As filed with the Securities and Exchange Commission on November 23, 2011 Registration No. 333-

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	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(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)

Tower Semiconductor USA
4300 Stevens Creek Blvd., Suite 175
San Jose, California 95129
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(Name, address and telephone number of agent for service)

Copies of all Correspondence to:

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11 East 44th Street
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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
Ordinary Shares, par value NIS 1.00 per share	19,678,322	$ 0.675	$ 13,282,867(2)	$ 1,522.22

(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 shareholder.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) of the Securities Act of 1933 on the basis of the average of the high and low prices, as reported on the NASDAQ Global Market on November 21, 2011. The ordinary shares we are registering are to be sold by the selling shareholder, including affiliates. We will not receive any proceeds from the sale of the ordinary shares by the selling shareholder.

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 NOVEMBER 23, 2011

PROSPECTUS

19,678,322 Ordinary Shares

This prospectus relates to the resale, from time to time, by the selling shareholder (the "Selling Shareholder") named in this prospectus of up to 19,678,322 ordinary shares which we issued in connection with our recent transaction with Micron Technology Inc.

The Selling Shareholder may, from time to time, sell any or all of their ordinary shares on any stock exchange, market or trading facility on which the shares are traded or quoted or in private transactions. For additional information on the possible methods of sale that may be used by the Selling Shareholder, you should refer to the section entitled "Plan of Distribution" elsewhere in this prospectus. We will not receive any proceeds from the sale of any ordinary shares by the Selling Shareholder.

Our ordinary shares are listed on the NASDAQ Global Market and on the Tel Aviv Stock Exchange in Israel under the symbol "TSEM." On November 22, 2011, the last reported sale price of our ordinary shares on the NASDAQ Global Market was $.066 per share and on the Tel Aviv Stock Exchange was NIS 2.43 per share.

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 ________, 2011

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ABOUT TOWER SEMICONDUCTOR LTD.

As used in this registration statement, “we,” “us,” “our,” “Tower” and “the Company” and words of similar import,, refer to Tower Semiconductor Ltd., together with its direct wholly-owned subsidiaries.

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 complementary design and 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.

- Fab 1

Tower Semiconductor Ltd. was founded in 1993, with the acquisition of National Semiconductor’s 150-mm wafer fabrication facility, or Fab 1, and commenced operations as an independent foundry with a production capacity of approximately 5,000 wafers per month. Since then, we have significantly modernized our Fab 1 facility and equipment and enhanced our process technologies to include CMOS image sensors, embedded flash and mixed-signal technologies. Depending on the process technology and product mix, we estimate Fab 1 is able to achieve capacity levels of approximately 20,000 wafers per month.

- Fab 2

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 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 45,000 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.

- Fab 3

In September 2008, we acquired Jazz Technologies in a stock for stock transaction. Jazz Semiconductor, a wholly owned subsidiary of Jazz Technologies, is an independent semiconductor foundry, which we refer to as Fab 3, located in Newport Beach, California, focused on specialty process technologies for the manufacture of analog and mixed-signal semiconductor devices (Jazz Technologies and Jazz Semiconductor are collectively referred to herein as “Jazz”). 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.

- Fab 4

In June 2011, we acquired a fabrication facility in Nishiwaki City, Hyogo, Japan from Micron Technology Inc. ('"Micron"). The assets and related business that we acquired from Micron are held and conducted through a wholly owned Japanese subsidiary, TowerJazz Japan Ltd. ("TJP") and we to refer to them as Fab 4. The facility can support geometries down to 95nm and can also be used to manufacture other products using TowerJazz process technologies.

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.

Further details about us and our operations are provided in our Annual Report on Form 20-F, and the other documents incorporated by reference into this prospectus. See "Where You Can Find More Information; Incorporation of Information by Reference". You are encouraged to thoroughly review the documents incorporated by reference into this prospectus as they contain important information concerning our business and our prospects.

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 Item 3 to our Annual Report on Form 20-F for the year ended December 31, 2010, filed with the SEC on May 17, 2011 in the section captioned "Risk Factors", which is incorporated by reference in this prospectus, as well as the risk factors set forth below. You should carefully consider these risks together with the other information in this prospectus before deciding to invest in our securities. If any of these 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.

If we cannot meet NASDAQ's continued listing requirements, NASDAQ may delist our ordinary shares, which would have an adverse impact on the liquidity and market price of our ordinary shares and limit our ability to find available financing sources to fund our on-going operations.

On September 19, 2011, NASDAQ Listing Qualifications sent a letter to us indicating that we do not meet the requirement of maintaining a minimum bid price of $1.00 per share for our listed securities as set forth in Listing Rule 5450(a)(1). We can regain compliance with this requirement if at any time during the 180-day period ending on March 19, 2012, the closing bid price for our ordinary shares is at least $1.00 per share for a minimum of ten consecutive business days. During the 180-day compliance period, our ordinary shares will continue to be listed and traded on the NASDAQ Global Market under the symbol TSEM, and will continue to be listed and traded on the Tel Aviv Stock Exchange under the same symbol. If the closing bid price of our ordinary shares is at least $1.00 per share or more for ten consecutive business days during the 180-day compliance period, we will receive written notification that we have achieved compliance with the minimum bid price requirement and our ordinary shares will continue to be listed and traded on the NASDAQ Global Market. In the event we do not regain compliance during the 180-day period ending on March 19, 2012, we will have an additional 180-day period ending September 15, 2012 to regain compliance by transferring our listing to the NASDAQ Capital Market. If our ordinary shares are transferred to be listed and traded on the NASDAQ Capital Market, no change will occur in terms of the continued trading of our ordinary shares and their continued quotation by NASDAQ, and from the perspective of the financial markets, the trading is transparent whether in The NASDAQ Capital Market or The NASDAQ Global Market. This NASDAQ letter does not affect the Company's listing on the Tel-Aviv Stock Exchange, where the Company's ordinary shares will continue to be listed and traded under the symbol TSEM with no change. There is no assurance that the closing bid price for our ordinary shares will be at least at $1.00 for more than ten consecutive business days prior to March 19, 2012, which means that we may be in a position in which we may need to choose between: (i) delisting from the NASDAQ Global Market; (ii) transferring from the NASDAQ Global Market to the NASDAQ Capital Market, which will provide us with an additional 180 day period to regain compliance with the $1.00 minimum bid price; or (iii) taking other actions to avoid the delisting of our ordinary shares, such as implementing a reverse stock split. A delisting of our ordinary shares from NASDAQ could reduce the liquidity of our ordinary shares, which may negatively affect the market price, the number of investors willing to hold or acquire our ordinary shares, and our available sources to finance our ongoing operations.

If we do not succeed in achieving the anticipated benefits of the Nishiwaki Fab acquisition, it may negatively affect our business and growth plans, and may cause a loss of current or potential customers whose business is dependent on the added capacity.

In June 2011, we completed the acquisition of Micron’s Fab in Nishiwaki, Japan. The post-acquisition operations involve known and unknown risks that could adversely affect our future revenues and operating results. For example:

- The acquisition may expose us to unanticipated liabilities.
- We may fail to successfully integrate the Nishiwaki Fab in accordance with our business strategy.
- We may be unable to retain the skilled employees and experienced management that may be necessary to operate the business we acquired and, if we cannot retain such personnel, we may be unable to attract new skilled employees and experienced management to replace them.
- We may be unable to achieve the full benefits of the anticipated efficiencies from acquiring the Nishiwaki fab, which might negatively affect our future financial results. Achieving the anticipated short-term and long-term benefits of the acquisition depends in particular on achieving the initially-anticipated cost synergies, the optimal utilization of existing and newly acquired support resources and the combination and integration of our significant global activities. There can be no assurance that these objectives will be achieved successfully, which may adversely affect our operations, business and growth plans.

Our plans to ramp-up the Nishiwaki Fab require significant capital expenditures, the funds for which may not be available, thereby having an adverse effect on our operations and business.

To date, the Nishiwaki Fab has served as a fabrication facility for Micron’s products. We plan to ramp-up the Nishiwaki Fab to allow transfers of our internal process technologies to this facility, as well as those of other customers, to manufacture a wide range of products. Such a ramp-up will require significant capital expenditures and transfer and qualification of technologies. In order for TJP to have sufficient funds for such a ramp-up, TJP will need to capture new customers and maintain a sufficient level of demand from Micron for its products that enables us to cover our expenses in Nishiwaki until the ramp-up of new customers’ products. In the event that TJP is unable to obtain such funds from its business and operation, the Company’s financial results may be adversely affected.

We have a material amount of debt which may have significant negative consequences, and there is no assurance that we will be able to obtain sufficient funding sources in a timely manner to allow us to fully or partially repay our short term and long term debt obligations and other liabilities.

We have a material amount of debt and other liabilities. As of September 30, 2011, we had (i) approximately $146 million of outstanding bank debt under our amended facility agreement, of which approximately $15 million was presented as short term and (ii) approximately $223 million of debt in respect of outstanding convertible and non-convertible debentures, to be repaid between 2011 to 2016, of which approximately $55 million is payable within one year. In addition, as of September 30, 2011, Jazz had (i) approximately $16 million of outstanding bank debt under its bank loan agreement, of which approximately $6 million was presented as short term debt, and (ii) approximately $129 million of debt from outstanding notes to be repaid in 2011 and in 2015, of which approximately $35 million is payable within one year. Tower has not guaranteed any of Jazz's debt, including Jazz's debt under its bank loan and Jazz's debt to its note holders and Jazz has not guaranteed any of Tower's debt, including Tower's debt under its bank loan and debentures debt.

Our debt and liabilities could have significant negative consequences, including:

- requiring the use of a substantial portion of our cash flow from operating activities to service our indebtedness rather than investing our cash flows to fund our growth plans, working capital and capital expenditures;
- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete;
- placing us at a competitive disadvantage with respect to less leveraged competitors and competitors that have better access to capital resources;
- increasing our non-cash financing expenses due to increases in the fair value of our debt obligations, which may cause our potential gross and operating profits to result in a net loss or may increase our net loss or reduce our net profits (such non-cash appreciation in our obligations and non-cash financing expenses will either eventually be reversed or be converted into equity, or a combination thereto); and/or
- enforcement by the banks of their liens against Tower and Jazz's respective assets, as applicable (in the event of default).

During the past two years, we experienced business and financial improvement, as reflected by the improvement in our revenue and margins as compared to the period prior to mid-2009 which was also negatively affected by the global economic downturn that commenced in 2008. However, recent analyst reports indicate that the semiconductor industry is experiencing a reduced rate of growth and there are signs of weakening customer demand. Following recent difficult times in worldwide financial and other markets, market analysts are currently cautious regarding global economic conditions forecasted for the short and mid-term future, and there is no assurance that the global economic conditions will not negatively affect our business and financial position. There is no assurance that another downturn in the semiconductor industry and/or in the global economy will not occur. The effects of another downturn in the semiconductor industry and/or in the global economy may include global decreased demand, downward price pressure, excess inventory and unutilized capacity worldwide, which may negatively impact consumer and customer demand for our products and the end products of our customers, as well as commercial relationships with our customers, suppliers, and creditors, including our lenders and our ability to raise funds in the capital markets. A downturn in the semiconductor industry and/or in the global economy may adversely affect our plans to continue capacity growth, and our future financial results and position, including our ability to raise funds in the capital markets and to fulfill short term and long term debt obligations and other liabilities, comprised mainly of banks' loans and debentures.

In order to finance our debt and other liabilities and obligations, in addition to cash on hand and expected cash flow from our ongoing operations, we continue to explore measures to obtain funds from additional sources including debt re-financing, sales of new securities, opportunities for the sale and lease-back of a portion of Tower's real estate assets, sale of other assets, intellectual property licensing, submitting reports with the Israeli Investment Center which are yet to be reviewed and approved in order to receive the recently approved grants under our approval certificate, as well as debt and/or equity restructuring and additional alternatives to reduce our debt. However, there is no assurance that we will be able to obtain sufficient funding from the financing sources detailed above or other sources in a timely manner in order to allow us to fully or partially repay our short term and long term debt and other liabilities and obligations in a timely manner and fund our growth plans, working capital needs and capital expenditures.

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 (the "Securities Act"). 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 September 30, 2011 on an actual basis. This table was prepared in accordance with US GAAP and the financial data is derived from our interim consolidated financial statements as of September 30, 2011.

	(US dollars in thousands)	
Short term bank debt and current maturities of debentures		$ 121,298
Long-term loans from banks		100,134
Debentures		230,770
Long-term customers' advances		9,266
Employees related liabilities		101,014
Other long-term liabilities		50,278
Shareholders' equity:		
Ordinary Shares, NIS 1.00 par value per share; 1,100,000,000 authorized shares, 319,525,529 issued shares* and 318,225,529 outstanding shares	$ 83,003	
Additional paid-in capital	820,394	
Capital notes	311,472	
Cumulative stock based compensation	35,195	
Accumulated other comprehensive loss	(2,166)	
Foreign currency translation adjustments	5,136	
Accumulated deficit	(1,053,640)	
Treasury stock, 1,300,000 shares	(9,072)	
Total shareholders' equity		190,322
Total capitalization		$ 989,265

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*Includes 1,300,000 treasury shares

The information set forth on an actual basis in the foregoing table excludes the following securities as of October 31, 2011:

(i) approximately 28.5 million ordinary shares issuable upon exercise of options granted to employees and directors at a weighted average exercise price of $1.14;

(ii) 27.3 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) 1.3 million ordinary shares issuable upon exercise of warrants issued to our banks in connection with our credit facility with an exercise price of $0.79 per share exercisable until December 2015;

(i) 21.6 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 $1.31;

(ii) 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;

(iii) 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.;

(iv) 28.5 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 $1.34;

(v) 3.0 million ordinary shares issuable upon exercise of the warrants series I issued in our March 2007 private placement at an exercise price of $0.74 exercisable until March 2012;

(vi) 25.3 million ordinary shares issuable upon exercise of warrants series J with an exercise price of $1.70 per share and exercisable until June 2015; and

(vii) ordinary shares issuable upon conversion of approximately $100 million of our 2010 Series F convertible debentures which first become convertible in September 2012. The conversion price for Series F convertible debentures shall be equal to 120% of the average trading price of our ordinary shares on the Tel-Aviv Stock Exchange during the 15 trading days before September 18, 2012, provided that in no event will the exercise price be more than NIS 6.5 or less than NIS 1.0. For additional information, see Note 12 to our 2010 consolidated annual financial statements contained in our Annual Report on Form 20-F for the year ended December 31, 2010.

USE OF PROCEEDS

All of the proceeds from the sale of the ordinary shares offered under this prospectus are for the account of the Selling Stockholder. Accordingly, we will not receive any proceeds from the sales of these securities.

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:

	NASDAQ Global Market		Tel Aviv Stock Exchange	
Period	**High ($)**	**Low ($)**	**High (NIS)**	**Low (NIS)**
October 2011	0.87	0.60	3.18	2.29
September 2011	0.80	0.62	2.87	2.31
August 2011	1.09	0.71	3.81	2.57
July 2011	1.20	1.02	4.10	3.55
June 2011	1.26	1.02	4.18	3.49
May 2011	1.34	1.15	4.57	4.02
Fourth Quarter through November 22, 2011	0.87	0.60	3.18	2.29
Third Quarter 2011	1.20	0.62	4.10	2.31
Second Quarter 2011	1.45	1.02	5.07	3.49
First Quarter 2011	1.54	1.15	5.49	4.10
Fourth Quarter 2010	1.69	1.34	6.00	4.85
Third Quarter2010	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
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

On November 22, 2011, the last reported sale price of the ordinary shares was $ 0.66 on the Nasdaq Global Market and NIS 2.43 on the Tel Aviv Stock Exchange.

PLAN OF DISTRIBUTION

The Selling Shareholder and any of its pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, subject to the lock-up agreement with the Company, sell any or all of their Company ordinary shares on any stock exchange, market or trading facility on which the shares are traded or quoted or in private transactions. These sales may be at fixed or negotiated prices. The Selling Shareholder may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits the purchaser;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- to cover short sales made after the date that this Registration Statement is declared effective by the Commission;
- broker-dealers may agree with the Selling Shareholder to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The Selling Shareholder may also sell shares under Rule 144 under the Securities Act or pursuant to any other exemption from the registration requirements of Section 5 of the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Shareholder may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Shareholder (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The Selling Shareholder does not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The Selling Shareholder may from time to time pledge or grant a security interest in some or all of the Shares owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell ordinary shares from time to time under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933 amending the list of Selling Shareholders to include the pledgee, transferee or other successors in interest as Selling Shareholders under this prospectus.

Upon the Company being notified in writing by a Selling Shareholder that any material arrangement has been entered into with a broker-dealer for the sale of ordinary shares through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such Selling Shareholder and of the participating broker-dealer(s), (ii) the number of shares involved, (iii) the price at which such ordinary shares are to be offered, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, and (vi) other facts material to the transaction. In addition, upon the Company being notified in writing by a Selling Shareholder that a donee or pledgee intends to sell more than 500 ordinary shares, a supplement to this prospectus will be filed if then required in accordance with applicable securities law.

The Company has advised the Selling Shareholder that it may not use shares registered on this Registration Statement to cover short sales of ordinary shares made prior to the date on which this Registration Statement shall have been declared effective by the Commission. If a Selling Shareholder uses this prospectus for any sale of the ordinary shares, it will be subject to the prospectus delivery requirements of the Securities Act. The Selling Shareholder will be responsible to comply with the applicable provisions of the Securities Act and Securities Act of 1933, as amended (the “Exchange Act”), and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such Selling Shareholder in connection with resales of their respective shares under this Registration Statement.

The Company is required to pay all fees and expenses incident to the registration of the shares, but the Company will not receive any proceeds from the sale of the ordinary shares. The Company has agreed to indemnify the Selling Shareholder against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

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	$	1,522.22
Accounting fees		10,000
Legal fees and expenses		15,000
Miscellaneous		2,000
Total	$	28,522.22

SELLING SHAREHOLDER

Beneficial Ownership and Other Information

The Selling Shareholder is Micron. In accordance with the terms of our Shareholder Rights and Restriction Agreement with Micron on June 3, 2011, we issued 19,678,322 of our ordinary shares to Micron. Under the agreement, the shares issued to Micron are subject to a lock-up arrangement that commenced in June 2011 and that provides for releases of 25% of the shares every six months thereafter.

The term “Selling Shareholder” 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 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 under the section entitled "Pro Forma Financial Information", we have not had any material relationships with the Selling Shareholder in the past three years.

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

The information in the table below is as of October 31, 2011 and is based solely upon information provided by the Selling Shareholder. Although the Selling Shareholder has not expressed a specific intention as to a number of shares to be sold, the following table assumes that the Selling Shareholder will sell all of the securities owned by it and covered by this prospectus. Except as set forth in the footnotes to the table, other than the ordinary shares covered by this prospectus and offered hereby, the Selling Shareholder does not 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 Shareholder will sell any or all of the securities. Information included in the table is based upon information provided by the Selling Shareholder.

The Selling Shareholder has represented to us that it did not have an agreement or understanding, directly or indirectly, with any person to distribute the securities at the time it purchased the securities.

Names and Addresses	Securities Being Offered	Securities Beneficially Owned Prior to Offering / Percentage of Class (1)	Securities Beneficially Owned Upon Completion of Offering / Percentage of Class
Micron Technology Inc. (2) 8000 S Federal Way PO Box 6 Boise, ID 83716-9632	19,678,322 shares	19,678,322 shares / 6.18%	0 shares/ 0.0%

1. Beneficial ownership is calculated as of October 31, 2011 in accordance with General Instruction F. to Form 20-F and is based on 318,238,029 ordinary shares outstanding (including the 19,678,322 shares to be offered to the Selling Shareholder).

2. This Selling Shareholder is a public company registered under the Exchange Act.

DESCRIPTION OF SHARE CAPITAL

Ordinary Shares

Our authorized share capital consists of 1,100,000,000 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.

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.

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) require the affirmative vote (at a meeting convened upon advance notice of no less than twenty one 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 meetings 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 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 meetings 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.

As of October 31, 2011, 318,238,029 of our ordinary shares were outstanding. 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.

FOREIGN EXCHANGE CONTROLS AND OTHER LIMITATIONS

Israeli law limits foreign currency transactions and transactions between Israeli and non-Israeli residents. The Controller of Foreign Exchange at the Bank of Israel, through "general" and "special" permits, may regulate or waive these limitations. In May 1998, the Bank of Israel liberalized its foreign currency regulations by issuing a new "general permit" providing that foreign currency transactions are generally permitted, although some restrictions still apply. Under the new general permit, all foreign currency transactions must be reported to the Bank of Israel, and a foreign resident must report to his financial mediator about any contract for which Israeli currency is being deposited in, or withdrawn from, his account.

The State of Israel generally does not restrict the ownership or voting 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.

TAXATION

The below discussion does not purport to be an official interpretation of the tax law provisions mentioned therein or to be a comprehensive description of all tax law provisions which might apply to our securities or to reflect the views of the relevant tax authorities, and it is not meant to replace professional advice in these matters. The below discussion is based on current, applicable tax law, which may be changed by future legislation or reforms. In this respect, it should be noted that the Trachtenberg Committee recommendations which were adopted recently by the Israeli government are expected to increase the Israeli tax burden for corporations, shareholders and others (e.g., increase in corporate income tax rate and in dividend income tax rates for substantial shareholder and non substantial holder, etc.). These recommendations have not been enacted yet and therefore the discussion below addresses the current applicable law.

Non-residents should obtain professional tax advice with respect to the tax consequences under the laws of their countries of residence of holding or selling our securities.

A. Israeli Capital Gains Tax

Until the end of the year 2002 and provided we maintained our status as an "Industrial Corporation", capital gains from the sale of our securities were generally exempt from Israeli Capital Gains Tax. This exemption did not apply to a shareholder whose taxable income was determined pursuant to the Israeli Income Tax Law (Inflationary Adjustments) 1985, or to a person whose gains from selling or otherwise disposing of our securities were deemed to be business income.

On January 1, 2006 an amendment to the Israeli tax regime became effective (the "2006 Tax Reform"). The 2006 Tax Reform significantly changed the tax rates applicable to income derived from shares.

According to the 2006 Tax Reform, an individual is subject to a 20% tax rate on real capital gains derived from the sale of shares, as long as the individual is not a "substantial shareholder" (generally a shareholder with 10% or more of the right to profits, right to nominate a director or voting rights) in the company issuing the shares (this may be changed to a rate of 25% if the Trachtenberg Committee recommendations are implemented).

A substantial shareholder will be subject to tax at a rate of 25% in respect of real capital gains derived from the sale of shares issued by the company in which he or she is a substantial shareholder (may be changed to a rate of 30% if the Trachtenberg Committee recommendations are implemented). The determination of whether the individual is a substantial shareholder will be made on the date that the securities are sold. In addition, the individual will be deemed to be a substantial shareholder if at any time during the 12 months preceding this date he or she had been a substantial shareholder.

Corporations will be generally subject to corporate tax rates in respect of total income, including capital gains, with the corporate tax rate reduced gradually from 25% in 2010; the corporate tax rate is scheduled to be reduced each year thereafter until it reaches 18% in the year 2016. To the extent the Trachtenberg Committee recommendations are implemented, the reduction of the corporate tax rate is expected to stop at 25%.

Non-Israeli residents are exempt from Israeli capital gains tax on any gains derived from the sale of shares in an Israeli corporation publicly traded on the TASE and/or on a foreign stock exchange, provided such gains do not derive from a permanent establishment of such shareholders in Israel and that such shareholders did not acquire their shares prior to the issuer’s initial public offering. However, non-Israeli corporations will not be entitled to such exemption if an Israeli resident (i) has a controlling interest of 25% or more in such non-Israeli corporation, or (ii) is the beneficiary of or is entitled to 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly.

In some instances where our shareholders may be liable to Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at the source.

Pursuant to the treaty between the Governments of the United States and Israel with respect to taxes on income, or the U.S.-Israel tax treaty, the sale, exchange or disposition of our ordinary shares by a person who qualifies as a resident of the United States under the treaty and who is entitled to claim the benefits afforded to him by the treaty, will generally not be subject to Israeli capital gains tax. This exemption shall not apply to a person who held, directly or indirectly, shares representing 10% or more of the voting power in our company during any part of the 12-month period preceding the sale, exchange or disposition, subject to certain conditions. A sale, exchange or disposition of our shares by a U.S. resident qualified under the treaty, who held, directly or indirectly, shares representing 10% or more of the voting power in our company at any time during the preceding 12-month period would be subject to Israeli tax, to the extent applicable; however, under the treaty, this U.S. resident would be permitted, under certain conditions, to claim a credit for these taxes against the U.S. income tax with respect to the sale, exchange or disposition, subject to the limitations in U.S. laws applicable to foreign tax credits.

B. Israeli Tax on Dividend Income

On distributions of dividends other than bonus shares, or stock dividends, to Israeli individuals and foreign resident individuals and foreign resident corporations we would be required to withhold income tax at the rate of 20% (this rate may also be changed by legislation following the Trachtenberg Committee). If the income out of which the dividend is being paid is attributable to an Approved Enterprise under the Law for the Encouragement of Capital Investments, 1959, the rate is generally not more than 15%. A different rate may be provided for in a treaty between Israel and the shareholder's country of residence.

Under the US-Israel Tax Treaty, Israeli withholding tax on dividends paid to a US treaty resident may not, in general, exceed 25%, or 15% in the case of dividends paid out of the profits of an Approved Enterprise, subject to certain conditions. Where the recipient is a US corporation owning 10% or more of the voting stock of the paying corporation and the dividend is not paid from the profits of an Approved Enterprise, the Israeli tax withheld may not exceed 12.5%, subject to certain conditions.

Recently, new legislation amending the Investment Law was adopted. Under this new legislation, a uniform corporate tax rate will apply to all qualifying income of certain industrial Companies (requirement of a minimum export of 25% of the company's total turnover), as opposed to the current law's incentives, which are limited to income from Approved Enterprises during their benefits period. Under the new law, the uniform tax rate will be 10% in areas in Israel designated as Development Zone A and 15% elsewhere in Israel during 2011-2012, 7% and 12.5%, respectively, in 2013-2014, and 6% and 12%, respectively thereafter. The profits of these Industrial Companies will be freely distributable as dividends, subject to a 15% withholding tax (or lower, under an applicable tax treaty).

D. PFIC Rules

A non-U.S. corporation will be classified as a passive foreign investment company, or a PFIC, for U.S. federal income tax purposes if either (i) 75% or more of its gross income for the taxable year is passive income, or (ii) on a quarterly average for the taxable year by value (or, if it is not a publicly traded corporation and so elects, by adjusted basis), 50% or more of its gross assets produce or are held for the production of passive income.

We do not believe that we satisfied either of the tests for PFIC status in 2010 or in any prior year. However, there can be no assurance that we will not be a PFIC in 2011 or a later year. If, for example, the "passive income" earned by us exceeds 75% or more of our "gross income", we will be a PFIC under the "income test". Passive income for PFIC purposes includes, among other things, gross interest, dividends, royalties, rent and annuities. The tests for determining PFIC status are applied annually and it is difficult to make accurate predictions of future income and assets, which are relevant to the determination of PFIC status.

If we were to be a PFIC at any time during a U.S. holder's holding period, such U.S. holder would be required to either: (i) pay an interest charge together with tax calculated at maximum ordinary income tax rates on "excess distributions," which is defined to include gain on a sale or other disposition of ordinary shares, or (ii) so long as the ordinary shares are "regularly traded" on a qualifying exchange, elect to recognize as ordinary income each year the excess in the fair market value, if any, of its ordinary shares at the end of the taxable year over such holder's adjusted basis in such ordinary shares and, to the extent of prior inclusions of ordinary income, recognize ordinary loss for the decrease in value of such ordinary shares (the "mark to market" election). For this purpose, the Nasdaq Global Market is a qualifying exchange. U.S. holders are strongly urged to consult their own tax advisers regarding the possible application and consequences of the PFIC rules.

DIVIDEND POLICY

Since 1998, we have not declared or paid cash dividends on any of our shares and we have no current intention of paying any cash dividends in the future. The facility agreement that we entered into with our banks, as amended, prohibits the payment of dividends.

The Companies Law also restricts our ability to declare dividends. We can only distribute dividends from profits (as defined in the law), provided that there is no reasonable concern that the dividend distribution will prevent us from meeting our existing and future expected obligations as they come due.

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 of the Company, incorporated in this prospectus by reference from our Annual Report on Form 20-F 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 and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The financial statements of Micron Japan Ltd., a subsidiary of Micron ("MJP"), as of September 2, 2010 and September 3, 2009 and for the fiscal years ended September 2, 2010, September 3, 2009 and August 28, 2008 incorporated in this Prospectus by reference have been so included in reliance on the report (which contains an explanatory paragraph relating to the Company's related party transactions as described in the Basis of Presentation Note to the financial statements) of PricewaterhouseCoopers Aarata, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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, 2010 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 and information that we file later with the SEC that is incorporated by reference herein automatically updates and supersedes any information in 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.

- Report on Form 6-K furnished to the SEC on November 23, 2011;
- Report on Form 6-K furnished to the SEC on November 15, 2011, solely with respect to the consolidated balance sheets and consolidated statements of operations annexed as part of Exhibit 99.1 thereto;

- Report on Form 6-K furnished to the SEC on September 23, 2011;
- Report on Form 6-K furnished to the SEC on August 18, 2011;
- Report on Form 6-K furnished to the SEC on August 8, 2011, with respect to the Company's interim financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations;
- Report on Form 6-K furnished to the SEC on June 6, 2011;
- Annual report on Form 20-F for the year ended December 31, 2010, filed on May 17, 2011, to the extent the information in that report has not been updated or superseded by this prospectus;
- 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.
- The description of the Company's Ordinary Shares which is contained in its Registration Statement on Form 8-A declared effective on October 25, 1994.

This prospectus shall also be deemed to incorporate by reference all subsequent annual reports filed on Form 20-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 short-swing profit recovery provisions in Section 16 of the Exchange Act. In addition, we are not required to publish financial statements as promptly as U.S. companies.

19,678,322 Ordinary Shares

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PROSPECTUS

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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.

_____________, 2011

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 8. INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Israeli Companies Law-1999, or the Companies Law, and the Israeli Securities Law – 1968, or the Securities 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;

   (c) monetary liabilities or obligations which may be imposed upon him/her in favor of other persons; and

   (d) reasonable litigation expenses, including attorneys fees, incurred by the officer as a result of an ongoing administrative enforcement proceeding instituted against him in accordance with the Securities Law; and

   (e) a payment imposed on the office holder in favor of an injured party as set forth in the Securities Law.

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;

(d) expenses, including reasonable litigation expenses and attorneys' fees, actually incurred by such office holder as a result of a proceeding instituted against such office holder in relation to infringements that may impose financial or administrative sanctions under the Securities Law; and

(e) payments made by the office holder to an injured party ordered by the Administrative Enforcement Committee pursuant to an infringement under the Securities Law.

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 Securities Law provides that a company's articles of association may provide that a company may undertake to indemnify an office holder in advance, as described in sub-sections 3(d) and 3(e) above:

The Companies Law and Securities Law provide 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:

1. a breach of his/her fiduciary duty, except to the extent described in sub-section 2(b) above;

2. 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;

3. an act or omission done with the intent to unlawfully realize personal gain;

4. a fine or monetary settlement imposed upon him/her; or

5. An administrative proceeding instituted against the officer holder under the Securities Law, except as described in sub-sections 3(d) and 3(e) above.

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

Exhibit Number	Description of Document
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”).
5.1	Opinion of Yigal Arnon & Co.
10.1	Master Agreement by and among Micron Technology, Inc., Micron Japan, Ltd. and Tower Semiconductor Ltd. dated May 25, 2011
10.2	Credit Support and Subordination Agreement, by and among Micron Technology, Inc., Micron Japan, Ltd., Tower Semiconductor Ltd., TowerJazz Japan, Ltd. (whose address is 302-2 Aza Oikenoue Hirano-cho Nishiwaki-shi Hyogo, Japan), and TowerJazz Japan, Ltd. (whose address is c/o DLA Piper Tokyo Partnership, Meiji Seimei Kan 7f, 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan) dated June 3, 2011.
10.3	Shareholder Rights and Restrictions Agreement between Micron Technology, Inc. and Tower Semiconductor Ltd. dated June 3, 2011.
23.1	Consent of Yigal Arnon & Co. (contained in their opinion constituting Exhibit 5.1)
23.2	Consent of Brightman Almagor Zohar & Co.
23.3	Consent of PricewaterhouseCoopers Aarata
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 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.

(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 November 23, 2011.

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
/s/ Amir Elstein Amir Elstein	Chairman of the Board	November 23, 2011
/s/ Russell C. Ellwanger Russell C. Ellwanger	Chief Executive Officer (Principal Executive Officer)	November 23, 2011
/s/ Oren Shirazi Oren Shirazi	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	November 23, 2011
/s/ Ilan Flato Ilan Flato	Director	November 23, 2011

______________________ Nir Gilad	Director	
/s/ Dana Gross Dana Gross	Director	November 23, 2011
/s/ Rami Guzman Rami Guzman	Director	November 23, 2011
/s/ Kalman Kaufman Kalman Kaufman	Director	November 23, 2011
/s/ Alex Kornhauser Alex Kornhauser	Director	November 23, 2011
/s/ Yoav Doppelt Yoav Doppelt	Director	November 23, 2011

AUTHORIZED REPRESENTATIVE
IN THE UNITED STATES
Tower Semiconductor USA, Inc. November 23, 2011

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

Exhibit Number	Description of Document
5.1	Opinion of Yigal Arnon & Co.
10.1	Master Agreement by and among Micron Technology, Inc., Micron Japan, Ltd. and Tower Semiconductor Ltd. dated May 25, 2011
10.2	Credit Support and Subordination Agreement, by and among Micron Technology, Inc., Micron Japan, Ltd., Tower Semiconductor Ltd., Towerjazz Japan, Ltd. and Towerjazz Japan, Ltd. dated June 3, 2011
10.3	Shareholder Rights and Restrictions Agreement between Micron Technology, Inc. and Tower Semiconductor Ltd. dated June 3, 2011
23.1	Consent of Yigal Arnon & Co. (contained in their opinion constituting Exhibit 5.1)
23.2	Consent of Brightman Almagor Zohar & Co.
23.3	Consent of PricewaterhouseCoopers Aarata
24.1	Power of Attorney (set forth on signature page)

Exhibit 5.1

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

November 23, 2011

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 the selling shareholder of up to 19,678,322 ordinary shares of the Company (the "Shares"), par value 1.00 NIS each, which have been issued in accordance with terms of that certain Master Agreement entered into as of May 25, 2011 by and among Micron Technology, Inc., Micron Japan, Ltd. and the Company.

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. Upon the basis of such examination, we advise you that in our opinion the Shares have been duly authorized and are legally issued, fully paid and nonassesable.

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.

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.

<u>Exhibit 10.1</u>

MASTER AGREEMENT

BY AND AMONG

MICRON TECHNOLOGY, INC.

MICRON JAPAN, LTD.

AND

TOWER SEMICONDUCTOR LTD.

May 25, 2011

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MASTER AGREEMENT

THIS MASTER AGREEMENT (this "***Agreement***") is made and entered into as of May 25, 2011 by and among Micron Technology, Inc., a Delaware corporation ("***Micron***"), Micron Japan, Ltd., a Japanese corporation and wholly owned subsidiary of Micron ("***MJP***" and collectively with Micron, the "***Seller Group***") and Tower Semiconductor Ltd., an Israeli company ("***Tower***"). Micron, MJP, Tower and, upon execution and delivery of a Joinder Agreement substantially in the form attached hereto as Exhibit A (a "***Joinder Agreement***"), Newco (as hereinafter defined) and Acquisition Sub (as hereinafter defined), are referred to individually as a "***Party***" and collectively herein as the "***Parties***."

RECITALS

A. MJP is, among other things, engaged in the business of manufacturing probed DRAM, CMOS image sensor and FCOS microdisplay semiconductor wafers at a 200mm wafer fabrication facility located in Nishiwaki, Japan.

B. At the Closing (as hereinafter defined), (i) the Business Assets (as hereinafter defined) and the Assumed Liabilities (as hereinafter defined) shall be assigned by MJP to a yet-to-be incorporated wholly owned Japanese subsidiary of MJP, which will be incorporated under the name Towerjazz Japan, Ltd. ("***Newco***"), with an address at 302-2 Aza Oikenoue Hirano-cho Nishiwaki-shi Hyogo, Japan, pursuant to a company split (*Shinsetsu Bunkatsu*) in exchange for which Newco shall issue and deliver to MJP 200 of Newco's ordinary shares, constituting 100% of Newco's issued share capital (the "***Newco Shares***"), upon the terms and subject to the conditions set forth herein (the "***Company Split***"), (ii) Newco shall execute and deliver to the other Parties a Joinder Agreement, upon which Newco shall become a Party for all purposes of this Agreement, (iii) Tower shall cause Towerjazz Japan, Ltd., a wholly owned subsidiary of Tower ("***Acquisition Sub***") to be duly incorporated as a Japanese corporation, with an address at C/O DLA Piper Tokyo Partnership, Meiji Seimei Kan 7f, 1-1, Marunouchi 2-Chome, Chiyoda-Ku, Tokyo, Japan (iv) Acquisition Sub shall execute and deliver to the other Parties a Joinder Agreement, upon which Acquisition Sub shall become a Party for all purposes of this Agreement.

C. Immediately following the Company Split, MJP shall sell to Acquisition Sub, and Acquisition Sub shall purchase from MJP, all of the Newco Shares, upon the terms and subject to the conditions set forth herein (the "***Share Acquisition***").

D. In connection with the transactions contemplated by this Agreement, certain of the Parties shall enter into (i) a Wafer Supply Agreement substantially in the form attached hereto as Exhibit B (the "***Supply Agreement***"), (ii) the Services Agreements substantially in the forms attached hereto as Exhibit C-1 and Exhibit C-2 (together, the "***Services Agreements***"), (iii) the Site License Agreements substantially in the forms attached hereto as Exhibit D-1 and Exhibit D-2 (together, the "***Site License Agreements***"), (iv) a Technology Transfer and License Agreement substantially in the form attached hereto as Exhibit E (the "***TTLA***"), (v) a Credit Support and Subordination Agreement substantially in the form attached hereto as Exhibit F (the "***Credit Support Agreement***"), (vi) the Factory Foundation Revolving Mortgage and Revolving Mortgage (*Kojo Zaidan Neteitoken* and *Neteito-Ken*, respectively) Agreements substantially in the forms attached hereto as Exhibit G-1, Exhibit G-2, Exhibit G-3 and Exhibit G-4 (together, the "***Factory Foundation Security Agreements***"), (vii) the Agreement Regarding the Creation of Security Interest (Inventory) in substantially the form attached hereto as Exhibit G-5 and the Agreement Regarding the Creation of Security Interest (Accounts Receivable) in substantially the form attached hereto as Exhibit G-6 (together, the "***Security Interest Agreements***" and, collectively with the Factory Foundation Security Agreements, the "***Security Agreements***") and (viii) a Shareholder Rights and Restrictions Agreement substantially in the form attached hereto as Exhibit H (the "***SHRRA***").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises, and the representations, warranties, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged and accepted, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

1.1 "***Acquisition Sub***" shall have the meaning ascribed to such term in the Preamble.

1.2 "***Additional Pension Amount***" means the aggregate amount, if any, by which the Cash Consideration is reduced pursuant to Section 5.8(f).

1.3 "***affiliate***" of any Person means any Person that controls, is controlled by, or is under common control with such Person. As used herein, the term "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities or other interests, by contract or otherwise.

1.4 "***Aggregate Purchase Price***" shall have the meaning ascribed to such term in Section 2.3.

1.5 "***Agreement***" shall have the meaning ascribed to such term in the Preamble.

1.6 "***Ancillary Agreements***" means the Joinder Agreements, the Supply Agreement, the Services Agreements, the Site License Agreements, the TTLA, the Credit Support Agreement, the Security Agreements, and the SHRRA.

1.7 "***Assumed Liabilities***" shall have the meaning ascribed to such term in Section 2.1(d).

1.8 "***Balance Sheet Date***" shall have the meaning ascribed to such term in Section 4.6(c).

1.9 “***Bank Accounts***” means MJP’s bank accounts with the Tokyo Main Office of the Sumitomo Mitsui Banking Corporation, the last four digits of such accounts ending in 9160 (JPY Account) / 7695 (USD Account) / 6633 (JPY Tax Account)], but, in each case, excluding (i) any deposits in said accounts as of the Closing, which shall be Excluded Assets, and (ii) any standing orders or other similar pending obligations under such accounts as of the Closing, which shall be Excluded Liabilities.

