

טאואר סמיקונדקטור בע"מ

("החברה")

תשקיף מדף

מכוח תשקיף מדף זה, תוכל החברה להנפיק סוגי ניירות ערך שונים, בהתאם להוראות הדין – מניות רגילות של החברה (להלן: "מניות החברה"), אגרות חוב שאינן ניתנות להמרה (לרבות בדרך של הרחבת סדרות קיימות של אגרות חוב של החברה, כפי שיהיו מעת לעת), אגרות חוב הניתנות להמרה למניות החברה (לרבות בדרך של הרחבת סדרות קיימות של אגרות חוב הניתנות להמרה למניות החברה, ככל שיהיו, ומעת לעת), כתבי אופציה הניתנים למימוש לאגרות חוב ולאגרות חוב הניתנות להמרה למניות החברה וניירות ערך מסחריים (להלן: "ניירות הערך").

הצעתם של ניירות הערך על-פי תשקיף מדף זה, תיעשה בהתאם להוראות סעיף 23א(א) לחוק ניירות ערך, התשכ"ח-1968 (להלן: "חוק ניירות ערך"), ותקנות ניירות ערך (הצעת מדף של ניירות ערך), התשס"ו – 2005 (להלן: "תקנות הצעת מדף"), באמצעות דוחות הצעת מדף, בהם יושלמו כל הפרטים המיוחדים לאותה הצעה לרבות הרכב היחידות המוצעות, בהתאם להוראות כל דין ובהתאם לתקנון ולהנחיות הבורסה לניירות ערך בתל-אביב בע"מ (להלן: "הבורסה"), כפי שיהיו באותה עת (כל אחד מהדוחות הללו יקראו לעיל ולהלן: "דוח הצעת המדף").

להלן תמצית גורמי הסיכון העיקריים שיש בהם כדי להשפיע על החברה (לצורך פיסקה זו ההתייחסות הינה לחברה, כולל חברת טאואר יו. אס. הולדינגס אינק, חברה בת בבעלות מלאה של החברה שמושב בארה"ב, וחברת טאוארג'אז טקסס, וחברת טאוארג'אז פאנאסוניק סמיקונדקטור בע"מ חברה בת בבעלות 51% של החברה ו-49% בבעלות פאנאסוניק שמושב בביפן):

(1) הביקוש לשירותי הייצור של החברה תלוי בביקוש בשווקי הקצה של חלקות הסופיים של לקוחות החברה, כך שהפחתה גלובלית בביקוש ו/או במחירים של מוצרי הקצה הכוללים שבבים עלולה לגרום להפחתה בביקוש ו/או במחירים עבור שירותי הייצור ומוצרי החברה, ולהפחתה בשולי הרווח שלה ובתזרימי המזומנים המתקבלים מפעילותה; (2) אי עמידת החברה ו/או החברות הבנות שלה בלוחות הזמנים הקבועים לפירעון חובותיהן או בכל תנאי אחר המנוי בהסכמי המימון שלהן, או במקרה של אי עמידה בהתחייבויות אחרות ו/או באמות המידה הפיננסיות המפורטות בהסכמי המימון האמורים, ללא קבלת כתב ויתור מהבנקים המממנים בגין אי עמידה בתנאים אלו; (3) יכולת החברה להמשיך ולהרחיב את עסקיה, בסיס לקוחותיה ונוכחותה בשוק, לרבות באמצעות רכישות; (4) אי-עמידה בתאריכי אספקה ללקוחות וביעדי מכירות, במיוחד בתקופות בהן חלק ממפעלי הייצור פועלים בניצולת ייצור גבוהה מאד עקב עודפי ביקוש, בהן משך הייצור עלול להתארך ושילוח התוצרת עלול להתעכב וזאת עקב קשיים ו/או תקלות בשלב הייצור, כולל היווצרות צווארי בקבוק, הפסקות חשמל, שריפה ו/או רעידות אדמה ו/או נזקי טבע אחרים; (5) הצלחה בהעברת טכנולוגיות, יכולות יצור ומוצרים למפעלי הייצור החדשים שנרכשו ב-2014 ביפן וב-2016 בארה"ב, ו/או הצלחה בהעברת ביקוש עודף של לקוחות קיימים שלה מחלק ממפעליה שחווים עודפי ביקוש לייצור במפעלים חדשים אלה, ו/או הצלחה בגיוס לקוחות חדשים עבור מפעלים חדשים אלה ו/או בביצוע הליכי אינטגרציה יעילים, הינה חשובה מאד כדי לכסות את עלויות אחזקת מפעלים אלה בטווח הארוך, על מנת להמשיך להפעילם; (6) החברה עלולה לא ליהנות מהטבות ממרכז ההשקעות של משרד הכלכלה בגין התוכניות המאושרות שלה ו/או להיחשף להטלת סנקציות על-ידי מרכז ההשקעות אם תפר את תנאי מי מכתבי האישור שלה לגבי השקעות ברכוש קבוע שהשלימה בשנים עד (כולל) 2012; (7) באם החברה לא תקבל הזמנות מלקוחות עמם חתמה על הסכמים ארוכי טווח, הדבר עלול לפגוע ו/או לגרום לעודף קיבולת ייצור ולהפסדים בגין אי כיסוי עלויות קבועות; (8) יכולת החברה לארגן מחדש חלק מהחוב שלה, לגייס כספים ולשרת את חובותיה האחרים; (9) והחברה עשויה ליטול חובות נוספים שיכבדו על מבנה העלויות שלה; (10) בקשות לתביעות ייצוגיות שהוגשו בארה"ב ובישראל נגד החברה, נושאי משרה ודירקטורים בה ומשרד רואה החשבון המבקר החיצוני שלה, בעקבות דו"ח כנגד החברה שפורסם בחודש ינואר 2016 על ידי חברה המתמחה במכירה בחסר ("פיוזיציות שורט"), דו"ח אשר העלה שאלות וטענות בדבר האסטרטגיה העסקית של החברה ודוחותיה הכספיים ואשר לדעת החברה ורואי החשבון החיצוניים שלה הינו מוטעה ושגוי; (11) הנפקת מניות כתוצאה מהמרה או מימוש של איזה מניירות הערך ההמירים של החברה והשפעתן האפשרית על שווי החברה; (12) תנאים גלובליים ו/או כלכליים שליליים עלולים להשפיע על תוצאות החברה ויכולתה לעמוד בחובותיה והתחייבויותיה ועל תנאי גיוס חוב שיוצעו לה, כולל מחזוריות תעשיית הסמיקונדקטור, מיתון כלכלי ועודף כושר ייצור שעלול להיווצר יכולים לגרום לירידה במחירים; (13) בענף בו עוסקת החברה לא מקובל לעבוד עם צבר הזמנות משמעותי, ולכן מקשה הדבר על צפיית הכנסות עתידיות ותזרימי מזומנים ורווחים עתידיים; (14) מפעם לפעם החברה מייצרת שבבים בהתאם לביקוש צפוי מלקוחותיה, ולא ממתינה עד קבלת הזמנות בפועל מלקוחותיה. במידה והביקוש הצפוי עולה על הביקוש בפועל, עלול להישאר בידי החברה מלאי שאינו לשימוש; (15) על מפעלי החברה לפעול בניצולת ייצור גבוהה על מנת לרשום רווח נקי ותזרימי מזומנים חופשיים חיוביים; (16) מחזורי המכירות של החברה הינם ארוכים, ויתכן כי ההזמנות שתתקבלנה לא תהיינה בהתאם לצפיית החברה, דבר העלול להשפיע לרעה על תוצאותיה התפעוליות של החברה; (17) הצלחה בפיתוח ועדכון התהליכים והשירותים הטכנולוגיים של החברה, העברת יכולות ייצור מפאב אחד למשנהו, הרחבת קיבולת הייצור בדרישות, ועמידה בדרישות של השינויים הנדרשים ע"י הלקוחות לטובת שימור הלקוחות וגיוס לקוחות חדשים; (18) שוק יצרני הסמיקונדקטור הינו תחרותי מאוד, ולמתחרותיה של החברה עלולים להיות יתרונות תחרותיים על פני החברה; (19) יכולת החברה לרכוש ציוד וחומרי גלם, שחלקם יחודיים, בזמן ובכמות מספקת, חשובה כדי לייצר את מוצריה בזמן ולשמר לקוחות קיימים ולקוחות פוטנציאליים; (20) חשיפת החברה לתגודות בשער החליפין של הדולר מול השקל ומול היין היפני ובשיעורי הריבית והשפעתן על עלויות התפעול של החברה ורווחיותה; (21) תלות החברה בזכויות קניין רוחני מצדדים שלישיים ויכולתה לשמר רישיונות קיימים או להשיג רישיונות חדשים; (22) עמידה בתקנות המחמירות בעניין איכות הסביבה אשר חלות בענף פעילותה של החברה; (23) ככל שהשבבים שמייצרת החברה יורכבו בתוך מוצרים פגומים תהיה החברה חשופה לתביעות בגין אחריות למוצרים פגומים או תביעות אחרות שעלולות לפגוע במוניטין החברה ולפגוע בעסקי החברה; (24) עמידה בתנאי החקיקה בארה"ב בקשר לסחר במינרלים ואוצרות טבע עלול להשפיע על יכולת החברה לרכוש מוצרי גלם במחיר יעיל; (25) מכירה בשוק של כמות מניות או ניירות ערך גדולה של החברה, או אפילו צפי שמכירה כזו תתרחש על ידי החברה או על ידי מי מבעלי מניותיה העיקריים, עלולה לפגוע בשווי החברה, ביכולת הגיוס של החברה ו/או ביכולתה למצוא מקורות מימון לצורך מימון התחייבויותיה וחובותיה לטווח ארוך ובינוני; (26) השפעת הנפקת מניות רגילות ככל שתבוצע, בין עבור גיוס הון חדש או מהמרת ניירות ערך המירים, עלולה לדלל את אחוזי ההחזקה של בעלי מניות נוכחיים ועתידיים.

גורמי סיכון הקשורים בפעילות החברה בישראל - (1) חוסר היציבות הביטחוני והפוליטי הקיים בישראל עלול לפגוע בעסקי החברה; (2) פגיעה אפשרית בפעילות החברה עקב צורך של עובדי החברה להתייבב לשירות מילואים; (3) במידה ולא יחודש האישור לחברה לייצר במפעליה בישראל במשך שבעה ימים בשבוע, עלול הדבר להשפיע לרעה על עסקיה.

לפירוט המלא בדבר כל גורמי הסיכון העשויים להשפיע על החברה, לרבות אלה המוזכרים לעיל, ראה סעיף 3.7 לתשקיף.

לפרטים אודות מגבלות החלות על חלוקת דיבידנד על-ידי החברה, ראו סעיף 3.10 לתשקיף.

לחברה ניתן דירוג iLA.

מניותיה הרגילות של החברה רשומות למסחר בבורסה תחת הסימול "טאואר" וכן ב-Nasdaq Global Market (להלן: "Nasdaq") תחת הסימול "TSEM", וזאת בהתאם למסמך רישום מכוח הוראות בדבר רישום כפול לפי פרק ה' לחוק ניירות ערך והתקנות שהותקנו מכוחו.

תשקיף מדף זה נערך ודוחות המדף שיפורסמו על-פי התשקיף ייערכו, בהתאם לפטור מתקנות ניירות ערך (פרטי התשקיף וטיטות תשקיף – מבנה וצורה), תשכ"ט-1969 (להלן: "תקנות פרטי תשקיף"), שניתן לחברה על-ידי רשות ניירות ערך מכוח סעיף 35 לחוק ניירות ערך. לפרטים ראו סעיף 1.3 לתשקיף מדף זה. דוח הצעת מדף שתפרסם החברה על-פי תשקיף מדף זה יכלול (במסגרת הדוח או על דרך ההפניה) מידע משלים לגבי התפתחויות מהותיות בחברה ממועד תשקיף מדף זה וכן מידע משלים נוסף, אם וככל שהיה נדרש לפי ה- United States Securities Act of 1933 כפי שתוקן מעת לעת (להלן: "Securities Act") והכללים והתקנות של רשות ניירות ערך האמריקאית, אם הצעת ניירות ערך כאמור היתה מוגשת לרישום לפי ה- Securities Act במסמך רישום Form F-3, לרבות מידע כספי מעודכן בהתבסס על דרישות כללי רשות ניירות ערך האמריקאית בסעיף 8 של Form 20-F, אם וככל הנדרש, וזאת בנוסף לפרטים הדרושים על-פי תקנות הצעת מדף (ובכללם פרטים אודות ניירות הערך המוצעים וכל פרט אחר הטעון תיאור על-פי אותן תקנות). לפרטים ראו סעיף 1.3 לתשקיף מדף זה.

הדיווחים השוטפים של החברה הינם על-פי הדין בארה"ב ובשפה האנגלית, בהתאם לכללי הרישום הכפול הקבועים בפרק ה' לחוק ניירות ערך והתקנות שהותקנו מכוחו.

הצעת ניירות ערך במסגרת דוחות הצעת מדף על-פי תשקיף מדף זה תיעשה בישראל בלבד ולא תיעשה בארה"ב ו/או לאדם הנמצא בארה"ב ו/או ל- U.S. Persons כהגדרתם ב- Regulation S שהותקנה מכוח ה- Securities Act (להלן: "Regulation S"). על-פי דרישת הבורסה, הצעת ניירות ערך על-פי דוחות הצעת מדף על-פי תשקיף מדף זה תהיה מותנית בעמידת החברה בפטור מדרישות הרישום על-פי Category 1 של Regulation S ביחס לניירות הערך שיוצאו על-ידי החברה כאמור, על-פי חוות דעת עורך דין זר של החברה שתוגש לבורסה קודם למועד פרסומה של דוח הצעת המדף על-ידי החברה, לפיה אין מניעה לחברה להציע לציבור בישראל את ניירות הערך שיוצאו בדוח הצעת המדף, לרשום אותם למסחר בבורסה, לקיים בהם מסחר ולסולקם במסלוקת הבורסה, הכל כמפורט בסעיף 1.2.3 לתשקיף. על אף האמור לעיל, לפי נסיבות העניין, תיתכן הצעת ניירות ערך במסגרת דוח הצעת מדף על-פי תשקיף מדף זה, אשר לא תהיה מוגבלת לתושבי ישראל בלבד, או תיתכן שתעמוד החברה בפטור מדרישות הרישום על-פי Category 2 של Regulation S, בכפוף לחוות הדעת של עורך הדין הזר של החברה כאמור לעיל, והכל כפי שיפורט בדוח הצעת המדף.

כל רוכש של ניירות הערך שיוצאו על-פי דוח הצעת מדף שיפורסם על-פי תשקיף מדף זה: (1) ייחשב כמי שהצהיר כי הוא תושב ישראל, כי הוא זכאי לרכוש את ניירות הערך המוצעים בהתאם לפטור מדרישות הרישום לפי ה- Securities Act; או (2) ייחשב כמי שהצהיר: (i) כי אינו נמצא בארה"ב וכי אינו U.S. Person או לחילופין, כי הוא תושב ישראל וכי אינו U.S. Person; (ii) כי אינו רוכש את ניירות הערך שיוצאו בדוח הצעת מדף כאמור עבור או לטובת U.S. Person ו/או אדם הנמצא בארה"ב; (iii) כי לא היה בארה"ב בעת שהגיש בקשה לרכוש ובעת שרכש את ניירות הערך שיוצאו בדוח הצעת מדף כאמור; ו- (iv) כי אינו רוכש את ניירות הערך שיוצאו בדוח הצעת מדף כאמור עם כוונה לבצע "distribution" של ניירות הערך האמורים בארה"ב (כמשמחו של מונח זה בידי ניירות ערך האמריקאיים), הכל כפי שיפורט בדוח הצעת המדף. המפצים עימם בתקשר החברה, ככל שתתקשר, להפצת ניירות הערך המוצעים, חברות קשורות שלהם וכל מי שפועל מטעמם, יצהירו כי יציעו את ניירות הערך המוצעים רק לתושבי ישראל ולא לכל אדם הנמצא בארה"ב או מי שהינו U.S. Person, למעט בהתאם לפטור מדרישות רישום לפי ה- Securities Act או במסגרת עסקה שאיננה כפופה לדרישות הרישום האמורות, וכי לא ביצע ולא יבצע כל פעולה או פרסום בארה"ב בקשר עם קידום מכירתם של ניירות הערך המוצעים. על אף האמור לעיל, לפי נסיבות העניין, תיתכן הצעת ניירות ערך במסגרת דוח הצעת מדף על-פי תשקיף מדף זה, אשר לא תהיה מוגבלת לתושבי ישראל בלבד ולכן לא ייחשב כל רוכש של ניירות הערך שיוצאו על-פי דוח הצעת מדף כאמור כמי שהצהיר כי הוא אינו תושב ישראל, הכל כפי שיפורט בדוח הצעת המדף.

תשקיף מדף זה ודוחות הצעת מדף על-פיו אינם מיועדים לפרסום, הפצה ו/או חלוקה בארה"ב ו/או ל- U.S. Persons כהגדרתם ב- Regulation S, אף אדם אינו מוסמך לפעול למכירת ניירות הערך שיוצאו על-פי התשקיף ודוחות הצעת מדף שיפורסמו על-פיו בארה"ב וניירות ערך שיוצאו על-פי דוחות הצעת המדף האמורים לא יוצאו או יימכרו בארה"ב ללא רישום או פטור מרישום בארה"ב. תשקיף מדף זה לא הוגש לרשות לניירות ערך בארה"ב ודוחות הצעת המדף שיפורסמו על-פיו לא יוגשו לרשות לניירות ערך בארה"ב. בכפוף לאמור להלן, ניירות הערך שיוצאו על-פי התשקיף ודוחות הצעת המדף על-פיו יכול ולא יירשמו בהתאם ל- Securities Act בארה"ב ואסור לבעלי ניירות הערך שיוצאו על-פי התשקיף ודוחות הצעת המדף על-פיו להציעם ו/או למוכרם ו/או לשעבדם או להעבירם בדרך אחרת בארה"ב ו/או ל- U.S. Person, אלא אם יירשמו בהתאם ל- Regulation S, על-פי מסמך רישום לפי ה- Securities Act או אם קיים פטור מדרישת הרישום בהתאם ל- Securities Act. בכפוף לאמור להלן, ולא אם יצוין אחרת בדוח הצעת המדף, החברה אינה מתחייבת לרשום את ניירות הערך למסחר בארה"ב בהתאם ל- Securities Act. בסמוך לרישום למסחר של ניירות ערך שיוצאו על-פי דוח הצעת מדף שיפורסם על-פי תשקיף מדף זה, ובכפוף להוראות הדין שיחולו באותו מועד, תרשום החברה למסחר את המניות הרגילות שיוצאו בדוח הצעת מדף על-פי תשקיף מדף זה או את המניות הרגילות שעשויות לנבוע כתוצאה מהמרת ניירות הערך שיוצאו כאמור, לפני העניין, בבורסת Nasdaq ורוכשי ניירות הערך האמורים יהיו רשאים למכור ב- Nasdaq בעסקאות רגילות, כפוף למגבלות על-פי הדין האמריקאי.

על תשקיף מדף זה ודוחות הצעת מדף שיפורסמו על-פיו ועל הצעת ניירות הערך ורכישתם על-פיהם וכל הנובע ו/או הקשור בתשקיף מדף זה ובדוחות הצעת המדף שיפורסמו על-פיו, יחולו דיני מדינת ישראל בלבד, ולא יחולו דינים אחרים כלשהם, וסמכות השיפוט הבלעדית בכל עניין הקשור לעניינים האמורים מוקנית אך ורק לבתי המשפט המוסמכים בישראל ולהם בלבד, והניצעים בהסכמתם לרכוש את ניירות הערך שיוצגו על-פי תשקיף מדף זה ודוחות הצעת המדף על-פיהם מקבלים על עצמם סמכות שיפוט בלעדית זו וברירת דין זו.

רכישת ניירות ערך שיוצגו על-פי דוח הצעת מדף שיפורסם על-פי תשקיף מדף זה תהיה כפופה להגבלות על מכירה חוזרת בהתאם לסעיף 904 ל-Regulation S, כפי שיפורט בדוחות הצעת מדף שיפורסמו על-פי תשקיף מדף זה.

החלטה לרכוש את ניירות הערך שיוצגו על-פי תשקיף מדף זה ועל-פי דוחות הצעת מדף שיפורסמו מכוחו, יש לקבל אך ורק בהסתמך על המידע הנכלל (לרבות בדרך של הפניה) בתשקיף מדף זה ובדוחות הצעת המדף על-פיו. החברה לא התירה לכל אדם או גוף אחר כלשהו למסור מידע שונה מזה המפורט בתשקיף מדף זה. תשקיף מדף זה ודוחות הצעת המדף על-פיו אינם מהווים הצעה של ניירות ערך בכל מדינה אחרת למעט מדינת ישראל.

אם החברה תציע לראשונה בדוח הצעת מדף אגרות חוב ו/או ניירות ערך מסחריים, ואם אגרות החוב ו/או ניירות הערך המסחריים הנ"ל ידורגו, על-ידי חברה מדרגת (לפי שיקול דעתה הבלעדי של החברה), אזי תפרסם החברה את דוח הדירוג או את העדכון לדוח הדירוג, לפי העניין, שלושה (3) ימים לפחות לפני פרסום דוח הצעת המדף וכן תצרף את דוח הדירוג לדוח הצעת המדף ואת הסכמת חברת הדירוג לצירופו כאמור.

בכפוף להוראות כל דין, ובכפוף להנחיות והוראות הבורסה, כפי שתהיינה בכל עת, מובהר כי החברה תהיה רשאית להנפיק את ניירות הערך המוצעים בכל הרכב ובכל כמות כפי שיקבעו על-ידה.

התחייבות החברה לפירעון אגרות החוב וניירות הערך המסחריים איננה מובטחת בבטוחות ו/או שעבודים. פרטים נוספים יפורטו בדוח הצעת המדף.

