

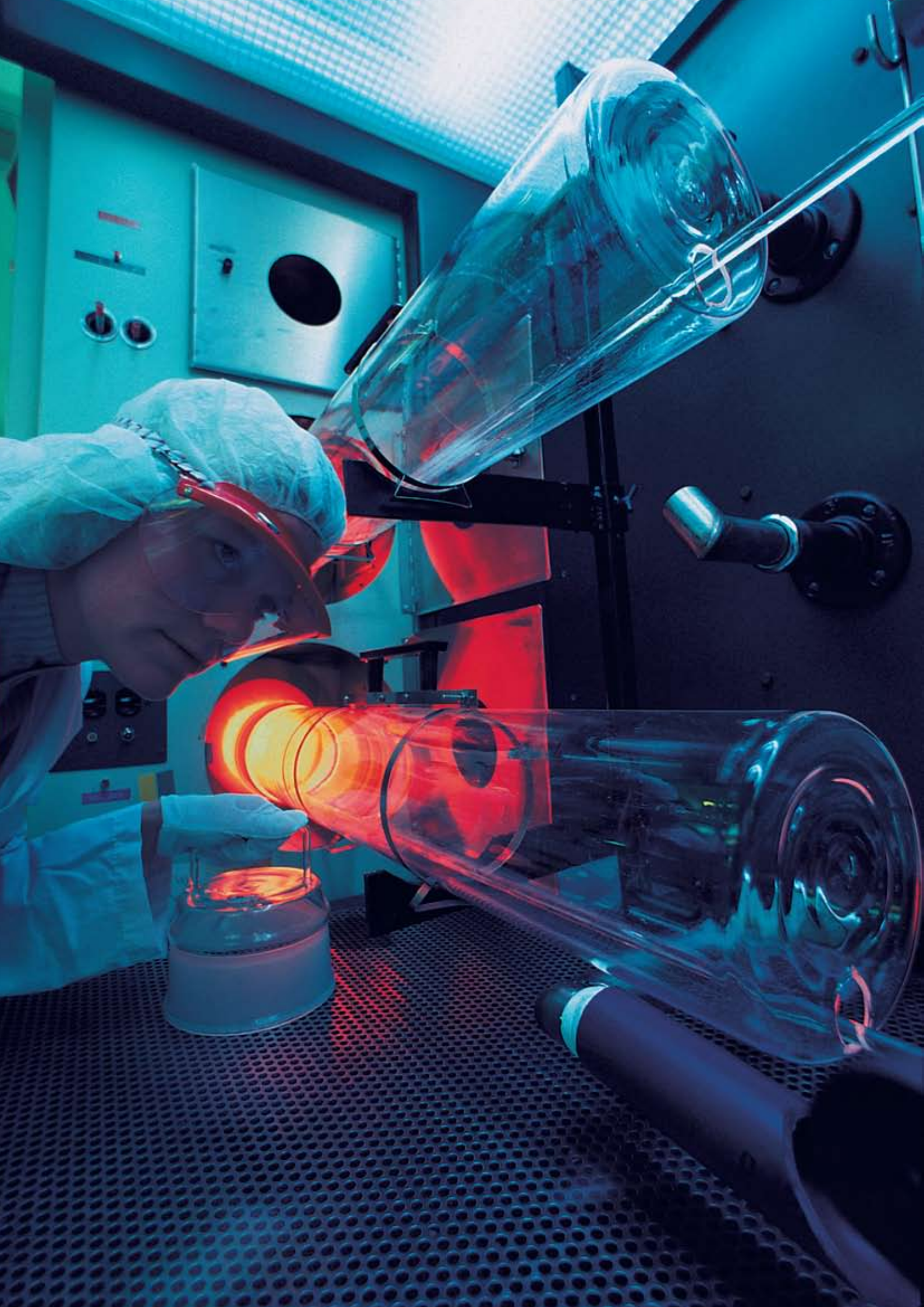


STATE OF ISRAEL
Ministry of Industry
Trade and Labor
Investment Promotion Center

Invest in Israel

Where Breakthroughs Happen

www.investinisrael.gov.il



The resources, record and business environment that make Israel a smart investment today and tomorrow

“ Israel has amazing people. We are investing \$4 billion in an amazing group of people from Israel - and we are investing it at an astounding speed.”