1.10 “***Business***” means the business of manufacturing probed DRAM, CMOS Image Sensor and Display Product semiconductor wafers at the Fab as conducted by MJP as of the date hereof.

1.11 “***Business Assets***” shall have the meaning ascribed to such term in Section 2.1(b).

1.12 “***Business Benefit Plans***” shall have the meaning ascribed to such term in Section 3.13(a).

1.13 “***Business Contracts***” means all contracts between MJP and any third party that are in effect and primarily related to the Business (other than contracts relating to Intellectual Property, including software and licenses therefor, except for those contracts relating to Intellectual Property identified on Schedule 1.13), which contracts are listed on Schedule 1.13, as such Schedule may be updated by the Seller Group prior to the Closing to list any additional contracts between MJP and any third party that are entered into after the date hereof and are primarily related to the Business (other than (i) contracts relating to Intellectual Property, including software and licenses therefor, except for those contracts relating to Intellectual Property identified on Schedule 1.13 as so updated and (ii) contracts entered into in violation of the terms hereof), or to the extent contemplated by or otherwise provided for under this Agreement. For purposes hereof, the term “***Business Contracts***” shall not include (A) any contract between Micron or any affiliate of Micron, other than MJP, on the one hand, and MJP, on the other hand (unless otherwise identified on Schedule 1.13), (B) any other contract to which Micron or any affiliate of Micron (other than MJP) is a party (unless otherwise identified on Schedule 1.13), (C) the Transferred Employee Contracts, (D) the Leases, (E) any purchase orders with vendors or suppliers to the Business that the Seller Group cancels at or prior to the Closing in accordance with Section 5.23 hereof or (F) without derogating from Section 2.6 and Section 6.2(g), any contracts that are Non-Assignable Assets for which any necessary consents for the conveyance, assignment, transfer or delivery are not obtained.

1.14 “***business day***” means a day that is not a Saturday, a Sunday or a statutory or civic holiday in New York, New York, Tel Aviv, Israel or Tokyo, Japan or any other day on which banking institutions are not required to be open in New York, New York, Tel Aviv, Israel or Tokyo, Japan.

1.15 “***Business Disclosure Schedule***” shall have the meaning ascribed to such term in Article III.

1.16 “***Business Employees***” means the employees of MJP who are primarily engaged in the Business, which employees are listed on Schedule 1.16, as such Schedule may be updated by the Seller Group prior to the Closing to reflect the departure of Business Employees after the date of this Agreement and/or the hiring of employees after the date of this Agreement that are Business Employees.

1.17 “***Business Financial Statements***” shall have the meaning ascribed to such term in Section 5.20.

1.18 “***Business Records***” means all books, records, ledgers and files or other similar information of MJP used or held for use in the operation or conduct of the Business, including organizational documents, minute books, share registers, Tax and accounting records, filings with Governmental Entities, price lists, customer lists, mailing lists, warranty information, catalogs, sales promotion literature, advertising materials, brochures, standard forms of documents, research materials and product testing reports required by any Governmental Entity.

1.19 “***Business Spare Parts***” means all spare parts and other supplies primarily used or held for use by MJP in the Business, wherever located, other than the Retained Spare Parts.

1.20 “***Business Tangible Personal Property***” means all tangible personal property, including all machinery, equipment and tools, furniture and furnishings, computers and computer supplies, office materials and supplies, primarily used or held for use by MJP in the Business and located at the Fab as of the Closing, and all personal productivity assets owned by MJP associated with Transferred Employees such as personal data assistants, cellular phones and personal computers, but excluding the Business Records. Schedule 1.20 lists each item of the Business Tangible Personal Property with an original purchase value of $10,000 or more that has been capitalized on MJP’s balance sheet as of the date hereof. Schedule 1.20 may be updated by the Seller Group prior to Closing to list any additional capitalized tangible personal property with an original purchase value of $10,000 or more acquired by MJP after the date hereof that is primarily related to the Business.

1.21 “***Business Tools***” means collectively those tools listed on Schedule 1.21, which as of the date of this Agreement are owned by Micron, and the title of which shall be transferred by Micron to MJP prior to the Company Split in accordance with Section 5.10(a).

1.22 “***Buyer Group***” means Tower and, following its incorporation, Acquisition Sub. For the purposes of this Agreement, references to the members of the Buyer Group shall mean Tower and, following the incorporation of Acquisition Sub, Tower and Acquisition Sub, and representations and warranties made herein by Acquisition Sub as a member of the Buyer Group prior to the time of its incorporation shall be deemed to be made by Acquisition Sub as of and following its incorporation.

1.23 “***Buyer Group Certificate***” shall have the meaning ascribed to such term in Section 6.3(c).

1.24 “***Buyer Group Closing Deliverables***” shall have the meaning ascribed to such term in Section 2.4(d).

1.25 "***Buyer Group Indemnified Party***" shall have the meaning ascribed to such term in Section 7.2(a).

1.26 "***Buyer Group Material Adverse Effect***" means any change, effect or circumstance (such item, an "***Effect***") that is materially adverse to (i) the business, financial condition or results of operations of Tower and its subsidiaries, taken as a whole, or (ii) the ability of any member of the Buyer Group to perform its obligations under or consummate the transactions contemplated by this Agreement or any of the Ancillary Agreements; *provided*, *however*, that in no event shall any of the following be taken into account in determining whether there has been or will be a Buyer Group Material Adverse Effect: (A) any Effect that is the result of general market or political factors or economic factors affecting the economy as a whole (other than fluctuations in the value of any currency), (B) any Effect that is the result of factors generally affecting the industry or specific markets in which Tower operates, (C) any Effect that is the result of an outbreak or escalation of hostilities involving Israel, Japan or the United States, the declaration by Israel, Japan or the United States of a national emergency or war, or the occurrence of any acts of terrorism, (D) any change in the price per share of Tower's ordinary shares or a change in the trading volume of Tower's ordinary shares (but not, in each case, the underlying cause of any such changes), (E) failing to meet or otherwise satisfy analyst or other third party expectations relating to Tower's results of operations (but not the underlying cause of any such failure), (F) any Effect arising out of or resulting from actions contemplated by the Parties in connection with this Agreement or that is attributable to the announcement or performance of this Agreement or the transactions contemplated by this Agreement (including a loss of customers or employees) or (G) any Effect arising from any change in any applicable Law.

1.27 "***Capital Contribution***" shall have the meaning ascribed to such term in Section 5.3.

1.28 "***Cash Consideration***" shall have the meaning ascribed to such term in Section 2.3

1.29 "***Claim***" shall have the meaning ascribed to such term in Section 7.5(a).

1.30 "***Closing***" shall have the meaning ascribed to such term in Section 2.4(a).

1.31 "***Closing Date***" shall have the meaning ascribed to such term in Section 2.4(a).

1.32 "***Company Split***" shall have the meaning ascribed to such term in paragraph B of the Recitals.

1.33 "***Company Split Plan***" shall have the meaning ascribed to such term in Section 2.1.

1.34 "***Competitor***" means (i) those Persons set forth on Schedule 1.34, and any controlled affiliates of any of the Persons set forth on Schedule 1.34; (ii) any successor-in-interest of any of the Persons referenced in (i) above and any successors to all or substantially all of their respective Memory Products, Image Sensors and/or Display Products businesses; (iii) any other company with respect to which one or more of the companies set forth in (i) above has control; or (iv) a company whose financial statements are publicly available via the U.S. Securities and Exchange Commission's EDGAR system that manufactures Memory Products, Image Sensors and/or Display Products in wafer form and that derives (either on a consolidated or standalone basis) at least twenty-five percent (25%) of its revenue from the manufacture or sale of Memory Products, Image Sensors and/or Display Products (based on the last fiscal year for which such financial statements are publicly available).

1.35 “***Confidentiality Agreement***” shall have the meaning ascribed to such term in Section 5.7.

1.36 “***Consent Period***” shall have the meaning ascribed to such term in Section 5.19(c).

1.37 “***Consigned Assets***” means all inventory and assets on consignment to MJP, wherever located. Schedule 1.36 lists the Consigned Assets located at the Fab as of the date hereof, which Schedule may be updated by the Seller Group prior to Closing to list consignment to MJP of any additional such Consigned Assets after the date hereof.

1.38 “***Contamination***” shall mean any hazardous material which is present in the soil, groundwater, surface water, air or building materials of a property in a concentration that (i) exceeds the concentration allowed by applicable Environmental Laws and/or (ii) poses a serious threat to human health or the environment.

1.39 “***Credit Support Agreement***” shall have the meaning ascribed to such term in paragraph D of the Recitals.

1.40 “***Display Product***” shall mean a semiconductor integrated circuit device on a silicon substrate configured to operate as a display panel using ferroelectric liquid-crystal-on-silicon (FLOCS) technology. “***Display Product***” does not and shall not include any Image Sensors or Memory Products.

1.41 “***Effect***” shall have the meaning ascribed to such term in Section 1.26.

1.42 “***Encumbrance***” means any material lien, encumbrance, mortgage, pledge, easement or other similar restriction affecting the Business Assets or the Newco Shares (other than any such lien, encumbrance, mortgage, pledge, easement or other similar restriction imposed on the Business Assets or the Newco Shares (i) by any member of the Buyer Group or (ii) as contemplated by this Agreement or any of the Ancillary Agreements).

1.43 “***End Date***” shall have the meaning ascribed to such term in Section 7.1.

1.44 “***Environmental Law***” means any and all Japanese Laws relating to the environment which regulate (i) air, water and soil contamination, (ii) level of noise, vibration or odor, (iii) hazardous chemical substances and (iv) waste disposal, all as amended as of the date hereof.

1.45 “***Environmental Matter***” means with respect to the Business, any matter relating to compliance with Environmental Laws, Contamination or compliance with Environmental Permits.

1.46 "***Environmental Permit***" means any material permit, license or authorization issued by a Governmental Entity required by Environmental Laws for the operations of the Business.

1.47 "***Exchange Act***" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.48 "***Excluded Assets***" shall have the meaning ascribed to such term in Section 2.1(c).

1.49 "***Excluded Employee Liabilities***" means all Liabilities (i) for wages due and owing to the Transferred Employees as of the Closing for work performed as of the Closing, (ii) for benefits that are due and owing to the Transferred Employees at or prior to the Closing (which, for the avoidance of doubt, shall not include the seasonal bonus amounts referenced in Section 5.8(h), any amounts with respect to the Retirement Allowance Plan or any other amounts that have accrued but are not due and owing as of the Closing), (iii) for employment taxes related to such wages and benefits which are required to be paid under applicable Law, (iv) with respect to employees of MJP that are not Transferred Employees and (v) with respect to Transferred Employee Equity.

1.50 "***Excluded Liabilities***" shall have the meaning ascribed to such term in Section 2.1(e).

1.51 "***Exclusive Permits***" means all Permits exclusively related to the Business. Schedule 1.51 sets forth a list of Exclusive Permits held by MJP as of the date of this Agreement.

1.52 "***Fab***" means the 200mm wafer fabrication facility of MJP located at 302-2, Aza-Oikenoue, Hirano-cho, Nishiwaki, Hyogo 677-0063, Japan.

1.53 "***Factory Foundation Security Agreements***" shall have the meaning ascribed to such term in paragraph D of the Recitals.

1.54 "***Finished Goods***" means any wafer or component that has completed probe.

1.55 "***GAAP***" means accounting principles generally acceptable in the United States of America applied in a manner consistent with the relevant company's regular accounting policies.

1.56 "***Governmental Entity***" shall have the meaning ascribed to such term in Section 3.3.

1.57 "***Image Sensor***" means a semiconductor integrated circuit device on a single silicon substrate having one or more photo elements (such as photodiodes or photogates), such integrated circuit device having the primary functionality of receiving light, converting it into an electromagnetic representation of the information in the light. "***Image Sensor***" does not and shall not include any Memory Products or Display Products.

1.58 "***Indemnified Party***" shall have the meaning ascribed to such term in Section 7.3(c).

1.59 "***Indemnifying Party***" shall have the meaning ascribed to such term in Section 7.3(c).

1.60 "***Indemnity Agreements***" shall have the meaning ascribed to such term in Section 7.7(d).

1.61 "***Intellectual Property***" means all (i) patents and patent applications, (ii) copyrights and registrations thereof, (iii) computer software, data and documentation, (iv) trade secrets and confidential business information, whether patentable or unpatentable and whether or not reduced to practice, (v) trademarks, service marks, trade names, domain names and applications and registrations therefor and (vi) other proprietary rights relating to any of the foregoing.

1.62 "***Inventory***" means all inventory, including work in process, primarily used or held for use by MJP in the Business as of the Closing Date, excluding in all cases Finished Goods and the Consigned Assets.

1.63 "***Israeli Securities Law***" shall have the meaning ascribed to such term in Section 4.6(a).

1.64 "***ISA***" shall have the meaning ascribed to such term in Section 4.6(a).

1.65 "***Joinder Agreement***" shall have the meaning ascribed to such term in the Preamble.

1.66 "***Key Employees***" means those Business Employees listed on Schedule 1.66.

1.67 "***knowledge of the Buyer Group***" means the actual knowledge of the individuals listed on Schedule 1.67 hereto.

1.68 "***knowledge of the Seller Group***" means the actual knowledge of the individuals listed on Schedule 1.68 hereto.

1.69 "***Labor Agreement***" shall have the meaning ascribed to such term in Section 3.12(b).

1.70 "***Law***" means any national, federal, state, provincial or local law, statute, ordinance, rule, regulation, code, order, judgment, injunction or decree of any Governmental Entity.

1.71 "***Leases***" means the contracts pursuant to which MJP leases or subleases, as the case may be, the Leased Real Property, which contracts are identified on Schedule 1.71 hereof, as such Schedule may be updated by the Seller Group prior to the Closing to list any additional contracts between MJP and any third party that are entered into after the date hereof pursuant to which MJP leases or subleases the Leased Real Property.

1.72 "***Leased Real Property***" means the real property leased or subleased to MJP primarily for use in the Business, in each case listed on Schedule 1.72.

1.73 "***Legal Proceeding***" shall have the meaning ascribed to such term in Section 3.11.

1.74 "***Liability***" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, asserted or unasserted, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise and whether or not the same is required to be accrued on the financial statements of such Person.

1.75 “***Loss***” or “***Losses***” shall have the meaning ascribed to such term in Section 7.2(a).

1.76 “***Mask***” means any photomask, template or reticle.

1.77 “***Memory Product***” means one or more integrated circuits, printed circuit boards, multi-chip packages or other assemblies with which such integrated circuits are attached or otherwise associated that are designed, developed, marketed or used primarily for storing data and/or programs including, for example and without limitation, any dynamic, static, low volatility or non-volatile memory, whether as discrete integrated circuits, or as part of a SIMM, DIMM, multi-chip package, memory card (e.g., compact flash card, SD card, etc.) or other memory module or package. “***Memory Product***” does not and shall not include any Image Sensors or Display Products.

1.78 “***Micron***” shall have the meaning ascribed to such term in the Preamble.

1.79 “***Micron Indemnifying Parties***” shall have the meaning ascribed to such term in Section 7.3(c).

1.80 “***MJP***” shall have the meaning ascribed to such term in the Preamble.

1.81 “***MJP Representative Director***” shall have the meaning ascribed to such term in Section 5.8(g).

1.82 “***MJP Tax Returns***” shall have the meaning ascribed to such term in Section 5.6(a).

1.83 “***Newco***” shall have the meaning ascribed to such term in paragraph B of the Recitals.

1.84 “***Newco Closing Deliverables***” shall have the meaning ascribed to such term in Section 2.4(b)

1.85 “***Newco Corporate Transaction***” means, subject to Section 5.11(b)(i), (i) the acquisition of a controlling interest in Newco by another Person or Persons by means of any transaction or series of related transactions (including, without limitation, any stock acquisition, reorganization, merger or consolidation) or (ii) a sale, lease, license or other disposition of all or substantially all of the assets of Newco.

1.86 “***Newco Shares***” shall have the meaning ascribed to such term in paragraph B of the Recitals.

1.87 “***New Equity Grant***” shall have the meaning ascribed to such term in Section 5.8(c).

1.88 “***Non-Assignable Asset***” shall have the meaning ascribed to such term in Section 2.6(a).

1.89 “***Notice of Claim***” shall have the meaning ascribed to such term in Section 7.5(a).

1.90 “***Objection***” shall have the meaning ascribed to such term in Section 7.5(b).

1.91 “***Offer Notice***” shall have the meaning ascribed to such term in Section 5.11(a)(ii).

1.92 “***Offered Assets***” shall have the meaning ascribed to such term in Section 5.11(a)(i).

1.93 “***Ordinary Course of Business***” means the ordinary course of the Business as conducted by MJP, consistent with past practice.

1.94 “***Other Transferred Employees***” shall have the meaning ascribed to such term in Section 5.8(a).

1.95 “***Owned Real Property***” means the real property (including facilities) comprising the Fab and improvements thereon and the MJP-owned employee dorms, in each case listed on Schedule 1.95.

1.96 “***Party***” and “***Parties***” means Micron, MJP, Tower, and, upon their respective execution and delivery of a Joinder Agreement, Newco and Acquisition Sub.

1.97 “***Payables***” means all accounts payable to trade creditors to the extent relating to or arising from the conduct or operations of the Business.

1.98 “***Permits***” shall have the meaning ascribed to such term in Section 3.15. Schedule 1.98 sets forth a list of Permits currently held by MJP that are primarily (but not exclusively) related to the Business.

1.99 “***Permitted Encumbrances***” means any (i) lien for Taxes attributable to the Business, assessments and other governmental charges incurred in the Ordinary Course of Business, in each case for sums not yet due and payable or due but not delinquent, or being contested in good faith by appropriate proceedings, (ii) liens of landlords, carriers, warehouseman, mechanics and materialmen incurred in the Ordinary Course of Business, in each case for sums not yet due and payable or due but not delinquent, or being contested in good faith by appropriate proceedings, in each case of the foregoing, which do not materially detract from the value or materially interfere with the present use of the underlying asset or property, (iii) liens incurred or deposits made in the Ordinary Course of Business in connection with workers’ compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations in the Ordinary Course of Business, in each case of the foregoing, which do not materially detract from the value or materially interfere with the present use of the underlying asset or property, (iv) purchase money liens to the extent the underlying obligation is an Assumed Liability, (v) non-exclusive licenses granted in connection with sales of products of the Business in the Ordinary Course of Business, (vi) any Encumbrance or imperfection in title and encroachments that do not materially impair the use or value of the respective underlying asset as currently used, (vii) any zoning or similar restrictions imposed by Law against the Real Property that do not materially impair the use or value of the respective underlying asset as currently used, (viii) restrictions imposed by applicable securities Laws, (ix) any statutory liens (*sakidori tokken* and *ryuchi-ken*) stipulated under Japanese Laws, (x) any other lien, encumbrance, mortgage, pledge, easement or similar restriction that does not materially impair the use or value of the respective underlying asset as currently used and (xi) any other lien, encumbrance, mortgage, pledge, easement or similar restriction the details of which are set forth on Schedule 1.99.

1.100 “***Person***” means any individual, corporation, partnership, firm, association, joint venture, joint stock company, trust, unincorporated organization or other entity, including any Governmental Entity.

1.101 “***Post-Closing Period***” means any taxable period or other period, as the case may be, or portion thereof, that begins after the Closing Date.

1.102 “***Pre-Closing Environmental Liability***” shall mean a Liability arising from Contamination present at the Real Property prior to Closing that is attributable to MJP’s operation of the Business prior to Closing.

1.103 “***Pre-Closing Period***” means any taxable period or other period, as the case may be, or portion thereof, that begins on or before the Closing Date and ends on the Closing Date.

1.104 “***Probe Assets***” means all probe assets (including spare parts associated with such probe assets), wherever located, including the probe tools listed on Schedule 1.104.

1.105 “***Probe Card***” means a card interface that provides electrical connection between a probe test system and a wafer.

1.106 “***Qualified Loss***” shall have the meaning ascribed to such term in Section 7.4(a).

1.107 “***Real Property***” means the Owned Real Property and the Leased Real Property, individually or collectively.

1.108 “***Retained Spare Parts***” means all spare parts associated with Probe Assets and spare parts associated with the Business Tools, the Sputter Tools and other supplies associated with the foregoing, wherever located.

1.109 “***Retirement Allowance Plan***” means the retirement benefit described in the MJP’s Rules of Employment (primarily in Section XII).

1.110 “***Review Period***” shall have the meaning ascribed to such term in Section 5.11(a)(ii).

1.111 "***ROFO Term***" shall have the meaning ascribed to such term in Section 5.11(a)(i).

1.112 "***SEC***" means the United States Securities and Exchange Commission.

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

1.114 "***Security Agreements***" shall have the meaning ascribed to such term in paragraph D of the Recitals.

1.115 "***Security Interest Agreements***" shall have the meaning ascribed to such term in paragraph D of the Recitals.

1.116 "***Seller Group***" shall have the meaning ascribed to such term in the Preamble.

1.117 "***Seller Group Certificate***" shall have the meaning ascribed to such term in Section 6.2(c).

1.118 "***Seller Group Closing Deliverables***" shall have the meaning ascribed to such term in Section 2.4(c).

1.119 "***Seller Group Indemnified Party***" shall have the meaning ascribed to such term in Section 7.3(a).

1.120 "***Seller Group Logos***" shall have the meaning ascribed to such term in Section 5.9(a)

1.121 "***Seller Group Marks***" shall have the meaning ascribed to such term in Section 5.9(a).

1.122 "***Seller Group Material Adverse Effect***" means any Effect that is materially adverse to (i) the Business Assets, taken as a whole, or financial condition or results of operations of the Business, or (ii) the ability of any member of the Seller Group to perform its obligations under or consummate the transactions contemplated by this Agreement or any of the Ancillary Agreements; *provided, however*, that in no event shall any of the following be taken into account in determining whether there has been or will be a Seller Group Material Adverse Effect: (A) any Effect that is the result of general market or political factors or economic factors affecting the economy as a whole (other than fluctuations in the value of any currency), (B) any Effect that is the result of factors generally affecting the industry or specific markets in which the Business competes, (C) any Effect that is the result of an outbreak or escalation of hostilities involving Israel, Japan or the United States, the declaration by Israel, Japan or the United States of a national emergency or war, or the occurrence of any acts of terrorism, (D) any Effect arising out of or resulting from actions contemplated by the Parties in connection with this Agreement or that is attributable to the announcement or performance of this Agreement or the transactions contemplated by this Agreement (including a loss of customers or employees) or (E) any Effect arising from any change in any applicable Law.

1.123 "***Seller Group Trade Names***" shall have the meaning ascribed to such term in Section 5.9(a).

1.124 "***Seller Remedial Activities***" shall mean remedial activities that are required by applicable Environmental Laws to remediate Contamination present at the Real Property prior to Closing.

1.125 "***Services Agreements***" shall have the meaning ascribed to such term in paragraph D of the Recitals.

1.126 "***Share Acquisition***" shall heave the meaning ascribed to such term in paragraph C of the Recitals.

1.127 "***SHRRA***" shall have the meaning ascribed to such term in paragraph D of the Recitals.

1.128 "***Site License Agreements***" shall have the meaning ascribed to such term in paragraph D of the Recitals.

1.129 "***Split-Related Taxes***" shall have the meaning ascribed to such term in Section 2.7

1.130 "***Sputter Tools***" means the four tools listed on Schedule 1.130. Each Sputter Tool, if any, delivered by Micron to Newco or Tower pursuant to Section 5.10(b) will be deemed upon delivery a Business Asset for all purposes hereof.

1.131 "***Supply Agreement***" shall have the meaning ascribed to such term in paragraph D of the Recitals above.

1.132 "***Tax Returns***" means all reports, returns, declarations, statements or other information supplied to a taxing authority in connection with Taxes.

1.133 "***Taxes***" means all taxes, including income, gross receipts, ad valorem, value added, excise, real property, personal property, sales, use, transfer, withholding, employment, unemployment, insurance, social security, business license, business organization, environmental, workers compensation, profits, license, lease, service, service use, severance, stamp, occupation, windfall profits, customs, duties, franchise and other taxes imposed by Israel, Japan or the United States of America or any state, local or foreign government, or any agency thereof, or other political subdivision of Israel, Japan or the United States or any such government, and any interest, penalties, assessments or additions to tax resulting from, attributable to or incurred in connection with any tax or any contest or dispute thereof, and including any Liability for the Taxes of another Person.

1.134 "***Termination Date***" shall have the meaning ascribed to such term in Section 8.1(d).

1.135 "***Third-Party Claim***" shall have the meaning ascribed to such term in Section 7.6(a).

1.136 "***Third Party Software***" shall have the meaning ascribed to such term in Section 5.19.

1.137 "***Tower***" shall have the meaning ascribed to such term in the Preamble.

1.138 "***Tower Indemnifying Parties***" shall have the meaning ascribed to such term in Section 7.3(c).

1.139 "***Tower Israel Reports***" shall have the meaning ascribed to such term in Section 4.6(a)

1.140 "***Tower Reports***" shall have the meaning ascribed to such term in Section 4.6(a)

1.141 "***Tower SEC Documents***" shall have the meaning ascribed to such term in Section 4.6(a)

1.142 "***Tower Shares***" shall have the meaning ascribed to such term in Section 2.3

1.143 "***Tower Tax Returns***" shall have the meaning ascribed to such term in Section 5.6(b).

1.144 "***Transferred Business Records***" means Business Records of the type listed on Schedule 1.144.

1.145 "***Transferred Employee***" means the Business Employees, other than the Business Employees identified on Schedule 1.145, each of whose employment contract will transfer to Newco by virtue of the Company Split.

1.146 "***Transferred Employee Contracts***" means all the contracts entered into between MJP and any of the Transferred Employees in respect of their employment, other than contracts evidencing the Transferred Employee Equity.

1.147 "***Transferred Employee Equity***" shall have the meaning ascribed to such term in Section 5.8(c).

1.148 "***Transferred Employee Liabilities***" means all Liabilities with respect to the Transferred Employees, whether incurred before or after Closing, including all Liabilities arising under any employee benefits plans (including the Retirement Allowance Plan and the other Business Benefit Plans) and the Transferred Employee Contracts and all Liabilities with respect to the seasonal bonus amount referenced in Section 5.8(h), but excluding the Excluded Employee Liabilities.

1.149 "***Transferred Employee Records***" means (subject to applicable privacy laws and with such Transferred Employee's consent where legally required) copies of, or access through Company information systems for specified services provided by the Services Agreements (if any), of the electronic employment data accessible by MJP human resources personnel to track, manage and maintain the employment of the Transferred Employees and copies of all paper personnel files related to the Transferred Employees.

1.150 "***Transferring Subsidiary***" shall have the meaning ascribed to such term in Section 5.11(a)(i).

1.151 "***TTLA***" shall have the meaning ascribed to such term in paragraph D of the Recitals.

1.152 "***Unaudited Tower Interim Financials***" shall have the meaning ascribed to such term in Section 4.6(b).

1.153 "***Use Restrictions***" shall have the meaning ascribed to such term in Section 5.19.

1.154 "***Wada Site***" means MJP's probe facility located at 75 Wada-cho, Nishiwaki, Hyogo 677-0052, Japan.

ARTICLE II
COMPANY SPLIT; SHARE ACQUISITION

2.1 Company Split. On the Closing Date, MJP shall effect the Company Split by filing with the Japanese Legal Affairs Bureau the Company Split Plan substantially in the form attached hereto as Exhibit I (the "***Company Split Plan***") and any other documents required to be filed with the Japanese Legal Affairs Bureau under applicable Law. The Articles of Incorporation of Newco as in effect immediately following the Company Split shall be in the form attached hereto as Exhibit J.

(a) Effect of Company Split. By virtue of the Company Split, effective as of immediately prior to the Share Acquisition, and upon the terms and subject to the conditions of this Agreement, the Company Split Plan and applicable Law, MJP shall convey, assign, transfer and deliver to Newco, and Newco shall acquire from MJP, all of MJP's right, title and interest in and to the Business Assets, free and clear of any Encumbrances other than Permitted Encumbrances, in exchange for (i) the Newco Shares, and (ii) the assumption by Newco of the Assumed Liabilities.

(b) Business Assets. The term "***Business Assets***" means all the assets, properties and rights of MJP primarily used in or primarily related to the Business and located (in the case of tangible personal property other than the Business Tools) at the Fab as of the Closing Date (except in each case for the Excluded Assets), including:

(i) the Owned Real Property;

(ii) the Business Contracts;

(iii) the Leases;

(iv) the Inventory;

(v) the Business Tangible Personal Property;

(vi) the Business Spare Parts;

(vii) the Business Tools;

(viii) the right to acquire the Sputter Tools (but subject to Section 5.10(b));

(ix) the Transferred Employee Contracts and Transferred Employee Records;

(x) the Transferred Business Records;

(xi) the Bank Accounts;

(xii) the Factory Foundations as defined and under the Factory Foundation Security Agreements (as provided under the Factory Mortgage Act (*Kojo Teito Ho*) of Japan) comprised of a part of the aforementioned assets; and

(xiii) the Exclusive Permits.

Notwithstanding the foregoing, the term "***Business Assets***" shall not include any Non-Assignable Assets for which any necessary consents for the conveyance, assignment, transfer or delivery are not obtained, subject to Section 2.6.

(c) Excluded Assets. Notwithstanding anything in Section 2.1(b) to the contrary, it is hereby expressly acknowledged and agreed that the Business Assets shall not include, and MJP will not, by virtue of the Company Split or otherwise, convey, assign, transfer or deliver to Newco, and Newco shall not acquire or accept from MJP, any of the rights, properties or assets set forth or described in paragraphs (i) through (xxvi) below (the rights, properties and assets excluded by this Section 2.1(c) from the Business Assets being referred to herein as the "***Excluded Assets***"):

(i) all corporate books and records, accounting records and tax records, the Business Records and all records prepared in connection with the sale of the Business Assets or the Sputter Tools (subject to the Buyer Group's rights related to access to information pursuant to Section 5.5(b)), but excluding the Transferred Employee Records and the Transferred Business Records;

(ii) all contracts other than the Business Contracts, the Leases and the Transferred Employee Contracts;

(iii) all Finished Goods and the Consigned Assets;

(iv) all personal productivity assets associated with employees that are not Transferred Employees including their personal data assistants, cellular phones and personal computers;

(v) the Wada Site;

(vi) all Probe Assets;

(vii) all Probe Cards;

(viii) all Masks;

(ix) all Retained Spare Parts;

(x) all Intellectual Property (including software) and rights with respect thereto, but subject to the licenses and any other rights pursuant to the TTLA in accordance with and subject to the terms and conditions of such agreement;

(xi) all rights of MJP under Intellectual Property license agreements with Micron or third parties, but subject to the licenses and any other rights pursuant to the TTLA in accordance with and subject to the terms and conditions of such agreement;

(xii) all enterprise and telecommunications software and equipment, applications, systems, databases and networks, IT systems, desktop computer software, database software and general software development or control system tools or environments, including all sales management, engineering, materials and business planning software, other than the licenses to Intellectual Property of Micron or any subsidiary thereof and other rights granted pursuant to the Services Agreements, the Site License Agreements and the TTLA, in each case, in accordance with and subject to the terms and conditions of such agreements;

(xiii) all cash, cash equivalents, intercompany receivables, bank deposits or similar cash items;

(xiv) all accounts and notes receivable;

(xv) all rights to and under insurance contracts and insurance, including claims and rights of proceeds thereunder;

(xvi) all causes of action, claims, demands, rights and privileges against third parties, whether liquidated or unliquidated, fixed or contingent, choate or inchoate that relate to (i) any of the Excluded Assets or Excluded Liabilities, or (ii) to the Business or the Business Assets to the extent arising prior to the Closing;

(xvii) all rights, properties, and assets which have been used in the Business and which shall have been transferred (including transfers by way of sale) or otherwise disposed of in the Ordinary Course of Business after the date hereof and prior to the Closing and not in violation of the terms of this Agreement;

(xviii) all signage, sales and marketing materials, pamphlets and literature and other materials that include the Micron or MJP name, logo or trademarks;

(xix) all Tax assets and all rights to or claims for refund of or credits for Taxes (including penalties) paid by any member of the Seller Group;

(xx) all Non-Assignable Assets and all rights thereto and thereunder with respect to which the consent for conveyance, assignment, transfer or delivery has not been obtained from the counterparty(ies), but subject to Section 2.6 hereof;

(xxi) all rights, claims or causes of action of the Seller Group arising under this Agreement and the Ancillary Agreements;

(xxii) all capital stock, equity interests and other securities of any Person owned by any member of the Seller Group;

(xxiii) all bank accounts other than the Bank Accounts;

(xxiv) all Permits other than Exclusive Permits;

(xxv) all other assets, properties, interests and rights of MJP that are not primarily related to the Business; and

(xxvi) all rights and interests to and under the assets set forth on Schedule 2.1(c)(xxvi).

(d) Assumed Liabilities. On the Closing Date, pursuant to and by virtue of the Company Split, Newco shall accept, assume and agree to pay, perform or otherwise discharge, as applicable, the Assumed Liabilities. For purposes of this Agreement, the term "***Assumed Liabilities***" means all Liabilities set forth or described in paragraphs (i) through (v) below, and for the avoidance of doubt, any Liabilities that are not set forth or described in paragraphs (i) through (v) below shall not constitute Assumed Liabilities:

(i) all Liabilities arising out of Newco's ownership of the Business Assets and the operation or conduct of the Business by Newco from and after the Closing;

(ii) all Liabilities incurred under the Business Contracts and Leases from and after the Closing;

(iii) the Transferred Employee Liabilities;

(iv) all Payables incurred from and after the Closing; and

(v) all Liabilities set forth on Schedule 2.1(d)(v).

(e) Excluded Liabilities. Newco shall not by virtue of the Company Split assume or be obligated to pay, perform or otherwise discharge the Excluded Liabilities. For purposes of this Agreement, the term "***Excluded Liabilities***" means all Liabilities set forth or described in paragraphs (i) through (vii) below (except in each case for the Assumed Liabilities):

(i) all Liabilities arising out of MJP's ownership of the Business Assets and the operation or conduct of the Business by MJP prior to the Closing;

(ii) all Liabilities incurred under the Business Contracts and Leases prior to the Closing;

(iii) all Liabilities incurred in connection with the Excluded Assets, regardless of when incurred (but subject to Newco's obligations with respect to Non-Assignable Assets under Section 2.6);

(iv) all Excluded Employee Liabilities;

(v) all Payables incurred prior to the Closing;

(vi) all Pre-Closing Environmental Liabilities; and

(vii) any other Liabilities of Micron, MJP or any of their respective affiliates that are not Assumed Liabilities.

(f) Master Agreement Prevails over Company Split Plan. In the event of any conflict or inconsistency between this Agreement or any of the Ancillary Agreements and the Company Split Plan, this Agreement or the Ancillary Agreement, as the case may be, shall prevail over the Company Split Plan. If the implementation of the Company Split Plan results in any transfers, conveyances or assignments that are not intended by the terms of this Agreement or any of the Ancillary Agreements, or in the failure to occur of any transfers, conveyances or assignments that are so intended, then the Parties will execute and deliver such agreements and other instruments, and take such other actions, as are necessary and appropriate in order to give effect to the intent of the Parties as set forth in this Agreement and in the Ancillary Agreements.

2.2 Share Acquisition. Subject to the terms and conditions of this Agreement, immediately following the Company Split, MJP shall sell and transfer the Newco Shares to Acquisition Sub free and clear of any Encumbrances (other than any Encumbrances created by the Buyer Group), and Acquisition Sub will purchase the Newco Shares from MJP.

2.3 Aggregate Purchase Price for Share Acquisition. The consideration to be paid by the Buyer Group on behalf of Acquisition Sub in consideration of the Newco Shares shall consist of (i) $40,000,000 in cash less the Additional Pension Amount, if any (the "***Cash Consideration***") and (ii) the issuance by Tower of 19,678,322 ordinary shares, par value NIS 1.00, of Tower (the "***Tower Shares***"). The Cash Consideration together with the Tower Shares shall hereinafter be referred to as the "***Aggregate Purchase Price***."

2.4 The Closing.

(a) The Closing. The closing of the Company Split and the closing of the Share Acquisition (together, the "***Closing***") shall take place at the offices of Nagashima Ohno & Tsunematsu, Kioicho Building, 3-12, Kioicho, Chiyoda-ku Tokyo 102-0094, Japan, on June 3, 2011, subject to the satisfaction or waiver of all conditions set forth in Article VI hereof (other than those conditions that, by their terms, are not capable of being satisfied or waived until the Closing, but subject to the satisfaction or waiver of such conditions at the Closing). If the Closing does not occur on June 3, 2011, the Parties intend for the Closing to take place on the first Business Day of the fiscal month that begins after all the conditions set forth in Article VI hereof are either satisfied or waived (other than those conditions that, by their terms, are not capable of being satisfied or waived until the Closing, but subject to the satisfaction or waiver of such conditions at the Closing). The date on which the Closing occurs is referred to herein as the "***Closing Date***". The closing of the Company Split shall take place first by MJP causing the necessary application for the Company Split to be filed with the competent office of the Legal Affairs Bureau. Immediately after the closing of the Company Split, the closing of the Share Acquisition shall take place. All proceedings required to be taken and all documents required to be executed and delivered by all Parties at the Closing will be deemed to have been taken and executed simultaneously and no such proceedings will be deemed to have been taken nor such documents executed or delivered until all have been taken, executed and delivered. Regardless of the time at which the Closing occurs, the Closing will be deemed for all purposes to have occurred on the Closing Date at 12:00 a.m. local time in Japan. The Seller Group and the Buyer Group agree and acknowledge, for the avoidance of doubt, that the Closing necessarily comprises the consummation of both the Company Split and the Share Acquisition, and that, subject to the terms and conditions of this Agreement, the parties are obligated to consummate the Share Acquisition immediately following the Company Split. During the period between the Company Split and the Share Acquisition, Newco shall take only those actions as are necessary to consummate the Closing in accordance with the terms hereof.

(b) Deliveries by Newco. At the Closing, Newco shall deliver or cause to be delivered the following (the "***Newco Closing Deliverables***"):

(i) to MJP, a duly issued share certificate evidencing the Newco Shares in the name of MJP;

(ii) a copy of shareholders' registry of Newco entries for the transfer of the Newco Shares to the Acquisition Sub;

(iii) to the appropriate counterparties, a duly executed counterpart of:

(1) a Joinder Agreement;

(2) the Supply Agreement;

(3) the Services Agreements;

(4) the Site License Agreements;

(5) the TTLA;

(6) the Credit Support Agreement; and

(7) the Security Agreements; and

(iv) all other documents, instruments and writings required to be delivered by Newco at the Closing Date pursuant to this Agreement and the Ancillary Agreements, and all other documents, instruments, declarations, affidavits and writings reasonably requested by the Buyer Group or the Seller Group that are reasonably necessary to consummate the transactions contemplated hereby, including minutes of the governing body of Newco approving the transfer of the Newco Shares to Acquisition Sub and the entry by Newco into the applicable Ancillary Agreements.

(c) Deliveries by the Seller Group. At the Closing, Micron and/or MJP, as the case may be, shall deliver or cause to be delivered the following (the "***Seller Group Closing Deliverables***"):

(i) to Tower and/or the Acquisition Sub (as designated by Tower):

(1) a copy of the application for the Company Split and a copy of the application for incorporation of Newco, both filed with the competent office of the Legal Affairs Bureau immediately prior to the Closing;

(2) a duly executed certificate of assignment assigning the Newco Shares to Tower or the Acquisition Sub, as designated by Tower;

(3) a duly issued share certificate evidencing the Newco Shares endorsed in the name of Tower or Acquisition Sub, as designated by Tower;

(4) a receipt evidencing payment of the Cash Consideration;

(5) a receipt evidencing delivery of the Tower Shares (in book entry form if requested by MJP);

(6) an undertaking to the Israeli Office of the Chief Scientist substantially in the form attached hereto as Exhibit K;

(7) a list of the Transferred Employee Equity as of the Closing as contemplated by Section 5.8(c) hereof; and

(8) the Seller Group Certificate;

(ii) to the appropriate counterparties, a duly executed counterpart of:

(1) the Supply Agreement;

(2) the Services Agreements;

(3) the Site License Agreements;

(4) the TTLA;

(5) the Credit Support Agreement;

(6) the Security Agreements; and

(7) the SHRRA; and

(iii) all other documents, instruments and writings required to be delivered by Micron and/or MJP at or prior to the Closing Date pursuant to this Agreement and the Ancillary Agreements, and, subject to Section 2.6, all other documents, instruments, declarations, affidavits and writings reasonably requested by the Buyer Group and Newco that are reasonably necessary to consummate the transactions contemplated hereby, including minutes of the governing body of MJP approving the Share Acquisition and entry by MJP into the applicable Ancillary Agreements.

