

Jazz Technologies, Inc.  
Form 425  
July 09, 2008

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Subject Company: Jazz Technologies, Inc.  
Commission File No. 001-32832

The slides contained in this filing were used in a presentation given to media and analysts on July 9, 2008, hosted by Russell C. Ellwanger, the Chief Executive Officer of Tower Semiconductor Ltd.

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## **Tower Semiconductor**

**Collins Stewart**  
**July 9, 2008**

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### **Forward Looking Statements**

The information presented today contains forward-looking statements that relate to anticipated future operating results. Those statements are based on management's current expectations and assumptions, which may be affected by subsequent developments and business conditions, and necessarily involve risks and uncertainties. Therefore, there can be no assurance that actual future results will not differ materially from anticipated results.

For a discussion of risks and uncertainties that may affect the accuracy of forward-looking statements or which may otherwise affect our business, please see the information included under the heading "Risk Factors" in our most recent filings on Forms 20-F, F-1, F-3 and 6-K, as were filed with the Securities and Exchange Commission and the Israel Securities Authority.

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## **Tower Financials**

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**Revenue and EBITDA**

**Revenues**

(in \$M)

\* Q205 data excludes \$8M effect from a Fab2 technology agreement

\*\* Midrange of company guidance

**Positive EBITDA**

**Positive Cash**

**from Operations**

\$75

\$49

(\$26)

**EBITDA**

\$137

\$231

\$94

**Revenues**

2007

2005

(in \$millions)

**55%**

**EBITDA / Revenues**

Q1'08

Q2'08

Q4'07

Q3'07

Q2'07

Q1'07

Q4'06

Q3'06

Q2'06

Q1'06

Q4'05

Q3'05

Q2'05

**Ebitda positive  
since Q4 '05;  
EBITDA qtr.  
run rate since  
-\$10M in '05,  
to +\$12M**

**in '07**

**Cash flow  
positive since**

**Q4 '06; Cash  
flow qtr. run rate  
since -\$16M in  
'05, to +\$4M**

**in '07**

58\*\*

57.6

61.6

56.6

57.1

55.6

55.5

51.5

44.6

35.9

31.1

20.6

19.2

4

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## **Q1- 2008 Financial Results**

### **Financial Highlights**

Achieved revenue of \$57.6M

2nd highest quarterly revenue in the Company's history

Positive cash flow from operations for the 6th consecutive quarter and positive EBITDA for the 10th consecutive quarter

### **Major Announcements**

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Tower Semiconductor Chosen as Strategic Supplier for a Select Portfolio of CMOS Products by ON Semiconductor:

Launch a Multi-Year and Potentially Multi-Million Dollar Collaboration Project

Co-develop and manufacture multiple lines of products

Ramping to production of Canesta's 3D Image Sensors in Fab 2 targeted at the automotive and gaming / 3D camera market

Initiated production of N-trig's Digitizer Chips in Fab 2 targeted at the convertible notebook market

Tower Semiconductor to Launch Volume Production of QuickLogic's ArcticLink II VX Solution Platforms for Mobile Display Devices

5

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**Foundry Revenue 2005-6-7**

163

Others

139

Others

105

Others

16+

0

1st Silicon

0

1st Silicon

71

1st Silicon

15

105

Polar Semi.

95

Polar Semi.

78

CSMC Tech.

14

155

CSMC Tech.

114

CSMC Tech.

90

Polar Semi.

13

157

Mosel-Vitelic

155

Mosel-Vitelic

**94**

**Tower**

12

170

ASMC

155

Silterra

100

Grace

11

185

Silterra

170

ASMC

114

ASMC

10

214

Grace

**187**

**Tower**

130

Silterra

9

207

Jazz

191

Grace

140

Mosel-Vitellic

8

**231**

**Tower**

213

Jazz

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199

Jazz

7

330

He Jian

290

He Jian

202

X-Fab

6

335

HHNEC

290

X-Fab

250

He Jian

5

350

SSMC

315

HHNEC

280

SSMC

4

410

X-Fab



325

SSMC

313

HHNEC

3

485

Vanguard

398

Vanguard

347

Dongbu

2

510

Dongbu

456

Dongbu

353

Vanguard

1

1445

Chartered

1465

SMIC

1132

Chartered

D

1560

SMIC

1528

Chartered

1171

SMIC

C

3755

UMC

3670

UMC

3259

UMC

B

9813

TSMC

9748

TSMC

8217

TSMC

A

**2007**

**2006**

**2005**

(in \$M)

