



NEWS ANNOUNCEMENT

FOR IMMEDIATE RELEASE

TowerJazz Announces Signing a Definitive Agreement with One of its Customers to Receive \$30 Million Advance Payment for Capacity Expansion

Additional capacity investment to enable company to meet current and forecasted growing customer demand

MIGDAL HAEMEK, Israel, September 7, 2015 – TowerJazz, the global specialty foundry leader, today announced it has signed a definitive agreement with one of its customers to receive \$30 million advance payment which would be used for capacity expansion in its worldwide fabs. TowerJazz will provide secured capacity to support current and forecasted customer manufacturing needs.

Russell Ellwanger, TowerJazz CEO, stated, "We are seeing through customers' forecasts, purchase orders, and our sales and marketing channels a very high demand, exceeding our current manufacturing capabilities, primarily in our analog 0.18um technology processes. Hence, we are implementing a four-pronged, proactive strategy as follows: (i) we are rapidly cross qualifying our Israeli, US and Japanese fabs for manufacture of products and technology platforms originating in our US and Israeli fabs, (ii) we are investing in capacity to enable quick ramp up of more products, (iii) we are continuously exploring M&A opportunities and (iv) we are engaging in customer funded programs for customers who need capacity reservation and/or new capabilities and capacity. This signed definitive agreement is an example of the latter. We continue to execute on all fronts in parallel."

About TowerJazz

[Tower Semiconductor Ltd.](#) (NASDAQ: TSEM, TASE: TSEM) and its fully owned U.S. subsidiary Jazz Semiconductor, Inc. operate collectively under the brand name TowerJazz, the global specialty foundry leader. TowerJazz manufactures integrated circuits, offering a broad range of customizable process technologies including: SiGe, BiCMOS, mixed-signal/CMOS, RF CMOS, CMOS image sensor, integrated power management (BCD and 700V), and MEMS. TowerJazz also provides a world-class design enablement platform for a quick and accurate design cycle as well as Transfer Optimization and development Process Services (TOPS) to IDMs and fabless companies that need to expand capacity. For more information, please visit www.towerjazz.com.

To provide multi-fab sourcing and extended capacity for its customers, TowerJazz operates two manufacturing facilities in Israel (150mm and 200mm), one in the U.S. (200mm) and three additional facilities in Japan (two 200mm and one 300mm) through **TowerJazz Panasonic Semiconductor Co. (TPSCo)**, established with Panasonic Corporation of which TowerJazz has the majority holding. Through TPSCo, TowerJazz provides leading edge 45nm CMOS, 65nm RF CMOS and 65nm 1.12um pixel technologies, including the most advanced image sensor technologies. For more information, please visit www.tpsemico.com.

Safe Harbor Regarding Forward-Looking Statements

This press release includes forward-looking statements, which are subject to risks and uncertainties. Actual results may vary from those projected or implied by such forward-looking statements. A complete discussion of risks and uncertainties that may affect the accuracy of forward-looking statements included in this press release or which may otherwise affect TowerJazz's business is included under the heading "Risk Factors" in Tower's most recent filings on Forms 20-F, F-3, F-4 and 6-K, as were filed with the Securities and Exchange Commission (the "SEC") and the Israel Securities Authority and Jazz's most recent filings on Forms 10-K and 10-Q, as were filed with the SEC, respectively. Tower and Jazz do not intend to update, and expressly disclaim any obligation to update, the information contained in this release.

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