14, 2010, the last reported sale price of the ordinary shares was \$1.40 on the Nasdaq Global Market and NIS 5.27 on the Tel Aviv Stock Exchange.

PLAN OF DISTRIBUTION

The selling securityholders, which as used herein includes donees, pledgees, transferees or other successors-in-interest selling ordinary shares, warrants or interests in ordinary shares or warrants received after the date of this prospectus from a selling securityholder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their ordinary shares or warrants or interests in ordinary shares or warrants directly or, alternatively, through underwriters, broker-dealers or agents. The selling securityholders may sell their ordinary shares, warrants or interests in ordinary shares or warrants in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale, or at negotiated prices. Such sales may be effected in transactions (which may involve or block transactions) as follows:

- on any national securities exchange or quotation service on which the ordinary shares or warrants may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in transactions otherwise than on such exchanges or services or in the over-the-counter market;
- through the writing of options.

In connection with sales of the ordinary shares and warrants offered by this prospectus or otherwise, the selling securityholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the ordinary shares or warrants in the course of hedging the positions they assume. The selling securityholders may also sell ordinary shares and warrants short and deliver ordinary shares or warrants to close out such short positions, or loan or pledge ordinary shares or warrants to broker-dealers that in turn may sell such securities.

The selling securityholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act of 1933, provided that they meet the criteria and conform to the requirements of that rule.

Under the securities laws of some states, the ordinary shares may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the ordinary shares may not be sold unless they have been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling stockholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. In addition, we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed to indemnify the selling stockholders against liabilities, including liabilities under the Securities Act and state securities laws, relating to the registration of the shares offered by this prospectus.

We have agreed with the selling securityholders to use commercially reasonable efforts to keep the registration statement of which this prospectus constitutes a part effective until the earlier of (1) July 15, 2011, (2) such time as all of the warrants and ordinary shares covered by this prospectus have been disposed of pursuant to and in accordance with the registration statement or are no longer outstanding, or (3) when the ordinary shares and warrants are eligible to be sold pursuant to Rule 144 (or any similar provision then in force, but not Rule 144A) under the Securities Act and either (x) the holding period contemplated by Rule 144(d)(ii) has passed or (y) such ordinary shares and warrants are not required to bear, and do not bear, any restrictive legends required by Rule 144.

Expenses of the Offering

We have incurred, or expect to incur, the following estimated expenses in connection with this prospectus:

Securities and Exchange Commission Registration Fee	S	\$	3,061.05
Legal fees and expenses			25,000.00
Miscellaneous			1,000.00
Total		\$	<u>29,061.05</u>

SELLING SECURITYHOLDERS

Beneficial ownership and other information.

The selling securityholders acquired their Series J Warrants on July 15, 2010 when we entered into an exchange agreement with our wholly-owned subsidiary, Jazz Technologies, Inc., the U.S. subsidiaries of Jazz and certain holders of approximately \$79.6 million principal amount of Jazz's outstanding 8% convertible notes due 2011. Under the exchange agreement, the selling securityholders agreed to exchange their old notes for \$93.6 million aggregate principal amount of newly-issued 8% notes of Jazz due 2015 and the Series J Warrants to purchase 25,254,070 of our ordinary shares that they are offering by this prospectus. The Series J Warrants are exercisable, on a "cashless" basis only, at any time through June 30, 2015 at an exercise price of \$1.70 per share. The warrants are exercisable on a net exercise or "cashless" basis only.

The term "selling securityholder" includes (i) each person and entity that is identified in the table below (as such table may be amended from time to time by means of an amendment to the registration statement of which this prospectus forms a part) and (ii) any transferee, donee, pledgee or other successor of any person or entity named in the table that acquires any of the warrants or ordinary shares covered by this prospectus in a transaction exempt from the registration requirements of the Securities Act of 1933 and that is identified in a supplement or amendment to this prospectus.

Except as described herein, we have no material relationships with any of the selling securityholders and have not had any material relationships with any of the selling securityholders in the past three years.

Nothing in this Registration Statement shall be construed as an admission that any selling securityholder is the beneficial owner of any of our securities, other than the securities held directly by such party, nor that any selling stockholder or other persons or entities constitute a "group", for purposes of Section 13(d) of the Exchange Act and the rules promulgated thereunder.

Except as set forth in the footnotes to the table, other than the warrants and ordinary shares covered by this prospectus and offered hereby, none of the selling securityholders beneficially owns any of our ordinary shares or other securities or will beneficially own any such securities after completion of the offering. Our registration of the securities covered by this prospectus does not necessarily mean that the selling securityholders will sell any or all of the securities. Information included in the table is based upon information provided by the selling stockholders.

The table indicates that the selling securityholders include “Additional selling securityholders that may hereafter be identified.” We do not currently know the identity of these additional selling securityholders. An additional selling securityholder may not use this prospectus to resell securities, unless and until the table is updated to specifically identify such selling securityholder. Any such updating will be effected through an amendment to the registration statement of which this prospectus forms a part and not by means of a prospectus supplement, unless otherwise permitted by the SEC.

Except as otherwise noted below none of the selling securityholders are broker-dealers or affiliates of broker-dealers.

The percentages in the following table are based on 25,254,070 Series J Warrants and 255.0 million ordinary shares outstanding as of August 31, 2010.

Names and Addresses	Securities Beneficially Owned Prior to Offering and Offered by this Prospectus			
	Warrants		Shares	
	Number	Percentage	Number	Percentage
Century National Insurance Company (1)	767,745	3.0	767,745	*
Hy-Vee Employees’ Trust (2)	11,104	*	11,104	*
Interpolis Pensioen Global High Yield Pool (3)	136,418	*	136,418	*
LGT Capital Invest (SC3) Limited – U.S. High Yield Convertible (3)	42,829	*	42,829	*
LGT Multi Manager Bond High Yield (USD) (3)	283,305	1.1	283,305	*
Lockheed Martin Corporation Master Retirement Trust (1)	593,258	2.3	593,258	*
Marsh & McLennan Companies, Inc. U.S. Retirement Plan – High Yield (3)	53,933	*	53,933	*
Meijer (2)	9,518	*	9,518	*
National Railroad Retirement Investment Trust (1)	1,903,500	7.5	1,903,500	*
Ohio Tuition Trust Authority – Ohio Variable College Savings Trust Fund – Putnam CollegeAdvantage GAA Balanced Portfolio (3)	11,421	*	11,421	*
Ohio Tuition Trust Authority – Ohio Variable College Savings Trust Fund – Putnam CollegeAdvantage GAA Conservative Portfolio (3)	29,187	*	29,187	*

Securities Beneficially Owned Prior to Offering and
Offered by this Prospectus

Names and Addresses	Warrants		Shares	
	Number	Percentage	Number	Percentage
Ohio Tuition Trust Authority – Ohio Variable College Savings Trust Fund – Putnam CollegeAdvantage GAA Growth Portfolio (3)	34,581	*	34,581	*
Principal Funds, Inc. – Bond & Mortgage Securities Fund (2)	345,803	1.4	345,803	*
Principal Funds, Inc. – High Yield Fund (2)	3,821,912	15.1	3,821,912	1.5
Principal Global Investors Fund – High Yield Fund (2)	17,449	*	17,449	*
Principal Global Investors Trust – High Yield Fixed Income Fund (2)	23,794	*	23,794	*
Principal Life Insurance Company On Behalf of One or More Separate Accounts (Principal Life Insurance Company, DBA Bond & Mortgage Separate Account) (2) (4)	732,848	2.9	732,848	*
Principal Life Insurance Company On Behalf of One or More Separate Accounts (Principal Life Insurance Company, DBA Ultra Long Separate Account) (2) (4)	1,587	*	1,587	*
Principal Variable Contract Funds, Inc. Balanced (2)	1,587	*	1,587	*
Principal Variable Contracts Funds, Inc. – Bond & Mortgage Securities Account (2)	47,588	*	47,588	*
Putnam Convertible Income-Growth Trust(3)	1,085,630	4.3	1,085,630	*
Putnam High Yield Trust (3)	672,570	2.7	672,570	*
Putnam High Income Securities Fund (3)	168,777	*	168,777	*
Putnam Variable Trust – Putnam VT High Yield Fund (3)	192,571	*	192,571	*
Putnam Variable Trust – Putnam VT Global Asset Allocation Fund (3)	7,932	*	7,932	*
Putnam Asset Allocation: Growth Portfolio (3)	49,174	*	49,174	*
Putnam Asset Allocation: Balanced Portfolio (3)	50,760	*	50,760	*
Putnam Asset Allocation: Conservative Portfolio(3)	34,898	*	34,898	*

Names and Addresses	Securities Beneficially Owned Prior to Offering and Offered by this Prospectus			
	Warrants		Shares	
	Number	Percentage	Number	Percentage
Putnam Income Strategies Fund (3)	6,345	*	6,345	*
Putnam High Yield Fixed Income Fund, LLC (3)	3,490	*	3,490	*
Putnam World Trust – Putnam Global High Yield Bond Fund (3)	153,867	*	153,867	*
Putnam Retirement Advantage GAA Balanced Portfolio (3)	4,759	*	4,759	*
Putnam Retirement Advantage GAA Growth Portfolio (3)	4,759	*	4,759	*
Quattro Distressed Opportunities Fund, L.P. (5)	50,761	*	50,761	*
Quattro Fund, Ltd. (5)	225,114	1.5	225,114	*
Qwest Occupational Health Trust (1)	142,763	*	142,763	*
Qwest Pension Trust(1)	618,638	2.4	618,638	*
RockView Short Alpha Fund Ltd. (6)	237,938	*	237,938(7)	*
RockView Trading Ltd. (8)	2,212,820(9)	8.8	2,212,820(9)	*
Seasons Series Trust (Sun America) – Asset Allocation: Diversified Growth Portfolio (3)	6,345	*	6,345	*
San Diego County Employees Retirement Association (1)	653,535	2.6	653,535	*
SPM Opportunity Master Fund, L.P. (10)	1,840,050	7.3	1,840,050	*
Stichting Pensioenfonds voor Fysiotherapeuten (3)	38,070	*	38,070	*
Tennenbaum Multi-Strategy Master Fund(11)	951,433	3.8	951,433	*
Virginia Retirement System (1)	3,160,128	12.5	3,160,128	1.2
The Washington University (1)	881,955	3.5	881,955	*
Zazove Aggressive Growth Fund, L.P. (1)	1,373,693	5.4	1,373,693	*
Zazove High Yield Convertible Securities Fund, L.P. (1)	1,337,209	5.3	1,337,209	*
Additional selling securityholders that may hereafter be identified	218,719	*	218,719	*
Total	25,254,070	100%	25,254,070	9.0%

* Represents less than 1.0%.

- (1) The address of this selling securityholder is 1033 Skokie Blvd., Suite 310, Northbrook, IL 60062. Gene T. Pretti of Zazove Associates, LLC, a registered investment advisor with discretionary authority, has or shares voting or investment control over the securities and, in such capacity, may be deemed to share beneficial ownership over the securities.
- (2) The address of this selling securityholder is c/o Principal Global Investors, LLC, 801 Grand Avenue G-26, Des Moines, Iowa 50392-0800. Principal Global Investors, LLC acts investment advisor to the selling security holder. Principal Global Investors, LLC is an indirectly wholly-owned subsidiary of Principal Financial Group, a publicly traded company.
- (3) The address of this selling securityholder is c/o Putnam Investments, One Post Office Square, Boston, MA 02109. The selling securityholder's accounts are managed by Putnam Investment Management, LLC, The Putnam Advisory Company, LLC, or Putnam Fiduciary Trust Company, which through a series of holding companies, are owned by Great-West Lifeco Inc., a publicly traded company.
- (4) This selling securityholder is an affiliate of a broker-dealer. This selling securityholder has represented to us that it (i) acquired the warrants in the ordinary course of business and (ii) did not have an agreement or understanding, directly or indirectly, with any person to distribute the warrants or the underlying ordinary shares at the time it acquired the warrants.
- (5) The address of this selling securityholder is c/o Quattro Global Capital, LLC, 546 Fifth Avenue, 19th Floor, New York, NY 10036. Brian Swain is the managing members of Quattro Global Capital, LLC, the investment advisor to the selling securityholder and has voting and investment control over these securities. Quattro Global Capital, LLC and Mr. Swain disclaim any beneficial ownership, except to the extent of their respective pecuniary interest.
- (6) The address of this selling securityholder is c/o RockView Capital, Metro Center, One Station Place, 7th Floor, Stamford, CT 06902. Kevin Schweitzer is the managing member of Zabak Capital, LLC and holds sole voting and dispositive power over the shares held by RockView Short Alpha Fund Ltd. Zabak Capital, LLC is the managing member of RockView Management LLC, which is the investment manager to RockView Short Alpha Fund Ltd. Mr. Schweitzer disclaims beneficial ownership over the shares held by RockView Short Alpha Fund Ltd.
- (7) Does not include 20,000 of our ordinary shares registered in the name of this selling security holder which are not offered pursuant to this prospectus and which will continue to be beneficially owned by the selling securityholder after completion of the offering.
- (8) The address of this selling securityholder is c/o RockView Capital, Metro Center, One Station Place, 7th Floor, Stamford, CT 06902. Kevin Schweitzer is the managing member of Zabak Capital, LLC and holds sole voting and dispositive power over the shares held by RockView Trading, Ltd. Zabak Capital, LLC is the managing member of RockView Management LLC, which is the investment manager to RockView Trading, Ltd. Mr. Schweitzer disclaims beneficial ownership over the shares held by RockView Trading, Ltd.
- (9) Does not include 139,400 of our ordinary shares and warrants to acquire 54,300 of our ordinary shares at \$2.78 per share until March 2011 registered in the name of this selling security holder which are not offered pursuant to this prospectus and which will continue to be beneficially owned by the selling securityholder after completion of the offering.

(10) Donald Brownstein has or shares voting or dispositive power over warrants and ordinary shares held by SPM Opportunity Master Fund, L.P.

(11) The address of this selling securityholder is c/o Tennenbaum Capital Partners LLC, 2951 28th, Street, Suite 1000, Santa Monica, CA 90405. Represents 951,433 warrants held by Tennenbaum Multi-Strategy Master Fund. Tennenbaum Capital Partners, LLC is the investment manager of Tennenbaum Multi-Strategy Master Fund, and may be deemed to be the beneficial owner of the securities held by Tennenbaum Multi-Strategy Master Fund. Tennenbaum Capital Partners, LLC, however, disclaims beneficial ownership of these securities, except to the extent of its pecuniary interest therein.

DESCRIPTION OF SHARE CAPITAL

Ordinary Shares

Our authorized share capital consists of 1.1 billion ordinary shares, par value NIS 1.00 per share. Under our articles of association, the ordinary shares do not have preemptive rights. We may from time to time, by approval of a majority of our shareholders, increase our authorized share capital. All ordinary shares are registered shares, rather than bearer shares.

The ownership or voting rights of our ordinary shares by non-residents of Israel is not restricted in any way by our memorandum of association or articles of association. The State of Israel does not restrict in any way the ownership or voting rights of ordinary shares of Israeli entities by non-residents of Israel, except with respect to subjects of countries that are in a state of war with Israel. Our ordinary shares do not have cumulative voting rights for the election of directors. The affirmative vote of the shareholders present in person or by proxy that represent more than 50% of the voting power present in person or by proxy have the power to elect all nominees up for election to our board of directors. The election of an external director also requires that either: (i) this majority include the affirmative vote of at least one-third of the shares held by non-controlling shareholders; or (ii) the total number of shares held by non-controlling shareholders that voted against the election of the nominee external director does not exceed one percent of the aggregate voting rights in the company.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares in proportion to the nominal value of their respective holdings. This liquidation right may be affected by the grant of a preferential dividend or distribution right to the holder of a class of shares with preferential rights that may be authorized in the future. Dividends may be paid only out of profits, as defined in the Israeli Companies Law. Our Board of Directors is authorized to declare dividends, although our bank covenants currently in effect prohibit the payment of dividends on our ordinary shares, unless such payments are approved by our banks.

Holders of ordinary shares have one vote for each ordinary share held on all matters submitted to a vote of shareholders. Subject to the provisions set forth in Section 46B of the Israeli Securities Law, these voting rights may be affected by the grant of any special voting rights to the holders of a class of shares with preferential rights that may be authorized in the future. Our major shareholders do not have different voting rights from each other or other shareholders. However, certain of our shareholders have entered into a shareholders agreement pursuant to which they may be able to exercise control over matters requiring shareholder approval, including the election of directors.

Resolutions of shareholders (e.g. resolutions amending our articles of association, electing or removing directors, appointing an independent registered public accounting firm, authorizing changes in capitalization or the rights attached to our shares or approving a wind-up or merger), in general, require the affirmative vote (at a meeting convened upon advance notice of no less than thirty five days) of shareholders present in person or by proxy and holding shares conferring, in the aggregate, at least a majority of the votes actually cast on such resolutions.

The quorum required for a meeting of shareholders is at least two shareholders present, in person or by proxy, within half an hour of the time fixed for the meeting's commencement that together hold shares conferring in the aggregate more than 33% of the total voting power of our shares. A meeting adjourned for lack of a quorum is adjourned to the same day in the following week at the same time and place. At the reconvened meeting, in the event a quorum is not present within half an hour of the time fixed for the meeting's commencement, the persons present shall constitute a quorum.

Our registration number at the Israeli Registrar of Companies is 52-004199-7.

The objective stated in our memorandum of association and our articles of association is to engage in any lawful activity.

Modification or abrogation of the rights of any existing class of shares requires either the written consent of all of the holders of the issued shares of such class or the adoption of a resolution by an ordinary majority of a general meeting of holders of such class. The quorum required for a class meeting is at least two shareholders present, in person or by proxy, within half an hour of the time fixed for the meeting's commencement that together hold shares conferring in the aggregate at least 51% of the total voting power of the issued shares of such class. If no quorum is present, the meeting shall be adjourned to another time and at the adjourned meeting a quorum shall be constituted in the presence of any number of participants, regardless of the number of shares held by them.

We had 255.0 million ordinary shares outstanding as of August 31, 2010. The above number of outstanding ordinary shares does not include 1.3 million treasury shares held by us through a trustee.

The transfer agent and registrar for our ordinary shares is American Stock Transfer & Trust Company, 59 Maiden Lane, New York, New York 10007.

Series J Warrants

On July 15, 2010, we closed under an exchange agreement with our wholly-owned subsidiary, Jazz Technologies, Inc., the U.S. subsidiaries of Jazz and certain holders of approximately \$79.6 million principal amount of Jazz's outstanding 8% convertible notes due 2011. Under the exchange agreement, the participating holders exchanged their old notes for \$93.6 million in aggregate principal amount of newly-issued 8% notes of Jazz due 2015 and the Series J Warrants to purchase 25,254,070 of our ordinary shares that are offered by the selling securityholders in this prospectus.

The Series J Warrants, are governed by a Warrant Agreement between Tower and American Stock Transfer & Trust Company, LLC, as warrant agent. The Series J Warrants are exercisable, on a "cashless basis" only, at any time through June 30, 2015 at an exercise price of \$1.70 per share, which represents an approximate 20% premium over the average of the volume weighted average prices for the ordinary shares for the 15 trading days preceding execution of the exchange agreement. Because the warrants are exercisable on a net exercise or "cashless" basis, we will receive no proceeds from their exercise. Instead, in lieu of the stated exercise price the exercising holder will surrender to us for cancellation a portion of the warrants equal to the fair market value of the shares to be issued in consideration for payment of the exercise price. The exercise price and number of shares issuable upon exercise of the Series J Warrants are subject to adjustment in certain cases. Upon the occurrence of a "change of control" or "termination of trading", each holder of Series J Warrants has the right to cause us to repurchase all or any portion of such holder's Series J Warrants as determined under the warrant agreement. Except under certain circumstances, we have the right to fund the repurchase price in ordinary shares, valued at 97% of market price or, under certain circumstances, fair market value as determined by an investment bank selected in accordance with the terms of the Series J Warrants. The description of the Series J Warrants is qualified by reference to the Warrant Agreement for the Series J Warrants and the form of Warrants which are filed as exhibits to the registration statement of which this prospectus forms a part.

LEGAL MATTERS

The validity of the securities offered in this prospectus will be passed upon for us by Yigal Arnon & Co., our Israeli counsel. In addition, certain other matters in connection with this offering with respect to United States law will be passed upon for us by Eilenberg & Krause LLP, our U.S. counsel.

EXPERTS

The consolidated financial statements, incorporated in this prospectus by reference from our Annual Report on Form 20-F and the effectiveness of our internal control over financial reporting have been audited by Brightman Almagor Zohar & Co., a member firm of Deloitte Touche Tohmatsu, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such financial statements have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

ENFORCEABILITY OF CIVIL LIABILITIES AND AGENT FOR SERVICE OF PROCESS IN THE UNITED STATES

We are incorporated in Israel, most of our executive officers and directors and the Israeli experts named herein are nonresidents of the United States, and a substantial portion of our assets and of such persons' are located outside the United States. For further information regarding enforceability of civil liabilities against us and other persons, see the discussions in Item 3 of our Annual Report on Form 20-F for the year ended December 31, 2009 under the caption "Risk Factors —Risks Related to Our Operations in Israel — It may be difficult to enforce a U.S. judgment against us, our officers and directors and some of the experts named in this prospectus or to assert U.S. securities law claims in Israel."

WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION OF INFORMATION BY REFERENCE

We have filed a registration statement on Form F-3 with the Securities and Exchange Commission in connection with this offering. In addition, we file reports with, and furnish information to, the Securities and Exchange Commission. You may read and copy the registration statement and any other documents we have filed at the Securities and Exchange Commission, including any exhibits and schedules, at the Securities and Exchange Commission's public reference room at 100 F Street N.E., Washington, D.C. 20549. You may call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on this public reference room. As a foreign private issuer, all documents which were filed after November 4, 2002 on the Securities and Exchange Commission's EDGAR system are available for retrieval on the Securities and Exchange Commission's website at www.sec.gov. These Securities and Exchange Commission filings are also available to the public on the Israel Securities Authority's Magna website at www.magna.isa.gov.il and from commercial document retrieval services. We also generally make available on our own web site (www.towersemi.com) our quarterly and year-end financial statements as well as other information.

This prospectus is part of the registration statement and does not contain all of the information included in the registration statement. Whenever a reference is made in this prospectus to any of our contracts or other documents, the reference may not be complete and, for a copy of the contract or document, you should refer to the exhibits that are a part of the registration statement.

The Securities and Exchange Commission allows us to "incorporate by reference" into this prospectus the information we file with it, which means that we can disclose important information to you by referring you to those documents. Information incorporated by reference is part of this prospectus. We incorporate by reference the documents listed below and amendments to them. These documents and their amendments were previously filed with the Securities and Exchange Commission.

This prospectus will be deemed to incorporate by reference the following documents previously filed by us with the Securities and Exchange Commission:

- Annual report on Form 20-F for the year ended December 31, 2009, filed on April 30, 2010, to the extent the information in that report has not been updated or superseded by this prospectus;
- Report on Form 6-K dated August 2010 No. 2 (filed on August 13, 2010);
- Report on Form 6-K dated September 2010 No. 1 (filed on September 7, 2010); and
- any report on Form 6-K, or parts thereof, meeting the requirements of Form F-3 filed after the date of the initial registration statement and prior to its effectiveness, which states that it, or any part thereof, is being incorporated by reference herein.

This prospectus shall also be deemed to incorporate by reference all subsequent annual reports filed on Form 20-F, Form 40-F or Form 10-K, and all subsequent filings on Forms 10-Q and 8-K filed by the registrant pursuant to the Exchange Act, prior to the termination of the offering made by this prospectus. We may incorporate by reference into this prospectus, any Form 6-K meeting the requirements of Form F-3 which is submitted to the Securities and Exchange Commission after the date of the filing of the registration statement being filed in connection with this offering and before the date of termination of this offering. Any such Form 6-K which we intend to so incorporate shall state in such form that it is being incorporated by reference into this prospectus.

We will provide to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of these filings, at no cost, upon written or oral request to us at: Ramat Gavriel Industrial Park, Post Office Box 619, Migdal Haemek, 23105 Israel, Attn: Corporate Secretary, telephone number: 972-4-650-6109. Copies of these filings may also be accessed at our website, www.towerjazz.com. Click on "Investor Relations" and then "Filings."

A copy of this prospectus, our memorandum of association and our articles of association, are available for inspection at our offices at Shaul Amor Avenue, Ramat Gavriel Industrial Park, Migdal Haemek, Israel and on the Israel Securities Authority's Magna website, www.magna.isa.gov.il.

As a foreign private issuer, we are exempt from the rules under Section 14 of the Exchange Act prescribing the furnishing and content of proxy statements and our officers, directors and principal shareholders are exempt from the reporting and other provisions in Section 16 of the Exchange Act.



25,254,070 Series J Warrants

25,254,070 Ordinary Shares

PROSPECTUS

You should rely only on the information incorporated by reference or provided in this prospectus. We have not authorized anyone to provide you with different information. We are not making any offer to sell or buy any of the securities in any state where the offer or sale is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date that appears below.

_____, 2010

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 8. 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/her responsibility for damages caused by the breach of his/her 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/her capacity as an office holder of the company with respect to the following:
 - (a) the breach of his/her duty of care to the company or any other person;
 - (b) the breach of his/her fiduciary duty to the company to the extent he/she 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/her 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 office 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/she was convicted, in each case by reason of acts or omissions of such office 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 office 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/her fiduciary duty, except to the extent described above;
- a breach of his/her duty of care, if such breach was done intentionally, recklessly or with disregard of the circumstances of the breach or its consequences, except if such breach is done only with negligence;
- an act or omission done with the intent to unlawfully realize personal gain; or
- a fine or monetary settlement imposed upon him/her.

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 never had the occasion to indemnify any of our office holders.

