



State of Israel
Ministry of Industry, Trade & Labor
Investment Promotion Center

Invest In Israel
Where **Breakthroughs** Happen

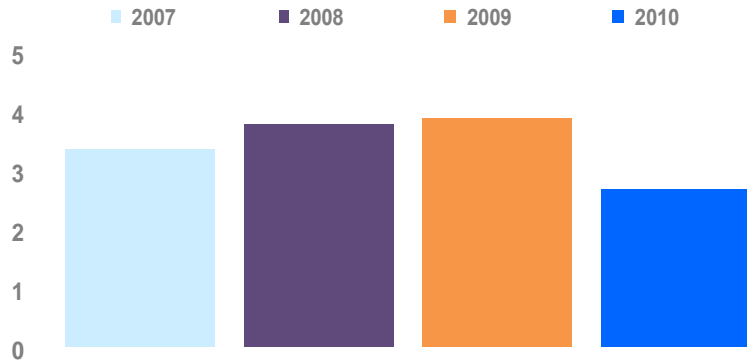
Invest in Israel
investment promotion center

Main Economic Indicators

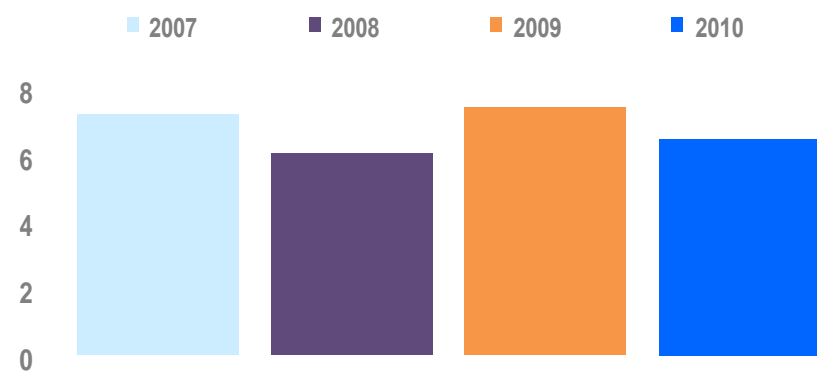
Criteria	2006	2007	2008	2009	2010
GDP (current prices in \$B)*	144.0	164.1	191.8	193.1	202.0
GDP Real Growth Rate (%)	5.2%	5.4%	4.0%	0.7%	4.6%
GDP per Capita (PPP adjusted)**	\$24,271	\$27,395	\$28,473	\$28,160	\$28,920
GDP per Capita Growth Rate (%, Current prices)	3.3%	3.5%	2.1%	-1.1%	2.7%
Exports (Goods & Services)** \$B* (As Percentage of GDP)	62.6 (43.5%)	71.2 (43.4%)	80.4 (40.3%)	70.35 (36%)	81.8 (40%)
Imports (Goods & Services)** \$B* (As Percentage of GDP)	62.2 (43.2%)	74.0 (45.1%)	84.1 (42.2%)	72.3 (37.4%)	81.2 (40%)
Unemployment Rate (%)	8.4%	7.3%	6.1%	7.5%	6.6%

Main Economic Indicators (Graphs)

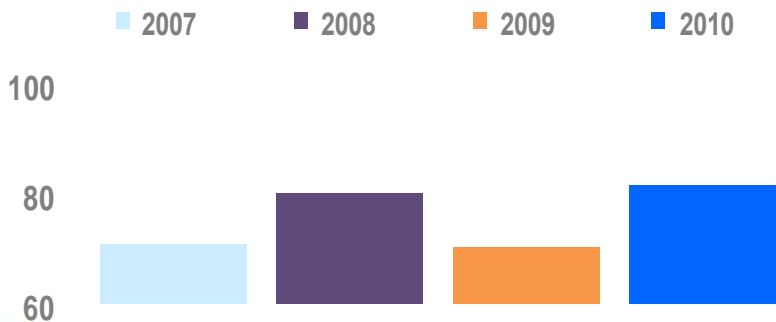
Inflation (%) (Exl. Housing)



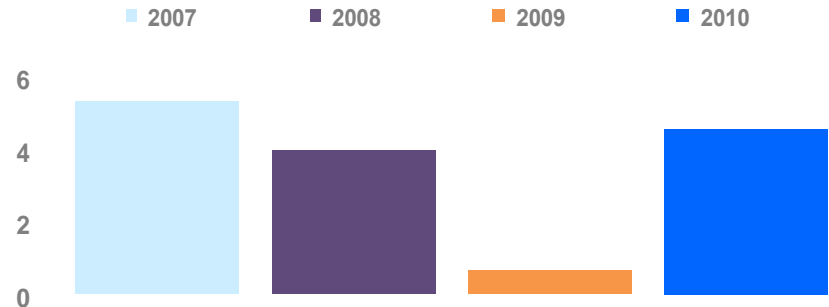
Unemployment (%)



