
TOWERJAZZ
2011 Results
and Growth Engines
February 16, 2012
The Global Specialty Foundry Leader

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Outline

- **2011 FY and Q4 Financials Results Overview**
- **Business and Strategy Overview**
- **Past, Present, Future**

2011 FY and Q4
Financials Results Highlights

Q4 & FY 2011 Financial Results Highlights

Revenue

- **FY 2011: $611M**, up 20% Y/Y vs. $509M in 2010 and up 2X vs. $299M in 2009
- **Q4 2011: $175M**, up 29% vs. $135M in Q4 2010

Profitability

- **EBITDA** of $187M in FY 2011, a 31% EBITDA margins
- In Q4 2011 achieved EBITDA of $40M with $30M Positive cash from operations

Balance Sheet

- **$101M cash balance** as of December 31, 2011
  - After $100M principal payment for bonds in last 3 months
- **1.7X Net debt/EBITDA ratio**, based on 2011 EBITDA, vs. 2.3X in 2010
- **$175M positive shareholders' equity** vs. $118M on Dec' 31, 2010
- Strong & solid financial ratios

Business and Strategy Overview

The Big Question

The world is going digital… correct?

So why is TowerJazz focused on analog?

Market Leading Smart Phones

Apple iPhone4

Samsung Galaxy

Apple iPhone4 – a Closer Look

Analog

Power
Audio
Display
Touch
PA
Switch
Controller
ESD
Discretes
Gyroscopes
Compass

Many Chips

Logic/Memory

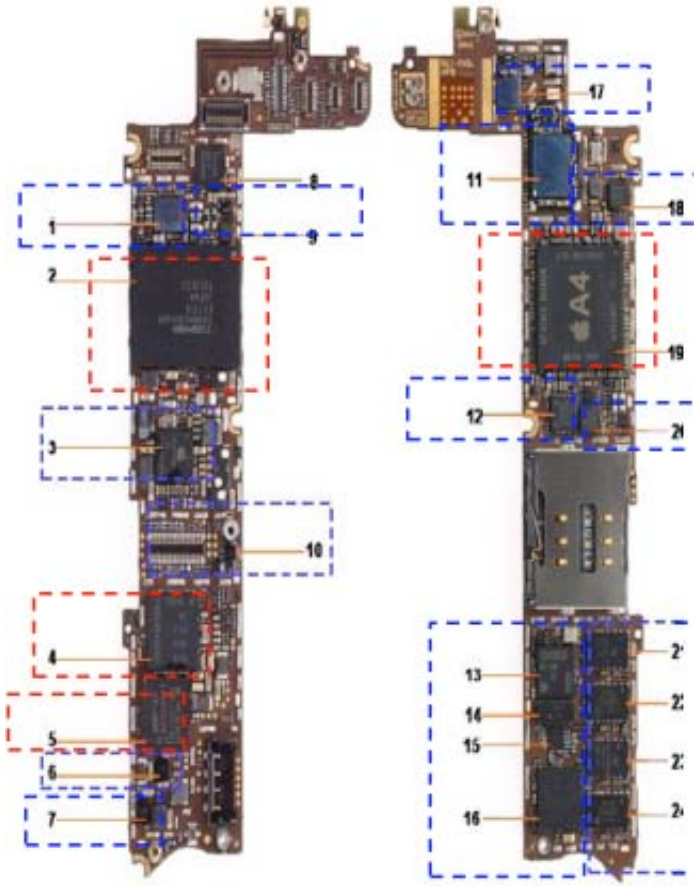
Apps Processor
+ DRAM

NAND Flash

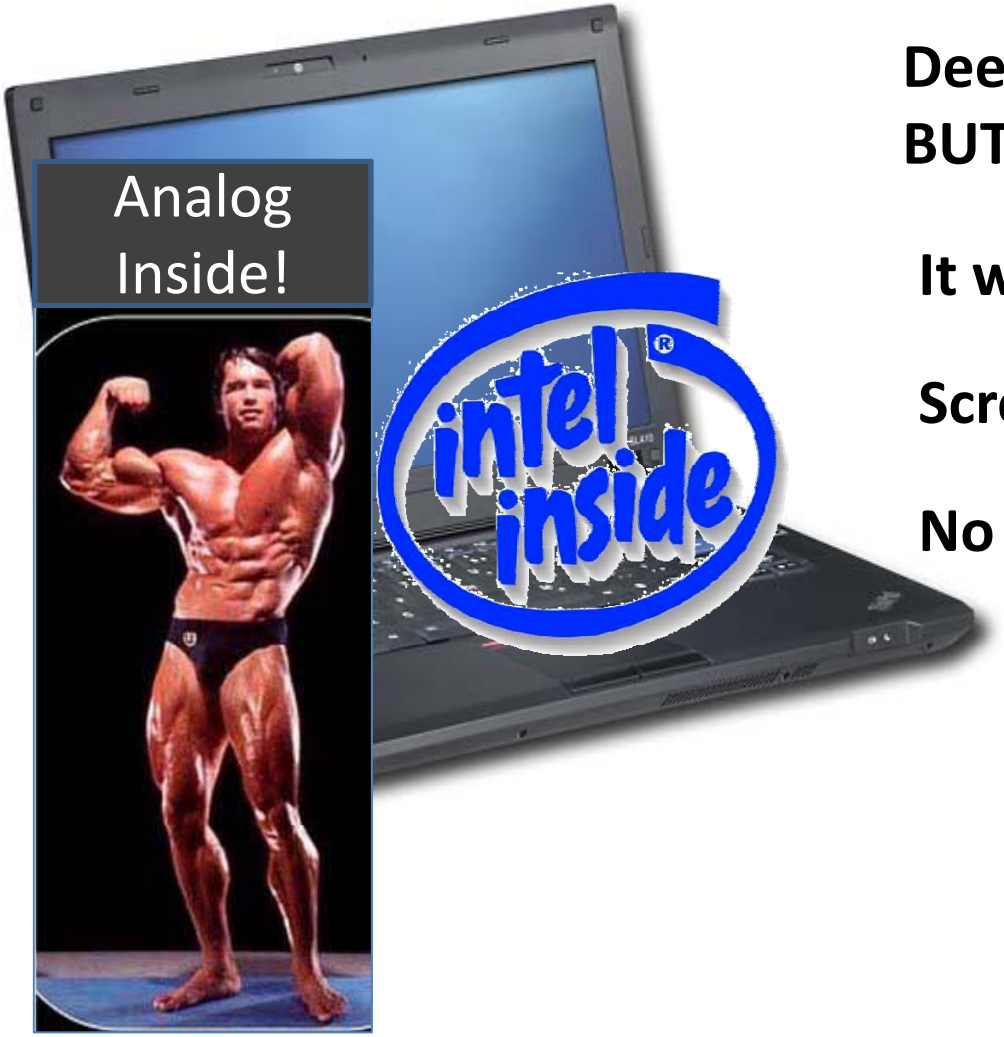
NOR Flash

Quad Baseband

4 Chips



Another example..



Deep digital is the brain..
BUT without analog:

It won't turn on

Screen won't display

No wireless, among others…

The Answer

The world is going digital… correct?

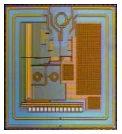
So why is TowerJazz focused on analog?

Because the world is going digital
BUT without analog it won't work!

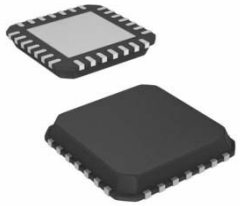
Emerging microelectronics : *Two Roads to Follow*

Specialty products : More than Moore

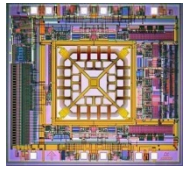
Specialized Image Sensors



Specialty IC for mobile applications:



Power Management Ics (drivers, converters,etc.)

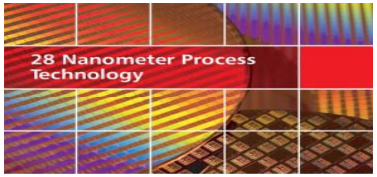


MEMS

ICs for space applications

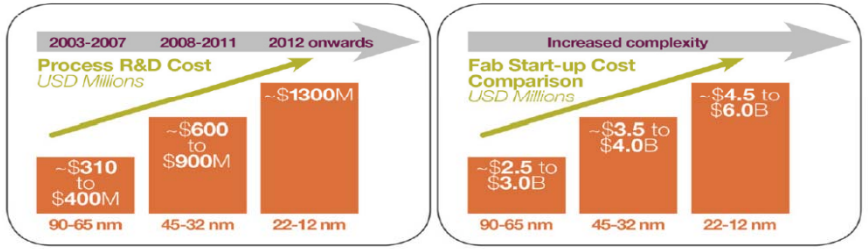
350nm-130nm technology nodes
Moderate investments (tens of millions US $) +
lots of Innovation and Creative Thinking

Plain vanilla CMOS; Moore's roadmap



***Example*: TSMC**
High-performance microprocessors, CPUs, GPUs (graphic processing units), etc; High Volumes

45nm -22 nm technology nodes
Multibillion US $ investments
Only very large IDMs and huge foundries (TSMC , UMC, GF, SMIC) can follow this road



