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TOWER SEMICONDUCTOR LTD  
Form F-4/A  
August 08, 2008

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON AUGUST 7, 2008

REGISTRATION NO. 333-151919

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

AMENDMENT NO. 1  
TO  
FORM F-4

REGISTRATION STATEMENT  
UNDER THE SECURITIES ACT OF 1933

TOWER SEMICONDUCTOR LTD.  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

ISRAEL (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	3674 (PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	N/A (I.R.S. EMPLOYER IDENTIFICATION NUMBER)
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Ramat Gavriel Industrial Park  
P.O. Box 619  
Migdal Haemek, Israel, 23105  
Tel: 972-4-650-6611

(Address, including zip code, and telephone number,  
including area code, of Registrant's principal executive offices)

Tower Semiconductor USA  
2350 Mission College Blvd., Suite 500  
Santa Clara, California 95054  
Tel: 408-327-8900

(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

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COPIES TO:

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: AS SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

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

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

=====

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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The information in this proxy statement/prospectus is not complete and may be changed. Tower may not issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. The proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY COPY - SUBJECT TO COMPLETION, DATED AUGUST 7, 2008

JAZZ TECHNOLOGIES, INC.  
4321 Jamboree Road  
Newport Beach, CA 92660

TO THE STOCKHOLDERS OF JAZZ TECHNOLOGIES, INC.:

You are cordially invited to attend a special meeting of the stockholders of Jazz Technologies, Inc. (also referred to as "Jazz," "we" or "us") to be held at 10:00 a.m. Pacific time, on September 17, 2008, at 4321 Jamboree Road, Newport Beach, California 92660. Only stockholders who held shares of Jazz common stock at the close of business on August 8, 2008, the record date for the special meeting, will be entitled to receive notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

At the special meeting, we will ask you to vote on a proposal to approve and adopt the Agreement and Plan of Merger and Reorganization that we entered into on May 19, 2008, with Tower Semiconductor Ltd., an Israeli company (also referred to as "Tower"), and its wholly owned subsidiary, Armstrong Acquisition Corp., a Delaware corporation, as such agreement may be amended from time to

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time (also referred to as the "merger agreement") and approve the merger provided for therein.

Upon completion of the proposed merger Armstrong Acquisition Corp. will merge with and into Jazz, and each of your outstanding shares of Jazz's common stock will be converted into the right to receive 1.8 ordinary shares of Tower, as described in the merger agreement and under the section entitled "THE MERGER AGREEMENT - MERGER CONSIDERATION." If the merger is completed, Jazz will become a wholly owned subsidiary of Tower. Tower's ordinary shares are listed on the NASDAQ Global Market under the symbol "TSEM" and on the Tel Aviv Stock Exchange in Israel under the symbol "TSEM." On August 6, 2008, the closing sale price of Tower ordinary shares was \$0.69 as reported on the NASDAQ Global Market.

The merger cannot be completed unless Jazz stockholders approve and adopt the merger agreement and approve the merger. Such adoption and approval requires the affirmative vote of the holders of a majority of the shares of Jazz common stock outstanding on the record date for the special meeting.

THE JAZZ BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT JAZZ STOCKHOLDERS VOTE "FOR" APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER.

The accompanying proxy statement/prospectus contains detailed information about the merger and the special meeting. WE ENCOURAGE YOU TO READ CAREFULLY THIS PROXY STATEMENT/PROSPECTUS, INCLUDING THE SECTION ENTITLED "RISK FACTORS RELATING TO THE MERGER" BEGINNING ON PAGE 28.

YOUR VOTE IS IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. WHETHER YOU PLAN TO ATTEND THE SPECIAL MEETING OR NOT, PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED, OR VOTE BY TELEPHONE OR INTERNET AS PROVIDED IN THE ENCLOSED PROXY CARD, AS SOON AS POSSIBLE.

Sincerely,

/s/ Gilbert F. Amelio, Ph.D.

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Gilbert F. Amelio, Ph.D.  
Chairman and Chief Executive Officer

Newport Beach, California  
o, 2008

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATOR HAS APPROVED OF THE MERGER DESCRIBED IN THIS PROXY STATEMENT/PROSPECTUS OR THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE MERGER, OR DETERMINED IF THIS PROXY STATEMENT/PROSPECTUS IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This proxy statement/prospectus is dated o, 2008 and is first being mailed to our stockholders on or about August 12, 2008.

ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about Tower from documents filed with the United States Securities and Exchange Commission, or SEC, that are not included in or delivered with this proxy statement/prospectus.

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You can obtain any of the documents that Tower has filed with the SEC through contacting Tower, at the address below, or from the SEC, at no cost, through the SEC's website at <http://www.sec.gov>. These documents are available from Tower without charge, excluding any exhibits to those documents, unless the exhibit is specifically incorporated by reference as an exhibit in this proxy statement/prospectus. Tower will provide to each person, including any beneficial owner, to whom this proxy statement/prospectus is delivered, a copy of these filings, at no cost, upon written or oral request to Tower at: Ramat Gavriel Industrial Park, Post Office Box 619, Migdal Haemek, 23105 Israel, Attn: Corporate Secretary, telephone number: 972-4-650-6611. Copies of these filings may also be accessed at Tower's website, [www.towersemi.com](http://www.towersemi.com). Click on "Investor Relations" and then "Filings."

IN ORDER FOR YOU TO RECEIVE TIMELY DELIVERY OF THE DOCUMENTS IN ADVANCE OF THE JAZZ SPECIAL MEETING, TOWER SHOULD RECEIVE YOUR REQUEST NO LATER THAN SEPTEMBER 10, 2008.

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JAZZ TECHNOLOGIES, INC.  
4321 Jamboree Road  
Newport Beach, CA 92660

### NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON SEPTEMBER 17, 2008

TO THE STOCKHOLDERS OF JAZZ TECHNOLOGIES, INC.:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Jazz Technologies, Inc. (also referred to as "Jazz," "we" or "us"), a Delaware corporation, will be held at 10:00 a.m., Pacific time, on September 17, 2008, at 4321 Jamboree Road, Newport Beach, California 92660, for the following purpose, as more fully described in this proxy statement/prospectus:

- o To vote upon a proposal to approve and adopt the Agreement and Plan of Merger and Reorganization, dated as of May 19, 2008, by and among Jazz, Tower Semiconductor Ltd., an Israeli company (also referred to as "Tower"), and its wholly owned subsidiary, Armstrong Acquisition Corp., a Delaware corporation, as such agreement may be amended from time to time (also referred to as the "merger agreement"), and approve the merger provided for therein; and
- o To vote upon any proposal to adjourn or postpone the special meeting if determined to be necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve and adopt the merger agreement and approve the merger.

Only the holders of record of Jazz's common stock on the close of business on August 8, 2008, the record date for the special meeting, are entitled to receive notice of, and to vote at, Jazz's special meeting and any adjournments or postponements of the Jazz special meeting. The affirmative vote of the holders of a majority of the shares of Jazz common stock outstanding on the record date for the special meeting is required to approve and adopt the merger agreement and approve the merger.

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THE JAZZ BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT JAZZ STOCKHOLDERS VOTE "FOR" APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER. THE JAZZ BOARD OF DIRECTORS HAS UNANIMOUSLY DETERMINED THAT THE MERGER AND THE TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT ARE ADVISABLE AND FAIR TO, AND IN THE BEST INTERESTS OF, JAZZ AND ITS STOCKHOLDERS AND HAS APPROVED THE MERGER AGREEMENT, THE MERGER AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT.

By Order of the Board of Directors

/s/ Allen R. Grogan  
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Allen R. Grogan  
Secretary

o, 2008

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YOU ARE CORDIALLY INVITED TO ATTEND THE MEETING IN PERSON. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY, OR VOTE OVER THE TELEPHONE OR THE INTERNET AS INSTRUCTED IN THESE MATERIALS, AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE MEETING. A RETURN ENVELOPE (WHICH IS POSTAGE PREPAID IF MAILED IN THE UNITED STATES) IS ENCLOSED FOR YOUR CONVENIENCE. EVEN IF YOU HAVE VOTED BY PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE MEETING, YOU MUST OBTAIN A PROXY ISSUED IN YOUR NAME FROM THAT RECORD HOLDER.  
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QUESTIONS AND ANSWERS ABOUT THE MERGER

THE FOLLOWING ARE SOME QUESTIONS THAT YOU MAY HAVE REGARDING THE PROPOSED MERGER AND BRIEF ANSWERS TO THOSE QUESTIONS. WE URGE YOU TO READ CAREFULLY THE REMAINDER OF THIS PROXY STATEMENT/PROSPECTUS BECAUSE THE INFORMATION IN THIS SECTION DOES NOT PROVIDE ALL THE INFORMATION THAT MIGHT BE IMPORTANT TO YOU WITH RESPECT TO THE PROPOSED MERGER. ADDITIONAL IMPORTANT INFORMATION IS ALSO CONTAINED IN THE ANNEXES TO, AND THE DOCUMENTS INCORPORATED BY REFERENCE IN, THIS PROXY STATEMENT/PROSPECTUS. UNLESS STATED OTHERWISE, ALL REFERENCES IN THIS PROXY STATEMENT/PROSPECTUS TO TOWER ARE TO TOWER SEMICONDUCTOR LTD., A COMPANY



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ORGANIZED UNDER THE LAWS OF ISRAEL, AND ITS WHOLLY-OWNED MARKETING SUBSIDIARY IN THE UNITED STATES; ALL REFERENCES TO JAZZ ARE TO JAZZ TECHNOLOGIES, INC., A DELAWARE CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES; ALL REFERENCES TO JAZZ SEMICONDUCTOR ARE TO JAZZ SEMICONDUCTOR, INC., A DELAWARE CORPORATION AND A WHOLLY-OWNED SUBSIDIARY OF JAZZ; ALL REFERENCES TO MERGER SUB ARE TO ARMSTRONG ACQUISITION CORP., A DELAWARE CORPORATION AND A WHOLLY-OWNED SUBSIDIARY OF TOWER; ALL REFERENCES TO THE MERGED COMPANY ARE TO TOWER, WITH JAZZ AS ITS WHOLLY-OWNED SUBSIDIARY FOLLOWING COMPLETION OF THE MERGER; AND ALL REFERENCES TO THE MERGER AGREEMENT ARE TO THE AGREEMENT AND PLAN OF MERGER AND REORGANIZATION, DATED AS OF MAY 19, 2008, BY AND AMONG JAZZ, TOWER AND MERGER SUB, A COPY OF WHICH IS ATTACHED AS ANNEX 1 TO THIS PROXY STATEMENT/PROSPECTUS.

### WHAT IS THE PROPOSED TRANSACTION?

Jazz, Tower and Merger Sub have entered into a merger agreement, pursuant to which Merger Sub will merge with and into Jazz with Jazz surviving the merger and continuing its existence as a wholly-owned subsidiary of Tower (referred to in this proxy statement/prospectus as the merger). For a more complete description of the merger, see "THE MERGER."

