SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2014-05-16** | Period of Report: **2014-03-31**
SEC Accession No. 0001178913-14-001707

(HTML Version on secdatabase.com)

FILER

Jazz Technologies, Inc. CIK:**1337675**| IRS No.: **203014632** | State of Incorp.:**DE** | Fiscal Year End: **1231** Type: **10-Q** | Act: **34** | File No.: **001-32832** | Film No.: **14851579** SIC: **3674** Semiconductors & related devices	Mailing Address *4321 JAMBOREE ROAD* *NEWPORT BEACH CA 92660*	Business Address *4321 JAMBOREE ROAD* *NEWPORT BEACH CA 92660* *(949) 435-8000*

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2014

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-32832

Jazz Technologies, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**20-3320580**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4321 Jamboree Road **Newport Beach, California**	**92660**
(Address of principal executive offices)	(Zip Code)

(949) 435-8000
Registrant's telephone number, including area code

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☐ No ☒

(Note: As a voluntary filer not subject to the filing requirements, the Registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months).

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer a non-accelerated filer or a "smaller reporting company". See definitions of "large accelerated filer" and "accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The registrant meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format permitted by General Instruction H(2).

JAZZ TECHNOLOGIES, INC.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Jazz Technologies, Inc. (A Wholly Owned Subsidiary of Tower Semiconductor, Ltd.) and Subsidiaries

Condensed Consolidated Balance Sheets
(in thousands)

	March 31, 2014	December 31, 2013
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 66,653	$ 51,351
Receivables:		
Trade receivables, net of allowance for doubtful accounts of $0 at March 31, 2014 and December 31, 2013	22,933	20,426
Other receivables	6,566	9,835
Inventories	25,984	26,297
Deferred tax asset	3,944	3,846
Other current assets	1,208	1,303
Total current assets	127,288	113,058
Long-term investments	921	778
Property, plant and equipment, net	75,138	78,345
Intangible assets, net	27,211	28,302
Goodwill	7,000	7,000
Other assets – related parties	1,562	1,686
Other assets – others	1,904	1,647
Total assets	$ 241,024	$ 230,816
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	20,323	15,290
Accrued compensation and benefits	6,929	5,985
Deferred revenues	1,058	2,492
Other current liabilities	2,949	5,205
Total current liabilities	31,259	28,972
Long term liabilities:		
Long-term debt from banks	19,100	19,100
Notes	84,261	81,181
Deferred tax liability	5,235	2,429
Employee related liabilities	2,551	2,551
Other long-term liabilities	12,918	12,780
Total liabilities	155,324	147,013
Stockholder’s equity:		
Ordinary shares of $1 par value;		
Authorized: 200 shares;		
Issued: 100 shares;		
Outstanding: 100 shares;		
Additional paid-in capital	74,986	63,576
Cumulative stock based compensation	2,355	2,173
Accumulated other comprehensive earnings	2,792	3,357
Retained earnings	5,567	14,697
Total stockholders' equity	85,700	83,803

Total liabilities and stockholders’ equity	$ 241,024	$ 230,816

See accompanying notes.

Jazz Technologies, Inc. (A Wholly Owned Subsidiary of Tower Semiconductor, Ltd. and Subsidiaries

Unaudited Condensed Consolidated Statements of Operations
(in thousands)

	Three months ended March 31, 2014	Three months ended March 31, 2013
Revenues	$ 46,919	$ 36,774
Cost of revenues	39,919	29,899
Gross profit	7,000	6,875
Operating expenses:		
Research and development	2,715	2,879
Selling, general and administrative	3,255	2,736
Amortization related to a lease agreement early termination	--	1,866
Total operating expenses	5,970	7,481
Operating income (loss)	1,030	(606)
Financing expense, net	(13,800)	(3,485)
Loss before income taxes	(12,770)	(4,091)
Income tax benefit	3,640	1,670
Net loss	$ (9,130)	$ (2,421)

See accompanying notes.

Jazz Technologies, Inc. (A Wholly Owned Subsidiary of Tower Semiconductor, Ltd.) and Subsidiaries

Unaudited Condensed Consolidated Statements of Comprehensive Loss
(in thousands)

	Three months ended	
	March 31, 2014	March 31, 2013
Net loss	$ (9,130)	$ (2,421)
Change in employees plan assets and benefit obligations	(565)	(440)
Comprehensive loss	$ (9,695)	$ (2,861)

Jazz Technologies, Inc. (A Wholly Owned Subsidiary of Tower Semiconductor, Ltd.) and Subsidiaries

Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

	Three months ended March 31, 2014	Three months ended March 31, 2013
Operating activities:		
Net loss	$ (9,130)	$ (2,421)
Adjustments to reconcile net loss for the period to net cash provided by operating activities:		
Loss from notes exchange	9,817	--
Depreciation and amortization of intangible assets	10,489	10,891
Notes accretion and amortization of deferred financing costs	2,067	1,597
Stock based compensation expense	182	87
Changes in operating assets and liabilities:		
Trade receivables	(2,507)	(974)
Inventories	313	173
Other receivables and assets	2,397	(2,142)
Accounts payable	2,654	1,281
Due to related parties, net	958	(628)
Accrued compensation and benefits	944	659
Deferred Revenue	(1,434)	(9)
Other current liabilities	(2,812)	(2,309)
Deferred tax liability, net	(3,437)	--
Employee related liabilities and other long-term liabilities	39	62
Net cash provided by operating activities	10,540	6,267
Investing activities:		
Purchases of property and equipment	(4,452)	(5,000)
Proceeds related to property and equipment	--	726
Net cash used in investing activities	(4,452)	(4,274)
Financing activities:		
Proceeds from issuance of notes, net	9,214	--
Net cash provided by financing activities	9,214	--
Net increase in cash and cash equivalents	15,302	1,993
Cash and cash equivalents at beginning of period	51,351	43,306
Cash and cash equivalents at end of period	$ 66,653	$ 45,299
Non cash activities:		
Investments in property, plant and equipment	$ 4,557	$ 1,517
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 4,625	$ 3,867
Cash paid during the period for income taxes	$ --	$ --

See accompanying notes.

Jazz Technologies, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements
March 31, 2014

Note 1: Business and Formation

Unless specifically noted otherwise, as used throughout these notes to the consolidated financial statements, “Jazz”, “Company” refers to the business of Jazz Technologies, Inc. and “Jazz Semiconductor” refers only to the business of Jazz Semiconductor, Inc.

The Company

Since the merger with Tower in 2008, the Company is a 100% subsidiary of Tower.

The Company is based in Newport Beach, California and is an independent semiconductor foundry focused on specialty process technologies for the manufacture of analog intensive mixed-signal semiconductor devices. The Company’s specialty process technologies include advanced analog, radio frequency, high voltage, bipolar and silicon germanium bipolar complementary metal oxide (“SiGe”) semiconductor processes, for the manufacture of analog and mixed-signal semiconductors. Its customers' analog and mixed-signal semiconductor devices are used in cellular phones, wireless local area networking devices, digital TVs, set-top boxes, gaming devices, switches, routers and broadband modems.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The Company prepares its consolidated financial statements in accordance with SEC and U.S. generally accepted accounting principles (“US GAAP”) requirements and includes all adjustments of a normal recurring nature that are necessary to fairly present its condensed consolidated results of operations, financial position, and cash flows for all periods presented. The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Interim period results are not necessarily indicative of full year results. This quarterly report should be read in conjunction with the Company’s most recent Annual Report on Form 10-K.

The condensed consolidated financial statements included herein are unaudited; however, they contain all normal recurring adjustments that, in the opinion of management, are necessary to present fairly the Company’s consolidated financial position at March 31, 2014 and December 31, 2013, and the consolidated results of its operations and cash flows for the three months ended March 31, 2014 and March 31, 2013. All intercompany accounts and transactions have been eliminated. Certain amounts have been reclassified in order to conform to 2014 presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ materially from those estimates.

Fair Value of Financial Instruments

The Company measures its financial assets and liabilities in accordance with US GAAP. For financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

Concentrations

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and cash equivalents and trade accounts receivable.

The Company generally does not require collateral for insurance of receivables. An allowance for doubtful accounts is determined with respect to those amounts that were determined to be doubtful of collection. The Company performs ongoing credit evaluations of its customers**.**

Accounts receivable from significant customers representing 10% or more of the net accounts receivable balance as of March 31, 2014 and December 31, 2013 consists of:

	March 31, 2014	December 31, 2013
Customer 1	37%	36%
Customer 2	*	12

Net revenues from significant customers representing 10% or more of net revenues consist of:

	Three months ended	
	March 31, 2014	March 31, 2013
Customer A	30%	21%
Customer B	10	*
Customer C	*	15
Customer D	*	10

* Indicates less than 10%

As a result of the Company's concentration of its customer base, loss or cancellation of business from, or significant changes in scheduled deliveries of products sold to these customers or a change in their financial position, could materially and adversely affect the Company's consolidated financial position, results of operations and cash flows.

The Company operates a single manufacturing facility located in Newport Beach, California. A major interruption in the manufacturing operations at this facility would have a material adverse affect on the consolidated financial position and results of operations of the Company.

Initial Adoption of New Standards

No new accounting standards have been issued during 2014, with an effective date in or after fiscal year 2014, that is expected to have a significant impact on the Company's consolidated financial statements.

Note 3: Other Balance Sheet Details

Inventories

Inventories, net of reserves, consist of the following on March 31, 2014 and December 31, 2013 (in thousands):

	March 31, 2014	December 31, 2013
Raw material	$ 4,130	$ 4,434
Work in process	17,364	15,618
Finished goods	4,490	6,245
	$ 25,984	$ 26,297

Property, Plant and Equipment

Property, plant and equipment consist of the following on March 31, 2014 and December 31, 2013 (in thousands):

	Useful life(in years)	March 31, 2014	December 31, 2013
Building improvements	10-14	$ 26,984	$ 26,809
Machinery and equipment	3-7	202,831	196,812
		229,815	223,621
Accumulated depreciation		(154,677)	(145,276)

	$ 75,138	$ 78,345

Intangible Assets

Intangible assets consist of the following on March 31, 2014 (in thousands):

	Useful life (in years)	Cost	Accumulated Amortization	Net
Technology	4;9	$ 3,300	$ 2,206	$ 1,094
Patents and other core technology rights	9	15,100	9,289	5,811
In-process research and development	--	1,800	1,800	--
Customer relationships	15	2,600	960	1,640
Trade name	9	5,200	3,199	2,001
Facilities lease	1,19	33,500	16,835	16,665
Total identifiable intangible assets		$ 61,500	$ 34,289	$ 27,211

Intangible assets consist of the following on December 31, 2013 (in thousands):

	Useful life (in years)	Cost	Accumulated Amortization	Net
Technology	4;9	$ 3,300	$ 2,046	$ 1,254
Patents and other core technology rights	9	15,100	8,870	6,230
In-process research and development	--	1,800	1,800	--
Customer relationships	15	2,600	916	1,684
Trade name	9	5,200	3,054	2,146
Facilities lease	1,19	33,500	16,512	16,988
Total identifiable intangible assets		$ 61,500	$ 33,198	$ 28,302

The amortization related to technology, patents and other core technologies rights, and facilities lease is charged to cost of revenues. The amortization related to customer relationships and trade name is charged to operating expenses.

Note 4: Wells Fargo Asset-Based Revolving Credit Line

In December 2013, the Company entered into an agreement with Wells Fargo Capital Finance, part of Wells Fargo & Company (“Wells Fargo”), to amend the previous loan and security agreement, for a five-year secured asset-based revolving credit line in the total amount of up to $70 million, maturing in December 2018 (the “Credit Line Agreement”). Loans under the Credit Line Agreement bear interest at a rate equal to, at lender’s option, either the lender’s prime rate plus a margin ranging from 0.50% to 1.0% or the LIBOR rate plus a margin ranging from 1.75% to 2.25% per annum.

The outstanding borrowing availability varies from time to time based on the levels of the Company's eligible accounts receivable, eligible equipment, eligible inventories and other terms and conditions described in the Credit Line Agreement. The Credit Line Agreement is secured by the assets of the Company. The Credit Line Agreement contains customary covenants and other terms, including customary events of default. If any event of default occurs, Wells Fargo may declare due immediately, all borrowings under the facility and foreclose on the collateral. Furthermore, an event of default under the Credit Line Agreement would result in an increase in the interest rate on any amounts outstanding. The Company's obligations pursuant to the Credit Line Agreement are not guaranteed by Tower.

Borrowing availability under the Credit Line Agreement as of March 31, 2014 was approximately $51 million. As of March 31, 2014, the Company was in compliance with all the covenants under this facility. Outstanding borrowing as of March 31, 2014, was approximately $19 million.

Note 5:Notes

Introduction

As of March 31, 2014, the Company has approximately $49 million principal amount of Notes outstanding due June 2015 and approximately $58 million principal amount of Notes outstanding due December 2018. Description and composition are as follows:

$49 million Jazz 2010 Notes due June 2015:

In July 2010, the Company issued notes in the principal amount of approximately $94 million due June 2015 (the "2010 Notes"). Interest on the 2010 Notes at a rate of 8% per annum is payable semiannually. As a result of the consummation of the transactions related to the 2014 Exchange Agreement (as defined and discussed below), as of March 31, 2014, approximately $49 million principal amount of 2010 Notes was outstanding.

The 2010 Notes are unsecured obligations of the Company, rank equally with all other existing and future unsecured senior indebtedness of the Company, including the 2014 Notes (as defined below) and are effectively subordinated to all existing and future secured indebtedness of the Company, including the Company's up to $70 million secured Credit Line Agreement with Wells Fargo (see Note 4 above), to the extent of the value of the collateral securing such indebtedness. The 2010 Notes are not guaranteed by Tower. The 2010 Notes shall rank senior to all existing and future subordinated debt of the Company.

Since July 1, 2013, the Company has had the right to redeem some or all of the 2010 Notes for cash at a redemption price equal to par plus accrued and unpaid interest plus a redemption premium equal to 4% if redemption occurs prior to July 1, 2014 and 2% if redemption occurs between July 1, 2014 and maturity.

Holders of the 2010 Notes are entitled, subject to certain conditions and restrictions, to require the Company to repurchase the 2010 Notes at par plus accrued interest and a 1% redemption premium in the event of certain change of control transactions as set forth in the Indenture.

The indenture governing the 2010 Notes contains certain customary covenants as set forth in the Indenture.

If there is an event of default on the 2010 Notes, all of the 2010 Notes may become immediately due and payable, subject to certain conditions set forth in the Indenture.

The Company's obligations under the 2010 Notes are guaranteed by the Company's wholly owned domestic subsidiaries. The Company has not provided condensed consolidated financial information for such subsidiaries because the subsidiaries have no independent assets or operations, the subsidiary guarantees are full and unconditional and joint and several and the subsidiaries of the Company, other than the subsidiary guarantors, are minor.

$58 million Jazz 2014 Notes due December 2018:

In March 2014, the Company, together with certain of its domestic subsidiaries and Tower entered into an exchange agreement (the "2014 Exchange Agreement") with certain holders (the "2014 Participating Holders") according to which the Company issued new unsecured 8% convertible senior notes due December 2018 (the "2014 Notes") in exchange for approximately $45 million in aggregate principal amount of 2010 Notes, thereby reducing the aggregate principal amount of 2010 Notes outstanding from $94 million to $49 million.

