

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1 ON
FORM 20-F/A TO
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31,
2004

COMMISSION FILE NO. 0-24790

TOWER SEMICONDUCTOR LTD.

(Exact name of registrant as specified in its charter and translation of registrant's name into English)

Israel

(Jurisdiction of incorporation or organization)

Ramat Gavriel Industrial Park
P.O. Box 619, Migdal Haemek, Israel 23105
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

None

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Ordinary Shares, par value New Israeli Shekels 1.00 per share

(Title of Class)

Warrants

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

65,699,796 Ordinary Shares

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes No

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

EXPLANATORY NOTE

We are filing this Amendment No. 1 on Form 20-F/A to our Annual Report on Form 20-F in connection with the filing of certain exhibits. In accordance with Rule 12b-15 promulgated under the Securities Exchange Act of 1934, this Amendment No. 1 sets forth the complete text of "Item 19. Exhibits," as amended hereby, as well as the certifications required by Exchange Act Rules 13a-14(a) and 15d-14(a); no other Item of Form 20-F is being amended hereby.

ITEM 19. EXHIBITS

1.1 Articles of Association of the Registrant, approved by shareholders on November 14, 2000 (incorporated by reference to the correspondingly-numbered exhibit to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2000 (the "2000 Form 20-F"). (Pursuant to approvals by our shareholders, our Articles of Association provide for an authorized share capital of 250,000,000 divided into 250,000,000 shares).

2.1 Bank Warrants, dated January 18, 2001, between the Registrant and Bank Hapoalim B.M. and Bank Leumi Le-Israel B.M. (incorporated by reference to the correspondingly-numbered exhibit to the 2000 Form 20-F).

2.2 Registration Rights Agreement, dated January 18, 2001, by and between SanDisk Corporation, Israel Corporation, Alliance Semiconductor Ltd. and Macronix International Co., Ltd. (incorporated by reference to the correspondingly-numbered exhibit to the 2000 Form 20-F).

2.3 Terms of the Registrant's Convertible Debentures issued under an Indenture, dated January 22, 2002, (incorporated by reference to the summary of terms included under the caption "Description of the Debentures" in Exhibit C to the Registrant's Report on Form 6-K for January 2002 (No. 2), filed January 16, 2002 ("January 2002 Form 6-K")).

2.4 Terms of the Registrant's Options (Series 1) (incorporated by reference to the summary of terms included under the caption "Description of the Options" in Exhibit C to the January 2002 Form 6-K).

3.1 Consolidated Shareholders Agreement, dated January 18, 2001, by and between SanDisk Corporation, Israel Corporation, Alliance Semiconductor Ltd. and Macronix International Co., Ltd. (incorporated by reference to the correspondingly-numbered exhibit to the 2000 Form 20-F).

4.1 Share Purchase Agreement, dated July 4, 2000, by and between SanDisk Corporation and the Registrant (incorporated by reference to the correspondingly-numbered exhibit to the 2000 Form 20-F).

4.2 Additional Purchase Obligation Agreement, dated July 4, 2000, by and between SanDisk Corporation ("SanDisk") and the Registrant (incorporated by reference to the correspondingly-numbered exhibit to the 2000 Form 20-F).

4.3 Share Purchase Agreement, dated August 29, 2000, by and between Alliance Semiconductor Corporation ("Alliance") and the Registrant (incorporated by reference to the correspondingly-numbered exhibit to the 2000 Form 20-F).

4.4 Share Purchase Agreement, dated December 11, 2000, by and between QuickLogic Corporation ("QuickLogic") and the Registrant (incorporated by reference to the correspondingly-numbered exhibit to the 2000 Form 20-F).

4.5 Share Purchase Agreement, dated December 12, 2000, by and between Macronix International Co., Ltd. ("Macronix") and the Registrant (incorporated by reference to the correspondingly-numbered exhibit to the 2000 Form 20-F).

4.6 Share Purchase Agreement, dated December 12, 2000, between Israel Corporation and the Registrant (incorporated by reference to the correspondingly-numbered exhibit to the 2000 Form 20-F).

4.7 Additional Purchase Obligation Agreement, dated December 12, 2000, between Israel Corporation and the Registrant (incorporated by reference to the correspondingly-numbered exhibit to the 2000 Form 20-F).

4.8 Share Purchase Agreement, dated February 11, 2001, between The Challenge Fund — Etgar II and the Registrant (incorporated by reference to the correspondingly-numbered exhibit to the 2000 Form 20-F).

4.9 Facility Agreement, dated January 18, 2001, among the Registrant, Bank Hapoalim B.M. and Bank Leumi Le-Israel B.M. (the "Facility Agreement") (incorporated by reference to the correspondingly-numbered exhibit to the 2000 Form 20-F).

4.10 Design and Construction/Turn-Key Contract, dated August 20, 2000, among the Registrant, M+W Zander Holding GmbH, Meissner-Baran Ltd. and Baran Group Ltd. (incorporated by reference to the correspondingly-numbered exhibit to the 2000 Form 20-F).

4.11 Approval, dated December 31, 2000, of the Israeli Investment Center (Hebrew language document; a summary of the terms is included in the 2000 Form 20-F under the caption "Fab 2 Agreements" in "Item 5. Operating and Financial Review and Prospects") (incorporated by reference to the correspondingly-numbered exhibit to the 2000 Form 20-F).

4.12 Agreement between the Registrant and Saifun, dated October 9, 1997 (incorporated by reference to exhibit 1.1 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 1997).

4.13 Registrant's Non-Employee Director Share Option Plan 2000/3 (incorporated by reference to exhibit 4.5 to the Registrant's Registration Statement on Form S-8 No. 333-83204 ("Form S-8 No. 333-83204")).

4.14 Form of Grant Letter for Non-Employee Directors Share Option Plan 2001/4 (incorporated by reference to exhibit 4.9 to the Form S-8 No. 333-83204).

4.15 Form of Grant Letter for Non-Employee Directors Share Option Plan 2001/5 (incorporated by reference to exhibit 4.10 to the Form S-8 No. 333-83204).

4.16 Wafer Partner Conversion Agreements, dated September 2001, between the Registrant and each of SanDisk, Alliance and Macronix (incorporated by reference to the correspondingly-numbered exhibit to the 2001 Form 20-F).

4.17 Letter Agreement, dated November 29, 2001, among SanDisk, Alliance, Macronix, QuickLogic and the Registrant regarding the Utilization of Prepayments (incorporated by reference to the correspondingly-numbered exhibit to the 2001 Form 20-F).

4.18 Letter Agreements among Alliance, Macronix, QuickLogic, Israel Corp. and the Registrant and between SanDisk and the Registrant regarding Additional Wafer Partner Financing Date (incorporated by reference to the correspondingly-numbered exhibit to the 2001 Form 20-F).

4.19 Letter Agreement, dated November 15, 2001, among SanDisk, Alliance, Macronix, QuickLogic, ICTech and the Registrant regarding Amendment to Financing Plan (incorporated by reference to the correspondingly-numbered exhibit to the 2001 Form 20-F).

4.20 First Amendment, dated January 29, 2001, to the Facility Agreement (incorporated by reference to the correspondingly-numbered exhibit to the 2001 Form 20-F).

