



NEWS ANNOUNCEMENT

FOR IMMEDIATE RELEASE

TowerJazz Announces a Partnership with Tacoma and with Nanjing Development Zone for a New 8-inch Fabrication Facility in Nanjing, China

TowerJazz to Gain Up to 50% of the Planned Fab Loading Capacity

*TowerJazz Received \$18 Million First Milestone Payment;
Additional Payment Steps will be Specified in the Definitive Agreement*

Project to be fully funded by Tacoma Technology, Nanjing Economic and Technology Development Zone and Chinese Governmental subsidies, agencies and investors

MIGDAL HAEMEK, Israel and NANJING, China, August 21, 2017 — [TowerJazz](#), the global specialty foundry leader announced today it has received a first payment of \$18 million, rendering phase one of the framework agreement with Tacoma Technology Limited binding. This agreement maps the establishment of a new 8-inch semiconductor fabrication facility in Nanjing, China. According to the terms of the framework agreement, TowerJazz will provide technological expertise together with operational and integration consultation, for which the Company shall receive additional payments based on milestones during the next few years, subject to a definitive agreement specifying all terms and conditions.

In addition, from the start of production at the facility, TowerJazz will be entitled to capacity allocation of up to 50% of the targeted 40,000 wafer per month fab capacity, which it may decide to use at its discretion. This capacity will provide TowerJazz with additional manufacturing capability and flexibility to address its growing global demand.

Tacoma Technology will be responsible to finance all activities, milestones and deliverables of the entire project, including the construction, commissioning and ramp of this facility, with the project being fully funded by Tacoma and Nanjing Economic and Technology Development Zone through its Administration Committee, as well as through potential funding from other third party investors and entities, Chinese governmental subsidies and agencies.

"This agreement with Tacoma Technology is in line with our business strategy to focus on growing markets such as China. The fabless business in China has grown rapidly in the past years. The new 8-inch fabrication facility in Nanjing will provide us with a strategic footprint in China and the opportunity to extend our offerings in advanced specialty process technologies by enabling customers in China to optimize their product performance and time to market," said Dr. Itzhak Edrei, TowerJazz President.

Russell Ellwanger, TowerJazz Chief Executive Officer, commented, "We are exploring multiple opportunities in China, and determined this agreement with Tacoma to be a good fit for TowerJazz, providing a roadmap for a meaningful long-term strategic partnership. China's focus to develop its domestic semiconductor industry with full infrastructure presents additional opportunities for TowerJazz, as a global analog leader, to expand our served markets and geographic presence. This partnership will enable us to further fulfill our customers' needs through additional available capacity as well as to be an active player in the growing Chinese market."

Joseph Lee, Tacoma Chairman, stated: "Deeply engraved in the corporate culture of both Tacoma and TowerJazz is the core belief in working 'SMART' with 'PASSION.' Our people are committed to contributing to our business partners, the global semiconductor industry and society with the best endeavor and integrity. Together, this venture will become a dominant player in Asia and will raise the standard in the semiconductor industry to another level."

A Groundbreaking and Signing Ceremony took place in Nanjing, China, attended by TowerJazz Chairman Mr. Amir Elstein, President Dr. Itzhak Edrei, Business Development Vice President Mr. Erez Imberman, as well as the then Israeli Ambassador to China the Honorable Mr. Matan Vilnai. Pictured, the signing between Tacoma Chairman, Mr. Joseph Lee and TowerJazz CEO Mr. Russell Ellwanger, with among others the above cited attendees.



About TowerJazz

Tower Semiconductor Ltd. (NASDAQ: TSEM, TASE: TSEM) and its subsidiaries operate collectively under the brand name TowerJazz, the global specialty foundry leader. TowerJazz manufactures next-generation integrated circuits (ICs) in growing markets such as consumer, industrial, automotive, medical and aerospace and defense. TowerJazz's advanced technology is comprised of a broad range of customizable process platforms such as: SiGe, BiCMOS, mixed-signal/CMOS, RF CMOS, CMOS image sensor, integrated power management (BCD and 700V), and MEMS. TowerJazz also provides world-class design enablement 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 facilities in Japan (two 200mm and one 300mm). For more information, please visit www.towerjazz.com.

About Tacoma (Nanjing) Semiconductor Technology Corporation Limited

Tacoma (Nanjing) Semiconductor Technology Co., Ltd (TTSEMI), a wholly owned subsidiary formed by Tacoma Technology Limited for the project, provides design and foundry technology integration services with a world class team of engineers and a combination of publicly and privately owned investors from Hong Kong and Mainland China. Tacoma wanted to advise investors that there was another company named Tacoma previously registered in Hui'an, China, and this company is completely unrelated to the Tacoma Group. This company has changed its name now without using Tacoma.

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. The agreement described in this release contemplates a definitive agreement to be entered into by the parties, however there is no assurance that such definitive agreement will be entered into by all parties. The project has not yet been funded with the resources needed to implement the contemplated activities of the venture and there is no assurance that TowerJazz will receive any future proceeds or recognize any revenues from this project. 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 (the "SEC") and the Israel Securities Authority. 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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