Warren Buffett
CEO and Chairman
of Berkshire Hathaway



Dear Reader,

Israel's highly educated and creative workforce along with its sophisticated infrastructure form the bedrock of the country's capacity to continuously innovate. Israel's ability to identify opportunities and create unique breakthrough solutions on an ongoing basis positions it as an industry

pioneer and allows for a steady influx of foreign direct investment.

In light of the ongoing expansion of groundbreaking developments and discoveries in fields such as ICT, life sciences, cleantech and homeland security, among others, the world's leading multinational corporations have chosen to establish research and development centers in the country, and there is great cause for optimism. There are more Israeli companies traded on the NASDAQ than any other country - other than the U.S.

Economic growth, which averaged around 5% between 2005 and 2007 and was 4% in 2008, is heavily supported by the international market for Israel's technological expertise. Though growth has been somewhat negatively affected by the global financial crisis, the international demand for Israeli high-tech exports, which made up 43% of total industrial exports in 2008, has dampened the impact on the country's growth.

Foreign investments play an important role in Israel's economy. Israel's venture capital industry, which has about 70 active venture capital funds, including 14 international VCs with Israeli offices, continues to thrive even in the face of a global tightening of credit due to the financial crisis.

Israel's legislative policies continue to support an ever-expanding free-market environment. The government will continue to encourage industrial R&D and increase the number and scope of international economic agreements to strengthen Israel's international competitiveness.

I am confident that the Israeli economy will continue its growth while maintaining its leadership, dynamism and position as a global destination for foreign investment.

I invite you to take part in our expansion and look forward to establishing valuable partnerships in the near future.

Sincerely,

Binyamin Ben-Eliezer

Minister of Industry, Trade and Labor
Jerusalem, 2009



Global Center for Breakthrough Technology

Top Companies Choose Israel

A highly educated, talented and diverse workforce, proven track record of developing profit-driving technologies, high level of scientific research, modern infrastructure and supportive government programs create a fertile environment for innovation. Microsoft, Cisco, Motorola, Intel, HP, Siemens, GE, Philips Medical, IBM and Google are just a few of the world-renowned multinational companies that have already chosen to invest in Israeli technology.