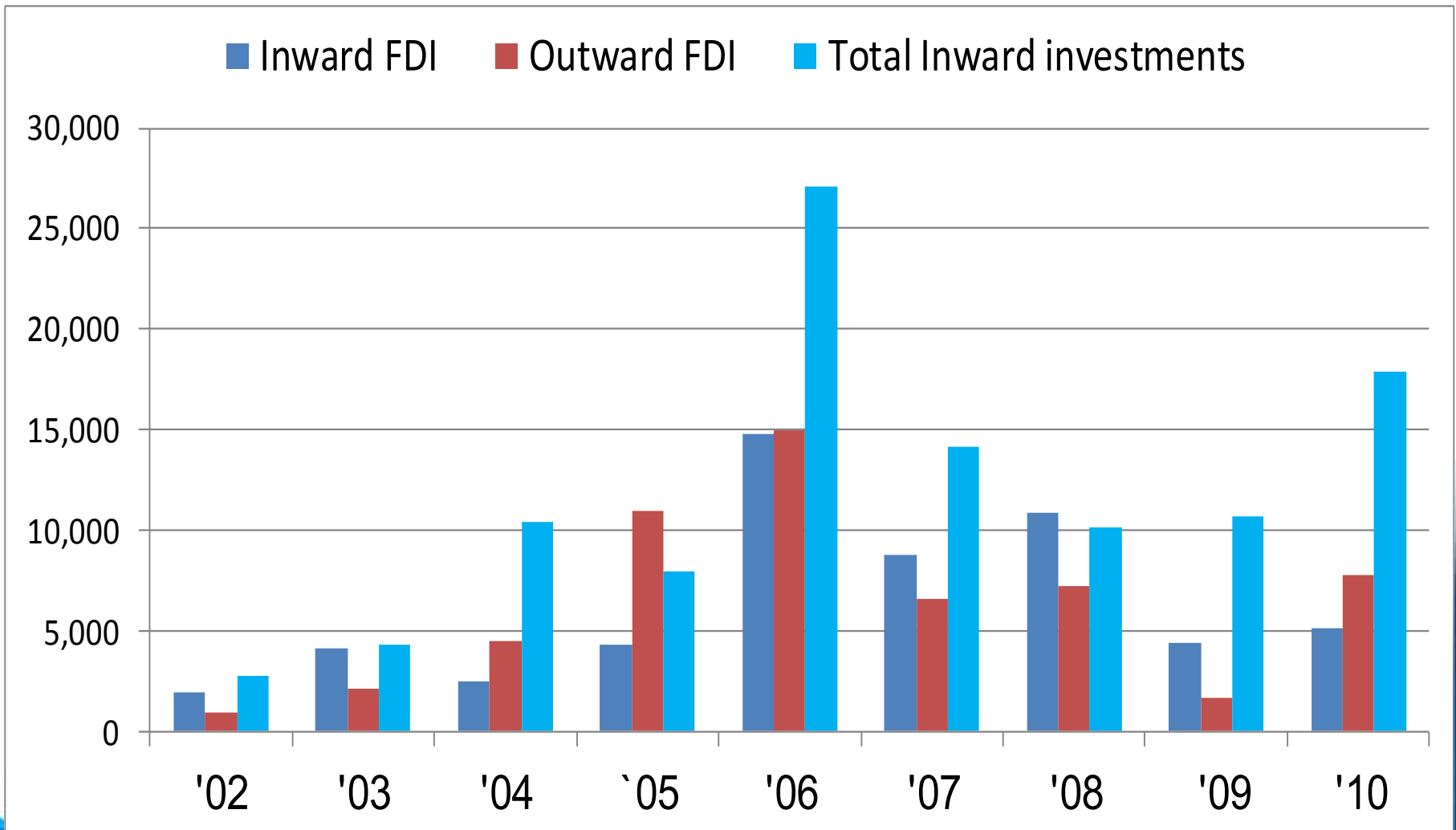
Export (\$US Billion)



GDP Growth Rate (%)



Israel - Inward & Outward Foreign Direct Investment (Millions of US\$)



Multinationals...

Microsoft[®]

- Microsoft built in Israel their first R&D facility outside the US.



- Cisco built in Israel their first R&D facility outside the US.



- Motorola's Israel facility is the company's largest development center worldwide.



- IBM chose Israel for its first VC investment outside of the US



- Intel has 4 R&D facilities and 2 manufacturing centers in Israel, employing 7,000 Israelis