ITEM 9. EXHIBITS

<u>Exhibit Number</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, "Form F-1 No. 333-126909").
3.2	Amendment to Articles of Association of the Registrant (incorporated by reference to exhibit 4.2 to the Registration Statement on Form S-8 No. 333-117565 ("Form S-8 No. 333-117565").
3.3	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. 333-138837 (the "2006 Form S-8").
3.4	Amendment to Articles of Association of Registrant (approved by shareholders on September 24, 2008) (incorporated by reference to Exhibit 3.4 of the Registrant's Registration Statement on Form S-8, File No. 333-153710 (the "2008 Form S-8").
4.1	Form of Warrant Agreement
4.2	Form of Global Warrant
4.3	Form of Registration Rights Agreement
5.1	Opinion of Yigal Arnon & Co.
5.2	Opinion of Eilenberg & Krause LLP
23.1	Consent of Yigal Arnon & Co. (contained in their opinion constituting Exhibit 5.1)
23.2	Consent of Eilenberg & Krause LLP (contained in their opinion constituting Exhibit 5.2)
23.3	Consent of Brightman Almagor Zohar & Co.
24.1	Power of Attorney (set forth on signature page)

ITEM 10. 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 the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or any 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 20 percent 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 the registration statement or any material change to such information in the registration statement;

provided, however, paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the registration statement is on Form S-3 or Form F-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in 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 the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the 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 therein, 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) To file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A. of Form 20-F at the start of any delayed offering or throughout a continuous offering. Financial statements and information otherwise required by Section 10(a)(3) of the Securities Act of 1933 need not be furnished, *provided*, that the Registrant includes in the prospectus, by means of a post-effective amendment, financial statements required pursuant to this paragraph (a)(4) and other information necessary to ensure that all other information in the prospectus is at least as current as the date of those financial statements. Notwithstanding the foregoing, with respect to registration statements on Form F-3, a post-effective amendment need not be filed to include financial statements and information required by Section 10(a)(3) of the Securities Act of 1933 or Rule 3-19 of Regulation S-X if such financial statements and information are 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 Form F-3.

(5) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) If the Registrant is relying on Rule 430B:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date; or

(ii) If the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(6) 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 the 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 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 the Act and will be governed by the final adjudication of such issue.

(d) The undersigned Registrant hereby undertakes that:

(i) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(ii) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus 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.

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 F-3 and has duly caused this Registration Statement on Form F-3 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Migdal Haemek, Israel, on September 15, 2010.

TOWER SEMICONDUCTOR LTD.

By: /s/ Russell C. Ellwanger
Russell C. Ellwanger
Director and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, each director and officer whose signature appears below constitutes and appoints, Russell C. Ellwanger, Oren Shirazi or any of them, his true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, to sign in any and all capacities any and all amendments or post-effective amendments to this registration statement on Form F-3 and to file the same with all exhibits thereto and other documents in connection therewith with the Securities Exchange Commission, granting such attorneys-in-fact and agents, and each of them, full power and authority to do all such other acts and execute all such other documents as they, or any of them, may deem necessary or desirable in connection with the foregoing, as fully as the undersigned might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
<u>/s/ Amir Elstein</u> Amir Elstein	Chairman of the Board	September 15, 2010
<u>/s/ Russell C. Ellwanger</u> Russell C. Ellwanger	Director and Chief Executive Officer (Principal Executive Officer)	September 15, 2010
<u>/s/Oren Shirazi</u> Oren Shirazi	Vice President of Finance and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	September 15, 2010
<u> </u> Nir Gilad	Director	September 15, 2010

By: /s/ Russell C. Ellwanger September 15, 2010
Russell C. Ellwanger
Chief Executive Officer

**Exhibit
Number**

Description of Document

4.1	Form of Warrant Agreement
4.2	Form of Global Warrant
4.3	Form of Registration Rights Agreement
5.1	Opinion of Yigal Arnon & Co.
5.2	Opinion of Eilenberg & Krause LLP
23.1	Consent of Yigal Arnon & Co. (contained in their opinion constituting Exhibit 5.1)
23.2	Consent of Eilenberg & Krause LLP (contained in their opinion constituting Exhibit 5.2)
23.3	Consent of Brightman Almagor Zohar & Co.
24.1	Power of Attorney (set forth on signature page)

WARRANT AGREEMENT

(SERIES J WARRANTS)

dated as of July 15, 2010

between

TOWER SEMICONDUCTOR LTD.

and

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC
as warrant agent

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WARRANT AGREEMENT

This Warrant Agreement (as amended, modified or otherwise supplemented from time to time, this “*Agreement*”) dated as of July 15, 2010, is made by and between Tower Semiconductor Ltd., a company organized under the laws of Israel (together with its permitted successors and assigns, the “*Company*”), and American Stock Transfer & Trust Company, LLC, as warrant agent (together with its permitted successors and assigns, the “*Warrant Agent*”).

WITNESSETH THAT:

WHEREAS, pursuant to certain resolutions of the Board of Directors of the Company, adopted on June 16, 2010, the Company authorized the offering and issuance of warrants (each, a “*Warrant*” and, collectively, the “*Warrants*”) to purchase ordinary shares of the Company, par value New Israeli Shekels 1.00 per share, and has entered into an Exchange Agreement, dated as of July 9, 2010 (the “*Exchange Agreement*”), pursuant to which certain holders of the 8% Convertible Senior Notes due 2011 (the “*Convertible Notes*”) of Jazz Technologies, Inc., a Delaware corporation and wholly owned subsidiary of the Company (“*Jazz Technologies*”), will exchange their Convertible Notes for a combination of Warrants and 8% Senior Notes due 2015 issued by Jazz Technologies.

WHEREAS, the Company desires to enter into this Agreement to set forth the terms and conditions of the Warrants and the rights of the holders thereof;

WHEREAS, the Company desires that the Warrant Agent act on behalf of the Company, and the Warrant Agent is willing to act in connection with the issuance, exchange, transfer, substitution and exercise of Warrants; and

WHEREAS, the Company and the holders party thereto are executing on even date herewith a registration rights agreement (the “*Registration Rights Agreement*”).

NOW THEREFORE in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

DEFINITIONS

“*Agent Members*” means members of, or participants in, the Depositary.

“*Authorized Denomination*” means one Ordinary Share or any integral multiple thereof.

“*Board of Directors*” means (i) with respect to a corporation, the board of directors of the corporation or any committee of such board of directors duly authorized to exercise the power of such board of directors with respect to the matters provided for in this Agreement as to which the board of directors is authorized or required to act or (ii) with respect to any other Person, the governing body or committee of such Person serving a similar function.

“*Business Day*” means a day of the week other than a Saturday, a Sunday or a day which shall be in New York, New York, or Tel Aviv, Israel if the Ordinary Shares are no longer listed or quoted in the United States of America but are listed on the Tel Aviv Stock Exchange, or in the city in which the principal office of the Warrant Agent is located, a legal holiday or a day on which banking institutions are authorized or required by law to close for business.

“*Certificated Warrants*” has the meaning set forth in Section 1.01(b).

“Change of Control” means the occurrence, after the original issue date of the Warrants, of:

(i) the acquisition by any “person” or “group” (each as defined in Section 13(d) and 14(d) of the Exchange Act) of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of transactions, of shares of capital stock of the Company entitling such person or group to exercise 50% or more of the total voting power of all shares of capital stock of the Company entitled to vote generally in the elections of members of the Board of Directors, other than any such acquisition by the Company, any Subsidiary of the Company or any employee benefit plan of the Company existing on the date of this Agreement; *provided*, the term “beneficial owner” shall be determined in accordance with Rule 13d-3 and 13d-5 under the Exchange Act, except that a person will be deemed to have beneficial ownership of all shares that person has the right to acquire irrespective of whether that right is exercisable immediately or only after the passage of time, and the term “group” includes any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act;

(ii) any consolidation of the Company with, or merger of the Company into, any other Person, any merger of another Person into the Company, or any sale or transfer of all or substantially all of the assets of the Company to any other Person other than one or more wholly-owned Subsidiaries of the Company (other than (a) any such transaction pursuant to which the holders of 50% or more of the total voting power of all shares of capital stock of the Company entitled to vote generally in elections of members of the Board of Directors immediately prior to such transaction have, directly or indirectly, at least 50% or more of the total voting power of all shares of capital stock of the continuing or surviving corporation entitled to vote generally in elections of members of the Board of Directors of the continuing or surviving corporation immediately after such transaction in substantially the same proportion as their ownership of the Company’s such voting securities immediately prior to the transaction and (b) any (x) transaction which does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of capital stock of the Company or (y) merger which is effected solely to change the jurisdiction of incorporation of the Company and results in a reclassification, conversion or exchange of outstanding Ordinary Shares into solely Ordinary Shares); or

(iii) the holders of Ordinary Shares approve any plan or proposal for the liquidation or dissolution of the Company;

provided, however, that a Change of Control shall not be deemed to have occurred upon the occurrence of a transaction described in clause (ii) if all of the consideration payable in respect of the Ordinary Shares (excluding cash payments for fractional shares and cash payments made pursuant to dissenters’ appraisal rights) in a transaction the occurrence of which would otherwise constitute such a Change of Control consists of common stock traded on a U.S. national securities exchange, on the London Stock Exchange or the Frankfurt Stock Exchange (or will be so traded immediately following the occurrence which would otherwise constitute such a Change of Control) and as a result of such transaction or transactions the Warrants become exercisable solely into the consideration that holders of Ordinary Shares receive in such transaction (other than any cash in lieu of fractional shares); *provided further*, that a Change of Control shall not be deemed to have occurred under clause (i) if the shares of capital stock of the Company held by Israel Corporation Ltd. as disclosed in the Company’s Report on Form 20-F for the year ended December 31, 2009 plus the shares of capital stock acquired by Israel Corporation Ltd. upon the exercise of securities convertible or exercisable for capital stock of the Company held by Israel Corporation Ltd. as disclosed in the Company’s Report on Form 20-F for the year ended December 31, 2009 exceed the threshold set forth in clause (i).

“*Change of Control Notice*” has the meaning set forth in Section 4.03(a).

“*Close of Business*” means 5:00 p.m. (New York City time); *provided* that if at the relevant time the Ordinary Shares are not listed or quoted in the United States of America but are listed on the Tel Aviv Stock Exchange, then 5:00 p.m. (Tel Aviv, Israel time).

“*Closing Price*” means, with respect to the Ordinary Shares or any other security, the reported closing price (or, if no closing sale price is reported, the average of the last bid and last ask prices or, if more than one in either case, the average of the average bid and the average ask prices) of the Ordinary Shares or such other security on the New York Stock Exchange or the Nasdaq Global Market (or such other principal U.S. securities exchange upon which the Ordinary Shares may then be listed for public trading) on the relevant date, or, if the Ordinary Shares are not so listed, the average of three quotations obtained from broker-dealers selected by the Company, or, if such quotes are unavailable, the fair market value determined by a nationally recognized investment banking firm hired for such purpose by the Company; *provided* that if at the relevant time, the Ordinary Shares are not listed or quoted in the United States of America but are listed on the Tel Aviv Stock Exchange, then the Closing Price shall be determined in accordance with the foregoing definition based on the relevant prices of the Ordinary Shares on the Tel Aviv Stock Exchange. The Closing Price will be determined without reference to extended or after hours trading.

“*Commission*” means the United States Securities and Exchange Commission.

“*Company Determination*” has the meaning set forth in Section 2.03(b).

“*Depository*” or “*DTC*” means The Depository Trust Company, its nominees, and their respective successors.

“*Distributed Property*” has the meaning set forth in Section 3.01(c).

“*Dollars*,” “*U.S.\$*” and “*\$*” refer to the lawful currency of the United States of America.

“*Effective Date*” has the meaning set forth in Section 3.06(b).

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“*Exchange Agreement*” has the meaning set forth in the preamble hereto.

“*ex-date*” means, with respect to any distribution on Ordinary Shares, the first date on which the Ordinary Shares trade on the applicable exchange or in the applicable market, regular way, without the right to receive such distribution.

“*Exercise Date*” means the date on which a Warrant is exercised.

“*Exercise Price*” means a price of \$1.70 per share, subject to adjustment as provided in Article III hereof. If a Termination of Trading with respect to the Ordinary Shares has occurred under clauses (i) and (ii) of the definition of Termination of Trading, but the Ordinary Shares then trade on the Tel Aviv Stock Exchange, the Exercise Price shall equal (x) the Exercise Price in effect immediately prior to such termination in Dollars *multiplied by* (y) the exchange rate for conversion of Dollars into New Israeli Shekels as reported by Bloomberg at 9:00 a.m. New York City time on such date, and so long as the Tel Aviv Stock Exchange reports trading prices in agorot instead of New Israeli Shekels, *multiplied by* (z) 100.

“*Expiration Date*” has the meaning set forth in Section 2.02.

“*Global Warrant*” has the meaning set forth in Section 1.01(b).

“*Global Warrant Legend*” means the legend set forth in Section 1.03(b).

“*Market Disruption Event*” means (a) a failure by the primary U.S. exchange or quotation system on which the Ordinary Shares trade or are quoted (or if the Ordinary Shares are no longer traded or quoted on any such U.S. exchange or quotation system but are listed on the Tel Aviv Stock Exchange, the Tel Aviv Stock Exchange) to open for trading during its regular trading session or (b) the occurrence or existence prior to 1:00 p.m. New York City time (or 1:00 p.m. Tel Aviv, Israel time if the Ordinary Shares are no longer traded or quoted on any U.S. exchange or quotation system but are listed on the Tel Aviv Stock Exchange) on any Trading Day for the Ordinary Shares of an aggregate on half-hour period, of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the stock exchange or otherwise) in the Ordinary Shares or in any options, contracts or future contracts relating to the Ordinary Shares traded in the United States of America (or Israel if the Ordinary Shares are no longer traded or quoted on any U.S. exchange or quotation system but are listed on the Tel Aviv Stock Exchange).

“*Market Price*” means, with respect to any day, the average of the reported closing price (or, if no closing sale price is reported, the average of the last bid and last ask prices or, if more than one in either case, the average of the average bid and the average ask prices) of the Ordinary Shares, on the Nasdaq Global Market (or such other principal U.S. securities exchange upon which the Ordinary Shares may then be listed for public trading) for the 20 consecutive Trading Days preceding, but not including, such day or, where the context requires, the applicable record date (or, if applicable, the date on which the Ordinary Shares commence trading on an ex-distribution basis), or, if the Ordinary Shares are not so listed, the average of three quotations obtained from broker-dealers selected by the Company, or, if such quotes are unavailable, the fair market value determined by a nationally recognized investment banking firm hired for such purpose by the Company; *provided, however*, that if at the relevant time the Ordinary Shares are not listed or quoted in the United States of America but are listed on the Tel Aviv Stock Exchange, then the Closing Price shall be determined in accordance with the foregoing definition based on the relevant prices of the Ordinary Shares on the Tel Aviv Stock Exchange. Notwithstanding the foregoing, (x) for purposes of payment of the Repurchase Price upon Change of Control pursuant Section 4.01, “*Market Price*” means the average of the reported closing price of the Ordinary Shares on the Nasdaq Global Market (or such other principal U.S. securities exchange or the Tel Aviv Stock Exchange upon which the Ordinary Shares may then be listed for public trading) for the 15 consecutive Trading Days preceding the second Trading Day prior to the Repurchase Date and (y) the purposes of payment of the Repurchase Price upon Termination of Trading pursuant Section 4.01, “*Market Price*” means the average of the reported closing price of the Ordinary Shares on the Nasdaq Global Market (or such other principal U.S. securities exchange or the Tel Aviv Stock Exchange upon which the Ordinary Shares may then be listed for public trading) for the 15 consecutive Trading Days preceding the Termination of Trading. The Market Price will be determined without reference to extended or after hours trading.

“*Net Issue Exercise*” means an exercise of Warrants in accordance with Section 2.01.

“*Net Issue Number*” has the meaning set forth in Section 2.01.

“*Officer’s Certificate*” means of a certificate signed by the Chairman of the Board, the President, the Treasurer or any Executive Vice President or any Vice President of the Company.

“*Ordinary Shares*” means the ordinary shares, par value New Israeli Shekels 1.00 per share, of the Company authorized at the date of this Agreement or as such shares may be constituted from time to time. Subject to the provisions of Section 3.05, shares issuable upon exercise of the Warrants shall include only shares of the class designated as Ordinary Shares of the Company as of the date of this Agreement or shares of any class or classes resulting from any reclassification or reclassifications or change or changes thereof and which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, and if at any time there shall be more than one such resulting class, the shares of each such class then so issuable upon exercise of the Warrants shall be substantially in the proportion which the total number of such shares resulting from all such reclassifications or changes bears to the total number of shares of all such classes resulting from all such reclassifications or changes.

“*Ordinary Shares Transfer Certifications*” means the certifications set forth in Section 5.04(c).

“*Person*” means an individual, partnership, firm, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

“*Purchased Shares*” has the meaning set forth in Section 3.01(e).

“*Repurchase Date*” has the meaning set forth in Section 4.01.

“*Repurchase Price*” means shall mean the following percentages of a Warrant valuation of \$0.525:

on or before January 1, 2011	90%
on or before July 1, 2011	80%
on or before January 1, 2012	70%
on or before July 1, 2012	60%
on or before January 1, 2013	50%
on or before July 1, 2013	40%
on or before January 1, 2014	30%
on or before July 1, 2014	20%
on or before January 1, 2015	10%
after January 1, 2015	0%

“*Registration Rights Agreement*” has the meaning set forth in the preamble.

“*Regulation S*” means Regulation S promulgated under the Securities Act.

“*Rights Plan*” has the meaning set forth in Section 3.01(f).

“*Rule 144A*” means Rule 144A promulgated under the Securities Act.

“*Securities Act*” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“*Share Number*” means initially one Ordinary Share, as adjusted pursuant to Article III hereof.

“*Share Private Placement Legend*” means the legend set forth in Section 5.04(a).

“*Spin-Off*” has the meaning set forth in Section 3.01(c).

“*Subsidiary*” of any Person means any corporation, association, partnership, limited liability company or other business entity of which more than 50% of the total voting power of shares of capital stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person, (ii) such Person and one or more Subsidiaries of such Person or (iii) one or more Subsidiaries of such Person.

“*Tender Expiration Time*” has the meaning set forth in Section 3.01(e).

“*Termination of Trading*” means the Company’s Ordinary Shares, or other capital stock for which the Warrants are then exercisable, is not (i) listed for trading on a United States national securities exchange, (ii) approved for quotation on a U.S. system of automated dissemination of quotations of securities prices similar to the Nasdaq National Market prior to its designation as a national securities exchange, (iii) listed for trading on the Tel Aviv Stock Exchange or (iv) listed for trading on the London Stock Exchange or the Frankfurt Stock Exchange.

“*Trading Day*” means a day on which (i) trading in the Ordinary Shares generally occurs, (ii) there is no Market Disruption Event and (iii) a closing price for the Ordinary Shares is available for such day.

“*Trigger Event*” has the meaning set forth in Section 3.01(f).

“*Warrant*” has the meaning set forth in the preamble.

“*Warrant Certificate*” has the meaning set forth in Section 1.01(a).

“*Warrant Private Placement Legend*” means the legend set forth in Section 1.03(a).

“*Warrant Register*” has the meaning set forth in Section 1.05(a).

“*Warrant Transfer Certifications*” means the certifications set forth in Section 1.07(b).

“*Warrantholder*” means such person in whose name Warrants are registered in the Warrant Register.

ARTICLE I

ISSUANCE, EXECUTION AND TRANSFER OF WARRANT CERTIFICATES

SECTION 1.01. Form of Warrant Certificates. (a) Any certificate representing Warrants (each a “*Warrant Certificate*”) shall have such insertions as are appropriate or required or permitted by this Agreement and may have such letters, numbers or other marks of identification and such legends and endorsements, stamped, printed, lithographed or engraved thereon, (i) as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, (ii) such as may be required to comply with this Agreement, any law or any rule of any securities exchange on which the Warrants may be listed and (iii) such as may be necessary to conform to customary usage.

(b) The Warrants shall be issued initially in the form of a permanent global Warrant Certificate (the “*Global Warrant*”) in definitive, fully registered form, substantially in the form set forth in Exhibit A hereto, which exhibit is hereby incorporated in and expressly made a part of this Agreement. Upon issuance, the Global Warrant shall be duly executed by the Company and countersigned by the Warrant Agent as hereinafter provided and deposited with the Warrant Agent as custodian for the Depositary. Any Warrants represented by Warrant Certificates in definitive, fully registered form (“*Certificated Warrants*”) issued to beneficial owners of interests in the Global Warrant shall be issued in substantially in the form set forth in Exhibit B hereto, which exhibit is hereby incorporated in and expressly made a part of this Agreement. Any such Warrant Certificate shall be duly executed by the Company and countersigned by the Warrant Agent and delivered, all as hereinafter provided.

(c) Warrant Certificates shall be typed, printed, lithographed or engraved or produced by any combination of such methods or produced in any other manner permitted by the rules of any securities exchange on which the Warrants may be listed, all as determined by the officers of the Company executing such Warrant Certificates, as evidenced by their execution thereof.

(d) Each Warrant shall evidence the right, subject to the provisions of this Agreement and of the Warrant Certificate, to purchase a number of shares equal to the Share Number, subject to adjustment pursuant to the provisions of Article III hereof.

(e) The Warrants shall be designated as Series J Warrants.

SECTION 1.02. Execution of Warrant Certificates. Each Warrant Certificate, whenever issued, shall be dated as of the date of countersignature thereof by the Warrant Agent either upon initial issuance or upon exchange, substitution or transfer, shall be signed manually by, or bear the facsimile signature of, the Chairman of the Board, the President, the Chief Financial Officer, the Treasurer or any Vice President (whether or not designated by a number or numbers of words added before or after the title “Vice President”) of the Company. In case any officer of the Company whose manual or facsimile signature has been placed upon any Warrant Certificate shall have ceased to be such before such Warrant Certificate is issued, it may be issued with the same effect as if such officer had not ceased to be such at the date of issuance. Warrant Certificates shall, upon the Warrant Agent’s (or successor warrant agent’s) receipt of written delivery instructions related to such Warrant Certificates from the Company, be countersigned manually by the Warrant Agent (or successor warrant agent) and shall not be valid for any purpose unless so countersigned. Warrant Certificates may be countersigned by the Warrant Agent (or successor warrant agent), however, notwithstanding that the persons whose manual or facsimile signatures appear thereon as proper officers of the Company shall have ceased to be such officers at the time of such countersignature, issuance or delivery. Any Warrant Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Warrant Certificate, shall be a proper officer of the Company to sign such Warrant Certificate, although at the date of the execution of this Agreement any such person was not such an officer.

SECTION 1.03. Legends. (a) Except as provided in Section 1.07(c) hereof, each Warrant Certificate shall bear the following (the “*Warrant Private Placement Legend*”) on the face thereof:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO A “NON-U.S. PERSON” AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF, AND IN COMPLIANCE WITH, REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM AMOUNT OF THE SECURITIES OF \$250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY’S AND THE WARRANT AGENT’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

THE HOLDER OF THIS SECURITY WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

(b) The Global Warrant shall bear the following legend (the “*Global Warrant Legend*”) on the face thereof:

UNLESS THIS GLOBAL WARRANT IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION (“DTC”), TO TOWER SEMICONDUCTOR LTD. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS WARRANT IS A GLOBAL WARRANT WITHIN THE MEANING OF THE WARRANT AGREEMENT AND IS REGISTERED IN THE NAME OF THE DEPOSITARY OR A NOMINEE OF THE DEPOSITARY OR A SUCCESSOR DEPOSITARY. THIS WARRANT IS NOT EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE WARRANT AGREEMENT, AND NO TRANSFER OF THIS WARRANT (OTHER THAN A TRANSFER OF THIS WARRANT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE WARRANT AGREEMENT.

SECTION 1.04. Issuance, Delivery and Registration of Warrant Certificates. In connection with the initial issuance of the Warrants, the Warrant Agent shall issue and deliver the Warrants to each Holder (as defined in the Exchange Agreement) or its designee or designees as provided in the Exchange Agreement. Additionally, the Warrant Agent shall countersign and deliver Warrant Certificates upon exchange, transfer or substitution for one or more previously countersigned Warrant Certificates as hereinafter provided.

SECTION 1.05. Transfer, Exchange and Substitution. (a) The Warrants shall be issued in registered form only. The Company shall cause to be kept at the office of the Warrant Agent, and the Warrant Agent shall maintain, a register (the “*Warrant Register*”) in which, subject to such reasonable regulations as the Company may prescribe, the Company shall provide for the registration of Warrants and transfers, exchanges or substitutions of Warrants as herein provided. All Warrants issued upon any registration of transfer or exchange or substitution for Warrants shall be valid obligations of the Company, evidencing the same obligations, and entitled to the same benefits under this Agreement, as the Warrants surrendered for such registration of transfer, exchange or substitution, and shall bear the Warrant Private Placement Legend set forth in Section 1.03, except as provided in Section 1.07(c) hereof.

(b) A Warrantholder may transfer a Warrant only upon surrender of such Warrant for registration of transfer. No such transfer shall be effected until, and the transferee shall succeed to the rights of a Warrantholder only upon, final acceptance and registration of the transfer in the Warrant Register by the Warrant Agent. Prior to the registration of any transfer of a Warrant by a Warrantholder as provided herein, the Company, the Warrant Agent, and any agent of the Company or the Warrant Agent may treat the person in whose name the Warrants are registered as the owner thereof for all purposes and as the person entitled to exercise the rights represented thereby, any notice to the contrary notwithstanding.

(c) Every Warrant presented or surrendered for registration of transfer or for exchange or substitution shall (if so required by the Company or the Warrant Agent) be duly endorsed, or be accompanied by a duly executed instrument of transfer in form satisfactory to the Company and the Warrant Agent, by the holder thereof or such Warrantholder's attorney duly authorized in writing.

