



NEWS ANNOUNCEMENT

FOR IMMEDIATE RELEASE

TowerJazz and Crocus Complete First Stage Integration of TAS MRAM into 130nm CMOS Platform

MRAM technology targets \$10B+ Semiconductor market tied to standalone and embedded memory components

MIGDAL HA'EMEK, Israel and SUNNYVALE, Calif., October 11, 2010 — TowerJazz, the global specialty foundry leader, and **Crocus Technology**, a premier developer of Magnetic Random Access Memory (MRAM), today announced the successful completion of the first stage of integration of Crocus' Thermally Assisted Switching (TAS)-based **MRAM** technology into TowerJazz's **0.13-micron CMOS** process. As a result of the collaboration, a special low temperature back-end process technology was developed that enables TAS MRAM memory arrays to be manufactured in TowerJazz's core 0.13um copper back-end process flow.

To achieve this milestone, a number of critical technological problems were solved, particularly in the areas of deep submicron lithography of magnetic tunnel junction (MTJ) stacks and the selection of materials for high device reliability. The newly developed technology adds only four masks to conventional CMOS manufacturing flows and is suitable for both standalone and embedded memory applications. The integration into TowerJazz's copper-based 130nm CMOS logic process sets the stage for the market introduction of leading edge single chip memory products and embedded MRAM IP blocks to be used in complex Systems-On-Chip (SOC) for microcontroller, automotive and communications applications.

"It has been our pleasure to work with the Crocus team, comprised of outstanding experts in magnetic materials and device engineering. Crocus' experience and robust TAS MRAM technology, combined with TowerJazz's expertise in technology development and transfer methodology, allowed us to finish the first stage of joint development in record time," said Zmira Lavie, Vice President, Process Engineering R&D and General Manager, Technology Optimization Process Services Business Unit. "This program required process development and materials integration that were new to conventional CMOS manufacturing. TowerJazz's flexibility and experience, honed over years as a specialty foundry servicing a number of custom

projects, brought rapid success to the MRAM/CMOS integration. We are highly confident that Crocus' TAS MRAM will reach mass production in a very short period of time."

"By partnering with TowerJazz, a leader in non-volatile memory solutions, we will be able to quickly scale our industry-changing technology to commercial manufacturing," said Dr. Bertrand Cambou, Executive Chairman, Crocus Technology. "The close cooperation between the engineering teams was fundamental to achieve working MRAM devices within a short period. The combined teams of Crocus and TowerJazz are moving rapidly to release a manufacturable and high-yielding MRAM technology that will serve both embedded and standalone MRAM applications. We look forward to continuing our successful partnership. TowerJazz's R&D engineering team has surpassed our expectations in the development of new process modules, contributing immeasurably to the rapid transfer from R&D to mass production."

Availability

Crocus plans to sample engineering parts manufactured by TowerJazz in the very near future, and to start mass production in the second half of 2011. A wide range of applications can take advantage of both discrete and embedded TAS MRAM, including data storage, industrial control, mobile communications, networking, and automotive.

About Magnetic Random Access Memory

MRAM's unique characteristics make it particularly suitable for a wide variety of telecommunication, networking, computing and handheld applications currently using SRAM and/or flash memory technology. It is the only proven, new memory technology providing non-volatility, unlimited write-endurance, high density, and high speed. MRAM is particularly well-suited to applications requiring high data reliability and high performance, and has the unique potential of becoming the universal embedded memory technology for systems-on-chip devices.

About Crocus

Crocus is a leading developer of MRAM technology for dense, non-volatile, high-speed, scalable memories. The company's MRAM innovation originated in the Grenoble-based Spintec laboratory, a world-leading R&D center in Spintronics, affiliated with French national laboratories CEA and CNRS. The company will offer discrete, high density MRAM chips that target a wide variety of telecommunication, networking, storage, computing and handheld applications. The company also licenses its technology for both standalone and embedded chip applications. Crocus' MRAM technology is covered by a comprehensive patent portfolio. Find Crocus at: www.crocustechnology.com.

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 and one in the U.S. 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 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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