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**Operator**

Ladies and gentlemen, thank you for standing by. Welcome to the Tower Semiconductor Fourth Quarter and Year End 2009 Results Conference Call. All participants are currently present in a listen-only mode. Following management's prepared statements, instructions will be given for the question-and-answer session. (Operator Instructions). As a reminder, this conference is being recorded February 24th, 2010. Joining us today are Mr. Russell Ellwanger, Tower's CEO, and Mr. Oren Shirazi, CFO.

I would like to turn the call over to Noit Levi, Director of Investor Relations and Public Communications. Ms. Levi, please go ahead.

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**Noit Levi - Director - IR and Public Communications**

Thank you and welcome Tower Semiconductor's Financial Results Conference Call for the fourth quarter and fiscal year 2009. Joining us today are Mr. Russell Ellwanger, TowerJazz CEO, and Mr. Oren Shirazi, TowerJazz CFO. Russell will begin with remarks about the quarter and year highlights followed by Oren with an analysis of our fourth quarter and full year financial results. After management's prepared remarks, we will begin the question-and-answer session.

Before we begin, I would like to remind you that some statements made during this call may be forward-looking and are subject to uncertainties and risk factors that could cause actual results to be different from those currently expected. These uncertainties and risk factors are fully disclosed in our Form 20-F, F-4, F-3, and 6-K filed with the Securities and Exchange Commission as well as filings with the Israel Securities Authorities. They are also available on our website. TowerJazz assumes no obligation to update any such forward-looking statements.

Now, I'd like to turn the call to our CEO, Russell Ellwanger. Russell, please go ahead.

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**Russell Ellwanger - CEO**

In the past months, we presented at several investor conferences and have had numerous interactions with analysts, shareholders and potential shareholders. There was a general and specific excitement over the accomplishments, how we singularly in the foundry landscape were able to grow revenue double digit and vastly improve bottom line Ebidta and that we could target a mid double digit growth for 2010. But there was as well a strong query regarding how can we, with fabrication sites that do not contain bleeding edge technology node equipment, maintain sustainability against those several foundries which do invest multi-billions to either stay in front of or chase the waves of digital technology nodes. Hence I will begin this call by defining our business model and how we as a specialty analog foundry may maintain long term differentiation and growth within a framework of low capital investment and high return on assets.

I will then review our 2009 major accomplishments and specifically, how it firmly places us in the position of a specialty foundry leader as verified by our Q4 results. I will end by discussing our Q1 guidance as well as our major targets for 2010 as a whole.

Oren will then present detailed Q4 financial results and yearly 2009 financial results.

Later I will provide a summary and will open the call for questions.

So with your indulgence, I will describe our business focus.

Semiconductor innovation improves either: (1) our ability to process information in a given sq inch of silicon through digital transistor scaling and new software algorithms. This is the focus and business model of the large digital foundries and requires continual, very large investments, or (2) our ability to communicate, sense, power, hear, see, display information through specialty semiconductor development. This is our model and the value is in innovation within existing leading edge technology nodes. This is the model of TowerJazz.

For the digital scaling, plain vanilla CMOS foundry business, large foundries (TSMC, UMC and now, probably, GlobalFoundries ) are the main players. They possess deeply scaled down technologies and are able to satisfy most market demands in the field of pure logic products. Being a second source to the plain vanilla CMOS may help to utilize the Fab capacity but is hardly a good long-term business. Besides the need of extremely high investments to launch the shrunk technologies (65nm and below), being a second source limits the wafer price margins and thus possible profits.

The alternative are specialty semiconductor markets, what some refer to as niches markets, where innovative device solutions, introduced into a moderately scaled down CMOS core, are of great demand. This extends the use of 0.18/0.13um technologies in the fields where enhanced functionality is dominant over the incentive to shrink the lateral geometry to enable price decrease, and/or where enhanced reliability verified in mature older technologies is critical (such as automotive, space, military, certain medical applications and the like). In today's semiconductor market, the choice of "niches" comes down to power management (PM) technologies, RFCMOS/mixed signal, CMOS with different embedded sensors (CMOS image sensors; visible and X-ray, biological sensing arrays, etc) and SoC technologies qualified for enhanced stability to external influences.

