



IC Manufacturing for a Smart World

A circular icon with a silver border and a colorful, pixelated interior, resembling a microchip or a digital display.

Performance and Strategy

Russell Ellwanger, CEO

Disclaimers

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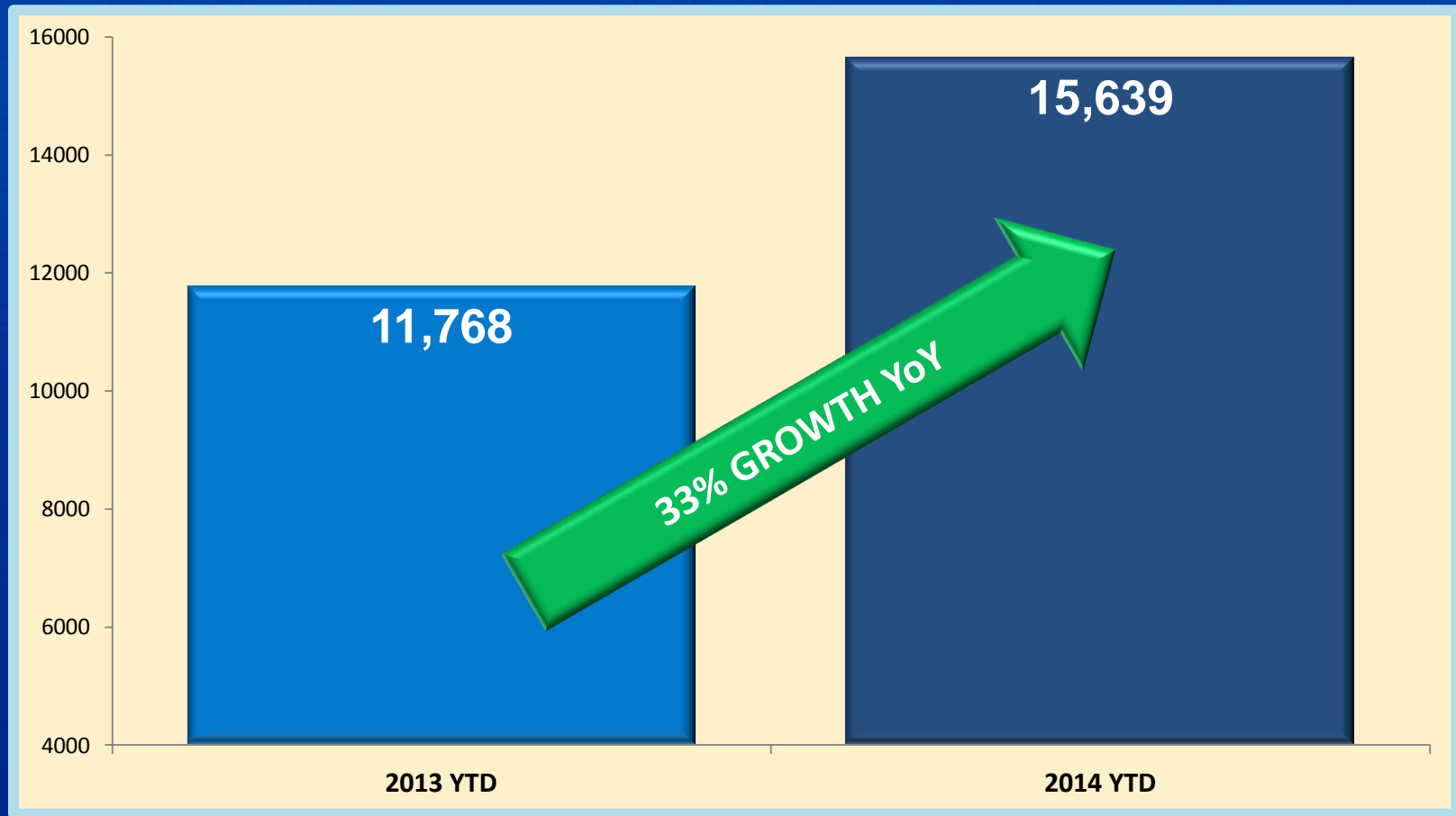
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Q3 2014 Financial Highlights

- **Q3 2014 Revenues of \$226 million**
 - 70% increase YoY
 - YTD revenues of \$593 million, up 60% YoY
 - Top 10 customers (w/o Micron & Panasonic) revenue growth of 23% Q/Q
 - Top customer growth is represented by all 5 business units
 - Organic (w/o Micron & Panasonic) top 10 customers YTD growth of 34%
 - Third quarter record design wins and masks sets entering the factories, with masks sets' growth of 30% year-over-year and 11% quarter-over-quarter

Customer Masks Entering Our Foundries

(new products entering the fabs)



