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NEWSLETTER

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This newsletter is brought to you by **Invest in Israel**, the investment promotion center of the Ministry of Industry, Trade and Labor.

Invest in Israel works closely with potential and current investors before, during and after investment, and serves as a resource for investment related information about Israel.

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NETANYAHU UNVEILS ECONOMIC RESCUE PLAN

Plans to curb unemployment and lessen impact of credit crunch

Israeli Prime Minister Benjamin Netanyahu and Finance Minister Yuval Steinitz suggested a new financial plan to support the Israeli economy and provide a solution to the credit crunch, both inside and outside the banking sector. The financial plan which is awaiting approval complements measures pursued by the Bank of Israel and the Ministry of Finance over the past year.

The proposed plan consists of five distinct steps. The first two steps are "curbing" actions and aim to improve credit, encourage exports, prevent layoffs and promote employment, while the final three are aimed at returning the economy to a path of growth, and include structural reforms, new tax policies and changes to human resources and physical infrastructure.

The five steps are: (1) a continued reduction of income and corporate taxes through to 2016; (2) the implementation of negative income tax for wage-earners earning below a certain amount; (3) a massive extension of state-backed credit lines for the banking sector, backing for export and high-tech industries and increased funding to the Small and Medium Enterprise Authority (SMEA); (4) Structural reforms: (a) A reform in the Israel Land Authority in order to reduce land prices. (b) Advancing the suggested reforms in the Israel Electric Corp. and the Israel Port Authority, to improve port services, shorten vessels' turnaround time and bring Israeli ports to international standards; and (5) provide increased infrastructure funding, in the tourism, transportation, water and power sectors.

NEW INCENTIVE LAUNCHED: GRANTS COVERING UP TO 50% OF LABOR COSTS TO R&D CENTERS ESTABLISHED IN THE NEGEV AND GALILEE

The Investment Center last week launched a new framework offering foreign-owned R&D centers and large enterprises in the south and north of Israel direct grants as an incentive to promote the establishment of more R&D centers in those regions. The program offers direct grants of up to 50% of the employer's cost of salaries for each new employee, for a period of 4 years. The program is part of the Ministry's long term efforts to create new high-tech clusters in the Negev and Galilee, which will yield new high income work places. The program is also an outcome of the ministry's efforts to boost the economy to help it withstand the effects of the current financial crisis.

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ISRAEL PROMOTES ALL-INCLUSIVE FILM PACKAGE WITH NEW 20% TAX INCENTIVE

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Film production in Israel just became more attractive following the approval of a new law for the encouragement of the production of films in Israel, which offers foreign film producers a cut in production costs.

In a new effort to promote international film production, Israel now offers its eclectic mix of people and scenery, along with its highly professional crews and infrastructure as a complete filming package at a 20% lower cost.

Foreign producers who invest 8 million shekels (about \$2 million) in Israeli goods and services for the production of a film are eligible for generous tax benefits that reduce the cost of production by up to 20%. Co-productions are also encouraged as foreign producers who invest 4 million shekels in Israeli goods and services for the production of a film are eligible for a reduction of up to 15% in the costs of the production in Israel.

The new incentive will be officially launched at the Cannes film festival in May.

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INTEL CORP. JOINS CHIEF SCIENTIST COLLABORATION PROGRAM

"We'd be happy if all [2,000 Israeli companies listed as vendors of software solutions in Intel's database] joined the program." - Intel Developer Relations Division General Manager Christos Georgiopoulos

Intel Corporation joined the Chief Scientist's program to provide Israeli companies with technology and marketing advice, equipment, and access to distribution channels. The Office of the Chief Scientist will help finance the participating companies' R&D.

Intel is now the third largest company in the world for joint ventures, after IBM and Microsoft, with 18,000 partners and more than 400,000 users and developers. In Israel, Intel currently collaborates with 65 software companies

"The number of Israeli companies with which we collaborate will rise dramatically after the start of the program," Georgiopoulos said.

Intel joins 11 other multinationals that have joined the Office of the Chief Scientist's Program for the Encouragement of Multinational Companies, including IBM Corp, Microsoft Corp, General Electric Company, Hewlett-Packard Company, Deutsche Telekom, Sun Microsystems, Merck & Co, Alcatel Lucent, The Coca Cola Company, Renault, and Novozymes.

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13 ISRAELI FIRMS AMONG FORBES' GLOBAL PUBLIC TOP 2000

Israel's presence grows from 10 companies last year

Thirteen Israeli corporations were included in Forbes magazine's annual ranking of the top 2000 public companies in the world, with Teva Pharmaceuticals Industries Ltd. topping the list of the Israeli companies at the 381st place.

Forbes' ranking of the world's biggest companies is based on an

equal weighting of sales, profits, assets and market value to rank companies according to size.