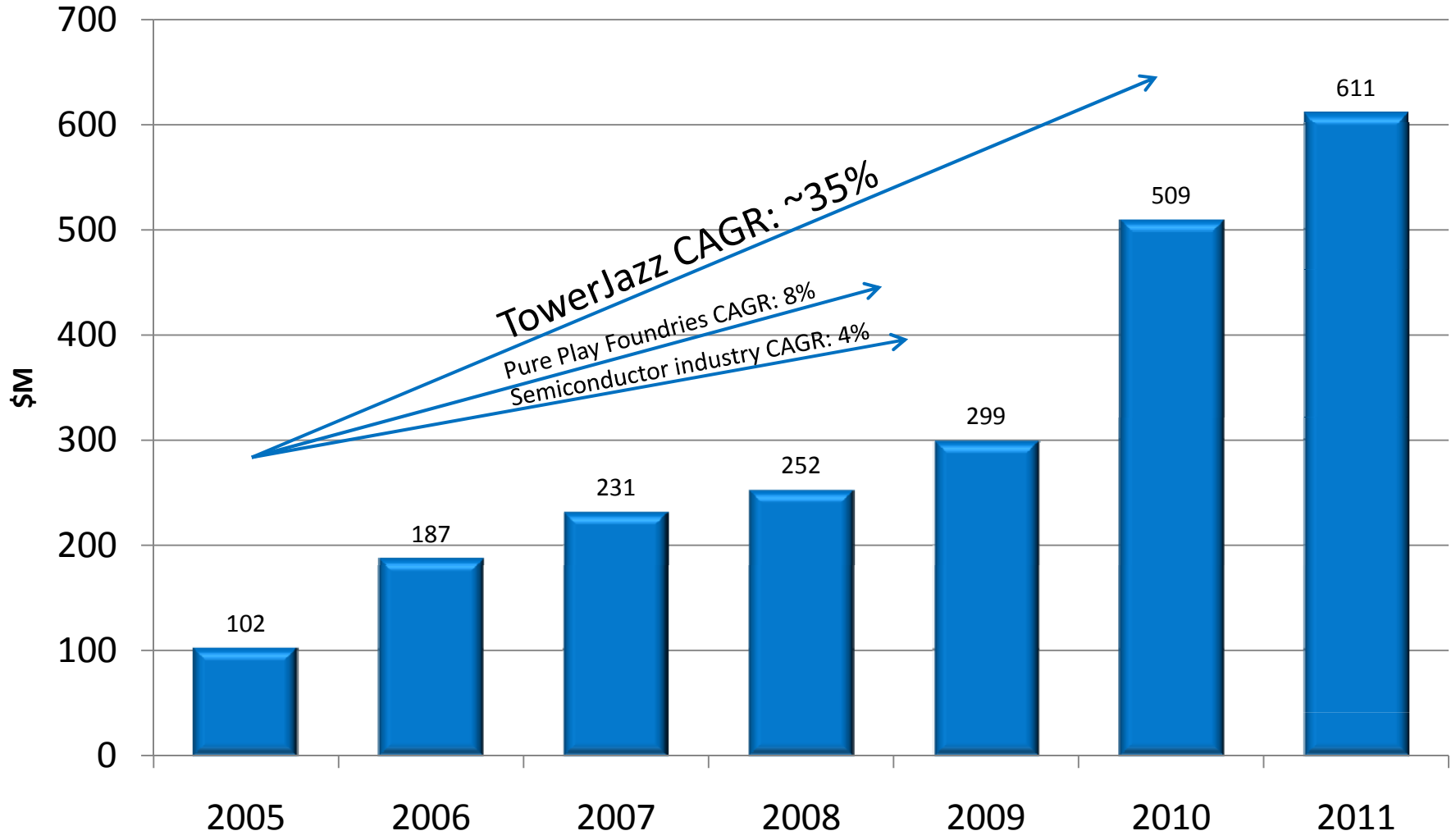
Source: *Global Foundries*

Two Types of Foundries

Specialty Foundry Enjoys Several Advantages

	Digital Moore's Law Foundries	*Specialty Analog Foundries*
Capacity Capex	High	Low
Technology Capex	High	Low
Product Lifetime	Short	Long
Customer Engagement	Typically multi-source	Sole or limited source
Technology Differentiation	At leading edge only	Across process technologies
Segment Sizes	Large	Many niches through mid-size
Process Technologies	CMOS	SiGe, BiCMOS, MEMS, CIS
Technology Nodes	65nm-22nm	350nm-110nm

Annual Revenues 2005-2011



Foundry Revenue Landscape: Consistent superior performance

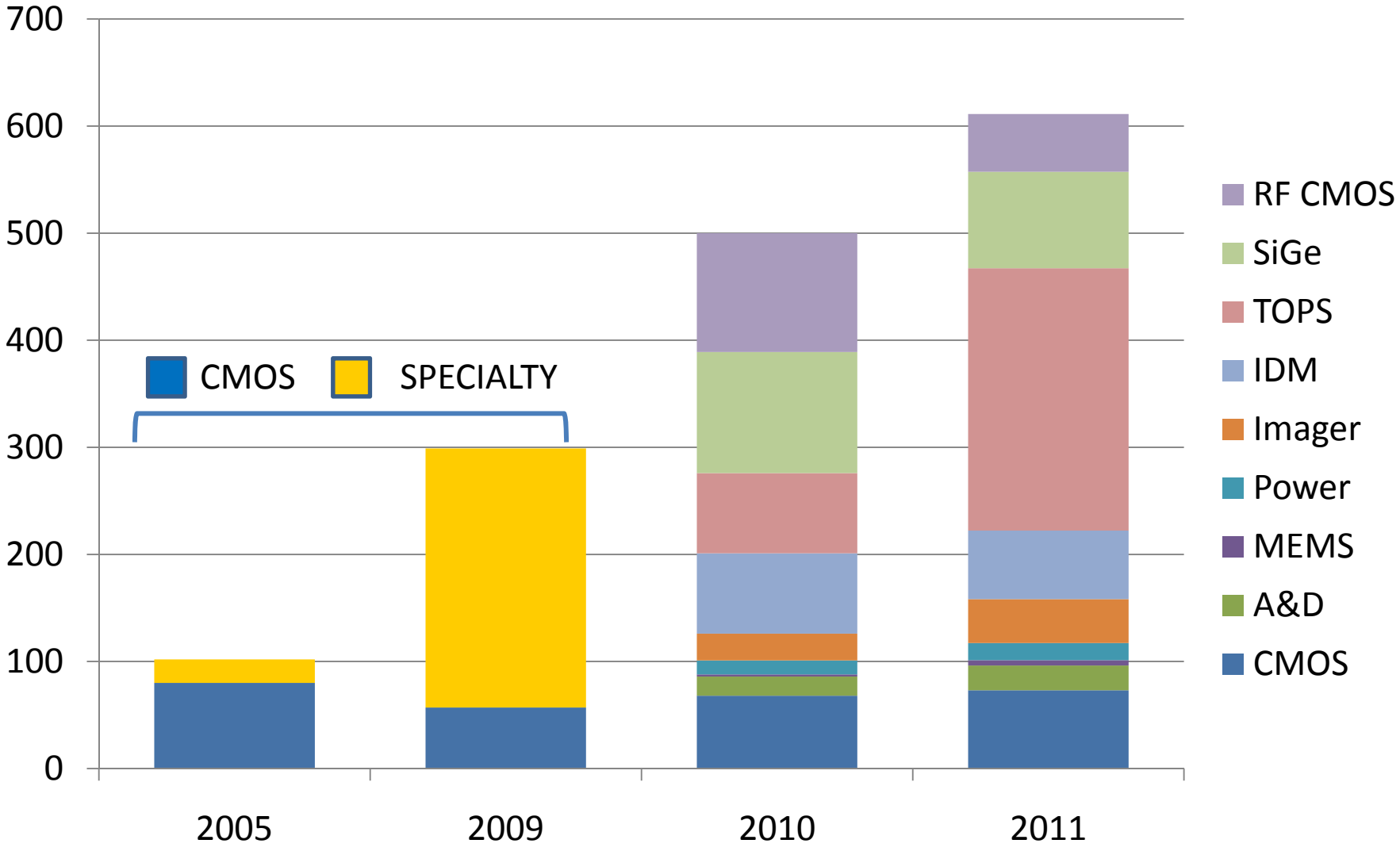
($ MM)	2005A		2006A		2007A		2008A		2009A		2010A		2011 [1]	
A	TSMC	8,217	TSMC	9,748	TSMC	9,813	TSMC	10,253	TSMC	9,026	TSMC	13,307	TSMC	14,600
B	UMC	3,259	UMC	3,670	UMC	3,755	UMC	2,939	UMC	2,755	UMC	3,965	UMC	3,760
C	SMIC	1,171	Chartered	1,528	SMIC	1,560	Chartered	1,778	Chartered	1,448	GlobalFoundries	3,510	GlobalFoundries	3,580
D	Chartered	1,132	SMIC	1,465	Chartered	1,445	SMIC	1,148	SMIC	1,068	SMIC	1,555	SMIC	1,315
1	Vanguard	353	Dongbu	456	Vanguard	485	Vanguard	515	Dongbu	395	TowerJazz	509	TowerJazz	611
2	Dongbu	347	Vanguard	398	X-Fab	410	Dongbu	433	Vanguard	382	Vanguard	505	Vanguard	519
3	HHNEC	313	SSMC	325	Dongbu	405	X-Fab	370	TowerJazz	299	Dongbu	495	Dongbu	500
4	SSMC	280	HHNEC	315	SSMC	350	HHNEC	290	X-Fab	223	SSMC	330	SSMC	345
5	He Jian	250	X-Fab	290	HHNEC	345	TowerJazz	252	HHNEC	220	X-Fab	320	HHNEC	335
6	X-Fab	202	He Jian	290	He Jian	330	He Jian	222	Grace	203	HHNEC	295	WIN	300
7	Jazz	199	Jazz	213	Tower	231	Grace	219	He Jian	195	Grace	260	X-FAB	285
8	Mosel-Vitelic	140	Grace	191	Grace	214	Silterra	192	Silterra	160	WIN	221	Grace	280
9	Silterra	130	Tower	187	Jazz	207	SSMC	176	SSMC	144	Altis	215	LFoundry	220
10	ASMC	114	ASMC	170	Silterra	185	CSMC	139	CSMC	NA	He Jian	205	Altis	215
11	Grace	110	Silterra	155	ASMC	170	ASMC	137	ASMC	NA	Silterra	200	He Jian	210
12	Tower	102	Mosel-Vitelic	155	Mosel-Vitelic	157	Episil	103	Episil	NA	ASMC	150	Silterra	205
13	Polar Semi.	90	CSMC Tech.	114	CSMC Tech.	155	1st Silicon	0	1st Silicon	0	Mosel-Vitelic	80	ASMC	160
14	CSMC Tech.	78	Polar Semi.	95	Polar Semi.	105	Mosel-Vitelic	0	Mosel-Vitelic	0	XinXin	75	XinXin	89
15	1st Silicon	71	1st Silicon	0	1st Silicon	0	-	-	-	-	-	-	Mosel-Vitelic	85
16+	Others	105	Others	139	Others	163	Others	NA	Others	NA	Others	204	Others	245