החברה הינה צד לעסקאות עם בעלי עניין בה. לפרטים ראה Item 5: "Operating and Financial Review and Prospects - B. Liquidity and Capital Resources" ו-Item 7: "Major Shareholders and Related Party Transactions" במאור 21 לדוחות הכספיים של החברה לשנת 2015 שפורסמו במגנט ביום 29.2.2016 (מספר אסמכתא 037486-02-2016).

עותק מתשקיף זה עומד לעיון הציבור באתר האינטרנט של רשות ניירות ערך שכתובתו www.magna.isa.gov.il ובאתר הבורסה שכתובתו: maya.tase.co.il.

תאריך התשקיף: 10.5.2016

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הצעת ניירות ערך לפי דוחות הצעת מדף שיפורסמו על-פי תשקיף מדף זה תיעשה בישראל בלבד ולא תיעשה בארה"ב ו/או ל- U.S. Persons כהגדרתם ב- Regulation S שהותקנה מכח ה- Securities Act. על-פי דרישת הבורסה, הצעת ניירות ערך על-פי דוחות הצעת מדף על-פי תשקיף מדף זה תהיה מותנית בעמידת החברה בפטור מדרישות הרישום על-פי 1 Category של Regulation S ביחס לניירות הערך שיוצעו על-ידי החברה כאמור, על-פי חוות דעת של עורך דין זר של החברה שתוגש לבורסה שתיערך קודם למועד פרסומו של דוח הצעת המדף על-ידי החברה, לפיה אין מניעה לחברה להציע לציבור בישראל את ניירות הערך שיוצעו בדוח הצעת המדף, לרשום אותם למסחר בבורסה, לקיים בהם מסחר ולסולקם במסלקת הבורסה. על אף האמור לעיל, לפי נסיבות העניין, תיתכן הצעת ניירות ערך במסגרת דוח הצעת מדף על-פי תשקיף מדף זה, אשר לא תהיה מוגבלת לתושבי ישראל בלבד, או תיתכן שתעמוד החברה בפטור מדרישות הרישום על-פי 2 Category של Regulation S, בכפוף לחוות הדעת של עורך הדין הזר של החברה המפורטת לעיל, הכל כפי שיפורט בדוח הצעת המדף.

כל רוכש של ניירות הערך שיוצעו על-פי דוח הצעת מדף שיפורסם על-פי תשקיף מדף זה (1) ייחשב כמי שהצהיר כי הוא תושב ישראל, כי הוא זכאי לרכוש את ניירות הערך המוצעים בהתאם לפטור מדרישות הרישום לפי ה- Securities Act; או (2) ייחשב כמי שהצהיר (i) כי אינו נמצא בארה"ב וכי אינו U.S. Person, או לחילופין כי הוא תושב ישראל וכי אינו U.S. Person; (ii) כי אינו רוכש את ניירות הערך שיוצעו בדוח הצעת מדף כאמור עבור או לטובת U.S. Person ו/או אדם הנמצא בארה"ב; (iii) כי לא היה בארה"ב בעת שהגיש בקשה לרכוש ובעת שרכש את ניירות הערך שיוצעו בדוח הצעת מדף כאמור; ו- (iv) כי אינו רוכש את ניירות הערך שיוצעו בדוח הצעת מדף כאמור עם כוונה לבצע "distribution" של ניירות הערך האמורים בארה"ב (כמשמעו של מונח זה בדיני ניירות ערך האמריקאיים). המפיצים עימם תתקשר החברה, ככל שתתקשר, להפצת ניירות הערך המוצעים, חברות קשורות שלהם וכל מי שפועל מטעמם, יצהירו כי יציעו את ניירות הערך המוצעים רק לתושבי ישראל ולא לכל אדם הנמצא בארה"ב או מי שהינו U.S. Person, למעט בהתאם לפטור מדרישות רישום לפי ה- Securities Act או במסגרת עסקה שאיננה כפופה לדרישות הרישום האמורות, וכי לא ביצעו ולא יבצעו כל פעולה או פרסום בארה"ב בקשר עם קידום מכירתם של ניירות הערך המוצעים. על אף האמור לעיל, לפי נסיבות העניין, תיתכן הצעת ניירות ערך במסגרת דוח הצעת מדף על-פי תשקיף מדף זה, אשר לא תהיה מוגבלת לתושבי ישראל בלבד ולכן לא ייחשב כל רוכש של ניירות הערך שיוצעו על-פי דוח הצעת מדף כאמור כמי שהצהיר כי הוא אינו תושב ישראל, הכל כפי שיפורט בדוח הצעת המדף.

על תשקיף מדף זה ודוחות הצעת מדף שיפורסמו על-פיו ועל הצעת ניירות הערך ורכישתם על-פיהם וכל הנובע ו/או הקשור בתשקיף מדף זה ובדוחות הצעת המדף שיפורסמו על-פיו, יחולו דיני מדינת ישראל בלבד ולא יחולו דינים אחרים כלשהם, וסמכות השיפוט הבלעדית בכל עניין הקשור לעניינים האמורים מוקנית אך ורק לבתי המשפט המוסמכים בישראל ולהם בלבד, והניצעים בהסכמתם לרכוש את ניירות הערך שיוצעו על-פי תשקיף מדף זה ודוחות הצעת המדף על-פיו מקבלים על עצמם סמכות שיפוט בלעדית זו וברירת דין זו.

רכישת ניירות ערך שיוצעו על-פי דוח הצעת מדף שיפורסם על-פי תשקיף מדף זה תהיה כפופה להגבלות על מכירה חוזרת בהתאם לסעיף 904 ל- Regulation S, כפי שיפורט בדוחות הצעת מדף שיפורסמו על-פי תשקיף מדף זה.

תשקיף מדף זה ודוחות הצעת מדף על-פיו אינם מיועדים לפרסום, הפצה ו/או חלוקה בארה"ב ו/או ל- U.S. Persons כהגדרתם ב- Regulation S, ואף אדם אינו מוסמך לפעול למכירת ניירות הערך שיוצעו על-פי תשקיף מדף זה ודוחות הצעת מדף שיפורסמו על-פיו בארה"ב וניירות ערך שיוצעו על-פי דוחות הצעת המדף האמורים לא יוצעו או יימכרו בארה"ב ללא רישום או פטור מרישום בארה"ב. תשקיף מדף זה לא הוגש לרשות ניירות ערך בארה"ב ודוחות הצעת המדף שיפורסמו על-פיו לא יוגשו לרשות ניירות ערך בארה"ב. בכפוף לאמור להלן, ניירות הערך שיוצעו על-פי תשקיף מדף זה ודוחות הצעת המדף על-פיו יכול ולא יירשמו בהתאם ל- Securities Act בארה"ב ואסור לבעלי ניירות הערך שיוצעו על-פי תשקיף מדף זה ודוחות הצעת המדף על-פיו להציעם ו/או למוכרם ו/או לשעבדם או להעבירם בדרך אחרת בארה"ב ו/או ל- U.S. Persons, אלא אם יירשמו בהתאם ל- Regulation S, על-פי מסמך רישום לפי ה- Securities Act או אם קיים פטור מדרישת הרישום בהתאם ל- Securities Act. בכפוף לאמור להלן, ואלא אם יצוין אחרת בדוח הצעת המדף, החברה אינה מתחייבת לרשום את ניירות הערך למסחר בארה"ב בהתאם ל- Securities Act. בסמוך לרישום למסחר של ניירות ערך שיוצעו על-פי דוח הצעת מדף שיפורסם על-פי תשקיף מדף זה, ובכפוף להוראות הדין שיחולו באותו מועד, תרשום החברה למסחר את המניות הרגילות שיוצעו בדוח הצעת מדף על-פי תשקיף מדף זה או את המניות הרגילות שעשויות לנבוע כתוצאה מהמרת ניירות הערך שיוצעו כאמור, לפי העניין, בבורסת Nasdaq ורוכשי ניירות הערך האמורים יהיו רשאים למכור ב- Nasdaq בעסקאות רגילות, בכפוף למגבלות על-פי הדין האמריקאי.

החלטה לרכוש את ניירות הערך שיוצעו על-פי תשקיף מדף זה ועל-פי דוחות הצעת מדף שיפורסמו מכוחו, יש לקבל אך ורק בהסתמך על המידע הנכלל (לרבות בדרך של הפניה) בתשקיף מדף זה ובדוחות הצעת המדף על-פיו. החברה לא התירה לכל אדם או גוף אחר כלשהו למסור מידע שונה מזה המפורט בתשקיף מדף זה. תשקיף מדף זה ודוחות הצעת המדף על-פיו אינם מהווים הצעה של ניירות ערך בכל מדינה אחרת למעט מדינת ישראל.

פרק 1 - מבוא

1.1 כללי

החברה התאגדה בישראל בשנת 1993 לפי פקודת החברות [נוסח חדש], התשמ"ג-1983, כחברה פרטית. ביום 10.11.1994 הפכה החברה לחברה ציבורית במועד רישום מניותיה של החברה למסחר ב-Nasdaq. ביום 4.1.2001 נרשמו מניות החברה למסחר גם בבורסה, כך שהחל ממועד זה רשומות מניותיה של החברה למסחר הן בבורסה והן ב-Nasdaq.

אלא אם כן נאמר מפורשת אחרת, כל הסכומים בתשקיף מדף זה נקובים בדולר ארה"ב.

1.2 היתרים ואישורים

1.2.1 החברה קיבלה את כל ההיתרים, האישורים והרישיונות הדרושים על-פי דין להצעת ניירות הערך על-פי תשקיף זה, להנפקתם ולפרסום תשקיף זה. תשקיף זה הינו תשקיף מדף, כהגדרתו בסעיף 23א לחוק ניירות ערך והצעת ניירות ערך על-פיו תעשה על-פי דוח הצעת מדף אשר יוגש בהתאם לחוק ניירות ערך ותקנות הצעת מדף, ואשר בו יושלמו הפרטים המיוחדים לאותה הצעה.

1.2.2 **אין בהיתרה של רשות ניירות ערך לפרסם את התשקיף משום אימות הפרטים המובאים בו או אישור מהימנותם או שלמותם, ואין בה משום הבעת דעה על טיבם של ניירות הערך המוצעים.**

1.2.3 החברה פנתה אל הבורסה בבקשה למתן אישור עקרוני לרישום של ניירות ערך הכלולים בתשקיף מדף זה ואשר יוצעו, ככל שיוצעו, על-פי דוח הצעת מדף (להלן: "האישור העקרוני").

אין לראות באישור העקרוני האמור של הבורסה אישור לפרטים המובאים בתשקיף המדף או למהימנותם או לשלמותם ואין בו משום הבעת דעה על החברה או על טיבם של ניירות הערך המוצעים בתשקיף המדף או על המחיר בו יוצעו בדוח הצעת המדף, כהגדרתו לעיל.

מתן האישור העקרוני אינו מהווה אישור לרישום ניירות הערך המוצעים למסחר, והרישום למסחר יהיה כפוף לקבלת אישור לבקשה לרישום ניירות הערך למסחר על-פי דוח הצעת מדף אשר יוגש בהתאם לחוק ניירות ערך ותקנות הצעת מדף.

אין לראות במתן האישור העקרוני משום התחייבות למתן אישור לרישום ניירות הערך למסחר על-פי דוח הצעת מדף. על אישור בקשה לרישום ניירות ערך למסחר על-פי הצעת מדף יחולו הוראות תקנון הבורסה וההנחיות על-פיו, כפי שיהיו בתוקף בעת הגשה הבקשה לרישום על-פי דוח הצעת המדף.

על-פי דרישת הבורסה, הצעת ניירות ערך על-פי דוחות הצעת מדף על-פי תשקיף מדף זה תהיה מותנית בעמידת החברה בפטור מדרישת הרישום על-פי Category 1 של Regulation S (שהותקנה מכוח ה-Securities Act) ביחס לניירות הערך שיוצעו על-ידי החברה כאמור. החברה מתחייבת להגיש לבורסה חוות דעת עורך דין זר קודם למועד פרסומו של דוח הצעת מדף על-ידי החברה,

לפיה אין מניעה לחברה, לפי ה-Securities Act להציע לציבור בישראל את ניירות הערך שיוצגו בדוח הצעת המדף, לרשום אותם למסחר בבורסה, לקיים בהם מסחר ולסולקם במסלקת הבורסה. על אף האמור לעיל, לפי נסיבות העניין, תתכן הצעת ניירות ערך במסגרת דוח הצעת מדף על-פי תשקיף מדף זה, אשר לא תהיה מוגבלת לתושבי ישראל בלבד, או תיתכן שתעמוד החברה בפטור מדרישות הרישום על-פי Category 2 של Regulation S, בכפוף לחוות דעת עורך הדין הזר המפורטת לעיל, והכל כפי שיפורט בדוח הצעת המדף.

בחוות דעת עורך הדין הזר של החברה שתוגש לבורסה קודם למועד פרסומו של דוח הצעת מדף על-ידי החברה להנפקת כתבי אופציה או אגרות החוב על-פי תשקיף מדף זה, יצוין אם ישנה מניעה, על-פי דיני ארה"ב החלים על החברה, לאשר בבית משפט בישראל הליך של הסדר או פשרה לפי סעיף 350 לחוק החברות, התשנ"ט-1999 (להלן: "**חוק החברות**"), בעניין שינוי תנאי ניירות הערך של החברה ולצורך מחיקת ניירות הערך מהרישום למסחר ביוזמת החברה. לעניין זה יחולו ההוראות שלהלן:

(א) אם נקבע בחוות הדעת האמורה, כי לא קיימת מגבלה על-פי דיני ארה"ב החלים על החברה, לאשר בבית משפט בישראל הליך של הסדר או פשרה לפי סעיף 350 לחוק החברות, תתחייב החברה, במועד הרישום למסחר לראשונה כאמור, כי אם תפעל לשינוי תנאי ניירות הערך או למחיקת ניירות הערך מהרישום למסחר ביוזמת החברה, היא תפנה לבית משפט בישראל לצורך אישור הפעולות כאמור על-פי סעיף 350 לחוק החברות.

(ב) צרפה החברה חוות דעת כאמור בס"ק (א) לעיל, אולם הודיעה לאחר הרישום למסחר, בדיווח מיידי, כי בכוונתה לאשר הסדר או פשרה לצורך שינוי תנאי ניירות הערך או לצורך מחיקת ניירות הערך מהרישום למסחר ביוזמת החברה, וכי בית משפט בישראל אינו מאשר לקיים בפניו דיון כאמור לפי סעיף 350 לחוק החברות, תחשב החברה לעניין זה כמי שפעלה על-פי סעיף 350 לחוק החברות, ובלבד שעשתה את כל הנדרש בהתאם לאמור בסעיף 350 לחוק החברות לאישור הסדר או פשרה, לרבות כינוס אסיפות נושים ו/או אסיפות בעלי ניירות הערך לסוגיהם, ובאסיפות כאמור אושרו הפעולות ברוב של משתתפים, כנדרש על-פי סעיף 350 לחוק החברות לאישור הסדר, למעט אישור ההסדר בבית משפט בישראל.

(ג) אם נקבע בחוות הדעת של עורך הדין שצרפה החברה כאמור לעיל, כי קיימת מגבלה על-פי דיני ארה"ב החלים על החברה, לאשר בבית משפט בישראל הליך של הסדר או פשרה לפי סעיף 350 לחוק החברות, תתחייב החברה במסמך על-פיו נרשמים לראשונה ניירות הערך הזרים למסחר, כי אם יהיה בכוונתה לאשר הסדר או פשרה לצורך שינוי תנאי ניירות הערך או לצורך מחיקת ניירות הערך מהרישום למסחר ביוזמת החברה, היא תעשה את כל הנדרש לשם אישור הפעולות כאמור על-פי סעיף 350 לחוק החברות, לרבות כינוס אסיפות נושים ו/או אסיפות בעלי ניירות הערך לסוגיהם, ובאסיפות כאמור יאושרו הפעולות ברוב של משתתפים, כנדרש על-פי סעיף 350 לחוק החברות לאישור הסדר, למעט אישור ההסדר בבית משפט בישראל. פעלה החברה בדרך המפורטת לעיל, תחשב החברה, לעניין זה, כמי שפעלה על-פי סעיף 350 לחוק החברות.

1.3 פטור רשות ניירות ערך

- 1.3.1 סעיף 35כט' לפרק ה'3 של חוק ניירות ערך קובע, בין היתר, כי רשות ניירות ערך רשאית לפטור מהוראות הנוגעות לפרטים בתשקיף מדף זה, מבנהו וצורתו, כולן או מקצתן, תאגיד שהתאגד בישראל המציע ניירות ערך לציבור אם ניירות הערך שלו רשומים למסחר בבורסה בחו"ל.
- 1.3.2 החברה קיבלה מאת רשות ניירות ערך פטור בהתאם לסעיף 35 כט' לחוק ניירות ערך מתחולת תקנות פרטי תשקיף, ביחס לתשקיף מדף זה (להלן: "**פטור הרשות**"). פטור הרשות הותנה במתן חוות דעת, לפיה במקרה בו החברה היתה פועלת לרישום בארה"ב של ניירות ערך מן הסוג שניתן היה להציע על-פי תשקיף מדף זה, על-פי כללי ה-Securities Act, היתה החברה רשאית לעשות זאת באמצעות מסמך רישום על טופס F-3.
- 1.3.3 בנוסף, פטור הרשות הותנה בהתחייבותה של החברה כי כל עוד ניירות ערך של החברה, מלבד מניות, רשומים למסחר בבורסה או מוחזקים על-ידי הציבור בישראל, אם מניותיה של החברה תמחקנה מהרישום למסחר בבורסה, תגיש החברה דיווחים לפי פרק ו' לחוק ניירות ערך ותחדל תחולת הוראות פרק ה'3 לחוק ניירות ערך על החברה.
- כמו כן, הותנה פטור הרשות בהתחייבותה של החברה, כי ככל שתבקש להנפיק אגרות חוב רק בישראל, אשר יוצעו על-פי תשקיף מדף זה (להלן: "**אגרות החוב החדשות**"), יחולו על החברה, החל ממועד הנפקת אגרות החוב החדשות, חובות הדיווח בהתאם למודל הגילוי ההיברידי, בהתאם למתכונת ולתנאים המצוינים בסעיף 1.3.6 להלן (להלן: "**חובות הדיווח הנוספות**" ו- "**מודל הגילוי ההיברידי**"), וזאת כל עוד אגרות החוב החדשות יהיו במחזור. יובהר כי עצם חובת החברה לבחון את תחולת חובות הדיווח הנוספות, תחול רק ממועד הנפקת אגרות החוב החדשות בפועל.
- 1.3.4 בהתאם לפטור הרשות, החברה מאשרת כי היא ערכה תשקיף מדף זה, בהתבסס על דרישות ה-Securities Act וכללי רשות ניירות ערך האמריקאית ל-F-3 המיועד להצעה לציבור. בהתאם, תשקיף מדף זה (כולל המסמכים הנכללים בו על דרך הפניה), עומד מכל הבחינות הרלוונטיות בדרישות של F-3 המיועד להצעה לציבור, הרלוונטיות לחברה לעניין רישום בארה"ב של ניירות ערך מהסוג המוצע לציבור על-פי תשקיף מדף זה, למעט סדר הפרקים ולמעט התאמתם של הכריכה, הפרקים הכלולים בתשקיף מדף זה שהינם בשפה העברית (וכוללים או עשויים לכלול הכללה על דרך ההפניה של דיווחים בשפה האנגלית של החברה), סעיף חוות דעת משפטית בפרק 6 לתשקיף מדף זה וכן פרק החתימות, שנערכו לפי הוראות תקנות פרטי תשקיף; וכן, למעט העובדה שב-F-3 היו נכללים הצהרות, נספחים והתחייבויות מסוימים אשר אינם נכללים בתשקיף מדף זה ואשר אינם מהותיים לענין הצעת ניירות ערך לציבור בישראל.
- 1.3.5 יודגש כי תשקיף מדף זה לא הוגש לרשות ניירות ערך האמריקאית ולא נבדק על-ידיה.

1.3.6 הוראות מודל הגילוי ההיברידי

הוראות מודל הגילוי ההיברידי¹, ובכללם החובה לבחון קיומם של "סימני אזהרה" כמפורט להלן, יחולו כאמור על החברה רק החל מהמועד בו היא תנפיק בפועל אגרות חוב חדשות רק בישראל (להלן: "**מועד ההנפקה**"), וכל עוד לא יונפקו על-ידה אגרות חוב זהות לאלו שמונפקות בישראל בארה"ב, או ירשמו אגרות החוב האמורות למסחר בארה"ב.

החל ממועד ההנפקה תבחן החברה האם מתקיימים "סימני אזהרה", כפי שהם מוגדרים בסעיף 10(ב)(14) לתקנות ניירות ערך (דוחות תקופתיים ומידיים), התש"ל-1970 (להלן: "**תקנות הדוחות**"), והחל ממועד התקיימות סימני אזהרה כאמור, וכל עוד סימני האזהרה מתקיימים², יחולו על החברה חובות הדיווח הנוספות, כמפורט להלן:

1) תקנה 10(ב)(14) לתקנות הדוחות - גילוי אודות התקיימות סימני אזהרה בתאגיד וצירוף דוח תזרים מזומנים חזוי במקרים הנדרשים בתקנה; בחינת סימני האזהרה תיעשה על-פי הדוחות הכספיים המאוחדים של החברה (או על-פי פרסום נתונים הכספיים הרבעוניים);

2) תקנה 10(ב)(1)(ד) לתקנות הדוחות – גילוי אודות הבחינה שנעשתה על-ידי הדירקטוריון לגבי מצב הנזילות של החברה, מקום שקיים אחד או יותר מסימני האזהרה, והנימוקים להחלטה;

3) תקנה 35א לתקנות הדוחות – דיווחים מידיים לטובת מחזיקי תעודות התחייבות שבמחזור;

4) תקנה 37(א)(1) לתקנות הדוחות – פרטים על חלוקת דיבידנד;

5) תקנה 37(א)(5) לתקנות הדוחות – פדיון מוקדם של אגרות חוב;

6) תקנה 31ח לתקנות הדוחות – פשרה או הסדר;

7) תקנות 37-כ-37כא – גילוי אגב הסדרי חוב.

