



TowerJazz to Expand its Worldwide Manufacturing Capabilities with Proposed Purchase of Maxim Integrated Wafer Manufacturing Plant in Texas, US

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Questions and Answers

Who is TowerJazz and what do they do?

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.

Who is Maxim and what do they do?

Maxim Integrated is a US publicly traded company (NASDAQ ticker: MXIM), founded in 1983, that designs, manufactures, and sells analog and mixed-signal integrated circuits. Company's headquarters are located in San Jose, CA. For more information, please visit www.maximintegrated.com.

What is the news?

TowerJazz announced it has signed an asset purchase agreement with Maxim Integrated Products to purchase Maxim's 8 inch (200mm) fabrication facility in San Antonio, Texas, US. The proposed purchase will expand TowerJazz's current worldwide manufacturing capacity, cost-effectively increasing production by approximately 28,000 wafers per month. Assets to be transferred: M&E, L&B, Inventories and employees.

As part of the transaction, the companies have also signed a long term supply agreement for TowerJazz to manufacture products for Maxim in the San Antonio facility. Under the supply agreement, Maxim is licensing certain intellectual property rights to TowerJazz for the manufacture of its products. In addition, the facility can support the advanced analog platforms using geometries down to 130nm and can be used to manufacture other products using TowerJazz specialty process technologies. TowerJazz plans to quickly qualify its core specialty technologies at the San Antonio facility in order to satisfy its customers' demand.

What are the main terms of the deal?

- TowerJazz to purchase Maxim's San Antonio Fab
- Signed long term supply agreement where TowerJazz will manufacture Maxim products in its San Antonio fab.
- The purchase price is anticipated to be 40 million, to be paid by Tower ordinary shares
- Facility able to immediately support TowerJazz's advanced analog platforms and respond to the growing customer needs.

What is the date of the formal closing of the purchase?

The target date for formal closing of the purchase is January 2016.

What happens now?

Both companies are finalizing further definitive documents toward the closing date, such as the transition services agreement. Maxim factory will continue semiconductor manufacturing in its ordinary course of business.

What are the benefits of this transaction for TowerJazz?

TowerJazz's revenues, EBITDA & net profit are expected to increase.

Maxim's commitment to source its products from the San Antonio fab long term. Maxim will become one of TowerJazz's biggest customers.

Added capacity will serve TowerJazz's excess customer demand; approximately 340,000 wafers per year (8 inch equivalent), fully compatible with TowerJazz advanced technology offering.