Availability of high-voltage transistors, bipolar devices, low-cost embedded memories (such as our 5V Y-Flash) and special back-end elements (thick metals, decoupling high density MIM capacitors, etc.) are the distinguishers of the TowerJazz PM technologies. High operation voltages (5V is standard) make deeply shrunk CMOS less challenging for PM applications. The RFCMOS and SiGe BiCMOS TowerJazz SiGe technologies allow operation at frequencies up to 300GHz and include zero cost embedded NVM (3.3V Y-Flash and C-Flash) as an additional specialty feature. Transfer of corresponding products to more advanced technology nodes than 0.18/0.13um in many cases faces design problems related to power consumption. TowerJazz CMOS image sensors fabricated by the stitching technology compete in the field of large size X-ray matrices where scaling of the core CMOS technology is minimally important, while low dark currents and noises are critical. Special applications are supported by radiation hard microFlash 0.18um embedded memory technology featuring enhanced reliability, security and radiation hardness. Embedded memories and especially embedded memories with enhanced reliability are several technology nodes behind the scaling mainstream.

Gordon Moore of Intel fame predicted that the number of transistors that can be placed in an integrated circuit will double every two years.... This is commonly known as Moores law and relies upon transistor scaling. BUT in the business of a specialty foundry, there is "More than Moore."

We are the leaders in specialty semiconductor technology and as such drive innovation that does not solely rely on transistor scaling, but on engineering solutions to the problems of interfacing digital systems to the real world through a vast array of specialty semiconductors such as wireless RF, high voltage and analog, imaging and other sensor and communication chips. Innovation in specialty semiconductors is fundamentally different than innovation in the digital world since it does not rely on a predictable scaling of the transistor as driven by Moore's law, but rather on a deep understanding of problems faced in each unique application, coupled with bursts of creativity that enables breakthrough solutions to these problems by engineering inside the silicon rather than simply scaling the silicon devices. This is where the excitement resides, and why our name TowerJazz is demonstrative of the jazzy work environment we have throughout the company

#### **So now to the year in review.**

As you all know 2009 began with the strongest non-supply-demand related worldwide semi and foundry downturn in the past decade. We had completed a very strategic merger with Jazz Technologies at the end of Q3 2008 which enabled us to enter the downturn with the ability to focus on activities for growth rather than cost cutting for survival.

Fast forwarding a year, we finished 2009 with fourth quarter revenue, for the first time, breaking the \$100 million dollar mark., the highest quarterly EBITDA in the company history and the best ever cash position since the initial IPO in 1994 and the first time of GAAP gross profit since 2000. Additionally, as of the first week of 2009, we had a new Chairman of the board, Mr. Amir Elstien. Amir has silicon in veins, having started as an Intel engineer developing into an Intel business and operational executive and then being an executive director/deputy CEO at Teva Pharmaceutical. His background has allowed Amir to bring incremental, value add strategic thought into the company and strategic process to the board and he has become a wonderful partner to me. We, indeed, leave 2009 a different company than we entered it.

Just to demonstrate our progress, fourth quarter 2008, the first quarter post merger, was approximately \$78 million in revenue with an EBITDA of \$3 million. The activities of the past year allowed us to grow the q4'09 \$22M incremental revenue growth almost entirely into EBITDA profit.

For the year we realized over 300 design-wins which were split between our different business units with 86 in advanced RF, 44 in image sensors, 48 in power management, 58 in A&D and 30 in TOPS. All of these design-wins falling within our specialty model and represent 86% of our total design-wins. In terms of technology, Core CMOS realized 42 design wins, representing 14% of our total design-wins. To enable our strategy of being a full solution provider for our customers, we continue to manufacture a small percentage of core CMOS for their complimentary chip needs.