In addition, the Company, Tower and certain of the 2014 Participating Holders (the "Purchasers") entered into a purchase agreement (the "Purchase Agreement") pursuant to which the Purchasers agreed to purchase $10 million aggregate principal amount of 2014 Notes.

The 2014 Participating Holders and Purchasers may submit a conversion request with the Company to be settled at the Company's discretion through cash or Tower's ordinary shares, in which event Tower has to issue ordinary shares based on a conversion price of $10.07 per share, reflecting a 20 percent premium over the average closing price for Tower's ordinary shares for the five trading days ending on the day prior to the signing date of the 2014 Exchange Agreement and Purchase Agreement.

The 2014 Notes are unsecured senior obligations of the Company, rank equally with all other existing and future unsecured senior indebtedness of the Company, including the 2010 Notes, and are effectively subordinated to all existing and future secured indebtedness of the Company, including the Company's up to $70 million secured Credit Line Agreement with Wells Fargo (see Note 4 above), to the extent of the value of the collateral securing such indebtedness. The 2014 Notes rank senior to all existing and future subordinated debt. The 2014 Notes are jointly and severally guaranteed on a senior unsecured basis by the Company's domestic subsidiaries. The 2014 Notes are not guaranteed by Tower.

Holders of the 2014 Notes are entitled, subject to certain conditions and restrictions, to require the Company to repurchase the 2014 Notes at par plus accrued interest and a 1% redemption premium in the event of certain change of control transactions as set forth in the Indenture governing the 2014 Notes.

The Indenture contains certain customary covenants including covenants restricting the Company's ability and the ability of its subsidiaries to, among other things, incur additional debt, incur additional liens, make specified payments and make certain asset sales.

If there is an event of default on the 2014 Notes, all of the 2014 Notes may become immediately due and payable, subject to certain conditions set forth in the Indenture.

Jazz's obligations under the 2014 Notes are guaranteed by Jazz's wholly owned domestic subsidiaries. The Company has not provided condensed consolidated financial information for such subsidiaries because the subsidiaries have no independent assets or operations, the subsidiary guarantees are full and unconditional and joint and several and the subsidiaries of the Company, other than the subsidiary guarantors, are minor.

As of March 31, 2014, approximately $58 million principal amount of 2014 Notes was outstanding.

The Company concluded the exchange should not be recognized as a troubled debt restructuring in accordance with the provisions of ASC 470-60 "Modifications and Extinguishments". In accordance with the provisions of ASC 470-50 the Company concluded that the exchange resulted in an extinguishment of the old debt and the issuance of a new convertible debt to be recorded at fair value. As described above, convertible notes were issued in exchange for certain of the 2010 Notes. Since the new convertible debt was not traded and no quotes were available, the Company determined the fair value of the new convertible notes using the present value technique. The 2014 Exchange Agreement resulted in an expense of approximately $9.8 million, which has been recorded in the statement of operations report as non-cash one-time financing expense for the three months ended March 31, 2014 and the convertible feature has been recorded in equity.

Note 6: Income Taxes

In 2013, the U.S. tax authorities commenced an audit of the Company's 2011 tax returns, and asked the Company for certain reports and data in connection with said year's tax returns. While there is no assurance that the Company will not be required to pay additional taxes pursuant to said audit, no tax adjustments have been requested to date.

As described above, the 2014 Exchange Agreement resulted in the recognition of a $9.8 million one time non cash cost included in financing expenses, net. The tax benefit has been recorded entirely in the statements of operations for the three months ended March 31, 2014 and this one time non cash cost has not and will not impact the Company's projected annual effective tax rate to be applied to year-to-date net profit or loss before income taxes excluding this one time non cash cost.

Note 7: Employee Benefit Plans

The pension and other post retirement benefit plans amount to $0.6 million and $0.4 million income for the three months ended March 31, 2014 and 2013, respectively.

Note 8: Employee Stock Option Expense

During the three months ended March 31, 2014, no options were awarded. The Company recorded $0.2 million and $0.1 million, respectively, of compensation expenses relating to options granted to employees for the three months ended March 31, 2014 and 2013.

Note 9: Related Party Transactions:

Related Party Transactions consist of the following (in thousands):

	As of March 31, 2014	As of December 31, 2013
Due from related parties (included in the accompanying balance sheets)	$ 5,879	$ 6,406
Due to related parties (included in the accompanying balance sheets)	$ 782	$ 146

Related parties' balances are with Tower and TowerJazz Japan Ltd. ("TJP") and are mainly for purchases and payments on behalf of the other party, tools' sale, tools' lease and service charges.

Note 10: Commitments and Contingencies

Leases

Since 2002, the Company has leased its fabrication facilities, land and headquarters from Conexant. In December 2010, Conexant sold the Company's fabrication facilities, land and headquarters. In connection with the sale, the Company negotiated amendments to its operating leases that confirm the Company's ability to remain in the fabrication facilities through 2027, including the Company's options to extend the lease term at its sole discretion from 2017 to 2022 and from 2022 to 2027. Under our amended leases with the new owner, the Company's rental payments consist of fixed base rent and fixed management fees and our pro rata share of certain expenses incurred by the landlord in the ownership of these buildings, including property taxes, building insurance and common area maintenance. These lease expenses are included in operating expenses in the accompanying consolidated statements of operations.

In regards to an office building lease, the Company's landlord exercised its right to terminate the office building lease, effective January 1, 2014. The Company moved its offices to the fabrication building and to nearby new leased office space. The Company and the landlord signed an additional amendment to the amended lease to reflect termination of the office building lease and certain obligations of the Company and the landlord, including certain noise abatement actions at the fabrication facility. This office building termination has no impact whatsoever on the Company's fabrication buildings, facilities and operations and the Company's ability to remain in the fabrication facilities through 2027 (including by exercising its two consecutive five-year extension periods which it can exercise in its sole discretion).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with the financial statements and related notes contained elsewhere in this report. See our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and subsequent quarterly reports filed with the Securities and Exchange Commission for information regarding certain risk factors known to us that could cause reported financial information not to be necessarily indicative of future results.

FORWARD LOOKING STATEMENTS

This report on Form 10-Q may contain "forward-looking statements" within the meaning of the federal securities laws made pursuant to the safe harbor provisions of the Private Securities Litigation Report Act of 1995. These statements, which represent our expectations or beliefs concerning various future events, may contain words such as "may," "will," "expects," "anticipates," "intends," "plans," "believes," "estimates," or other words indicating future results. Such statements may include but are not limited to statements concerning the following:

- anticipated trends in revenues;

- growth opportunities in domestic and international markets;
- new and enhanced channels of distribution;
- customer acceptance and satisfaction with our products;
- expected trends in operating and other expenses;
- purchase of raw materials at levels to meet forecasted demand;
- anticipated cash and intentions regarding usage of cash;
- changes in effective tax rates; and
- anticipated product enhancements or releases.

This report, including these forward-looking statements, are subject to risks and uncertainties, including those risks and uncertainties described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and subsequent quarterly reports filed with the Securities and Exchange Commission, that could cause actual results to differ materially from those anticipated as of the date of this report. We assume no obligation to update any forward-looking statements to reflect events or circumstances arising after the date of this report.

RESULTS OF OPERATIONS

For the three months ended March 31, 2014, we had a net loss of $9.1 million compared to a net loss of $2.4 million for the three months ended March 31, 2013.

The following table sets forth certain statement of operations data as a percentage of total revenues for the periods indicated.

	Three Months Ended	
	March 31, 2014	March 31, 2013
Net revenues	100%	100%
Cost of revenues	85.1	81.3
Gross profit	14.9	18.7
Operating expenses:		
Research and development	5.8	7.8
Selling, general and administrative	6.9	7.4
Amortization related to a lease agreement early termination	-	5.1
Total operating expenses	12.7	20.3
Operating loss	2.2	(1.6)
Financing expense , net	(29.4)	(9.5)
Income tax benefit	7.8	4.5
Net loss	(19.4)%	(6.6)%

Comparison of Three Months Ended March 31, 2014 and March 31, 2013

Revenues

Our net revenues for the three months ended March 31, 2014 amounted to $46.9 million as compared to $36.8 million for the corresponding period in 2013. The revenue increase is mainly attributable to the approximately 19% increase of quantities sold and 3% higher average selling price during the three months ended March 31, 2014.

Cost of Revenues

Our cost of revenues was $39.9 million for the three months ended March 31, 2014 as compared to $30.0 million for the corresponding period in 2013. The increase in cost of revenues was mainly due to the increase in quantities of wafers shipped, as described above, and lower margin profile from some of our customers.

Gross Profit

Our gross profit amounted to $7.0 million in the three months ended March 31, 2014 as compared to $6.9 million in the corresponding period in 2013.

Operating Expenses

Operating expenses for the three months ended March 31, 2014 amounted to $6.0 million, as compared to $7.5 million in the three months ended March 31, 2013. Operating expenses for the three months ended March 31, 2013 include $1.9 million amortization related to a lease agreement early termination of an office building lease.

Financing Expense, Net

Financing expense, net for the three months ended March 31, 2014 amounted to $13.8 million, as compared to $3.5 million in the corresponding period in 2013. Financing expensed in the three months ended March 31, 2014 includes approximately $9.8 million non-cash one-time financing costs resulting from the 2014 Exchange Agreement described in Note 5 above.

Income Tax Benefit

Income tax benefit amounted to $3.6 million in the three months ended March 31, 2014, as compared to income tax benefit of $1.7 million in the three months ended March 31, 2013.

Net loss

Net loss for the three months ended March 31, 2014 amounted to $9.1 million as compared to net loss of $2.4 million in the three months ended March 31, 2013. The increase in net loss is mainly due to the non-cash one-time expense of $9.8 million included in financing expenses, resulting from the 2014 Exchange Agreement described in Note 5 above.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

Based on the evaluation as of the end of the period covered by this report, our principal executive officer and chief financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of the end of the period covered by this report.

Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives, and our principal executive officer and our principal financial officer have concluded that these controls and procedures are effective at the "reasonable assurance" level. We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

There are no material pending legal proceedings, other than ordinary routine litigation incidental to our business, to which we are a party or any of our property is subject.

Item 1A. Risk Factors

In addition to the other information contained in this Form 10-Q, you should carefully consider the risk factors associated with our business previously disclosed in Item 1A to Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013. Our business, financial condition and/or results of operations could be materially adversely affected by any of these risks. Additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.

Item 6. Exhibits.

Number	Description
4.1	Registration Rights Agreement dated as of March 25, 2014 by and among Jazz Technologies, Inc., Jazz Semiconductor, Inc., Newport Fab, LLC and holders of the Jazz Technologies, Inc. 8% Convertible Senior Notes due 2018.
10.1	Exchange Agreement dated as of March 19, 2014 by and among Jazz Technologies, Inc., Tower Semiconductor, Ltd., Jazz Semiconductor, Inc., Newport Fab, LLC and certain holders of the Jazz Technologies, Inc. 8% Senior Notes due 2015 (incorporated by reference to Exhibit 4.59 to the Annual Report on Form 20-F of Tower Semiconductor Ltd. For the year ended December 31, 2013).
10.2	Purchase Agreement dated as of March 19, 2014 by and among Jazz Technologies, Inc., Tower Semiconductor, Ltd., Jazz Semiconductor, Inc., Newport Fab, LLC and certain holders of the Jazz Technologies, Inc. 8% Senior Notes due 2015 (incorporated by reference to Exhibit 4.60 to the Annual Report on Form 20-F of Tower Semiconductor Ltd. For the year ended December 31, 2013).
10.3	Indenture dated as of March 25, 2014 by and among Jazz Technologies, Inc., Tower Semiconductor, Ltd., Jazz Semiconductor, Inc., Newport Fab, LLC and U.S. Bank National Association (incorporated by reference to Exhibit 4.61 to the Annual Report on Form 20-F of Tower Semiconductor Ltd. For the year ended December 31, 2013).
31.1	Principal Executive Officer Certification required by Rule 13a-14(a) or Rule 15d-14(a).
31.2	Principal Financial Officer Certification required by Rule 13a-14(a) or Rule 15d-14(a).
32.1	Principal Executive Officer Certification required by Section 1350.
32.2	Principal Financial Officer Certification required by Section 1350.
101	Financial information from the registrant’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, formatted in XBRL

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 16, 2014

JAZZ TECHNOLOGIES, INC.

By: /s/ Marco Racanelli
Senior Vice President and Site General Manager
(Principal Executive Officer)

By: /s/ RONIT VARDI
Chief Financial Officer
(Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

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Exhibit 4.1

EXECUTION VERSION

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement, dated as of March 25, 2014 (as amended, modified or otherwise supplemented from time to time, the "*Agreement*"), is entered into by and among Jazz Technologies, Inc., a Delaware corporation (the "*Company*"), the Guarantors (defined below) and the Holders (defined below).

WHEREAS, the Company, Tower Semiconductor Ltd., a company formed under the laws of Israel and holder of all of the issued and outstanding capital stock of the Company ("*Tower*"), the Guarantors and the Exchanging Holders (defined below) are parties to the Exchange Agreement dated March 19, 2014 (as amended, modified or otherwise supplemented from time to time, the "*Exchange Agreement*"), which provides for the issuance to the Exchanging Holders by the Company of $48,307,000 aggregate principal amount of the Company's 8% Convertible Senior Notes due 2018 (the "*Notes*") which are convertible into ordinary shares of Tower, par value New Israeli Shekels 15.00 per share (the "*Ordinary Shares*"), in exchange for $44,623,000 aggregate principal amount of the Company's 8% Senior Notes due 2015.

WHEREAS, the Company, the Guarantors, Tower and the New Money Holders (defined below) are parties to the Note Purchase Agreement dated March 19, 2014 (as amended, modified or otherwise supplemented from time to time, the "*Note Purchase Agreement*"), which provides for the issuance by the Company to the New Money Holders of $10,000,000 aggregate principal amount of Notes, in consideration for $9,233,610.35 in cash.

WHEREAS, as an inducement to the Exchanging Holders to enter into the Exchange Agreement and the New Money Holders to enter into the Note Purchase Agreement, the Company has agreed to provide to the Holders the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the closing under the Exchange Agreement and the Note Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

"*Additional Guarantor*" shall mean any subsidiary of the Company that executes a Subsidiary Guarantee under the Indenture after the date of this Agreement.

"*Additional Interest*" shall mean the interest payable under Section 2(d).

"*Business Day*" shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

"*Closing Date*" shall mean the first date of the original issuance of the Notes.

"*Company*" shall have the meaning set forth in the preamble and shall also include the Company's successors.

"*Exchange Act*" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"*Exchange Agreement*" shall have the meaning set forth in the preamble.

"*Exchanging Holders*" shall mean each of the holders listed on Schedule 1 hereto.

"*Free Writing Prospectus*" means each free writing prospectus (as defined in Rule 405 under the Securities Act) prepared by or on behalf of the Company or used or referred to by the Company in connection with the sale of the Notes.

"*Guarantor*" shall mean each Guarantor party to the Indenture and shall also include any Guarantor's successors and any Additional Guarantors.

