UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D/A
Under the Securities Exchange Act of 1934
(Amendment No. 6)

Tower Semiconductor Ltd.

(Name of Issuer)

Ordinary Shares, NIS 1.00 par value per share	**M87915100**
(Title of Class of Securities)	(CUSIP Number)

Noga Yatziv
Israel Corporation Ltd.
23 Aranha Street
Tel Aviv 61070, Israel
972-3-684-4517
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

October 23, 2006

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box. o

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following pages)

1	NAMES OF REPORTING PERSONS: **Israel Corporation Ltd.** I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS: 000000000		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: **(a)** o **(b)** x		
3	SEC Use Only		
4	SOURCE OF FUNDS: **WC**		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e): o		
6	CITIZENSHIP OR PLACE OF ORGANIZATION: **Israel**		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**7**	SOLE VOTING POWER: **99,114,361(1)(2)**	
	8	SHARED VOTING POWER: **35,847,395(3)**	
	9	SOLE DISPOSITIVE POWER: **99,114,361(1)(2)**	
	10	SHARED DISPOSITIVE POWER: **31,756,487(4)**	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON: **134,961,756(1)(3)(4)(5)**		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES: o		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): **76.95% (5)**		
14	TYPE OF REPORTING PERSON: **CO**		

(1) Includes (a) 14,260,504 Ordinary Shares (b) warrants and convertible debentures held by Israel Corporation Ltd. ("IC") to purchase 19,064,383 Ordinary Shares (as defined in Item 1 below), of which (i) 823,654 are exercisable within sixty (60) days at an exercise price of $7.50 per Ordinary Share, (ii) 58,906 are exercisable within sixty (60) days at an exercise price of $6.17 per Ordinary Share and (iii) 18,181,823 are issuable within sixty (60) days, upon the conversion of all the convertible debentures held by IC issued pursuant to the Rights Offering (defined in Item 3), at a conversion price of $1.10 per Ordinary Share, representing debt in the amount of $20,000,006 and (c) 65,789,474 shares issuable within sixty (60) days upon conversion of the Capital Notes issued pursuant to the Securities Purchase Agreement (defined in Item 3 below).

(2) Includes 62,500 Ordinary Shares which are subject to an option granted by IC to a consultant of the issuer and exercisable at an exercise price of $5.60 per Ordinary Share until December 31, 2008.

(3) Includes: an aggregate of 30,741,428 Ordinary Shares held by the other parties (the "Wafer Partners") to the Consolidated Shareholders Agreement (incorporated herein as Exhibit 4) (and the amendment thereto, incorporated herein as Exhibit 12, the "Shareholders' Agreement Amendment"), and warrants and convertible debentures held by the Wafer Partners, to purchase 5,105,967 Ordinary Shares, of which (i) 1,015,059 are exercisable within sixty (60) days at an exercise price of $7.50 per Ordinary Share, and (ii) 4,090,908 are issuable within sixty (60) days, upon the conversion of all the debentures held by such parties issued pursuant to the Rights Offering (defined in Item 3), at a conversion price of $1.10 per Ordinary Share, representing debt in the aggregate amount of approximately $4,499,999.

(4) Includes: (i) an aggregate of 30,741,428 Ordinary Shares held by the Wafer Partners and (ii) options and warrants held by the Wafer Partners, to purchase 1,015,059 Ordinary Shares exercisable within sixty (60) days at an exercise price of $7.50 per Ordinary Share.

(5) Consists of an aggregate of 134,961,756 Ordinary Shares (including the number of Ordinary Shares issuable pursuant to the warrants, debentures and capital notes referred to in footnotes (1) and (3) hereto), of which 99,114,361 Ordinary Shares (including the number of Ordinary Shares issuable pursuant to the warrants, convertible debentures and capital notes referred to in footnote (1) above) are held by IC and 35,847,395 Ordinary Shares (including the number of Ordinary Shares issuable pursuant to the warrants and debentures referred to in footnote (3) above) are held by the Wafer Partners. The Shareholders' Agreement Amendment incorporated herein as Exhibit 12 provides for the extension until January 2008, of certain obligations and restrictions with respect to (a) the voting of the Ordinary Shares held by IC and by the Wafer Partners (including the Ordinary Shares issuable pursuant to the warrants and convertible debentures described in footnotes (1) and (3) above) and (b) the disposition of the Ordinary Shares held by IC and by the Wafer Partners (including the Ordinary Shares issuable pursuant to the warrants described in footnote (1)(i) and (ii), and in footnote (4) above). The terms of the Consolidated Shareholders Agreement and the Shareholders' Agreement Amendment are hereby specifically incorporated by reference herein. Neither the filing of this Amendment No. 6 to the Schedule 13D nor any of its contents shall be deemed to constitute an admission by any Reporting Person (as defined in Item 2 below) that any such Reporting Person and any other persons or entities constitute a "group" for purposes of Section 13(d) of the Exchange Act and the rules promulgated thereunder. Further, the filing of this Amendment No. 6 shall not be construed as an admission that any Reporting Person is, for the purposes of Section 13(d) or 13(g) of the Exchange Act, or for any other purpose, the beneficial owner of any Ordinary Shares other than those Ordinary Shares over which the Reporting Person has direct voting and dispositive power, as reported herein. The Reporting Person disclaims any pecuniary interest in any securities of the issuer owned by any other party, and expressly disclaims the existence of a group. Based on the number of Ordinary Shares of the issuer outstanding as of August 24, 2006 of 85,420,620 (according to publicly available information provided by the issuer to date) the number of Ordinary Shares of the issuer covered by the Consolidated Shareholders Agreement and the Shareholders' Agreement Amendment (assuming the exercise of the Ordinary Shares issuable pursuant to the warrants, convertible debentures and capital notes referred to in footnotes (1) and (3) hereto) represents approximately 76.95% of the outstanding Ordinary Shares. The above number of outstanding Ordinary Shares does not include 1,300,000 treasury shares held by a trustee for the benefit of Tower's employee stock option plan.

Item 1. Security and Issuer.

The name of the issuer to which this Amendment No. 6 (as defined below) relates is Tower Semiconductor Ltd. (“Tower”). Its principal executive offices are located at Ramat Gavriel Industrial Park, P.O. Box 619, Migdal Haemek, 23105 Israel. This Amendment No. 6 relates to Tower’s Ordinary Shares, NIS 1.00 par value per share (the “Ordinary Shares”). This constitutes Amendment No. 6 (the “Amendment No.6”) to Schedule 13D filed previously by the Reporting Person (as defined in Item 2 below). The percentage of Ordinary Shares reported in this Amendment No. 6 as being beneficially owned by the Reporting Person and any other information disclosed herein (other than descriptions of agreements and transactions to which the Reporting Person is a party) is based on publicly available information provided by Tower or other third parties.

Item 2. Identity and Background

This Amendment No. 6 is filed on behalf of Israel Corporation Ltd. ("IC") The Reporting Person was organized under the laws of the State of Israel.

The principal business address of the Reporting Person is 23 Aranha Street, Tel Aviv 61070 Israel. The principal business of the Reporting Person is a holding company.

Set forth below is certain current information regarding the executive officers and directors of the Reporting Person:

Name/Position with IC	**Business Address**	**Principal Occupation and Name and Address of Employer**	**Country of Citizenship**
Idan Ofer - Chairman of the Board	23 Aranaha St. Tel-Aviv	23 Aranaha St. Tel-Aviv	Israel
Ehud Angel - Director	23 Aranaha St. Tel-Aviv	Chairman of the shipping business in Israel ofthe Ofer Brothers Einstein 40, Ramat Aviv	Israel
Yair Seroussi - Director	23 Aranaha St. Tel-Aviv	Financial and Business Advisor 17 Ha'dganim St. Givataym	Israel
Avi Levy - Director	23 Aranaha St. Tel-Aviv	General Manager Ofer Properties Abba Even 1, Herzelia	Israel
Moshe Vidman - Director	23 Aranaha St. Tel-Aviv	Director and manager of companies 14 Megadim St. Yafe Nof, Jerusalem	Israel
Irit Izakson - Director	23 Aranaha St. Tel-Aviv	Professional Director 15 Matityahu Cohen Gadol St. Tel-Aviv 62268	Israel
Yohi Dvir - Director	23 Aranaha St. Tel-Aviv	Financial Advisor and Professional Director 15 Amirim St. Tel-Aviv	Israel
Zvi Itskovitch - Director	23 Aranaha St. Tel-Aviv	Senior VP Bank Leumi Yehuda Halevy 30, Tel Aviv	Israel
Amnon Lion - Director	23 Aranaha St. Tel-Aviv	Chairman, General Manager and director in Zodiac Maritime Agencies Ltd. Andrei Sacharov 9, Haifa	Israel
Prof. Issac Ben-Israel - Director	23 Aranaha St. Tel-Aviv	Head of Security Studies Tel Aviv University	Israel
Avraham Anaby - Director	23 Aranaha St. Tel-Aviv	Andrei Sacharov 9, Haifa	Israel

Yossi Rosen - President & Chief Executive Officer	23 Aranaha St. Tel-Aviv	23 Aranaha St. Tel-Aviv	Israel
Nir Gilad - Deputy CEO	23 Aranaha St. Tel-Aviv	23 Aranaha St. Tel-Aviv	Israel
Avisar Paz - Chief Financial Officer	23 Aranaha St. Tel-Aviv	23 Aranaha St. Tel-Aviv	Israel
Mici Blumental - Internal Auditor	23 Aranaha St. Tel-Aviv	23 Aranaha St. Tel-Aviv	Israel
Adv. Noga Yatziv - Company Secretary & Assistant to the President	23 Aranaha St. Tel-Aviv	23 Aranaha St. Tel-Aviv	Israel

The Reporting Person is a public company traded on the Tel Aviv Stock Exchange. As such, all decisions relating to the voting or disposition of stock of the issuer are made by the board of directors of the Reporting Person that contains two independent directors. Approximately 48% of the shares of the Reporting Person are indirectly held by discretionary trusts which are primarily for the benefit of Idan Ofer, his children and his issue. Mr. Ofer also owns 3.3 % of the shares of the Reporting Person. Effective January 2006, ICTech transferred all of its Ordinary Shares to IC, its parent company as part of its voluntary dissolution. Accordingly, ICTech ceased to be the beneficial owner of any Ordinary Shares and is no longer a Reporting Person.

During the last five years, no Reporting Person nor any of the executive officers or directors of the Reporting Person has been: (i) convicted in a criminal proceeding (excluding traffic violations and similar misdemeanors); or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

In May 2006, in connection with a Memorandum of Understanding (the "MOU") entered into between Tower and its Banks for the refinancing of Tower's long-term debt under the Credit Facility, IC undertook to Tower's Banks to invest $100 million in Tower in consideration for 65,789,474 of the Issuer's Ordinary Shares (or securities convertible or exercisable into such number of Ordinary Shares), at a price per share of $1.52, which equals the average closing price during the 10 consecutive trading days prior to signing the MOU. It was agreed that such amount may include amounts that may be payable by Tower to IC in connection with the agreement for the ordering of equipment described below.

In May 2006, IC entered into an agreement with Tower, according to which IC would order up to approximately $100 million worth of equipment for Tower's Fab 2 (the "Equipment Purchase Agreement"). The terms of the Equipment Purchase Agreement included (i) that Tower has the right to purchase the equipment from IC at cost, plus related expenses, subject to Tower having raised $100 million (the "Call Option"); and (ii) upon Tower's purchase of the equipment from IC, Tower would assume IC's obligations to the equipment suppliers.

In August 2006, IC entered into a Securities Purchase Agreement (the "Securities Purchase Agreement") with Tower, pursuant to which: (i) in consideration for its $100 million investment, Tower would issue to IC, at price per share of $1.52, equity convertible capital notes convertible into 65,789,474 Ordinary Shares (the "Convertible Notes"); (ii) Tower would be deemed to have exercised the Call Option under the Equipment Purchase Agreement; (iii) Tower and IC would set-off the amounts payable by IC under the Securities Purchase Agreement with the amounts payable by Tower under the Equipment Purchase Agreement in connection with Tower's exercise of the Call Option. The Securities Purchase Agreement closed on September 28, 2006.

In connection with the closing of the Securities Purchase Agreement, IC entered into a registration rights agreement with Tower (the "2006 Registration Rights Agreement").

Concurrently with the closing of the Securities Purchase Agreement, Tower and its Banks closed the transactions contemplated by the MOU. IC, together with SanDisk Corporation ("SanDisk"), Alliance Semiconductor Corporation ("Alliance") and Macronix International Co. Ltd. ("Macronix") (together, the "Lead Investors"), entered into two agreements, one with each of Tower's Banks (each such agreement, a "Bank Voting Agreement"), pursuant to which, subject to certain conditions, the Lead Investors will vote all of their respective shares in favor of one nominee of a person designated by a Bank that shall have acquired from a Bank shares or capital notes that have subsequently been converted to shares of Tower representing 5% or more of the then outstanding shares of Tower (the "Acquiring Person"), provided that the Acquiring Person holds at least 5% of Tower's issued and outstanding share capital and will vote in favor of each Lead Investor's respective nominees for which any of the Lead Investors shall be obligated to vote for pursuant to the Consolidated Shareholders Agreement. The Lead Investors also agreed to vote all of their respective shares for (i) any amendment to the Tower's articles of association that may be required to ensure that there is an additional seat on Tower's Board of Directors for the nominee of such Acquiring Person, (ii) for any other resolution necessary to finalize such election, and (iii) against any resolution which would have the effect of preventing the election of the nominee of such Acquiring Person. The Acquiring Person would also need to further agree to vote all of its shares of the Tower in favor of (and only for): (i) the election of the nominee of the Acquiring Person to the Board of Directors of the Tower, (ii) a representative of IC as Chairman of the Board of Directors of Tower and (iiii) any other resolution which is necessary to finalize the elections for which the Acquiring is obligated to vote as described above, and to vote against any resolution which would have the effect of preventing such elections. Subject to certain conditions, if the Acquiring Person holds less than 5% of the outstanding shares of Tower, its nominee to the Board of Directors of Tower is to resign from Tower's Board of Directors and the Acquiring Person will not be entitled to designate another nominee under the Bank Voting Agreement. Each Bank Voting Agreement terminates on January 18, 2013 or such later date to which the Consolidated Shareholders Agreement shall have been extended. The Acquiring Person is not required to vote its shares of Issuer as set forth above and may terminate its obligations under each of the respective Agreements at any time, in which case the Lead Investors would be discharged from their obligations under the Bank Voting Agreement.

In connection with these closings, IC and each of the Banks entered into an agreement pursuant to which the Banks have been granted co-sale rights in connection with a sale by IC to a third party (other than non-prearranged sales by IC into the market on any stock exchange in which Tower's ordinary shares are then traded or listed) as a result of which IC would cease to be Tower's largest shareholder as calculated pursuant to such agreements (each such agreement, a "Tag-Along Agreement").

The acquisitions of Ordinary Shares and the Convertible Notes by IC were funded out of working capital.

Item 4. Purpose of Transaction.

The purpose of the acquisition of the Convertible Notes by IC was to increase its holdings in Tower and fulfill its obligations to Tower's banks pursuant to an undertaking dated May 17, 2006.

Item 5. Interest in Securities of the Issuer.

(a)-(b) As a result of the Consolidated Shareholders' Agreement and the Shareholders' Agreement Amendment, each party thereto may be deemed to be the beneficial owner of at least 134,961,756 Ordinary Shares. Such shares constitute approximately 76.95% of the outstanding Ordinary Shares, based on the capitalization of the Tower as of the date hereof (according to publicly available information provided by Tower to date) and calculated in accordance with Rule 13d-3(d)(i) of the Act. Such beneficial ownership is based on (i) the ownership, by IC, SanDisk, Alliance and Macronix of 14,260,504, 11,108,102, 10,860,031, and 8,773,395 Ordinary Shares, respectively, (ii) the right of IC to purchase 84,853,357 Ordinary Shares exercisable within sixty (60) days of the date hereof (of which 823,654 may be exercised at an exercise price of $7.50 per Ordinary Share, 58,906 at exercise price of $6.17 per Ordinary Share, 18,181,823 are issuable upon conversion of all of the convertible debentures issued to IC in the Rights Offering and 65,789,474 are issuable upon conversion of the Capital Notes), (iii) the right of SanDisk, Alliance and Macronix to purchase in the aggregate 5,105,967 Ordinary Shares, of which (a) 1,015,059 are exercisable within sixty (60) days at an exercise price of $7.50 per Ordinary Share, and (b) 4,090,908 are issuable within sixty (60) days, upon the conversion of all the debentures held by such parties issued pursuant to the Rights Offering.