בנוסף, רשות ניירות ערך תוכל להפעיל את סמכויותיה הבאות ביחס לדרישות מודל הגילוי ההיברידי: (א) סמכויות הרשות לדרוש קבלת מידע, פרטים ומסמכים הקשורים למידע המתבקש

¹ יובהר כי במקרה של שינוי ו/או תיקון להחלטת מליאת הרשות מספר 1-2013: שינוי במודל הטיפול ומתן פטור לחברות ברישום כפול שמנפיקות אג"ח רק בישראל מיום 9.9.2013 ו/או לתקנות ניירות ערך (דוחות תקופתיים ומידיים), התש"ל-1970, ביחס לדרישות הגילוי, הגילוי יבוצע ויותאם, בשינויים המחויבים, בהתאם לתיקון ו/או לשינוי בהחלטת הרשות ו/או לתקנות כאמור.

² המועד בו סימני האזהרה אשר מבוססים על דוחות כספיים או על חוות דעתו או סקירתו של רואה החשבון המבקר, יחדלו להתקיים יהיה המועד הראשון בו יפורסמו דוחות כספיים, חוות דעת או סקירה בהתאמה ללא סימני אזהרה.

במסגרת מודל הגילוי ההיברידי ; (ב) סמכויות הרשות לעניין דרישה לפרסום דיווח מיידי ו/או דיווח מתקן ו/או דיווח משלים ; (ג) סמכויות הרשות לעניין דרישה להוספת גילוי או מידע כאמור בדיווחי החברה, ככל שהדבר נחוץ לצורך הגנת ציבור המשקיעים באגרות החוב בהתאם למודל ההיברידי.

1.3.7 דוח הצעת מדף שתפרסם החברה על-פי תשקיף מדף זה יכלול (במסגרת הדוח או על דרך ההפניה) מידע משלים בגין התפתחויות מהותיות בחברה ממועד תשקיף מדף זה וכן מידע משלים נוסף, והכל בהתבסס על דרישות ה- Securities Act וכללי רשות ניירות ערך האמריקאית ל- F-3, לרבות מידע כספי מעודכן בהתבסס על דרישות כללי רשות ניירות ערך האמריקאית בסעיף 8 של Form 20-F, אם וכלל שיידרש, וזאת בנוסף לפרטים הדרושים על-פי תקנות הצעת מדף (ובכללם השלמת פרטים אודות ניירות הערך המוצעים וכל פרט אחר הטעון תיאור על-פי אותן תקנות).

1.3.8 הדיווחים השוטפים של החברה הינם בשפה האנגלית, על-פי הדין בארה"ב, בהתאם לכללי הרישום הכפול הקבועים בפרק ה'3 לחוק ניירות ערך והתקנות שהותקנו מכוחו (כללי הרישום הכפול). בנוסף, על-פי פטור הרשות, החברה תמשיך לדווח על-פי כללי הרישום הכפול כאמור.

1.3.9 תשקיף מדף זה כולל פרטים על דרך ההפניה. לפרטים ראו סעיף 3.12 "Incorporation of Certain Documents by Reference".

פרק 2' - הצעת ניירות הערך על פי תשקיף המדף

על פי תשקיף מדף זה, יכול שיוצעו לציבור מניות רגילות של החברה, אגרות חוב שאינן ניתנות להמרה, אגרות חוב הניתנות להמרה למניות רגילות של החברה, כתבי אופציה הניתנים למימוש למניות רגילות של החברה, כתבי אופציה הניתנים למימוש לאגרות חוב אשר אינן ניתנות להמרה, כתבי אופציה הניתנים למימוש לאגרות חוב הניתנות להמרה, וניירות ערך מסחריים (להלן: "ניירות הערך").

הצעת ניירות הערך על פי תשקיף מדף זה תיעשה בהתאם להוראות סעיף 23א(ו) לחוק ניירות ערך, באמצעות דוחות הצעת מדף בהם יושלמו כל הפרטים הנדרשים לפי פרק ג' לתקנות פרטי תשקיף ביחס לאותה הצעה, לרבות פרטי ותנאי ניירות הערך והרכב היחידות המוצעות, בהתאם להוראות כל דין, ובכלל זה בהתאם לתקנון ולהנחיות הבורסה ולעמדות סגל רשות ניירות ערך כפי שיהיו באותה העת.

CHAPTER 3

The securities have not been registered with the United States Securities and Exchange Commission and are not being offered in the United States or to U.S. Persons.

3.1 General

In this prospectus, as of any particular date, “we,” “us,” “our,” and “the Company” and words of similar import, refer collectively to Tower Semiconductor Ltd. and its then owned and/or consolidated subsidiaries. The term “NIS” refers to new Israeli shekel, and “dollar”, “USD” or “\$” refer to U.S. dollars. We prepare our consolidated financial statements in U.S. dollars and in accordance with generally accepted accounting principles in the United States (“US GAAP”).

3.2 Summary Information Regarding the Company

YOU SHOULD READ THE FOLLOWING SUMMARY TOGETHER WITH THE MORE DETAILED INFORMATION REGARDING THE COMPANY AND THE SECURITIES BEING OFFERED HEREBY, INCLUDING THE RISKS DISCUSSED UNDER THE HEADING “RISK FACTORS” SET FORTH IN OR INCORPORATED BY REFERENCE INTO THIS PROSPECTUS.

YOU SHOULD ALSO READ CAREFULLY THE HISTORICAL CONSOLIDATED FINANCIAL STATEMENTS, THE NOTES THERETO AND OTHER INFORMATION THAT IS INCORPORATED BY REFERENCE INTO THIS PROSPECTUS, INCLUDING OUR ANNUAL REPORT ON FORM 20-F FOR THE YEAR ENDED DECEMBER 31, 2014 AND OUR SUBSEQUENTLY FILED AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015.

Tower Semiconductor Ltd. was incorporated in 1993 under the laws of the State of Israel and is subject to the Israeli Companies Law of 1999 (the “Companies Law”). Our shares are listed on the NASDAQ Global Market under the ticker symbol “TSEM” and on the Tel Aviv Stock Exchange in Israel under the symbol “TSEM”. Our manufacturing facilities and executive offices are located in the Ramat Gavriel Industrial Park, Post Office Box 619, Midgal Haemek, 23105 Israel, and our telephone number is 972-4-650-6611.

We are a pure-play independent specialty 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. We currently offer to manufacture process geometries of (i) 0.35, 0.50, 0.55, 0.60, 0.80-micron and above on 150-mm wafers; (ii) 0.35, 0.18, 0.16, 0.13 and 0.11-micron on 200-mm wafers; and (iii) 65 nanometer and 45 nanometer on 300-mm wafers. We also provide design support and complementary technical services. ICs manufactured by us are incorporated into a wide range of products in diverse markets, including consumer electronics, personal computers, communications, automotive, industrial and medical device products.

We are focused on establishing leading market share in high-growth specialized markets by providing our customers with high-value wafer foundry services. Our historical focus has been standard digital complementary metal oxide semiconductor (“CMOS”) process technology, which is the most widely used method of producing ICs. We are currently focused on the emerging opportunities in specialized technologies, including CMOS image sensors, mixed-signal, radio frequency CMOS (RFCMOS), bipolar CMOS (BiCMOS) and silicon-germanium BiCMOS (SiGe BiCMOS or SiGe), high voltage CMOS, radio frequency identification (RFID) technologies and power management. To better serve our customers, we have developed and are continuously expanding our technology offerings in these fields. Through our experience and expertise gained over more than twenty years of operation, we differentiate ourselves by creating a high level of value for our customers through innovative technological processes, design and engineering support, competitive manufacturing indices, and dedicated customer service.

Tower was founded in 1993 with the acquisition of National Semiconductor’s 150-mm wafer fabrication facility located in Migdal Haemek, Israel, and commenced operations as an independent foundry. Since then, we have significantly upgraded our Fab 1 facility, equipment, capacity and technological capabilities with process geometries ranging from 1.0-micron to

0.35-micron and enhanced our process technologies to include CMOS image sensors, embedded flash, advanced analog, RF (radio frequency) and mixed-signal technologies.

In 2003, we commenced production in Fab 2, a wafer fabrication facility we established in Migdal Haemek, Israel. Fab 2 supports process geometries ranging from 0.35 to 0.13-micron, using advanced CMOS technology, including CMOS image sensors, embedded flash, advanced analog, RFCMOS, RFID, power platforms and mixed-signal technologies.

In September 2008, we merged with Jazz Technologies, Inc ("Jazz"). Jazz focuses on specialty process technologies for the manufacture of analog and mixed-signal semiconductor devices, and supports process geometries ranging from 0.50 to 0.13-micron. Jazz's specialty process technologies include advanced analog, RFCMOS, SOI RF switch, high voltage, BiCMOS and SiGe. ICs manufactured by Jazz are incorporated into a wide range of products, including cellular phones, wireless local area networking devices, digital TVs, set-top boxes, gaming devices, switches, routers and broadband modems. Jazz operates one semiconductor fabrication facility in Newport Beach, California ("Fab 3").

In March 2014, we acquired from Panasonic 51% of a newly established company, TowerJazz Panasonic Semiconductor Co., Ltd., ("TPSCo"), that manufactures products for Panasonic and other third parties, using three semiconductor manufacturing facilities located in Hokuriku Japan (Uozu E, Tonami CD and Arai E). Pursuant to the transaction, Panasonic transferred its semiconductor wafer manufacturing process and capacity tools (8 inch and 12 inch) at said three fabs to TPSCo, and entered into a five-year manufacturing agreement for the manufacture of products for Panasonic by TPSCo.

In February 2016, we acquired a fabrication facility in San Antonio Texas, USA ("Fab 9") from Maxim. The assets and related business that we acquired from Maxim are held and conducted through a wholly owned US subsidiary, TowerJazz Texas Inc. ("TJT"). Fab 9 supports process geometries ranging from 0.18 to 0.8-micron for the manufacture of products using CMOS and analog based technologies.

Our executive offices and Israeli manufacturing facilities are located in the Ramat Gavriel Industrial Park, Shaul Amor Street, Post Office Box 619, Migdal Haemek, 23105 Israel, and our telephone number is 972-4-650-6611. Our agent for service of process in the United States is Tower Semiconductor USA, Inc. located at 2570 North First Street, Suite 480 San Jose, CA 95131.

3.3 Ratio of Earnings to Fixed Charges

Our ratios of earnings to fixed charges in accordance with US GAAP for the periods presented are as follows:

	<u>Year Ended December 31,</u>				
Ratio of earnings to fixed charges	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
	0.60	0.68	(1)	(2)	1.07
(1)	Earnings as adjusted were inadequate to cover fixed charges by \$117.1 million for 2013.				
(2)	Earnings as adjusted were inadequate to cover fixed charges by \$62.9 million for 2012.				

For the purpose of these computations, earnings have been calculated as the sum of (i) pretax income from continuing operations and (ii) amortization of capitalized interest offset by interest capitalized. Fixed charges consist of the sum of (i) interest expensed and capitalized, amortized premiums, discounts and capitalized expenses related to indebtedness; and (ii) an estimate of the financing expenses component which is included in total rental expense (calculated based on a reasonable approximation of the interest factor).

3.4 Summary Terms of the Offer

We may, from time to time, offer and sell the securities described below in one or more offerings:

According to this shelf prospectus, the Company may offer to the public its ordinary shares, non-convertible debentures, debentures convertible into ordinary shares of the Company, warrants exercisable into ordinary shares of the Company, warrants exercisable for non-convertible debentures, warrants exercisable for convertible debentures, and other commercial securities (collectively, the "securities"). The Company may also offer to exchange any of its outstanding securities for any of the above-mentioned securities, extend time to maturity of any outstanding securities or redeem them prior to their respective maturity dates.

This prospectus provides you with a general description of the securities which we may offer. Each time we offer to sell securities under this prospectus, we will provide a prospectus supplement containing specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. To the extent that any information we provide in a prospectus supplement is inconsistent with information in this prospectus, the information in the prospectus supplement will modify or supersede this prospectus. You should read this prospectus and any supplement together with additional information described below under Section 3.13 "Where You Can Find More Information" carefully before purchasing any of our securities. We will not use this prospectus to confirm sales of any securities that are being registered but not offered under this prospectus, unless it is attached to a shelf offering report.

We may sell these securities in one or more offerings. We may sell these securities to or through underwriters and also to other purchasers or through agents. The names of any underwriters or agents will be stated in a supplemental shelf offering report.

3.5 Forward-Looking Statements

The statements incorporated by reference or contained in this prospectus discuss our future expectations, contain projections of our results of operations or financial condition, and include other forward-looking information within the meaning of Section 27A of the Securities Act of 1933, as amended. Our actual results may differ materially from those expressed in forward-looking statements made or incorporated by reference in this prospectus. Forward-looking statements that express our beliefs, plans, objectives, assumptions, 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 U.S. Securities and Exchange Commission ("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 except as required by law.

3.6 Selected Consolidated Financial Data

You should carefully read the following selected Consolidated Financial Data in conjunction with “Item 5- Operating and Financial Review and Prospects” of our Annual Report on Form 20-F as of December 31, 2014 and our subsequently filed Consolidated Financial Statements as of December 31, 2015 and related notes for the year then ended.

We derived the selected statement of operations data and other financial data for the years ended December 31, 2015, 2014 and 2013, and selected balance sheet data as of December 31, 2015 and 2014 from the audited financial statements as of December 31, 2015. Those financial statements were audited by Brightman Almagor & Co., a member firm of Deloitte, an independent registered public accounting firm. We derived the selected statement of operations data and other financial data for the years ended December 31, 2012 and 2011 and the selected balance sheet data as of December 31, 2013, 2012 and 2011 from our audited financial statements that are not included in this prospectus.

Our management believes that the financial statements contain all adjustments needed to present fairly the information included therein.

	Year ended December 31,				
	2015	2014	2013	2012	2011
Statement of Operations Data (in thousands) :					
Revenues	\$960,561	\$828,008	\$505,009	\$638,831	\$ 611,023
Cost of revenues	755,196	764,220	476,900	560,046	526,198
Gross profit	205,365	63,788	28,109	78,785	84,825
Research and development	61,669	51,841	33,064	31,093	24,886
Marketing, general and administrative	62,793	58,783	42,916	44,413	48,239
Acquisition related and reorganization costs	--	1,229	--	5,789	1,493
Amortization related to a lease agreement early termination	--	--	7,464	--	--
Nishiwaki Fab restructuring costs and impairment	(991)	55,500	--	--	--
Operating Profit (loss)	81,894	(103,565)	(55,335)	(2,510)	10,207
Financing expense, net	(123,109)	(88,813)	(60,809)	(59,391)	(40,302)
Gain from acquisition, net	--	166,404	--	--	19,467
Other income (expense), net	(190)	(140)	(904)	(1,042)	13,460
Profit (loss) before income tax expenses	(41,405)	(26,114)	(117,048)	(62,943)	2,832
Income tax benefit (expense)	12,278	24,742	9,388	(7,326)	(21,362)
Loss before non controlling interest	(29,127)	(1,372)	(107,660)	(70,269)	(18,530)
Net loss (income) attributable to non controlling interest	(520)	5,635	--	--	--
Net profit (loss)	\$(29,647)	\$ 4,263	\$(107,660)	\$(70,269)	\$(18,530)
Basic earnings (loss) per ordinary share	(0.40)	0.08	(2.72)	(3.17)	(0.90)

Other Financial Data (in dollar thousands):

Depreciation and amortization	168,032	203,868	151,711	173,585	162,679
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	As of December 31,				
	2015	2014	2013	2012	2011
Selected Balance Sheet Data (in thousands):					
Cash and cash equivalents, including short-term interest-bearing deposits and designated cash	\$205,575	\$187,167	\$122,871	\$133,398	\$ 101,149
Working capital	235,608	93,759	150,498	128,787	35,830
Total assets	966,224	884,146	705,887	814,241	857,221
Short-term bank debt and current maturities of loans and debentures	33,259	119,999	36,441	49,923	48,255
Long-term debt from banks	211,049	159,776	108,739	94,992	103,845
Long-term debentures	45,826	107,311	208,146	193,962	197,765
Long-term customers' advances	21,102	6,272	7,187	7,407	7,941
Shareholders' equity	\$385,586	\$195,561	\$141,248	\$220,025	\$174,703
Number of shares issued and outstanding	82,058	58,033	47,869	22,312	21,219

3.7 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 following factors as well as the other information contained in this prospectus and in the other reports that we file with the U.S Securities and Exchange Commission and that we incorporate by reference into this prospectus before deciding to invest in our securities. This prospectus and statements that we may make from time to time may contain forward-looking information. There can be no assurance that actual results will not differ materially from our expectations, statements or projections. Factors that could cause actual results to differ from our expectations, statements or projections include the risks and uncertainties relating to our business described below. The information in this prospectus is complete and accurate as of the date of this prospectus. However, the information may change thereafter. We do not undertake any obligation to update any forward-looking statements, whether as a result of new information, further events, or otherwise.

The following is a list of the material risk factors that, upon the occurrence of one or a combination of such factors, could have a material adverse effect on our business, financial condition or results of operations.

Risks Affecting Our Business

Demand for our foundry services is dependent on the demand in our customers' end markets. A material decrease in demand for products that contain semiconductors may decrease the demand for our services and products and a decrease in the selling prices of our customers' products may reduce our profitability and business.

Our customers generally use the semiconductors produced in our fabs in a wide variety of applications. We derive a significant percentage of our operating revenues from customers who use our manufacturing services to make semiconductors for communication devices, consumer electronics, PCs and other electronic devices. Any significant decrease in the demand for these devices or products may decrease the demand for our services and products. In addition, if the average selling prices of communication devices, consumer electronics, PCs or other electronic devices decline significantly, we may be pressured to reduce our selling prices, which may reduce our revenues and margins significantly. As demonstrated by downturns in demand for high technology products in the past, market conditions can change rapidly, without apparent warning or advance notice. In such instances, our customers may experience inventory buildup and/or difficulties in selling their products and, in turn, may reduce or cancel orders for wafers from us, which may harm our

business and profitability. The timing, severity and recovery of these downturns cannot be predicted accurately or at all.

In order for demand for our wafer fabrication services to increase, the markets for the end products utilizing the integrated circuits that we manufacture must develop and expand. For example, the success of our imaging process technologies will depend, in part, on the growth of markets for certain image sensor product applications. Because our services may be used in many new applications, it is difficult to forecast demand. If demand is lower than expected, we may have excess capacity, which may adversely affect our financial results. If demand is higher than expected, we may be unable to fill all of the orders we receive, which may result in the loss of customers and revenues, which may adversely affect our profitability and business.

Over-demand for our foundry services and/or products may result in a loss of customers, which may adversely affect our profitability and business.

In periods during which demand for our foundry services exceeds our capacity and manufacturing capabilities, we may be (i) unable to fulfill customer demand in whole or in part, in a timely manner or at all; (ii) incapable to assure production of customers' next generation of products; and/or (iii) unable to provide additional capacity from any of our geographic facilities through transfer of process technologies, successful implementation and timely qualification. As a result, we could lose one or more of our current or potential customers, which may adversely affect our revenues, profitability and business.

If we do not maintain our current customers and attract additional customers, our business and profitability may be adversely affected.

Loss or cancellation of business from, or decreases in the sales volume or sales prices to, our significant customers, or our failure to replace lost business with new customers, could seriously harm our financial results, revenues and business.

We have relationships with several customers that represent a material portion of our revenues. During the year ended December 31, 2015, we had three customers that contributed between 6% to 40% of our revenues. During the year ended December 31, 2014, we had four customers that each contributed between 7% to 38% of our revenues. During the year ended December 31, 2013, we had three customers that each contributed between 7% to 27% of our revenues. The loss of any one of these customers, whether due to their insolvency or their unwillingness or inability to perform their obligations under their respective relationships with us, or if we are unable to renew our engagements with them on commercially reasonable terms, or attract additional customers to replace such lost business, may materially negatively impact our overall business and our consolidated financial position.

Panasonic Semiconductor Solutions Co., Ltd. ("PSCS"), a wholly-owned subsidiary of Panasonic Corporation, entered into a five year volume manufacturing agreement with us in 2014, is a significant customer of TPSCo and Tower on a consolidated basis and is expected to continue to comprise a major portion of TPSCo's revenues. Our ability to successfully operate TPSCo is essentially dependent on PSCS ordering a sufficient number of wafers and manufacturing services from TPSCo. While we have commenced engagements with third party foundry customers to initiate manufacturing at TPSCo and certain foundry customers have begun process transfers and ramp up for production, implementation of new customer processes may take between one to three years to reach the mass production stage, as customary in our industry. Failure to generate sufficient revenues from PSCS and/ or new customers in an amount which will cover TPSCo's costs may adversely affect TPSCo's profitability and operations and may adversely impact our consolidated financial results.

Maxim is expected to be a significant customer of TJT, based on the long term volume manufacturing agreement signed with it, at least during the initial five year period following its acquisition, and is expected to comprise a major portion of TJT's revenues during such period. While we have commenced discussions with potential third party foundry customers to initiate manufacturing at TJT, and have begun certain process technology transfers to enable ramp of customer products which currently require additional demand which cannot be fulfilled in our other facilities, implementation of new customer processes may take between one to three years to reach the mass production stage, as is customary in our industry. Failure to generate sufficient revenues from Maxim and/ or new customers in an amount which will cover TJT's costs would adversely affect TJT's profitability and operations and may adversely impact our consolidated financial results. .

