



NEWS ANNOUNCEMENT

FOR IMMEDIATE RELEASE

Israel Corporation Has Elected to Convert All of Its TowerJazz Capital Notes into Ordinary Shares

Israel Corporation Stated It Has No Intention to Trade or Sell the Ordinary Shares and Will Hold Them as a Long-Term Strategic Investment

MIGDAL HAEMEK, Israel, March 25, 2013 – [TowerJazz](http://www.towerjazz.com), the global specialty foundry leader, today announced that the Israel Corporation, its major shareholder, has elected to convert all its capital notes into approximately 13.7 million ordinary shares of the Company. IC stated in its recent annual report filed on March 21, 2013 that it has no intention to trade or sell the ordinary shares it holds, totaling approximately 39% of the Company's ordinary shares.

Nir Gilad, Israel Corporation CEO, stated: "The conversion of our capital notes into shares is in line with our long term investment in TowerJazz, our belief in TowerJazz's strategy and our wish to become a major shareholder with 39% strategic ownership. As we stated in our financial statements, we have no intention to sell or trade these shares".

About TowerJazz

Tower Semiconductor Ltd. (NASDAQ: TSEM, TASE: TSEM), its fully owned U.S. subsidiary Jazz Semiconductor Ltd., and its fully owned Japanese subsidiary TowerJazz Japan, Ltd., operate collectively under the brand name TowerJazz, the global specialty foundry leader. TowerJazz manufactures integrated circuits with geometries ranging from 1.0 to 0.13-micron, offering 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 CMOS and MEMS capabilities. TowerJazz also offers a world-class design enablement platform that complements its sophisticated technology and enables a quick and accurate design cycle. In addition, TowerJazz provides (TOPS) Technology Optimization Process Services to IDMs as well as fabless companies that need to expand capacity, or progress from an R&D line to a production line. To provide multi-fab sourcing, 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.

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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