Q3 2014 Financial Highlights

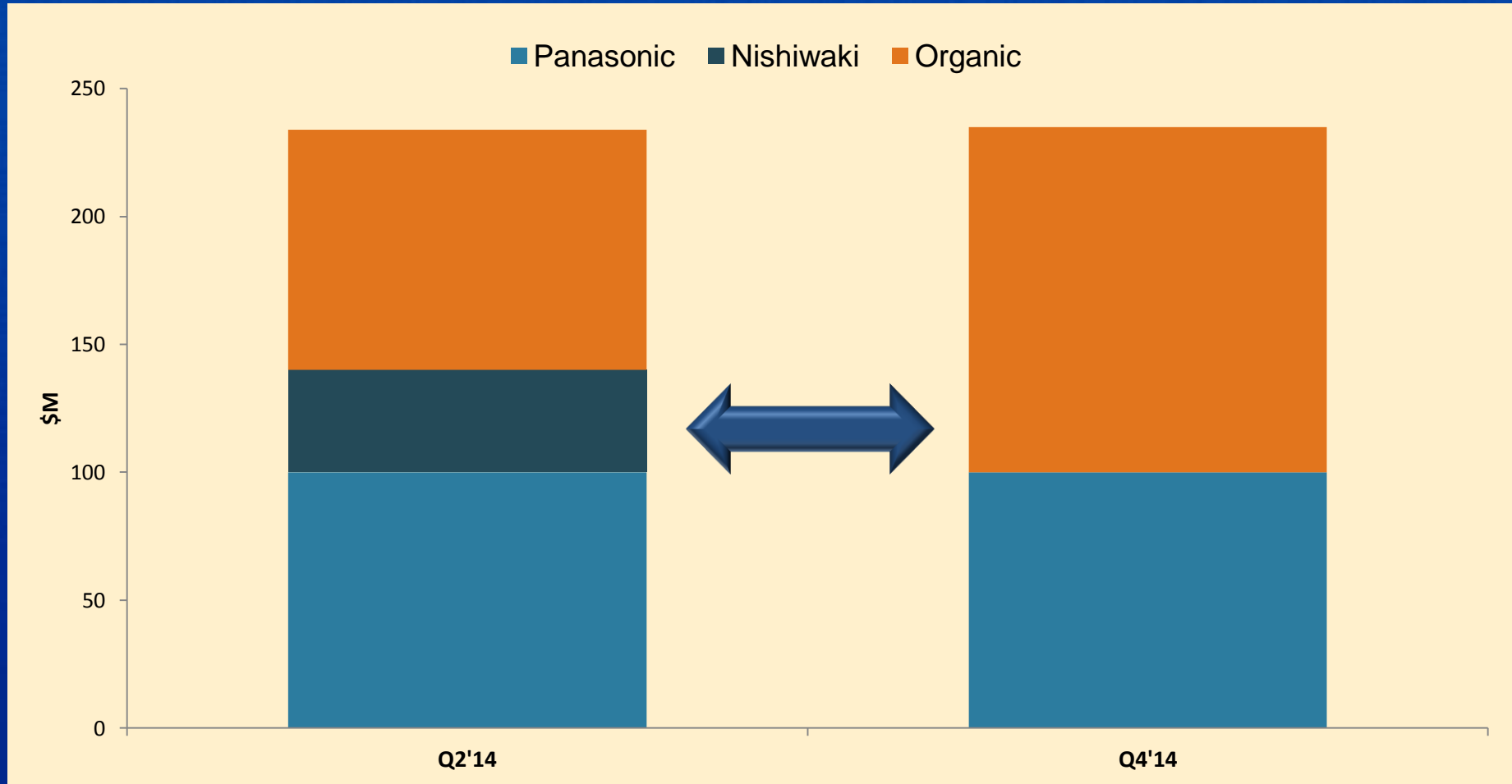
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■ Q4 2014 guidance

- Mid range guidance of \$235 million
 - 75% year over year growth
 - This forecast demonstrates full replacement of previous Nishiwaki revenues through non-Panasonic organic growth at higher margins

Organic Growth

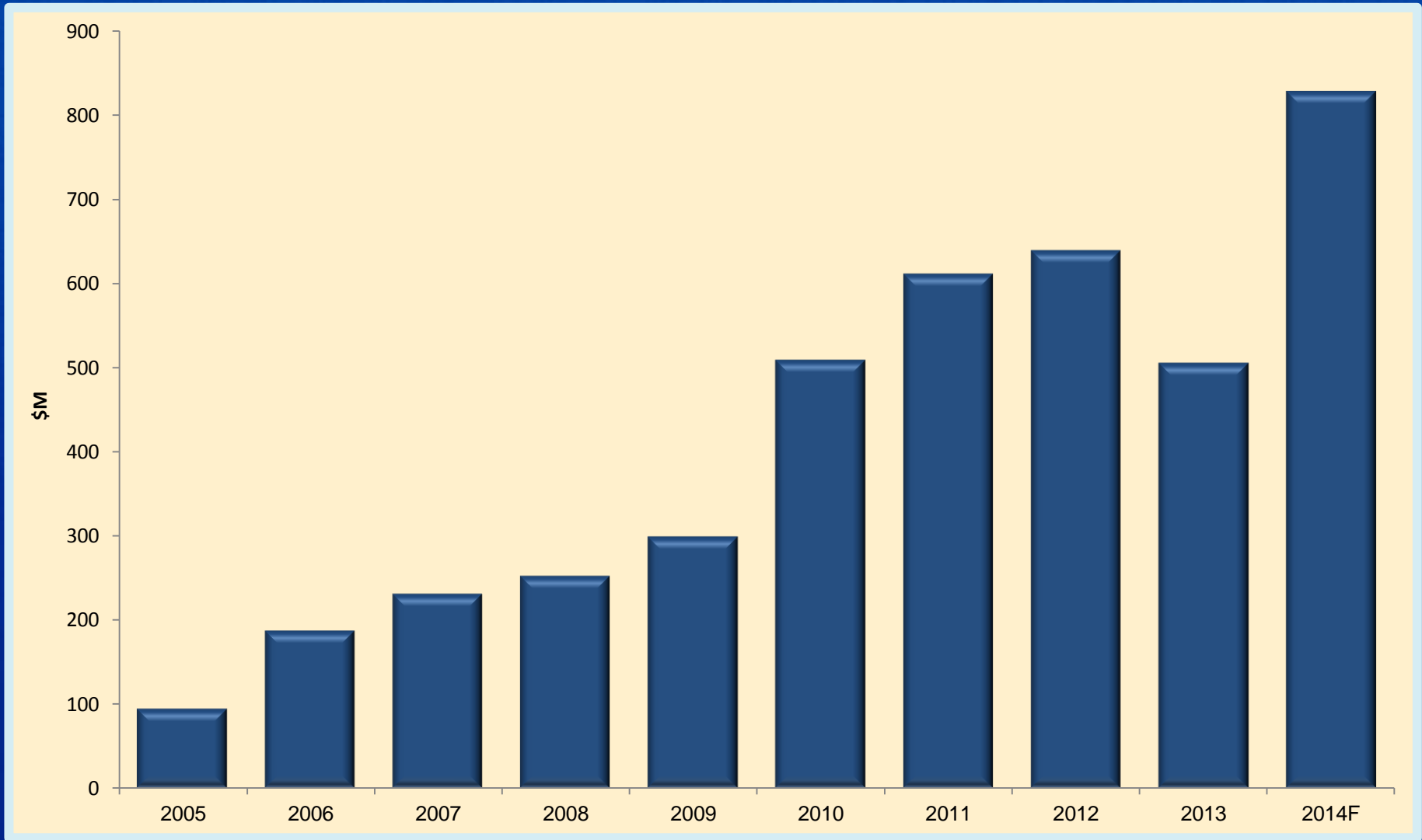


The \$40M + at factories with covered fixed costs

Q3 2014 Financial Highlights – Cont.