11 vs 05	
TowerJazz	499%
Grace	155%
TSMC	78%
Silterra	58%
Vanguard	47%
Dongbu	44%
X-Fab	41%
ASMC	40%
SSMC	23%
UMC	15%
SMIC	12%
HHNEC	7%
He Jian	-16%
Mosel-Vitelic	-39%

Note

1. Source: IC Insights, Company reports, SemiMD January 2012

Specialty Foundry



TowerJazz Global Footprint

Total 8” Equivalent Capacity of
~1.7M WPY

Santa Clara, CA, USA
- Sales and Support Office

Austin, TX, USA
- Sales Office

Virginia, USA
- Sales Office

Newport Beach, CA
- 8” Fab

290K WPY

Migdal Haemek, Israel
- 8” Fab and 6” Fab

720K WPY

UK & France
- Sales Reps

Munich
- Sales Office

Netanya, Israel
- Worldwide Design Center

Nishiwaki, Japan
- 8” Fab

700K WPY

Tokyo, Japan
- Sales Reps

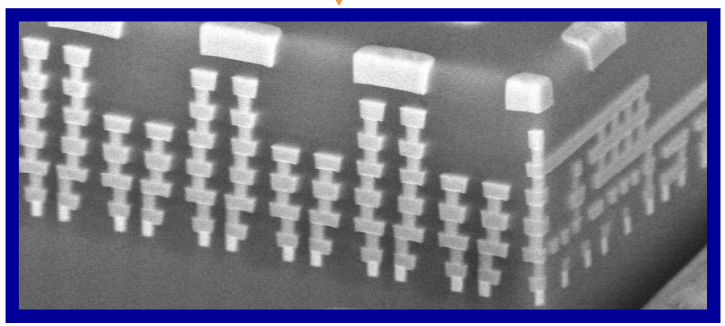
Shanghai, China
- Sales & Support Office

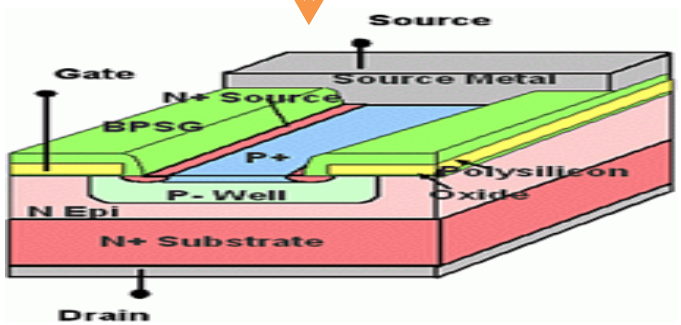
Seoul, Korea
- Sales and Support Office

Hsinchu, Taiwan
- Sales Office

Corporate Business and Applications

- CIS
- CMOS
- Power
- TOPS-IDM
- HPA/RF





RF and HPA Applications and Technology

RF and Tuners

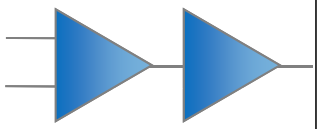
RF CMOS and SiGe BiCMOS

- Cell Phone, WiFi TxRx
- Basestation, Specialty Wireless
- TV, Satellite, STB Tuners

Front-End Modules

SOI Switch and SiGe Power Amplifiers

- Power Amplifiers
- Antenna Switch
- PA Controllers
- IPD



mmWave

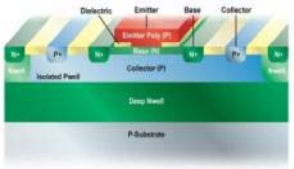
High Performance SiGe

- Optical Fiber Networks
- Automotive Radar
- 60 GHz WiFi, 24GHz Backhaul
- Light Peak and Thunderbolt