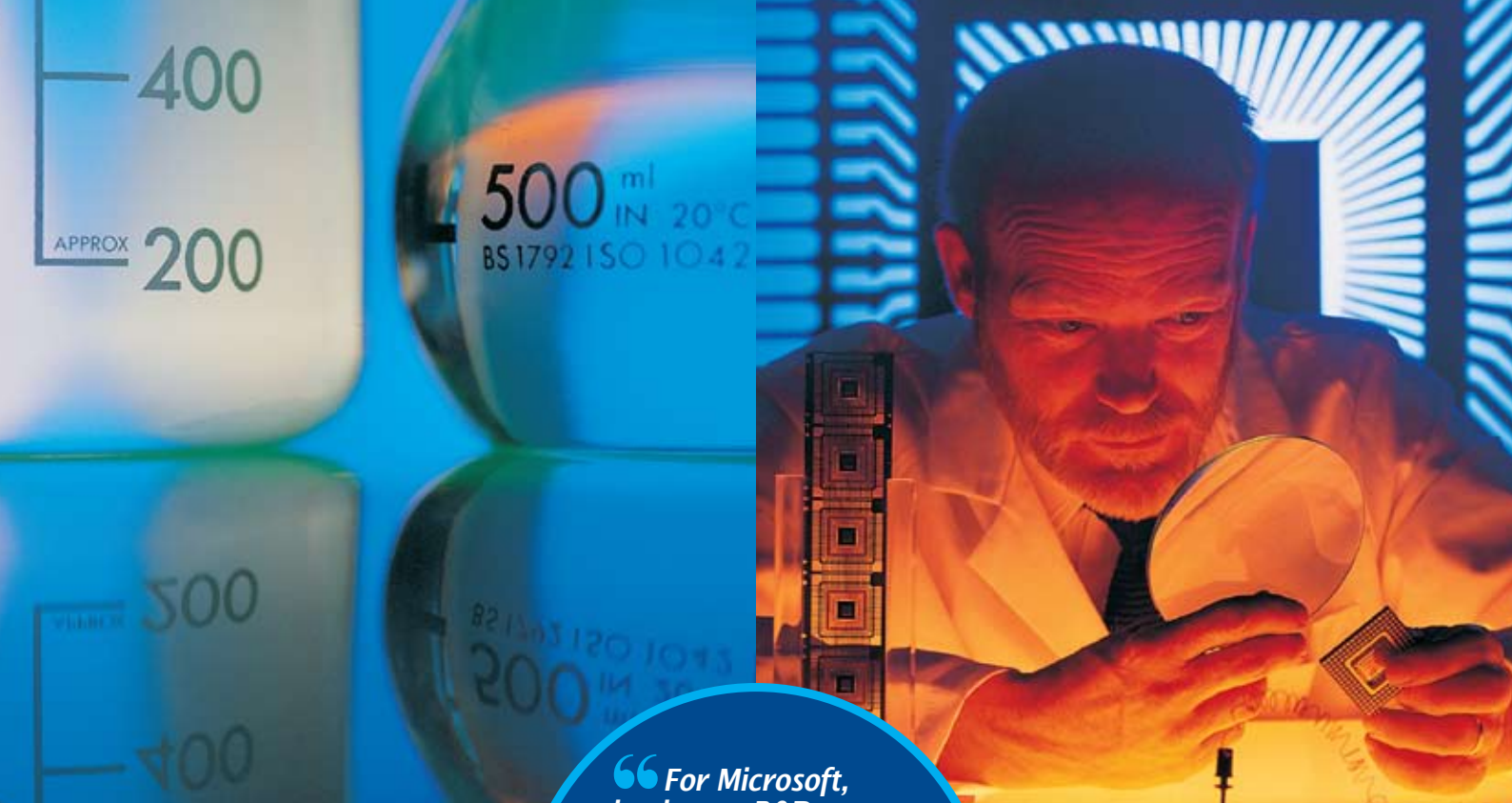
Constantly Innovating

Israel has the world's highest rate of research and development investment as a percentage of GDP and is among the world's leaders in numbers of patents issued.

The country's twenty-four high-tech incubators are deeply committed to nurturing entrepreneurship and innovation and support approximately 180 projects in various stages of R&D at any given time. Since the inception of the incubator program in 1991 and to the end of 2008, over 1,150 projects have graduated from the program. By the end of 2008, the total cumulative private investment in graduate incubator companies surpassed \$2.5 billion.

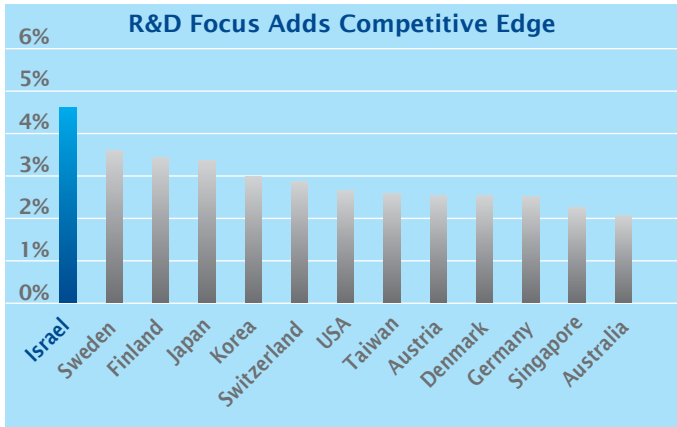
“ Israel -
a reservoir of innovation
that will advance our
competitiveness ”

Eric Reinhart
President of Siemens Medical

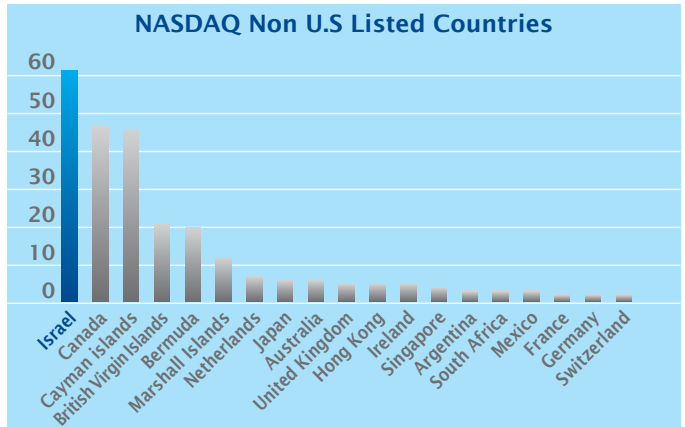


“For Microsoft, having an R&D center in Israel has been a great experience... The quality of the people here is fantastic.”

