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TOWER SEMICONDUCTOR LTD

Form S-8

July 22, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
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)

Not Applicable
(I.R.S. Employer Identification No.)

Ramat Gavriel Industrial Park
Migdal Haemek, Israel 23105
(Address of Principal Executive Offices)

Employee Share Option Plan 2004
(Full Title of Plan)

Tower Semiconductor USA
4300 Stevens Creek Blvd., Suite 175
San Jose, California 95129
Tel: 408-551-6500
Facsimile: 408-551-6509
(Name, address and telephone number of agent for service)

Copies of all Correspondence to:

DAVID H. SCHAPIRO, ESQ.
Yigal Arnon & Co.
1 Azrieli Center
Tel Aviv, 67021 Israel
Tel: 972-3-608-7856

SHELDON KRAUSE, ESQ.
Ehrenreich Eilenberg & Krause LLP
11 East 44th Street
New York, NY 10017
Tel: 212-986-9700

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Ordinary Shares, par value NIS 1.00 per share ("Ordinary Shares") (relating to 2004 Plan)	2,071,578 (2) (3)	\$5.29	\$10,958,648	\$1388

1

- (1) Calculated solely for the purpose of determining the registration fee based upon the assumed offering prices of the shares determined pursuant to Rule 457(h) under the Securities Act of 1933, based upon the weighted average per share exercise price of the options assumed by the Registrant. With respect to 323,500 shares purchasable upon exercise of outstanding options granted to date under the Registrant's Employee Share Option Plan 2004, the Proposed Maximum Offering Price Per Share is \$ 6.35, the weighted average exercise price per share of such options. With respect to the shares that may be issued pursuant to options which may be granted in the future pursuant to such Plan, the Proposed Maximum Offering Price Per Share is \$5.09, which represents the average of the high and low sales prices of the Ordinary Shares as quoted through the Nasdaq National Market on July 20, 2004.
- (2) Represents shares that may be issued pursuant to options which have been or may be granted pursuant to the Registrant's Employee Share Option Plan 2004.
- (3) This Registration Statement also registers an indeterminate number of Ordinary Shares which may become issuable pursuant to the anti-dilution provisions of the plans and options to which this Registration Statement relates.

2

PART I

INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

EXPLANATORY NOTE

As permitted by the rules of the Securities and Exchange Commission, this Registration Statement omits the information specified in Part I of Form S-8.

THE COMPANY HAS APPLIED TO THE SECURITIES AUTHORITY OF THE STATE OF ISRAEL FOR AN EXEMPTION FROM THE OBLIGATION TO PUBLISH THIS PROSPECTUS IN THE MANNER REQUIRED PURSUANT TO THE PREVAILING LAWS OF THE STATE OF ISRAEL. NOTHING IN SUCH EXEMPTION OF THE SECURITIES AUTHORITY OF THE STATE OF ISRAEL, IF RECEIVED, SHALL BE CONSTRUED AS AUTHENTICATING THE MATTERS CONTAINED IN THIS PROSPECTUS OR AS AN APPROVAL OF THEIR RELIABILITY OR ADEQUACY OR AS AN EXPRESSION OF OPINION AS TO THE QUALITY OF THE SECURITIES OFFERED HEREBY.

3

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed with the Securities and Exchange Commission

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(the "Commission") by the Registrant, Tower Semiconductor Ltd., a company organized under the laws of the State of Israel (the "Company"), pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are incorporated by reference in this registration statement:

- o Annual Report on Form 20-F for the year ended December 31, 2003 (filed on March 2, 2004).
- o Report on Form 6-K dated March 2004 (filed on March 16, 2004).
- o Report on Form 6-K dated April 2004 (filed on April 30, 2004).
- o Report on Form 6-K dated June 2004 (filed on June 28, 2004).
- o Report on Form 6-K dated July 2004 No.1 (filed on July 13, 2004).
- o Report on Form 6-K dated July 2004 No.2 (filed on July 22, 2004).
- o The description of the Company's Ordinary Shares which is contained in its Registration Statement on Form 8-A declared effective on October 25, 1994.

All documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all shares offered hereby have been sold or which deregisters all then remaining unsold, shall be deemed to be incorporated by reference in this registration statement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this registration statement to the extent that a statement contained herein or in any other subsequently filed document which also is incorporated or deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this registration statement.

ITEM 4. DESCRIPTION OF SECURITIES.

Not Applicable.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL.

Not Applicable

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

The Israeli Companies Law, or the Companies Law, provides that a company may include in its articles of association provisions allowing it to:

1. partially or fully exempt, in advance, an office holder of the company from his responsibility for damages caused by the breach of his duty of care to the company;

4

2. enter into a contract to insure the liability of an office holder of the company by reason of acts or omissions committed in his capacity as an office holder of the company with respect to the following:

- (a) the breach of his duty of care to the company or any other person;

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- (b) the breach of his duty of loyalty to the company to the extent he acted in good faith and had a reasonable basis to believe that the act or omission would not prejudice the interests of the company; and
 - (c) monetary liabilities or obligations which may be imposed upon him in favor of other persons;
3. indemnify an office holder of the company for:
- (a) monetary liabilities or obligations imposed upon him in favor of other persons pursuant to a court judgment, including a compromise judgment or an arbitrator's decision approved by a court, by reason of acts or omissions of such person in his capacity as an office holder of the company; and
 - (b) reasonable litigation expenses, including attorney's fees, actually incurred by such office holder or imposed upon him by a court, in an action, suit or proceeding brought against him by or on behalf of the company or by other persons, or in connection with a criminal action from which he was acquitted, or in connection with a criminal action which does not require criminal intent in which he was convicted, in each case by reason of acts or omissions of such person in his capacity as an office holder.