High Performance Analog

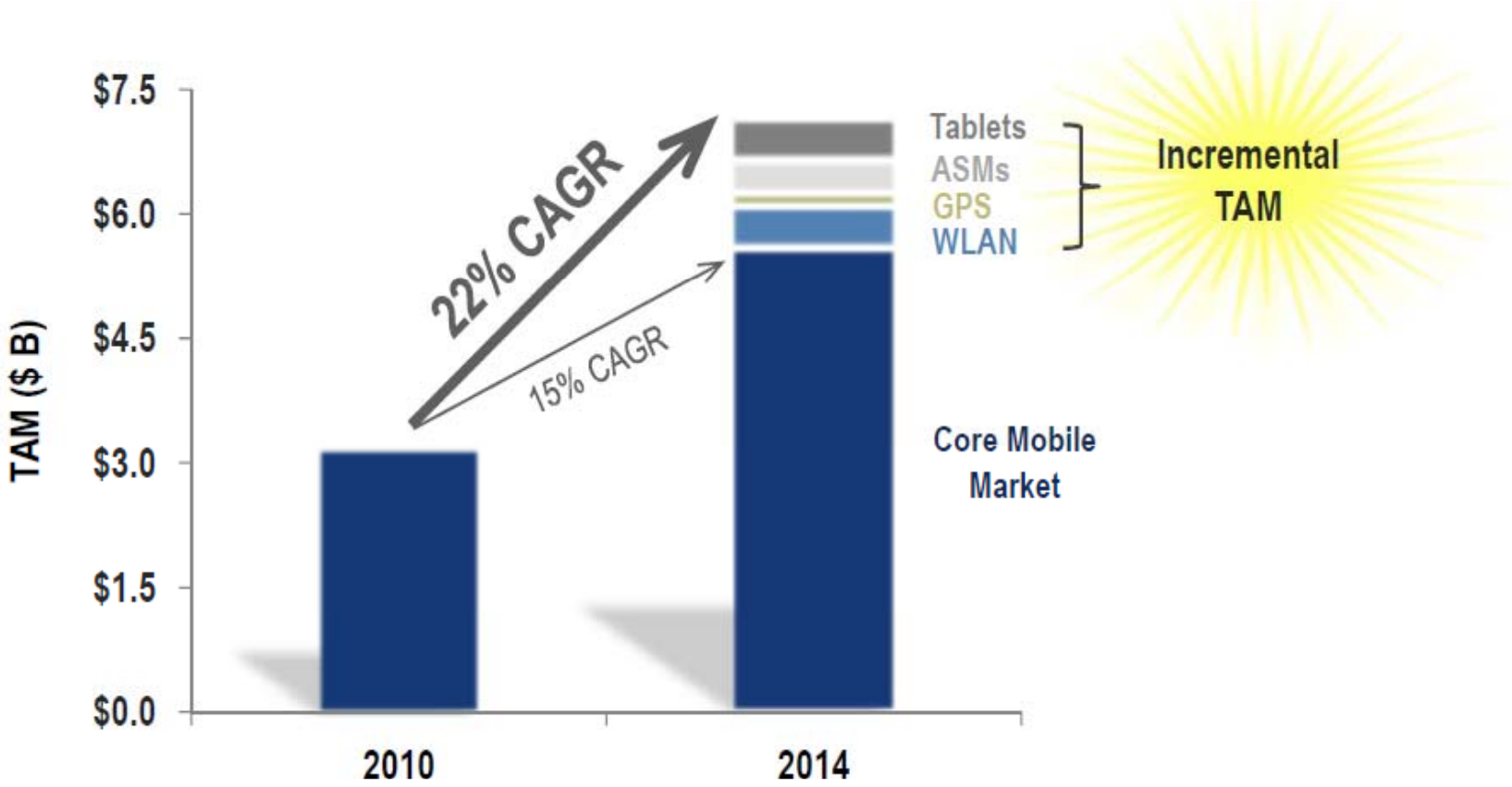
Complementary BiCMOS

- Line Drivers DSL, HomePlug, ATE
- HDD PreAmp
- OpAmps, DAC, ADC



Best-in-Class SiGe, RF CMOS, RF Models and Design Enablement

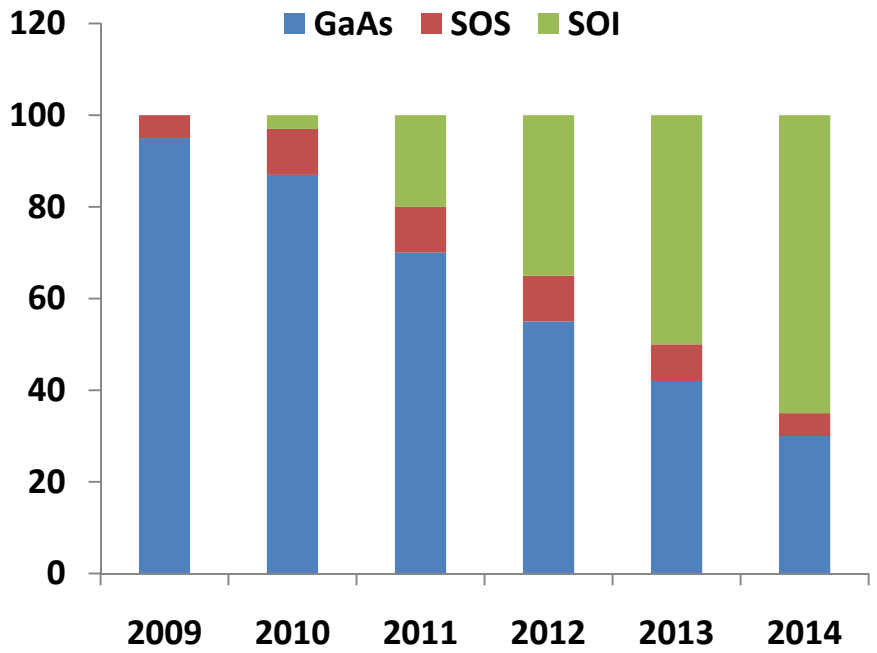
Front-End Module



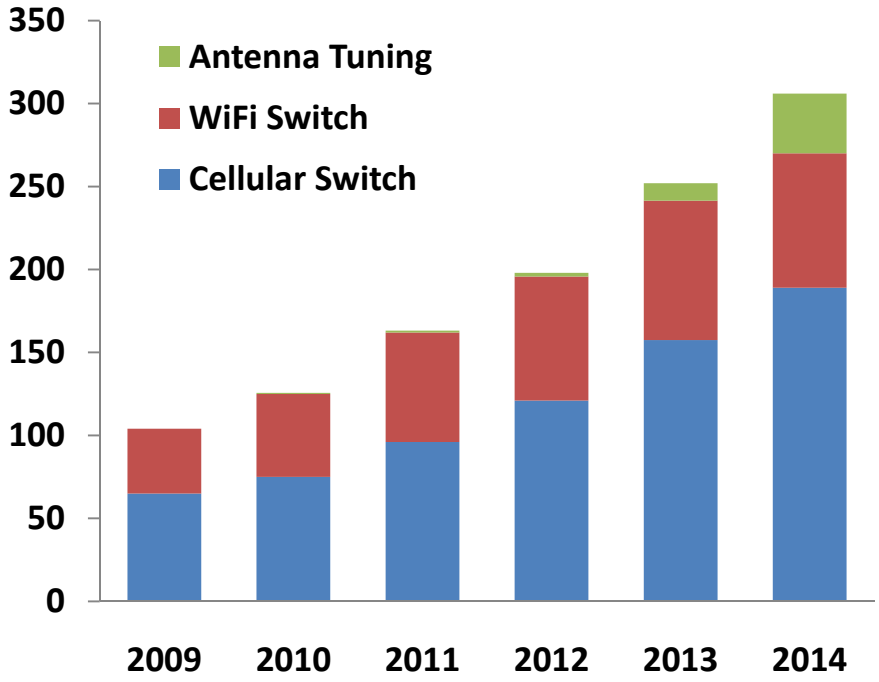
Multiple Drivers of Strong Long Term TAM Growth

Switch Market shift to SOI

Technology Split (%)



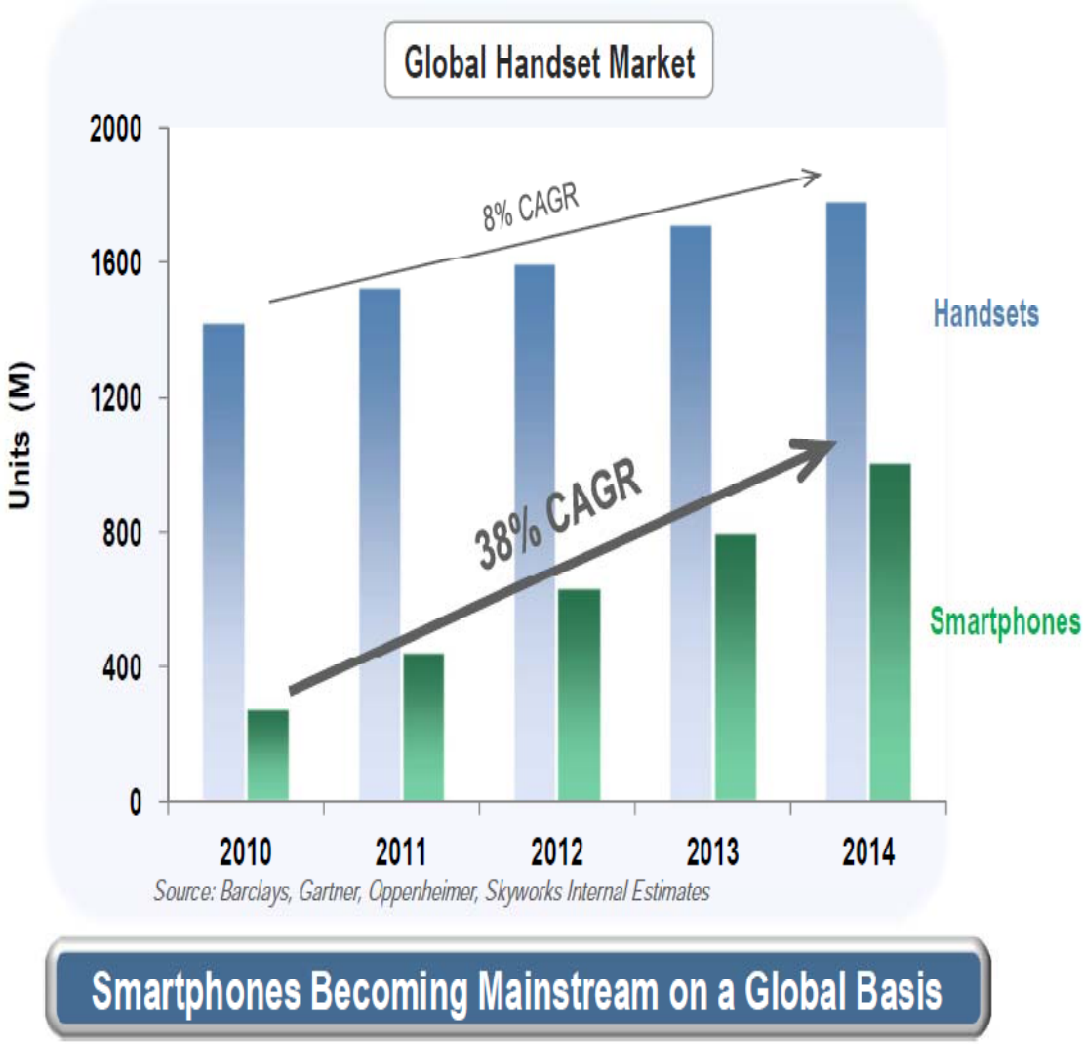
SOI Wafer Foundry Revenue TAM ($M)



Source: company analysis

SOI TAM going from ~$30M in 2011 to ~$200M in 2014

Drivers of Demand : Front End Module



TowerJazz poised for large market share increase

Market Trend

- GaAs Switch => SOI technology
- GaAs PA => SiGe PA for several applications
- Silicon based IPD
- PA controller advances but remain RFCMOS

TowerJazz advantages

- Long term customer relationship with FEM leaders
- Best of class SiGe technology
- Qualified SOI technologies
- IPD customer alignment

Hence – Gen+2 market leader development engagements.

Power: Key Growth Markets

FPD DC/DC, LED Backlighting

- Voltage requirements vary by make and Model: Scalable 20 to 80V and low layer count are the primary advantage

Digital Controlled Power – PMIC

- 1.8V CMOS combined with the High voltage module provides the correct balance of performance and cost for medium currents

High Power/Motor Driver

- High Power with isolated buried layer Provides the noise Immunity required for >2 Amp applications

AC to DC up to 700V

- AC to DC conversion
- Industrial LED lighting
- High side driver for FETs

Enabling our customer base to compete with incumbent solutions with a Modular Platform optimized to cover large voltage range and power requirements

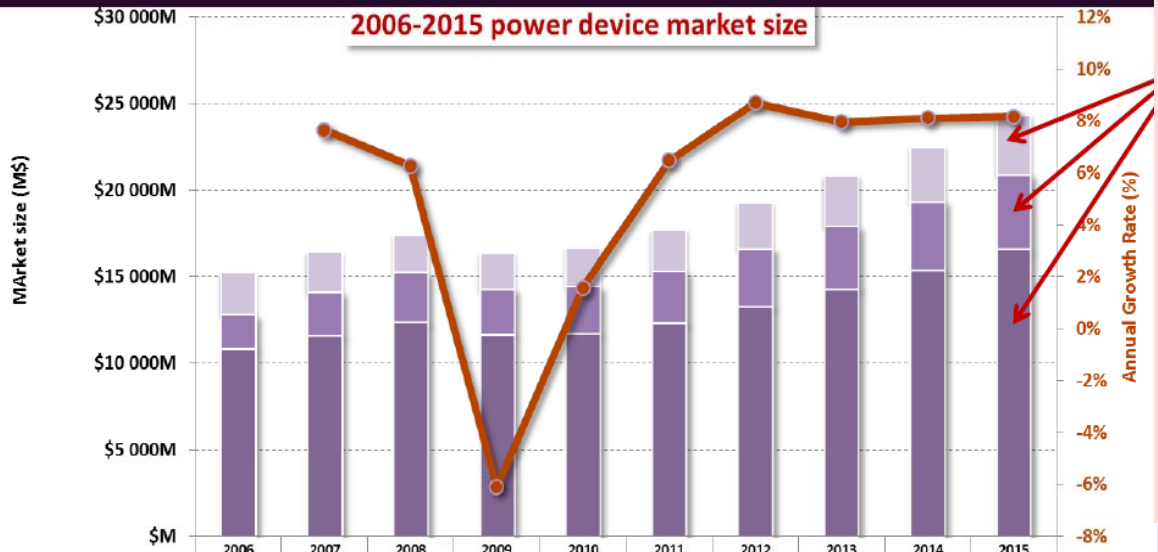
Drivers of Demand : Power Electronics Market

20 Billion US $ today; Stable ~ 8% market growth rate

Substantially higher foundry growth rate

Power Electronics

2006-2015 market size, split by device type



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Power IC	$2 458 M	$2 335 M	$2 218 M	$2 107 M	$2 234 M	$2 435 M	$2 654 M	$2 893 M	$3 153 M	$3 437 M
Power Modules (M$)	$1 973 M	$2 506 M	$2 842 M	$2 610 M	$2 695 M	$2 989 M	$3 356 M	$3 631 M	$3 947 M	$4 302 M
Discretes (M$)	$10 839 M	$11 598 M	$12 410 M	$11 685 M	$11 732 M	$12 319 M	$13 276 M	$14 299 M	$15 411 M	$16 611 M
Growth rate (%)		7.7%	6.3%	-6.1%	1.6%	6.5%	8.7%	8.0%	8.1%	8.2%

Source: Yole Développement

It includes:

- Power discretes: MOSFET, rectifier, IGBT, Bipolar….
- Power modules: IGBT, diode or MOSFET modules, IPM
- Power IC: power management IC: mainly voltage regulators (POL) and drivers

TowerJazz can take market shares over all three segments

TowerJazz PM platforms advantages:

- 180nm technology (*most competitors are at older nodes*)
- Unique 700V devices
- Unique low-cost embedded NVM
- Original isolation technologies
- Flexible integrated solutions
- World-class modeling

Hence – Gen+2 market leader development engagements.