6

**Tower Revenues vs. Leading Foundries**

\* 2005 data excludes \$8M effect from a Fab2 technology agreement

**2007 vs. 2005 Revenue Growth**

146%

20%

16%

23%

31%

0%

20%

40%

60%

80%

100%

120%

140%

160%

Tower

TSMC

UMC

SMIC

CHRT

**Foundry Revenue Growth Y/Y**

NA

1st Silicon

NA

1st Silicon

NA

Mosel-Vitelic

NA

Mosel-Vitelic

20

NA

Mosel-Vitelic

-5%

Chartered

NA

1st Silicon

-31%

Grace

19

7%

HHNEC

0%

ASMC

1%

HHNEC

-26%

Vanguard

18

15%

UMC

1%

Mosel-Vitellic

6%

Polar Semi.

**-24%**

**Tower**

17

16%

Jazz

1%

TSMC

7%

Jazz

-16%

UMC

16

17%

Polar Semi.

2%

UMC

13%

UMC

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-15%

1st Silicon

15

19%

TSMC

6%

HHNEC

13%

Vanguard

-13%

Silterra

14

25%

SSMC

6%

SMIC

16%

He Jian

-10%

Jazz

13

28%

Chartered

8%

Jazz

16%

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SSMC

-9%

ASMC

12

32%

He Jian

8%

SSMC

19%

TSMC

-3%

HHNEC

11

33%

SMIC

11%

Polar Semi.

19%

Silterra

-3%

CSMC Tech.

10

37%

Vanguard

12%

Dongbu

Edgar Filing: Jazz Technologies, Inc. - Form 425

25%

SMIC

-2%

Polar Semi.

9

42%

Silterra

12%

Grace

31%

Dongbu

3%

Chartered

8

47%

Dongbu

14%

He Jian

32%

Others

7%

TSMC

7

49%

ASMC

17%



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Others

35%

Chartered

8%

SSMC

6

55%

Others

19%

Silterra

44%

X-Fab

9%

He Jian

5

99%

CSMC Tech.

22%

Vanguard

46%

CSMC Tech.

14%

X-Fab

4

103%

X-Fab

**24%**

**Tower**

49%

ASMC

20%

SMIC

3

114%

Grace

36%

CSMC Tech.

91%

Grace

38%

Others

2

**146%**

**Tower**

41%

X-Fab

**99%**

**Tower**

52%

Dongbu

1

**07vs05**

**07vs06**

**06vs05**

**05vs04**

Source: The McLean Report, 2008 edition

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### **What Will Fuel Our Organic Growth**

**0.13u Capacity  
Utilization  
Growth**

**IDM**

**CMT Joint  
Venture**

**Power  
Management**

**RFID**

**Image Sensors**

New project with existing high volume 0.13um customer

Existing very large volume customer has taped out 0.13u product with  
volume ramp expected to start in Q1-09

Return customer (large IDM) expected to tape out in Q4-08

0.13u cross sales from Jazz customers

**Mid 2009, greater than 10,000 wpm potential**

Multiple IDM transfers in stages of growth, as well as new opportunities in  
several stages of closure

Porting from fab closure for large volume customer

First product has fab ed out and being evaluated

Won the 1st customer project with new power management platform

Increased world wide RFID activity including prototype activities with 2  
industry leading Chinese customers

Continue to gain design wins for multiple Image Sensors applications

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**2006 was a breakout year for Tower**

99% annual growth vs. foundry industry weighed average growth of 25%

Achieved consecutive quarterly record sales

Achieved positive EBITDA in all quarters

Achieved positive cash from operations in Q4 '06, per target

**2007-2008 continues the momentum**

2007 YTD year-over-year 23% up vs. industry up 3%

Q1-2008 revenue of \$57.6M, representing the 2<sup>nd</sup> highest quarterly revenue  
in the Company's history

