

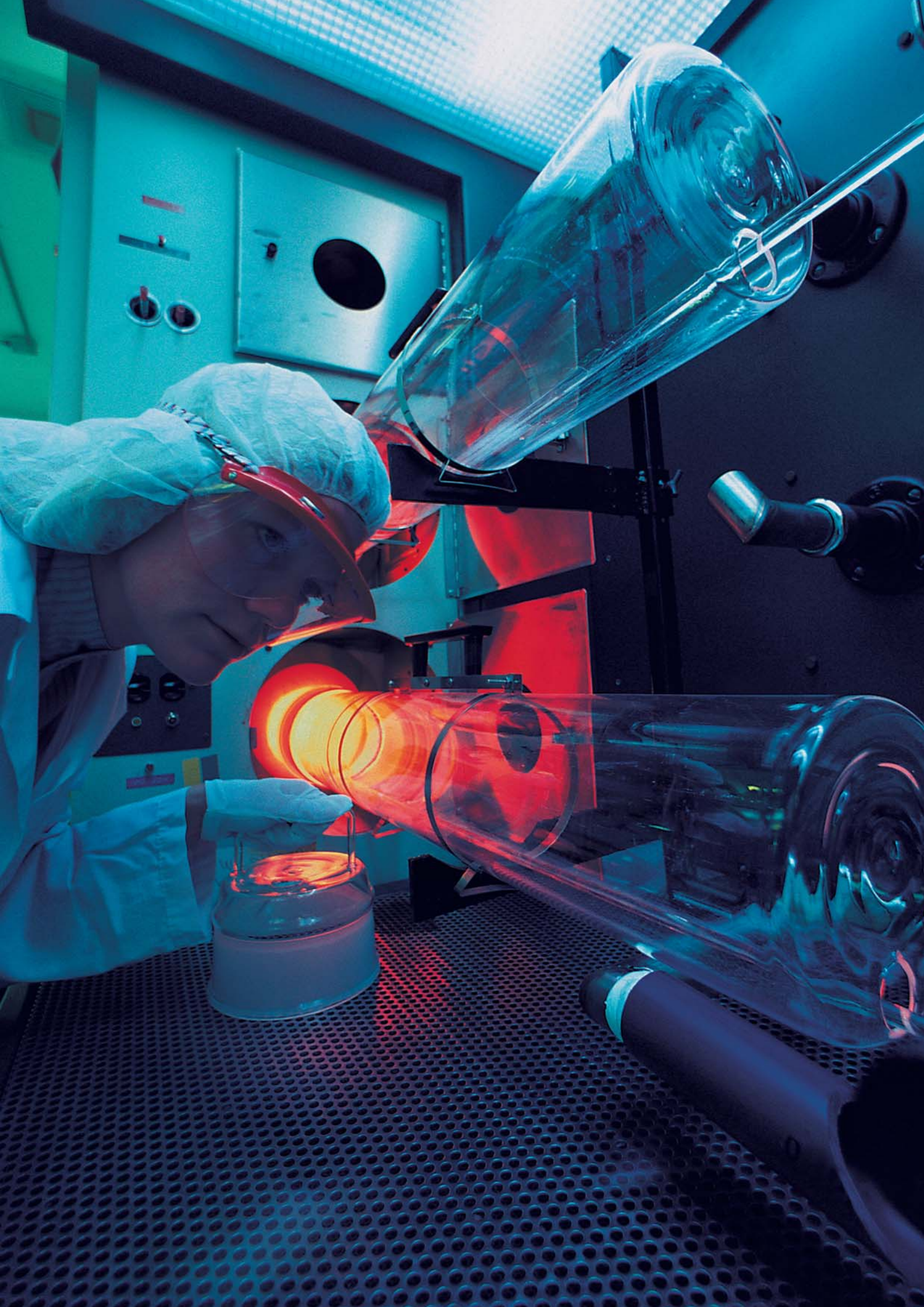


STATE OF ISRAEL
Ministry of Industry
Trade and Labor
Foreign Trade Administration
Investment Promotion Center

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
May 2006



Dear Reader,

Israel is recognized as being at the forefront of high-tech innovation, built on a sound infrastructure and consisting of an educated and creative workforce.

Israel's economy has been growing steadily, rising from 4.3% in 2004 to 5.2% in 2005 and 5.1% in 2006. Based on the further increase seen in 2007, we expect this trend to continue. A major contributing factor is the increase in demand by the international market for Israel's technological expertise, with high-tech exports representing 75% of total industrial exports in 2007.