"*Holders*" shall mean the Exchanging Holders and the New Money Holders, for so long as they own any Notes, and each of their successors, assigns and direct and indirect transferees who become owners of Registrable Securities under the Indenture.

"*Indemnified Person*" shall have the meaning set forth in Section 5(c) hereof.

"*Indemnifying Person*" shall have the meaning set forth in Section 5(c) hereof.

"*Indenture*" shall mean the Indenture, dated as of March 25, 2014, among the Company, Tower, the subsidiary guarantors from time to time party thereto and U.S. Bank National Association, as trustee, relating to the Notes, and as the same may be amended from time to time in accordance with the terms thereof.

"*Inspector*" shall have the meaning set forth in Section 3(a)(xiii) hereof.

"*Issuer Information*" shall have the meaning set forth in Section 5(a) hereof.

"*Majority Holders*" shall mean the Holders of a majority of the aggregate principal amount of the outstanding Notes registered under the Shelf Registration Statement constituting Registrable Securities; *provided* that whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, any Registrable Securities owned directly or indirectly by the Company or any of its affiliates shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage or amount.

"*New Money Holders*" shall mean each of the holders listed on Schedule 2 hereto.

"*Note Purchase Agreement*" shall have the meaning set forth in the recitals.

"*Notes*" shall have the meaning set forth in the recitals.

"*Notice and Questionnaire*" means a notice and questionnaire in substantially the form attached hereto as Annex A.

"Ordinary Shares" shall have the meaning set forth in the recitals.

"*Person*" shall mean an individual, partnership, limited liability company, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"*Prospectus*" shall mean the prospectus included in, or, pursuant to the rules and regulations of the Securities Act, deemed a part of, a Shelf Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities, and by all other amendments and supplements to such prospectus, and in each case including any document incorporated by reference therein.

"*Registrable Securities*" shall mean the Notes; *provided* that the Notes shall cease to be Registrable Securities (i) when a Shelf Registration Statement with respect to such Notes has become effective under the Securities Act and such Notes have been disposed of pursuant to such Shelf Registration Statement, (ii) such Notes have been sold pursuant to Rule 144, (iii) such Notes are eligible to be sold pursuant to Rule 144 (or any similar provision then in force, but not Rule 144A) under the Securities Act and the holding period contemplated by Rule 144(d)(ii) has passed and such Notes may be freely sold without compliance with the volume or manner of sale requirements of Rule 144 pursuant to Rule 144(b)(1) (or such Notes may otherwise be resold under any similar provision allowing the resale of such shares without restriction), and in any instance covered by this clause (iii) the Company shall have notified the Trustee that such Notes need not bear any restrictive legend and instructed the Trustee to remove any such legend and associated stop transfer instructions or (iv) when such Notes cease to be outstanding.

"*Registration Expenses*" shall mean any and all expenses incident to performance of or compliance by the Company and the Guarantors with this Agreement, including without limitation: (i) all SEC, stock exchange or Financial Industry Regulatory Authority, Inc. registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws (including reasonable fees and disbursements of counsel for any Underwriters or Holders in connection with blue sky qualification of any Registrable Securities), (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Shelf Registration Statement, any Prospectus and any amendments or supplements thereto, any underwriting agreements, securities sales agreements or other similar agreements and any other documents relating to the performance of and compliance with this Agreement, (iv) all rating agency fees, (v) all fees and disbursements relating to the qualification of the Indenture under applicable securities laws, (vi) the fees and disbursements of the Trustee and its counsel, (vii) the fees and disbursements of counsel for the Company and the Guarantors and the fees and disbursements of one counsel for the Holders (which counsel shall be selected by the Majority Holders and which counsel may also be counsel for the Holders) and (viii) the fees and disbursements of the independent public accountants of the Company and the Guarantors, including the expenses of any special audits or "comfort" letters required by or incident to the performance of and compliance with this Agreement, but excluding fees and expenses of counsel to the Underwriters (other than fees and expenses set forth in clause (ii) above) or the Holders and underwriting discounts and commissions, brokerage commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

"*SEC*" shall mean the United States Securities and Exchange Commission.

"*Securities Act*" shall mean the Securities Act of 1933, as amended from time to time.

"*Shelf Additional Interest Date*" shall have the meaning set forth in Section 2(d) hereof.

"*Shelf Effectiveness Period*" shall have the meaning set forth in Section 2(a) hereof.

"*Shelf Registration*" shall mean a registration effected pursuant to Section 2(a) hereof.

"*Shelf Registration Statement*" shall mean a "shelf" registration statement of the Company and the Guarantors that covers all or a portion of the Registrable Securities (but no other securities unless approved by a majority of the Holders whose Registrable Securities are to be covered by such Shelf Registration Statement) on an appropriate form under Rule 415 under the Securities Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein or deemed a part thereof, all exhibits thereto and any document incorporated by reference therein.

"*Subsidiary Guarantees*" shall mean the guarantees of the Notes by the Guarantors under the Indenture.

"*Staff*" shall mean the staff of the SEC.

"*Target Registration Date*" shall have the meaning set forth in Section 2(d) hereof.

"*Tower*" shall have the meaning set forth in the recitals hereof.

"*Tower Registration Rights Agreement*" shall have the meaning set forth in Section 4(a) hereof.

"*Tower Shelf Effectiveness Period*" shall have the meaning set forth in Section 4(a) hereof.

"*Tower Shelf Registration Statement*" shall have the meaning set forth in Section 4(a) hereof.

"*Trust Indenture Act*" shall mean the Trust Indenture Act of 1939, as amended from time to time.

"*Trustee*" shall mean the trustee with respect to the Notes under the Indenture.

"*Underwriter*" shall have the meaning set forth in Section 3(e) hereof.

"*Underwritten Offering*" shall mean an offering in which Registrable Securities are sold to an Underwriter for reoffering to the public.

2. Registration Under the Securities Act.

(a) The Company and the Guarantors shall use their commercially reasonable efforts to cause to be filed as soon as practicable, and in any event no later than 60 days after the Closing Date, a Shelf Registration Statement providing for the sale of all the Registrable Securities by the Holders thereof and to have such Shelf Registration Statement become effective no later than 120 days after the Closing Date. The Company and the Guarantors agree to use their commercially reasonable efforts to keep the Shelf Registration Statement continuously effective until all of the Notes cease to be Registrable Securities (the "*Shelf Effectiveness Period*").

(b) The Company and the Guarantors further agree to supplement or amend the Shelf Registration Statement and the related Prospectus if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the Securities Act or by any other rules and regulations thereunder or if reasonably requested by a Holder of Registrable Securities with respect to information relating to such Holder, and to use their commercially reasonable efforts to cause any such amendment to become effective, if required, and such Shelf Registration Statement and Prospectus to become usable as soon as thereafter practicable. The Company and the Guarantors agree to furnish to the Holders of Registrable Securities copies of any such supplement or amendment promptly after its being used or filed with the SEC.

(c) The Company and the Guarantors shall pay all Registration Expenses in connection with any registration pursuant to Section 2(a) hereof. Each Holder shall pay all underwriting discounts and commissions, brokerage commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Securities pursuant to the Shelf Registration Statement.

(d) A Shelf Registration Statement pursuant to Section 2(a) hereof will not be deemed to have become effective unless it has been declared effective by the SEC or is automatically effective upon filing with the SEC as provided by Rule 462 under the Securities Act.

In the event that the Shelf Registration Statement does not become effective on or prior to the 121st day after the Closing Date (the "*Target Registration Date*"), the per annum interest rate on the Registrable Securities will be increased by 1.00% until the Shelf Registration Statement becomes effective or the Notes become freely tradable under the Securities Act. If the Shelf Registration Statement has become effective and thereafter either ceases to be effective or the Prospectus contained therein ceases to be usable, in each case whether or not permitted by this Agreement, at any time during the Shelf Effectiveness Period, and such failure to remain effective or usable exists for more than 30 days (whether or not consecutive) in any 12-month period, then the per annum interest rate on the Registrable Securities will be increased by 1.00% commencing on the 31st day in such 12-month period and ending on such date that the Shelf Registration Statement has again become effective or the Prospectus again becomes usable.

(e) Without limiting the remedies available to the Holders, the Company and the Guarantors acknowledge that any failure by the Company or the Guarantors to comply with their obligations under Section 2(a) hereof may result in material irreparable injury to the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, any Holder may obtain such relief as may be required to specifically enforce the Company's and the Guarantors' obligations under Section 2(a) hereof.

(f) At least 15 Business Days prior to the filing thereof, the Company will give notice of its intention to file the Shelf Registration Statement to the Holders. Each Holder of Registrable Securities agrees to deliver a Notice and Questionnaire and such information as the Company may reasonably request in writing, if any, to the Company at least five Business Days prior to the anticipated effective date of the Shelf Registration Statement as so notified by the Company. If a Holder does not deliver a Notice and Questionnaire and provide the information the Company may reasonably request, that Holder will not be named as a selling securityholder in the Prospectus and will not be permitted to sell its securities under the Shelf Registration Statement. From and after the effective date of the Shelf Registration Statement, the Company shall use commercially reasonable efforts, as promptly as is practicable after the date a Notice and Questionnaire is delivered, and in any event within five Business Days after such date, (i) if required by applicable law, to file with the Commission a post-effective amendment to the Shelf Registration Statement; and, if the Company shall file a post-effective amendment to the Shelf Registration Statement, use commercially reasonable efforts to cause such post-effective amendment to be declared effective under the Securities Act as promptly as is practicable; or to prepare and, if permitted or required by applicable law, to file a supplement to the related Prospectus or an amendment or supplement to any document incorporated therein by reference or file any other required document so that the Holder delivering such Notice and Questionnaire is named as a selling securityholder in the Shelf Registration Statement and the related Prospectus, and so that such Holder is permitted to deliver such Prospectus to purchasers of the Registrable Securities in accordance with applicable law; *provided* that the Company shall not be required to file a supplement or post-effective amendment during any period contemplated by Section 3(c); (ii) provide such Holder, upon request, copies of any documents filed pursuant to Section 2(f)(i) hereof; and (iii) notify such Holder as promptly as practicable after the effectiveness under the Act of any post-effective amendment filed pursuant to Section 2(f)(i) hereof; *provided* that if such Notice and Questionnaire is delivered during a period contemplated by Section 3(c), the Company shall so inform the Holder delivering such Notice and Questionnaire and shall take the actions set forth in clauses (i), (ii) and (iii) above upon expiration of such period in accordance with Section 3(i) hereof.

(g) The Company shall comply with all applicable rules and regulations of the SEC and shall make generally available to its securityholders an earnings statement satisfying the provisions of Section 11(a) and Rule 158 of the Securities Act (in either case, or such longer period as permitted by the SEC pursuant to Rule 12b-25 promulgated under the Exchange Act) no later than 45 days after the end of a 12-month period (or 90 days, if such period is a fiscal year) beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the Shelf Registration Statement.

(h) The Company represents, warrants and covenants that it (including its agents and representatives) will not prepare, make, use, authorize, approve or refer to any Free Writing Prospectus.

3. Registration Procedures.

(a) In connection with their obligations pursuant to Section 2(a) hereof, the Company and the Guarantors shall as expeditiously as possible:

(i) prepare and file with the SEC a Shelf Registration Statement on the appropriate form under the Securities Act, which form (x) shall be selected by the Company and the Guarantors, (y) shall be available for the sale of the Registrable Securities by the Holders thereof and (z) shall comply as to form in all material respects with the requirements of the applicable form and include all financial statements required by the SEC to be filed therewith; and use their commercially reasonable efforts to cause such Shelf Registration Statement to become effective and remain effective for the applicable period in accordance with Section 2 hereof;

(ii) prepare and file with the SEC such amendments and post-effective amendments to each Shelf Registration Statement as may be necessary to keep such Shelf Registration Statement effective for the applicable period in accordance with Section 2 hereof and cause each Prospectus to be supplemented by any required prospectus supplement and, as so supplemented, to be filed pursuant to Rule 424 under the Securities Act; and keep each Prospectus current during the period described in Section 4(3) of and Rule 174 under the Securities Act that is applicable to transactions by brokers or dealers with respect to the Registrable Securities;

(iii) furnish to each Holder of Registrable Securities, to counsel for such Holders and to each Underwriter of an Underwritten Offering of Registrable Securities, if any, without charge, as many copies of each Prospectus or preliminary prospectus, and any amendment or supplement thereto, as such Holder, counsel or Underwriter may reasonably request in order to facilitate the sale or other disposition of the Registrable Securities thereunder; and the Company and the Guarantors consent to the use of such Prospectus, preliminary prospectus and any amendment or supplement thereto in accordance with applicable law by each of the Holders of Registrable Securities and any such Underwriters in connection with the offering and sale of the Registrable Securities covered by and in the manner described in such Prospectus, preliminary prospectus or any amendment or supplement thereto in accordance with applicable law;

(iv) use their commercially reasonable efforts to register or qualify the Registrable Securities under all applicable state securities or blue sky laws of such jurisdictions as any Holder of Registrable Securities covered by the Shelf Registration Statement shall reasonably request in writing by the time the Shelf Registration Statement becomes effective; cooperate with such Holders in connection with any filings required to be made with the Financial Industry Regulatory Authority, Inc.; and do any and all other acts and things that may be reasonably necessary or advisable to enable each Holder to complete the disposition in each such jurisdiction of the Registrable Securities owned by such Holder; *provided* that neither the Company nor any Guarantor shall be required to (1) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (2) file any general consent to service of process in any such jurisdiction or (3) subject itself to taxation in any such jurisdiction if it is not so subject;

(v) notify each Holder of Registrable Securities and counsel for such Holders promptly and, if requested by any such Holder or counsel, confirm such advice in writing (1) when the Shelf Registration Statement has become effective, when any post-effective amendment thereto has been filed and becomes effective and when any amendment or supplement to the Prospectus has been filed, (2) of any request by the SEC or any state securities authority for amendments and supplements to the Shelf Registration Statement or Prospectus or for additional information after the Shelf Registration Statement has become effective, (3) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of the Shelf Registration Statement or the initiation of any proceedings for that purpose, including the receipt by the Company of any notice of objection of the SEC to the use of the Shelf Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act, (4) if, between the applicable effective date of the Shelf Registration Statement and the closing of any sale of Registrable Securities covered thereby, the representations and warranties of the Company or any Guarantor contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to an offering of such Registrable Securities cease to be true and correct in all material respects or if the Company or any Guarantor receives any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose, (5) of the happening of any event during the period the Shelf Registration Statement is effective that makes any statement made in the Shelf Registration Statement or the related Prospectus untrue in any material respect or that requires the making of any changes in such Shelf Registration Statement or Prospectus in order to make the statements therein not misleading and (6) of any determination by the Company or any Guarantor that a post-effective amendment to the Shelf Registration Statement or any amendment or supplement to the Prospectus would be appropriate;

(vi) use their commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of the Shelf Registration Statement or the resolution of any objection of the SEC pursuant to Rule 401(g)(2), including by filing an amendment to such Shelf Registration Statement on the proper form, at the earliest possible moment and provide immediate notice to each Holder of the withdrawal of any such order or such resolution;