### WHY AM I RECEIVING THIS DOCUMENT AND PROXY CARD?

You are receiving this document and proxy card because, as of August 8, 2008, the record date for the special meeting, you owned shares of Jazz common stock. The affirmative vote of the holders of a majority of the shares of Jazz common stock outstanding on the record date for the special meeting is required to approve and adopt the merger agreement and approve the merger.

This proxy statement/prospectus contains important information about the proposed merger, the merger agreement and the Jazz special meeting, which you should read carefully. The enclosed voting materials allow you to vote your shares without attending the Jazz special meeting.

YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, YOU ARE ENCOURAGED TO VOTE AS SOON AS POSSIBLE.

### WHY ARE JAZZ AND TOWER PROPOSING THE MERGER?

The boards of directors of Jazz and Tower believe that the combination of Jazz and Tower will provide substantial benefits to the shareholders of both companies and will allow shareholders of both companies the opportunity to participate in a larger, more diversified group of companies that is capable of creating greater shareholder value than either Jazz or Tower could create on its own. To review the reasons for the merger in greater detail, see "THE MERGER - RECOMMENDATION OF THE JAZZ BOARD OF DIRECTORS AND ITS REASONS FOR THE MERGER" and "THE MERGER - TOWER'S REASONS FOR THE MERGER."

### WHAT WILL HOLDERS OF JAZZ COMMON STOCK RECEIVE IN THE MERGER?

If the proposed merger is completed, at the effective time of the merger, Jazz stockholders will be entitled to receive 1.8 ordinary shares of Tower for each share of Jazz common stock that they own (referred to as the "exchange ratio"), and cash in lieu of fractional shares. See "THE MERGER AGREEMENT - MERGER CONSIDERATION."

WHAT WILL HAPPEN IN THE PROPOSED MERGER TO THE WARRANTS, OPTIONS AND CONVERTIBLE NOTES ISSUED BY JAZZ THAT COULD BE EXERCISED FOR OR CONVERTED INTO JAZZ COMMON STOCK AT THE OPTION OF THE HOLDER?

After the merger, warrants, options and convertible notes issued by Jazz will be exercisable for or convertible into Tower ordinary shares pursuant to

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their existing terms. The number of ordinary shares of Tower receivable upon exercise or conversion, and, in the case of warrants and options, the exercise price to be paid, and in the case of the convertible notes, the conversion rate, will be adjusted to reflect the exchange ratio. See "THE MERGER AGREEMENT - TREATMENT OF JAZZ WARRANTS," "THE MERGER AGREEMENT - TREATMENT OF JAZZ OPTIONS" and "THE MERGER AGREEMENT - TREATMENT OF JAZZ CONVERTIBLE NOTES."

WHEN IS THE MERGER TRANSACTION EXPECTED TO BE COMPLETED?

The merger is expected to be completed in the second half of 2008. Until that time, both companies will continue to operate independently. However, Jazz and Tower cannot predict the exact timing of the completion of the merger because it is subject to approval by Jazz stockholders and other conditions. See "THE MERGER AGREEMENT - CONDITIONS TO COMPLETION OF THE MERGER."

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DOES THE JAZZ BOARD OF DIRECTORS RECOMMEND THE APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND THE APPROVAL OF THE MERGER?

Yes. The Jazz board of directors unanimously recommends that Jazz stockholders vote "FOR" approval and adoption of the merger agreement and the approval of the merger. The Jazz board of directors has unanimously determined that the merger and the transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, Jazz and its stockholders and has approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. See "THE MERGER - JAZZ'S REASONS FOR THE MERGER" and "THE MERGER - RECOMMENDATION OF THE JAZZ BOARD OF DIRECTORS."

WHAT VOTE OF JAZZ STOCKHOLDERS IS REQUIRED TO APPROVE AND ADOPT THE MERGER AGREEMENT AND APPROVE THE MERGER?

The affirmative vote of the holders of a majority of Jazz's common stock outstanding on the record date for the special meeting is required to approve and adopt the merger agreement and approve the merger.

IS A VOTE NEEDED BY TOWER SHAREHOLDERS?

A vote of Tower's shareholders is not required for approval of the merger agreement or the merger.

WHEN AND WHERE WILL THE JAZZ SPECIAL MEETING BE HELD?

The Jazz special meeting will take place on September 17, 2008, beginning at 10:00 a.m. Pacific time, at 4321 Jamboree Road, Newport Beach, California 92660.

WHO CAN ATTEND AND VOTE AT THE JAZZ SPECIAL MEETING?

All record holders of Jazz common stock as of the close of business on August 8, 2008, the record date for the Jazz special meeting, are entitled to notice of, and may attend and vote at, the special meeting. As of the close of business on the record date, there were - shares of our common stock outstanding, held by - stockholders of record.

WHAT SHOULD JAZZ STOCKHOLDERS DO NOW IN ORDER TO VOTE ON THE PROPOSAL BEING CONSIDERED AT THE SPECIAL MEETING?

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STOCKHOLDER OF RECORD: SHARES REGISTERED IN YOUR NAME. If on August 8, 2008 your shares of Jazz common stock were registered directly in your name with Jazz's transfer agent, Continental Stock Transfer & Trust Company, then you are a stockholder of record. If you are a stockholder of record, you may vote in person at the special meeting or vote by proxy using the enclosed proxy card. Whether or not you plan to attend the special meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the special meeting and vote in person even if you have already voted by proxy. You may vote by proxy in any of the following ways:

- o INTERNET. You may vote by proxy over the Internet by going to the website listed on your proxy card. Once at the website, follow the instructions to vote your proxy.
- o TELEPHONE. You may vote by proxy using the toll-free number listed on your proxy card. Voice prompts will help you and confirm that your voting instructions have been followed.
- o MAIL. You may vote by proxy by signing, dating and returning your proxy card in the pre-addressed postage-paid envelope provided.

All shares entitled to vote and represented by properly completed proxies received prior to the Jazz special meeting, and not revoked, will be voted at the Jazz special meeting as instructed on the proxies. IF YOU SIGN YOUR PROXY BUT DO NOT INDICATE HOW YOUR SHARES OF JAZZ COMMON STOCK SHOULD BE VOTED ON A MATTER, THE SHARES REPRESENTED BY YOUR PROPERLY COMPLETED PROXY WILL BE VOTED AS THE JAZZ BOARD OF DIRECTORS RECOMMENDS AND THEREFORE "FOR" THE APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND THE APPROVAL OF THE MERGER, AND "FOR" A PROPOSAL TO ADJOURN OR POSTPONE THE MEETING IF DETERMINED BY THE PROXY HOLDERS TO BE NECESSARY OR APPROPRIATE TO SOLICIT ADDITIONAL PROXIES IF THERE ARE INSUFFICIENT VOTES AT THE TIME OF THE SPECIAL MEETING TO APPROVE AND ADOPT THE MERGER AGREEMENT AND APPROVE THE MERGER.

The method by which you vote by proxy will in no way limit your right to vote at the Jazz special meeting if you later decide to attend the meeting in person.

BENEFICIAL OWNER: SHARES REGISTERED IN THE NAME OF A BROKER OR BANK. If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from Jazz's transfer agent. Simply complete and mail the proxy card in accordance with the instructions provided by your broker, bank or other agent, or follow the instructions for voting in any other manner as provided by your broker, bank or other agent, to ensure that your vote is counted. To vote in person at the special meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker, bank or other agent included with these proxy materials, or contact your broker or bank to request a proxy form.

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Your broker will vote your shares of Jazz common stock only if you provide instructions on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without instructions, your shares of Jazz common stock will be a broker "non-vote," which will have the effect of a vote against the approval and adoption of the merger agreement and approval of the merger.

ARE JAZZ STOCKHOLDERS ENTITLED TO DISSENTERS' APPRAISAL RIGHTS?

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No. You will not have any appraisal rights under the Delaware General Corporation Law, or under Jazz's certificate of incorporation, in connection with the merger, and neither Jazz nor Tower will independently provide you with any such rights.

WHAT WILL HAPPEN IF I ABSTAIN FROM VOTING OR FAIL TO VOTE?

An abstention or failure to vote by a Jazz stockholder will have the effect of a vote against the approval and adoption of the merger agreement and the approval of the merger. If you sign and return your proxy card but do not indicate how you want to vote, your proxy will be counted as a vote in favor of the approval and adoption of the merger agreement and the transactions contemplated by the merger agreement.

CAN I CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY OR DIRECTION FORM?

If you are a record holder of our common stock and you vote by proxy, you may revoke your proxy or change your voting instructions at any time before your proxy is exercised:

- o If you mailed a proxy card, by timely mailing another proxy card with a later date;
- o If you voted by telephone or on the internet, by calling the same telephone number or following the instructions on the internet;
- o By timely notifying Jazz in writing before the special meeting that you have revoked your proxy; or
- o By attending the special meeting, revoking your proxy and voting in person.

If your shares are held in "street name," consult your broker for instructions on how to revoke your proxy or change your vote.

SHOULD I SEND IN MY STOCK CERTIFICATES NOW?

IF YOU ARE A RECORD HOLDER OF JAZZ COMMON STOCK, PLEASE DO NOT SEND YOUR JAZZ COMMON STOCK CERTIFICATES TO US NOW. AFTER THE EFFECTIVE TIME OF THE MERGER, THE EXCHANGE AGENT WILL MAIL A LETTER OF TRANSMITTAL TO YOU. YOU SHOULD SEND YOUR JAZZ COMMON STOCK CERTIFICATES ONLY IN COMPLIANCE WITH THE INSTRUCTIONS THAT WILL BE PROVIDED IN THE LETTER OF TRANSMITTAL.

WHAT ARE THE IMPLICATIONS OF TOWER BEING A "FOREIGN PRIVATE ISSUER"?

Tower is subject to the reporting requirements under the Securities Exchange Act of 1934, or the Exchange Act, applicable to foreign private issuers. Tower is required to file its annual report on Form 20-F with the SEC within six months after the end of each fiscal year and to furnish reports on Form 6-K. In addition, Tower must file reports with the Israel Securities Authority and the Tel Aviv Stock Exchange regarding certain information required to be publicly disclosed by Tower in the United States or that is filed with the Securities and Exchange Commission, or regarding information distributed or required to be distributed by Tower to its shareholders. Tower is exempt from certain rules under the Exchange Act, including the proxy rules which impose certain disclosure and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. Moreover, Tower is not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act, and is not required to comply with Regulation FD, which addresses certain restrictions

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on the selective disclosure of material information. In addition, among other matters, Tower's officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of Tower ordinary shares.

### WHAT SHOULD I DO IF I RECEIVE MORE THAN ONE SET OF VOTING MATERIALS?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your Jazz common stock are voted.

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### WHAT DO I NEED TO DO NOW?

Jazz urges all Jazz stockholders to read carefully and consider the information contained in this proxy statement/prospectus, including the annexes, and to consider how the merger will affect you as a stockholder of Jazz. You should then vote as soon as possible in accordance with the instructions provided in this proxy statement/prospectus and on the enclosed proxy card.