- 4.21 Second Amendment, dated January 10, 2002, to Facility Agreement (incorporated by reference to the correspondingly-numbered exhibit to the 2001 Form 20-F).
- 4.22 Third Amendment, dated March 7, 2002, to the Facility Agreement (incorporated by reference to the correspondingly-numbered exhibit to the 2001 Form 20-F).
- 4.23 Joint Development and Transfer and Cross License Agreement, dated May 2002, between the Registrant and a Japanese manufacturer (incorporated by reference to exhibit 10.3 to the Registrant's Registration Statement on Form F-2, No. 333-97043).
- 4.24 Technology License Agreement, dated April 7, 2000, between the Registrant and Toshiba Corporation (incorporated by reference to exhibit 10.4 to the Registrant's Registration Statement on Form F-2, No. 333-97043).
- 4.25 Technology Transfer License Agreement, dated September 2002, between Registrant and Motorola, Inc. (incorporated by reference to exhibit 10.5 to the Registrant's Registration Statement on Form F-2, No. 333-97043).
- 4.26 Fourth Amendment, dated April 29, 2002, to the Facility Agreement (incorporated by reference to the correspondingly-numbered exhibit to the 2002 Form 20-F).
- 4.27 Fifth Amendment dated September 18, 2002 to the Facility Agreement (incorporated by reference to the correspondingly-numbered exhibit to the 2002 Form 20-F).
- 4.28 Amendment to Fifth Amendment to the Facility Agreement, dated October 22, 2002, to the Facility Agreement (incorporated by reference to the correspondingly-numbered exhibit to the 2002 Form 20-F).
- 4.29 Letter Agreement, dated March 2002, among SanDisk, Alliance, Macronix, ICTech and Challenge Fund to advance Third and Fourth Milestone Payments (incorporated by reference to the correspondingly-numbered exhibit to the 2002 Form 20-F).

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- 4.30 Letter Agreement, dated July 2002, among SanDisk, Alliance, Macronix, and ICTech to exercise rights distributed in rights offering (incorporated by reference to the correspondingly-numbered exhibit to the 2002 Form 20-F).
- 4.31 Letter Agreement, dated March 2003, among SanDisk, Alliance, Macronix, ICTech, and the Registrant (incorporated by reference to the correspondingly-numbered exhibit to the 2002 Form 20-F).
- 4.32 Form of Rights Agent Agreement between the Registrant and American Stock Transfer & Trust Company (including form of Rights Certificate) (incorporated by reference to exhibit 4.1 to the Registrant's Registration Statement on Form F-2, No. 333-97043).
- 4.33 Form of Warrant Agreement between the Registrant and American Stock Transfer & Trust Company (including form of Warrant Certificate) (incorporated by reference to exhibit 4.2 to the Registrant's Registration Statement on Form F-2, No. 333-97043).
- 4.34 Reserved.
- 4.35 Investment Center Agreement related to Fab 1, dated November 13, 2001 (English translation of Hebrew original) (incorporated by reference to exhibit 10.2 to the Registrant's Registration Statement on Form F-2, No. 333-97043).
- 4.36 Development and License Agreement, dated March 31, 2002, between Virage Logic Corporation and the Registrant (incorporated by reference to the correspondingly-numbered exhibit to the 2002 Form 20-F).
- 4.37 Master Services and License Agreement, dated June 2002, between Artisan Components, Inc. and the Registrant (incorporated by reference to the correspondingly-numbered exhibit to the 2002 Form 20-F).
- 4.38 Seventh Amendment to the Facility Agreement, dated November 11, 2003, (incorporated by reference to Exhibit 99.1 of the Registrant's Report on Form 6-K filed on December 17, 2003).
- 4.39 Undertaking of The Israel Corporation Ltd., dated November 11, 2003, (incorporated by reference to Exhibit 99.2 of the Registrant's Report on Form 6-K filed on December 17, 2003).
- 4.40 Undertaking of the Registrant, dated November 11, 2003 (incorporated by reference to Exhibit 99.3 of the Registrant's Report on Form 6-K filed on December 17, 2003).
- 4.41 Letter Agreement, dated November 11, 2003, by and among the Registrant, Israel Corporation Technologies, SanDisk Corporation, Alliance Semiconductor Corporation and Macronix International Co., Ltd. (incorporated by reference to Exhibit 99.4 of the Registrant's Report on Form 6-K filed on December 17, 2003).
- 4.42 Foundry Agreement, dated May 12, 2004, between the Registrant and Siliconix incorporated. (Portions of this exhibit have been omitted pursuant to a request for confidential treatment.) *

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- 4.43 Share Purchase Agreement, dated December 8, 2004, between the Registrant and the Purchasers named therein.
- 4.44 Agreement, dated December 31, 2004, by and among the Registrant and the Purchasers named therein.

4.45 Employee Share Option Plan 2004 (incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form S-8 No. 333-117565 ("Form S-8 No. 333-117565").

4.46 Form of Grant Letter to Israeli Employees (incorporated by reference to Exhibit 4.4 to Form S-8 No. 333-117565).

4.47 Form of Grant Letter to U.S. Employees (incorporated by reference to Exhibit 4.5 to Form S-8 No. 333-117565).

11.1 Code of Ethics, as amended. *

12.1 Certification by Acting Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

12.2 Certification by Acting Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

13.1 Certification by Acting Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

13.2 Certification by Acting Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

14.1 Consent of Brightman Almagor & Co. *

* Filed with the Registrant's Annual Report on Form 20-F for the fiscal year ended December 31, 2004 as originally filed on June 29, 2005.

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SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant certifies that it meets all the requirements for filing on Form 20-F and has duly caused this Amendment No. 1 to its Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized on this 24th day of October, 2005.

TOWER SEMICONDUCTOR LTD.

BY: /S/ Russell C. Ellwanger

Russell C. Ellwanger
Chief Executive Officer

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SHARE PURCHASE AGREEMENT

SHARE PURCHASE AGREEMENT, dated as of December 8, 2004 (this "AGREEMENT"), among Tower Semiconductor Ltd., a public company organized under the laws of the State of Israel (the "SELLER"), General Atlantic Partners (Bermuda), L.P., a Bermuda limited partnership ("GAP BERMUDA"), GapStar, LLC, a Delaware limited liability company ("GAPSTAR"), GAP Coinvestments III, LLC, a Delaware limited liability company ("GAPCO III"), GAP Coinvestments IV, LLC, a Delaware limited liability company ("GAPCO IV"), and GAPCO GmbH & Co. KG, a German limited partnership ("GAPCO KG" and, collectively, with GAP Bermuda, GapStar, GAPCO III and GAPCO IV, the "PURCHASERS").

WHEREAS, upon the terms and conditions set forth in this Agreement, the Seller proposes to sell to each Purchaser the aggregate number of Ordinary Shares and Preferred Shares (as each term is defined below) of Saifun Semiconductors Ltd., a private company organized under the laws of the State of Israel (the "COMPANY"), set forth opposite such Purchaser's name on SCHEDULE 2.1 hereto at the Price Per Share (as defined below).

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 DEFINITIONS. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings indicated:

"AFFILIATE" means, with respect to a specified Person, a Person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified.

"AGGREGATE PURCHASE PRICE" means the Price Per Share multiplied by the Purchased Shares.

"AGREEMENT" means this Agreement as the same may be amended, supplemented or modified in accordance with the terms hereof.

"ARTICLES OF ASSOCIATION" means the Articles of Association of the Company as in effect on the date hereof, as amended from time to time.

"BOARD OF DIRECTORS" means the Board of Directors of the Company.

"BUSINESS DAY" means any day other than a Saturday, Sunday or other day on which commercial banks in the State of Israel or the State of New York are authorized or required by law or executive order to close.

"CLAIMS" means any actions, suits, proceedings, claims, complaints, disputes, arbitrations or investigations.

"CLOSING" has the meaning set forth in Section 2.3 of this Agreement.

"CLOSING DATE" has the meaning set forth in Section 2.3 of this Agreement.

"COMPANY" has the meaning set forth in the recitals to this Agreement.

"CONTRACTUAL OBLIGATIONS" means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument to which such Person is a party or by which it or any of its property is bound.

"CONTROL" (including the terms "CONTROLLING," "CONTROLLED BY" and "UNDER COMMON CONTROL WITH") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

"\$" means United States dollars.

"GAP BERMUDA" has the meaning set forth in the preamble to this Agreement.

"GAPCO III" has the meaning set forth in the preamble to this Agreement.

"GAPCO IV" has the meaning set forth in the preamble to this Agreement.

"GAPCO KG" has the meaning set forth in the preamble to this Agreement.

"GAPSTAR" has the meaning set forth in the preamble to this Agreement.

"GOVERNMENTAL AUTHORITY" means the government of any nation, state, city, locality or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"INDEMNIFIED PARTY" has the meaning set forth in Section 7.1(a) of this Agreement.