(d) Deliveries by the Buyer Group. At the Closing, Tower and/or Acquisition Sub, as the case may be, shall deliver or cause to be delivered the following (the "***Buyer Group Closing Deliverables***"):

(i) to MJP:

(1) the Cash Consideration by wire transfer in immediately available funds to an account or accounts designated by MJP; and

(2) a receipt evidencing delivery of the share certificate evidencing the Newco Shares;

(ii) to Micron and MJP:

(1) evidence reasonably satisfactory to Micron and MJP that the Tower Shares have been issued (in book entry form if requested by MJP) in the name of MJP or its designee, as the case may be;

(2) the Buyer Group Certificate;

(3) an approval from the Tel Aviv Stock Exchange that the Tower Shares have been listed for trading following their issuance; and

(4) approvals from the Israeli Office of the Chief Scientist and Investment Center of the Israeli Ministry of Industry, Trade & Labor for the transfer of the Tower Shares;

(iii) to Newco, the Capital Contribution;

(iv) to the appropriate counterparties, a duly executed counterpart of:

(1) the Supply Agreement;

(2) the Services Agreements;

(3) the Site License Agreements;

(4) the TTLA;

(5) the Credit Support Agreement;

(6) the Security Agreements; and

(7) the SHRRA; and

(v) all other documents, instruments and writings required to be delivered by Tower and/or Acquisition Sub, as the case may be, at or prior to the Closing Date pursuant to this Agreement and the Ancillary Agreements, and all other documents, instruments, declarations, affidavits and writings reasonably requested by the Seller Group and Newco that are reasonably necessary to consummate the transactions contemplated hereby including minutes of the governing body of Tower and Acquisition Sub approving, as the case may be, the Share Acquisition and entry by Tower and Acquisition Sub into the applicable Ancillary Agreements.

2.5 Further Assurances. On and after the Closing, upon the reasonable request of a Party, the other Party or Parties shall prepare, execute and deliver such other and further agreements, instruments, certificates, and other documents, and take, do and perform such other and further actions, as may be reasonably necessary or appropriate in order to effectuate the purposes and intent of this Agreement and to consummate the transactions contemplated hereby. In this regard, the Seller Group, the Buyer Group and Newco shall, and shall cause their respective affiliates to, execute, acknowledge and deliver all such further conveyances, notices, assumptions, releases and acquittances and such other instruments, and shall take such further actions, as may be reasonably necessary or appropriate to transfer and deliver to the Parties hereto and their respective successors and assigns, all of the properties, rights, titles, interests, estates, remedies, powers and privileges intended to be conveyed under this Agreement, and to assure the assumption by Newco from the Seller Group and their successors and assigns of the Liabilities intended to be assumed by Newco under this Agreement, and to otherwise make effective the transactions contemplated hereby.

2.6 Non-Assignable Assets.

(a) Nothing in this Agreement or any of the Ancillary Agreements nor the consummation of the transactions contemplated hereby or thereby shall be construed as an attempt or agreement to convey, assign, transfer or deliver any Business Contract or other Business Asset, including any certificate, approval, authorization or other right, which by its terms or by Law cannot be conveyed, assigned, transferred or delivered without the consent of a third party or a Governmental Entity or is cancelable by a third party or Governmental Entity in the event of any conveyance, assignment, transfer or delivery (each a "***Non-Assignable Asset***" and collectively, the "***Non-Assignable Assets***") unless and until such consent shall have been obtained.

(b) The Seller Group shall use commercially reasonable efforts to obtain consents to the conveyance, assignment, transfer or delivery of the Non-Assignable Assets prior to the Closing; *provided however*, except as provided in Section 5.19, the Seller Group shall not be required to pay any fee or make any payment to any third party in order to obtain any such consent (other than fees and payments required to be paid under applicable Law to Governmental Entities, which fees and payments are not material individually or in the aggregate), and the Buyer Group understands and agrees that, except as provided in Section 6.2(g), the obtaining of any such consent is not a condition to the Buyer Group's obligation to effect the Closing.

(c) To the extent permitted by applicable Law or the terms of the applicable Non-Assignable Asset, in the event that written consents to any conveyance, assignment, transfer or delivery of any Non-Assignable Assets cannot be obtained prior to the Closing, such Non-Assignable Assets shall be held, as of and from the Closing Date, by the Seller Group in trust for Newco and the covenants and obligations thereunder shall be performed by Newco at its expense in the Seller Group's name and all benefits and obligations existing thereunder shall be for Newco's account. In such case, the Seller Group shall take or cause to be taken at Newco's expense such actions in its name or otherwise as Newco may reasonably request so as to provide Newco with the benefits of the Non-Assignable Assets and to effect collection of money or other consideration that becomes due and payable under the Non-Assignable Assets, and the Seller Group shall promptly pay over to Newco all such money or other consideration received by it in respect of all Non-Assignable Assets.

(d) In the event that written consents to the conveyance, assignment, transfer or delivery of any Non-Assignable Assets cannot be obtained prior to the Closing, as of and from the Closing Date, the Seller Group on behalf of itself and its affiliates authorizes Newco, to the extent permitted by applicable Law and the terms of such Non-Assignable Assets, at Newco's expense, to perform all the obligations and receive all the benefits of the Seller Group or its affiliates under such Non-Assignable Assets.

(e) Notwithstanding anything in this Agreement to the contrary, unless and until any written consent necessary for the conveyance, assignment, transfer or delivery of any Non-Assignable Asset is obtained, such Non-Assignable Asset shall not constitute a Business Asset for any purpose under this Agreement, and the failure of any such written consent to be obtained or the failure of any such Non-Assignable Asset to constitute a Business Asset or any circumstances resulting therefrom shall not constitute a Seller Group Material Adverse Effect or a breach by the Seller Group of any representation, warranty, covenant or agreement contained in this Agreement.

(f) During the 12 month period following the Closing, the Buyer Group, Newco and the Seller Group shall use their respective commercially reasonable efforts to obtain, or to cause to be obtained, any remaining consents necessary to convey, assign, transfer or deliver to Newco any Non-Assignable Assets, and upon obtaining any such consent, the Non-Assignable Asset shall be deemed a Business Asset hereunder and shall be promptly conveyed, assigned, transferred and delivered to Newco.

2.7 Taxes. The Seller Group shall pay all applicable stamp and real estate registration Taxes that may be imposed, assessed or payable by reason of the Company Split (the "***Split-Related Taxes***"). Except for the Split-Related Taxes and as otherwise set forth in this Agreement, all applicable Taxes (including income Taxes) and all recording and filing fees that may be imposed, assessed or payable by reason of the operation or as a result of this Agreement including the sales, transfers, leases, rentals, licenses, and assignments contemplated hereby shall be borne by the Parties upon which such Taxes are imposed.

2.8 Adjustments to Stock Consideration. The Tower Shares shall be adjusted to reflect fully the appropriate effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into ordinary shares of Tower), reorganization, recapitalization, reclassification or other like change with respect to ordinary shares of Tower occurring or having a record date on or after the date hereof and prior to the Closing.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE SELLER GROUP

The Seller Group hereby represents and warrants to the Buyer Group, as of the date of this Agreement, that except as set forth in the Business Disclosure Schedule provided by the Seller Group to the Buyer Group on the date hereof (the "***Business Disclosure Schedule***") (as to which the Buyer Group acknowledges and agrees that any matter disclosed pursuant to a section, subsection, paragraph or subparagraph of the Business Disclosure Schedule shall be deemed disclosed for all other purposes of the Business Disclosure Schedule as and to the extent the content or context of such disclosure makes it reasonably apparent on the face of such disclosure that such disclosure is applicable to such other section, subsection, paragraph or subparagraph of the Business Disclosure Schedule):

3.1 Organization, Qualification and Corporate Power. Each of Micron and MJP is a corporation duly organized, validly existing and in good standing (if applicable) under the laws of the jurisdiction of its organization and has all requisite corporate power and authority to carry on its business as currently conducted and to own and use its assets. Upon formation, Newco will be a corporation duly organized, validly existing and in good standing (if applicable) in compliance with the *Shinsetsu Bunkatsu* corporate split procedures as required and set forth under the laws of Japan and the Company Split Plan and will have all requisite corporate power and authority to carry on its business and to own and use its assets. At or prior to the Closing, the Seller Group will have made available to Buyer Group: (i) copies of the organizational documents of Newco, including, if applicable, all amendments thereto; (ii) the stock records of Newco; and (iii) copies of the minutes of the meetings at which actions were taken or any actions taken by written consent without a meeting of the stockholders of Newco, the board of directors of Newco and all committees of the board of directors of Newco (if any), to the extent, in the case of the documents described in clauses (i) through (iii), such documents are required to be prepared and maintained under applicable Law. As of the Closing Date, the stock records of Newco will be accurate, up-to-date and complete in all material respects, and Newco will not be in violation of its organizational documents. Each of Micron and MJP is qualified to conduct business and is in good standing (if applicable) in each jurisdiction in which such qualification is required other than such jurisdictions where the failure to be so qualified or in good standing would not reasonably be expected to have, individually or in the aggregate, a Seller Group Material Adverse Effect. Immediately prior to the Share Acquisition, (i) all of the outstanding shares of capital stock of Newco will have been duly authorized and validly issued and will be fully paid and nonassessable; (ii) MJP will own all of the outstanding shares of capital stock of Newco, free and clear of: (A) any Encumbrances, (B) any outstanding subscription, option, call, warrant or stock appreciation right or other similar right (whether or not currently exercisable), restricted stock award, restricted stock unit award, performance stock award or performance cash award; (C) any outstanding security, instrument or obligation that is or would be convertible into or exchangeable for any shares of Newco; and (D) any contract or rights under applicable law under which Micron, MJP or Newco is or may become obligated to sell or otherwise issue any shares of Newco's capital stock or any other securities (other than the terms hereof); and (iv) there will be no agreement in place to which Micron or MJP is a party relating to the voting or registration of, or restricting any Person from purchasing, selling, pledging or otherwise disposing of (or granting any option or similar right with respect to) any shares of the capital stock of Newco other that pursuant to the terms of this Agreement or any Ancillary Agreement.

3.2 Authorization of Transaction. Each of Micron and MJP has (and upon formation Newco will have) all requisite power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is or will be a party and to perform its obligations hereunder and thereunder, including the Company Split. The execution and delivery by each of Micron, MJP and Newco of this Agreement and the Ancillary Agreements to which it is or will be a party and the consummation by each of Micron, MJP and Newco of the transactions contemplated hereby and thereby, including the Company Split, have been or will be duly and validly authorized by all necessary corporate action on the part of each such Party. This Agreement and the Ancillary Agreements to which any of Micron, MJP or Newco is or will be a party have been or will be duly and validly executed and delivered by such Party and (assuming due authorization, execution and delivery by the applicable members of the Buyer Group) constitute or, upon execution and delivery, will constitute valid and binding obligations of such Party, enforceable against such Party in accordance with their terms, subject to bankruptcy, insolvency and similar laws affecting the rights of creditors generally and subject to rules of Law governing specific performance, injunctive relief and other equitable remedies.

3.3 Noncontravention. Subject to compliance with the pre-facto filing requirement in respect of the Company Split under the Foreign Exchange and Trade Act of Japan, neither the execution and delivery by any of Micron, MJP or Newco of this Agreement or the Ancillary Agreements to which it is or will be a party, nor the consummation by any of Micron, MJP or Newco of the transactions contemplated hereby or thereby, including the Company Split, will (a) conflict with or violate any provision of the certificate of incorporation or bylaws or similar organizational documents of any such Party, (b) require on the part of any such Party any filing with, or any permit, authorization, consent or approval of, any court, arbitrational tribunal, administrative agency or commission or other governmental or regulatory authority or agency (a "***Governmental Entity***"), other than any filing, permit, authorization, consent or approval which is not material in nature or which is required to transfer any Exclusive Permits to Newco, (c) materially conflict with, result in a material breach of, constitute (with or without due notice or lapse of time or both) a material default under, result in the acceleration of any material obligations under, create in any party the right to terminate, modify any provision or cancel, revoke, withdraw or suspend, or require any notice, consent, permit, authorization, approval or waiver under, any material Business Contract (including for purposes of this clause (c) those Non-Assignable Assets for which any necessary consent for the conveyance, assignment, transfer or delivery thereof is not obtained), (d) result in the imposition of any Encumbrance (other than Permitted Encumbrances) upon any of the Business Assets, (e) violate any material order, writ, injunction, decree, statute, rule or regulation applicable to any of the Business Assets or the Business, except for any such violations that are not material in nature, or (f) result in the transfer of any material Business Asset to any Person except as contemplated by this Agreement and the Ancillary Agreements.

3.4 Inventory. The Inventory has been maintained in the Ordinary Course of Business, is of good and merchantable quality and is in a condition useable, leaseable or saleable in the Ordinary Course of Business, subject to reasonable and good faith allowances for excess and obsolete items

3.5 Suppliers. Section 3.5 of the Business Disclosure Schedule sets forth a list of the top ten (10) suppliers of the Business based on amounts paid for the last completed fiscal year of the Business. As of the date hereof, the Seller Group has not received any written notice from any such supplier indicating that any supplier plans to cease dealing with the Fab or otherwise materially reduce the volume of business transacted by such supplier with the Fab below historical levels.

3.6 Absence of Changes. Since March 3, 2011 until the date hereof, (i) the Business has been conducted in the Ordinary Course of Business in all material respects and (ii) there has not been:

(a) any change in the compensation and benefits structure applicable to the Business Employees;

(b) any material loss, damage or interruption in the use of, or destruction of, any of the Business Assets or Sputter Tools;

(c) any entering into by Micron or MJP with respect to the Business of any (i) indebtedness for borrowed money, or guarantee for any such indebtedness, or (ii) material lease;

(d) any acquisition by Micron or MJP of any material assets (tangible or intangible) primarily related to the Business for a purchase price exceeding $5,000,000 (other than the acquisition of raw materials or supplies in the Ordinary Course of Business);

(e) any sale, transfer or other disposition by Micron or MJP of any material assets primarily related to the Business (other than the sale of finished goods inventory in the Ordinary Course of Business, scrapped inventory and the disposal of obsolete equipment consistent with past practice);

(f) any pledge by Micron or MJP of any material Business Assets, nor any Encumbrance on any material Business Assets, except for Permitted Encumbrances;

(g) entering into by Micron or MJP of any binding agreement to take any of the actions referred to in the foregoing clauses (c) through (f); or

(h) any Seller Group Material Adverse Effect.

3.7 Title to and Condition of Tangible Assets. MJP (and in the case of the Business Tools, Micron) has, and as of immediately prior to the Closing MJP will have, good and valid title to, or a valid and binding leasehold interest or license in, all tangible personal property included in the Business Assets, free and clear of any Encumbrance other than Permitted Encumbrances. Micron has, and immediately prior to any transfer pursuant to Section 5.10(b) will have, good and valid title to the Sputter Tools, free and clear of any Encumbrance other than Permitted Encumbrances

3.8 Sufficiency of Assets. Except for (i) the Excluded Assets (without giving effect to (a) any change in the composition of the contracts that constitute Business Contracts and Leases that occurs between the date hereof and the Closing and (b) any transfer of disposition of those assets described in Section 2.1(c)(xvii)), (ii) the assets, rights and services to be provided pursuant to Section 2.6 (with respect to Non-Assignable Assets for which any necessary consent for the conveyance, assignment, transfer or delivery thereof is not obtained), the Services Agreements, the Site License Agreements and the other Ancillary Agreements, and (iii) any general corporate or administrative services provided to the Business by the Seller Group, the Business Assets and the Permits include all of the material assets sufficient for the conduct of the Business by the Buyer Group immediately following the Closing in substantially the same manner as presently conducted by MJP.

3.9 Real Property. MJP holds fee simple title to all Owned Real Property, free and clear of any Encumbrance (other than Permitted Encumbrances). MJP has a valid leasehold interest in all the Leased Real Property free and clear of any Encumbrance (other than Permitted Encumbrances). To the knowledge of the Seller Group each Lease is, as of the date hereof legal, valid, binding and enforceable against MJP and in full force and effect, subject to bankruptcy, insolvency and similar laws affecting the rights of creditors generally and subject to rules of Law governing specific performance, injunctive relief and other equitable or similar remedies. Neither MJP nor to the knowledge of the Seller Group, any other party thereto, is, as of the date hereof, in material breach or violation of, or material default under, any such Lease. No Owned Real Property or Lease has been assigned or is subject to any lease or sublease, nor has any person been granted the right to use or occupy such Lease or any portion thereof, as applicable, and no Person (other than the Business) is in possession of any portion of the Owned Real Property or the Leased Real Properties. The Seller Group has not received written notice from any Governmental Entity (i) of any condemnation or eminent domain proceeding pending or threatened against the Owned Real Properties or the Leased Real Properties or any part thereof or (ii) that any condition on or improvements located on any of the Owned Real Properties or the Leased Real Properties are in material violation of any applicable building codes, zoning or land use laws, or any other Law affecting the property. Each Lease has not been improperly terminated or MJP has not given written notice of its intention to cancel, terminate or not to renew any Lease. As of the date hereof, to the knowledge of the Seller Group (with respect to clause (x) below, after reasonable inquiry involving a physical inspection of the Fab), the recent natural disasters which occurred in Japan in March 2011 have not adversely affected in any material respect (x) the physical condition of the Owned Real Property, the Leased Real Property or the Business Tangible Personal Property, taken as a whole, or (y) the supply of materials to the Fab.

3.10 Business Contracts. MJP has made available to the Buyer Group a complete and accurate copy of each Business Contract, including all amendments thereto. With respect to each material Business Contract listed on Schedule 1.13, to the knowledge of the Seller Group: (i) the contract is legal, valid, binding and enforceable against MJP, and to the knowledge of the Seller Group, the other parties thereto, and in full force and effect, subject to bankruptcy, insolvency and similar laws affecting the rights of creditors generally and subject to rules of Law governing specific performance, injunctive relief and other equitable or similar remedies; (ii) neither MJP nor any other party thereto, is in material breach or violation of, or material default under, any such material Business Contract; (iii) no event has occurred that (with or without notice or lapse of time) will, or would reasonably be expected to, (A) result in a material violation or breach of any of the provisions of any material Business Contract, (B) give any party to a material Business Contract the right to accelerate the maturity or performance of any material Business Contract, or (C) give any party the right to cancel, terminate or materially modify any material Business Contract; (iv) no member of the Seller Group has received any written notice of a material violation or breach of, or material default under, any material Business Contract; and (v) no member of the Seller Group has waived any of Seller Group's material rights under any material Business Contract.

3.11 Compliance with Laws; Litigation. The Seller Group is in compliance in all material respects with all Laws applicable to the Business, except where the failure to be in compliance would not reasonably be expected to have a Seller Group Material Adverse Effect. The Seller Group has not, (a) received any written notice from any Governmental Entity alleging any actual or possible violation of, or failure to comply with any provision of, any Law; or (b) filed or otherwise provided any written notice to any Governmental Entity regarding any actual or possible violation of, or failure to comply with any provision of, any Law, and there is no such notice outstanding or unresolved, except in the case of (a) or (b) for any such violation or failure to comply as would not reasonably be expected to have a Seller Group Material Adverse Effect. There is no action, suit, proceeding, claim, arbitration or, to the knowledge of the Seller Group, investigation, in each case of the foregoing, that is material, before any Governmental Entity (a "***Legal Proceeding***") which is pending or, to the knowledge of the Seller Group, threatened against any member of the Seller Group primarily related to the Business.

3.12 Employee and Labor Matters.

(a) Schedule 1.16 is a true and correct list of the Business Employees.

(b) There are no collective bargaining agreements or other labor union or works council agreements or arrangements with respect to the Business to which the MJP is a party (each a "***Labor Agreement***"), nor is any such Labor Agreement currently being negotiated, nor is there any current request for MJP to bargain with any labor organization or works council or similar representative, nor are any labor organizations, works councils or similar organizations representing, purporting to represent or seeking to represent any Business Employees of MJP.

(c) As relates to the Business, MJP has not had any strike, slowdown, work stoppage, boycott, picketing, lockout, job action or union labor dispute in the past three (3) years.

(d) As relates to the Business and the Transferred Employees, the Seller Group, (i) is, and at all times since January 1, 2008, has been, in material compliance with all applicable Laws and with any order, ruling, decree, judgment or arbitration award of any arbitrator or any court or other Governmental Entity respecting employment, employment practices, terms and conditions of employment, wages, employee benefits, hours or other labor-related matters, including Laws relating to discrimination, wages and hours, labor relations, leave of absence requirements, occupational health and safety, privacy, harassment, retaliation, immigration, wrongful discharge or violation of the personal rights of employees; (ii) has withheld and reported in all material respects all amounts required by any Law or contract to be withheld and reported with respect to wages, salaries and other payments to any employee; (iii) has no material liability for any arrears of wages or any taxes or any penalty for failure to comply with any of the foregoing; and (iv) has no material liability for any payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Entity with respect to unemployment compensation benefits, national insurance, social security or other benefits or obligations for any employee (other than routine payments to be made in the normal course of business and consistent with past practice).

(e) Set forth on Section 3.12(e) of the Business Disclosure Schedule is a summary which accurately sets forth in all material respects, with respect to each Business Employee (including any such employee who is on a leave of absence):

(i) the employee number of such employee;

(ii) such employee's title; and

(iii) such employee's annualized base salary.

(f) Section 3.12(f) of the Business Disclosure Schedules accurately identifies as of the date hereof the number of Business Employees who are not fully available to perform work because of long-term disability or other long-term leave.

(g) To the Seller Group's knowledge, no Business Employees are in violation in any material respect of any term of any employment contract, non-disclosure agreement, non-competition agreement, or any restrictive covenant to a former employer relating to (i) the right of any such employee to be employed by MJP or (ii) the use of trade secrets or proprietary information of others.

(h) There is no Legal Proceeding which is pending or, to the Seller Group's knowledge, currently threatened, in respect of the Business and relating to (a) unfair labor practice or complaints, (b) any claims for unpaid wages, including overtime allowances or (c) harassment of any kind.

3.13 Employee Benefit Plans.

(a) Section 3.13(a) of the Business Disclosure Schedule sets forth a true and correct list, as of the date hereof, of all written employee benefit plans, and any other material written incentive compensation or employee benefit plan, arrangement or agreement (including the Retirement Allowance Plan, retention, change in control, severance, retirement, disability, fringe benefit, deferred compensation, bonus or other incentive compensation and stock option, purchase or other equity-based plans, agreements and arrangements) relating to the employees of MJP, but excluding payroll practices and plans, agreements and arrangements that are mandated by Law (collectively, the "***Business Benefit Plans***").

(b) The Seller Group has made available to Buyer Group or Buyer Group's legal advisor copies of all Business Benefit Plans. The Business Benefit Plans were duly adopted by the Seller Group. The Seller Group has neither agreed nor committed to (i) establish or enter into any new employee benefit plans or programs that would be Business Benefit Plans if adopted, or (ii) modify any Business Benefit Plans (except as required to conform with applicable Law as previously disclosed to Seller Group or as contemplated by this Agreement).

(c) The Seller Group has performed all material obligations required to be performed by it under the Business Benefit Plans, and to the knowledge of the Seller Group there has been no material default or violation by any other party of the terms of any Business Benefit Plan. Each Business Benefit Plan has been established and maintained in accordance with its terms in all material respects and in compliance in all material respects with all applicable Laws, and all applicable collective bargaining agreements.

(d) There are no material claims or Legal Proceedings pending, or, to the knowledge of the Seller Group, threatened, against any Business Benefit Plan or against the assets of any Business Benefit Plan other than in the Ordinary Course of Business.

(e) There are no audits, inquiries or Legal Proceedings pending or, to the knowledge of the Seller Group, threatened by any Governmental Entity with respect to any Business Benefit Plan.

(f) The Seller Group has not in the last three years incurred any material penalty with respect to any Business Benefit Plan under any applicable Law.

(g) The amount of pension and retirement liability for MJP set forth in the September 2, 2010 audited financial statements of Micron was ¥5,920,856,847, and except as set forth on Section 3.14(g) of the Business Disclosure Schedule, from September 2, 2010 through the date of this Agreement, there has not been any material change in any actuarial or other assumption used to calculate such pension and retirement liability, provided that the Seller Group has only considered the operation of MJP as currently operated by the Seller Group and has not considered, and has no obligation hereunder, to consider (i) any impact of the Share Acquisition contemplated herein and (ii) any plans that Buyer Group may have for the operation of the Business following the Share Acquisition. Neither the execution or delivery of this Agreement nor the consummation of any of the transactions contemplated by this Agreement will constitute an event under the Retirement Allowance Plan that will or may result in any payment (whether of severance pay or otherwise), acceleration of any right, obligation or benefit, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits thereunder with respect to any Transferred Employee. To MJP's knowledge, as of the date hereof none of the Transferred Employees or Other Transferred Employees intend to retire from their positions with MJP prior to commencing employment with Newco as contemplated by Section 5.8(a).

(h) Except as expressly required or provided by this Agreement, neither the execution or delivery of this Agreement nor the consummation of any of the transactions contemplated by this Agreement will constitute an event under any Business Benefit Plan, trust or loan that will or may result in any payment (whether of severance pay or otherwise), acceleration of any right, obligation or benefit, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any Transferred Employee.

(i) The representations and warranties in this Section 3.13 are intended to be the sole representations and warranties made by the Seller Group with respect to Business Benefit Plans. No other representations or warranties made by the Seller Group in this Agreement shall be construed as applying to Business Benefit Plans.

3.14 Environmental Matters.

(a) Other than as would not reasonably be expected to have a Seller Group Material Adverse Effect, with respect to the Business, MJP has complied with all applicable Environmental Laws. There is no pending or, to the knowledge of the Seller Group, threatened civil or criminal litigation, written notice of violation, or formal administrative proceeding by any Governmental Entity, relating to any Environmental Laws involving the Business, and there is no other pending action, suit, proceeding, claim, or arbitration arising from an alleged violation of Environmental Laws against MJP with respect to the Business or, to the knowledge of the Seller Group, any pending investigation by a Governmental Entity, with respect to Environmental Matters involving the Business.

(b) Section 3.14(b) of the Business Disclosure Schedule lists all of the Environmental Permits currently held by MJP relating to the Business, and MJP possesses those Environmental Permits required to operate the Business.

(c) As of the date hereof, the Seller Group has not received any written notice from a Governmental Entity that alleges that MJP or MJP's conduct of the Business is violating in any material respect any Environmental Laws.

(d) MJP has made available to the Buyer Group or the Buyer Group's legal advisor all material Phase 1 or Phase 2 Environmental Site Assessments in MJP's possession that have been performed since 2005 with respect to the Owned Real Property and the Leased Real Property.

(e) Except as has not had or would not reasonably be expected to have a Seller Group Material Adverse Effect, with respect to the Business, to Seller's knowledge, (i) no Contamination is or has been present on, in or under the Real Property and (ii) no Contamination has migrated, or is reasonably likely to migrate from the Real Property.

(f) Except as has not had or would not reasonably be expected to have a Seller Group Material Adverse Effect, to Seller's knowledge, no underground storage tank, surface impoundment, landfill or waste disposal site is present on the Real Property.

(g) The representations and warranties in this Section 3.14 are intended to be the sole representations and warranties made by the Seller Group with respect to Environmental Matters. No other representations or warranties made by the Seller Group in this Agreement shall be construed as applying to Environmental Matters.

3.15 Permits. MJP owns, holds or possesses all material permits, licenses, franchises or authorizations required by any Governmental Entity for the conduct or operations of the Business as currently conducted (collectively, the "***Permits***"). The Permits are valid and in full force and effect in all material respects and MJP is not in material violation of or default under any such Permits. As of the date hereof, the Seller Group has not received any written notice from any Governmental Entity (a) alleging any actual or possible violation of or failure to comply with any term or requirement of any Permit, or (b) regarding any actual or possible revocation, withdrawal, suspension, cancellation, termination or modification of any Permit.

3.16 Certain Business Practices. As regards the Business, the Seller Group has not: (a) used any funds for unlawful contributions, gifts or entertainment, or for other unlawful expenses, related to political activity; or (b) made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns.

3.17 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Seller Group.

3.18 Investment Representations.

(a) Each member of the Seller Group hereby acknowledges that the Tower Shares have not been registered under the Securities Act and that they are being offered and sold pursuant to an exemption from registration contained in the Securities Act based in part upon their representations and warranties contained in this Agreement. Accordingly, and except as the SHRRA provides otherwise, each member of the Seller Group hereby represents and warrants as follows:

(i) Economic Risk. It is capable of evaluating the merits and risks of its investment in Tower and has the capacity to protect its own interests. It may not sell, pledge or otherwise transfer or hypothecate any interest in the Tower Shares unless the Tower Shares are registered pursuant to the Securities Act or an exemption from such registration is available under the Securities Act, and in the absence of such registration or exemption, it must bear the economic risk of this investment indefinitely. It understands that there is no assurance that any exemption from registration under the Securities Act will be available and that, even if available, such exemption may not allow it to transfer all or any portion of the Tower Shares under the circumstances, in the amounts or at the times it might propose.

(ii) Acquisition for Own Account. It is acquiring the Tower Shares for its own account for investment only, and not with a view towards their distribution or resale, without prejudice, however, to its right, at all times, to sell or otherwise dispose of all or any part of such securities pursuant to an effective registration statement under the Securities Act or under an exemption from such registration and in compliance with applicable securities Laws. Nothing contained herein shall be deemed a representation or warranty by it to hold the Tower Shares for any period of time.

(iii) Status. It is an “accredited investor” as defined in Rule 501(a) under the Securities Act.

(iv) Protecting Its Interest. By reason of its, or of its management’s, business or financial experience, it has the capacity to protect its own interests in connection with the transactions contemplated in this Agreement.

(v) General Solicitation. It is not purchasing the Tower Shares as a result of any advertisement, article, notice or other communication regarding the Tower Shares published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(vi) Purchaser Information. It has had an opportunity to discuss Tower’s business, management and financial affairs with directors, officers and management of Tower and has had the opportunity to review Tower’s operations and facilities. It has also had the opportunity to ask questions of and receive answers from, Tower and its management regarding the terms and conditions of this investment.

(vii) Rule 144. It acknowledges and agrees that the Tower Shares are "restricted securities" as defined in Rule 144 promulgated under the Securities Act and must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. It has been advised or is aware of the provisions of Rule 144, which permits limited resale of shares purchased in a private placement subject to the satisfaction of certain conditions, including, among other things: the availability of certain current public information about Tower and the resale occurring following the required holding period under Rule 144.

(b) The members of the Seller Group further acknowledge and understand that the certificate evidencing the Tower Shares shall be imprinted with the following legend (in addition to any legend required under applicable state or foreign securities laws):

"THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED PURSUANT TO AN EXEMPTION FROM THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE THEREWITH, PURSUANT TO AN EFFECTIVE REGISTRATION UNDER THE ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM REGISTRATION. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS EITHER IN COMPLIANCE WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS (OTHER THAN WITH RESPECT TO A SALE PURSUANT TO RULE 144 UNDER THE ACT, PROVIDED THAT THE ISSUER SHALL HAVE RECEIVED CUSTOMARY REPRESENTATIONS CERTIFYING AS TO THE AVAILABILITY OF SUCH EXEMPTION UNDER RULE 144). IN ADDITION, NO HEDGING TRANSACTION MAY BE CONDUCTED WITH RESPECT TO THESE SECURITIES UNLESS SUCH TRANSACTIONS ARE IN COMPLIANCE WITH THE ACT."

3.19 Disclaimer of Warranties. (A) EXCEPT AS EXPRESSLY CONTAINED IN THIS ARTICLE III OR THE ANCILLARY AGREEMENTS, NEITHER ANY MEMBER OF THE SELLER GROUP NOR ANY OTHER PERSON HAS MADE OR IS MAKING ANY REPRESENTATION OR WARRANTY (WHETHER EXPRESS OR IMPLIED) ON BEHALF OF ANY MEMBER OF THE SELLER GROUP, ANY OF ITS SUBSIDIARIES, ANY OF THEIR AFFILIATES OR ANY OF THEIR RESPECTIVE REPRESENTATIVES REGARDING THE BUSINESS, THE BUSINESS ASSETS, THE ASSUMED LIABILITIES, THE NEWCO SHARES OR THE VALUE OF ANY OF THE FOREGOING, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE ANCILLARY AGREEMENTS, (B) EXCEPT IN THE CASE OF FRAUD, EACH MEMBER OF THE SELLER GROUP HEREBY DISCLAIMS ANY SUCH REPRESENTATION OR WARRANTY, NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO ANY MEMBER OF THE BUYER GROUP OR ANY OF ITS AFFILIATES OR THEIR RESPECTIVE REPRESENTATIVES OF ANY MATERIAL, DOCUMENTATION OR OTHER INFORMATION DURING THE COURSE OF DUE DILIGENCE OR THE NEGOTIATION PROCESS (INCLUDING ANY PROJECTIONS, ESTIMATES OR BUDGETS), (C) NEITHER ANY MEMBER OF THE SELLER GROUP NOR ANY OF ITS AFFILIATES OR REPRESENTATIVES UNDERTAKE ANY LIABILITY FOR ANY DAMAGE, LOSS, EXPENSE OR CLAIM OR OTHER MATTER RELATING TO ANY CAUSE WHATSOEVER ARISING UNDER OR PURSUANT TO THIS AGREEMENT (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) EXCEPT AS EXPRESSLY SET FORTH HEREIN, AND (D) EXCEPT AS SET FORTH IN ARTICLE III, THE BUYER GROUP ACKNOWLEDGES THAT THE BUSINESS ASSETS ARE BEING SOLD IN THEIR PRESENT STATE AND CONDITION, "AS IS, WHERE IS," WITH ALL FAULTS, AND THE BUYER GROUP IS PURCHASING AND ACQUIRING THE BUSINESS ASSETS AND THE NEWCO SHARES AND ASSUMING THE ASSUMED LIABILITIES ON THAT BASIS PURSUANT TO THE BUYER GROUP'S OWN INVESTIGATION AND EXAMINATION AFTER HAVING BEEN PROVIDED WITH AN ADEQUATE OPPORTUNITY AND ACCESS TO THE BUSINESS, THE BUSINESS ASSETS AND THE ASSUMED LIABILITIES TO COMPLETE SUCH INVESTIGATION OR EXAMINATION.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE BUYER GROUP

The Buyer Group represents and warrants to the Seller Group, as of the date of this Agreement, as follows:

4.1 Organization and Corporate Power. Each member of the Buyer Group is a corporation duly organized, validly existing and in good standing (if applicable) under the laws of the jurisdiction of its organization and has all requisite corporate power and authority to carry on the businesses in which it is engaged as currently conducted and to own and use the properties owned and used by it.

4.2 Authorization of Transaction. Each member of the Buyer Group has all requisite power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is or will be a party and to perform its obligations hereunder and thereunder. The execution and delivery by each member of the Buyer Group of this Agreement and the Ancillary Agreements to which it is or will be a party and the consummation by each member of the Buyer Group of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of each member of the Buyer Group and, without derogating from the foregoing, other than the approval of the board of directors of Tower (which approval has been obtained on or prior to the date hereof), no further action or approval by Tower and/or its audit committee and/or its shareholders is necessary or required under Israeli law for the execution, delivery or performance of this Agreement and the Ancillary Agreements. This Agreement and the Ancillary Agreements to which any member of the Buyer Group is or will be a party have been or will be duly and validly executed and delivered by such member of the Buyer Group and (assuming due authorization, execution and delivery by the Seller Group and Newco) constitute or, upon execution and delivery, will constitute valid and binding obligations of such member of the Buyer Group, enforceable against such member of the Buyer Group in accordance with their terms, subject to bankruptcy, insolvency and similar laws affecting the rights of creditors generally and subject to rules of Law governing specific performance, injunctive relief and other equitable remedies.

4.3 Noncontravention. Subject to compliance with the pre-facto filing requirement in respect of Acquisition Sub under the Foreign Exchange and Trade Act of Japan, the execution and delivery by any member of the Buyer Group of this Agreement or the Ancillary Agreements to which it is or will be a party, nor the consummation by any member of the Buyer Group of the transactions contemplated hereby or thereby, will (a) conflict with or violate any provision of the charter or bylaws or similar organizational documents of any member of the Buyer Group, (b) require on the part of the Buyer Group any filing with, or permit, authorization, consent or approval of, any Governmental Entity, other than the approval of the Israeli Office of the Chief Scientist and the Investment Center of the Israeli Ministry of Industry, Trade & Labor, and other than any filing, permit, authorization, consent or approval which is not material in nature, (c) materially conflict with, result in a material breach of, constitute (with or without due notice or lapse of time or both) a material default under, result in the acceleration of any material obligations under, create in any party the right to terminate, modify any provision or cancel, revoke, withdraw or suspend, or require any notice, consent, permit, authorization, approval or waiver under, any material contract or instrument to which any member of the Buyer Group is a party or by which it is bound or to which any of its material assets are subject, or (d) violate any material order, writ, injunction, decree, statute, rule or regulation applicable to the Buyer Group or any of its properties or assets, except for any such violations that are not material in nature.

4.4 Capitalization.

(a) The authorized share capital of Tower consists of 1,100,000,000 shares of Tower ordinary shares. As of the date hereof: (i) 295,152,170 Tower ordinary shares were issued and outstanding, of which no shares were unvested or were subject to any repurchase rights, risk of forfeiture or other similar condition in favor of Tower; (ii) 104,288,895 Tower ordinary shares were issuable upon the exercise of warrants that were issued and outstanding; (iii) 64,135,965 Tower ordinary shares were issuable upon the exercise of options that were issued and outstanding; (iv) 131,677,690 Tower ordinary shares were issuable upon the conversion of convertible debentures that were outstanding; and (v) 398,911,587 Tower ordinary shares were issuable upon the conversion of capital notes that were outstanding. As of the date of this Agreement, in the aggregate, 7,053,857 Tower ordinary shares were reserved for future issuance pursuant to Tower's equity incentive plans.

(b) All the issued and outstanding shares of capital stock of Tower have been duly authorized and validly issued and are fully paid and nonassessable.

(c) (i) None of the outstanding shares of capital stock of Tower is entitled or subject to any preemptive right or right of participation; (ii) none of the outstanding shares of the capital stock of Tower is subject to any right of first refusal or similar right in favor of Tower; and (iii) other than as set forth on Schedule 4.4(c), there is no agreement in place relating to the voting or registration of, or restricting any Person from purchasing, selling, pledging or otherwise disposing of (or granting any option or similar right with respect to), any shares of the capital stock of Tower.

(d) Except for options, rights, securities and plans referred to in Section 4.4(a), and other than (x) as set forth on Schedule 4.4(d) and (y) pursuant to Tower's agreement with YA Global Master SPV Ltd. dated August 2009, as amended, as of the date of this Agreement, there is no: (i) outstanding subscription, option, call, warrant or stock appreciation right or other right (whether or not currently exercisable) to acquire any shares of the capital stock or other securities of Tower or any subsidiary of Tower; (ii) outstanding restricted stock awards, restricted stock unit awards, performance stock awards or performance cash awards; (iii) outstanding security, instrument or obligation that is or may become convertible into or exchangeable for any shares of the capital stock or other securities of Tower or any subsidiary of Tower; (iv) contract under which Tower or any subsidiary of Tower is or may become obligated to sell or otherwise issue any shares of its capital stock or any other securities; or (v) to the knowledge of the Buyer Group, condition or circumstance that may give rise to or provide a basis for the assertion of a claim by any Person to the effect that such Person is entitled to acquire or receive any capital stock of Tower or other securities of Tower.

(e) All outstanding shares of capital stock, convertible debentures, capital notes, options, warrants, stock appreciation rights and other securities or equity interests of Tower have been issued and granted in compliance in all material respects with all applicable securities laws and other applicable Laws.