### WHO CAN HELP ANSWER MY QUESTIONS?

If you have questions about the merger or if you need additional copies of the proxy statement or the enclosed proxy card you should contact:

Chief Legal Officer, Mr. Allen R. Grogan, Jazz Technologies, Inc.  
4321 Jamboree Road, Newport Beach, CA 92660  
Tel: (949) 435-8000  
Email: allen.grogan@jazztechnologies.com

You may also obtain additional information about Tower from documents filed with the SEC by following the instructions in the section titled "WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION OF INFORMATION BY REFERENCE."

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### SUMMARY

THIS SUMMARY HIGHLIGHTS SELECTED INFORMATION FROM THIS PROXY STATEMENT/PROSPECTUS AND MAY NOT CONTAIN ALL THE INFORMATION THAT IS IMPORTANT TO YOU. TO UNDERSTAND THE MERGER FULLY AND FOR A MORE COMPLETE DESCRIPTION OF THE LEGAL TERMS OF THE MERGER, YOU SHOULD CAREFULLY READ THIS ENTIRE PROXY STATEMENT/PROSPECTUS, ITS ANNEXES, AND THE OTHER DOCUMENTS TO WHICH WE REFER YOU, INCLUDING IN PARTICULAR THE ATTACHED MERGER AGREEMENT ITSELF, THAT ARE ATTACHED TO THIS PROXY STATEMENT/PROSPECTUS AND INCORPORATED BY REFERENCE HEREIN. IN ADDITION, TOWER AND JAZZ ENCOURAGE YOU TO READ THE INFORMATION INCORPORATED BY REFERENCE INTO THIS PROXY STATEMENT/PROSPECTUS, WHICH INCLUDES IMPORTANT INFORMATION ABOUT TOWER THAT HAS BEEN FILED WITH THE SEC. YOU MAY OBTAIN THE INFORMATION INCORPORATED BY REFERENCE INTO THIS PROXY STATEMENT/PROSPECTUS WITHOUT CHARGE BY FOLLOWING THE INSTRUCTIONS IN THE SECTION ENTITLED "WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION OF INFORMATION BY REFERENCE."

THE COMPANIES

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TOWER. Tower is a pure-play independent specialty wafer foundry established in 1993. Tower manufactures integrated circuits with geometries ranging from 1.0 to 0.13-micron; it also provides complementary technical services and design support. In addition to digital CMOS process technology, Tower offers advanced mixed-signal & RF-CMOS, Power Management, CMOS image-sensor and non-volatile memory technologies. To provide world-class customer service, Tower maintains two manufacturing facilities, each with standard and specialized process technology processes: Fab 1 ranging from 1.0 to 0.35 and Fab 2 featuring 0.18 and 0.13-micron.

Tower's ordinary shares are publicly traded on the NASDAQ Global Market under the symbol "TSEM" and on the Tel Aviv Stock Exchange under the same symbol.

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

JAZZ. Jazz is the parent company of Jazz Semiconductor, a leading independent wafer foundry focused on Analog-Intensive Mixed-Signal (AIMS) process technologies. Jazz's broad product portfolio includes digital CMOS and specialty technologies, such as RF CMOS, Analog CMOS, SiGe BiCMOS, SiGe C-BiCMOS, Power CMOS and High Voltage CMOS. These technologies are designed for customers who seek to produce analog and mixed-signal semiconductor devices that are smaller and more highly integrated, power-efficient, feature-rich and cost-effective than those produced using standard process technologies.

Jazz's common stock is publicly traded on the American Stock Exchange, or AMEX, under the symbol "JAZ."

Jazz's principal executive offices are located at 4321 Jamboree Road, Newport Beach, CA 92660, and Jazz's telephone number is (949) 435-8000. Jazz's U.S. wafer fabrication facilities are located in Newport Beach, CA and Jazz also has engineering and manufacturing support in Shanghai, China.

ARMSTRONG ACQUISITION CORP. Merger Sub is a wholly owned subsidiary of Tower. Merger Sub was formed on May 16, 2008 solely for the purpose of effecting the merger. Merger Sub has not conducted any business operations other than those incidental to its formation and in connection with the transactions contemplated by the merger agreement. Upon consummation of the merger, Merger Sub will merge with and into Jazz and cease to exist, with Jazz surviving the merger and continuing its existence as a wholly owned subsidiary of Tower.

THE MERGER (PAGE 39)

Tower and Jazz have agreed to become part of the same group of companies pursuant to the merger agreement described in this proxy statement/prospectus. Under the terms of the merger agreement, Merger Sub will merge with and into Jazz, with Jazz surviving the merger and continuing its existence as a wholly owned subsidiary of Tower. The merger agreement is attached as Annex 1 to this proxy statement/prospectus. Tower and Jazz encourage you to read the merger agreement in its entirety because it is the legal document that governs the merger.

THE MERGER CONSIDERATION (PAGE 53)

In the merger, each share of Jazz common stock outstanding immediately prior to the effective time of the merger will be automatically converted into the right to receive 1.8 ordinary shares of Tower, which is referred to as the exchange ratio, together with the right, if any, to receive cash in lieu of fractional shares of Jazz. No fraction of a Tower ordinary share will be issued in the merger. Instead, each holder of shares of Jazz common stock who would

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otherwise be entitled to receive a fractional Tower ordinary share in the merger will be entitled to receive a cash payment in lieu of such fractional Tower ordinary share.

Jazz stockholders of record will have to surrender their common stock certificates to receive the merger consideration payable to them. PLEASE DO NOT SEND ANY CERTIFICATES NOW. Tower or the exchange agent will send Jazz stockholders written instructions on how to surrender Jazz common stock certificates for Tower ordinary shares after the merger is completed.

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### TREATMENT OF JAZZ WARRANTS (PAGE 54)

Under the merger agreement, Tower will assume all outstanding warrants to purchase Jazz common stock that are outstanding immediately prior to the effective time of the merger, and these warrants will become exercisable for Tower ordinary shares. Each warrant to purchase Jazz common stock at the effective time of the merger will become a warrant to purchase 1.8 Tower ordinary shares at an exercise price of \$2.78 per Tower ordinary share which is equal to the existing exercise price of \$5.00, divided by the exchange ratio of 1.8. No fractional ordinary shares of Tower will be issued upon the exercise of the warrants, but rather the number of Tower ordinary shares to be issued shall be rounded up to the nearest whole number. Tower intends to file with the SEC a post-effective amendment to the registration statement of which this proxy statement/prospectus is a part with respect to the Tower ordinary shares issuable upon exercise of the Jazz warrants. Tower anticipates that following the merger, the Jazz warrants will be delisted from the American Stock Exchange and will be quoted on the Nasdaq Global Market. We cannot assure you, however, that the Jazz warrants will or will continue to be quoted on the Nasdaq Global Market.

### TREATMENT OF JAZZ UNITS (PAGE 54)

At the effective time of the merger, each Jazz unit will be mandatorily separated into one share of Jazz common stock and two Jazz warrants. The shares of Jazz common stock will convert into Tower ordinary shares and the Jazz warrants will become exercisable for Tower ordinary shares, each as described above.

### TREATMENT OF JAZZ CONVERTIBLE NOTES (PAGE 54)

Each holder of Jazz convertible notes will have the right to convert the convertible note into the number of ordinary shares of Tower equal to 1.8 multiplied by the number of shares of common stock of Jazz that such holder would have been entitled to receive if the convertible note was converted immediately prior to the effective time of the merger. For example, each \$1,000 in original principal amount of Jazz convertible notes will be convertible into 245.57 Tower ordinary shares, representing an implied conversion price of approximately \$4.07 per Tower ordinary share, which is equal to the existing implied conversion price of \$7.33 per share of Jazz common stock, divided by the exchange ratio of 1.8. Tower intends to file with the SEC a post-effective amendment to the registration statement of which this proxy statement/prospectus is a part with respect to the Tower ordinary shares issuable upon conversion of the Jazz convertible notes.

### TREATMENT OF JAZZ OPTIONS (PAGE 54)

Under the merger agreement, Tower will assume all outstanding options to purchase Jazz common stock that are outstanding immediately prior to the

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effective time of the merger, whether vested or unvested, and these options will become exercisable for Tower ordinary shares. Each option to purchase Jazz common stock outstanding at the effective time of the merger will become an option to purchase a number of Tower ordinary shares equal to 1.8 multiplied by the number of shares of Jazz common stock that such option was exercisable for prior to the effective time, rounded down to the nearest whole number of Tower ordinary shares, and the per share exercise price of each option will equal the per share exercise price of such option divided by 1.8, rounded up to the nearest cent. For example, an option to purchase 100 shares of Jazz common stock will become an option to purchase 180 Tower ordinary shares. Tower has undertaken to file within ten business days of the effective time of the merger, subject to applicable law, a Form S-8 registration statement with the SEC covering the Tower ordinary shares issuable upon the exercise of the assumed Jazz options.

THE SPECIAL MEETING (PAGE 36)

### DATE, TIME & PLACE

The special meeting of Jazz stockholders will be held at 10:00 a.m., Pacific time, on September 17, 2008, at 4321 Jamboree Road, Newport Beach, California 92660.

### MATTERS TO BE CONSIDERED AT THE JAZZ STOCKHOLDERS' MEETING

The purposes of the Jazz stockholders' meeting are to vote upon a proposal to approve and adopt the merger agreement and the approve the merger; and to vote upon any proposal by Jazz to adjourn or postpone the special meeting if determined to be necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement and approve the merger.

### STOCKHOLDERS ENTITLED TO VOTE

You are entitled to notice of, and may vote at, the special meeting if you were the record holder of our common stock as of the close of business on August 8, 2008, the record date for the special meeting. As of the close of business on the record date, there were - shares of Jazz's common stock outstanding, held by - stockholders of record.

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### QUORUM

A quorum of Jazz stockholders is necessary to hold a valid meeting. A quorum will be present at the Jazz special meeting if a majority of Jazz's outstanding shares of common stock entitled to vote at the special meeting are represented in person or by proxy. Abstentions and broker non-votes will count as present for the purposes of establishing a quorum.

### VOTE REQUIRED

The affirmative vote of the holders of a majority of shares of Jazz common stock outstanding on the record date for the special meeting is required to approve and adopt the merger agreement and approve the merger.

RECOMMENDATION OF THE JAZZ BOARD OF DIRECTORS (PAGE 44)



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The Jazz board of directors unanimously recommends that Jazz stockholders vote "FOR" approval and adoption of the merger agreement and approve the merger. The Jazz board of directors has unanimously determined that the merger and the transactions contemplated by the merger agreement are advisable and fair to, and in the best interests of, Jazz and its stockholders and has approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. See also "THE MERGER - JAZZ'S REASONS FOR THE MERGER."

### REASONS FOR THE MERGER (PAGE 41)

In making its determination, the board of directors of Jazz considered a wide variety of factors in connection with its evaluation of Tower. In light of the complexity of those factors, Jazz's board of directors did not consider it practicable to, nor did it attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its decision.