Bill Gates
 Chairman and Chief Software Architect, Microsoft Corporation



At 4.7% of GDP, Israel has the highest rate of R&D investment in the world. Source: OECD and Israel Central Bureau of Statistics (2009)



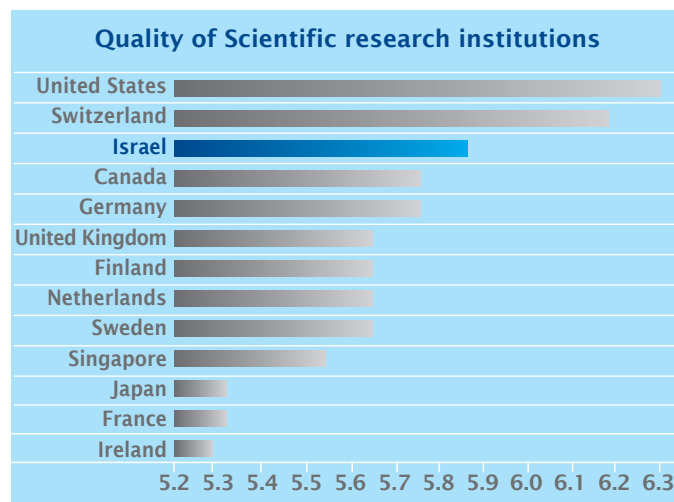
Source: NASDAQ (2009)



Highly Educated and Diverse Workforce

Top Academic Education

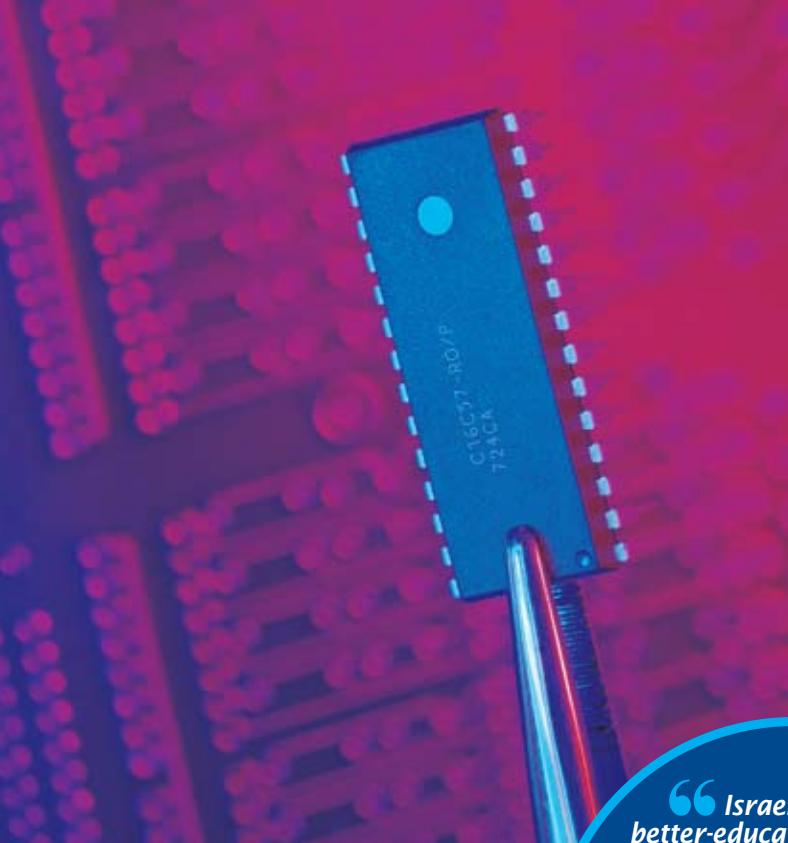
With one of the most highly educated workforces in the world, it's no surprise so many profitable innovations come from Israel. Israel enjoys the highest percentage in the world of engineers in the workforce and the highest ratios of university degrees and academic publications per capita.



“Israel has everything in place to be a major player in biotech, including a wealth of human capital, a wonderful university system, strong technology and the full support of the government.”