4.5 Tower Shares. The Tower Shares have been duly authorized, and upon consummation of the transactions contemplated by this Agreement, shall be validly issued, fully paid and nonassessable and free and clear of all liens, charges, security interests, encumbrances, rights of first refusal, preemptive rights or other similar restrictions other than restrictions on transfer provided for in the SHRRA and under applicable securities Laws. Assuming the accuracy of the representations and warranties of the Seller Group in Section 3.18 of this Agreement, the offer and sale of the Tower Shares as contemplated by this Agreement is exempt from the registration or prospectus requirements of the Securities Act, the Israeli Securities Law and the securities laws of other jurisdictions.

4.6 SEC Filings; Financial Statements.

(a) The registration statements, annual and current reports and other documents filed by Tower with the SEC since January 1, 2008 (the "***Tower SEC Documents***") constitute all documents that were required to be filed by Tower under the Exchange Act and the Securities Act since that date. As of the time it was filed with the SEC (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the Tower SEC Documents complied in all material respects with the applicable requirements of the Securities Act or the Exchange Act (as the case may be) and (ii) none of the Tower SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Since January 1, 2008, Tower has filed or furnished, as applicable, on a timely basis all forms, statements, certifications, reports and documents required to be filed with the Israeli Securities Authority (the "***ISA***") under the Israeli Securities Law 1968 and any regulation promulgated thereunder (the "***Israeli Securities Law***") (the forms, statements, reports and documents filed with or furnished to the ISA, the "***Tower Israel Reports***" and, together with the Tower SEC Documents, the "***Tower Reports***"). Each of the Tower Israel Reports, at the time of its filing, complied in all material respects with the applicable requirements of the Israeli Securities Law. As of their respective dates (or, if amended prior to the date hereof, as of the date of such amendment) the Tower Israel Reports did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading.

(b) The audited consolidated financial statements of Tower (together with the notes thereto) contained in the Form 20-F filed by Tower with the SEC on May 17, 2011 and the unaudited consolidated financial statements of Tower as of and for the three month period ended March 31, 2011 set forth in a press release filed by Tower with the SEC on Form 6-K on May 17, 2011 (the "***Unaudited Tower Interim Financials***") were prepared in accordance with GAAP applied on a consistent basis throughout the periods covered (except as may be indicated in the notes to such financial statements or, in the case of unaudited statements, as permitted by the rules and regulations of the SEC) and fairly present, in all material respects, the consolidated financial position of Tower and its subsidiaries as of the respective dates thereof and the consolidated results of operations of Tower and its subsidiaries for the periods covered thereby (except that the Unaudited Tower Interim Financials may not contain footnotes and are subject to year-end adjustments, which are not reasonably expected to be individually or in the aggregate, material in magnitude).

(c) Neither Tower nor any of its subsidiaries has any Liabilities of the type required to be included in liabilities in a balance sheet prepared in accordance with GAAP, except for: (i) Liabilities disclosed in the Unaudited Tower Interim Financials, (ii) Liabilities incurred since the date of the balance sheet contained in the Unaudited Tower Interim Financials (the "***Balance Sheet Date***") and in the ordinary course of business, (iii) Liabilities incurred in connection with Tower's performance of its obligations under this Agreement and the transactions contemplated hereby and (iv) Liabilities incurred on or following the date of this Agreement to the extent such Liabilities would not reasonably be expected to have, individually or in the aggregate, a Buyer Group Material Adverse Effect.

4.7 Absence of Certain Changes. Since the Balance Sheet Date through the date hereof, and except as disclosed in the Tower Reports filed prior to the date hereof, neither Tower nor any of its subsidiaries has: (i) suffered any adverse change with respect to its business, customers, suppliers or financial condition which has had a Buyer Group Material Adverse Effect, (ii) amended its charter or organizational documents, or effected or been a party to (other than as a stockholder) any recapitalization, reclassification of shares, reorganization, stock split, reverse stock split or similar transaction, (iii) changed, in any material respect, its accounting methods, principles or practices except as required by changes in GAAP, (iv) declared or set aside or paid any dividends on or made any other distributions (whether in cash, stock or property) in respect of any of its capital stock, or split, combined or reclassified any of its capital stock or issued or authorized the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, or repurchased or otherwise acquired, directly or indirectly, any shares of its capital stock or securities convertible into or exercisable or exchangeable for shares of its capital stock, (v) issued, granted, delivered or sold any shares of capital stock except ordinary shares of Tower issued (A) upon conversion of convertible debentures or capital notes or upon exercise of options or warrants, in each case outstanding on the date of this Agreement and disclosed in Section 4.4(a) or Section 4.4(d) hereof or (B) pursuant to the exercise of employee stock options granted pursuant to the terms of Tower's equity incentive plans in effect on the date of this Agreement and out of the authorized share reserve under such plans disclosed in Section 4.4(a), (vi) issued, granted, delivered or sold any securities convertible into or exercisable or exchangeable for, or subscriptions, rights, warrants or options to acquire, any shares of its capital stock except options exercisable for ordinary shares of Tower granted to employees or directors of Tower or its subsidiaries pursuant to the terms of Tower's equity incentive plans in effect on the date hereof and out of the authorized share reserve under such plans disclosed in Section 4.4 (a), (vii) sold, leased, licensed or otherwise disposed of or encumbered any of its properties or assets that are material to Tower and its subsidiaries, taken as a whole, other than sales and nonexclusive licenses of Tower products in the ordinary course of business consistent with its past practice, (viii) acquired any material equity interest or voting interest in any material entity, (ix) been subject to any Legal Proceeding the outcome of which would reasonably be expected to have, individually or in the aggregate, a Buyer Group Material Adverse Effect, (x) received a written claim by a third party in which the commencement of a Legal Proceeding involving damages for greater than $5,000,000 is threatened or (xi) authorized or entered into any agreement to take any of the actions referred to in the foregoing clauses (ii) through (xi), other than this Agreement.

4.8 Compliance with Laws; Legal Proceedings. The Buyer Group is in compliance in all material respects with all Laws, except where the failure to be in compliance would not reasonably be expected to have a Buyer Group Material Adverse Effect. The Buyer Group has not, (a) received any written notice from any Governmental Entity alleging any actual or possible violation of, or failure to comply with any provision of, any Law; or (b) filed or otherwise provided any written notice to any Governmental Entity regarding any actual or possible violation of, or failure to comply with any provision of, any Law, and there is no such notice outstanding or unresolved, except in the case of (a) or (b) for any such violation or failure to comply as would not reasonably be expected to have a Buyer Group Material Adverse Effect. Except as disclosed in the Tower SEC Documents, there are no material Legal Proceedings of any nature that are pending or, to the knowledge of the Buyer Group, threatened against or relating to the Buyer Group.

4.9 Financing. The Buyer Group has sufficient funds available to pay the Cash Consideration and any expenses incurred by the Buyer Group in connection with the transactions contemplated by this Agreement. Each member of the Buyer Group will have sufficient resources (financial or otherwise) to perform its respective obligations hereunder and under the Ancillary Agreements as they become due, and no member of the Buyer Group has incurred and will not incur any obligation, commitment, restriction or Liability of any kind, absolute or contingent, which would materially impair or adversely affect such resources.

4.10 Certain Business Practices. The Buyer Group has not: (a) used any funds for unlawful contributions, gifts or entertainment, or for other unlawful expenses, related to political activity; or (b) made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns.

4.11 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Buyer Group.

4.12 Disclaimer of Warranties. (A) EXCEPT AS EXPRESSLY CONTAINED IN THIS ARTICLE IV OR THE ANCILLARY AGREEMENTS, NEITHER ANY MEMBER OF THE BUYER GROUP NOR ANY OTHER PERSON HAS MADE OR IS MAKING ANY REPRESENTATION OR WARRANTY (WHETHER EXPRESS OR IMPLIED) ON BEHALF OF ANY MEMBER OF THE BUYER GROUP, ANY OF ITS SUBSIDIARIES, ANY OF THEIR AFFILIATES OR ANY OF THEIR RESPECTIVE REPRESENTATIVES REGARDING THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE ANCILLARY AGREEMENTS, (B) EXCEPT IN THE CASE OF FRAUD, EACH MEMBER OF THE BUYER GROUP HEREBY DISCLAIMS ANY SUCH REPRESENTATION OR WARRANTY, NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO ANY MEMBER OF THE SELLER GROUP OR ANY OF ITS AFFILIATES OR THEIR RESPECTIVE REPRESENTATIVES OF ANY MATERIAL, DOCUMENTATION OR OTHER INFORMATION DURING THE COURSE OF DUE DILIGENCE OR THE NEGOTIATION PROCESS (INCLUDING ANY PROJECTIONS, ESTIMATES OR BUDGETS), (C) NEITHER ANY MEMBER OF THE BUYER GROUP NOR ANY OF ITS AFFILIATES OR REPRESENTATIVES UNDERTAKE ANY LIABILITY FOR ANY DAMAGE, LOSS, EXPENSE OR CLAIM OR OTHER MATTER RELATING TO ANY CAUSE WHATSOEVER ARISING UNDER OR PURSUANT TO THIS AGREEMENT (WHETHER SUCH CAUSE BE BASED IN CONTRACT, NEGLIGENCE, STRICT LIABILITY, OTHER TORT OR OTHERWISE) EXCEPT AS EXPRESSLY SET FORTH HEREIN, AND (D) THE SELLER GROUP ACKNOWLEDGES THAT MJP (OR ITS DESIGNEE) IS PURCHASING AND ACQUIRING THE TOWER SHARES PURSUANT TO THE SELLER GROUP'S OWN INVESTIGATION AND EXAMINATION AFTER HAVING BEEN PROVIDED WITH AN ADEQUATE OPPORTUNITY AND ACCESS TO COMPLETE SUCH INVESTIGATION OR EXAMINATION.

ARTICLE V
COVENANTS

5.1 Closing Efforts. Each of the Parties shall use its commercially reasonable efforts to take all actions and to do all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement and the Ancillary Agreements as promptly as reasonably practicable. Without limiting the generality of the foregoing, each Party agrees to execute and deliver such other documents, certificates, agreements and other writings and to take such other commercially reasonable actions as may be reasonably necessary or desirable in order to (i) consummate or implement expeditiously the transactions contemplated by this Agreement and the Ancillary Agreements or (ii) obtain (A) the consent of any third party that is necessary for the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, and (B) from Governmental Entities and other Persons all consents, approvals, authorizations, qualifications and orders as are necessary for the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements and to promptly make all necessary filings, and thereafter make any other required submissions, with respect to this Agreement required under applicable Law. Notwithstanding the foregoing, no Party shall have any obligation to expend any funds or to incur any other obligation in connection with the consummation of the transactions contemplated hereby other than (i) normal out-of-pocket expenses (such as fees of counsel, accountants and auditors and payments of filing, registration, qualification and similar fees and Taxes for which the Party is responsible hereunder) reasonably necessary to consummate such transactions, (ii) fees and payments required to be paid under applicable Law to Governmental Entities, which fees and payments are not material individually or in the aggregate and (iii) the fees and expenses for, and in connection with obtaining, licenses to the Third Party Software in accordance with Section 5.19.

5.2 Regulatory Matters. Each of the Parties shall use commercially reasonable efforts to obtain as promptly as reasonably practicable all authorizations, consents, orders and approvals of all Governmental Entities that may be or become necessary for the consummation of the transactions contemplated by this Agreement and shall cooperate fully with each other in promptly seeking to obtain all such authorizations, consents, orders and approvals.

5.3 Company Split. MJP shall comply with applicable Law in all material respects in effectuating the Company Split, and shall use its commercially reasonable efforts to take such actions as are necessary and appropriate to effect the Company Split in accordance with applicable Law as promptly as reasonably practicable, including providing required notices, effecting required registrations and consulting with the Business Employees and providing requisite notices to the creditors of the Business. The Parties acknowledge and agree that, as a result of the Company Split, neither MJP nor any other member of the Seller Group shall have to pay stay bonuses, retention bonuses or additional compensation to the Transferred Employees, provided that the foregoing shall not limit MJP's obligation to satisfy the Excluded Employee Liabilities that are due and owing prior to, or become due and owing at, the Closing. At the Closing, Acquisition Sub or Tower, on its behalf, shall make a capital contribution or shareholder loan of $10,000,000 (or the Yen equivalent) into Newco (the "***Capital Contribution***"). Newco shall use at least $3,000,000 (or the Yen equivalent) of the Capital Contribution to satisfy Newco's short term working capital requirements. The Parties acknowledge and agree that the Capital Contribution shall be deemed to satisfy the commitment of Tower referenced in paragraph 4 of the Matters Concerning the Probability of the Performance of Liabilities dated April 28, 2011 that was prepared in connection with the Company Split. From and after the Closing, Newco will maintain sufficient resources (financial or otherwise) to perform its obligations hereunder and under the Ancillary Agreements as they become due, and will not incur any obligation, commitment, restriction or Liability of any kind, absolute or contingent, which would materially impair or adversely affect such resources.

5.4 Operation of Business.

(a) Except as (x) required or contemplated by this Agreement, (y) set forth in Schedule 5.4 hereto or (z) consented to in writing by Tower (such written consent not to be unreasonably withheld, delayed or conditioned), during the period from the date of this Agreement until the earlier of the Closing and the termination of this Agreement pursuant to Section 8.1 hereof, MJP shall use its commercially reasonable efforts to:

(i) conduct the operations of the Business in the Ordinary Course of Business;

(ii) conduct the Business in substantially the same manner in which such Business was being conducted as of the date of this Agreement;

(iii) preserve intact the Business organization and preserve its relations and goodwill with suppliers, customers, landlords, creditors, licensors, licensees, employees and other entities having business relationships with the Business and with all relevant Governmental Entities (*provided*, *that*, notwithstanding the foregoing, neither MJP nor any other member of the Seller Group shall have to pay stay bonuses, retention bonuses or additional compensation to employees); and

(iv) promptly notify the Buyer Group of the occurrence of a Seller Group Material Adverse Effect.

(b) Without limiting the generality of Section 5.4(a), except as set forth on Schedule 5.4 or as otherwise required or contemplated by this Agreement, from the date hereof until the earlier of the Closing and the termination of this Agreement pursuant to Section 8.1 hereof, MJP shall not, without the written consent of Tower (such written consent not to be unreasonably withheld, delayed or conditioned):

(i) increase the compensation or fringe benefits of, or modify the employment terms and benefits (including pursuant to Employee Equity) of, any Transferred Employee, other than immaterial changes in compensation, fringe benefits, employment terms and other benefits that result from promotions or changes in position that occur following the date hereof in the Ordinary Course of Business;

(ii) establish or adopt any new employee benefit (including health) or pension plans or employment agreements, other than new hire employment agreements on standard forms;

(iii) hire any new officer;

(iv) sell, lease, license or dispose of (x) any tool or equipment primarily related to the Business and having a value in excess of $2,000,000, other than non-functioning or obsolete tools or equipment or (y) any other material Business Assets (other than obsolete inventory);

(v) mortgage or pledge or subject any material Business Assets to an Encumbrance, other than Permitted Encumbrances;

(vi) acquire any material Business Tangible Personal Property other than in the Ordinary Course of Business;

(vii) terminate (except pursuant to its terms) or modify or amend any material Business Contract or Lease;

(viii) enter into any new material contracts with third parties that are primarily related to the Business other than in the Ordinary Course of Business;

(ix) cancel or compromise any material debt or claim or waive or release any material rights of the Business, other than debts, claims or rights that are not Business Assets;

(x) following the formation of Newco and issuance to MJP of the Newco Shares, issue or authorize the issuance of any additional shares of Newco, or securities convertible or exchangeable for, or options, warrants or rights to acquire, any shares of Newco, or amend the organizational documents of Newco; or

(xi) authorize or enter into an agreement to take any of the actions described in clauses (i) through (x) this Section 5.4(b).

5.5 Access to Information.

(a) During the period commencing with the execution and delivery of this Agreement until the earlier to occur of the termination of this Agreement pursuant to its terms and the Closing, (i) MJP shall afford the Buyer Group and their respective officers, authorized employees, accountants, counsel and other authorized representatives reasonable access during normal business hours to the Business Assets and Business Employees, as any member of the Buyer Group may reasonably request (subject to any limitations that are reasonably required to preserve any applicable attorney-client privilege or third-party confidentiality obligation or that are imposed by Law) and (ii) Tower shall afford to the Seller Group and their respective officers, authorized employees, accountants, counsel and other authorized representatives reasonable access during normal business hours to information regarding Tower's business, financial condition and results of operations, as any member of the Buyer Group may reasonably request (subject to any limitations that are reasonably required to preserve any applicable attorney-client privilege or third-party confidentiality obligation or that are imposed by Law). Notwithstanding the foregoing, without the prior written consent of Micron, no member of the Buyer Group shall contact any Business Employee or any suppliers to or customer of the Business in connection with or pertaining to any subject matter of this Agreement or any of the Ancillary Agreements, it being expressly understood that the Parties contemplate that discussions between the Buyer Group and certain key Business Employees and suppliers of the Business will occur prior to the Closing and that MJP will use its commercially reasonable efforts to facilitate such discussions. For purposes of clarity, the parties agree that if Micron grants its prior written consent for any member of the Buyer Group to contact any suppliers to the Business in connection with or pertaining to any subject matter of this Agreement or any of the Ancillary Agreements in accordance with the foregoing sentence, any additional contact by any such member of the Buyer Group with such supplier for such purposes shall not require additional consent by Micron.

(b) After the Closing Date, the Seller Group, Newco and the Buyer Group shall provide to each other and to their respective officers, authorized employees, accountants, counsel and other authorized representatives, upon reasonable request (subject to any limitations that are reasonably required to preserve any applicable attorney-client privilege or third-party confidentiality obligation or that are imposed by Law), reasonable access for inspection and copying of all the Business Records and Permits and any other information existing as of the Closing Date and primarily relating to the Business, the Business Assets or the Transferred Employees, and shall use commercially reasonable efforts to make their respective personnel reasonably available for interviews, depositions and testimony in any legal matter with third parties arising out of the subject matter of this Agreement or any of the Ancillary Agreements, and as otherwise may be necessary or desirable to enable the Party requesting such assistance to: (i) comply with any reporting, filing or other requirements imposed by any Governmental Entity, including preparing and filing any Tax Returns and responding to Tax audits or Tax authority disputes and preparing and filing any reports or financial statements with respect to the Business, the Business Assets, the Excluded Assets and the Transferred Employees, (ii) assert or defend any claims or allegations in any litigation or arbitration or in any administrative or legal proceeding other than claims or allegations that one Party to this Agreement or any of the Ancillary Agreements has asserted against the other or (iii) subject to clause (ii) above, perform its obligations under this Agreement or any of the Ancillary Agreements. The Party requesting such information or assistance shall reimburse the other party for all reasonable and necessary out-of-pocket costs and expenses incurred by such party in providing such information and in rendering such assistance. The access to files, books and records contemplated by this Section 5.5 shall be during normal business hours and upon reasonable prior notice and shall be subject to such reasonable limitations as the Party having custody or control thereof may impose to preserve the confidentiality of information contained therein. Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall require Micron or MJP or any of their affiliates to provide access to any Business Records pertaining to their respective Intellectual Property (and tangible embodiments thereof) that do not otherwise constitute Business Assets. In the event that the Buyer Group will be required under applicable Law to disclose, in its filings with any Governmental Entity, financial information with respect to the Business (including pursuant to Rule 3-05 of Regulation S-X), then, subject to Section 5.20, the Seller Group shall provide the Buyer Group with reasonable access to copies to the Business Records, Permits and such other financial books and records as required by the Buyer Group in order to fulfill its obligations.

5.6 Tax Matters.

(a) Tax Returns. Subject to Section 5.6(b) below, MJP will prepare and file all Tax Returns of MJP (including Tax Returns required to be filed after Closing Date) to the extent such Tax Returns include or relate to the operations of the Business or the use or ownership of the Business Assets attributable to Pre-Closing Periods (the "***MJP Tax Returns***").

(b) Newco / Acquisition Sub Tax Returns. Each of Newco and Acquisition Sub, as applicable, will be responsible for the preparation and filing of all Tax Returns it is required to file with respect to its or any of its subsidiary's ownership or use of the Business Assets or its operation of the Business attributable to Post-Closing Periods (the "***Tower Tax Returns***").

(c) Property Taxes. In the case of any real or personal property Taxes (or other similar taxes) attributable to the Business Assets for which the corresponding Tax Returns cover both a Pre-Closing Period and a Post-Closing Period and subject to Section 2.7, Newco shall prepare such Tax Returns and make all payments required with respect to any such Tax Return; provided, however, that MJP will reimburse Newco concurrently therewith to the extent that any payment made by Newco relates to a Pre-Closing Period, prorated on a per diem basis.

5.7 Confidentiality. The terms of the Mutual Non-Disclosure Agreement, dated October 11, 2010, between Micron and Tower (the "***Confidentiality Agreement***"), are hereby incorporated herein by reference and shall continue in full force and effect and survive the Closing, except that the non-disclosure and non-use obligations of the members of the Buyer Group under the Confidentiality Agreement in respect of information relating to the Business Assets and the Assumed Liabilities shall terminate at the Closing. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement shall nonetheless continue in full force and effect in all respects.

5.8 Employees.

(a) Other Transferred Employees. Business Employees who will not, or may not, transfer to Newco as a result of the Company Split that are listed on Schedule 5.8(a) ("***Other Transferred Employees***") will receive an employment offer from Newco within fourteen (14) days of the Closing Date, which is consistent with this Section 5.8(a) and with Section 5.8(b), and such offer of employment shall not be subsequently cancelled, amended or withdrawn without the prior written consent of MJP. In addition, Newco hereby agrees that it will assume, and herby does assume, MJP's obligation to the Other Transferred Employees under the Retirement Allowance Plan, effective upon each employee's employment with Newco. The expected Newco employment date of the Other Transferred Employees is listed on Schedule 5.8(a) and may be accelerated or delayed with the mutual agreement of Newco, MJP and the impacted employee. Any additional agreements between the parties with respect to the Other Transferred Employees is described in Schedule 5.8(a).

(b) Terms of Employment and Base Wages. For two (2) years following the Closing, to the extent the Transferred Employees and Other Transferred Employees remain employed for such period, Newco shall not, and the Buyer Group shall not cause Newco to, lower the base wages of Transferred Employees or Other Transferred Employees, except as part of a bona fide demotion or transfer of a Transferred Employee or Other Transferred Employee to a position with a lower base wage which is conducted in accordance with Law. Other than as set forth on Schedule 5.8(b), for one (1) year following the Closing, to the extent the Transferred Employees and Other Transferred Employees remain employed for such period, Newco shall keep, and the Buyer Group shall not cause Newco to change, the employment terms of the Transferred Employees or Other Transferred Employees (including without limitation the terms of the Transferred Employee Contracts, the Rules of Employment and any benefit plans not referenced in the Rules of Employment) as they are on the date of the Closing, except as required by Law. No modification to the terms of employment of the Transferred Employees and Other Transferred Employees contemplated by Schedule 5.8(b) shall be made unless such modification is permitted by, and implemented in accordance with, applicable Law.

(c) Transferred Employee Equity. At the Closing, each Micron stock option or restricted stock unit related to a Transferred Employee or Other Transferred Employee that is outstanding as of the Closing (a list of which will be delivered by Micron to Tower at the Closing), whether vested or unvested (the "***Transferred Employee Equity***") shall expire pursuant to the terms of Micron's equity plans either on the Closing Date (with respect to unvested Transferred Employee Equity) or 30 days after the Closing (with respect to Transferred Employee Equity vested on the Closing Date) or 30 days after termination of employment (with respect to Other Transferred Employees) and Micron shall have no further obligations with respect to the Transferred Employee Equity. Within one hundred twenty (120) days following the Closing Date (or, in the case of Other Transferred Employees, within 60 days of such employee's start of employment with Newco, if later), Tower shall grant to each Transferred Employee and Other Transferred Employee a new stock option exercisable for 100 ordinary shares of Tower from a Tower equity incentive plan (each, a "***New Equity Grant***"). Each New Equity Grant shall vest over not more than four years, with 50% vesting on the second anniversary of the date of grant, and the remaining 50% vesting on the third anniversary of the date of grant. Each New Equity Grant will have an exercise price equal to the closing price of the Tower ordinary shares on the date prior to the date of grant. Promptly following the grant date, Tower shall issue to each Transferred Employee with Transferred Employee Equity a document evidencing the New Equity Grant. In addition, within one hundred fifty (150) days following the Closing Date (or, in the case of Other Transferred Employees, within 60 days of such employee's start of employment with Newco, if later), Tower will use its best efforts to grant additional equity awards to certain of the Transferred Employees and Other Transferred Employees that Tower considers key to the ongoing operation of the Business. These additional equity awards will be in such amounts, and will be subject to such terms and conditions, as Tower determines in its discretion. Tower will take all actions that are necessary and appropriate under applicable Law, including applicable securities laws, to issue the New Equity Grants and the additional equity awards contemplated by this Section 5.8(c).

(d) No Breach With Consent. To the extent that Newco has the express written consent of an affected Transferred Employee or Other Transferred Employee, failure of Newco or the Buyer Group to comply with any provision of Section 5.8(a), Section 5.8(b) or Section 5.8(c) with respect to such Transferred Employee or Other Transferred Employee, but only to the extent so consented to by such Transferred Employee or Other Transferred Employee, as the case may be, shall not constitute a breach of such Section 5.8(a), Section 5.8(b) or Section 5.8(c), as the case may be, with respect to such Transferred Employee or Other Transferred Employee, as the case may be, and such failure.

(e) Information and Consultation. The Buyer Group and the Seller Group shall provide one another with such information, which information will be materially accurate and complete, and assistance at such times as any Party may reasonably request or as may be necessary for such Party or its subsidiaries to comply with any requirement to consult with the Business Employees and any other Business Employee representatives in connection with the Company Split and the other transactions contemplated hereby.

(f) Payment for Additional Pension Liability and Accrued Vacation; Reimbursement for Pre-Closing Retirements. If the Closing does not occur on or prior to June 3, 2011, then at the Closing, the Cash Consideration shall be reduced by $16,000.00 per day for the period beginning (and including) June 4, 2011 and ending on (but not including) the Closing Date, which reduction represents the aggregate additional liability under the Retirement Allowance Plan and vacation pay for the Transferred Employees that will accrue during such period. In the event that (i) a Business Employee retires or otherwise terminates his or her employment with MJP during the period beginning on the date hereof and ending on (but not including) the Closing Date or (ii) an Other Transferred Employee other than the Other Transferred Employee identified on Schedule 5.8(f) retires or otherwise terminates his or her employment before he or she begins employment with Newco, in either case resulting in any payment to such individual under the Retirement Allowance Plan in connection with such resignation or termination, then the Buyer Group shall reimburse MJP in cash for the aggregate amount of all such payments, which reimbursement will be made in twelve (12) equal monthly payments beginning December 15, 2011.

(g) Representative Director. Promptly following the date hereof (and in any event prior to the Closing Date), the Buyer Group shall offer an engagement contract to the MJP representative director listed on Schedule 5.8(g) (the "***MJP Representative Director***") to be the representative director of Newco. The offered contract shall include an offer of compensation substantially consistent with the current compensation of such MJP Representative Director and otherwise be reasonable in terms of typical representative director arrangements in Japan. Unless this Agreement is terminated pursuant to its terms, such offer of engagement shall not be subsequently cancelled, amended or withdrawn during the 30 day period following the Closing Date without the prior written consent of MJP. The MJP Representative Director will resign from MJP in connection with the Closing. MJP has determined that the MJP Representative Director is entitled to a retirement allowance payment for all his credited years of service to MJP pursuant to the Retirement Allowance Plan and this payment shall be made by MJP in connection with the MJP Representative Director's resignation. Newco shall reimburse MJP in cash for the amount of such payment, which reimbursement will be made in twelve (12) equal monthly payments beginning December 15, 2011

(h) Seasonal Bonuses. If the Closing occurs prior to November 30, 2011, then on or prior to the twentieth (20th) day following the Closing, Micron or MJP will pay Newco ¥175,375,251, reflecting the employer cost of all seasonal bonuses payable to Transferred Employees and Other Transferred Employees (inclusive of associated social/labor insurance and employer taxes) for their service with MJP prior to the Closing; provided that if the Closing does not occur on or prior to June 3, 2011, Micron or MJP will be obligated to pay additionally an amount equal to ¥ 5,314,402 per day for the period beginning (and including) June 4, 2011 and ending (but not including) the Closing Date. Newco will pay all seasonal bonus amounts to the Transferred Employees (and Other Transferred Employees if employed by Newco at such time) on or prior to the date the seasonal bonuses are due. Newco shall be solely responsible for any withholding, payroll and similar Taxes pursuant to Japanese Laws that may be imposed on account of any payments described in this Section 5.8(h).

(i) Notice of Termination / Separation. For two (2) years following the Closing Date, Newco will provide prompt notice to Micron of any decision to involuntarily terminate, or to seek the voluntary separation of, any Key Employee, which notice to Micron shall be provided promptly following notification of the Key Employee of such termination or separation decision.

(j) Incentive Plan Bonuses. If the Closing occurs before August 31, 2011, then not less than ten (10) days prior to the Newco's regular September pay date (on or about September 25) (the "***September Payroll***"), Micron or MJP will pay Newco an amount equal to the total cost of the Micron incentive plan bonus that Micron determines in its sole discretion is applicable to the Transferred Employees, Other Transferred Employees and the MJP Representative Director then working for (or, in the case of the MJP Representative Director, under contract with) Newco (inclusive of associated social/labor insurance and employer taxes). Newco will pay the bonus amounts determined by Micron to the applicable individuals as part of the September Payroll. Newco shall be solely responsible for any withholding, payroll and similar Taxes pursuant to Japanese Laws that may be imposed on account of any payments described in this Section 5.8(j).

5.9 Use of Seller Group's Name.

(a) The Buyer Group and Newco acknowledge that the Seller Group has the absolute and exclusive proprietary right to all names, marks, trade names, trademarks and service marks incorporating "Micron" in any form (the "***Seller Group Trade Names***"), and to all corporate symbols or logos incorporating "Micron" in any form (the "***Seller Group Logos***", and together with the Seller Group Trade Names, the "***Seller Group Marks***"). The Buyer Group and Newco shall not use, and the Buyer Group and Newco shall cause their respective affiliates not to use, any Seller Group Marks or any confusingly similar marks in connection with the sale or distribution of any products or services, and if a Business Asset bears a Seller Group Mark, the Buyer Group and Newco shall, prior to the use, sale or distribution of such Business Asset, delete such Seller Group Mark and clearly and prominently indicate that the Business Asset is no longer affiliated with the Seller Group or any of its affiliates.

(b) Without limiting the generality of the foregoing:

(i) following the Closing, neither the Buyer Group nor Newco shall use or send any communications (including, without limitation, business cards, letterhead, promotional materials, marketing materials, emails, presentations, or other communications) bearing Seller Group Marks with or to any customers, suppliers or other third parties with which the Buyer Group or Newco does business;

(ii) promptly, and in any event no later than ten (10) business days, following the Closing, the Buyer Group and Newco shall remove all Seller Group Marks from all buildings, signs and vehicles of the Business, and all electronic databases, web sites, schematics, plans, manuals, drawings and other materials, printed or otherwise (except as expressly provided in sub-section (c) below), machinery, tooling, inventory and the like, in each case which are provided or sent to any customer or supplier or other third parties with which the Buyer Group or Newco does business or to which any such customer, supplier or other third party has access;

(iii) promptly, and within thirty (30) days following the Closing, the Buyer Group and Newco shall remove all Seller Group Marks from the uniforms and identification badges of the Transferred Employees; and

(iv) within three (3) months following the Closing, the Buyer Group and Newco shall remove all Seller Group Marks from all other assets and property that have been transferred pursuant to this Agreement and the transactions contemplated hereby.

(c) The Buyer Group and Newco acknowledge and agree that the Seller Group is and shall remain the owner of the Seller Group Marks and all goodwill attached thereto. This Agreement does not give the Buyer Group or Newco the right to use the Seller Group Marks except as expressly provided in this Agreement. The Buyer Group and Newco agree not to attempt to register the Seller Group Marks nor to register anywhere in the world a mark same as or similar to the Seller Group Marks. In no event shall the Buyer Group or Newco or any affiliate of the Buyer Group or Newco advertise or hold itself out as any member of the Seller Group or an affiliate of the Seller Group.

5.10 Business Tools; Sputter Tools.

(a) Prior to the effectiveness of the Company Split, Micron shall assign and transfer (i) title to the Business Tools to MJP and (ii) the right to acquire the Sputter Tools to MJP. The title to the Business Tools and the right to acquire the Sputter Tools will transfer to Newco at the Closing pursuant to the Company Split. No later than July 1, 2011, Tower shall provide written notice to Micron of the address(es) to which the Business Tools referenced in the foregoing clause (i) shall be delivered, the reasonable shipping costs of which shall be paid by Micron. Tower shall return the shipping brackets to Micron promptly following shipment, the reasonable shipping costs of which shall be paid by Micron.

(b) On or prior to the one-year anniversary of the Closing Date, Micron shall assign and transfer title to the Sputter Tools to Newco, or if requested by Tower, Tower; provided, however, that Micron may elect, in its sole and absolute discretion, to retain one or more of such Sputter Tools, in which case Micron will pay Newco or if requested by Tower, Tower, $867,000 per Sputter Tool so retained in lieu of so transferring such Sputter Tool, at which time Newco's right to acquire any such Sputter Tool will terminate.

5.11 Right of First Offer.

(a) Right of First Offer.

(i) Except as set forth in Section 5.11(b), if at any time during the period commencing on the Closing Date and ending on the termination or expiration of the Supply Agreement in accordance with its terms (the "***ROFO Term***"), (i) Tower or any of its subsidiaries (including Newco) (each, a "***Transferring Subsidiary***") determines, directly or indirectly, to sell, transfer, license or otherwise dispose of all or substantially all of the Business Assets, or (ii) Tower or a Transferring Subsidiary determines, directly or indirectly, to consummate a Newco Corporate Transaction, then Tower shall, or shall cause the Transferring Subsidiary to, first offer to sell such Business Assets (the "***Offered Assets***") to or engage in such Newco Corporate Transaction with, as the case may be, Micron or one or more of its wholly owned subsidiaries, as may be designated by Micron, for cash or such other consideration as is reasonably acceptable to the parties, which offer shall be conducted in accordance with the procedures set forth in this Section 5.11(a).

(ii) Following the determination by Tower or the Transferring Subsidiary to sell or otherwise transfer the Offered Assets or to consummate a Newco Corporate Transaction, as the case may be, as contemplated in Section 5.11(a)(i), Tower shall, or shall cause the Transferring Subsidiary to, deliver a written offer (the "***Offer Notice***") to Micron offering to sell to Micron (or one or more of its wholly owned subsidiaries as may be designated by Micron) the Offered Assets or to consummate with Micron (or one or more of its wholly owned subsidiaries as may be designated by Micron) the Newco Corporation Transaction, as the case may be, in accordance with the terms set forth in the Offer Notice. The Offer Notice shall set forth (i) whether the proposed offer pertains to Offered Assets or a Newco Corporate Transaction, (ii) the proposed purchase price and (iii) any other material terms and conditions pertaining thereto. During the thirty (30) day period (the "***Review Period***") following the delivery of the Offer Notice, Tower and the Transferring Subsidiary shall provide Micron, and its agents and representatives, with (i) reasonable access (at Micron's expense and during operating hours) to the Offered Assets or Newco (including the properties, books, records and personnel of Newco), as the case may be and (ii) such financial and operating data concerning the Offered Assets or Newco, as the case may be, as Micron may reasonably request to conduct a thorough due diligence investigation. On or prior to the end of the Review Period, Micron may, in its sole discretion, elect (either directly or through one or more of its designated affiliates) to purchase the Offered Assets or to consummate the Newco Corporate Transaction, as the case may be, in accordance with the terms set forth in the Offer Notice. If Micron so elects, it shall deliver a written notice to that effect to Tower, in which case the parties will consummate the sale of the Offered Assets or the Newco Corporate Transaction, as the case may be, as soon as reasonably practicable following Micron's election.

(iii) If Micron fails to deliver a written notice indicating its election to purchase the Offered Assets or consummate the Newco Corporate Transaction, as the case may be, on or prior to the end of the Review Period, then the offer set forth in the Offer Notice will automatically expire and Tower or the Transferring Subsidiary may thereafter sell or otherwise transfer the Offered Assets or consummate the Newco Corporate Transaction, as the case may be, to any Person for a price and on terms that are no more favorable to such Person than those set forth in the Offer Notice. If neither Tower nor the Transferring Subsidiary is able to sell or otherwise transfer the Offered Assets or consummate the Newco Corporate Transaction, as the case may be, on such terms within two hundred and seventy (270) days after expiration of the offer, and Tower or the Transferring Subsidiary thereafter determines to offer to sell or transfer the Offered Assets or consummate a Newco Corporate Transaction, as the case may be, prior to the expiration of the ROFO Term, Tower and the Transferring Subsidiary, if applicable, must again comply with the terms and conditions of this Section 5.11(a) prior to effecting such sale or transfer or consummating such transaction.

(iv) In connection with the purchase and sale of the Offered Assets or the consummation of a Newco Corporate Transaction, as the case may be, pursuant to this Section 5.11, Tower and Micron each hereby agree (and agree to cause their controlled affiliates) to execute and deliver such other documents, certificates, agreements and other writings and to take such other commercially reasonable actions as may be reasonably necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Section 5.11.

(v) Except as otherwise provided in this Section 5.11, Tower, Micron and their respective subsidiaries will each bear its own costs and expenses incurred in connection with the right of first offer contemplated by this Section 5.11 and any related sale of the Offered Assets or consummation of a Newco Corporate Transaction, as the case may be.

(b) Excluded Transfers; Transfers to Competitors; Assumption of Obligations

(i) Micron's right of first offer set forth in Section 5.11(a) shall not apply to any offer to sell or otherwise transfer the ownership of the Business Assets to or to engage in any Newco Corporate Transaction with any Person who is a direct or indirect wholly owned subsidiary of Tower, provided that such Person shall be bound by the terms of this Section 5.11 with respect to any subsequent proposed sale of the Business Assets or Newco Corporate Transaction, as the case may be.

(ii) Notwithstanding anything to the contrary in this Agreement, during the ROFO Term, without the prior written consent of Micron, Tower shall not (and shall cause each of its affiliates not to) (i) directly or indirectly, sell, transfer, license or otherwise dispose of all or substantially all of the Business Assets, or (ii) consummate a Newco Corporate Transaction, in each case of the foregoing clauses (i) and (ii) to, or with, a Competitor.

(iii) In the event of any transfer or disposition permitted by Section 5.11(a) or this Section 5.11(b), it shall be a condition to any such transfer or disposition that the transferee assume all of Newco's obligations under the Supply Agreement.

5.12 [Reserved]

5.13 Accounts Receivable; Accounts Payable.

(a) Following the Closing, the Buyer Group and Newco shall forward to the Seller Group, immediately upon receipt thereof, any payments of accounts receivable of MJP; and the Seller Group shall forward to the Buyer Group, immediately upon receipt thereof, any payments of accounts receivable of the Buyer Group. Promptly following the Closing, the Parties shall cooperate in advising customers to direct to the appropriate Party any future payments by such customers. In determining whether a payment received by either Party is a payment of an account receivable of the Seller Group or the Buyer Group, the receiving Party may rely on any invoice or contract number referred to on the payment or in correspondence accompanying such payment. To the extent any payment received by the Seller Group or the Buyer Group does not specify which outstanding receivable it is in payment of, the Party in receipt of such payment shall use commercially reasonable efforts to match such payment to the correct invoice and apply such payment to the matching invoice. Following the Closing, the Buyer Group and Newco will provide such cooperation as the Seller Group shall reasonably request in connection with the Seller Group's collection of outstanding accounts receivable of the Seller Group.

(b) To the extent that the Buyer Group or Newco receives any invoices for accounts payable or statements evidencing amounts owed by the Seller Group to another party, the Buyer Group or Newco, as the case may be, will promptly deliver such documents to the Seller Group. To the extent that the Seller Group receives any invoices for accounts payable or statements evidencing amounts owed by the Buyer Group or Newco to another party, the Seller Group will promptly deliver such documents to the Buyer Group or Newco, as the case may be.

(c) Without limiting the generality of the foregoing, with respect to any invoice that contains amounts that are payable (or receivable) in respect of goods or services that pertain to both the Pre-Closing Period and the Post-Closing Period, the Parties will work in good faith to allocate among each other the amounts payable (or receivable) by each Party under such invoice, in light of the benefits received (or obligations incurred) with respect to the goods or services received (or provided) pursuant to such invoice.