(vii) furnish to each Holder of Registrable Securities, without charge, at least one manually executed copy of the Shelf Registration Statement and any post-effective amendment thereto (without any documents incorporated therein by reference or exhibits thereto, unless requested);

(viii) cooperate with the Holders of Registrable Securities to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends and enable such Registrable Securities to be issued in such denominations and registered in such names as such Holders may reasonably request at least one Business Day prior to the closing of any sale of Registrable Securities;

(ix) upon the occurrence of any event contemplated by Section 3(a)(v)(5) hereof, use their commercially reasonable efforts to prepare and file with the SEC a supplement or post-effective amendment to such Shelf Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered (or, to the extent permitted by law, made available) to purchasers of the Registrable Securities, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and the Company and the Guarantors shall notify the Holders of Registrable Securities to suspend use of the Prospectus as promptly as practicable after the occurrence of such an event, and such Holders hereby agree to suspend use of the Prospectus until the Company and the Guarantors have amended or supplemented the Prospectus to correct such misstatement or omission;

(x) a reasonable time prior to the filing of the Shelf Registration Statement, any Prospectus, any amendment to the Shelf Registration Statement or amendment or supplement to a Prospectus or of any document that is to be incorporated by reference into the Shelf Registration Statement or a Prospectus after initial filing of the Shelf Registration Statement, provide copies of such document to the Holders of Registrable Securities and their counsel and make such of the representatives of the Company and the Guarantors as shall be reasonably requested by the Holders of Registrable Securities or their counsel available for discussion of such document; and the Company and the Guarantors shall not, at any time after initial filing of the Shelf Registration Statement, use or file any Prospectus, any amendment of or supplement to the Shelf Registration Statement or a Prospectus, or any document that is to be incorporated by reference into the Shelf Registration Statement or a Prospectus, of which the Holders of Registrable Securities and their counsel shall not have previously been advised and furnished a copy or to which the Holders of Registrable Securities or their counsel shall object;

(xi) obtain a CUSIP number for all Registrable Securities not later than the initial effective date of the Shelf Registration Statement;

(xii) cause the Indenture to be qualified under the Trust Indenture Act in connection with the registration of the Registrable Securities; cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the Trust Indenture Act; and execute, and use their commercially reasonable efforts to cause the Trustee to execute, all documents as may be required to effect such changes and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(xiii) make available for inspection by a representative of the Holders of the Registrable Securities (an "*Inspector*"), any Underwriter participating in any disposition pursuant to the Shelf Registration Statement, any attorneys and accountants designated by a majority of the Holders of Registrable Securities to be included in the Shelf Registration and any attorneys and accountants designated by such Underwriter, at reasonable times and in a reasonable manner, all pertinent financial and other records, documents and properties of the Company and its subsidiaries, and cause the respective officers, directors and employees of the Company and the Guarantors to supply all information reasonably requested by any such Inspector, Underwriter, attorney or accountant in connection with the Shelf Registration Statement; *provided* that if any such information is identified by the Company or any Guarantor as being confidential or proprietary, each Person receiving such information shall take such actions as are reasonably necessary to protect the confidentiality of such information to the extent such action is otherwise not inconsistent with, an impairment of or in derogation of the rights and interests of any Inspector, Holder or Underwriter and such Inspector, Holder or Underwriter shall use commercially reasonable efforts to provide notice, to the extent permitted by law, to the Company of any potential disclosure by such Inspector, Holder or Underwriter of information under this Section 3(a)(xiii) which is identified as confidential or proprietary pursuant to this clause to permit the Company to obtain a protective order;

(xiv) use their commercially reasonable efforts to cause all Registrable Securities to be listed on any securities exchange or any automated quotation system on which similar securities issued or guaranteed by the Company or any Guarantor are then listed if requested by the Majority Holders, to the extent such Registrable Securities satisfy applicable listing requirements;

(xv) if reasonably requested by any Holder of Registrable Securities covered by the Shelf Registration Statement, promptly include in a Prospectus supplement or post-effective amendment such information with respect to such Holder as such Holder reasonably requests to be included therein and make all required filings of such Prospectus supplement or such post-effective amendment as soon as the Company has received notification of the matters to be so included in such filing;

(xvi) enter into such customary agreements and take all such other actions in connection therewith (including those requested by the Holders of a majority in principal amount of the Registrable Securities covered by the Shelf Registration Statement) in order to expedite or facilitate the disposition of such Registrable Securities including, but not limited to, an Underwritten Offering and in such connection, (1) to the extent possible, make such representations and warranties to the Holders and any Underwriters of such Registrable Securities with respect to the business of the Company and its subsidiaries and the Shelf Registration Statement, Prospectus and documents incorporated by reference or deemed incorporated by reference, if any, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings and confirm the same if and when requested, (2) obtain opinions of counsel to the Company and the Guarantors (which counsel and opinions, in form, scope and substance, shall be reasonably satisfactory to the Holders and such Underwriters and their respective counsel) addressed to each selling Holder and Underwriter of Registrable Securities, covering the matters customarily covered in opinions requested in underwritten offerings of debt securities similar to the Registrable Securities, (3) obtain “comfort” letters from the independent certified public accountants of the Company and the Guarantors (and, if necessary, any other certified public accountant of any subsidiary of the Company or any Guarantor, or of any business acquired by the Company or any Guarantor for which financial statements and financial data are or are required to be included in the Shelf Registration Statement) addressed to each selling Holder (to the extent permitted by applicable professional standards) and Underwriter of Registrable Securities, such letters to be in customary form and covering matters of the type customarily covered in “comfort” letters in connection with underwritten offerings of debt securities similar to the Registrable Securities, including but not limited to financial information contained in any preliminary prospectus or Prospectus and (4) deliver such documents and certificates as may be reasonably requested by the Holders of a majority in principal amount of the Registrable Securities being sold or the Underwriters, and which are customarily delivered in underwritten offerings of debt securities similar to the Registrable Securities, to evidence the continued validity of the representations and warranties of the Company and the Guarantors made pursuant to clause (1) above and to evidence compliance with any customary conditions contained in an underwriting agreement; and

(xvii) so long as any Registrable Securities remain outstanding, cause each Additional Guarantor upon the creation or acquisition by the Company of such Additional Guarantor, to execute a counterpart to this Agreement in the form attached hereto as Annex B and to deliver such counterpart to the Holders no later than five Business Days following the execution thereof.

(b) The Company may require each Holder of Registrable Securities to furnish to the Company such information regarding such Holder and the proposed disposition by such Holder of such Registrable Securities as the Company and the Guarantors may from time to time reasonably request in writing.

(c) Each Holder of Registrable Securities covered in the Shelf Registration Statement agrees that, upon receipt of any notice from the Company and the Guarantors of the happening of any event of the kind described in Section 3(a)(v)(3) or 3(a)(v)(5) hereof, such Holder will forthwith discontinue disposition of Registrable Securities pursuant to the Shelf Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(a)(ix) hereof and, if so directed by the Company and the Guarantors, such Holder will deliver to the Company and the Guarantors all copies in its possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities that is current at the time of receipt of such notice.

(d) If the Company and the Guarantors shall give any notice to suspend the disposition of Registrable Securities pursuant to the Shelf Registration Statement, the Company and the Guarantors shall extend the period during which such Shelf Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and including the date of the giving of such notice to and including the date when the Holders of such Registrable Securities shall have received copies of the supplemented or amended Prospectus necessary to resume such dispositions. The Company and the Guarantors may give any such notice only twice during any 365-day period and any such suspensions shall not exceed 30 days for each suspension and there shall not be more than two suspensions in effect during any 365-day period.

(e) The Holders of Registrable Securities covered by the Shelf Registration Statement who desire to do so may sell such Registrable Securities in an Underwritten Offering. In any such Underwritten Offering, the investment bank or investment banks and manager or managers (each an "*Underwriter*") that will administer the offering will be selected by the Holders of a majority in principal amount of the Registrable Securities included in such offering.

4. Tower Shelf Registration Statement.

(a) Tower has entered into a registration rights agreement (the "*Tower Registration Rights Agreement*") with the Holders as of the date hereof pursuant to which Tower agreed, among other things and subject to the terms and conditions of the Tower Registration Rights Agreement, to use its commercially reasonable efforts to cause to be filed and declared effective by the SEC a registration statement covering resale by the Holders of the Ordinary Shares issuable upon conversion of the Notes (the "*Tower Shelf Registration Statement*"), and to use its commercially reasonable efforts to keep such registration statement effective for the period set forth therein (the "*Tower Shelf Effectiveness Period*"). In the event that the Tower Shelf Registration Statement does not become effective on or prior to the 121st day after the Closing Date, the per annum interest rate on the Notes will be increased by 1.00% or, in the case of Notes that have previously been converted into Ordinary Shares, pay an amount equal to 1.00% per annum on the aggregate principal amount of the Notes that were converted into Ordinary Shares, in each case until the Tower Shelf Registration Statement becomes effective or the Ordinary Shares issued upon conversion of the Notes become freely tradable under the Securities Act.

(b) If the Tower Shelf Registration Statement has become effective and thereafter either ceases to be effective or the Prospectus (as defined in the Tower Registration Rights Agreement) contained therein ceases to be usable, in each case whether or not permitted by the Tower Registration Rights Agreement, at any time during the Tower Shelf Effectiveness Period, and such failure to remain effective or usable exists for more than 30 days (whether or not consecutive) in any 12-month period, then the per annum interest rate on the Notes will be increased by 1.00% or, in the case of Notes that have previously been converted into Ordinary Shares, pay an amount equal to 1.00% per annum on the aggregate principal amount of the Notes that were converted into Ordinary Shares, in each case commencing on the 31st day in such 12-month period and ending on such date that the Tower Shelf Registration Statement has again become effective or the Prospectus (as defined in the Tower Registration Rights Agreement) again becomes usable.

(c) Notwithstanding anything to the contrary contained herein, the per annum interest rate on the Registrable Securities shall not increase by more than 1.00% in respect of any and all failures by the Company to timely satisfy its obligations under this Agreement or by Tower to timely satisfy its obligations under the Tower Registration Rights Agreement.

(d) This Section 4 shall remain in effect until there are no Notes outstanding and no Registrable Securities (as defined in the Tower Registration Rights Agreement) outstanding.

5. Indemnification and Contribution.

(a) The Company and the Guarantors, jointly and severally, agree to indemnify and hold harmless each Holder and their respective affiliates, directors and officers and each Person, if any, who controls any Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, that arise out of, or are based upon, (1) any untrue statement or alleged untrue statement of a material fact contained in any Shelf Registration Statement or any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or (2) any untrue statement or alleged untrue statement of a material fact contained in any Prospectus, any Free Writing Prospectus used in violation of this Agreement or any "issuer information" ("*Issuer Information*") filed or required to be filed pursuant to Rule 433(d) under the Securities Act, or any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to any Holder furnished to the Company in writing through such selling Holder expressly for use therein. In connection with any Underwritten Offering permitted by Section 3, the Company and the Guarantors, jointly and severally, will also indemnify the Underwriters, if any, selling brokers, dealers and similar securities industry professionals participating in the distribution, their respective affiliates and each Person who controls such Persons (within the meaning of the Securities Act and the Exchange Act) to the same extent as provided above with respect to the indemnification of the Holders, if requested in connection with any Shelf Registration Statement, any Prospectus, any Free Writing Prospectus or any Issuer Information.

(b) Each Holder agrees, severally and not jointly, to indemnify and hold harmless the Company, the Guarantors, the other selling Holders, the directors of the Company and the Guarantors, each officer of the Company and the Guarantors who signed the Shelf Registration Statement and each Person, if any, who controls the Company, any Guarantor, and any other selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in paragraph (a) above, but only with respect to any losses, claims, damages or liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Holder furnished to the Company in writing by such Holder expressly for use in any Shelf Registration Statement and any Prospectus; *provided*, however, that the obligations of a Holder hereunder shall be limited to an amount equal to the net proceeds to such Holder of Registrable Securities sold in connection with such registration.

(c) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any Person in respect of which indemnification may be sought pursuant to either paragraph (a) or (b) above, such Person (the "*Indemnified Person*") shall promptly notify the Person against whom such indemnification may be sought (the "*Indemnifying Person*") in writing; *provided* that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under this Section 5 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and *provided*, *further*, that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under this Section 5. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others entitled to indemnification pursuant to this Section 5 that the Indemnifying Person may designate in such proceeding and shall pay the fees and expenses of such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary; (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person; (iii) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Indemnifying Person; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed as they are incurred. Any such separate firm (x) for any Holder, its directors and officers and any control Persons of such Holder shall be designated in writing by the Majority Holders and (y) in all other cases shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested that an Indemnifying Person reimburse the Indemnified Person for fees and expenses of counsel as contemplated by this paragraph, the Indemnifying Person shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by the Indemnifying Person of such request and (ii) the Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. No Indemnifying Person shall, without the written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (A) includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (B) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

(d) If the indemnification provided for in paragraphs (a) and (b) above is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantors, on the one hand, from the offering of the Registrable Securities and by the Holders, on the other hand, from receiving the Registrable Securities, or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company and the Guarantors on the one hand and the Holders on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company and the Guarantors on the one hand and the Holders on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and the Guarantors or by the Holders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) The Company, the Guarantors and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 5 were determined by *pro rata* allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Person in connection with any such action or claim. Notwithstanding the provisions of this Section 5, in no event shall a Holder be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities sold by such Holder exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 5 are several and not joint.

(f) The remedies provided for in this Section 5 are not exclusive and shall not limit any rights or remedies that may otherwise be available to any Indemnified Person at law or in equity.

(g) The indemnity and contribution provisions contained in this Section 5 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Holder or any Person controlling any Holder, or by or on behalf of the Company or the Guarantors or the officers or directors of or any Person controlling the Company or any Guarantor and (iii) any sale of Registrable Securities pursuant to a Shelf Registration Statement.

6. General.

(a) *No Inconsistent Agreements.* The Company and the Guarantors represent, warrant and agree that (i) the rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of any other outstanding securities issued or guaranteed by the Company or any Guarantor under any other agreement and (ii) neither the Company nor any Guarantor has entered into, or on or after the date of this Agreement will enter into, any agreement that is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof.

(b) *Amendments and Waivers.* The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company and the Guarantors have obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Securities affected by such amendment, modification, supplement, waiver or consent; *provided* that no amendment, modification, supplement, waiver or consent to any departure from the provisions of Section 5 hereof shall be effective as against any Holder of Registrable Securities unless consented to in writing by such Holder. Any amendments, modifications, supplements, waivers or consents pursuant to this Section 6(b) shall be by a writing executed by each of the parties hereto.

(c) *Notices.* All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 6(c), which address initially is, with respect to the Exchanging Holders, the address set forth in the Exchange Agreement, and with respect to the New Money Holders, the address set forth in the Note Purchase Agreement; (ii) if to the Company or any Guarantor, initially at the Company's address set forth in the Exchange Agreement and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 6(c); and (iii) to such other persons at their respective addresses as provided in the Exchange Agreement and Note Purchase Agreement and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 6(c). All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next Business Day if timely delivered to an air courier guaranteeing overnight delivery. Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee, at the address specified in the Indenture.