In 2005, when Oren and I first began working together at Tower, the product mix was less than 30 % specialty and 70 % CMOS. We finished 2009 at 80% specialty and 20% CMOS. 2005 was a 90M wafer revenue. Hence, over this time period we shifted from 30% specialty to 80% or in dollars considering a 2005 \$90M wafer revenue, from about \$26M to about \$250M in specialty revenue. Which of course is a higher margin revenue with great customer stickiness.

**RF/HPA**

Our RF business continues to grow rapidly with strong revenue momentum in the areas of radio transceivers for cell phones, digital TV tuners for set top boxes and large-screen TVs, and high-speed networking components. Among these markets, the TV tuner space has seen the strongest momentum in new design wins in 2009. This is where our SiGe and RF CMOS technology and its accurate models, can provide a shorter time-to-market, with better power and noise advantage over competing solutions. In 2009, we announced several new products from a sampling of our customers.

These include:

- Xceive for a tuner built in our 0.18-micron SiGe process adopted by LG for LCD and Plasma TVs;
- SWID for a tuner in our 0.35-micron SiGe process- targeting set top boxes in satellite receivers; and
- Entropic Communications for a tuner built in our 0.18um RF CMOS process.

In addition to these established markets, we are seeing strong design win momentum in emerging applications where SiGe and specialty silicon solutions are providing a lower cost alternative to GaAs ICs. These applications include the front-end-module of a cell phone, which is typically comprised of a controller, power amplifier, antenna switch and filters. Within this module, TowerJazz is today the leading silicon foundry with an estimated market share of over 50% of silicon IC content together with our two largest customers, Skyworks and RFMD.

In the area of power amplifiers, in 2009 we announced new technology such as our Deep-Silicon-Via process which is a less expensive method of improving efficiency of cell phone power amplifiers relative to use of a Through-Wafer-Via as done in GaAs.

These advancements have lead to a number of design wins such as the one announced with VT Silicon who selected TowerJazz for the manufacture of the world's first fully integrated 4G RF Front-end IC.

At the higher performance end, throughout 2009, we continued to see strength in optical physical layer components such as TIA, SerDes and Laser Drivers where we hold a strong market share, which we estimate at more than 25% for data rates of 10 Gb/s and higher. We are increasingly winning new designs in emerging high-frequency applications such as automotive radar and phased array radar.

In the area of phased array radar, for example, together with UCSD, we announced a single-chip phased-array Ku-band (15GHz) radar built in our SiGe technology replacing 8 GaAs components. In the area of satellite communications, we announced a SiGe design win with Phasor Solutions for a phased array antenna used to link broadband satellite service to moving trains. To facilitate the transition from GaAs to SiGe in these high-frequency applications, we also announced a partnership with Agilent Technologies and released a SiGe design kit in their popular ADS platform often used by GaAs designers now also used to design in our SiGe technology.

Within the company capacity/technical optimizations, we have gained great traction in having transferred the SiGe 0.13um process to MH to take advantage of MH's backend CU capability in building a fully differentiated next gen SiGe process. We have received our first design win here, targeting \$20M+ year and have 4 other active opportunities with a total customer pull of above \$130M per year.

**A&D**

Our USA Aerospace and Defense Division saw in excess of 40% year-over-year revenue growth in 2009, outside of one particular large customer from which we have seen a decline in orders due to reduced defense replenishment needs at the current time.

The strong growth in new business is fueled by design wins such as those announced in the fourth quarter with General Dynamics for a Large Die manufacturing program and NASA through Adstant for a SerDes IC destined for a Lunar mission. Earlier in 2009 we announced the availability of a Direct shuttle program where US Aerospace and Defense companies can have access to onshore fabrication of all our popular technologies including 200GHz SiGe, RF CMOS, and SOI through a low-cost prototyping program run directly with the factory without an intermediate aggregator as is typical with other US foundries.