- **EBITDA** of \$37million in Q3'14, compared to \$21 million in Q3'13 and \$33M in Q2'14
- Non-GAAP net profit of \$31 million
 - 153% YoY increase as compared to \$12 million
- Strong **balance sheet** ratios
 - **Cash** as of September 30, 2014 at \$195M vs. \$123M as of December 31, 2013
 - \$118 million cash generated from operating activities YTD excluding interest payments of \$21 million

Annual revenues – 2005-2014*



*2014 forecast is based on Q4'14 mid range guidance

What do we do?

What Do We Do? Pure Play Foundry

TowerJazz
WW Design Center



Specialty Analog Foundry

Fabless

QUALCOMM

SKYWORKS

RFMD



IDM

SAMSUNG

IOR

VISHAY



TEXAS
INSTRUMENTS

TOWERJAZZ
Foundry Fab



UMC

Processed
Wafer

Assembly
& Test



Packaged
Device

Digital "Moore's law"
Foundries

Internal Fab

What Do We Do? Pure Play Foundry



Global Footprint



> 2 million wafers per year (8" equivalent) and growing

All major flows are multi region qualified



A Revolutionary Foundry Concept

TowerJazz Announces Completion and Kick-off of its Joint Venture with Panasonic Corporation

*Joint Venture to include three Semiconductor Factories in Japan,
Manufacturing of Panasonic and Additional Products*

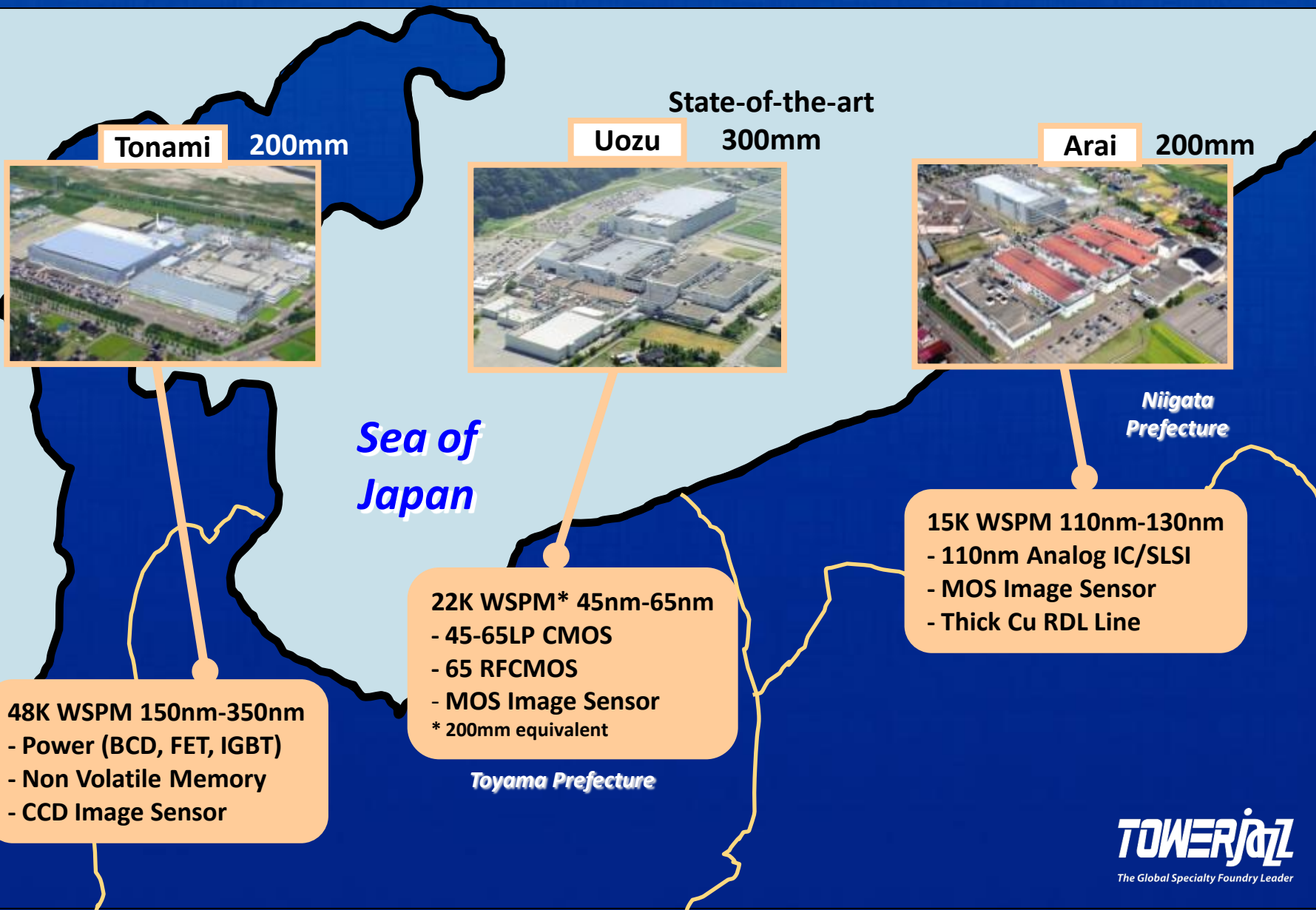
*Will Enable Greater than \$900 Million Revenue Annual Run Rate
Commencing Q2 2014, and Japanese Operations Consolidation
which will Reduce Approximately \$130 Million of Present Annualized
Fixed Cost*

(April 1, 2014)