(d) When Warrants are presented to the Warrant Agent with a request to register the transfer of, or to exchange or substitute, such Warrants, the Warrant Agent shall register the transfer or make the exchange or substitution as requested if its requirements for such transactions and any applicable requirements hereunder are satisfied. To permit registrations of transfers, exchanges and substitutions, the Company shall execute Warrant Certificates at the Warrant Agent's request and the Warrant Agent shall countersign and deliver such Warrant Certificates. No service charge shall be made for any registration of transfer or exchange of or substitution for Warrants, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer of Warrants.

(e) If less than all the Warrants represented by a Certificated Warrant are transferred, exchanged or substituted in accordance with this Agreement, the Warrant Certificate shall be surrendered to the Warrant Agent and a new Warrant Certificate of the same tenor and for the number of Warrants which were not transferred, exchanged or substituted, registered in such name or names as may be directed in writing by the surrendering Warrantholder, shall be executed by the Company and delivered to the Warrant Agent and the Warrant Agent shall countersign such new Warrant Certificate and shall deliver such new Warrant Certificate to the person or persons entitled to receive the same.

SECTION 1.06. The Global Warrant. (a) So long as the Global Warrant is registered in the name of the Depositary or its nominee, the Agent Members shall have no rights under this Agreement with respect to the Global Warrant held on their behalf by the Depositary or the Warrant Agent as its custodian, and the Depositary may be treated by the Company, the Warrant Agent and any agent of the Company or the Warrant Agent as the absolute owner of such Global Warrant for all purposes. Accordingly, any such owner's beneficial interest in the Global Warrant will be shown only on, and the transfer of such interest shall be effected only through, records maintained by the Depositary or its nominee or its Agent Members, and neither the Company nor the Warrant Agent shall have any responsibility with respect to such records maintained by the Depositary or its nominee or its Agent Members. Notwithstanding the foregoing, nothing herein shall (i) prevent the Company, the Warrant Agent or any agent of the Company or the Warrant Agent from giving effect to any written certification, proxy or other authorization furnished by the Depositary or (ii) impair, as between the Depositary and its Agent Members, the operation of customary practices governing the exercise of the rights of a Warrantholder.

(b) Any holder of the Global Warrant shall, by acceptance of such Global Warrant, agree that transfers of beneficial interests in such Global Warrant may be effected only through a book-entry system maintained by the holder of such Global Warrant (or its agent), and that ownership of a beneficial interest in the Warrants represented thereby shall be required to be reflected in book-entry form.

(c) Transfers of the Global Warrant shall be limited to transfers in whole, and not in part, to the Company, the Depositary, their successors, and their respective nominees. Interests of beneficial owners in the Global Warrant shall be transferred in accordance with the rules and procedures of the Depositary.

(d) The Global Warrant shall be exchanged for Certificated Warrants in the event that (i) the Depositary (x) has notified the Company that it is unwilling or unable to continue as, or ceases to be, a clearing agency registered under Section 17A of the Exchange Act and (y) a successor to the Depositary registered as a clearing agency under Section 17A of the Exchange Act is not able to be appointed by the Company within 90 days, (ii) the Depositary is at any time unwilling or unable to continue as Depositary and a successor to the Depositary is not able to be appointed by the Company within 90 days, or (iii) the Company in its sole discretion determines that the Global Warrants (in whole but not in part) should be exchanged for Certificated Warrants and delivers a written notice to such effect to the Warrant Agent. In any such event, the Global Warrant shall be surrendered to the Warrant Agent for cancellation, and the Company shall execute, and the Warrant Agent shall countersign and deliver, to each beneficial owner identified by the Depositary, in exchange for such beneficial owner's beneficial interest in the Global Warrant, Certificated Warrants representing, in the aggregate, the number of Warrants theretofore represented by the Global Warrant with respect to such beneficial owner's respective beneficial interest. Any Certificated Warrant delivered in exchange for an interest in the Global Warrant pursuant to this Section 1.06(d) shall, except as otherwise provided in Section 1.07(c) hereof, bear the Warrant Private Placement Legend, but shall not bear the Global Warrant Legend. Interests in the Global Warrant may not be exchanged for Certificated Warrants other than as provided in this Section 1.06(d).

(e) Certificated Warrants may be transferred or exchanged for a beneficial interest in the Global Warrant only upon receipt by the Warrant Agent of a Certificated Warrant, duly endorsed or accompanied by appropriate instruments of transfer, in form satisfactory to the Warrant Agent, together with (i) the Warrant Transfer Certifications; and (ii) written instructions directing the Warrant Agent to make, or to direct the Depositary to make, an endorsement on the Global Warrant to reflect an increase in the aggregate amount of the Warrants represented by the Global Warrant. Upon such transfer or exchange, the Warrant Agent shall cancel such Certificated Warrant and cause, or direct the Depositary to cause, in accordance with the standing instructions and procedures existing between the Depositary and the Warrant Agent, the number of Warrants represented by the Global Warrant to be increased accordingly.

(f) The holder of the Global Warrant may grant proxies and otherwise authorize any person, including Agent Members and persons that may hold interests through Agent Members, to take any action which a Warrantholder is entitled to take under this Agreement or the Warrant.

SECTION 1.07. Special Transfer Provisions.

(a) Limitations on Transfer. By its acceptance of any Warrant represented by a Warrant Certificate bearing the Warrant Private Placement Legend, each holder of, and beneficial owner of an interest in, such a Warrant acknowledges the restrictions on transfer of such a Warrant set forth in the Warrant Private Placement Legend and agrees that it will transfer such a Warrant only in accordance with the Warrant Private Placement Legend.

(b) Transfer of Restricted Warrants. In connection with any transfer of a Warrant represented by a Warrant Certificate bearing the Warrant Private Placement Legend, each Warrantholder agrees to deliver to the Company

- (i) if such Warrant is being transferred to a qualified institutional buyer (as defined in Rule 144A) in accordance with Rule 144A, pursuant to an exemption from registration in accordance with Rule 144, or outside the United States in an offshore transaction to a person other than a U.S. Person (as such term is defined in Regulation S) (a “*non-U.S. Person*”) in compliance with Regulation S, a certification to that effect from the transferee or transferor (in substantially the form of Exhibit C hereto); or
- (ii) if such Warrant is being transferred in reliance on another exemption from the registration requirements of the Securities Act, a certification to that effect (in substantially the form of Exhibit C hereto) and an opinion of counsel reasonably acceptable to the Company to the effect that such transfer is in compliance with the Securities Act;

provided that the Warrant Agent shall not be required to determine (but may rely on a determination made by the Company with respect to) the sufficiency of any such certificates or opinions (collectively, “*Warrant Transfer Certifications*”).

(c) Warrant Private Placement Legend. Upon the registration of transfer or exchange of or substitution for a Warrant represented by a Warrant Certificate not bearing the Warrant Private Placement Legend, the Warrant Agent shall deliver a Warrant Certificate or Warrant Certificates that do not bear the Warrant Private Placement Legend. Upon the registration of transfer or exchange of or substitution for a Warrant represented by a Warrant Certificate bearing the Warrant Private Placement Legend, the Warrant Agent shall deliver a Warrant Certificate or Warrant Certificates bearing the Warrant Private Placement Legend, unless such legend may be removed from such Warrant Certificate pursuant to the provisions of this Section 1.07(c). Upon provision of Warrant Transfer Certifications, the Warrant Agent, at the direction of the Company, shall countersign and deliver in exchange or substitution for the Warrant Certificate representing Warrants to be transferred or exchanged or substituted for, a Warrant Certificate or Warrant Certificates (representing, in the aggregate, the same number of Warrants). Such Warrant Certificates shall be delivered without such legend if and to the extent such Warrants to be transferred or exchanged or substituted for are no longer “restricted securities” within the meaning of Rule 144. If the Warrant Private Placement Legend has been removed from a Warrant Certificate, as provided above, no other Warrant Certificate issued in exchange for all or any part of such Warrant Certificate shall bear such legend, unless the Company has reasonable cause to believe that the Warrants represented by such other Warrant Certificate represent “restricted securities” within the meaning of Rule 144 and instructs the Warrant Agent in writing to cause a legend to appear thereon.

(d) Documents. The Company shall deliver to the Warrant Agent, and the Warrant Agent shall retain for two years, copies of all documents received pursuant to this Section 1.07 to the extent such documents were delivered to the Company instead of the Warrant Agent as required hereunder. The Company shall have the right to inspect and make copies of all such documents at any reasonable time upon the giving of reasonable written notice to the Warrant Agent.

(e) Company Covenant. The Company will not at any time after the date hereof offer, sell or otherwise dispose of (or enter into any transaction which is designed to, or which the Company reasonably expects to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company or any affiliate (as such term is defined in Rule 144(a)(1) under the Securities Act, an “Affiliate”) of the Company), directly or indirectly, or announce the offering of, any Warrants which are the subject of this Agreement. Until the one year anniversary of the Closing Date, the Company will not, and will not permit any of its Affiliates to, resell any of the Warrants or Ordinary Shares issuable upon exercise thereof that may have been acquired by any of them, except for sales of the Warrants or such Ordinary Shares purchased by the Company or any of its affiliates and resold in a transaction registered under the Securities Act.

(f) Transfers in Reliance on Other Exemptions. If a holder of a Certificated Warrant wishes to transfer such Warrant in reliance on an exemption from the registration requirements of the Securities Act (other than Rule 144A, Rule 144 or Regulation S), such Warrantholder may, subject to the restrictions on transfer set forth herein and in such Certificated Warrant, and subject to compliance with the provisions of Section 1.07(b)(ii) hereof, cause the exchange of such Certificated Warrant for one or more Certificated Warrants of any Authorized Denomination or Authorized Denominations and of the same aggregate amount. Upon receipt by the Warrant Agent of (A) such Certificated Warrant, duly endorsed as provided herein, (B) instructions from such Warrantholder directing the Warrant Agent to authenticate and deliver one or more Certificated Warrants of the same Authorized Denomination as the Certificated Warrants to be exchanged, such instructions to contain the name or names of the designated transferee or transferees, the Authorized Denomination or Authorized Denominations of the Certificated Warrants to be so issued and appropriate delivery instructions and (C) instructions from the Company to the effect that it deems sufficient the Warrant Transfer Certifications received pursuant to Section 1.07(b)(ii) hereof, then the Warrant Agent shall cancel or cause to be cancelled such Certificated Warrant and concurrently therewith the Company shall execute, and the Warrant Agent shall authenticate and deliver, one or more Certificated Warrants of the same Authorized Denomination, in accordance with the instructions referred to above.

SECTION 1.08. Surrender of Warrant Certificates. Any Warrant Certificate surrendered for registration of transfer, exchange, substitution or exercise of the Warrants represented thereby shall, if surrendered to the Company, be delivered to the Warrant Agent, and all Warrant Certificates surrendered or so delivered to the Warrant Agent shall be promptly cancelled by the Warrant Agent and shall not be reissued by the Company and, except as provided in this Article I in case of an exchange, transfer or substitution, Article II hereof in case of the exercise of less than all the Warrants represented thereby or Section 5.02 hereof in case of mutilation, no Warrant Certificate shall be issued hereunder in lieu thereof. The Warrant Agent shall deliver to the Company from time to time or otherwise dispose of such cancelled Warrant Certificates as the Company may direct.

SECTION 1.09. Rule 144A Information. Prior to the effectiveness under the Securities Act of a registration statement relating to the offer and sale of the Warrants by the Warrantholders, Warrantholders (or holders of interests therein) and prospective purchasers designated by such Warrantholders (or such holders of interests therein) shall have the right to obtain from the Company upon request by such Warrantholders (or such holders of interests) or prospective purchasers, during any period in which the Company is not subject to Section 13 or 15(d) of the Exchange Act, the information required by paragraph (d)(4)(i) of Rule 144A in connection with any transfer or proposed transfer of such Warrants or interests therein.

ARTICLE II

WARRANT PRICE, EXPIRATION DATE, ACCELERATION, REPURCHASE AND
EXERCISE OF WARRANTS

SECTION 2.01. Exercise Price. The holder may, at its option from time to time, elect to exercise a Warrant and upon exercise shall receive such number of Ordinary Shares (the “*Net Issue Number*”), which number shall not be less than zero, computed using the following formula:

$$X = \frac{Y \times (A - B)}{A}$$

where:

X = the Net Issue Number;

Y = the Share Number;

A = the Market Price of an Ordinary Share on the date on which such Warrant is exercised (the “*Exercise Date*”); *provided, however*, that if the Company elects to make adequate provision of shares of capital stock of a Subsidiary distributed to holders of Ordinary Shares pursuant to Section 3.01(c), “ A ” shall equal the Market Price of an Ordinary Share on the date on which such Warrant is exercised plus the Market Price of the shares of capital stock that such holder would have received if such holder had exercised such Warrant on the record date;

B = the then-current Exercise Price;

(an exercise of Warrants pursuant to this clause, a “*Net Issue Exercise*”). Upon a Net Issue Exercise of a Warrant, the holder thereof shall be entitled to receive Ordinary Shares without the exchange of any funds.

SECTION 2.02. Exercise Period. Subject to the provisions of this Agreement and of the Warrants, each Warrant may be exercised at any time during the period commencing on the day after the date hereof and ending at 5:00 p.m., New York time, on June 30, 2015 (the “*Expiration Date*”). If the Expiration Date shall not be a Business Day, then a Warrant may be exercised on the next succeeding Business Day.

SECTION 2.03. Exercise of Warrants. (a) Warrants in certificated form may be exercised by surrendering the Warrant Certificate evidencing such Warrants at the principal office of the Warrant Agent (or successor warrant agent), with the Election to Exercise form set forth on the reverse of the Warrant Certificate duly completed and executed. Warrants represented by a Global Warrant may be exercised by (i) delivery of such Warrants through and in accordance with the procedures of the DTC to an account maintained by the DTC for the benefit of the Warrant Agent and (ii) delivery to the Warrant Agent of a duly completed and executed Exercise Form for Beneficial Owners of Interest in Global Warrant substantially in the form set forth on the reverse of the Global Warrant (or such other form as may be provided by the beneficial owner’s broker). The registered holder of a Warrant Certificate surrendered for exercise shall pay any applicable taxes, other than taxes that the Company is required to pay hereunder. A registered Warrantholder may exercise the full number of Warrants represented by a Warrant Certificate or any number of whole Warrants thereof. Except as provided in Article III, no adjustment in respect of any dividend on the Ordinary Shares shall be made during the term of a Warrant or on the exercise of a Warrant.

(b) Upon receipt by the Warrant Agent of a completed Election to Exercise or Exercise Form for Beneficial Owners of Interests in Global Warrant, as applicable, the Warrant Agent shall provide a copy of the same to the Company, and the Company shall determine the number of Ordinary Shares to be issued in respect of such exercise in accordance with Section 2.01 and Section 2.04 hereof and shall promptly notify the Warrant Agent in writing of such determination (the “*Company Determination*”). Subject to the provisions of Section 3.09 hereof, as soon as practicable after the exercise of any Warrants and receipt of the Company Determination, the Warrant Agent shall promptly, at the option of the holder as expressed in the Election to Exercise or Exercise Form for Beneficial Owners of Interests in Global Warrant, as applicable, either (x) requisition from the transfer agent for the Ordinary Shares and deliver by electronic transfer to such Warrantholder’s account, or any other account as such Warrantholder may designate, at the DTC or the relevant DTC participant the number of Ordinary Shares to which such Warrantholder is entitled or (y) requisition from the transfer agent for the Ordinary Shares and deliver to or upon the order of such registered Warrantholder a certificate or certificates for the number of full Ordinary Shares to which such Warrantholder is entitled, registered in such name or names as may be directed by such Warrantholder, and, if the number of Warrants represented by a Warrant Certificate shall not have been exercised in full, a new Warrant Certificate, countersigned by the Warrant Agent (or successor warrant agent), for the balance of the number of whole Warrants represented by the surrendered Warrant Certificate; *provided, however*, that the Company shall not be required to pay any tax or taxes that may be payable in respect of any transfer in connection with the issue of any Warrant Certificate in a name other than that of the registered holder of the Warrant Certificate surrendered upon the exercise of a Warrant.

(c) Each person in whose name any such certificate for Ordinary Shares is issued shall for all purposes be deemed to have become the holder of record of such shares on the date on which the Warrant Certificate was surrendered to the Warrant Agent, plus any applicable taxes was made to the Warrant Agent for the account of the Company, irrespective of the date of delivery of such certificate, except that, if the date of such surrender and payment is a date when the stock transfer books of the Company are closed, such person shall be deemed to have become the holder of such shares at the close of business on the next succeeding date on which the stock transfer books are open or on which the Company is required to permit Warrants to be exercised or does not exercise its right not to permit Warrants to be exercised.

(d) Promptly after the Warrant Agent shall have taken the action required in subsection (b) above or at such later time as may be mutually agreeable to the Company and the Warrant Agent, the Warrant Agent shall account to the Company with respect to any Warrants exercised.

SECTION 2.04. No Fractional Shares to Be Issued. Notwithstanding anything to the contrary contained in this Agreement, the Company shall not be required to issue any fraction of an Ordinary Share or to distribute stock certificates that evidence fractional Ordinary Shares or to issue a Warrant Certificate representing a fractional Warrant upon exercise of any Warrants. If more than one Warrant Certificate shall be surrendered for exercise at one time by the same holder, the number of full shares which shall be issuable upon exercise thereof shall be computed on the basis of the aggregate number of Warrants so surrendered. If any fraction of an Ordinary Share would, except for the provisions of this Section 2.04, be issuable on the exercise of any Warrant or Warrants, the Company shall round up to the next whole share the number of Ordinary Shares to be issued to the Warrantholder upon exercise of its Warrants. The Warrantholders, by their acceptance of the Warrant Certificates, expressly waive their right to receive any fraction of an Ordinary Share or a stock certificate representing a fraction of an Ordinary Share or Warrant Certificate representing a fractional Warrant upon exercise of any Warrant.

SECTION 2.05. Acquisition of Warrants by the Company; Cancellation of Warrants

. The Company shall have the right, except as limited by law, to purchase or otherwise to acquire Warrants at such times, in such manner and for such consideration as it may deem appropriate and shall have agreed with the holder of such Warrants. The Warrant Agent shall cancel any Warrant Certificate delivered to it for exercise, in whole or in part, or delivered to it for transfer, exchange, or substitution, and no Warrant Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Agreement. On request of the Company, the Warrant Agent shall destroy cancelled Warrant Certificates held by it and shall deliver its certificates of destruction to the Company. If the Company shall acquire any of the Warrants, such acquisition shall not operate as a repurchase or termination of the right represented by such Warrants unless and until the Warrant Certificates evidencing such Warrants are surrendered to the Warrant Agent for cancellation.

SECTION 2.06. Automatic Exercise of Warrants. An unexercised Warrant will be automatically exercised pursuant to Section 2.01 for the benefit of the Warrantholder on the Expiration Date, if such Warrant is not exercised by the holder prior to 5:00 p.m. New York time, on the Expiration Date, if any Ordinary Shares are deliverable to the holder as a result of the Net Issue Exercise Calculation (including after the application of Section 2.04).

ARTICLE III

ADJUSTMENT OF WARRANT PRICE AND SHARE NUMBER

SECTION 3.01. Adjustment of Exercise Price. The Exercise Price specified in Section 2.01 shall be subject to adjustment from time to time as follows:

(a) If the Company shall, at any time or from time to time while the Warrants are outstanding, (i) pay a dividend or make a distribution on all or substantially all its Ordinary Shares payable in Ordinary Shares; (ii) subdivide the outstanding Ordinary Shares into a greater number of shares; or (iii) combine the outstanding Ordinary Shares into a smaller number of shares, then in any such case the Exercise Price in effect immediately prior thereto shall be adjusted to a price obtained by multiplying such Exercise Price by a fraction of which the numerator shall be the number of Ordinary Shares outstanding immediately prior to such action (or at the Close of Business on the Business Day immediately preceding the ex-date for such dividend or distribution in the case of an adjustment made pursuant to clause (i)) and the denominator shall be the number of Ordinary Shares outstanding immediately after giving effect to such action (or at the Close of Business on the Business Day immediately preceding the ex-date for such dividend or distribution in the case of an adjustment made pursuant to clause (i)). An adjustment made pursuant to clause (i) of this subsection (a) shall become effective retroactively immediately after the ex-date for such dividend or distribution, and an adjustment made pursuant to clause (ii) or (iii) of this subsection (a) shall become effective immediately after the opening of business the effective date of such subdivision or combination. If any dividend or distribution of the type described in this clause (a) is declared but not so paid or made, the Exercise Price shall again be adjusted to the Exercise Price which would then be in effect if such dividend or distribution had not been declared.

(b) In case the Company shall, at any time or from time to time while the Warrants are outstanding, issue or distribute rights, options or warrants (other than pursuant to a Rights Plan) to all or substantially all holders of its Ordinary Shares entitling them, for a period expiring within 60 days after the record date for such issuance or distribution, to subscribe for or purchase Ordinary Shares at a price per share less than the Market Price as of the Close of Business on the Trading Day immediately preceding the first public announcement of such issuance or distribution, the Exercise Price in effect immediately prior thereto shall be adjusted to a price obtained by multiplying such Exercise Price by a fraction of which (i) the numerator shall be the number of Ordinary Shares outstanding on the Close of Business on the Business Day immediately preceding the ex-date for such distribution or issuance *plus* the number of Ordinary Shares which the aggregate offering price of the total number of shares so to be offered would purchase at the Market Price on the first public announcement date for such issuance or distribution (determined by multiplying such total number of Ordinary Shares so offered by the exercise price of such rights, options or warrants and dividing the product so obtained by such Market Price); and (ii) the denominator shall be the number of Ordinary Shares outstanding at the Close of Business on the Business Day immediately preceding the ex-date for such distribution or issuance plus the number of additional Ordinary Shares to be offered for subscription or purchase; *provided, however*, that no adjustment shall be made if the Company issues or distributes to each Warrantholder the rights, options or warrants which each Warrantholder would have been entitled to receive had such holder's Warrants been exercised prior to the record date mentioned below. Any such adjustments shall be made whenever such rights, options or warrants are issued and shall become effective immediately after the opening of business on the ex-date for such distribution or issuance. In determining whether any such rights, options or warrants are issued at less than the Market Price, and in determining the aggregate offering price of such Ordinary Shares, there shall be taken into account any consideration received by the Company for such rights, options or warrants, the value of such consideration, if other than cash, to be determined by the Board of Directors of the Company, whose determination shall be conclusive and described in a certificate filed with the Warrant Agent. Upon the expiration of any right, option or warrant to purchase Ordinary Shares the issuance of which resulted in an adjustment to the Exercise Price pursuant to this clause (b), if any such right, option or warrant shall expire and shall not have been exercised, the Exercise Price shall immediately upon such expiration be recomputed to the Exercise Price which would have been in effect had the adjustment of the Exercise Price made upon the issuance of such rights, options or warrants been made on the basis of offering for subscription or purchase only that number of Ordinary Shares actually purchased upon the exercise of such rights, options or warrants actually exercised. In the event such rights, options or warrants are not so issued or distributed, the Exercise Price shall again be adjusted to the Exercise Price which would then be in effect if the ex-date for such issuance or distribution had not occurred.

(c) In case the Company shall, at any time or from time to time while the Warrants are outstanding, distribute to all or substantially all holders of its Ordinary Shares evidences of its indebtedness or assets (excluding any cash dividend or distribution referred to in subsection (d) below) or rights, options or warrants to subscribe for (excluding those referred to in subsection (b) above or pursuant to a Rights Plan) shares of capital stock of any class of the Company other than Ordinary Shares ("*Distributed Property*"), in each such case the Exercise Price in effect immediately prior thereto shall be adjusted to a price obtained by multiplying such Exercise Price by a fraction:

(i) the numerator of which shall be the Market Price of the Ordinary Shares immediately preceding the ex-date for such distribution; and

(ii) the denominator of which shall be such Market Price of the Ordinary Shares on the Business Day immediately preceding the ex-date for such distribution plus the fair market value (as determined by the Board of Directors whose determination shall be conclusive, and described in a statement filed with the Warrant Agent) of the portion of the Distributed Property applicable to one Ordinary Share;

provided, however, that no adjustment shall be made (1) if the Company issues or distributes to each Warrantholder the subscription rights, options or warrants referred to above in this subsection (c) that each Warrantholder would have been entitled to receive had the Warrants been exercised prior to the record date mentioned below; or (2) if the Company makes adequate provision so that each Warrantholder shall receive, upon the exercise of the Warrants at any time after the distribution of the Distributed Property, the Distributed Property that such Warrantholder would have been entitled to receive had the Warrants been exercised prior to the ex-date for such distribution (it being agreed that the provision contemplated by this clause (2) shall be made if the fair market value of the portion of Distributed Property applicable to one Ordinary Share as set forth above is equal to or greater than the Market Price of the Ordinary Shares on the Business Day immediately preceding the ex-date for such distribution). Any such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the opening of business on ex-date for such distribution. In the event that such dividend or distribution is not so paid or made, the Exercise Price shall again be adjusted to be the Exercise Price that would then be in effect if such dividend or distribution had not been declared.

Notwithstanding anything to the contrary in this Section 3.01(c), if the Company distributes capital stock of, or similar equity interests in, a Subsidiary of the Company or other business unit of the Company (a “Spin-Off”), then the Exercise Price shall be decreased so that the same shall equal the price determined by multiplying the Exercise Price in effect at the opening of business on the 15th Trading Day immediately following the ex-date for such Spin-Off by a fraction:

- (x) the numerator of which is the average of the Closing Prices of Ordinary Shares over the ten consecutive Trading Day period immediately following, and including, the fifth Trading Day after the ex-date for the Spin-Off; and
- (y) the denominator of which is the sum of (A) the average of the Closing Prices of the capital stock or similar equity interest distributed to holders of Ordinary Shares applicable to one Ordinary Share over the ten consecutive Trading Day period immediately following, and including, the fifth Trading Day after the ex-date for the Spin-Off and (B) the average of the Closing Prices of Ordinary Shares over the ten consecutive Trading Day period immediately following, and including, the fifth Trading Day after the ex-date for the Spin-Off;

provided that the Company may, at its option and in lieu of the foregoing adjustment, elect to make adequate provision so that each Warrantholder shall have the right to receive upon exercise the amount of such shares of capital stock that such Warrantholder would have received if such Warrantholder had exercised such Warrant prior to the ex-date for such Spin-Off.