**Power Management**

The year of 2009 was also a very intensive year for TowerJazz in the Power Management area. As we have previously discussed, in the past three years we had developed , a very cost effective Power Management platform, based on 0.18um technology node. The acquisition of Jazz Semiconductor in September 2008 gave a major boost to our Power Management plans since Jazz already had a qualified Power platform running in production on 0.5um and 0.35um technology node, and, like Tower, developed a cost effective Power platform on 0.25um and 0.18um technology. It was therefore quite obvious that combining the two 0.18um based platforms into one, taking the best part of each, would provide the best of breed Power platform, and indeed, in the past year we have integrated the two platforms into one. We have subsequently seen tremendous traction in the form of design wins and agreements, for development with major customers.

The TowerJazz 0.18um Power Management platform is a very cost effective one. It consists of the basic SL35PM 5V platform with LDMOS devices supporting voltages of up to 60V with very competitive R<sub>ds(on)</sub> values, having only 20 photo layers for 3 metals. In addition, it contains scalable LDMOS devices that provide the designer with the exact high-voltage transistor he needs with very accurate modes. The most unique and powerful addition to this platform is our internally invented non-volatile solution, called Y-Flash, which was recently announced. This solution is unique in the industry since it has a very small cell size (3 microns square),



more than order of magnitude smaller than any other solution in the industry, with a zero mask adder, thus, capable of true support of Digital Power Management.

For Digital Power Management, the addition of only five photo masks allows the use of the full 0.18um platform, that includes all the rich Digital and Analog IPs of TowerJazz as well as third party's IPs. To allow for a true SoC or one chip solution for Digital Power Management, there is a need for large non-volatile memory modules for code storage that will not require additional masks in order to keep the solution cost effective. Our Y-Flash is the winning solution for such applications, and enabled us to acquire Intersil as a customer for the 0.18um Power Management platform. This is a truly major win for Tower with an easy potential of over 100,000 wafers per year for TowerJazz, just from this platform.

Our platform has also seen significant traction in Korea, since we opened our Korean sales and application office in the beginning of the year. Since then, we have won contracts and design wins on our Power Management platform with the largest fabless company in Korea, as well as with C&S that specializes in Power Management devices for automotive applications, with DongWoon and with many others – most of them having LG and Samsung as their end customers.

Our target markets in Korea are mainly LED drivers and LCD PM ICs for the very fast growing LCD flat panel screen market, motor drivers for office- that is printers and scanners, and automotive applications and, LED lighting – an area expected to be the fastest growing IC market due to "green" initiatives supported by governmental drives. This market requires a 700V platform to support AC to DC 240V conversion. For the later application, last year we signed an agreement with two Korean companies, GrandTek and SemiHow for process development and IC design on this 700V platform. We are happy to say that we are exceeding our goals and already introduced the first devices of 700V. We therefore expect to see products in qualification by the end of this year. We expect multiple hundreds millions of revenue dollars by 2012 from the Korean Power Management market.

We believe that TowerJazz is now considered by all as one of the two leading foundries in the Power Management area. With the addition of the 700V platform, will expect to become the leading foundry. This fits very well into TowerJazz's overall goal of being the leading specialty foundry worldwide, by being number one at each and every specialty application that TowerJazz has chosen to excel at.

#### CIS

Our activity in the CMOS image sensor area in 2009 has been very intensive and fruitful.

We have continued our Joint Development program with our lead customer in the high end cinematography camera area, ramping two different products to production and developing a very high end full frame product, using our patented stitching technology. This product we aim to be ramped into production towards the second half of 2010. The pixels developed in this activity have leading performance and the cameras using them are truly breakthrough products in the industry.

We continued our investment in the development in the high end, high margin sensors area, introducing new technologies such as Via Wave Guides (to funnel the light into the pixels and prevent shading) that we hope to be in production in the second half of the year. We also see much potential from the recently announced agreement with Soitec, the leading supplier of SOI wafers, on developing, marketing and sale of Backside Illuminated sensors, and we already see tremendous interest from our customers. Backside illuminated sensors are expected to be prototyped early next year.