The production lines of our manufacturing fabrications may stop for short or long periods of time due to high utilization in certain areas, bottlenecks, power outages, water leaks, chemical leaks or other issues, which may adversely affect our cycle time, yield, and on schedule delivery. In addition, affected customers may elect to transfer their product orders to other fabs, thereby potentially causing an immediate loss of a potentially material amount of revenues for the applicable period, which would adversely affect our revenue, profitability and financial position.

There are many events that may occur which may adversely affect the manufacturing process running in a facility. From time to time, we experience high utilization rates in certain of our manufacturing lines and/ or areas, which cause bottlenecks in the lines and/or specific areas and/or specific machines, power outages, water leaks, chemical leaks or other issues that may adversely affect our cycle time, yield and on schedule delivery. We try to mitigate any potential damage caused by such events and have insurance coverage, which we believe to be sufficient. However, we cannot ensure that such events will not have a negative effect on the Company, such as late deliveries, which may cause customers to elect to transfer their product orders to other fabs, thereby potentially causing an immediate loss of a material amount of revenues for the applicable period, which may adversely affect our profitability and financial position.

Our operating results may fluctuate from quarter to quarter which makes it difficult to predict our future performance and such fluctuations may ultimately negatively affect our financial position.

Our revenues, expenses and operating results have varied significantly in the past and may fluctuate significantly from quarter to quarter in the future due to a number of factors, a portion of which are beyond our control. These factors include, among others:

- ☐ The cyclical nature of the semiconductor industry and the volatility of the markets served by our customers;
- ☐ Changes in the economic conditions of geographical regions where our customers and their markets are located;
- ☐ Inventory and supply chain management of our customers;
- ☐ The loss of a key customer, postponement of an order from a key customer or the rescheduling or cancellation of large orders;
- ☐ The occurrence of accounts receivable write-offs, failure of a key customer to pay accounts receivable in a timely manner or the financial condition of our customers;
- ☐
- ☐ The occurrence of an unexpected event, such as environmental events or industrial accidents such as fire or explosions, electricity outage or misprocess, affecting the manufacturing process and our ability to recover the lost or damaged products and provide quality and timely production to our customers without charging them significant additional costs;
- ☐ Completing capacity expansions and recruitment of personnel in a timely manner to address product demands by our customers;
- ☐ Our ability to satisfy our customers' demand for quality and timely production;
- ☐ The timing and volume of orders relative to our available production capacity;
- ☐ Our ability to obtain raw materials and equipment on a timely and cost-effective basis;
- ☐ Price erosion in the industry and our ability to negotiate prices with our current customers and new customers;

- ☐ Our susceptibility to intellectual property rights' disputes;
- ☐ Our dependency on export licenses and other permits required for our operations and the sale of our products;
- ☐ Our ability to maintain existing partners and to enter into new partnerships and technology and supply alliances on mutually beneficial terms;
- ☐ Interest, price index and currency rate fluctuations that were not hedged;
- ☐ Technological changes and short product life cycles;
- ☐ Timing for the design and qualification of new products;
- ☐ The possibility that integrated device manufacturers continue to design and manufacture integrated circuits in their own fabrication facilities or that in certain periods or under certain circumstances such as low demand, they will choose to manufacture their products in their facilities instead of manufacturing products at external foundries; and
- ☐ Changes in accounting rules affecting our results.

Due to the factors noted above and other risks discussed in this section, a portion of which are beyond our control, it may be difficult to predict our future performance and any such fluctuations may ultimately negatively affect our operating results and our financial position.

Our financial position and operations may be affected as a result of our debt and other liabilities.

As of December 31, 2015, we had approximately \$311 million of consolidated debt outstanding, comprised as follows: Tower had (i) approximately \$83 million of outstanding secured bank loans, maturing through October 2018 in installments amounting to \$6 million during 2016, \$56 million during 2017 and the remainder during 2018; and (ii) approximately \$7 million of unsecured outstanding debentures due in December 2016. As of December 31, 2015, Jazz had (i) approximately \$19 million of outstanding borrowings under its up to \$70 million Wells Fargo credit line due December 2018, and (ii) approximately \$58 million of outstanding debentures, convertible into our ordinary shares, payable in December 2018, unless converted earlier. As of December 31, 2015, TPSCo had loans amounting to approximately \$144 million comprised of approximately \$73 million provided by JA Mitsui Leasing, Ltd. and Bank of Tokyo Lease Co., Ltd. (BOT), to be repaid in seven semi-annual equal installments starting in 2016 and ending June 2019 and approximately \$71 million provided by JA Mitsui Leasing, Ltd. Sumitomo Mitsui Trust Bank Limited and Showa Leasing Co., Ltd., to be repaid in seven semi-annual equal installments starting December 2017 and ending December 2020. Carrying such amount of debt and other liabilities may have significant negative consequences on our business, including:

- ☐ limiting our ability to fulfill our debt obligations and other liabilities;
- ☐ 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;

- ☐ volatility in our non-cash financing expenses due to increases in the fair value of our debt obligations;
- ☐ fluctuations of the payable amounts in USD of TPSCo loans or other expenses which are denominated in JPY;
- ☐ enforcement by the banks and other financing entities of their liens against Tower or Jazz's respective assets, as applicable at the occurrence of an event of default.

In order to service our debt and other liabilities and obligations and/or improve its terms and conditions, in addition to our cash on hand and expected cash flow generation from operating activities, we continue to explore measures to obtain funds from additional sources including debt and/or re-financing, sale of new securities, opportunities for the sale and lease-back of a portion of Tower's real estate assets, sale of intellectual property and/or intellectual property licensing, as well as additional financing alternatives. However, there is no assurance that we will be able to obtain sufficient funding, if at all, from the financing sources detailed above or other sources in a timely manner (or on commercially reasonable terms) in order to allow us to fund our growth plans and/or cover, in a timely manner, all our costs, capital expenditure investments and all of our scheduled debt detailed above, liabilities and obligations, which may adversely affect our financial position and operations.

Our success as a leading specialty foundry depends on our ability to continue to expand our business, customer base and market presence, including through acquisitions which involve various risks. There is no assurance that we will be successful in executing our acquisitions and integrating them into our business, utilizing our expanded capacity and finding new business, including successfully operating TPSCo and TJT and integrating our foundry business opportunities into TPSCo and TJT fabs.

Our Company's growth as a leading specialty foundry depends, to a significant degree, upon our ability to increase our presence in the specialty foundry field and gain more market share across the various specialty segments. In order to do so and thereby improve our financial position and operations, we need to expand our business, including through acquisitions, and attract new customers who will utilize our expanded capacity.

Our success at such expansion is dependent, in part, on finding suitable targets for acquisitions, successfully financing and consummating such acquisitions, loading the acquired facilities and integrating them into our business.

Our reliance on acquisitions as a means of growth involves risks that may adversely affect our future revenues and operating results. For example:

- ☐ We may fail to identify acquisitions that would enable us to execute our business strategy.
- ☐ Other foundries may bid against us to acquire potential targets. This competition may result in decreased availability of, or increased prices for, suitable acquisition candidates.
- ☐ We may not be able to obtain the necessary regulatory approvals, or we may not be able to obtain the necessary approvals from our lender banks, and as a result, or for other reasons, we may fail to consummate certain acquisitions.
- ☐ Potential acquisitions and integration requires the dedication of substantial management effort, time and resources which may divert management's attention, focus and resources from our existing business operations or other strategic opportunities, which may have a negative adverse effect on our business.
- ☐ We may fail to integrate acquisitions successfully in accordance with our business strategy, achieve anticipated benefits depending in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, expected synergies, attract sufficient business to newly acquired facilities in a timely manner or realize the anticipated growth opportunities from integrating an acquired business into our existing business.
- ☐ We may not be able to retain experienced management and skilled employees from the businesses we acquire and, if we cannot retain such personnel, we may not be able to attract new skilled employees and

experienced management to replace them.

- ☐ We may purchase a company with excessive unknown contingent liabilities, including, among others, patent infringement or product liability.
- ☐ We may not be able to obtain sufficient financing which could limit our ability to engage in certain acquisitions.
- ☐ The amount or terms of financing actually required before and after acquisition may vary from our expectations.

We cannot assure you that we will be successful in expanding our business, attracting new customers and increasing our market presence. Further, we cannot assure you that we will find and successfully execute such acquisitions or that they will achieve the expected synergies. With respect to our acquisition of the 51% equity stake in TPSCo in March 2014, and acquisition of TJT's fab in February 2016, we cannot assure that we will successfully transfer and ramp up new foundry business and new customers into those fabs. In addition, the integration process may result in the loss of key employees, the disruption of ongoing business, supplier, customer, employee, labor union, and/or governmental relationships, and other difficulties that may adversely affect our ability to achieve the anticipated benefits of acquisition and may negatively impact our financial position.

If we are unable to manage fluctuations in cash flow, our business and financial position may be adversely affected.

Our working capital requirements and cash flows are subject to quarterly and yearly fluctuations, depending on a number of factors. If we are unable to manage fluctuations in cash flow, our business, operating results and financial condition may be materially adversely affected. Factors which could lead us to suffer cash flow fluctuations include:

- ☐ fluctuations in the level of revenues from our operating activities;
- ☐ fluctuations in the collection of receivables;
- ☐ timing and size of payables;
- ☐ the timing and size of capital expenditures;
- ☐ the net impact of JPY/ USD fluctuations on our JPY income and JPY expenses;
- ☐ the repayment schedules of our debt service obligations;
- ☐ our ability to fulfill our obligations and meet performance milestones under our facility agreement and foundry agreements;
- ☐ fluctuations in the LIBOR or TIBOR (Tokyo Interbank Offered Rate) rates which apply to our banks' loans; and
- ☐ fluctuations in the USD to NIS exchange rate.

If Tower fails to comply with the repayment schedule or any other terms of its amended facility agreement, or if Tower fails to meet any of the covenants and financial ratios stipulated in its amended facility agreement and Tower's banks do not waive its noncompliance, Tower's business and financial position may be adversely affected.

Under Tower's amended facility agreement with Bank Hapoalim B.M. and Bank Leumi Le-Israel B.M., in the event that Tower fails to comply with the repayment schedule or any other terms of its amended facility agreement, including certain limitations on changes of ownership as defined therein, and is unsuccessful in negotiating a revised repayment schedule or revised terms, or fails to meet any of the covenants and financial ratios stipulated in the amended facility

agreement, or if there is an event of default, and Tower's banks do not waive its noncompliance, Tower's banks may require Tower to immediately repay all loans due to them by Tower totaling approximately \$83 million, plus penalties, and the banks would be entitled to exercise the remedies available to them under the amended facility agreement, including enforcement of their lien against Tower's assets.

We may be harmed by pending litigation.

In January 2016, a short-selling focused firm issued a short sell thesis report which the Company believes contains false and misleading information about the Company's strategy, business model and financials. Following this short sell thesis report, putative shareholder class actions were filed against the Company, certain officers, its directors and/or its external auditor in the US and Israel. This short sell thesis analyst acknowledged at the time of the report that he shall be assumed to be in a short position in Tower's shares. The Company believes the alleged claims are without merit and intends to vigorously defend the actions. In addition, in February 2016, the Company received a request for information from the Financial Industry Regulatory Authority in the United States asking the Company to provide information relating to certain financial and accounting matters referenced in the short sell thesis report, which the Company provided during March 2016. No assurance can be given regarding the outcomes from such litigation. These claims and related matters may divert management's attention from the Company's business and may harm the Company's image, valuation and the ability to raise funds.

Our acquisition of a majority stake in TPSCo and the acquisition of TJT involve risks that may adversely affect our future financial performance and position.

Our acquisition of a majority stake in TPSCo and acquisition of TJT involve known and unknown risks that may adversely affect our future financial performance and position, including:

- ☐ Failure to successfully integrate these acquisitions in accordance with our business strategy;
- ☐ Historically, TPSCo's fabs solely manufactured Panasonic Corporation's and its customers' products and TJT's fab solely manufactured Maxim's and its customers' products. Both TPSCo and TJT intend to bring various process technologies to their fabs to enable the manufacture of a wide range of products at these facilities for a broad range of customers. This requires significant capital expenditures and on-site qualification of technologies. There is no assurance that they will be successful in expanding their customer base in a timely manner in order to cover their manufacturing, operating and technology ramp costs. In the event that they are unable to generate sufficient additional revenues from third party customers, we may not meet our future revenues expectations and may not achieve such levels of utilization in certain of said fabs in order to cover its respective, which may negatively affect our future revenues growth and financial performance.

The cessation of Fab 4 operations in the course of restructuring our activities and business in Japan involves risks that may negatively impact TJP's financial position.

The cessation in 2014 of the Nishiwaki fab operations in the course of restructuring our activities and business in Japan, also included the sale of TowerJazz Japan ("TJP") assets in order to fund TJP's liabilities. If TJP will be required to pay more in the future to settle claims and/or any potential claims from vendors or other third parties, it may adversely harm TJP's financial position.

We are required to comply with the terms of the Israeli Investment Center approved plan and regulations.

In 2011, we received an official approval certificate ("ktav ishur") from the Israeli investment center ("Investment Center"), a governmental agency, for our expansion program pursuant to which we have received approximately \$36 million to date for investments made commencing 2006 and through 2012. The final investments report detailing all investments made in accordance with the approval has been filed with the Investment Center. Under our previous program approved in

December 2000, we received \$165 million of grants for capital expenditure investments made during the years 2001 through 2005. This plan was completed and approved by the Investment Center.

Eligibility for the above grants is subject to various conditions stipulated by the Israeli Law for the Encouragement of Capital Investments - 1959 ("Investments Law") and the regulations promulgated thereunder, as well as the criteria set forth in the certificates of approval. In the event we breach the various conditions and terms related thereto, we may be exposed to significant penalties by the Investment Center. In order to secure fulfillment of the conditions related to the receipt of investment grants, floating liens were registered in favor of the State of Israel on substantially all of Tower's assets. These liens secure the Investment Center against a breach by us of the terms of the investments grant program.

If we do not receive orders from our customers with whom we have signed long-term contracts, we may have excess capacity.

We have committed a portion of our capacity for future orders from some customers with whom we have signed long-term contracts. If these customers do not place orders with us in accordance with their contractual loading and purchase commitments, and if we are unable to fill such unutilized capacity in a timely manner, our financial results may be adversely affected.

We may incur additional indebtedness.

Although we are limited by the covenants in our loan facilities, we could find ourselves in a position in which we may incur additional indebtedness in order to fund our growth strategy, debt, capital expenditures and/or other expenses, which would increase the amount of our outstanding indebtedness. Any additional indebtedness may increase the risks associated with serving our indebtedness as described above.

A global recession, unfavorable economic conditions and/or credit crisis may adversely affect our results and our ability to fulfill our debt obligations and other liabilities.

The effects of a downturn or a weakness 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 the Company's products and the end products of the Company's customers. Such a downturn or a weakness may adversely affect the Company's customer base and/or customers' products base by adversely affecting the Company's ability to attract new customers and new business to its fabs. Such a downturn or weakness may also adversely affect the Company's ability to increase the utilization rates in its manufacturing facilities and maintain them at a high level that would suffice to cover its substantial fixed costs, maintain commercial relationships with its customers, suppliers, and creditors, including its lenders, and continue its capacity growth. In addition, such a downturn or weakness may negatively impact the Company's ability to improve its future financial results and position, including its ability to raise funds in the capital markets, fulfill its debt obligations and other liabilities, refinance its debt and other liabilities and/or pay them in a timely manner, comprised mainly of bank loans and debentures. There is no assurance that such downturn will not occur.

The lack of a significant backlog resulting from our customers not placing purchase orders far in advance makes it difficult for us to forecast our revenues in future periods.

Our customers generally do not place purchase orders far in advance, partly due to the cyclical nature of the semiconductor industry. As a result, we do not typically operate with any significant backlog. The lack of a significant backlog makes it difficult for us to forecast our revenues in future periods. Moreover, since our expense levels are based in part on our expectations of future revenues, we may be unable to adjust costs in a timely manner to compensate for revenues shortfalls. We expect that, in the future, our revenues in any quarter will continue to be substantially dependent upon purchase orders received in that quarter and in the immediately preceding quarter. We cannot assure you that any of our customers will continue to place orders with us in the future at the same levels as in prior periods. If orders received from our customers differ adversely from the number of wafers forecasted to be ordered, our operating results may be adversely affected.

We may manufacture wafers based on forecasted demand, rather than actual orders from customers. If our forecasted demand exceeds actual demand, we may have obsolete inventory, which may have a negative impact on our financial

results.

We target manufacturing wafers in an amount matching each customer's specific purchase order. On occasion, we may produce wafers in excess of a customer's orders based on forecasted customer demand, because we may forecast future excess demand or because of future capacity constraints. If we manufacture more wafers than are actually ordered by customers, we may be left with excess inventory that may ultimately become obsolete and must be scrapped or sold at a significant discount. Significant amounts of obsolete inventory may have a negative impact on our financial results.

Our financial results may be adversely affected if we are unable to operate our facilities at utilization rates that are high enough to reach revenue levels that would cover our costs

As is common in our industry, a large portion of our total costs is comprised of fixed costs, associated mainly with our manufacturing facilities, while our variable costs are relatively small. Therefore, during periods when our facilities manufacture at high utilization rates, we are able to cover our costs. However, at times when the utilization rate is low, the reduced revenues may not cover all of the costs since a large portion of them are fixed costs which remain constant, irrespective of the fact that fewer wafers were manufactured. In addition, our depreciation costs and capital expenditure investments, as common in our industry, are high. If customer demand for our products is not sufficient to enable us to operate our facilities consistently at high utilization rates, we may not be able to fully cover all of our costs, debt and others liabilities which would affect our financial results.

Our sales cycles are typically long, and orders received may not meet our expectations, which may adversely affect our operating results.

Our sales cycles, which we measure from first contact with a customer to first shipment of a product ordered by the customer, vary substantially and may last as long as two years or more, particularly for new technologies. In addition, even after we make initial shipments of prototype products, it may take several more months to reach full production of the product. As a result of these long sales cycles, we may be required to invest substantial time and incur significant expenses in advance of the receipt of any product order and related revenues. If orders ultimately received are significantly lower than our expectations, we will have excess capacity that we may not be able to fill within a short period of time, resulting in lower utilization of our facilities. This may adversely affect our operating results and financial condition considering that in addition to the revenues loss, we may be unable to adjust our costs in a timely manner to align with the lower revenue, since a large portion of our cost is fixed cost which remains constant irrespective of the number of wafers actually manufactured.

The cyclical nature of the semiconductor industry and any resulting periodic overcapacity may lead to erosion of sale prices, may make our business and operating results particularly vulnerable to economic downturns, and may reduce our revenues, earnings and margins.

The semiconductor industry has historically been highly cyclical and subject to significant and often rapid increases and decreases in product demand. Traditionally, companies in the semiconductor industry have expanded aggressively during periods of decreased demand in order to have the capacity needed to meet expected demand in future upturns. If actual demand does not increase or declines, or if companies in the industry expand too aggressively, the industry may experience a period in which industry-wide capacity exceeds demand. This could result in overcapacity and excess inventories, potentially leading to rapid erosion of average sales prices. The prices that we can charge our customers for our services are significantly related to the overall worldwide supply of integrated circuits and semiconductor products. The overall supply of semiconductor products is based in part on the capacity of other companies, which is outside of our control. In periods of overcapacity, despite the fact that we utilize niche technologies and manufacture specialty products, we may have to lower the prices we charge our customers for our services which may reduce our margins and weaken our financial condition and results of operations. We cannot give assurance that an increase in the demand for foundry services in the future will not lead to under-capacity, which could result in the loss of customers and materially adversely affect our revenues, earnings and margins. Analysts believe that such patterns may repeat in the future. The overcapacity, under-utilization and downward price pressure characteristic of a downturn in the semiconductor market and/or in the global economy, as experienced several times in the past, may negatively impact consumer and customer demand for the Company's products, the end products of the Company's customers and the financial markets, which may adversely affect our business, our ability to raise funds, restructure and/or re-finance our debt and service our debt and other liabilities.

If we do not maintain and develop our technology processes and services, we may lose customers and may be unable to attract new ones.

The semiconductor market is characterized by rapid change, including the following:

- ☐ rapid technological developments;
- ☐ evolving industry standards;
- ☐ changes in customer and product end user requirements;
- ☐ frequent new product introductions and enhancements; and
- ☐ short product life cycles with declining prices as products mature.

Our ability to maintain our current customer base and attract new customers is dependent in part on our ability to continuously develop and introduce to production advanced specialized manufacturing process technologies and purchase the appropriate equipment. If we are unable to successfully develop and introduce these processes to production in a timely manner or at all, or if we are unable to purchase the appropriate equipment required for such processes, we may be unable to maintain our current customer base and may be unable to attract new customers.

The semiconductor foundry business is highly competitive; our competitors may have competitive advantages over us and our financial results may be adversely affected if we do not successfully compete in the industry.

The semiconductor foundry industry is highly competitive. We compete with more than ten independent dedicated foundries, the majority of which are located in Asia-Pacific, including foundries based in Taiwan, China, Korea and Malaysia, and with over 20 integrated semiconductor and end-product manufacturers that allocate a portion of their manufacturing capacity to foundry operations. The foundries with which we compete benefit from their close geographic proximity to companies involved in the design, manufacture and sale of semiconductor products.

As our competitors continue to expand their manufacturing capacity, there could be an increase in specialty semiconductor capacity. As specialty capacity increases, there may be more competition and pricing pressure on our services, which may result in underutilization of our capacity, decrease of our profit margins, reduced earnings or increased losses.