Samsung Selects TowerJazz's "unrivaled" 700V Power Technology Platform for its Next Generation High Voltage Products

Power Management IC Market Estimated at $14.6B in 2013 according to iSuppli

MIGDAL HAEMEK, Israel and SEOUL, Korea, September 5, 2011 – TowerJazz, the global specialty foundry leader, and Samsung Electro-Mechanics, today announced they have signed a Memorandum of Understanding (MOU) to develop and volume produce a variety of product families based on TowerJazz's 700V (TS100PM) power management process.

"We chose to work with TowerJazz on our next-generation of high voltage products because of their **superior 700V technology** which **is unrivaled by other foundries**. We were looking for a **true partner** who would be committed to our success and provide excellent support and the required manufacturing capacity," ***said Samsung Vice President Dr. Jae Shin Lee***. "TowerJazz is well-known in Korea, especially in the power management market, and we are looking forward to our collaboration on many high volume products."

Samsung Electro-Mechanics Vice President Dr. Jae Shin Lee and TowerJazz Chief Executive Officer, Mr. Russell Ellwanger

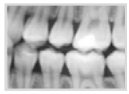
CIS Key Markets

Professional Photography

- Highest requirements for image quality
- Large sensors, very high resolution, demanding frame rate
- Very low defect count allowed
- Very high sensitivity, dynamic range & low noise

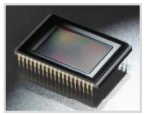
Medical & X-Ray

- Market Leader for dental x-ray CMOS
- Supplying all Tier-1 vendors
- Smallest endoscopy solution



Industrial Cameras

- 2D and line sensors
- High speed and high accuracy
- “Intelligent” pixels



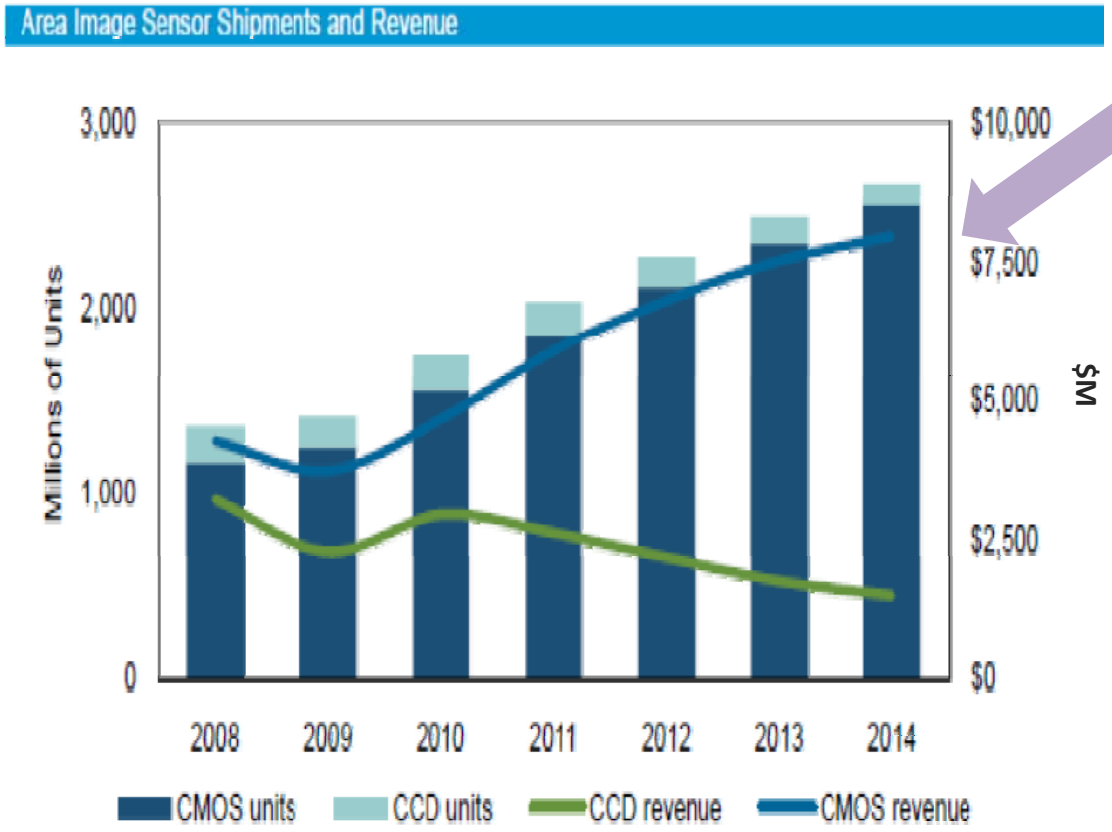
Automotive & Security

- High sensitivity and high dynamic range
- Linear HDR for color imagers
  - Reverse & parking assist
  - Airbag inflation control
  - Dimming mirrors
  - Night vision / Obstacle Detection

Technology, Flexibility, Experience and Commitment allows our customers to bring to the market the best in class products

Drivers of Demand : CMOS Image Sensor Market

6 Billion US $ today; stable ~ 7-8% growth rate



Source: HIS iSuppli

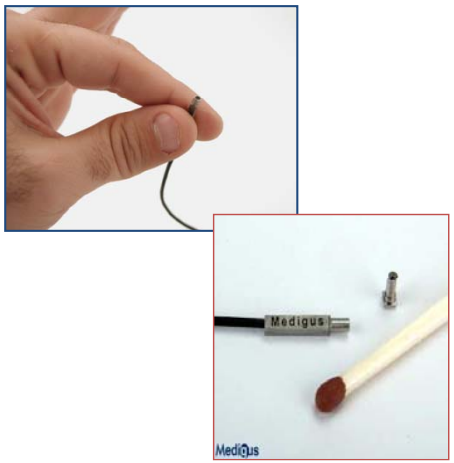
TowerJazz market focus is specialty CIS

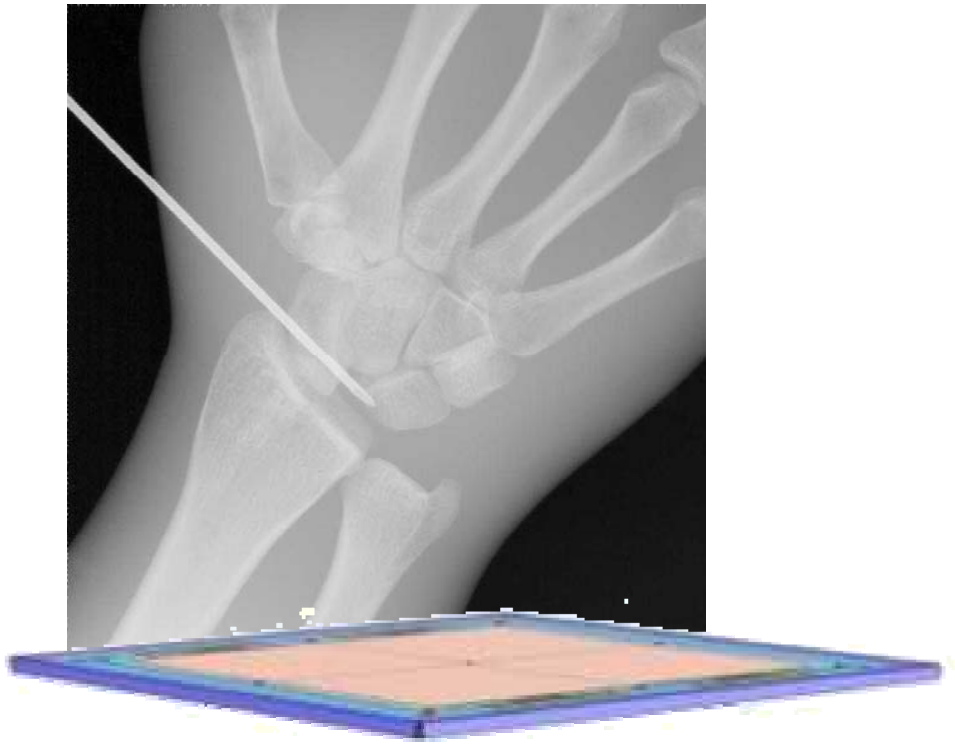
TowerJazz CIS advantages:

- **Ultra-low noise and dark current**
- **Specialized solutions for high-end applications**
- **Large area images employing unique stitching technology**
- **The smallest in the world CIS camera (<1mm size)**
- **Flexible pixel development environment , extremely advantageous for foundry customers**

Hence – Gen+2 market leader development engagements.

From the smallest Sensor in the World to the Largest





Enabling new business models

Facilities Overview

Fab 1 & Fab 2

World Headquarters
Migdal Haemek, Israel

- Fab 1 built in 1984 – running at full utilization with fundamentally same equipment set[(1)]
- Fab 2 built in 2001 - became operational in 2003 – Expansion Capex through 2011

Geometries
- Fab 1 – 1um-0.35um
- Fab 2 – 0.18um-0.13um

Technologies:
CIS, PM, MS / RF, MEMS

Representative customers:
Vishay
IR
Samsung
On Semi
Qualcomm
Ikanos
Nuvoton

Employees : 1,200

Fab 3

Jazz Semiconductor
Newport Beach, California, USA

- Converted to 200mm wafers in 1994
- Expanded to 25K WPM in 2010

Geometries
- 0.5um-0.13um

Technologies:
SiGe, BiCMOS, MS / RF

Representative customers:
Skyworks
RFMD
Entropic
Marvell
A&D US

Employees: 650

Fab 4

TowerJazz Japan
Nishiwaki City, Japan

- Built in 2 segments of 30K wafer capacity in 1992 and 1997

Geometries :
- 0.18um-0.095um

Technologies:
DRAM transfer into CMOS and PM

Representative customer:
Micron

Employees: 1,300

Sole source with diverse geographic back-up

Japan Acquisition

- Micron 3 years take-or-pay
- Already gained business from multiple Japanese IDMs
- Announced Japanese government grants for CapEx

India **300mm wafer fab decision**

"Significant progress has been made in our talks with potential contenders."