"INDEMNIFYING PARTY" has the meaning set forth in Section 7.1(a) of this Agreement.

"IPO" has the meaning set forth in Section 2.2 of this Agreement.

"IPO PRICE" means the final price per share (net of underwriters' discounts and commissions) of the Ordinary Shares offered in the IPO as stated in the final prospectus relating to the IPO.

"LIEN" means any mortgage, deed of trust, pledge, hypothecation, assignment, encumbrance, voting restriction (statutory or other), lien (statutory or other) or preference, priority, right or other security interest or preferential arrangement of any kind or nature whatsoever.

"LOSSES" has the meaning set forth in Section 7.1 of this Agreement.

"MAJOR SHAREHOLDERS" has the meaning set forth in the Articles of Association.

"NIS" means New Israeli Shekels.

"ORDERS" has the meaning set forth in Section 3.2 of this Agreement.

"ORDINARY SHARES" means the Ordinary Shares of nominal value NIS 0.01 each of the Company.

"PERSON" means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company, Governmental Authority or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

"PREFERRED SHARES" means the Series B Preferred Shares of nominal value NIS 0.01 each of the Company.

"PRICE PER SHARE" means the higher of (i) \$14.00; or (ii) the price per share at which any of the Purchasers and/or their Affiliates, prior to Closing, enter into a written agreement to purchase, or receive the right to purchase, securities of the Company (subject to adjustment for share splits, share combinations, share dividends, share bonus issuances, recapitalizations, reorganizations and the like).

"PURCHASED SHARES" means an aggregate of 2,704,024 Ordinary Shares and 58,608 Preferred Shares.

"PURCHASERS" has the meaning set forth in the preamble to this Agreement.

"REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement, dated as of October 2, 2000 by and among the Company, Mr. Boaz Eitan and the Investors listed on Schedule A thereto.

"REQUIREMENT OF LAW" means, as to any Person, any law, statute, treaty, rule, regulation, right or determination of an arbitrator or a court or other Governmental Authority or stock exchange (including, without limitation, the Companies Law, 5759-1999, of the State of Israel), in each case applicable or binding upon such Person or any of its property or to which such Person or any of its property is subject or pertaining to any or all of the transactions contemplated or referred to herein.

"RIGHTS OF FIRST REFUSAL" means the rights of first refusal in favor of the Major Shareholders as set forth in Articles 35 through 42 (inclusive) of the Articles of Association to purchase all of the Purchased Shares proposed to be sold to the Purchasers under this Agreement.

"SALE" means (a) (i) the merger, reorganization or consolidation of the Company into or with one or more Persons, (ii) the merger or consolidation of one or more Persons into or with the Company or (iii) a tender offer or other business combination or series of related business combinations, if, in the case of (i), (ii) or (iii), the shareholders of the Company prior to the transaction do not retain at least a majority of the voting power of the surviving Person or (b) the sale by the Company to another Person of all or substantially all of the assets of the Company.

"SALE BY PURCHASER" means the sale of any or all of the Purchased Shares by any Purchaser or Purchasers to a third party, excluding (i) any such sale consummated in connection with a Sale and (ii) any sale, transfer or other disposition of any of the Purchased Shares to any Affiliate of such Purchaser or Purchasers, provided however that the sale by such Purchaser or Purchasers or any of its or their Affiliates of the first 2,762,632 shares of the Company sold after the Closing Date shall be deemed a sale of Purchased Shares for the purposes of this definition.

"SALE BY PURCHASER PRICE" means, with respect to any Sale By Purchaser, the cash price paid in consideration of each Purchased Share in the Sale By Purchaser, PROVIDED that if any portion of the consideration paid in such Sale By Purchaser is other than cash, the calculation of the price per share of such non-cash consideration shall be mutually agreed upon by the parties or, in the event the parties are unable to reach agreement on a price per share, by a mutually agreed upon internationally recognized appraiser.

"SALE PRICE" means, with respect to any Sale, the cash price per share paid in consideration of each Purchased Share by the surviving Person; PROVIDED that if any portion of the consideration paid in such Sale is other than cash, the calculation of the cash price per share of such non-cash consideration shall be determined by (i) the internationally recognized investment banking firm retained by the Company to deliver a fairness opinion to the Board of Directors with respect to such Sale, if so retained, or (ii) the Company's Board of Directors, if the Company does not retain such investment banking firm.

"SECURITIES ACT" means the United States Securities Act of 1933, as amended, and the rules and regulations of the United States Securities and Exchange Commission thereunder.

"SELLER" has the meaning set forth in the preamble to this Agreement.

"SHARE DEEDS" has the meaning set forth in Section 2.4(a)(i) of this Agreement.

"SHAREHOLDERS RIGHTS AGREEMENT" means the Shareholders Rights Agreement, dated as of October 2, 2000, by and among the Company and the Shareholders listed on Schedule A thereto.

"TRANSACTION DOCUMENTS" means this Agreement and the Share Deeds.

"TRIGGER EVENT" has the meaning set forth in Section 2.2.

"TRIGGER EVENT PRICE" has the meaning set forth in Section 2.2.

ARTICLE II

PURCHASE AND SALE OF ORDINARY SHARES AND PREFERRED SHARES

2.1 PURCHASE AND SALE OF ORDINARY SHARES AND PREFERRED SHARES. Subject to the terms and conditions herein set forth, the Seller agrees to sell to each Purchaser, and each Purchaser, jointly and not severally, agrees to purchase from the Seller on the Closing Date the Purchased Shares at the Price Per Share (as the Purchased Shares and Aggregate Purchase Price are allocated among the Purchasers on SCHEDULE 2.1 and subject to adjustment for share splits, share combinations, share dividends, share bonus issuances, recapitalizations, reorganizations and the like).

2.2 ADDITIONAL PAYMENT. Upon each occurrence of any of the following: (i) the pricing in the final prospectus relating to the Company's initial public offering of its Ordinary Shares (the "IPO") pursuant to an effective registration statement under the Securities Act, (ii) the Company's execution of a definitive and binding agreement relating to a Sale, or (iii) any Purchaser's execution of a definitive and binding agreement relating to a Sale By Purchaser (each of the foregoing clauses (i), (ii), and (iii)), a "TRIGGER EVENT", the Purchasers will pay the Seller on the closing date of the IPO, Sale or Sale By Purchaser, as the case may be, by wire transfer of immediately available funds to a United States dollar account designated by the Seller, an amount equal to the excess of (A) the product of (I) the product of 10% multiplied by the number of Purchased Shares (subject to anti-dilution adjustment after the date hereof for share splits, share combinations and similar events) multiplied by (II) the difference between (x) either the IPO Price, the Sale Price, or the Sale By Purchaser Price, as the case may be (the price in such Trigger Event is referred to as the "TRIGGER EVENT PRICE"), minus (y) the Price Per Share (subject to anti-dilution adjustment after the date hereof for share splits, share combinations and similar events) minus (B) any previous payments made by the Purchasers to the Seller pursuant to this Section 2.2 as a result of a Trigger Event (subject to anti-dilution adjustment after the date hereof for share splits, share combinations and similar events); PROVIDED, however, that (A) subject to the fulfillment of (B) below, this Section 2.2 shall terminate and be of no further effect on and after September 1, 2005, (B) the Seller is entitled to payment under this Section 2.2 upon the occurrence of each Trigger Event prior to September 1, 2005, (C) this Section 2.2 shall have no effect if the Price Per Share (subject to anti-dilution adjustment after the date hereof for share splits, share combinations and similar events) is greater than or equal to the Trigger Event Price and (D) in the event of the occurrence of more than one (1) Trigger Event prior to September 1, 2005, this Section 2.2 shall have no effect for such subsequent Trigger Event only if the Trigger Event Price of such subsequent Trigger Event is less than or equal to the Trigger Event Price of any previous Trigger Event or of the Price Per Share. For the avoidance of doubt and subject to the limitation provided in the definition of "Sale By Purchaser", this Section 2.2 shall not apply to any securities of the Company purchased by the Purchasers or any of their Affiliates after the Closing.