In addition, some semiconductor companies have advanced their CMOS designs to smaller process geometries than 45 nanometer. These smaller process geometries may provide customers with performance and integration features that may be comparable to, or exceed, features offered by our specialty process technologies. The smaller process geometries may also be more cost-effective at higher production volumes for certain applications, such as when a large amount of digital content is required in a mixed-signal semiconductor and less analog content is then required. Our specialty processes will therefore compete with these more advanced CMOS processes and some of our potential and existing customers could elect to design these advanced CMOS processes into their next generation products. We are not currently capable, and do not currently plan to become capable, of providing CMOS processes at these smaller process geometries. If our potential or existing customers choose to design their products using these advanced CMOS processes, our business may be negatively impacted.

In addition, many of our competitors may have one or more of the following competitive advantages over us:

- ☐ greater manufacturing capacity;
- ☐ more advanced technological capabilities;
- ☐ a more diverse and established customer base;
- ☐ greater financial, marketing, distribution and other resources;

- ☐ a better cost structure; and/or
- ☐ better operational performance, including cycle time and yields.

If we do not compete successfully, our business and financial results may be adversely affected.

If we experience difficulty in achieving acceptable device yields, product performance and delivery times as a result of manufacturing problems, our business may be adversely harmed.

The process technology for the manufacture of semiconductor wafers is highly complex, requires advanced and costly equipment and is constantly being modified in an effort to improve device yields, product performance and delivery times. Microscopic impurities such as dust and other contaminants, difficulties in the production process, defects in the key materials and tools used to manufacture wafers and other factors can cause wafers to be rejected or individual semiconductors on specific wafers to be non-functional. We may experience difficulty achieving acceptable device yields, product performance and product delivery times in the future as a result of manufacturing problems. Although we continuously enhance our manufacturing capabilities and efficiency, from time to time we have experienced production difficulties that have caused delivery delays and quality control problems. Manufacturing issues we may face include the following:

- ☐ difficulties in upgrading or expanding existing facilities;
- ☐ unexpected breakdowns in our manufacturing equipment and/or related facility systems;
- ☐ unexpected events, such as an electricity outage or misprocess, affecting the manufacturing process;
- ☐ difficulties in changing or upgrading our process technologies;
- ☐ raw material shortages or impurities;
- ☐ delays in delivery or shortages of spare parts; and
- ☐ difficulties in maintenance and upgrade of our equipment.

Should such problems occur to a material degree, we may suffer delays in delivery, loss of reputation and/or a loss of customers, any of which could adversely impact our business, revenues and financial condition.

If we are unable to purchase equipment and raw materials, we may not be able to manufacture our products in a timely fashion, which may result in a loss of existing and potential new customers and may have an adverse affect on our business and financial results.

To increase the production capability and maintain the quality of production in our facilities, we must procure additional equipment. In periods of high market demand, the lead times from order to delivery of manufacturing equipment could be as long as 12 to 18 months. We also procure used equipment which can take longer to qualify into the manufacturing process, hence we may not be able to manufacture our products in a timely manner. In addition, our manufacturing processes use many raw materials, including silicon wafers, chemicals, gases and various metals, and require large amounts of fresh water and electricity. Manufacturing equipment and raw materials generally are available from several suppliers. In several instances, however, we purchase equipment and raw materials from a single source. Shortages in supplies of manufacturing equipment and raw materials could occur due to an interruption of supply or increased industry demand. Any such shortages could result in production delays that may result in a loss of existing and potential new customers which may have a material adverse effect on our business and financial results.

Our exposure to currency exchange and interest rate fluctuations may impact our costs and financial results.

Of our revenues for the year ended December 31, 2015 and 2014, approximately 40% were in Japanese Yen (JPY) and most of our remaining revenues were in U.S. dollars (USD). Our financing and investing activities and our expenses and costs are denominated mainly in USD, with a smaller portion in New Israeli Shekels (NIS) (mainly payroll and utilities costs

for the Israeli site) and JPY (solely in TPSCo). Therefore, we are exposed to the risk of currency exchange rate fluctuations to this extent.

The dollar amount of our operations, which is denominated in NIS, is influenced by the timing of any change in the rate of inflation in Israel and the extent to which such change is not offset by the change in valuation of the NIS in relation to the US dollar. The dollar amount of our operations, which is denominated in JPY, is influenced by the timing of any change in the USD to JPY exchange rate. Such dollar amount of operations will increase if the US dollar devalues against the NIS or the JPY. Outstanding principal and interest on some of Tower's debentures is linked to the Israeli consumer price index (CPI) and therefore, Tower's US dollar costs will increase if inflation in Israel exceeds the devaluation of the NIS against the US dollar.

The US dollar amounts of revenues and costs of our operations in Japan are influenced by the changes in valuation of the Japanese Yen (JPY) in relation to the US dollar, however, on a net basis, currency exchange rate fluctuations had essentially no impact on our consolidated statements of operations and financial results, since such fluctuations were naturally hedged by the revenues denominated in JPY against the costs denominated in JPY. The higher that TPSCo's revenues from third party revenues grow, the more we may be exposed to changes in the USD/JPY exchange rate as a higher portion of TPSCo's revenues will be denominated in USD while the higher costs remain denominated in JPY. With regards to the balance sheet, since our assets and liabilities in TPSCo are linked to the JPY, increases in the USD to JPY exchange rate cause a decrease in our net assets amount in TPSCo. Tower, Jazz and TPSCo's borrowings under their respective credit facilities provide for interest based on a floating LIBOR rate or TIBOR rate, thereby exposing us to interest rate fluctuations. Furthermore, if any of the respective banks incurs increased costs in financing the applicable credit facility due to changes in law or the unavailability of foreign currency, such bank may exercise its right to increase the interest rate on the credit facility or require us to bear such increased cost as provided for in the respective credit facility agreement.

We regularly engage in various hedging strategies to reduce our exposure to some, but not all, of these risks and intend to continue to do so in the future. However, despite any such hedging activity, we are likely to remain exposed to interest rate increases (mainly LIBOR and TIBOR rates), and to exchange rate fluctuations (mainly NIS & JPY rates as compared to the US dollar), and inflation, which may impact our cost and financial results in a material manner.

We depend on intellectual property rights of third parties and failure to maintain or acquire licenses could harm our business.

We depend on third party intellectual property in order for us to provide certain foundry services and design support to our customers. If problems or delays arise with respect to the timely development, quality and provision of such intellectual property to us, the design and production of our customers' products could be delayed, resulting in underutilization of our capacity. If any of our intellectual property vendors goes out of business, liquidates, merges with, or is acquired by, another company that discontinues the vendor's previous line of business, or if we fail to maintain or acquire licenses to such intellectual property for any other reason, our business may be adversely affected.

Failure to comply with the intellectual property rights of third parties or to defend our intellectual property rights could harm our business.

Our ability to compete successfully depends in part on our ability to operate without infringing on the proprietary rights of others and defending our intellectual property rights. Because of the complexity of the technologies used and the multitude of patents, copyrights and other overlapping intellectual property rights, it is often difficult for semiconductor companies to determine infringement. Therefore, the semiconductor industry is characterized by frequent litigation regarding patent, trade secret and other intellectual property rights. We have been subject to intellectual property claims from time to time, some of which have been resolved through license agreements, the terms of which have not had a material effect on our business.

From time to time, we are a party to litigation matters incidental to the conduct of our business. Because of the nature of the industry, we may be a party to infringement claims in the future. In the event any third party were to assert infringement claims against us or our customers, we may have to consider alternatives including, but not limited to:

- ☐ negotiating cross-license agreements;

- ☐ acquiring licenses to the allegedly infringed patents, which may not be available on commercially reasonable terms, if at all;
- ☐ discontinuing use of certain process technologies, architectures, or designs, which could cause us to stop manufacturing certain integrated circuits if we are unable to design around the allegedly infringed patents;
- ☐ litigating the matter in court, incurring substantial legal fees and paying substantial monetary damages in the event we lose; or
- ☐ developing non-infringing technologies, which may not be feasible.

Any one or several of these alternatives could place substantial financial and other burdens on us and hinder our business. Litigation, which could result in substantial costs to us and diversion of our resources, may be necessary to enforce our patents or other intellectual property rights or to defend us or our customers against claimed infringement of the rights of others. If we fail to obtain certain licenses or if we will be involved in litigation relating to alleged patent infringement or other intellectual property matters, it may prevent us from manufacturing particular products or using particular technologies, which may reduce our opportunities to generate revenues.

As of December 31, 2015, we held 226 patents in force. We intend to continue to file patent applications when appropriate. The process of applying for patents to obtain patent protection may take a long time and be expensive. We cannot assure you that patents will be issued from pending or future applications or that, if patents are issued, they will not be challenged, invalidated or circumvented or that the rights granted under the patents will provide us with meaningful protection or any commercial advantage. In addition, we cannot assure you that other countries in which we market our services and products will respect our intellectual property rights to the same extent as the United States. Effective intellectual property enforcement may be unavailable or limited in some countries. We cannot assure you that we will, at all times, enforce our patents or other intellectual property rights and it may be difficult for us to protect our intellectual property from misuse or infringement by other companies in certain countries. Further, we cannot assure you that courts will uphold our intellectual property rights or enforce the contractual arrangements that we have entered into to protect our proprietary technology, which may reduce our opportunities to generate revenues. In the event that we are unable to enforce our intellectual property rights, our business may be harmed.

We could be seriously harmed by failure to comply with environmental regulations.

Our business is subject to a variety of laws and governmental regulations in Israel, the U.S. and Japan relating to the use, discharge and disposal of toxic or otherwise hazardous materials used in Tower's production processes in Israel, in Jazz's production processes in California and in TPSCo's facilities in Japan. If we fail to use, discharge or dispose of hazardous materials appropriately, or if applicable environmental laws or regulations change in the future, we may be subject to substantial liability or may be required to suspend or significantly modify our manufacturing operations.

We are subject to risk of loss due to fire because the materials we use in our manufacturing processes are highly flammable.

We use highly flammable materials such as silane and hydrogen in our manufacturing processes and are therefore subject to risk of loss arising from fire. The risk of fire associated with these materials cannot be completely eliminated. Although we maintain insurance policies to reduce potential losses that may be caused by fire, including business interruption insurance, our insurance coverage may not be sufficient to cover all of our potential losses due to a fire. If any of our fabs were to be damaged and/or cease operations as a result of a fire, and if our insurance proves to be inadequate, it may reduce our manufacturing capacity and revenues. In addition, a power outage, even of very limited duration, caused by a fire may result in a loss of wafers in production, deterioration in our fab yield and substantial downtime to reset equipment before resuming production.

Possible product returns could harm our business.

Products manufactured by us may be returned within specified periods if they are defective or otherwise fail to meet

customers' prior agreed upon specifications. Although product returns have historically been less than 1% of revenues, future product returns in greater amounts may have an adverse effect on our business and financial results.

We are subject to risks related to our international operations.

We have generated substantial revenues from customers located in Asia-Pacific. Because of our international operations, we are vulnerable to the following risks:

- ☐ JPY and NIS fluctuations against the USD, see above “*Our exposure to currency exchange and interest rate fluctuations may increase our cost of operations*”;
- ☐ the burden and cost of compliance with foreign government regulation, as well as compliance with a variety of foreign laws;
- ☐ general geopolitical risks, such as political and economic instability, international terrorism, potential hostilities and changes in diplomatic and trade relationships;
- ☐ natural disasters affecting the countries in which we conduct our business;
- ☐ imposition of regulatory requirements, tariffs, import and export restrictions and other trade barriers and restrictions, including the timing and availability of export licenses and permits;
- ☐ adverse foreign and international tax rules and regulations, such as withholding taxes deducted from amounts due to us may not be refunded to us by the tax authorities since we are not entitled to foreign tax credit in Israel;
- ☐ weak protection of our intellectual property rights in certain foreign countries;
- ☐ delays in product shipments due to local customs' restrictions;
- ☐ laws and business practices favoring local companies;
- ☐ difficulties in collecting accounts receivable; and
- ☐ difficulties and costs of staffing and managing foreign operations.

In addition, Israel, the United States, Japan and other foreign countries may implement quotas, duties, taxes or other charges or restrictions upon the importation or exportation of our products, leading to a reduction in sales and profitability in that country. The geographical distance between Israel, the United States, Japan and the rest of Asia and Europe also creates a number of logistical and communication challenges. We cannot assure you that we will be able to sufficiently mitigate all the risks related to our international operations.

Our business could suffer if we are unable to retain and recruit qualified personnel.

We depend on the continued services of our senior executive officers, senior managers and skilled technical and other personnel. Our business could suffer if we lose the services of some of these personnel due to resignation, medical absence, illness or other reasons, and cannot find and integrate adequate replacement personnel into our senior management, business or operations in a timely manner. In particular with respect to our acquired TPSCo and TJT fabs, there is no assurance that the employees will successfully integrate and adjust to the new business and working requirements which are relevant to an independent manufacturing company, including transfer and ramp up of new technologies, engagement with new customers and compliance with manufacturing and service commitments to a diversified customer base. We seek to recruit highly qualified personnel and there is intense competition for the services of these personnel in the semiconductor industry. Competition for personnel may increase significantly in the future as new fabless semiconductor companies as well as new semiconductor manufacturing facilities are established. Our ability to retain existing personnel and attract new personnel is in part dependent on the compensation packages we offer. As demand for qualified personnel increases, we may be forced to

increase the compensation levels and to adjust the cash, equity and other components of compensation we offer our personnel.

Our business forecasts are premised on the increasing use of outsourced foundry services by both fabless semiconductor companies and integrated device manufacturers. Our business may not meet our forecasts if this trend does not continue to develop in the manner we expect.

We operate as an independent semiconductor foundry focused primarily on specialty process technologies. Our business model assumes that demand for these processes within the semiconductor industry will grow and follow the broader trend towards outsourcing foundry operations. If the broader trend to outsourced foundry services does not prove applicable to the specialty process technologies that we are focused on, our business and financial results may not meet our forecasts.

If we are unable to collaborate successfully with electronic design automation vendors and third-party design service companies to meet our customers' design needs, our business may be harmed.

We have established relationships with electronic design automation vendors and third-party design service companies. We work together with these vendors to develop complete design kits that our customers can use to meet their design needs using our process technologies. Our ability to meet our customers' design needs successfully, including their schedule and budget requirements, depends on the availability and quality of the relevant services, tools and intellectual property provided by electronic design automation vendors and design service providers. Difficulties or delays in these areas may adversely affect our ability to meet our customers' needs, and thereby harm our business.

Failure to comply with existing or future governmental regulations could reduce our sales or increase our manufacturing costs.

The semiconductors we produce and the export of technologies used in our manufacturing processes may be subject to U.S., Israeli and/or Japanese export control and other regulations established by other countries. Failure to comply with existing or evolving U.S., Israeli, Japanese or other applicable governmental regulation or to obtain timely domestic or foreign regulatory approvals or certificates could materially harm our business by reducing our sales, requiring extensive modifications to processes that we use in our product manufacturing, or requiring extensive modifications to our customers' products. We may not export products using or incorporating controlled technology without obtaining an export license. These restrictions may make foreign competitors facing less stringent controls on their processes and their customers' products more competitive in the global market. The relevant government may not approve any pending or future export license requests. In addition, the list of products and countries for which export approval is required, and the regulatory policies with respect thereto, could be modified from time to time.

If the integrated circuits we manufacture are integrated into defective products, we may be subject to product liability or other claims which could damage our reputation and harm our business.

Our customers integrate our custom integrated circuits into their products which they then sell to end users. If these products are defective or malfunction, we may be subject to product liability claims, as well as possible recalls, safety alerts or advisory notices relating to the product. We cannot assure you that our insurance policies will be adequate to satisfy claims that may be made against us. Also, we may be unable to obtain insurance in the future at satisfactory rates, with adequate coverage, or at all. Product liability claims or product recalls in the future, regardless of their ultimate outcome, may have a material adverse effect on our business, reputation, financial condition and our ability to attract and retain customers.

A significant portion of Fab 3's and TPSCo's workforce is unionized, and its operations may be adversely affected by work stoppages, strikes or other collective actions which may disrupt its production and adversely affect the yield of its fab.

A significant portion of Fab 3's employees at the Newport Beach, California fab are represented by a union and covered by a collective bargaining agreement, which was renewed for three additional years, effective as of July 1, 2015. Similarly, a significant portion of TPSCo's employees at its fabs in Japan are represented by a union and covered by a collective bargaining agreement. We cannot predict the effect that continued union representation or future organizational activities will have on these fabs' business. Specifically under TPSCo's collective bargaining agreement, the union and the company are required to first negotiate any points of dispute before taking any action such as work stoppages, strikes or other

collective actions. We cannot assure you that Jazz and TPSCo's fabs will not experience a material work stoppage, strike or other collective action in the future, which may disrupt their production and adversely affect our customer relations and operational results.

Our production yields and business could be significantly harmed by natural disasters, particularly earthquakes.

Fab 1 and Fab 2 are located in an area near the Syrian-African rift valley, which is known to have seismic activity. Fab 3 is located in southern California, a region known for seismic activity. TPSCo fabs are located in Japan, which is generally susceptible to seismic activity. Due to the complex and delicate nature of our manufacturing processes, our facilities are particularly sensitive to the effects of vibrations associated with even minor earthquakes. Our business operations depend on our ability to maintain and protect our facilities, computer systems and personnel. We cannot be certain that precautions that any of our fabs have taken to seismically upgrade the fabs will be adequate to protect our facilities in the event of an earthquake. Earthquakes may lead to fire in the fabs or other material damage, and any resulting damage could seriously disrupt production and result in reduced revenues. Although we maintain insurance policies to reduce potential losses that may be caused by earthquakes and other natural disasters, including business interruption insurance, our insurance coverage may not be sufficient to cover all of our potential losses. If any of our fabs were to be damaged or cease operations as a result thereof, and if our insurance proves to be inadequate, it may reduce our manufacturing capacity and revenues and may expose us to liability for third party claims. A power outage, even of very limited duration, caused by an earthquake or other natural disaster may result in a loss of wafers in production, deterioration in our fab yield and substantial downtime to reset equipment before resuming production, and any such losses or damages incurred by us may have a material adverse effect on our business.

Climate change may negatively affect our business.

There is increasing concern that climate change is occurring and may have dramatic effects on human activity if no aggressive remediation steps are taken. Legislative developments with respect to reductions in greenhouse gas emissions may result in increased energy, transportation and raw material costs.

Scientific examination of, political attention to, and rules and regulations on, issues surrounding the existence and extent of climate change may result in increased production costs due to increase in the prices of energy and introduction of energy or carbon tax. A variety of regulatory developments have been introduced that focus on restricting or managing emissions of carbon dioxide, methane and other greenhouse gases. Enterprises may need to purchase new equipment at higher costs or raw materials with lower carbon footprints. These developments and further legislation that is likely to be enacted may adversely affect our operations. Changes in environmental regulations, such as those on the use of per fluorinated compounds, may increase our production costs, which may adversely affect our results of operation and financial condition.

In addition, more frequent droughts and floods, extreme weather conditions and rising sea levels may occur due to climate change. For example, transportation suspension caused by extreme weather conditions, including snow storms, may harm the distribution of our products. We cannot predict the economic impact, if any, of disasters resulting from climate change.

Compliance with the US Conflict Minerals Law may affect our ability or the ability of our suppliers to purchase raw materials at an effective cost.

Many industries rely on materials which are subject to regulation concerning certain minerals sourced from the Democratic Republic of Congo ("DRC") or adjoining countries, which include Sudan, Uganda, Rwanda, Burundi, United Republic of Tanzania, Zambia, Angola, Congo, and Central African Republic. These minerals are commonly referred to as conflict minerals. Conflict minerals which may be used in our industry or by our suppliers include Columbite-tantalite (derivative of tantalum [Ta]), Cassiterite (derivative of tin [Sn]), gold [Au], Wolframite (derivative of tungsten [W]), and Cobalt [Co]. We comply with the annual disclosure and reporting requirements adopted by the SEC with respect to use of conflict minerals mined from the DRC and adjoining countries. There may be costs associated with complying with these disclosure requirements (for example, if supplier changes become necessary), including for diligence to determine the sources of conflict minerals used in our products and other potential changes to products, processes or sources of supply as a consequence of such verification activities. Although we expect that we and our vendors will be able to continue to comply

with these requirements, there can be no guarantee that we will be able to gather all the information required from our vendors. In addition, there is increasing public sentiment that companies should avoid using conflict minerals from the DRC and adjoining countries. Although we believe our suppliers do not rely on such conflict minerals, either because the suppliers are located outside of the DRC and adjoining countries, or because our suppliers have been certified as “conflict-free” by an internationally-recognized validation scheme, there can be no guarantee that we will continue to be able to obtain adequate supplies of materials needed for our production from such suppliers. A failure to obtain necessary information or to maintain adequate supplies of materials from supply chains outside the DRC and adjoining countries, or that have been certified as “conflict-free” by an internationally-recognized validation scheme, may delay our production, increasing the risk of losing customers and business.

Risks relating to construction activities adjacent to Fab 3 and its fabrication facility lease.

Jazz leases its fabrication facilities and offices under lease contracts that Jazz can extend until 2027, through the exercise of an option at Jazz’s sole discretion to extend the lease period from 2022 to 2027. A few years ago, the landlord began a construction project adjacent to the fabrication facility. Although Jazz does not anticipate an adverse impact to its operations, it is possible that construction activities adjacent to Jazz’s fabrication facility could result in temporary reductions or interruptions in the supply of utilities to the property and that a portion or all of the fabrication facility may need to be idled temporarily during development. If construction activities limit or interrupt the supply of water, gas or electricity to Fab 3 or cause significant vibrations or other disruptions, it could limit or delay Fab 3’s production, which may adversely affect our business and operating results. In addition, an unplanned power outage caused by construction activities, even of very limited duration, could result in a loss of wafers in production, deterioration in Fab 3’s yield and on schedule delivery and substantial downtime to reset equipment before resuming production, which may cause customer dissatisfaction and cause customers to contemplate transferring their product orders to other fabs, which may adversely affect our revenues and financial results. In addition, the lease amendment sets forth certain obligations of Jazz and the landlord, including certain noise abatement actions at the fabrication facility.