Israel's legislative policies continue to support an ever-expanding free-market environment. The government will continue to encourage industrial R&D, broaden international economic agreements, constantly striving to elevate Israel's position in global competitiveness rankings.

Foreign investments continue to play an important role in Israel's economy. There are over 60 venture capital funds in Israel, pumping a steady stream of the necessary resources into the technology sector. On the NASDAQ, there are more Israeli companies traded than any country outside North America.

In addition, the world's leading multinational corporations have chosen to establish research and development centers in the country.

The ongoing expansion of groundbreaking developments and discoveries in fields such as information technology, software, life sciences and security, gives great cause for optimism.

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,

Eliyahu Yishai,

Deputy Prime Minister
Minister of Industry, Trade and Labor

Jerusalem, 2008



Global Center for Breakthrough Technology

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

*Eric Reinhart
President of Siemens Medical
September 2006*

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.

Entrepreneurial Spirit

Israeli entrepreneurs are driven to be the next global success story like **Checkpoint** (leading firewall internet security systems) and **Teva Pharmaceuticals** (largest generic drug manufacturer in the world).

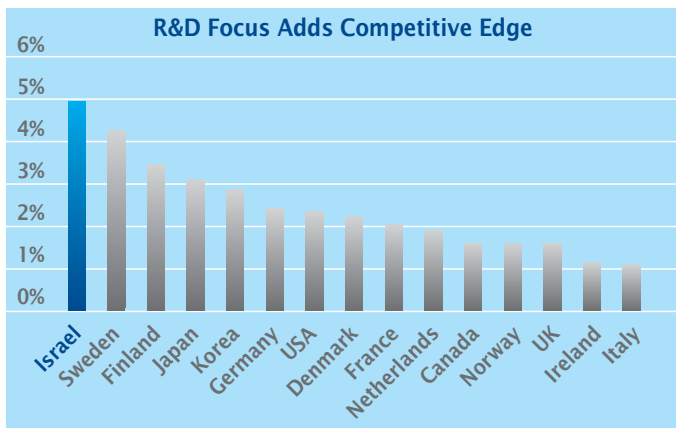
Constantly Innovating

Israel has the highest rate of research and development investment per GDP in the world. Deeply committed to nurturing entrepreneurship and innovation, Israel's twenty-three high-tech incubators support young companies with 200 active projects and 735 graduated projects in the last ten years.

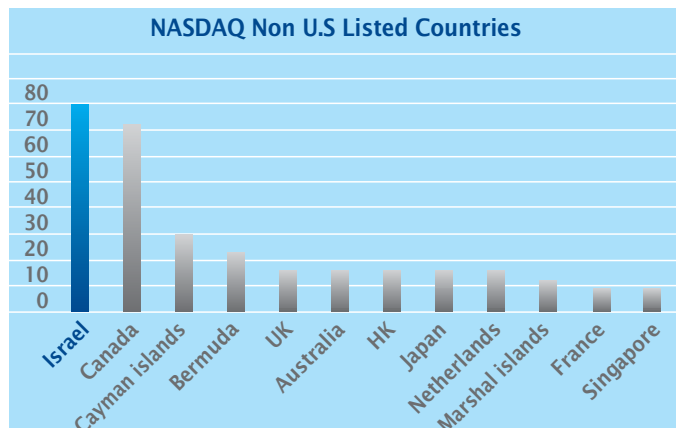


“For Microsoft, having an R&D center in Israel has been a great experience... The quality of the people here is fantastic.”

Bill Gates
 Chairman and Chief Software Architect,
 Microsoft Corporation
 October 2005



At 4.8% of GDP, Israel has the highest rate of R&D investment in the world. Source: OECD and Central Bureau of Statistics



Source: NASDAQ (2007), Analysis - Invest in Israel

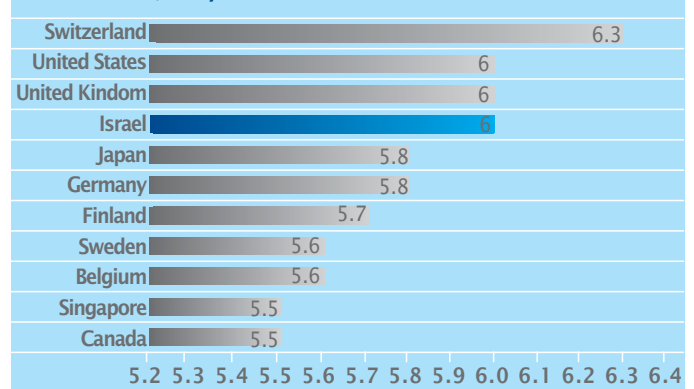


Highly Educated and Diverse Workforce

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.

