

Message from CEO

Russell Ellwanger



The first half of 2011 was full of amazing challenges and opportunities for TowerJazz. In order to meet our customers' demand, we began to increase our organic capacity, as well as looked for M&A opportunities. As we recently announced, we made a strategic move by acquiring Micron's fab in Nishiwaki, Japan. This nearly doubled our global manufacturing capacity and sent a clear message to our customers that we are positioned to meet their growing needs.

Combined with the additional business potential in Japan, this acquisition extends our geographic reach and distribution capabilities, creating a significant opportunity for revenue enhancement and increased efficiencies in manufacturing.



TowerJazz's recently acquired fab in Nishiwaki, Japan.

We are now a more diverse, enriched company. Our employee base has doubled, together with our revenues, and with this latest acquisition we are positioned to maintain our growth momentum while reaching our next substantial goal of \$750 million in annual run-rate revenue.

In fact, we have a history of promises delivered. Just a year removed from being the only worldwide foundry with positive year over year growth (2009 vs. 2008), we exceeded our goal of \$500 million in annual revenue in 2010. And we are not ready to put the brakes on as we predict \$1 billion in annual revenue by 2014.

Amidst our rapid growth, we strive to continue to stay close to our customers. I believe the TowerJazz employees and management team are among the best in the world. Our combined knowledge, skills and ATTITUDE have enabled our growth by winning to the company a large and satisfied customer base, many of which are acknowledged leaders in their respective industries. We take pride

in such a strong and diverse customer base who trusts us to be their sole source provider for multiple solutions. It is an alignment and performance to our customers' needs that has enabled us to drive the results we have achieved.

We are in the #1 position of specialty foundries and we aim to build on our market and technology leadership in the coming months and years to not just maintain our leadership position, but to greatly widen the gap between us and #2. I look forward to communicating our goals, enhanced offerings and accomplishments as we continue to combine all our talents and skills to move forward on this journey.

TowerJazz Announces Design Star Awards Program (DSAP)



We recently announced our "Design Star Awards Program," a new partnership incentive program offered to independent design centers. This program encourages design centers to refer new customers and products to TowerJazz.

This will increase TowerJazz's IP portfolio, specifically increasing the number of specialty designs taped into our facilities. In turn, these design partners will receive points from TowerJazz on products and services ordered either by such design partners or their customers.

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Upcoming Events

SNUG

August 24, 2011
Shanghai, China

TowerJazz Global Symposium

August 26, 2011
Hsinchu, Taiwan

Semiconductor Ecosystem Summit

October 6, 2011
Santa Clara, California, USA

CDNLive

September 26, 2011
Tel Aviv, Israel

European Microwave Exhibit

October 11 – 13, 2011
Manchester, England

TowerJazz Global Symposium

November 2 – 3, 2011
Newport Beach, California, USA

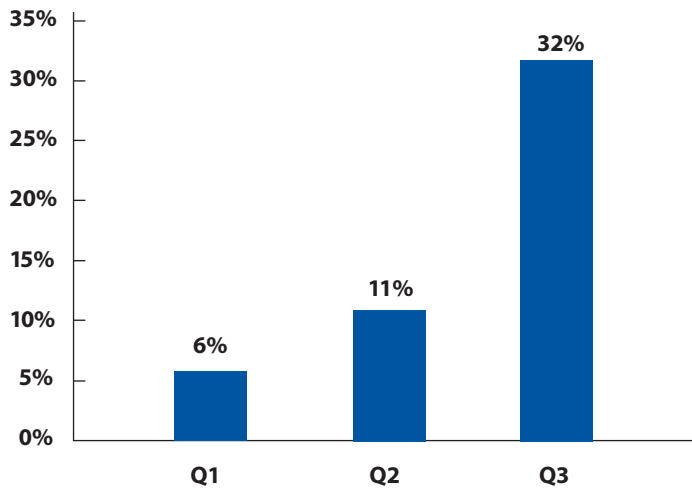
IEEE Comcas 2011

November 7 – 9, 2011
Tel Aviv, Israel

Financial Results

2nd Quarter

Year-over-Year Revenue Growth



Revenue

Q2 2011 » Record Revenues of \$139.7 million; sequential increase of 16%

Q3 2011 » mid range guidance of \$178 million; sequential increase of 27%

Profitability

Q2 2011 »

- EBITBA of \$54 million; up 30% year-over-year
- Net profit (Non-GAAP) at \$46 million; up 40% year-over-year, representing a net margin of 33%

Cash

Q2 2011 » Cash and short term deposits balance at quarter-end of \$139 million.