5.14 Refund and Remittances. After the Closing, (i) if any member of the Seller Group receives any refund or other amount that is a Business Asset or is otherwise properly due and owing to any member of the Buyer Group or Newco in accordance with the terms of this Agreement, or receives any mail or other deliveries that properly should have been delivered to any member of the Buyer Group or Newco, such member of the Seller Group promptly shall remit, or shall cause to be remitted, such amount, mail or delivery to such member of the Buyer Group or Newco, as the case may be, and (ii) if any member of the Buyer Group or Newco receives any refund or other amount that is an Excluded Asset or is otherwise properly due and owing to any member of the Seller Group in accordance with the terms of this Agreement, or receives any mail or other deliveries that properly should have been delivered to any member of the Seller Group, such member of the Buyer Group or Newco, as the case may be, promptly shall remit, or shall cause to be remitted, such amount, mail or delivery to such member of the Seller Group.

5.15 Listing of Tower Shares. Tower shall deliver timely notice to the NASDAQ Global Market on a Notification Form: Listing of Additional Shares with respect to the Tower Shares, if required by the NASDAQ listing rules, and shall use commercially reasonable efforts to cause the Tower Shares to be approved for listing on the NASDAQ Global Market and on the Tel Aviv Stock Exchange prior to the Closing.

5.16 Excluded Assets and Business Assets. If at any time within 12 months following the Closing Date, any member of the Buyer Group or Newco becomes aware of any Excluded Asset that was inadvertently delivered to any such member in connection with this Agreement or any Ancillary Agreement, such member of the Buyer Group or Newco, as the case may be, shall promptly notify Micron of the Excluded Asset and shall return (or at Micron's discretion, destroy) such Excluded Asset as soon as reasonably practicable, including, if applicable, all copies thereof. If at any time within 12 months following the Closing Date, any member of the Seller Group becomes aware that it is in possession of any asset that constitutes a Business Asset intended to be transferred to the Buyer Group or Newco in connection with this Agreement or any Ancillary Agreement but which was not so transferred, such member of the Seller Group shall promptly notify Tower of such Business Asset and shall transfer such Business Asset to the Buyer Group or Newco, as the case may be, as soon as reasonably practicable.

5.17 Certain Additional Tower Restrictions. From the date hereof until the earlier of the Closing and the termination of this Agreement pursuant to Section 8.1 hereof:

(a) Tower shall carry on its business in the ordinary course consistent with past practice;

(b) promptly notify the Seller Group of any Buyer Group Material Adverse Effect; and

(c) neither Tower nor any of its subsidiaries shall, without the prior written consent of Micron, take any of the actions described in clauses (ii), (iv), (v), (vi), (vii) or (viii) of Section 4.7, or authorize or agree to take any of such actions. Notwithstanding the foregoing, neither Tower nor any of its subsidiaries will be required to obtain the consent of Micron to take any of the actions described in such clauses (v) and (vi) but only for amounts that do not exceed $100 million individually or in the aggregate.

5.18 Removal of Probe Assets. At any time and from time to time after the Closing, Micron or MJP may remove any or all of the Probe Assets that are located at the Fab from the Fab, at their own expense.

5.19 Third Party Software Licenses. From the date hereof until the earlier of the Closing and the termination of this Agreement pursuant to Section 8.1 hereof, (i) Micron and Tower will use their respective reasonable best efforts to effect the transfer of the third party software licenses identified on Schedule 5.19 hereto as "Category A" software from Micron to the Buyer Group or Newco, as agreed by Micron and Tower, (ii) Tower will purchase the third party software licenses identified on Schedule 5.19 hereto as "Category B" software for use by Newco and (iii) Micron will use its reasonable best efforts to obtain consents for Newco to use under existing Micron licenses, at the Fab, the third party software identified on Schedule 5.19 hereto as "Category C" software, in each case in accordance with the license quantities and other terms and conditions listed on Schedule 5.19 hereto. The software identified on Schedule 5.19 is referred to collectively as the "***Third Party Software***".

(a) The Seller Group will work with Tower to facilitate discussions with, and to obtain licenses from, the licensors of the Third Party Software. The Seller Group will pay the transfer fees, if any, that the licensors of the "Category A" Third Party Software charge in order to effect the transfer of licenses for such Third Party Software, in each case in accordance with, and subject to, the limitations set forth for "Category A" Third Party Software in Schedule 5.19.

(b) The Seller Group will pay or reimburse Tower for, as the case may be, the licensing fees, if any, that the licensors of the "Category B" Third Party Software charge for such Third Party Software, in each case in accordance with, and subject to, the limitations for "Category B" Third Party Software set forth in Schedule 5.19. Any licensing fees that exceed (in the aggregate) the limit set forth for "Category B" Third Party Software in Schedule 5.19 will be borne by Tower. On or prior to the date that is three (3) Business Days prior to the Closing (or, if the Closing does not occur on June 3, then thirty (30) days prior to the Closing), Tower will provide written notice to the Seller Group identifying (i) the Third Party Software for which Tower has obtained licenses for use at the Fab, and (ii) the respective license quantity that Tower has obtained for each such Third Party Software. The Seller Group may thereafter remove (and Tower shall reasonably cooperate in the removal of) any Third Party Software that Tower has been unable or has chosen not to license or, in the case of "Category C" Third Party Software, for which Micron has not obtained consents for Newco to use at the Fab, and any software or any technology the operation or function of which is dependent on such Third Party Software, from the Fab and from any of the Business Assets that contains such Third Party Software, software or technology.

(c) The Buyer Group and Newco agree that with respect to each item of Third Party Software identified as "Category C" software on Schedule 5.19, the Buyer Group and Newco shall comply with the terms and conditions of the underlying license and any consent for such item of Third Party Software (the "***Use Restrictions***") for the duration of time that use of such Third Party Software is made available to the Buyer Group and Newco as set forth in Schedule 5.19 (the "***Consent Period***").

(i) Prior to the expiration of the respective Consent Period for each "Category C" Third Party Software in Schedule 5.19 (except for the Third Party Software identified as "Category D" software on Schedule 5.19), the Buyer Group or Newco shall purchase, at its own cost and expense, a license directly from the provider of such Third Party Software for the use of such Third Party Software by Newco at the Fab, effective as of the date of such expiration, and the Buyer Group and/or Newco, as the case may be, shall maintain any such license during the entire term of the Supply Agreement.

(ii) Prior to the expiration of the respective Consent Period for the "Category D" Third Party Software, the Seller Group will either, at its option, (a) obtain consents for Newco to use under existing Micron licenses, at the Fab, the "Category D" Third Party Software for an additional period of twelve (12) months, in each case in accordance with the license quantities and other terms and conditions listed on Schedule 5.19 hereto, or (b) request the Buyer Group to purchase licenses to use, at the Fab, the "Category D" Third Party Software.

(1) If the Seller Group obtains a consent for Newco to use any "Category D" Third Party Software pursuant to Section 5.19(c)(ii)(a) of this Agreement, then prior to the expiration of the Consent Period for such consent, the Buyer Group or Newco shall purchase, at its own cost and expense, a license directly from the provider of such Third Party Software for the use of such Third Party Software by Newco at the Fab, effective as of the date of such expiration, and the Buyer Group and/or Newco, as the case may be, shall maintain any such license during the entire term of the Supply Agreement.

(2) If the Buyer Group receives a request to purchase a license for "Category D" Third Party Software pursuant to Section 5.19(c)(ii)(b) of this Agreement, then prior to the expiration of the Consent Period for such Third Party Software, the Buyer Group or Newco shall purchase a license directly from the provider of such Third Party Software for the use of such Third Party Software by Newco at the Fab, effective as of the date of such expiration, and the Buyer Group and/or Newco, as the case may be, shall maintain any such license during the entire term of the Supply Agreement. Any licensing fees (in the aggregate) related to such purchase up to the limit set forth in Schedule 5.19 shall be paid by Micron or reimbursed to Tower and any such licensing fees that exceed (in the aggregate) the limit set forth in Schedule 5.19 in relation to the "Category D" Third Party Software will be borne by Tower.

(d) If any of the "Category A" or "Category B" Third Party Software licenses as set forth on Schedule 5.19 are subscription-based (e.g., annual licenses), the Buyer Group or Newco, as the case may be, will be responsible for any license fees after the first year. Notwithstanding anything to the contrary in this Section 5.19, in no event shall the Seller Group be obligated to pay for any maintenance or support fees for or on behalf of the Buyer Group or Newco in connection with the Third Party Software, the licenses or the transactions contemplated by this Section 5.19, and such maintenance and support fees are expressly excluded from any amounts the Seller Group shall agree to pay or reimburse Tacoma for pursuant to this Section 5.19.

5.20 Business Financial Statements; Tower Pro Forma Financial Statements. Following the Closing, the Seller Group shall use its commercially reasonable efforts to prepare and deliver to Tower within 65 days of the Closing Date those historical audited financial statements, including notes thereto, and interim financial statements of the Business or of MJP, if any, that Tower is required to file with the SEC pursuant to the Exchange Act and/or the Securities Act (the "***Business Financial Statements***"), which financial statements shall fairly present in all material aspects the financial position of the Business or of MJP, as the case may be. The financial statements that are required to be so filed, if any, shall be mutually agreed upon by Micron and Tower prior to the Closing. The costs and expenses of any outside auditing firm used by the Seller Group in connection with the preparation and audit of any such financial statements shall be shared equally by the Seller Group and the Buyer Group. Following the Closing, the Seller Group shall use its commercially reasonable efforts to provide Tower such information as is reasonably necessary to enable Tower to prepare and file with the SEC any pro forma financial statements of the Business required to be filed pursuant to the Exchange Act and/or the Securities Act.

5.21 Withholding Taxes. Notwithstanding any other provision in this Agreement, the Buyer Group, or anyone acting on its behalf, shall have the right to deduct and withhold Taxes from any payments to be made under this Agreement, in such amounts as the Buyer Group is required to deduct and withhold with respect to the making of any such payment under any applicable Law including, without limitation, applicable Tax laws in Japan. Any such withheld amounts shall be treated for all purposes of this Agreement as having been delivered and paid as payment under this Agreement.

5.22 Newco Credit Facility. Newco will use its best efforts to put in place a credit facility within sixty (60) days following the Closing, in the aggregate principal amount of $30,000,000 (or the Yen equivalent). The purpose of the credit facility will be to provide financing for the working capital needs of Newco. The Seller Group hereby agrees to enter into such customary intercreditor arrangements with the lenders to this credit facility as are reasonably requested by the lenders to place them in a first lien position with respect to such portion of the collateral that is secured by the Security Agreements as is reasonably necessary to secure the credit facility, with the Seller Group to retain a second lien on such portion of the collateral, all to be on terms and in form reasonably acceptable to the Seller Group (it being understood that the Seller Group's covenant pursuant to this sentence shall continue to apply following such sixty (60) day period provided that Newco continues to use such best efforts).

5.23 Purchase Orders. At or prior to the Closing, the Seller Group will cancel all outstanding purchase orders or portions thereof to the extent unfulfilled as of Closing with suppliers and other vendors that are primarily related to the Business. Promptly following the Closing, Newco will reissue such purchase orders as is necessary and appropriate for the operation of the Business following the Closing. A list of all of the purchase orders of MJP outstanding as of the date hereof is set forth on Schedule 5.23.

5.24 Continued Existence of Parties.

(a) MJP will not dissolve or liquidate during the initial term of the Supply Agreement, unless prior to such dissolution or liquidation Micron agrees to assume all of MJP's indemnification obligations under Article VII.

(b) Neither Acquisition Sub nor Newco will dissolve or liquidate during the initial term of the Supply Agreement, unless prior to such dissolution or liquidation Tower agrees to assume all of Acquisition Sub's and Newco's indemnification obligations under Article VII; provided that the foregoing shall not limit the right of Acquisition Sub to merge with and into Newco, or vice versa, so long as such merger is in accordance with the terms of Section 9.4.

ARTICLE VI
CONDITIONS TO CONSUMMATION OF TRANSACTION

6.1 Conditions to the Buyer Group's and the Seller Group's Obligations. The respective obligations of the Buyer Group and the Seller Group to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions:

(a) All waiting periods (and any extensions thereof) under the Foreign Exchange and Trade Act of Japan shall have expired or otherwise been terminated and all approvals required thereunder shall have been obtained.

(b) No Governmental Entity shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation, judgment, decree, executive order or award which is then in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise prohibiting consummation of the transactions contemplated by this Agreement.

(c) The Buyer Group shall have obtained licenses to the Third Party Software listed on Schedule 6.1(c) in form, quantity, and substance reasonably satisfactory to Micron.

6.2 Conditions to Obligations of the Buyer Group. The obligation of the Buyer Group to consummate the transactions contemplated by this Agreement is subject to the satisfaction (or waiver by Tower) of the following additional conditions:

(a) The representations and warranties of the Seller Group set forth in Article III shall have been true and correct (without giving effect to any qualification as to materiality or Seller Group Material Adverse Effect) on the date hereof and shall be true and correct at and as of the Closing as if made as of the Closing (provided that those representations and warranties that address matters only as of a particular date shall have been true and correct only as of such date), except where the failure of the representations and warranties to be so true and correct would not reasonably be expected to have, individually or in the aggregate, a Seller Group Material Adverse Effect.

(b) The Seller Group shall have performed or complied with in all material respects its agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Closing.

(c) Micron shall have delivered to Tower a certificate executed by an officer of Micron (the "***Seller Group Certificate***") to the effect that each of the conditions specified in clauses (a), (b) and (d) of this Section 6.2 is satisfied in all respects.

(d) There shall not have occurred and be continuing a Seller Group Material Adverse Effect.

(e) The Seller Group shall have delivered to the Buyer Group the Seller Group Closing Deliverables.

(f) Newco shall have delivered to the Buyer Group the Newco Closing Deliverables.

(g) The Seller Group shall have obtained and delivered to the Buyer Group, in form and substance reasonably acceptable to the Buyer Group, those third party consents listed on Schedule 6.2(g).

6.3 Conditions to Obligations of the Seller Group. The obligation of the Seller Group to consummate the transactions contemplated by this Agreement is subject to the satisfaction (or waiver by Micron) of the following additional conditions:

(a) The representations and warranties of the Buyer Group set forth in Article IV shall have been true and correct (without giving effect to any qualification as to materiality or Buyer Group Material Adverse Effect) on the date hereof and shall be true and correct at and as of the Closing as if made as of the Closing (provided that those representations and warranties that address matters only as of a particular date shall have been true and correct only as of such date), except where the failure of the representations and warranties to be so true and correct would not reasonably be expected to have, individually or in the aggregate, a Buyer Group Material Adverse Effect.

(b) The Buyer Group shall have performed or complied with in all material respects its agreements and covenants required to be performed or complied with under this Agreement as of or prior to the Closing.

(c) Tower shall have delivered to Micron a certificate executed by an officer of Tower (the "***Buyer Group Certificate***") to the effect that each of the conditions specified in clauses (a), (b) and (g) of this Section 6.3 is satisfied in all respects.

(d) Acquisition Sub shall have been duly incorporated.

(e) The Buyer Group shall have delivered to the Seller Group the Buyer Group Closing Deliverables.

(f) Newco shall have delivered to the Seller Group the Newco Closing Deliverables.

(g) There shall not have occurred and be continuing a Buyer Group Material Adverse Effect.

(h) Tower's ordinary shares shall be listed on the NASDAQ Global Market and on the Tel Aviv Stock Exchange, and Tower shall have delivered timely notice to the NASDAQ Global Market on a Notification Form: Listing of Additional Shares with respect to the Tower Shares, if required by the NASDAQ rules, and the Tower Shares shall been approved for listing on the NASDAQ Global Market and on the Tel Aviv Stock Exchange.

(i) The Buyer Group shall have obtained and delivered to the Seller Group, in form and substance reasonably acceptable to the Seller Group, those third party consents listed on Schedule 6.3(i).

(j) Tower shall have made the Capital Contribution to Newco on terms and conditions reasonably satisfactory to the Seller Group.

(k) The Buyer Group shall deliver to the Seller Group, in form and substance reasonably satisfactory to the Seller Group, evidence that the Buyer Group has procured the insurance required by Section 21.17 of the Supply Agreement.

ARTICLE VII
SURVIVAL AND INDEMNIFICATION

7.1 Survival of Representations and Warranties. The representations and warranties of the Buyer Group and the Seller Group contained in this Agreement shall survive the Closing solely for purposes of this Article VII and such representations and warranties shall terminate at the close of business on the date that is twelve (12) months after the Closing Date (the "***End Date***"). The obligations to indemnify and hold harmless an Indemnified Party pursuant to Section 7.2(a)(i) or Section 7.3(a)(i), as the case may be, shall terminate on the End Date; *provided* that such obligations to indemnify and hold harmless shall not terminate as to any Loss with respect to which the Indemnified Party shall have delivered to the Indemnifying Party a Notice of Claim in accordance with Section 7.5, or, in the event of a Third-Party Claim, given notice to the Indemnifying Party of such Third-Party Claim in accordance with Section 7.6, in each case on or prior to the End Date. For the avoidance of doubt, it is the intention of the parties hereto that the foregoing respective survival periods supersede any applicable statutes of limitations that would otherwise apply to the foregoing matters. Notwithstanding the aforementioned, the obligations to indemnify and hold harmless an Indemnified Party for Losses arising out of any fraud shall survive indefinitely.

7.2 Indemnification by the Seller Group.

(a) MJP shall indemnify and hold harmless Tower and Acquisition Sub and their respective affiliates, and their respective officers, directors, stockholders, employees, representatives and agents (each a "***Buyer Group Indemnified Party***"), from and against any and all claims, actions, suits, proceedings, Liabilities, obligations, losses, and damages, amounts paid in settlement, costs and expenses (including reasonable attorney's fees, court costs and other out-of-pocket expenses incurred in investigating, preparing or defending the foregoing) incurred or paid (collectively, "***Losses***") by any Buyer Group Indemnified Party to the extent that the Losses arise by reason of, or result from (1) any breach or inaccuracy of any representation or warranty of MJP contained in this Agreement or any certificate delivered by MJP pursuant to this Agreement, (2) the breach by MJP of any covenant or agreement of MJP contained in this Agreement, (3) the Excluded Liabilities, (4) any Taxes that MJP is required to pay pursuant to the terms of this Agreement or (5) the matters set forth on Schedule 7.2(a).

(b) Micron shall indemnify and hold harmless the Buyer Group Indemnified Parties from and against any and all Losses by any Buyer Group Indemnified Party to the extent that the Losses arise by reason of, or result from (6) any breach or inaccuracy of any representation or warranty of Micron contained in this Agreement or any certificate delivered by Micron pursuant to this Agreement, (7) the breach by Micron of any covenant or agreement of Micron contained in this Agreement, or (8) any Taxes that Micron is required to pay pursuant to the terms of this Agreement

7.3 Indemnification by the Buyer Group.

(a) Acquisition Sub and Newco shall jointly and severally indemnify and hold harmless Micron, MJP and their respective affiliates, and their respective officers, directors, stockholders, employees, representatives and agents (each a "***Seller Group Indemnified Party***"), from and against any and all Losses incurred or paid by any Seller Group Indemnified Party to the extent that the Losses arise by reason of, or result from (9) any breach or inaccuracy of any representation or warranty of Acquisition Sub contained in this Agreement or any certificate delivered by Acquisition Sub pursuant to this Agreement or in the Joinder Agreement or of Newco in the Joinder Agreement, (10) the breach by Acquisition Sub or Newco of any covenant or agreement of such Party contained in this Agreement or the Joinder Agreement, (11) the Assumed Liabilities, (12) any Taxes that Acquisition Sub or Newco is required to pay pursuant to the terms of this Agreement or (13) any violation of the Use Restrictions by Acquisition Sub or Newco.

(b) Tower shall indemnify and hold harmless the Seller Group Indemnified Parties from and against any and all Losses incurred or paid by any Seller Group Indemnified Party to the extent that the Losses arise by reason of, or result from (14) any breach or inaccuracy of any representation or warranty of Tower contained in this Agreement or any certificate delivered by Tower pursuant to this Agreement, (15) the breach by Tower of any covenant or agreement of Tower contained in this Agreement, (16) any Taxes that Tower is required to pay pursuant to the terms of this Agreement or (17) any violation of the Use Restrictions by Tower.

(c) Each Buyer Group Indemnified Party and Seller Group Indemnified Party may be referred to herein as an "***Indemnified Party.***" Micron and MJP may be referred to herein as the "***Micron Indemnifying Parties***," Tower, Acquisition Sub and Newco may be referred to herein as the "***Tower Indemnifying Parties***," and each of the Micron Indemnifying Parties and the Tower Indemnifying Parties may be referred to herein as the "***Indemnifying Party.***"

7.4 Limitations.

(a) The liability of the Micron Indemnifying Parties for all claims for indemnifiable Losses made under Section 7.2(a)(i) or Section 7.2(b)(i) of this Article VII shall be subject to the following limitations: (x) the Micron Indemnifying Parties shall not have any liability for any individual claim until the amount of the Loss finally determined to have been incurred or paid equals or exceeds $10,000 (each, a "***Qualified Loss***"), (y) the Micron Indemnifying Parties shall not have any liability for any such claims until the aggregate amount of the Qualified Losses finally determined to have been incurred or paid for all such claims shall exceed $1,000,000, in which case the Micron Indemnifying Parties shall be liable only for the portion of the Qualified Losses exceeding $1,000,000, and (z) the Micron Indemnifying Parties' aggregate liability for all such Losses shall not exceed $21,000,000.

(b) The liability of the Tower Indemnifying Parties for all claims for indemnifiable Losses made under Section 7.3(a)(i) or Section 7.3(b)(i) of this Article VII shall be subject to the following limitations: (x) the Tower Indemnifying Parties shall not have any liability for any individual claim until the amount of the Loss finally determined to have been incurred or paid equals or exceeds a Qualified Loss, (y) the Tower Indemnifying Parties shall not have any liability for any such claims until the aggregate amount of the Qualified Losses finally determined to have been incurred or paid for all such claims shall exceed $1,000,000, in which case the Tower Indemnifying Parties shall be liable only for the portion of the Qualified Losses exceeding $1,000,000, and (z) the Tower Indemnifying Parties' aggregate liability for all such Losses shall not exceed $21,000,000.

(c) Notwithstanding anything contained in this Agreement to the contrary, the amount of any Indemnifying Party's liability under this Article VII with respect to any indemnifiable Losses shall be net of (i) any insurance proceeds or other third party indemnity or contribution amounts recoverable by an Indemnified Party, and (ii) any Tax savings actually realized by the Indemnified Party in respect of such Losses. In computing the amount of any such Tax savings, the Indemnified Party shall be deemed to recognize all other items of income, gain, loss, deduction or credit before recognizing any item arising from the receipt of any indemnity payment hereunder or the incurrence of any payment of any indemnified Loss. Each Party shall use commercially reasonable efforts to mitigate its damages, including seeking to secure payments from insurance policies or any other party responsible for any Loss that may be subject to indemnity hereunder prior to seeking recovery therefor from an Indemnifying Party pursuant to this Article VII.

(d) Notwithstanding anything contained in this Agreement to the contrary, no Indemnifying Party shall be liable to any Indemnified Party for any indirect, incidental, special, punitive, exemplary or consequential loss or damage (including any loss of anticipated or future revenue or profit, loss of reputation or goodwill) arising out of this Agreement, provided, however, that the foregoing shall not be construed to preclude recovery by the Indemnified Party in respect of Losses directly incurred from Third Party Claims.

(e) Notwithstanding anything contained in this Agreement to the contrary, the obligations to indemnify and hold harmless an Indemnified Party for Losses arising out of any fraud shall not be limited in amount.

7.5 Procedures for Indemnification.

(a) In the event an Indemnified Party shall have a claim for Losses for which such Indemnified Party is seeking indemnification under this Article VII (a "***Claim***"), Micron or Tower (on behalf of itself or its affiliates), as the case may be, shall promptly send written notice of such Claim (the "***Notice of Claim***") to the Indemnifying Party. Such notice must (i) state the amount of Losses incurred or paid reasonably expected to be incurred or paid by the Indemnified Party, (ii) specify in reasonable detail the individual items of Losses included in the amount stated, and the nature of the misrepresentation, breach of warranty or covenant to which such Loss is related (including specific references to the applicable representation or covenant), and (iii) be executed by an officer of Tower or Micron, as the case may be.

(b) The Indemnifying Party may make a written objection ("***Objection***") to any Claim for indemnification delivered pursuant to Section 7.5(a). The Objection shall be delivered to the Indemnified Party within 30 days after delivery of the Notice of Claim.

(c) In the event of a dispute that the Indemnifying Party and Indemnified Party are able to resolve, the Indemnifying Party and the Indemnified Party shall prepare and sign a memorandum setting forth such agreement, and the Indemnifying Party shall pay to the Indemnified Party by wire transfer of immediately available funds to an account designated by such Indemnified Party the agreed upon amount of the Loss (if any) within 15 days of the date of such written memorandum.

(d) If, within thirty (30) days of delivery of the notice of Objection (as such period may be extended by mutual agreement between the Parties), the Indemnifying Party and the Indemnified Party are unable to resolve a dispute over the Claim for indemnification to which the Objection has been made, either the Indemnifying Party or the Indemnified Party may commence litigation with respect to the matter pursuant to Section 9.8.

7.6 Third Party Claims.

(a) Promptly after becoming aware of the assertion of any claim, or the commencement of any action, suit or proceeding, by any third party against an Indemnified Party, in respect of which it is reasonably expected that indemnity may be sought by the Indemnified Party under this Article VII (a "***Third-Party Claim***"), the Indemnified Party shall promptly notify the Indemnifying Party of and shall give the Indemnifying Party such information with respect thereto as the Indemnifying Party may reasonably request, but failure to give timely notice shall not relieve the Indemnifying Party of any obligation hereunder (unless and to the extent that the Indemnifying Party has suffered prejudice by such failure, and except as provided in Section 7.1).

(b) The Indemnifying Party shall have the right, but not the obligation, exercisable in its sole discretion by written notice to the Indemnified Party within thirty (30) days of receipt of notice from the Indemnified Party of the commencement of or assertion of any Third-Party Claim, to assume the defense and control the settlement of such Third-Party Claim, subject to Section 7.6(c). The non-controlling Party shall have the right to participate in (but not control), at its own expense, the defense and settlement of any Third-Party Claim. If the Indemnifying Party does not elect to undertake and conduct the defense of a Third-Party Claim, the Indemnified Party may undertake the defense of such Third-Party Claim.

(c) In the event the Indemnifying Party has assumed the defense of any Third-Party Claim, the Indemnifying Party shall not consent to a settlement of, or the entry of any judgment arising from, any such Third-Party Claim without the Indemnified Party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), unless such settlement or judgment (i) relates solely to monetary damages that are paid by the Indemnifying Party and (ii) provides for a complete release of the Indemnified Party, in which case, no such consent shall be required. The Indemnified Party shall have the right to settle, or consent to the entry of any judgment arising from, any Third-Party Claim for which the Indemnifying Party has not assumed the defense; provided, however, that no settlement of any such Third-Party Claim shall be determinative of (i) the entitlement of the Indemnified Party to indemnification in respect of such Third-Party Claim, (ii) whether or not the Indemnified Party has the right to recover any amount from the Indemnifying Party and, if so, the amount of such recovery and (iii) the amount of indemnifiable Losses, if any, relating to such Third Party Claim.

(d) Whether or not the Indemnifying Party elects to defend or prosecute any Third-Party Claim, both Parties hereto shall cooperate in the defense or prosecution thereof and shall furnish such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested in connection therewith or as provided in Section 5.5.

(e) Notwithstanding anything to the contrary in this Section 7.6, in the event MJP is required to perform Seller Remedial Activities arising from any Pre-Closing Environmental Liability pursuant to the request of a Governmental Entity or otherwise, the provisions of Section 7.7 shall control.

7.7 Seller Remedial Activities for Pre-Closing Environmental Liabilities; Existing Indemnity Arrangements.

(a) MJP acknowledges that any obligation to indemnify any Buyer Group Indemnified Party pursuant to this Article VII for any breach or inaccuracy of any representation or warranty contained in Section 3.14 relating to periods prior to the Closing may include the duty to undertake and perform, upon prior written reasonable demand by a Buyer Group Indemnified Party, Seller Remedial Activities to the extent arising out of a Pre-Closing Environmental Liability (but, for the avoidance of doubt, only to the extent required by applicable Environmental Laws). In the event MJP is required to perform Seller Remedial Activities arising from a Pre-Closing Environmental Liability pursuant to the foregoing sentence or pursuant to the request of a Governmental Entity or the requirements of applicable Environmental Laws, the Buyer Group shall provide the Seller Group and its agents and representatives reasonable access to the Real Property to enable the Seller Group to control, direct and perform such Seller Remedial Activities.

(b) MJP shall diligently undertake and complete any such Seller Remedial Activities arising from a Pre-Closing Environmental Liability in a good and workmanlike manner and in compliance with applicable Environmental Laws. MJP shall have the sole right to disclose, report, further investigate, negotiate, perform and settle any Pre-Closing Environmental Liability and any Seller Remedial Activities in connection therewith. Seller Remedial Activities undertaken by MJP (i) shall only be required to employ a reasonably cost-effective method under the circumstances, based on the use of the property for industrial (as opposed to residential or commercial) purposes, and shall not be required to exceed the least stringent requirement imposed by any clearly applicable Environmental Laws in effect at the time, (ii) shall make reasonable use of institutional and engineering controls, such as deed restrictions, signs, fencing, buffers, and controls, to the extent permitted by applicable Environmental Laws; *provided* that such institutional and engineering controls shall not (x) unreasonably restrict or limit the industrial activities currently being performed, or (y) fail to address a material risk of off-site migration of any Contamination, and (iii) may take advantage of applicable risk assessment principles, where practicable, as set forth in applicable Environmental Laws in effect at the time.

(c) After the Closing, MJP shall keep the Buyer Group reasonably informed of the MJP's progress in connection with its performance of Seller Remedial Activities (including providing the Buyer Group with copies of material plans and reports) and providing the Buyer Group reasonable advance notice prior to, the performance of any significant Seller Remedial Activities (including testing), and ensuring that the Buyer Group is provided reasonable advance notice of any scheduled in-person conferences with any Governmental Entity representatives to allow the Buyer Group a reasonable opportunity to attend any such conferences.

(d) Following the Closing, to the extent a Buyer Group Indemnified Party suffers a Loss arising from Contamination present at the Real Property prior to Closing and the Seller Group is entitled to indemnity for such Loss pursuant to the Acquisition Agreement dated February 15, 2001 by and among Micron, Kobe Steel, Ltd., and KMT Semiconductor Limited and/or the Acquisition Agreement dated June 18, 1998 between Micron and Texas Instruments Incorporated (collectively, the "***Indemnity Agreements***"), if requested by such Buyer Group Indemnified Party the Seller Group shall use commercially reasonable efforts to pursue its indemnification rights under any such Indemnity Agreement with respect to such Loss, and pass on to the Buyer Group Indemnified Party who has suffered such Loss, any monetary damages Seller Group recovers under any such Indemnity Agreement up to the amount of such Loss, after deducting (x) any fees, costs and expenses, including attorneys fees, the Seller Group has incurred or accrued in connection with obtaining any such monetary damages and (y) any other Losses that Seller Group has incurred with respect to the matter giving rise to such Loss for which it is entitled to be indemnified under the Indemnity Agreements. Any Claim for Loss made by Buyer Group Indemnified Party pursuant to the foregoing sentence shall be subject to the limitations set forth in Sections 7.4(c), 7.4(d), 7.4(e), 7.5, 7.6, 7.7 and 7.8 and in the applicable Indemnity Agreement. The Seller Group agrees that it will not amend the environmental indemnification provisions of the Indemnity Agreements in a manner that is materially adverse to the Buyer Group's rights under this Section 7.7(d). Notwithstanding anything to the contrary in this Section 7.7(d), in no event shall the Seller Group be required to commence or defend any litigation, arbitration or other legal proceeding against any indemnifying party under the Indemnity Agreements with respect to any Loss suffered by a Buyer Group Indemnified Party arising from Contamination present at the Real Property prior to Closing unless the Buyer Group Indemnified Party agrees to reimburse, and does in fact reimburse promptly following incurrence, the Seller Group for all fees, costs and expenses, including attorneys fees, incurred by the Seller Group in connection with such litigation, arbitration or other legal proceeding.

7.8 Exclusive Remedy. The indemnification provided in this Article VII shall be the sole and exclusive remedy after the Closing Date for monetary damages available to the Parties to this Agreement for breach of any of the terms, conditions, representations, warranties or covenants contained herein or in the Joinder Agreement (but not in any of the other Ancillary Agreements) or any right, claim or action arising from the transactions contemplated by this Agreement or the Joinder Agreement (but not the other Ancillary Agreements); *provided, however*, that the foregoing clause shall not be deemed a waiver by any Party of any right to specific performance or injunctive relief. The Parties shall have no obligations under this Article VII in the event the Closing does not occur.

7.9 Aggregate Purchase Price Adjustment. Amounts payable in respect of the Parties' indemnification obligations shall be treated as an adjustment to the Aggregate Purchase Price.

ARTICLE VIII
TERMINATION

8.1 Termination of Agreement. Micron or Tower may terminate this Agreement prior to the Closing, as provided below:

(a) Micron and Tower may terminate this Agreement by mutual written consent;

(b) Tower may terminate this Agreement by giving written notice to Micron in the event Micron is in breach of any representation, warranty or covenant contained in this Agreement, and such breach, individually or in combination with any other such breach, (i) would cause the conditions set forth in clauses (a) or (b) of Section 6.2 not to be satisfied and (ii) is not cured within 30 days following delivery by Tower to Micron of written notice of such breach;

(c) Micron may terminate this Agreement by giving written notice to Tower in the event Tower is in breach of any representation, warranty or covenant contained in this Agreement, and such breach, individually or in combination with any other such breach, (i) would cause the conditions set forth in clauses (a) or (b) of Section 6.3 not to be satisfied and (ii) is not cured within 30 days following delivery by the Micron to Tower of written notice of such breach;

(d) Tower or Micron may terminate this Agreement if the Closing shall not have occurred by August 25, 2011 (the "***Termination Date***"); provided, however, that the right to terminate this Agreement under this Section 8.1(d) shall not be available to any Party whose breach of this Agreement has been a principal cause of or resulted in the failure of the Closing to occur on or before such date; and

(e) Tower or Micron may terminate this Agreement if a Governmental Entity shall have issued an order, decree or ruling, enacted any Law or taken any other action (including the failure to have taken an action), in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement, which order, decree, ruling, Law or other action is final and nonappealable.

8.2 Effect of Termination. Any termination of this Agreement pursuant to Section 8.1 above shall be effective immediately upon delivery of a valid written notice of the terminating Party to the other Party hereto. If any Party terminates this Agreement pursuant to Section 8.1, all obligations of the Parties hereunder shall terminate without any Liability of any Party to any other Party (except for any Liability of any Party for willful breaches of this Agreement prior to the termination). Notwithstanding the foregoing, the provisions of this Section 8.2, Article IX and of the Confidentiality Agreement shall survive the termination of this Agreement.

ARTICLE IX
MISCELLANEOUS

9.1 Press Releases and Announcements. No Party shall issue any press release or public announcement relating to the subject matter of this Agreement without the prior written approval of the other Party; *provided*, *however*, that any Party may make any public disclosure it reasonably believes is necessary under applicable Law, regulation or stock market rule (in which case the disclosing Party shall advise the other Party of such disclosure obligation, provide it with a copy of the proposed disclosure and afford such other Party the opportunity to comment on such proposed disclosure (which the disclosing Party agrees to consider in good faith) a reasonable period of time prior to making such disclosure).

9.2 No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns, except as provided in Section 5.8, Section 7.2 or Section 7.3.

9.3 Entire Agreement. This Agreement, the Ancillary Agreements and the Confidentiality Agreement constitute the entire agreement among the Parties, and supersede any prior understandings, agreements or representations by or among the Parties, written or oral, with respect to the subject matter hereof.

9.4 Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other Party. Notwithstanding the foregoing, Newco may, subject to applicable Law, be merged with or into Acquisition Sub, or vice versa, at any time following the Closing without the prior written approval of any member of the Buyer Group, but only if Acquisition Sub or Newco, as applicable, executes an instrument expressly assuming all of Newco’s or Acquisition Sub’s, as the case may be, rights and obligations under this Agreement and the Ancillary Agreements.

9.5 Counterparts and Facsimile Signature. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

9.6 Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly delivered (x) five (5) business days after it is mailed by registered or certified mail, return receipt requested, postage prepaid, (y) the third (3^{rd}) business day after it is delivered via a reputable international overnight courier service or (z) on the first business day after the date sent by facsimile with written confirmation, in each case to the intended recipient as set forth below:

If to any member of the Seller Group, to:

Micron Technology, Inc.
8000 South Federal Way
Boise, Idaho 83707
Attn: General Counsel
Fax: (208) 368-4540

with a copy (which shall not constitute notice) to:

Wilson Sonsini Goodrich & Rosati
Professional Corporation
650 Page Mill Road
Palo Alto, CA 94304
Attention: John A. Fore, Esq.
Michael S. Russell, Esq.
Facsimile No.: (650) 493-6811

if to any member of the Buyer Group, to:

Tower Semiconductor Ltd.
P.O. Box 619
Migdal Haemek, Israel, 23105
Attention: Chief Financial Officer
Facsimile No.: (+972) 4 654 6510

with a copy (which shall not constitute notice) to:

Yigal Arnon & Co.
Law Firm
1 Azrieli Center,
Tel Aviv 67021, Israel
Attention: David H. Schapiro, Esq.
Eliran Furman, Esq.
Facsimile No.: (+972) 3 608 7714

if to Newco on and after the Closing, to:

c/o
Tower Semiconductor Ltd.
P.O. Box 619
Migdal Haemek, Israel, 23105
Attention: Chief Financial Officer
Facsimile No.: (+972) 4 654 6510

with a copy (which shall not constitute notice) to:

Yigal Arnon & Co.
Law Firm
1 Azrieli Center,
Tel Aviv 67021, Israel
Attention: David H. Schapiro, Esq.
Eliran Furman, Esq.
Facsimile No.: (+972) 3 608 7714

Any Party may give any notice, request, demand, claim or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, telex, ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by an officer of the Party for whom it is intended and such receipt is confirmed in writing to the Party giving such notice. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

9.7 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of Delaware.

9.8 Exclusive Jurisdiction. With respect to any matter based upon or arising out of this Agreement or the transactions contemplated by this Agreement, each of the Parties (a) irrevocably consents to the exclusive jurisdiction and venue of the federal courts of the District of Delaware, (b) agrees that process may be served upon them in any manner authorized by the federal laws applicable in the District of Delaware for such persons, (c) waives the defense of an inconvenient forum and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and such process, and (d) agrees that a final judgment in such legal proceeding shall be final, binding and enforceable in any court of competent jurisdiction. Each Party agrees not to commence any legal proceedings subject to this Section 9.8 except in such courts.

9.9 Amendments and Waivers. The Parties may mutually amend any provision of this Agreement. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No waiver of any right or remedy hereunder shall be valid unless the same shall be in writing and signed by the Party giving such waiver. No waiver by any Party with respect to any default, misrepresentation or breach of warranty or covenant hereunder shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. Any delay of exercise of any right under this Agreement shall not constitute a waiver of such right.

9.10 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. The Parties shall use their commercially reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the greatest extent possible, the economic, business and other purposes of such void or unenforceable provision.

9.11 Construction.

(a) All references herein to Articles, Sections, Exhibits and Schedules shall be deemed to be references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require.

(b) The words “include,” “includes” and “including” when used herein shall be deemed in each case to be followed by the words “without limitation.”

(c) The headings set forth in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) All references in this Agreement to the subsidiaries of a Person shall be deemed to include all direct and indirect subsidiaries of such Person.

(e) Any dollar thresholds set forth herein shall not be used as a benchmark for determination of what is or is not “material,” or a “Buyer Group Material Adverse Effect” or a “Seller Group Material Adverse Effect” under this Agreement.

(f) Unless otherwise specifically provided, all references in this Agreement to “dollars” or “$” shall mean United States Dollars, and all references to “yen” or “¥” shall mean Japanese Yen.

(g) The definitions set forth in Article I or otherwise referred to in this Agreement shall apply equally to both the singular and plural forms of the terms defined.

(h) Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

(i) Unless the context shall otherwise require, any reference to any contract, statute, rule or regulation is a reference to it as amended and supplemented from time to time (and, in the case of a statute, rule or regulation, to any successor provision).