The other Israeli companies ranked in the top 2000 in the order featured were Israel's two largest banks Bank Leumi and Bank Hapoalim, conglomerate Delek Group, holding company IDB Holdings, Israel's largest holding company Israel Corp., Israel Discount Bank, the country's third largest bank, real estate developer Africa Israel Investments, Bezeq Israel Telecom, the country's dominant phone company, Check Point Software Technologies, one of the world's largest Internet and network security providers, Mizrahi-Tefahot Bank, the fourth largest bank, financial holding company FIBI Holdings, and real estate investment firm Gazit Globe Group.

Africa Israel, Bezeq, Check Point and Gazit Globe were new to the list in 2009.

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SURGICAL MATERIAL DEVELOPED AT HEBREW UNIVERSITY GETS FDA APPROVAL

A material aimed at preventing scar tissue after surgery that was developed at the Hebrew University of Jerusalem has been approved by the US Food and Drug Administration (FDA) for use in pediatric cardiac surgery patients.

The material was invented by Prof. Daniel Cohn, who used novel, customized biodegradable polymers for the prevention of such adhesions. The first product based on this technology, which New Jersey-based SyntheMed Inc. obtained through Hebrew University's technology transfer company Yissum, has been named REPEL-CV adhesion barrier and is for use in patients 21 and younger who are likely to need secondary open-heart surgery.

Scar tissue formed after cardiac surgery is of special concern because it may affect cardiac function, and in cases where repeat operations are necessary, the scar tissue may obscure cardiac landmarks, and make the procedure potentially life-threatening.

Cohn's work on polymers was the reason for his receipt of a Kaye Award for Innovation, which is given annually to encourage Hebrew University faculty, staff and students to develop innovative methods and inventions with good commercial potential.

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BAYER CROPSCIENCE TO UTILIZE EVOGENE'S GENES TO DEVELOP HIGHER YIELDING RICE

Bayer CropScience AG and Israel's Evogene Ltd. signed a three-year agreement focused on increasing rice productivity and yield. Under the agreement, key candidate genes discovered by Evogene for yield enhancement will be introduced into Bayer CropScience's rice R&D pipeline for the development of high yielding hybrid rice.

"The integration of the full breadth of Evogene's proprietary yield improvement gene technology into our rice R&D pipeline will allow us to keep offering top-of-the-line innovation to our customers, especially with regard to ensuring higher yields in difficult climatic conditions," said Michiel van Lookeren Campagne, head of research at BioScience, a business operations unit of Bayer CropScience, which started collaborating with Evogene in 2007.

As the growth rate of rice production has been slower than population growth for a number of years, there is a growing need for rice varieties displaying improved yields.

Rice is one of the most important grains for human nutrition, providing more than one fifth of all calories consumed worldwide, and is the cereal with the second highest worldwide production after maize.

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COLUMBIA UNIVERSITY AND VITAL VIEW LTD. TO IMPROVE IN VITRO FERTILIZATION

Columbia University Science & Technology Ventures (STV) and Israel's Vital View Ltd, a portfolio company of the Misgav Venture Accelerator, will jointly market a medical device technology that improves the success of in vitro fertilization (IVF) procedures to assist reproduction among couples who experience difficulties conceiving a baby via natural means.

The Vital View device will permit direct visualization of the anatomy during the embryo transfer step of an IVF procedure, which is the ultimate and crucial step, and currently relies on the physician's sense of feel as tools for direct visualization are lacking. The number of IVF procedures performed worldwide is expected to grow to 1.3 million by 2012 from 500,000 in 2004.

"A device that allows direct visualization using microfiberoptic technology will improve the efficacy of the procedure and help to overcome a significant barrier to achieving a successful pregnancy," said Gary Nakhuda, a reproductive endocrinologist and faculty member in the Department of Obstetrics & Gynecology at Columbia University Medical Center, who invented the licensed technology.

"Each IVF cycle places a significant physical, psychological, and economic burden on patients and their families," said Donna See, STV's director of Strategic Initiatives and licensing officer who negotiated the deal. "We look forward to working closely with Vital View and the Misgav team to reduce this burden through the development of this exciting concept."

Misgav Venture Accelerator, which was established in 1991, is a technological incubator that specializes in medical devices, pharmaceuticals, and biotechnology.

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RED HERRING TOP 100 INCLUDES 16 ISRAELI START UPS

Red Herring Magazine's "Top 100," a list of the most promising private general and biotech start ups in Europe, the Middle East, and Africa (EMEA) includes 16 Israeli firms alongside heavyweight companies from across Europe.

Considering the current financial crisis during which many start ups are struggling to remain in business, Israel's strong presence in the "Top 100" alongside Britain and Germany represents a vote of confidence in the Israeli industry.

The companies featured in the "Top 100" are active in a variety of

sectors ranging from virtualization, Internet technology, and communications, to water filtration.

The winning companies are: ActionBase Software Solutions, Aqwise, ASOCS, Clarizen, Earnix, Foamix, IDIT I.D.I. Technologies, InfoGin, Jinni, MiniFrame, NuLens, Oversi, PLYmedia, Qoof, Scent Detection Technologies, and Xjet Solar.

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