Achieved positive EBITDA in all quarters

Achieved positive cash from operations in all quarters

**Several new growth opportunities at various stages incorporating  
Tower's design and specialty manufacturing capabilities**

**Summary of Tower Stand Alone**

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**Tower Semiconductor  
and  
Jazz Technologies**

**Creating the Leading Specialty Foundry**

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**Transaction Overview**

**Tower Semiconductor has signed a definitive agreement to acquire  
Jazz Technologies in a stock-for-stock transaction**

Jazz shareholders to receive 1.8 shares of Tower for each Jazz share

Customary closing conditions including Jazz shareholder approval

Expected to close in 2<sup>nd</sup> half 2008

**Merger is expected to create the leading pure-play  
specialty foundry and #7 overall pure-play foundry**

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**What will fuel our growth (Jazz merger)**

**Combined company will improve sales & EBITDA by  
2X-2.5X from Day1**

**Jazz customers synergies**

**See next slides**

**Jazz growth**

**See next slides**

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**Creating the Leading Specialty Foundry**

**Synergies of Value Add Technologies Enables Higher Margins**

**Increased Capacity and Scale to Attract Larger Customers**

**Leadership In Specialty Process Technologies:**

**CMOS Image Sensor, SiGe, Power Mgmt, NVM, RF-CMOS, BCD**

**Diverse Customer Base in High Growth Markets**

**Significant Synergy Potential Both on Revenues and Expenses**

**Global Presence Improves Geographic Reach and Distribution**

**Creating the Leading Specialty Foundry**

**Synergies of Value Add Technologies Enables Higher Margins**

**Increased Capacity and Scale to Attract Larger Customers**

**Leadership In Specialty Process Technologies:**

**CMOS Image Sensor, SiGe, Power Mgmt, NVM, RF-CMOS, BCD**

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**Significant Synergy Potential Both on Revenues and Expenses**

**Global Presence Improves Geographic Reach and Distribution**

**Global Infrastructure**

**Migdal HaEmek, Israel**

8 Fab & 6 Fab

**Newport Beach, CA**

8 Fab

**Shanghai, China**

HHNEC: 10% ownership

ASMC: supply agreement

**UK & Holland**

Sales reps

**Santa Clara, CA**

Sales office

**Hsinchu, Taiwan**

Rep. office

**Tokyo, Japan**

Rep. office

**UK**

Sales office

**200K WPY**

**480K WPY**

**~70K WPY**

**Total 8 equivalent capacity of**

**~750K WPY**

16

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### **Overview of Jazz's Key Assets**

\$9 million

**Cash**

\$19 million book value (market value materially higher)

**10% Stake in Chinese Fab**

**(HHNEC)**

\$18 million book value

**Intellectual Property**

\$34 million

**Available Unused Credit Bank**

**Facility**

**\$249 million book value**

**(market value materially higher)**

**Balance Sheet Value**

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\$121 million (\$79 million is machinery and equipment)

**Property, Plant & Equipment, net**

\$26 million

**Accounts Receivable, net**

\$13 million

**Inventory, net**

**Value as at Mar 28, 2008**

**Asset**

17

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**Foundry Revenue 2005-6-7**

163

Others

139

Others

105

Others

16+

0

1st Silicon

0

1st Silicon

71

1st Silicon

15

105



Polar Semi.

95

Polar Semi.

78

CSMC Tech.

14

155

CSMC Tech.

114

CSMC Tech.

90

Polar Semi.

13

157

Mosel-Vitelic

155

Mosel-Vitelic

**94**

**Tower**

12

170

ASMC

155

Silterra

100

Grace

11

185

Silterra

170

ASMC

114

ASMC

10

**207**

**Jazz**

**187**

**Tower**

130

Silterra

9

214

Grace

191

Grace

140

Mosel-Vitellic

8

**231**

**Tower**

213

Jazz

199

Jazz

7

330

He Jian

290

He Jian

202

X-Fab

6

335

HHNEC

290

X-Fab

250

He Jian

5

350

SSMC

315

HHNEC

280

SSMC

4

410

X-Fab

325

SSMC

313

HHNEC

3

485

Vanguard

398

Vanguard

347

Dongbu

2

510

Dongbu

456

Dongbu

353

Vanguard

1

**2007**

**2006**

**2005**

(in \$M)