In the medical front, during 2009, we developed, together with Medigus, an Israeli medical company, the smallest camera in the world for disposable endoscopic applications. The sensor sizes only 0.7mm by 0.7mm, the size of a grain of salt, and has only four wiring pads. The disposable endoscopic camera application is very exciting since the market size becomes very large, as the number of medical endoscopic procedures continues to grow and Medigus already recently announced its first contract with a medical equipment company for these cameras. This is potentially a great, very high margin revenue stream for TowerJazz going forward.

The Joint Venture with CMT for medical CMOS based flat panels, based on large sensors (as large as 5"x6" – one die per wafer) is moving well and the first prototype of a full detector (silicon, scintillator, electronic boards, SW and mechanical case) based on such silicon sensors is due next month in customer prototyping quantities, with several customers already lined up for its use in their systems. The acquisition of CMT last year by Thales, a large French conglomerate, gave a strong boost and support to this project and strengthened the partnership. We expect the JV to start production of commercial detectors by the end of the year.

In general, we see a continuous growth in the medical and dental CMOS based sensor market and TowerJazz continues to maintain its leadership in this area- from both a technology and market share standpoint.

We had solid growth last year, which continues into this year in the large sensors for X-Ray applications using our patented stitching technology and low noise pixels on our 0.18um, 8" wafers platform.



### **Transfer Optimization and Process Service (TOPS)**

Throughout 2009 our strategy and focus has been to focus on both higher volume deals and joint development deals. At each Fab, we won higher volume deals. We won process transfers with high wafers volume for fab1 - Siliconix new generations, in fab2 -IR new generations, and fab3 – A very large IDM whose name has not been pressed released. We continue to grow the transfer optimization business in all our Fabs by winning new technology and product transfers. Process transfers into our Fab3 are at the last stages of qualification.

We won a joint development deal with Crocus, to develop and manufacture MRAM memory. We also established and initiated new activities in the MEMS with several wins with exciting new companies. We won a very big deal of process transfer from Tower to an Asian entity to provide know-how, training, and turnkey manufacturing solutions. We expect the deal will realize us revenues of around \$130 million in 2010. We see this win as a notable achievement and an acknowledgement of our strong capabilities that we were chosen to provide the know-how, training, and turnkey manufacturing solutions to a project of this scope and significance.

In addition to the substantial deal size, we see significant potential that this deal can lead to additional follow on opportunities in itself, and through new customers. This project strengthens our traction in Asia and we believe will be instrumental in enabling us to grow Asian customer base.

Looking ahead, in 2010 we intend to focus on execution of all the new projects while looking on new business models opportunities as well as establish and initiating activities in the Solar area.

### **Design enablement**

We are recognized for our industry leading Design Enablement that includes, models, tools and services that gives our customers a significant competitive market advantage with first time design success, optimal performance, and the shortest time-to-market at reduced cost. Our extensive design enablement infrastructure provides an environment optimized for analog and RF designs. This includes silicon verified and highly scalable device models and robust physical design tools for up front design optimization. Our powerful and efficient tools enable unprecedented accuracy in device models and our unparalleled customer support at every stage of the design flow ensures confidence in designs at near zero risk. TowerJazz design enablement goes beyond the tools with a unique and highly skilled design center. TowerJazz design center offers customer the dimension of design services and is recognized as one of the best analog houses in Israel. Design services vary consulting, smart porting all the way

A few days ago, we announced accelerated plans for additional capacity, based on current and forecasted customer demand. In Fab2, located in Israel, we intend to increase our capacity by approximately 30,000 wafers per year. In our facility located in Newport Beach, California, we intend to increase capacity by 36,000 wafers per year to enable the fab to accommodate the substantial increase in demand necessitating more than 100% utilization. This increased capacity will require around \$15 million in CapEx expenditures, resulting in an increase of approximately 66,000 wafers per year, yet will grow our revenue potential by \$45 million. We actually estimate that we will see a full return on this investment in only two quarters. The additional equipment will obviously increase our wafer output enabling a higher revenue base, but as well, some tools are specifically directed to continue to grow our competitiveness within high value segments of the specialty foundry arena. This mode of quick ramp based upon an identified customer need is a win-win, demonstrating our dedication to enabling customer success and foster long-term strategic relationships while keeping shareholder value strongly in mind.