(d) In case the Company shall, at any time or from time to time while the Warrants are outstanding, by dividend or otherwise, distribute to all or substantially all holders of its Ordinary Shares cash (excluding any cash that is distributed as part of a distribution referred to in paragraph (c) above) then, and in each such case, the Exercise Price shall be adjusted so that it shall equal the Exercise Price in effect at the opening of business on the ex-date for such dividend or distribution multiplied by a fraction the numerator of which is (x) the Market Price per Ordinary Share on the Business Day immediately preceding the ex-date for such dividend or distribution less the amount in cash per share that the Company distributes to holders of its Ordinary Shares for such dividend or distribution and the denominator of which is (y) the Market Price per Ordinary Share on the Business Day immediately preceding the ex-date for such dividend or distribution.

(e) If the Company or any of its Subsidiaries shall, at any time or from time to time while any of the Warrants are outstanding, distribute cash or other consideration in respect of a tender offer or exchange offer for Ordinary Shares, where such cash and the value of any other consideration per share validly tendered or exchanged exceeds the Market Price per Ordinary Share on the Trading Day immediately following the last date (the “Tender Expiration Time”) on which such tenders or exchanges could have been made pursuant to such tender or exchange offer then, and in each such case, immediately prior to the opening of business on the day after the date of the Tender Expiration Time, the Exercise Price shall be adjusted so that the same shall equal the price determined by dividing the Exercise Price in effect at the opening of business on the Business Day immediately following the Trading Day immediately following the Tender Expiration Time by a fraction (1) the numerator of which shall be equal to the product of (i) the Market Price of the Ordinary Shares on the date of the Tender Expiration Time multiplied by (ii) the number of Ordinary Shares outstanding (including any tendered or exchanged shares) on the Tender Expiration Time, and (2) the denominator of which shall be equal to the product of (A) the Market Price of the Ordinary Shares as of the Tender Expiration Time multiplied by (B) the number of Ordinary Shares outstanding (including any tendered shares) as of the Tender Expiration Time less the number of all shares validly tendered and not withdrawn as of the Tender Expiration Time (the shares deemed so accepted up to any such maximum, being referred to as the “Purchased Shares”). In the event the Company or any Subsidiary of the Company is obligated to purchase Ordinary Shares pursuant to any such tender offer or exchange offer, but the Company or such Subsidiary is permanently prevented by applicable law from effecting any such purchases, or all such purchases are rescinded, then the Exercise Price shall again be adjusted to the Exercise Price which would then be in effect if such tender offer or exchange offer had not been made.

(f) Rights or warrants distributed by the Company to all or substantially all holders of Ordinary Shares entitling holders thereof to subscribe for or purchase shares of the Company's capital stock (either initially or under certain circumstances) pursuant to a plan (a "*Rights Plan*"), which rights or warrants, until the occurrence of a specified event or events ("*Trigger Event*");

(i) are deemed to be transferred with such Ordinary Shares,

(ii) are not exercisable, and

(iii) are also to be issued in connection with further issuances of Ordinary Shares,

shall not be deemed distributed for purposes of paragraphs (b) or (d) of this Section 3.01, as the case may be, until the occurrence of a Trigger Event. In addition, in the event of any distribution of rights or warrants pursuant to a Rights Plan, or any Trigger Event with respect thereto, that shall have resulted in an adjustment to the Exercise Price under 3.01(b) or (d), as the case may be, (x) in the case of any such rights or warrants which shall all have been redeemed or repurchased without exercise by any holders thereof, the Exercise Price shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder of Ordinary Shares with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Ordinary Shares as of the date of such redemption or repurchase, and (y) in the case of any rights or warrants all of which have expired without exercise by any holder thereof, the Exercise Price shall be readjusted as if such issuance had not occurred.

(g) No adjustment in the Exercise Price shall be made unless and until such adjustment would result, either by itself or with other adjustments not previously made, in an increase or decrease of at least 1% in the Exercise Price; *provided, however*, that any adjustment that is not made as a result of this paragraph (g) shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding anything to the contrary herein, in no event shall the Exercise Price be adjusted to an amount less than \$0.01.

(h) Whenever an adjustment in the Exercise Price is made as required or permitted by the provisions of this Section 3.01, the Company shall promptly file with the Warrant Agent an Officer's Certificate setting forth (i) the adjusted Exercise Price as provided in this Section 3.01 and a brief statement of the facts requiring such adjustment and the computation thereof; and (ii) the Share Number after such adjustment in the Exercise Price in accordance with Section 3.02 hereof or the number of Warrants outstanding in accordance with Section 3.03 hereof after such adjustment in the Exercise Price and the record date therefor, which Officer's Certificate shall be conclusive evidence of the correctness of any such adjustment, and promptly after such filing shall mail or cause to be mailed a notice of such adjustment to each Warrantholder at his last address as the same appears on the Warrant Register. The Warrant Agent shall be under no duty or responsibility with respect to any such certificate except to exhibit the same to any Warrantholder desiring inspection thereof.

(i) In case:

(i) the Company shall declare a dividend (or any other distribution) on Ordinary Shares that would require an adjustment to the Exercise Price pursuant to Section 3.01; or

(ii) the Company shall authorize the granting to all holders of Ordinary Shares of rights or warrants to subscribe for or purchase any shares of capital stock of any class of the Company; or

(iii) of any reclassification of Ordinary Shares (other than a subdivision or combination of outstanding Ordinary Shares or a change in par value, or from par value to no par value, or no par value to par value), or of any consolidation or merger to which the Company is a party and for which approval of any stockholders of the Company is required, or of the sale or transfer of all or substantially all of the assets of the Company; or

(iv) of the voluntary or involuntary dissolution, liquidation or winding up of the Company;

then the Company shall cause to be filed with the Warrant Agent, and shall cause to be mailed to the holders of the Warrants, at their last addresses as they shall appear upon the Warrant Register, at least ten days prior to the applicable record date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or rights, or, if a record is not to be taken, the date as of which the holders of Ordinary Shares of record to be entitled to such dividend, distribution or rights are to be determined; or (y) the date on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected, if applicable, to become effective and that holders of Ordinary Shares of record shall be entitled to exchange their Ordinary Shares for securities or other property (including cash) deliverable upon such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up. Failure to give any such notice, or any defect therein, shall not affect the validity of the proceedings referred to in clauses (i), (ii), (iii) and (iv) above.

(j) Anything in this Section 3.01 to the contrary notwithstanding, the Company shall be entitled, but not required, to make such reductions in the Exercise Price for a period of at least 20 Business Days, in addition to those required by this Section 3.01, as in its discretion shall determine to be advisable so long as such reduction is irrevocable during the period and the Company's Board of Directors determines in good faith that the reduction is in the Company's best interests, including, without limitation, in order that any dividend in or distribution of shares of Ordinary Shares or shares of capital stock of any class other than Ordinary Shares, subdivision, reclassification or combination of Ordinary Shares, issuance of rights or warrants, or any other transaction having a similar effect, shall not be treated as a distribution of property by the Company to its stockholders under Section 305 of the Internal Revenue Code of 1986, as amended, or any successor provision and shall not be taxable to them.

(k) No adjustment in the Exercise Price shall be made because the Company issues in exchange for cash, property or services or other legal consideration, Ordinary Shares, or any securities convertible into, or exchangeable or exercisable for, Ordinary Shares, or securities carrying the right to purchase Ordinary Shares or such convertible, exchangeable or exercisable securities. Furthermore, notwithstanding any other provision of this Agreement, no adjustment in the Exercise Price shall be required under this Section 3.01 for sales of Ordinary Shares pursuant to a plan providing for reinvestment of dividends or interest or in the event the par value of the Ordinary Shares is changed or eliminated.

(l) If any distribution or transaction described in clauses (a) through (e) above has not yet resulted in an adjustment to the Exercise Price on the Exercise Date, and the Ordinary Shares the applicable Warrantholder will receive on settlement are not entitled to participate in the relevant distribution or transaction (because they were not held on a related record date or otherwise), then the Company will adjust the number of Ordinary Shares that it delivers to the applicable Warrantholder in respect of the relevant Trading Day to reflect the relevant distribution or transaction. If an adjustment to the Exercise Price becomes effective on any ex-date as described in this Section 3.01, and a Warrantholder that has exercised its Warrants on or after such ex-date and on or prior to the related record date would nevertheless be treated as the record holder of Ordinary Shares as of the related settlement date based on an adjusted Exercise Price for such ex-date, then, notwithstanding the foregoing Exercise Price adjustment provisions, the Exercise Price adjustment relating to such ex-date will not be made in calculating the number of shares deliverable to such exercising Warrantholder. Instead, such Warrantholder will be treated as if such Warrantholder were the record owner of the Ordinary Shares on an un-adjusted basis and participate in the related dividend, distribution or other event giving rise to such adjustment.

(m) The Company shall not take any action pursuant to this Section 3.01 without complying, if applicable, with the shareholder approval rules of the Nasdaq Stock Market or any stock exchange on which the Ordinary Shares are listed at the relevant time. The Company shall use its commercially reasonable efforts to obtain any such shareholder approval that may be required by the rules of the Nasdaq Stock Market or any stock exchange on which the Ordinary Shares are listed at the relevant time.

SECTION 3.02. Adjustment of Shares of Ordinary Shares Purchasable Upon Exercise of Warrants. Unless the Company shall have exercised its election as provided in Section 3.03 hereof, upon each adjustment of the Exercise Price pursuant to Section 3.01(a), 3.01(b), 3.01(c), 3.01(d) or 3.01(e) hereof, the Share Number in effect prior to the effectiveness of such adjustment shall be adjusted to the number of Ordinary Shares, calculated to the nearest 1/10,000th of a share, obtained by (i) multiplying the Share Number in effect immediately prior to such adjustment by the Exercise Price in effect prior to such adjustment, and (ii) dividing the product so obtained by the Exercise Price in effect immediately after such adjustment of the Exercise Price.

SECTION 3.03. Election to Adjust Warrants Instead of Shares Per Warrant. The Company may elect on or after the date of any adjustment of the Exercise Price pursuant to Section 3.01 hereof to adjust the number of Warrants outstanding in substitution for any adjustment in the number of Ordinary Shares purchasable upon the exercise of a Warrant as provided in Section 3.02 hereof. Each of the Warrants outstanding after such adjustment of the number of Warrants shall be exercisable for the Share Number of shares of Ordinary Shares. Each Warrant held of record prior to such adjustment of the number of Warrants shall become that number of Warrants (calculated to the nearest hundredth) obtained by (i) multiplying the number of Warrants held of record prior to adjustment of the number of Warrants by the Exercise Price in effect prior to adjustment of the Exercise Price; and (ii) dividing the product so obtained by the Exercise Price in effect after adjustment of the Exercise Price. The Company shall notify the holders of Warrants in the manner provided in Section 6.16, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Exercise Price is adjusted or any day thereafter, but shall not be less than 10 or more than 30 days later than the date of notice is mailed to holders. Upon each adjustment of the number of Warrants pursuant to this Section 3.03, the Company shall cause the Warrant Agent, as promptly as practicable, to distribute to holders of record of the Warrant Certificates on such record date either (i) Warrant Certificates evidencing any additional Warrants to which such holders shall be entitled as a result of such adjustment; or (ii) in substitution for the Warrant Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Company, new Warrant Certificates evidencing all the Warrants to which such holders shall be entitled after such adjustment. Warrant Certificates to be so distributed shall be issued, executed and countersigned in the manner specified in this Agreement (but may bear, at the option of the Company, the adjusted Exercise Price) and shall be registered in the names of the holders of record of the Warrant Certificates on the record date.

SECTION 3.04. No Fractional Warrants to Be Issued. Notwithstanding anything to the contrary contained in this Agreement, the Company shall not be required to issue fractions of Warrants on any distribution of Warrants to Warrantholders pursuant to Section 3.03 hereof or otherwise or to distribute Warrant Certificates that evidence fractional Warrants. If any fraction of a Warrant would, except for the provisions of this Section 3.04, be issuable upon an adjustment of the Exercise Price and distribution of Warrants pursuant to Section 3.03 hereof or otherwise, the Company shall round up to the next whole share the number of Ordinary Shares issuable upon exercise of any Warrant or Warrant Certificate distributed pursuant to this Section 3.04. The Warrantholders, by their acceptance of the Warrant Certificates, expressly waive their right to receive any fraction of a Warrant or a Warrant Certificate representing a fraction of a Warrant upon the adjustment thereof in accordance with this Article III or otherwise.

SECTION 3.05. Rights Upon Consolidation, Merger, Sale, Transfer or Reclassification. (a) In the case of any consolidation with or merger of the Company into another corporation (other than a merger or consolidation in which the Company is the continuing corporation), or in case of any lease, sale or conveyance to another corporation of the property of the Company as an entirety or substantially as an entirety, such successor, leasing or purchasing corporation, as the case may be, shall execute with the Warrant Agent a supplemental agreement (1) providing that the holder of each Warrant then outstanding shall have the right thereafter (until the expiration of the exercise right of the Warrant) to receive, upon exercise thereof, in lieu of each Ordinary Share of the Company deliverable upon such exercise immediately prior to such event, only the kind and amount of shares and/or other securities receivable upon such consolidation, merger, lease, sale or conveyance by a holder of the number of Ordinary Shares of the Company into which such Warrant was exercisable prior to such event; and (2) setting forth the Exercise Price for the shares and/or other securities, which shall be an amount equal to the Exercise Price per Ordinary Share of the Company immediately prior to such event.

(b) In case of any reclassification or change of Ordinary Shares issuable upon exercise of the Warrants (other than a change in par value, or from par value to no par value, or as a result of a subdivision or combination) or in case of any consolidation or merger of another corporation into the Company in which the Company is the continuing corporation and in which the holders of the shares of Ordinary Shares as a result thereof thereafter receive shares and/or other securities and/or property and/or cash for such Ordinary Shares, the Company shall execute with the Warrant Agent a supplemental agreement (1) providing that the holder of each Warrant then outstanding shall have the right thereafter (until the expiration of the exercise right of the Warrant) to receive, upon exercise thereof, in lieu of each Ordinary Share deliverable upon such exercise immediately prior to such event, only the kind and amount of shares and/or other securities receivable upon such reclassification, change, consolidation or merger by a holder of the number of Ordinary Shares of the Company into which such Warrant was exercisable prior to such event; and (2) setting forth the Exercise Price for the shares and/or other securities so issuable, which shall be an amount equal to the Exercise Price per Ordinary Share immediately prior to such event. If, as a result of this subsection (b), the holder of any Warrant thereafter surrendered for exercise shall become entitled to receive shares of two or more classes of capital stock of the Company, the Board of Directors (whose determination shall be conclusive and shall be described in a statement filed with the Warrant Agent) shall determine the allocation of the Exercise Price between or among shares of such classes of capital stock.

(c) Any supplemental agreement entered into pursuant to this Section 3.05 shall (1) where appropriate, state the Exercise Price in terms of one full Ordinary Share of the Company or one full share of the ordinary shares of any successor, leasing or purchasing corporation; and (2) provide for adjustments that shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article III.

(d) The above provisions of this Section 3.05 shall similarly apply to successive reclassifications and changes of the Ordinary Shares and to successive consolidations, mergers, leases, sales or conveyances.

(e) The Company shall mail notice of the execution of any such supplemental agreement to registered holders of Warrants as soon as reasonably practicable after the execution of such supplemental agreement.

(f) In the event that at any time as a result of the provisions of this Section 3.05, the holder of any Warrant thereafter surrendered for exercise shall become entitled to receive any shares or other securities other than Ordinary Shares, thereafter the price or prices of such other shares or other securities so receivable upon exercise of any Warrant shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to Ordinary Shares contained in Article III hereof, and the provisions of Section 2.01, 2.02, 2.03 and 2.04, and Article III hereof with respect to the Ordinary Shares shall apply on like terms to any such other shares or other securities.

SECTION 3.06. Reserved.

SECTION 3.07. Covenant to Reserve Shares for Issuance on Exercise. (a) The Company covenants that it will at all times through 5:00 p.m. New York time on the Expiration Date (or, if the Expiration Date shall not be a Business Day, then on the next-succeeding Business Day) reserve and keep available out of its authorized but unissued shares or shares held in treasury or a combination thereof of Ordinary Shares, solely for the purpose of issue upon exercise of Warrants as herein provided, the full number of Ordinary Shares then issuable if all outstanding Warrants were to be exercised. The Company covenants that all Ordinary Shares that shall be so issuable shall be duly and validly issued and fully paid and non-assessable.

(b) The Company agrees to authorize and direct its current and future transfer agents for the Ordinary Shares and for any shares of the Company's capital stock issuable upon the exercise of any of the Warrants at all times to reserve such number of authorized shares as shall be requisite for such purpose. The Warrant Agent is hereby authorized to requisition from time to time from any such transfer agents stock certificates required to honor outstanding Warrants upon exercise thereof in accordance with the terms of this Agreement, and the Company agrees to authorize and direct such transfer agents to comply with all such requests of the Warrant Agent. The Company will supply such transfer agents with duly executed stock certificates for such purposes and will provide or otherwise make available any cash or scrip which may be payable as provided in this Article III. Promptly after the date of expiration of the Warrants, the Warrant Agent shall certify to the Company the aggregate number of Warrants then outstanding, and thereafter no shares shall be required to be reserved in respect of such Warrants.

SECTION 3.08. Condition Precedent to Reduction of Exercise Price Below Par Value of Ordinary Shares; Compliance with Governmental Requirements; Suspension of Exercise of Warrants. (a) Before taking any action that would cause an adjustment reducing the Exercise Price below the then-par value of any of the Ordinary Shares issuable upon exercise of the Warrants, the Company shall take any corporate action that may, in the opinion of its counsel (which may be counsel employed by the Company), be necessary in order that the Company may validly and legally issue fully paid and non-assessable shares of such Ordinary Shares at such adjusted Exercise Price.

(b) The Company covenants that if any Ordinary Shares required to be reserved for purposes of exercise of Warrants require, under any Federal or state law or rule or regulation of any national securities exchange, registration with or approval of any governmental authority, or listing on any national securities exchange before such shares may be issued upon exercise, the Company will in good faith and as expeditiously as possible endeavor to cause such shares to be duly registered, approved or listed on the relevant national securities exchange, as the case may be; *provided, however*, that in no event shall such Ordinary Shares be issued, and the Company is hereby authorized to suspend the exercise of all Warrants, for the period during which such registration, approval or listing is required but not in effect so long as the Company is endeavoring in good faith to obtain such registration, approval or listing.

SECTION 3.09. Payment of Taxes on Stock Certificates Issued upon Exercise. The initial issuance of certificates representing Ordinary Shares upon the exercise of Warrants shall be made without charge to the exercising Warrantholders for any tax in respect of the issuance of such stock certificates, and such stock certificates shall be issued in the respective names of, or in such names as may be directed by, the registered holders of the Warrants exercised; *provided, however*, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such stock certificate, any Warrant Certificates or other securities in a name other than that of the registered holder of the Warrant Certificate surrendered upon exercise of the Warrant, and the Company shall not be required to issue or deliver such certificates or other securities unless and until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

SECTION 3.10. Warrant Agent Not Responsible for Adjustments or Validity of Stock. The Warrant Agent shall not at any time be under any duty or responsibility to any Warrantholder to determine whether any facts exist that may require an adjustment of the Exercise Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental agreement provided to be employed, in making the same. The Warrant Agent shall not be accountable with respect to the validity or value (or the kind or amount) of any Ordinary Shares or of any securities or property which may at any time be issued or delivered upon the exercise of any Warrant or upon any adjustment to Article III, and it makes no representation with respect thereto. The Warrant Agent shall not be responsible for any failure of the Company to make any cash payment or to issue, transfer or deliver any Ordinary Shares or stock certificates or other securities or property or scrip upon the surrender of any Warrant for the purpose of exercise or upon any adjustment pursuant to Article III, or to comply with any of the covenants of the Company contained in this Article III.

SECTION 3.11. Statements on Warrants. The form of Warrant Certificate need not be changed because of any adjustment made pursuant to this Article III, and Warrant Certificates issued after such adjustment may state the same Exercise Price and the same number of Ordinary Shares as are stated in the Warrant Certificates initially issued pursuant to this Agreement. However, the Company may at any time in its sole discretion (which shall be conclusive) make any change in the form of Warrant Certificate that it may deem appropriate and that does not materially adversely affect the interest of the holders of the Warrants; and any Warrant Certificates thereafter issued or countersigned, whether in exchange or substitution for an outstanding Warrant Certificate or otherwise, may be in the form as so changed.

ARTICLE IV

REPURCHASE OF WARRANTS AT THE OPTION OF THE HOLDER UPON A CHANGE OF CONTROL OR TERMINATION OF TRADING

SECTION 4.01. Repurchase Upon a Change of Control or Termination of Trading.

(a) Upon a Change of Control or Termination of Trading, each Warrantholder shall have the right, at the Warrantholder's option, but subject to the provisions of Section 4.02, to require the Company or its successor to repurchase, and upon the exercise of such right the Company shall repurchase, all of such holder's Warrants, or any portion of Warrants held by such Warrantholder, on the date (the "*Repurchase Date*") that is 30 days after the date of the Change of Control Notice at a purchase price equal to the Repurchase Price. Except as provided in Section 4.01(b), the Repurchase Price may be paid in cash or, at the option of the Company and subject to the fulfillment by the Company of the conditions set forth Section 4.02, by delivery of the number of Ordinary Shares, valued at 97% of the Market Price of such shares, equal to the Repurchase Price.

(b) If (i) a Change of Control described in clause (i) or clause (iii) of the definition thereof occurs, and the Company is not, directly or indirectly, a party to such transaction, and (ii) the Company is not then eligible, or using reasonable best efforts cannot reasonably be expected to become eligible, to pay the Repurchase Price by delivery of Ordinary Shares meeting the requirements of Section 4.02(b), the Company shall not be required to pay the Repurchase Price in cash unless (x) such payment may be made by the Company in compliance with applicable Israeli law restricting the payment of dividends except to the extent of legally sufficient profits and (y) the Company has obtained any consents required under the Company's then existing credit facilities with banks in Israel, as the same may be modified from time to time. The Company shall use its commercially reasonable efforts to comply with such law (including, if necessary, seeking court approval) and to obtain any such consents. If after using such efforts, the Company continues to be prohibited under Israeli law or such credit facilities from paying the Repurchase Price in cash, the Company shall pay the Repurchase Price in Ordinary Shares valued at 97% of the then fair market value of the Ordinary Shares, as determined by an investment bank retained by the Company for such purpose and approved by the holders of at least a majority in number of the Warrants for which rights under this Section 4.01 are then exercised.

SECTION 4.02. Conditions to the Company's Election to Pay the Repurchase Price in Ordinary Shares. The Company may elect to pay the Repurchase Price by delivery of Ordinary Shares pursuant to Section 4.01 if and only if the following conditions shall have been satisfied:

(a) The Ordinary Shares to be issued upon repurchase of Warrants hereunder shall not (i) require registration under any Federal securities law before such shares may be freely transferable without being subject to any transfer restrictions under the Securities Act upon repurchase of the Warrants, or if such registration is required, it shall have been completed or shall have become effective prior to the Repurchase Date, and/or (ii) require registration with or approval of any U.S. governmental authority under any state law or any other federal law before such shares may be validly issued or delivered upon repurchase of the Warrants, or if such registration is required, it shall have been completed or shall have become effective or such approval shall have been obtained prior to the Repurchase Date;

(b) Except in the case of a Termination of Trading, the Ordinary Shares to be issued upon repurchase of the Warrants shall have been approved for listing on the New York Stock Exchange, the Nasdaq Global Market or another U.S. national securities exchange or the Tel Aviv Stock Exchange, in either case, prior to the Repurchase Date; and

(c) All Ordinary Shares that may be issued upon repurchase of Warrants will be issued out of the Company's authorized but unissued Ordinary Shares and will, upon issue, be duly and validly issued and fully paid and non-assessable and free of any preemptive rights.

If all of the conditions set forth in this Section 4.02 are not satisfied in accordance with the terms thereof, the Repurchase Price shall be paid by the Company only in cash.

SECTION 4.03. Notices: Procedures for Exercise of Repurchase Right

. (a) On or before the 15th day after the occurrence of a Change of Control or Termination of Trading, the Company or, at the request and expense of the Company on or before the 10th day after such occurrence, the Warrant Agent, shall give to all holders of Warrants, in the manner provided in Section 6.16, notice (the "*Change of Control Notice*") of the occurrence of the Change of Control or Termination of Trading, as applicable, and of the repurchase right set forth herein arising as a result thereof. Each Change of Control Notice shall be prepared by the Company and shall state:

- (i) the Repurchase Date;
- (ii) the date by which the repurchase right must be exercised;
- (iii) the Repurchase Price, and whether the Repurchase Price shall be paid by the Company in cash or by delivery of Ordinary Shares;
- (iv) a description of the procedure which a holder must follow to exercise a repurchase right, and the place or places where such Warrants are to be surrendered for payment of the Repurchase Price;
- (v) that on the Repurchase Date the Repurchase Price will become due and payable upon each such Warrant designated by the holder to be repurchased;
- (vi) the place or places that the Warrant certificate with the Election of Holder to Require Repurchase, substantially in the form set forth in Exhibit E hereto, shall be delivered.

No failure of the Company to give the foregoing notices or defect therein shall limit any holder's right to exercise a repurchase right or affect the validity of the proceedings for the repurchase of Warrants. If any of the foregoing provisions or other provisions of this Article Four are inconsistent with applicable law, such law shall govern.