2.3 CLOSING. Unless this Agreement shall have been terminated pursuant to Article IX, and subject to the satisfaction or waiver of the conditions set forth in Articles V and VI, the closing of the sale and purchase of the Purchased Shares (the "CLOSING") shall take place at the offices of Naschitz, Brandes & Co., the Purchasers' Israeli counsel, at 10:00 a.m., local time, on the first Business Day after the eighth day following the date upon which the conditions set forth in Articles V and VI shall be satisfied or waived in accordance with this Agreement, or at such other time, place and date that the Seller and the Purchasers may agree in writing (the "CLOSING DATE").

2.4 DELIVERIES.

(a) SELLER DELIVERIES. On the Closing Date, the Seller shall make the following deliveries to the Purchasers:

(i) The Seller shall deliver to each Purchaser a duly executed Deed of Transfer of Shares governing the sale of the Purchased Shares being purchased by such Purchaser from the Seller (collectively, the "SHARE DEEDS").

(ii) The Seller shall deliver to the Purchasers a certificate executed by the Chief Executive Officer of the Seller, in form and substance satisfactory to the Purchasers, dated the Closing Date, certifying that the representations and warranties of the Seller contained in Article III hereof are true and correct in all respects at and on the date hereof and the Closing Date and that the Seller has performed and complied with all covenants and obligations of the Seller under this Agreement.

(iii) The Seller shall deliver to the Purchasers evidence reasonably satisfactory to the Purchasers that the transfer of the Purchased Shares to the Purchasers has been duly registered in the shareholder register of the Company.

(b) PURCHASERS DELIVERIES. On the Closing Date, the Purchasers shall deliver to the Seller the Aggregate Purchase Price by wire transfer of immediately available funds to a United States dollar account designated by the Seller.

(c) JOINT DELIVERIES. On the Closing Date, the Seller and the Purchasers will make the following deliveries:

(i) The Seller and each Purchaser shall deliver to the Company the Share Deeds with respect to the Purchased Shares, in each case executed by the Seller and the applicable Purchaser.

(ii) The Seller and each Purchaser shall deliver to the Company the approval of the Investment Center of the transactions contemplated by this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller hereby represents and warrants to each of the Purchasers as follows:

3.1 EXISTENCE AND POWER. The Seller (a) is a company duly organized and validly existing under the laws of the State of Israel, and (b) has all requisite company power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Transaction Documents.

3.2 AUTHORIZATION; NO CONTRAVENTION. The execution, delivery and performance by the Seller of this Agreement and each of the other Transaction Documents, (a) have been duly authorized by all necessary company action, (b) do not contravene the terms of the Seller's organizational documents, or any amendment thereof, (c) do not violate, conflict with or result in any breach or contravention of, or the creation of any Lien under, any Contractual Obligation of the Seller, except for the Rights of First Refusal, or any Requirement of Law of or in Israel or the United States applicable to the Seller and (d) do not violate any judgment, injunction, suit, award, decree or order of any nature of any Governmental Authority (collectively, "ORDERS") against, or binding upon, the Seller.

3.3 TITLE TO PURCHASED SHARES. The Seller owns beneficially and of record the Purchased Shares and has good and valid title to the Purchased Shares free and clear of all Liens, subject to the Rights of First Refusal as of the date hereof. Except for the Rights of First Refusal, the Seller has the unrestricted power and authority to transfer the Purchased Shares to the Purchasers. Upon delivery to the Purchasers of the Share Deeds and payment therefor, the Purchasers shall acquire good and valid title to such Purchased Shares free and clear of all Liens. The Purchased Shares represent all of the securities of the Company owned by the Seller and its Affiliates.

3.4 GOVERNMENTAL AUTHORIZATION; THIRD PARTY CONSENTS. No approval, consent, compliance, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person to which the Seller is subject, and no lapse of a waiting period under a Requirement of Law which is applicable to the Seller is necessary or required in connection with the execution, delivery or performance (including, without limitation, the sale and delivery of the Purchased Shares) by, or enforcement against, the Seller of this Agreement, each of the other Transaction Documents or the transactions contemplated hereby. The Seller understands that the transactions contemplated hereby may require the Company to receive the approval of the Investment Center, the receipt or waiver of which is a condition to Closing set forth in Article V.

3.5 BINDING EFFECT. This Agreement has been duly executed and delivered by the Seller, prior to the Closing the Share Deeds will have been duly executed and delivered by the Seller, and this Agreement constitutes, and the Share Deeds will constitute, the legal, valid and binding obligations of the Seller, enforceable against the Seller in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity relating to enforceability (regardless of whether considered in a proceeding at law or in equity).

3.6 LITIGATION. There are no actions, suits, proceedings, claims, complaints, disputes, arbitrations or investigations pending or, to the knowledge of the senior officers of the Seller, threatened, at law, in equity, in arbitration or before any Governmental Authority against the Seller purporting to enjoin or restrain the execution, delivery or performance by the Seller of this Agreement or any of the other Transaction Documents.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each of the Purchasers hereby represents and warrants, severally and not jointly, to the Seller as follows:

4.1 EXISTENCE AND POWER. Such Purchaser (a) is a limited liability company or limited partnership, as the case may be, duly organized and validly existing under the laws of the jurisdiction of its formation and (b) has the requisite limited partnership or limited liability company, as the case may be, power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Transaction Documents.

4.2 AUTHORIZATION; NO CONTRAVENTION. The execution, delivery and performance by such Purchaser of this Agreement and each of the other Transaction Documents (a) have been duly authorized by all necessary limited partnership or limited liability company, as the case may be, action, (b) do not contravene the terms of such Purchaser's organizational documents, or any amendment thereof, (c) do not violate, conflict with or result in any breach or contravention of, or the creation of any Lien under, any Contractual Obligation of such Purchaser or any Requirement of Law of or in Israel or the United States applicable to such Purchaser and (d) do not violate any Orders of any Governmental Authority against, or binding upon, such Purchaser.

4.3 GOVERNMENTAL AUTHORIZATION; THIRD PARTY CONSENTS. No approval, consent, compliance, exemption, authorization or other action by, or notice to, or filing with, any Governmental Authority or any other Person to which such Purchaser is subject, and no lapse of a waiting period under any Requirement of Law which is applicable to such Purchaser, is necessary or required in connection with the execution, delivery or performance (including, without limitation, the purchase of the Purchased Shares being purchased by such Purchaser pursuant to Section 2.1) by, or enforcement against, such Purchaser of this Agreement, each of the other Transaction Documents or the transactions contemplated hereby. Each Purchaser understands that the transactions contemplated hereby may require the Company to receive the approval of the Investment Center, the receipt or waiver of which is a condition to the Closing set forth in Article V.

4.4 BINDING EFFECT. This Agreement has been duly executed and delivered by such Purchaser and constitutes the legal, valid and binding obligation of such Purchaser, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability (regardless of whether considered in a proceeding at law or in equity).

4.5 LITIGATION. There are no actions, suits, proceedings, claims, complaints, disputes, arbitrations or investigations pending or, to the knowledge of such Purchaser, threatened, at law, in equity, in arbitration or before any Governmental Authority against such Purchaser purporting to enjoin or restrain the execution, delivery or performance by such Purchaser of this Agreement or any of the other Transaction Documents.

4.6 ACCREDITED INVESTOR. Such Purchaser is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act. Each Purchaser acknowledges that the Seller is not providing such Purchaser with any representation or warranty concerning the business, operations, financial performance or prospects of the Company. Each Purchaser has conducted its own independent review of the business, operations, financial performance and prospects of the Company and has determined to purchase the Purchased Shares solely on the basis of such review.

4.7 LOCK-UP. In order to induce the Seller to sell the Purchased Shares to the Purchasers, the Purchasers are agreeing with the Company not to sell, transfer, assign or otherwise dispose of seventy-five percent (75%) of the Purchased Shares for eighteen (18) months following the Closing, subject to certain exceptions agreed upon by the Company and the Purchasers.