Finally, I would like to introduce our guidance for the first quarter of 2010.

We expect first quarter 2010 revenues to jump to between \$110 and \$115 million, a mid range sequential growth of 13% quarter over quarter and 95% year over year. Our strong guidance is well ahead of the industry's expected growth which is flat to several percent down, and is built on the basis of many new customer engagements as well as multiple new projects that are already in our funnel. For 2010 as a whole, we see sequential increases during each quarter in 2010 and we aim to surpass \$500 million revenues in 2010 and to achieve a 32% EBITDA model.

Based on our guidance, you can see we remain confident with regard to the coming quarters, and we are now in the best position we have ever been in, enabling us to take advantage and capitalize on the opportunities coming our way.

Finally, I was honored to collect the Israeli Hi-tech CEO of the year award. It is a great honor for both TowerJazz and myself to be recognized by the Hi-Tech CEO's Forum of the Israeli Management Center and receive this award. It is a tribute to the capabilities and accomplishments of not just the CEO, but also the TowerJazz management and entire team, and it has been and continues to be my honor and pleasure to work among them.

I'd now like to hand over the time to our CFO, Oren Shirazi. Please?



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**Oren Shirazi - CFO**

Thank you, Russell, and hello everyone. I will begin by discussing the financial results and balance sheet for the fourth quarter and then proceed to discussing Tower's full year's results.

The fourth quarter was another successful quarter, ending a fantastic year for Tower on multiple fronts.

We achieved in Q4'09 all time record cash from operations of \$29M, all time record EBITDA of \$23M, all time record revenue of \$100.6M, gross profit for the 1st time since year 2000, and excellent cash position with \$82M of cash on hand. I will review now these financial achievements.

We ended the year with a very strong cash balance of \$82 million, the best cash position we had since right after our IPO in the 90's. Such cash balance helped us in strengthening our balance sheet and achieving strong current ratio of 1.73. This strong cash balance was enabled also through \$33M of funds we raised in the last quarters from sophisticated institutional investors who believe in our future and trajectory, hence invested in Tower's equity, at very good terms for us, at a price close to market price, and without any debt components.

In regards to the debt and bonds liabilities aspect, there is no debt principle that is maturing before the later part of 2011. Further, our balance sheet includes a 10% holding in HHNEC, a Chinese foundry which is an affiliate of the Japanese NEC, which we present under GAAP at \$17 million. We believe this has a much greater fair value than the value at which it is currently recorded under GAAP in our balance sheet.

In addition to that, we do not present under GAAP in our balance sheet our NOLs totaling greater than \$1B in Israel, which are net losses that are carried forward for tax purposes.

Moving to the P&L - Revenue was at all time record for the fourth quarter, reaching \$100.6 million, coming in above the mid range guidance of our previously increased quarterly guidance. This represents an increase of 26 percent over the prior quarter's results and 30 percent over last year's fourth quarter results.

EBITDA for the fourth quarter of 2009 was \$23 million, an all time record, and 11X the \$2 million reported in the fourth quarter of 2008. Our \$21M EBITDA increase against a \$23M revenue increase is due to the cumulative positive effect of higher revenue and significant cost reductions, partially enabled by the Jazz merger.

Non-GAAP operating profit grew by 79% over the prior quarter to \$23 million and significantly improved when compared to the fourth quarter of 2008. This represents an operating margin of 23% in the current quarter, compared with 2% in the fourth quarter of 2008 and 16% in prior quarter.