Dr. Lee Babiss
President and Global Head of Roche
Pharma Research

Source: WEF Global Competitiveness Report 2008-2009

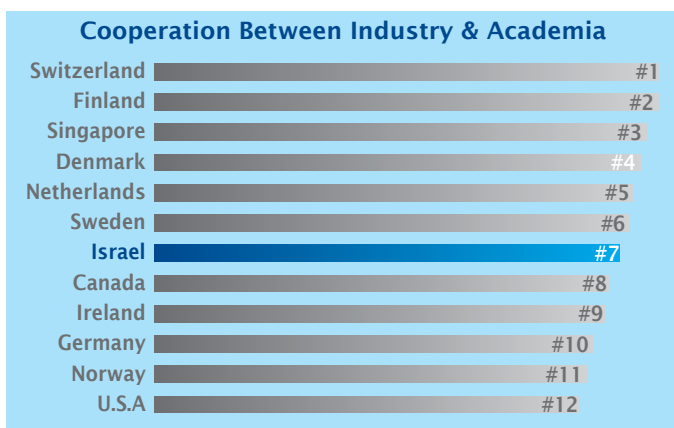


“ Israel has a better-educated workforce with native English speakers who have strong cultural affinities to the West and have either lived or worked abroad. There is also a pool of native speakers of many languages.”

Michael E. Porter
Bishop William Lawrence
University Professor
Harvard Business School

Collaboration Between Industry & Academia

Israel's Weizmann Institute of Science's commercial arm "Yeda" and Hebrew University's technology transfer arm "Yissum" are among the highest earning university technology transfer companies in the world. Yeda is the third most lucrative in the world in creating revenue from technology transfer.



Knowledge Transfer (Universities - Industry)
Source: IMD World Competitiveness Yearbook 2009

Solving Problems. Creating Opportunities.

Combining excellent problem solving skills with exceptional creativity, many of Israel's finest innovations have their roots in the Israel Defense Forces. Highly trained graduates of the Israel Defense Forces apply cutting edge defense technology to market-changing civilian applications.

Multi-lingual Workforce

With a highly export-oriented economy, Israelis feel very comfortable speaking English. The annual influx of tens of thousands of well-educated people from all over the world has contributed to easy communication in a variety of languages.



Outstanding Record

Proven Record

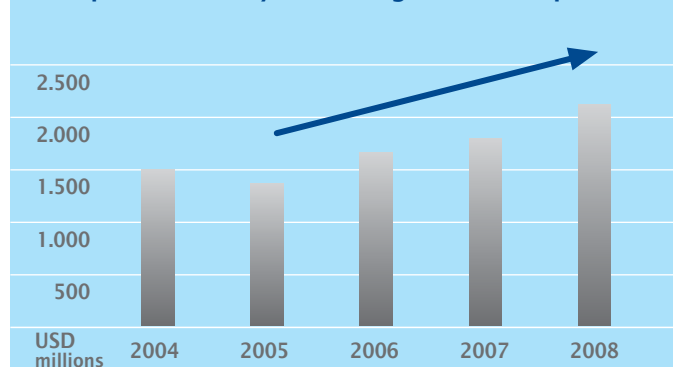
Israel has a long track record of market-creating, profit-driving innovations. Israeli companies that have become well-known around the world include CheckPoint, Teva Pharmaceuticals, Converse, ECI Telecom, Keter Plastic, Iscar, Netafim, Amdocs, Orbotech and many others.

Israel's performance has captured the attention of the global investment community. Foreign Direct Investment has grown from \$600 million in 1993 to \$10.5 billion in 2008. International rating agencies have consistently sustained Israel's credit rating and reaffirmed their confidence in Israel's economy.