- Google opened two R&D centers in Israel

R&D Centers In Israel

Haifa Region



Northern Region



Tel Aviv Region



Jerusalem Region



Southern Region



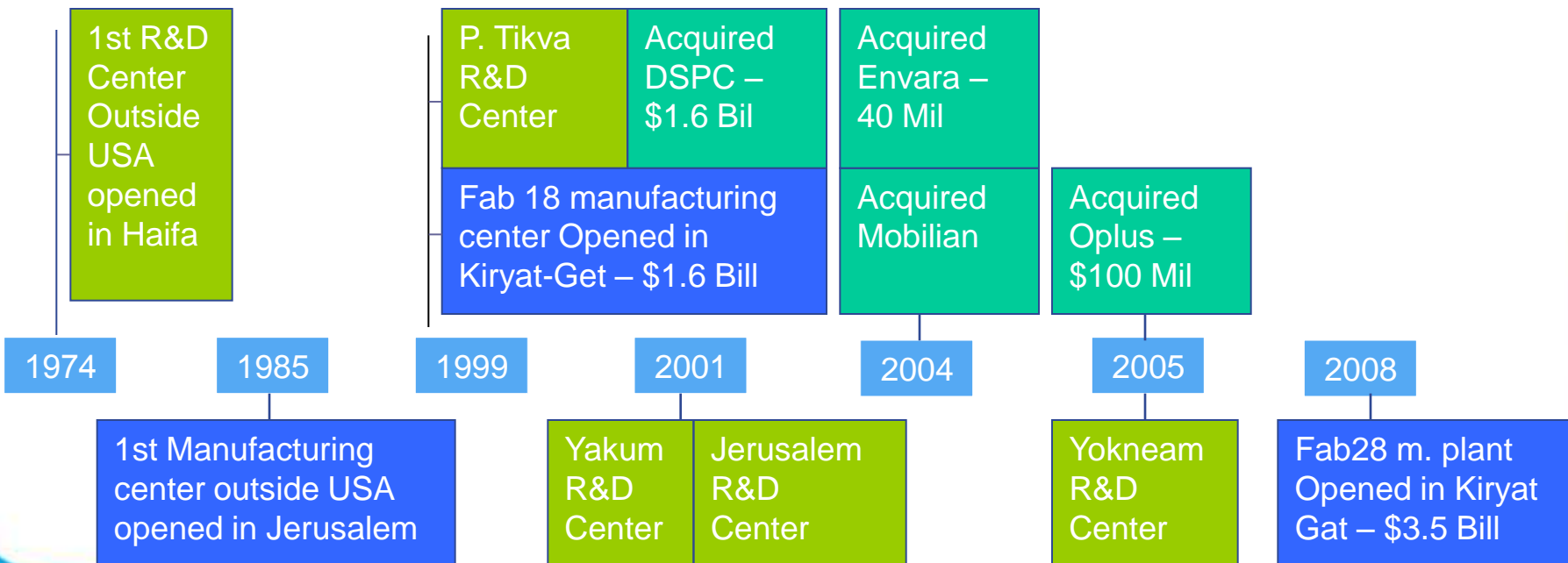
R&D Centers of Leading Foreign Companies

Company	No. of R&D Employees	Sector
Intel	7,000	Semiconductors
HP- (Indigo & Mercury)	~5,000	Capital Equip
IBM	1,100	Computing Equip
Cisco	1,000	Software
Motorola	1,000	Telecom
Applied Materials	1,000	Capital Equip.
SAP	800	Software
Freescale	570	Semiconductors
Microsoft	600	Software
GE (Healthcare)	400	Medical Equip

- Over 240 foreign companies have established R&D centers in Israel
- Over 50,000 personnel are employed in these R&D centers in Israel

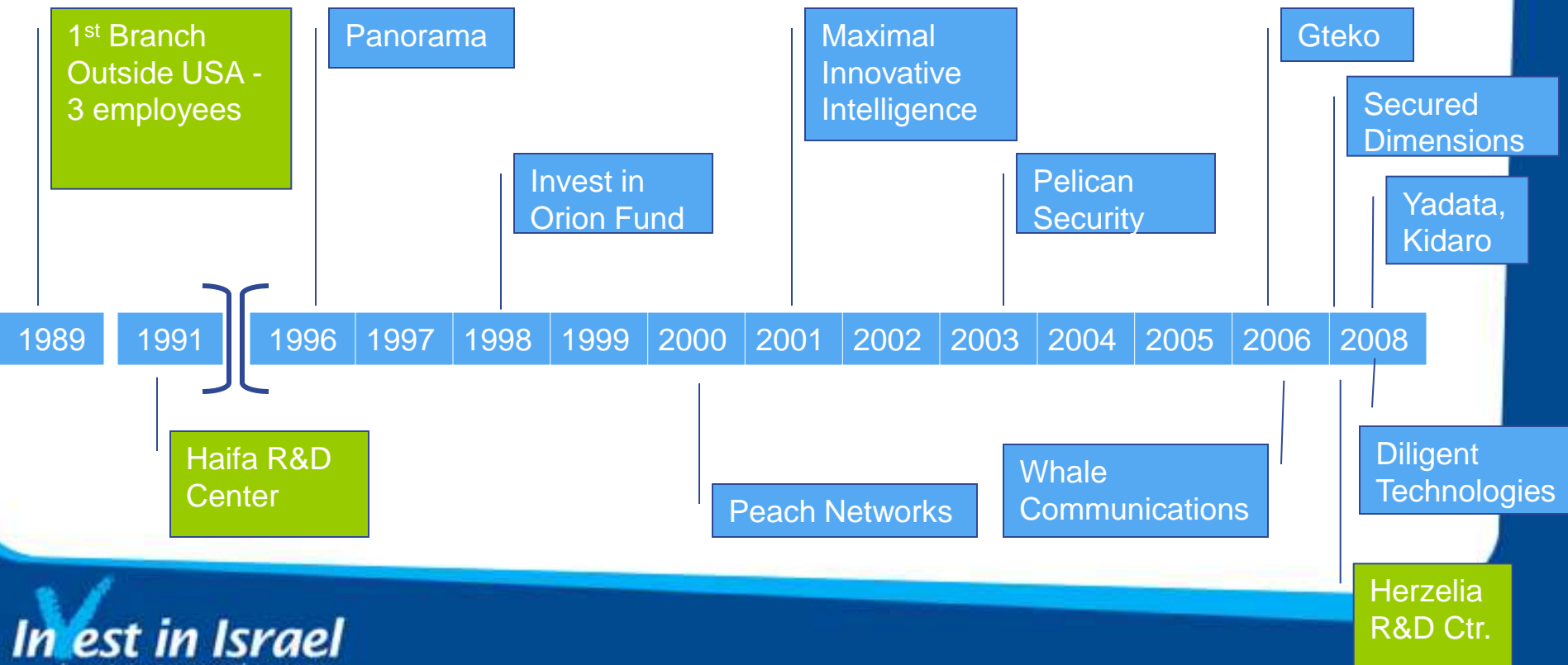
Intel – Success Story

- Over 7000 employees
- 4 active R&D Facilities
- 2 Manufacturing Centers
- Israeli Centers Developments Include:



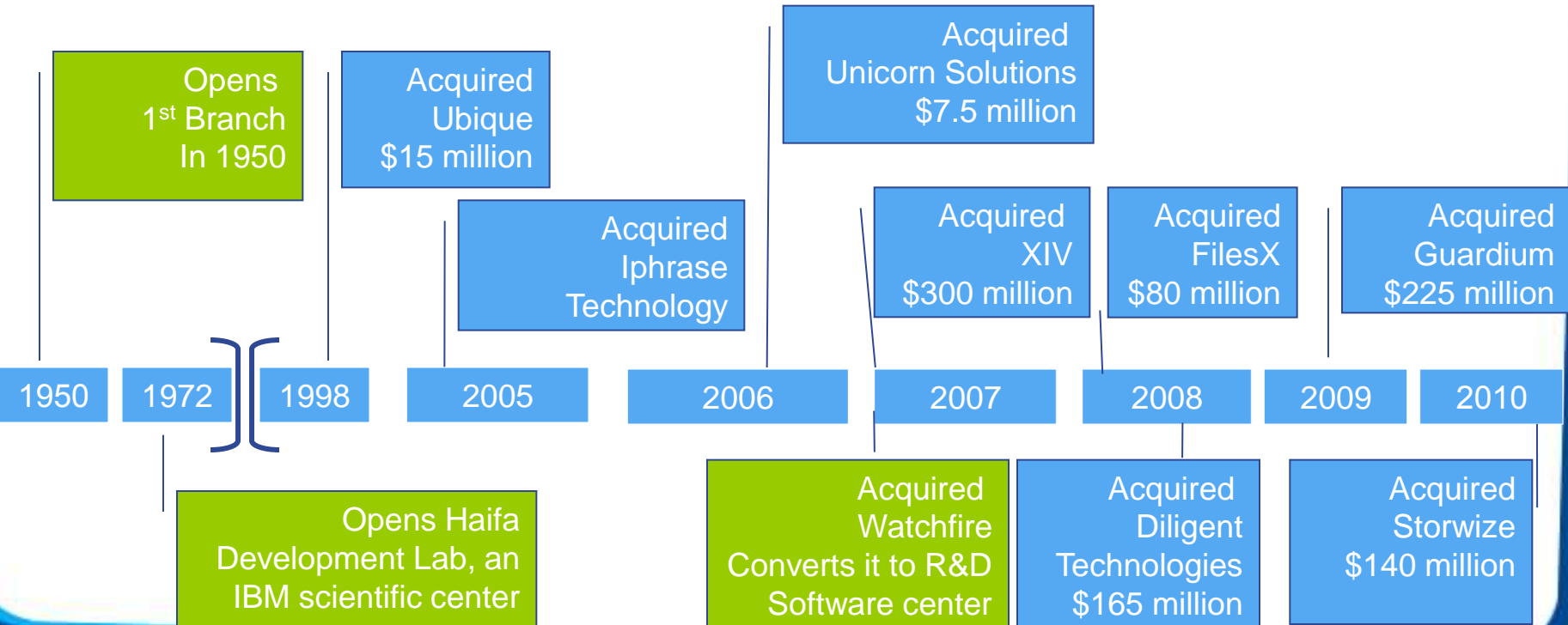
Microsoft – Success Story

- Over 500 employees
- Over US\$ 700 million only in M&A during 2002-2008
- Herzelia R&D Center is one out of 3 Strategic Centers.
Focus: Internet, Security