For a description of the factors considered by the Jazz board of directors, see "THE MERGER - JAZZ'S REASONS FOR THE MERGER."

### OPINION OF JAZZ'S FINANCIAL ADVISOR (PAGE 46)

In connection with the merger, Jazz's board of directors received a written opinion, dated May 17, 2008, from Jazz's financial advisor, UBS Securities LLC, referred to as UBS, as to the fairness, from a financial point of view and as of the date of such opinion, of the exchange ratio provided for in the merger. The full text of UBS' written opinion, dated May 17, 2008, is attached to this proxy statement/prospectus as Annex 2. UBS' OPINION WAS PROVIDED FOR THE BENEFIT OF JAZZ'S BOARD OF DIRECTORS IN CONNECTION WITH, AND FOR THE PURPOSE OF, ITS EVALUATION OF THE EXCHANGE RATIO FROM A FINANCIAL POINT OF VIEW AND DOES NOT ADDRESS ANY OTHER ASPECT OF THE MERGER. THE OPINION DOES NOT ADDRESS THE RELATIVE MERITS OF THE MERGER AS COMPARED TO OTHER BUSINESS STRATEGIES OR TRANSACTIONS THAT MIGHT BE AVAILABLE WITH RESPECT TO JAZZ OR JAZZ'S UNDERLYING BUSINESS DECISION TO EFFECT THE MERGER. THE OPINION DOES NOT CONSTITUTE A RECOMMENDATION TO ANY STOCKHOLDER AS TO HOW TO VOTE OR ACT WITH RESPECT TO THE MERGER. Holders of Jazz common stock are encouraged to read UBS' opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS.

### SHARE OWNERSHIP AFTER THE MERGER

Based on the number of shares of Jazz common stock outstanding on July 31, 2008, Tower expects to issue approximately 34.3 million ordinary shares of Tower at the effective time of the merger to Jazz stockholders. Based on the number of shares of Jazz common stock and Tower ordinary shares outstanding on July 31, 2008, immediately after the effective time of the merger, former Jazz stockholders will own Tower ordinary shares representing approximately 21.5% of the then-outstanding Tower ordinary shares. In addition, Tower may issue up to an additional 96.5 million Tower ordinary shares as a result of the future exercise or conversion of outstanding Jazz options, warrants and convertible notes.

### SHARE OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS (PAGE 106)

At the close of business on July 31, 2008, directors and executive officers of Jazz and their affiliates beneficially owned approximately 4,032,506 shares of Jazz common stock, and owned and were entitled to vote 3,246,255 shares of Jazz common stock, representing approximately 21.2%, and approximately 17.1%, respectively, of the shares of Jazz common stock outstanding on that date.

For further information on share ownership of directors and officers of

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Jazz see "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF JAZZ."

### INTERESTS OF JAZZ'S DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER (PAGE 44)

In considering the recommendation of the board of directors of Jazz, you should be aware that certain directors and executive officers of Jazz may have interests in the merger that are different from, or in addition to, your interests as a stockholder of Jazz generally and may create potential conflicts of interest. The board of directors of Jazz was aware of these interests and considered them when they approved and adopted the merger agreement, and the merger contemplated thereby.

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### TOWER ORDINARY SHARES TRADED ON NASDAQ AND TASE; DELISTING AND DEREGISTRATION OF JAZZ SECURITIES (PAGE 51)

Jazz common stock, warrants and units will continue to trade on the American Stock Exchange until the completion of the proposed merger. Following the completion of the proposed merger, Jazz common stock, and units will no longer be listed on the AMEX and will be deregistered under the Exchange Act. In the merger, holders of Jazz common stock will receive ordinary shares of Tower which are publicly traded on the NASDAQ Global Market under the symbol "TSEM" and the Tel Aviv Stock Exchange, or TASE, under the symbol "TSEM." At the effective time of the merger, each Jazz unit will be mandatorily separated into one share of Jazz common stock (which will convert into Tower ordinary shares as described above) and two Jazz warrants. At the effective time of the merger, Jazz warrants will remain outstanding and will become exercisable for Tower ordinary shares as described in this proxy statement/prospectus. Tower anticipates that following the merger, the Jazz warrants will be delisted from the American Stock Exchange and will be quoted on the Nasdaq Global Market. We cannot assure you, however, that the Jazz warrants will or will continue to be quoted on the Nasdaq Global Market.

### CASH IN LIEU OF FRACTIONAL SHARES (PAGE 51)

No fractions of Tower ordinary shares will be issued as consideration in the merger and holders of Jazz common stock who would otherwise be entitled to a fraction of a Tower ordinary share (after aggregating all fractional shares that otherwise would be received by such holder), shall be entitled to receive a cash payment in lieu thereof. The amount of cash received by such stockholder will be equal to an amount of cash (rounded to the nearest whole cent), without interest, equal to the product of (i) such fraction, multiplied by (ii) the average closing price of one Tower ordinary share for the five most recent days that Tower ordinary shares have traded ending on the trading day immediately prior to the effective time, as reported on the Nasdaq Global Market.

### NO DISSENTERS' APPRAISAL RIGHTS (PAGE 52)

Holders of Jazz common stock will not have any appraisal rights under the Delaware General Corporation Law, or under Jazz's certificate of incorporation, in connection with the merger, and neither Jazz nor Tower will independently provide holders of Jazz common stock with any such rights. For further information concerning the Jazz Special Meeting see "THE JAZZ SPECIAL MEETING OF STOCKHOLDERS."

### CONDITIONS TO COMPLETION OF THE MERGER (PAGE 59)

A number of conditions must be satisfied or waived, if permissible under

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legal requirements, before the proposed merger can be completed. These include, among others:

- o effectiveness of the registration statement on Form F-4; and
- o adoption of the merger agreement by the stockholders of Jazz.

For a more detailed description of this provision see "THE MERGER AGREEMENT - CONDITIONS TO COMPLETION OF THE MERGER."

REGULATORY FILINGS AND APPROVALS NECESSARY TO COMPLETE THE MERGER (PAGE 50)

In addition to the effectiveness of this registration statement, of which this proxy statement/prospectus is a part, and compliance with applicable provisions of Delaware and Israeli laws, several additional regulatory filings and approvals are required in connection with the merger including:

- o approval of the Office of the Chief Scientist of the Israeli Ministry of Industry, Trade and Labor;
- o approval of the Israeli Investment Center of the Israeli Ministry of Industry, Trade and Labor;
- o approval of the Israel Lands Administration; and
- o approval of the Tel-Aviv Stock Exchange (listing of additional shares).

Tower is also required to provide notice: (i) to the Directorate of Defense Trade Controls under the International Traffic in Arms Regulations ("ITAR") at least 60 days prior to closing, (ii) prior to the closing date, to the Nasdaq Global Market (on a Notification Form: Listing of Additional Shares); and (iii) following the Effective Date, to the Investment Center, the Israeli Office of the Chief Scientist and the Israel Lands Administration. The merger is not expected to be subject to the Hart-Scott-Rodino Act.

On May 27, 2008, Tower submitted applications for the approval of the change in the ownership of its shares resulting from the transactions contemplated by the merger agreement, to each of the Office of the Chief Scientist, Investment Center and Israel Lands Administration.

On June 3, 2008, Tower received the approval of the Office of the Chief Scientist of the Israeli Ministry of Industry, Trade and Labor.

On June 10, 2008, Jazz filed, and on June 24, 2008, Tower filed, a notice with the Directorate of Defense Trade Controls under ITAR.

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Jazz and Tower have been in pre-notification discussions with the Committee on Foreign Investment in the United States ("CFIUS") regarding the proposed merger and intend to make a voluntary filing on or about August 8, 2008 seeking CFIUS review of the proposed merger. There can be no assurance that CFIUS would not request the parties to enter into a mitigation agreement that could impose material conditions on the operations of the Jazz business.

An application to the Tel-Aviv Stock Exchange for the listing of additional shares will be submitted on or around the closing date.

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### DIRECTORS AND MANAGEMENT OF THE MERGED COMPANY AFTER THE MERGER (PAGE 50)

The directors and officers of Tower will remain the directors and officers of Tower following the merger until their successors are duly elected, appointed or qualified or until their earlier death, resignation or removal in accordance with the articles of incorporation of Tower and applicable law. As contemplated by the merger agreement, the directors and officers of Jazz following the merger will be determined prior to the effective time of the merger.

### NO SOLICITATION OF TRANSACTIONS (PAGE 57)

After the date of the merger agreement and until the completion of the merger, Jazz is prohibited from seeking any alternative transactions for the acquisition of Jazz other than the merger transaction with Tower, subject to the conditions and terms specified in the merger agreement. The prohibition includes not soliciting, or initiating or inducing, encouraging or knowingly facilitating any alternative proposals or inquiries, not furnishing any information regarding Jazz or its subsidiaries to any third party in connection with any alternative proposals or inquiries, not engaging in any discussions or negotiations with any third party concerning any alternative proposals or inquiries, not approving or recommending any alternative proposals or inquiries, and not entering into any letter of intent or similar agreements otherwise relating to any alternative acquisition transaction.

However, Jazz may, at any time prior to the adoption of the merger agreement by Jazz's stockholders, take some of the actions otherwise prohibited if Jazz's board of directors determines in good faith that an alternative acquisition proposal constitutes or could reasonably be expected to lead to a superior proposal, and that such actions are required in order for Jazz's board of directors to comply with its fiduciary duties to Jazz's stockholders under applicable law.

In addition, prior to the closing of the merger, neither Jazz's board of directors nor any committee thereof may withdraw or modify in a manner adverse to Tower, its recommendation that stockholders adopt the merger agreement, unless, among other things, Jazz's board of directors has determined in good faith that doing so is required in order for Jazz's board of directors to comply with its fiduciary duties to Jazz's stockholders under applicable law.