Risks Related to Our Securities

Tower's outstanding debentures are subordinated to Tower's indebtedness to its banks and other obligations to secured creditors and Jazz's notes are subordinated to Jazz's secured indebtedness to its bank.

Tower's outstanding debentures (Series D and F totaling \$7 million as of December 31, 2015, which are due for payment in December 2016) are subordinated to (i) approximately \$83 million in the aggregate payable to the banks as of December 31, 2015 under Tower’s facility agreement; and (ii) any obligations to the Investment Center of the Israeli Ministry of Economy under the Investment Center’s “Approved Enterprise” program in relation to Fab 2. Tower has not guaranteed any of TPSCo or Jazz's debt, including Jazz's debt under its bank loan and Jazz's debt to its note holders. Jazz's notes (totaling \$58 million as of December 31, 2015) are subordinated to approximately \$19 million outstanding as of December 31, 2015 under Jazz's bank credit line of up to \$70 million.

Fluctuations in the market price of our traded securities may significantly affect our ability to raise new capital.

The stock market and the Israeli convertible debentures’ and straight bonds’ markets, in general, have experienced volatility that often has been unrelated to the operating performance of the related companies. The share price for many companies in the semiconductor industry has experienced wide fluctuations, which has often been unrelated to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the market price of Tower’s equity and debt securities, regardless of Tower’s actual operating performance.

In addition, it is possible that Tower’s operating results may differ from the expectations of public market analysts and investors, which may adversely affect the price of Tower’s securities.

Such adverse fluctuations in the market price of our equity and debt securities may also negatively impact our ability to raise new capital in order to finance our growth plans, obligations and liabilities and/or re-finance our debt, and/or may cause us to receive less favorable terms than expected.

Market sales of Tower's shares or conversion or exercise of a material portion of securities into shares or issuance of new ordinary shares, or even the perception that such may occur, may depress the market price of Tower's shares, impair our ability to raise future capital through the financial markets and may limit our ability to fund our growth plans, our debt and other liabilities, which may have adverse effects on our business and financial position.

Market sales of Tower's shares, or a conversion or exercise of a material portion of our convertible securities (including notes, warrants and options), or issuance of new ordinary shares, or even the perception that such sales, conversions, exercises or issuances may occur, could depress the market price of Tower's ordinary shares, may impair our ability to raise capital, may limit our ability to fund our growth plans and to service our debt and other liabilities, which may have an adverse effect on our business and financial position.

Any inability to comply with Section 404 of the Sarbanes–Oxley Act of 2002 regarding internal control attestation or any SEC filing requirement may adversely affect our financial position.

We are subject to the reporting and filing requirements of the United States Securities and Exchange Commission ("SEC"). The SEC, as directed by Section 404(a) of the United States Sarbanes–Oxley Act of 2002, adopted rules requiring public companies to include a management report assessing the company's effectiveness of internal control over financial reporting and an attestation thereof by its auditors in its annual report. Our management and/or our auditors may conclude that our internal controls over financial reporting are not effective. Such a conclusion could result in a loss of investor confidence in the reliability of our financial statements, which may negatively impact us and our ability to access the capital markets. In addition, we are required to file reports and other information with the SEC under the Securities Exchange Act of 1934 and the regulations thereunder applicable to foreign private issuers. Failure by us to file reports and other information with the SEC under the Securities Exchange Act of 1934 and the regulations thereunder may result in a deficiency and may negatively impact our financial position.

Risks Related to Our Operations in Israel

Instability in Israel may harm our business.

Fab 1 and Fab 2 manufacturing facilities, Tower's design center and certain of Tower's corporate and sales offices are located in Israel. Accordingly, political, economic and military conditions in Israel may directly affect our business.

Since the establishment of the State of Israel in 1948, Israel has been and is subject to armed conflict with neighboring states and terrorist activity, with varying levels of severity. Parties with whom we do business have sometimes declined to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements where necessary. In addition, the political and security situation in Israel may result in parties with whom we have agreements claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions. We can give no assurance that security and political conditions will not adversely impact our business in the future. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners may adversely affect our operations and make it more difficult for us to do business and raise capital. Furthermore, we could experience serious disruption to our manufacturing in Israel if acts associated with said conflict result in any serious damage to said manufacturing facilities. In addition, our business interruption insurance may not adequately compensate us for losses that may be incurred, and any losses or damages incurred by us may have a material adverse effect on our business.

In the event of severe unrest or other conflict, Israeli personnel could be required to serve in the military for extended periods of time. In response to increases in terrorist activity, there have been periods of significant call-ups of Israeli military reservists, and it is possible that there will be additional call-ups in the future. Many male Israeli citizens, including most of Tower's male employees under the age of 40, are subject to compulsory military reserve service and may be called to active duty under emergency circumstances. Our operations in Israel could be disrupted by the absence, for a significant period of

time, of one or more of our key employees or a significant number of our other employees due to military service. Such disruption may harm our operations and/ or our business.

If the exemption allowing us to operate our Israeli manufacturing facilities seven days a week is not renewed, our business may be adversely affected.

We operate our Israeli manufacturing facilities seven days a week pursuant to an exemption from the law that requires businesses in Israel to be closed from sundown on Friday through sundown on Saturday. This exemption expires on December 31, 2016. If the exemption is not renewed in the future, as it has been regularly in past years, and we are forced to close either or both of the Israeli facilities for this period each week, our financial results and business may be harmed.

It may be difficult to enforce a US judgment against us, our officers, directors and advisors or to assert US securities law claims in Israel.

Tower is incorporated in Israel. Most of Tower's executive officers and directors are nonresidents of the United States, and a majority of Tower's assets (excluding its U.S. subsidiaries and their assets) and the assets of these persons are located outside the United States. Therefore, a judgment obtained against Tower or any of our executive officers and directors in the United States, including one based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the United States (except to the extent that it relates to one of Tower's US subsidiaries) and may not be enforced by an Israeli court. Additionally, it may be difficult to enforce civil liabilities under U.S. federal securities laws claimed in original actions instituted in Israel.

Provisions of Israeli law may delay, prevent or otherwise impede a merger with, or an acquisition of, our company, which may prevent a change of control, even when the terms of such a transaction are favorable to us and our shareholders.

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to such types of transactions. For example, a merger may not be consummated unless at least 50 days have passed from the date on which a merger proposal is filed by each merging company with the Israel Registrar of Companies and at least 30 days have passed from the date on which the shareholders of both merging companies have approved the merger. In addition, a majority of each class of securities of the target company must approve a merger. Moreover, a tender offer for all of a company's issued and outstanding shares can only be completed if the acquirer receives positive responses from the holders of at least 95% of the issued share capital. Completion of the tender offer also requires approval of a majority of the offerees that do not have a personal interest in the tender offer, unless, following consummation of the tender offer, the acquirer would hold at least 98% of Tower's outstanding shares. Furthermore, the shareholders, including those who indicated their acceptance of the tender offer, may, at any time within six months following the completion of the tender offer, claim that the consideration for the acquisition of the shares does not reflect their fair market value, and petition an Israeli court to alter the consideration for the acquisition accordingly, unless the acquirer stipulated in its tender offer that a shareholder that accepts the offer may not seek such appraisal rights, and the acquirer or the company published all required information with respect to the tender offer prior to the tender offer's response date. Furthermore, Israeli tax considerations may make potential transactions unappealing to Tower or to its shareholders whose country of residence does not have a tax treaty with Israel exempting such shareholders from Israeli tax. These and other similar provisions may delay, prevent or impede a merger with or an acquisition of our company, even if such a merger or acquisition would be beneficial to Tower or its shareholders.

The rights and responsibilities of Tower's shareholders will be governed by Israeli law which differs in some material respects from the rights and responsibilities of shareholders of U.S. companies.

The rights and responsibilities of the holders of Tower's ordinary shares are governed by its articles of association and by Israeli law. These rights and responsibilities differ in some material respects from the rights and responsibilities of shareholders in typical U.S.-registered corporations. In particular, a shareholder of an Israeli company has certain duties to act in good faith and fairness towards the company and other shareholders, and to refrain from abusing its power in the company. There is limited case law available to assist Tower shareholders in understanding the nature of this duty or the implications of these provisions. These provisions may be interpreted to impose additional obligations and liabilities on holders of Tower's ordinary shares that are not typically imposed on shareholders of U.S. corporations.

3.8 Material Changes

No other material changes have occurred since December 31, 2014 that are not included in this prospectus or in our annual report on Form 20-F for the year ended December 31, 2014, or in a report on Form 6-K filed between the date we filed our annual report and the date of this prospectus, all of which are incorporated herein by reference.

3.9 Capitalization and Indebtedness

The following table sets forth our long-term debt (including current maturities), debentures and capitalization as of December 31, 2015 on an actual basis.

	As of December 31, 2015 (US dollars in thousands)
Bank Loans	237,730
Debentures	52,404
Customers' advances	44,475
Other long-term liabilities	91,542
Shareholders' equity:	
Ordinary Shares, NIS 15.00 share par value*	326,572
Additional paid-in capital	1,273,545
Capital notes	48,553
Cumulated stock based compensation	58,209
Accumulated other comprehensive loss	(26,810)
Accumulated deficit	(1,273,654)
Treasury stock, 86,667 shares	(9,072)
Total shareholders' equity	<u>397,343</u>
Non controlling interest	<u>(11,757)</u>
Total equity	<u>385,586</u>
Total capitalization	<u>811,737</u>

*150 million authorized shares; approximately 82.1 million issued and outstanding ordinary shares;

The approximately 82.1 million issued and outstanding ordinary share count on an actual basis excludes the following securities as of December 31, 2015:

- (i) Approximately 6.7 million ordinary shares issuable upon exercise of outstanding options and RSUs;
- (ii) Approximately 5.9 million ordinary shares issuable upon exercise of outstanding warrants;
- (iii) Approximately 5.9 million ordinary shares issuable upon conversion of outstanding debentures; and
- (iv) Approximately 3.0 million ordinary shares issuable upon conversion of equity equivalent capital notes.

3.10 Dividends

Under the credit facility agreements made between the Company and the financial institutions providing it credit, the Company is not permitted to undertake to declare or pay a dividend or to make any other distribution or to redeem any of the shares or convertible securities, unless such financial institutions specifically grants the Company this right.

3.11 Use of Proceeds

The net proceeds from any offering, after deduction of the arranger's fee and other expenses and commissions of the offering, will be published in the supplemental shelf offering reports which will offer securities pursuant to this prospectus.

Unless we state otherwise in a supplemental shelf offering report, we may use the net proceeds from the sale of securities under this prospectus for general corporate business purposes as well as repayment of our indebtedness, subject to the terms of our facility agreement with our banks. From time to time, we may evaluate the possibility of acquiring businesses, products, equipment and technologies, and we may use a portion of the proceeds as consideration for these purposes.

3.12 Expenses of the Offering

The aggregate amount that we will pay for arrangement fees in connection with the filing of this prospectus is detailed on the cover page of this prospectus and our other commissions and expenses will be published in the supplemental shelf offering reports.

3.13 Incorporation of Certain Information by Reference

We are allowed to incorporate by reference the information we file with the U.S. Securities and Exchange Commission and the Israel Securities Authority, which means that we can disclose important information to you by referring to those documents. Information incorporated by reference is part of this prospectus. We incorporate by reference in this prospectus the documents listed below, and any future annual reports on Form 20-F or reports on Form 6-K (to that extent that such Form 6-K indicates that it is intended to be incorporated by reference in our registration statements) filed with the SEC prior to the termination of the offering. Information that we file in the future with the SEC that is incorporated by reference herein automatically updates and supersedes any information in this prospectus. The following documents filed with the U.S. Securities and Exchange Commission by Tower are incorporated by reference hereto:

Annual report on Form 20-F for the year ended December 31, 2014,
filed on May 14, 2015;

Report on Form 6-K dated February 29, 2016.

Report on Form 6-K furnished to the SEC on May 9, 2016 (only with
respect to the US GAAP information set forth in the Interim
Consolidated Balance Sheets, Interim Consolidated Statements of
Operations and Interim Consolidated Statements of Cash Flows)

Any report on Form 6-K, or parts thereof, filed or furnished after the date of this prospectus, which states that it, or any part thereof, is being incorporated by reference in our registration statements; and

The description of Tower's ordinary shares which is contained in its Registration Statement on Form 8-A declared effective on October 25, 1994.

As you read the above documents, you may find inconsistencies in information from one document to another. If you find inconsistencies between the documents and this prospectus, you should rely on the statements made in the most recent document. All information appearing in this prospectus is qualified in its entirety by the information and financial statements, including the notes thereto, contained in the documents incorporated by reference herein.

You may obtain a copy of any or all of these filings at no cost, by writing or telephoning us at the following address:

Tower Semiconductor Ltd.
P.O. Box 619
Migdal Haemek, Israel, 23105
Tel: 972-4-650-6611
Fax: 972-4-654-6510
Attention: Chief Legal Officer

You should rely only on the information contained or incorporated by reference in this prospectus or any supplement thereof. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and any arranger or agent is not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus, or such earlier date that is indicated in this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

3.14 Where You Can Find More Information

Tower's ordinary shares are listed on the NASDAQ Global Market and Tower is subject to the reporting requirements of the Exchange Act that are applicable to a foreign private issuer. In accordance with the Exchange Act, Tower files reports with the SEC, including its annual report on Form 20-F and its interim financial information on Form 6-K on a quarterly basis. Tower also furnishes certain other material information to the SEC on Form 6-K. You may read and copy documents Tower has 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 <http://www.sec.gov>. These Securities and Exchange Commission filings are also available to the public on the Israel Securities Authority's Magna website at <http://www.magna.isa.gov.il> and from commercial document

retrieval services. Tower also generally makes available on its web site (<http://www.towerjazz.com>) its quarterly and year-end financial statements as well as other information. The information available on Tower's website is not a part of this prospectus.

Tower's ordinary shares are also listed on the Tel Aviv Stock Exchange. Tower files reports in Israel pursuant to the rules of the Israeli Securities Law for companies that are listed both on the TASE and on NASDAQ. These reports, and any additional Hebrew language reports that Tower may file, are available for public view on the website of the Israel Securities Authority at <http://www.magna.isa.gov.il>. We undertake no obligation to the holders of the securities being offered by this prospectus to publish any reports that are not required by applicable law.

3.15 Legal Matters

Certain legal matters with respect to this offering are being passed upon for us by Yigal Arnon & Co., our Israeli counsel.

3.16 Experts

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

Rights Attached to the Shares of the Company

Below are excerpts of provisions of the Articles of Association of the Company, in accordance with the provisions as numbered in the Articles. You may view the full, valid and binding Articles of the Association of the Company on the United States Securities and Exchange Commission's website at www.sec.gov. The following is a summary and does not replace the full, valid and binding version of the Company's Articles of Association.

The Shares

12. Subject to article 13 hereinafter, each ordinary share in the Company's capital shall have the right to dividend, bonus shares and to participate in a distribution of the Company's surplus assets on winding up, pro rata to the nominal value of each share, without having regard to any premium paid thereon, and all subject to the provisions hereof.
13. Each of the ordinary shares shall vest the holder thereof with the right to participate in the Company's general meeting and to one vote thereat.
14. 14.1 14.1.1 A shareholder in the Company is a person who is registered as a shareholder in the shareholders' register, a person in whose favor a share is registered with a stock exchange member, where such share is included amongst the shares recorded in the Company's shareholders' register in the name of a nominee's company.
 - 14.1.2 A shareholder who is a trustee shall be recorded in the shareholders' register, whilst noting his trusteeship, and he shall be deemed a shareholder for the purposes of the Companies Law. Without derogating from the aforesaid, the Company shall recognize a trustee, as a shareholder, for all intents and purposes, and shall not recognize any other person, including the beneficiary, as holding any right in the share.
- 14.2 Without derogating from the aforesaid and subject to the provisions hereof, save for the Company's shareholders, as mentioned in article 14.1 above, no person shall be recognized by the Company as holding any right to a share and the Company shall not be bound by and shall not recognize any equitable benefit, fiduciary relationship, contingent, future or partial, interest in any share or any benefit in a fraction of a share or any other interest in respect of a share, save for the right of a shareholder as mentioned in article 14.1 above in a share in its entirety, unless a competent court otherwise directs.

Share Certificates

15. The certificates attesting to a proprietary right in shares shall bear the Company's stamp and the signatures or facsimile signature lawfully stamped of two directors, together with the Company's secretary or any other person who has signatory authority on behalf of the Company.

The board of directors may resolve that the signature shall be effected mechanically, as determined by the board of directors.

16. Save where the issue terms of shares otherwise provide:
 - 16.1. every registered shareholder is entitled to receive from the Company, on his request, without payment, within six months of the allotment or registration of the transfer, one certificate attesting to his title to the shares registered in his name. The Company shall not refuse the demand of a registered shareholder to receive a number of certificates instead of one certificate, unless the demand is unreasonable, in the board of directors' opinion. A shareholder that has sold or transferred some of his shares shall be entitled to receive, without payment, a certificate in respect of his remaining shares;
 - 16.2. a nominee's company is entitled to receive from the Company, on its request, without payment, within six months of the allotment or registration of the transfer, a certificate attesting to the number of shares and the class of shares recorded in its name in the shareholders' register.
17. Subject to the provisions of the Companies Law, each certificate shall detail the quantity of shares in respect which it has been issued, their nominal value and their serial numbers.
18. A certificate relating to a share registered in the name of two or more persons shall be delivered to the person whose name appears first in the shareholders' register in relation to such share, unless all the registered holders of the share instruct the Company in writing to deliver it to another registered holder.
19. If a share certificate is defaced, spoiled, lost or impaired, the board of directors may issue a new certificate in its stead, provided that the share certificate is furnished to the Company and destroyed by it, or it is proved to the board of directors' satisfaction that the certificate has been lost or destroyed and the Company receives guarantees to the board of directors' satisfaction for any possible damage. The board of directors may require payment determined thereby from a person who has requested a new share certificate be issued as stated in this article.

Payments for Shares

20. All the shares in the Company's issued capital shall be fully paid up shares.

Forfeiture of Shares

21.
 - 21.1 If a shareholder did not pay the consideration or part thereof he undertook to pay upon the date and the terms stipulated by the Company upon allotment of the share, the board of directors may at any time, deliver to him a notice and demand to pay the consideration or part thereof which was not paid as aforesaid, including any interest and linkage or exchange rate differentials accrued on the said amount.
 - 21.2. The notice shall fix an additional day, which shall not be earlier than the expiry of thirty days from the date of the notice, and it shall specify that in

the event of failure to pay upon the date specified or prior thereto, the shares in respect of which the notice is given may be forfeited.

- 21.3. If the demands of the notice are not met, each share in respect of which the notice was given may be forfeited in accordance with a resolution of the board of directors in this regard, at any time after the notice was given and prior to the payment demanded in the notice having been made.
- 21.4. A share which was forfeited shall be deemed to be the property of the Company and it shall not grant any rights whatsoever until it has been sold by the Company. The board of directors may, subject to the provisions of these articles, to sell the share, deliver it or allot it in another manner on the terms and in the manner the board of directors deems fit, and at any time prior to the sale or delivery, the board of directors may cancel the forfeiture upon the terms it deems fit.
- 21.5. A person whose shares have been forfeited shall cease to be a shareholder in respect of the forfeited shares, but shall remain liable to pay to the Company all the amounts due therefrom at the time of the forfeiture, plus expenses involved in the sale of the forfeited shares.
- 21.6. An affidavit in writing, with the declarant being a director, that a share has been duly forfeited on the date specified in the declaration, shall be conclusive evidence of the facts specified therein against all persons claiming a right in the share, and the said declaration, along with a receipt of the Company on the price, shall be conclusive evidence of the title to the share and the person to whom the share is sold or delivered, shall be recorded as the shareholder and shall not be obligated to inquire for which purpose, if any, the sale proceeds were applied, and shall not derogate from his right to a share if any flaw or defect in the proceedings for the forfeiture, sale or delivery of the share.

Transfer and Transmission of Shares

- 22. Any share transfer recorded in the shareholders' register in the name of a registered shareholder, including a transfer by or to the nominee company, shall be effected in writing, as provided in article 23 below, provided that the transfer instrument is signed by hand alone, by the transferor and the transferee, or on their behalf, and sent to the registered office or any other place determined by the board of directors for such purpose. Subject to the provisions of the Companies Law, a share transfer shall not be recorded in the shareholders' register until a transfer instrument has been sent to the Company as provided above; the transferor shall continue to be deemed the holder of the transferred shares until the transferee's name is recorded in the shareholders' register as the holder of the transferred shares.
- 23. A share transfer instrument shall be drawn up in writing, in the following form or in a form as similar thereto as possible, or in another form approved by the board of directors:

"I _____ of _____, ID NO. _____ (hereinafter

referred to as “the transferor”) transfer to Mr. _____, ID NO. _____ of _____ (hereinafter referred to as “the transferee”), in consideration for NIS _____ which he has paid me, the shares of class _____ of NIS n.v. each which are marked with the numbers _____ to _____ (inclusive) of _____ Ltd. and they shall be held by the transferee pursuant to the same terms on which I held them at the time of signing this instrument, and I, the transferee, agree to accept the aforementioned shares on these terms.

As witness our hands this _____ day of _____.