(b) To exercise a repurchase right, a Warrantholder shall deliver to the Warrant Agent on or before the 30th day after the date of the Change of Control Notice (i) written notice of the Warrantholder's exercise of such right, which notice shall set forth the name of the Warrantholder, the number of Warrants to be repurchased (and, if any Warrant Certificate is to be repurchased in part, the serial number thereof, the number of Warrants to be repurchased and the name of the person in which the number of Warrants to remain outstanding after such repurchase is to be registered) and a statement that an election to exercise the repurchase right is being made thereby, and, in the event that the Repurchase Price shall be paid in Ordinary Shares, the name or names (with addresses) in which the certificate or certificates for Ordinary Shares shall be issued, and (ii) the Warrants with respect to which the repurchase right is being exercised. Such written notice shall be irrevocable, except that the right of the Warrantholder to exercise the Warrants with respect to which the repurchase right is being exercised shall continue until the close of business on the Business Day prior to the Repurchase Date.

(c) In the event a repurchase right shall be exercised in accordance with the terms hereof, the Company shall pay or cause to be paid to the Warrant Agent the Repurchase Price in cash or Ordinary Shares, as provided above, for payment to the Warrantholder on the Repurchase Date or, if Ordinary Shares are to be paid, as promptly after the Repurchase Date as practicable.

(d) Any Warrant Certificate which is to be repurchased only in part shall be surrendered to the Warrant Agent (with, if the Company or the Warrant Agent so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Warrant Agent duly executed by, the holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Warrant Agent shall authenticate and make available for delivery to the holder of such Warrant without service charge, a new Warrant Certificate or Warrants Certificates, containing identical terms and conditions, each in a number equal to and in exchange for the unrepurchased number of Warrants represented by the Warrant Certificate so surrendered.

(e) Any issuance of Ordinary Shares in respect of the Repurchase Price shall be deemed to have been effected immediately prior to the close of business on the Repurchase Date, and the Person or Persons in whose name or names any certificate or certificates for Ordinary Shares shall be issuable upon such repurchase shall be deemed to have become on the Repurchase Date the holder or holders of record of the shares represented thereby; *provided, however*, that any surrender for repurchase on a date when the stock transfer books of the Company shall be closed shall be deemed to have been effected, and the Person or Persons in whose name or names any certificate or certificates for Ordinary Shares shall be issuable upon such repurchase shall be deemed to have become the holder or holders of record of the shares represented thereby, for all purposes at the opening of business on the next succeeding day on which such stock transfer books are open. No payment or adjustment shall be made for dividends or distributions on any Ordinary Shares issued upon repurchase of any Warrant.

(f) No fractions of Ordinary Shares shall be issued upon repurchase of Warrants. If the Repurchase Price shall be payable in Ordinary Shares, the number of full shares which shall be issuable upon such repurchase shall be computed on the basis of the aggregate number of Warrants repurchased by a holder. Instead of any fractional share of Ordinary Shares that would otherwise be issuable on the repurchase of any Warrant or Warrants, the Company will round up to the next whole share the number of Ordinary Shares to be issued to the Warrantholder upon repurchase of its Warrants.

(g) Any issuance and delivery of certificates for Ordinary Shares on repurchase of Warrants shall be made without charge to the holder of Warrants being repurchased for such certificates or for any tax or duty in respect of the issuance or delivery of such certificates or the Warrants represented thereby; *provided, however*, that the Company shall not be required to pay any tax or duty which may be payable in respect of (i) income of the Warrantholder or (ii) any transfer involved in the issuance or delivery of certificates for Ordinary Shares in a name other than that of the holder of the Warrants being repurchased, and no such issuance or delivery shall be made unless and until the person requesting such issuance or delivery has paid to the Company the amount of any such tax or duty or has established, to the satisfaction of the Company, that such tax or duty has been paid.

(h) All Warrants delivered for repurchase shall be delivered to the Warrant Agent to be canceled at the direction of the Warrant Agent, which shall dispose of the same as provided in Section 1.08.

ARTICLE V

OTHER PROVISIONS RELATING TO RIGHTS OF HOLDERS OF WARRANTS

SECTION 5.01. No Rights as Shareholders. Nothing contained in this Agreement or in any Warrant Certificate shall be construed as conferring on the holder of any Warrant or his transferee any rights whatsoever as a shareholder of the Company, including but not limited to, the right to vote at, or to receive notice of, any meeting of shareholders of the Company; nor shall the consent of any such holder be required with respect to any action or proceeding of the Company; nor shall any such holder, by reason of the ownership or possession of a Warrant or the Warrant Certificate representing the same, either at, before or after exercising such Warrant, have any right to receive any cash dividends, stock dividends, allotments or rights, or other distributions (except as specifically provided herein), paid, allotted or distributed or distributable to the shareholders of the Company prior to the date of the exercise of such Warrant, nor shall such holder have any right not expressly conferred by the Warrant or Warrant Certificate that he holds.

SECTION 5.02. Mutilated or Missing Warrant Certificates. If any Warrant Certificate is lost, stolen, mutilated or destroyed, the Company shall issue and the Warrant Agent shall countersign, in exchange and substitution for and upon cancellation of the mutilated Warrant Certificate, or in lieu of an substitution for the Warrant Certificate lost, stolen or destroyed, upon receipt of a proper affidavit or other evidence satisfactory to the Company and the Warrant Agent (and surrender of any mutilated Warrant Certificate) and bond of indemnity in form and amount and with corporate surety satisfactory to the Company and the Warrant Agent in each instance protecting the Company and the Warrant Agent, a new Warrant Certificate of like tenor and representing an equivalent number of Warrants as the Warrant Certificate so lost, stolen, mutilated or destroyed. Any such new Warrant Certificate shall constitute an original contractual obligation of the Company, whether or not the allegedly lost, stolen, mutilated or destroyed Warrant Certificate shall be at any time enforceable by anyone. An applicant for such a substitute Warrant Certificate shall also comply with such other reasonable regulations and pay such other reasonable charges as the Company or the Warrant Agent may prescribe. All Warrant Certificates shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the substitution for lost, stolen, mutilated or destroyed Warrant Certificates, and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the substitution for and replacement of negotiable instruments or other securities without their surrender.

SECTION 5.03. Registration of Ordinary Shares Issuable Upon Exercise of Warrants and Listing. The Company shall take all action which may be necessary so that the Ordinary Shares, immediately upon its issuance after an exercise of Warrants, will be listed on the principal securities exchanges and markets (including, without limitation, the Nasdaq Stock Market) within the United States of America, if any, on which other Ordinary Shares are then listed; *provided* that if at any time the Ordinary Shares are not then listed for trading on any securities exchange or market within the United States of America, the Company will take all action which may be necessary so that the Ordinary Shares, immediately upon issuance after an exercise of Warrants, will be listed on the Tel Aviv Stock Exchange or such other exchange upon which such Ordinary Shares may then be listed. Upon the listing of such Ordinary Shares, the Company shall promptly notify the Warrant Agent in writing. The Company shall obtain and keep all required permits and records in connection with such listing. The Company shall use its reasonable best efforts to maintain the listing of the Ordinary Shares for trading on the Nasdaq Global Market or another U.S. national securities exchange.

SECTION 5.04. Ordinary Shares Legend. (a) Any Ordinary Shares or other securities of the Company issuable upon exercise of such Warrants pursuant to the net exercise provisions of Section 2.01(a) prior to the termination of the applicable Rule 144(d) holding period shall bear the following legend (the “*Share Private Placement Legend*”):

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO A “NON-U.S. PERSON” AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF, AND IN COMPLIANCE WITH, REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM AMOUNT OF THE SECURITIES OF \$250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY’S AND THE TRANSFER AGENT’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

THE HOLDER OF THIS SECURITY WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

Any Ordinary Shares or other securities issued upon exercise of the Warrants pursuant to a Common Shelf Registration Statement in accordance with the provisions of Section 5.03 shall not bear any Share Private Placement Legend.

(b) Limitations on Transfer. By its acceptance of any Ordinary Shares bearing the Share Private Placement Legend, each holder of, and beneficial owner of an interest in, such Ordinary Shares acknowledges the restrictions on transfer of such Ordinary Shares set forth in the Share Private Placement Legend and agrees that it will transfer such Ordinary Shares only in accordance with the Share Private Placement Legend.

(c) Transfer of Restricted Ordinary Shares. In connection with any transfer of Ordinary Shares bearing the Share Private Placement Legend, each Warrantholder agrees to deliver to the Company

- (i) if such Ordinary Shares are being transferred to a qualified institutional buyer (as defined in Rule 144A) in accordance with Rule 144A, pursuant to an exemption from registration in accordance with Rule 144, or outside the United States in an offshore transaction to a person other than a U.S. Person (as such term is defined in Regulation S) (a “non-U.S. Person”) in compliance with Regulation S, a certification to that effect from the transferee or transferor (in substantially the form of Exhibit D hereto); or
- (iii) if such Ordinary Shares are being transferred in reliance on another exemption from the registration requirements of the Securities Act, a certification to that effect (in substantially the form of Exhibit D hereto) and an opinion of counsel reasonably acceptable to the Company to the effect that such transfer is in compliance with the Securities Act (such certification and opinion collectively, “*Ordinary Shares Transfer Certifications*”).

(d) Share Private Placement Legend. Upon the registration of transfer or exchange of or substitution for Ordinary Shares not bearing the Share Private Placement Legend, the Company or its agent shall deliver an Ordinary Share certificate that does not bear the Share Private Placement Legend. Upon the registration of transfer or exchange of or substitution for Ordinary Shares bearing the Share Private Placement Legend, the Company or its agent shall deliver an Ordinary Share certificate bearing the Share Private Placement Legend, unless such legend may be removed from such Ordinary Shares certificate pursuant to the provisions of this Section 5.04(d). Upon provision of such Ordinary Shares Transfer Certification, the Company, or its agent at the direction of the Company, shall countersign and deliver in exchange for the Ordinary Share certificate to be transferred or exchanged or substituted for, an Ordinary Share certificate (representing, in the aggregate, the same number of Ordinary Shares). Such certificate shall be issued without such legend if and to the extent such Ordinary Shares certificate to be transferred or exchanged or substituted for no longer represents “restricted securities” within the meaning of Rule 144.

(e) If a holder of an Ordinary Share Certificate wishes to transfer such Ordinary Share Certificate in reliance on another exemption from the registration requirements of the Securities Act, other than pursuant to Rule 144A, Rule 144 or Regulation S, such holder may, subject to the restrictions on transfer set forth herein and in such Ordinary Share Stock Certificate, and to compliance with the provisions of Section 5.04(c)(ii) hereof, cause the exchange of such Ordinary Share Certificate for one or more Ordinary Share Certificates of the same denomination. Upon receipt by the Transfer Agent of (A) such Ordinary Share Certificate, duly endorsed as provided herein, (B) instructions from such holder directing the Transfer Agent to authenticate and deliver one or more Ordinary Share Certificates of the same denomination as the Ordinary Share Certificates to be exchanged, such instructions to contain the name or names of the designated transferee or transferees, the denominations of the Ordinary Shares Certificates to be so issued and appropriate delivery instructions and (C) instructions from the Company to the effect that it deems sufficient the Ordinary Share Transfer Certifications received pursuant to Section 5.04(b)(ii) hereof, then the Transfer Agent shall cancel or cause to be cancelled such Ordinary Share Certificates and concurrently therewith the Company shall execute, and the Transfer Agent shall authenticate and deliver, one or more Ordinary Share Certificates of the same denomination, in accordance with the instructions referred to above.

ARTICLE VI

CONCERNING THE WARRANT AGENT AND OTHER MATTERS

SECTION 6.01. Payment of Certain Taxes. The Company will from time to time promptly pay all taxes and charges that may be imposed upon the Company or the Warrant Agent in respect of the initial issuance or delivery of Ordinary Shares upon the exercise of Warrants, but the Company shall not be obligated to pay any transfer taxes in respect of the Warrants or such shares.

SECTION 6.02. Change of Warrant Agent. (a) The Warrant Agent, or any successor to it hereafter appointed, may resign its duties and be discharged from all further duties and liabilities hereunder after giving 60 days’ notice in writing to the Company, except that such shorter notice may be given as the Company shall, in writing, accept as sufficient. If the office of the Warrant Agent becomes vacant by resignation or incapacity to act or otherwise, the Company shall appoint in writing a successor warrant agent in place of the Warrant Agent. If the Company shall fail to make such appointment within a period of 60 days after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated warrant agent or by any holder of Warrants (who shall, with such notice, submit his Warrant Certificate for inspect by the Company), then the holder of any Warrants may apply to any court of competent jurisdiction for the appointment of a successor warrant agent.

(b) The Warrant Agent may be removed by the Company at any time upon 30 days' written notice to the Warrant Agent; *provided, however*, that the Company shall not remove the Warrant Agent until a successor warrant agent meeting the qualifications hereof shall have been appointed.

(c) Any successor warrant agent, whether appointed by the Company or by such a court, shall be a corporation organized, in good standing and doing business under the laws of the United States of America or any state thereof or the District of Columbia, and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by Federal or state authority and having a combined capital and surplus of not less than \$50,000,000. The combined capital and surplus of any such successor Warrant Agent shall be deemed to be the combined capital and surplus as set forth in the most recent report of its condition published prior to its appointment, *provided* that such reports are published at least annually pursuant to law or to the requirements of a Federal or state supervising or examining authority. After appointment, any successor warrant agent shall be vested with all the authority, powers, rights, immunities, duties and obligations of its predecessor warrant agent with like effect as if originally named as warrant agent hereunder, without any further act or deed; but if for any reason it becomes necessary or appropriate, the predecessor warrant agent shall execute and deliver, at the expense of the Company, an instrument transferring to such successor warrant agent all the authority, powers and rights of such predecessor warrant agent hereunder; and upon request of any successor warrant agent, the Company shall make, execute, acknowledge and deliver any and all instruments in writing to more fully and effectually vest in and conform to such successor warrant agent all such authority, powers, rights, immunities, duties and obligations. Upon assumption by a successor warrant agent of the duties and responsibilities hereunder, the predecessor warrant agent shall deliver and transfer, at the expense of the Company, to the successor warrant agent any property at the time held by it hereunder. As soon as practicable after such appointment, the Company shall give notice thereof to the predecessor warrant agent, the registered holders to the Warrants and each transfer agent for the shares of its Ordinary Shares. Failure to give such notice, or any defect therein, shall not affect the validity of the appointment of the successor warrant agent.

(d) Any corporation into which the Warrant Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Warrant Agent shall be a party, shall be the successor Warrant Agent under this Agreement without any further act. In case at the time such successor to the Warrant Agent shall succeed to the agency created by this Agreement, any of the Warrant Certificates shall have been countersigned but not delivered, any such successor to the Warrant Agent may adopt the countersignature of the original Warrant Agent and deliver such Warrant Certificates so countersigned, and in case at that time any of the Warrant Certificates shall not have been countersigned, any successor to the warrant agent may countersign such Warrant Certificates either in the name of the predecessor warrant agent or in the name of the successor warrant agent; and in all such cases Warrant Certificates shall have the full force provided in the in the Warrant Certificates and in this Agreement.

(e) In case at any time the name of the Warrant Agent shall be changed and at such time any of the Warrant Certificates shall have been countersigned but not delivered, the Warrant Agent may adopt the countersignatures under its prior name and deliver such Warrant Certificates so countersigned; and in case at that time any of the Warrant Certificates shall not have been countersigned, the Warrant Agent may countersign such Warrant Certificates either in its prior name or in its changed name; and in all such cases such Warrant Certificates shall have the full force provided in the Warrant Certificates and in this Agreement.

SECTION 6.03. Compensation; Further Assurances. The Company agrees (i) that it will pay the Warrant Agent reasonable compensation for its services as Warrant Agent hereunder and, except as otherwise expressly provided, will pay or reimburse the Warrant Agent upon demand for all reasonable expenses, disbursements and advances incurred or made by the Warrant Agent in accordance with any of the provisions of this Agreement (including the reasonable compensation, expenses and disbursements of its agents and counsel) except any such expense, disbursement or advance as may arise from its or any of their negligence or bad faith; and (ii) that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Warrant Agent for the carrying out or performing of the provisions of this Agreement.

SECTION 6.04. Reliance on Counsel. The Warrant Agent may consult with legal counsel (who may be legal counsel for the Company), and the written opinion of such counsel or any advice of legal counsel subsequently confirmed by a written opinion of such counsel shall be full and complete authorization and protection to the Warrant Agent as to any action taken or omitted by it in good faith and in accordance with such written opinion or advice.

SECTION 6.05. Proof of Actions Taken. Whenever in the performance of its duties under this Agreement the Warrant Agent shall deem it necessary or desirable that any matter be proved or established by the Company prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Warrant Agent, be deemed to be conclusively proved and established by an Officer's Certificate delivered to the Warrant Agent; and such Officer's Certificate shall, in the absence of bad faith on the part of the Warrant Agent be full warrant to the Warrant Agent for any action taken, suffered or omitted in good faith by it under the provisions of this Agreement in reliance upon such certificate; but in its discretion the Warrant Agent may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

SECTION 6.06. Correctness of Statements. The Warrant Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Warrant Certificates (except its countersignature thereof) or be required to verify the same, and all such statements and recitals are and shall be deemed to have been made by the Company only.

SECTION 6.07. Validity of Agreement. The Warrant Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof or in respect of the validity or execution of any Warrant Certificates (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Warrant Certificate; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Ordinary Shares to be issued pursuant to this Agreement or any Warrants or as to whether any Ordinary Shares will, when issued, be validly issued and fully paid and nonassessable.

SECTION 6.08. Use of Agents. The Warrant Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents and the Warrant Agent shall not be responsible for the misconduct or negligence of any agent or attorney, provided due care had been exercised in the appointment and continued employment thereof.

SECTION 6.09. Liability of Warrant Agent. The Warrant Agent shall incur no liability or responsibility to the Company or to any holder of Warrants for any action taken in reliance on any notice, resolution, waiver, consent, order, certificate, or other paper, document or instrument believed by it to be genuine and to have been signed, sent or presented by the proper party or parties. The Company agrees to indemnify the Warrant Agent and save it harmless against any and all liabilities, including judgments, costs and reasonable counsel fees, for anything done or omitted in good faith by the Warrant Agent in the execution of this Warrant Agreement, except as a result of the Warrant Agent's gross negligence or willful misconduct or bad faith.

SECTION 6.10. Legal Proceedings. The Warrant Agent shall be under no obligation to institute any action, suit or legal proceeding or to take any other action likely to involve expense unless the Company or one or more holders of Warrants shall furnish the Warrant Agent with reasonable security and indemnity for any costs and expenses which may be incurred, but this provision shall not affect the power of the Warrant Agent to take such action as the Warrant Agent may consider proper, whether with or without any such security or indemnity.

SECTION 6.11. Other Transactions in Securities of the Company. The Warrant Agent in its individual or any other capacity may become the owner of the Warrants or other securities of the Company, or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Warrant Agent under this Warrant Agreement. Nothing herein shall preclude the Warrant Agent from acting in any other capacity for the Company or for any other legal entity.

SECTION 6.12. Actions as Agent. The Warrant Agent shall act hereunder solely as agent and not in a ministerial capacity, and its duties shall be determined solely by the provisions hereof. The Warrant Agent shall not be liable for anything that it may do or refrain from doing in good faith in connection with this Agreement except for its own negligence or willful misconduct or bad faith.

SECTION 6.13. Appointment and Acceptance of Agency. The Company hereby appoints the Warrant Agent to act as agent for the Company in accordance with the instructions set forth in this Agreement, and the Warrant Agent hereby accepts the agency established by this Agreement and agrees to perform the same upon the terms and conditions herein set forth.

SECTION 6.14. Supplements and Amendments. (a) Notwithstanding the provisions of subsection (b) below, the Warrant Agent may, without the consent or concurrence of the registered holders of the Warrants, enter into one or more supplemental agreements or amendments with the Company for the purpose of (i) evidencing the rights of Warrantholders upon consolidation, merger, sale, transfer or reclassification pursuant to Section 3.05 hereof, (ii) making any changes or corrections in this Agreement that are required to cure any ambiguity, to correct or supplement any provision contained herein that may be defective or inconsistent with any other provision herein or any clerical omission or mistake or manifest error herein contained, (iii) adding covenants for the benefit of the Warrantholders, (iv) surrendering any right or power conferred on the Company, or (v) making such other provisions in regard to matters or questions arising under this Agreement as shall not materially and adversely affect the interests of the holders of the Warrants or shall not be inconsistent with this Agreement or any supplemental agreement or amendment.

(b) With the consent of the registered holders of at least a majority in number of the Warrants at the time outstanding, the Company and the Warrant Agent may at any time and from time to time by supplemental agreement or amendment add any provisions to or change in any manner or eliminate any of the provisions of this Agreement or of any supplemental agreement or modify in any manner the rights and obligations of the Warrantholders and of the Company; *provided, however*, that no such supplemental agreement or amendment shall, without the consent of the registered holder of each outstanding Warrant affected thereby,

(i) alter the provisions of this Agreement so as to affect adversely the terms upon which the Warrants are exercisable or otherwise impair or adversely affect the exercise rights of the Warrantholders;

(ii) reduce the number of Warrants outstanding the consent of whose holders is required for any such supplemental agreement, waiver or amendment;

(iii) change the Expiration Date;

(iv) except as provided in Article III, increase the Exercise Price or decrease the Share Number; or

(v) impair the right to institute suit for the enforcement of any payment or delivery with respect to the settlement of any Warrant.

SECTION 6.15. Successors and Assigns. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Warrant Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

SECTION 6.16. Notices

. Any notice or demand authorized by this Agreement to be given or made by the Warrant Agent or by the holder of any Warrant to or on the Company shall be sufficiently given or made if sent by mail first-class, postage prepaid, addressed (until another address is filed in writing by the Company with the Warrant Agent), as follows:

Tower Semiconductor Ltd.
Ramat Gavriel Industrial Park
P.O. Box 619
Migdal Haemek, Israel 23105
Attention: Chief Financial Officer

Any notice or demand authorized by this Agreement to be given or made by the holder of any Warrant or by the Company to or on the Warrant Agent shall be sufficiently given or made if sent by mail first-class, postage prepaid, addressed (until another address is filed in writing by the Warrant Agent with the Company), as follows:

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219
Attention: Reorganization Department

Any notice of demand authorized by this Agreement to be given or made to the holder of any Warrants shall be sufficiently given or made if sent by first-class mail, postage prepaid to the last address of such holder as it shall appear on the Warrant Register.

SECTION 6.17. Applicable Law. The validity, interpretation and performance of this Agreement and of the Warrant Certificates shall be governed by the law of the State of New York without giving effect to the principles of conflicts of laws thereof.

SECTION 6.18. Benefits of this Agreement. Nothing in this Agreement expressed and nothing that may be implied from any of the provisions hereof is intended, or shall be construed, to confer upon, or give to, any person or corporation other than the parties hereto and the holders of the Warrants any right, remedy or claim under or by reason of this Agreement or of any covenant, condition, stipulation, promise or agreement hereof, and all covenants, conditions, stipulations, promises and agreements in this Agreement contained shall be for the sole and exclusive benefit of the parties hereto and their successors and of the holders of the Warrants.

SECTION 6.19. Registered Warrantholders. Prior to due presentment for registration of transfer, the Company and the Warrant Agent may deem and treat the person in whose name any Warrants are registered in the Warrant Register as the absolute owner thereof for all purposes whatever (notwithstanding any notation of ownership or other writing thereon made by anyone other than the Company or the Warrant Agent) and neither the Company nor the Warrant Agent shall be affected by any notice to the contrary or be bound to recognize any equitable or other claim to or interest in any Warrants on the part of any other person and shall not be liable for any registration of transfer of Warrants that are registered or to be registered in the name of a fiduciary or the nominee of a fiduciary unless made with actual knowledge that a fiduciary or nominee is committing a breach of trust in requesting such registration of transfer or with such knowledge of such facts that its participation therein amounts to bad faith. The terms “*Warrantholder*” and holder of any “*Warrants*” and all other similar terms used herein shall mean such person in whose name Warrants are registered in the Warrant Register.

SECTION 6.20. Inspection of Agreement. A copy of this Agreement shall be available at all reasonable times for inspection by any registered Warrantholder at the principal office of the Warrant Agent (or successor warrant agent). The Warrant Agent may require any such holder to submit his Warrant Certificate for inspection by it before allowing such holder to inspect a copy of this Agreement.

SECTION 6.21. Headings. The Article and Section headings herein are for convenience only and are not a part of this Agreement and shall not affect the interpretation thereof.

SECTION 6.22. Counterparts. The Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original.

SECTION 6.23. Calculations in respect of the Warrants. The Company or its agents shall make all calculations under this Agreement and the Warrants in good faith. In the absence of manifest error, such calculations shall be final and binding on all Warrantholders. The Company or its agents shall provide a copy of such calculations to the Warrant Agent as required hereunder, and the Warrant Agent shall be entitled to rely on the accuracy of any such calculation without independent verification.

SECTION 6.24. Appointment of Agent for Service of Process. The Company hereby designates and appoints Jazz Technologies, having an address of 4321 Jamboree Road, Newport Beach, California 92660, as its authorized agent upon which service of process may be served in any legal suit, action or proceeding arising out of or relating to this Agreement which may be instituted in any federal or state court located in the Borough of Manhattan, The City of New York, and further:

(a) agrees that service of process upon such agent, and written notice of said service to the Company by the Person serving the same, shall be deemed in every respect effective service of process upon the Company in any such suit, action or proceeding, and irrevocably consents, to the fullest extent it may effectively do so under applicable law, to the service of process of any of the aforementioned courts in any such suit, action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the above-mentioned authorized agent or successor authorized agent, as the case may be, such service to become effective 30 days after such mailing;

(b) agrees that a final action in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other lawful manner;

(c) designates as its domicile, the domicile of Jazz Technologies specified above and any domicile Jazz Technologies may have in the future as its domicile to receive any notice hereunder (including any service of process);

(d) agrees to take any and all action, including the execution and filing of all such instruments and documents, as may be necessary to continue such designation and appointment in full force and effect for so long as the Warrants remain outstanding, or until the designation and irrevocable appointment of a successor authorized agent and such successor's acceptance of such appointment, but in no event shall the expiration date of the Warrants;

(e) agrees that if for any reason Jazz Technologies (or any successor agent for this purpose) shall cease to act as agent for service of process as provided above or shall cease to have a domicile in the United States of America, the Company will promptly appoint a successor agent for this purpose reasonably acceptable to the Warrant Agent; and

(f) agrees that nothing herein shall affect the right of any Warrantholder or the Warrant Agent to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the Company in any jurisdiction.