ARTICLE V

CONDITIONS TO THE OBLIGATION OF THE PURCHASERS TO CLOSE

The obligation of the Purchasers to purchase the Purchased Shares, to pay the Aggregate Purchase Price at the Closing and to perform their other obligations hereunder shall be subject to the satisfaction as determined by, or waiver by, the Purchasers of the following conditions on or before the Closing Date:

5.1 REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Seller contained in Article III shall be true and correct in all respects.

5.2 SELLER'S PERFORMANCE.

(a) All of the covenants and obligations that the Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been duly performed and complied with in all respects.

(b) Each document required to be delivered by the Seller pursuant to Sections 2.4(a) and 2.4(c) shall have been delivered.

5.3 WAIVER OF RIGHTS OF FIRST REFUSAL. Either (a) all the Major Shareholders shall have waived in writing their Rights of First Refusal with respect to all of the Purchased Shares, (b) the twenty-one (21) day notice period under Article 38 of the Articles of Association relating to the Rights of First Refusal shall have expired without the Major Shareholders having elected to exercise their Rights of First Refusal with respect to all of the Purchased Shares or (c) the Seller shall have complied with Articles 35 through 42 (inclusive) of the Articles of Association and none of the Major Shareholders shall have any right to purchase any of the Purchased Shares. Each Purchaser acknowledges that any waiver by the Purchasers of the condition set forth in the foregoing clauses (a) and (b) shall not limit the obligation of the Seller to comply with the Rights of First Refusal. If pursuant to the Rights of First Refusal the Seller is obligated to transfer all of the Purchased Shares to the Major Shareholders, notwithstanding anything to the contrary in this Agreement, the Purchasers shall have no recourse against the Seller as a result of the Seller's sale of all of the Purchased Shares to the Major Shareholders so long as such sale is on the same terms and conditions as set forth herein.

5.4 NO MATERIAL JUDGMENT OR ORDER. There shall not be on the Closing Date any Order of a court of competent jurisdiction or any ruling of any Governmental Authority or any condition imposed under any Requirement of Law which would prohibit or restrict (i) the purchase of the Purchased Shares or (ii) the consummation of the transactions contemplated by this Agreement.

5.5 CONSENTS AND APPROVALS.

(a) All approvals of the Investment Center which are necessary or required in connection with the performance or consummation of the transactions contemplated by this Agreement, shall have been obtained and be in full force and effect.

(b) All other consents, exemptions, authorizations, or other actions by, or notice to, or filings with, Governmental Authorities and other Persons in respect of all Requirements of Law which are necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Seller of this Agreement and each of the other Transaction Documents shall have been obtained and be in full force and effect, except for the filing with the Israeli Registrar of Companies concerning the transfer of the Purchased Shares, and the Purchasers shall have been furnished with appropriate evidence thereof and all applicable waiting periods relating thereto shall have expired.

ARTICLE VI

CONDITIONS TO THE OBLIGATION
OF THE SELLER TO CLOSE

The obligation of the Seller to sell the Purchased Shares and to perform its other obligations hereunder shall be subject to the satisfaction as determined by, or waiver by, the Seller of the following conditions on or before the Closing Date:

6.1 REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Purchasers contained in Article IV shall be true and correct in all respects.

6.2 PURCHASERS' PERFORMANCE.

(a) All of the covenants and obligations that the Purchasers are required to perform or to comply with pursuant to this Agreement at or prior to the Closing shall have been duly performed and complied with in all respects.

(b) The Purchasers shall be prepared to deliver the Aggregate Purchase Price for the Purchased Shares in accordance with Section 2.4(b) and each document required to be delivered by the Purchasers pursuant to Section 2.4(c) shall have been delivered.

ARTICLE VII

INDEMNIFICATION

7.1 INDEMNIFICATION.

(a) Except as otherwise provided in this Article VII and subject to the limitations set forth in this Section 7.1, the Seller (the "INDEMNIFYING PARTY") agrees to indemnify, defend and hold harmless each of the Purchasers and its Affiliates and their respective officers, directors, agents, employees, subsidiaries, partners, members and controlling persons (each, an "INDEMNIFIED PARTY") to the fullest extent permitted by law from and against any and all losses, Claims, or written threats thereof (including, without limitation, Claims by a third party), damages, expenses (including reasonable fees, disbursements and other charges of counsel incurred by any Indemnified Party in any action between the Indemnifying Party and any Indemnified Party or between any Indemnified Party and any third party or otherwise) or other liabilities (collectively, "LOSSES") resulting from or arising out of any breach of any representation or warranty, covenant or agreement by the Seller in the Transaction Documents. The maximum amount of indemnification and contribution payments made by the Seller to all Indemnified Parties under this Section 7.1 shall not exceed, in the aggregate, the sum of (i) the Aggregate Purchase Price plus (ii) any reasonable expenses (including reasonable fees, disbursements and other charges of counsel incurred by any Indemnified Party in any action between the Indemnifying Party and any Indemnified Party or between any Indemnified Party and any third party or otherwise) resulting from or arising out of any breach of any representation or warranty, covenant or agreement by the Seller in the Transaction Documents.

(b) In connection with the obligation of the Indemnifying Party to indemnify for expenses relating to any action between any Indemnified Party and any third party other than the Indemnifying Party as set forth above, the Indemnifying Party shall, upon presentation of appropriate invoices containing reasonable detail, reimburse each Indemnified Party for all such reasonable expenses (including reasonable fees, disbursements and other charges of counsel incurred by such Indemnified Party in any action between the Indemnified Party and any third party) as they are incurred by such Indemnified Party; PROVIDED, however, that if an Indemnified Party is reimbursed under this Article VII for any expenses, such reimbursement of expenses shall be refunded to the Indemnifying Party to the extent it is finally judicially determined that the Indemnified Party is not entitled to indemnification from the Indemnifying Party under this Article VII. In connection with the obligation of the Indemnifying Party to indemnify for expenses relating to any action between the Indemnifying Party and the Indemnified Party as set forth above, the Indemnifying Party shall, within ten (10) Business Days of the later of: (i) a final judicial determination or a final settlement between the Indemnifying Party and the Indemnified Party, in which the Indemnified Party is entitled to indemnification from the Indemnifying Party under this Article VII and (ii) presentation of appropriate invoices containing reasonable detail, reimburse each Indemnified Party for all such reasonable expenses (including reasonable fees, disbursements and other charges of counsel incurred by such Indemnified Party in any action between such Indemnified Party and the Indemnifying Party) in full to the Indemnifying Party.

7.2 NOTIFICATION. Each Indemnified Party under this Article VII shall, promptly after the receipt of notice of the commencement of any Claim or any other action against such Indemnified Party in respect of which indemnity may be sought from the Indemnifying Party under this Article VII, notify the Indemnifying Party in writing of the commencement thereof. The omission of any Indemnified Party to so notify the Indemnifying Party of any such action shall not relieve the Indemnifying Party from any liability which it may have to such Indemnified Party under this Article VII unless, and only to the extent that, such omission results in the Indemnifying Party's forfeiture of substantive rights or defenses. In case any such Claim shall be brought against any Indemnified Party, and it shall notify the Indemnifying Party of the commencement thereof, the Indemnifying Party shall be entitled to assume the defense thereof at its own expense, with counsel satisfactory to such Indemnified Party in its reasonable judgment; PROVIDED, HOWEVER, that any Indemnified Party may, at its own expense, retain separate counsel to participate in such defense. Notwithstanding the foregoing, in any Claim in which both the Indemnifying Party, on the one hand, and an Indemnified Party, on the other hand, are, or are reasonably likely to become, a party, such Indemnified Party shall have the right to employ separate counsel and to control its own defense of such Claim if, in the reasonable opinion of counsel to such Indemnified Party, either (x) one or more defenses are available to such Indemnified Party that are not available to the Indemnifying Party or (y) a conflict or potential conflict exists between such Indemnifying Party, on the one hand, and such Indemnified Party, on the other hand, that would make such separate representation advisable; PROVIDED, HOWEVER, that the Indemnifying Party (i) shall not be liable for the fees and expenses of more than one counsel to all Indemnified Parties and (ii) shall reimburse the Indemnified Parties for all of such reasonable fees and expenses of such counsel (x) incurred in any action between the Indemnifying Party and the Indemnified Parties, following the final judicial determination or final settlement of such action as set forth in Section 7.1(a) and (y) incurred in any action between the Indemnified Parties and any third party, as such expenses are incurred. The Indemnifying Party agrees that it will not, without the prior written consent of the Purchasers, settle, compromise or consent to the entry of any judgment in any pending or threatened Claim relating to the matters contemplated hereby (if any Indemnified Party is a party thereto or has been actually threatened to be made a party thereto) unless such settlement, compromise or consent includes an unconditional release of each Indemnified Party from all liability arising or that may arise out of such Claim. The Indemnifying Party shall be liable for any settlement of any Claim effected against an Indemnified Party without its written consent, which consent shall not be unreasonably withheld.