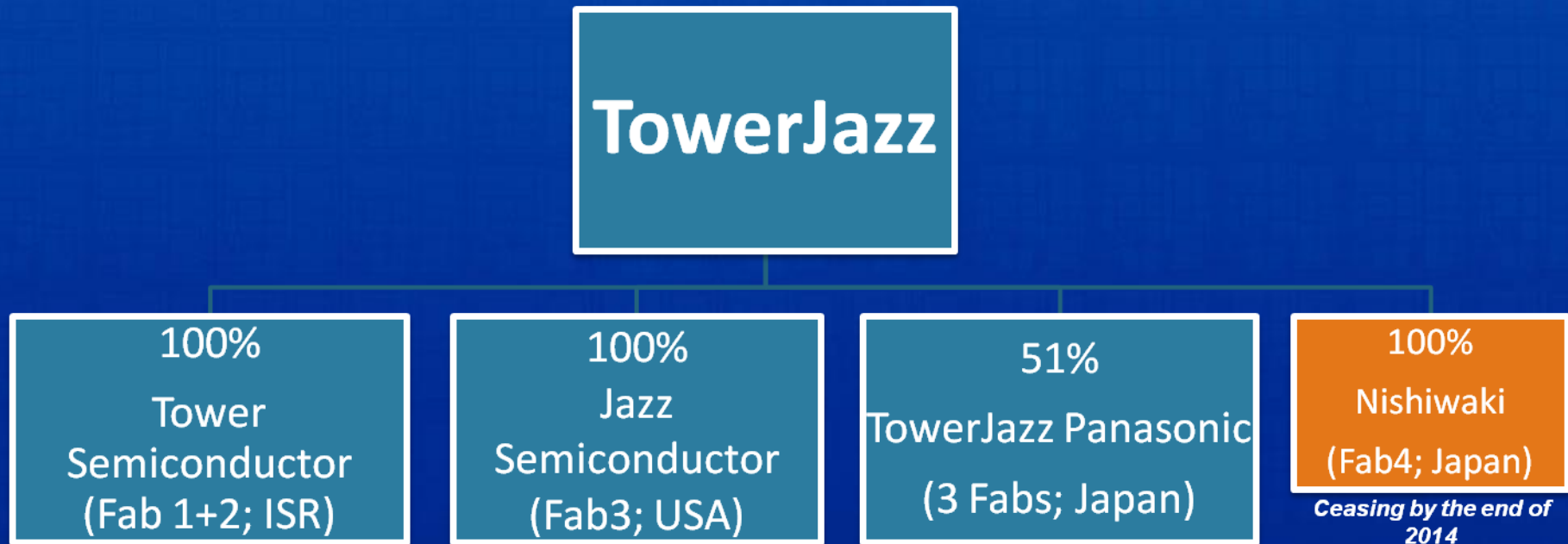
Highlights of the Deal

- TowerJazz to hold 51% of the TowerJazz Panasonic Semiconductor Company (TPSCo)
- Provides TowerJazz with incremental annual revenues of approximately \$400 million, can vary quarterly from approximately \$90-105 million
- Substantial capacity for additional foundry business growth
- Added available capacity of about 1 million wafers per year (8 inch equivalent) in three manufacturing facilities in Japan
- Panasonic committed to acquire its products from TPSCo for a period of at least 5 years of volume production
- **Complimentary capabilities creating excellent synergy:** expanding TowerJazz leadership to include a state of the art 300 mm analog technology fab including best of class 65nm CMOS image sensor dark current and quantum efficiency performance and additional 45 nm digital technology

TowerJazz Panasonic Plants Overview



Corporate Ownership Structure



Core TowerJazz Analog Specialty Offering

RF HPA



TOWERJAZZ

IC Manufacturing for a Smart World

TowerJazz Core Business Units

Flexibility. Experience. Commitment.

Our superior technology and design enablement capabilities (models, PDKs, IP and design services) allow our customers to bring high performance products to the market quickly.

CMOS IMAGER



TOPS

Transfer, Optimization
and development Process
Services



SPACE DEFENSE



POWER



MIXED-SIGNAL/ CMOS



RF/HPA Growth Driver: Our Solutions

Wireless Infrastructure

SiGe BiCMOS and RF CMOS

- Mature technologies for high reliability
- Wide range of options for integration
- Design Enablement fast time-to-market

Smartphones and Tablets

RF Front-End Technology: SOI / SiGe PA

- SOI for Antenna Switch
- SiGe Power Amplifier
- SOI/MEMS Antenna Tuning



High Speed Data Distribution

High Performance SiGe

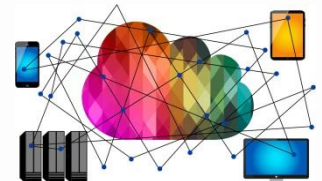
- Strong market presence
- Best SiGe performance
- Strong roadmap for SiGe and Photonics



Internet-of-things

Sensor, WiFi, and Analog Technology

- WiFi Front-End Module
- C-BiCMOS for Analog
- MEMS for Sensors



Best-in-class SiGe, RF CMOS, RF models and Design Enablement

Power Markets: Our Solutions

Flat Panel TV / Display / Audio

Driving the need for power components

- 0.35um modular BCD
- Low Rdson for small die
- Design enablement fast time-to-market



Automotive and Communication

Driving the need for more integrated PMICs

- Feature-rich 0.18um modular BCD
- Embedded NVM (no mask adder)
- High digital density



LED Lighting

Replacing commercial lighting

- 700V Production Technology
- Low mask count for cost-sensitive market
- Extensions to 900V to cover all standards



Industrial and Infrastructure

Growing the motor-driver market

- High-side 700V platform
- Gate driver for IGBT
- Will mirror growth of IGBT / Motor Drivers



Modular power management platform with best-in class performance and design enablement (scalable models, PDK, IP and Design Services)