If the Company has or may hereafter acquire sovereign immunity or any other immunity from jurisdiction or legal process or from the attachment in aid of execution or from execution with respect to itself or its property, it hereby irrevocably waives to the fullest extent permitted under applicable law such immunity in respect of its obligations under this Agreement in any action that may be instituted in the state and federal courts sitting in The City of New York, Borough of Manhattan. This waiver is intended to be effective upon the execution hereof without any further act by any of the parties hereto, before any such court, and the introduction of a true copy of this Agreement into evidence in any such court shall, to the fullest extent permitted by applicable law, be conclusive and final evidence of such waiver.

[Signature page follows]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

TOWER SEMICONDUCTOR LTD.

By: _____
Name:
Title:

AMERICAN STOCK TRANSFER AND TRUST COMPANY, LLC, as Warrant Agent

By: _____
Name:
Title:

FORM OF GLOBAL WARRANT

Omitted

A-1

FORM OF CERTIFICATED WARRANT

Omitted

B-1

CERTIFICATE TO BE DELIVERED UPON EXCHANGE
OR REGISTRATION OF TRANSFER OF WARRANTS

Re: Warrants to Purchase Ordinary Shares (the "Warrants") of Tower Semiconductor Ltd.

This Certificate relates to _____ Warrants held in* ☐ book-entry or* ☐ certificated form by _____ (the "Transferor").

The Transferor has requested the Warrant Agent by written order to exchange or register the transfer of a Warrant or Warrants.

In connection with such request and in respect of each such Warrant, the Transferor does hereby certify that the Transferor is familiar with the Warrant Agreement relating to the above captioned Warrants and the restrictions on transfers thereof as provided in Section 1.07 of such Warrant Agreement, and that the transfer of this Warrant does not require registration under the Securities Act of 1933, as amended (the "Securities Act"), because*:

- ☐ Such Warrant is being acquired for the Transferor's own account, without transfer.
- ☐ Such Warrant is being transferred to a qualified institutional buyer (as defined in Rule 144A under the Securities Act ("Rule 144A")), in reliance on Rule 144A.
- ☐ Such Warrant is being transferred outside the United States in an offshore transaction to a non-U.S. Person (as such term is defined in Regulation S under the Securities Act ("Regulation S")) in compliance with Regulation S.
- ☐ Such Warrant is being transferred in accordance with Rule 144 under the Securities Act ("Rule 144"). An opinion of counsel to the effect that such transfer does not require registration under the Securities Act accompanies this Certificate.
- ☐ Such Warrant is being transferred in reliance on and in compliance with an exemption from the registration requirements of the Securities Act, other than Rule 144A, Regulation S or Rule 144. An opinion of counsel to the effect that such transfer does not require registration under the Securities Act accompanies this Certificate.

(Name of Transferor)

By:

Date:

*Check applicable box.

CERTIFICATE TO BE DELIVERED UPON EXCHANGE
OR REGISTRATION OF TRANSFER OF ORDINARY SHARESRe: Ordinary Shares, par value New Israeli Shekels 1.00 (the "Ordinary Shares"), of Tower Semiconductor Ltd.This Certificate relates to _____ Ordinary Shares held in* ☐ book-entry or* ☐ certificated form by _____ (the "Transferor").

The Transferor has requested the Company or its transfer agent by written order to exchange or register the transfer of Ordinary Shares.

In connection with such request and in respect of each such Ordinary Share, the Transferor does hereby certify that the Transferor is familiar with the Warrant Agreement relating to the above captioned Ordinary Shares and the restrictions on transfers thereof as provided in Section 5.04 of such Warrant Agreement, and that the transfer of this share or these Ordinary Shares do not require registration under the Securities Act of 1933, as amended (the "*Securities Act*"), because*:

- ☐ Such Ordinary Shares are being acquired for the Transferor's own account, without transfer.
- ☐ Such Ordinary Shares are being transferred to a qualified institutional buyer (as defined in Rule 144A under the Securities Act ("*Rule 144A*")), in reliance on Rule 144A.
- ☐ Such Ordinary Shares are being transferred outside the United States in an offshore transaction to a non-U.S. Person (as such term is defined in Regulation S under the Securities Act ("*Regulation S*") in compliance with Regulation S.
- ☐ Such Ordinary Shares are being transferred in accordance with Rule 144 under the Securities Act ("*Rule 144*"). An opinion of counsel to the effect that such transfer does not require registration under the Securities Act accompanies this Certificate.
- ☐ Such Ordinary Shares are being transferred in reliance on and in compliance with an exemption from the registration requirements of the Securities Act, other than Rule 144A, Regulation S or Rule 144. An opinion of counsel to the effect that such transfer does not require registration under the Securities Act accompanies this Certificate.

(Name of Transferor)

By:

Date:

*Check applicable box.

ELECTION OF HOLDER TO REQUIRE REPURCHASE

Re: Warrants to Purchase Ordinary Shares (the "Warrants") of Tower Semiconductor Ltd.

(1) Pursuant to Section 4.01 of the Agreement, the undersigned hereby elects to have these Warrants repurchased by the Company.

(2) The undersigned hereby directs the Warrant Agent or the Company to pay it or _____ an amount in cash or, at the Company's election, Ordinary Shares valued as set forth in the Agreement, equal to the Repurchase Price as provided in the Agreement.

Dated:

(Name of holder)

By: _____

Name:

Title:

Signature(s) must be guaranteed by an Eligible Guarantor Institution with membership in an approved signature guarantee program pursuant to Rule 17Ad-15 under the Securities Exchange Act of 1943.

(Signature Guaranteed By)

By: _____

Name:

Title:

Number of Warrants to be Repurchased:

Remaining Warrants following such repurchase:

NOTICE: The signature to the foregoing Election must correspond to the Name as written upon the face of this Warrant, without alteration or any change whatsoever.

[FORM OF GLOBAL WARRANT]

No.

CUSIP:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “*RESALE RESTRICTION TERMINATION DATE*”) THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO A “NON-U.S. PERSON” AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF, AND IN COMPLIANCE WITH, REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM AMOUNT OF THE SECURITIES OF \$250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY’S AND THE WARRANT AGENT’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

THE HOLDER OF THIS SECURITY WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY FROM IT OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

UNLESS THIS GLOBAL WARRANT IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO TOWER SEMICONDUCTOR LTD. OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS WARRANT IS A GLOBAL WARRANT WITHIN THE MEANING OF THE WARRANT AGREEMENT AND IS REGISTERED IN THE NAME OF THE DEPOSITARY OR A NOMINEE OF THE DEPOSITARY OR A SUCCESSOR DEPOSITARY. THIS WARRANT IS NOT EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE WARRANT AGREEMENT, AND NO TRANSFER OF THIS WARRANT (OTHER THAN A TRANSFER OF THIS WARRANT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE WARRANT AGREEMENT.

GLOBAL WARRANT

SERIES J

REPRESENTING WARRANTS TO PURCHASE ORDINARY SHARES
EXPIRING JUNE 30, 2015

This certifies that CEDE & CO., or its registered assigns, is the registered owner of the number of Warrants set forth on Schedule A hereto, each expiring June 30, 2015, and each of which entitles the registered owner thereof (the "Warrantholder") to purchase, subject to certain conditions set forth below, from TOWER SEMICONDUCTOR LTD., a company formed under the laws of Israel (the "Company"), one Ordinary Share, par value NIS 1.00 per share, of the Company at the purchase price of \$1.70 per Ordinary Share (the "Exercise Price"), subject to adjustment as provided in the Warrant Agreement hereinafter referred to.

The Warrants evidenced by this Global Warrant are issued under and in accordance with the Warrant Agreement, dated as of July 15, 2010 (the "Warrant Agreement"), between the Company and American Stock Transfer & Trust Company, LLC, as Warrant Agent, and the Registration Rights Agreement, dated of even date therewith (the "Registration Rights Agreement"), among the Company and the warrantholders party thereto, and are subject to the terms and provisions contained therein, to all of which terms and provisions the beneficial owners of the Warrants, the entities through which such beneficial owners hold their beneficial interests in the Warrants and the holder of this Global Warrant consent by acceptance of this Global Warrant and which Warrant Agreement and Registration Rights Agreement are hereby incorporated by reference in and made a part of this Global Warrant.

Reference is hereby made to the Warrant Agreement and the Registration Rights Agreement for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Company and the Warrantholders. The summary of the terms of the Warrant Agreement and the Registration Rights Agreement contained in this Global Warrant is qualified in its entirety by express reference to such agreements. All capitalized terms used but not defined in this Global Warrant shall have the meanings assigned to them in the Warrant Agreement.

As provided in the Warrant Agreement, and subject to the terms and conditions set forth therein, the Warrants shall be exercisable at any time during the period commencing on the day after the date of the Warrant Agreement and ending at 5:00 p.m., New York time, on June 30, 2015 (the "Expiration Date"); *provided, however*, subject to Section 2.06 of the Warrant Agreement, a Warrant will be automatically exercised pursuant to Section 2.01 for the benefit of the Warrantholder on the Expiration Date, if such Warrant is not exercised by the Warrantholder prior to 5:00 p.m. New York time on the Expiration Date, if any Ordinary Shares are deliverable to the Warrantholder as a result of the Net Issue Exercise Calculation (after giving effect to Section 2.04). If the Expiration Date shall not be a Business Day, then a Warrant may be exercised on the next succeeding Business Day.

Whenever some but not all of the Warrants represented hereby are exercised in accordance with the Warrant Agreement, this Global Warrant shall be surrendered by the Warrantholder to the Warrant Agent who shall cause an adjustment to be made to Schedule A hereto so that the number of Warrants represented hereby will be equal to the number of Warrants theretofore represented by this Global Warrant less the number of Warrants then exercised. The Warrant Agent shall thereafter return this Global Warrant to such Warrantholder.

The Exercise Price and the number of Ordinary Shares purchasable upon exercise of each Warrant are subject to adjustment as provided in the Warrant Agreement. If, as described in Section 3.05 of the Warrant Agreement, the Company reclassifies or changes the Ordinary Shares purchasable upon exercise, or consolidates with, merges with or into, any person, each Warrant shall, after such reclassification, change, consolidation or merger, entitle the holder thereof to receive, upon exercise, only the kind and amount of shares and/or other securities receivable upon such reclassification, change, consolidation or merger by a holder of the number of Ordinary Shares into which such Warrant was exercisable prior to such event. The Exercise Price for the shares and/or other securities so issuable shall be an amount equal to the Exercise Price per Ordinary Share immediately prior to such event.

Subject to the provisions of Article IV of the Warrant Agreement, each Warrantholder shall have the right, upon a Change of Control or a Termination of Trading and at such Warrantholder's option, to require the Company to repurchase, and upon the exercise of such right the Company shall repurchase, all of such holder's Warrants not theretofore called for repurchase, or any portion of Warrants held by such Warrantholder on the date that is 30 days after the date of the Change of Control Notice at a purchase price equal to the Repurchase Price. Except as provided in Section 4.01(b) of the Warrant Agreement, the Repurchase Price may be paid in cash or, at the option of the Company and subject to the fulfillment by the Company of the conditions set forth Section 4.02 of the Warrant Agreement, by delivery of the number of Ordinary Shares, valued at 97% of the Market Price of such shares, equal to the Repurchase Price.

As to any fraction of a share which the same holder of one or more Warrants would otherwise be entitled to purchase upon exercise thereof in the same transaction, the Company shall round up to the next whole share the number of Ordinary Shares to be issued to the holder upon exercise of its Warrant or Warrants.

The Company covenants that it will at all times through 5:00 p.m. New York time on the Expiration Date (or, if the Expiration Date shall not be a Business Day, then on the next succeeding Business Day) reserve and keep available out of its authorized but unissued shares or shares held in treasury or a combination thereof of Ordinary Shares, solely for the purpose of issue upon exercise of Warrants as herein provided, the full number of Ordinary Shares then issuable if all outstanding Warrants then exercisable were to be exercised. The Company covenants that all Ordinary Shares that shall be so issuable shall be duly and validly issued and fully paid and non-assessable.

The initial issuance of certificates representing Ordinary Shares upon the exercise of Warrants shall be made without charge to the exercising Warrantholders for any tax in respect of the issuance of such stock certificates, and such stock certificates shall be issued in the respective names of, or in such names as may be directed by, the registered holders of the Warrants exercised; *provided, however*, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such stock certificate, any Warrant Certificates or other securities in a name other than that of the registered holder of the Warrant Certificate surrendered upon exercise of the Warrant, and the Company shall not be required to issue or deliver such certificates or other securities unless and until the person or persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid.

Pursuant to the Registration Rights Agreement, the Company has agreed to use its commercially reasonable efforts to cause to be filed as soon as practicable, and in any event no later than 45 days after the date of initial issuance of the Warrants (the "*Closing Date*"), a "*shelf*" registration statement providing for the registration of, and the sale on a continuous or delayed basis by the holders of, all of the Registrable Securities (as defined in the Registration Rights Agreement), pursuant to Rule 415 or any similar rule that may be adopted by the Commission (the "*Shelf Registration*"). The Company has agreed under the Registration Rights Agreement to use its commercially reasonable efforts to cause the Shelf Registration to be, to become or to be declared effective by the Commission within 105 days after the Closing Date and to keep such Shelf Registration continuously effective for the period specified in the Registration Rights Agreement. Pursuant to the Registration Rights Agreement, the Company shall promptly supplement or make amendments to the Shelf Registration, as and when required by the rules, regulations or instructions applicable to the registration form used for such Shelf Registration or by the Securities Act or rules and regulations thereunder for shelf registration, and the Company shall furnish to the holders of the Registrable Securities copies of any such supplement or amendment prior to its being used or promptly following its filing with the Commission.

As provided in the Warrant Agreement and the Registration Rights Agreement, the Warrantholders have additional rights and duties with respect to the registration of the Warrants and Ordinary Shares. In connection with the Shelf Registration, Warrantholders and certain other persons have the right to be indemnified and held harmless by the Company under certain circumstances in connection with certain losses, claims, damages or liabilities, under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise. The Company also is required to follow certain procedures as directed by the Warrantholders in connection with the registration of the Warrants and the Ordinary Shares. A Warrantholder will be required to indemnify and hold the Company and certain other persons harmless in certain circumstances in connection with written information furnished to the Company by or on behalf such Warrantholder specifically for use in any registration statement, or any preliminary or final or summary Prospectus contained therein or any amendment or supplement thereto.

By its acceptance of any Warrant represented by a Warrant Certificate bearing the Warrant Private Placement Legend, each holder and beneficial owner of an interest in such a Warrant acknowledges the restrictions on transfer of such a Warrant set forth in the Warrant Private Placement Legend and agrees that it will transfer such a Warrant only in accordance with the Warrant Private Placement Legend.

In connection with any transfer of a Warrant represented by a Warrant Certificate bearing the Warrant Private Placement Legend, each Warrantholder agrees to deliver to the Company:

- (i) if such Warrant is being transferred to a qualified institutional buyer (as defined in Rule 144A) in accordance with Rule 144A, pursuant to an exemption from registration in accordance with Rule 144, or outside the United States in an offshore transaction to a person other than a U.S. Person (as such term is defined in Regulation S) (a “*non-U.S. Person*”) in compliance with Regulation S, a certification to that effect from the transferee or transferor (in substantially the form attached to the Warrant Agreement); or
- (ii) if such Warrant is being transferred in reliance on another exemption from the registration requirements of the Securities Act, a certification to that effect (in substantially the form attached to the Warrant Agreement) and an opinion of counsel reasonably acceptable to the Company to the effect that such transfer is in compliance with the Securities Act;

provided that the Warrant Agent shall not be required to determine (but may rely on a determination made by the Company with respect to) the sufficiency of any such certificates or opinions (collectively, “*Warrant Transfer Certifications*”). In addition, such Warrantholder shall deliver any opinions that may be required by the Warrant Agreement in connection with such transfer.

Upon the registration of transfer or exchange of or substitution for a Warrant represented by a Warrant Certificate not bearing the Warrant Private Placement Legend, the Warrant Agent shall deliver a Warrant Certificate or Warrant Certificates that do not bear the Warrant Private Placement Legend. Upon the registration of transfer or exchange of or substitution for a Warrant represented by a Warrant Certificate bearing the Warrant Private Placement Legend, the Warrant Agent shall deliver a Warrant Certificate or Warrant Certificates bearing the Warrant Private Placement Legend, unless such legend may be removed from such Warrant Certificate in accordance with the terms of the Warrant Agreement. Upon provision of Warrant Transfer Certifications, the Warrant Agent, at the direction of the Company, shall countersign and deliver in exchange or substitution for the Warrant Certificate representing Warrants to be transferred or exchanged or substituted for, a Warrant Certificate or Warrant Certificates (representing, in the aggregate, the same number of Warrants) without such legend if and to the extent such Warrants to be transferred or exchanged or substituted for are no longer “restricted securities” within the meaning of Rule 144. If the Warrant Private Placement Legend has been removed from a Warrant Certificate, as provided above, no other Warrant Certificate issued in exchange for all or any part of such Warrant Certificate shall bear such legend, unless the Company has reasonable cause to believe that the Warrants represented by such other Warrant Certificate represent “restricted securities” within the meaning of Rule 144 and instructs the Warrant Agent in writing to cause a legend to appear thereon.

So long as this Global Warrant is registered in the name of the Depositary or its nominee, Agent Members shall have no rights under the Warrant Agreement with respect to this Global Warrant held on their behalf by the Depositary or the Warrant Agent as its custodian, and the Depositary may be treated by the Company, the Warrant Agent and any agent of the Company or the Warrant Agent as the absolute owner of such Global Warrant for all purposes. Accordingly, any such owner’s beneficial interest in this Global Warrant will be shown only on, and the transfer of such interest shall be effected only through, records maintained by the Depositary or its nominee or its Agent Members, and neither the Company nor the Warrant Agent shall have any responsibility with respect to such records maintained by the Depositary or its nominee or its Agent Members. Notwithstanding the foregoing, nothing herein shall (i) prevent the Company, the Warrant Agent or any agent of the Company or the Warrant Agent from giving effect to any written certification, proxy or other authorization furnished by the Depositary or (ii) impair, as between the Depositary and its Agent Members, the operation of customary practices governing exercise of the rights of a Warrantholder. Any holder of this Global Warrant shall, by acceptance of such Global Warrant, agree that transfers of beneficial interests in this Global Warrant may be effected only through a book-entry system maintained by the holder of this Global Warrant (or its agent), and that ownership of a beneficial interest in the Warrants represented thereby shall be required to be reflected in book entry form.

Transfers of this Global Warrant shall be limited to transfers in whole, and not in part, to the Company, the Depositary, their successors, and their respective nominees. Interests of beneficial owners in this Global Warrant will be transferred in accordance with the rules and procedures of the Depositary.

This Global Warrant shall be exchanged for Certificated Warrants in the event that (i) the Depositary (x) has notified the Company that it is unwilling or unable to continue as, or ceases to be, a clearing agency registered under Section 17A of the Exchange Act and (y) a successor to the Depositary registered as a clearing agency under Section 17A of the Exchange Act is not able to be appointed by the Company within 90 days, (ii) the Depositary is at any time unwilling or unable to continue as Depositary and a successor to the Depositary is not able to be appointed by the Company within 90 days, or (iii) the Company in its sole discretion determines that this Global Warrant (in whole but not in part) should be exchanged for Certificated Warrants and delivers a written notice to such effect to the Warrant Agent. In any such event, this Global Warrant shall be surrendered to the Warrant Agent for cancellation, and the Company shall execute, and the Warrant Agent shall countersign and deliver, to each beneficial owner identified by the Depositary, in exchange for such beneficial owner’s beneficial interest in this Global Warrant, Certificated Warrants representing, in the aggregate, the number of Warrants theretofore represented by this Global Warrant with respect to such beneficial owner’s respective beneficial interest.

The holder of this Global Warrant may grant proxies and otherwise authorize any person, including Agent Members and persons that may hold interests through Agent Members, to take any action which a Warrantholder is entitled to take under this Warrant or the Warrant Agreement.

Prior to the exercise of the Warrants represented hereby, the holder of this Global Warrant shall not be entitled, as such, to any rights of a stockholder of the Company, including, without limitation, the right to vote or to consent to any action of the stockholders of the Company, to receive dividends or other distributions, to exercise any preemptive right or to receive any notice of meetings of stockholders of the Company, and shall not be entitled to receive any notice of any proceedings of the Company except as provided in the Warrant Agreement.

Copies of the Warrant Agreement are on file at the office of the Warrant Agent and may be obtained by writing to the Warrant Agent at the following address:

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219
Attention: Reorganization Department

THE WARRANT AGREEMENT AND THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN SAID STATE.

[Signature page follows]

This Warrant shall not be valid for any purpose until it shall have been countersigned by the Warrant Agent.

Dated: _____, 2010

TOWER SEMICONDUCTOR LTD.

By: _____

Name:

Title:

Countersigned:

AMERICAN STOCK TRANSFER & TRUST COMPANY, LLC
as Warrant Agent

By: _____

Name:

Title:

SCHEDULE A TO GLOBAL WARRANT

The initial number of Warrants represented by this Global Warrant is 21,888,679. The following decreases in the number of Warrants represented by this Global Warrant have been made as a result of the exercise of certain Warrants represented by this Global Warrant:

[illegible]

EXERCISE FORM FOR BENEFICIAL OWNERS OF INTERESTS IN GLOBAL WARRANT
(To be executed by DTC participant or other authorized person upon exercise of Warrant)

The undersigned irrevocably elects to exercise the right, represented by _____ of the Warrants evidenced by this Global Warrant, to purchase ordinary shares, par value NIS 1.00 per share, of Tower Semiconductor Ltd. ("*Ordinary Shares*") at the exercise price and on the terms and conditions specified in this Global Warrant and the Warrant Agreement referred to herein and in accordance with the procedures of The Depository Trust Company ("*DTC*"). The undersigned has full right to exercise the number of Warrants exercised herein and surrenders all of its right, title and interest in the number of Warrants exercised herein to Tower Semiconductor Ltd., and directs that the Ordinary Shares or other securities or property deliverable upon the exercise of such Warrants, and any Warrant Certificates or interests in this Global Warrant representing unexercised Warrants, be registered or placed in the name and at the address specified below and delivered thereto.

Dated: _____

(Signature of DTC participant or other authorized person)

(Street Address)

(City, State and Zip Code)

Signature Guaranteed By:

INFORMATION REGARDING SUBMISSION OF EXERCISE FORM:

Name of Direct Participant in DTC (or other person delivering this form if not a Direct Participant): _____

Address: _____

Contact Name: _____

Telephone: _____

Fax: _____

Account from which Warrants are being delivered: _____

DTC Account Number: _____

Account to which shares are to be credited (if applicable): _____

Social Security Number or Taxpayer Identification Number (if applicable): _____

Name of Beneficial Holder of Warrants: _____

SECURITIES AND/OR PAYMENT TO BE ISSUED TO (IF OTHER THAN THE PERSON SUBMITTING THIS EXERCISE FORM):

IF IN CERTIFICATED FORM:

Social Security Number or TIN: _____

Name: _____

Street Address: _____

City, State and Zip Code: _____

IF IN BOOK-ENTRY FORM THROUGH DTC:

Name of Direct Participant in the DTC: _____

Contact name and telephone number: _____

Account Number: _____

Account Name: _____

FORM OF ASSIGNMENT

To assign this Warrant, fill in the form below: (I) or (we) assign and transfer this Warrant to

(Insert assignee's Soc. Sec. or tax I.D. no.)

(Print or type assignee's name, address and Zip code)

and irrevocably appoint _____ agent to transfer this Warrant on the books of the Company. The agent may substitute another to act for him or her.

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the face of this Warrant)

Signature Guarantee:

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement, dated as of July 15, 2010 (as amended, modified or otherwise supplemented from time to time, the “*Agreement*”), is entered into by and among Tower Semiconductor Ltd., a company formed under the laws of Israel (the “*Company*”), and the Holders (as defined below).

The Company, Jazz Technologies, Inc., a Delaware corporation (“*Jazz*”), certain subsidiaries of Jazz, Zazove Associates, LLC and the Holders are parties to the Exchange Agreement dated July 9, 2010 (as amended, modified or otherwise supplemented from time to time, the “*Exchange Agreement*”), which provides for the issuance by Jazz to the Holders of \$93,556,000 aggregate principal amount of Jazz’s 8% Senior Notes due 2015 and the issuance by the Company of warrants (the “*Securities*”) to purchase ordinary shares of the Company, par value New Israeli Shekels 1.00 per share (the “*Ordinary Shares*”), in exchange for \$79,643,000 aggregate principal amount of 8% Senior Convertible Notes due 2011 issued by Jazz. As an inducement to the Holders to enter into the Exchange Agreement, the Company has agreed to provide to the Holders the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the closing under the Exchange Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. **Definitions.** As used in this Agreement, the following terms shall have the following meanings:

“*Business Day*” shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

“*Closing Date*” shall mean the first date of the original issuance of the Securities.

“*Company*” shall have the meaning set forth in the preamble and shall also include the Company’s successors.

“*Exchange Act*” shall mean the Securities Exchange Act of 1934, as amended from time to time.

“*Exchange Agreement*” shall have the meaning set forth in the preamble.

