



NEWS ANNOUNCEMENT

FOR IMMEDIATE RELEASE

TowerJazz: No Grounds to Allegations based on Misleading Short Selling Focused Firm Report

***TowerJazz is in full compliance with all regulatory and US GAAP accounting rules
TowerJazz will vigorously oppose all claims***

MIGDAL HAEMEK, Israel, January 25, 2016 – TowerJazz, the global specialty foundry leader, announced today that it has become aware of the filing of a purported class action by one private shareholder, who held ordinary shares of the Company the day before a short-selling focused firm issued a short sell thesis report by a self-styled analyst with false and misleading information about the Company's strategy, business model and financials. This analyst acknowledged at the time of the report that he shall be assumed to be in a short position in TowerJazz's shares.

TowerJazz will vigorously oppose all claims. The Company enforces stringent system controls and accounting procedures to satisfy applicable SOX requirements and proper internal controls over financial reporting. All financial statements are reviewed and confirmed by external independent auditors, namely Deloitte, one of the Big Four worldwide audit and accounting firms.

Russell Ellwanger, the Company's Chief Executive Officer, commented: "We have reviewed the claims made with our independent auditors and counsels. The conclusion is that the report is deceptive, demonstrative of a broad lack of understanding of generally accepted accounting principles and of our strategy and business model. The alleged claims are totally without merit and we will forcefully pursue this matter until dismissal of all claims."

Ellwanger continues, "Our financial statements are accurate and in full compliance with US GAAP and applicable regulatory requirements. We continue to focus on our business and financial performance which remains positive and growing, based upon strong customer demand, with a financial model of sustainable and growing GAAP net profit. We look forward to the upcoming completion of the previously disclosed San Antonio fab acquisition and the scheduled release of our annual financials, demonstrating the strength of our business model and its profitability."

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 Tower and/or Jazz'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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