Specialty CIS Growth Markets

Professional Photography

- Best in class pixels
- Low dark current
- Accurate stitching



X-Ray

- Excellent flexible pixels
- Stitching for 1 DPW
- Very high yields



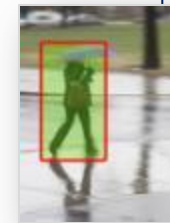
Industrial

- Special fast pixels
- Unique features: Bathtub
- Network of leading customers



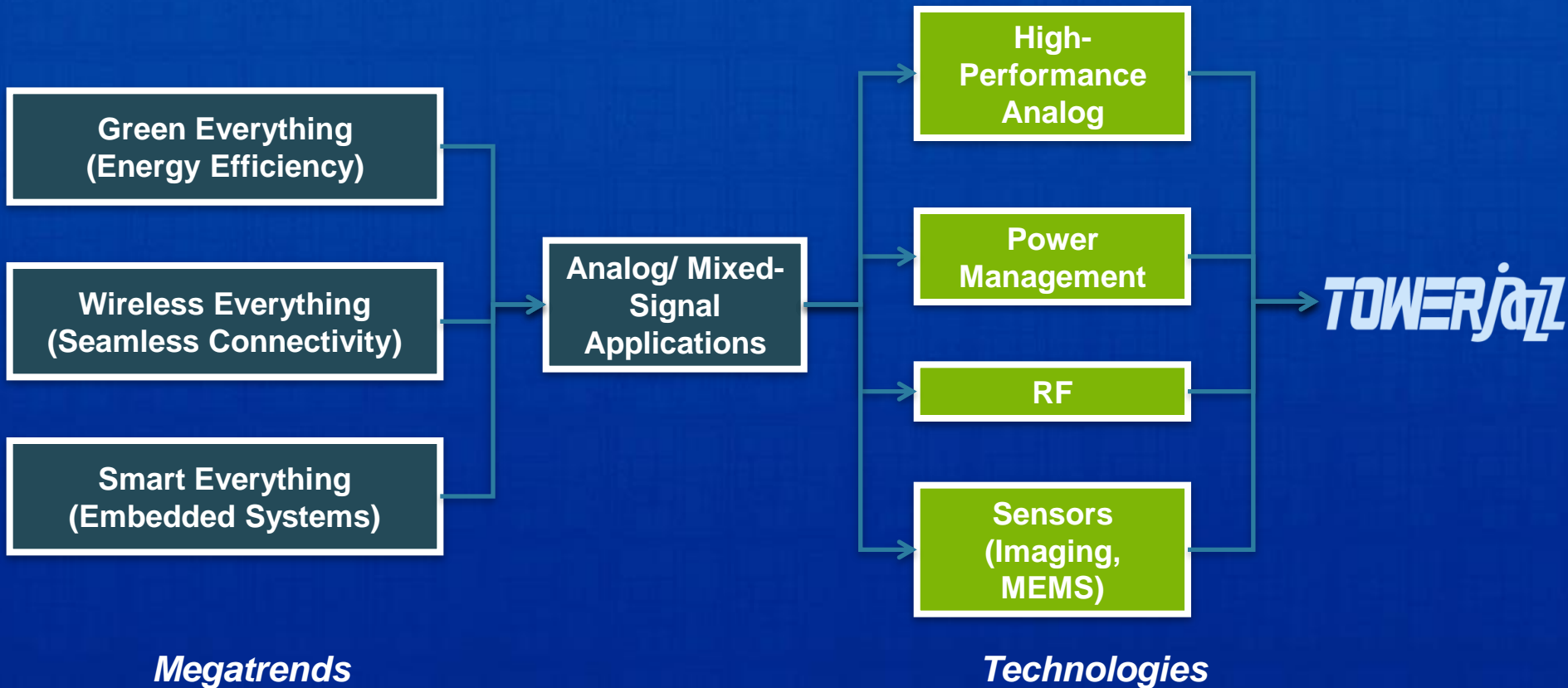
Automotive and 3D

- Unique near IR sensitive pixels
- High QE
- Very fast pixels
- High DR



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

TowerJazz is Well Positioned To Benefit from Key Megatrends



Key megatrends driving rapid growth in Analog/Mixed-Signal applications



TowerJazz is well positioned to ride the megatrends through diversified leading edge RF-AMS technologies

Analog Market Growth Rate Outpaces Digital

	Segment	2009 (\$ Mil) (TowerJazz Born)	2015 (\$Mil)	Y-to-Y Growth Rate
	Total Semiconductor	230,194	400,806	74%
Above average growth ↑	Sensors/Actuators	3,970	9,832	148%
	Optical	17,463	35,988	106%
	Discretes	15,454	31,253	102%
	Analog	36,073	72,113	100%
Below average growth ↓	Microcomponents	48,463	80,243	66%
	Memory	44,189	73,068	65%
	Logic	64,582	98,309	52%

Sources: Nikkei, iSuppli, PwC

TowerJazz end market TAM, SAM is large and fast growing

"History is a relentless master. It has no present, only the past rushing into the future. To try to hold fast is to be swept aside."

- John F. Kennedy

One cannot stand still and reside in the present. The present does not exist in our mind - we can think only of what is past or what is yet to come. If we focus on the past, history will indeed become our master. However, if we grow from experience - building upon successes and restarting/replacing/recreating models where we failed, we are in a position to be the master of our future.

Another Kennedy quote "Leadership and learning are indispensable to each other," also strikes a strong and beautiful chord of truth, both on an individual and on a corporate level.

We depend on your continuous input as the most critical part of our leadership/ learning process.

Are all Exits, Entrances? Are all Entrances, Exits?



The Solution

To solve the riddle, the person must either go through the door marked,

- "No Exit" with no intent to exit, or through the door marked,
- "No Entrance" with no intent to enter.

In this manner, the riddle is solvable solely depending on one's intent.

Growing requires a combination of all three

1. Exiting the old and entering the new
2. Being pleased with our activities, not wishing to change our core values and customer partnered achievements, but indeed wishing to add to our core foundation to become stronger and enable greater partnership
3. Identifying and stopping processes/ procedures/activities that are non-accretive to our goals and values, then urgently focusing and determining which new door to enter—and indeed, entering it