(d) *Successors and Assigns.* This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; *provided* that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Exchange Agreement, the Note Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Registrable Securities in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all the terms of this Agreement, and by taking and holding such Registrable Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement and such Person shall be entitled to receive the benefits hereof.

(e) *Counterparts.* This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(f) *Headings*. The headings in this Agreement are for convenience of reference only, are not a part of this Agreement and shall not limit or otherwise affect the meaning hereof.

(g) *Governing Law.* This Agreement, and any claim, controversy or dispute arising under or related to this Agreement, shall be governed by and construed in accordance with the laws of the State of New York.

(h) *Entire Agreement; Severability.* This Agreement contains the entire agreement between the parties relating to the subject matter hereof and supersedes all oral statements and prior writings with respect thereto. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable or against public policy, the remainder of the terms, provisions, covenants and restrictions contained herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated. The Company, the Guarantors and the Holders shall endeavor in good faith negotiations to replace the invalid, void or unenforceable provisions with valid provisions the economic effect of which becomes as close as possible to that of the invalid, void or unenforceable provisions.

(i) *Independent Nature of Holders' Obligations and Rights*. The obligations of each Holder under this Agreement are several and not joint or joint and several with the obligations of any other Holder, and no Holder shall be responsible in any way for the performance or non-performance of the obligations of any other Holder under this Agreement. Nothing contained in this Agreement, and no action taken by any Holder pursuant hereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Holders are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Agreement. Each Holder shall be entitled to independently protect and enforce its rights, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose.

(j) *Obligations Limited*. A copy of the Agreement and Declaration of Trust of each of Putnam Convertible Income-Growth Trust, Putnam High Yield Trust, Putnam High Yield Advantage Fund, Putnam High Income Securities Fund, Putnam Variable Trust, Putnam Asset Allocation Funds, and Putnam Funds Trust (each, a "*Trust*") is on file with the Secretary of The Commonwealth of Massachusetts, and notice is hereby given that this instrument is executed on behalf of the Trustees of each Trust as Trustees and not individually and that the obligations of or arising out of this instrument are not binding on any of the Trustees, officers or shareholders individually, but are binding only upon the trust property of each Trust. Furthermore, notice is given that the trust property of each series of Putnam Variable Trust, Putnam Asset Allocation Funds, and Putnam Funds Trust is separate and distinct and that the obligations of each such Trust under or arising out of this Agreement with respect to the series on behalf of which such Trust has executed this Agreement are separate and not joint or joint and several.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

JAZZ TECHNOLOGIES, INC.

By: ___________________
Name:
Title:

NEWPORT FAB, LLC

By: ___________________
Name:
Title:

JAZZ SEMICONDUCTOR, INC.

By: ___________________
Name:
Title:

[Signature Page to Registration Rights Agreement – Jazz]

Confirmed and accepted as of the date first above written:

PRINCIPAL GLOBAL OPPORTUNITIES SERIES PLC – PRINCIPAL SHORT DURATION HIGH YIELD

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

PGI CIT GLOBAL CREDIT OPPORTUNITIES FUND

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

PRINCIPAL GLOBAL CREDIT OPPORTUNITIES

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

[Signature Page to Registration Rights Agreement – Jazz]

EXPERT INVESTOR SICAV-SIF – ASTRUM FIXED INCOME GLOBAL CREDIT OPPORTUNITIES FUND

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

PRINCIPAL GLOBAL INVESTORS COLLECTIVE INVESTMENT TRUST – MULTI-SECTOR FIXED INCOME FUND

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

PGI CIT GLOBAL OPPORTUNITIES SERIES PLC – GLOBAL CREDIT ALPHA FUND

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

[Signature Page to Registration Rights Agreement – Jazz]

DAIWA PREMIUM TRUST – DAIWA/PRINCIPAL US SHORT DURATION HIGH YIELD BOND FUND

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

IOWA JUDICIAL RETIREMENT SYSTEM

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

MEIJER

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

[Signature Page to Registration Rights Agreement – Jazz]

PAINTING INDUSTRY ANNUITY FUND

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

PRINCIPAL FUNDS, INC. – BOND & MORTGAGE SECURITIES FUND

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

PRINCIPAL GLOBAL INVESTORS FUND – HIGH YIELD FUND

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

[Signature Page to Registration Rights Agreement – Jazz]

PRINCIPAL GLOBAL INVESTORS TRUST – HIGH YIELD FIXED INCOME FUND

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

PRINCIPAL LIFE INSURANCE COMPANY ON BEHALF OF ONE OR MORE SEPARATE ACCOUNTS (PRINCIPAL LIFE INSURANCE COMPANY, DBA BOND & MORTGAGE SEPARATE ACCOUNT)

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

PRINCIPAL LIFE INSURANCE COMPANY ON BEHALF OF ONE OR MORE SEPARATE ACCOUNTS (PRINCIPAL LIFE INSURANCE COMPANY, D/B/A PRINCIPAL LDI LONG DURATION SEPARATE ACCOUNT)

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

[Signature Page to Registration Rights Agreement – Jazz]

PRINCIPAL VARIABLE CONTRACT FUNDS, INC. BALANCED

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

PRINCIPAL VARIABLE CONTRACTS FUNDS, INC. – BOND & MORTGAGE SECURITIES ACCOUNT

By: Principal Global Investors, LLC,
a Delaware limited liability company,
its authorized signatory

By: ___________________________________
Name:
Title:

By: ___________________________________
Name:
Title:

PRINCIPAL FUNDS, INC. – HIGH YIELD FUND

By: ___________________________________
Name:
Title:

[Signature Page to Registration Rights Agreement – Jazz]

PUTNAM VARIABLE TRUST – PUTNAM VT HIGH YIELD FUND
PUTNAM HIGH YIELD TRUST
PUTNAM HIGH YIELD ADVANTAGE FUND
PUTNAM DYNAMIC ASSET ALLOCATION GROWTH FUND
PUTNAM DYNAMIC ASSET ALLOCATION BALANCED FUND
PUTNAM VARIABLE TRUST – PUTNAM VT GLOBAL ASSET ALLOCATION FUND
PUTNAM DYNAMIC ASSET ALLOCATION CONSERVATIVE FUND
PUTNAM CONVERTIBLE SECURITIES FUND
PUTNAM HIGH INCOME SECURITIES FUND
PUTNAM RETIREMENT INCOME FUND LIFESTYLE 3

Each by:
Putnam Investment Management, LLC

By: ____
Name:
Title:

A copy of the Agreement and Declaration of Trust of each above holder is on file with the Secretary of The Commonwealth of Massachusetts, and notice is hereby given that this Agreement is executed on behalf of the trustees of such holder as trustees and not individually and that the obligations of or arising out of this Agreement are not binding on any of the trustees, officers or shareholders individually of such holder, but are binding only upon the trust property of such holder. Furthermore, notice is given that the trust property of any series of the series trust applicable to such holder, if applicable, is separate and distinct and that the obligations of or arising out of this Agreement are several and not joint or joint and several and are binding only on the trust property of such holder with respect to its obligations under this confirmation.

[Signature Page to Registration Rights Agreement – Jazz]

SEASONS SERIES TRUST (SUN AMERICA) – ASSET ALLOCATION: DIVERSIFIED GROWTH PORTFOLIO

By: Putnam Investment Management, LLC

By: ____
Name:
Title:

PUTNAM RETIREMENT ADVANTAGE GAA GROWTH PORTFOLIO
PUTNAM RETIREMENT ADVANTAGE GAA BALANCED PORTFOLIO

Each by: Putnam Fiduciary Trust Company

By: ____
Name:
Title:

[Signature Page to Registration Rights Agreement – Jazz]

PUTNAM WORLD TRUST – PUTNAM GLOBAL HIGH YIELD BOND FUND
PUTNAM HIGH YIELD FIXED INCOME FUND, LLC
LGT MULTI MANAGER BOND HIGH YIELD (USD)
STICHTING BEWAARDER SYNTRUS ACHMEA GLOBAL HIGH YIELD POOL
STICHTING PENSIOENFONDS VOOR FYSIOTHERAPEUTEN
LGT MULTI MANAGER CONVERTIBLE BONDS PORTFOLIO

Each by:
The Putnam Advisory Company, LLC

By: ____
Name:
Title:

[Signature Page to Registration Rights Agreement – Jazz]

ROCKVIEW SHORT ALPHA FUND LTD.

By: ______________________________
Name:
Title:

ROCKVIEW TRADING LTD.

By: ______________________________
Name:
Title:

NORTHERN LIGHTS FUND TRUST – ALTEGRIS FIXED INCOME LONG SHORT FUND

By: ______________________________
Name:
Title:

[Signature Page to Registration Rights Agreement – Jazz]

BULWARKBAY CREDIT OPPORTUNITIES MASTER FUND LTD

By: BulwarkBay Investment Group LLC, as its investment adviser

By: _________________________________
Name: Joseph Canavan
Title: Chief Financial Officer

[Signature Page to Registration Rights Agreement – Jazz]

Schedule 1

Holders

Name and Address of Holder
Principal Global Opportunities Series PLC – Principal Short Duration High Yield PGI CIT Global Credit Opportunities Fund Principal Global Credit Opportunities Expert Investor SICAV-SIF – Astrum Fixed Income Global Credit Opportunities Fund Principal Global Investors Collective Investment Trust – Multi-Sector Fixed Income Fund PGI CIT Global Opportunities Series Plc – Global Credit Alpha Fund Daiwa Premium Trust – Daiwa/Principal US Short Duration High Yield Bond Fund Iowa Judicial Retirement System Meijer Painting Industry Annuity Fund Principal Funds, Inc. – Bond & Mortgage Securities Fund Principal Global Investors Fund – High Yield Fund Principal Global Investors Trust – High Yield Fixed Income Fund Principal Life Insurance Company on behalf of one or more Separate Accounts (Principal Life Insurance Company, DBA Bond & Mortgage Separate Account) Principal Life Insurance Company on behalf of one or more Separate Accounts (Principal Life Insurance Company, D/B/A Principal LDI Long Duration Separate Account) Principal Variable Contract Funds, Inc. Balanced Principal Variable Contract Funds, Inc. – Bond & Mortgage Securities Account Principal Funds, Inc. – High Yield Fund For all, see "Principal Notice Address" below
Putnam Variable Trust – Putnam VT High Yield Fund Putnam High Yield Trust Putnam High Yield Advantage Fund Putnam Dynamic Asset Allocation Growth Fund Putnam Dynamic Asset Allocation Balanced Fund Putnam Variable Trust – Putnam VT Global Asset Allocation Fund Putnam Dynamic Asset Allocation Conservative Fund Putnam Convertible Securities Fund Putnam High Income Securities Fund Putnam Retirement Income Fund Lifestyle 3 Seasons Series Trust (Sun America) – Asset Allocation: Diversified Growth Portfolio Putnam Retirement Advantage GAA Growth Portfolio Putnam Retirement Advantage GAA Balanced Portfolio Putnam World Trust – Putnam Global High Yield Bond Fund Putnam High Yield Fixed Income Fund, LLC LGT Multi Manager Bond High Yield (USD) Stichting Bewaarder Syntrus Achmea Global High Yield Pool Stichting Pensioenfonds Voor Fysiotherapeuten LGT Multi Manager Convertible Bonds Portfolio

For all:

c/o Putnam Investments
One Post Office Square
Boston, MA 02106
Attn: General Counsel
Fax: (617) 760-1625

RockView Short Alpha Fund Ltd.
RockView Trading Ltd.
Northern Lights Fund Trust – Altegris Fixed Income Long Short Fund

Notice Address:
RockView Management, LLC
Metro Center
One Station Place, 7th Floor
Stamford, CT 06902
Attn: Alan Bluestine

Notice Address solely for Northern Lights Fund Trust – Altegris Fixed Income Long Short Fund:
Altegris Advisors, LLC
1200 Prospect Street, Suite 400
La Jolla, CA 92037
Attn: Beth Hancuff

BulwarkBay Credit Opportunities Master Fund Ltd.

Notice Address:
BulwarkBay Investment Group LLC
15 Broad Street, 4th Floor
Boston, MA 02109
Attn: Chief Financial Officer
Email: operations@bulwarkbay.com

Principal Notice Address:

Credit and Financials: Eddie Vonnahme, CFA Principal Global Investors, LLC 801 Grand Avenue G-26 Des Moines, Iowa 50392-0800 Phone - 515-362-2018 Fax: 515-362-2326 vonnahme.eddie@principal.com	Credit and Financials: Mark Denkinger Principal Global Investors, LLC 801 Grand Avenue G-26 Des Moines, Iowa 50392-0800 Phone - 515-248-8016 Fax: 515-362-2326 Denkinger.Mark@principal.com

Administrative: Principal Global Investors, LLC 801 Grand Avenue Des Moines, Iowa 50392-0960 Dierickx, Jody Phone: 515-247-5245 Dierickx.Jody@principal.com FAX : 1-866-508-8946 dlgaminvacctbankloan@exchange.principal.com	Legal: Sally D. Sorensen, Paralegal Analyst Principal Life Insurance Company 711 High Street, G-7 Des Moines, Iowa 50392-0301 Phone: (515) 247-6986 Fax: (866) 496-6527 sorensen.sally.d@principal.com

Schedule 2

New Money Holders

(1) Name and Address of Holder	(2)Principal Amount of New Notes	(3) Purchase Price
Principal Funds, Inc. – High Yield Fund Jurisdiction of Residency: United States CUSIP: 144A DTC Participant: Bank of New York DTC #901 For Credit to Account #: 394959 Contact: Monique Brown (718) 315-3546 monique.brown@bnymellon.com	$9,000,000	$8,310,249.31
Principal Global Investors Fund – High Yield Fund Jurisdiction of Residency: United States CUSIP: 144A DTC Participant: Bank of New York DTC #901 For Credit to Account #: 397775 Contact: Monique Brown (718) 315-3546 monique.brown@bnymellon.com	$500,000	$461,680.52
Northern Lights Fund Trust – Altegris Fixed Income Short Long Fund Jurisdiction of Residency: United States CUSIP: 144A DTC Participant: JPMorgan Chase DTC #: 902 For Credit To Account #: P18855 Contact: Alan Bluestine (203) 388-4920 alanb@rvcap.com	$500,000	$461,680.52

ANNEX A

Jazz Technologies, Inc.
Form of Notice and Questionnaire

Jazz Technologies, Inc., a Delaware company (the "*Company*"), has filed with the Securities and Exchange Commission (the "*Commission*") a registration statement on Form S-1 or S-3 (the "*Shelf Registration Statement*") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "*Securities Act*"), of $______________ aggregate principal amount of its 8% Convertible Senior Notes due 2018 (the "*Notes*"), in accordance with the Registration Rights Agreement, dated as of March 25, 2014 (the "*Registration Rights Agreement*"), among the Company, the Guarantors and the holders named therein. A copy of the Registration Rights Agreement is attached hereto. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

In order to have Registrable Securities included in the Shelf Registration Statement (or a supplement or amendment thereto), this Notice and Questionnaire ("*Notice and Questionnaire*") must be completed, executed and delivered to the Company at the address set forth herein for receipt at least five Business Days prior to the anticipated effective date of the Shelf Registration Statement. Beneficial owners of Registrable Securities who do not complete, execute and return this Notice and Questionnaire by such date (i) will not be named as selling securityholders in the Shelf Registration Statement and (ii) may not use the Prospectus forming a part thereof for resales of Registrable Securities.