The Companies Law provides that a company's articles of association may provide for indemnification of an office holder post-factum and may also provide that a company may undertake to indemnify an office holder in advance, provided such undertaking is limited to types of occurrences, which, in the opinion of the company's board of directors, are, at the time of the undertaking, foreseeable and to an amount the board of directors has determined is reasonable in the circumstances.

The Companies Law provides that a company may not indemnify or exempt the liabilities of an office holder or enter into an insurance contract which would provide coverage for the liability of an office holder with respect to the following:

- o a breach of his duty of loyalty, except to the extent described above;
- o a breach of his duty of care, if such breach was done intentionally, recklessly or with disregard of the circumstances of the breach or its consequences;
- o an act or omission done with the intent to unlawfully realize personal gain; or
- o a fine or monetary settlement imposed upon him.

Under the Companies Law, the term "office holder" includes a director, managing director, general manager, chief executive officer, executive vice president, vice president, other managers directly subordinate to the managing director and any other person fulfilling or assuming any such position or responsibility without regard to such person's title.

The grant of an exemption, an undertaking to indemnify or indemnification of, and procurement of insurance coverage for, an office holder of a company requires, pursuant to the Companies Law, the approval of the company's audit committee and board of directors, and, in certain circumstances, including if the office holder is a director, the approval of the company's shareholders.

Our Articles of Association have been amended to allow for indemnification of, and procurement of insurance coverage for our officers and directors to the maximum extent provided for by the Companies Law.

We have entered into an insurance contract for directors and officers and have procured indemnification insurance for our office holders to the extent permitted by our Articles of Association. We have approved the indemnification of our office holders up to 25% of our then current fully paid up equity (in addition to any amounts paid under an insurance coverage) with respect to each case of indemnification (including all matters connected therewith), by authorizing and empowering us to enter into Exemption and Indemnification Agreements with our office holders. We have never had the occasion to indemnify any of our office holders.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED.

Not Applicable

ITEM 8. EXHIBITS.

- 4.2. Articles of Association of the Registrant (incorporated by reference to Exhibit 1.1 to the Registrant's Annual Report on Form 20-F for the year ended December 31, 2000) and Amendment to the Articles of Association of the Registrant (approved by shareholders on December 7, 2003) filed herewith
- 4.3. Employee Share Option Plan 2004
- 4.4. Form of Grant Letter to Israeli Employees
- 4.5. Form of Grant Letter to U.S. Employees
- 5.1. Opinion of Yigal Arnon & Co.
- 15.1. Awareness letter of Brightman Almagor & Co.
- 23.1. Consent of Yigal Arnon & Co. (included in the opinion filed as Exhibit 5.1)
- 23.2. Consent of Brightman Almagor & Co.
- 24.1. Power of Attorney (included on signature page)

ITEM 9. UNDERTAKINGS

- (a) The undersigned Registrant hereby undertakes:
 - (1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:
 - (i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

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- (ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement;
 - (iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement; provided, however, that paragraphs (a)(1)(i) and (a)(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the Registration Statement.
- (2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
 - (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities and Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
 - (c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of Securities Act of 1933, the Registrant

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certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8, and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Migdal Haemek, Israel, on the 21st day of July, 2004.

Tower Semiconductor Ltd.

By: /s/Carmel Vernia

Carmel Vernia
Chairman of the Board of Directors and
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in their respective capacities and on the respective dates indicated. Each person whose signature appears below hereby authorizes Carmel Vernia with full power of substitution, to execute in the name and on behalf of such person any amendment or any post-effective amendment to this Registration Statement and to file the same, with exhibits thereto, and other documents in connection therewith, making such changes in this Registration Statement as the Registrant deems appropriate, and appoints Carmel Vernia, with full power of substitution, attorney-in-fact to sign any amendment and any post-effective amendment to this Registration Statement and to file the same, with exhibits thereto, and other documents in connection therewith.

/s/ Carmel Vernia

Carmel Vernia, Chairman and Chief Executive Officer
July 21, 2004

/s/ Amir Harel

Amir Harel, Vice President and Chief Financial Officer (principal financial and accounting officer) July 21, 2004

/s/ Idan Ofer

Idan Ofer, Director
July 21, 2004

8

Ehud Hillman, Director
July 21, 2004

/s/ Eli Harari

Eli Harari, Director
July 21, 2004

Miin Wu, Director

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July 21, 2004

/s/ N.D. Reddy

N.D. Reddy, Director
July 21, 2004

Zehava Simon, Director
July 21, 2004

/s/ Hans Rohrer

Hans Rohrer, Director
July 21, 2004

AUTHORIZED REPRESENTATIVE IN THE UNITED STATES
Tower Semiconductor USA

/s/ Doron Simon

Doron Simon
President
July 21, 2004

9

Exhibit Index

Exhibit No.	Exhibit
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