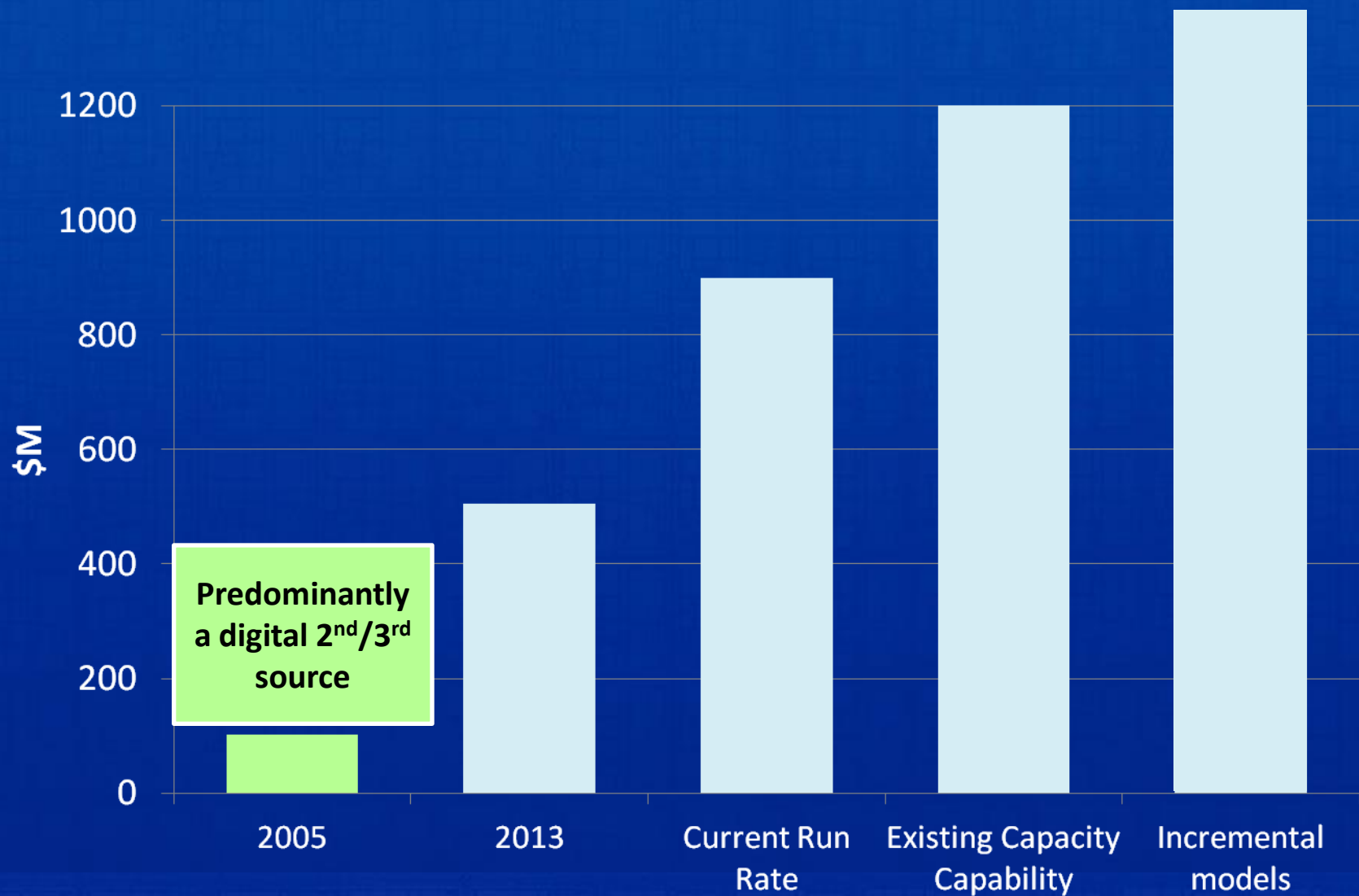
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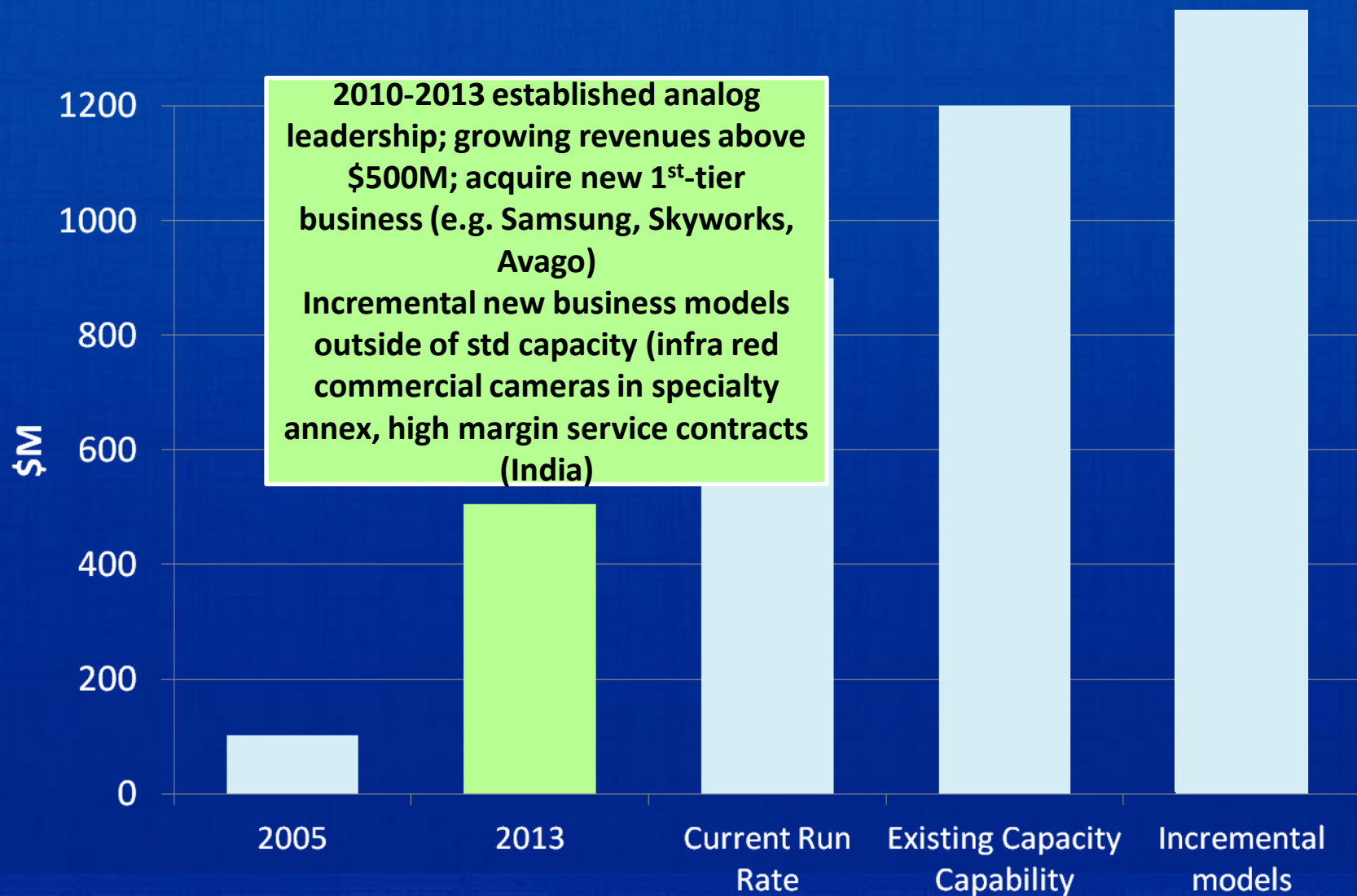
These three routes are most successful when driven through and aligned with valued customer input. We thank you for your partnership and enabling us to constantly improve and grow.