The statements in this Amendment No. 6 shall not be construed as an admission by any Reporting Person that any such Reporting Person and any other persons or entities constitute a "group" for purposes of Section 13(d) of the Exchange Act and the rules promulgated thereunder. Further, the filing of this Amendment No. 6 shall not be construed as an admission that the Reporting Person is, for the purposes of Section 13(d) or 13(g) of the Exchange Act, or for any other purpose, the beneficial owner of any Ordinary Shares other than those Ordinary Shares over which the Reporting Person has direct voting and dispositive power, as reported herein. The Reporting Person disclaims any pecuniary interest in any securities of Tower owned by any other party, and expressly disclaims the existence of a group.

(c) Except as set forth above, neither the Reporting Person, nor, to the best of its knowledge, any of their directors or executive officers, has effected any transaction in any securities of Tower during the past sixty (60) days.

(d) No person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, securities covered by this statement.

(e) Effective January 2006, ICTech transferred all of its Ordinary Shares to IC, its parent company as part of its voluntary dissolution. Accordingly, ICTech ceased to be the beneficial owner of any Ordinary Shares and is no longer a Reporting Person.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

With the exception of the information contained in the aforementioned paragraph and other than the Purchase Agreement, Additional Purchase Agreement (including the Series A5 Additional Purchase Obligation, as amended), the Registration Rights Agreement, the Consolidated Shareholders Agreement, the Amendment to the Shareholders' Agreement, the Trustee Nomination Letter (including the termination thereof on March 11, 2002), the 2006 Registration Rights Agreement, the Bank Voting Agreements and the Tag-Along Agreements described above or in previous amendments and incorporated herein in their entirety by reference, to the knowledge of the Reporting Person, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the persons named in Item 2 and between such persons and any person with respect to any securities of the Tower, including but not limited to transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

Item 7. Materials to be Filed as Exhibits.

The following exhibits are filed herewith:

Exhibit No.	Description
1.	Share Purchase Agreement, dated as of December 12, 2000, between Israel Corporation Ltd. and Tower Semiconductor Ltd.*
2.	Additional Purchase Obligation Agreement, dated as of December 12, 2000, between Israel Corporation Ltd. and Tower Semiconductor Ltd.*
3.	Registration Rights Agreement, dated as of January 18, 2001, by and among Israel Corporation Ltd., SanDisk Corporation, Alliance Semiconductor Ltd., Macronix International Co., Ltd. and QuickLogic Corporation.*
4.	Consolidated Shareholders Agreement, dated as of January 18, 2001, by and among Israel Corporation Ltd., SanDisk Corporation, Alliance Semiconductor Ltd. and Macronix International Co., Ltd.*
5.	Trustee Nomination Letter, dated January 25, 2001, between Zvi Ephrat and Israel Corporation Ltd.*
6.	Amendment to Payment Schedules of Series A-3 and Series A-4 Additional Purchase Obligations, dated March 26, 2002.*

Exhibit No.	Description
7.	Letter, dated July 23, 2002, regarding Participation in Rights Offering, executed by Israel Corporation Technologies (ICTech) Ltd., SanDisk Corporation, Alliance Semiconductor Corporation and Macronix (BVI) Co., Ltd.*
8.	Joint Filing Agreement, dated December, 2002.*
9.	Amendment to Payment Schedules of Series A-5 Additional Purchase Obligations, dated February 24, 2003.*
10.	Amendment to Payment Schedules of Series A-5 Additional Purchase Obligations, dated February 24, 2003.*
11.	Side Letter for Amendment to Payment Schedules of Series A-5 Additional Purchase Obligations, dated April 14, 2003.*
12.	Amendment No.3 to Payment Schedule of Series A-5 Additional Purchase Obligations, Waiver of Series A-5 Conditions, Conversion of Series A-4 Wafer Credits and Other Provisions, dated November 11, 2003. *
13.	Securities Purchase Agreement, dated as of August 24, 2006, between Israel Corporation Ltd. and Tower Semiconductor Ltd.
14.	Registration Rights Agreement, dated as of September 28, 2006, between Israel Corporation Ltd. and Tower Semiconductor Ltd.
15.	Voting Agreement, dated as of September 28, 2006, by and among Israel Corporation Ltd., SanDisk Corporation, Alliance Semiconductor Ltd., Macronix International Co., Ltd. and Bank Hapoalim B.M.
16.	Voting Agreement, dated as of September 28, 2006, by and among Israel Corporation Ltd., SanDisk Corporation, Alliance Semiconductor Ltd., Macronix International Co., Ltd. and Bank Leumi Le-Israel B.M.
17.	Tag-Along Agreement, dated as of September 28, 2006, between Israel Corporation Ltd., and Bank Hapoalim B.M.
18.	Tag-Along Agreement, dated as of September 28, 2006, between Israel Corporation Ltd., and Bank Leumi Le-Israel B.M.

* Previously filed.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: October 23, 2006

ISRAEL CORPORATION LTD.

By: /s/ Yossi Rosen
_____

Yossi Rosen
President & Chief Executive Officer

By: /s/ Avisar Paz
_____

Avisar Paz
Chief Financial Officer

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* Previously filed.

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (the "**Agreement**") is made and entered into effective as of August 24, 2006 by and between TOWER SEMICONDUCTOR LTD. (the "**Company**" or "**Tower**"), a company organized under the laws of the State of Israel and ISRAEL CORPORATION LTD., a company organized under the laws of the State of Israel (the "**Purchaser**").

WHEREAS, Tower is an independent manufacturer of wafers whose Ordinary Shares are traded on the Nasdaq National Market under the symbol TSEM and whose Ordinary Shares and certain other securities are traded on the Tel-Aviv Stock Exchange ("**TASE**") under the symbol TOWER;

WHEREAS, pursuant to a letter of undertaking executed by the Purchaser dated May 17, 2006 (the "**Letter of Undertaking**") to Bank Hapoalim B.M. and Bank Leumi Le-Israel B.M. (collectively the "**Banks**"), the Purchaser has committed to the Banks, subject to certain conditions as provided in the Letter of Undertaking, to invest in the Company a sum of one hundred (100) million US Dollars as set forth in this Agreement (the "**Investment**");

WHEREAS, pursuant to the Letter of Undertaking, the Purchaser acknowledged and agreed that the Investment in Tower is a condition precedent to the closing of an amendment of the Facility Agreement between the Banks and Tower dated January 18, 2001, as contemplated by the Memorandum of Understanding between the Banks and Tower, dated May 17, 2006 (the "**Amendment**"); and

WHEREAS, the parties hereto agree that all amounts paid by the Purchaser under the Equipment Purchase Agreement between the Company and the Purchaser, dated May 17, 2006 (the "**Equipment Purchase Agreement**") shall be deemed to have been invested in the Company as part of the Investment;

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

1. Issue and Sale of Securities by the Company.

1.1 Securities. Subject to and in accordance with the terms and conditions of this Agreement, the Company shall issue to the Purchaser, and the Purchaser shall purchase from the Company for an aggregate purchase price of US $100,000,000 (one hundred million US dollars) (the "**Note Purchase Price**") an equity convertible capital note, which capital note is convertible into 65,789,474 (sixty-five million, seven hundred and eighty-nine thousand, four hundred and seventy-four) shares (subject to adjustments to changes in capital structure, stock splits, etc.), such capital note being fully convertible, at any time, in whole or in part and freely transferable, at any time, in whole or in part (for the removal of doubt, in form and substance satisfactory to the Purchaser and with rights which are at least as good as those provided to the Banks) (the "**Capital Note**"). For the avoidance of doubt, the Capital Note issuable hereunder shall not entitle TIC to interest, dividends, early redemption rights (for the removal of doubt, no conversion of capital notes by TIC into shares shall be deemed a redemption or pre-payment of the capital note), anti-dilution rights, or any adjustments due to changes to interest rates, the market price of the Company's shares or indexation of any kind, but shall entitle TIC, as a capital note holder, to participate in rights offerings and shall be subject to certain adjustments, including share splits, combinations and other adjustments all as agreed to with the Purchaser prior to Closing and with rights which are at least as good as those provided to the Banks.

2. Closing.

2.1 Closing Date. The issue and allotment of the Capital Note, the purchase thereof by the Purchaser and the registration of the Capital Note in the name of the Purchaser in the register of the Company, shall take place at a closing (the "**Closing**") to be held on a business day in Tel Aviv, Israel and no later than three (3) business days (in Tel Aviv) after the conditions to Closing set forth in Sections 6 and 7 below have been satisfied or waived in accordance with their terms at the offices of Yigal Arnon & Co., One Azrieli Center, Tel-Aviv, Israel, or such other time and place as the parties shall mutually agree. In the event that the Closing does not take place prior to October 31, 2006, the Purchaser shall have the right, but not the obligation, to cancel this Agreement unless the Purchaser has caused the Closing not to have occurred in breach of this Agreement. The Company shall use its commercially reasonable best efforts to (i) take or cause to be taken all necessary actions, and do or cause to be done all things, necessary, proper or advisable under this Agreement and applicable laws to consummate and make effective all the transactions contemplated by this Agreement as soon as practicable, including, without limitation, preparing and filing all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents and (ii) obtain all approvals required to be obtained from any third party necessary, proper or advisable to the transactions contemplated by this Agreement. The Purchaser shall cooperate with the Company in the achieving the above but the primary responsibility (including but not limited to bearing the relevant expenses therefor) shall be the Company's.

2.2 Transactions upon Closing. At the Closing, the following transactions shall occur, which transactions shall be deemed to take place simultaneously and no transaction shall be deemed to have been completed or any document delivered until all such transactions have been completed and all required documents delivered:

(a) the Company shall deliver to the Purchaser copies of resolutions of the Company's Audit Committee, the Company's Board of Directors and the Company's shareholders approving the execution and performance of this Agreement, including the issuance of the Capital Note;

(b) in accordance with the set-off provision of Section 2.2(g) below, the Note Purchase Price minus the Purchase Price (as defined in the Equipment Purchase Agreement) of the Call Option Exercise (as defined below) (the "**Call Option Purchase Price**") shall be transferred by the Purchaser to the Company by wire transfer into the account of the Company, in accordance with the written instructions provided by the Company to the Purchaser;

(c) the Company shall deliver to the Purchaser a copy of the approval of the TASE for listing the shares issuable upon conversion of the Capital Note (the "**Shares**");

(d) the Company shall record such issuance of the Capital Note in the name of the Purchaser on the records of the Company; and

(e) the Company shall be deemed to have exercised its Call Option (as defined in the Equipment Purchase Agreement) pursuant to the Equipment Purchase Agreement and in accordance with the terms set forth therein (the **"Call Option Exercise**");

(f) (i) Equipment Agreements (as defined in the Equipment Purchase Agreement) shall be assigned by the Purchaser to the Company, to the extent that they are assignable; (ii) Future Payments (as defined in the Equipment Purchase Agreement) with respect to Non-Assignable Obligations (as defined in the Equipment Purchase Agreement) shall be held in trust by the Purchaser; and (iii) title to Purchased Assets (as defined in the Equipment Purchase Agreement) shall be transferred or deemed transferred to the Company, all as set forth in Section 2 of the Equipment Purchase Agreement; and

(g) for the avoidance of all doubt, the Purchaser and the Company shall set-off the Note Purchase Price payable by the Purchaser hereunder with the Call Option Purchase Price and any other sums relating to obligations owed and payable by the Company to the Purchaser pursuant to the Equipment Purchase Agreement or the transactions contemplated thereby; and

(h) The Closing of the Amendment shall take place simultaneously with the Closing under this Agreement.

3. Post Closing Obligations of the Parties.

In the event that after the Closing any Equipment Agreement that prior to Closing was not assignable to the Company becomes assignable, the Purchaser shall as soon as practicable assign such Equipment Agreement to the Company and transfer the balance, as of the date of assignment, if any, of the Future Payments related thereto back to the Company, provided, that, upon assignment, the Purchaser is completely released from any obligations under such Equipment Agreement.

For the avoidance of doubt, to the extent that the Call Option Purchase Price exceeds the Note Purchase Price, such amounts shall not be deemed paid by the Company as part of the Investment.

4. Representations and Warranties of the Company.

The Company hereby represents and warrants to the Purchaser, as follows:

4.1 Organization. The Company is duly organized and validly existing under the laws of the State of Israel and has full corporate power and authority to own, lease and operate its properties and assets and to conduct its business as now being conducted and to perform all its obligations under this Agreement.

4.2 Memorandum and Articles of Association. The Company has made available for inspection by the Purchaser complete and correct copies of the Memorandum of Association and Articles of Association of the Company, as amended to the date furnished. Such Memorandum and Articles of Association are in effect as of the date hereof and as will be in effect at the Closing.

4.3 Share Capitalization.

As at August 17, 2006, the authorised share capital of the Company consists of 500,000,000 (five hundred million) ordinary shares, of which 85,406,010 (eighty five million four hundred and six thousand and ten) shares are issued and outstanding, 40,600,675 (forty million six hundred thousand six hundred and seventy five) shares are reserved for issuance upon exercise of outstanding options and warrants (including options granted to employees, officers, directors, related parties, banks, contractors and other public investors), 51,143,776 (fifty one million one hundred and forty three thousand seven hundred and seventy six) shares are reserved for issuance upon conversion of outstanding convertible debentures, 4,341,571 (four million three hundred and forty one thousand five hundred and seventy one) shares are reserved for issuance upon conversion of convertible debentures issuable upon exercise of outstanding warrants and 14,124,285 (fourteen million one hundred and twenty four thousand two hundred and eighty five) shares are reserved for future grants of options to employees, officers, consultants and directors. All issued and outstanding share capital of the Company has been duly authorized, and is validly issued and outstanding and fully paid and non-assessable. The Capital Note and the Shares issued upon its conversion will be validly issued, fully paid, nonassessable and not subject to any pledge, lien or restriction on transfer, except for restrictions on transfer imposed hereunder and by the applicable securities laws. The Company has reserved for issuance enough ordinary shares to issue the Shares. The issuance of the Capital Note and the Shares issued upon its conversion will not conflict with the Memorandum of Association or the Articles of Association of the Company then in effect nor with any outstanding warrant, option, call, preemptive right or commitment of any type relating to the Company's capital stock.

4.4 Authorization; Approvals. Prior to the Closing, all corporate action on the part of the Company necessary for the execution, delivery and performance of this Agreement shall have been taken. Except as set forth in Schedule 4.4, no consent, approval or authorization of, exemption by, or filing with, any governmental or regulatory authority or any third party is required in connection with the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby. Other than approval by the Company's shareholders, this Agreement when executed and delivered by or on behalf of the Company, shall constitute the valid and legally binding obligations of the Company, legally enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws relating to creditor's rights generally and general principles of equity.

4.5 Cross-Default. The Company is not in default under the Equipment Purchase Agreement or the Agreement dated August 1, 2006 with regard to the use of some of the Equipment by Tower (hereinafter, the "**August 1 Agreement**").

4.6 No Conflicts. Neither the execution and delivery of this Agreement by Tower, nor the compliance with the terms and provisions of this Agreement on the part of Tower, will: (i) violate any statute or regulation of any governmental authority, domestic or foreign, affecting Tower; (ii) require the issuance of any authorization, license, consent or approval of any governmental agency, or any other person other than as set forth in Schedule 4.4; or (iii) conflict with or result in a breach of any of the terms, conditions or provisions of any judgment, order, injunction, decree, loan agreement or other material agreement or instrument to which Tower is a party, or by which Tower is bound, or constitute a default thereunder, the effect of which might have a material adverse effect on Tower.

4.7 No Litigation. There are no actions, suits, proceedings, or injunctive orders, pending or threatened against or affecting Tower relating to the subject matter of this Agreement and/or the Equipment Purchase Agreement and/or the August 1 Agreement.

4.8 No Brokers. Tower has not engaged any broker or finder in connection with the transactions contemplated by this Agreement, and no broker or other person is entitled to any commission or finder's fee in connection with such transactions.

5. Representations and Warranties of the Purchaser.

The Purchaser hereby represents and warrants to the Company as follows:

5.1 Organizations; Good Standing. The Purchaser is a corporation duly organized, validly existing, and in good standing under the laws of the State of Israel with full corporate power and authority to perform all its obligations under this Agreement.