The Transferor’s Signature

The Transferee’s Signature

Witness to Transferor’s Signature Witness to Transferee’s Signature”

24. The Company may close the shareholders’ register for a period of time determined by the board of directors, provided that it does not exceed, in total, 30 days in any year. Share transfers shall not be recorded in the register whilst it is closed.
25. Subject to the provisions of these articles or the issue terms of shares of any class, the share may be transferred without the need for the board of directors’ approval.
26. Every transfer instrument shall be submitted to the office or any other place determined by the board of directors for registration, together with the share certificates in respect of the shares to be transferred and any other proof required by the board of directors regarding the transferor’s proprietary right to transfer the shares. Transfer instruments that are registered shall be kept by the Company but any transfer instrument which the board of directors refuses to register shall be returned to the person who submitted it, on his request.
27. If the board of directors refuses to approve a share transfer, as stated in article 26, it shall notify the transferor thereof no later than one month from the transfer instrument’s receipt.
28. A transfer shall only relate to one class of shares, unless the board of directors otherwise determines.
29. The Company shall be entitled to collect payment for the transfer’s registration, in the amount determined by the board of directors, from time to time, which shall be reasonable having regard the circumstances of the case.
30. Subject to the provisions of the Companies Law and these articles, if it is proved to the Company to the board of directors’ satisfaction and in ways determined by it that the legal conditions for the transmission of the right to shares recorded in the register have been fulfilled, the Company shall recognize the transmittee, and him alone, as holding the right to the said shares,

31. 31.1 Subject to the provisions of these articles, the Company shall alter the registration of title to shares in the shareholders' register if the Company is given a court order to amend the register or if it is proved to the Company, to the board of directors' satisfaction and in the manner determined by it, that the legal conditions for transmission of the right to the shares have been fulfilled, and the Company shall not recognize any right of a person in shares before his right has been proved as aforesaid.
- 31.2. Without derogating from the aforesaid, the board of directors may refuse to effect registration or delay it, as it might have done had the registered holder of the share transferred the share himself prior to the right's transmission.
32. Subject to the provisions of the Companies Law and these articles, a person becoming entitled to a share as provided in article 30 above shall be entitled to dividends and other rights in respect of the share as though he were the registered holder of the share, even if he has not yet been recorded as such; however, prior to being recorded in the shareholders' register in respect of the share, he shall not be entitled by virtue of the share to benefit from any right of a shareholder with regard to the Company's meetings.
33. Notwithstanding the aforesaid, the board of directors may, at any time, make demand of the person entitled to a share as mentioned in articles 30 or 31 above to himself be registered in the register or to transfer the share to another. If the said demand is not complied with within 60 days of being sent, the board of directors may withhold dividends or other rights in respect of the share, until the demand is complied with. If a demand is made as aforesaid, such shall be deemed the board of directors' approval to register the person entitled to the share as the holder thereof in the Company's shareholders' register; however, the directors shall retain their right to refuse to approve the share's transfer to another in accordance with the provisions of article 31.2 above.
34. The Company may destroy share transfer instruments after seven years have elapsed from the registration; the Company may also destroy share certificates which have been cancelled, after seven years have elapsed from the cancellation thereof, and there shall be a prima facie presumption that all the transfer instruments and certificates destroyed as aforesaid were fully valid and that the transfers, cancellations and registrations, as the case may be, were duly effected.
35. The board of directors may recognize a waiver of a share allotment by the allottee in favor of another, on such terms as it determines.

Alterations to Capital

36. The Company may, in a resolution passed at the general meeting by an ordinary majority, increase the Company's authorized share capital, in such classes of shares, as it determines.
37. Subject to the provisions of the Companies Law, the Company may, in a resolution passed at the general meeting by an ordinary majority:
- 37.1. consolidate all or any of its shares and divide them into shares of a nominal value greater than the nominal value of its existing shares;

- 37.2. sub-divide all or any of its shares into shares of a nominal value smaller than the nominal value of its existing shares;
- 37.3. reduce the Company's capital.

For the purpose of implementing any resolution as aforesaid, the board of directors may settle any difficulty arising in such regard in its discretion.

- 38. Without derogating from the generality of the board of directors' authority, as mentioned above, if shareholders are left with fractions of a share as a result of a consolidation or sub-division as aforesaid, the board of directors may, in its discretion, act as follows:
 - 38.1. allot each shareholder who has been left with a fraction of a share, as a result of the consolidation or sub-division, shares of the class of shares which would have existed in the Company's capital prior to the consolidation or sub-division, in such number consolidation of which with the fraction would create one whole share, and an allotment as aforesaid shall be deemed to take effect just before the consolidation or sub-division, as the case may be;
 - 38.2. determine the manner of paying the amounts payable for the shares allotted as provided in article 38.1 above, including the manner of paying the amounts on account of bonus shares;
 - 38.3. determine that the holders of fractions of shares shall not be entitled to receive a whole share in respect of a fraction of a share;
 - 38.4. determine that shareholders shall be entitled to receive a whole share in respect of a fraction of a whole share of a certain nominal value or less and shall be entitled to receive a whole share in respect of a fraction of a whole share whose nominal value is greater than the said nominal value;
 - 38.5. determine that fractions of shares that do not entitle the holders thereof to a consolidated share shall be sold by the Company and the sale proceeds shall be paid to the entitles, on the terms and in the manner specified in the resolution.
- 39. The Company may, in a resolution passed at the general meeting by an ordinary majority, cancel authorized share capital not yet allotted, provided that the Company has not undertaken, including conditionally, to allot the shares.

Alteration of Rights

- 40. At any time the share capital is divided into various classes, the Company may, in a resolution passed at the general meeting by an ordinary majority, convert, expand, add to, reduce or otherwise alter the rights attached to a particular class of shares, provided that the written agreement of all the holders of the shares of such class is received or that the resolution is approved in a general meeting of the holders of the shares of such class by an ordinary majority or, where the issue terms of a particular class of the Company's shares otherwise provide, as provided in the issue terms of such class.

41. The provisions herein regarding general meetings shall apply mutatis mutadis to any class meeting, provided that a quorum at a class meeting shall be constituted in the presence at the time the meeting proceeds to business, in person or by proxy, of at least two shareholders holding at least fifty one percent of the issued shares of such class; if no quorum is constituted as aforesaid, the class 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.
42. The rights vested in the shareholders or the holders of a class of shares issued with ordinary, preferred or other special rights shall not be deemed to have been converted, reduced, impaired or otherwise altered by the creation or issue of additional shares of any class, whether ranking equally with them or of a preferred or different rank, and shall not be deemed to have been converted, reduced impaired or otherwise altered by the alteration of the rights attached to shares of any other class, unless expressly otherwise provided in the issue terms of such shares.

The Issue of Shares and Other Securities

43. The board of directors may issue shares and other securities convertible or exercisable into shares, up to the limit of the Company's authorized share capital; in such regard, convertible securities which are convertible or exercisable into shares shall be deemed to have been converted or exercised on the issue date. Without derogating from the generality of the aforesaid, the board of directors may issue the shares and other securities, as aforesaid, grant options for the purchase thereof or vest them in another manner, to such persons as determined by it, and at the times and prices and on the terms determined by it, and it may make any other provision in connection therewith, including provisions regarding the manner of distributing the shares and securities issued by the Company amongst the purchasers thereof, including in the case of over-subscription, in the board of directors' discretion.
44. Without derogating from the generality of the aforesaid, and subject to the provisions of the Companies Law and these articles, the board of directors may determine that the consideration for the shares shall be paid in cash or by way of assets in specie, including by way of securities or in any other manner, in its discretion, or that the shares shall be allotted as bonus shares or that the shares shall be allotted for a consideration equal to or higher than their nominal value, in units or in series, on the terms and at the times determined by the board of directors, in its discretion.
45. The Company shall not be required to offer any new shares to any existing shareholders of any class.
46. The board of directors may resolve to pay commission underwriting fees to any person at the time of subscribing or agreeing to subscribe or procuring subscriptions or assuring subscriptions for shares or debentures or other securities of the Company. The board of directors may resolve that brokerage fees shall be paid on an issue of securities of the Company, in cash, in shares of the Company or in other securities issued by the Company, or in any other way, or partly in one way and partly in another, and all subject to the provisions of any law.

Redeemable Securities

47. Subject to the provisions of the Companies Law, the Company may issue redeemable securities on the terms and in the manner determined by the board of directors, in its discretion.

Registers

48. 48.1 The Company shall keep a shareholders' register and shall record therein the names of the shareholders and other details required pursuant to the Companies Law, shortly after the allotment of any shares in the Company. Subject to the provisions of the law, upon registration in the register, a registered shareholder shall be deemed to the owner of the shares recorded on his name, even if no share certificate has been issued in respect of these shares.
- 48.2. The Company shall keep a material shareholders' register, as required by the Companies Law.
- 48.3. The Company may keep an additional shareholders' register outside Israel in accordance with the provisions of the Companies Law.
- 48.4. The Company shall keep a register of the holders of debentures and securities convertible into shares of the Company, regarding the registration in the register, issuance of certificates, exchange of certificates, transfer and transmission, mutatis mutandis, subject to the terms of allotment of the securities.

General Meetings

49. The Company's resolutions on the following matters shall be passed at the general meeting by an ordinary majority:
- 49.1. amendments to the Company's articles or memorandum of association;
- 49.2. the exercise of the board of directors' powers by the general meeting, if the board of directors is unable to exercise its powers and the exercise of any of its powers is essential for the Company's proper management, as provided in section 52(a) of the Companies Law;
- 49.3. the appointment of the Company's auditors and the termination of its employment;
- 49.4. the appointment and dismissal of the Company's directors;
- 49.5. approval of acts and transactions requiring the general meeting's approval pursuant to the provisions of sections 255 and 268 to 275 of the Companies Law;
- 49.6. an increase and reduction in the authorized share capital in accordance with the provisions of sections 286 and 287 of the Companies Law and alterations to capital as mentioned in article 42 above;
- 49.7. a merger as mentioned in section 320 (a) of the Companies Law;

- 49.8. any resolution which, pursuant to these articles, must be passed by the general meeting.
50. The Company shall hold an annual general meeting each year by no later than the end of 15 months from the last annual meeting, at the time and place determined by the board of directors.
51. The agenda at the annual general meeting shall include the following matters:
- 51.1. a discussion on the Company's financial statements and the board of directors' report on the state of the Company's affairs, which is submitted to the general meeting;
 - 51.2. the appointment of directors and the determination of their employment terms;
 - 51.3. the appointment of an auditor;
 - 51.4. the board of directors' report on the auditor's remuneration for the audit and for other services, if any;
 - 51.5. in addition to the aforesaid, any other matter specified on the agenda may be included on the annual meeting's agenda, as provided in article 54 below.

A general meeting as aforesaid shall be called "annual meeting" and any other general meeting shall be called a "special meeting".

52. The Company's board of directors shall convene a special meeting, pursuant to its resolution, and on the requisition of any of the following:
- 52.1. two directors;
 - 52.2. one or more shareholders holding at least 5% of the Company's issued share capital and 1% of the voting rights in the Company, or one or more shareholders holding at least 5% of the voting rights in the Company.

If the board of directors is requisitioned to convene a special meeting, as mentioned above, it shall do so within 21 days of the requisition being submitted, at the time determined in the notice of the special meeting, as provided in article 55 below, provided that the meeting shall not be held later than 35 days from the notice's publication, and all subject to the provisions of the Companies Law.

53. If the board of directors does not convene a special meeting pursuant to a requisition as provided in article 52 above, the person(s) requisitioning the meeting may convene the meeting themselves, provided that such meeting shall not be held after three months have elapsed from the date the requisition was submitted as aforesaid, and it shall be convened, insofar as possible, in the same manner in which special meetings are convened by the board directors.
54. 54.1. The agenda at a general meeting shall be determined by the board of directors and it shall also include the matters for which a special meeting is requisitioned pursuant to article 52 above and a matter requested as provided in article 54.2 below.

- 54.2. One or more shareholders holding at least 1% of the voting rights at the general meeting may request that the board of directors include a matter on the agenda of a general meeting, provided that the matter is suitable for discussion at a general meeting.
- 54.3. A request as mentioned in article 54.2 above shall be submitted to the Company in writing before notice is given of the general meeting and shall include the form of the resolution proposed by the shareholder.
55. 55.1. Not less than twenty-one (21) days' prior notice shall be given of every general meeting.
- 55.2. The accidental omission to give notice of a meeting to any shareholder, or the non-receipt of notice sent to such shareholder, shall not invalidate the proceedings at such meeting.
56. 56.1. Notice of a general meeting shall include the place, date and time at which the meeting will convene and shall include the agenda, a summary of the proposed resolutions, the record date, as stated in Section 182 of the Companies Law and any other details required pursuant to the Law.
- 56.2. In its resolution to convene a meeting, the board of directors may determine the manner of detailing the matters on the meeting's agenda, which shall be sent to the shareholders entitled to participate in the meeting, in the board of directors' discretion and subject to the provisions of the Companies Law.
- 56.3. Without derogating from the board of directors' powers as mentioned in this article 56.2 above and without derogating from the generality of the provisions of these articles regarding the delegation of powers by the board of directors, the board of directors may delegate its powers as mentioned in this article 56.2 above to a board of directors' committee or to an officer of the Company, for the purpose of a particular general meeting or for a particular period.
57. A defect in good faith in convening the general meeting or in the conduct thereof, including a defect deriving from non-compliance with a provision or condition laid down in the Law or these articles, including with regard to the manner of convening or conducting the general meeting, shall not invalidate any resolution passed at the general meeting and shall not impair discussions held thereat, subject to the provisions of any law.
58. The board of directors may alter the place and date of a general meeting, provided that such alteration does not contradict the provisions of these articles regarding the minimum periods of time which must elapse between the date of the notice and the date of the general meeting, and provided that the notice of such alteration is given in the same manner in which notice of the general meeting whose place or date is being altered was given.
59. No discussion may be commenced at the general meeting unless a quorum is present at the time of the meeting proceeds to business. A quorum shall be constituted in the

presence, in person or by proxy, of two or more shareholders holding at least 33% of the voting rights, within half an hour of the time fixed for the meeting's commencement, unless the articles otherwise provide.

60. If a quorum is not present at the general meeting within half an hour of the time fixed for the meeting's commencement, the meeting shall be adjourned for one week, to the same day, time and place, without it being necessary to notify the shareholders thereof, and if a quorum is not present, as aforesaid, at the adjourned meeting within half an hour of the time fixed for the commencement thereof, the persons present shall constitute a quorum.
61. Notwithstanding the provisions of article 60 above, if the general meeting is convened pursuant to a requisition by shareholders as mentioned in article 52.2 above, the adjourned meeting shall only be held if attended by shareholders in the number required for the purpose of convening the meeting as provided in article 56.2 above.
62. The chairman of the board of directors' or any other person appointed for such purpose by the board of directors shall chair any general meeting of the Company. If there is no such chairman, or if he is not present at any meeting within 15 minutes of the time fixed for the meeting's commencement or he refuses to chair the meeting, the directors present may, by a majority, elect a chairman from amongst them, and if they do not do so then the shareholders present, themselves or by proxy, shall elect one of the directors present to chair the meeting. If no director is present or if all the directors refuse to chair the meeting, they shall elect one of the shareholders or his proxy to chair the meeting.
63. The Company shall keep minutes of the proceedings at the general meeting, which shall include the following details:
 - 63.1. the names of the shareholders participating in the general meeting and the number of shares held by them;
 - 63.2. the matters discussed at the general meeting and the resolutions passed thereat.
64. Minutes signed by the meeting's chairman shall constitute prime facie proof of the matters stated therein.

Voting and Passing Resolutions at General Meetings

65. A shareholder wishing to vote at a general meeting shall prove his title to a share to the Company as required by the Companies Law. Without derogating from the aforesaid, the board of directors may prescribe regulations and procedures with regard to proof of title to the Company's shares.
66. A shareholder may vote at a general meeting or at a class meeting himself or by proxy, in accordance with the provisions of these articles and subject to the provisions of the Companies Law. A proxy need not be a shareholder in the Company.
67. A proxy may participate in discussions at the general meeting and be elected as the meeting's chairman in the same way as the appointing shareholder would have been entitled thereto, unless otherwise stated in the appointment instrument.

68. Subject to the provisions of the Law, in the case of joint shareholders, each of them may vote at any meeting, himself or by proxy, in relation to such share, as though he were the sole person entitled. If more than one joint shareholder attends a meeting, himself or by proxy, the vote shall be cast by the joint shareholder whose name appears first in the shareholders register in relation to the share, or in a certificate of the stock exchange member regarding his title to the share (hereinafter referred to as "certificate of title") or in another document determined by the board of directors for such purpose, as the case may be. Separate guardians or separate executors of estates of a deceased registered shareholder shall be deemed, for the purposes of this article as joint shareholders in such shares.
69. A shareholder lacking legal capacity may vote through his guardians or another person appointed by the court, and any guardian or other person as aforesaid may vote through a proxy.
70. The instrument appointing a proxy (hereinafter referred to as "the appointment instrument") and the power of attorney by virtue whereof the appointment instrument is signed (if any), or a suitable copy thereof, to the board of directors' satisfaction, shall be deposited at the registered office of the Company or at any other place or place, in Israel or aboard - as determined by the board of directors from time to time, in general or in relation to a particular case at any time prior to the commencement of the meeting at which the proxy intends voting in reliance upon such appointment instrument. Notwithstanding the aforesaid, the meeting's chairman may, in his discretion, accept an appointment instrument and a power of attorney, as aforesaid, also after the said time, if he deems fit, in his discretion. If the appointment instrument and power of attorney is not received as provided above, they shall not be valid as such meeting.

The appointment instrument shall be drawn up in writing and signed by the appointor or by the person duly authorized therefor in writing, and by a witness to his signature, if so required by the board of directors. If the appointor is a corporation, the appointment instrument shall be drawn up in writing and signed in the manner binding the corporation. The board of directors may demand that the Company be given written confirmation, to the board of directors' satisfaction, of the signatories' authority to bind the corporation.

71. 71.1 The appointment instrument shall be drawn up in the following form of wording or in a form of wording as similar thereto as possible:
- “I _____, of _____, as a shareholder of Tower Semiconductor Ltd, hereby appoint ___ of _____ or in his absence _____ of _____ as my proxy, to vote in my name and stead in respect of _____ * shares of _____ ** class which are held by me, at the (annual/special) general meeting of the Company to be held on _____ and at any adjourned meeting thereof.
As witness my hand on signature”
* state the number of shares.
** state the class of shares.
- 71.2. The appointment instrument shall state the class and number of the shares in respect of which it is being given. If the appointment instrument does not state the number of shares in respect of which it is being given or if it states a

number of shares higher than the number of shares registered in the shareholder's name or specified in the certificate of title, as the case may be, the appointment instrument shall be deemed to have been given in respect of all the shareholder's shares.

- 71.3. If the appointment instrument is given in respect of a number of shares lower than the number of shares registered in the shareholder's name or specified in the certificate of title, as the case may be, the shareholder shall be deemed to have abstained from voting in respect of the balance of his shares and the appointment instrument shall be valid in respect of the number of shares specified therein.
- 72. Without derogating from the provisions of these articles regarding the appointment of a proxy, a shareholder holding more than one share shall be entitled to appoint more than one proxy, subject to the following provisions:
 - 72.1. each appointment instrument shall state the class and number of shares in respect of which it is being given;
 - 72.2. if the overall number of shares of any class specified in the appointment instruments given by one shareholder exceeds the number of shares of such class registered in his name or specified in the certificate of title, as the case may be, all the appointment instruments given by such shareholder shall be void.
- 73. A shareholder or proxy may vote by virtue of some of the shares held by him or in respect of which he is acting as proxy and he may vote one way by virtue of some of the shares and a different way by virtue of others.
- 74. A vote given by virtue of an appointment instrument shall be valid even if there is a defect in the appointment instrument and even if prior to the vote the appointor passes away or becomes legally incapacitated or the appointment instrument is cancelled or the share in respect of which it was given is transferred, unless written notice is received at the office prior to the meeting regarding the defect, death, incapacitation, cancellation or transfer, as the case may be.
- 75. The appointment instrument also shall be valid in respect of any adjourned meeting of the meeting to which the appointment instrument relates, unless otherwise stated in the appointment instrument.
- 76. A shareholder may not participate in or vote at any general meeting, himself or by proxy, save by virtue of the shares the consideration for which has been fully paid to the Company.
- 77. Each of the ordinary shares vests the holder thereof with the right to participate in the Company's general meeting and to one vote.
- 78. A resolution put to the vote at a general meeting shall be decided on the basis of a poll; the vote on a poll shall be effected in the manner determined therefor by the meeting's Chairman.

In the event of disputes whether to accept or disqualify any vote, the meeting's chairman shall decide the matter, and his decision in good faith shall be final and binding.

79. The chairman's declaration that a resolution at the general meeting has been passed or defeated, unanimously or by any majority, shall be prima facie proof of the matters stated therein, and it shall not be necessary to prove the number of votes (or their proportional part) for or against the proposed resolution.
80. Subject to the provisions of the Companies Law or these articles regarding another majority, the general meeting's resolutions shall be passed by an ordinary majority.
81. 81.1 The general meeting's chairman may, with the agreement of the meeting at which a quorum is present, adjourn the meeting or the discussion on a particular matter on the agenda to another time and place determined by him, and he must do so on the meeting's demand. No matter shall be discussed at an adjourned meeting as aforesaid save for a matter that was on the agenda and in respect of which a resolution was not passed at the meeting at which the adjournment was decided upon. It is not necessary to give notice of the adjourned meeting unless it is adjourned for a period of time exceeding 21 days, and in such case notice shall be given of the adjourned meeting as provided in article 55 above.
- 81.2. A proposed resolution placed for a vote, shall be decided by a poll by a show of hands unless a vote by ballot is requested prior to the vote by no less than three persons. If there will not be a demand for vote by ballot - then the declaration of the chairman of the meeting that the resolution was passed by a show of hands or unanimously or by certain majority, or was rejected and a note was made in this regard in the book of minutes of the Company, shall serve as conclusive evidence of this fact, and it shall not have to be proved the number of votes for or against the proposed resolution.
- 81.3. If a vote was duly requested by ballot, the vote shall be done in a manner instructed by the chairman of the meeting, and the declaration of the chairman that the resolution was passed by the required majority or was rejected, shall serve as conclusive evidence of this fact, and it shall not have to be proved the number of votes for or against the proposed resolution.