History and Horizon

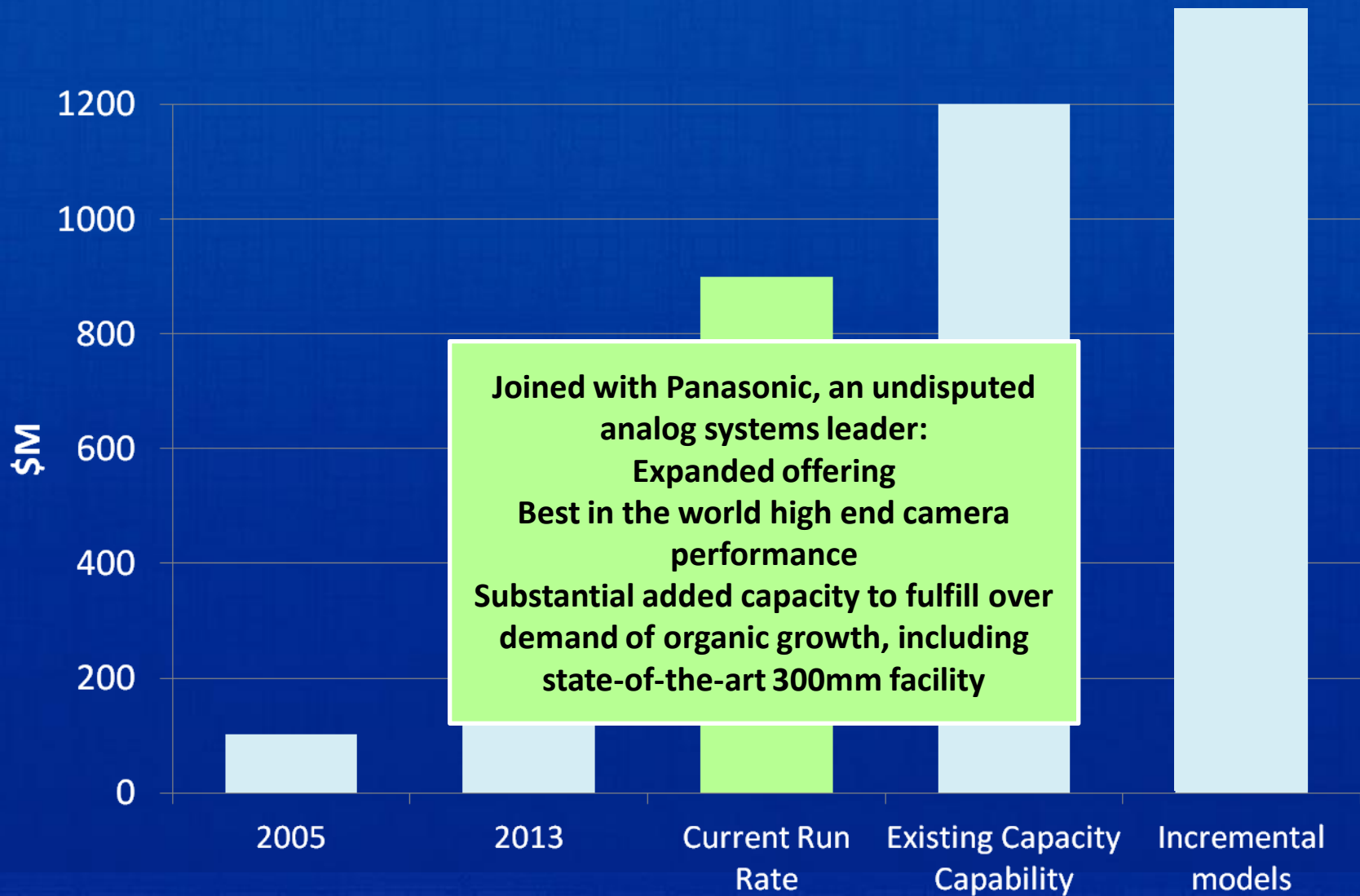
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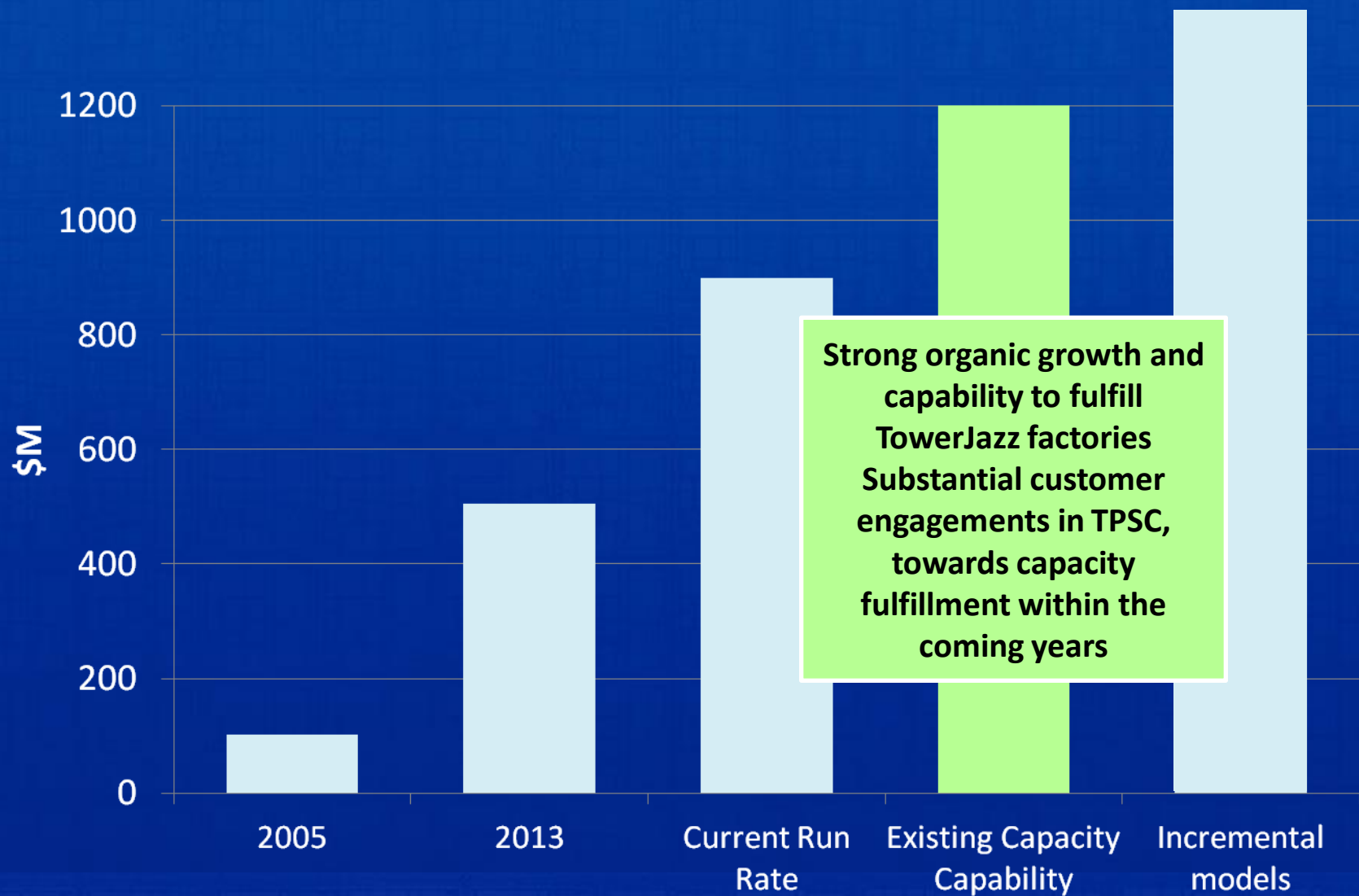
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