5.2 Authorization; Approvals. Prior to the Closing, all corporate action on the part of the Purchaser necessary for the execution and delivery of this Agreement and other agreements contemplated hereby has been taken. No consent, approval or authorization of, exemption by, or filing with, any governmental or regulatory authority is required in connection with the execution, delivery and performance by the Purchaser of this Agreement and the consummation by the Purchaser of the transactions contemplated hereby, except the approval of the Israeli Comptroller of Restrictive Trade Practice ("**Comptroller**"), to the extent required under law. This Agreement and other agreements contemplated hereby, when executed and delivered by or on behalf of the Purchaser, shall constitute the valid and legally binding obligations of the Purchaser, legally enforceable against the Purchaser in accordance with their respective terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws relating to creditor's rights generally and general principles of equity.

5.3 Investment Intent; No Registration

The Purchaser is acquiring the Capital Note and the Shares issued upon its conversion for its own account and not with a view to their distribution within the meaning of Section 2(11) of the Securities Act of 1933 (the "**Securities Act**"). The Purchaser has requisite knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in the Company and is an accredited investor as defined under Regulation D as promulgated by the United States Securities and Exchange Commission; and

The Purchaser understands that none of the Capital Note or the Shares issued upon its conversion have been registered under the Securities Act, the Israeli Securities Law or the laws of any jurisdiction, and agrees that the Capital Note and the Shares issued upon its conversion may not be sold, offered for sale, transferred, pledged, hypothecated or otherwise disposed of except in compliance with the Securities Act, Israeli Securities Law or any applicable securities laws of any jurisdiction (including but not limited to pursuant to an exemption therefrom). The Purchaser also acknowledges that the Capital Note and the Shares issued upon its conversion, upon issuance, will bear the following legend:

THESE SECURITIES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE OR OTHER JURISDICTION'S SECURITIES LAWS. THESE SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE OR PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO THE SECURITIES UNDER THE ACT OR AN OPINION OF COUNSEL (SATISFACTORY IN FORM AND SUBSTANCE TO THE COMPANY) THAT SUCH REGISTRATION IS NOT REQUIRED OR UNLESS SOLD PURSUANT TO RULE 144 OF THE ACT.

5.4 Cross-Default. The Purchaser is not in default under the Equipment Purchase Agreement or the August 1 Agreement.

5.5 No Litigation. There are no actions, suits, proceedings, or injunctive orders, pending or threatened against or affecting the Purchaser relating to the subject matter of this Agreement and/or the Equipment Purchase Agreement and/or the August 1 Agreement.

5.6 No Brokers. The Purchaser has not engaged any broker or finder in connection with the transactions contemplated by this Agreement, and no broker or other person is entitled to any commission or finder's fee in connection with such transactions.

6. Conditions of Closing of the Purchaser.

The obligations of the Purchaser to purchase the Capital Note and to transfer the Note Purchase Price at the Closing are subject to the fulfillment at or before the Closing of the following conditions precedent, any one or more of which may be waived in whole or in part by the Purchaser, which waiver shall be at the sole discretion of the Purchaser:

6.1 Representations and Warranties. The representations and warranties made by the Company in this Agreement shall have been true and correct when made, and, shall be true and correct in all material respects as of the Closing, as if made on the date of the Closing.6.2 The Amendment. The conditions precedent for the closing of transactions contemplated by the Amendment shall have been satisfied (unless waived by the Banks) and shall have been concluded in a manner which is satisfactory to the Purchaser other than the Investment contemplated by this Agreement.

6.3 Covenants. All covenants, agreements, and conditions contained in this Agreement to be performed or complied with by the Company prior the Closing shall have been performed or complied with by the Company prior to or at the Closing.

6.4 Consents, etc. The Company shall have secured all permits, consents and authorizations that shall be reasonably necessary or required lawfully for the Company to consummate this Agreement and to issue the Capital Note and the Shares issued upon its conversion to be purchased by the Purchaser at the Closing, including the approval of the Company's Audit Committee, Board of Directors and General Assembly and third party and/or governmental consents and the approval of all of the parties to the Registration Rights Agreement by and between the Company, SanDisk Corporation, Alliance Semiconductor Corp., Macronix International Co., Ltd., QuickLogic Corporation, and the Purchaser, dated January 18, 2001 of the registration rights that will be received by the Purchaser pursuant to the Registration Rights Agreement entered into by the Parties, if necessary.

6.5 Registration Rights Agreement. The Company and the Purchaser shall have entered into a registration rights agreement in form and substance satisfactory to the Purchaser and with rights which are at least as good as those provided to the Banks and no worse than those currently enjoyed by the Purchaser and provides a satisfactory arrangement with respect to the registration rights of the Shares of the Company owned by the Purchaser on the date of this Agreement.

6.6 Delivery of Documents. All of the documents to be delivered by the Company, and all actions to be performed or concluded pursuant to Section 2 by the Company, shall be in a form and substance reasonably satisfactory to the Purchaser and its counsel and shall have been delivered to the Purchaser.

6.7 Antitrust Approval. To the extent required under law, the unconditional approval of the Comptroller to the consummation of the Closing under this Agreement has been received.

7. Conditions of Closing of the Company.

The obligations of the Company to sell and issue the Capital Note at the Closing are subject to the fulfillment at or before the Closing of the following conditions precedent, any one or more of which may be waived in whole or in part by the Company, which waiver shall be at the sole discretion of the Company:

7.1 Representations and Warranties. The representations and warranties made by the Purchaser in this Agreement shall have been true and correct when made, and shall be true and correct in all material respects as of the Closing, as if made on the date of the Closing.

7.2 Covenants. All covenants, agreements, and conditions contained in this Agreement to be performed or complied with by the Purchaser prior the Closing shall have been performed or complied with by the Purchaser prior to or at the Closing.

7.3 Consents, etc. The Purchaser and the Company shall have secured all permits, consents and authorizations, including, without limitations, approval of its corporate organs that shall be reasonably necessary or required lawfully for the Company to consummate this Agreement and to issue the Capital Note and the Shares issued upon its conversion to be purchased by the Purchaser at the Closing.

7.4 Delivery of Documents. All of the documents to be delivered by the Purchaser, and all actions to be performed or concluded pursuant to Section 2 by the Purchaser, shall be in a form and substance reasonably satisfactory to the Company and its counsel.

7.5 Antitrust Approval. To the extent required under law, the unconditional approval of the Comptroller to the consummation of the Closing under this Agreement has been received.

8. Covenants. Between the date hereof, and the Closing Date:

8.1 Ordinary Course. The Company will operate in the ordinary course of business as now being conducted and as currently proposed to be conducted.

8.2 Dividends. The Company will not declare, make or pay any dividend or other distribution.

8.3 Actions inconsistent with this Agreement. Neither the Purchaser nor the Company will take any action inconsistent with this Agreement. For the avoidance of any doubt, nothing herein shall require the Purchaser to take or refrain from taking any action as a shareholder or investor in the Company. Nothing herein shall prohibit the Purchaser from exercising, prior to the Closing, any rights it may have under the Equipment Purchase Agreement to sell the Purchased Assets or assign the Equipment Agreements to third parties.

9. Indemnification Pursuant to the Equipment Purchase Agreement. Nothing herein shall derogate from the Company's obligations to indemnify the Purchaser for any amount paid or incurred by the Purchaser pursuant to the Equipment Purchase Agreement.

10. Miscellaneous.

10.1 Further Assurances. Each of the parties hereto shall perform such further acts and execute such further documents as may reasonably be necessary to carry out and give full effect to the provisions of this Agreement and the intentions of the parties as reflected thereby.

10.2 Governing Law; Jurisdiction. This Agreement will be governed by the laws of the State of Israel without regard to conflicts of law principles. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby may be brought in the Courts of Tel Aviv-Jaffa, and each of the parties hereby consents to the jurisdiction of such courts in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum.

10.3 Successors and Assigns; Assignment. Except as otherwise expressly limited herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto. This Agreement may not be assigned by any party without the prior written consent of the other party hereto. However, all of Tower's rights to receive cash, but none of its obligations, under this Agreement may be assigned by Tower, including by way of a first ranking fixed pledge and charge, in favor of the Banks (or the permitted successors or assignees of the Banks), provided that such pledges or charges shall not take effect on any portion of the Share Purchase Price that could be set off against other obligations of the Company.

10.4 Expenses. The Company shall bear the expenses and costs of both parties to the transactions contemplated hereby.

10.5 Entire Agreement; Amendment and Waiver. This Agreement, the Schedules hereto and the Equipment Purchase Agreement, constitute the full and entire understanding and agreement between the parties with regard to the subject matters hereof and thereof. Any term of this Agreement may be amended and the observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of the parties to this Agreement.

10.6 Notices, etc. All notices and other communications required or permitted hereunder to be given to a party to this Agreement shall be in writing and shall be faxed or mailed by registered or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, addressed to such party's address as set forth below or at such other address as the party shall have furnished to each other party in writing in accordance with this provision:

If to the Purchaser:	Israel Corporation Ltd. Millennium Tower, 23 Aranha St. Tel Aviv Israel 61070 Fax: 972-3-684-4574 Attn: Chief Financial Officer
with a copy to (which shall not constitute notice):	Gornitzky & Co. 45 Rothschild Blvd., Tel-Aviv 65784 Israel Fax: 972-3-560-6555 Attn: Adv. Zvi Ephrat
if to the Company:	Tower Semiconductor Ltd. Ramat Gavriel Industrial Area P.O. Box 619 Migdal Haemek Israel 23105 Fax. 972-4-6047242 Attn: Oren Shirazi, Acting CFO
with a copy to (which shall not constitute notice):	Yigal Arnon & Co. 1 Azrieli Center 46th Floor Tel Aviv, Israel, 67021 Fax: 03-608-7714 Attn: David Schapiro, Adv.

or such other address with respect to a party as such party shall notify each other party in writing as above provided. Any notice sent in accordance with this Section 10.6 shall be effective (i) if mailed, five (5) business days after mailing, (ii) if sent by messenger, upon delivery, and (iii) if sent via facsimile, one (1) business day following transmission and electronic confirmation of receipt.

10.7 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default under this Agreement, shall be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. Unless provided otherwise herein, all remedies, either under this Agreement or by law or otherwise afforded to any of the parties, shall be cumulative and not alternative.

10.8 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; provided, however, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

10.9 Counterparts. This Agreement may be executed in any number of counterparts (including facsimile counterparts), each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

10.10 Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

IN WITNESS WHEREOF, each of the parties has signed this Agreement as of the date first hereinabove set forth.

TOWER SEMICONDUCTOR LTD	**ISRAEL CORPORATION LTD.**
By: /s/ Russell Ellwanger	By: /s/ Yossi Rosen; /s/ Avisar Paz
Name: Russell Ellwanger	Name: Yossi Rosen; /s/ Avisar Paz
Title: CEO	Title: CEO; CFO

Exhibit 14

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this **"Agreement"**) is made and entered into effective as of September 28, 2006 by and between TOWER SEMICONDUCTOR LTD. (the **"Company"** or **"Tower"**), a company organized under the laws of the State of Israel, and ISRAEL CORPORATION LTD., a corporation organized under the laws of the State of Israel (**"TIC"** or the **"Investor"**).

WHEREAS, Tower is an independent manufacturer of wafers whose Ordinary Shares are traded on the Nasdaq Stock Market (**"NASDAQ"**) under the symbol "TSEM" and whose Ordinary Shares and certain other securities are traded on the Tel-Aviv Stock Exchange (**"TASE"**) under the symbol "TSEM";

WHEREAS, TIC and Tower have entered into a Securities Purchase Agreement dated August 24, 2006 (the **"Purchase Agreement"**), the conditions to the effectiveness of which include, *inter alia*, the issuance to TIC of an equity-equivalent convertible capital note which will in turn be convertible, in whole or in part, by the Investor at any time and from time to time into shares of Tower; and

WHEREAS, Tower, TIC and certain other shareholders of Tower entered into a Registration Rights Agreement, dated January 18, 2001 (the **"2001 Registration Rights Agreement"**); for the avoidance of doubt, nothing herein shall derogate from or limit the registration rights granted to TIC pursuant to the 2001 Registration Rights Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Investor hereby agree as follows:

1. DEFINITIONS AND INTERPRETATION.

As used in this Agreement, the following terms shall have the following meanings:

(a) **"Capital Note"** means any capital note that is convertible into shares of Tower.

(b) **"Holder"** means TIC, any transferee or assignee to whom TIC, assigns its rights, in whole or in part, and any transferee or assignee thereof to whom a transferee or assignee assigns its rights, in accordance with Section 9.

(c) **"ISA"** means the Israel Securities Authority or any similar or successor agency of Israel administering the Israel Securities Law.

(d) **"Israel Securities Law"** means the Israel Securities Law, 5728-1968 (including the regulations promulgated thereunder), as amended.

(e) **"1933 Act"** means the U.S. Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute.

(f) **"1934 Act"** means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, or any similar successor statute.

(g) **"Register"**, **"registered"**, and **"registration"** refer to a registration effected by preparing and filing a registration statement in compliance with the 1933 Act and the effectiveness of such registration statement in accordance with the 1933 Act or the equivalent actions under the laws of another jurisdiction.

(h) **"Registrable Securities"** means (i) the ordinary shares of the Company issued or issuable upon conversion of any Capital Note by any Holder, and (ii) any shares of capital stock issued or issuable with respect to the ordinary shares of the Company issued or issuable upon conversion of the Capital Note as a result of any stock split, stock dividend, rights offering, recapitalization, merger, exchange or similar event or otherwise, as described in any Capital Note.

(i) **"Registration Statement"** means a registration statement or registration statements of the Company covering Registrable Securities filed with (a) the SEC under the 1933 Act, and (b) the ISA under the Israel Securities Law, to the extent required under the Israel Securities Law, so as to allow the Holder to freely resell the Registrable Securities in Israel, including on the TASE.

(j) **"SEC"** means the United States Securities and Exchange Commission or any similar or successor agency of the United States administering the 1933 Act.

In this Agreement:

(a) Words importing the singular shall include the plural and *vice versa* and words importing any gender shall include all other genders and references to persons shall include partnerships, corporations and unincorporated associations.

(b) Any reference in this Agreement to a specific form or to any rule or regulation adopted by the SEC shall also include any successor form or amended or successor rule or regulation subsequently adopted by the SEC, all as the same may be in effect at the time.

(c) Any reference in this Agreement to a statute, act or law shall be construed as a reference to such statute, act or law as the same may have been, or may from time to time be, amended or reenacted.

(d) A **"person"** shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) or two or more of the aforegoing.

(e) **"Including"** and **"includes"** means, including, without limiting the generality of any description preceding such terms.

(f) The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

2. REGISTRATION.

(a) The Company shall prepare, and, as soon as practicable but in no event later than 45 days after the date of this Agreement file with the SEC a Registration Statement on Form F-3 and make all required filings with the ISA covering the resale of all of the then Registrable Securities that are not already registered. The Company shall use its best efforts to have the Registration Statement declared effective by the SEC and the ISA as soon as possible after such filing with the SEC and the ISA.

(b) In the event that Form F-3 shall not be available for the registration of the resale of Registrable Securities hereunder, the Company shall (i) register the resale of the Registrable Securities on another appropriate form reasonably acceptable to the Holders of the Registrable Securities to be registered on such Registration Statement and (ii) undertake to register the Registrable Securities on Form F-3 as soon as such form is available, provided that, in each such event, the Company shall maintain the effectiveness of the Registration Statement then in effect until such time as a Registration Statement on Form F-3 covering the Registrable Securities has been declared effective by the SEC.

3. RELATED OBLIGATIONS.

(a) Following the filing and effectiveness of each Registration Statement with the SEC pursuant to Section 2(a), the Company shall keep the Registration Statement effective pursuant to Rule 415 of the 1933 Act and under the Israel Securities Law at all times until the earlier of (i) the date as of which all of the Holders confirm to the Company in writing that they may sell all of the Registrable Securities covered by such Registration Statement without restriction pursuant to all of the following: (x) Rule 144(k) under the 1933 Act, (y) the Israel Securities Law and (z) other securities or "blue sky" laws of each jurisdiction in which the Company obtained a registration or qualification in accordance with Section 3(d) below or (ii) the date on which the Holders shall have sold all the Registrable Securities covered by such Registration Statement (A) in accordance with such Registration Statement (except to another Holder pursuant to Section 9) or (B) to the public pursuant to Rule 144 under the 1933 Act, (the "**Registration Period**") the Company to ensure that such Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, subject to Section 3(e) below.