Dividends, Funds and Capitalization of Funds and Profits

142. The board of directors may, before resolving on the distribution of a dividend, as provided in article 152 below, set aside any amounts from the profits, as it deems fit, to a general fund or reserve fund for any requirements or objects, as determined by the board of directors in its discretion.
143. Until use is made of the said funds, the board of directors may invest the amounts set aside as aforesaid and the funds' monies in any investment whatsoever, as it deems fit, and attend to, alter or otherwise use these investments, and it may divide the reserve fund into special funds and use any fund or part thereof for the purpose of the Company's business, without keeping it separately from the Company's other assets, and all at the board of directors' discretion and on such terms as it determines.

144. Subject to the provisions of any law, the board of directors may, from time to time, revalue the Company's assets and property, or any part thereof, and if the new value exceeds the value specified in the Company's last balance sheet preceding the revaluation - the board of directors may credit the difference, or any part thereof, to a revaluation fund.
145. Subject to the provisions of the Companies Law, the board of directors may pass a resolution to distribute a dividend. The board of directors resolving on the distribution of a dividend may determine that the dividend, or any part thereof, shall be paid in cash or by way of a distribution of assets in specie, including by way of securities or in any other manner, in the board of directors' discretion.
146. 146.1 (a) Subject to the provisions of the Companies Law, the board of directors may resolve to allot bonus shares and to convert part of the Company's profits, within the meaning thereof in section 302(b) of the Companies Law, into share capital, from premium on shares or from any other source included in its equity, which are mentioned in its last financial statements, in an amount determined by the board of directors, which shall not be less than the nominal value of the bonus shares.
- (b) Bonus shares allotted pursuant to this article shall be deemed fully paid up.
- 146.2. The board of directors resolving on an allotment of bonus shares may determine that the Company shall transfer to a special fund designated for a distribution of bonus shares in the future such amount that its conversion into share capital shall be adequate for the allotment to anyone who at such time for any reason, has the right to purchase shares in the Company (including a right which may only be exercised only at a later date) bonus shares which would have been due to him, had he exercised the right to purchase the shares prior to the date determining the right to receive the bonus shares (in this article – "the determining date"). If after the determining date the holder of the said right exercises his right to purchase the shares or part thereof, the Company shall allot him bonus shares of such nominal value as would have been due to him had he exercised, prior to the determining date, the right to purchase the shares which he actually purchased, by converting into share capital an appropriate part from the said special fund.
- The bonus shares shall entitle the holders thereof to participate in a distribution of dividends in cash or bonus shares commencing from the date determined by the board of directors. With regard to determination of the amount to be transferred to the said special fund, any amount transferred to such fund in respect of previous distributions of bonus shares shall be treated as though already capitalized and as though shares entitling the holders of the right to purchase shares to bonus shares have already been allotted therefrom.
147. Subject to the rights attached to the classes of shares issued by the Company and to the provisions of these articles, dividend or bonus shares shall be distributed to the

shareholders pro rata to the nominal value of each share, without having regard to any premium paid thereon.

148. For the purpose of implementing a resolution regarding the distribution of a dividend or an allotment of bonus shares, the board of directors may:
 - 148.1. settle any difficulty arising in connection therewith as it deems fit and take all the steps it deems fit to overcome such difficulty;
 - 148.2. resolve that fractions or fractions in an amount lower than a particular amount determined by the board of directors, shall not be taken into account for the purpose of adjusting the right of the shareholders or to sell fractions of shares any pay the consideration (net) to those entitled thereto;
 - 148.3. authorize to sign on the shareholders' behalf any contract or other document required for the purpose of granting validity to the allotment or distribution, and in particular to authorize, to sign and submit for registration a written document as mentioned in section 291 of the Companies Law;
 - 148.4. make any arrangement or settlements which in the board of directors' opinion is required in order to enable the allotment.
149. Dividends or other benefits in respect of shares shall not bear interest.
150. Without derogating from the provisions of these articles, the board of directors may withhold any dividend or bonus shares or other benefits in respect of a share all or part of the consideration for which has not been paid to the Company, and collect any amount as aforesaid or proceeds received from the sale of any bonus shares or other benefits on account of the debts or obligations in respect of the said share.
151. The board of directors may, but is not obliged to, as it deems beneficial and correct, appoint trustees or nominees for the holders of share deeds who for such period as determined by the board of directors have not approached the Company in order to receive dividends, shares or other securities or other benefits, and for those registered shareholders who have not performed their duty to notify the Company of a change in their address and who have not approached the Company in order to receive dividends, shares, other securities or other benefits during such period. Such nominees or trustees shall be appointed in order to realize, collect or receive dividends, shares or other securities or other benefits and to subscribe for shares which have not yet been issued which are offered to the shareholders, but may not transfer the original shares in respect of which they were appointed or vote by virtue thereof. In the conditions of any trust or nominee appointment, the Company shall stipulate that on the first demand of the shareholder in respect of which the trustees or nominees are holding office, the trustees or nominees shall be obligated to return to such shareholder the relevant share or all the rights held by them for him, as the case may be. Any act and arrangement done or reached by such nominees or trustees and any agreement between the board of directors and such nominees or trustees shall be valid and bind all the relevant parties.
152. The board of directors may from time to time determine the manner of paying dividends or allotting the bonus shares or transferring them to those entitled thereto, and may

determine regulations, procedures and arrangements in such regard, in respect of the registered shareholders, the unregistered shareholders and shareholders holding a share deed. Without derogating from the generality of the aforesaid, the board of directors may determine as follows:

- 152.1. (a) Subject to the provisions of sub-article (b) below, dividends or monies distributed to registered shareholders shall be paid to the registered shareholder by sending a cheque in the mail to his address as recorded in the shareholders' register. The dispatch of a cheque as aforesaid shall be carried out at the risk of the registered shareholder. Without derogating from the aforesaid, the board of directors may determine that a dividend of less than a certain amount, as determined by the board of directors, shall not be sent by cheque as mentioned above, and the provisions of sub-article (b) below shall apply in respect thereof.
- (b) The board of directors may determine that the payment of dividends or monies distributed to registered shareholders shall be effected at the office or any other place determined by the board of directors.
- 152.2. Dividends distributed to unregistered shareholders shall be transferred to the said shareholders through the nominee company or in any other manner determined by the board of directors.
153. In cases where the board of directors determines the payment of a dividend, the allotment of shares or securities or the grant of a right to subscribe for securities which have not yet been issued and are offered to shareholders, against the delivery of an appropriate voucher attached to any share deed, such payment, allotment or grant of a right of subscription against an appropriate voucher shall constitute an exemption of a debt to the Company in relation to such act vis-a-vis any person claiming a right to such payment, allotment or grant of the right of subscription, as the case may be.
154. If two or more persons are recorded in the register as the joint holders of a share, each of them may give a valid receipt for any dividend, share or other security or other monies or benefits due in respect of the share, and the cheque or payment order may be made out to the order of one of them and the cheque may be sent by registered mail to his address as recorded in the register.

The Company's Documents

155. 155.1 The shareholders shall have a right to inspect the Company's documents specified in section 184 of the Companies Law, upon fulfillment of the conditions determined therefor.
- 155.2. Without derogating from the provisions of article 155.1 above, the board of directors may, at its own discretion, resolve to grant a right to inspect the Company's documents, or any of them, including to the shareholders, or any of them, as it deems fit.
- 155.3. The shareholders shall not have a right to inspect the Company's documents or any of them, unless they are granted a right as aforesaid pursuant to

legislation or these articles or if they are so permitted by the board of directors, as provided in article 155.2 above.

156. Subject to the provisions of the law, every book or registration register which the Company is required to keep pursuant to the law or these articles shall be kept under those technical, mechanical or other means, as the board of directors resolves.

Notices

161. The grant of notices or the delivery of documents to the shareholders and the nominee company pursuant to the provisions of the Law or these articles shall be effected in one of the following ways described in this “Notices” section.
162. Notice of a general meeting shall be provided in accordance with article 55 above.
163. 163.1 Without derogating from the aforesaid, the Company may give a notice or document to a shareholder through personal delivery or by facsimile or by mail dispatch or by e-mail; dispatch by mail shall be carried out in accordance with the shareholder's address as recorded in the register or if there is no such address, in accordance with the address given by him to the Company for the purpose of sending notices to him. Any shareholder whose address is not described in the register, and who shall not have designated in writing an address for the receipt of notices, shall not be entitled to receive any notice from the Company. Notice sent by facsimile shall be sent to the shareholder in accordance with the facsimile number given by him to the Company. Notice sent by e-mail shall be sent to the shareholder in accordance with the e-mail address provided by the shareholder to the Company.
- 163.2. (a) A notice or document personally delivered to a shareholder shall be deemed to have been delivered on the date of delivery to him.
- (b) A notice or document sent by mail shall be deemed to have been duly delivered if delivered for dispatch at the post office bearing the correct address and properly stamped. Delivery shall be deemed to have taken place at the time the letter would have been delivered in the ordinary course by mail, and no later than two days from the date on which the letter containing the notice as aforesaid was delivered to the post office.
- (c) Notice sent by facsimile or e-mail shall be deemed to have been delivered 24 hours transmission.
164. Any written notice or other document may be served by any shareholder upon the Company by tendering the same in person to the Secretary or the Chief Executive Officer of the Company at the principal office of the Company or by sending it by prepaid registered mail (airmail if posted outside Israel) to the Company at its Registered Address. Any such notice or other document shall be deemed to have been served three (3) business days after it has been posted [ten (10) business days if sent to a place not located on the same continent as the place from where it was posted], or when actually received by the addressee if sooner than three (3) days or ten (10) days, as the

- case may be, after it has been posted, or when actually tendered in person, to such shareholder (or to the Secretary or the Chief Executive Officer); provided, however, that notice may be sent by e-mail, facsimile or other electronic means and confirmed by registered mail as aforesaid, and such notice shall be deemed to have been given twenty- four (24) hours after such e-mail, facsimile or other electronic communication has been sent or when actually received by such shareholder (or by the Company), whichever is earlier.
165. The Company may give notice of the delivery of a document at the office or at any other place determined by the board of directors, or in any other manner, including through the Internet.
166. In the case of joint holders of a share, the Company may send a notice or document by dispatching it to the joint shareholder whose name is mentioned first in the shareholders' register in respect of such share.
167. The delivery of a notice or document to a family member living with the person for whom it is intended shall be deemed delivery to such person.
168. Any document or notice sent to a shareholder of the Company in accordance with the provisions of these articles shall be deemed to have been duly sent despite the death, bankruptcy or winding up of such shareholder or the legal transmission of the right in the shares (whether or not the Company was aware thereof), so long as nobody else is recorded in his stead as the holder of the shares, and dispatch or delivery as aforesaid shall be deemed for all intents and purposes as adequate in respect of any person interested in such shares or entitled thereto by virtue of the legal transmission of the right, either together with such shareholder or on his behalf or in his name.
169. Subject to the provisions of any law, a shareholder, director or any other person entitled to receive notice pursuant hereto or pursuant to the Law may waive the receipt thereof, in advance or retroactively, for a particular case or in general, and once he has done so the notice shall be deemed to have been duly given, and any proceedings or act in respect of which the notice should have been given shall be deemed valid and abiding.
170. Written confirmation signed by a director or by the Company's secretary regarding the dispatch of a document or the grant of notice in one of the manners specified herein shall be deemed conclusive proof in respect of any detail included therein.
171. Whenever is it necessary to give prior notice of a number of days or notice which is valid for a particular period, the day of delivery shall be taken into account in reckoning the number of days or the period, unless otherwise determined. If notice is given in more than one of the manners specified above, it shall be deemed to have been received on the earliest date on which it is deemed to have been delivered, as provided above.

Re-Organization

173. Subject to the provisions of any law, whenever the Company wishes to sell its enterprise, or any part thereof (hereinafter referred to as "the enterprise") to another company (hereinafter referred to as "the other company"), the board of directors or the liquidators - where the Company is in liquidation - may, with the approval of the

Company's general meeting, in a resolution passed by a special majority, accept in consideration for the enterprise shares which have been fully or partially paid up or other securities of the other company, whether the other company exists at such time or is founded for the purpose of purchasing the enterprise as aforesaid, and the board of directors or the liquidators - in the case of liquidation - may, subject to the provisions of any law, distribute amongst the shareholders (or deposit for them with trustees) shares, securities, collateral or any other property of the Company without realizing them.

Capitalization

174. Subject to the provisions of any law, if the enterprise or any part thereof is transferred to another Company as provided in article 173 above, the Company may, with the approval of the Company's general meeting, by a special majority, distribute or allocate the shares, securities, collateral, cash, benefits or other property of the Company in a manner different to that in which they should have been distributed or allocated in accordance with the precise legal rights of the Company's shareholders. However, where shares of the Company, all of them or any part thereof, are bearer shares or shares listed for trade on a stock exchange, the distribution or allocation shall be effected in accordance with the legal rights of the shareholders, as precisely as possible.
175. In order to perform the provisions of articles 173 and 174 above, the general meeting may, in a resolution passed by a special majority, instruct that the shares, other securities, collateral, benefits and other property of the Company, be valued in the manner and at the price resolved by the Company.

Winding Up

176. Without derogating from the liquidator's authority pursuant to section 334 of the Ordinance and subject to the rights attached to the classes of shares issued by the Company, if the Company is wound up, voluntarily or otherwise, its assets remaining after the discharge of all its obligations shall be distributed amongst the shareholders pro rata to the nominal value of their shares without having regard to any premium paid thereon.
177. With regard to article 176 above, anyone who has submitted an application for shares and the shares have not yet been allotted to him, shall be deemed to have been allotted, prior to the winding up, the shares included in his application, and the amount paid on account of the nominal value of such shares shall be deemed to have been paid in respect thereof.
178. Subject to the provisions of any law, the liquidator may, pursuant to a resolution of the general meeting passed by a special majority, distribute the surplus assets or any part thereof amongst the shareholders in specie, and the liquidator may, pursuant to a resolution of the general meeting passed by a special majority, deposit any part of the surplus assets with trustees who shall hold them on trust in favor of the shareholders, as the liquidator deems fit. For the purpose of distributing the surplus assets in specie, the liquidator may determine the proper value of the assets available for distribution and decide how the distribution will be effected amongst the shareholders having regard to the rights attached to the various classes of shares in the Company which are held by them.

פרק 5' - תמורת ההנפקה וייעודה

תמורת ההנפקה וייעודה

5. 1

בהתאם להוראות תקנה 25א(א) לתקנות פרטי תשקיף, הפרטים הקבועים בפרק ו' לתקנות פרטי התשקיף, "פרטים שיכללו בתשקיף על השימוש בתמורת ניירות הערך המוצעים", יובאו במסגרת דוח הצעת המדף על-פיו יוצעו ניירות הערך הרלוונטיים.

יגאל ארנון (1929-2014)
דרור וינצור
רמי קוק
נירה קוריצקי
עמליה משי
אמנון לורד
ערן ארין
חגי שמואלי
ברי לבנפלד
דוד שפירא
חגית בבלי
אורנה ששון
ברק טל
שירי שחם
דורון תמיר
דניאל אברבנאל
דוד אוסבורן
גיל אורן
רונית אמיר
אורלי ציוני
מרדכי בייץ
ברק פלאט
בנימין חורף
אסף אילון
דניאל מרקוביץ
אדריאן דניאלס
יובל שלהבת
יעקב בן-שטרית
פיטר שגורמן
בן סנדלר
בעז פויל
יורי קרייסברג
סיימון וינטרוב
רות לובן
ירוש ורפס
אדם שפרן
יובל ברניל
אלירן פורמן
צחי זך
ערן לפפרט
אופיר לוי
דניאל גרין
חניטל בלינסון
אורן רוט
דרור רוטנ
אודית סידוי
שירה להט
עידו חיטמן
נעה אפיק
אריק ספינדל
ענר תפן
דוד אקריש
ניר רוזנר
אסף מסיקה
לירון הכהן
גיא פורר
עזרא גרוס
מיכל סגמון
יוכבד נובוגרודר
דוד רונס
הילה רוט
גיא שגיב
ניר פרידמן
מיכה טולמן
קרן טל
אלי גרינבאום
לי מאור
איתי קרמר
נטע גושן
שחר כהן
ליאור גלברד
נעם מאיר
רוני מוסרי
גיא לכמן
אייל יעקבי
דפנה ליבנה
דנה עופר
על הפלך
שניא שיר
ליכר גרימברג
רון גוטמן
עדי סמואל
דניאל דמבוריץ
שלומי שניידר
ליעד ורצהייר
אלונה טולדנו
איל בן יצחק
עדי טל
נמרד ורמן
יוליה לובין
יהושע ליברמן
דנה הלר
ליאת פילרסדורף
אורלי רוטנברג
אבי אנושי
שי פחימה
מיכאל קרן
יפעת ליפמן
סיון דותן
פתלי ניר
יונתן שטרק
תומר בן-נתן
יואל ברוכין
אבן שנדלר
איל אייכל
שחר עזראלי
יונת אפריאט
אידן רנב
יהודית ביטון
הגר מואב
אוהד שלם
גיתית אזולר
עמרי שניידר
רינת מיכאל
עדי אתר
איור קרומהולץ
דניאלה מילר
הראל סיני
גיא קורתני
גור קורן
שירה בליימן
עדי דניאל
דפנה שחם
מרים פרידמן
איתמר ליפנר
ריקי ניומן
רוני אוסבורן
אורטל גוורי
רעות שדה
יהושע הירש
טליה בן ששון-גורדיס
רועי ששון
בן פרגקי
ניר דודניצקי
נועה סלביץ
גיא פטאל
הראל אורן
שקד חוטר
שני לרדן
טל זחבי
אירה בורשטיין
אליחי ביטר
אמיר ויזר
איתמר כהן
שי מרגלית
יוסי פאלוך
אופיר שורץ
מיטל זינגר
יונתן וויטפילד
אליה וילסון
שירה טייגר
רחל לרמן
רביד סער
דבי שליט
לאה אלכז

פול בריס (1934-2010)

פרק 6' - פרטים נוספים

6.1 חוות דעת עורך דין

החברה קיבלה את חוות הדעת המשפטית הבאה :

יגאל ארנון ושות'

עורכי-דין

9 במאי 2016

לכבוד

טאואר סמיקונדוקטור בע"מ (להלן: "החברה")

איזור התעשייה רמת גבריאל

מגדל העמק, 23105

א.ג.נ.,

הנדון: תשקיף מדף של החברה (להלן: "התשקיף")

לבקשתכם, הרינו לאשר כי הדירקטורים של החברה נתמנו כדין ושמותיהם נכללים בתשקיף.

אנו מסכימים כי חוות דעת זו תיכלל בתשקיף.

בכבוד רב,

עו"ד דיוויד שפירא

יגאל ארנון ושות', עורכי דין ונוטריון

6.2 מכתב הסכמה של רואי החשבון



9 במאי 2016

לכבוד

הדירקטוריון של טאואר סמיקונדקטור בע"מ

א.ג.ג.,

הנדון: הסכמה להכללה בתשקיף מדף של טאואר סמיקונדקטור בע"מ ("החברה")

הננו להודיעכם כי אנו מסכימים להכללה בדרך של הפניה בתשקיף המדף ("תשקיף המדף") של החברה של חוות דעת רואי החשבון שנחתמה על ידינו בתאריך 29 בפברואר 2016, המתייחסת לדוחות הכספיים המאוחדים של החברה והחברות המאוחדות שלה ליום 31 בדצמבר 2015 ולשנה שנסתיימה באותו מועד וכן לחוות דעתנו בקשר עם האפקטיביות של רכיבי הבקרה הפנימית על הדיווח הכספי של החברה לשנת 2014, אשר נכללה בדוח החברה על גבי טופס 20-F אשר הוגש על ידי החברה ל-U.S. Securities and Exchange Commission ביום 14 במאי 2015; וכן להכללת שמנו תחת הכותרת "experts" בתשקיף המדף.

מכתב זה ניתן לפי בקשת החברה ומיועד אך ורק להיכלל בתשקיף המדף של החברה, אשר יוגש לרשות ניירות ערך בישראל, והמיועד להתפרסם בחודש מאי 2016. בנוסף מכיוון שניירות הערך אשר יכול ויוצעו במסגרת תשקיף המדף לא נרשמו ולא ירשמו תחת ה Securities Act of 1933 - לא הגשנו את מכתב הסכמתנו זה תחת ה-Securities Act of 1933.

בכבוד רב,

בריטמן אלמגור זהר ושות'

רואי חשבון

פירמה חברה ברשת Deloitte Touche Tohmatsu limited

6.3 אגרת בקשה למתן היתר לפרסום תשקיף

בהתאם להוראות תקנה 4א לתקנות ניירות ערך (אגרת בקשה למתן היתר לפרסום תשקיף), התשנ"ה-1995, החברה שילמה לרשות לניירות ערך אגרת בקשה למתן היתר לפרסום תשקיף זה, ואולם, תוספת האגרה תשולם בעד ניירות הערך המוצעים במועד פרסום דוח הצעת המדף (ככל ויפורסם), בסכומים ובמועדים אשר נקבעו בתקנות האמורות.

6.4 עיון במסמכים

עותק מתשקיף זה, מההיתר לפרסומו, מכל חוות דעת או אישור הנזכרים בתשקיף זה וכן עותק ממסמכי ההתאגדות של החברה, ניתנים לעיון באתר ההפצה של רשות ניירות ערך שכתובתו הינה: www.magna.isa.gov.il ובמשרדה הרשום של החברה: איזור התעשייה רמת גבrial, מגדל העמק, 23105, בשעות העבודה הרגילות.

פרק 7 - חתימות

החברה

TOWER SEMICONDUCTOR LTD.

הדירקטורים

Amir Elstein
Chairman

Dana Gross
Director

Kalman Kaufman
Director

Rami Guzman
Director

Ilan Flato
Director