### TERMINATION (PAGE 60)

The merger agreement may be terminated at any time, prior to the effective time of the merger (notwithstanding any approval by Jazz's stockholders) by mutual written consent of Tower and Jazz, or as follows:

- o by either Tower or Jazz if, among other things:
  - o the merger has not been completed by October 20, 2008; or
  - o the adoption of the merger agreement by Jazz's stockholders has not been obtained; or
  - o any legal requirement or final and non-appealable injunction enacted after May 19, 2008 prohibits the consummation of the merger, and, if violated, would have material negative consequences for Tower or Jazz or any of their respective directors, officers or employees.
- o by Tower if:
  - o at any time prior to the adoption of the merger agreement

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by the Jazz stockholders, certain events specified in the merger agreement occur, which events include the following:

- o Jazz's board of directors fails to recommend that the Jazz stockholders adopt the merger agreement, withdraws or modifies its recommendation in a manner adverse to Tower or fails to reaffirm its recommendation after Tower requests,
  - o Jazz's board of directors approves, endorses or recommends an alternative acquisition proposal, or Jazz enters in a binding letter of intent or agreement accepting any alternative acquisition proposal, or
  - o a tender or exchange offer relating to Jazz's securities has been commenced and Jazz has not sent within 15 business days to its stockholders or filed with the SEC a statement disclosing that it recommends rejection of such offer.
- o Jazz breaches any of its representations, warranties, covenants or agreements, such that the applicable closing conditions for Tower to effect the merger as set forth in the merger agreement would not be satisfied and such breach is not cured (if curable) within 30 days of delivery of written notice by Tower to Jazz of Jazz's breach (so long as Tower is not itself in breach of the any of its representations, warranties, covenants or agreements so as to cause the applicable closing conditions for Jazz to effect the merger as set forth in the merger agreement not to be satisfied); or
- o by Jazz if Tower breaches any of its representations, warranties, covenants or agreements, such that the applicable closing conditions for Jazz to effect the merger as set forth in the merger agreement would not be satisfied and such breach is not cured (if curable) within 30 days of delivery of written notice by Jazz to Tower of Tower's breach (so long as Jazz is not itself in breach of any of its representations, warranties, covenants or agreements so as to cause the applicable closing conditions for Tower to effect the merger as set forth in the merger agreement not to be satisfied).

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For a more detailed description of these provisions see "THE MERGER AGREEMENT - TERMINATION."

EXPENSES; TERMINATION FEE (PAGE 61)

Generally, each party to the merger agreement will bear its own expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement.

Jazz has agreed to pay Tower a termination fee of \$1.2 million and reimburse Tower for up to \$1 million in expenses incurred in connection with the transaction, if the merger agreement is terminated under one of the following circumstances:

- o by Tower - if one of the following events specified in the merger

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agreement occurs:

- o Jazz's board of directors fails to recommend that the Jazz stockholders adopt the merger agreement, withdraws or modifies its recommendation in a manner adverse to Tower, or fails to reaffirm its recommendation after Tower requests,
- o Jazz's board of directors approves, endorses or recommends an alternative acquisition proposal, or Jazz enters into a binding letter of intent or agreement accepting any alternative acquisition proposal, or
- o a tender or exchange offer relating to Jazz's securities has been commenced and Jazz has not sent within 15 business days to its stockholders or filed with the SEC a statement disclosing that it recommends rejection of such offer; or
- o by Tower or Jazz - if: (i) the adoption of the merger agreement by Jazz's stockholders has not been obtained; and (ii) prior to the time of the failure to adopt the merger agreement, an alternative acquisition proposal will have been publicly disclosed; and (iii) within 12 months of the date of termination, an alternative acquisition of Jazz will have been consummated or Jazz will have entered into an agreement or binding letter of intent providing for such an acquisition (which is subsequently consummated); or
- o by Tower or Jazz - if: (i) the merger has not been completed by October 20, 2008; and (ii) prior to termination, an alternative acquisition proposal will have been publicly disclosed (and such alternative acquisition proposal shall not have been unconditionally and publicly withdrawn prior to the date of the Jazz special meeting); and (iii) within 12 months of the date of termination, an alternative acquisition of Jazz will have been consummated or Jazz will have entered into an agreement or binding letter of intent providing for such an acquisition (which is subsequently consummated), provided that, in the case of termination by Tower, Tower can demonstrate that it would reasonably have been expected that the merger would have been consummated prior to termination but for the making or pendency of such alternative acquisition proposal.

In addition and subject to certain conditions, if the merger agreement is terminated by either Jazz or Tower because the adoption of the merger agreement by Jazz's stockholders has not been obtained, Jazz has agreed reimburse Tower for up to \$500,000 in expenses.

If Jazz fails promptly to pay when due any amounts payable by Jazz, then it must reimburse Tower for all costs and expenses incurred in collection of such amounts and must pay Tower interest on such overdue amounts at a rate per annum equal to 5%.

For a more detailed description of this provision see "THE MERGER AGREEMENT - EXPENSES; TERMINATION FEE."

CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER (PAGE 123)

The merger has been structured to qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended. Assuming the Merger so qualifies, you will not recognize gain or loss on the exchange of your Jazz common stock for Tower ordinary shares, although gain or loss may be recognized upon the receipt of cash in lieu of fractional Tower ordinary shares. Tower and Jazz cannot assure you that the Internal Revenue Service will agree

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with the treatment of the merger as a tax-free reorganization.

Tax matters are complicated, and the tax consequences of the merger to a particular stockholder will depend in part on such stockholder's circumstances. Accordingly, we urge you to consult your own tax advisor for a full understanding of the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws.

For further information, please refer to "TAXATION - CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER."

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### MATERIAL ISRAELI TAX CONSIDERATIONS (PAGE 124)

According to Israeli tax law, the merger may be viewed as a taxable event for Jazz shareholders who are Israeli resident individuals or companies. Therefore, Tower may withhold tax from any Israeli resident shareholders of Jazz that does not produce a valid withholding exemption certificate issued by the Israeli tax authorities and applying to the transactions. In addition, Jazz security holders who become Tower ordinary shareholders following the merger will be subject to Israeli tax law which generally exempts from Israeli capital gains tax gains derived by foreign residents holding shares of Israeli resident companies traded on a recognized stock exchange, such as the NASDAQ Global Market, subject to certain conditions.

For further information, please refer to "MATERIAL ISRAELI TAX CONSIDERATIONS - TAXATION OF TOWER SHAREHOLDERS."

### ACCOUNTING TREATMENT (PAGE 50)

In accordance with U.S. GAAP, the merger will be accounted for as a purchase through the issuance of stock by Tower as the consideration for the net assets of Jazz. The assets (tangibles and intangibles) and liabilities of Jazz will be recorded as of the acquisition date at their assigned values based on purchase price allocation determined, using their respective fair values. Goodwill, if any, will be recorded as the residual amount of the excess of cost over the fair values of identified assets, in accordance with the requirements of Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations, referred to as "SFAS 141."

### COMPARATIVE RIGHTS OF TOWER AND JAZZ SHAREHOLDERS (PAGE 65)

As a result of the merger, each of your shares of Jazz common stock will be converted into the right to receive Tower ordinary shares according to the exchange ratio. Because Tower is a corporation organized under the laws of Israel, there are material differences between the rights of Jazz stockholders and the rights of holders of Tower ordinary shares. For a discussion of these differences, see "COMPARATIVE RIGHTS OF TOWER AND JAZZ SHAREHOLDERS" and for a description of Tower's ordinary shares, see "DESCRIPTION OF TOWER SHARE CAPITAL."

### EXCHANGE OF STOCK CERTIFICATES (PAGE 51)

After the completion of the merger, the exchange agent appointed in connection with the merger will send to each record holder of Jazz common stock a letter of transmittal and exchange instructions to Jazz stockholders for use in exchanging such stock for Tower ordinary shares and cash in lieu of fractional ordinary shares. You should not send in your Jazz stock certificates

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before receiving this letter of transmittal.

### VOTING RIGHTS (PAGE 36)

STOCKHOLDER OF RECORD: SHARES REGISTERED IN YOUR NAME. If on August 8, 2008 your shares of Jazz common stock were registered directly in your name with Jazz's transfer agent, Continental Stock Transfer & Trust Company, then you are a stockholder of record for purposes of the special meeting. If you are a stockholder of record, you may vote in person at the special meeting or vote by proxy using the enclosed proxy card. Whether or not you plan to attend the special meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the special meeting and vote in person even if you have already voted by proxy. You may vote by proxy in any of the following ways:

- o INTERNET. You may vote by proxy over the Internet by going to the website listed on your proxy card. Once at the website, follow the instructions to vote your proxy.
- o TELEPHONE. You may vote by proxy using the toll-free number listed on your proxy card. Voice prompts will help you and confirm that your voting instructions have been followed.
- o MAIL. You may vote by proxy by signing, dating and returning your proxy card in the pre-addressed postage-paid envelope provided.

All shares entitled to vote and represented by properly completed proxies received prior to the Jazz special meeting, and not revoked, will be voted at the Jazz special meeting as instructed on the proxies. IF YOU SIGN YOUR PROXY BUT DO NOT INDICATE HOW YOUR SHARES OF JAZZ COMMON STOCK SHOULD BE VOTED ON A MATTER, THE SHARES REPRESENTED BY YOUR PROPERLY COMPLETED PROXY WILL BE VOTED AS THE JAZZ BOARD OF DIRECTORS RECOMMENDS AND THEREFORE "FOR" THE APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND THE APPROVAL OF THE MERGER, AND "FOR" A PROPOSAL TO ADJOURN OR POSTPONE THE MEETING IF DETERMINED BY THE PROXY HOLDERS TO BE NECESSARY OR APPROPRIATE TO SOLICIT ADDITIONAL PROXIES IF THERE ARE INSUFFICIENT VOTES AT THE TIME OF THE SPECIAL MEETING TO APPROVE THE MERGER AGREEMENT.

The method by which you vote by proxy will in no way limit your right to vote at the Jazz special meeting if you later decide to attend the meeting in person.

BENEFICIAL OWNER: SHARES REGISTERED IN THE NAME OF A BROKER OR BANK. If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from Jazz's transfer agent. Simply complete and mail the proxy card in accordance with the voting instructions provided by your broker, bank or other agent, or follow the instructions for voting in any other manner as provided by your broker, bank or other agent to ensure that your vote is counted. To vote in person at the special meeting, you must obtain a valid proxy from your broker, bank or other agent. Follow the instructions from your broker, bank or other agent included with these proxy materials, or contact your broker or bank to request a proxy form.

Your broker will vote your shares of Jazz common stock only if you provide instructions on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without instructions, your shares of Jazz common stock will be a broker "non-vote,"



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which will have the effect of a vote against the approval and adoption of the merger agreement and approval of the merger.

SOLICITATION OF PROXIES (PAGE 38)

The proxy accompanying this proxy statement/prospectus is solicited on behalf of the Jazz board of directors for use at the Jazz stockholders' meeting.

Jazz is soliciting the enclosed proxy on behalf of the board of directors, and will pay all costs of preparing, assembling and mailing the proxy materials. In addition to mailing out proxy materials, Jazz's directors and officers may solicit proxies by telephone or fax, without receiving any additional compensation for their services. Jazz has requested brokers, banks and other fiduciaries to forward proxy materials to the beneficial owners of its stock. Jazz also intends to retain Morrow & Co., Inc., a proxy solicitation firm, to assist in the proxy solicitation process. Jazz expects to pay Morrow & Co., Inc. its customary fee of approximately \$6,500 plus \$6.50 per solicited stockholder and out-of-pocket expenses.

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### TOWER SELECTED HISTORICAL FINANCIAL INFORMATION

Tower is providing the following financial information to assist you in your analysis of the financial aspects of the merger. The information is only a summary and should be read in conjunction with Tower's historical consolidated financial statements and related notes incorporated by reference herein.