(b) The Company shall prepare and file with the SEC and the ISA (to the extent required) such amendments (including post-effective amendments) and supplements to each Registration Statement and the prospectus used in connection with such Registration Statement, which prospectus is to be filed pursuant to Rule 424 under the 1933 Act or under the Israel Securities Law, as may be necessary to keep such Registration Statement effective at all times during the Registration Period, and, during such period, comply with the provisions of the 1933 Act and the Israel Securities Law with respect to the disposition of all Registrable Securities of the Company covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement, which, for the avoidance of doubt, shall include sales on the Nasdaq Stock Market and the TASE, as well as sales not made on such exchanges. In the case of amendments and supplements to a Registration Statement which are required to be filed pursuant to the Agreement (including pursuant to this Section 3(b) by reason of the Company filing a report on Form 20-F, Form 6-K or any analogous report under the 1934 Act), the Company shall have incorporated such report by reference into the Registration Statement, if applicable, or shall file such amendments or supplements with the SEC and the ISA on the same day on which the 1934 Act report is filed which created the requirement for the Company to amend or supplement the Registration Statement.

(c) The Company shall furnish each Holder whose Registrable Securities are included in any Registration Statement, without charge, (i) promptly after the same is prepared and filed with the SEC, at least three (3) copies of such Registration Statement and any amendment(s) thereto, including financial statements and schedules, all documents incorporated therein by reference, all exhibits and each preliminary prospectus (or such other number of copies as such Holder may reasonably request), (ii) upon the effectiveness of any Registration Statement, at least ten (10) copies of the prospectus included in such Registration Statement and all amendments and supplements thereto (or such other number of copies as such Holder may reasonably request) and (iii) such other documents, including copies of any preliminary or final prospectus and of any Registration Statements and prospectuses filed with the ISA, as such Holder may reasonably request from time to time in order to facilitate the disposition of the Registrable Securities owned by such Holder.

(d) The Company shall use its best efforts to (i) register and qualify, unless an exemption from registration and qualification applies, the resale by the Holders of the Registrable Securities covered by a Registration Statement under such other securities or "blue sky" laws of all the states of the United States, (ii) prepare and file in those jurisdictions, such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (x) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), or (y) file a general consent to service of process in any such jurisdiction. The Company shall promptly notify each Holder who holds Registrable Securities of the receipt by the Company of any notification with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threatening of any proceeding for such purpose.

(e) The Company shall notify each Holder in writing of the happening of any event, as promptly as practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company shall use its best efforts to minimize the period of time during which a Registration Statement includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company shall promptly notify each Holder in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed so that the Registration Statement does not include an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and when a Registration Statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to each Holder by facsimile on the same day of such effectiveness and by overnight mail), (ii) of any request by the SEC or the ISA for amendments or supplements to a Registration Statement or related prospectus or related information, and (iii) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate.

(f) The Company shall use its best efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify each Holder who holds Registrable Securities being sold of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(g) The Company shall cause all the Registrable Securities covered by a Registration Statement to be listed on each securities exchange on which securities of the same class or series issued by the Company are then listed, including the NASDAQ and the TASE and the Company shall, not later than the effective date of a Registration Statement, deliver to the Holders a copy of the approvals of the TASE and the NASDAQ (and/or any other exchange, if applicable) to the listing of the Registrable Securities covered by such Registration Statement on such exchange.

(h) The Company shall cooperate with the Holders who hold Registrable Securities being offered and, to the extent applicable, facilitate the timely preparation and delivery of certificates (not bearing any restrictive legend) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates to be in such denominations or amounts, as the case may be, as the Holders may reasonably request and registered in such names as the Holders may request.

(i) The Company shall provide a transfer agent and registrar of all Registrable Securities and a CUSIP number not later than the effective date of the applicable Registration Statement.

(j) If requested by a Holder, the Company shall (i) as soon as practicable incorporate in a prospectus supplement or post-effective amendment such information as a Holder requests to be included therein, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) as soon as practicable make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) as soon as practicable, supplement or make amendments to any Registration Statement if reasonably requested by a Holder of such Registrable Securities.

(k) In the event of any underwritten public offering of the Registrable Securities, enter into and perform its obligations under an underwriting agreement with usual and customary terms that are generally satisfactory to the managing underwriter of such offering. The Holder shall also enter into and perform its obligations under such an agreement (the terms of which must be satisfactory to the Holder if the Holder is to participate in such offering).

(l) The Company shall afford the Holder and its representatives (including counsel) the opportunity at any time and from time to time during the Registration Period to make such examinations of the business affairs and other material financial and corporate documents of the Company and its subsidiaries as the Holder may reasonably deem necessary to satisfy itself as to the accuracy of the registration statement (subject to a reasonable confidentiality undertaking on the part of the Holder and its representatives).

(m) The Company shall furnish, at the request of the Holder in connection with the registration of Registrable Shares pursuant to this Agreement, on the date that such Registrable Shares are delivered to the underwriters for sale, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the Registration Statement with respect to such securities becomes effective and on the date of each post-effective amendment thereof: (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holder; and (ii) a letter, dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holder.

(n) The Company shall comply with all applicable rules and regulations of the SEC and shall make generally available to its security holders an earnings statement satisfying the provisions of Section 11(a) of the 1933 Act as soon as practicable after the effective date of the Registration Statement and in any event no later than 45 days after the end of a 12-month period (or 90 days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the Registration Statement.

4. OBLIGATIONS OF THE HOLDERS.

Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in the first sentence of Section 3(e) or in Section 3(f), such Holder will immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement(s) covering such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by the first sentence of Section 3(e) or receipt of notice that no supplement or amendment is required.

5. EXPENSES OF REGISTRATION.

All expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees, fees and disbursements of counsel to the Company and the Holders, including in connection with such examinations described in Section 3(l) above, shall be paid by the Company.

6. INDEMNIFICATION.

In the event any Registrable Securities are included in a Registration Statement under this Agreement:

(a) To the fullest extent permitted by law, the Company will, and hereby does, indemnify, hold harmless and defend each Holder, the directors, officers, partners, employees, agents, representatives of, and each Person, if any, who controls any Holder within the meaning of the 1933 Act or 1934 Act (each, an **"Indemnified Person"**), against any losses, claims, damages, liabilities, judgments, fines, penalties, charges, costs, reasonable attorneys' fees, amounts paid in settlement or expenses, joint or several, (collectively, **"Claims"**) incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC or the ISA, whether pending or threatened, whether or not a person to be indemnified is or may be a party thereto (**"Indemnified Damages"**), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in which Registrable Securities are offered (**"Blue Sky Filing"**), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, preliminary prospectus, final prospectus or "free writing prospectus" (as such term is defined in Rule 405 under the 1933 Act) or any amendment or supplement to any such prospectus or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading, (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, the Israel Securities Law or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement or (iv) any material violation of this Agreement (the matters in the foregoing clauses (i) through (iv) being, collectively, **"Violations"**). Subject to Section 6(c), the Company shall reimburse the Indemnified Persons promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): (i) shall not apply to a Claim by an Indemnified Person arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by such Indemnified Person expressly for inclusion in any such Registration Statement, preliminary prospectus, final prospectus or free writing prospectus or any such amendment thereof or supplement thereto and (ii) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of the Registrable Securities by the Holders pursuant to Section 9.

(b) In connection with any Registration Statement in which a Holder is participating, each such Holder agrees, severally and not jointly, to indemnify, hold harmless and defend, to the same extent and in the same manner as is set forth in Section 6(a), the Company, each of its directors, each of its officers who signs the Registration Statement, each Person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act (each an **"Indemnified Party"**), against any Claim or Indemnified Damages to which any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such Claim or Indemnified Damages arise out of or are based upon any Violation, in each case to the extent, and only to the extent, that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Holder expressly for inclusion in Registration Statement, preliminary prospectus, final prospectus or free writing prospectus and, subject to Section 6(c), such Holder will reimburse any legal or other expenses reasonably incurred by an Indemnified Party in connection with investigating or defending any such Claim; provided, however, that the indemnity agreement contained in this Section 6(b) and the agreement with respect to contribution contained in Section 7 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Holder; provided, further, however, that the Holder shall be liable under this Section 6 for only that amount of a Claim or Indemnified Damages as does not exceed the net proceeds to such Holder as a result of the sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of the Registrable Securities by the Holders pursuant to Section 9.

(c) Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any action or proceeding (including any governmental action or proceeding) involving a Claim, such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; provided, however, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the fees and expenses of not more than one counsel for such Indemnified Person or Indemnified Party to be paid by the indemnifying party, if, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding. In the case of an Indemnified Person, legal counsel referred to in the immediately preceding sentence shall be selected by the Holders holding a majority in interest of the Registrable Securities included in the Registration Statement to which the Claim relates. The Indemnified Party or Indemnified Person shall cooperate with the indemnifying party in connection with any negotiation or defense of any such action or Claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party or Indemnified Person which relates to such action or Claim. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such action but the omission to so notify the indemnifying party will not relieve such indemnifying party of any liability that it may have to any Indemnified Person or Party otherwise than under this Section 6(c), including under Section 6(e).

(d) The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Indemnified Damages are incurred.

(e) The indemnity agreements contained herein shall be in addition to (i) any cause of action or similar right of the Indemnified Party or Indemnified Person against the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law.

7. CONTRIBUTION.

To the extent any indemnification by an indemnifying party is prohibited or limited by law or insufficient to hold an Indemnified Person or an Indemnified Party, as the case may be, harmless, then the indemnifying party, in lieu of indemnifying such Indemnified Person or Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Person or Indemnified Party as a result of such Claims and Indemnified Damages (each as defined in Section 6(a) above) in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the Indemnified Person or Indemnified Party, as the case may be, on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the Indemnified Person or Indemnified Party, as the case may be, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the Indemnified Person or Indemnified Party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

Notwithstanding the foregoing, (i) no person involved in the sale of Registrable Securities, which person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) in connection with such sale, shall be entitled to contribution from any person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (ii) contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities pursuant to such Registration Statement.

8. REPORTS UNDER THE 1934 ACT.

With a view to making available to the Holders the benefits of Rule 144 promulgated under the 1933 Act or any other similar rule or regulation of the SEC that may at any time permit the Holders to sell securities of the Company to the public without registration (**"Rule 144"**), the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required by the Company under the 1993 Act and the 1934 Act so long as the Company remains subject to such requirements and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

(c) furnish to each Holder so long as such Holder owns Registrable Securities, promptly upon request, (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the 1933 Act and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to permit the Holders to sell such securities pursuant to any rule or regulation of the SEC allowing the Holder to sell any securities without registration.

9. ASSIGNMENT OF REGISTRATION RIGHTS.

The rights under this Agreement shall be freely assignable, in whole or in part at any time and from time to time during the Registration Period, by the Holder to any transferee of all or any portion of a Capital Note or of the Registrable Securities (provided that, in the case of the transfer of Registrable Securities only, the rights under the Agreement may be transferred only if the Holder reasonably believes that such transferee cannot immediately make a public distribution of such Registrable Securities without restriction under the 1933 Act, the Israel Securities Law or other applicable securities laws) if: (i) the Holder agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such transfer or assignment; (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned; and (iii) within a reasonable period of time after such transfer or assignment, the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein. At the transferee's request, the Company shall promptly prepare and file any required prospectus supplement under Rule 424(b)(3) of the 1933 Act or other applicable provision of the 1933 Act and/or the Israel Securities Law to appropriately amend the list of selling shareholders thereunder to include such transferee.

10. AMENDMENT OF REGISTRATION RIGHTS.

Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the Holders. Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Holder and the Company. No such amendment shall be effective to the extent that it applies to less than all of the Holders of the Registrable Securities. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of any of this Agreement unless the same consideration also is offered to all of the parties to this Agreement.

11. OTHER REGISTRATION STATEMENTS; DEMAND AND INCIDENTAL REGISTRATIONS; NO CONFLICTING AGREEMENTS.

(a) From and after the time of filing of any Registration Statement filed pursuant hereto and prior to the effectiveness thereof, the Company shall not file a registration statement (including any shelf registration statements) (other than on Form S-8) with the SEC with respect to any securities of the Company, provided that nothing herein shall limit the filing of any registration statement demanded to be filed pursuant to a "demand" right granted by the Company prior to the filing of any such Registration Statement.

(b) If at any time during the Registration Period there is not an effective Registration Statement covering all of the then Registrable Securities, the Company shall, upon the demand of any Holder, immediately file a registration statement covering all of the then Registrable Securities and the provisions of this Agreement shall apply to such Registration Statement, *mutatis mutandis*.

(c) If at any time the Company shall determine to prepare and file with the SEC and/or the ISA a registration statement relating to an underwritten offering for its own account or the account of others under the 1933 Act and/or the Israel Securities Law of any of its equity securities, other than on Form F-4 or Form S-8 (each as promulgated under the 1933 Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans, then the Company shall send each Holder written notice of such determination and, if within twenty days after receipt of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such Holder requests to be registered, subject to customary underwriter cutbacks applicable on a basis consistent with the Company's obligation to other existing holders of registration rights.

(d) The Company represents and warrants to the Holder that the Company is not a party to any agreement that conflicts in any manner with the Holder's rights to cause the Company to register Registrable Shares pursuant to this Agreement.

12. MISCELLANEOUS.

(a) Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) three business days after deposit if deposited in the mail for mailing by certified mail, postage prepaid, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

to the Borrower at:

Tower Semiconductor Ltd.
P.O. Box 619
Migdal Haemek
Israel
Facsimile: (04) 604 7242
Attention: Oren Shirazi
Acting Chief Financial Officer

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

Yigal Arnon & Co.
1 Azrieli Center
46th Floor, The Round Tower
Tel-Aviv, Israel 67021
Facsimile: (03) 608 7714
Attention: David H. Schapiro, Adv./
Ari Fried, Adv.

to TIC at:

Israel Corporation Ltd.
Milennium Tower
23 Aranha St.
Tel Aviv Israel 61070
Facsimile: (03) 684 4574
Attention: Chief Financial Officer

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

Gornitzky & Co.
45 Rothschild Blvd.
Tel Aviv, Israel 65784
Facsimile: (03) 560 6555
Attention: Zvi Ephrat, Adv.

to any other Holder at: such address as shall be notified to the Company pursuant to Section 9 above.

(b) Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

(c) This Agreement shall be governed by and construed in accordance with the laws of the State of Israel as applicable to contracts between two residents of the State of Israel entered into and to be performed entirely within the State of Israel. 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.

(d) This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

(e) Neither this Agreement, nor any of Tower's obligations hereunder, may be assigned by Tower, except with the prior written consent of all the Holders. Subject to the requirements of Section 9, this Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties hereto.

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

(g) This Agreement may be executed in identical counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

(h) Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(i) The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent and no rules of strict construction will be applied against any party.

(j) This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

IN WITNESS WHEREOF, the parties have caused this Registration Rights Agreement to be duly executed as of the day and year first above written.

COMPANY:

TOWER SEMICONDUCTOR LTD.

By: /s/ Oren Shirazi; /s/ Yoram Glatt

Name: Oren Shirazi; Yoram Glatt

Its: VP Finance; Treasurer

ISRAEL CORPORATION LTD.:

By: /s/ Yossi Rosen; /s/ Avisar Paz

Name: Yossi Rosen; Avisar Paz

Its: CEO; CFO

Exhibit 15

AGREEMENT

This Agreement (this "**Agreement**") is made and entered into effective as of September 28, 2006 by and between **each of the parties listed in the Schedule hereto,** severally, of the one part (the **"Lead Investors**"), and Bank Hapoalim B.M., a banking corporation organized under the laws of the State of Israel (the "**Bank**") of the other part.