R. Chandrashekhar, secretary of India's Department of Information Technology.

India Government Sponsored 300mm Factory

- Signed binding MOU with a leading Indian infrastructure conglomerate, to build and operate a 300mm facility in India.
  - Roadmap to long term 300mm wafer size, 90nm analog technology
  - Enables companion chips in deep submicron technologies (65-45nm)
  - High $$ revenue stream

- Presented to empowered government committee as 3-way consortia with Indian conglomerate, TowerJazz and a WW leading technology provider.

- We believe our consortia is strong, but cannot predict outcome of government selection.

Note: Tower has already been successful in India in government fab project

Pursuit of Excellence

Pursuit of Excellence

- We are going through every group in the company asking:
  1. Define excellence in your group in 4-5 bullets
  2. Present the top 3 initiatives to achieve it

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  1. Define excellence in your group in 4-5 bullets
  2. Present the top 3 initiatives to achieve it
- There is a common theme for excellence – which boils down to 3 things:
  - Personal capability
  - Adequate work tools
  - Passion.

Pursuit of Excellence

- We are going through every group in the company asking:
  1. Define excellence in your group in 4-5 bullets
  2. Present the top 3 initiatives to achieve it
- There is a common theme for excellence – which boils down to 3 things:
  - Personal capability
  - Adequate work tools
  - ~~Passion~~.

Mediocrity

Pursuit of Excellence

- We are going through every group in the company asking:
  1. Define excellence in your group in 4-5 bullets
  2. Present the top 3 initiatives to achieve it
- There is a common theme for excellence – which boils down to 3 things:
  - ~~Personal capability~~
  - Adequate work tools
  - Passion.

Waste

Pursuit of Excellence

- We are going through every group in the company asking:
  1. Define excellence in your group in 4-5 bullets
  2. Present the top 3 initiatives to achieve it
- There is a common theme for excellence – which boils down to 3 things:
  - Personal capability
  - ~~Adequate work tools~~
  - Passion.

Frustration

Pursuit of Excellence

- We are going through every group in the company asking:
  1. Define excellence in your group in 4-5 bullets
  2. Present the top 3 initiatives to achieve it
- There is a common theme for excellence – which boils down to 3 things:
  - Personal capability
  - Adequate work tools
  - Passion.

We are creating an environment in which we have a worldwide impassioned employee base

What excites our customers – impassions our employees – 1st time success!

Summary

- We have been the #1 growth foundry over the past 5 years AND became the #1 specialty foundry by revenue in 2010 and expanded the lead in 2011.
- We target to continue to lead the specialty market over the next years by
  1. Growing specialized capabilities in sync with our customers immediate to long term needs
  2. Providing an environment enabling impassioned employees
  3. Innovative business initiatives
     - Successful execution of Nishiwaki Fab into high volume foundry
     - Materializing the presented India opportunity and/or other such opportunities
     - Asian market – with special focus on Korea

2011 FY and Q4
Financials Results Overview

Q4 & FY 2011 Financial Results Highlights

Revenue

- **FY 2011: $611M**, up 20% Y/Y vs. $509M in 2010 and up 2X vs. $299M in 2009
- **Q4 2011: $175M**, up 29% vs. $135M in Q4 2010

Profitability

- **EBITDA** of $187M in FY 2011, a 31% EBITDA margins
- In Q4 2011 achieved EBITDA of $40M with $30M Positive cash from operations

Balance Sheet

- **$101M cash balance** as of December 31, 2011
  - After $100M principal payment for bonds in last 3 months
- **1.7X Net debt/EBITDA ratio**, based on 2011 EBITDA, vs. 2.3X in 2010
- **$175M positive shareholders' equity** vs. $118M on Dec' 31, 2010
- Strong & solid financial ratios

TowerJazz Balance Sheets (in millions of $)

	Dec. 31, 2011	Dec. 31, 2010
CURRENT ASSETS		
Cash, short-term deposits & designated deposits	101	198
Trade accounts receivable	75	68
Other receivables	5	5
Inventories	69	43
Other current assets	16	8
Total Current Assets	**266**	**322**
Long-term investments	13	31
Property and equipment, net	498	376
Intangible assets, Net	59	54
Goodwill	7	7
Other assets, Net	14	12
TOTAL ASSETS	**857**	**802**
CURRENT LIABILITIES		
Short-term debt	**48**	122
Trade accounts payable	112	49
Deferred revenue	6	40
Other current liabilities	64	39
Total Current Liabilities	**230**	**250**
Long-term debt	**301**	360
Employees related liabilities	98	27
Other long-term liabilities	53	47
TOTAL LIABILITIES	**682**	**684**
Shareholders' Equity	**175**	**118**
TOTAL LIABILITIES & EQUITY	**857**	**802**

Q4'11 Financial Statements (vs. Q3'11)

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
RECONCILIATION OF REPORTED GAAP TO NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(dollars in thousands)

	Three months ended December 31, 2011	Three months ended September 30, 2011	Three months ended December 31, 2011	Three months ended September 30, 2011	Three months ended December 31, 2011	Three months ended September 30, 2011
	non-GAAP		Adjustments (see a, b, c, d, e below)		GAAP	
REVENUES	$ 174,584	$ 176,112	$ --	$ --	$ 174,584	$ 176,112
COST OF REVENUES	116,842	118,658	40,168 (a)	41,122 (a)	157,010	159,780
GROSS PROFIT	57,742	57,454	(40,168)	(41,122)	17,574	16,332
OPERATING COSTS AND EXPENSES						
Research and development	6,551	6,059	728 (b)	467 (b)	7,279	6,526
Marketing, general and administrative	11,526	12,363	1,771 (c)	2,062 (c)	13,297	14,425
	18,077	18,422	2,499	2,529	20,576	20,951
OPERATING PROFIT (LOSS)	39,665	39,032	(42,667)	(43,651)	(3,002)	(4,619)
FINANCING INCOME (EXPENSE), NET	(6,110)	(7,299)	(5,852) (d)	8,673 (d)	(11,962)	1,374
OTHER INCOME (EXPENSE), NET	(157)	14,020	--	--	(157)	14,020
PROFIT (LOSS) BEFORE INCOME TAX	33,398	45,753	(48,519)	(34,978)	(15,121)	10,775
INCOME TAX BENEFIT (EXPENSE)	509	--	(2,089) (e)	(8,936) (e)	(1,580)	(8,936)
NET PROFIT (LOSS) FOR THE PERIOD	$ 33,907	$ 45,753	$ (50,608)	$ (43,914)	$ (16,701)	$ 1,839

Fully detailed footnotes are available at the press release as filed on February 16, 2012 by the Company

YTD'11 Financial Statements (vs. YTD'10 & YTD'09)

TOWER SEMICONDUCTOR LTD. AND SUBSIDIARIES
RECONCILIATION OF REPORTED GAAP TO NON-GAAP CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(dollars in thousands, except per share data)

	Year ended December 31,			Year ended December 31,			Year ended December 31,		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
	non-GAAP			Adjustments (see a, b, c, d, e below)			GAAP		
REVENUES	$ 611,023	$ 509,262	$ 298,812	$ --	$ --	$ --	$ 611,023	$ 509,262	$ 298,812
COST OF REVENUES	392,132	284,758	206,459	134,066 (a)	117,319 (a)	118,851 (a)	526,198	402,077	325,310
GROSS PROFIT (LOSS)	218,891	224,504	92,353	(134,066)	(117,319)	(118,851)	84,825	107,185	(26,498)
OPERATING COSTS AND EXPENSES									
Research and development	22,862	22,594	22,185	2,024 (b)	1,282 (b)	1,190 (b)	24,886	23,876	23,375
Marketing, general and administrative	40,698	33,597	28,957	7,541 (c)	6,389 (c)	2,986 (c)	48,239	39,986	31,943
Acquisition related costs	1,493	--	--	--	--	--	1,493	--	--
	65,053	56,191	51,142	9,565	7,671	4,176	74,618	63,862	55,318
OPERATING PROFIT (LOSS)	153,838	168,313	41,211	(143,631)	(124,990)	(123,027)	10,207	43,323	(81,816)
FINANCING EXPENSE, NET	(27,797)	(26,406)	(24,205)	(12,505) (d)	(46,519) (d)	(21,505) (d)	(40,302)	(72,925)	(45,710)
GAIN FROM ACQUISITON	19,467	--	--	--	--	--	19,467	--	--
OTHER INCOME, NET	13,460	65	2,045	--	--	--	13,460	65	2,045
PROFIT (LOSS) BEFORE INCOME TAX	158,968	141,972	19,051	(156,136)	(171,509)	(144,532)	2,832	(29,537)	(125,481)
INCOME TAX BENEFIT (EXPENSE)	(2,907)	(3,757)	(2,010)	(18,455) (e)	(9,073) (e)	7,032 (e)	(21,362)	(12,830)	5,022
NET PROFIT (LOSS) FOR THE PERIOD	$ 156,061	$ 138,215	$ 17,041	$ (174,591)	$ (180,582)	$ (137,500)	$ (18,530)	$ (42,367)	$ (120,459)
BASIC EARNINGS (LOSS) PER ORDINARY SHARE	$ 0.52	$ 0.59	$ 0.10				$ (0.06)	$ (0.18)	$ (0.71)

Fully detailed footnotes are available at the press release as filed on February 16, 2012 by the Company

We Know How to Create Value

- **Jazz Pre acquisition:**
  - $15M/ year EBITDA, negative net profits
- **Jazz post acquisition:**
  - $60-90M / year EBITDA run rate
- **Ebitda growth by 4X to 6X in 3 years**
- **Added benefits:**
  - New technologies and new customers from Tower to Jazz (e.g CIS)
  - New technologies and new customers from Jazz to Tower (e.g RFMD, SiGe)
  - Cost reduction synergies
  - Satisfied Jazz employees and increased employee count
  - Satisfied customers
  - Dual sourcing from MH & NPB fabs
  - Enabled >$500M revenue, #1 specialty foundry

Our Ambition is to Duplicate the Success with the Recent Japan Fab Acquisition

TowerJazz Debt Summary | January 31, 2012

Jazz US Debt Summary

Security Type	Linked to	Outstanding principal ($M)	Key Terms
Wells Fargo Bank Credit Line	$	15	$15M actual drawdown under up to $45M credit line; Annual interest rate of Libor + 2.5%; principal is due Sept' 2014
Bonds due 2015	$	94	Annual coupon of 8% payable twice a year; Straight bond, i.e not-convertible; Principal is due on June 2015