Source: The McLean Report, 2008 edition

**3rd Largest Pure Play Specialty Foundry**

\$155

CSMC

\$157

Mosel Vitelics

\$170

ASMC

\$335

HHNEC

\$330

He Jian

\$214

Grace

\$185

Silterra

\$350

SSMC

\$410

X-Fab

**\$438**

\$486

Vanguard

\$510

Dongbu

**2007 Sales (\$M)**

**Company**

**Creating the Leading Specialty Foundry**

**Synergies of Value Add Technologies Enables Higher Margins**

**Increased Capacity and Scale to Attract Larger Customers**

**Leadership In Specialty Process Technologies:**

**CMOS Image Sensor, SiGe, Power Mgmt, NVM, RF-CMOS, BCD**

**Diverse Customer Base in High Growth Markets**

**Significant Synergy Potential Both on Revenues and Expenses**

**Global Presence Improves Geographic Reach and Distribution**

**Post Merger Process Portfolio Lineup**

**Technology Node**

**From Jazz**

**From Tower**

**Tower/Jazz**

**0.35 $\mu$ m**

**BiCMOS, SiGe**

**Mixed Signal**

**Digital CMOS**

**0.16 / 0.13 $\mu$ m**

**SiGe**

**Power/BCD (40V)**

**0.18 $\mu$ m**

**SiGe**

**Mixed Signal**

**Digital CMOS**

**BCD (40V)**

**0.25 $\mu$ m**

**SiGe**

**Mixed Signal**

**Digital CMOS**

**Mixed Signal**

**Digital CMOS**

**0.50 $\mu$ m**

**Mixed Signal**

**Digital CMOS**

**Image Sensor**

**( X-Ray& Visible)**

**eNVM**

**eNVM**

**RF CMOS**

**RFCMOS**

**Image Sensor  
(X-Ray & Visible)**

**Image Sensor  
(X-Ray & Visible)**

**RF CMOS**

**BCD (40V)**

**RF CMOS**

**Power/ BCD (40V)**

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**eNVM**

**RFID**

**Power Management**

**The Specialty Foundry**

*Specialty*

*Foundry*

**CMOS Image  
Sensors**

**AIMS & RF  
(SiGe & RFCMOS)**

**MEMS**

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**eNVM**

**RFID**

**Power Management**

**The Specialty Foundry**

*Specialty*

*Foundry*

**CMOS Image  
Sensors**

**AIMS & RF  
(SiGe & RFCMOS)**



**MEMS**

23

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**Application vs. Process Technology**

**10 GHz**

**1 GHz**

**100 MHz**

<b>SBC18H2</b>	<b>ft/fmax &gt; 200 GHz</b>
<b>SBC18HX</b>	<b>ft/fmax &gt; 150 GHz</b>
<b>SBC18PT</b>	<b>ft/fmax &gt; 120 GHz</b>
<b>SBC35QTL</b>	<b>ft/fmax &gt; 60 GHz</b>
<b>BC35</b>	<b>ft/fmax &gt; 25 GHz</b>