Looking at our operational expenses as a percentage of revenue is more evidence of the continuous improvement in our margins. Operating expenses in the fourth quarter of 2009 were 17% of revenue as compared to 20% in the same quarter of 2008.

Looking solely at the M&S & G&A expenses as a percentage of revenue, shows even better improvement in our margins: M&S & G&A together were 10% of revenue as compared to 14% in the same quarter of 2008.

On a GAAP basis we achieved gross profit for the first time during the past 10 years with \$6.5 million, \$17.3 million better than Q4'08, more evidence for our improved margins and successful cost reduction.

On a GAAP basis, our net loss was \$31 million, however included financing expenses of \$19 million, resulting mainly from a significant increase in the market and fair value of our tradable securities, which are partially accounted for as marked to market under GAAP and represent a non-cash expense. Excluding financing expenses, we had a GAAP net loss of \$13 million.

We further achieved in Q4'09 a very strong \$29 million positive cash from operating activities, \$27 million better than in Q4'08.

Now, moving to our full year 2009 results:



Despite being a very challenging year for our industry, we recorded a strong increase in our top line and EBITDA bottom line which is a significant achievement when compared to the rest of our industry. Our full year 2009 revenues reached a record \$299 million. This represents an increase of 19% over last year's results, far ahead of the industry which was basically down as compared to last year.

In terms of guidance, we expect first quarter 2010 revenues to be between \$110 and \$115 million, which is about 94% year over year growth and 12% q/q, despite seasonality causing other foundries to report basically flat q/q. Our strong guidance is built on the basis of many new customer engagements as well as multiple new projects that are already in our funnel. We have seen a substantial increase in the level of orders from many of our customers, and we are also commencing the mass production of a number of new products.

Based on our guidance, you can see we remain confident with regard to the coming quarters, and we are now in the best position we have ever been in, enabling us to take advantage and capitalize on the opportunities coming our way.

I would like now to transfer the call to Nati Somekh Gilboa, our Senior VP and Chief Legal Officer and Corporate Secretary. Nati?

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**Nati Somekh Gilboa - SVP, Chief Legal Officer and Corporate Secretary**

Thank you, Oren. Now, I'd like to the general and legal statements for our results in regards to statements made and to be made during this call. As applied in this call, the term earnings before interest, tax, depreciation, and amortization consists of loss according to US GAAP, excluding interest and financing expenses net, tax, depreciation, and amortization and thought-based compensation expenses.

EBITDA is not a required GAAP financial measure and may not be comparable to a similarly titled measure employed by other companies. EBITDA should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by operating, investing, and financing activities or other income or cash flow statement data prepared in accordance with GAAP.

Please note that the fourth quarter 2009 financial results have been prepared in accordance with US GAAP and the financial statements in today's earnings release include financial information that may be considered non-GAAP financial measures under Regulation G and related reporting requirements as established by the Securities and Exchange Commission as they apply to our company.

Namely, this release also presented financial data, which is reconciled as indicated by the footnotes below the tables on a non-GAAP basis after deducting depreciation and amortization, compensation expenses in respect to option grants, write-off of in-process research and development, and finance expenses net other than interest paid such that non-GAAP financial expenses net include only interest paid during the reported period.

Non-GAAP financial measures should be evaluated in conjunction with and are not a substitute for GAAP financial measures. The tables also contain the comparable GAAP financial measures to the non-GAAP financial measures as well as the reconciliation between the non-GAAP financial measures and the most comparable GAAP financial measures.

Further, the non-GAAP financial information presented herein should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by operating, investing, and financing activities or other income or cash flow statement data prepared in accordance with GAAP and is not necessarily consistent with the non-GAAP data presented in previous filings.

The pro forma consolidated operational indicators and result is an aggregation of Tower and Jazz's operational results for periods before the merger date, which was September 19th, 2008. Following the merger with Jazz, the amounts presented in our financial reports and in today's release include Jazz's results commencing September 19th, 2008. The balance sheet as of September 30th, 2009 and December 31st, 2008 includes Jazz's balances as of such dates.