This is an English translation from the original Hebrew version. In case of any discrepancy, the binding version is the Hebrew original.

28th September 2006

To:
Securities Authority
22 Kanfei Nesherim Street
Jerusalem, 95464

To:
Tel-Aviv Stock Exchange Ltd.
54 Ahad Haam Street
Tel-Aviv, 65202

Dear Sirs,

Re: Immediate Report

Following the Israel Corp's immediate reports dated 17th May 2006, and dated 27th August 2006, we hereby announce today on the closing of the previous announced agreements between Tower Semiconductor Ltd. ("Tower"), with its lender banks and with the Israel Corp.

According to these agreements, an amount of $158 million of long-term debt of Tower was converted by the banks into equity equivalent capital notes, convertible into approximately 52 million Tower's ordinary shares and $100 million was invested by Israel Corp. in Tower for an equity equivalent capital notes, convertible into approximately 66 million ordinary shares of Tower.

Sincerely yours,

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Noga Yatziv
Company Secretary