**100 GHz**

**.2**

**.3**

**.4**

**.5**

**.6**

**.7**

**.8**

**.9**

**2**

**3**

**4**

**5**

**6**

**7**

**8**

**9**

**20**

**30**

**40**

**50**

**60**

**70**

**80**

**90**

**62 Mb/s  
OC 12**

**2.5 Gb/s  
OC 48**

**10 Gb/s  
OC 192**

**40 Gb/s  
OC 768**

**RKE**

**GPS**

**DBS (SAT)**

**MW Radio**

**Terrestrial TV**

**GSM**

**UWB**

**Radar**

**Radar**

**WLAN/WiMAX  
Bluetooth**

**DECT/UMTS**

**Operating Frequency (GHz)**

**Every high-frequency application can be served through the combined offering**

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**FEM**

**Goal: Replace Expensive Discrete GaAs Components with Single Silicon Chip**

**PA**

**GaAs HBT**

**Switch**

**PHEMPT**

**Matching/Filters**

**SAW/BAW**

**IPD**

**Power Control**

**CMOS**

**Antenna**

**Silicon**

**Non-Silicon**

**Today**

**Future Integration:**

**Silicon Radio Platform**

**Transceiver**

**SiGe, RF CMOS**

**PA Frequency / Performance**

**Power**

**2.4G DCT**

**802.11b**

**802.11g**

**5.8G DCT**

**802.11a,n**

**UWB**

**WiMax**

**800MHz GSM**

**2GHz GSM**

**800MHz CDMA**

**2GHz CDMA**

**WCDMA/EDGE**

**PHS**

**10-15dBm**

**20-24dBm**

**28-34dBm**

**Bluetooth**

**900MHz DCT**

**CP05, SBC35**

**SBC18QPA**

**Silicon Radio Platform  
Single Chip Silicon FEM**

**SiGe Market Overview**

Pure Play Foundry vs IDM Market Share

Pure Play Market Share

Source: SemiCo 2006

**The SiGe market is estimated to total approx 2.0 million wafers per year and be worth approx \$3.0 billion per year (analogous foundry wafer pricing)**

80%

20%

IDM

Pure Play

53%

17%

30%

IBM

TSMC

Jazz

26

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**eNVM**

**RFID**

**Power Management**

**The Specialty Foundry**

*Specialty*

*Foundry*

**CMOS Image  
Sensors**

**AIMS & RF  
(SiGe & RFCMOS)**

**MEMS**

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**TS05 (5V<sub>gs</sub>, 40V<sub>ds</sub>)**

**BCD25 (5V<sub>gs</sub>, 40V<sub>ds</sub>)**

**CP05 (5V CMOS)**

**BCD05 (5/16V<sub>gs</sub>, 40V<sub>ds</sub>)**

**Power Management Technology**

*0.25um*

*0.18um*

*0.5um*

**Best-in-Class On-Resistance Across Broad Range of Voltage and Geometry**

**BCD18 (1.8/5V<sub>gs</sub>, 40V<sub>ds</sub>)**

**TS18SLPM (1.8/5V<sub>gs</sub>, 42V<sub>ds</sub>)**

**0**

**20**

**40**

**60**

**80**

**100**

**0**

**20**

**40**

**60**

80

**BVdss**

**Competition**

**Tower/Jazz**

**Devices**

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Start	Industry best LDMOS Model (NXP MM20)
Add	physical, scalable model for extended drift region
Enable	Rdson / BVdss optimization for each transistor in the design

**Physical Model Makes Rdson / BVdss a Design Variable**

**Scalable LDMOS for Rdson/BVdss  
Optimization**

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**eNVM**

**RFID**

**Power Management**

**The Specialty Foundry**

*Specialty*

*Foundry*

**CMOS Image  
Sensors**

**AIMS & RF  
(SiGe & RFCMOS)**

**MEMS**

30

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**RFID What is it ?**

**RFID = Radio Frequency Identification**  
An emerging new technology set out to  
replace bar-codes

**0.18u Ultra Low  
Power RFID IC**

31

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**Specialty process & device**

Low cost 0.18 $\mu$ m 3LM Analog (DNW, MIM) process platform

Schottky diodes high speed low Von rectifiers

Native ( Zero Vt ) transistor

Extended voltage range

Specific Low Leakage (LL) devices

ESD solution (low RF-loss)

IP characterized for low Vdd operation

**RFID NVM**

Low power MTP and OTP solutions (no added mask)

Developed special low power NVM cells for RFID (CFlash)

**Devices characterized over a wide frequency range**

**Support present systems (900MHz) and future needs (2.4GHz)**

**Human**

**Postal**

**Asset tracking**

**RFID Offering @ Tower**

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**eNVM**

**RFID**

**Power Management**

**The Specialty Foundry**

*Specialty*

*Foundry*

**CMOS Image  
Sensors**

**AIMS & RF  
(SiGe & RFCMOS)**

**MEMS**

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**Partnering with Customers for Volume MEMS Manufacturing**

