

TowerJazz Announces Early Repayment of Its Outstanding \$78 Million Israeli Bank Loans

The Repayment Will Enable Better Financial and Business Flexibility, Increased Profitability and Enhanced Balance Sheet

MIGDAL HAEMEK, ISRAEL – June 09, 2016 – TowerJazz (NASDAQ/ TASE: TSEM), the global specialty foundry leader, announced today an early repayment of its entire outstanding \$78 million Israeli bank loans. These loans carried an annual interest rate of Libor plus 3.9% and were due through 2018. This early repayment was done following the successful completion of long term non-convertible unsecured bonds' fundraising, as recently announced.

This loan repayment strengthens the Company's balance sheet and provides better financial and business flexibility, due to a removal of the extensive restrictions and covenants under the Israeli banks' loan agreement, as well as the release of all fixed and floating liens that were charged in favor of the Company's lender banks. In addition, this early repayment will result in reduced annual interest payments, driving enhanced net profit and free cash flow of the Company.

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 and 6-K, as were filed with the Securities and Exchange Commission and the Israel Securities Authority. TowerJazz 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) and its fully owned U.S. subsidiaries Jazz Semiconductor, Inc. and TowerJazz Texas 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.

To provide multi-fab sourcing and extended capacity for its customers, TowerJazz operates two manufacturing facilities in Israel (150mm and 200mm), two 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.towerjazz.com or www.tpsemico.com.

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