IBM – Success Story

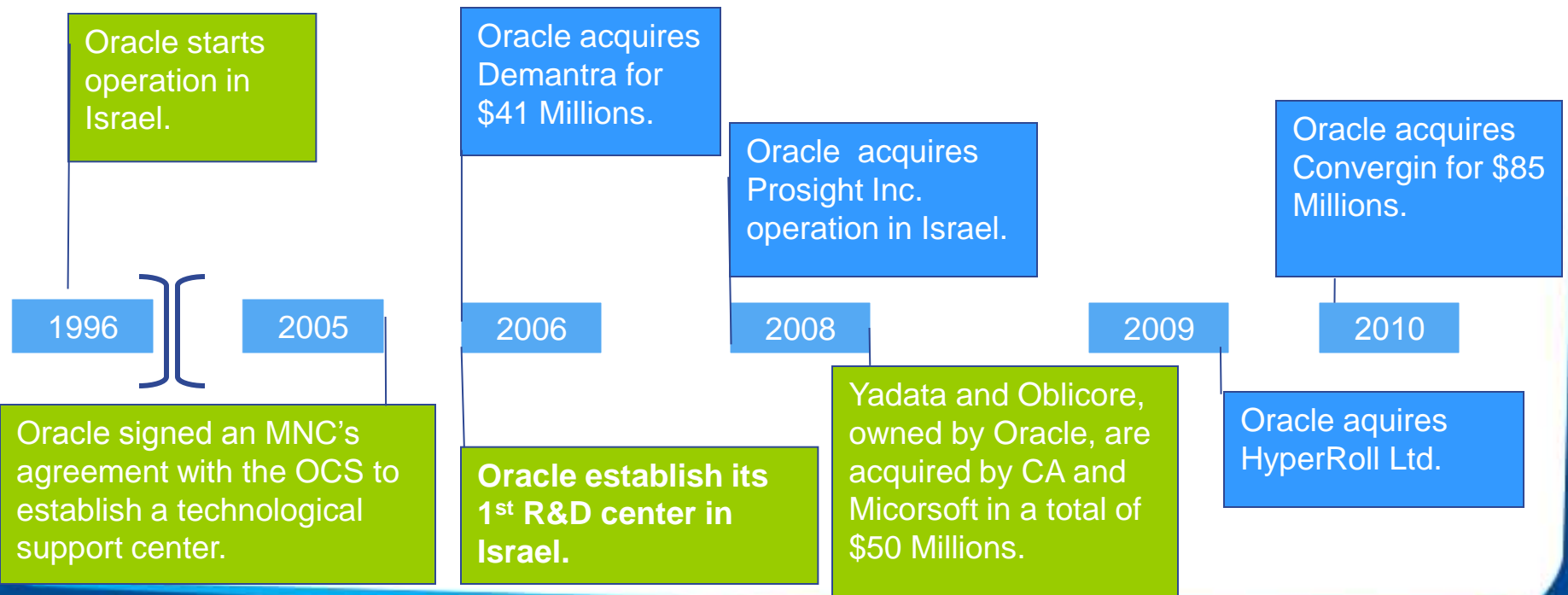
- Over 2000 employees in Haifa, Rehovot, and Jerusalem
- From 2001-2009: IBM made 23 acquisitions
- GTU-Global Technology Unit



Oracle – Success Story



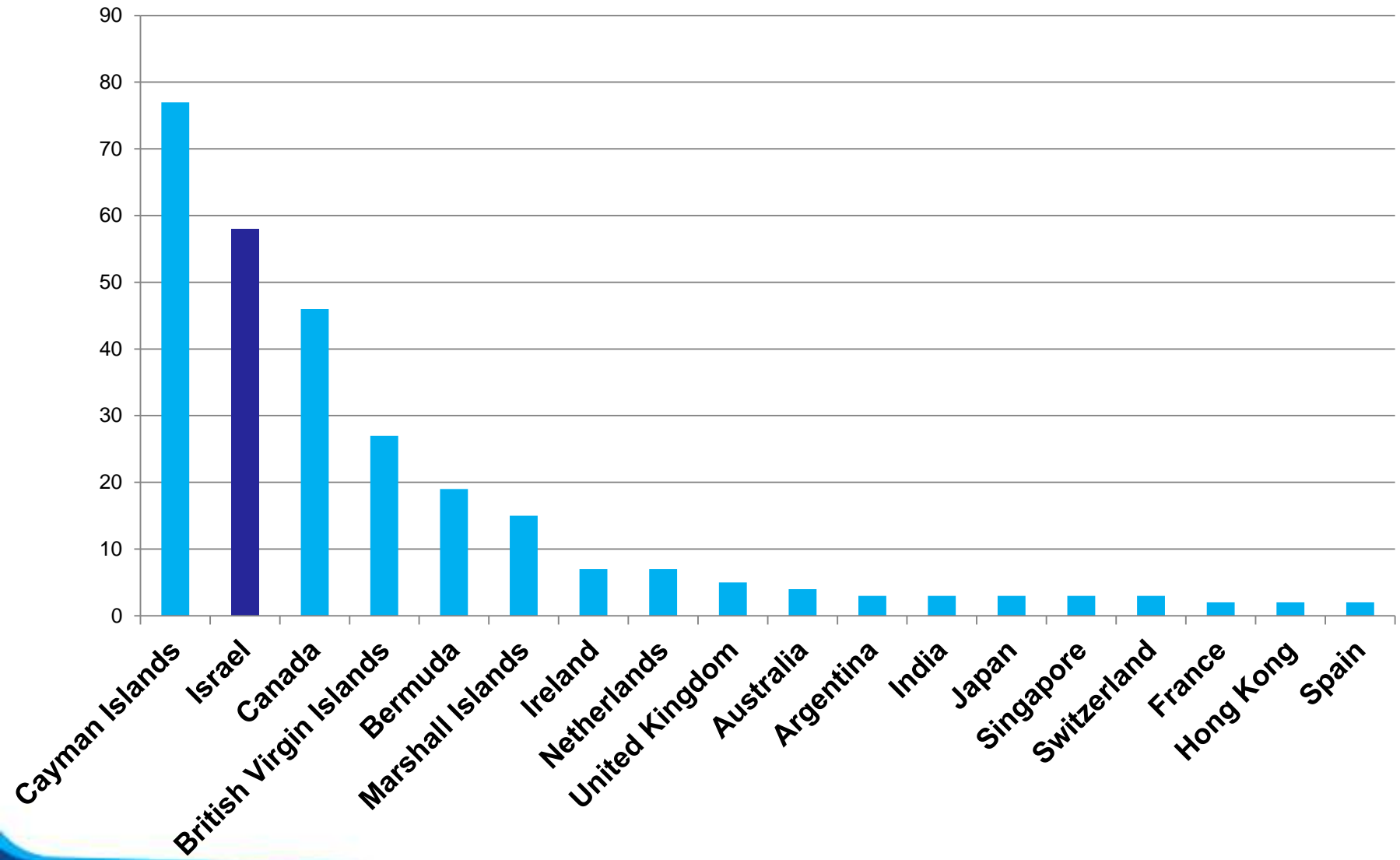
- Since 2005, 28 start-up's investments.
- 4 R&D centers , over 400 employees.
- Integration of Sun's R&D center in Israel.