“*Free Writing Prospectus*” means each free writing prospectus (as defined in Rule 405 under the Securities Act) prepared by or on behalf of the Company or used or referred to by the Company in connection with the sale of the Securities.

“*Holders*” shall mean each of the holders listed on Schedule 1 hereto, for so long as they own any Registrable Securities, and each of their successors, assigns and direct and indirect transferees who become owners of Registrable Securities under the Warrant Agreement.

“*Indemnified Person*” shall have the meaning set forth in Section 5(c) hereof.

“*Indemnifying Person*” shall have the meaning set forth in Section 5(c) hereof.

“*Inspector*” shall have the meaning set forth in Section 3(a)(xii) hereof.

“*Issuer Information*” shall have the meaning set forth in Section 5(a) hereof.

“*Majority Holders*” shall mean the Holders of a majority of the Ordinary Shares registered under the Shelf Registration Statement constituting Registrable Securities; *provided* that for purposes of any determination of the Majority Holders, the Holders of Securities will be counted on an as-exercised basis; *provided further* that whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, any Registrable Securities owned directly or indirectly by the Company or any of its affiliates shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage or amount.

“*Notice and Questionnaire*” means a notice and questionnaire in substantially the form attached hereto as Annex A.

“*Ordinary Shares*” shall have the meaning set forth in the preamble.

“*Person*” shall mean an individual, partnership, limited liability company, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

“*Prospectus*” shall mean the prospectus included in, or, pursuant to the rules and regulations of the Securities Act, deemed a part of, a Shelf Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities, and by all other amendments and supplements to such prospectus, and in each case including any document incorporated by reference therein.

“*Registrable Securities*” shall mean the Securities and the Ordinary Shares issuable upon exercise of the Securities; *provided* that the Securities and the Ordinary Shares issuable upon exercise of the Securities shall cease to be Registrable Securities (i) when a Shelf Registration Statement with respect to such Securities and the Ordinary Shares issuable upon exercise thereof has become effective under the Securities Act and such Securities or the Ordinary Shares issuable upon exercise thereof have been exchanged or disposed of pursuant to such Shelf Registration Statement, (ii) when such Securities are eligible to be sold pursuant to Rule 144 (or any similar provision then in force, but not Rule 144A) under the Securities Act and either (x) the holding period contemplated by Rule 144(d)(ii) has passed or (y) such Securities are not required to bear, and do not bear, any restrictive legends required by Rule 144, or (iii) when such Securities cease to be outstanding.

“*Registration Expenses*” shall mean any and all expenses incident to performance of or compliance by the Company with this Agreement, including without limitation: (i) all SEC, stock exchange or National Association of Securities Dealers, Inc. registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws (including reasonable fees and disbursements of counsel for any Underwriters or Holders in connection with blue sky qualification of any Registrable Securities), (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Shelf Registration Statement, any Prospectus and any amendments or supplements thereto, any underwriting agreements, securities sales agreements or other similar agreements and any other documents relating to the performance of and compliance with this Agreement, (iv) the fees and disbursements of the Warrant Agent and its counsel, (v) the fees and disbursements of counsel for the Company and the fees and disbursements of one counsel for the Holders (which counsel shall be selected by the Majority Holders) and (vi) the fees and disbursements of the independent public accountants of the Company, including the expenses of any special audits or “comfort” letters required by or incident to the performance of and compliance with this Agreement, but excluding fees and expenses of counsel to the Underwriters (other than fees and expenses set forth in clause (ii) above) or the Holders and underwriting discounts and commissions, brokerage commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities” shall have the meaning set forth in the preamble.

“Securities Act” shall mean the Securities Act of 1933, as amended from time to time.

“Shelf Effectiveness Period” shall have the meaning set forth in Section 2(a) hereof.

“Shelf Registration Statement” shall mean a “shelf” registration statement of the Company that covers all or a portion of the Registrable Securities (but no other securities unless approved by a majority of the Holders whose Registrable Securities are to be covered by such Shelf Registration Statement) on an appropriate form under Rule 415 under the Securities Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein or deemed a part thereof, all exhibits thereto and any document incorporated by reference therein.

“Staff” shall mean the staff of the SEC.

“Underwriter” shall have the meaning set forth in Section 3(e) hereof.

“Underwritten Offering” shall mean an offering in which Registrable Securities are sold to an Underwriter for reoffering to the public.

“Warrant Agent” shall mean American Stock Transfer & Trust Company, as warrant agent, under the Warrant Agreement, and its successors.

“Warrant Agreement” shall mean the Warrant Agreement, dated as of July 15, 2010, between the Company and the Warrant Agent, as amended, modified or supplemented and in effect from time to time.

2. Registration Under the Securities Act.

(a) The Company shall use its commercially reasonable efforts to cause to be filed as soon as practicable, and in any event no later than 45 days after the Closing Date, a Shelf Registration Statement providing for the sale of all the Registrable Securities by the Holders thereof and to have such Shelf Registration Statement become effective no later than 105 days after the Closing Date. The Company agrees to use its commercially reasonable efforts to keep the Shelf Registration Statement continuously effective until one year after the Closing Date or such shorter period that will terminate when all the Registrable Securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement (the “Shelf Effectiveness Period”). The Company further agrees to supplement or amend the Shelf Registration Statement and the related Prospectus if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the Securities Act or by any other rules and regulations thereunder or if reasonably requested by a Holder of Registrable Securities with respect to information relating to such Holder, and to use its commercially reasonable efforts to cause any such amendment to become effective, if required, and such Shelf Registration Statement and Prospectus to become usable as soon as thereafter practicable. The Company agrees to furnish to the Holders of Registrable Securities copies of any such supplement or amendment promptly after its being used or filed with the SEC.

(b) The Company shall pay all Registration Expenses in connection with any registration pursuant to this Section 2. Each Holder shall pay all underwriting discounts and commissions, brokerage commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Securities pursuant to the Shelf Registration Statement.

(c) A Shelf Registration Statement will not be deemed to have become effective unless it has been declared effective by the SEC or is automatically effective upon filing with the SEC as provided by Rule 462 under the Securities Act.

(d) Without limiting the remedies available to the Holders, the Company acknowledges that any failure by the Company to comply with its obligations under Section 2(a) hereof may result in material irreparable injury to the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under Section 2(a) hereof.

(e) At least 15 Business Days prior to the filing thereof, the Company will give notice of its intention to file the Shelf Registration Statement to the Holders in the same manner as the Company would give notice to the holders of the Securities under the Warrant Agreement. Each Holder of Registrable Securities agrees to deliver a Notice and Questionnaire and such information as the Company may reasonably request in writing, if any, to the Company at least five Business Days prior to the anticipated effective date of the Shelf Registration Statement as so notified by the Company. If a Holder does not deliver a Notice and Questionnaire and provide the information the Company may reasonably request, that Holder will not be named as a selling securityholder in the Prospectus and will not be permitted to sell its securities under the Shelf Registration Statement. From and after the effective date of the Shelf Registration Statement, the Company shall use commercially reasonable efforts, as promptly as is practicable after the date a Notice and Questionnaire is delivered, and in any event within five Business Days after such date, (i) if required by applicable law, to file with the Commission a post-effective amendment to the Shelf Registration Statement; and, if the Company shall file a post-effective amendment to the Shelf Registration Statement, use commercially reasonable efforts to cause such post-effective amendment to be declared effective under the Securities Act as promptly as is practicable; or to prepare and, if permitted or required by applicable law, to file a supplement to the related Prospectus or an amendment or supplement to any document incorporated therein by reference or file any other required document so that the Holder delivering such Notice and Questionnaire is named as a selling securityholder in the Shelf Registration Statement and the related Prospectus, and so that such Holder is permitted to deliver such Prospectus to purchasers of the Registrable Securities in accordance with applicable law; *provided* that the Company shall not be required to file a supplement or post-effective amendment during any period contemplated by Section 3(c); (ii) provide such Holder, upon request, copies of any documents filed pursuant to Section 2(e)(i) hereof; and (iii) notify such Holder as promptly as practicable after the effectiveness under the Act of any post-effective amendment filed pursuant to Section 2(e)(i) hereof; *provided* that if such Notice and Questionnaire is delivered during a period contemplated by Section 3(c), the Company shall so inform the Holder delivering such Notice and Questionnaire and shall take the actions set forth in clauses (i), (ii) and (iii) above upon expiration of such period in accordance with Section 3(i) hereof.

(f) The Company shall comply with all applicable rules and regulations of the SEC and shall make generally available to its securityholders an earnings statement satisfying the provisions of Section 11(a) and Rule 158 of the Securities Act (in either case, or such longer period as permitted by the SEC pursuant to Rule 12b-25 promulgated under the Exchange Act) no later than 45 days after the end of a 12-month period (or 90 days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the Shelf Registration Statement.

(g) The Company represents, warrants and covenants that it (including its agents and representatives) will not prepare, make, use, authorize, approve or refer to any Free Writing Prospectus.

(h) As soon as practicable after the first anniversary of the last date on which any of the Securities are originally issued, the Company shall remove any restricted legends on the Securities or any Ordinary Shares issued upon exercise of the Securities and shall notify each Holder of the removal of such legend.

3. Registration Procedures.

(a) In connection with its obligations pursuant to Section 2(a) hereof, the Company shall as expeditiously as possible:

(i) prepare and file with the SEC a Shelf Registration Statement on the appropriate form under the Securities Act, which form (x) shall be selected by the Company, (y) shall be available for the sale of the Registrable Securities by the Holders thereof and (z) shall comply as to form in all material respects with the requirements of the applicable form and include all financial statements required by the SEC to be filed therewith; and use its commercially reasonable efforts to cause such Shelf Registration Statement to become effective and remain effective for the applicable period in accordance with Section 2 hereof;

(ii) prepare and file with the SEC such amendments and post-effective amendments to the Shelf Registration Statement as may be necessary to keep such Shelf Registration Statement effective for the applicable period in accordance with Section 2 hereof and cause each Prospectus to be supplemented by any required prospectus supplement and, as so supplemented, to be filed pursuant to Rule 424 under the Securities Act; and keep each Prospectus current during the period described in Section 4(3) of and Rule 174 under the Securities Act that is applicable to transactions by brokers or dealers with respect to the Registrable Securities;

(iii) furnish to each Holder of Registrable Securities, to counsel for such Holders and to each Underwriter of an Underwritten Offering of Registrable Securities, if any, without charge, as many copies of each Prospectus or preliminary prospectus, and any amendment or supplement thereto, as such Holder, counsel or Underwriter may reasonably request in order to facilitate the sale or other disposition of the Registrable Securities thereunder; and the Company consents to the use of such Prospectus, preliminary prospectus and any amendment or supplement thereto in accordance with applicable law by each of the Holders of Registrable Securities and any such Underwriters in connection with the offering and sale of the Registrable Securities covered by and in the manner described in such Prospectus, preliminary prospectus or any amendment or supplement thereto in accordance with applicable law;

(iv) use its commercially reasonable efforts to register or qualify the Registrable Securities under all applicable state securities or blue sky laws of such jurisdictions as any Holder of Registrable Securities covered by the Shelf Registration Statement shall reasonably request in writing by the time the Shelf Registration Statement becomes effective; cooperate with such Holders in connection with any filings required to be made with the Financial Industry Regulatory Authority, Inc.; and do any and all other acts and things that may be reasonably necessary or advisable to enable each Holder to complete the disposition in each such jurisdiction of the Registrable Securities owned by such Holder; *provided* that the Company shall not be required to (1) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (2) file any general consent to service of process in any such jurisdiction or (3) subject itself to taxation in any such jurisdiction if it is not so subject;

(v) notify each Holder of Registrable Securities and counsel for such Holders promptly and, if requested by any such Holder or counsel, confirm such advice in writing (1) when the Shelf Registration Statement has become effective, when any post-effective amendment thereto has been filed and becomes effective and when any amendment or supplement to the Prospectus has been filed, (2) of any request by the SEC or any state securities authority for amendments and supplements to the Shelf Registration Statement or Prospectus or for additional information after the Shelf Registration Statement has become effective, (3) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of the Shelf Registration Statement or the initiation of any proceedings for that purpose, including the receipt by the Company of any notice of objection of the SEC to the use of the Shelf Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act, (4) if, between the applicable effective date of the Shelf Registration Statement and the closing of any sale of Registrable Securities covered thereby, the representations and warranties of the Company contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to an offering of such Registrable Securities cease to be true and correct in all material respects or if the Company receives any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose, (5) of the happening of any event during the period the Shelf Registration Statement is effective that makes any statement made in the Shelf Registration Statement or the related Prospectus untrue in any material respect or that requires the making of any changes in such Shelf Registration Statement or Prospectus in order to make the statements therein not misleading and (6) of any determination by the Company that a post-effective amendment to the Shelf Registration Statement or any amendment or supplement to the Prospectus would be appropriate;

(vi) use its commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of the Shelf Registration Statement or the resolution of any objection of the SEC pursuant to Rule 401(g)(2), including by filing an amendment to such Shelf Registration Statement on the proper form, at the earliest possible moment and provide immediate notice to each Holder of the withdrawal of any such order or such resolution;

(vii) furnish to each Holder of Registrable Securities, without charge, at least one manually executed copy of the Shelf Registration Statement and any post-effective amendment thereto (without any documents incorporated therein by reference or exhibits thereto, unless requested);

(viii) cooperate with the Holders of Registrable Securities to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends and enable such Registrable Securities to be issued in such denominations and registered in such names (consistent with the provisions of the Warrant Agreement) as such Holders may reasonably request at least one Business Day prior to the closing of any sale of Registrable Securities;

(ix) upon the occurrence of any event contemplated by Section 3(a)(v)(5) hereof, use its commercially reasonable efforts to prepare and file with the SEC a supplement or post-effective amendment to such Shelf Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered (or, to the extent permitted by law, made available) to purchasers of the Registrable Securities, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Company shall notify the Holders of Registrable Securities to suspend use of the Prospectus as promptly as practicable after the occurrence of such an event, and such Holders hereby agree to suspend use of the Prospectus until the Company has amended or supplemented the Prospectus to correct such misstatement or omission;

(x) a reasonable time prior to the filing of the Shelf Registration Statement, any Prospectus, any amendment to the Shelf Registration Statement or amendment or supplement to a Prospectus or of any document that is to be incorporated by reference into the Shelf Registration Statement or a Prospectus after initial filing of the Shelf Registration Statement, provide copies of such document to the Holders of Registrable Securities and their counsel and make such of the representatives of the Company as shall be reasonably requested by the Holders of Registrable Securities or their counsel available for discussion of such document; and the Company shall not, at any time after initial filing of the Shelf Registration Statement, use or file any Prospectus, any amendment of or supplement to the Shelf Registration Statement or a Prospectus, or any document that is to be incorporated by reference into the Shelf Registration Statement or a Prospectus, of which the Holders of Registrable Securities and their counsel shall not have previously been advised and furnished a copy or to which the Holders of Registrable Securities or their counsel shall object;

(xi) obtain a CUSIP number for all Registrable Securities not later than the initial effective date of the Shelf Registration Statement;

(xii) make available for inspection by a representative of the Holders of the Registrable Securities (an “Inspector”), any Underwriter participating in any disposition pursuant to the Shelf Registration Statement, any attorneys and accountants designated by a majority of the Holders of Registrable Securities to be included in the Shelf Registration and any attorneys and accountants designated by such Underwriter, at reasonable times and in a reasonable manner, all pertinent financial and other records, documents and properties of the Company and its subsidiaries, and cause the respective officers, directors and employees of the Company to supply all information reasonably requested by any such Inspector, Underwriter, attorney or accountant in connection with the Shelf Registration Statement; *provided* that if any such information is identified by the Company as being confidential or proprietary, each Person receiving such information shall take such actions as are reasonably necessary to protect the confidentiality of such information to the extent such action is otherwise not inconsistent with, an impairment of or in derogation of the rights and interests of any Inspector, Holder or Underwriter and such Inspector, Holder or Underwriter shall use commercially reasonable efforts to provide notice, to the extent permitted by law, to the Company of any potential disclosure by such Inspector, Holder or Underwriter of information under this Section 3(a)(xii) which is identified as confidential or proprietary pursuant to this clause to permit the Company to obtain a protective order;

(xiii) use its commercially reasonable efforts to cause all Registrable Securities to be listed on any securities exchange or any automated quotation system on which the Ordinary Shares of the Company are then listed, to the extent such Registrable Securities satisfy applicable listing requirements;

(xiv) if reasonably requested by any Holder of Registrable Securities, promptly include in a Prospectus supplement or post-effective amendment such information with respect to such Holder as such Holder reasonably requests to be included therein and make all required filings of such Prospectus supplement or such post-effective amendment as soon as the Company has received notification of the matters to be so included in such filing;

(xv) enter into such customary agreements and take all such other actions in connection therewith (including those requested by the Holders of a majority of the Registrable Securities covered by the Shelf Registration Statement) in order to expedite or facilitate the disposition of such Registrable Securities including, but not limited to, an Underwritten Offering and in such connection, (1) to the extent possible, make such representations and warranties to the Holders and any Underwriters of such Registrable Securities with respect to the business of the Company and its subsidiaries and the Shelf Registration Statement, Prospectus and documents incorporated by reference or deemed incorporated by reference, if any, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings and confirm the same if and when requested, (2) obtain opinions of counsel to the Company (which counsel and opinions, in form, scope and substance, shall be reasonably satisfactory to the Holders and such Underwriters and their respective counsel) addressed to each selling Holder and Underwriter of Registrable Securities, covering the matters customarily covered in opinions requested in underwritten offerings of securities similar to the Registrable Securities, (3) obtain "comfort" letters from the independent certified public accountants of the Company (and, if necessary, any other certified public accountant of any subsidiary of the Company, or of any business acquired by the Company for which financial statements and financial data are or are required to be included in the Shelf Registration Statement) addressed to each selling Holder (to the extent permitted by applicable professional standards) and Underwriter of Registrable Securities, such letters to be in customary form and covering matters of the type customarily covered in "comfort" letters in connection with underwritten offerings of securities similar to the Registrable Securities, including but not limited to financial information contained in any preliminary prospectus or Prospectus and (4) deliver such documents and certificates as may be reasonably requested by the Holders of a majority of the Registrable Securities being sold or the Underwriters, and which are customarily delivered in underwritten offerings of securities similar to the Registrable Securities, to evidence the continued validity of the representations and warranties of the Company made pursuant to clause (1) above and to evidence compliance with any customary conditions contained in an underwriting agreement.

(b) The Company may require each Holder of Registrable Securities to furnish to the Company such information regarding such Holder and the proposed disposition by such Holder of such Registrable Securities as the Company may from time to time reasonably request in writing.

(c) Each Holder of Registrable Securities covered in the Shelf Registration Statement agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(a)(v)(3) or 3(a)(v)(5) hereof, such Holder will forthwith discontinue disposition of Registrable Securities pursuant to the Shelf Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(a)(ix) hereof and, if so directed by the Company, such Holder will deliver to the Company all copies in its possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities that is current at the time of receipt of such notice.

(d) If the Company shall give any notice to suspend the disposition of Registrable Securities pursuant to the Shelf Registration Statement, the Company shall extend the period during which such Shelf Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and including the date of the giving of such notice to and including the date when the Holders of such Registrable Securities shall have received copies of the supplemented or amended Prospectus necessary to resume such dispositions. The Company may give any such notice only twice during any 365-day period and any such suspensions shall not exceed 30 days for each suspension and there shall not be more than two suspensions in effect during any 365-day period.

(e) The Holders of Registrable Securities covered by the Shelf Registration Statement who desire to do so may sell such Registrable Securities in an Underwritten Offering. In any such Underwritten Offering, the investment bank or investment banks and manager or managers (each an "Underwriter") that will administer the offering will be selected by the Holders of a majority of the Registrable Securities included in such offering.

4. Reserved.

5. Indemnification and Contribution.

(a) The Company agrees to indemnify and hold harmless each Holder and their respective affiliates, directors and officers and each Person, if any, who controls any Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, that arise out of, or are based upon, (1) any untrue statement or alleged untrue statement of a material fact contained in any Shelf Registration Statement or any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or (2) any untrue statement or alleged untrue statement of a material fact contained in any Prospectus, any Free Writing Prospectus used in violation of this Agreement or any "issuer information" ("Issuer Information") filed or required to be filed pursuant to Rule 433(d) under the Securities Act, or any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to any Holder furnished to the Company in writing through such selling Holder expressly for use therein. In connection with any Underwritten Offering permitted by Section 3, the Company will also indemnify the Underwriters, if any, selling brokers, dealers and similar securities industry professionals participating in the distribution, their respective affiliates and each Person who controls such Persons (within the meaning of the Securities Act and the Exchange Act) to the same extent as provided above with respect to the indemnification of the Holders, if requested in connection with any Shelf Registration Statement, any Prospectus, any Free Writing Prospectus or any Issuer Information.

(b) Each Holder agrees, severally and not jointly, to indemnify and hold harmless the Company, the other selling Holders, the directors of the Company, each officer of the Company who signed the Shelf Registration Statement and each Person, if any, who controls the Company, and any other selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in paragraph (a) above, but only with respect to any losses, claims, damages or liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Holder furnished to the Company in writing by such Holder expressly for use in any Shelf Registration Statement and any Prospectus; *provided*, however, that the obligations of a Holder hereunder shall be limited to an amount equal to the net proceeds to such Holder of Registrable Securities sold in connection with such registration.

(c) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Person in respect of which indemnification may be sought pursuant to either paragraph (a) or (b) above, such Person (the "*Indemnified Person*") shall promptly notify the Person against whom such indemnification may be sought (the "*Indemnifying Person*") in writing; *provided* that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under this Section 5 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and *provided, further*, that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under this Section 5. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others entitled to indemnification pursuant to this Section 5 that the Indemnifying Person may designate in such proceeding and shall pay the fees and expenses of such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary; (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person; (iii) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Indemnifying Person; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed as they are incurred. Any such separate firm (x) for any Holder, its directors and officers and any control Persons of such Holder shall be designated in writing by the Majority Holders and (y) in all other cases shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested that an Indemnifying Person reimburse the Indemnified Person for fees and expenses of counsel as contemplated by this paragraph, the Indemnifying Person shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by the Indemnifying Person of such request and (ii) the Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. No Indemnifying Person shall, without the written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (A) includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (B) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

(d) If the indemnification provided for in paragraphs (a) and (b) above is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company from the offering of the Securities, on the one hand, and by the Holders from receiving Securities registered under the Securities Act, on the other hand, or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company on the one hand and the Holders on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and the Holders on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Holders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) The Company and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 5 were determined by *pro rata* allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Person in connection with any such action or claim. Notwithstanding the provisions of this Section 5, in no event shall a Holder be required to contribute any amount in excess of the amount by which the total price at which the Securities sold by such Holder exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 5 are several and not joint.

(f) The remedies provided for in this Section 5 are not exclusive and shall not limit any rights or remedies that may otherwise be available to any Indemnified Person at law or in equity.

(g) The indemnity and contribution provisions contained in this Section 5 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Holder or any Person controlling any Holder, or by or on behalf of the Company or the officers or directors of or any Person controlling the Company and (iii) any sale of Registrable Securities pursuant to a Shelf Registration Statement.

6. General.

(a) *No Inconsistent Agreements.* The Company represents, warrants and agrees that (i) the rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of any other outstanding securities issued or guaranteed by the Company under any other agreement and (ii) the Company has not entered into, or on or after the date of this Agreement will enter into, any agreement that is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof.

(b) *Amendments and Waivers.* The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority of the Ordinary Shares (determined on an as-exercised basis) constituting Registrable Securities affected by such amendment, modification, supplement, waiver or consent; *provided* that no amendment, modification, supplement, waiver or consent to any departure from the provisions of Section 5 hereof shall be effective as against any Holder of Registrable Securities unless consented to in writing by such Holder. Any amendments, modifications, supplements, waivers or consents pursuant to this Section 6(b) shall be by a writing executed by each of the parties hereto.

(c) *Notices.* All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 6(c), which address initially is, with respect to the Holders listed on Schedule I hereto, the address set forth in the Exchange Agreement; (ii) if to the Company, initially at the Company's address set forth in the Exchange Agreement and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 6(c); and (iii) to such other persons at their respective addresses as provided in the Exchange Agreement and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 6(c). All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next Business Day if timely delivered to an air courier guaranteeing overnight delivery. Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee, at the address specified in the Warrant Agreement.

(d) *Successors and Assigns.* This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; *provided* that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Exchange Agreement or the Warrant Agreement. If any transferee of any Holder shall acquire Registrable Securities in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all the terms of this Agreement, and by taking and holding such Registrable Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement and such Person shall be entitled to receive the benefits hereof.

(e) *Counterparts.* This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(f) *Headings.* The headings in this Agreement are for convenience of reference only, are not a part of this Agreement and shall not limit or otherwise affect the meaning hereof.

(g) *Governing Law.* This Agreement, and any claim, controversy or dispute arising under or related to this Agreement, shall be governed by and construed in accordance with the laws of the State of New York.

(h) *Entire Agreement; Severability.* This Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable or against public policy, the remainder of the terms, provisions, covenants and restrictions contained herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated. The Company and the Holders shall endeavor in good faith negotiations to replace the invalid, void or unenforceable provisions with valid provisions the economic effect of which becomes as close as possible to that of the invalid, void or unenforceable provisions.

(i) *Independent Nature of Holders' Obligations and Rights.* The obligations of each Holder under this Agreement are several and not joint or joint and several with the obligations of any other Holder, and no Holder shall be responsible in any way for the performance or non-performance of the obligations of any other Holder under this Agreement. Nothing contained in this Agreement, and no action taken by any Holder pursuant hereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Holders are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Agreement. Each Holder shall be entitled to independently protect and enforce its rights, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose.