— [Click here for our Financial Results PR](#) —

* Based on company's mid-range guidance

Roundtable

Message from our Executives



*In this issue, we feature a message from **Ephie Koltin, Senior Vice President, Worldwide Operations**. He has served with TowerJazz since 1996 in various senior executive positions including fab management,*

business development, technology and process engineering.

We are proud of our continued efforts to increase manufacturing capacity and offer multi-fab sourcing on three continents. With the acquisition of the Micron fab in Japan, we doubled our internal capacity, strengthened our presence in the Asia-Pacific region, and moved closer to some of our major suppliers, enhancing our synergies and relationships while reducing costs. Currently we are manufacturing products for Micron in this facility and we have identified several process platforms internal to TowerJazz that we will transfer and qualify to maximize the future potential of this factory.

As a specialty foundry, we make it our business to work closely with our customers to support their changing requirements. We place considerable emphasis on achieving and maintaining a high standard of manufacturing quality. During the past years, we significantly expanded the capabilities of all our fabrication

sites and announced a capital investment on equipment to further expand our internal capacity. As part of our outstanding customer service, our Fab Integration Group, Reliability and Quality Assurance teams work closely with our Customer Support team and the Business Units to make certain we are aligned to respond quickly to process requirements, questions or issues our customers may have.

In addition, as part of our ongoing activity to preserve the environment, we continuously invest in recycling of our waste. During 2010, we reached a recycling rate above 95% for our water which is then returned to manufacturing or provided for agricultural use. We also collect certain chemicals and resell them for repeated use in other industries that do not require high grade. As the Israeli government is very active in environmental preservation, we have entered into an agreement for a significant amount of the electricity currently used in our Israel facilities to source from power plants using natural gas. Our future plans to expand these efforts include building a solar station utilizing the space on our rooftops.

We believe that our increased manufacturing scale, expanded addressable market and superior customer service further supports TowerJazz's position as the number one specialty foundry worldwide.



**World Headquarters in Migdal Haemek, Israel
Fab 1 and Fab 2**



USA Subsidiary, Jazz Semiconductor, in Newport Beach, California, USA — Fab 3



**The acquired Micron fab, now TowerJazz Japan.
Fab 4**

Getting to Know Us

Limor Silberberg



Customer Operational
 Section Head,
 Customer Support Group
 Migdal Haemek

Limor joined Tower in 2002. She has served in her current position since 2007; her previous position was Account Manager. She is a recipient of the TowerJazz CEO Beacon Award.

Q: Please tell us about your group and its mission. What are some of the challenges?

A: The 8 people in the MH group are responsible for the logistical, operational and business support for our customers. Our objective is to ensure they are satisfied by providing the best possible service. The main challenge is being an ambassador for both TowerJazz and our customers to bring about a win-win situation. We also have customer support teams in Newport Beach and Japan.

Q: What interests you about your position?

A: The opportunity to work with customers – each one is slightly different with unique needs requiring me to adapt while staying within company guidelines. It involves a lot of adjusting on both sides. I work with many different organizations and cultures, which is challenging but rewarding. At the end of the day, I can say I did a good job when I know customers are satisfied and glad they chose TowerJazz.

Q: Are you married; how long? Do you have kids?

A: I've been married for 12 years and have 4 kids. My husband and I grew up in the same kibbutz. After military service, we studied in the US and got married. My husband was recruited by Tower so we came back to Israel.

Q: What are some of your hobbies?

A: Reading books, painting and sports. I swim 4x/week.

Q: What is your favorite travel destination?

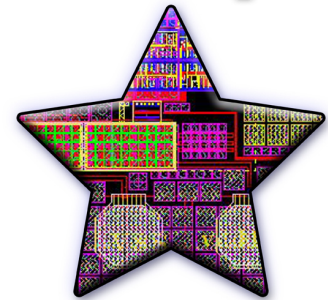
A: My family lives in Holland so we take the kids to visit every year. Also, here in Israel, there are many attractions we really enjoy.

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The design partners can redeem their points against mask-sets, MPWs or prototype lots. "Already a few partners have registered and we are actively looking to expand our partnerships with others, mainly through the sales channel," said Ori Galzur, TowerJazz Vice President of Design Center and PDK Development. "This is a win-win program, not only for our design partners and TowerJazz, but also for our mutual customers as they will benefit from best-in-class design and manufacturing services."