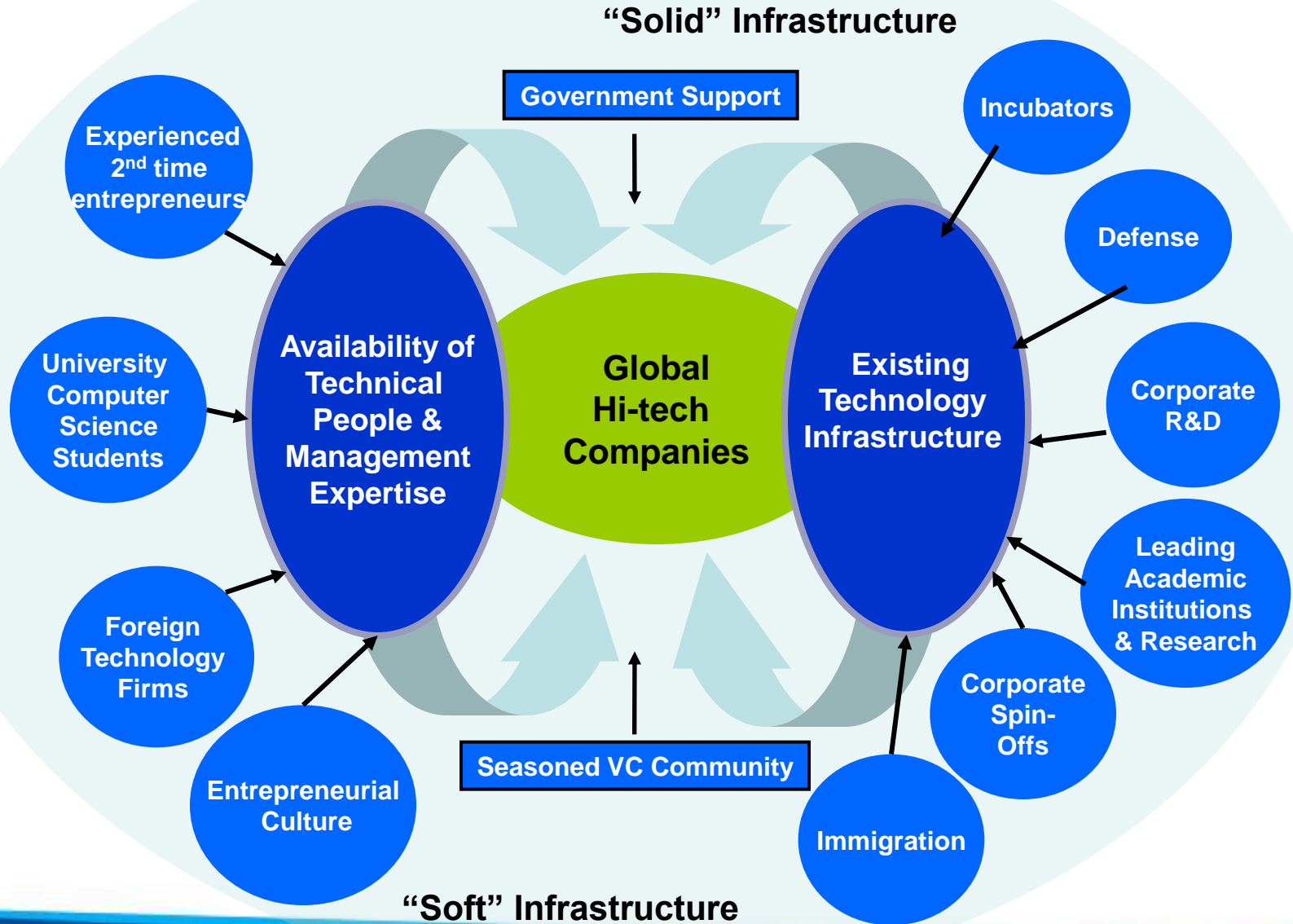
Significant Selected Mergers & Acquisitions

Acquirer	Amount	Sector	Company	Date
HP	4500 Mil	ICT	Mercury	Jul 2006
B. Hathaway	4000 Mil	Metal Cutting	Iscar	May 2006
Sandisk Corp	1550 Mil	ICT	M-System	Jul 2006
CSR Plc	679 Mil	Semiconductors	Zoran	Feb 2011
DG FastChannel	517 Mil	ICT	MediaMind Technologies	Jun 2011
Sun Pharma	454 Mil	Pharma	Taro	May 2007
J&J	438 Mil	Life Sciences	Omrix	Nov 2008
Siemens	418 Mil	Clean Energy	Solel	Oct 2009
S1 Corp	325 Mil	Financial Software	Fundtech	Jun 2011
Medtronic	325 Mil	Medical Device	Ventor	Feb 2009
Broadcom	313 Mil	Semiconductors	Provigent	Mar 2011