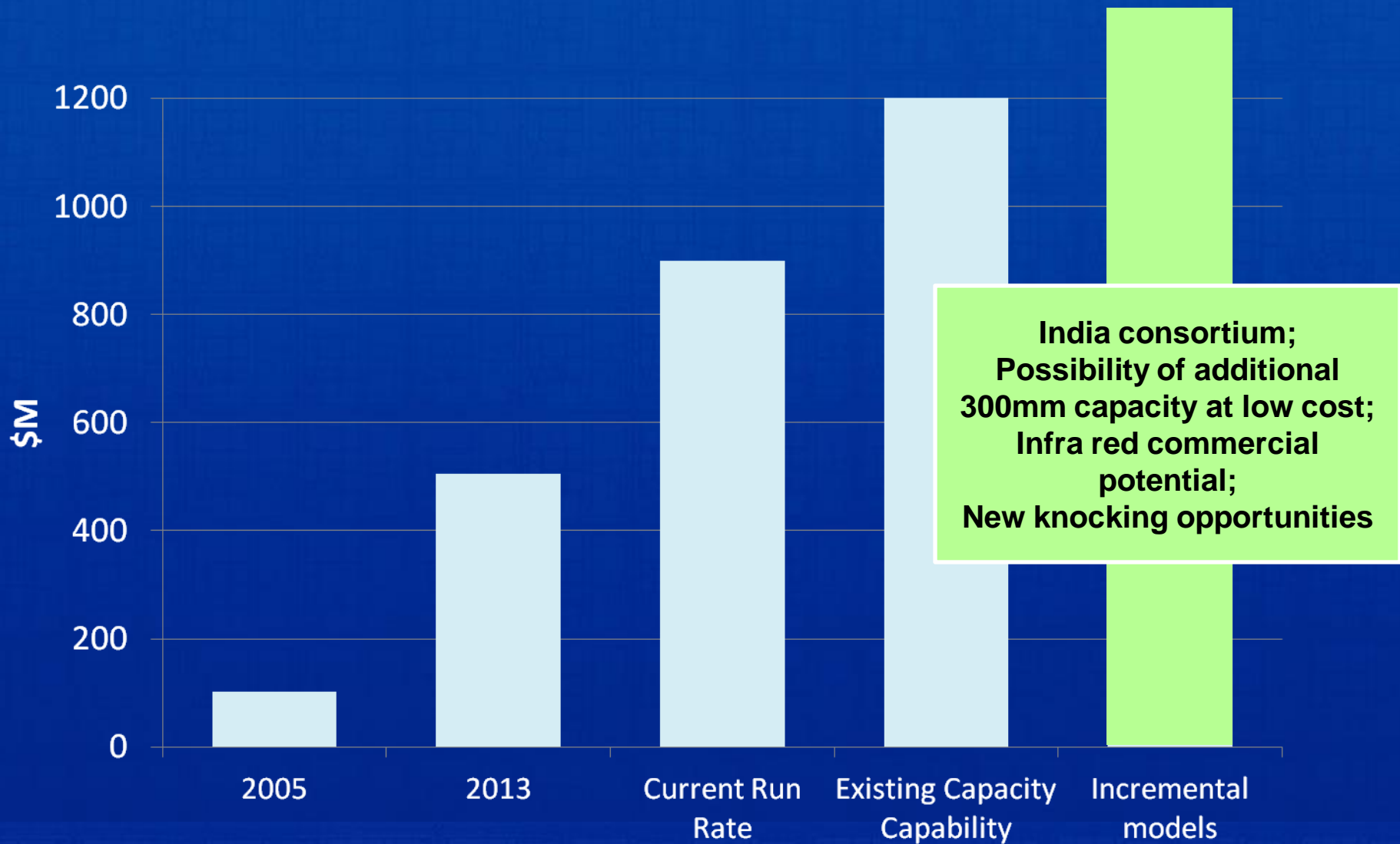
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History and Horizon



TOWERjazz

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