WHEREAS, the Lead Investors are the leading investors in Tower Semiconductor Ltd. ("**Tower**"), an independent manufacturer of semiconductor wafers whose Ordinary Shares (the "**Shares**") are traded on the Nasdaq Stock Market under the symbol TSEM and whose Ordinary Shares and certain other securities are traded on the Tel-Aviv Stock Exchange under the symbol TSEM;

WHEREAS, the Bank and Bank Leumi Le–Israel B.M. (collectively, the "**Banks**") and Tower are parties to a Facility Agreement dated January 18, 2001, as amended (the "**Facility Agreement**"); and

WHEREAS, at the request of Tower, the Banks and Tower have entered into an Amending Agreement dated August 24, 2006 (the "**Amending Agreement**"), one of the conditions to the effectiveness of which includes, *inter alia*, the entering into by each of the Banks with the Lead Investors of this Agreement;

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

1. Interpretation.

1.1. In this Agreement:

1.1.1. **"Affiliate"** means, with respect to any person, any company which controls, is controlled by, or under common control with, such person; **"control"** shall in this Section 1.1.1 bear the meaning assigned to such term in Section 1 of the Securities Law, 1968;

1.1.2. **"including"** and **"includes"** means including, without limiting the generality of any description preceding such terms;

1.1.3. a **"person"** shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) or two or more of the aforegoing;

1.1.4. **"Shares"** means the ordinary shares of Tower or any other shares of Tower having voting rights;

1.1.5. **"Subsidiary"** of a person means any company in which such person holds directly at least 51% (fifty-one percent) of the total issued share capital and other means of control (including voting rights and rights to appoint directors).

1.2. The preamble to this Agreement constitutes an integral part thereof.

2. Undertakings of Lead Investors.

2.1. In the event that a person shall acquire and hold Shares representing 5% (five percent) or more of the then outstanding Shares of Tower from the Bank and/or its Affiliates and the Bank notifies the Lead Investors that such acquiring person shall have the benefit of the undertakings of the Lead Investors contained in this Agreement (the "**Acquiring Person**"), then each of the Lead Investors shall as soon as practicable, take such action to cause a general meeting of shareholders to be assembled and to vote (and/or, if applicable, cause any and all of its Subsidiaries holding Shares to vote) all of the Shares held by such Lead Investor and its Subsidiaries for the nominee of such Acquiring Person to be appointed as a director of Tower; provided, however, that the fulfilment of such undertakings shall apply only in respect of one such Acquiring Person. For the avoidance of doubt, without derogating from the terms and conditions of this Agreement, the Bank need not designate the first acquirer of such 5% (five percent) or more holding from the Bank and/or its Affiliates as the Acquiring Person and may, in its discretion, so designate a subsequent acquirer from the Bank and/or its Affiliates of such 5% (five percent) or more holding as the Acquiring Person or may, in its discretion, not designate any acquirer as the Acquiring Person. For the further removal of doubt, the Acquiring Person may not assign any rights or benefits of the undertakings of the Lead Investors contained in this Agreement that may be owed or owing to the Acquiring Person, except to a Subsidiary of such Acquiring Person. Only (1) Shares received by the Bank and/or its Affiliates upon the conversion of a capital note (or any other capital note or capital notes issued in substitution therefor) issued pursuant to clause 5.4 of the Amending Agreement (the "**Capital Notes**") and (2) Shares received upon the conversion of Capital Notes acquired from the Bank and/or its Affiliates shall be considered Shares acquired from the Bank and/or its Affiliates for the purpose of the first sentence of this Section 2.1.

2.2. Each of the Lead Investors agrees, separately but not jointly, to attend and vote (and/or, if applicable, cause any and all of its Subsidiaries holding Shares to vote) at general meetings of shareholders of Tower all of the Shares held by such Lead Investor and its Subsidiaries: (i) for any amendment to Tower's articles of association (the "**Articles**") that may be required in order that at all times the maximum number of directors in the Board of Directors of Tower as set forth in the Articles shall be more than the then current or proposed number of directors so as to permit the Acquiring Person's nominee to serve as a director; (ii) for the election of the Acquiring Person's nominee to the Board of Directors of Tower and for any other resolution which is necessary in order to finalize such election; and (iii) against any resolution the effect of which is to prevent such election. Subject to Sections 4.9.1 and 4.9.2 below, the obligations of each of the Lead Investors towards the Acquiring Person and the Acquiring Person's nominee under this Agreement shall be subject to the Acquiring Person agreeing to attend and vote (and/or, if applicable, cause any and all of its Subsidiaries holding Shares to vote) at general meetings of shareholders of Tower all of the Shares held by the Acquiring Person and its Subsidiaries for (and only for) (a) the election of (i) the Acquiring Person's nominee; (ii) the nominees to the Board of Directors of Tower for which any of the Lead Investors shall be obligated to vote for pursuant to that certain Consolidated Shareholders Agreement by and among the Lead Investors, dated January 18, 2001, as amended and as may be amended from time to time (the "**CSA**"); and (iii) a representative of Israel Corporation Ltd. as Chairman of the Board of Directors of Tower if any of the Lead Investors shall be obligated to vote therefor pursuant to the CSA and (b) in the case of each of (a)(i), (ii) and (iii) above, any other resolution which is necessary in order to finalize each such election and against any resolution the effect of which is to prevent or impede each such election. For the removal of doubt, the provisions of this Section 2.2 shall apply to voting in relation only to the matters set out in (a) and (b) above and shall not restrict the rights of the Acquiring Person or the Lead Investors (and/or their respective Subsidiaries) to vote on other matters in such manner as they deem fit. For the avoidance of doubt, the Acquiring Person shall not be required to agree to vote as set out in the immediately preceding sentence (or, as applicable, in Section 4.9.1 below) and may at any time terminate such agreement (in which case, the Acquiring Person shall be relieved of any obligation so to vote) and, with respect to the Lead Investors, the sole consequence of an Acquiring Person's failure to agree or termination of such agreement as aforesaid shall be that the Lead Investors will not be obligated to vote for the Acquiring Person's nominee, including pursuant to Section 4.9 below.

2.3. Subject to Section 2.4 below, in the event that the Acquiring Person and its Subsidiaries hold together in the aggregate less than 5% (five percent) of the outstanding Shares, then the Acquiring Person shall not be entitled to designate any nominee, and if requested by any of the Lead Investors, shall cause its nominee then serving as a director of Tower to resign immediately from such position. In the absence of such resignation within 24 (twenty-four) hours of such request, the Lead Investors agree to take such action as is necessary to cause a general meeting of shareholders of the Company to be assembled, and to vote all their Shares in order to remove such director from Tower's board of directors.

2.4. Notwithstanding Section 2.3, in the event that the Acquiring Person and its Subsidiaries hold together at any one time in the aggregate 6% (six percent) or more of the outstanding Shares, and, subsequent to such time, the Acquiring Person and its Subsidiaries hold together in the aggregate less than 5% (five percent) of the outstanding Shares solely as a result of additional Shares having become issued and outstanding (and not as a result of any sales of Shares by the Acquiring Person or its Subsidiaries) (such date, the "**Dilution Date**"), and within 90 (ninety) days of the Dilution Date, the Acquiring Person and its Subsidiaries shall not again become together the holders of 5% (five percent) or more of the outstanding Shares (such 90th day, the "**Loss of Right Date**"), the Acquiring Person shall not, after the Loss of Right Date, be entitled to designate a nominee and, if requested by any of the Lead Investors, shall cause its nominee then serving as a director of Tower to resign immediately from such position. In the absence of such resignation within 24 (twenty-four) hours of such request, the Lead Investors agree to take such action as is necessary to cause a general meeting of shareholders of the Company to be assembled, and to vote all their Shares in order to remove such director from Tower's board of directors.

2.5. Each of the Lead Investors further agrees that in the event that the Acquiring Person decides to terminate or replace its director, then each shall vote (and/or, if applicable, cause any and all of its Subsidiaries holding Shares to vote) all of the Shares held by such Lead Investor and its Subsidiaries to cause the termination of office or, subject to the Acquiring Person having the right to nominate a person to serve as a director of Tower under this Agreement, the replacement of such director, in accordance with the decision of the Acquiring Person and cause, if required, a general meeting of shareholders of Tower to be held for such purpose. This Section 2.5 shall apply *mutatis mutandis* to the obligations of the Acquiring Person (and/or, if applicable, its Subsidiaries) to vote for nominees of the Lead Investors under Section 2.2 above.

2.6. Notwithstanding the above,

2.6.1. a majority (in number and not shareholdings) of the Lead Investors then having the right to have one of its nominees elected to the Board of Directors of Tower pursuant to the CSA ("**Eligible Lead Investors**") shall be entitled, by a single written notice to the Acquiring Person, signed by such majority of the Lead Investors, to object to the appointment of any particular individual nominated by an Acquiring Person as a director of Tower on reasonable grounds (including, without limitation, that the nominee is a competitor of Tower, or is an employee of, or consultant to, Tower or to a competitor of Tower). For the avoidance of doubt, if any such objection on reasonable grounds is made, the Acquiring Person shall be entitled to nominate another individual to serve as a director of Tower, whose appointment shall be also subject to the terms and conditions of this Agreement, including this Section 2.6.1.

2.6.2. an Acquiring Person shall not have any rights under this Agreement (or enjoy any benefit of the undertakings of the Lead Investors hereunder) if a majority (in number and not shareholdings) of the Eligible Lead Investors shall, by a single written notice to the Acquiring Person, signed by such majority of the Lead Investors, object to the identity thereof but only on the following grounds: that the Acquiring Person is a competitor of Tower or an employee of, or consultant to, Tower or to a competitor of Tower or is a person organized under the laws of a state that either (a) is at war with the State of Israel or (b) has been declared by the Israel Minister of Defence as a state "hostile" to Israel.

3. Representations and Warranties by Lead Investors

Each of the Lead Investors hereby represents and warrants to the Bank that:

3.1. it is duly incorporated and validly existing under the laws of its jurisdiction of incorporation;

3.2. its signature on this Agreement and the performance by it of its obligations pursuant to this Agreement do not in any way contradict any rights of third parties, any contracts or agreements to which it is a party, its charter documents or any applicable law;

3.3. the execution of this Agreement and performance by it of its obligations under this Agreement are within its power and authority and have been duly and validly authorised by all necessary corporate action; and

3.4. this Agreement has been duly and validly executed by it and constitutes its valid, legal and binding obligations, enforceable against it in accordance with the terms of this Agreement.

4. Miscellaneous.

4.1. Governing Law; Jurisdiction. This Agreement shall be governed by and shall be construed in accordance with Israeli law and the courts of Tel-Aviv-Jaffa shall have exclusive jurisdiction to hear any matters, provided that the Bank shall be entitled to sue any of the Lead Investors in any jurisdiction in which such Lead Investor has an office or holds assets.

4.2. Successors and Assigns; Assignment. Except as otherwise expressly limited herein, the provisions hereof shall inure to the benefit of, and be binding upon, any Subsidiary of the Lead Investors or the Acquiring Person holding Shares, the successors and permitted assigns of the parties hereto. This Agreement may not be assigned by any party without the prior written consent of the other party hereto, provided that the Bank may assign this Agreement, in whole or in part, to any Affiliate of the Bank.

4.3. Entire Agreement; Amendment and Waiver. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subject matter hereof. Any term of this Agreement may be amended and the observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of the parties to this Agreement.

4.4. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default under this Agreement, shall be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. Unless provided otherwise herein, all remedies, either under this Agreement or by law or otherwise afforded to any of the parties, shall be cumulative and not alternative.

4.5. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; provided, however, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

4.6. Counterparts. This Agreement may be executed in any number of counterparts (including facsimile counterparts), each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

4.7. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

4.8. Further Assurances. Each of the parties hereto shall perform such further acts and execute such further documents as may reasonably be necessary to carry out and give full effect to the provisions of this Agreement and the intentions of the parties reflected thereby.

4.9. Termination. This Agreement, and, for the avoidance of doubt, any rights that may have been previously enjoyed by the Acquiring Person and the Acquiring Person's nominee, shall not have any further force or effect and shall terminate upon the January 18, 2013 or such later date to which the CSA shall have been extended, provided that nothing in this Section 4.9 shall derogate from the last sentence of Section 2.2 above.

4.9.1. In the event the CSA terminates prior to January 18, 2013, each of the Lead Investors will remain obligated to the Acquiring Person and the Acquiring Person's nominee under this Agreement, including the first sentence of Section 2.2 above, provided that, if such Lead Investor has a nominee to the Board of Directors of Tower, each such Lead Investor's obligations shall be subject to the Acquiring Person agreeing to attend and vote (and/or, if applicable, cause any and all of its Subsidiaries holding Shares to vote) at general meetings of shareholders of Tower all of the Shares held by the Acquiring Person and its Subsidiaries for (and only for) (a) the election of (i) the Acquiring Person's nominee and (ii) such Lead Investor's nominee or nominees to the Board of Directors of Tower and (b) in the case of (i) and (ii) above, any other resolution which is necessary in order to finalize each such election and against any resolution the effect of which is to prevent each such election. For the removal of doubt, the provisions of this Section 4.9.1 shall apply to voting in relation only to the matters set out in (a) and (b) above and shall not restrict the rights of the Acquiring Person or the Lead Investors (and/or their respective Subsidiaries) to vote on other matters in such manner as they deem fit.

4.9.2. For the avoidance of doubt (a) if any such Lead Investor shall not have a nominee to the Board of Directors of Tower, such Lead Investor shall nonetheless remain obligated to the Acquiring Person and the Acquiring Person's nominee under this Agreement, including the first sentence of Section 2.2 above; (b) if Section 4.9.1 above is applicable and two or more Lead Investors have agreed to vote for one another's nominees, the vote by the Acquiring Person and, if applicable, its Subsidiaries, for all such nominees of such Lead Investors shall be deemed a vote for "(and only for)" the nominee of each such Lead Investor for the purposes of Section 4.9.1 above; and (c) nothing in this Agreement shall be deemed to constitute an undertaking by any of the Lead Investors to the Bank or to the Acquiring Person not to dispose of any Shares (without derogating from the provisions of the Facility Agreement, pursuant to which certain disposals of Shares by the Lead Investors would constitute an Event of Default (as defined in the Facility Agreement) of Tower or from the provisions of the CSA, pursuant to which certain disposals may not be permitted or may be subject to certain rights of the other Lead Investors).

IN WITNESS WHEREOF, each of the parties has signed this Agreement as of the date first hereinabove set forth.

BANK HAPOALIM B.M.

By: /s/ Meiri Alterman; /s/ Dalit Uri

Name: Meiri Alterman; Dalit Uri

Title: Customer Relationship Manager; Deputy Customer Relationship Manager

THE ISRAEL CORPORATION LTD.

By: /s/ Yossi Rosen; /s/ Avisar Paz

Name: Yossi Rosen; Avisar Paz

Title: CEO; CFO

SANDISK CORPORATION

By: /s/ Eli Harari

Name: Eli Harari

Title: CEO

ALLIANCE SEMICONDUCTOR CORPORATION

By: /s/ Mel Keating

Name: Mel Keating

Title: President & CEO

MACRONIX INTERNATIONAL CO. LTD.

By: /s/ Miin Chyou Wu

Name: Miin Chyou Wu

Title: Chairman

Schedule

Lead Investors

The Israel Corporation Ltd., a company incorporated under the laws of Israel

Sandisk Corporation, a corporation incorporated under the laws of Delaware, USA

Alliance Semiconductor Corporation, a corporation incorporated under the laws of Delaware, USA

Macronix International Co. Ltd., a company incorporated under the laws of Taiwan

Exhibit 16

AGREEMENT

This Agreement (this "**Agreement**") is made and entered into effective as of September 28, 2006 by and between **each of the parties listed in the Schedule hereto,** severally, of the one part (the "**Lead Investors**"), and Bank Leumi Le–Israel B.M., a banking corporation organized under the laws of the State of Israel (the "**Bank**") of the other part.

WHEREAS, the Lead Investors are the leading investors in Tower Semiconductor Ltd. ("**Tower**"), an independent manufacturer of semiconductor wafers whose Ordinary Shares (the "**Shares**") are traded on the Nasdaq Stock Market under the symbol TSEM and whose Ordinary Shares and certain other securities are traded on the Tel-Aviv Stock Exchange under the symbol TSEM;

WHEREAS, the Bank and Bank Hapoalim B.M. (collectively, the "**Banks**") and Tower are parties to a Facility Agreement dated January 18, 2001, as amended (the "**Facility Agreement**"); and

WHEREAS, at the request of Tower, the Banks and Tower have entered into an Amending Agreement dated August 24, 2006 (the "**Amending Agreement**"), one of the conditions to the effectiveness of which includes, *inter alia*, the entering into by each of the Banks with the Lead Investors of this Agreement;

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

1. Interpretation.

1.1. In this Agreement:

1.1.1. **"Affiliate"** means, with respect to any person, any company which controls, is controlled by, or under common control with, such person; **"control"** shall in this Section 1.1.1 bear the meaning assigned to such term in Section 1 of the Securities Law, 1968;

1.1.2. **"including"** and **"includes"** means including, without limiting the generality of any description preceding such terms;

1.1.3. a **"person"** shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) or two or more of the aforegoing;

1.1.4. **"Shares"** means the ordinary shares of Tower or any other shares of Tower having voting rights;

1.1.5. **"Subsidiary"** of a person means any company in which such person holds directly at least 51% (fifty-one percent) of the total issued share capital and other means of control (including voting rights and rights to appoint directors).