The Tower selected historical information is derived from (a) the audited consolidated financial statements of Tower as of December 31, 2007 and 2006 and for each of its fiscal years ended December 31, 2007, 2006 and 2005, which are incorporated by reference in this proxy statement/prospectus, and which have been audited by Brightman Almagor & Co., a member of Deloitte Touche Tohmatsu, independent registered public accounting firm, whose report is also incorporated by reference in this proxy statement/prospectus, (b) from the audited consolidated financial statements of Tower as of December 31, 2005, 2004 and 2003 and for each of its fiscal years ended December 31, 2004 and 2003, which are not included or incorporated by reference in this proxy statement/prospectus and (c) the unaudited consolidated financial statements of Tower as of March 31, 2008 and for the three months ended March 31, 2008, which are incorporated by reference in this proxy statement/prospectus.

The historical results included below and incorporated by reference in this proxy statement/prospectus are not indicative of the future performance of Tower and the interim results included below and incorporated by reference in this proxy statement/prospectus are not indicative of results for the full fiscal year.

THREE MONTHS ENDED MARCH 31,	FISCAL YEARS ENDED DE		
-----	-----	-----	-----
2008	2007	2006	2005
-----	-----	-----	-----

(US\$ IN THOUSANDS, EXCEPT FOR

STATEMENT OF OPERATIONS DATA:

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Revenue	\$	57,607	\$	230,853	\$	187,438	\$	101
Loss from operations	\$	(21,392)	\$	(99,312)	\$	(120,961)	\$	(169)
Net loss	\$	(29,620)	\$	(134,196)	\$	(167,927)	\$	(203)
Net loss per share basic and diluted	\$	(0.24)	\$	(1.13)	\$	(2.03)	\$	(

	AS OF MARCH 31,			AS OF				
	2008	2007	2006	2005				
	(US\$ IN THOUSANDS)							
<b>BALANCE SHEET DATA:</b>								
Total assets	\$	692,118	\$	686,782	\$	714,132	\$	690
Total current liabilities	\$	92,275	\$	76,936	\$	84,126	\$	95
Total long-term liabilities	\$	582,680	\$	565,137	\$	590,490	\$	624
Total shareholder's equity	\$	17,163	\$	44,709	\$	39,516	\$	(29)

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### JAZZ SELECTED CONSOLIDATED HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

We are providing the following summary selected financial information to assist you in your analysis of the financial aspects of the merger. The following selected consolidated historical financial information is only summary and should be read in conjunction with "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF JAZZ" and Jazz's and Jazz Semiconductor's consolidated financial statements and the related notes to those statements included elsewhere in this prospectus/proxy statement.

- o The consolidated statement of operations information for the three months ended March 28, 2008 and the consolidated balance sheet information as of March 28, 2008 have been derived from Jazz's unaudited consolidated financial statements for the three months ended March 28, 2008 included elsewhere in this prospectus/proxy statement.
- o The pro forma consolidated statement of operations information for the three months ended March 30, 2007 presents pro forma results assuming Jazz's acquisition of Jazz Semiconductor had occurred on January 1, 2007 and has been derived from (i) Jazz's unaudited condensed consolidated financial statements for the three months ended March 30, 2007 included elsewhere in this prospectus/proxy statement and (ii) the audited consolidated financial statements of Jazz Semiconductor for the period from December 30, 2006 to February 16, 2007 (the date of the Jazz Semiconductor acquisition) included elsewhere in this prospectus/proxy statement.
- o The pro forma consolidated statement of operations information for the years ended December 28, 2007 and December 31, 2006 and the pro forma consolidated balance sheet information as of such dates presents pro forma results assuming Jazz's acquisition of Jazz Semiconductor had occurred on January 1, 2007 and January 1, 2006, respectively, and have been derived from (i) Jazz's audited consolidated financial statements for the year ended December 28, 2007 included elsewhere in this prospectus/proxy statement, (ii) the audited consolidated financial statements of Jazz Semiconductor for

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the period from December 30, 2006 to February 16, 2007 (the date of the Jazz Semiconductor acquisition) included elsewhere in this prospectus/proxy statement, (iii) Jazz's audited financial statements for the year ended December 31, 2006 included elsewhere in this prospectus/proxy statement and (iv) the audited consolidated financial statements of Jazz Semiconductor for the year ended December 29, 2006 included elsewhere in this prospectus/proxy statement.

- o The predecessor consolidated statement of operations information for the year ended December 30, 2005 and the predecessor consolidated balance sheet data as of December 30, 2005 have been derived from the audited consolidated financial statements of Jazz Semiconductor, the predecessor of Jazz, included elsewhere in this prospectus/proxy statement.
- o The predecessor consolidated statement of operations information for the years ended December 26, 2003 and December 31, 2004 and the predecessor consolidated balance sheet data as of December 26, 2003 and December 31, 2004 have been derived from the audited consolidated financial statements of Jazz Semiconductor not included in this prospectus/proxy statement. Jazz's financial results for the period from August 12, 2005 (inception) to December 31, 2005 were not material and are not included in the summary consolidated historical financial information presented below.

The pro forma results included below are not necessarily indicative of the results that may have actually occurred had the acquisition of Jazz Semiconductor taken place on the dates noted. The pro forma adjustments are based upon available information and assumptions that Jazz believes are reasonable. The pro forma adjustments include adjustments for interest expense (relating primarily to interest on the Jazz convertible notes issued in December 2006) and increased depreciation and amortization expense as a result of the application of the purchase method of accounting. The pro forma results exclude the write-off of in-process research and development that was expensed at the time of the acquisition of Jazz Semiconductor and the net gain on the repurchase of Jazz convertible notes.

The historical results included below and elsewhere in this proxy statement/prospectus are not indicative of the future performance of Jazz and the interim results included below and elsewhere in this proxy statement/prospectus are not indicative of results for the full fiscal year.

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### CONSOLIDATED STATEMENT OF OPERATIONS INFORMATION

	YEAR ENDED				
	DECEMBER 26, 2003	DECEMBER 31, 2004	DECEMBER 30, 2005	DECEMBER 29, 2006	DECEMBER 28, 2007
	(PREDECESSOR)	(PREDECESSOR)	(PREDECESSOR)	(UNAUDITED, PRO FORMA)	(UNAUDITED, PRO FORMA)
	(US\$ IN THOUSANDS, EXCEPT PER SHARE DATA)				
Revenue	\$ 185,185	\$ 219,535	\$ 199,030	\$ 212,526	\$ 207,6
(Loss) income from					

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operations	(16,181)	3,056	(12,405)	(37,864)	(33,000)
Net loss	(17,706)	(17,346)	(25,723)	(47,610)	(39,600)
Net loss per share basic and diluted	n/a	n/a	n/a	\$ (2.10)	\$ (1.10)

### CONSOLIDATED BALANCE SHEET INFORMATION

	DECEMBER 26, 2003	DECEMBER 31, 2004	DECEMBER 30, 2005	DECEMBER 29, 2006	DECEMBER 28, 2007
	(PREDECESSOR)	(PREDECESSOR)	(PREDECESSOR) (US\$ IN THOUSANDS)	(UNAUDITED, PRO FORMA)	(UNAUDITED, PRO FORMA)
Total assets	\$ 177,732	\$ 184,420	\$ 168,757	\$ 426,934	\$ 265,800
Total current liabilities	24,582	40,415	35,400	65,976	57,900
Total long-term liabilities	30,453	24,517	25,172	196,185	155,600
Total shareholders' equity	122,697	119,488	108,185	164,773	52,200

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### SUMMARY UNAUDITED CONDENSED COMBINED PRO FORMA FINANCIAL INFORMATION

The following table sets forth summary unaudited condensed combined pro forma financial information of Tower and Jazz after giving effect to the merger. The summary unaudited condensed combined pro forma information is derived from, and should be read in conjunction with, the "TOWER UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS" and related notes included elsewhere in this proxy statement/prospectus. The pro forma adjustments are preliminary, and the unaudited pro forma condensed combined financial statements are not necessarily indicative of the financial position or results of operations that may have actually occurred had the companies been combined for the periods presented or the future financial position or operating results of Tower or Jazz. The merger will be accounted for under the purchase method of accounting. Under the purchase method of accounting, the total purchase price will be allocated to the net tangible and intangible assets acquired and liabilities assumed, based on various estimates of their respective fair values. Tower will determine the estimated fair values of acquired assets and assumed liabilities with the assistance of third party valuation specialists in accordance with SFAS 141. The purchase price allocations set forth in the following unaudited pro forma condensed combined financial statements are based on preliminary valuation estimates of Jazz's tangible and intangible assets. The final valuations, and any interim updated preliminary valuation estimates, may differ materially from these preliminary valuation estimates and, as a result, the final allocation of the purchase price may result in reclassifications of the allocated amounts that are materially different from the purchase price allocations reflected below. Any material change in the valuation estimates and related allocation of the purchase price would materially impact Tower's depreciation and amortization expenses, the unaudited pro forma condensed combined financial statements and Tower's results of operations after the merger.

### PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS DATA

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	THREE MONTHS ENDED MARCH 31, 2008 COMBINED	YEAR ENDED DECEMBER 31, 2007 COMBINED
	-----	
	(US\$ IN THOUSANDS, EXCEPT PER SHARE DATA) (UNAUDITED)	
Revenue	\$ 108,437	438,502
Loss from operations	\$ (21,655)	(133,398)
Net loss	\$ (33,644)	(187,164)
Net loss per common share, basic and diluted	\$ (0.21)	(1.22)
Depreciation and amortization	\$ 45,779	197,272

PRO FORMA CONDENSED COMBINED BALANCE SHEET

	AS OF MARCH 31, 2008 COMBINED
	-----
	(US\$ IN THOUSANDS) (UNAUDITED)
Total assets	\$ 908,303
Total current liabilities	\$ 152,379
Total long-term liabilities	\$ 694,302
Total stockholders' equity	\$ 61,622

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COMPARATIVE PER SHARE DATA

The following table sets forth selected historical per share information of Tower and Jazz and unaudited pro forma combined per share information of Tower after giving effect to the merger. You should read this information in conjunction with the selected historical financial information included elsewhere in this proxy statement/prospectus, and the historical financial statements of Tower and related notes that are incorporated into this proxy statement/prospectus by reference and the historical financial statements of Jazz and related notes that are included elsewhere in this proxy statement/prospectus. The unaudited pro forma combined per share information is derived from, and should be read in conjunction with, the "TOWER UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS" and related notes included elsewhere in this proxy statement/prospectus. The historical per share information is derived from the financial statements of Jazz as of and for the fiscal years ended December 28, 2007 and three months ended March 28, 2008 and Tower consolidated financial statements as of and for the fiscal year ended December 31, 2007 and three months ended March 31, 2008.

The pro forma adjustments are preliminary, and the unaudited pro forma condensed combined financial statements are not necessarily indicative of the financial position or results of operations that may have actually occurred had the companies been combined for the periods presented or the future financial position or operating results of Tower or Jazz.