7.3 CONTRIBUTION. If the indemnification provided for in this Article VII from the Indemnifying Party is unavailable to an Indemnified Party hereunder in respect of any Losses referred to herein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and such Indemnified Party in connection with the actions which resulted in such Losses, as well as any other relevant equitable considerations. The relative faults of the Indemnifying Party and such Indemnified Party shall be determined by reference to, among other things, whether any action in question has been made by, or relates to information supplied by, the Indemnifying Party or such Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the Losses referred to above shall be deemed to include, subject to the limitations set forth in Sections 7.1 and 7.2, any legal or other fees, charges or expenses reasonably incurred by such party in connection with any investigation or proceeding.

7.4 EXCLUSIVE REMEDY. Except in the case of fraud or willful or intentional misconduct, the indemnification and contribution rights accorded to an Indemnified Party under this Article VII shall be the exclusive remedy of the Indemnified Parties; PROVIDED, however, that notwithstanding the foregoing or anything to the contrary contained in this Agreement, nothing in this Article VII shall restrict or limit any rights that any Indemnified Party may have to seek equitable relief.

ARTICLE VIII

COVENANTS

8.1 ASSIGNMENT UNDER REGISTRATION RIGHTS AGREEMENT. Pursuant to Paragraph 11 of the Registration Rights Agreement, effective as of the Closing the Seller hereby assigns to each Purchaser all of the Seller's rights and obligations under the Registration Rights Agreement with respect to the Purchased Shares being purchased by such Purchaser from the Seller. Without limiting the foregoing, the Seller shall within twenty (20) days of the date hereof (i) furnish the Company with written notice of the name and address of each Purchaser and (ii) furnish the Company with written notice of the assignment of registration rights with respect to the Purchased Shares.

8.2 ASSIGNMENT UNDER SHAREHOLDERS RIGHTS AGREEMENT. Effective as of the Closing the Seller hereby assigns to each Purchaser all of the Seller's rights and obligations under the Shareholders Rights Agreement with respect to the Purchased Shares being purchased by such Purchaser from the Seller or otherwise.

8.3 NO OTHER SALES. The Seller hereby covenants and agrees that it shall not sell or agree to sell, directly or indirectly, whether pursuant to Article 40 of the Articles of Association or otherwise, any of the Purchased Shares to any Major Shareholder or any other Person unless required to do so pursuant to the exercise by the Major Shareholder(s) of the Rights of First Refusal with respect to all of the Purchased Shares.

8.4 SATISFACTION OF CONDITIONS. The Seller shall take all actions reasonably necessary to cause the conditions set forth in Sections 5.3 and 5.5 to be satisfied as promptly as practicable.

ARTICLE IX

TERMINATION OF AGREEMENT

9.1 TERMINATION. This Agreement may be terminated prior to the Closing as follows:

(a) at the election of the Seller or the Purchasers by written notice to the other parties hereto after 5:00 p.m., New York time, on January 17, 2005, if the Closing shall not have occurred, unless such date is extended by the mutual written consent of the Seller and the Purchasers; PROVIDED, however, that the right to terminate this Agreement under this Section 9.1(a) shall not be available to any party whose breach of any representation, warranty, covenant, condition or agreement under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date; or

(b) at any time on or prior to the Closing Date, by mutual written consent of the Seller and the Purchasers.

If this Agreement so terminates, it shall become null and void and have no further force or effect, except as provided in Section 9.2.

9.2 SURVIVAL. If this Agreement is terminated and the transactions contemplated hereby are not consummated as described above, then (a) this Agreement shall become void and of no further force and effect, except for the provisions of Article I, this Section 9.2 and Sections 10.2 through 10.10 (inclusive) and (b) none of the parties hereto shall have any liability for any damages (including, without limitation, actual, compensatory, speculative, indirect, unforeseeable or consequential damages or lost profits) resulting from any termination of this Agreement.

ARTICLE X

MISCELLANEOUS

10.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All of the representations and warranties made herein shall survive the execution and delivery of this Agreement until the second anniversary of the date hereof, except for the representation and warranty set forth in Section 3.3 which shall survive until the expiration of the applicable statute of limitations.

10.2 NOTICES. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first-class mail, return receipt requested, telecopier, email, courier service or personal delivery:

(a) if to any of the Purchasers:

c/o General Atlantic Service Corporation
3 Pickwick Plaza
Greenwich, CT 06830
Telecopy: (203) 622-8818
Email: ptrahanas@gapartners.com
mnimetz@gapartners.com
Attention: Philip P. Trahanas
Matthew Nimetz

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Telecopy: (212) 757-3990
Email: dcifu@paulweiss.com
Attention: Douglas A. Cifu, Esq.

(b) if to the Seller:

Tower Semiconductor Ltd.
Migdal Haemek Industrial
Post Office Box 619
Migdal Haemek, Israel 10056
Telecopy: 972-4-654-7788
Email: carmel@towersemi.com
Attention: Carmel Vernia

with a copy to:

Yigal Arnon & Co.
1 Azrieli Center
Tel Aviv 67021
Email: davids@arnon.co.il
Telecopy: 972-3-608-7714
Attention: David H. Schapiro

All such notices, demands and other communications shall be deemed to have been duly given (i) when delivered by hand, if personally delivered; (ii) one Business Day after being sent, if sent via a reputable nationwide overnight courier service guaranteeing next business day delivery; (iii) five (5) Business Days after being sent, if sent by registered or certified mail, return receipt requested, postage prepaid; and (iv) when receipt is mechanically acknowledged, if telecopied or electronically confirmed, if emailed. Any party may, by notice given in accordance with this Section 10.2, designate another address or Person for receipt of notices hereunder. Any party may give any notice, request, consent or other communication under this Agreement using any other means (including, without limitation, personal delivery, messenger service or first class mail), but no such notice, request, consent or other communication shall be deemed to have been duly given unless and until it is actually received by the party to whom it is given.

10.3 SUCCESSORS AND ASSIGNS; THIRD PARTY BENEFICIARIES. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto. Subject to applicable securities laws and the terms and conditions thereof, the Purchasers may assign any of their rights under this Agreement to any of their respective Affiliates, provided that each such assignee shall make the representations and warranties under Article IV and assumes in writing the obligations of such assignor under this Agreement. The Seller may not assign any of its rights under this Agreement without the prior written consent of the Purchasers. Except as set forth and in Article VII, no Person other than the parties hereto and their successors and permitted assigns is intended to be a beneficiary of this Agreement.

10.4 AMENDMENT AND WAIVER.

(a) No failure or delay on the part of the Seller or any Purchaser in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

(b) Any amendment, supplement or modification of or to any provision of this Agreement, any waiver of any provision of this Agreement, and any consent to any departure by the Seller or the Purchasers from the terms of any provision of this Agreement, shall be effective (i) only if it is made or given in writing and signed by the Seller and the Purchasers and (ii) only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Agreement, no notice to or demand on the Seller in any case shall entitle the Seller to any other or further notice or demand in similar or other circumstances.