1.2. The preamble to this Agreement constitutes an integral part thereof.

2. Undertakings of Lead Investors.

2.1. In the event that a person shall acquire and hold Shares representing 5% (five percent) or more of the then outstanding Shares of Tower from the Bank and/or its Affiliates and the Bank notifies the Lead Investors that such acquiring person shall have the benefit of the undertakings of the Lead Investors contained in this Agreement (the "**Acquiring Person**"), then each of the Lead Investors shall as soon as practicable, take such action to cause a general meeting of shareholders to be assembled and to vote (and/or, if applicable, cause any and all of its Subsidiaries holding Shares to vote) all of the Shares held by such Lead Investor and its Subsidiaries for the nominee of such Acquiring Person to be appointed as a director of Tower; provided, however, that the fulfilment of such undertakings shall apply only in respect of one such Acquiring Person. For the avoidance of doubt, without derogating from the terms and conditions of this Agreement, the Bank need not designate the first acquirer of such 5% (five percent) or more holding from the Bank and/or its Affiliates as the Acquiring Person and may, in its discretion, so designate a subsequent acquirer from the Bank and/or its Affiliates of such 5% (five percent) or more holding as the Acquiring Person or may, in its discretion, not designate any acquirer as the Acquiring Person. For the further removal of doubt, the Acquiring Person may not assign any rights or benefits of the undertakings of the Lead Investors contained in this Agreement that may be owed or owing to the Acquiring Person, except to a Subsidiary of such Acquiring Person. Only (1) Shares received by the Bank and/or its Affiliates upon the conversion of a capital note (or any other capital note or capital notes issued in substitution therefor) issued pursuant to clause 5.4 of the Amending Agreement (the "**Capital Notes**") and (2) Shares received upon the conversion of Capital Notes acquired from the Bank and/or its Affiliates shall be considered Shares acquired from the Bank and/or its Affiliates for the purpose of the first sentence of this Section 2.1.

2.2. Each of the Lead Investors agrees, separately but not jointly, to attend and vote (and/or, if applicable, cause any and all of its Subsidiaries holding Shares to vote) at general meetings of shareholders of Tower all of the Shares held by such Lead Investor and its Subsidiaries: (i) for any amendment to Tower's articles of association (the "**Articles**") that may be required in order that at all times the maximum number of directors in the Board of Directors of Tower as set forth in the Articles shall be more than the then current or proposed number of directors so as to permit the Acquiring Person's nominee to serve as a director; (ii) for the election of the Acquiring Person's nominee to the Board of Directors of Tower and for any other resolution which is necessary in order to finalize such election; and (iii) against any resolution the effect of which is to prevent such election. Subject to Sections 4.9.1 and 4.9.2 below, the obligations of each of the Lead Investors towards the Acquiring Person and the Acquiring Person's nominee under this Agreement shall be subject to the Acquiring Person agreeing to attend and vote (and/or, if applicable, cause any and all of its Subsidiaries holding Shares to vote) at general meetings of shareholders of Tower all of the Shares held by the Acquiring Person and its Subsidiaries for (and only for) (a) the election of (i) the Acquiring Person's nominee; (ii) the nominees to the Board of Directors of Tower for which any of the Lead Investors shall be obligated to vote for pursuant to that certain Consolidated Shareholders Agreement by and among the Lead Investors, dated January 18, 2001, as amended and as may be amended from time to time (the "**CSA**"); and (iii) a representative of Israel Corporation Ltd. as Chairman of the Board of Directors of Tower if any of the Lead Investors shall be obligated to vote therefor pursuant to the CSA and (b) in the case of each of (a)(i), (ii) and (iii) above, any other resolution which is necessary in order to finalize each such election and against any resolution the effect of which is to prevent or impede each such election. For the removal of doubt, the provisions of this Section 2.2 shall apply to voting in relation only to the matters set out in (a) and (b) above and shall not restrict the rights of the Acquiring Person or the Lead Investors (and/or their respective Subsidiaries) to vote on other matters in such manner as they deem fit. For the avoidance of doubt, the Acquiring Person shall not be required to agree to vote as set out in the immediately preceding sentence (or, as applicable, in Section 4.9.1 below) and may at any time terminate such agreement (in which case, the Acquiring Person shall be relieved of any obligation so to vote) and, with respect to the Lead Investors, the sole consequence of an Acquiring Person's failure to agree or termination of such agreement as aforesaid shall be that the Lead Investors will not be obligated to vote for the Acquiring Person's nominee, including pursuant to Section 4.9 below.

2.3. Subject to Section 2.4 below, in the event that the Acquiring Person and its Subsidiaries hold together in the aggregate less than 5% (five percent) of the outstanding Shares, then the Acquiring Person shall not be entitled to designate any nominee, and if requested by any of the Lead Investors, shall cause its nominee then serving as a director of Tower to resign immediately from such position. In the absence of such resignation within 24 (twenty-four) hours of such request, the Lead Investors agree to take such action as is necessary to cause a general meeting of shareholders of the Company to be assembled, and to vote all their Shares in order to remove such director from Tower's board of directors.

2.4. Notwithstanding Section 2.3, in the event that the Acquiring Person and its Subsidiaries hold together at any one time in the aggregate 6% (six percent) or more of the outstanding Shares, and, subsequent to such time, the Acquiring Person and its Subsidiaries hold together in the aggregate less than 5% (five percent) of the outstanding Shares solely as a result of additional Shares having become issued and outstanding (and not as a result of any sales of Shares by the Acquiring Person or its Subsidiaries) (such date, the "**Dilution Date**"), and within 90 (ninety) days of the Dilution Date, the Acquiring Person and its Subsidiaries shall not again become together the holders of 5% (five percent) or more of the outstanding Shares (such 90th day, the "**Loss of Right Date**"), the Acquiring Person shall not, after the Loss of Right Date, be entitled to designate a nominee and, if requested by any of the Lead Investors, shall cause its nominee then serving as a director of Tower to resign immediately from such position. In the absence of such resignation within 24 (twenty-four) hours of such request, the Lead Investors agree to take such action as is necessary to cause a general meeting of shareholders of the Company to be assembled, and to vote all their Shares in order to remove such director from Tower's board of directors.

2.5. Each of the Lead Investors further agrees that in the event that the Acquiring Person decides to terminate or replace its director, then each shall vote (and/or, if applicable, cause any and all of its Subsidiaries holding Shares to vote) all of the Shares held by such Lead Investor and its Subsidiaries to cause the termination of office or, subject to the Acquiring Person having the right to nominate a person to serve as a director of Tower under this Agreement, the replacement of such director, in accordance with the decision of the Acquiring Person and cause, if required, a general meeting of shareholders of Tower to be held for such purpose. This Section 2.5 shall apply *mutatis mutandis* to the obligations of the Acquiring Person (and/or, if applicable, its Subsidiaries) to vote for nominees of the Lead Investors under Section 2.2 above.

2.6. Notwithstanding the above,

2.6.1. a majority (in number and not shareholdings) of the Lead Investors then having the right to have one of its nominees elected to the Board of Directors of Tower pursuant to the CSA ("**Eligible Lead Investors**") shall be entitled, by a single written notice to the Acquiring Person, signed by such majority of the Lead Investors, to object to the appointment of any particular individual nominated by an Acquiring Person as a director of Tower on reasonable grounds (including, without limitation, that the nominee is a competitor of Tower, or is an employee of, or consultant to, Tower or to a competitor of Tower). For the avoidance of doubt, if any such objection on reasonable grounds is made, the Acquiring Person shall be entitled to nominate another individual to serve as a director of Tower, whose appointment shall be also subject to the terms and conditions of this Agreement, including this Section 2.6.1.

2.6.2. an Acquiring Person shall not have any rights under this Agreement (or enjoy any benefit of the undertakings of the Lead Investors hereunder) if a majority (in number and not shareholdings) of the Eligible Lead Investors shall, by a single written notice to the Acquiring Person, signed by such majority of the Lead Investors, object to the identity thereof but only on the following grounds: that the Acquiring Person is a competitor of Tower or an employee of, or consultant to, Tower or to a competitor of Tower or is a person organized under the laws of a state that either (a) is at war with the State of Israel or (b) has been declared by the Israel Minister of Defence as a state "hostile" to Israel.

3. Representations and Warranties by Lead Investors

Each of the Lead Investors hereby represents and warrants to the Bank that:

3.1. it is duly incorporated and validly existing under the laws of its jurisdiction of incorporation;

3.2. its signature on this Agreement and the performance by it of its obligations pursuant to this Agreement do not in any way contradict any rights of third parties, any contracts or agreements to which it is a party, its charter documents or any applicable law;

3.3. the execution of this Agreement and performance by it of its obligations under this Agreement are within its power and authority and have been duly and validly authorised by all necessary corporate action; and

3.4. this Agreement has been duly and validly executed by it and constitutes its valid, legal and binding obligations, enforceable against it in accordance with the terms of this Agreement.

4. Miscellaneous.

4.1. Governing Law; Jurisdiction. This Agreement shall be governed by and shall be construed in accordance with Israeli law and the courts of Tel-Aviv-Jaffa shall have exclusive jurisdiction to hear any matters, provided that the Bank shall be entitled to sue any of the Lead Investors in any jurisdiction in which such Lead Investor has an office or holds assets.

4.2. Successors and Assigns; Assignment. Except as otherwise expressly limited herein, the provisions hereof shall inure to the benefit of, and be binding upon, any Subsidiary of the Lead Investors or the Acquiring Person holding Shares, the successors and permitted assigns of the parties hereto. This Agreement may not be assigned by any party without the prior written consent of the other party hereto, provided that the Bank may assign this Agreement, in whole or in part, to any Affiliate of the Bank.

4.3. Entire Agreement; Amendment and Waiver. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subject matter hereof. Any term of this Agreement may be amended and the observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of the parties to this Agreement.

4.4. Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default under this Agreement, shall be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. Unless provided otherwise herein, all remedies, either under this Agreement or by law or otherwise afforded to any of the parties, shall be cumulative and not alternative.

4.5. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; provided, however, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

4.6. Counterparts. This Agreement may be executed in any number of counterparts (including facsimile counterparts), each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

4.7. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

4.8. Further Assurances. Each of the parties hereto shall perform such further acts and execute such further documents as may reasonably be necessary to carry out and give full effect to the provisions of this Agreement and the intentions of the parties reflected thereby.

4.9. Termination. This Agreement, and, for the avoidance of doubt, any rights that may have been previously enjoyed by the Acquiring Person and the Acquiring Person's nominee, shall not have any further force or effect and shall terminate upon the January 18, 2013 or such later date to which the CSA shall have been extended, provided that nothing in this Section 4.9 shall derogate from the last sentence of Section 2.2 above.

4.9.1. In the event the CSA terminates prior to January 18, 2013, each of the Lead Investors will remain obligated to the Acquiring Person and the Acquiring Person's nominee under this Agreement, including the first sentence of Section 2.2 above, provided that, if such Lead Investor has a nominee to the Board of Directors of Tower, each such Lead Investor's obligations shall be subject to the Acquiring Person agreeing to attend and vote (and/or, if applicable, cause any and all of its Subsidiaries holding Shares to vote) at general meetings of shareholders of Tower all of the Shares held by the Acquiring Person and its Subsidiaries for (and only for) (a) the election of (i) the Acquiring Person's nominee and (ii) such Lead Investor's nominee or nominees to the Board of Directors of Tower and (b) in the case of (i) and (ii) above, any other resolution which is necessary in order to finalize each such election and against any resolution the effect of which is to prevent each such election. For the removal of doubt, the provisions of this Section 4.9.1 shall apply to voting in relation only to the matters set out in (a) and (b) above and shall not restrict the rights of the Acquiring Person or the Lead Investors (and/or their respective Subsidiaries) to vote on other matters in such manner as they deem fit.

4.9.2. For the avoidance of doubt (a) if any such Lead Investor shall not have a nominee to the Board of Directors of Tower, such Lead Investor shall nonetheless remain obligated to the Acquiring Person and the Acquiring Person's nominee under this Agreement, including the first sentence of Section 2.2 above; (b) if Section 4.9.1 above is applicable and two or more Lead Investors have agreed to vote for one another's nominees, the vote by the Acquiring Person and, if applicable, its Subsidiaries, for all such nominees of such Lead Investors shall be deemed a vote for "(and only for)" the nominee of each such Lead Investor for the purposes of Section 4.9.1 above; and (c) nothing in this Agreement shall be deemed to constitute an undertaking by any of the Lead Investors to the Bank or to the Acquiring Person not to dispose of any Shares (without derogating from the provisions of the Facility Agreement, pursuant to which certain disposals of Shares by the Lead Investors would constitute an Event of Default (as defined in the Facility Agreement) of Tower or from the provisions of the CSA, pursuant to which certain disposals may not be permitted or may be subject to certain rights of the other Lead Investors).

IN WITNESS WHEREOF, each of the parties has signed this Agreement as of the date first hereinabove set forth.

BANK LEUMI LE–ISRAEL B.M.

By: /s/ Meir Marom; /s/ Shmulik Arbel

Name: Meir Marom; Shmulik Arbel

Title: Sector Manager; Senior Relationship Manager

THE ISRAEL CORPORATION LTD.

By: /s/ Yossi Rosen; /s/ Avisar Paz

Name: Yossi Rosen; Avisar Paz

Title: CEO; CFO

SANDISK CORPORATION

By: /s/ Eli Harari

Name: Eli Harari

Title: CEO

ALLIANCE SEMICONDUCTOR CORPORATION

By: /s/ Mel Keating

Name: Mel Keating

Title: President & CEO

MACRONIX INTERNATIONAL CO. LTD.

By: /s/ Miin Chyou Wu

Name: Miin Chyou Wu

Title: Chairman

Schedule

Lead Investors

The Israel Corporation Ltd., a company incorporated under the laws of Israel

Sandisk Corporation, a corporation incorporated under the laws of Delaware, USA

Alliance Semiconductor Corporation, a corporation incorporated under the laws of Delaware, USA

Macronix International Co. Ltd., a company incorporated under the laws of Taiwan

Exhibit 17

TAG ALONG AGREEMENT

THIS TAG ALONG AGREEMENT (**"this Agreement"**) is made and entered into effective as of September 28, 2006, by and between:

(1) **ISRAEL CORPORATION LTD.**, a company organised under the laws of the State of Israel (**"TIC"**)

and

(2) **BANK HAPOALIM B.M.**, a banking corporation organized under the laws of the State of Israel (**"the Bank"**)

WHEREAS: Tower Semiconductor Ltd. ("**Tower**") is an independent manufacturer of wafers whose ordinary shares are traded on the Nasdaq National Market ("**Nasdaq**") under the symbol "TSEM" and whose ordinary shares and certain other securities are traded on the Tel-Aviv Stock Exchange ("**TASE**") under the symbol "TSEM" and TIC is the largest shareholder of Tower; and

WHEREAS: the Bank and Bank Leumi Le-Israel B.M. (collectively, "**the Banks**") and Tower are parties to a Facility Agreement dated January 18, 2001, as amended ("**the Facility Agreement**"); and

WHEREAS: at the request of Tower, the Banks and Tower have entered into an Amending Agreement dated August 24, 2006 (**"the Amending Agreement"**), the conditions to the effectiveness of which include, *inter alia,* the conversion by each Bank of US $79,000,000 (seventy-nine million United States Dollars) of its loans made to Tower pursuant to the Facility Agreement (**"the Loans"**) into an equity-equivalent convertible capital note (**"a Capital Note"**) to be issued to the Bank or its nominee in the amount of US $39,500,000 (thirty-nine million five hundred thousand United States Dollars) which will in turn be convertible, in whole or in part, at any time and from time to time into 25,986,842 (twenty-five million, nine hundred and eighty-six thousand and eight hundred forty-two) shares of Tower and the entering into by the Bank and TIC of this Agreement; and

WHEREAS: clause 9.4 of the amended and restated Facility Agreement that has become effective pursuant to the Amending Agreement on the Amendment Closing Date, as the same may be further amended from time to time (**"the Restated Facility Agreement"**) obligates Tower to make certain compensatory payments in January, 2011 to the Banks or their nominees on account of the Banks' agreement to reduce the rate of Interest on the Loans, which payments may, subject to said clause 9.4, be made in the form of shares and/or Capital Notes and/or convertible debentures (**"the Clause 9.4 Equity Issuances"**); and

WHEREAS: the Bank (and its Affiliate) hold warrants to acquire shares of Tower (such warrants, collectively, "**the Warrants**"),

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

1. **INTERPRETATION**

1.1. In this Agreement:

1.1.1. **"Affiliate"** means, with respect to any person, mean any company which controls, is controlled by, or under common control with, such person; **"control"** shall in this clause 1.1.1 and clause 1.1.7 below bear the meaning assigned to such term in Section 1 of the Securities Law, 1968;

1.1.2. **"Bank Group"** means the Bank and its Affiliates;

1.1.3. **"Convertible Securities"** means any securities convertible into, or exercisable for, Shares;

1.1.4. **"including"** and **"includes"** means including, without limiting the generality of any description preceding such terms;

1.1.5. a **"person"** shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) or two or more of the aforegoing; and

1.1.6. **"Shares"** means the ordinary shares of Tower (and any shares of capital stock substituted for the ordinary shares as a result of any stock split, stock dividend, recapitalisation, rights offering, exchange, merger or similar event or otherwise, including as described in any Capital Note and/or convertible debenture).

