



TowerJazz Sells its Holdings in HHSL for \$32 Million

***The investment is presented in TowerJazz Balance Sheets
with a Book Value of \$17 Million***

MIGDAL HAEMEK, Israel and NewPort Beach, CA – July 07, 2011 – TowerJazz, the global specialty foundry leader, today announced that it has agreed to sell its holdings in Hua Hong Semiconductor Limited (“HHSL”), one of Mainland China's leaders in the field of IC foundry service, in a HHSL buyback transaction, for \$32 million in cash.

TowerJazz owns 10% of HHSL'S shares, valued per GAAP in the amount of \$17 million on TowerJazz's balance sheet.

Russell Ellwanger, TowerJazz CEO, commented: "This transaction is another step in our business growth strategy, providing us with additional cash which may enable us to fund our continued growth initiatives. Our relationship and supply agreement with HHSL and its wholly owned subsidiary HHNEC are independent of an equity position."

The transaction is subject to customary closing conditions and is expected to close during the third quarter of 2011. TowerJazz expects to record a gross gain in the third quarter of \$15 million as a direct result of this sale, and approximately \$8 million of net gain (after taking into account expected tax and other payments and fees associated with the transaction).

Safe Harbor

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. Potential risks and uncertainties include, without limitation, risks and uncertainties associated with: (i) the satisfaction of customary closing conditions to complete the sale of holdings in HHNEC; (ii) actual tax, fees and other payments may differ from current estimations; and (iii) actual gain from the transaction may differ from the one currently forecasted. A more 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 our business is included under the heading "Risk Factors" in Tower's most recent filings on Forms 20-F, F-3, F-4, S-8 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. Future results may differ materially from those previously reported. The Company does not intend to update, and expressly disclaims any obligation to update, the information contained in this release.

About TowerJazz

Tower Semiconductor Ltd. (NASDAQ: TSEM, TASE: TSEM), the global specialty foundry leader and its fully owned U.S. subsidiary Jazz Semiconductor, operate collectively under the brand name TowerJazz, manufacturing integrated circuits with geometries ranging from 1.0 to 0.13-micron. TowerJazz provides industry leading design enablement tools to allow complex designs to be achieved quickly and more accurately and offers a broad range of customizable process technologies including SiGe, BiCMOS, Mixed-Signal and RFCMOS, CMOS Image Sensor, Power Management (BCD), and Non-Volatile Memory (NVM) as well as MEMS capabilities. To provide world-class customer service, TowerJazz maintains two manufacturing facilities in Israel, one in the U.S., and one in Japan with additional capacity available in China through manufacturing partnerships. For more information, please visit www.towerjazz.com.

About HHNEC

Founded in July 1997, Shanghai Hua Hong NEC Electronics Company, Ltd. ('HHNEC') is one of Mainland China's leaders in the field of IC foundry service. The company is dedicated to the manufacture of IC, providing high quality products and value-added services to both domestic and overseas customers. It is well-known for its advanced technologies, on-time delivery performance, excellent yields and cost competitiveness. Based on its solid foundation in 0.35-0.13um memory, logic and mixed signal technologies, HHNEC has progressively developed many sought-after processes, including embedded non-volatile memories, HVC MOS, and RFCMOS. It focuses on embedded NVM, LCD driver, analog/power management, RF technology field and customer electronics, providing competitive and advanced platform of special processes. With its mature patented wafer processing techniques, HHNEC is able to help its customers achieve lower prototyping costs and shorter time-to-market. For more information, please visit <http://www.hhnec.com/EN/AboutUs/Overview.aspx>.

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