PAID - $44M

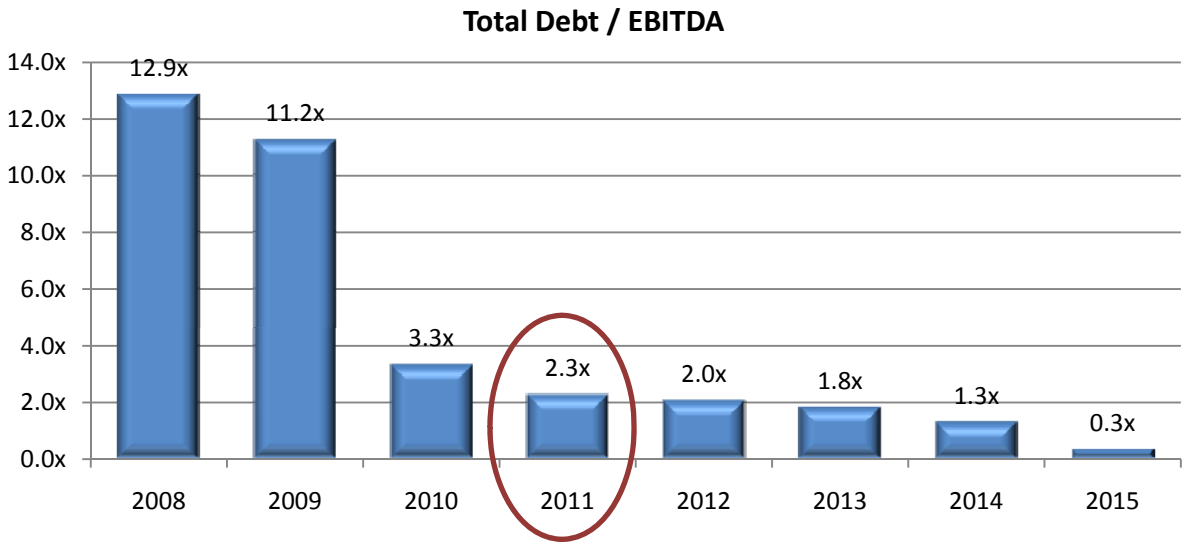
Tower Israel Debt Summary

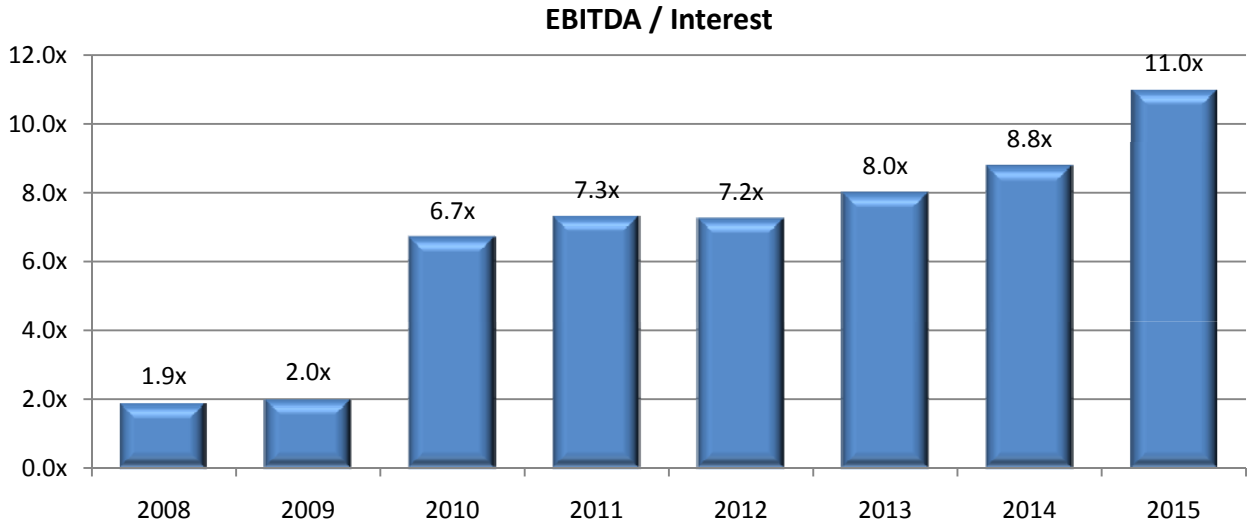
Security Type	Linked to	Outstanding principal ($M)	Key Terms
Series A+B+C		0	PAID - $130M
Series D	Israeli price index	30	Principal is due in 5 equal annual installments between December 2012 and December 2016; Straight bond, i.e not-convertible; Annual coupon of 8% payable once/year in December
Series E	Israeli price index	27	Principal is due Dec' 2012; Convertible into ordinary shares until Dec' 2012; last annual coupon of 8% is to be paid in Dec'2012
Series F	$	110	7.8% coupon payable twice / year; convertible into ordinary shares commencing Sept' 2012; principal is due in 2 installments on Dec' 2015 and Dec' 2016
Bank Loans	$	131	Annual interest rate of Libor + 2.75%; principal is due in 9 installments from Sept' [illegible] until Sept' 2015

PAID - $80M

$ amounts translated from NIS at 3.82, which was the exchange rate as of Dec' 31, 2011

Debt/ Balance Sheets Metrics

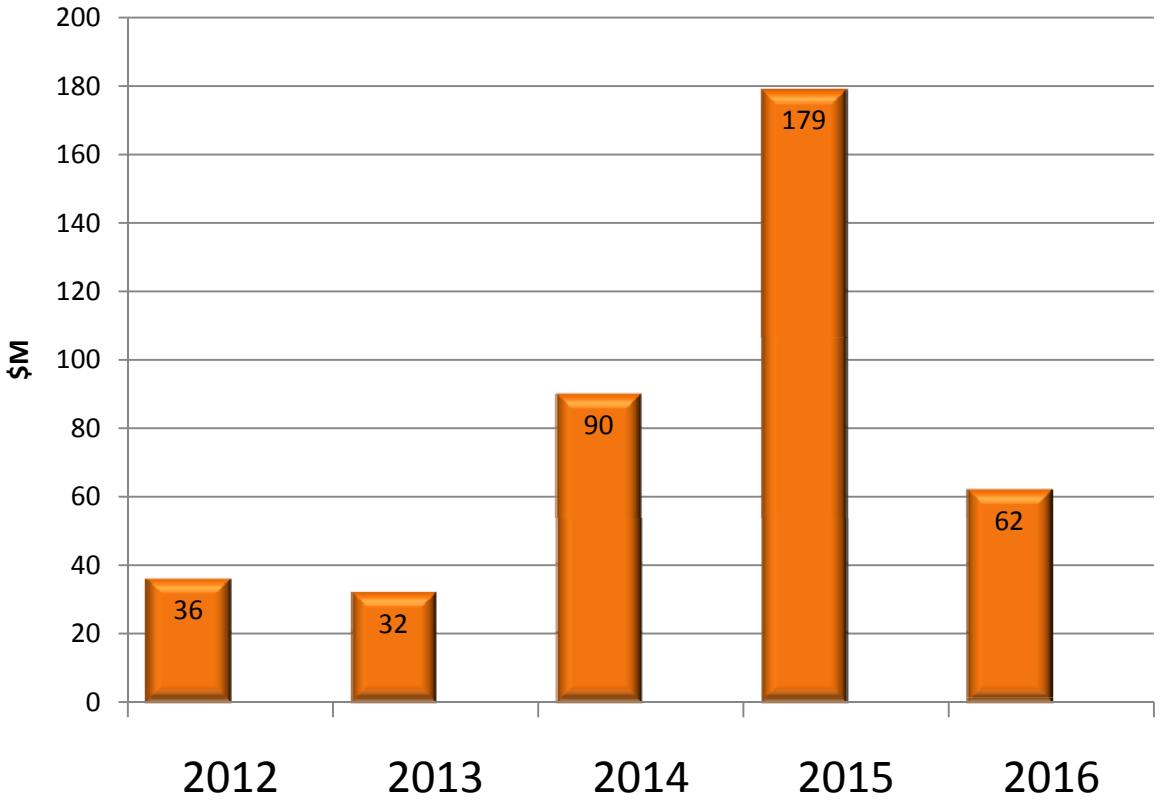




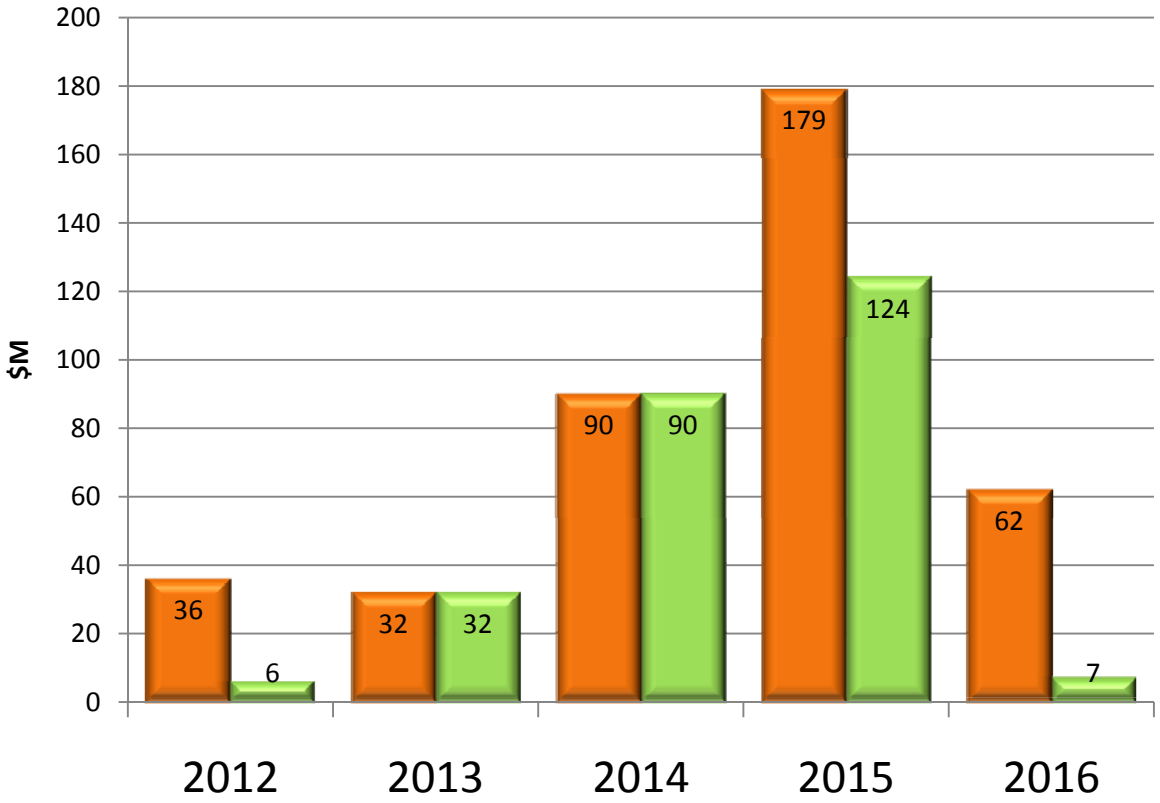
**** These charts are based on an assumption that Ebitda in 2012 and on will be the same as 2011***