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

10.6 GOVERNING LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF.

(b) The parties hereto irrevocably submit to the exclusive jurisdiction of any state or federal court sitting in the County of New York, in the State of New York over any suit, action or proceeding arising out of or relating to this Agreement. To the fullest extent they may effectively do so under applicable law, the parties hereto irrevocably waive and agree not to assert, by way of motion, as a defense or otherwise, any claim that they are not subject to the jurisdiction of any such court, any objection that they may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

THE SELLER AND EACH OF THE PURCHASERS EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER TRANSACTION DOCUMENTS, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THEREUNDER OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS. EACH PARTY (I) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED HEREIN.

10.7 SEVERABILITY. If any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions hereof.

10.8 ENTIRE AGREEMENT. This Agreement, together with the exhibits and schedules hereto, is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, representations, warranties or undertakings, other than those set forth or referred to herein or therein. This Agreement, together with the exhibits and schedules hereto, supersedes all prior agreements and understandings between the parties with respect to such subject matter.

10.9 PUBLIC ANNOUNCEMENTS. Neither the Seller nor the Purchasers will make any public statements or issue any press releases with respect to this Agreement or the transactions contemplated hereby without the prior written consent of the other parties hereto, except to the extent such party reasonably believes such public statement is required by any Requirement of Law, including, without limitation, any securities or stock market regulation, or to the extent required by the Purchasers in connection with their customary internal reporting. Notwithstanding the foregoing, the Seller will not use or refer to the name of any Purchaser in any public statement or disclosure without the consent of such Purchaser except to the extent that the Seller reasonably believes such statement or disclosure is required by applicable law or stock market regulations, provided that the Seller will provide a draft of such statement or disclosure prior to its publication or dissemination so that such Purchaser has a reasonable opportunity to review and comment on such draft. A press release with respect to the sale of the Purchased Shares shall be approved by the parties upon the Closing and released for publication.

10.10 FURTHER ASSURANCES. Each of the parties shall execute such documents and perform such further acts (including, without limitation, obtaining any consents, exemptions, authorizations or other actions by, or giving any notices to, or making any filings with, any Governmental Authority or any other Person) as may be reasonably required or desirable to carry out or to perform the provisions of this Agreement.

10.11 STAMP DUTY. Any stamp duty payable on the sale of the Purchased Shares, including any stamp duty owed on this Agreement, shall be divided equally between the Purchasers (as a group) and the Seller.

10.12 EXPENSES. Subject to Section 10.11 and the following sentence, each party to this Agreement shall bear and pay all of its own fees, costs and expenses (including legal fees and accounting fees) that have been incurred or that are incurred by such party in connection with the transactions contemplated by this Agreement and the negotiations leading up to the execution of this Agreement. Without derogating from the previous sentence, expenses up to an amount of \$20,000 incurred by the Company in connection with the due diligence review of the Company conducted by the Purchasers in connection with this Agreement, shall be borne equally by the Seller and the Purchasers (as a group) provided however, that neither the Seller nor the Purchasers shall be obligated to bear expenses in an amount greater than \$10,000.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have executed, or have caused to be executed, this Agreement on the date first written above.

TOWER SEMICONDUCTOR LTD.

By: _____
Name:
Title:

GENERAL ATLANTIC PARTNERS (BERMUDA), L.P.

By: GAP (BERMUDA) LIMITED,
its General Partner

By: _____
Name:
Title:

GAPSTAR, LLC

By: GENERAL ATLANTIC PARTNERS, LLC,
its Sole Member

By: _____
Name:
Title:

GAP COINVESTMENTS III, LLC

By: _____
Name:
Title:

GAP COINVESTMENTS IV, LLC

By: _____
Name:
Title:

GAPCO GMBH & CO. KG

By: GAPCO MANAGEMENT GMBH,
its General Partner

By: _____
Name:
Title:

PURCHASED SHARES AND PURCHASE PRICE

PURCHASER -----	PURCHASED ORDINARY SHARES -----	PURCHASED PREFERRED SHARES -----	PURCHASE PRICE -----
GAP Bermuda	2,499,173	54,167	\$35,746,760
GapStar	33,800	733	\$ 483,462
GAPCO III	133,432	2,892	\$ 1,908,536
GAPCO IV	34,814	755	\$ 497,966
GAPCO KG	2,805	61	\$ 40,124
Total:	2,704,024	58,608	\$38,676,848

AGREEMENT

This Agreement (this "AGREEMENT"), dated as of December 31, 2004, by and among Tower Semiconductor Ltd. an Israeli company (the "Seller"), Amit Sarig ("Sarig"), Zamir Bar Zion ("Zamir"), Clal Electronics Industries Ltd. ("Clal"), Gemini Israel III LP ("GEMINI") and k.t. Concord Venture Fund (Cayman), L.P., and k.t. Concord Venture Fund (Israel), L.P (collectively "CONCORD" and together with Sarig, Zamir, Clal and Gemini, the "NEW PURCHASERS").

WITNESSETH :

WHEREAS, the Seller is a holder of 2,704,024 Ordinary Shares of Saifun Semiconductors Ltd. (the "COMPANY"), nominal value NIS 0.01 each (the "ORDINARY SHARES") and 58,608 Series B Preferred Shares of the Company, nominal value NIS 0.01 each (the "PREFERRED SHARES" and together with the Ordinary Shares, the "SHARES");

WHEREAS, the Seller executed a Share Purchase Agreement with General Atlantic Partners (Bermuda), L.P., a Bermuda limited partnership ("GAP BERMUDA"), GapStar, LLC, a Delaware limited liability company ("GAPSTAR"), GAP Coinvestments III, LLC, a Delaware limited liability company ("GAPCO III"), GAP Coinvestments IV, LLC, a Delaware limited liability company ("GAPCO IV"), and GAPCO GmbH & Co. KG, a German limited partnership ("GAPCO KG" and, collectively, with GAP Bermuda, GapStar, GAPCO III and GAPCO IV, the "ORIGINAL PURCHASERS") dated December 8, 2004 (the "SPA").

WHEREAS, in accordance with the Company's Articles of Association (the "ARTICLES") and pursuant to section 5.3 of the SPA, the Seller sent a Notice of Offer (as defined in the Company's Articles and as approved by the Original Purchasers) to all Major Shareholders (as defined in the Articles) offering such Major Shareholders to exercise their right of first refusal as set forth in the Articles;

WHEREAS, the New Purchasers have provided the Seller with Purchase Notices (as defined in the Articles) in which they notified the Seller of their desire to purchase all of the Shares;

NOW, THEREFORE, the parties hereby agree as follows :

1. SALE OF SHARES. Subject to the terms and conditions hereof, the Seller hereby transfers to the New Purchasers, and the New Purchasers hereby purchase from the Seller, the number of Ordinary Shares of the Company and the number of Series B Preferred Shares of the Company set forth next to each New Purchaser's name in Schedule 1 attached hereto under the column entitled "Number of Ordinary Shares" and "Number of Preferred Shares", as applicable. The Sellers and the New Purchasers hereby make the deliveries required by section 2.4 of the SPA. In addition, each New Purchaser shall deliver to the Company the letter undertaking attached hereto as SCHEDULE 2.

2. TERMS OF SALE. The rights and obligations set forth in the SPA and applicable to the Original Purchaser shall apply, mutatis mutandis, to each of the New Purchasers, including without limitation, the additional payment obligation set forth in Section 2.2 and the lock-up obligation on the Shares set forth in Section 4.7 of the SPA.

3. REPRESENTATIONS AND WARRANTIES: The Seller hereby confirms that all representations and warranties made by the Seller in Article III of the SPA are true and correct in all respects at and on the day hereof and all the covenants and obligations contained in the SPA to be performed by the Seller prior to or at the Closing Date have been fully performed and complied with.

4. ENTIRE AGREEMENT. This Agreement and the SPA shall constitute the entire agreement of the parties with respect to its subject matter and supersedes all prior oral or written agreements in regard thereto.