For more information, please send an email to: DSAP@towerjazz.com

DESIGN STAR Awards Program



TowerJazz Global Symposium

November 2-3, 2011 — Newport Beach, California, USA



The TowerJazz Global Symposium is being held this year November 2nd and 3rd at our Newport Beach facility. This is a must attend event as there will be something for everyone! Presentations will be provided on our industry leading technology and tools and industry experts will be speaking on topics ranging from mobile to optical to image sensors. With tabletop exhibits provided for sponsors, the event enables you to meet with potential partners in EDA, testing, IP and post processing services such as dicing and flip chip.

November 2nd is targeted for our Aerospace and Defense customers, where we will have leading experts in the aerospace industry as keynote speakers. November 3rd is open for all to attend. There will be different presen-

tations and speakers for each day, so there is potential to learn and network on both days.

Please join us for our 5th annual technology symposium!

Symposium Schedule

November 2, 2011

10:00 AM to 4 PM

Open to all US citizens

(passport will be required to attend Aerospace and Defense)

Presentation Topics:

- Corporate Update
- Aerospace and Division Overview
- CIS Process Development and Roadmap
- ROIC Technology Overview and Roadmap
- SiGe new Features, Performance and Roadmap
- RH Programs with Partners and Solutions
- MEMs Capabilities and Roadmap

November 3, 2011

8:30 AM to 4 PM

Presentation Topics:

- MEMs Capabilities and Roadmap
- Keynote, CEO Russell Ellwanger
- Overview and Roadmap of RF/High Performance Analog, Power Management, CMOS Image Sensor
- Invited guest speakers
- Networking with our partners, employees and executives

To register and for more details:
<http://towerjazz.com/events.html#tgs>

Press Releases

May 1, 2011 – August 8, 2011



TowerJazz Qualifies 0.13um SiGe Process at its Israeli Fab; Technology Successfully Transferred from its US Facility
8/3 » [read more](#)



TowerJazz Israel and Ramon Chips Deliver Advanced, Second Generation Radiation-Hardened Processor for Space Applications
8/1 » [read more](#)



TowerJazz to Present at the Oppenheimer 14th Annual Technology Conference in Boston
7/25 » [read more](#)



TowerJazz Sells its Holdings in HHSL for \$32 Million
7/7 » [read more](#)



SWID Selects TowerJazz as Strategic Foundry for High Performance RF
6/20 » [read more](#)



TowerJazz Announces Agreement with Tecnopolis del Sur to Assist with Research and Technological Development in Argentina
6/13 » [read more](#)



TowerJazz and DARPA Collaborate on Advanced SiGe HBT Development of up to 500GHz Devices
6/9 » [read more](#)



TowerJazz Nearly Doubles its 2010 Production Capacity with Micron's Fabrication Facility in Nishiwaki, Japan
6/4 » [read more](#)



TowerJazz Announces New Design Center Partnership Incentive Program
5/31 » [read more](#)



TowerJazz Announces Availability of Wireless Antenna Switch Silicon-on-Insulator (SOI) Process Technology
5/31 » [read more](#)



IME and TowerJazz Combine Expertise to Accelerate MEMS Device Industry Development
5/25 » [read more](#)



TowerJazz and Medigus Release Second Generation of World's Smallest Camera for Medical Disposal Endoscopic Devices
5/2 » [read more](#)

Featured TowerJazz News



[TowerJazz acquires Micron's fab in Japan »](#)

Acquisition nearly doubles its internal manufacturing capacity, increasing production by 60,000 wafers per month.
www.electronicsnews.com.au/news/towerjazz-acquires-microns-fab-in-japan



[TowerJazz to produce RF chips for China's SWID »](#)

Chinese fabless IC design company SWID has chosen TowerJazz's SiGe BiCMOS process to develop its latest high performance RF ICs for walkie-talkies. » www.globes.co.il/serveen/globes/docview.asp?did=1000655965&fid=1725



[TowerJazz assisting Tecnopolis del Sur with R&D in Argentina »](#)

TowerJazz has signed an agreement with Tecnopolis del Sur to help foster research and technological development in Argentina. » www.semiconductor-today.com/news_items/2011/JUNE/TOWERJAZZ_130611.html



[TowerJazz rolls SiGe process »](#)

TowerJazz has announced its latest SiGe process providing transistors with 240-GHz Ft and 260-GHz Fmax to address the needs for high-speed interfaces in communication protocols. » www.eetimes.com/electronics-news/4215486/TowerJazz-rolls-SiGe-process-