(j) Any reference in this Agreement to a “day” or a number of “days” (without the explicit qualification of “business”) shall be interpreted as a reference to a calendar day or number of calendar days. In the event that any date provided for in this Agreement falls on a date that is not a business day, such date shall be deemed extended to the next business day.

(k) Any reference to “third party” or “third Person” shall be interpreted as a reference to a Person who is not a party hereto.

(l) When a Japanese term has been inserted in italics to clarify or translate a related English term, the Japanese term shall be authoritative for the purpose of interpreting the related English term.

(m) The use of the defined terms “Competitor” and “Memory Products” herein shall not be used in interpreting any of the Ancillary Agreements, except as expressly provided in any such Ancillary Agreement.

9.12 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

9.13 Expenses. Except as expressly provided in this Agreement, the Parties shall bear their respective direct and indirect expenses incurred in connection with the negotiation and preparation of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby.

9.14 Specific Performance. The Parties agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms thereof and that, prior to the termination of this Agreement pursuant to its terms, the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

[*Signature pages follow*]

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

MICRON TECHNOLOGY, INC.

By: ________________________________

Name: ______________________________

Title: ______________________________

MICRON JAPAN, LTD.

By: ________________________________

Name: ______________________________

Title: ______________________________

TOWER SEMICONDUCTOR LTD.

By: ________________________________

Name: ______________________________

Title: ________________________________

[*Signature Page to Master Agreement*]

Exhibit 10.2

CREDIT SUPPORT AND SUBORDINATION AGREEMENT

THIS CREDIT SUPPORT AND SUBORDINATION AGREEMENT (this "**Agreement**") is made and entered into as of June 3, 2011, by and among Micron Technology, Inc., a Delaware corporation ("**Micron**"), Micron Japan, Ltd., a Japanese corporation and wholly owned subsidiary of Micron ("**MJP**" and, together with Micron, the "**Micron Parties**"), Tower Semiconductor Ltd., an Israeli company ("**Tower**"), Towerjazz Japan, Ltd. whose address is 302-2 Aza Oikenoue Hirano-cho Nishiwaki-shi Hyogo, Japan, a Japanese corporation and, from and after the Closing (as defined below) an indirect, wholly owned subsidiary of Tower ("**Newco**"), and Towerjazz Japan, Ltd. whose address is c/o DLA Piper Tokyo Partnership, Meiji Seimei Kan 7f, 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan, a Japanese corporation and wholly owned subsidiary of Tower ("**Acquisition Sub**" and, together with Tower and Newco, the "**Tower Parties**"). Micron, MJP, Tower, Newco and Acquisition Sub are from time to time referred to herein individually as a "Party" and collectively as "Parties".

RECITALS

A. The Micron Parties and the Tower Parties are parties to that certain Master Agreement, dated as of May 25, 2011 (the "**Master Agreement**"), which provides for, among other things, (i) the transfer of certain assets by MJP to Newco, and the assumption by Newco of certain liabilities of MJP, through a company split (*Shinsetsu Bunkatsu*) (the "**Company Split**") and (ii) the acquisition by Acquisition Sub of all of the outstanding shares of Newco immediately following the Company Split (the "**Share Acquisition**" and, together with the Company Split, the "**Transactions**").

B. In connection with the Transactions, the Micron Parties, Newco and Acquisition Sub are entering into a Supply Agreement, dated as of the date hereof (the "**Supply Agreement**"), which, among other things, provides for the manufacture and sale of probed semiconductor wafers by Newco for and to the Micron Parties.

C. In order to ensure the continuity of supply of probed wafers from Newco to the Micron Parties during the terms of the Supply Agreement and to ensure the Tower Parties' compliance with their respective obligations under the Supply Agreement, and as a material inducement for the Micron Parties to consummate the Transactions, the Parties have agreed to enter into this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises, and the mutual representations, warranties, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged and accepted, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

For all purposes of and under this Agreement, the following terms shall have the following meanings:

1.1 "**Accelerated Purchase Right**" means Micron's rights to place additional purchase orders for Wafers and/or Services (as such terms are defined in the Supply Agreement) as specified in Section 9 of the Supply Agreement.

1.2 "**Acquisition Sub**" has the meaning ascribed to such term in the Preamble.

1.3 "**Additional Permitted Indebtedness**" has the meaning ascribed to such term in Section 3.2(g).

1.4 "**Agreed Valuation Firm**" has the meaning ascribed to such term in Section 6.2.

1.5 "**Agreement**" has the meaning ascribed to such term in the Preamble.

1.6 "**affiliate**" of any Person means any Person that controls, is controlled by, or is under common control with such Person. As used herein, the term "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities or other interests, by contract or otherwise.

1.7 "**Appraisal Firm**" means (a) if the Parties are able to agree upon an Agreed Valuation Firm, such Agreed Valuation Firm and (b) if the Parties are unable to agree upon an Agreed Valuation Firm, any one or more of (1) the Tower Appraiser, (2) the Micron Appraiser and (3) the Third Appraiser, as the context may require.

1.8 "**Appraisal Report**" has the meaning ascribed to such term in Section 6.2.

1.9 "**Appraised Fair Market Value**" has the meaning ascribed to such term in Section 6.23.

1.10 "**Bankruptcy Event**" means any of the following:

(a) any Tower Party or any material Subsidiary thereof institutes or consents to the institution of any proceeding under any Bankruptcy Law; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed or not withdrawn for 30 calendar days; or any proceeding under any Bankruptcy Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed for 30 calendar days, or an order for relief is entered in any such proceeding; or

(b) (i) any Tower Party or any material Subsidiary thereof becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within 30 days after its issue or levy; or

(c) (i) any Tower Party or any material Subsidiary thereof makes a general assignment for the benefit of or a composition with its creditors; or (ii) any Tower Party or any material Subsidiary thereof takes any corporate action or other steps are taken or Proceedings are started or are consented to or any Order is made for its winding-up, liquidation, bankruptcy, dissolution, administration or re-organisation (or for the suspension of payments generally or any process giving protection against creditors) or for the appointment of a liquidator, receiver, administrator, administrative receiver or similar officer of it or of all or any part of its revenues or assets or such a person is appointed, which action, steps, Proceedings or Order are not cancelled or withdrawn within 30 (thirty) days of the occurrence or institution thereof; or (iii) any execution, attachment, sequestration or other process arising out of any claim by any third party against any Tower Party or any material Subsidiary thereof, save in respect of this clause (iii) where: (x) such Tower Party or such Subsidiary is in good faith on reasonable grounds, contesting the execution, attachment, sequestration or other process by appropriate Proceedings diligently pursued; (y) the Micron Parties are satisfied that the ability of such Tower Party to comply with its obligations under the Transaction Documents will not be adversely affected whilst such distress, execution, attachment, diligence or other process is being so contested; and (z) such process as aforesaid is cancelled or withdrawn not later than 30 (thirty) days after the institution thereof.

1.11 "**Bankruptcy Laws**" means the Bankruptcy Code of the United States, the Israeli Companies Ordinance [New Version], 1983, the Bankruptcy Law, Civil Rehabilitation Law and Corporate Reorganization Law of Japan, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States, Japan, Israel or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

1.12 "**Business**" has the meaning ascribed to such term in the Master Agreement.

1.13 "**Business Assets**" has the meaning ascribed to such term in the Master Agreement.

1.14 "**business day**" means a day that is not a Saturday, a Sunday or a statutory or civic holiday in New York, New York, Tel Aviv, Israel or Tokyo, Japan or any other day on which banking institutions are not required to be open in New York, New York, Tel Aviv, Israel or Tokyo, Japan.

1.15 "**Business Plan**" means the business plan of Tower attached hereto as Exhibit A.

1.16 "**Business Tools**" has the meaning ascribed to such term in the Master Agreement.

1.17 "**Capitalized Leases**" means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases.

1.18 “**Cash Equivalents**” means any of the following types of Investments, to the extent owned by Newco or any of its Subsidiaries, as applicable, free and clear of all Liens (other than Liens created under the Collateral Documents and other Liens expressly permitted hereunder):

(a) readily marketable obligations issued or directly and fully guaranteed or insured by the United States of America, Japan or any agency or instrumentality (or Japanese equivalent) thereof having maturities of not more than 360 days from the date of acquisition thereof, provided that the full faith and credit of the United States of America is pledged in support thereof;

(b) time deposits with, or insured certificates of deposit or bankers’ acceptances of, any commercial bank that (i) is organized under the laws of the United States of America, Japan, any state or Japanese prefecture thereof or the District of Columbia or is the principal banking subsidiary of a bank holding company organized under the laws of the United States of America, Japan, any state or Japanese prefecture thereof or the District of Columbia, and is a member of the Federal Reserve System (or Japanese equivalent), (ii) issues (or the parent of which issues) commercial paper rated as described in clause (c) of this definition and (iii) has combined capital and surplus of at least $1,000,000,000, in each case with maturities of not more than 90 days from the date of acquisition thereof;

(c) commercial paper issued by any Person organized under the laws of any state of the United States of America or any prefecture of Japan and rated at least “Prime-1” (or the then equivalent grade) by Moody’s or at least “A-1” (or the then equivalent grade) by S&P, in each case with maturities of not more than 180 days from the date of acquisition thereof; and

(d) Investments, classified in accordance with GAAP as current assets of Newco or any of its Subsidiaries, as applicable, in money market investment programs registered under the Investment Company Act of 1940, which are administered by financial institutions that have the highest rating obtainable from either Moody’s or S&P, and the portfolios of which are limited solely to Investments of the character, quality and maturity described in clauses (a), (b) and (c) of this definition.

1.19 “**Change of Ownership**” means (a) a “Change of Ownership” as such term is defined in the Tower Facility Agreement, (b) prior to the Merger, if Tower ceases to directly own 100% of the Equity Interests of Acquisition Sub, or otherwise control Acquisition Sub, (c) prior to the Merger, if Acquisition Sub ceases to directly own 100% of the Equity Interests of Newco, or otherwise control Newco (except for the Repurchase) or (d) after the Merger, if Tower ceases to directly own 100% of the Equity Interests of the surviving entity of the Merger, or otherwise control such surviving entity.

1.20 “**Class I Trigger Event**” means a Trigger Event specified under clause (c), (i) or (o) of the definition of “Trigger Event” herein.

1.21 “**Class II Trigger Event**” means a Trigger Event specified under clause (a), (b), (d), (f), (g), (h), (j), (k), (l), (m) or (n) of the definition of “Trigger Event” herein.

1.22 “**Class III Trigger Event**” means a Trigger Event specified under clause (e) of the definition of “Trigger Event” herein.

1.23 “**Closing**” has the meaning ascribed to such term in the Master Agreement.

1.24 “**Closing Date**” has the meaning ascribed to such term in the Master Agreement.

1.25 “**Collateral**” means all of the “Collateral”, “Factory Foundation”, “Property”, “Pledged Assets (*tanpo butsu*)” and “Pledged Claim (*tanpo taisho saiken*)” referred to in the Collateral Documents and all of the other property that is or is intended under the terms of the Collateral Documents to be subject to Liens in favor of Micron or MJP and their respective successors and assigns.

1.26 “**Collateral Documents**” means, collectively, the Mortgages, the Security Assignments, related registrations of changes, security agreements, supplements thereto and other similar agreements delivered to Micron and MJP pursuant to this Agreement, any Mortgage or any Security Assignment, and each of the other agreements, instruments or documents that creates or purports to create a Lien in favor of Micron or MJP and their respective successors and assigns.

1.27 “**Company Split**” has the meaning ascribed to such term in the Recitals.

1.28 “**Competitor**” has the meaning ascribed to such term in the Master Agreement.

1.29 “**Consent**” means any approval, consent, permit, ratification, waiver, license, exemption, filing, registration or authorization (including any governmental Consent).

1.30 “**Consolidated Debt Service Coverage Ratio**” means, at any date of determination, the ratio of (a) the sum of (i) Consolidated EBITDA plus (ii) cash and Cash Equivalents on the first day of the then current Quarter to (b) the sum of (i) Consolidated Finance Charges <u>plus</u> (ii) the aggregate principal amount of all principal payments or redemptions or similar acquisitions for value of outstanding Indebtedness for borrowed money, <u>plus</u> (iii) rentals and operating lease expenses of real property, personal property or mixed property, in each case, of or by Newco and its Subsidiaries for the then current Quarter.

1.31 “**Consolidated EBITDA**” means, at any date of determination, an amount equal to Consolidated Net Income of Newco and its Subsidiaries for the applicable period <u>plus</u> (a) the following on a consolidated basis to the extent deducted in calculating such Consolidated Net Income: (i) Consolidated Finance Charges, (ii) the provision for Federal, state, local and foreign income tax expenses, (iii) depreciation and amortization expense and (iv) other non-recurring expenses reducing such Consolidated Net Income which do not represent a cash item in such period or any future period (in each case of or by Newco and its Subsidiaries for such period) and <u>minus</u> (b) the following on a consolidated basis to the extent included in calculating such Consolidated Net Income: (i) Federal, state, local and foreign income tax credits and (ii) all non-cash items increasing Consolidated Net Income (in each case of or by Newco and its Subsidiaries for such period); <u>provided</u> that solely for purposes of determining Consolidated EBITDA for <u>Section 4.1</u> (and not for <u>Section 4.2</u>), (1) for the Measurement Period ending on September 30, 2011, the amount of Consolidated EBITDA for the Measurement Period then ended shall equal the Consolidated EBITDA for the Quarter ending on September 30, 2011 multiplied by four; (2) for the Measurement Period ending on December 31, 2011, the amount of Consolidated EBITDA for the Measurement Period then ended shall equal the sum of (x) the Consolidated EBITDA for the Quarter then ended multiplied by three <u>plus</u> (y) the Consolidated EBITDA for the Quarter ended on September 30, 2011; (3) for the Measurement Period ending on March 31, 2012, the amount of Consolidated EBITDA for the Measurement Period then ended shall equal the sum of (x) the Consolidated EBITDA for the Quarter then ended multiplied by two <u>plus</u> (y) the Consolidated EBITDA for the Quarter ended on September 30, 2011 <u>plus</u> (z) the Consolidated EBITDA for the Quarter ended on December 31, 2011; and (4) for all Measurement Periods ending on June 30, 2012 or later, the amount of Consolidated EBITDA for the Measurement Period then ended shall equal the Consolidated EBITDA for the Quarter then ended plus the Consolidated EBITDA for the three immediately prior Quarters.

1.32 “**Consolidated Finance Charges**” means, for any applicable period, the sum of (a) all interest, premium expenses, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, or any type of financing expense which is not interest, in each case to the extent treated as interest or a financing expense in accordance with GAAP, (b) all interest and financing expenses paid or payable with respect to discontinued operations and (c) the portion of rent expense under Capitalized Leases that is treated as interest in accordance with GAAP, in each case, of or by Newco and its Subsidiaries on a consolidated basis for the most recently completed applicable period.

1.33 “**Consolidated Net Income**” means, at any date of determination, the net income (or loss) of Newco and its Subsidiaries on a consolidated basis for the applicable period; provided that Consolidated Net Income shall exclude (a) extraordinary gains and extraordinary losses for such period, (b) the net income of any Subsidiary during such period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its constitutive documents or any agreement, instrument or law applicable to such Subsidiary during such period, except that Newco’s equity in any net loss of any such Subsidiary for such period shall be included in determining Consolidated Net Income, and (c) any income (or loss) for such period of any Person if such Person is not a Subsidiary, except that Newco’s equity in the net income of any such Person for such period shall be included in Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to Newco or a Subsidiary as a dividend or other distribution (and in the case of a dividend or other distribution to a Subsidiary, such Subsidiary is not precluded from further distributing such amount to Newco as described in clause (b) of this proviso).

1.34 “**Contracts**” means any agreement, contract, obligation, promise or undertaking, whether oral or written, that is legally binding.

1.35 “**Cured**” means, with respect to a Potential Event of Default, either actual compliance by Tower or the applicable Subsidiary thereof with, or execution and delivery of a definitive amendment or permanent waiver to, the relevant financing documents under which such Potential Event of Default arises, in each case, which permanently eliminates such Potential Event of Default under such financing documents.

1.36 “**Default**” means any event or condition that constitutes an event of default or other event or that, with the giving of any notice, the passage of time, or both, would be an event of default or such other event (including, for avoidance of doubt, a Potential Event of Default).

1.37 “**Disposition**” or “**Dispose**” means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction) of any property by any Person (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

1.38 “**Distribution**” means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of any Person or any of its Subsidiaries, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to any Person’s stockholders, partners or members (or the equivalent of any thereof), or any option, warrant or other right to acquire any such dividend or other distribution or payment.

1.39 “**Enforcement Action**” means (a) to take from or for the account of Newco, Acquisition Sub or any guarantor of the Subordinated Intercompany Debt, by set-off or in any other manner, any moneys which may be owing by Newco, Acquisition Sub or any such guarantor in respect of the Subordinated Intercompany Debt, (b) to sue for payment of, or to initiate or participate with others in any suit, action or proceeding against Newco, Acquisition Sub or any such guarantor to (i) enforce payment of or to collect any Subordinated Intercompany Debt or (ii) commence judicial enforcement of any of the rights and remedies under the Subordinated Debt Documents or applicable law with respect to any Subordinated Intercompany Debt, (c) to accelerate the Subordinated Intercompany Debt or (d) to take any action under any applicable law or under any contract or agreement, to enforce, collect, set-off against, foreclose upon, take possession of or sell or otherwise dispose of any assets or properties of Newco, Acquisition Sub or any such guarantor.

1.40 “**Environmental Matter**” has the meaning ascribed to such term in the Master Agreement.

1.41 “**Equity Interests**” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exercisable or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

1.42 “**Excluded Tools**” means any equipment or tools purchased by any of the Tower Parties following the date hereof for use in or to support the operations of Newco. The term “**Excluded Tools**” shall not include any of the Business Assets.

1.43 “**Fab**” has the meaning ascribed to such term in the Master Agreement.

1.44 “**GAAP**” means (a) with respect to Tower and its Subsidiaries on a consolidated basis, generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied, and (b) with respect to Acquisition Sub and Newco, generally accepted accounting principles in Japan set forth in the opinions and pronouncements of the Japanese equivalent of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in Japan, that are applicable to the circumstances as of the date of determination, consistently applied.

1.45 “**Governmental Authority**” means the government of the United States, Japan, Israel or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any applicable supra-national bodies).

1.46 “**Group**” means Tower, any Subsidiary thereof and any other entity the accounts of which are in accordance with GAAP to be consolidated with the consolidated financial statements of Tower.

1.47 “**Guarantee**” means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “**primary obligor**”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “**Guarantee**” as a verb has a corresponding meaning.

1.48 "**Indebtedness**" means, as to any Person at a particular time, without duplication, all of the following, whether or not deemed to be indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the Ordinary Course of Business and not past due for more than 60 days after the date on which such trade account was created);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all attributable indebtedness in respect of capitalized leases and synthetic lease obligations of such Person and all synthetic debt of such Person;

(g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interest in such Person or any other Person or any warrant, right or option to acquire such Equity Interest, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; and

(h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date.

1.49 "**Investment**" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or interest in, another Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit or all or a substantial part of the business of, such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

1.50 “**Jazz**” means Jazz Technologies, Inc., a Delaware corporation.

1.51 “**Lead Investors**” means, collectively, (a) Israel Corporation Ltd., an Israeli company, (b) Sandisk Corporation, a Delaware corporation, (c) Alliance Semiconductor Corporation, a Delaware corporation, and (d) Macronix International Co. Ltd., a Taiwanese company.

1.52 “**Lien**” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

1.53 “**Micron**” has the meaning ascribed to such term in the Preamble.

1.54 “**Micron Parties**” has the meaning ascribed to such term in the Preamble.

1.55 “**Master Agreement**” has the meaning ascribed to such term in the Recitals.

1.56 “**Material Adverse Effect**” means any effect which is or is likely to be materially adverse to: (a) the business or financial condition of any Tower Party, or of Acquisition Sub, Newco and their respective Subsidiaries taken as a whole, or of Tower and its Subsidiaries taken as a whole; (b) the successful implementation of the Business Plan; or (c) the ability of any Tower Party to perform its obligations under any of the Transaction Documents.

1.57 “**Material Contracts**” means any Contract to which Newco, Acquisition Sub or any of their respective Subsidiaries is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto could reasonably be expected to have a Material Adverse Effect.

1.58 “**Material Debt**” means any Indebtedness of, or Guarantee of any Indebtedness by, Newco, Acquisition Sub or any of their respective Subsidiaries having an aggregate principal amount (including undrawn committed or available amounts) of more than $1,000,000.

1.59 “**Measurement Period**” means, at any date of determination, the most recently completed four consecutive Quarters of Newco.

1.60 “**Merger**” means the merger or consolidation of Newco with and into Acquisition Sub or of Acquisition Sub with and into Newco.

1.61 “**Micron Appraiser**” means a third-party appraisal firm selected by the Micron Parties.

1.62 “**MJP**” has the meaning ascribed to such term in the Preamble.

1.63 “**Mortgages**” means, collectively, (a) the Factory Foundation Revolving Mortgage (*Kojo Zaidan Neteitoken*) Agreement dated as of the date hereof between Newco and Micron, (b) the Factory Foundation Revolving Mortgage (*Kojo Zaidan Neteitoken*) Agreement dated as of the date hereof between Newco and MJP, (c) the Revolving Mortgage (*Neteitoken*) Agreement dated as of the date hereof between Newco and Micron and (d) the Revolving Mortgage (*Neteitoken*) Agreement dated as of the date hereof between Newco and MJP, in each case as amended and supplemented from time to time.

1.64 “**Net Proceeds**” means the aggregate consideration received by an applicable Tower Party in respect of a Disposition of assets (including shares) by such Tower Party to any third party after deduction of: (a) all amounts paid or provided for or on account of taxes applicable to, or to any gain resulting from, the Disposition as aforesaid or the discharge of any liability secured on the relevant assets (including VAT), and (b) all costs, fees, expenses and the like properly incurred by such Tower Party in arranging and effecting such Disposition.

1.65 “**Newco**” has the meaning ascribed to such term in the Preamble.

1.66 “**Newco Assets**” means (i) all shares of capital stock of Newco and (ii) all Transferred Tools and all other assets of Newco, other than the Excluded Tools.

1.67 “**Obligations**” means all advances to, and debts, liabilities, obligations, covenants and duties of, any Tower Party arising under the Supply Agreement, this Agreement or any other Transaction Document or otherwise with respect to any Collateral, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Tower Party or any affiliate thereof of any proceeding under any Bankruptcy Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

1.68 “**Order**” means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any court, administrative agency or other Governmental Authority or by any arbitrator.

1.69 “**Ordinary Course of Business**” means, with respect to any Person an action that: (a) is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of such Person, and (b) is similar in nature and magnitude to activities customarily taken in the ordinary course of the normal day-to-day operations of other Persons that are in the same line of business as such Person.

1.70 “**Permitted Indebtedness**” means, collectively, Additional Permitted Indebtedness and Permitted Working Capital Indebtedness.

1.71 “**Permitted Interest Payments**” means, in respect of any Subordinated Intercompany Debt, regularly scheduled (and not default or compounded) interest on such Subordinated Intercompany Debt due and payable by Newco or Acquisition Sub on a non-accelerated basis under the Subordinated Debt Documents (as such Subordinated Debt Documents are in effect on the date hereof) to Acquisition Sub or Tower, respectively, in each case at a rate not exceeding 2.0% per annum.

1.72 “**Permitted Working Capital Indebtedness**” has the meaning ascribed to such term in Section 3.2(f).

1.73 “**Person**” means any individual, corporation, partnership, firm, association, joint venture, joint stock company, trust, unincorporated organization or other entity, including any Governmental Authority.

1.74 “**Potential Trigger Event**” means any event or condition that, with the giving of any notice, the passage of time, or both, would be a Trigger Event.

1.75 “**Potential Event of Default**” means any event or condition that, with the giving of any notice, the passage of time, or both, would be an event of default or other event.

1.76 “**Proceeding**” means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted or heard by or before or otherwise involving, any Governmental Authority, arbitrator or mediator.

1.77 “**Purchase Notice**” has the meaning ascribed to such term in Section 6.3.

1.78 “**Purchase Period**” has the meaning ascribed to such term in Section 6.3.

1.79 “**Purchaser**” has the meaning ascribed to such term in Section 6.4.

1.80 “**Quarter**” means each period commencing on the day after a Quarter Day and ending on the next following Quarter Day.

1.81 “**Quarter Day**” means 31 March, 30 June, 30 September and 31 December in any year and “Quarter Day” means any of them.

1.82 “**Related Documents**” means, collectively, the Master Agreement and the “Ancillary Agreements” (as such term is defined in the Master Agreement).

1.83 “**Repurchase**” means the purchase by MJP of all the Newco Assets pursuant to Article VI.

1.84 “**Responsible Officer**” means, with respect to any Tower Party, the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of such Tower Party. Any document delivered hereunder that is signed by a Responsible Officer of a Tower Party shall be conclusively presumed to have been authorized by all necessary corporate or other action on the part of such Tower Party, and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Tower Party.

1.85 "**SEC**" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

1.86 "**Security Assignments**" means, collectively, (a) the Agreement Regarding the Creation of Security Interest (Inventory) dated as of the date hereof among Micron, MJP and Newco, (b) the Agreement Regarding the Creation of Security Interest (Accounts Receivable) dated as of the date hereof among Micron, MJP and Newco, and (c) the Agreement Regarding the Creation of Security Interest (Machinery) dated as of the date hereof among Micron, MJP and Newco, in each case as amended and supplemented from time to time.

1.87 "**Share Acquisition**" has the meaning ascribed to such term in the Recitals.

1.88 "**Sputter Tools**" has the meaning ascribed to such term in the Master Agreement.

1.89 "**Subordinated Creditors**" means the Tower, Acquisition Sub and any other holder of Subordinated Intercompany Debt.

1.90 "**Subordinated Debt Documents**" means, collectively, (a) each Subordinated Note and (b) all related notes, guarantees, documents, agreements and instruments now existing or hereinafter entered into evidencing or pertaining to all or any portion of the Subordinated Intercompany Debt, all as modified, supplemented or refinanced from time to time.

1.91 "**Subordinated Debt Distribution**" shall mean, with respect to any indebtedness, obligation or security, (a) any payment or distribution by any Person of cash, securities or other property, including by the application of proceeds from the disposition of collateral, by set-off or otherwise, on account of or to pay principal, interest or any other obligation owing in respect of such indebtedness, obligation or security, (b) any redemption, purchase or other acquisition of such indebtedness, obligation or security by any Person or (c) the granting of any lien or security interest to or for the benefit of the holders of such indebtedness, obligation or security in or upon any property of any Person.

1.92 "**Subordinated Intercompany Debt**" means all obligations, liabilities and indebtedness of every nature of (i) Newco from time to time owed to Acquisition Sub, Tower or any of their respective subsidiaries, successors or assigns under the Subordinated Debt Documents and (ii) Acquisition Sub owed to Newco, Tower or any of their respective subsidiaries, successors or assigns under the Subordinated Debt Documents, in each case including the principal amount of all debts, claims and indebtedness, accrued and unpaid interest and all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and from time to time hereafter owing, due or payable, whether before or after a Bankruptcy Event together with (a) any amendments, refinancings, modifications, renewals, increases or extensions thereof and (b) any interest, fees, expenses, premiums or other amounts accruing thereon after the commencement of a Bankruptcy Event, without regard to whether or not such interest, fees, expenses, premiums or other amounts are allowed or allowable in whole or in part in any such Bankruptcy Event.

1.93 "**Subordinated Notes**" means, collectively, (a) the unsecured Loan Agreement dated as of the date hereof between Acquisition Sub, as the lender thereunder, and Newco, as the borrower thereunder, (b) the unsecured Loan Agreement dated as of the date hereof between Tower, as the lender thereunder, and Acquisition Sub, as the borrower thereunder, in each case as modified, supplemented or refinanced from time to time.

1.94 "**Subordination Termination Date**" means the second anniversary of the date of this Agreement, provided that (a) the prior indefeasible payment and performance in full and in cash of all Obligations has occurred and (b) no Trigger Event or Potential Trigger Event has occurred and is continuing.

1.95 "**Subsidiary**" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of Tower.

1.96 "**Supply Agreement**" has the meaning ascribed to such term in the Recitals.

1.97 "**Swap Contract**" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "**swap master agreement**"), including any such obligations or liabilities under any swap master agreement.

1.98 "**Swap Termination Value**" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any internationally recognized dealer in such Swap Contracts.

1.99 “**Third Appraiser**” means a third-party appraisal firm agreed to by the Micron Appraiser and the Tower Appraiser, or any replacement appraisal firm agreed to pursuant to Section 6.6.

1.100 “**Threatened**” means, with respect to any claim, Proceeding, dispute, action or other matter, that either:

(a) any demand or statement has been made in writing or any notice has been given in writing or any other event has occurred or any other circumstance exists, that leads any Responsible Officer or chief legal officer actually to believe that such a claim will be filed or otherwise pursued in the future; or

(b) any demand or statement has been made in writing or orally or any notice has been given in writing or orally to the effect that such a claim, Proceeding, dispute, action or other matter will be asserted, commenced, taken or otherwise pursued in the future.

1.101 “**Tower**” has the meaning ascribed to such term in the Preamble.

1.102 “**Tower Appraiser**” means a third-party appraisal firm selected by the Tower Parties.

1.103 “**Tower Facility Agreement**” means the Restated Facility Agreement originally made on 18 January 2001 between Tower and the Tower Lenders, as amended and restated through September 29, 2008, and as further amended as of August 17, 2009, August 16, 2010 and March 23, 2011.

1.104 “**Tower Lenders**” means, collectively, so long as Tower owes them any Indebtedness for borrowed money, Bank Leumi Le-Israel B.M. and Bank Hapoalim B.M.

1.105 “**Tower Parties**” has the meaning ascribed to such term in the Preamble.

1.106 “**Transaction Documents**” means this Agreement, the Supply Agreement and the Collateral Documents.

1.107 “**Transactions**” has the meaning ascribed to such term in the Recitals.

1.108 “**Transferred Tools**” means the Business Tools and the Sputter Tools.

1.109 “**Trigger Event**” means the occurrence of any of the following:

(a) (i) a Default in respect of any Indebtedness of, or Guarantee of any Indebtedness by, Tower or any of its Subsidiaries (excluding however Indebtedness of or Guarantees by Jazz and its Subsidiaries) having an aggregate principal amount (including undrawn committed or available amounts) of more than (x) $19,000,000 with respect to Tower or (y) $5,000,000 with respect to any such Subsidiary, in each case the effect of which Default is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded, and in the case of a Potential Event of Default, such Potential Event of Default is not Cured within 14 calendar days of its occurrence; or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which any Tower Party or any Subsidiary thereof is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which any Tower Party or any Subsidiary thereof is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by such Tower Party or such Subsidiary as a result thereof is greater than (x) $5,000,000 with respect to Tower or (y) $1,000,000 with respect to any such Subsidiary;

(b) any Tower Party fails to perform or observe any term, covenant or agreement contained in: (i) any provision of Section 2.1 or Section 2.10(c); or (ii) any provision of the Master Agreement;

(c) any Tower Party fails to perform or observe any term, covenant or agreement contained in: (i) any provision of Article III or VII (and if such failure is capable of remedy within such period, if such failure continues for more than fourteen (14) consecutive calendar days after such failure); or (ii) any provision of Article I, II, III, IV, VI, VII, VIII or IX of any Mortgage; or (iii) any provision of Article II, III, IV, V, VI, VIII, X, XII, XIII, XIV, XV or XXIII of any Security Assignment; or (iv) Acquisition Sub or Newco materially breaches any material term, covenant or agreement contained in Section 9, 11.1, 13.7 or 15 of the Supply Agreement, subject to any applicable cure periods expressly set forth therein;

(d) there is any breach of Section 2.2 or 2.4 and, if such default is capable of remedy within such period, within seven (7) days after receipt by Newco or Acquisition Sub of written notice from any Micron Party requiring the failure to be remedied, the Tower Parties shall have failed to cure such default;

(e) any Tower Party fails to perform or observe any term, covenant or agreement contained in any provision of Article IV;

(f) any Tower Party fails to perform or observe any other covenant or agreement (not specified in clause (b), (c), (d) or (e) of this definition) contained in this Agreement, any Collateral Document or the Supply Agreement on such Tower Party's part to be performed or observed and, if such failure is capable of remedy within such period, such failure continues for fourteen (14) days after receipt by Tower of written notice from any Micron Party requiring the failure to be remedied;

(g) any representation or warranty made or repeated by or on behalf of any Tower Party in any Transaction Document, or in any certificate or statement delivered by or on behalf of any Tower Party or under any Transaction Document is incorrect or misleading in any material respect when made or deemed to be made or repeated;

(h) any of the Transaction Documents to which a Tower Party is party shall cease to be in full force and effect in any respect or shall cease to constitute the legal, valid, binding and enforceable obligation of such Tower Party, or in the case of any Collateral Document, fail to provide effective perfected security in favor of the Micron Parties over the assets over which security is intended to be given by that Collateral Document;

(i) any Bankruptcy Event;

(j) there is current or pending any litigation, dispute, arbitration, administrative, regulatory or other Proceedings or enquiry concerning or involving any Tower Party or any Subsidiary thereof which is likely to have a Material Adverse Effect;

(k) any event or series of events occur which, in the reasonable opinion of the Micron Parties, after discussion with Tower and Newco, is likely to have a Material Adverse Effect solely in respect of Newco or Acquisition Sub, including any material adverse change in the business or financial condition of Newco or Acquisition Sub or in the ability of Newco or Acquisition Sub to perform its obligations under the Transaction Documents or under the Related Documents;

(l) any Collateral Document after delivery thereof pursuant to the Transaction Documents shall for any reason (other than pursuant to the terms thereof or to the extent expressly permitted under Section 3.1(d)) cease to create a valid and perfected, first-priority Lien on the Collateral purported to be covered thereby;

(m) any government or Governmental Authority: (1) nationalizes, seizes or expropriates all or any substantial or material part of the assets of any Tower Party, or its share capital, or the Fab or any part thereof; or (2) assumes custody or control of such assets, or of the business or operations of the Borrower, or of its share capital or of the Fab; or (3) takes any action for the dissolution of any Tower Party (other than the Merger); or (4) takes any action that would prevent any Tower Party or its officers from carrying on its business or operations or a substantial or material part thereof, or the Fab; or

(n) it is or becomes unlawful for any Tower Party to perform any of its material obligations under the Transaction Documents or any of its material obligations under any of the Related Documents; or

(o) (1) a Default in respect of any Permitted Indebtedness (including any related Guarantee) of Newco or any of its Subsidiaries or in respect of any Subordinated Intercompany Debt, the effect of which Default is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause such Permitted Indebtedness or Subordinated Intercompany Debt to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Permitted Indebtedness or Subordinated Intercompany Debt to be made, prior to its stated maturity, or such related Guarantee to become payable or cash collateral in respect thereof to be demanded; or (2) any Tower Lender (or any assignee, beneficiary or designee thereof) shall exercise any of its rights or formally initiate enforcement proceedings in respect of its Lien(s) on any Subordinated Note or Subordinated Intercompany Debt (except to the extent expressly permitted under Article VII), or on the Equity Interests of Acquisition Sub, Newco or any of their respective Subsidiaries; or (3) (i) Article VII shall, in whole or in part, terminate, cease to be effective or cease to be legally valid, binding and enforceable against any holder of Subordinated Intercompany Debt; or (ii) any Tower Party shall, directly or indirectly, disavow or contest in any manner (A) the effectiveness, validity or enforceability of any provision of Article VII, (B) that Article VII exists for the benefit of the Micron Parties or (C) that all payments of principal of or premium and interest on the Subordinated Intercompany Debt, or realized from the liquidation of any property of any Tower Party, shall be subject to Article VII.

1.110 "**United States**" and "**U.S.**" mean the United States of America.

ARTICLE II
AFFIRMATIVE COVENANTS

From the date hereof to and including June 3, 2013:

2.1 Consultation. The Tower Parties will consult with MJP and Micron a reasonable time prior to taking any action relating to any liquidation, winding up, dissolution, any Bankruptcy Event or any other similar event or circumstance in respect of any Tower Party, it being acknowledged by Micron and MJP that except to the extent otherwise provided by applicable law (including Bankruptcy Laws), neither Micron nor MJP shall have any consent rights whatsoever with respect to such actions.

2.2 Insurance. Newco and Acquisition Sub will, and will cause their respective Subsidiaries to:

(a) insure and keep insured all their respective properties and assets with reputable insurance companies or underwriters approved by the Micron Parties (such approval not to be unreasonably withheld), to such extent, at such times and against such risks, as described in the Supply Agreement and Master Agreement, and providing for not less than 30 days' prior notice to MJP of material changes, termination, lapse or cancellation of such insurance;

(b) procure that all the insurance required as aforesaid shall, for so long as so required, be in full force and effect and legal, valid, binding and enforceable in accordance with their respective terms;

(c) procure that the Micron Parties are designated as loss payees thereunder and are joined as an additional named insureds thereunder as their interests may appear and shall provide for coverage to Micron regardless of a breach by Tower and shall not be invalidated by any act or neglect of Tower and shall not be subject to co-insurance and the interests of the Micron Parties are duly noted and endorsed upon all slips, cover notes, policies or other instruments of insurance issued or to be issued in connection therewith;

(d) promptly notify the Micron Parties of any insurance claim where the amount of such claim exceeds, individually or in the aggregate, US $1,000,000 (one million United States Dollars) (or its equivalent, on the date on which the claim is made, in the currency in which such claim is made); and

(e) duly give a notice of assignment by way of charge in respect of all such insurance (other than under insurance policies in respect of liability of Newco or Acquisition Sub to third parties or of liability of Newco or Acquisition Sub for damage to property of third parties or of the type listed in Schedule 2.2(e) attached hereto) to the relevant insurers and such insurers shall have given acknowledgments thereof, pursuant to which, *inter alia*, all proceeds of such insurance are to be paid directly to the Micron Parties if a Trigger Event has occurred and is continuing and if the Micron Parties so request in writing.

Each of Newco and Acquisition Sub hereby appoints Micron as its attorney-in-fact to make proof of loss, claim for insurance and to make adjustments with insurers and to receive payment of and execute or endorse all documents, checks or drafts in connection with payments made as a result of such insurance policies; provided that Micron may, in such event, settle claims only on a reasonable basis and in good faith. Such appointment is irrevocable and coupled with an interest. Micron shall not act as such attorney in fact unless a Trigger Event has occurred and is continuing.

2.3 Consents. Newco and Acquisition Sub will, and will cause their respective Subsidiaries to, obtain every Consent required to perform its obligations under this Agreement or any other Transaction Document and ensure that: (i) none of the Consents is revoked, cancelled, suspended, withdrawn, terminated, expires or is not renewed or otherwise ceases to be in full force and effect; and (ii) no Consent is modified and that it does not commit any breach of the terms or conditions of any Consent (save for a breach which cannot be a cause for revocation of such Consent or for variation thereof materially adverse to any Tower Party). Newco and Acquisition Sub will promptly furnish to the Micron Parties certified copies of all Consents.

2.4 Material Contracts. Newco and Acquisition Sub will, and will cause their respective Subsidiaries to, comply with the terms of each of the Material Contracts, save for any non-compliance which: (i) is not material; and (ii) cannot constitute (including with the passage of time or the giving of notice) a cause of action permitting cancellation of any such Material Contract or any variation thereof materially adverse to Newco or Acquisition Sub. Newco and Acquisition Sub shall use their best efforts to procure that all Material Contracts entered into after the date hereof are duly pledged to the Micron Parties by way of first-ranking fixed charge (assignment by way of charge) under the Collateral Documents and otherwise perfected in accordance with their terms.

2.5 Organizational Documents. Newco and Acquisition Sub will, and will cause their respective Subsidiaries to, not amend its charter, bylaws or other constitutive documents in any respect materially adverse to the interests of the Micron Parties under this Agreement, the Collateral Documents or the Supply Agreement, without the prior written consent of the Micron Parties.

2.6 Change of Business. Newco and Acquisition Sub will, and will cause their respective Subsidiaries to, (a) not make or threaten to make any substantial change in the nature of its business, and (b) not carry on any business other than the Business.

2.7 Financial and Other Reports by Tower. The Tower Parties will promptly deliver to Micron and MJP a copy of any and all financial statements, reports, notices and other documents and information required to be delivered by Tower to the Tower Lenders under (a) Sections 16.1, 16.2, 16.5, 16.14.1 and 16.25 of the Tower Facility Agreement and (b) to the extent relating to Newco, Acquisition Sub or their respective Subsidiaries or properties, Sections 16.9.2 and 16.12 of the Tower Facility Agreement.