Certain legal consequences arise from being named as a selling securityholder in the Shelf Registration Statement and related Prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling securityholder in the Shelf Registration Statement and related Prospectus.

The term "*Registrable Securities*" is defined in the Registration Rights Agreement to mean the Notes; *provided* that the Notes shall cease to be Registrable Securities (i) when a Shelf Registration Statement with respect to such Notes has become effective under the Securities Act and such Notes have been disposed of pursuant to such Shelf Registration Statement, (ii) such Notes have been sold pursuant to Rule 144, (iii) such Notes are eligible to be sold pursuant to Rule 144 (or any similar provision then in force, but not Rule 144A) under the Securities Act and the holding period contemplated by Rule 144(d)(ii) has passed and such Notes may be freely sold without compliance with the volume or manner of sale requirements of Rule 144 pursuant to Rule 144(b)(1) (or such Notes may otherwise be resold under any similar provision allowing the resale of such shares without restriction), and in any instance covered by this clause (iii) the Company shall have notified the Trustee that such Notes need not bear any restrictive legend and instructed the Trustee to remove any such legend and associated stop transfer instructions or (iv) when such Notes cease to be outstanding.

ELECTION

The undersigned holder (the "*Selling Securityholder*") of Registrable Securities hereby elects to include in the Shelf Registration Statement the Registrable Securities beneficially owned by it and listed below in Item (3). The undersigned, by signing and returning this Notice and Questionnaire, agrees to be bound with respect to such Registrable Securities by the terms and conditions of this Notice and Questionnaire and the Registration Rights Agreement, including, without limitation, Section 5 of the Registration Rights Agreement, as if the undersigned Selling Securityholder were an original party thereto.

The Selling Securityholder hereby provides the following information to the Company and represents and warrants that such information is true, accurate and complete:

QUESTIONNAIRE

1. (a) Full Legal Name of Selling Securityholder:

____

(b) Full Legal Name of Registered Holder (if not the same as in (a) above) of Registrable Securities Listed in Item (3) below:

____

(c) Full Legal Name of DTC Participant (if applicable and if not the same as (b) above) through which Registrable Securities Listed in Item (3) below are Held:

____

(d) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the Registrable Securities listed in Item (3) below):

____

2. Address for Notices to Selling Securityholder:

____
____
Telephone: ____________________________________
Fax: ____________________________________
Contact Person: ____________________________________

3. Beneficial Ownership of Securities:

Note: For clarification, a beneficial owner of a security is any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares (i) voting power, including the power to vote, or to direct the voting of, such security; and/or, (ii) investment power which includes the power to dispose, or to direct the disposition of, such security. Include in your responses below, those Notes or Ordinary Shares issuable upon exercise of the Notes which you have the right to acquire beneficial ownership of within 60 days.

Except as set forth below in this Item (3), the undersigned Selling Securityholder does not beneficially own any Notes or Ordinary Shares issuable upon exercise of the Notes.

(a) Amount and type of Registrable Securities beneficially owned:

____

CUSIP No(s). of such Registrable Securities:

____

(b) Amount of Notes or Ordinary Shares issuable upon exercise of the Notes other than Registrable Securities beneficially owned:

____

CUSIP No(s). of such other Notes and Ordinary Shares:

____

(c) Amount and type of Registrable Securities which the undersigned wishes to be included in the Shelf Registration Statement:

____

CUSIP No(s). of such Registrable Securities to be included in the Shelf Registration Statement:

____

4. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes ☐ No ☐

If "yes" to Item 4(a), did you receive your Registrable Securities as compensation for investment banking services to the Company?

Yes ☐ No ☐

Note: If yes, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(b) Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

(c) If you are an affiliate of a broker-dealer, do you certify that you bought the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes ☐ No ☐

Note: If no, the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

5. Relationships with the Company:

Except as set forth below, neither the Selling Securityholder nor any of its affiliates, officers, directors or principal equity holders (5% or more) has held any position or office or has had any other material relationship with the company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

6. Plan of Distribution:

Except as set forth below, the undersigned Selling Securityholder intends to distribute the Registrable Securities listed above in Item (3) only as follows (if at all): Such Registrable Securities may be sold from time to time directly by the undersigned Selling Securityholder or, alternatively, through underwriters, broker-dealers or agents. Such Registrable Securities may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale, or at negotiated prices. Such sales may be effected in transactions (which may involve crosses or block transactions) (i) on any national securities exchange or quotation service on which the Registrable Securities may be listed or quoted at the time of sale, (ii) in the over-the-counter market, (iii) in transactions otherwise than on such exchanges or services or in the over-the-counter market, or (iv) through the writing of options. In connection with sales of the Registrable Securities or otherwise, the Selling Securityholder may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the Registrable Securities in the course of hedging the positions they assume. The Selling Securityholder may also sell Registrable Securities short and deliver Registrable Securities to close out such short positions, or loan or pledge Registrable Securities to broker- dealers that in turn may sell such securities.

State any exceptions here:

Note: In no event may such method(s) of distribution take the form of an underwritten offering of the Registrable Securities without the prior agreement of the Company.

7. Short Stock Position:

(a) Does the above-named Selling Securityholder have an existing short position in the Company's Ordinary Shares?

Yes ☐ No ☐

(b) If the answer to Item (7)(a) above is "yes," state the amount of such short position and the date on which the above-named Selling Securityholder entered into such short position?

(c) If the answer to Item (7)(a) above is "yes," does the above-named Selling Securityholder have an existing long position in the Company's Ordinary Shares?

Yes ☐ No ☐

(d) If the answer to Item (7)(c) above is "yes," state the amount of such long position:

By signing below, the Selling Securityholder acknowledges that it understands its obligation to comply, and agrees that it will comply, with the prospectus delivery and other provisions of the Securities Act and the Exchange Act and the rules and regulations thereunder, particularly Regulation M.

In the event that the Selling Securityholder transfers all or any portion of the Registrable Securities listed in Item (3) above after the date on which such information is provided to the Company, the Selling Securityholder agrees to notify the transferee(s) at the time of the transfer of its rights and obligations under this Notice and Questionnaire and the Registration Rights Agreement.

By signing below, the Selling Securityholder consents to the disclosure of the information contained herein in its answers to Items (1) through (7) above and the inclusion of such information in the Shelf Registration Statement and related Prospectus. The Selling Securityholder understands that such information will be relied upon by the Company in connection with the preparation of the Shelf Registration Statement and related Prospectus.

In accordance with the Selling Securityholder's obligation under Section 2(e) of the Registration Rights Agreement to provide such information as may be required by law for inclusion in the Shelf Registration Statement, the Selling Securityholder agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein which may occur subsequent to the date hereof at any time while the Shelf Registration Statement remains in effect. All notices hereunder and pursuant to the Registration Rights Agreement shall be made in writing, by hand-delivery, first-class mail, or air courier guaranteeing overnight delivery to the Company as follows:

Jazz Technologies, Inc.
4321 Jamboree Road
Newport Beach, California 92660
Attention: Chief Legal Officer
Facsimile: (949) 315-3811

Once this Notice and Questionnaire is executed by the Selling Securityholder and received by the Company, the terms of this Notice and Questionnaire, and the representations and warranties contained herein, shall be binding on, shall inure to the benefit of and shall be enforceable by the respective successors, heirs, personal representatives, and assigns of the Company and the Selling Securityholder (with respect to the Registrable Securities beneficially owned by such Selling Securityholder and listed in Item (3) above). This Agreement shall be governed in all respects by the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated: ___________________

Selling Securityholder
(Print/type full legal name of beneficial owner of Registrable Securities)

By: ______________________
Name: ______________________
Title: ______________________

PLEASE RETURN THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE FOR RECEIPT TO THE COMPANY AT:

Jazz Technologies, Inc.
4321 Jamboree Road
Newport Beach, California 92660
Attention: Chief Legal Officer
Facsimile: (949) 315-3811

ANNEX B

Counterpart to Registration Rights Agreement

The undersigned hereby absolutely, unconditionally and irrevocably agrees as a Guarantor (as defined in the Registration Rights Agreement, dated as of March 25, 2014 by and among Jazz Technologies, Inc., a Delaware corporation, the guarantors party thereto and the Holders to be bound by the terms and provisions of such Registration Rights Agreement.

IN WITNESS WHEREOF, the undersigned has executed this counterpart as of [ ], 20__.

[NAME]

By: ________________________________
Name:
Title:

Exhibit 31.1

CERTIFICATION

I, Marco Racanelli, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 of Jazz Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2014

/s/ MARCO RACANELLI
Marco Racanelli

Senior Vice President and Site General Manager
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Ronit Vardi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 of Jazz Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2014

/s/ RONIT VARDI
Ronit Vardi
Chief Financial Officer

EXHIBIT 32.1

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION

In connection with the Quarterly Report on Form 10-Q (the “Report”), of Jazz Technologies, Inc. (the "Company") for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof, the undersigned, Marco Racanelli, Principal Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 16, 2014

/s/ MARCO RACANELLI
Marco Racanelli
Senior Vice President and Site General Manager
(Principal Executive Officer)

EXHIBIT 32.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION

In connection with the Quarterly Report on Form 10-Q (the “Report”), of Jazz Technologies, Inc. (the "Company") for the period ended March 31, 2014 as filed with the Securities and Exchange Commission on the date hereof, the undersigned, Ronit Vardi, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company

Dated: May 16, 2014

/s/ RONIT VARDI
Ronit Vardi, Chief Financial Officer

Other Balance Sheet Details (Schedule of Intangible Assets) (Details) (USD $) In Thousands, unless otherwise specified	3 Months Ended	12 Months Ended
	Mar. 31, 2014	Dec. 31, 2013
Finite-Lived Intangible Assets [Line Items]		
Identifiable intangible assets, cost	$ 61,500	$ 61,500
Identifiable intangible assets, accumulated amortization	34,289	33,198
Identifiable intangible assets, net	27,211	28,302
Technology [Member]		
Finite-Lived Intangible Assets [Line Items]		
Identifiable intangible assets, cost	3,300	3,300
Identifiable intangible assets, accumulated amortization	2,206	2,046
Identifiable intangible assets, net	1,094	1,254
Technology [Member] | Minimum [Member]		
Finite-Lived Intangible Assets [Line Items]		
Useful life	4 years	4 years
Technology [Member] | Maximum [Member]		
Finite-Lived Intangible Assets [Line Items]		
Useful life	9 years	9 years
Patents and Other Core Technology Rights [Member]		
Finite-Lived Intangible Assets [Line Items]		
Useful life	9 years	9 years
Identifiable intangible assets, cost	15,100	15,100
Identifiable intangible assets, accumulated amortization	9,289	8,870
Identifiable intangible assets, net	5,811	6,230
In- Process Research and Development [Member]		
Finite-Lived Intangible Assets [Line Items]		
Useful life		
Identifiable intangible assets, cost	1,800	1,800
Identifiable intangible assets, accumulated amortization	1,800	1,800
Identifiable intangible assets, net		
Customer Relationships [Member]		
Finite-Lived Intangible Assets [Line Items]		
Useful life	15 years	15 years
Identifiable intangible assets, cost	2,600	2,600
Identifiable intangible assets, accumulated amortization	960	916
Identifiable intangible assets, net	1,640	1,684
Trade Name [Member]		
Finite-Lived Intangible Assets [Line Items]		
Useful life	9 years	9 years
Identifiable intangible assets, cost	5,200	5,200
Identifiable intangible assets, accumulated amortization	3,199	3,054
Identifiable intangible assets, net	2,001	2,146

Facilities Lease [Member]		
Finite-Lived Intangible Assets [Line Items]		
Identifiable intangible assets, cost	33,500	33,500
Identifiable intangible assets, accumulated amortization	16,835	16,512
Identifiable intangible assets, net	$ 16,665	$ 16,988
Facilities Lease [Member] | Minimum [Member]		
Finite-Lived Intangible Assets [Line Items]		
Useful life	1 year	1 year
Facilities Lease [Member] | Maximum [Member]		
Finite-Lived Intangible Assets [Line Items]		
Useful life	19 years	19 years

Other Balance Sheet Details	3 Months Ended Mar. 31, 2014
Other Balance Sheet Details [Abstract]	
Other Balance Sheet Details	**Note 3: Other Balance Sheet Details**

Inventories

Inventories, net of reserves, consist of the following on March 31, 2014 and December 31, 2013 (in thousands):

	March 31, 2014	December 31, 2013
Raw material	$ 4,130	$ 4,434
Work in process	17,364	15,618
Finished goods	4,490	6,245
	$ 25,984	$ 26,297

Property, Plant and Equipment

Property, plant and equipment consist of the following on March 31, 2014 and December 31, 2013 (in thousands):

	Useful life(in years)	March 31, 2014	December 31, 2013
Building improvements	10-14	$ 26,984	$ 26,809
Machinery and equipment	3-7	202,831	196,812
		229,815	223,621
Accumulated depreciation		(154,677)	(145,276)
		$ 75,138	$ 78,345

Intangible Assets

Intangible assets consist of the following on March 31, 2014 (in thousands):

	Useful life (in years)	Cost	Accumulated Amortization	Net
Technology	4;9	$ 3,300	$ 2,206	$ 1,094
Patents and other core technology rights	9	15,100	9,289	5,811
In-process research and development	--	1,800	1,800	--
Customer relationships	15	2,600	960	1,640
Trade name	9	5,200	3,199	2,001

Facilities lease	1,19	33,500	16,835	16,665
Total identifiable intangible assets		$ 61,500	$ 34,289	$ 27,211

Intangible assets consist of the following on December 31, 2013 (in thousands):

	Useful life (in years)	**Cost**	**Accumulated Amortization**	**Net**
Technology	4;9	$ 3,300	$ 2,046	$ 1,254
Patents and other core technology rights	9	15,100	8,870	6,230
In-process research and development	--	1,800	1,800	--
Customer relationships	15	2,600	916	1,684
Trade name	9	5,200	3,054	2,146
Facilities lease	1,19	33,500	16,512	16,988
Total identifiable intangible assets		$ 61,500	$ 33,198	$ 28,302

The amortization related to technology, patents and other core technologies rights, and facilities lease is charged to cost of revenues. The amortization related to customer relationships and trade name is charged to operating expenses.