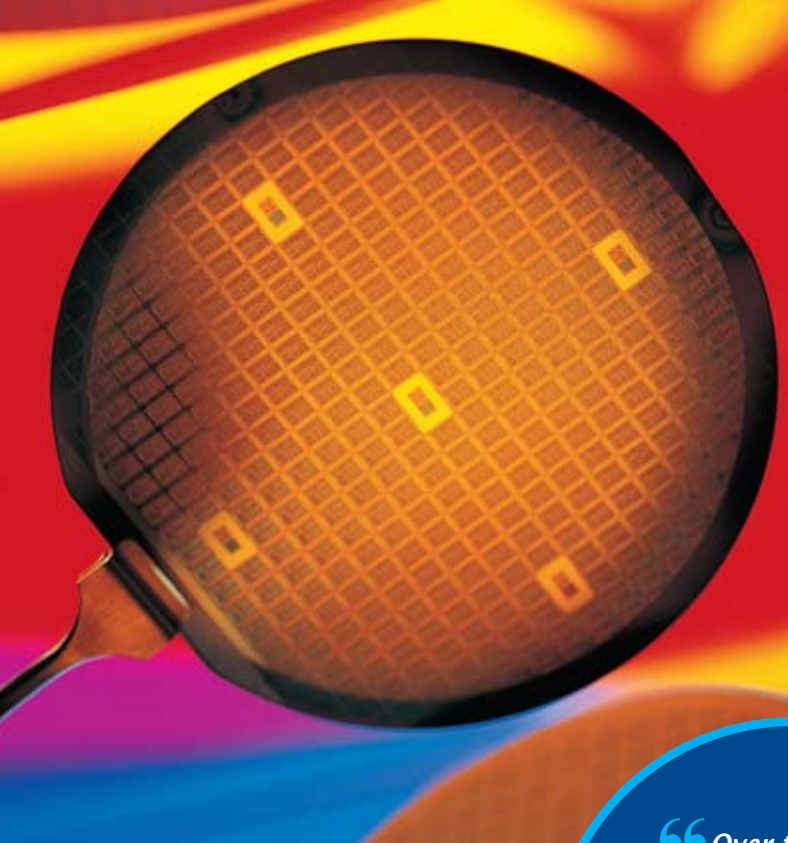
“What is exciting to me about Israel is that it is the most entrepreneurial and spirited place I have come across outside the U.S.”

*Simon Levene
Managing Director
of Corporate Development
Yahoo*

Capital Raised by Israeli High Tech Companies



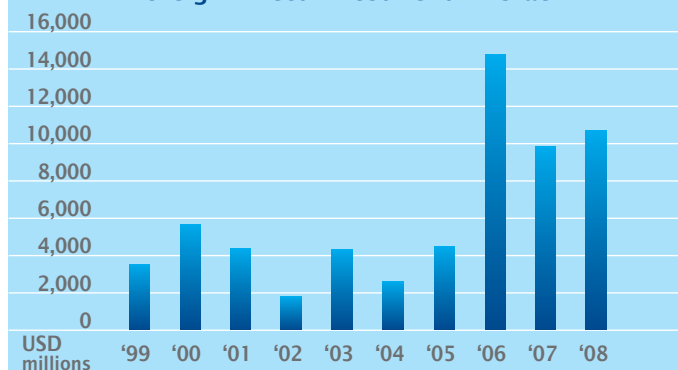
Source: IVC Online, 2009



“Over the last 8 years, Applied Materials has made a significant investment in Israel. Our operations here are some of the best we have in the world.”

Michael R. Splinter
President and CEO
Applied Materials

Foreign Direct Investment in Israel



Source: Bank of Israel, 2009

Israel's Competitiveness

Country Rank	1st	2nd	3rd	4th
Entrepreneurship	Israel	Hong Kong	Brazil	Malaysia
Total Public Expenditure On Education - % Of Gdp	Israel	Portugal	Mexico	Denmark
Business Expenditure On R&D - % Of Gdp	Israel	Sweden	Japan	Finland
Qualified Engineers	Finland	Israel	Ireland	India
Venture Capital	Hong Kong	Singapore	Israel	Malaysia

Source: IMD World Competitiveness Yearbook 2009



Leader in Profit-Driving Innovations

Israel's M-Systems was the first to offer Disk-on-Key and Disk-on-Chip flash memory products, and changed the way people store and handle information.

GE Healthcare in Israel was responsible for bringing to market the world's first miniaturized, portable cardiac ultrasound system.

The Philips Brilliance CT Scanner, developed in Israel, takes a comprehensive picture of a patient in seconds instead of minutes and in the emergency room where every second counts.

IP Telephony was invented by the two Israelis who founded VocalTec.

ZIP compression technology was developed by two professors at the Technion, Israel's Institute of Technology.

Israel's Given Imaging developed the first ingestible video camera to view the small intestine from the inside, and help doctors diagnose cancer and digestive disorders.

The technology for the AOL Instant Messenger ICO was developed in 1996 by four young Israelis.

Israel's Comverse invented voice-mail.

The Centrino and Pentium-4 Dotan microprocessors were developed at Intel Israel.

Israel's InSightec Image Guided Treatment developed a non-invasive way to destroy tumors by focusing ultrasound waves on the target.

