Tower Semiconductor Announces Successful Raising of Approximately $48 Million Through Sales of Convertible Debentures

MIGDAL HAEMEK, Israel — January 15, 2006 — Tower Semiconductor Ltd. (NASDAQ: TSEM; TASE: TSEM), a pure-play independent specialty foundry, today announced that it has successfully completed its previously announced offering of rights, resulting in gross proceeds of approximately $48 million.

"We are very pleased with the success of this offering and especially with the strong vote of confidence given to Tower by our shareholders and the financial community, as demonstrated by the exercise of approximately 96% of the total rights," said Russell Ellwanger, Tower's CEO. "We achieved substantial fourth quarter over third quarter revenue growth of 50%. This fundraising will allow us to continue to meet our customers' needs and help enable their success, as we drive the company towards further growth".

The debentures will be listed for trade on the Nasdaq Capital Market under the symbol TSEMG and the Tel Aviv Stock Exchange under the symbol TSEM.C2. In light of U.S. settlement procedures and January 16, 2006 being a U.S. holiday, the debentures are expected to be listed for trade on these exchanges on or about Wednesday January 18, 2006, subject to the procedures of both exchanges. As stated in the prospectus, the debentures will be convertible commencing the day after the debentures are listed for trading on the Tel Aviv Stock Exchange through December 27, 2011. Debentures may only be converted in integral multiples of $1.00 amounts.

The terms of the rights distribution and the convertible debentures are described in the prospectus included in the registration statement. Copies of the prospectus can also be obtained from the U.S. Securities and Exchange Commission's EDGAR website at www.sec.gov, from the Israel Securities Authority's Magna website at www.magna.isa.gov.il or from Tower's website at www.towersemi.com. Copies of the prospectus for the rights distribution may be also be obtained from Tower Semiconductor at PO Box 619, Migdal Haemek, Israel 23105, Attention: Corporate Secretary, telephone: +972 4 650 6109, or e-mail: investors_news@towersemi.com.

About Tower Semiconductor Ltd.

Tower Semiconductor Ltd. is a pure-play independent specialty foundry established in 1993. The company manufactures integrated circuits with geometries ranging from 1.0 to 0.13 micron; it also provides complementary technical services and design support. In addition to digital CMOS process technology, Tower offers advanced non-volatile memory solutions, mixed-signal and CMOS image-sensor technologies.

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