Transfer in    Transfer existing process to Jazz for volume production  
Co-develop    Form joint program to deliver process & product  
Develop to spec    Jazz and partners build process & devices to spec

**Examples**

Si MEMS: Oscillator (replacing quartz oscillator)

RF MEMS: Tunable capacitor (for use in handsets)

Post Process MEMS: SBC35 + CMU Post Process MPW

Medical MEMS: In development

***Interferometric image***

*of Hex varactor*

*Tunable capacitor in VCO design*

*courtesy Carnegie Mellon University*

**Partnering with Customers, University, DARPA to Bring MEMS to 200mm Si Wafer Manufacturing**

*Optical image of MEMS capacitor*

*array for duplex or MIMO function*

*Si MEMS resonator replaces  
quartz timing device. Courtesy SiTime*

**MEMS Technology and Services**

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**eNVM**

**RFID**

**Power Management**

**The Specialty Foundry**

*Specialty*

*Foundry*

**CMOS Image  
Sensors**

**AIMS & RF  
(SiGe & RFCMOS)**

**MEMS**

35

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**X-Ray market Medical and Dental**

Intra-Oral dental

Medical Imaging applications

Unique stitching technology

Silicon proven pixels

Seamless stitch boundary

*0.28 micron stitched metal lines*

36

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Wafer Size

6 Wafer Size

4/3

1

645

35 mm

APS (3:2)

2/3

1/4

1/3

1/2

1/10

48x36

Consumer

(CIF, VGA, SXGA, 2-3M)

Small Medical

Advanced

Amateur

Film

Professional

Film

Studio/High End Film

Large Industrial/Scientific

Medical (X-ray)

Industrial/

Machine Vision

Medical

**Summary of Application Range**

8 wafer size

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**eNVM**

**RFID**

**Power Management**

**The Specialty Foundry**

*Specialty*

*Foundry*

**CMOS Image  
Sensors**

**AIMS & RF  
(SiGe & RFCMOS)**

**MEMS**

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**Jazz Target Markets**

**Radio Frequency**

Cellular handset transceivers

WLAN / WiMAX transceivers

TV tuners

GPS

Broadband

**Power Management**

LED Drivers

Motor Control

**High Performance Analog**

Optical networks

Data converters

Amplifiers, filters, mixers

**Aerospace & Defense**

Infra-red night vision

Communications and radar

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**Creating the Leading Specialty Foundry**

**Synergies of Value Add Technologies Enables Higher Margins**

**Increased Capacity and Scale to Attract Larger Customers**

**Leadership In Specialty Process Technologies:**

**CMOS Image Sensor, SiGe, Power Mgmt, NVM, RF-CMOS, BCD**

**Diverse Customer Base in High Growth Markets**

**Significant Synergy Potential Both on Revenues and Expenses**

**Global Presence Improves Geographic Reach and Distribution**

40

**Foundry Revenue Growth Y/Y**

NA

1st Silicon

NA

1st Silicon

NA

Mosel-Vitelic

NA

Mosel-Vitelic

20

NA

Mosel-Vitelic

-5%

Chartered

NA

1st Silicon

-31%

Grace

19

7%

HHNEC

0%

ASMC

1%

HHNEC

-26%

Vanguard

18

15%

UMC

1%

Mosel-Vitellic

6%

Polar Semi.

**-24%**

**Tower**

17

16%

Jazz

1%

TSMC

7%

Jazz

-16%

UMC

16

17%

Polar Semi.

2%

UMC

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13%

UMC

-15%

1st Silicon

15

19%

TSMC

6%

HHNEC

13%

Vanguard

-13%

Silterra

14

25%

SSMC

6%

SMIC

16%

He Jian

-10%

Jazz

13

28%

Chartered

8%



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Jazz

16%

SSMC

-9%

ASMC

12

32%

He Jian

8%

SSMC

19%

TSMC

-3%

HHNEC

11

33%

SMIC

11%

Polar Semi.

19%

Silterra

-3%

CSMC Tech.

10

37%

Vanguard

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12%

Dongbu

25%

SMIC

-2%

Polar Semi.