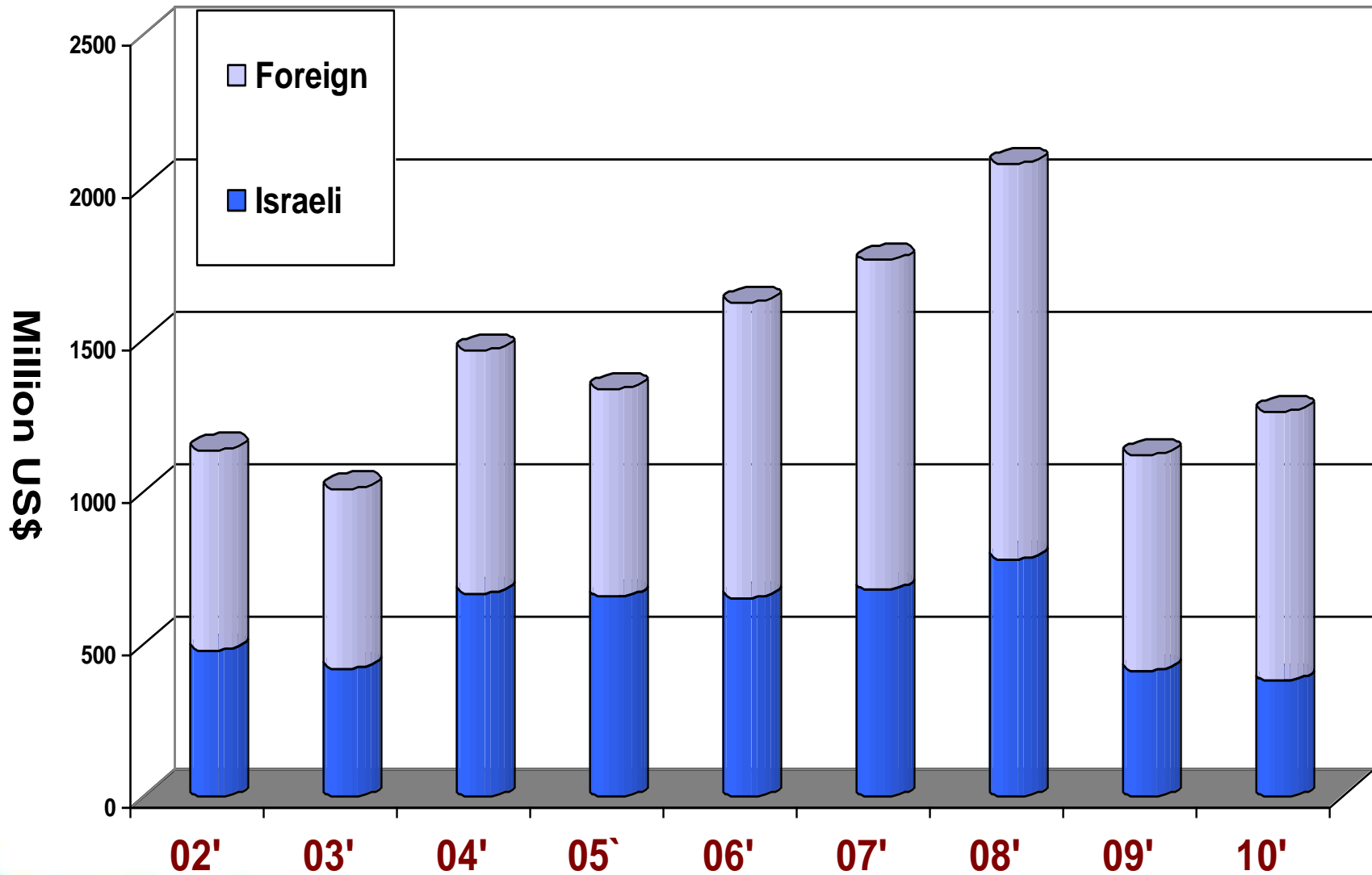
NASDAQ Non US Listed Companies - Selected Countries



Israel Hi-Tech Cluster



V. Capital Raised by Israeli Hi-Tech Companies



Israeli Breakthroughs – Selected Examples



Given Imaging – First ingestible video camera used to view the small intestine and diagnose disorders



Intel's Sandy Bridge, Core 2 Duo, and Centrino



M System's Disk on Key and Disk on Chip flash memory



GE Healthcare's portable cardiac ultrasound system



The Phillips Brilliance CT Scanner



IP Telephony invented by founders of Vocal Tec



Argo Medical – First commercially available upright walking technology enabling wheelchair users to walk and climb stairs

Israel's Competitive Edge – IMD World Report 2011

Country Rank →	1st	2nd	3rd	4th
BUSINESS EXPENDITURE ON R&D (% GDP)	Israel	Sweden	Japan	Finland
TOTAL EXPENDITURE ON R&D (% GDP)	Israel	Sweden	Finland	Japan
SKILLED LABOR	Israel	Denmark	Iceland	Ireland
ENTREPRENEURSHIP OF MANAGERS	Malaysia	Israel	Taiwan	Hong Kong
FLEXIBILITY AND ADAPTABILITY OF PEOPLE	Iceland	Israel	Hong Kong	Brazil
VENTURE CAPITAL AVAILABILITY	Hong Kong	Malaysia	Israel	Taiwan