1.1.7. **"Subsidiary"** of TIC means (i) a company in which TIC holds directly at least 51% (fifty-one percent) of the total issued share capital and other means of control (including voting rights and rights to appoint directors) (excluding any such company that is publicly held and that purchases, solely as a financial investment, Shares or Convertible Securities in the market (*i.e.* not directly or indirectly from Tower or TIC) and not at the request or instruction of TIC) and (ii) any company controlled by TIC that has received Shares or Convertible Securities, directly or indirectly, from TIC.

1.2. The preamble to this Agreement constitutes an integral part thereof.

1.3. For purposes of determining the numbers and/or percentages of Shares and/or Convertible Securities pursuant to this Agreement,

1.3.1. only the number of Shares into which the Convertible Securities are then convertible or exercisable shall be taken into account and not the number or principal amount, as the case may be, of the Convertible Securities; and

1.3.2. Convertible Securities not being sold by the Shareholder (as defined in clause 2.1 below) (other than Capital Notes) whose exercise or conversion price per Share, as the case may be, exceeds the Per Share Price (as defined in clause 2.2 below) shall not be taken into account. For the avoidance of doubt, Capital Notes shall be counted as the number of Shares into which the Capital Notes are then convertible, whether or not the then conversion price is less than, equal to or greater than the Per Share Price.

2. **TAG ALONG**

2.1. If TIC and/or any of its Subsidiaries (collectively, **"the Shareholder"**) proposes to sell, in one or a series of related transactions, any of its Shares and/or Convertible Securities to any person and/or any of such person's Affiliates (other than non-prearranged sales of Shares into the market executed on any stock exchange on which the Shares are then listed for trading or submitted for quotation), such that, immediately following any such sale, the Shareholder would cease to be the largest holder of: (a) the then issued and outstanding Shares (for the avoidance of doubt, not taking into account any Convertible Securities); or (b) the Shares on a fully-diluted basis, taking into account the Convertible Securities (for the avoidance of doubt, as determined pursuant to clause 1.3 above), the Shareholder may only sell such Shares or Convertible Securities if it complies with the provisions of this clause 2.

2.2. TIC shall give written notice (**"the Offer Notice"**) to the Bank of such intended sale on the earlier of (i) 5 (five) days after any person or persons comprising the Shareholder enters into an agreement to effect such sale (whether or not subject to conditions) and (ii) 30 (thirty) days prior to the Proposed Sale Date (as defined below). The Offer Notice shall specify the identity of the proposed purchaser (**"the Third Party Purchaser"**), the purchase price (**"the Purchase Price"**), including the purchase price per Share (**"the Per Share Price"**), and other terms and conditions of payment, the proposed date of sale (**"the Proposed Sale Date"**), the number of Shares and/or Convertible Securities (together with details of such Convertible Securities) proposed to be purchased by the Third Party Purchaser (**"the Offered Shares"**) and the percentage that the Offered Shares represent of all (a) Shares owned by the Shareholder, in the event the Shareholder proposes to sell Shares only and/or only clause 2.1(a) above is applicable; or (b) the Shareholder's Shares and Convertible Securities, in the event that the Shareholder proposes to sell both Shares and Convertible Securities or Convertible Securities only and clause 2.1(b) above is (or for the avoidance of doubt, both clauses 2.1(a) and 2.1(b) above are) applicable. For the avoidance of doubt, the Offer Notice shall describe any other transactions relating to the Shares and/or Convertible Securities with the Third Party Purchaser and/or its Affiliates that have taken place or are proposed to take place or certify that no such transaction has taken place or are proposed to take place.

2.3. The Bank shall be entitled, by written notice given to TIC within 20 (twenty) days of receipt of the Offer Notice, to join (and, if applicable, have its Affiliates join) the sale to such Third Party Purchaser. If the Bank has notified the Shareholder of its election to exercise its tag along rights under this clause 2, the Shareholder shall, as a condition to the sale by it of any of the Offered Shares, cause the Third Party Purchaser to purchase from the Bank Group the number of the Bank Group's (i) Capital Notes issued pursuant to clause 5.4 of the Amending Agreement or Shares received from the conversion of such Capital Notes; (ii) Capital Notes and/or convertible debentures issued as part of the Clause 9.4 Equity Issuances or Shares received from the conversion of such Capital Notes and/or convertible debentures; and (iii) Shares received as part of the Clause 9.4 Equity Issuances (collectively, **"the Bank Group's Shares"**) multiplied by the Bank Group's Percentage (as determined pursuant to clause 2.4 below)) on the same terms and conditions (per Share) as those set out in the Offer Notice. For the avoidance of doubt, the Per Share Price for Capital Notes and/or convertible debentures of Tower held by the Shareholder shall be the total purchase price offered for such Convertible Securities divided by the number of Shares into which such Convertible Securities are then convertible.

2.4. The Bank shall be entitled to sell to the Third Party Purchaser such percentage of the Bank Group's Shares equal to the percentage (**"the Bank Group's Percentage"**) which the Offered Shares constitute of all Shares and, if applicable, Convertible Securities, held by the Shareholder (as determined pursuant to clauses 2.1(a), 2.1(b), 2.2(a) and 2.2(b) above, as applicable, and, for the avoidance of doubt, as determined pursuant to clause 1.3 above). The number of Offered Shares proposed to be sold by the Shareholder shall be reduced if and to the extent necessary to provide for the exercise of the "tag along" rights set forth in this clause 2. The number of Shares and/or Convertible Securities actually sold to the Third Party Purchaser by the Bank Group as a proportion of the number of Shares and/or Convertible Securities actually sold by the Shareholder to the Third Party Purchaser shall be referred to as **"the Bank Group's Proportion"**. In effecting any such sale to the Third Party Purchaser, the Bank Group shall be entitled to substitute Capital Notes and/or convertible debentures convertible into all or a portion of the number of Shares to be sold by the Bank Group pursuant to this clause 2.

2.5. For the avoidance of doubt, if the Bank shall have exercised its "tag along" right as aforesaid, TIC shall procure that no person comprising the Shareholder shall sell any Shares or Convertible Securities to the Third Party Purchaser without the Bank Group joining in such sale, as aforesaid.

2.6. Notwithstanding anything to the contrary in this Agreement, no person comprising the Bank Group shall be required to make any representations or warranties to the Third Party Purchaser regarding any matters except the ownership of, and title to, the Shares and/or Convertible Securities to be sold by such person to the Third Party Purchaser as aforesaid, nor shall any person comprising the Bank Group be required to agree to any undertakings except to deliver the Shares and/or Convertible Securities to the Third Party Purchaser against payment therefor in accordance with this clause 2, provided that in the event that (a) not all of the Purchase Price is received by the Shareholder at the closing of the sale to the Third Party Purchaser because of a requirement that the Shareholder place a portion of the Purchase Price into escrow to secure representations, warranties or covenants (other than those related to the Shareholder (and not Tower) and/or its title to the Shares and/or Convertible Securities being sold), a portion of the Purchase Price equal to the Bank Group's Proportion multiplied by the amount of Purchase Price placed into escrow by the Shareholder shall also be placed into escrow and (b) any payment is made to the Third Party Purchaser (whether from such escrow or not) on account of an indemnification obligation of the Shareholder (other than an indemnification obligation related to (i) representations, warranties or covenants relating to the Shareholder (and not Tower) and/or its title to the Shares and/or Convertible Securities sold and/or (ii) a fraudulent misrepresentation fraudulently made by the Shareholder (such payment, after such exclusion, **"an Indemnification Payment"**), the amount to be released from such escrow to the Bank Group shall be reduced by the Bank Group's Proportion of the Indemnification Payment or the Bank Group shall pay the Shareholder or the Third Party Purchaser the Bank Group's Proportion of the Indemnification Payment, as applicable. For the avoidance of doubt, no placement into escrow and/or sharing in an Indemnification Payment as aforesaid shall be construed to mean that the Bank Group has any liability whatsoever to any person, including the Third Party Purchaser, on account of the representations, warranties or covenants of the Shareholder, such placement and/or sharing representing only an adjustment between TIC and the Bank of the tag along right granted pursuant to this clause 2 to reflect when the Purchase Price is actually received by TIC out of such escrow and/or the actual Price Per Share finally received by TIC after such Indemnification Payment.

2.7. For the avoidance of doubt, (a) in the event the transactions contemplated by an Offer Notice shall not be consummated by the Shareholder for any reason, the Bank Group shall not be required to sell any Shares or Convertible Securities to the Third Party Purchaser and (b) in the event that the Shareholder proposes to sell to a different third party or on terms and conditions other than as set forth in the Offer Notice or in the event that the transaction is not consummated within 2 (two) months after the Bank's notification of its exercise of its "tag along" rights hereunder, then TIC shall procure that no person comprising the Shareholder shall proceed with any sale without TIC again complying with the terms and conditions of this Clause 2.

2.8. TIC shall cause its Subsidiaries to act in accordance with this Agreement.

2.9 For the avoidance of doubt, the Bank Group's Shares shall not include, the Warrants or any other security of Tower except for those securities enumerated in Sections 2.3 (i)-(iii).

3. **REPRESENTATIONS AND WARRANTIES BY TIC**

TIC hereby represents and warrants that:

3.1 it is a limited liability company, duly incorporated and validly existing under the laws of Israel;

3.2 its signature of this Agreement and the performance by it of its obligations pursuant to this Agreement do not in any way contradict any rights of third parties, any contracts or agreements to which it is a party, its Articles of Association or any applicable law;

3.3 the signature of this Agreement and the performance of its obligations under this Agreement are within its power and authority and have been duly and validly authorised by all necessary corporate action;

3.4 this Agreement has been duly and validly executed by it and constitutes its valid, legal and binding obligation, enforceable against TIC in accordance with its terms; and

3.5 TIC owns directly, and is the registered owner of, all Shares and Convertible Securities beneficially owned by TIC and, for the avoidance of doubt, no person controlled by TIC (including any Subsidiary) owns any Shares or Convertible Securities.

4. **MISCELLANEOUS**

4.1. **Governing Law; Jurisdiction.** This Agreement shall be governed by and shall be construed in accordance with Israeli law and the courts of Tel-Aviv-Jaffa shall have exclusive jurisdiction to hear any matters; provided that, the Bank and any other Affiliate of the Bank party to this Agreement shall be entitled to sue TIC in any jurisdiction in which TIC has an office or holds assets.

4.2. **Successors and Assigns; Assignment.** Except as otherwise expressly limited herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. This Agreement may not be assigned by any party without the prior written consent of the other party hereto; provided that, the Bank may assign this Agreement, in whole or in part, to: (a) any Affiliate of the Bank or add an Affiliate of the Bank as an additional party hereto, including, for the avoidance of doubt, any nominee of the Bank in connection with the Clause 9.4 Equity Issuances; and/or (b) any person that acquires from such Bank 5% (five percent) or more of the then issued share capital of Tower (including, for the avoidance of doubt, through the acquisition of Capital Notes and conversion by such acquirer into Shares).

4.3. **Expenses.** Each of the parties shall bear and pay all of its expenses and costs in connection with the negotiation, execution and performance of this Agreement.

4.4. **Entire Agreement; Amendment and Waiver.** This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subject matter hereof. Any term of this Agreement may be amended and the observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of the parties to this Agreement.

4.5. **Notices, etc.** All notices and other communications required or permitted hereunder to be given to a party to this Agreement shall be in writing and shall be faxed or mailed by registered or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, addressed to such party's address as set forth below or at such other address as the party shall have furnished to each other party in writing in accordance with this provision:

4.5.1.	if to the Bank:	Bank Hapoalim B.M. Corporate Division Migdal Levenstein 23 Menachem Begin Road Tel-Aviv Israel *Facsimile: 972-3-567-2995* *Attention: Head of Corporate Division*
4.5.2.	if to TIC:	Israel Corporation Ltd. Millennium Tower 23 Aranha St. Tel Aviv 61070 Israel *Facsimile: 972-3-684-4574* *Attention: Chief Financial Officer*
	with a copy to (which shall not be considered notice):	Gornitzky & Co. 45 Rothschild Blvd. Tel Aviv, Israel 65784 *Attention: Zvi Ephrat, Adv.* *Facsimile: 972-3-560-6555*

or such other address with respect to a party as such party shall notify each other party in writing as above provided. Any notice sent in accordance with this clause 4.5 shall be effective: (a) if mailed, 5 (five) business days after mailing; (b) if sent by messenger, upon delivery; and (c) if sent via facsimile, 1 (one) business day following transmission and electronic confirmation of receipt.

4.6. **Delays or Omissions.** No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default under this Agreement, shall be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. Unless provided otherwise herein, all remedies, either under this Agreement or by law or otherwise afforded to any of the parties, shall be cumulative and not alternative.

4.7. **Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; provided, however, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

4.8. **Counterparts.** This Agreement may be executed in any number of counterparts (including facsimile counterparts), each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

4.9. **Headings.** The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

4.10. **Further Assurances.** Each of the parties hereto shall perform such further acts and execute such further documents as may reasonably be necessary to carry out and give full effect to the provisions of this Agreement and the intentions of the parties reflected thereby.

4.11 **Termination.** This Agreement shall terminate on such date on which the Bank beneficially owns less than 1% of the then issued share capital of Tower (whether in the form of (a) Capital Notes and/or convertible debentures (determined as if such Capital Notes and/or convertible debentures were converted into Shares), (b) Shares received from conversion of such Capital Notes and/or convertible debentures and/or (c) Shares issued as part of the Clause 9.4 Equity Issuances).