9

42%

Silterra

12%

Grace

31%

Dongbu

3%

Chartered

8

47%

Dongbu

14%

He Jian

32%

Others

7%

TSMC

7

49%

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ASMC

17%

Others

35%

Chartered

8%

SSMC

6

55%

Others

19%

Silterra

44%

X-Fab

9%

He Jian

5

99%

CSMC Tech.

22%

Vanguard

46%

CSMC Tech.

14%

X-Fab

4

103%

X-Fab

**24%**

**Tower**

49%

ASMC

20%

SMIC

3

114%

Grace

36%

CSMC Tech.

91%

Grace

38%

Others

2

**146%**

**Tower**

41%

X-Fab

**99%**

**Tower**

52%

Dongbu

1

**07vs05**

**07vs06**

**06vs05**

**05vs04**

Source: The McLean Report, 2008 edition

41

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### **Diverse Customer Base**

**No customer overlap out of the top 20 and only three out of the top 50**

42

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### **Combined Company Snapshot**

TSEM (NASDAQ & Tel Aviv Stock Exchange)

#### **Ticker**

AIMS (Analog Intensive Mixed Signal)

PDK (Physical Design Kits)

Embedded Flash MTP&OTP Solutions

#### **IP Leadership**

SiGe/BiCMOS 0.35 to 0.13u

Analog CMOS/RFCMOS/BCD 0.8 to 0.16u

CMOS Image Sensor 1.0u - 0.18u

CMOS 1.0u to 0.13u

#### **Process Technologies**

Three fully owned (US and Israel), equity stake and partnership in

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Chinese fabs - ~750,000 annual wafer capacity (8 equivalents)

**Fabs**

1,950

**Employees**

Migdal Haemek, Israel

**Headquarters**

Combined trailing twelve months (TTM) revenues of \$443 million

Impressive cash flow generation with \$84 million of TTM EBITDA

Substantial, revenue and cost savings of up to \$40 million annually

Improved leverage ratios

**Key Financial Highlights**

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**Day-After Financials \* (\$M) :**

124

49

43

(26)

**EBITDA**

443

231

187

94

**Sales**

**Q2 07-Q1 08**

**2007**

**2006**

**2005**

**Tower & Jazz**

**Tower**

\* 2005 excludes \$8M one-time effect from a Fab2 technology agreement

\*\* LTM Ebitda assumes \$40 million of synergies plan as announced on May 19, 2008

Sales

50

100

150

200

250

300

350

400

450

500

2005

2006

2007

Q2 07-Q1 08

EBITDA

-50

-25

0

25

50

75

100

125

150

2005

2006

2007

Q2 07-Q1 08

44

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**Combined Company Snapshot**

**Tower Will get :**

2X sales in Day1 post closing; targeting more than 2X within a year from customer synergies

2X-2.5X Ebitda from Day1 post closing; targeting much more than that within a year from customers & cost synergies

**Tower will pay for that:**

9% dilution (on a fully-diluted basis)

**Bottom line:**

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### **Summary Highlights**

#### **3rd Largest Pure Play Specialty Foundry**

Increase capacity and scale to attract bigger customers

Capacity of ~750k wafer starts annually (8" equivalents)

Global manufacturing capacity and distribution network

#### **Strong Sector Fundamentals**

Pure play foundry revenues expected to grow by an average of 19% annually until 2012

Represents a growth rate of more than 50% higher than the total semi industry

#### **Leadership in Specialty Process Technologies**

Product offering ranges from CMOS Image Sensor, NVM and RF CMOS to specialty Mixed Signal, SiGe, Power Management and RF processes

Addition of value add technologies enable higher margins

#### **Diversified Blue Chip Customer Base**

SanDisk, Vishay Siliconix, On Semi, International Rectifier, Freescale, Toshiba, Texas Instruments, RFMD, Entropic

#### **Exceptional Financial Performance and Significant Operating Leverage**

10<sup>th</sup> successive quarters of positive EBITDA and Cash flow positive since Q4 06

Doubling of revenues and improved EBITDA margins through acquisition of Jazz

Potential synergies of approx \$40 million resulting from Jazz transaction

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### **Additional Information about the Proposed Merger**