5. AMENDMENTS. This Agreement or any provision hereof may be amended, modified, waived, discharged or terminated only pursuant to a written instrument making specific reference to this Agreement and duly signed by or on behalf of each of the parties hereto.

6. GOVERNING LAW AND CONSENT TO JURISDICTION. This Agreement shall be governed by and construed according to the laws of the State of Israel, without regard to the conflict of laws provisions thereof. Any dispute arising under or in relation to this Agreement shall be resolved in the competent court for Tel Aviv-Jaffa district, and each of the parties hereby submits irrevocably to the jurisdiction of such court.

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

TOWER SEMICONDUCTOR LTD.

By: _____

Print Name: _____

Title: _____

Amit Sarig

Zamir Bar Zion

Clal Electronics Industries Ltd.

By: _____
Name: _____
Title: _____

Gemini Israel III LP, by its General Partner Gemini Capital Associates III LP, by its General Partner, Gemini Israel Funds Ltd.

By: _____
Name: _____
Title: _____

k.t. Concord Venture Fund (Cayman), L.P., & k.t. Concord Venture Fund (Israel), L.P., both by Concord (k.t.) Investment Partners Ltd.--the General Partner.

By: _____
Name: _____
Title: _____

SCHEDULE 1

	REQUESTED ORDINARY	PRE. B	TOTAL	\$
	-----	-----	-----	-----
Gemini Israel III L.P.	349,566	7,577	357,143	5,000,002
K.T. Concord Venture Fund (Cayman) L.P.	167,584	10,393	177,977	2,491,678
K.T. Concord Venture Fund (Israel) L.P.	33,515	2,079	35,594	498,316
Total Concord Group	201,099	12,472	213,571	2,989,994
Clal Electronics Industries Ltd	2,148,359	37,559	2,185,918	30,602,852
Zamir Bar Zion	3,000	0	3,000	42,000
Amit Snir	2,000	1,000	3,000	42,000
Total	----- 2,704,024 =====	----- 58,608 =====	----- 2,762,632 =====	----- 38,676,848 =====

Schedule 2

December 31, 2004

Saifun Semiconductors Ltd.
ELROD Building
45 Hamelacha Street
Sappir Industrial Park
Netanya 42504
Israel

Attn: Boaz Eitan

Igal Shany

Dear Sirs:

On the date hereof, each person (a "Purchaser" and collectively, the "Purchasers") executing this letter agreement is purchasing from Tower Semiconductor Ltd. ("Tower") the aggregate number of Ordinary Shares and Class B Preferred Shares of Saifun Semiconductors Ltd. (the "Company") set forth opposite such person's name on Schedule 1 hereto (all of such Ordinary Shares and Class B Preferred Shares, the "Purchased Shares").

In order to induce the Company to register the transfer by Tower of the Purchased Shares to the Purchasers on the register of shareholders of the Company, each Purchaser, severally and not jointly, hereby agrees and covenants as follows:

Prior to eighteen (18) months following the date hereof (the "Lock-up Expiration Date"), the Purchasers will not, directly or indirectly, without the prior written consent of the Company, offer, sell, contract to sell, pledge or otherwise dispose of (each such transaction, a "Disposition"), seventy-five percent (75%) of the Purchased Shares and the Ordinary Shares issuable upon the conversion of the Class B Preferred Shares purchased by the Purchasers from Tower (the "Purchased Securities"); provided, however, that the foregoing shall not prevent or restrict (a) the Purchasers from Disposing of their Purchased Securities in connection with a sale of the Company (whether by merger, consolidation, tender offer, exchange offer, sale of shares, other business combination transaction, sale of all or substantially all of the assets or otherwise), (b) the Purchasers from transferring their Purchased Securities in accordance with Article 43 of the Articles of Association (provided that any such transferee agrees to be bound by the terms of this letter agreement) or (c) the Purchasers from Disposing of up to 25% of their Purchased Securities at any time following the date hereof; and provided further, that if, prior the Lock-Up Expiration Date, Boaz Eitan makes a Disposition, in one or more transactions, of any of his shares of the Company resulting in an aggregate sale price for all Dispositions in the aggregate (calculated by multiplying the price per share of each Disposition by the aggregate number of shares sold in such Disposition and then aggregate such products) in excess of US\$7,000,000, then the foregoing restrictions set forth in this letter agreement shall terminate and be of no further force or effect. For the avoidance of doubt, this letter agreement shall not apply to any securities of the Company acquired by any Purchaser other than from Tower on the date hereof.

In addition to clause (a) above, if requested by the managing underwriter of the Company's firm commitment underwritten initial public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (an "IPO"), each Purchaser agrees, in connection with such IPO, to enter into a customary lock-up agreement with the managing underwriter restricting the Disposition of securities of the Company held by such Purchaser for a period of not longer than 180 days from the date of the final prospectus relating to the IPO so long as such lock-up agreement is in form and substance identical to the lock-up agreements entered into by the directors, officers and other Major Shareholders (as defined in the Articles of Association of the Company) of the Company.

This letter agreement shall be governed by and construed in accordance with the laws of the State of Israel without regard to the principles of conflicts of law thereof. Any dispute arising under or in relation to this letter agreement shall be resolved in the competent court of Tel Aviv-Jaffa District, and each of the parties hereby submits irrevocably to the jurisdiction of such court.

Sincerely yours,

Agreed and accepted:

Saifun Semiconductors Ltd.

By: _____

Name:

Title:

SHARE TRANSFER DEED

The undersigned, Tower Semiconductor Ltd. (the "Transferor"), does hereby transfer to _____ (the "Transferee"), pursuant to the terms of that certain Agreement between the Transferor and the New Purchasers (as defined therein) dated December 31, 2004, _____ Ordinary Shares of nominal value NIS 0.01 each and _____ Series B Preferred Shares of nominal value NIS 0.01 each (the "Shares") in Saifun Semiconductors Ltd., an Israeli company (the "Company") to be held by the Transferee, its administrators and its assigns, upon all of the terms and conditions subject to which the Transferor held such Shares and said Transferee does hereby agree to accept such Shares.

Dated: December 31, 2004

Dated: December 31, 2004

TOWER SEMICONDUCTOR LTD.

By:
Name:
Title:
Transferor

By:
Name:
Title:
Transferee

CERTIFICATION

I, Russell C. Ellwanger, certify that:

1. I have reviewed this Annual Report on Form 20-F, as amended by Amendment No. 1 on Form 20-F/A, of Tower Semiconductor Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) [paragraph omitted in accordance with SEC transition instructions contained in SEC release Nos. 33-8238 and 34-47986]
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 24, 2005

/s/ Russell C. Ellwanger

 RUSSELL C. ELLWANGER
 CHIEF EXECUTIVE OFFICER
 TOWER SEMICONDUCTOR LTD.

CERTIFICATION

I, Oren Shirazi, certify that:

1. I have reviewed this Annual Report on Form 20-F, as amended by Amendment No. 1 on Form 20-F/A, of Tower Semiconductor Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiary, is made known to us by others within this entity, particularly during the period in which this report is being prepared;
 - b) [paragraph omitted in accordance with SEC transition instructions contained in SEC release Nos. 33-8238 and 34-47986]
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 24, 2005

/s/ Oren Shirazi

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OREN SHIRAZI
 ACTING CHIEF FINANCIAL OFFICER
 TOWER SEMICONDUCTOR LTD.

CERTIFICATION PURSUANT TO
18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Tower Semiconductor Ltd. (the "Registrant") on Form 20-F, as amended by Amendment No. 1 on Form 20-F/A, for the year ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Russell C. Ellwanger, Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Russell C. Ellwanger

Russell C. Ellwanger
Chief Executive Officer

October 24, 2005

A signed original of this written statement required by Section 906 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO
18 U.S.C SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Tower Semiconductor Ltd. (the "Registrant") on Form 20-F, as amended by Amendment No. 1 on Form 20-F/A, for the year ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Oren Shirazi, Acting Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Oren Shirazi

Oren Shirazi
Acting Chief Financial Officer
October 24, 2005

A signed original of this written statement required by Section 906 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.