IN WITNESS WHEREOF, the parties have signed this Tag Along Agreement effective as of the date first mentioned above.

for **ISRAEL CORPORATION LTD.**

By: /s/ Yossi Rosen; /s/ Avisar Paz

Title: CEO; CFO

for **BANK HAPOALIM B.M.**

By: /s/ Meiri Alterman; /s/ Dalit Uri

Title: Customer Relationship Manager; Deputy Customer Relationship Manager

TAG ALONG AGREEMENT

THIS TAG ALONG AGREEMENT (**"this Agreement"**) is made and entered into effective as of September 28, 2006, by and between:

(1) **ISRAEL CORPORATION LTD.**, a company organised under the laws of the State of Israel (**"TIC"**)

and

(2) **BANK LEUMI LE-ISRAEL B.M.**, a banking corporation organized under the laws of the State of Israel (**"the Bank"**)

WHEREAS: Tower Semiconductor Ltd. ("**Tower**") is an independent manufacturer of wafers whose ordinary shares are traded on the Nasdaq National Market ("**Nasdaq**") under the symbol "TSEM" and whose ordinary shares and certain other securities are traded on the Tel-Aviv Stock Exchange ("**TASE**") under the symbol "TSEM" and TIC is the largest shareholder of Tower; and

WHEREAS: the Bank and Bank Hapoalim B.M. (collectively, **"the Banks"**) and Tower are parties to a Facility Agreement dated January 18, 2001, as amended (**"the Facility Agreement"**); and

WHEREAS: at the request of Tower, the Banks and Tower have entered into an Amending Agreement dated August 24, 2006 (**"the Amending Agreement"**), the conditions to the effectiveness of which include, *inter alia,* the conversion by each Bank of US $79,000,000 (seventy-nine million United States Dollars) of its loans made to Tower pursuant to the Facility Agreement (**"the Loans"**) into an equity-equivalent convertible capital note (**"a Capital Note"**) to be issued to the Bank or its nominee in the amount of US $39,500,000 (thirty-nine million five hundred thousand United States Dollars) which will in turn be convertible, in whole or in part, at any time and from time to time into 25,986,842 (twenty-five million, nine hundred and eighty-six thousand and eight hundred forty-two) shares of Tower and the entering into by the Bank and TIC of this Agreement; and

WHEREAS: clause 9.4 of the amended and restated Facility Agreement that has become effective pursuant to the Amending Agreement on the Amendment Closing Date, as the same may be further amended from time to time (**"the Restated Facility Agreement"**) obligates Tower to make certain compensatory payments in January, 2011 to the Banks or their nominees on account of the Banks' agreement to reduce the rate of Interest on the Loans, which payments may, subject to said clause 9.4, be made in the form of shares and/or Capital Notes and/or convertible debentures (**"the Clause 9.4 Equity Issuances"**); and

WHEREAS: the Bank holds warrants to acquire shares of Tower (such warrants, collectively, "**the Warrants**"),

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

1. **INTERPRETATION**

1.1. In this Agreement:

1.1.1. **"Affiliate"** means, with respect to any person, mean any company which controls, is controlled by, or under common control with, such person; **"control"** shall in this clause 1.1.1 and clause 1.1.7 below bear the meaning assigned to such term in Section 1 of the Securities Law, 1968;

1.1.2. **"Bank Group"** means the Bank and its Affiliates;

1.1.3. **"Convertible Securities"** means any securities convertible into, or exercisable for, Shares;

1.1.4. **"including"** and **"includes"** means including, without limiting the generality of any description preceding such terms;

1.1.5. a **"person"** shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) or two or more of the aforegoing; and

1.1.6. **"Shares"** means the ordinary shares of Tower (and any shares of capital stock substituted for the ordinary shares as a result of any stock split, stock dividend, recapitalisation, rights offering, exchange, merger or similar event or otherwise, including as described in any Capital Note and/or convertible debenture).

1.1.7. **"Subsidiary"** of TIC means (i) a company in which TIC holds directly at least 51% (fifty-one percent) of the total issued share capital and other means of control (including voting rights and rights to appoint directors) (excluding any such company that is publicly held and that purchases, solely as a financial investment, Shares or Convertible Securities in the market (*i.e.* not directly or indirectly from Tower or TIC) and not at the request or instruction of TIC) and (ii) any company controlled by TIC that has received Shares or Convertible Securities, directly or indirectly, from TIC.

1.2. The preamble to this Agreement constitutes an integral part thereof.

1.3. For purposes of determining the numbers and/or percentages of Shares and/or Convertible Securities pursuant to this Agreement,

1.3.1. only the number of Shares into which the Convertible Securities are then convertible or exercisable shall be taken into account and not the number or principal amount, as the case may be, of the Convertible Securities; and

1.3.2. Convertible Securities not being sold by the Shareholder (as defined in clause 2.1 below) (other than Capital Notes) whose exercise or conversion price per Share, as the case may be, exceeds the Per Share Price (as defined in clause 2.2 below) shall not be taken into account. For the avoidance of doubt, Capital Notes shall be counted as the number of Shares into which the Capital Notes are then convertible, whether or not the then conversion price is less than, equal to or greater than the Per Share Price.

2. **TAG ALONG**

2.1. If TIC and/or any of its Subsidiaries (collectively, **"the Shareholder"**) proposes to sell, in one or a series of related transactions, any of its Shares and/or Convertible Securities to any person and/or any of such person's Affiliates (other than non-prearranged sales of Shares into the market executed on any stock exchange on which the Shares are then listed for trading or submitted for quotation), such that, immediately following any such sale, the Shareholder would cease to be the largest holder of: (a) the then issued and outstanding Shares (for the avoidance of doubt, not taking into account any Convertible Securities); or (b) the Shares on a fully-diluted basis, taking into account the Convertible Securities (for the avoidance of doubt, as determined pursuant to clause 1.3 above), the Shareholder may only sell such Shares or Convertible Securities if it complies with the provisions of this clause 2.

2.2. TIC shall give written notice (**"the Offer Notice"**) to the Bank of such intended sale on the earlier of (i) 5 (five) days after any person or persons comprising the Shareholder enters into an agreement to effect such sale (whether or not subject to conditions) and (ii) 30 (thirty) days prior to the Proposed Sale Date (as defined below). The Offer Notice shall specify the identity of the proposed purchaser (**"the Third Party Purchaser"**), the purchase price (**"the Purchase Price"**), including the purchase price per Share (**"the Per Share Price"**), and other terms and conditions of payment, the proposed date of sale (**"the Proposed Sale Date"**), the number of Shares and/or Convertible Securities (together with details of such Convertible Securities) proposed to be purchased by the Third Party Purchaser (**"the Offered Shares"**) and the percentage that the Offered Shares represent of all (a) Shares owned by the Shareholder, in the event the Shareholder proposes to sell Shares only and/or only clause 2.1(a) above is applicable; or (b) the Shareholder's Shares and Convertible Securities, in the event that the Shareholder proposes to sell both Shares and Convertible Securities or Convertible Securities only and clause 2.1(b) above is (or for the avoidance of doubt, both clauses 2.1(a) and 2.1(b) above are) applicable. For the avoidance of doubt, the Offer Notice shall describe any other transactions relating to the Shares and/or Convertible Securities with the Third Party Purchaser and/or its Affiliates that have taken place or are proposed to take place or certify that no such transaction has taken place or are proposed to take place.

2.3. The Bank shall be entitled, by written notice given to TIC within 20 (twenty) days of receipt of the Offer Notice, to join (and, if applicable, have its Affiliates join) the sale to such Third Party Purchaser. If the Bank has notified the Shareholder of its election to exercise its tag along rights under this clause 2, the Shareholder shall, as a condition to the sale by it of any of the Offered Shares, cause the Third Party Purchaser to purchase from the Bank Group the number of the Bank Group's (i) Capital Notes issued pursuant to clause 5.4 of the Amending Agreement or Shares received from the conversion of such Capital Notes; (ii) Capital Notes and/or convertible debentures issued as part of the Clause 9.4 Equity Issuances or Shares received from the conversion of such Capital Notes and/or convertible debentures; and (iii) Shares received as part of the Clause 9.4 Equity Issuances (collectively, **"the Bank Group's Shares"**) multiplied by the Bank Group's Percentage (as determined pursuant to clause 2.4 below)) on the same terms and conditions (per Share) as those set out in the Offer Notice. For the avoidance of doubt, the Per Share Price for Capital Notes and/or convertible debentures of Tower held by the Shareholder shall be the total purchase price offered for such Convertible Securities divided by the number of Shares into which such Convertible Securities are then convertible.

2.4. The Bank shall be entitled to sell to the Third Party Purchaser such percentage of the Bank Group's Shares equal to the percentage (**"the Bank Group's Percentage"**) which the Offered Shares constitute of all Shares and, if applicable, Convertible Securities, held by the Shareholder (as determined pursuant to clauses 2.1(a), 2.1(b), 2.2(a) and 2.2(b) above, as applicable, and, for the avoidance of doubt, as determined pursuant to clause 1.3 above). The number of Offered Shares proposed to be sold by the Shareholder shall be reduced if and to the extent necessary to provide for the exercise of the "tag along" rights set forth in this clause 2. The number of Shares and/or Convertible Securities actually sold to the Third Party Purchaser by the Bank Group as a proportion of the number of Shares and/or Convertible Securities actually sold by the Shareholder to the Third Party Purchaser shall be referred to as **"the Bank Group's Proportion"**. In effecting any such sale to the Third Party Purchaser, the Bank Group shall be entitled to substitute Capital Notes and/or convertible debentures convertible into all or a portion of the number of Shares to be sold by the Bank Group pursuant to this clause 2.

2.5. For the avoidance of doubt, if the Bank shall have exercised its "tag along" right as aforesaid, TIC shall procure that no person comprising the Shareholder shall sell any Shares or Convertible Securities to the Third Party Purchaser without the Bank Group joining in such sale, as aforesaid.

2.6. Notwithstanding anything to the contrary in this Agreement, no person comprising the Bank Group shall be required to make any representations or warranties to the Third Party Purchaser regarding any matters except the ownership of, and title to, the Shares and/or Convertible Securities to be sold by such person to the Third Party Purchaser as aforesaid, nor shall any person comprising the Bank Group be required to agree to any undertakings except to deliver the Shares and/or Convertible Securities to the Third Party Purchaser against payment therefor in accordance with this clause 2, provided that in the event that (a) not all of the Purchase Price is received by the Shareholder at the closing of the sale to the Third Party Purchaser because of a requirement that the Shareholder place a portion of the Purchase Price into escrow to secure representations, warranties or covenants (other than those related to the Shareholder (and not Tower) and/or its title to the Shares and/or Convertible Securities being sold), a portion of the Purchase Price equal to the Bank Group's Proportion multiplied by the amount of Purchase Price placed into escrow by the Shareholder shall also be placed into escrow and (b) any payment is made to the Third Party Purchaser (whether from such escrow or not) on account of an indemnification obligation of the Shareholder (other than an indemnification obligation related to (i) representations, warranties or covenants relating to the Shareholder (and not Tower) and/or its title to the Shares and/or Convertible Securities sold and/or (ii) a fraudulent misrepresentation fraudulently made by the Shareholder (such payment, after such exclusion, **"an Indemnification Payment"**), the amount to be released from such escrow to the Bank Group shall be reduced by the Bank Group's Proportion of the Indemnification Payment or the Bank Group shall pay the Shareholder or the Third Party Purchaser the Bank Group's Proportion of the Indemnification Payment, as applicable. For the avoidance of doubt, no placement into escrow and/or sharing in an Indemnification Payment as aforesaid shall be construed to mean that the Bank Group has any liability whatsoever to any person, including the Third Party Purchaser, on account of the representations, warranties or covenants of the Shareholder, such placement and/or sharing representing only an adjustment between TIC and the Bank of the tag along right granted pursuant to this clause 2 to reflect when the Purchase Price is actually received by TIC out of such escrow and/or the actual Price Per Share finally received by TIC after such Indemnification Payment.

2.7. For the avoidance of doubt, (a) in the event the transactions contemplated by an Offer Notice shall not be consummated by the Shareholder for any reason, the Bank Group shall not be required to sell any Shares or Convertible Securities to the Third Party Purchaser and (b) in the event that the Shareholder proposes to sell to a different third party or on terms and conditions other than as set forth in the Offer Notice or in the event that the transaction is not consummated within 2 (two) months after the Bank's notification of its exercise of its "tag along" rights hereunder, then TIC shall procure that no person comprising the Shareholder shall proceed with any sale without TIC again complying with the terms and conditions of this Clause 2.

2.8. TIC shall cause its Subsidiaries to act in accordance with this Agreement.

2.9 For the avoidance of doubt, the Bank Group's Shares shall not include, the Warrants or any other security of Tower except for those securities enumerated in Sections 2.3 (i)-(iii).

3. **REPRESENTATIONS AND WARRANTIES BY TIC**

TIC hereby represents and warrants that:

3.1 it is a limited liability company, duly incorporated and validly existing under the laws of Israel;

3.2 its signature of this Agreement and the performance by it of its obligations pursuant to this Agreement do not in any way contradict any rights of third parties, any contracts or agreements to which it is a party, its Articles of Association or any applicable law;

3.3 the signature of this Agreement and the performance of its obligations under this Agreement are within its power and authority and have been duly and validly authorised by all necessary corporate action;

3.4 this Agreement has been duly and validly executed by it and constitutes its valid, legal and binding obligation, enforceable against TIC in accordance with its terms; and

3.5 TIC owns directly, and is the registered owner of, all Shares and Convertible Securities beneficially owned by TIC and, for the avoidance of doubt, no person controlled by TIC (including any Subsidiary) owns any Shares or Convertible Securities.

4. **MISCELLANEOUS**

4.1. **Governing Law; Jurisdiction.** This Agreement shall be governed by and shall be construed in accordance with Israeli law and the courts of Tel-Aviv-Jaffa shall have exclusive jurisdiction to hear any matters; provided that, the Bank and any other Affiliate of the Bank party to this Agreement shall be entitled to sue TIC in any jurisdiction in which TIC has an office or holds assets.

4.2. **Successors and Assigns; Assignment.** Except as otherwise expressly limited herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. This Agreement may not be assigned by any party without the prior written consent of the other party hereto; provided that, the Bank may assign this Agreement, in whole or in part, to: (a) any Affiliate of the Bank or add an Affiliate of the Bank as an additional party hereto, including, for the avoidance of doubt, any nominee of the Bank in connection with the Clause 9.4 Equity Issuances; and/or (b) any person that acquires from such Bank 5% (five percent) or more of the then issued share capital of Tower (including, for the avoidance of doubt, through the acquisition of Capital Notes and conversion by such acquirer into Shares).

4.3. **Expenses.** Each of the parties shall bear and pay all of its expenses and costs in connection with the negotiation, execution and performance of this Agreement.

4.4. **Entire Agreement; Amendment and Waiver.** This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subject matter hereof. Any term of this Agreement may be amended and the observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of the parties to this Agreement.

4.5. **Notices, etc.** All notices and other communications required or permitted hereunder to be given to a party to this Agreement shall be in writing and shall be faxed or mailed by registered or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, addressed to such party's address as set forth below or at such other address as the party shall have furnished to each other party in writing in accordance with this provision:

4.5.1.	if to the Bank:	Bank Leumi Le-Israel B.M. Corporate Division 34 Yehuda Halevi Street Tel-Aviv Israel *Facsimile: 972-3-514-9278* *Attention: Manager of Hi-Tech Industries Section*
4.5.2.	if to TIC:	Israel Corporation Ltd. Millennium Tower 23 Aranha St. Tel Aviv 61070 Israel *Facsimile: 972-3-684-4574* *Attention: Chief Financial Officer*
	with a copy to (which shall not be considered notice):	Gornitzky & Co. 45 Rothschild Blvd. Tel Aviv, Israel 65784 *Attention: Zvi Ephrat, Adv.* *Facsimile: 972-3-560-6555*

or such other address with respect to a party as such party shall notify each other party in writing as above provided. Any notice sent in accordance with this clause 4.5 shall be effective: (a) if mailed, 5 (five) business days after mailing; (b) if sent by messenger, upon delivery; and (c) if sent via facsimile, 1 (one) business day following transmission and electronic confirmation of receipt.

4.6. **Delays or Omissions.** No delay or omission to exercise any right, power, or remedy accruing to any party upon any breach or default under this Agreement, shall be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. Unless provided otherwise herein, all remedies, either under this Agreement or by law or otherwise afforded to any of the parties, shall be cumulative and not alternative.

4.7. **Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable under applicable law, then such provision shall be excluded from this Agreement and the remainder of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms; provided, however, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

4.8. **Counterparts.** This Agreement may be executed in any number of counterparts (including facsimile counterparts), each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

4.9. **Headings.** The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

4.10. **Further Assurances.** Each of the parties hereto shall perform such further acts and execute such further documents as may reasonably be necessary to carry out and give full effect to the provisions of this Agreement and the intentions of the parties reflected thereby.

4.11 **Termination.** This Agreement shall terminate on such date on which the Bank beneficially owns less than 1% of the then issued share capital of Tower (whether in the form of (a) Capital Notes and/or convertible debentures (determined as if such Capital Notes and/or convertible debentures were converted into Shares), (b) Shares received from conversion of such Capital Notes and/or convertible debentures and/or (c) Shares issued as part of the Clause 9.4 Equity Issuances).

IN WITNESS WHEREOF, the parties have signed this Tag Along Agreement effective as of the date first mentioned above.

for **ISRAEL CORPORATION LTD.**

By: /s/ Yossi Rosen; /s/ Avisar Paz

Title: CEO; CFO

for **BANK LEUMI LE-ISRAEL B.M.**

By: /s/ Meir Marom; /s/ Shmulik Arbel

Title: Sector Manager; Senior Relationship Manager