2.8 Financial Statements; Other Information. The Tower Parties will also deliver to Micron and MJP (except the extent delivered pursuant to Section 2.7):

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of Tower, Acquisition Sub and Newco (commencing with the fiscal year ending on December 31, 2011), a consolidated balance sheet of Tower and its Subsidiaries, of Acquisition Sub and of Newco, respectively, as at the end of such fiscal year, and the related consolidated statements of income or operations, changes in shareholders' equity, and cash flows of Tower and its Subsidiaries, of Acquisition Sub and of Newco, respectively, for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of Deloitte Touche Tomatsu or other “Big Four” accounting firm appointed by Tower as its independent auditor, which report and opinion shall be prepared in accordance with GAAP and shall not be subject to any "going concern" or like qualification or exception;

(b) as soon as available, but in any event within 60 days after the end of each of the first three fiscal quarters of each fiscal year of Tower, Acquisition Sub and Newco (commencing with the fiscal quarter ending on September 30, 2011), a consolidated balance sheet of Tower and its Subsidiaries, of Acquisition Sub and of Newco, respectively, as at the end of such fiscal quarter, and the related consolidated statements of income or operations, changes in shareholders' equity, and cash flows for such fiscal quarter (or with respect to the second Quarter, for the relevant half-year), in the same format as the “Unaudited Tower Interim Financials” (as such term is defined in the Master Agreement), setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year (or with respect to the second Quarter, for the relevant, corresponding half-year of the previous fiscal year), all in reasonable detail, which financial statements shall have been reviewed by Deloitte Touche Tomatsu or other “Big Four” accounting firm appointed by Tower as its independent auditor in accordance with Statement on Auditing Standards No. 100, which review shall be accompanied by a report from Deloitte Touche Tomatsu (or such other “Big Four” accounting firm) to the effect that neither Tower and its Subsidiaries, on a consolidated basis, or Acquisition Sub or Newco, are subject to a "going concern" or like qualification or exception as of the end of the period covered by such review;

(c) concurrently with the delivery of the annual and quarterly financial statements referred to in Sections 2.7 and 2.8, a report, in the form and substance reasonably satisfactory to the Micron Parties comparing actual results with projected results of Newco and Acquisition Sub (including separately for the Fab);

(d) as soon as available, but in any event within 31 days after the first day of each fiscal year of Acquisition Sub and Newco, an annual business plan and budget of Acquisition Sub, Newco and their Subsidiaries on a consolidated basis, including forecasts prepared by management of Acquisition Sub and Newco, in form and substance reasonably satisfactory to Micron and MJP, on a quarterly basis for the immediately following fiscal year; and

(e) as soon as available, but in any event within 7 days after the first day of each fiscal quarter of Acquisition Sub and Newco, a reasonably detailed description of any and all material modifications and supplements to the annual business plan, forecast and budget referred to in Section 2.8(d);

(f) promptly following each meeting of the board of directors (or any committee of the board of directors) of any Tower Party, copies of all materials submitted to the board of directors (or any such committee of the board of directors) of any Tower Party with any third party confidential information and information deemed in good faith to be of a highly sensitive nature by such Tower Party redacted therefrom; and

(g) promptly, but in any event within 3 days of receipt thereof by any Tower Party, copies of any amendments to, or default notices or waivers in respect of, the Subordinated Debt Documents or any Permitted Indebtedness.

Each Tower Party represents and warrants to the Micron Parties that (i) the opinions, assumptions and timetables contained in the Business Plan (including both the alternate case assumptions and the base assumptions, as defined therein) are reasonable and (ii) the financial, business and other projections set out in the Business Plan (including both the alternate case assumptions and the base assumptions, as defined therein) have been prepared with due diligence, care and consideration. The foregoing representation and warranty shall be deemed to have been repeated upon the furnishing of the annual business plan and budget and quarterly updates thereto to the Micron Parties by the Tower Parties.

2.9 Company Certificates. The Tower Parties will deliver to Micron and MJP:

(a) Concurrently with the delivery of the annual and quarterly financial statements referred to in Sections 2.7 and 2.8, certificates of a senior executive officer of Newco and Acquisition Sub on behalf of Newco and Acquisition Sub, respectively, which shall be certified as accurate by Newco's and Acquisition Sub's auditors in a form reasonably satisfactory to the Micron Parties and:

(i) setting out in reasonable detail, with respect to the audited annual financial statements referred to in Section 2.8(a), computations establishing the cash flow from operating activities (if any) for that fiscal year;

(ii) setting out in reasonable detail computations establishing, as at the date of such financial statements, the following financial ratios for such Quarter or fiscal year (as the case may be): Consolidated EBITDA and Consolidated Debt Service Coverage Ratio; and

(iii) for each Quarter, a statement regarding aging of accounts receivable.

(b) Concurrently with the delivery of the annual and quarterly financial statements referred to in Sections 2.7 and 2.8, certificates of a senior executive officer of Newco and Acquisition Sub on behalf of Newco and Acquisition Sub, respectively, setting out:

(i) in reasonable detail computations establishing as at the date of such financial statements, whether each of the financial ratios set out in Article IV were complied with and certifying that:

(A) the relevant financial statements fairly present (in relation to the relevant accounting period) the financial position of Newco or Acquisition Sub, as applicable;

(B) the relevant financial statements were prepared in accordance with GAAP, consistently applied; and

(C) no Trigger Event or Potential Trigger Event has occurred or, if it has occurred, specifying the Trigger Event or Potential Trigger Event and the steps, if any, being taken to remedy it; and

(ii) the number of shares in Newco or Acquisition Sub, if any, held by each shareholder (other than Acquisition Sub or Tower) thereof as at the end of such accounting period.

2.10 Notices. The Tower Parties will:

(a) notify the Micron Parties immediately of details of any material default under any Material Contract or adverse claims against a Tower Party by any party to any Material Contract or by any other Person in connection with the Fab or of any other material claim by a Person against Newco or Acquisition Sub, whether or not in connection with the Fab;

(b) notify the Micron Parties of details of any shut-down of the Fab, any force majeure event under a Material Contract and any event which might interrupt Fab operations or performance in any material respect; and

(c) notify the Micron Parties of any Trigger Event or any Potential Trigger Event, of which any Tower Party is aware (and the steps, if any, being taken to remedy such Trigger Event or Potential Trigger Event) promptly upon becoming aware thereof.

2.11 Other Information and Notices. The Tower Parties shall furnish to the Micron Parties:

(a) promptly, all notices, reports or other documents required by law to be dispatched by Newco or Acquisition Sub to its shareholders generally (or any class of them) or to the holders of any Material Debt and all notices, reports or other documents relating to the financial difficulties or debt obligations of Newco or Acquisition Sub dispatched by or on behalf of Newco or Acquisition Sub to its creditors generally or to any class of its creditors;

(b) promptly, copies of notices or other filings made by Newco or Acquisition Sub with the SEC or any other regulatory Governmental Authority;

(c) within 21 (twenty-one) days of the end of each calendar month, statements of cash flow (for Newco and Acquisition Sub) for such month in the format set out in the uses and sources statement included in the Business Plan;

(d) as soon as the same are instituted or, Threatened, details of any litigation, arbitration or other Proceedings involving it which, if adversely determined, would have a Material Adverse Effect; or which involves a liquidated claim or alleged liability which is likely to be in excess of $1,000,000 or its equivalent, or, together with any other claims or alleged liability, to be in excess of $2,000,000 (or its equivalent) in aggregate;

(e) promptly, such further information regarding the Fab or a Tower Party's financial condition, business and assets (including any requested amplification or explanation of any item in any financial statements, the Business Plan or other material provided by a Tower Party hereunder) as the Micron Parties may reasonably request from time to time;

(f) promptly, upon being notified of the same, details of the occurrence of a Change of Ownership or details of any proposed Change of Ownership of which it is aware;

(g) promptly, on request, certificates signed by the CEO of Newco or Acquisition Sub as to compliance by Newco or Acquisition Sub with the Transaction Documents, including Collateral Documents, and as to the absence of any Trigger Event or Potential Trigger Event;

(h) promptly, notice of any Enforcement Action, Trigger Event or Potential Trigger Event and the steps being taken to remedy same; and

(i) promptly after the execution thereof, any Contract which Newco or Acquisition Sub reasonably considers may constitute a Material Contract, and Newco and Acquisition Sub shall promptly take all steps required by the Micron Parties to duly pledge and assign by way of charge all rights and interest of Newco and Acquisition Sub under such Material Contracts in accordance with the Collateral Documents; and

(j) notice of any matter (including any Environmental Matter) that has resulted or could reasonably be expected to result in a Material Adverse Effect.

2.12 Additional Information. As soon as practicable (and, in any event, within 60 (sixty) days after the end of each Quarter), the Tower Parties shall send to the Micron Parties:

(a) details of any Investment(s) made or resolved to be made by Newco or Acquisition Sub in an amount equal to or in excess of, individually or in the aggregate, $1,000,000 during the preceding Quarter;

(b) a resolution of any organ of Newco or Acquisition Sub to make, or evidencing any intention to make, whether conditionally or unconditionally, preparations for the issuance of a prospectus and/or any offer to the public (whether or not any such offer requires the approval or publication of a prospectus), in any jurisdiction, relating to the sale or offer of any securities or debentures of Newco or Acquisition Sub;

(c) details of any loans (other than loans to employees in the ordinary course of Newco's or Acquisition Sub's business) or guarantees made by Newco or Acquisition Sub, exceeding in each case $500,000 or loans or guarantees exceeding $1,000,000 in aggregate; and

(d) any Disposition as referred to in Section 3.7, the dollar amount (or, if denominated in a currency other than dollars, the dollar equivalent) of the Net Proceeds of which equals or exceeds $1,000,000 when aggregated with the Net Proceeds of all such other disposals in the fiscal year in which such Quarter occurs, equals or exceeds $1,000,000.

2.13 Access.

(a) Each Tower Party shall, subject to prior coordination with such Tower Party of the time, permit any professional adviser (including the Micron Adviser) to the Micron Parties or representative of the Micron Parties to have access to the Group's corporate, financial and operational books, records, accounts, documents, computer programmes, data or other information in the possession of or available to it, subject to such adviser executing a confidentiality undertaking in customary form reasonably acceptable to the Micron Parties, on the one hand, and such Tower Party, on the other hand, and to take such copies as may be considered appropriate by such representative or professional adviser and to discuss the affairs, finances and financial statements and results of such Tower Party with the directors, officers and auditors of such Tower Party, all at such reasonable times after giving written notice and as often as the Micron Parties may from time to time request. For the removal of doubt, the Micron Adviser and such other professional advisors shall be entitled to reveal to the Micron Parties all confidential information regarding the Group to which it has access.

(b) For the avoidance of doubt, no information or access provided to any of the Micron Parties' professional advisors, including, the adviser to the Micron Parties on financial and accounting matters ("**the Micron Adviser**"), pursuant to this Agreement shall release any Tower Party from its obligations to make and provide, and to be fully responsible for, all reports and notices as shall be required under this Agreement, or in any way place any responsibility on the Micron Parties with respect to any Tower Party or to any third parties with respect to such information and access, including, any claim that any knowledge obtained by the Micron Parties' professional advisors (including the Micron Advisor), constitutes any waiver of any nature or acceptance by the Micron Parties of any such matter or matters as to which the Micron Parties' professional advisors (including the Micron Advisor) obtain knowledge.

ARTICLE III
RESTRICTIVE COVENANTS

From the date hereof to and including June 3, 2013:

3.1 Liens. Acquisition Sub and Newco shall not, and shall not permit any of their respective Subsidiaries to, nor shall Tower cause Newco, Acquisition Sub or any of their respective Subsidiaries to, create, incur, assume or suffer to exist any Lien on the whole or any part of the present or future properties, assets, business or undertakings of Newco, Acquisition Sub or any of their respective Subsidiaries, other than the following:

(a) Liens in favor of the Micron Parties;

(b) Liens securing Indebtedness permitted under Section 3.2(b); provided that (i) such Liens do not at any time encumber any Collateral or any property other than the property financed by such Indebtedness and (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition;

(c) Liens on the shares of Newco owned by Acquisition Sub made in favor of the Tower Lenders pursuant to documentation in form and substance reasonably satisfactory to the Micron Parties;

(d) subject to an intercreditor agreement reasonably satisfactory to the Micron Parties with the lenders (which for avoidance of doubt, shall not be affiliates of Newco or Acquisition Sub, except for Bank Leumi Le-Israel B.M. and Bank Hapoalim B.M.) providing Permitted Working Capital Indebtedness or Additional Permitted Indebtedness, first-priority Liens in favor of such lenders on such portion of the Collateral or of any other property or assets of Newco, Acquisition Sub or any of their respective Subsidiaries, in each case as is reasonably necessary to secure such Permitted Working Capital Indebtedness or Additional Permitted Indebtedness and as is reasonably requested by such lenders, and in each case only so long as the Micron Parties retain a second-priority Lien on such portion of the Collateral, other property and assets, all on terms and in form and substance reasonably acceptable to the Micron Parties; provided, that without the Micron Parties' prior written consent, any such first-priority Liens in favor of such lenders shall not be granted pursuant to documents (such as a factory foundation mortgage) that describe the applicable property or assets (and their locations) in more detail than the Collateral Documents or that include any proprietary or confidential information about the Fab and related equipment or machinery; and

(e) Liens on the Subordinated Notes made in favor of the Tower Lenders pursuant to documentation in form and substance reasonably satisfactory to the Micron Parties; provided that the Tower Parties shall use their reasonable best efforts to obtain from the Tower Lenders and deliver to the Micron Parties written confirmations (reasonably satisfactory to the Micron Parties) by the Tower Lenders to the Micron Parties of the Tower Lenders' agreement with the terms and conditions of Article VII.

3.2 Indebtedness. Acquisition Sub and Newco shall not, and shall not permit any of their respective Subsidiaries to, nor shall Tower cause Newco, Acquisition Sub or any of their respective Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under this Agreement or the Collateral Documents;

(b) Indebtedness in respect of capitalized leases and purchase money obligations for fixed or capital assets (other than the Collateral) within the limitations set forth in Section 3.1(b);

(c) unsecured obligations (contingent or otherwise) existing or arising under any Swap Contract, provided that (i) such obligations are (or were) entered into by such Person in the Ordinary Course of Business for the purpose of directly mitigating risks associated with fluctuations in interest rates or foreign exchange rates and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party; provided that the aggregate Swap Termination Value thereof shall not exceed $1,000,000 at any time outstanding;

(d) the Subordinated Note of Newco and other unsecured Indebtedness of Newco or Acquisition Sub owing to Newco or Acquisition Sub; provided that such Subordinated Note and such other unsecured Indebtedness are subordinated to the Tower Parties' obligations under the Transaction Documents pursuant to Article VII or other documentation in form and substance satisfactory to the Micron Parties;

(e) the Subordinated Note of Acquisition Sub and other unsecured Indebtedness of Newco or Acquisition Sub owing to Tower; provided that (i) no principal of, or interest on, such Subordinated Note or any such other unsecured Indebtedness shall be due or payable before the date that is six months after the second anniversary of the Closing Date (except to the extent that Permitted Interest Payments are expressly permitted to be paid under Section 7.1) and (ii) such Subordinated Note and such other unsecured Indebtedness are subordinated to the Tower Parties' obligations under the Transaction Documents pursuant to Article VII or other documentation in form and substance satisfactory to the Micron Parties;

(f) Indebtedness of Newco and its Subsidiaries owing under the credit facility described in Section 5.22 of the Master Agreement, solely for Newco's ordinary working capital purposes, and not exceeding $30,000,000 (or the yen equivalent thereof) in aggregate principal amount at any time (the "**Permitted Working Capital Indebtedness**"); provided, that (i) Newco and its Subsidiaries shall not use proceeds of the Permitted Working Capital Indebtedness for Investment purposes and (ii) the Permitted Working Capital Indebtedness shall remain available to fund emergency operating contingencies of Newco and its Subsidiaries, and shall not be used to make capital expenditure investments or other Investments;

(g) Indebtedness of Newco and its Subsidiaries, solely for Newco's ordinary working capital and capital expenditure purposes, and not exceeding $30,000,000 (or the yen equivalent thereof) in aggregate principal amount at any time (the "**Additional Permitted Indebtedness**"); provided that each time Newco incurs or draws any such Additional Permitted Indebtedness, Tower makes at the same time a cash capital contribution to Newco in an amount equal to the principal amount of such Additional Permitted Indebtedness incurred or drawn; and

(h) unsecured Indebtedness in an aggregate principal amount not to exceed $1,000,000 at any time outstanding.

3.3 Distributions. Acquisition Sub and Newco shall not, and shall not permit any of their respective Subsidiaries to, nor shall Tower cause Newco, Acquisition Sub or any of their respective Subsidiaries to, declare or make, directly or indirectly, any Distribution, or incur any obligation (contingent or otherwise) to do so, or issue or sell any Equity Interests in respect of Newco or Acquisition Sub, or accept any capital contributions, except for (a) the Repurchase and (b) capital contributions from Tower or any of its Subsidiaries.

3.4 Mergers and Amalgamations. Acquisition Sub and Newco shall not, and shall not permit any of their respective Subsidiaries to, nor shall Tower cause Newco, Acquisition Sub or any of their respective Subsidiaries to, enter into or resolve to approve any merger, consolidation, amalgamation or scheme of reconstruction or in any way transfer its or their respective businesses or part thereof, except (a) for the Repurchase, (b) so long as Acquisition Sub agrees to assume all of Newco's obligations under the Transaction Documents pursuant to documentation in form and substance satisfactory to MJP, for the Merger, or (c) with the prior written consent of the Micron Parties.

3.5 Investments. Acquisition Sub and Newco shall not, and shall not permit any of their respective Subsidiaries to, nor shall Tower cause Newco, Acquisition Sub or any of their respective Subsidiaries to, make any Investments, except:

(a) Investments held by Acquisition Sub or Newco in the form of Cash Equivalents;

(b) advances to officers, directors and employees of Acquisition Sub or Newco in an aggregate amount not to exceed $100,000 at any time outstanding, for travel, entertainment, relocation and analogous ordinary business purposes;

(c) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the Ordinary Course of Business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(d) so long as (i) no Trigger Event or Potential Trigger Event is continuing and (ii) Newco is in compliance with its financial covenants under Article IV both before and after giving effect to such investments, capital expenditure investments by Acquisition Sub or Newco made in compliance with the Business Plan, in an aggregate cumulative amount not to exceed $65,000,000 (whether made using the proceeds of Additional Permitted Indebtedness, funded by Tower, or otherwise) at any time until the second anniversary of the date hereof; provided that all such investments shall be limited to capital expenditures to purchase capital equipment used for Newco’s production purchases; and

(e) Acquisition Sub may own the Equity Interests of Newco.

3.6 Transactions with Affiliates. Acquisition Sub and Newco shall not, and shall not permit any of their respective Subsidiaries to, nor shall Tower cause Newco, Acquisition Sub or any of their respective Subsidiaries to, directly or indirectly, except with the prior written consent of the Micron Parties, purchase, acquire or lease any property from, or sell, transfer or lease any property to, or otherwise have any dealings or enter into any transaction after the date of this Agreement with, any interested person (*Baal Inyan*), affiliate or any Subsidiary of Tower or with any Lead Investor or affiliate of a Lead Investor, except on terms no more favorable to such other Person than would apply in the case of arm’s length Contracts entered into in the Ordinary Course of Business, except for transactions which are not material.

3.7 Dispositions. Acquisition Sub and Newco shall not, and shall not permit any of their respective Subsidiaries to, nor shall Tower cause Newco, Acquisition Sub or any of their respective Subsidiaries to, make any Disposition or enter into any agreement to make any Disposition, except:

(a) without limiting Section 6.5(b), Dispositions of under-utilized, obsolete or worn out property, whether now owned or hereafter acquired, in the Ordinary Course of Business; provided that any such Disposition would not jeopardize Acquisition Sub's or Newco's ability to comply with its obligations under the Supply Agreement, including under Section 10.5 of the Supply Agreement;

(b) Dispositions of inventory in the Ordinary Course of Business;

(c) Nonexclusive licenses of intellectual property in the Ordinary Course of Business; and

(d) Dispositions permitted by Section 3.4;

provided, that any Disposition pursuant to Section 3.7(a) or Section 3.7(b) shall be for not less than fair market value.

ARTICLE IV
FINANCIAL COVENANTS

From the date hereof to and including June 3, 2013, neither Newco nor Acquisition Sub shall, nor shall Tower cause Newco or Acquisition Sub to:

4.1 Minimum Consolidated EBITDA of Newco. For any Measurement Period, permit Consolidated EBITDA, for such Measurement Period, to be less than the amount for such Measurement Period as set out in Schedule 4.1.

4.2 Consolidated Debt Service Coverage Ratio. Permit the Consolidated Debt Service Coverage Ratio as of the last day of any Quarter to be less than 1.25:1.0.

ARTICLE V
COLLATERAL PROVISIONS; REMEDIES

5.1 General. Newco agrees to grant to the Micron Parties until the second anniversary of the Closing Date a first-priority, perfected security interest in the Collateral, subject to no Liens other than (i) Liens in favor of the Micron Parties and (ii) to the extent expressly permitted under Section 3.1(d). In furtherance of the foregoing, Newco will:

(a) on the Closing Date, duly execute and deliver to the Micron Parties the Collateral Documents, securing the prompt payment and performance by Newco of the Obligations, and certified copies of the resolutions of Newco approving the Collateral Documents;

(b) take whatever action (including the registration and recording of the Collateral Documents, the filing of applicable filings, the giving of notices and the endorsement of notices on title documents, and the payment of related registration and filing fees) as may be necessary or reasonably advisable to vest in the Micron Parties (or in any representative of a Micron Party designated by it) valid and subsisting, first-priority and perfected Liens on the properties purported to be subject to the Collateral Documents, enforceable against all third parties in accordance with their terms, and subject to no other Liens;

(c) at any time upon reasonable request of any Micron Party, promptly execute and deliver any and all further instruments and documents and take all such other action as such Micron Party may deem necessary or reasonably desirable to perfect and preserve the first-priority (or, solely to the extent expressly permitted under Section 3.1(d), second-priority) Liens granted pursuant to the Collateral Documents;

(d) without limiting the generality of the foregoing, take the actions listed on Schedule 5.1(d) within the time periods set forth on Schedule 5.1(d).

5.2 Representation and Warranty. Newco represents and warrants to each Micron Party that (a) the provisions of the Collateral Documents are effective to create in favor of the Micron Parties a legal, valid and enforceable first priority Lien on all right, title and interest of Newco in the Collateral described therein, and (b) except for filings completed prior to the Closing Date and as expressly contemplated by the Collateral Documents, no filing or other action will be necessary to perfect or protect such Liens.

5.3 Remedies Upon Trigger Event.

(a) Upon the occurrence of a Class I Trigger Event on or before June 3, 2013, the Micron Parties will have the right, exercisable within 90 days after June 3, 2013, in their sole discretion, to exercise any one or more of their rights under Article VI, Section 8.13, the Accelerated Purchase Right, Section 16.2 of the Supply Agreement, and/or the Collateral Documents, as the Micron Parties may elect; provided, that (1) if the Micron Parties elect to pursue, and receive, liquidated damages under and as specified in Section 16.2 of the Supply Agreement, then the Micron Parties will not also exercise the Repurchase, and (2) if the Micron Parties exercise the Repurchase pursuant to Article VI, then the Micron Parties may also sue for and receive damages but will not exercise their rights under Section 16.2 of the Supply Agreement.

(b) Upon the occurrence of a Class II Trigger Event on or before June 3, 2013, the Micron Parties will have the right, exercisable within 90 days after June 3, 2013, in their sole discretion, to exercise any one or more of their rights under Article VI and/or the Accelerated Purchase Right as the Micron Parties may elect, subject to Section 8.13.

(c) Upon the occurrence of a Class III Trigger Event on or before June 3, 2013, the Micron Parties will have the right, exercisable in their sole discretion, to exercise within 90 days after June 3, 2013, the Accelerated Purchase Right, subject to Section 8.13.

(d) Except as provided in the proviso to Section 5.3(a), the foregoing remedies set forth in this Section 5.3 shall not limit the rights and remedies of the Micron Parties under Section 8.13 or under any other contract (including the Supply Agreement), at law or in equity, regardless of when a Trigger Event may or may not occur.

ARTICLE VI
PURCHASE RIGHT UPON TRIGGER EVENT;
EXCLUDED TOOLS

6.1 General. Upon the occurrence of a Class I Trigger Event or a Class II Trigger Event on or before June 3, 2013, the Micron Parties will have the right, exercisable in their sole discretion, by notice to the Tacoma Parties within 90 days after June 3, 2013, to purchase all (but not less than all) of the Newco Assets in accordance with the terms and conditions of this Article VI.

6.2 Appraisal of Newco Assets. Unless otherwise determined by the Micron Parties in their sole discretion, promptly (and in any event within five calendar days or such later date as the Parties may mutually agree in writing) following the occurrence of a Trigger Event on or before June 3, 2013, the Parties shall work together in good faith in an effort to jointly select a mutually reasonably agreed upon appraisal firm (such mutually agreed upon valuation firm, the "**Agreed Valuation Firm**"). If the Parties are unable to agree upon an Agreed Valuation Firm within such five-day period, then on or before the fifth (5th) calendar day thereafter (i) the Tower Parties shall notify the Micron Parties of the identity of the Tower Appraiser, (ii) the Micron Parties shall notify the Tower Parties of the identity of the Micron Appraiser and (iii) the Parties shall instruct their respective Appraisers to jointly select a Third Appraiser within ten calendar days (or such later date as the Parties may mutually agree in writing) following the occurrence of such Trigger Event. The Parties agree to provide prompt notice to the applicable Appraisal Firms of the Trigger Event and to cause the applicable Appraisal Firms to perform an appraisal to determine the fair market value of the Newco Assets (which appraisals shall take into account all of the assets and liabilities of Newco but shall not take into account the value of the Excluded Tools). The appraisals shall be completed as promptly as reasonably practicable, and in any event within thirty (30) days, following notice to the Agreed Valuation Firm or Third Appraiser, as applicable, of the Trigger Event. The fair market value determination by each applicable Appraisal Firm shall be set forth in a written report delivered to all the Parties (each, an "**Appraisal Report**"). The Tower Parties shall pay for the fees and disbursements of the Tower Appraiser. The Micron Parties shall pay for the fees and disbursements of the Micron Appraiser. The fees and disbursements of the Agreed Valuation Firm or the Third Appraiser, as applicable, shall be split equally between the Micron Parties, on the one hand, and the Tower Parties, on the other hand.

6.3 Purchase Right. On or before the tenth (10th) business day following the first date on which all applicable Appraisal Firms have delivered their respective Appraisal Reports (the "**Purchase Period**"), either Micron Party may elect to purchase, either directly and/or through one or more designees, the Newco Assets by delivery of written notice to the Tower Parties specifying such election (the "**Purchase Notice**"). The fair market value determination by the Agreed Valuation Firm (if the parties agree on an Agreed Valuation Firm) or, if the parties do not agree on an Agreed Valuation Firm, the average of the fair market value determinations of the two Appraisal Firms whose fair market value determinations are closest to one another (as applicable, the "**Appraised Fair Market Value**"), shall be final, binding and conclusive on the Parties. The purchase price for the Newco Assets will equal the Appraised Fair Market Value. If neither Micron Party delivers the Purchase Notice to the Tower Parties within the Purchase Period, then the right of the Micron Parties to purchase the Newco Assets with respect to such Trigger Event (but not with respect to any subsequent Trigger Event which occurs on or prior to June 3, 2013) shall expire.

6.4 Consummation of Purchase. If one of the Micron Parties delivers the Purchase Notice to the Tower Parties within the Purchase Period, such Micron Party and the Tower Parties each hereby agree (and agree to cause their controlled affiliates) to execute and deliver such agreements, documents, certificates and other writings and to take such other actions as may be reasonably necessary or desirable in order to consummate the purchase by the Micron Party and/or one or more of its designees (collectively, the "**Purchaser**") and the sale by the Tower Parties of the Newco Assets as soon as reasonably practicable, and in any event within thirty (30) days after, delivery of the Purchase Notice (or such longer period to the extent necessary to comply with applicable regulatory and legal requirements that must be complied with in order to effect the sale of the Newco Assets to the Purchaser).

6.5 Excluded Tools.

(a) The right of the Micron Parties to purchase the Newco Assets shall not extend to the Excluded Tools. In the event a Micron Party exercises the purchase right under this Article VI, the Tower Parties will have the right to remove any of the Excluded Tools from Newco's facilities prior to consummating the purchase and sale of the Newco Assets.

(b) In the event any of the Tower Parties or any of their respective Subsidiaries determines, directly or indirectly, to Dispose of any of the Excluded Tools, then the Tower Party shall, or shall cause its applicable Subsidiary to, first offer to sell such Excluded Tool to the Micron Parties or one or more of their designated affiliates for cash or such other consideration as is reasonably acceptable to the Parties, which offer (and any subsequent purchase and sale) shall be conducted in a manner consistent with the procedures set forth in Section 5.11(a) of the Master Agreement.

6.6 Third Appraiser. Each Party agrees to execute, if requested by the Third Appraiser, an engagement letter with the Third Appraiser on terms customary and reasonable for engagements of the nature contemplated by this Article VI. The Parties may, upon mutual agreement, replace the Third Appraiser with a different appraisal firm. If the Third Appraiser decides to resign or is for any reason unable to carry out the appraisal of the Newco Assets in the time and manner contemplated hereby, the Parties agree to use their commercially reasonable efforts to designate a mutually acceptable appraisal firm to replace the Third Appraiser as soon as reasonably practicable after being notified of such resignation or becoming aware of such inability, and if the Parties cannot so agree within ten calendar days of such notice or awareness, then the Parties agree to instruct the Micron Appraiser and Tower Appraiser to jointly select a replacement appraisal firm. Any replacement appraisal firm selected pursuant to this Section 6.6 shall be deemed for all purposes thereafter to be the "Third Appraiser" hereunder.

ARTICLE VII
SUBORDINATION

7.1 Subordination. Each Tower Party covenants and agrees, and each Subordinated Creditor by its acceptance of any Subordinated Debt Documents covenants and agrees, notwithstanding anything to the contrary contained in any Subordinated Debt Document, that the payment of any and all of the Subordinated Intercompany Debt shall be subordinate and subject in right and time of payment, to the extent and in the manner set forth in this Agreement, to the prior indefeasible payment and performance in full and in cash of all Obligations. Each holder of Obligations shall be deemed to have acquired Obligations in reliance upon the provisions contained in this Article. Notwithstanding the terms of the Subordinated Debt Documents, each of Newco and Acquisition Sub hereby agrees that it will not make, and each Subordinated Creditor hereby agrees that it will not accept, any Subordinated Debt Distribution, whether in cash, securities or other property, with respect to or as payment for the Subordinated Intercompany Debt until the Subordination Termination Date; provided, that so long as no Trigger Event or Potential Trigger Event has occurred and is continuing, Newco may make Permitted Interest Payments to Acquisition Sub and Acquisition Sub may make Permitted Interest Payments to Tower. For avoidance of doubt, no Permitted Interest Payments may be made or accepted if a Trigger Event or Potential Trigger Event has occurred and is continuing.

7.2 Bankruptcy Event. In the event of any Bankruptcy Event involving Newco or Acquisition Sub:

(a) Newco and Acquisition Sub shall not make, and no Subordinated Creditor shall receive, any Subordinated Debt Distribution on account of or as payment for any Subordinated Intercompany Debt prior to the Subordination Termination Date.

(b) Any Subordinated Debt Distribution which would otherwise, but for the terms hereof, be payable or deliverable in respect of the Subordinated Intercompany Debt shall be paid or delivered directly to the Micron Parties until the Subordination Termination Date. Each Subordinated Creditor irrevocably authorizes, empowers and directs any debtor, debtor-in-possession, receiver, trustee, liquidator, custodian, conservator or other Person having authority, to pay or otherwise deliver all such Subordinated Debt Distributions to the Micron Parties. Each Subordinated Creditor also irrevocably authorizes and empowers each Micron Party, in the name of such Subordinated Creditor, to demand, sue for, collect and receive any and all such Subordinated Debt Distributions and other amounts owing under the Subordinated Debt Documents.

(c) Each Subordinated Creditor agrees not to initiate, prosecute or participate in any claim, action or other proceeding challenging the enforceability, validity, perfection or priority of the Obligations or any Liens securing the Obligations.

(d) Each Subordinated Creditor agrees that the Micron Parties may consent to the use of cash collateral or provide financing (including debtor-in-possession financing) to Newco on such terms and conditions and in such amounts as the Micron Parties, in their sole discretion, may decide and, in connection therewith, Newco may grant to the Micron Parties Liens on all of the property of Newco, which Liens (i) shall secure payment of all Obligations (whether such Obligations arose prior to the commencement of any Bankruptcy Event or at any time thereafter) and all other financing provided by the Micron Parties (if any) during such Bankruptcy Event and (ii) shall be superior in priority to the liens and security interests, if any, in favor of any Subordinated Creditor on the property of Newco or Acquisition Sub. Each Subordinated Creditor agrees that it will not object to or oppose a sale or other disposition of any property securing all or any part of the Obligations free and clear of security interests, liens or other claims of Subordinated Creditor under applicable Bankruptcy Laws if the Micron Parties have consented to such sale or disposition. Each Subordinated Creditor agrees not to assert any right it may have to “adequate protection” (or Japanese or Israeli equivalent) of such Subordinated Creditor’s interest in any Collateral or any other assets of Newco or Acquisition Sub in any Bankruptcy Event and agrees that it will not seek to have the automatic stay (or equivalent in Japan or Israel) lifted with respect to any properties or assets of Newco or Acquisition Sub without the prior written consent of the Micron Parties.

(e) Each Subordinated Creditor agrees to execute, verify, deliver and file any proofs of claim (or Japanese or Israeli equivalents) in respect of the Subordinated Intercompany Debt requested by Micron in connection with any such Bankruptcy Event and hereby irrevocably authorizes, empowers and appoints Micron and MJP as its agent and attorney-in-fact to execute, verify, deliver and file such proofs of claim upon the failure of such Subordinated Creditor promptly to do so prior to 30 days before the expiration of the time to file any such proof of claim; provided that no Micron Party shall have any obligation to execute, verify, deliver, file and/or vote any such proof of claim.

(f) The Obligations shall continue to be treated as Obligations and the provisions of this Agreement shall continue to govern the relative rights and priorities of the Micron Parties and Subordinated Creditors even if all or part of the Obligations or the security interests securing the Obligations are subordinated, set aside, avoided, invalidated or disallowed in connection with any such Bankruptcy Event, and this Agreement shall be reinstated if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by any holder of Obligations or any representative thereof.

7.3 Subordinated Debt Standstill Provisions. Until the Subordination Termination Date, no Subordinated Creditor shall, without the prior written consent of the Micron Parties, take any Enforcement Action with respect to the Subordinated Intercompany Debt. Any Subordinated Debt Distributions or other proceeds of any Enforcement Action obtained by any Subordinated Creditor in violation of the immediately preceding sentence shall in any event be held in trust by it for the benefit of the Micron Parties and promptly paid or delivered to Micron (on behalf of the Micron Parties) in the form received.

7.4 Incorrect Payments and Payover. Until the Subordination Termination Date, if any Subordinated Debt Distribution on account of or as payment for the Subordinated Intercompany Debt that is not permitted to be made by Newco or Acquisition Sub or accepted by any Subordinated Creditor under this Agreement is nonetheless made or received by any Subordinated Creditor, such Subordinated Debt Distribution shall be segregated and held in trust by such Subordinated Creditor for the benefit of the Micron Parties and shall be promptly paid over to the Micron Parties for application (in accordance with the Transaction Documents) to the payment of the Obligations then remaining unpaid.

7.5 No Liens Securing Subordinated Intercompany Debt. The Subordinated Intercompany Debt shall remain unsecured. Notwithstanding the immediately preceding sentence, if any Subordinated Creditor obtains any Liens on the Collateral or any other assets of Newco or Acquisition Sub, all such Liens obtained by such Subordinated Creditor on the Collateral and any other assets of Newco or Acquisition Sub (other than Liens on the Subordinated Note issued by Newco and granted by Acquisition Sub in favor of the Tower Lenders which are expressly permitted under, and created in compliance with, Section 3.1(e)) shall be and hereby are subordinated for all purposes and in all respects to the Liens of the Micron Parties on the Collateral and any other assets of Newco or Acquisition Sub, regardless of the validity, enforceability, avoidance, dispute, unperfection, or the time, method, manner or order of the grant, attachment, filing or perfection of any such Liens, any provision of applicable law, any Bankruptcy Laws, any Transaction Document or any Subordinated Debt Document, or any other circumstance whatsoever, until the Subordination Termination Date. Each Subordinated Creditor agrees that it will not at any time contest the validity, perfection, priority or enforceability of the Obligations, the Transaction Documents or the Liens of the Micron Parties on the Collateral or any other assets of Newco or Acquisition Sub securing the Obligations. In the event that any Micron Party releases or agrees to release any of its Liens on the Collateral or any other assets of Newco or Acquisition Sub in connection with the sale or other disposition thereof, or if any of the Collateral or any other assets of Newco or Acquisition Sub are sold or retained pursuant to a foreclosure or similar action, each Subordinated Creditor agrees that its Liens on such Collateral and other assets of the Company, if any, shall automatically be released, and Subordinated Creditor shall (or shall cause its agent to) promptly execute and deliver to the Micron Parties or authorize the Micron Parties to file such termination statements and releases as a Micron Party may reasonably request to effect the release of the Liens of such Subordinated Creditor. In furtherance of the foregoing, each Subordinated Creditor hereby irrevocably appoints Micron its attorney-in-fact, with full authority in the place and stead of such Subordinated Creditor and in the name of such Subordinated Creditor or otherwise, to execute and deliver any document or instrument which such Subordinated Creditor may be required to deliver pursuant to this paragraph. Such appointment is coupled with an interest.

7.6 Sale, Transfer or other Disposition of Subordinated Intercompany Debt. No Subordinated Creditor shall sell, assign, pledge, dispose of or otherwise transfer all or any portion of the Subordinated Intercompany Debt or any Subordinated Debt Document; provided that the Tower Parties may grant Liens on the Subordinated Notes in favor of the Tower Lenders solely to the extent expressly permitted under, and strictly in compliance with, Section 3.1(e). Notwithstanding the foregoing sentence, the subordination effected by this Agreement shall survive any sale, assignment, pledge, disposition or other transfer of all or any portion of the Subordinated Intercompany Debt in violation of the terms of the foregoing sentence, and the terms of this Agreement shall be binding upon the successors and assigns of each Subordinated Creditor.

7.7 Legends. Until the Subordination Termination Date, the Subordinated Creditors will cause to be clearly, conspicuously and prominently inserted on the face of each Subordinated Debt Document, as well as any renewals or replacements thereof, the following legend:

> "This instrument and the indebtedness, rights and obligations evidenced hereby and any liens or other security interests securing such rights and obligations are subordinate in the manner and to the extent set forth in that certain Credit Support Agreement (as amended, restated, supplemented or modified from time to time, the "Subordination Agreement") dated as of June 3, 2011, by and among the Subordinated Creditors identified therein and the Micron Parties identified therein, to certain indebtedness, rights, and obligations of the Borrower and Lender to the Micron Parties (as defined therein) and liens and security interests of the Micron Parties securing the same all as described in the Subordination Agreement; and each holder and transferee of this instrument, by its acceptance hereof, irrevocably agrees to be bound by the provisions of the Subordination Agreement."

7.8 Modifications to Subordinated Debt Documents. Until the Subordination Termination Date, and notwithstanding anything to the contrary contained in the Subordinated Debt Documents, no Subordinated Creditor shall, without the prior written consent of the Micron Parties, agree to any amendment, modification, waiver or supplement to the Subordinated Debt Documents.