Additional Information about the Proposed Merger and Where to Find It -

In connection with the proposed merger, Tower has filed with the SEC a Registration Statement on Form F-4 (File No. 333-151919) (the "Form F-4") that contains a Proxy Statement/Prospectus and related materials and Jazz expects to mail to its stockholders the final Proxy Statement/Prospectus containing information about Tower,

Jazz and the proposed merger. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS AND THE OTHER RELEVANT MATERIALS, CAREFULLY AND IN THEIR ENTIRETY, BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT TOWER, JAZZ AND THE PROPOSED MERGER. Investors and security holders may obtain free copies of the Form F-4, the Proxy Statement/Prospectus and other relevant materials and documents filed by Tower or Jazz with the SEC through the web site maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders may obtain free copies of the documents relating to the proposed merger filed with the SEC by Tower by directing a request by mail to Tower Semiconductor Ltd, P.O. BOX 619, Migdal Haemek, Israel 23105, Attn: Investor Relations or by telephone at +972-4-6506936. Investors and security holders may obtain free copies of the documents relating to the proposed merger filed with the SEC by Jazz by directing a request by mail to Jazz Technologies, Inc., 4321 Jamboree Road, Newport Beach, California 92660, Attn: Investor Relations or by telephone at +1 415 445-3236.

Tower, Jazz and their respective executive officers and directors, under SEC rules, may be deemed to be participants in the solicitation of proxies from the stockholders of Jazz in connection with the proposed merger. Investors and security holders may obtain information regarding the special interests of these executive officers and directors in the proposed merger by reading the Proxy Statement/Prospectus filed with the SEC when it becomes available. Additional information regarding Tower's executive officers and directors is included in Tower's Form 20-F for the year ended December 31, 2007, which was filed with the SEC on June 18, 2008. Additional information regarding the executive officers and directors of Jazz is included in Jazz's Proxy Statement for its 2008 Annual Meeting of Stockholders, which was filed with the SEC on April 7, 2008. These documents are available free of charge at the SEC's web site at [www.sec.gov](http://www.sec.gov) and are also available free of charge from Investor Relations at Tower and Jazz by contacting Tower and Jazz as described above.

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**Thank You**

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About Tower Semiconductor Ltd.

Tower Semiconductor Ltd. is a pure-play independent specialty wafer 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 mixed-signal & RF-CMOS, Power Management, CMOS image-sensor and non-volatile memory technologies. To provide world-class customer service, the company maintains two manufacturing facilities, each with standard and specialized process technology processes: Fab 1 ranging from 1.0 to 0.35 and Fab 2 featuring 0.18 and 0.13-micron. Tower's web site is located at <http://www.towersemi.com>.

Forward-Looking Statements

This document contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including statements concerning Tower's proposed merger with Jazz. These statements are based on management's current expectations and beliefs and are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those described in the forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. For example, statements of expected synergies, customer benefits, costs savings, financial guidance, the timing of closing, industry ranking, execution of integration plans and management and organizational structure are all forward-looking statements. The potential risks and uncertainties include, among others, the possibility that the merger does not close or that the closing may be delayed, that expected customer benefits, synergies and costs savings will not be achieved or that the companies are unable to successfully execute their integration strategies, that the companies may be required to modify the terms of the transaction to achieve regulatory approval or for other reasons, that prior to or after the closing of the merger, the businesses of the companies may suffer due to uncertainty, as well as other risks applicable to both Tower's and Jazz's business described in the reports filed by Tower and Jazz with the Securities and Exchange

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Commission (the SEC) and, in the case of Tower, the Israel Securities Authority. These filings identify and address other important factors that could cause Tower's and Jazz's respective financial and operational results to differ materially from those contained in the forward-looking statements set forth in this document. Accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations or financial condition of Tower or Jazz. Tower and Jazz are providing this information as of the date of this document and neither Tower nor Jazz undertakes any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

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A more 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's business is included under the heading Risk Factors in Tower's most recent filings on Forms 20-F, F-3 and 6-K, as were filed with the SEC and the Israel Securities Authority. Future results may differ materially from those previously reported. Tower does not intend to update, and expressly disclaims any obligation to update, the information contained in this document.

### Additional Information about the Proposed Merger and Where to Find It

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