Employee Benefit Plans (Details) (USD $) In Thousands, unless otherwise specified	3 Months Ended	
	Mar. 31, 2014	Mar. 31, 2013
Employee Postretirement Benefit Plans [Abstract]		
Pension and other post retirement benefit plans income	$ 565	$ 440

Income Taxes (Details) (USD $) In Thousands, unless otherwise specified	3 Months Ended	
	Mar. 31, 2014	Mar. 31, 2013
Income Taxes [Abstract]		
Loss from notes exchange	$ 9,817	

Employee Stock Option Expense (Details) (USD $) In Thousands, unless otherwise specified	3 Months Ended	
	Mar. 31, 2014	Mar. 31, 2013
Employee Stock Option Expense [Abstract]		
Options granted by Tower to Company employees		
Compensation expense related to options granted to employees	$ 182	$ 87

Related Party Transactions (Details) (USD $) In Thousands, unless otherwise specified	Mar. 31, 2014	Dec. 31, 2013
Related Party Transactions [Abstract]		
Due from related parties (included in the accompanying balance sheets)	$ 5,879	$ 6,406
Due to related parties (included in the accompanying balance sheets)	$ 782	$ 146

Summary of Significant Accounting Policies	3 Months Ended Mar. 31, 2014
Summary of Significant Accounting Policies [Abstract]	
Summary of Significant Accounting Policies	

Note 2: Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The Company prepares its consolidated financial statements in accordance with SEC and U.S. generally accepted accounting principles ("US GAAP") requirements and includes all adjustments of a normal recurring nature that are necessary to fairly present its condensed consolidated results of operations, financial position, and cash flows for all periods presented. The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Interim period results are not necessarily indicative of full year results. This quarterly report should be read in conjunction with the Company's most recent Annual Report on Form 10-K.

The condensed consolidated financial statements included herein are unaudited; however, they contain all normal recurring adjustments that, in the opinion of management, are necessary to present fairly the Company's consolidated financial position at March 31, 2014 and December 31, 2013, and the consolidated results of its operations and cash flows for the three months ended March 31, 2014 and March 31, 2013. All intercompany accounts and transactions have been eliminated. Certain amounts have been reclassified in order to conform to 2014 presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ materially from those estimates.

Fair Value of Financial Instruments

The Company measures its financial assets and liabilities in accordance with US GAAP. For financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

Concentrations

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash and cash equivalents and trade accounts receivable.

The Company generally does not require collateral for insurance of receivables. An allowance for doubtful accounts is determined with respect to those amounts that were determined to be doubtful of collection. The Company performs ongoing credit evaluations of its customers **.**

Accounts receivable from significant customers representing 10% or more of the net accounts receivable balance as of March 31, 2014 and December 31, 2013 consists of:

	March 31, 2014	December 31, 2013
Customer 1	37 %	36 %
Customer 2	*	12

Net revenues from significant customers representing 10% or more of net revenues consist of:

	Three months ended	
	March 31, 2014	March 31, 2013
Customer A	30 %	21 %
Customer B	10	*
Customer C	*	15
Customer D	*	10

* Indicates less than 10%

As a result of the Company's concentration of its customer base, loss or cancellation of business from, or significant changes in scheduled deliveries of products sold to these customers or a change in their financial position, could materially and adversely affect the Company's consolidated financial position, results of operations and cash flows.

The Company operates a single manufacturing facility located in Newport Beach, California. A major interruption in the manufacturing operations at this facility would have a material adverse affect on the consolidated financial position and results of operations of the Company.

Initial Adoption of New Standards

No new accounting standards have been issued during 2014, with an effective date in or after fiscal year 2014, that is expected to have a significant impact on the Company's consolidated financial statements.

Condensed Consolidated Balance Sheets (USD $) In Thousands, unless otherwise specified	Mar. 31, 2014	Dec. 31, 2013
Current assets:		
Cash and cash equivalents	$ 66,653	$ 51,351
Receivables:		
Trade receivables, net of allowance for doubtful accounts of $0 at March 31, 2014 and December 31, 2013	22,933	20,426
Other receivables	6,566	9,835
Inventories	25,984	26,297
Deferred tax asset	3,944	3,846
Other current assets	1,208	1,303
Total current assets	127,288	113,058
Long-term investments	921	778
Property, plant and equipment, net	75,138	78,345
Intangible assets, net	27,211	28,302
Goodwill	7,000	7,000
Other assets - related parties	1,562	1,686
Other assets - others	1,904	1,647
Total assets	241,024	230,816
Current liabilities:		
Accounts payable	20,323	15,290
Accrued compensation and benefits	6,929	5,985
Deferred revenues	1,058	2,492
Other current liabilities	2,949	5,205
Total current liabilities	31,259	28,972
Long term liabilities:		
Long-term debt from banks	19,100	19,100
Notes	84,261	81,181
Deferred tax liability	5,235	2,429
Employee related liabilities	2,551	2,551
Other long-term liabilities	12,918	12,780
Total liabilities	155,324	147,013
Stockholders' equity:		
Ordinary shares of $1 par value; Authorized: 200 shares; Issued: 100 shares; Outstanding: 100 shares;		
Additional paid-in capital	74,986	63,576
Cumulative stock based compensation	2,355	2,173
Accumulated other comprehensive earnings	2,792	3,357
Retained earnings	5,567	14,697
Total stockholders' equity	85,700	83,803
Total liabilities and stockholders' equity	$ 241,024	$ 230,816

Condensed Consolidated Statements of Cash Flows (USD $) In Thousands, unless otherwise specified	3 Months Ended	
	Mar. 31, 2014	Mar. 31, 2013
Operating activities:		
Net loss	$ (9,130)	$ (2,421)
Adjustments to reconcile net loss for the period to net cash provided by operating activities:		
Loss from notes exchange	9,817	
Depreciation and amortization of intangible assets	10,489	10,891
Notes accretion and amortization of deferred financing costs	2,067	1,597
Stock based compensation expense	182	87
Changes in operating assets and liabilities:		
Trade receivables	(2,507)	(974)
Inventories	313	173
Other receivables and assets	2,397	(2,142)
Accounts payable	2,654	1,281
Due to related parties, net	958	(628)
Accrued compensation and benefits	944	659
Deferred Revenue	(1,434)	(9)
Other current liabilities	(2,812)	(2,309)
Deferred tax liability, net	(3,437)	
Employee related liabilities and other long-term liabilities	39	62
Net cash provided by operating activities	10,540	6,267
Investing activities:		
Purchases of property and equipment	(4,452)	(5,000)
Proceeds related to property and equipment		726
Net cash used in investing activities	(4,452)	(4,274)
Financing activities:		
Proceeds from issuance of notes, net	9,214	
Net cash provided by financing activities	9,214	
Net increase in cash and cash equivalents	15,302	1,993
Cash and cash equivalents at beginning of period	51,351	43,306
Cash and cash equivalents at end of period	66,653	45,299
Non cash activities:		
Investments in property, plant and equipment	4,557	1,517
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	4,625	3,867
Cash paid during the period for income taxes		

Summary of Significant Accounting Policies (Details) (Customer Concentration Risk [Member])	3 Months Ended	12 Months Ended	3 Months Ended	12 Months Ended	3 Months Ended							
	Mar. 31, 2014 Accounts Receivable [Member] Major Customer One [Member]	Dec. 31, 2013 Accounts Receivable [Member] Major Customer One [Member]	Mar. 31, 2014 Accounts Receivable [Member] Major Customer Two [Member]	Dec. 31, 2013 Accounts Receivable [Member] Major Customer Two [Member]	Mar. 31, 2014 Net Revenues [Member] Major Customer A [Member]	Mar. 31, 2013 Net Revenues [Member] Major Customer A [Member]	Mar. 31, 2014 Net Revenues [Member] Major Customer B [Member]	Mar. 31, 2013 Net Revenues [Member] Major Customer B [Member]	Mar. 31, 2014 Net Revenues [Member] Major Customer C [Member]	Mar. 31, 2013 Net Revenues [Member] Major Customer C [Member]	Mar. 31, 2014 Net Revenues [Member] Major Customer D [Member]	Mar. 31, 2013 Net Revenues [Member] Major Customer D [Member]
Concentration Risk [Line Items]												
Concentration risk, percentage	37.00%	36.00%	[1]	12.00%	30.00%	21.00%	10.00%	[1]	[1]	15.00%	[1]	10.00%

[1] Indicates less than 10%.

Other Balance Sheet Details (Schedule of Property, Plant and Equipment) (Details) (USD $) In Thousands, unless otherwise specified					3 Months Ended				3 Months Ended	
	Mar. 31, 2014	Dec. 31, 2013	Mar. 31, 2014 Building Improvements [Member]	Dec. 31, 2013 Building Improvements [Member]	Mar. 31, 2014 Building Improvements [Member] Minimum [Member]	Mar. 31, 2014 Building Improvements [Member] Maximum [Member]	Mar. 31, 2014 Machinery and Equipment [Member]	Dec. 31, 2013 Machinery and Equipment [Member]	Mar. 31, 2014 Machinery and Equipment [Member] Minimum [Member]	Mar. 31, 2014 Machinery and Equipment [Member] Maximum [Member]
Property, Plant and Equipment [Line Items]										
Useful life					10 years	14 years			3 years	7 years
Property, plant and equipment, gross	$ 229,815	$ 223,621	$ 26,984	$ 26,809			$ 202,831	$ 196,812		
Accumulated depreciation	(154,677)	(145,276)								
Property, plant and equipment, net	$ 75,138	$ 78,345								

Business and Formation

3 Months Ended
Mar. 31, 2014

Business and Formation [Abstract]

Business and Formation

Note 1: Business and Formation

Unless specifically noted otherwise, as used throughout these notes to the consolidated financial statements, "Jazz", "Company" refers to the business of Jazz Technologies, Inc. and "Jazz Semiconductor" refers only to the business of Jazz Semiconductor, Inc.

The Company

Since the merger with Tower in 2008, the Company is a 100% subsidiary of Tower.

The Company is based in Newport Beach, California and is an independent semiconductor foundry focused on specialty process technologies for the manufacture of analog intensive mixed-signal semiconductor devices. The Company's specialty process technologies include advanced analog, radio frequency, high voltage, bipolar and silicon germanium bipolar complementary metal oxide ("SiGe") semiconductor processes, for the manufacture of analog and mixed-signal semiconductors. Its customers' analog and mixed-signal semiconductor devices are used in cellular phones, wireless local area networking devices, digital TVs, set-top boxes, gaming devices, switches, routers and broadband modems.

Condensed Consolidated Balance Sheets (Parenthetical) (USD $) In Thousands, except Share data, unless otherwise specified	Mar. 31, 2014	Dec. 31, 2013
Condensed Consolidated Balance Sheets [Abstract]		
Trade receivables, allowance for doubtful accounts	$ 0	$ 0
Ordinary shares, par value	$ 1	$ 1
Ordinary shares, authorized	200	200
Ordinary shares, issued	100	100
Ordinary shares, outstanding	100	100

Summary of Significant Accounting Policies (Policy)	**3 Months Ended Mar. 31, 2014**

Summary of Significant Accounting Policies [Abstract]

Basis of Presentation and Consolidation

Basis of Presentation and Consolidation

The Company prepares its consolidated financial statements in accordance with SEC and U.S. generally accepted accounting principles ("US GAAP") requirements and includes all adjustments of a normal recurring nature that are necessary to fairly present its condensed consolidated results of operations, financial position, and cash flows for all periods presented. The accompanying condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Interim period results are not necessarily indicative of full year results. This quarterly report should be read in conjunction with the Company's most recent Annual Report on Form 10-K.

The condensed consolidated financial statements included herein are unaudited; however, they contain all normal recurring adjustments that, in the opinion of management, are necessary to present fairly the Company's consolidated financial position at March 31, 2014 and December 31, 2013, and the consolidated results of its operations and cash flows for the three months ended March 31, 2014 and March 31, 2013. All intercompany accounts and transactions have been eliminated. Certain amounts have been reclassified in order to conform to 2014 presentation.

Use of Estimates

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ materially from those estimates.

Fair Value of Financial Instruments

Fair Value of Financial Instruments

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Concentrations

Concentrations

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	March 31, 2014	**December 31, 2013**
Customer 1	37 %	36 %
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Net revenues from significant customers representing 10% or more of net revenues consist of:

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	March 31, 2014	March 31, 2013
Customer A	30 %	21 %
Customer B	10	*
Customer C	*	15
Customer D	*	10

* Indicates less than 10%

As a result of the Company's concentration of its customer base, loss or cancellation of business from, or significant changes in scheduled deliveries of products sold to these customers or a change in their financial position, could materially and adversely affect the Company's consolidated financial position, results of operations and cash flows.

The Company operates a single manufacturing facility located in Newport Beach, California. A major interruption in the manufacturing operations at this facility would have a material adverse affect on the consolidated financial position and results of operations of the Company.

Initial Adoption of New Standards

Initial Adoption of New Standards

No new accounting standards have been issued during 2014, with an effective date in or after fiscal year 2014, that is expected to have a significant impact on the Company's consolidated financial statements.

Document and Entity Information	3 Months Ended Mar. 31, 2014
Document and Entity Information [Abstract]	
Document Type	10-Q
Amendment Flag	false
Entity Registrant Name	Jazz Technologies, Inc.
Entity Central Index Key	0001337675
Document Period End Date	Mar. 31, 2014
Document Fiscal Year Focus	2014
Document Fiscal Period Focus	Q1
Current Fiscal Year End Date	--12-31
Entity Filer Category	Non-accelerated Filer
Entity Common Stock, Shares Outstanding	100

Summary of Significant Accounting Policies (Tables)	**3 Months Ended Mar. 31, 2014**
Accounts Receivable [Member]	
Concentration Risk [Line Items]	
Schedule of Concentration of Risk	

	March 31, 2014	**December 31, 2013**
Customer 1	37 %	36 %
Customer 2	*	12

Net Revenues [Member]	
Concentration Risk [Line Items]	
Schedule of Concentration of Risk	

	Three months ended	
	March 31, 2014	**March 31, 2013**
Customer A	30 %	21 %
Customer B	10	*
Customer C	*	15
Customer D	*	10

Condensed Consolidated Statements of Operations (USD $) In Thousands, unless otherwise specified	3 Months Ended	
	Mar. 31, 2014	Mar. 31, 2013
Condensed Consolidated Statements of Operations [Abstract]		
Revenues	$ 46,919	$ 36,774
Cost of revenues	39,919	29,899
Gross profit	7,000	6,875
Operating expenses:		
Research and development	2,715	2,879
Selling, general and administrative	3,255	2,736
Amortization related to a lease agreement early termination		1,866
Total operating expenses	5,970	7,481
Operating income (loss)	1,030	(606)
Financing expense, net	(13,800)	(3,485)
Loss before income taxes	(12,770)	(4,091)
Income tax benefit	3,640	1,670
Net loss	$ (9,130)	$ (2,421)

Income Taxes	3 Months Ended Mar. 31, 2014
Income Taxes [Abstract]	
Income Taxes	**Note 6: Income Taxes** In 2013, the U.S. tax authorities commenced an audit of the Company's 2011 tax returns, and asked the Company for certain reports and data in connection with said year's tax returns. While there is no assurance that the Company will not be required to pay additional taxes pursuant to said audit, no tax adjustments have been requested to date. As described above, the 2014 Exchange Agreement resulted in the recognition of a $9.8 million one time non cash cost included in financing expenses, net. The tax benefit has been recorded entirely in the statements of operations for the three months ended March 31, 2014 and this one time non cash cost has not and will not impact the Company's projected annual effective tax rate to be applied to year-to-date net profit or loss before income taxes excluding this one time non cash cost.