7.9 Reinstatement. Subject to reinstatement as provided in this Section and except as provided in the proviso at the end of this sentence, this Article VII shall remain effective to and including June 3, 2013, unless on June 3, 2013, (i) any Obligations that initially arose on or prior to June 3, 2013 have not been indefeasibly paid and performed in full and in cash, (ii) any Trigger Event or Potential Trigger Event has occurred and is continuing, or (iii) any other breach by any Tower Party of the Supply Agreement, this Agreement or any Collateral Document shall have occurred and be continuing, in which case, this Article VII shall remain effective until none of the circumstances described in clauses (i) through (iii) is continuing; provided, that notwithstanding the foregoing or any provision to the contrary in any Transaction Document, Sections 7.10 and 7.11 shall remain effective after June 3, 2013 and shall survive any whole or partial termination of this Agreement. If, at any time after payment and performance in full and in cash of all the Obligations that initially arose on or prior to June 3, 2013, any payments of such Obligations must be disgorged by the Micron Parties for any reason (including any Bankruptcy Event), this Article VII and the relative rights and priorities set forth herein shall be reinstated as to all such disgorged payments as though such payments had not been made and the Subordinated Creditors shall immediately pay over to Micron (on behalf of the Micron Parties) all payments received with respect to the Subordinated Intercompany Debt to the extent that such payments would have been prohibited hereunder.

7.10 Certain Waivers. To the fullest extent permitted by applicable law, each Subordinated Creditor hereby waives any right to receive the following notices from any Micron Party: (a) notice of acceptance hereof; (b) notice of the creation or existence of any Obligations; (c) notice of the amount of the Obligations; (d) notice of any adverse change in the financial condition of any Tower Party or any account debtor or of any other fact that might increase a Subordinated Creditor's risk hereunder; (e) notice of presentment for payment, demand, protest, and notice thereof as to any instrument among the Transaction Documents; (f) notice of any Trigger Event or Potential Trigger Event under the Transaction Documents or otherwise relating to the Obligations; and (g) all other notices (except if such notice is expressly required to be given to a Tower Party under any Transaction Document) and demands to which such Subordinated Creditor might otherwise be entitled. Notwithstanding anything to the contrary, no Subordinated Creditor is waiving, and shall not be deemed to have waived, any rights that such Subordinated Creditor has as a stockholder of Newco or Acquisition Sub, including any voting, consent, preemptive or information rights. Each Subordinated Creditor hereby waives any rights it may have under applicable law to assert the doctrine of marshaling or to otherwise require any Micron Party to marshal any property of Newco or Acquisition Sub for the benefit of such Subordinated Creditor.

7.11 Rights Relating to Micron Parties' Actions with respect to the Collateral.

(a) Each Subordinated Creditor hereby waives, to the fullest extent permitted by applicable law, any rights which it may have to enjoin or otherwise obtain a judicial or administrative order preventing any Micron Party from taking, or refraining from taking, any action with respect to all or any part of the Collateral. Without limitation of the foregoing, each Subordinated Creditor hereby agrees (1) that it has no right to direct or object to the manner in which any Micron Party applies the proceeds of the Collateral resulting from the exercise by a Micron Party of its rights and remedies under the Transaction Documents to the Obligations and (2) that no Micron Party has assumed any obligation to act as the agent for any Subordinated Creditor with respect to the Collateral or any other assets of Newco or Acquisition Sub. The Micron Parties shall have the exclusive (vis-à-vis the Subordinated Creditors) right to enforce rights and exercise remedies with respect to the Collateral until the Subordination Termination Date.

(b) None of Micron, MJP or any of their respective affiliates, directors, officers, employees, or agents shall be liable for failure to demand, collect, or realize upon any of the Collateral or any proceeds thereof or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral or proceeds thereof or to take any other action whatsoever with regard to the Collateral or any part or proceeds thereof. If any Micron Party should act upon, omit to act upon, or exercise any of its contractual rights or remedies under the Transaction Documents (subject to the express terms and conditions hereof), no Micron Party shall have any liability whatsoever to any Subordinated Creditor as a result of such action, omission, or exercise.

(c) The Micron Parties and each other holder of Obligations may, from time to time, enter into agreements and settlements with Newco, Acquisition Sub or other parties to the Transaction Documents as it may determine in its sole discretion without impairing any of the subordinations, priorities, rights or obligations of the parties under this Agreement, including substituting collateral and releasing any lien on any Collateral or any other asset of Newco or Acquisition Sub.

ARTICLE VIII
MISCELLANEOUS

8.1 No Third Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns.

8.2 Entire Agreement. This Agreement and the Supply Agreement constitute the entire agreement among the Parties with respect to the subject matter hereof, and supersede any prior understandings, agreements or representations by or among the Parties, written or oral.

8.3 Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Except as otherwise provided herein, no Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other Parties.

8.4 Counterparts and Facsimile Signature. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

8.5 Notices. All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication hereunder shall be deemed duly delivered (a) three (3) business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or by next business day delivery via a reputable international overnight courier service or (b) on the date sent after transmission by facsimile with written confirmation, in each case to the intended recipient as set forth below:

If to the Micron Parties, to:

Micron:

Micron Technology, Inc.
8000 S Federal Way
Boise, ID 83716 USA
Fax: +1.208.368.4540
Attention: General Counsel

MJP:

c/o Micron Technology, Inc.
8000 S Federal Way
Boise, ID 83716 USA
Fax: +1.208.368.4540
Attention: General Counsel

In each case with a copy (which shall not constitute notice) to:

Wilson Sonsini Goodrich & Rosati
Professional Corporation
650 Page Mill Road
Palo Alto, CA 94304 USA
Attention: John A. Fore, Esq.
Michael S. Russell, Esq.
Facsimile No.: +1.650.493.6811

if to Tower, to:

Tower
Ramat Gavriel Industrial Zone
PO Box 619, Midgal Haemek
23105, Israel
Attn: Legal Department
Fax: +972-4-654-7788

with a copy (which shall not constitute notice) to:

Yigal Arnon & Co.
Law Firm
1 Azrieli Center,
Tel Aviv 67021, Israel
Attention: David H. Schapiro, Esq.
Facsimile No.: +972-3-608-7714

if to Newco or Acquisition Sub, to:

c/o Tower
Ramat Gavriel Industrial Zone
PO Box 619, Midgal Haemek
23105, Israel
Attn: Legal Department
Fax: +972-4-654-7788

with a copy (which shall not constitute notice) to:

Yigal Arnon & Co.
Law Firm
1 Azrieli Center,
Tel Aviv 67021, Israel
Attention: David H. Schapiro, Esq.
Facsimile No.: +972-3-608-7714

Any Party may give any notice, request, demand, claim or other communication hereunder using any other means (including personal delivery, expedited courier, messenger service, telex, ordinary mail or electronic mail), but no such notice, request, demand, claim or other communication shall be deemed to have been duly given unless and until it actually is received by the Party for whom it is intended. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

8.6 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of Delaware.

8.7 Exclusive Jurisdiction. With respect to any matter based upon or arising out of this Agreement or the transactions contemplated by this Agreement, each of the Parties (a) irrevocably consents to the exclusive jurisdiction and venue of the federal courts of the District of Delaware, (b) agrees that process may be served upon them in any manner authorized by the federal laws applicable in the District of Delaware for such persons, (c) waives the defense of an inconvenient forum and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and such process, and (d) agrees that a final judgment in such legal proceeding shall be final, binding and enforceable in any court of competent jurisdiction. Each Party agrees not to commence any legal proceedings subject to this Section 8.7 except in such courts. For the avoidance of doubt, this Section 8.7 shall not preclude any Micron Party from taking such legal action or proceeding in applicable Japanese court as such Micron Party may deem necessary or desirable to enforce or exercise such Micron Party's Liens and rights in respect of the Collateral Documents.

8.8 Amendments and Waivers. The Parties may mutually amend any provision of this Agreement. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties. No waiver of any right or remedy hereunder shall be valid unless the same shall be in writing and signed by the Party giving such waiver. No waiver by any Party with respect to any default or breach hereunder shall be deemed to extend to any prior or subsequent default or breach hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. Any delay of exercise of any right under this Agreement shall not constitute a waiver of such right.

8.9 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. The Parties shall use their commercially reasonable efforts to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the greatest extent possible, the economic, business and other purposes of such void or unenforceable provision.

8.10 Construction.

(a) All references herein to Articles, Sections, Exhibits and Schedules shall be deemed to be references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require.

(b) The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation."

(c) The headings set forth in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) All references in this Agreement to the Subsidiaries of a Person shall be deemed to include all direct and indirect Subsidiaries of such Person.

(e) Any dollar thresholds set forth herein shall not be used as a benchmark for determination of what is or is not "material," or a "Material Adverse Effect" under this Agreement.

(f) Unless otherwise specifically provided, all references in this Agreement to "dollars" or "$" shall mean United States Dollars, and all references to "yen" or "¥" shall mean Japanese Yen.

(g) The definitions set forth in Article I or otherwise referred to in this Agreement shall apply equally to both the singular and plural forms of the terms defined.

(h) Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

(i) Unless the context shall otherwise require, any reference to any contract, statute, rule or regulation is a reference to it as amended and supplemented from time to time (and, in the case of a statute, rule or regulation, to any successor provision).

(j) Any reference in this Agreement to a "day" or a number of "days" (without the explicit qualification of "business") shall be interpreted as a reference to a calendar day or number of calendar days. In the event that any date provided for in this Agreement falls on a date that is not a business day, such date shall be deemed extended to the next business day.

(k) Any reference to "third party" or "third Person" shall be interpreted as a reference to a Person who is not a party hereto.

(l) When a Japanese term has been inserted in italics to clarify or translate a related English term, the Japanese term shall be authoritative for the purpose of interpreting the related English term.

8.11 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

8.12 Expenses. Except as expressly provided in this Agreement, the Parties shall bear their respective direct and indirect expenses incurred in connection with the negotiation and preparation of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby.

8.13 Specific Performance. The Parties agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms thereof and that, prior to the termination of this Agreement pursuant to its terms, the Parties shall be entitled to specific performance (without the need to post a bond) of the terms hereof, in addition to any other remedy at law or equity.

8.14 Merger. If the Merger occurs and if Acquisition Sub is the surviving entity of the Merger, or if a new company is formed out of the Merger, (a) all rights and obligations of, and with respect to, Newco hereunder shall become rights and obligations of, and with respect to, Acquisition Sub or such new company, as the case may be, and (b) Newco, Acquisition Sub or such new company, as the case may be, shall, as a condition precedent to such Merger, execute and deliver to the Micron Parties, on the date of such Merger, documents in form and substance reasonably satisfactory to the Micron Parties confirming and ratifying such rights and obligations.

[Signature page follows]

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

MICRON TECHNOLOGY, INC.

By: _______________________

Name: _____________________

Its: ________________________

MICRON JAPAN, LTD.

By: _______________________

Name: _____________________

Its: _________________________

SIGNATURE PAGE TO CREDIT SUPPORT AGREEMENT

TOWER

TOWER SEMICONDUCTOR LTD.

By: ________________________

Name: ______________________

Its: __________________________

NEWCO

TOWERJAZZ JAPAN, LTD.
(whose address is 302-2 Aza Oikenoue Hirano-cho Nishiwaki-shi Hyogo, Japan)

By: ________________________

Name: ______________________

Its: __________________________

ACQUISITION SUB

TOWERJAZZ JAPAN, LTD.
(whose address is c/o DLA Piper Tokyo Partnership, Meiji Seimei Kan 7f, 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan)

By: ________________________

Name: ______________________

Its: __________________________

SIGNATURE PAGE TO CREDIT SUPPORT AGREEMENT

SCHEDULE 2.2(e)

Certain Insurance

1. Properties outside Nishiwaki, Japan;
2. Public, Products, Pollution and Employers Liability;
3. Personal Accident;
4. Money Insurance, Marine & Cargo;
5. Directors & Officers Liability; and
6. Motor Vehicles

SCHEDULE 4.1

Minimum Consolidated EBITDA

Measurement Period ending on:	Minimum Consolidated EBITDA:
September 30, 2011	1.4
December 31, 2011	0.1
March 31, 2012	3.4
June 30, 2012	3.6
September 30, 2012	4.6
December 31, 2012	4.9
March 31, 2013	4.6
June 30, 2013	3.2
September 30, 2013	2.4
December 31, 2013	1.8
March 31, 2014	1.6
June 30, 2014	2.0

SCHEDULE 5.1(d)

Certain Post-Closing Collateral Actions

[to be attached]

EXHIBIT A

Business Plan

[attached]

Exhibit 10.3

SHAREHOLDER RIGHTS AND RESTRICTIONS AGREEMENT

This Shareholder Rights and Restrictions Agreement (this **"Agreement"**) is made and entered into as of June 3, 2011 between Micron Technology, Inc., a Delaware corporation ("**Purchaser**"), and Tower Semiconductor Ltd., an Israel company ("**Company**").

This Agreement is made in connection with the Master Agreement, dated as of May 25, 2011, by and among Purchaser, Micron Japan, Ltd. ("**MJP**"), the Company and certain other parties (the "**Master Agreement**"), and the execution and delivery of this Agreement by the Company and the Purchaser is a condition to the consummation of the transactions contemplated by the Master Agreement by the parties thereto.

The Company and the Purchaser hereby agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein that are defined in the Master Agreement will have the respective meanings given such terms in the Master Agreement. As used in this Agreement, the following terms have the respective meanings set forth in this Section 1:

"Advice" has the meaning set forth in Section 6(e).

"Ancillary Agreements" has the meaning ascribed to such term in the Master Agreement.

"business day" means a day that is not a Saturday, a Sunday or a statutory or civic holiday in New York, New York or Tel Aviv, Israel or any other day on which banking institutions are not required to be open in New York, New York or Tel Aviv, Israel.

"Business Financial Statements" has the meaning ascribed to such term in the Master Agreement.

"Closing Date" means the date hereof.

"Commission" means the U.S. Securities and Exchange Commission or any successor agency or Governmental Entity performing the functions currently performed by the U.S. Securities and Exchange Commission.

"Credit Support Agreement" means that certain Credit Support Agreement, dated as of even date herewith, by and among Purchaser, MJP, the Company and certain other parties.

"Effective Date" means, as to the Registration Statement, the date on which such Registration Statement is first declared effective by the Commission.

"Effectiveness Date" means the 120th day following the Filing Deadline.

"Effectiveness Period" means the period commencing on the Effective Date and ending on the earliest to occur of (a) the second anniversary of the Effective Date, (b) such time as all of the Registrable Securities have either been sold by the Holders pursuant to a Registration Statement or have been sold or otherwise transferred pursuant to Rule 144 and (c) the date no Registrable Securities remain outstanding.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

"Filing Deadline" means the 60th day following the Closing Date; provided that, if, in accordance with Section 5.20 of the Master Agreement, Purchaser and the Company agree that the Company is required to file the Business Financial Statements with the Commission, then the Filing Deadline shall be the later of (i) the 60th day following the Closing Date and (ii) the tenth Business Day following the delivery by Purchaser to the Company of the Business Financial Statements in accordance with the terms of the Master Agreement.

"FINRA" means the Financial Industry Regulatory Authority.

"Governmental Entity" means the government of the United States, Israel or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any applicable supra-national bodies).

"Holder" or **"Holders"** means the Purchaser, for so long as it holds any Registrable Securities, and each of its successors, assigns and direct and indirect transferees who become registered owners of Registrable Securities, in each case during the period from the date hereof through the end of the Effectiveness Period.

"Indemnified Party" has the meaning set forth in Section 5(c).

"Indemnifying Party" has the meaning set forth in Section 5(c).

"Issuer Free Writing Prospectus" has the meaning given to such term in Rule 433 under the Securities Act.

"Losses" has the meaning set forth in Section 5(a).

"**Person**" means any individual, corporation, partnership, firm, association, joint venture, joint stock company, trust, unincorporated organization or other entity, including any Governmental Entity.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Prospectus" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by one or more prospectus supplements, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Securities" means: (i) the Shares and (ii) any securities issued or issuable upon any stock split, dividend or other distribution, recapitalization, reclassification or similar event with respect to the Shares and, following any such event, any Registrable Securities issued or issuable in such event. As to any particular Registrable Securities, such Registrable Securities shall cease to be Registrable Securities when such Registrable Securities have either been sold by the Holders pursuant to a Registration Statement or have been sold or otherwise transferred pursuant to Rule 144.

"Registration Statement" means the initial registration statement required to be filed in accordance with Section 2(a) and any additional registration statements required to be filed under this Agreement, including in each case the Prospectus, amendments and supplements to such registration statements or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference therein.

"Rule 3-05" means Rule 3-05 under Regulation S-X promulgated by the Commission, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"Shares" means the Tower Shares (as defined in the Master Agreement) issued or issuable to the Purchaser pursuant to the Master Agreement.

2. Registration.

(a) On or prior to the Filing Deadline, the Company shall prepare and file with the Commission a Registration Statement covering the resale of all the Registrable Securities by the Purchaser and any other Holders for an offering to be made on a continuous basis pursuant to Rule 415. The Registration Statement required to be filed under this Agreement shall be filed on Form F-3 (or on such other form appropriate for such purpose and which the Company is then eligible to use) and contain (except if otherwise required pursuant to written comments received from the Commission upon a review of such Registration Statement) the "Plan of Distribution" attached hereto as Annex A, with such changes thereto as are reasonably requested by the Purchaser and any other Holder. The Company shall provide the Holders and their counsel with copies of the Registration Statement a reasonable time prior to filing the same with the Commission to allow the Holders and their counsel a reasonable opportunity to review and comment on the Registration Statement, provided that the Company may in its reasonable discretion decide whether to accept or reject any such comments. The Company shall use its reasonable best efforts to cause the Registration Statement to be declared effective under the Securities Act as soon as practicable thereafter, and, in any event will use its best efforts to cause such Registration Statement to be declared effective no later than the Effectiveness Date, and shall use its reasonable best efforts to keep such Registration Statement continuously effective during the entire Effectiveness Period.

(b) Each Holder will be required to furnish to the Company a completed Questionnaire in the form attached to this Agreement as Annex B (a **"Selling Holder Questionnaire"**) before such Holder's Registrable Securities will be included in the Registration Statement. The Company shall not be required to include the Registrable Securities of a Holder in the Registration Statement until such Holder furnishes to the Company a fully completed Selling Holder Questionnaire. From and after the Effective Date, upon receipt of a completed Selling Holder Questionnaire from a Holder, the Company will file within ten (10) business days any amendments or supplements to the Registration Statement and Prospectus necessary for such Holder to be named as a selling stockholder in the Prospectus.

3. Registration Procedures; Further Covenants.

The Company shall:

(a) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to the Registration Statement and the Prospectus used in connection therewith as may be necessary to keep the Registration Statement continuously effective as to the applicable Registrable Securities for its Effectiveness Period, including any such amendments as are necessary to add any new Holders as selling stockholders; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, including any amendments or supplements as are necessary to add any new Holders as selling stockholders, and as so supplemented or amended to be filed pursuant to Rule 424, and shall keep each Prospectus current during the period described in Section 4(3) and Rule 174 under the Securities Act that is applicable to transactions by brokers or dealers with respect to the Registrable Securities; (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to each Registration Statement or any amendment thereto and, as promptly as reasonably possible provide the Holders true and complete copies of all correspondence from and to the Commission relating to such Registration Statement (provided that material and non-public information concerning the Company shall be redacted by the Company) and provide the Holders and their counsel a reasonable opportunity to review and comment on any such documents prior to filing with or sending to the Commission; and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act and all other applicable securities laws with respect to the Registration Statement and the disposition of all Registrable Securities covered by the Registration Statement.

(b) Notify the Holders as promptly as reasonably possible (i)(A) when a Prospectus or a Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed, and provide the Holders and their counsel a reasonable opportunity to review and comment on any such documents prior to filing; (B) when the Commission notifies the Company whether there will be a "review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement (the Company shall, provide true and complete copies thereof promptly following receipt from the Commission and all written responses thereto to each of the Holders that pertain to the Holders as a selling stockholder or to the Plan of Distribution, but not information which the Company believes would constitute material and non-public information, and will provide the Holders and their counsel a reasonable opportunity to review and comment on any such responses prior to filing the same with the Commission); and (C) with respect to each Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission or any other Governmental Entity for amendments or supplements to the Registration Statement or Prospectus or for additional information; (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (v) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to such Registration Statement, Prospectus or other documents so that, in the case of such Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, in light of the circumstances under which they were made) not misleading (provided that the Holder agrees to keep such information confidential until it is publicly disclosed).

(c) Use its reasonable best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of the Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(d) Cooperate with the Holders to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legend) representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement (provided that it has been declared effective) or pursuant to Rule 144 (provided that a Rule 144 representation letter in customary form has been delivered by the applicable Holder to the Company) and, upon request from a Holder on or after the first anniversary of the Closing Date (and receipt from such Holder of a Rule 144 representation letter in customary form) remove the restrictive legends from any Registrable Securities held by such Holder.

(e) Upon the occurrence of any event contemplated by Section 3(b)(ii)-(v), use its reasonable best efforts to prepare, as promptly as reasonably possible, a supplement or amendment, including a post-effective amendment, to the affected Registration Statements or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and use its reasonable best efforts to promptly file any other required document so that, as thereafter delivered, neither the Registration Statement nor Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, in light of the circumstances under which they were made) not misleading.

(f) Until the first anniversary of the Closing Date, make and keep available adequate currentpublic information, as those terms are understood and defined in Rule 144.

(g) Furnish to each Holder of Registrable Securities and to counsel for such Holders, without charge, at least one conformed copy of the Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference and all exhibits (including those previously furnished or incorporated by reference), to the extent requested by such Person, promptly after the filing of such documents with the Commission.

(h) Furnish to each Holder of Registrable Securities and to counsel for such Holders without charge, as many copies of each Prospectus or preliminary prospectus, and any amendment or supplement thereto, as such Holder or counsel may reasonably request in order to facilitate the sale or other disposition of the Registrable Securities thereunder; and, subject to Section 6(e), 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 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.

(i) If reasonably requested by any Holder of Registrable Securities, promptly include in a Prospectus supplement or post-effective amendment to the Registration Statement 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.

(j) Use its reasonable best efforts to register or qualify the Registrable Securities under all applicable state securities or “blue sky” laws and other applicable securities laws of such jurisdictions as any Holder shall reasonably request, and do any and all other acts and things which may be reasonably necessary or advisable to enable each such Holder to consummate the disposition in each such jurisdiction of such Registrable Securities owned by such Holder; provided, however, that the Company shall not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(j), or (ii) take any action which would subject it to general service of process or material taxation in any such jurisdiction where it is not then so subject.

(k) Not permit any securities other than Registrable Securities to be included in the Registration Statement.

(l) If reasonably requested in connection with a disposition of Registrable Securities, make available for inspection during business hours by representatives of the Holders and any counsel, accountant or advisor retained by any of the Holders, all financial and other records, pertinent corporate documents and properties of the Company and other information reasonably requested by any such Persons, and make representatives of the Company reasonably available during normal business hours for discussion of such documents and information, in each case as is customary for "due diligence" investigations by selling shareholders in connection with resales pursuant to a shelf registration statement, and subject to appropriate undertakings with respect to confidentiality.

(m) Use its reasonable best efforts to cause all Registrable Securities to be listed on each securities exchange on which the ordinary shares of the Company are then listed.

(n) Not designate any Holder as an "underwriter" in any Registration Statement without the consent of such Holder.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to the Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration, qualification and filing fees (including, without limitation, fees and expenses with respect to filings required to be made with any trading market on which the Company's ordinary shares are then listed for trading), (ii) the fees and expenses incurred in connection with the qualification of Registrable Securities under the securities or "blue sky" laws of various jurisdictions as required by this Agreement, (iii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and Prospectuses), (iv) messenger, telephone and delivery expenses of the Company, (v) fees and disbursements of counsel for the Company, (vi) Securities Act liability insurance, if the Company so desires such insurance and (vii) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit, and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any underwriting fees and expenses, broker or similar commissions, and except to the extent provided for in this Agreement, any legal fees or other costs of the Holders in connection with the registration and disposition of the Registrable Securities. Notwithstanding anything herein to the contrary, the costs and expenses of any outside auditing firm used by the Seller Group (as such term is defined in the Master Agreement) in connection with the preparation and audit of the Business Financial Statements (if any) in accordance with Section 5.20 of the Master Agreement will be shared equally by the Seller Group and the Buyer Group (as such term is defined in the Master Agreement).

5. Indemnification; Contribution.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, agents, partners, investment advisors, partners, members and employees of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable costs of attorneys' fees) and expenses (collectively, "**Losses**"), as incurred, arising out of or relating to any untrue or alleged untrue statement of a material fact contained in the Registration Statement, a Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or in any Issuer Free Writing Prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or form of prospectus or supplement thereto, or in any Issuer Free Writing Prospectus, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that (1) such untrue statements or omissions are based upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder's proposed method of distribution of Registrable Securities and was reviewed and approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus, such form of prospectus or in any amendment or supplement thereto or such Issuer Free Writing Prospectus (it being understood that the Purchaser has reviewed and approved Annex A hereto for this purpose) and (2) in the case of an occurrence of an event of the type specified in Section 3(b)(iii)-(v), the Losses arise from untrue statements or omissions which are contained in an outdated or defective Prospectus that is used by a Holder after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of an Advice or an amended or supplemented Prospectus in accordance with Section 6 (e). The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, arising solely out of or based solely upon: any untrue statement of a material fact contained in the Registration Statement, a Prospectus, or any form of prospectus, or in any amendment or supplement thereto, or in any Issuer Free Writing Prospectus, or arising solely out of or based solely upon any omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or form of prospectus or supplement thereto, or in any Issuer Free Writing Prospectus, in light of the circumstances under which they were made) not misleading to the extent, but only to the extent that, such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus, such form of prospectus or in any amendment or supplement thereto or such Issuer Free Writing Prospectus (it being understood that the Purchaser has reviewed and approved Annex A hereto for this purpose); provided that the liability of such Holder shall be limited to the net proceeds received by such Holder from the sale of Registrable Securities pursuant to the Registration Statement that is the subject to the Proceeding giving rise to the liability.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "**Indemnified Party**"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "**Indemnifying Party**") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have materially adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld, delayed, or conditioned. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten business days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) Contribution. If the indemnification provided for in Section 5(a) or Section 5(b) from the Indemnifying Party is unavailable to an Indemnified Party hereunder in respect of any Losses referred to herein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions which resulted in such Losses, as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party under this Section 5(d) as a result of the Losses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any Proceeding. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 5(d). 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 liability of each selling Holder of Registrable Securities hereunder shall be limited to the net proceeds received by such selling Holder from the sale of Registrable Securities pursuant to the Registration Statement that is the subject to the Proceeding giving rise to the liability. The selling Holders' respective obligations to contribute pursuant to this Section 5(d) are several in proportion to the respective number of Registrable Securities they have sold pursuant to the Registration Statement that is the subject to the Proceeding giving rise to the liability, and not joint.

(e) Non-Exclusive Remedy. The obligations of the parties under this Section 6 shall be in addition to any liability which any party may otherwise have to any other party.

(f) Survival. The indemnity and contribution provisions contained in this Section 6 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, any Person controlling any Holder or any affiliate of any Holder or by or on behalf of the Company, its officers or directors or any Person controlling the Company or (iii) the sale of any Registrable Securities by any Holder pursuant to the Registration Statement.

6. Miscellaneous.

(a) Sale Restrictions.

(i) The Purchaser hereby agrees not to sell, encumber or otherwise transfer ("**Transfer**") any of the Registrable Securities during the 24-month period following the Closing Date, provided that the Purchaser will be able to Transfer, subject to any applicable restrictions pursuant to applicable securities laws: (i) up to 25% of the Registrable Securities beginning 6 months following the Closing Date, (ii) up to an additional 25% of the Registrable Securities beginning 12 months following the Closing Date and (iii) up to an additional 25% of the Registrable Securities beginning 18 months following the Closing Date (in each case without taking into account any securities that ceased to be Registrable Securities pursuant to the last sentence of the definition of Registrable Securities). The Purchaser will not be subject to any Transfer restrictions following the 2nd anniversary of the Closing Date, except for any applicable restrictions pursuant to applicable securities laws.

(ii) The restrictions on Transfer set forth in Section 6(a)(i) shall not apply with respect to:

a) the Transfer by a Holder of all or any of its Registrable Securities in a transaction exempt from the registration requirements under the Securities Act to any affiliate of such Holder, so long as prior to or concurrent with any such Transfer the affiliate agrees to be bound by the terms hereunder as a "Holder" and executes a joinder to this Agreement; or

b) the Transfer by a Holder of all or any of its Registrable Securities pursuant to the terms of any tender offer, exchange offer, merger, reclassification, reorganization, recapitalization or other similar transaction in which all holders of ordinary shares of the Company are offered, permitted or required to participate as holders of ordinary shares, provided that such tender offer, exchange offer, merger, reclassification, reorganization, recapitalization or other transaction has been approved or recommended by the Board of Directors of the Company; or

c) in the event the Purchaser becomes obligated to indemnify any Buyer Group Indemnified Party (as such term is defined in the Master Agreement) pursuant to Article VII of the Master Agreement, the Transfer by the Purchaser of up to such number of Registrable Securities as is necessary to allow the Purchaser to satisfy such indemnification obligation out of the proceeds from such Transfer.

(b) Remedies. In the event of a breach by the Company, Purchaser or a Holder of any of their obligations under this Agreement, each Purchaser, Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance to enforce its rights and the obligations of the other parties under this Agreement. The Purchaser or Holders and the Company agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(c) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement.

(d) Suspension of Trading. At any time after the Registrable Securities are covered by an effective Registration Statement, the Company may deliver to the Holders a certificate (the "**Suspension Certificate**") approved by the Chief Executive Officer of the Company and signed by an officer of the Company stating that the effectiveness of and sales of Registrable Securities under the Registration Statement would:

(i) materially interfere with any transaction that would require the Company to prepare financial statements under the Securities Act that the Company would otherwise not be required to prepare in order to comply with its obligations under the Exchange Act, or

(ii) require public disclosure of any transaction of the type discussed in Section 6(d)(i) prior to the time such disclosure might otherwise be required.

Beginning five (5) business days after the receipt of a Suspension Certificate by the Holders, the Company may, in its discretion and upon written notice to such Holders, require such Holders to refrain from selling or otherwise transferring or disposing of any Registrable Securities or other Company securities then held by such Holders for a specified period of time that is appropriate under the circumstances (not to exceed forty-five (45) calendar days). Notwithstanding the foregoing sentence, the Company shall be permitted to cause Holders to so refrain from selling or otherwise transferring or disposing of any Registrable Securities or other securities of the Company on only two (2) occasions during each twelve (12) consecutive month period following the Effective Date. The Company may impose stop transfer instructions to enforce any required agreement of the Holders under this Section.

(e) Discontinued Disposition. Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(b)(iii)-(v), such Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing (the "**Advice**") by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company will use its reasonable best efforts to ensure that the use of the Registration Statement and the Prospectus may be resumed as promptly as practicable. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

(f) Piggy-Back Registrations. If at any time during the Effectiveness Period there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form F-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans, then the Company shall send to each Holder written notice of such determination and, if within fifteen calendar days after receipt of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such holder requests to be registered, subject to customary underwriter cutbacks applicable to all holders of registration rights.

(g) Company Cooperation. The Company will use its reasonable best efforts to cooperate, as promptly as practicable, with, and will direct its transfer agent and registrar to cooperate with and process, as promptly as practicable, any proposed transfer of Registrable Securities by a Holder that does not violate the provisions of this Agreement. In addition, the Company covenants and agrees that it will not take the position that Purchaser, MJP or any of their controlled affiliates (the "Purchaser Parties"), is, or was during the three months preceding any transfer of Registrable Securities, an "affiliate" of the Company (as defined in Rule 144), solely by virtue of one or more of the following: (A) the beneficial ownership of any Registrable Securities, taken together with any other ordinary shares of the Company beneficially owned by the Purchaser Parties, if any, on the date of this Agreement or the reporting of such beneficial ownership on a Schedule 13G or Schedule 13D; (B) any such Purchaser Party's exercise of any rights arising solely from or in connection with such beneficial ownership; or (C) any such Purchaser Party's being a party to, exercising rights or remedies under, in connection with, contemplated by or arising out of, or receiving any benefit from, the Master Agreement, this Agreement or any of the other Ancillary Agreements.

(h) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders of no less than a majority of the then outstanding Registrable Securities; provided that Section 2(a) (Registration) and Section 5 (Indemnification; Contribution) and this Section 6(h) may not be amended or waived except by written consent of each Holder affected by such amendment or waiver (and regardless of whether any Holder then holds any Registrable Securities). Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of certain Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of at least a majority of the Registrable Securities to which such waiver or consent relates; provided, however, that no such amendment or waiver that adversely affects the rights of any Holder who has not signed such amendment or waiver, without adversely affecting the rights of the Holders who have signed such amendment or waiver, shall be valid, and provided, further that no amendment or waiver to any provision of this Agreement relating to naming any Holder or requiring the naming of any Holder as an underwriter may be effected in any manner without such Holder's prior written consent.

(i) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile (provided the sender receives a machine-generated confirmation of successful transmission) at the facsimile number specified in this Section prior to 6:30 p.m. (New York City time) on a business day, (b) the next business day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in this Section on a day that is not a business day or later than 6:30 p.m. (New York City time) on any business day, (c) the business day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as follows:

If to the Company:	Tower Semiconductor Ltd. P.O. Box 619 Migdal Haemek, Israel, 23105 Facsimile No.: (+972) 4 654 6510 Attention: Chief Financial Officer
With a copy to:	Yigal Arnon & Co. 1 Azrieli Center 46th Floor (Round Tower) Tel Aviv, Israel 67021 Facsimile: (9723) 608-7714 Attn.: David H. Schapiro, Esq.
If to the Purchaser:	Micron Technology, Inc. 8000 South Federal Way Boise, Idaho 83707 Fax: (208) 368-4540 Attn: General Counsel
With a copy to:	Wilson Sonsini Goodrich & Rosati 650 Page Mill Road Palo Alto, California 94304 Facsimile: (650) 493-6811 Attn: John A. Fore, Esq. Michael S. Russell, Esq.

If to any other Person who is then the registered Holder:

To the address of such Holder as it appears in the stocktransfer books of the Company

or such other address as may be designated in writing hereafter, in the same manner, by such Person.

(j) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign its rights or obligations hereunder without the prior written consent of each Holder. Each Holder may assign their respective rights hereunder.

(k) Execution and Counterparts. This Agreement may be executed in any number of 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. In the event that any signature is delivered by facsimile or other electronic transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile or other electronically transmitted signature were the original thereof.

(l) Governing Law; Exclusive Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of Delaware. With respect to any matter based upon or arising out of this Agreement or the transactions contemplated by this Agreement, each of the parties hereto (a) irrevocably consents to the exclusive jurisdiction and venue of the federal courts of the District of Delaware, (b) agrees that process may be served upon them in any manner authorized by the federal laws applicable in the District of Delaware for such Persons, (c) waives the defense of an inconvenient forum and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and such process, and (d) agrees that a final judgment in such legal proceeding shall be final, binding and enforceable in any court of competent jurisdiction. Each Party agrees not to commence any legal proceedings subject to this Section except in such courts.

(m) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(n) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGES TO FOLLOW]

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

TOWER SEMICONDUCTOR LTD.

By:___________________________________
Name:
Title:

MICRON TECHNOLOGY, INC.

By:___________________________________
Name:
Title:

Annex A

Plan of Distribution

The Selling Stockholders and any of their pledgees, donees, transferees, assignees and successors-in-interest may, from time to time, sell any or all of their Ordinary Shares on any stock exchange, market or trading facility on which the shares are traded or quoted or in private transactions. These sales may be at fixed or negotiated prices. The Selling Stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits the purchaser;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- to cover short sales made after the date that this Registration Statement is declared effective by the Commission;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell shares under Rule 144 under the Securities Act or pursuant to any other exemption from the registration requirements of Section 5 of the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The Selling Stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The Selling Stockholders may from time to time pledge or grant a security interest in some or all of the Shares owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell Ordinary Shares from time to time under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933 amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus.

Upon the Company being notified in writing by a Selling Stockholder that any material arrangement has been entered into with a broker-dealer for the sale of Ordinary Shares through a block trade, special offering, exchange distribution or secondary distribution or a purchase by a broker or dealer, a supplement to this prospectus will be filed, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such Selling Stockholder and of the participating broker-dealer(s), (ii) the number of shares involved, (iii) the price at which such Ordinary Shares are to be offered, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s), where applicable, (v) that such broker-dealer(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus, and (vi) other facts material to the transaction. In addition, upon the Company being notified in writing by a Selling Stockholder that a donee or pledgee intends to sell more than 500 Ordinary Shares, a supplement to this prospectus will be filed if then required in accordance with applicable securities law.

The Company has advised each Selling Stockholder that it may not use shares registered on this Registration Statement to cover short sales of Ordinary Shares made prior to the date on which this Registration Statement shall have been declared effective by the Commission. If a Selling Stockholder uses this prospectus for any sale of the Ordinary Shares, it will be subject to the prospectus delivery requirements of the Securities Act. The Selling Stockholders will be responsible to comply with the applicable provisions of the Securities Act and Exchange Act, and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such Selling Stockholders in connection with resales of their respective shares under this Registration Statement.

The Company is required to pay all fees and expenses incident to the registration of the shares, but the Company will not receive any proceeds from the sale of the Ordinary Shares. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

TOWER SEMICONDUCTOR LTD.

Selling Securityholder Notice and Questionnaire

The undersigned beneficial owner of Ordinary Shares (the **"Ordinary Shares"**), of Tower Semiconductor Ltd., an Israeli corporation (the **"Company"**), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the **"Commission"**) a Registration Statement for the registration and resale of the Registrable Securities, in accordance with the terms of the Shareholder Rights and Restrictions Agreement, dated as of June 3, 2011 (the **"Shareholder Rights and Restrictions Agreement"**), among the Company and the Purchaser named therein. A copy of the Shareholder Rights and Restrictions Agreement is available from the Company upon request at the address set forth below. All capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Shareholder Rights and Restrictions Agreement.

This questionnaire is being furnished to all Holders (as such term is defined in the Shareholder Rights and Restrictions Agreement) and relates to certain information required to be disclosed in the Registration Statement.

Your careful completion of this Questionnaire will help ensure that the Registration Statement will be complete and accurate. Careful consideration of the instructions and definitions contained in the endnotes to various items is essential to an understanding of the questions.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name.

(a) Full Legal Name of Selling Securityholder

____

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

____

(c) 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 securities covered by the questionnaire):

____

2. Address for Notices to Selling Securityholder:

Telephone:

Fax:

Contact Person:

3. Beneficial Ownership of Registrable Securities:

Type and Principal Amount of Registrable Securities beneficially owned:

4. Broker-Dealer Status:

(a) Are you a broker-dealer?

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. Beneficial Ownership of Other Securities of the Company Owned by the Selling Securityholder.

Except as set forth below in this Item 5, the undersigned is not the beneficial or registered owner of any securities of the Company other than the Registrable Securities listed above in Item 3.

Type and Amount of Other Securities beneficially owned by the Selling Securityholder:

6. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) 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:

7. The Company has advised each Selling Securityholder that it may not use shares registered on the Registration Statement to cover short sales of Ordinary Shares made prior to the date on which the Registration Statement is declared effective by the Commission, in accordance with 1997 Securities and Exchange Commission Manual of Publicly Available Telephone Interpretations Section A.65. If a Selling Stockholder uses the prospectus for any sale of the Ordinary Shares, it will be subject to the prospectus delivery requirements of the Securities Act. The Selling Stockholders will be responsible to comply with the applicable provisions of the Securities Act and Exchange Act, and the rules and regulations thereunder promulgated, including, without limitation, Regulation M, as applicable to such Selling Stockholders in connection with resales of their respective shares under the Registration Statement.

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof and prior to the Effective Date for the Registration Statement.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 6 and the inclusion of such information in the Registration Statement and the related prospectus. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus.

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: ________________________

Beneficial Owner: ______________________

By: __________________________________

Name:

Title:

PLEASE FAX OR EMAIL A COPY OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE, AND RETURN THE ORIGINAL BY OVERNIGHT MAIL, TO:

Yigal Arnon & Co.
1 Azrieli Center
46th Floor (Round Tower)
Tel Aviv, Israel 67021
Facsimile: (9723) 608-7714
Email: davids@arnon.co.il
Attn.: David H. Schapiro, Esq.

Exhibit 23.2

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 13, 2011 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, 2010.

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

Tel Aviv, Israel
November 23, 2011

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference into this Registration Statement on Form F-3 of Tower Semiconductor LTD of our report dated September 8, 2011 relating to the financial statements of Micron Japan, LTD., which appears in the Form 6-K filed by Tower Semiconductor LTD on November 23, 2011. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

PricewaterhouseCoopers Aarata

Osaka, Japan
November 23, 2011