Professors Aaron Ciechanover and Avram Hershko of the Technion in Haifa won the 2004 Nobel Prize in Chemistry. Their work toward identifying the Ubiquitin system, is a breakthrough for research in cancer, degenerative brain diseases and many other diseases.

Prof. Robert Aumann of the Hebrew University of Jerusalem won the 2005 Nobel Prize in Economics. Aumann is an internationally known researcher in the field of game theory.

“There is no question that Israel is one of the best locations in the world for innovation in the areas of IT and communications.”

*Kai-Uwe Ricke
CEO, Deutsche Telekom*

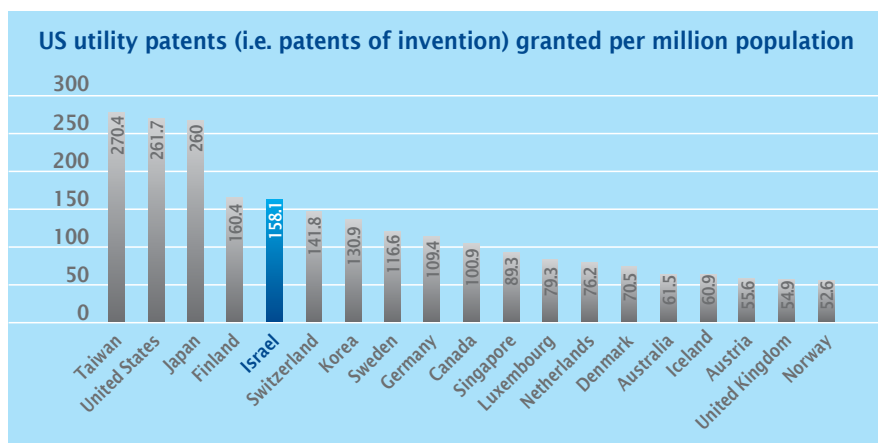


“ Israel is an incredible opportunity for us. It provides a growth engine for innovation for us.

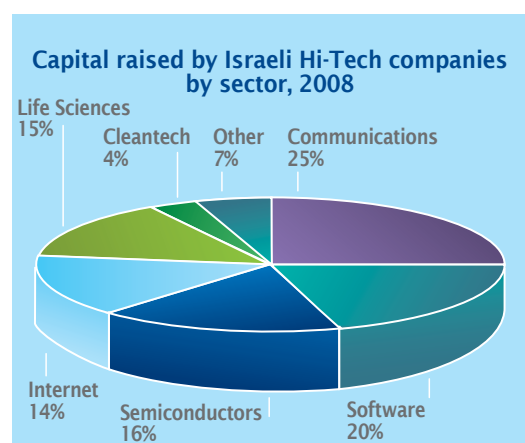
Richard Nottenburg
Executive VP
Chief Strategy Officer
Motorola

Israel's Fields of Excellence

- Telecommunications
- Information Technology
- Microelectronics
- Homeland Security
- Aerospace
- Nanotechnology
- Life Sciences
- Medical Equipment
- BioPharma
- Agrotechnology
- Water Technology
- Renewable Energy



Source: WEF Global Competitiveness Report 2008-2009



Source: IVC Research Center 2009



Supportive Environment for Business Development

International Trade and Economic Cooperation

Israel has an extensive network of agreements with countries throughout America, Europe and Asia including:

- Free Trade Agreements that cover close to 80% of Israel's foreign trade.
- Joint R&D programs to promote industrial cooperation that provide up to 50% of costs for projects.
- Treaties for the avoidance of double taxation.

Modern Infrastructure

Israel offers the modern infrastructure and services required to conduct business efficiently and effectively, including:

- Efficient, sophisticated communications system.
- Reliable energy infrastructure.
- Well-developed transportation system with modern, international gateways.
- Protection of trademarks, patents and other intellectual property.
- Highly developed and transparent financial system and a legal system based on common and corporate law.
- Active and sophisticated capital markets: companies can dual-list on the Tel Aviv Stock Exchange and foreign exchanges.

Israel has had full member status in the Investment Committee and Working Party of the OECD since 2002 and is a signatory to the OECD Declaration on International Investment and Multinational Enterprises.