Israel Ranks 17

Israel's innovative ranking

The
Economist

	2002-06	2004-08	2009-13
Japan	1	1	1
Switzerland	2	2	2
Finland	5	3	3
USA	3	4	5
Sweden	4	5	7
Germany	6	6	4
Taiwan	8	7	6
Netherlands	9	8	9
Israel	10	9	8
Denmark	7	10	10
South Korea	15	11	11
Austria	11	12	12
France	12	13	13
Canada	13	14	15
Belgium	14	15	14
Singapore	17	16	16
Norway	16	17	17
UK	18	18	19
Ireland	19	19	20
Australia	21	20	18

The Global Competitiveness Report 2010-2011

(World Economic Forum)

*“Israel ranks 24th in this year’s GCI, **up three positions** after having suffered losses in competitiveness over the past years. The country’s main strength remains the excellent—and improving—**capacity for innovation** (6th), which rests not only on highly innovative businesses but also on the availability of **high-quality research institutions** and is reflected in a high number of patents.”*

Utility Patents per Million

RANK	COUNTRY/ECONOMY	SCORE
1	Taiwan, China	287.1
2	Japan	279.1
3	United States	261.7
4	Israel	195.0
5	Korea, Rep.	181.4

Capacity of Innovation

RANK	COUNTRY/ECONOMY	SCORE
1	Germany	5.9
2	Japan	5.8
3	Sweden	5.7
4	Switzerland	5.7
5	Finland	5.6
6	United States	5.3
7	Israel	5.3
8	France	5.1
9	Denmark	4.9

Company spending on R&D

RANK	COUNTRY/ECONOMY	SCORE
1	Sweden	6.0
2	Switzerland	5.9
3	Japan	5.9
4	Germany	5.7
5	Finland	5.4
6	United States	5.4
7	Denmark	5.2
8	Singapore	5.0
9	Taiwan, China	5.0
10	Luxembourg	4.8
11	Israel	4.7

Quality of scientific research institutions

RANK	COUNTRY/ECONOMY	SCORE
1	Israel	6.2
2	Switzerland	6.2
3	United Kingdom	6.0
4	United States	6.0
5	Sweden	5.9

The Global Competitiveness Report 2011-2012

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*“Israel ranks 22th in this year’s GCI, up two positions after having suffered losses in competitiveness over the past years. The country’s main strength remains the excellent—and improving—**capacity for innovation** (6th), which rests not only on highly innovative businesses but also on the availability of **high-quality research institutions** and is reflected in a high number of patents.”*

Capacity of Innovation

12th pillar: Innovation			
12.01	Capacity for innovation	5.3	6
12.02	Quality of scientific research institutions	6.3	1
12.03	Company spending on R&D	5.1	8
12.04	University-industry collaboration in R&D	5.4	7
12.05	Gov’t procurement of advanced tech products	4.8	6
12.06	Availability of scientists and engineers	5.3	10
12.07	Utility patents granted/million pop.*	249.2	4

Venture Capital

8.05	Venture capital availability	4.5	2
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Investor Protection

1.21	Strength of investor protection, 0–10 (best)*	8.3	5
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Shanghai Jiao Tong University – Academic Ranking of World Universities 2011

Computer Science



Rank: 11



Rank: 15



Rank: 26



Rank: 28

Mathematics



Rank: 22



Rank: 32



Rank: 51-75

Economics



Rank: 51-75



Rank: 51-75

Government Support

- The Law for the Encouragement of Capital Investments:
 - Competitive grant program
 - Tax exemption path for manufacturing facilities
- The Law for the Encouragement of Industrial R&D
- Tax exemption for venture capital investment
- Promoting R&D Centers in the Periphery (Negev & Galilee)
- Special Program - R&D centers for the financial sector
- The Global Enterprise R&D Cooperation Framework
- *Israel NewTech* – Supporting Israel's Cleantech Industry

Focus - National Energy and Water Program

Established in 2006, the program aims at promoting Israel's Water and Renewable Energy Sector.

- Strengthening human capital
- Promoting research and development
- Supporting local implementations
- Increasing exports and investments



Summary

- Israel is a center of innovation and technological excellence
- Israel is a leading entrepreneurial society
- Israel enjoys an excellent track record in breakthrough discoveries and innovations
- Future results are expected to improve due to the maturity of the market
- Foreign companies can cost effectively conduct cutting edge research in Israel
- Israel's government and policies strongly support investment and economic growth

Bubbles

"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, Yahoo's managing director of corporate development,

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

Richard Nottenburg, Motorola's executive VP chief strategy

"Israel – a reservoir of innovation that will advance our competitiveness."
." *Professor Eric Reinhart, President of Siemens Medical*

"We were attracted by the outstanding research and researchers here."
David M. Bowser, Johnson & Johnson, VP, Corporate Office of Science and Technology

"The landscape (in Israel) provides the perfect environment for researching and developing water technologies in 'real-world' conditions and then marketing and selling them globally"
Dr. Roger Radke, CEO of the Water Technologies Division of Siemens

"It's no exaggeration to say that the kind of innovation going on in Israel is critical to the future of the technology business."
Bill Gates, Founder Microsoft

"Some Americans have come to the Middle East looking for oil. We came to the Middle East looking for brains, and we stopped at Israel."
Warren Buffett, Berkshire Hathaway

"The quantity and quality of software engineers in Israel made it logical that we would open a R&D center here at some point."
Dennis Woodside, EMEA Manager, Google



State of Israel

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