Future Debt Payment

Assuming no conversion of any bond series

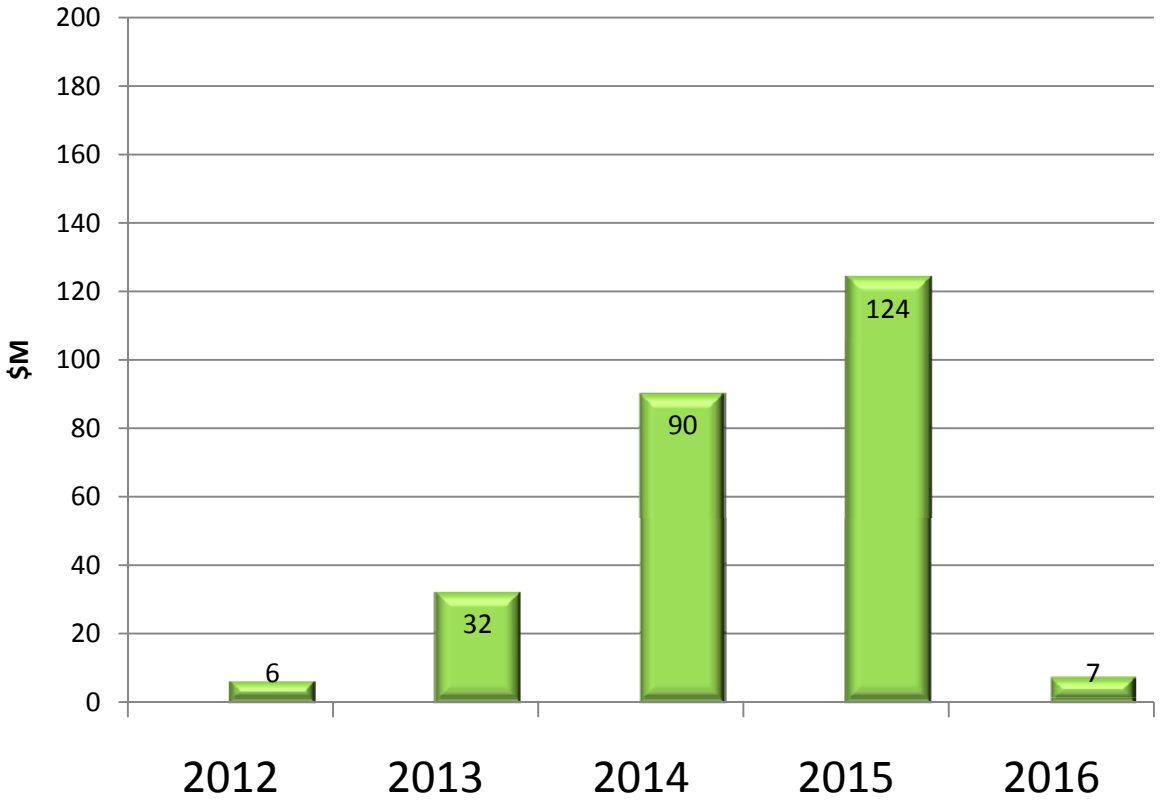


Future Debt Payment



Future Debt Payment

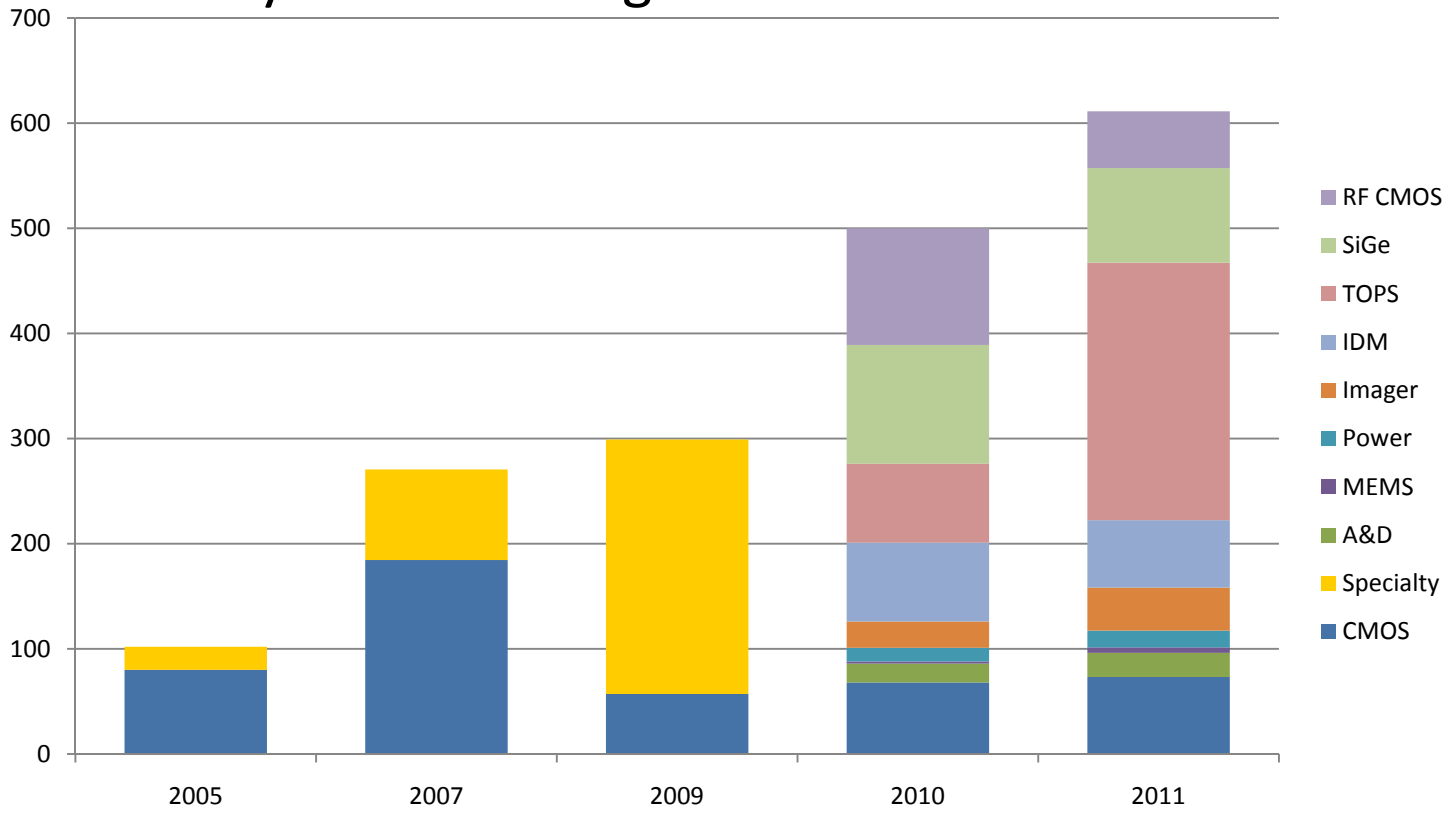
Assuming conversion of all bond series



Past, Present, Future

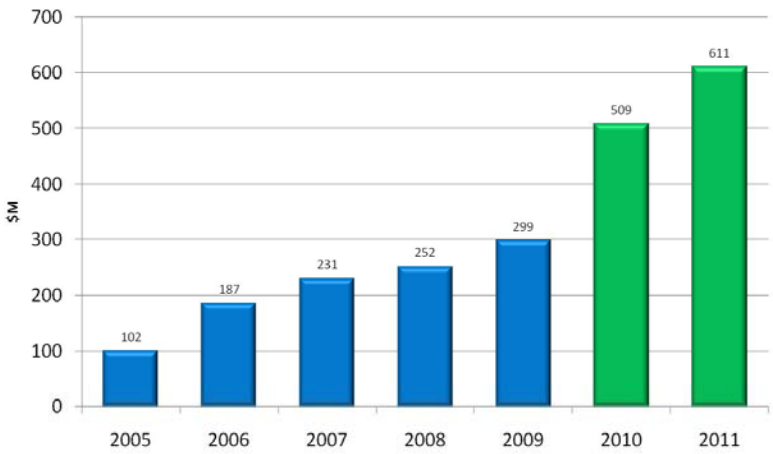
Past

- 2008 – major shift from digital 2nd source to analog value add provider
  - fueled by the Jazz merger



Present

- 2010 – breaking $500 million of revenues, gave us different brand in the eyes of premier 1st tier customers (such as Samsung) creating greater than $100M cash from operations.



- We now supply to the top market leaders in every one of our chosen business segments.

- Nishiwaki factory, purchased with a sound business model, provides capacity for large customer growth.

Future

- Continue market growth within FEM, power management, high end image sensor, IDM transfer and JDPs and within specific MEMS opportunities.

- Entrance into 300mm with the presented India deal or other such initiatives.

We are the #1 Israeli Seller of Commercial Hi-Tech Hardware

THANK YOU!!

WWW.TOWERJAZZ.COM