Government Support

Committed to encouraging the success of foreign direct investment, Israel has liberalized its economy through a series of regulatory changes:

- Implemented liberal foreign currency regulations that eased the raising of capital both in Israel and abroad.
- Reduced both tariff and non-tariff barriers.
- Reformed tax laws to reduce labor tax, capital income tax and global taxation; and created incentives for investments in the high-tech sector.
- Privatized state-owned companies to promote the growth of the private sector and to enhance competitiveness.

Israel offers substantial investment grants, tax benefits and exemptions for foreign investors through the Law for the Encouragement of Capital Investments.

Special incentives for new R&D centers in Israel's North and South

The R&D centers grant program offers special incentives to foreign companies that establish R&D centers in the Negev and Galilee. This unique project, which was launched in 2009, aims to boost the creation of new high-tech clusters and is the first to allow direct grants to foreign companies who establish an R&D center in Israel. The program is structured to apply to both small R&D centers with a minimum of at least 15 employees, as well as large enterprises numbering above 100 employees.



“Two major environmental factors that brought us to Israel and have allowed us to expand here dramatically over the last 30 years: One is the educational infrastructure and the availability of a talented workforce. The second is the positive attitude of the government that we faced over the last 30 years.”

Dr. Craig R. Barrett,
Chairman of the Board, Intel

Israel's International Trade Agreements:

Free Trade Agreements:

● EU ● EFTA ● USA ● Canada ● Mexico ● Turkey ● Mercosur (Will come into force upon ratification in each country)

QIZ (Qualified Industrial Zone) Agreements:

● Egypt ● Jordan





Invest in Israel is the Investment Promotion Center of Israel's Ministry of Industry, Trade and Labor. The Center serves as a full-service "one stop shop" for foreign based companies and individuals who are interested in investigating direct investment and joint venture opportunities in Israel.

Invest in Israel provides a wide range of personalized services, assistance and information to potential investors and serves as a resource for investment related information about Israel.

For more information or services, foreign investors are invited to contact Israel's economic representatives or Invest in Israel directly at investinisrael@moital.gov.il

**Fast Forward Your Business
to Success.**

Invest in Israel Now.

AUSTRALIA - Sydney
sydney@israeltrade.gov.il

AUSTRIA - Vienna
vienna@israeltrade.gov.il

BELGIUM/EU - Brussels
brussels@israeltrade.gov.il

BRAZIL - Sao Paulo
brazil@israeltrade.gov.il

CANADA - Toronto
toronto@israeltrade.gov.il

CHINA - Beijing
beijing@israeltrade.gov.il

CHINA - Shenzhen
southchina@israeltrade.gov.il

FRANCE - Paris
paris@israeltrade.gov.il

GERMANY - Berlin
berlin@israeltrade.gov.il

INDIA - Mumbai
mumbai@israeltrade.gov.il

INDIA - New Delhi
delhi@israeltrade.gov.il

ITALY - Milan
milano@israeltrade.gov.il

JAPAN - Tokyo
tokyo@israeltrade.gov.il

SOUTH KOREA - Seoul
korea@israeltrade.gov.il

MEXICO - Mexico City
mexico@israeltrade.gov.il

THE NETHERLANDS - The Hague
hague@israeltrade.gov.il

POLAND - Warsaw
warsaw@israeltrade.gov.il

ROMANIA - Bucharest
bucharest@israeltrade.gov.il

RUSSIA - Moscow
moscow@israeltrade.gov.il

SINGAPORE
singapore@israeltrade.gov.il

SPAIN - Madrid
madrid@israeltrade.gov.il

SWEDEN - Stockholm
stockholm@israeltrade.gov.il

SWITZERLAND/WTO - Geneva
geneva@moital.gov.il

TAIWAN - Taipei
taipei@israeltrade.gov.il

THAILAND - Bangkok
bangkok@israeltrade.gov.il

TURKEY - Istanbul
istanbul@moital.gov.il

UKRAINE - Kiev
kiev@israeltrade.gov.il

UNITED KINGDOM - London
london@israeltrade.gov.il

USA - Chicago
chicago@israeltrade.gov.il

USA - Houston
houston@israeltrade.gov.il

USA - Los Angeles
losangeles@israeltrade.gov.il

USA - New York
newyork@israeltrade.gov.il

USA - Washington DC
washington@israeltrade.gov.il

VIETNAM - Hanoi
vietnam@israeltrade.gov.il

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Ministry of Industry
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5 Bank of Israel Street,
Jerusalem 91036 ISRAEL
Tel : +972-2-6662607
Email: investinisrael@moital.gov.il

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