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	TOWER	JAZZ	PRO FORMA COMBINED
	-----	-----	-----
PERCENTAGE OF SHARES OF COMMON STOCK OUTSTANDING UPON CONSUMMATION OF THE MERGER	78.5	21.5	100
BOOK VALUE PER SHARE	\$ 0.14	\$ 1.42	\$ 0.39
LOSS PER SHARE (BASIC AND DILUTED)			
2007	\$ (1.13)	\$ (1.64)	\$ (1.22)
First quarter of 2008	\$ (0.24)	\$ (0.22)	\$ (0.21)

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SECURITIES MARKET PRICE INFORMATION

MARKET PRICE

TOWER ORDINARY SHARES

Tower's ordinary shares are listed on the NASDAQ Global Market under the symbol "TSEM" and on the Tel Aviv Stock Exchange in Israel under the same symbol. On August 6, 2008, the most recent trading day practicable before the date of this proxy statement/prospectus, the closing price for the Tower ordinary shares was \$0.69 per share on the NASDAQ Global Market and NIS 2.52 per share on the Tel Aviv Stock Exchange.

JAZZ SECURITIES

Jazz units, which consist of one share of Jazz common stock, par value \$0.0001 per share, and two warrants, each to purchase an additional share of Jazz common stock, are listed on the American Stock Exchange under the symbol "JAZ.U." Jazz common stock is listed on the American Stock Exchange under the symbol "JAZ" and commenced trading separately on April 4, 2006. Jazz warrants are listed separately on the American Stock Exchange under the symbol "JAZ.WS" and commenced trading separately on April 4, 2006. Each warrant entitles the holder to purchase from Jazz one share of Jazz common stock at an exercise price of \$5.00 commencing March 15, 2007. The warrants will expire at 5:00 p.m., New York City time, on March 15, 2011, or earlier upon redemption. On August 6, 2008, the most recent trading day practicable before the date of this proxy statement/prospectus, the closing price for Jazz's common stock was \$1.04 per share, for Jazz's units was \$1.00 per unit and for Jazz's warrants was \$0.01 per warrant on the American Stock Exchange. As of August 6, 2008, there were 5 holders of record of Jazz's units, 5 holders of record of Jazz's common stock and 1 holder of record of Jazz's warrants.

The following table sets forth, for the periods indicated, the high and low reported sales prices of Tower's ordinary shares on the NASDAQ Global Market and Tel Aviv Stock Exchange and the high and low reported sales prices of Jazz common stock and the high and low reported closing prices of Jazz warrants and units on the American Stock Exchange.

JAZZ

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TOWER OR

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PERIOD	JAZZ COMMON STOCK ON AMEX		JAZZ UNITS ON AMEX		JAZZ WARRANTS ON AMEX		SHARES ON GLOBAL M
	HIGH (\$)	LOW (\$)	HIGH (\$)	LOW (\$)	HIGH (\$)	LOW (\$)	HIGH (\$)
Last Six Months:							
July 2008	1.24	1.00	1.10	1.00	0.02	0.01	0.86
June 2008	1.40	1.16	1.32	1.20	0.05	0.02	0.98
May 2008	1.63	0.59	1.48	0.61	0.04	0.01	1.25
April 2008	0.68	0.55	0.65	0.53	0.02	0.01	1.07
March 2008	0.96	0.57	0.90	0.63	0.03	0.01	1.06
February 2008	1.27	0.84	1.55	0.86	0.14	0.03	1.19
Last Nine Quarters:							
Second quarter 2008	1.63	0.55	1.48	0.53	0.05	0.01	1.25
First quarter 2008	1.68	0.57	1.80	0.63	0.16	0.00	1.45
Fourth Quarter 2007	3.25	1.33	3.96	1.75	0.47	0.13	1.8
Third Quarter 2007	3.40	2.00	4.55	3.20	0.70	0.42	1.87
Second Quarter 2007	4.25	2.80	5.76	4.00	0.80	0.45	1.94
First quarter 2007	5.83	4.06	7.40	5.58	1.00	0.64	2.08
Fourth quarter 2006	5.70	5.40	7.38	6.31	0.83	0.47	2.18
Third quarter 2006	5.75	5.32	7.10	6.15	0.72	0.40	1.51
Second quarter 2006	5.89	5.35	7.72	6.21	0.90	0.47	1.75
Last Five Years:							
2007	5.83	1.33	7.40	1.75	1.00	0.13	2.08
2006	5.89	5.32	7.72	6.15	0.90	0.40	2.18
2005	N/A	N/A	N/A	N/A	N/A	N/A	2.38
2004	N/A	N/A	N/A	N/A	N/A	N/A	10.80
2003	N/A	N/A	N/A	N/A	N/A	N/A	7.90

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### DIVIDEND POLICY

#### TOWER

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

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

#### JAZZ

Jazz has not paid any dividends on its common stock to date and do not intend to pay dividends in the near future. It is Jazz's board of director's current intention to retain all earnings, if any, for use in business operations and, accordingly, Jazz's board of directors does not anticipate declaring any dividends in the foreseeable future. The payment of dividends, if and when paid,

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will be within the discretion of Jazz's then board of directors and will be contingent upon Jazz's revenues and earnings, if any, capital requirements and general financial condition.

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### RISK FACTORS RELATING TO THE MERGER

IN ADDITION TO THE OTHER INFORMATION INCLUDED IN THIS PROXY STATEMENT/PROSPECTUS, INCLUDING THE MATTERS ADDRESSED UNDER "CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS," YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS BEFORE DECIDING WHETHER TO VOTE FOR APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER. THE FOLLOWING IS ONLY A SUMMARY OF THE RISKS RELATED TO THE MERGER, AND IN ADDITION, YOU SHOULD READ AND CONSIDER THE RISKS ASSOCIATED WITH EACH OF THE BUSINESSES OF TOWER AND JAZZ BECAUSE THESE RISKS WILL RELATE TO THE MERGED COMPANY. CERTAIN OF THE RISKS ASSOCIATED WITH TOWER CAN BE FOUND IN TOWER'S FORM 20-F, WHICH HAS BEEN INCORPORATED BY REFERENCE INTO THIS PROXY STATEMENT/PROSPECTUS. YOU SHOULD ALSO CONSIDER THE OTHER INFORMATION IN THIS PROXY STATEMENT/PROSPECTUS AND THE OTHER DOCUMENTS INCORPORATED BY REFERENCE BY TOWER INTO THIS PROXY STATEMENT/PROSPECTUS. SEE "WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION OF INFORMATION BY REFERENCE."

BECAUSE THE MARKET PRICE OF TOWER ORDINARY SHARES MAY FLUCTUATE, THE VALUE OF TOWER ORDINARY SHARES TO BE ISSUED IN THE MERGER MAY FLUCTUATE.

Upon completion of the merger, each share of Jazz common stock will be converted into the right to receive 1.8 ordinary shares of Tower. There will be no adjustment to the exchange ratio for changes in the market price of either shares of Jazz common stock or Tower ordinary shares. Accordingly, the market value of the Tower ordinary shares that holders of Jazz common stock will be entitled to receive upon completion of the merger will depend on the market value of the Tower ordinary shares at the time of the completion of the merger and could vary significantly from the market value of Tower ordinary shares on the date of this document or the date of the Jazz special meeting. For example, during the first five months of 2008, the sale price of Tower ordinary shares ranged from a low of \$0.74 to a high of \$1.45. See "SECURITIES MARKET PRICE INFORMATION."

Such variations could be the result of changes in the business, operations or prospects of Tower, market assessments of the likelihood that the merger will be completed or the timing of the completion of the merger, regulatory considerations, general market and economic conditions and other factors both within and beyond the control of Tower. Because the completion of the merger will occur after the date of the Jazz special meeting, Jazz stockholders will not know at the time of the Jazz special meeting the market value of the Tower ordinary shares they will receive upon completion of the merger.

THE MERGER IS SUBJECT TO NO INJUNCTION, LEGAL PROCEEDING OR LAW BEING ISSUED, PENDING OR ENACTED PROHIBITING THE CONSUMMATION OF THE MERGER. IF SUCH ACTION IS TAKEN, CONDITIONS MAY BE IMPOSED ON THE PARTIES TO THE MERGER THAT COULD HAVE AN ADVERSE EFFECT ON JAZZ OR TOWER OR COULD CAUSE ABANDONMENT OF THE MERGER.

Completion of the merger is conditioned upon no injunction having been issued by a court of competent jurisdiction prohibiting the consummation of the merger, no pending legal proceeding by any governmental agency seeking to prohibit the consummation of the merger and no law in effect since the date of the merger agreement that prohibits the consummation of the merger. If such injunction, legal proceeding or law is issued, pending or enacted, there can be no assurance that Jazz and Tower will obtain the necessary consents, orders and



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approvals or that any conditions imposed on the parties will not have a material adverse effect on the financial condition, business or results of operations of the merged company following the merger or cause the abandonment of the merger by Jazz and Tower. See "THE MERGER AGREEMENT - CONDITIONS TO COMPLETION OF THE MERGER."

ANY DELAY IN COMPLETING THE MERGER MAY SIGNIFICANTLY REDUCE THE BENEFITS EXPECTED TO BE OBTAINED FROM THE MERGER.

The merger is subject to a number of conditions that are beyond the control of Jazz and Tower and that may prevent, delay or otherwise materially adversely affect its completion. See "THE MERGER AGREEMENT - CONDITIONS TO COMPLETION OF THE MERGER." Tower and Jazz cannot predict whether and when these other conditions will be satisfied. Further, the requirements for obtaining the required clearances and approvals could delay the completion of the merger for a significant period of time or prevent it from occurring. Any delay in completing the merger may significantly reduce the synergies and other benefits that Tower and Jazz expect to achieve if they successfully complete the merger within the expected time frame.

THE PENDENCY OF THE MERGER COULD MATERIALLY ADVERSELY AFFECT THE FUTURE BUSINESS AND OPERATIONS OF JAZZ AND TOWER.

In connection with the pending merger, some customers and strategic partners of each of Jazz and Tower may delay or defer decisions, which could negatively affect revenues, earnings and cash flows of Jazz and Tower, as well as the market prices of shares of Jazz common stock and Tower ordinary shares, regardless of whether the merger is completed.

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DIRECTORS AND EXECUTIVE OFFICERS OF JAZZ MAY BE DEEMED TO HAVE POTENTIAL CONFLICTS OF INTEREST IN RECOMMENDING THAT YOU VOTE IN FAVOR OF THE APPROVAL AND ADOPTION OF THE MERGER AGREEMENT AND APPROVAL OF THE MERGER.

Executive officers of Jazz negotiated the terms of the merger agreement and the Jazz board of directors unanimously approved the merger agreement and unanimously recommend that you vote in favor of the adoption of the merger agreement and approval of the merger. These directors and executive officers may have interests in the merger that are different from, or in addition to, or in conflict with, yours. These interests include the continued employment of certain executive officers of Jazz, and the indemnification of former Jazz directors and officers by the merged company and change-of-control severance agreements with several Jazz executive officers. You should be aware of these interests when you consider the Jazz board of directors' recommendation that you vote in favor of the proposal to adopt the merger agreement and approve the merger. Additionally, the exercise of Jazz's directors' and officers' discretion in agreeing to changes or waivers in the terms of the merger may result in a conflict of interest when determining whether such changes or waivers are appropriate and in Jazz's stockholders' best interest. For a discussion of the interests of directors and executive officers in the merger, see "THE MERGER - INTERESTS OF JAZZ'S DIRECTORS AND OFFICERS IN THE MERGER."