Notes	3 Months Ended Mar. 31, 2014
Notes [Abstract]	
Notes	**Note 5:Notes** **Introduction** As of March 31, 2014, the Company has approximately $49 million principal amount of Notes outstanding due June 2015 and approximately $58 million principal amount of Notes outstanding due December 2018. Description and composition are as follows: $49 million Jazz 2010 Notes due June 2015: In July 2010, the Company issued notes in the principal amount of approximately $94 million due June 2015 (the "2010 Notes"). Interest on the 2010 Notes at a rate of 8% per annum is payable semiannually. As a result of the consummation of the transactions related to the 2014 Exchange Agreement (as defined and discussed below), as of March 31, 2014, approximately $49 million principal amount of 2010 Notes was outstanding. The 2010 Notes are unsecured obligations of the Company, rank equally with all other existing and future unsecured senior indebtedness of the Company, including the 2014 Notes (as defined below) and are effectively subordinated to all existing and future secured indebtedness of the Company, including the Company's up to $70 million secured Credit Line Agreement with Wells Fargo (see Note 4 above), to the extent of the value of the collateral securing such indebtedness. The 2010 Notes are not guaranteed by Tower. The 2010 Notes shall rank senior to all existing and future subordinated debt of the Company. Since July 1, 2013, the Company has had the right to redeem some or all of the 2010 Notes for cash at a redemption price equal to par plus accrued and unpaid interest plus a redemption premium equal to 4% if redemption occurs prior to July 1, 2014 and 2% if redemption occurs between July 1, 2014 and maturity. Holders of the 2010 Notes are entitled, subject to certain conditions and restrictions, to require the Company to repurchase the 2010 Notes at par plus accrued interest and a 1% redemption premium in the event of certain change of control transactions as set forth in the Indenture. The indenture governing the 2010 Notes contains certain customary covenants as set forth in the Indenture. If there is an event of default on the 2010 Notes, all of the 2010 Notes may become immediately due and payable, subject to certain conditions set forth in the Indenture. The Company's obligations under the 2010 Notes are guaranteed by the Company's wholly owned domestic subsidiaries. The Company has not provided condensed consolidated financial information for such subsidiaries because the subsidiaries have no independent assets or operations, the subsidiary guarantees are full and unconditional and joint and several and the subsidiaries of the Company, other than the subsidiary guarantors, are minor. $58 million Jazz 2014 Notes due December 2018: In March 2014, the Company, together with certain of its domestic subsidiaries and Tower entered into an exchange agreement (the "2014 Exchange Agreement") with certain holders (the "2014 Participating Holders") according to which the Company issued new unsecured 8%

convertible senior notes due December 2018 (the "2014 Notes") in exchange for approximately $45 million in aggregate principal amount of 2010 Notes, thereby reducing the aggregate principal amount of 2010 Notes outstanding from $94 million to $49 million.

In addition, the Company, Tower and certain of the 2014 Participating Holders (the "Purchasers") entered into a purchase agreement (the "Purchase Agreement") pursuant to which the Purchasers agreed to purchase $10 million aggregate principal amount of 2014 Notes.

The 2014 Participating Holders and Purchasers may submit a conversion request with the Company to be settled at the Company's discretion through cash or Tower's ordinary shares, in which event Tower has to issue ordinary shares based on a conversion price of $10.07 per share, reflecting a 20 percent premium over the average closing price for Tower's ordinary shares for the five trading days ending on the day prior to the signing date of the 2014 Exchange Agreement and Purchase Agreement.

The 2014 Notes are unsecured senior obligations of the Company, rank equally with all other existing and future unsecured senior indebtedness of the Company, including the 2010 Notes, and are effectively subordinated to all existing and future secured indebtedness of the Company, including the Company's up to $70 million secured Credit Line Agreement with Wells Fargo (see Note 4 above), to the extent of the value of the collateral securing such indebtedness. The 2014 Notes rank senior to all existing and future subordinated debt. The 2014 Notes are jointly and severally guaranteed on a senior unsecured basis by the Company's domestic subsidiaries. The 2014 Notes are not guaranteed by Tower.

Holders of the 2014 Notes are entitled, subject to certain conditions and restrictions, to require the Company to repurchase the 2014 Notes at par plus accrued interest and a 1% redemption premium in the event of certain change of control transactions as set forth in the Indenture governing the 2014 Notes.

The Indenture contains certain customary covenants including covenants restricting the Company's ability and the ability of its subsidiaries to, among other things, incur additional debt, incur additional liens, make specified payments and make certain asset sales.

If there is an event of default on the 2014 Notes, all of the 2014 Notes may become immediately due and payable, subject to certain conditions set forth in the Indenture.

Jazz's obligations under the 2014 Notes are guaranteed by Jazz's wholly owned domestic subsidiaries. The Company has not provided condensed consolidated financial information for such subsidiaries because the subsidiaries have no independent assets or operations, the subsidiary guarantees are full and unconditional and joint and several and the subsidiaries of the Company, other than the subsidiary guarantors, are minor.

As of March 31, 2014, approximately $58 million principal amount of 2014 Notes was outstanding.

The Company concluded the exchange should not be recognized as a troubled debt restructuring in accordance with the provisions of ASC 470-60 "Modifications and Extinguishments". In accordance with the provisions of ASC 470-50 the Company concluded that the exchange resulted in an extinguishment of the old debt and the issuance of a new convertible debt to be recorded at fair value. As described above, convertible notes were issued in exchange for certain of the 2010 Notes. Since the new convertible debt was not traded and no quotes were available, the Company determined the fair value of the new convertible notes using the present value technique. The 2014 Exchange Agreement resulted in an expense of approximately $9.8 million, which has been recorded in the statement of operations report as non-cash one-time financing expense for the three months ended March 31, 2014 and the convertible feature has been recorded in equity.

Other Balance Sheet Details (Schedule of Inventories) (Details) (USD $) In Thousands, unless otherwise specified	Mar. 31, 2014	Dec. 31, 2013
Other Balance Sheet Details [Abstract]		
Raw materials	$ 4,130	$ 4,434
Work in process	17,364	15,618
Finished goods	4,490	6,245
Inventory, net	$ 25,984	$ 26,297

Other Balance Sheet Details (Tables)	3 Months Ended Mar. 31, 2014

Other Balance Sheet Details [Abstract]

Schedule of Inventories

	March 31, 2014	December 31, 2013
Raw material	$ 4,130	$ 4,434
Work in process	17,364	15,618
Finished goods	4,490	6,245
	$ 25,984	$ 26,297

Schedule of Property and Equipment

	Useful life(in years)	March 31, 2014	December 31, 2013
Building improvements	10-14	$ 26,984	$ 26,809
Machinery and equipment	3-7	202,831	196,812
		229,815	223,621
Accumulated depreciation		(154,677)	(145,276)
		$ 75,138	$ 78,345

Schedule of Intangible Assets

Intangible assets consist of the following on March 31, 2014 (in thousands):

	Useful life (in years)	Cost	Accumulated Amortization	Net
Technology	4;9	$ 3,300	$ 2,206	$ 1,094
Patents and other core technology rights	9	15,100	9,289	5,811
In-process research and development	--	1,800	1,800	--
Customer relationships	15	2,600	960	1,640
Trade name	9	5,200	3,199	2,001
Facilities lease	1,19	33,500	16,835	16,665
Total identifiable intangible assets		$ 61,500	$ 34,289	$ 27,211

Intangible assets consist of the following on December 31, 2013 (in thousands):

	Useful life (in years)	Cost	Accumulated Amortization	Net
Technology	4;9	$ 3,300	$ 2,046	$ 1,254
Patents and other core technology rights	9	15,100	8,870	6,230

In-process research and development	--	1,800	1,800	--
Customer relationships	15	2,600	916	1,684
Trade name	9	5,200	3,054	2,146
Facilities lease	1,19	33,500	16,512	16,988
Total identifiable intangible assets		$ 61,500	$ 33,198	$ 28,302

Related Party Transactions	3 Months Ended Mar. 31, 2014
Related Party Transactions [Abstract]	
Related Party Transactions	**Note 9: Related Party Transactions:** Related Party Transactions consist of the following (in thousands):

	As of March 31, 2014	As of December 31, 2013
Due from related parties (included in the accompanying balance sheets)	$ 5,879	$ 6,406
Due to related parties (included in the accompanying balance sheets)	$ 782	$ 146

Related parties' balances are with Tower and TowerJazz Japan Ltd. ("TJP") and are mainly for purchases and payments on behalf of the other party, tools' sale, tools' lease and service charges.

Employee Benefit Plans	**3 Months Ended Mar. 31, 2014**
Employee Postretirement Benefit Plans [Abstract]	
Employee Postretirement Benefit Plans	**Note 7: Employee Benefit Plans** The pension and other post retirement benefit plans amount to $0.6 million and $0.4 million income for the three months ended March 31, 2014 and 2013, respectively.

Employee Stock Option Expense	3 Months Ended Mar. 31, 2014
Employee Stock Option Expense [Abstract]	
Employee Stock Option Expense	**Note 8: Employee Stock Option Expense** During the three months ended March 31, 2014, no options were awarded. The Company recorded $0.2 million and $0.1 million, respectively, of compensation expenses relating to options granted to employees for the three months ended March 31, 2014 and 2013.

Commitments and Contingencies	3 Months Ended Mar. 31, 2014
Commitments and Contingencies [Abstract]	
Commitments and Contingencies	**Note 10: Commitments and Contingencies** ***Leases*** Since 2002, the Company has leased its fabrication facilities, land and headquarters from Conexant. In December 2010, Conexant sold the Company's fabrication facilities, land and headquarters. In connection with the sale, the Company negotiated amendments to its operating leases that confirm the Company's ability to remain in the fabrication facilities through 2027, including the Company's options to extend the lease term at its sole discretion from 2017 to 2022 and from 2022 to 2027. Under our amended leases with the new owner, the Company's rental payments consist of fixed base rent and fixed management fees and our pro rata share of certain expenses incurred by the landlord in the ownership of these buildings, including property taxes, building insurance and common area maintenance. These lease expenses are included in operating expenses in the accompanying consolidated statements of operations. In regards to an office building lease, the Company's landlord exercised its right to terminate the office building lease, effective January 1, 2014. The Company moved its offices to the fabrication building and to nearby new leased office space. The Company and the landlord signed an additional amendment to the amended lease to reflect termination of the office building lease and certain obligations of the Company and the landlord, including certain noise abatement actions at the fabrication facility. This office building termination has no impact whatsoever on the Company's fabrication buildings, facilities and operations and the Company's ability to remain in the fabrication facilities through 2027 (including by exercising its two consecutive five-year extension periods which it can exercise in its sole discretion).

Business and Formation (Details) (Tower [Member])	Mar. 31, 2014
Tower [Member]	
Noncontrolling Interest [Line Items]	
Interest in subsidiary, Jazz Technologies, Inc.	100.00%

Wells Fargo Asset-Based Revolving Credit Line (Details) (Revolving Credit Line [Member], USD $) In Millions, unless otherwise specified	3 Months Ended Mar. 31, 2014
Line of Credit Facility [Line Items]	
Term	5 years
Maturity	Dec. 31, 2018
Maximum borrowing amount	$ 70
Borrowing availability	51
Amount outstanding	$ 19
Minimum [Member] | Prime Rate [Member]	
Line of Credit Facility [Line Items]	
Basis spread	0.50%
Minimum [Member] | LIBOR [Member]	
Line of Credit Facility [Line Items]	
Basis spread	1.75%
Maximum [Member] | Prime Rate [Member]	
Line of Credit Facility [Line Items]	
Basis spread	1.00%
Maximum [Member] | LIBOR [Member]	
Line of Credit Facility [Line Items]	
Basis spread	2.25%

Condensed Consolidated Statements of Comprehensive Loss (USD $) In Thousands, unless otherwise specified	3 Months Ended	
	Mar. 31, 2014	Mar. 31, 2013
Condensed Consolidated Statements of Comprehensive Loss [Abstract]		
Net loss	$ (9,130)	$ (2,421)
Change in employees plan assets and benefit obligations	(565)	(440)
Comprehensive loss	$ (9,695)	$ (2,861)

Wells Fargo Asset-Based Revolving Credit Line	3 Months Ended Mar. 31, 2014
Wells Fargo Asset-Based Revolving Credit Line [Abstract]	
Wells Fargo Asset-Based Revolving Credit Line	**Note 4: Wells Fargo Asset-Based Revolving Credit Line** In December 2013, the Company entered into an agreement with Wells Fargo Capital Finance, part of Wells Fargo & Company ("Wells Fargo"), to amend the previous loan and security agreement, for a five-year secured asset-based revolving credit line in the total amount of up to $70 million, maturing in December 2018 (the "Credit Line Agreement"). Loans under the Credit Line Agreement bear interest at a rate equal to, at lender's option, either the lender's prime rate plus a margin ranging from 0.50% to 1.0% or the LIBOR rate plus a margin ranging from 1.75% to 2.25% per annum. The outstanding borrowing availability varies from time to time based on the levels of the Company's eligible accounts receivable, eligible equipment, eligible inventories and other terms and conditions described in the Credit Line Agreement. The Credit Line Agreement is secured by the assets of the Company. The Credit Line Agreement contains customary covenants and other terms, including customary events of default. If any event of default occurs, Wells Fargo may declare due immediately, all borrowings under the facility and foreclose on the collateral. Furthermore, an event of default under the Credit Line Agreement would result in an increase in the interest rate on any amounts outstanding. The Company's obligations pursuant to the Credit Line Agreement are not guaranteed by Tower. Borrowing availability under the Credit Line Agreement as of March 31, 2014 was approximately $51 million. As of March 31, 2014, the Company was in compliance with all the covenants under this facility. Outstanding borrowing as of March 31, 2014, was approximately $19 million.

Notes (Details) (USD $)	3 Months Ended	
	Mar. 31, 2014	Mar. 31, 2013
Notes [Abstract]		
Loss from notes exchange	$ 9,817,000	
Revolving Credit Line [Member]		
Debt Instrument [Line Items]		
Maturity	Dec. 31, 2018	
Maximum borrowing amount	70,000,000	
2010 Notes [Member]		
Debt Instrument [Line Items]		
Debt issuance date	Jul. 01, 2010	
Maturity	Jun. 30, 2015	
Annual rate	8.00%	
Principal amount of debt issued	94,000,000	
Principal outstanding	49,000,000	
Amount exchanged	45,000,000	
Premium rate on redemption of debt, before benchmark date	4.00%	
Premium rate on redemption of debt, after benchmark date and until maturity	2.00%	
Redemption premium rate benchmark date	Jul. 01, 2014	
Premium rate on redemption of debt, in the event of certain change of control transactions	1.00%	
2014 Notes [Member]		
Debt Instrument [Line Items]		
Debt issuance date	Mar. 01, 2014	
Maturity	Dec. 31, 2018	
Annual rate	8.00%	
Principal outstanding	58,000,000	
Repurchase amount	$ 10,000,000	
Conversion price	$ 10.07	
Percentage of stock price	20.00%	
Trading days	5 days	
Premium rate on redemption of debt, in the event of certain change of control transactions	1.00%	

Related Party Transactions (Tables)	3 Months Ended Mar. 31, 2014
Related Party Transactions [Abstract]	
Schedule of Related Party Balances	

	As of March 31, 2014	As of December 31, 2013
Due from related parties (included in the accompanying balance sheets)	$ 5,879	$ 6,406
Due to related parties (included in the accompanying balance sheets)	$ 782	$ 146