(j) *Obligations Limited.* A copy of the Agreement and Declaration of Trust of each of Putnam Convertible Income-Growth Trust, Putnam High Yield Trust, Putnam High Yield Advantage Fund, Putnam High Income Securities Fund, Putnam Variable Trust, Putnam Asset Allocation Funds, and Putnam Funds Trust (each, a "Trust") is on file with the Secretary of The Commonwealth of Massachusetts, and notice is hereby given that this instrument is executed on behalf of the Trustees of each Trust as Trustees and not individually and that the obligations of or arising out of this instrument are not binding on any of the Trustees, officers or shareholders individually, but are binding only upon the trust property of each Trust. Furthermore, notice is given that the trust property of each series of Putnam Variable Trust, Putnam Asset Allocation Funds, and Putnam Funds Trust is separate and distinct and that the obligations of each such Trust under or arising out of this Agreement with respect to the series on behalf of which such Trust has executed this Agreement are separate and not joint or joint and several.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

TOWER SEMICONDUCTOR LTD.

By: _____

Name:

Title:

[Signature Page to Registration Rights Agreement – Tower]

Confirmed and accepted as of the date first above written:

QUATTRO FUND, LTD.

By: _____
Name: Brian Swain
Title: Director

QUATTRO DISTRESSED OPPORTUNITIES FUND, LP

By: _____
Name: Brian Swain
Title: Principal

[Signature Page to Registration Rights Agreement – Tower]

Confirmed and accepted as of the date first above written:

ELEVATOR DIVISION RETIREMENT BENEFIT PLAN
HY-VEE EMPLOYEES' TRUST
IOWA JUDICIAL RETIREMENT SYSTEM
MEIJER
PAINTING INDUSTRY ANNUITY FUND
PRINCIPAL FUNDS, INC. - BOND & MORTGAGE SECURITIES FUND
PRINCIPAL GLOBAL INVESTORS FUND – HIGH YIELD FUND
PRINCIPAL GLOBAL INVESTORS TRUST - HIGH YIELD FIXED INCOME FUND
PRINCIPAL LIFE INSURANCE COMPANY ON BEHALF OF ONE OR MORE SEPARATE
ACCOUNTS (PRINCIPAL LIFE INSURANCE COMPANY, DBA BOND & MORTGAGE SEPARATE ACCOUNT)
PRINCIPAL LIFE INSURANCE COMPANY ON BEHALF OF ONE OR MORE SEPARATE
ACCOUNTS (PRINCIPAL LIFE INSURANCE COMPANY, DBA ULTRA LONG SEPARATE ACCOUNT)
PRINCIPAL VARIABLE CONTRACT FUNDS, INC. BALANCED
PRINCIPAL VARIABLE CONTRACTS FUNDS, INC. - BOND & MORTGAGE SECURITIES ACCOUNT

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: _____
Name:
Title:

PRINCIPAL FUNDS, INC. – HIGH YIELD FUND

By: _____
Name:
Title:

[Signature Page to Registration Rights Agreement – Tower]

Confirmed and accepted as of the date first above written:

Putnam Convertible Income-Growth Trust
Putnam High Yield Trust
Putnam High Yield Advantage Fund
Putnam High Income Securities Fund
Putnam Variable Trust, on behalf of its series:
 Putnam VT High Yield Fund
 Putnam VT Global Asset Allocation Fund
Putnam Asset Allocation Funds, on behalf of its series:
 Putnam Asset Allocation: Growth Portfolio
 Putnam Asset Allocation: Balanced Portfolio
 Putnam Asset Allocation: Conservative Portfolio
Seasons Series Trust (Sun America) -Asset Allocation: Diversified Growth Portfolio
Putnam Funds Trust, on behalf of its series:
 Putnam Income Strategies Fund
Putnam Investment Holdings, LLC - PPAM SMA High Yield Convertible Managed Portfolio
Ohio Tuition Trust Authority - Ohio Variable College Savings Trust Fund – Putnam CollegeAdvantage GAA Conservative Portfolio
Ohio Tuition Trust Authority - Ohio Variable College Savings Trust Fund – Putnam CollegeAdvantage GAA Growth Portfolio
Ohio Tuition Trust Authority - Ohio Variable College Savings Trust Fund – Putnam CollegeAdvantage GAA Balanced Portfolio

By: Putnam Investment Management, LLC, as investment manager

By: _____
Name:
Title:

Putnam High Yield Fixed Income Fund, LLC
Putnam World Trust - Putnam Global High Yield Bond Fund
Marsh & McLennan Companies, Inc. U.S. Retirement Plan - High Yield
LGT Multi Manager Bond High Yield (USD)
LGT Capital Invest (SC3) Limited - U.S. High Yield Convertible
Interpolis Pensioenen Global High Yield Pool
Stichting Pensioenfondsvoor Fysiotherapeuten

By: The Putnam Advisory Company, LLC, as investment manager

By: _____
Name:
Title:

[Signature Page to Registration Rights Agreement – Tower]

Putnam Retirement Advantage GAA Balanced Portfolio
Putnam Retirement Advantage GAA Conservative Portfolio
Putnam Retirement Advantage GAA Growth Portfolio
Putnam Retirement Advantage GAA Income Strategies Portfolio

By: Putnam Fiduciary Trust Company, as investment manager

By: _____
Name:
Title:

[Signature Page to Registration Rights Agreement – Tower]

Confirmed and accepted as of the date first above written:

ROCKVIEW TRADING LTD.

By: _____
Name:
Title:

ROCKVIEW SHORT ALPHA FD LT

By: _____
Name:
Title:

ROCKVIEW MGMNT. – ROCKVIEW KS

By: _____
Name:
Title:

[Signature Page to Registration Rights Agreement – Tower]

Confirmed and accepted as of the date first above written:

SPM OPPORTUNITY MASTER FUND, L.P.

By: _____
Name:
Title:

[Signature Page to Registration Rights Agreement – Tower]

Confirmed and accepted as of the date first above written:

TENNENBAUM MULTI-STRATEGY MASTER FUND
By: Tennenbaum Capital Partners, LLC
Its: Investment Advisor

By: _____
Name:
Title:

[Signature Page to Registration Rights Agreement – Tower]

Confirmed and accepted as of the date first above written:

ZAZOVE ASSOCIATES, LLC

By: _____
Name: Steven M. Kleiman
Title: Chief Operating Officer

[Signature Page to Registration Rights Agreement – Tower]

Holders

Name and Address of Holder
Century National Insurance Company*
Elevator Division Retirement Benefit Plan**
Hy-Vee Employees' Trust**
Interpolis Pensioenen Global High Yield Pool***
Iowa Judicial Retirement System**
LGT Multi Manager Bond High Yield (USD)***
LGT Capital Invest (SC3) Limited – U.S. High Yield Convertible***
Lockheed Martin Corporation Master Retirement Trust*
Marsh & McLennan Companies, Inc. U.S. Retirement Plan – High Yield***
Meijer**
National Railroad Retirement Investment Trust*
Ohio Tuition Trust Authority – Ohio Variable College Savings Fund – Putnam CollegeAdvantage GAA Conservative Portfolio***
Ohio Tuition Trust Authority – Ohio Variable College Savings Fund – Putnam CollegeAdvantage GAA Growth Portfolio***
Ohio Tuition Trust Authority – Ohio Variable College Savings Fund – Putnam CollegeAdvantage GAA Balanced Portfolio***
Painting Industry Annuity Fund**
Principal Funds, Inc. - Bond & Mortgage Securities Fund**
Principal Global Investors Fund – High Yield Fund**
Principal Global Investors Trust – High Yield Fixed Income Fund**
Principal Life Insurance Company On Behalf Of One or More Separate Accounts (Principal Life Insurance Company, DBA Bond & Mortgage Separate Account)**
Principal Life Insurance Company On Behalf Of One or More Separate Accounts (Principal Life Insurance Company, DBA Ultra Long Separate Account)**
Principal Variable Contract Funds, Inc. Balanced**

Principal Variable Contracts Funds, Inc. - Bond & Mortgage Securities Account**
Putnam Convertible Income-Growth Trust***
Putnam High Yield Trust***
Putnam High Yield Advantage Fund***
Putnam High Income Securities Fund***
Putnam Variable Trust – Putnam VT High Yield Fund***
Putnam Variable Trust – Putnam VT Global Asset Allocation Fund***
Putnam Asset Allocation Funds – Growth Portfolio***
Putnam Asset Allocation Funds – Balanced Portfolio***
Putnam Asset Allocation Funds – Conservative Portfolio***
Putnam Income Strategies Fund***
Putnam Investment Holdings, LLC – PPAM SMA High Yield Convertible Managed Portfolio***
Putnam High Yield Fixed Income Fund, LLC***
Putnam World Trust – Putnam Global High Yield Bond Fund***
Putnam Retirement Advantage GAA Balanced Portfolio***
Putnam Retirement Advantage GAA Conservative Portfolio***
Putnam Retirement Advantage GAA Growth Portfolio***
Putnam Retirement Advantage GAA Income Strategies Portfolio***
Quattro Fund, Ltd. Notice Address: c/o Quattro Global Capital, LLC 546 Fifth Avenue, 19 th Floor New York, NY 10036 Attn: Sherri Andrews Phone: (212) 201-8760 Fax: (212) 201-8777
Quattro Distressed Opportunities Fund, L.P. Notice Address: c/o Quattro Global Capital, LLC 546 Fifth Avenue, 19 th Floor New York, NY 10036 Attn: Sherri Andrews Phone: (212) 201-8760 Fax: (212) 201-8777

Qwest Occupational Health Trust*
Qwest Pension Trust*
RockView Short Alpha Fund Ltd. Notice Address: RockView Capital Metro Center One Station Place, 7th Floor Stamford, CT 06902 Attn: Alan Bluestine
RockView Trading Ltd. Notice Address: RockView Capital Metro Center One Station Place, 7th Floor Stamford, CT 06902 Attn: Alan Bluestine
Seasons Series Trust (Sun America) – Asset Allocation: Diversified Growth Portfolio***
SPM Opportunity Master Fund, L.P. Notice Address: SPM Opportunity Master Fund, L.P. c/o Ward McGraw Chief Financial Officer 2187 Atlantic Street, 4th Floor Stamford, CT 06902 P: (203) 351-2877 Fax: (203) 351-2879
San Diego County Employees Retirement Association*
Stichting Pensioenfonds voor Fysiotherapeuten***
Tennenbaum Multi-Strategy Master Fund Notice Address: Tennenbaum Capital Partners LLC 2951 28th Street, Suite 1000 Santa Monica, CA 90405 Attn: Sumit Sablok Fax: (310) 899-4994

Virginia Retirement System*
The Washington University*
Notice Address: Zazove Associates, LLC Attn: Steven M. Kleiman Fax: 847.239.7101
Zazove Aggressive Growth Fund, L.P.*
Zazove HighYield Convertible Securities Fund, L.P.*

*Indicates Zazove Associates, LLC is acting as investment advisor with respect to such Holder.

Notice Address:
Zazove Associates, LLC

Attn: Steven M. Kleiman
Fax: 847.239.7101

****Notice Address:**

Credit and Financials: Eddie Vonnahme, CFA Principal Global Investors, LLC 801 Grand Avenue G-26 Des Moines, Iowa 50392-0800 Phone - 515-362-2018 Fax: 515-362-2326 vonnahme.eddie@principal.com	Credit and Financials: Mark Denkinger Principal Global Investors, LLC 801 Grand Avenue G-26 Des Moines, Iowa 50392-0800 Phone - 515-248-8016 Fax: 515-362-2326 Denkinger.Mark@principal.com
Administrative: Luke Walker Principal Global Investors, LLC 801 Grand Avenue Des Moines, Iowa 50392-0960 Phone: 515-235-1340 FAX : 1-866-508-8946 dlgaminvacctbankloan@exchange.principal.com	Legal: Sally D. Sorensen, Paralegal Analyst Principal Life Insurance Company 711 High Street, G-34 Des Moines, Iowa 50392-0301 Phone: (515) 247-6986 Fax: (866) 496-6527 sorensen.sally.d@principal.com

*****Notice Address:**
c/o Putnam Investments
One Post Office Square
Boston, MA 02106
Attn: General Counsel
Fax: (617) 760-1625

ANNEX A

**Tower Semiconductor Ltd.
Form of Notice and Questionnaire**

Tower Semiconductor Ltd., a company formed under the laws of Israel (the “*Company*”), has filed with the Securities and Exchange Commission (the “*Commission*”) a registration statement on Form F-3 (the “*Shelf Registration Statement*”) for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the “*Securities Act*”), of the Company’s warrants to purchase an aggregate of 25,254,070 ordinary shares, par value 1.00 New Israeli Shekels (the “*Ordinary Shares*”), of the Company (the “*Securities*”) and the Ordinary Shares issuable upon exercise of the Securities, in accordance with the Registration Rights Agreement, dated as of July 15, 2010 (the “*Registration Rights Agreement*”), among the Company and the holders named therein. A copy of the Registration Rights Agreement is attached hereto. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

In order to have Registrable Securities included in the Shelf Registration Statement (or a supplement or amendment thereto), this Notice and Questionnaire (“*Notice and Questionnaire*”) must be completed, executed and delivered to the Company at the address set forth herein for receipt at least five Business Days prior to the anticipated effective date of the Shelf Registration Statement. Beneficial owners of Registrable Securities who do not complete, execute and return this Notice and Questionnaire by such date (i) will not be named as selling securityholders in the Shelf Registration Statement and (ii) may not use the Prospectus forming a part thereof for resales of Registrable Securities.

Certain legal consequences arise from being named as a selling securityholder in the Shelf Registration Statement and related Prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling securityholder in the Shelf Registration Statement and related Prospectus.

The term “*Registrable Securities*” is defined in the Registration Rights Agreement to mean the Securities and the Ordinary Shares issuable upon exercise of the Securities; provided that the Securities and the Ordinary Shares issuable upon exercise of the Securities shall cease to be Registrable Securities (i) when a Shelf Registration Statement with respect to such Securities and the Ordinary Shares issuable upon exercise thereof has become effective under the Securities Act and such Securities or the Ordinary Shares issuable upon exercise thereof have been exchanged or disposed of pursuant to such Shelf Registration Statement, (ii) when such Securities are eligible to be sold pursuant to Rule 144 (or any similar provision then in force, but not Rule 144A) under the Securities Act and either (x) the holding period contemplated by Rule 144(d)(ii) has passed or (y) such Securities are not required to bear, and do not bear, any restrictive legends required by Rule 144, or (iii) when such Securities cease to be outstanding.

ELECTION

The undersigned holder (the “*Selling Securityholder*”) of Registrable Securities hereby elects to include in the Shelf Registration Statement the Registrable Securities beneficially owned by it and listed below in Item (3). The undersigned, by signing and returning this Notice and Questionnaire, agrees to be bound with respect to such Registrable Securities by the terms and conditions of this Notice and Questionnaire and the Registration Rights Agreement, including, without limitation, Section 5 of the Registration Rights Agreement, as if the undersigned Selling Securityholder were an original party thereto.

The Selling Securityholder hereby provides the following information to the Company and represents and warrants that such information is true, accurate and complete:

QUESTIONNAIRE

1. a) Full Legal Name of Selling Securityholder:

- (b) Full Legal Name of Registered Holder (if not the same as in (a) above) of Registrable Securities Listed in Item (3) below:

- (c) Full Legal Name of DTC Participant (if applicable and if not the same as (b) above) through which Registrable Securities Listed in Item (3) below are Held:

- (d) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the Registrable Securities listed in Item (3) below):

2. Address for Notices to Selling Securityholder:

Telephone:

Fax:

Contact Person:

3. Beneficial Ownership of Securities:

Note: For clarification, a beneficial owner of a security is any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares (i) voting power, including the power to vote, or to direct the voting of, such security; and/or, (ii) investment power which includes the power to dispose, or to direct the disposition of, such security. Include in your responses below, those Securities or Ordinary Shares issuable upon exercise of the Securities which you have the right to acquire beneficial ownership of within 60 days.

Except as set forth below in this Item (3), the undersigned Selling Securityholder does not beneficially own any Securities or Ordinary Shares issuable upon exercise of the Securities.

- (a) Amount and type of Registrable Securities beneficially owned:

CUSIP No(s). of such Registrable Securities:

- (b) Amount of Securities or Ordinary Shares issuable upon exercise of the Securities other than Registrable Securities beneficially owned:

CUSIP No(s). of such other Securities and Ordinary Shares:

- (c) Amount and type of Registrable Securities which the undersigned wishes to be included in the Shelf Registration Statement:

CUSIP No(s). of such Registrable Securities to be included in the Shelf Registration Statement:

4. Broker-Dealer Status:

- (a) Are you a broker-dealer?

Yes__ No__

If "yes" to Item 4(a), did you receive your Registrable Securities as compensation for investment banking services to the Company?

Yes__ No__

Note: If yes, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

- (b) Are you an affiliate of a broker-dealer?

Yes__ No__

- (c) If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes__ No__

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

5. Relationships with the Company:

Except as set forth below, neither the Selling Securityholder nor any of its affiliates, officers, directors or principal equity holders (5% or more) has held any position or office or has had any other material relationship with the company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

6. Plan of Distribution:

Except as set forth below, the undersigned Selling Securityholder intends to distribute the Registrable Securities listed above in Item (3) only as follows (if at all): Such Registrable Securities may be sold from time to time directly by the undersigned Selling Securityholder or, alternatively, through underwriters, broker-dealers or agents. Such Registrable Securities may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale, or at negotiated prices. Such sales may be effected in transactions (which may involve crosses or block transactions) (i) on any national securities exchange or quotation service on which the Registrable Securities may be listed or quoted at the time of sale, (ii) in the over-the-counter market, (iii) in transactions otherwise than on such exchanges or services or in the over-the-counter market, or (iv) through the writing of options. In connection with sales of the Registrable Securities or otherwise, the Selling Securityholder may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the Registrable Securities in the course of hedging the positions they assume. The Selling Securityholder may also sell Registrable Securities short and deliver Registrable Securities to close out such short positions, or loan or pledge Registrable Securities to broker-dealers that in turn may sell such securities.

State any exceptions here:

Note: In no event may such method(s) of distribution take the form of an underwritten offering of the Registrable Securities without the prior agreement of the Company.

7. Short Stock Position:

(a) Does the above-named Selling Securityholder have an existing short position in the Company's Ordinary Shares?

Yes___ No___

(b) If the answer to Item (7)(a) above is "yes," state the amount of such short position and the date on which the above-named Selling Securityholder entered into such short position?

(c) If the answer to Item (7)(a) above is "yes," does the above-named Selling Securityholder have an existing long position in the Company's Ordinary Shares?

Yes___ No___

(d) If the answer to Item (7)(c) above is “yes,” state the amount of such long position:

By signing below, the Selling Securityholder acknowledges that it understands its obligation to comply, and agrees that it will comply, with the prospectus delivery and other provisions of the Securities Act and the Exchange Act and the rules and regulations thereunder, particularly Regulation M.

In the event that the Selling Securityholder transfers all or any portion of the Registrable Securities listed in Item (3) above after the date on which such information is provided to the Company, the Selling Securityholder agrees to notify the transferee(s) at the time of the transfer of its rights and obligations under this Notice and Questionnaire and the Registration Rights Agreement.

By signing below, the Selling Securityholder consents to the disclosure of the information contained herein in its answers to Items (1) through (7) above and the inclusion of such information in the Shelf Registration Statement and related Prospectus. The Selling Securityholder understands that such information will be relied upon by the Company in connection with the preparation of the Shelf Registration Statement and related Prospectus.

In accordance with the Selling Securityholder's obligation under Section 2(e) of the Registration Rights Agreement to provide such information as may be required by law for inclusion in the Shelf Registration Statement, the Selling Securityholder agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein which may occur subsequent to the date hereof at any time while the Shelf Registration Statement remains in effect. All notices hereunder and pursuant to the Registration Rights Agreement shall be made in writing, by hand-delivery, first-class mail, or air courier guaranteeing overnight delivery to the Company as follows:

Tower Semiconductor Ltd.
Ramat Gavriel Industrial Park
P.O. Box 619
Migdal Haemek, Israel 23105
Attention: Noit Levi, Director of Investor Relations
Facsimile: +(972)-4-6047242

Once this Notice and Questionnaire is executed by the Selling Securityholder and received by the Company, the terms of this Notice and Questionnaire, and the representations and warranties contained herein, shall be binding on, shall inure to the benefit of and shall be enforceable by the respective successors, heirs, personal representatives, and assigns of the Company and the Selling Securityholder (with respect to the Registrable Securities beneficially owned by such Selling Securityholder and listed in Item (3) above). This Agreement shall be governed in all respects by the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: _____

Selling Securityholder
(Print/type full legal name of beneficial owner of Registrable Securities)

By: _____

Name: _____

Title: _____

**PLEASE RETURN THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE
FOR RECEIPT TO THE COMPANY AT:**

Tower Semiconductor Ltd.
Ramat Gavriel Industrial Park
P.O. Box 619
Migdal Haemek, Israel 23105
Attention: Noit Levi, Director of Investor Relations
Facsimile: +(972)-4-6047242

YIGAL ARNON & CO.
ADVOCATES AND NOTARY
1 Azrieli Center
Tel Aviv 67021

September 15, 2010

Tower Semiconductor Ltd.
Ramat Gavriel Industrial Zone
Migdal Haemek
ISRAEL

Dear Sir and Madam:

We have acted as Israeli counsel to Tower Semiconductor Ltd. (the "Company"), a corporation organized under the laws of the State of Israel. As such, we have participated in the preparation of the Company's registration statement on Form F-3 (the "Registration Statement") relating to the registration under the United States Securities Act of 1933, as amended, of the offering for resale by certain selling securityholders of (i) up to 25,254,070 Series J Warrants (the "Warrants") issued pursuant to the Warrant Agreement between the Company and American Stock Transfer & Trust Company, LLC, filed as an exhibit to the Registration Statement (the "Warrant Agreement"), and (ii) up to 25,254,070 ordinary shares of the Company, par value of 1.00 NIS each (the "Warrant Shares"), issuable upon exercise of Warrants by the selling securityholders.

As counsel to the Company in Israel, we have examined such corporate records, documents, agreements and such matters of law as we have considered necessary or appropriate for the purpose of rendering this opinion. We have also relied, with the permission of Eilenberg & Krause LLP, upon the legal opinion letter of Eilenberg & Krause LLP to the Company dated the date hereof with respect to certain matters concerning the enforceability of the Warrant Agreement and the Warrants against the Company. Upon the basis of such examination, we advise you that in our opinion:

(i) The execution and delivery of the Warrant Agreement by the Company and the issuance of the Warrants have been duly authorized by all necessary corporate actions of the Company.

(ii) The Warrant Shares, when paid for and issued in accordance with the terms and conditions of the Warrant Agreement and the Warrants, will be duly authorized, validly issued, fully paid and nonassessable.

We are members of the Israel Bar, and the opinions expressed herein are limited to questions arising under the laws of the State of Israel, and we disclaim any opinion whatsoever with respect to matters governed by the laws of any other jurisdiction.

Eilenberg & Krause LLP may rely upon this opinion for the purpose of rendering their opinion dated September 15, 2010, with respect to certain matters concerning the Warrant Agreement and the Warrants.

We consent to the reference to this firm under the caption "Legal Matters" in the Registration Statement, and we consent to the filing of this opinion as an exhibit to the Registration Statement.

Sincerely,

/s/ Yigal Arnon & Co.

Yigal Arnon & Co.

EILENBERG & KRAUSE LLP

11 EAST 44TH STREET
NEW YORK, NEW YORK 10017
TELEPHONE: (212) 986-9700
FACSIMILE: (212) 986-2399

September 15, 2010

Tower Semiconductor Ltd.
Ramat Gavriel Industrial Zone
Migdal Haemek
ISRAEL

Dear Sir and Madam:

We have acted as United States counsel to Tower Semiconductor Ltd. (the "Company"), a corporation organized under the laws of the State of Israel. As such, we have participated in the preparation of the Company's registration statement on Form F-3 (the "Registration Statement") relating to the registration under the United States Securities Act of 1933, as amended, of the offering for resale by certain selling securityholders of (i) up to 25,254,070 Series J Warrants (the "Warrants") to be issued pursuant to the Warrant Agreement between the Company and American Stock Transfer & Trust Company, LLC, filed as an exhibit to the Registration Statement (the "Warrant Agreement"), and (ii) up to 25,254,070 ordinary shares of the Company, par value of 1.00 NIS each (the "Warrant Shares"), issuable upon exercise of Warrants by the selling securityholders.

In connection with the foregoing, we have examined, among other things, (i) the Registration Statement, (ii) the Warrant Agreement, (iii) the form of Warrants issued pursuant to the Warrant Agreement and (iv) originals, photocopies or conformed copies of all such corporate records, agreements, instruments and documents of the Company, certificates of public officials and other certificates and opinions, and have made such other investigations as we have deemed necessary for the purpose of rendering the opinion set forth herein. In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as photocopies or conformed copies, and the authenticity of the originals of such latter documents. We have relied, to the extent we deem such reliance proper, upon representations, statements or certificates of public officials and officers and representatives of the Company. We have also relied, with the permission of Yigal Arnon & Co., upon the legal opinion letter of Yigal Arnon & Co. to the Company dated the date hereof with respect to certain matters concerning the due authorization and execution of the Warrant Agreement and the Warrants by the Company.

Upon the basis of such examination, we advise you that in our opinion the Warrant Agreement and the Warrants constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their terms.

We are members of the Bar of the State of New York, and the opinions expressed herein are limited to questions arising under the laws of the State of New York and the federal laws of the United States of America, and we disclaim any opinion whatsoever with respect to matters governed by the laws of any other jurisdiction.

Yigal Arnon & Co. may rely upon this opinion for the purpose of rendering their opinion dated September 15, 2010, with respect to certain matters concerning the Warrant Agreement and the Warrant Shares.

We consent to the reference to this firm under the caption "Legal Matters" in the Registration Statement, and we consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ Eilenberg & Krause LLP

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form F-3 of our reports dated February 24, 2010 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, 2009, and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Brightman Almagor Zohar & Co.
A member of Deloitte Touche Tohmatsu
September 15, 2010