THE MERGER AGREEMENT RESTRICTS JAZZ'S ABILITY TO PURSUE ALTERNATIVES TO THE MERGER AND REQUIRES JAZZ TO PAY A TERMINATION FEE UNDER CERTAIN CIRCUMSTANCES.

The merger agreement prohibits Jazz from soliciting, initiating, encouraging or facilitating certain alternative acquisition proposals with any third party, subject to exceptions set forth in the merger agreement. The merger agreement also provides for the payment by Jazz of a termination fee if the

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merger agreement is terminated in certain circumstances in connection with a competing third-party acquisition proposal for one of the companies, and in certain other circumstances as well. See "THE MERGER AGREEMENT - NO SOLICITATION OF TRANSACTIONS; BOARD RECOMMENDATION." These provisions limit Jazz's ability to pursue offers from third parties that could result in greater value to the Jazz stockholders. The obligation to make the termination fee payment also may discourage a third party from pursuing an alternative acquisition proposal. If the merger is terminated and Jazz determines to seek another business combination, Jazz cannot assure you that it will be able to negotiate a transaction with another company on terms comparable to the terms of the merger, or that it will avoid incurrence of any fees associated with the termination of the merger agreement. See "THE MERGER AGREEMENT - EXPENSES; TERMINATION FEE."

TOWER WILL ISSUE A SUBSTANTIAL NUMBER OF ORDINARY SHARES IN CONNECTION WITH THE MERGER TO JAZZ'S COMMON STOCKHOLDERS, WHICH WILL BE AVAILABLE FOR SALE IN THE FUTURE. THIS MAY CAUSE A DECLINE IN THE MARKET PRICE OF TOWER'S ORDINARY SHARES. FURTHERMORE, JAZZ'S OPTIONS OR WARRANTS MAY BE EXERCISED, AND ITS CONVERTIBLE NOTES CONVERTED, INTO TOWER ORDINARY SHARES FOLLOWING THE MERGER, WHICH MAY CAUSE A FURTHER DECLINE IN THE MARKET PRICE OF TOWER'S ORDINARY SHARES.

Pursuant to the merger agreement, Tower will issue ordinary shares to Jazz's common stockholders as consideration for their common stock in Jazz. In addition, pursuant to the merger agreement Jazz's outstanding options and warrants will be exercisable to purchase the applicable amount of Tower ordinary shares. See "THE MERGER AGREEMENT - MERGER CONSIDERATION." Furthermore, Jazz's convertible notes will become convertible into Tower ordinary shares following the merger.

As a result, the number of shares available for sale will increase immediately upon consummation of the merger agreement as shares underlying the warrants, options and convertible notes are issued upon their exercise or conversion. Increases in the number of freely tradable shares may adversely impact the market price of Tower's ordinary shares.

The sale, or even the possibility of sale, of the ordinary shares or the shares underlying the Jazz warrants, options and convertible notes could have an adverse effect on the market price for Tower's securities or on its ability to obtain future public financing. If and to the extent these options or warrants are exercised, or the convertible notes are converted, you may experience dilution to your holdings.

THE MERGER AGREEMENT RESTRICTS JAZZ'S ABILITY TO PURSUE ALTERNATIVES TO THE MERGER AND REQUIRES JAZZ TO PAY A TERMINATION FEE UNDER CERTAIN CIRCUMSTANCES.

The merger agreement prohibits Jazz from soliciting, initiating, encouraging or facilitating certain alternative acquisition proposals with any third party, subject to exceptions set forth in the merger agreement. The merger agreement also provides for the payment by Jazz of a termination fee if the merger agreement is terminated in certain circumstances in connection with a competing third-party acquisition proposal for one of the companies. See "THE MERGER AGREEMENT - NO SOLICITATION OF TRANSACTIONS; BOARD RECOMMENDATION." These provisions limit Jazz's ability to pursue offers from third parties that could result in greater value to the Jazz stockholders. The obligation to make the termination fee payment also may discourage a third party from pursuing an alternative acquisition proposal. If the merger is terminated and Jazz determines to seek another business combination, Jazz cannot assure you that it will be able to negotiate a transaction with another company on terms comparable to the terms of the merger, or that it will avoid incurrence of any fees associated with the termination of the merger agreement. See "THE MERGER AGREEMENT - EXPENSES; TERMINATION FEE."

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TOWER COULD BE A PASSIVE FOREIGN INVESTMENT COMPANY FOR U.S. FEDERAL TAX PURPOSES WHICH MAY NEGATIVELY AFFECT U.S. HOLDERS OF TOWER ORDINARY SHARES.

It is possible that Tower could be a passive foreign investment company, or PFIC. Generally, a foreign corporation will be a passive foreign investment company, or PFIC, if in any taxable year either: (i) 75% or more of its GROSS INCOME consists of passive income; or (ii) 50% or more of the value of its assets is attributable to assets that produce, or are held for the production of, passive income. Tower could be a PFIC based on the gross income test if, for example, it earned a small gross loss from the sale of integrated circuits but had gross income after taking into account its interest income. If Tower meets either test in a taxable year, ordinary shares of Tower held by a U.S. holder in that year will generally be treated as PFIC shares for that year and for all subsequent years. If Tower were a PFIC, gain realized by the U.S. holder from the sale of Tower ordinary shares would be taxed as ordinary income, as opposed to capital gain, and subject to an interest charge. Certain elections may be available to a U.S. holder to reduce or eliminate these adverse tax consequences.

The PFIC rules are complex. A U.S. holder is encouraged to consult his or her U.S. tax advisor to determine the tax consequences of holding and disposing of PFIC shares and the U.S. tax elections that may be available to the U.S. holder.

THE MERGED COMPANY MAY FAIL TO REALIZE THE ANTICIPATED COST SAVINGS, REVENUE ENHANCEMENTS AND OTHER BENEFITS EXPECTED FROM THE MERGER, WHICH COULD ADVERSELY AFFECT THE VALUE OF TOWER ORDINARY SHARES AFTER THE MERGER.

Tower and Jazz entered into the merger agreement with the expectation that the merger is expected to create opportunities to achieve cost savings and revenue synergies and to achieve other synergistic benefits. Delays encountered by the merged company in the transition process could have a material adverse effect on the revenues, expenses, operating results and financial condition of the merged company. Although Tower and Jazz expect significant benefits to result from the merger, there can be no assurance that the merged company will actually realize these anticipated benefits.

The value of Tower ordinary shares following completion of the merger may be affected by the ability of the merged company to achieve the benefits expected to result from completion of the merger. Achieving the benefits of the merger will depend in part upon meeting the challenges inherent in the successful combination and integration of business enterprises of the size and scope of Tower and Jazz and the possible resulting diversion of management attention for an extended period of time. There can be no assurance that the merged company will meet these challenges and that such diversion will not negatively affect Tower's operations following the merger.

UNCERTAINTIES ASSOCIATED WITH THE MERGER MAY CAUSE KEY EMPLOYEES TO RESIGN AND MAY OTHERWISE MATERIALLY ADVERSELY AFFECT THE FUTURE BUSINESS AND OPERATIONS OF TOWER AND JAZZ.

The merged company's success after the merger will depend in part upon the ability of the merged company to retain key employees of Tower and Jazz. Competition for qualified personnel can be intense. Current and prospective employees of Tower and Jazz may experience uncertainty about their post-merger roles with the merged company following the merger. This may materially adversely affect the ability of each of Tower and Jazz to attract and retain key management, sales, marketing, technical and other personnel. In addition, key employees may depart because of issues relating to the uncertainty and

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difficulty of integration or a desire not to remain with the merged company following the merger. Accordingly, no assurance can be given that the merged company will be able to attract or retain key employees of Tower and Jazz to the same extent that those companies have been able to attract or retain their own employees in the past.

Technological innovation is important to the merged company's success and depends, to a significant degree, on the work of technically skilled employees. Competition for the services of these types of employees is vigorous. Neither Tower nor Jazz can provide assurance that the merged company will be able to attract and retain these employees following the merger. If, following the merger, the merged company is unable to attract and retain technically skilled employees, the competitive position of the merged company could be materially adversely affected.

TOWER AND JAZZ EACH HAVE A LARGE AMOUNT OF DEBT WHICH COULD HAVE SIGNIFICANT NEGATIVE CONSEQUENCES.

Each of Tower and Jazz have a large amount of debt, which could have significant negative consequences. The indebtedness of Tower as of March 31, 2008 (including convertible debt) is approximately \$595 million and Jazz's indebtedness as of March 28, 2008 (including convertible debt) is approximately \$138 million and this indebtedness could have significant negative consequences, including:

- o requiring the dedication of a substantial portion of each company's expected cash flow from operations to service its indebtedness;
- o increasing each company's vulnerability to general adverse economic and industry conditions;
- o limiting each company's ability to obtain additional financing;
- o limiting each company's flexibility in planning for, or reacting to, changes in its business and the industry in which they compete;
- o placing each company's at a competitive disadvantage to less leveraged competitors and competitors that have better access to capital resources; and/or
- o affecting each company's ability to make interest payments and other required debt service its indebtedness.

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THE TRADING PRICE OF TOWER ORDINARY SHARES MAY BE AFFECTED BY FACTORS DIFFERENT FROM THOSE AFFECTING THE PRICE OF JAZZ COMMON STOCK.

Upon completion of the merger, holders of Jazz common stock will become holders of Tower ordinary shares. The results of operations of the merged company, as well as the trading price of Tower ordinary shares after the merger, may be affected by factors different from those currently affecting Jazz's results of operations and the trading price of Jazz common stock. For a discussion of the businesses of Tower and Jazz and of certain factors to consider in connection with those businesses, see "INFORMATION ABOUT JAZZ" included elsewhere in this proxy statement/prospectus, and the information contained in Tower's Form 20-F and other public filings which are incorporated by reference in this proxy statement/prospectus and referred to under "WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION OF INFORMATION BY REFERENCE."

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TOWER IS A FOREIGN PRIVATE ISSUER UNDER THE RULES AND REGULATIONS OF THE SEC AND, THUS, IS EXEMPT FROM A NUMBER OF RULES UNDER THE EXCHANGE ACT AND IS PERMITTED TO FILE LESS INFORMATION WITH THE SEC THAN A COMPANY INCORPORATED IN THE UNITED STATES.

As a foreign private issuer under the Exchange Act, Tower is exempt from certain rules under the Exchange Act, including the proxy rules, which impose certain disclosure and procedural requirements for proxy solicitations. Moreover, Tower is not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies with securities registered under the Exchange Act; and is not required to comply with Reg