

**TOWER SEMICONDUCTOR LTD.
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

To Be Held On February 28, 2012

Notice is hereby given that the Annual General Meeting (the "Meeting") of the shareholders of Tower Semiconductor Ltd. ("Tower" or the "Company"), an Israeli company, will be held at the offices of the Company, Shaul Amor Street, Ramat Gavriel Industrial Park, Migdal Haemek 23105, Israel, on Tuesday, February 28, 2012, at 11:00 a.m. (Israel time) for the following purposes:

1. To elect seven members to the Board of Directors of the Company for the coming year.
2. To appoint Mr. Amir Elstein as the Chairman of the Board of Directors.
3. To extend the appointment of Mr. Ilan Flato for an additional three-year term as an external director.
4. To approve the appointment of Brightman Almagor & Co. (a member of Deloitte Touche Tohmatsu International) as the independent public accountant of the Company for the year ending December 31, 2012 and for the period commencing January 1, 2013 and until the next annual shareholders' meeting, and to further authorize the Audit Committee of the Board of Directors to determine the remuneration of such auditors.
5. To approve an increase in the number of the Company's authorized ordinary shares and authorized share capital to 1.4 billion Ordinary Shares NIS 1.00 per share, and to amend the Articles of Association of the Company to reflect such increase.
6. To approve an increase in coverage under the Company's directors' and officers' liability insurance policy.
7. To grant 75,000 options to each of Nir Gilad and Yoav Doppelt, members of the Company's Board of Directors under the 2011 Director Option Agreement.
8. To receive the board and management's report on the business of the Company for the year ended December 31, 2011, and to transact such other business as may properly come before the Meeting.

Shareholders of record at the close of business on January 20, 2012, are entitled to notice of, and to vote at the Meeting. All shareholders are cordially invited to attend the Meeting in person.

Shareholders who do not expect to attend the Meeting in person are requested to mark, date, sign and mail the enclosed proxy as promptly as possible in the enclosed stamped envelope. Beneficial owners who hold their shares through members of the Tel Aviv Stock Exchange ("TASE") may either vote their shares in person at the Meeting by presenting a certificate signed by a member of the TASE which complies with the Israel Companies Regulations (Proof of Ownership for Voting in General Meetings)-2000 as proof of ownership of the shares, or send such certificate along with a duly executed proxy to the Company at Shaul Amor Street, Ramat Gavriel Industrial Park, Post Office Box 619, Migdal Haemek 23105, Israel, Attention: Associate General Counsel.

By Order of the Board of Directors,

Amir Elstein
Chairman of the Board
January 15, 2012