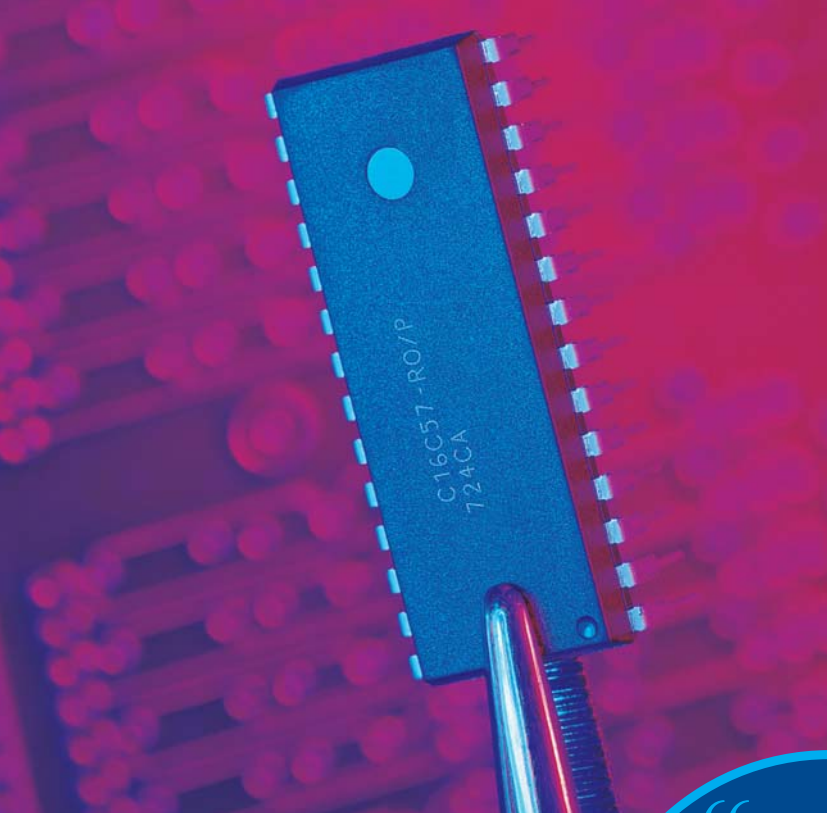
Quality of Scientific research institutions



“The language of technology here is so evolved that things happen faster.”

Michael Jablon
Senior Director
of Product Marketing
Time Warner Cable
June 2005

Source: WEF Global Competitiveness Report 2006-2007



“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
 October 2004

Collaboration Between Industry & Academia

Israel's Weizmann Institute of Science is third in the world in creating revenue from technology transfer.

Cooperation Between Industry & Academia		
Switzerland		#1
Singapore		#2
Iceland		#3
Israel		#4
Denmark		#5
U.S.A		#6
Australia		#7
Canada		#8
Malaysia		#9
Sweden		#10
Finland		#11
Germany		#12

Knowledge Transfer (Universities - Industry)
 Source: IMD World Competitiveness Yearbook 2007

Solving Problems. Creating Opportunities.

Converging 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 many other different languages.



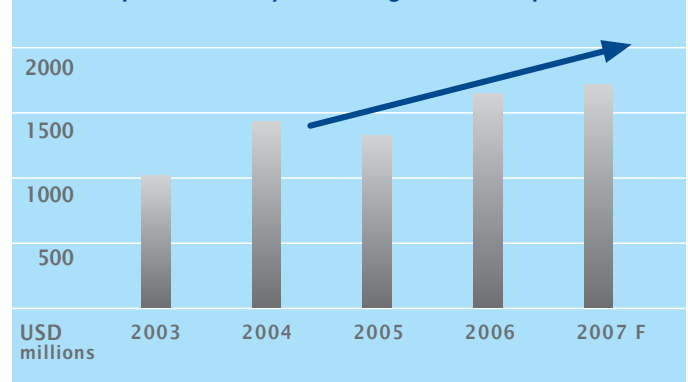
Outstanding Record

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, Comverse, 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 Investments grew from \$600 million in 1993 to \$14.3 billion in 2006, with total venture capital investments since 1993 exceeding \$11 billion. International rating agencies have consistently sustained Israel's credit rating and reaffirmed their confidence in Israel's economy

Capital Raised by Israeli High Tech Companies

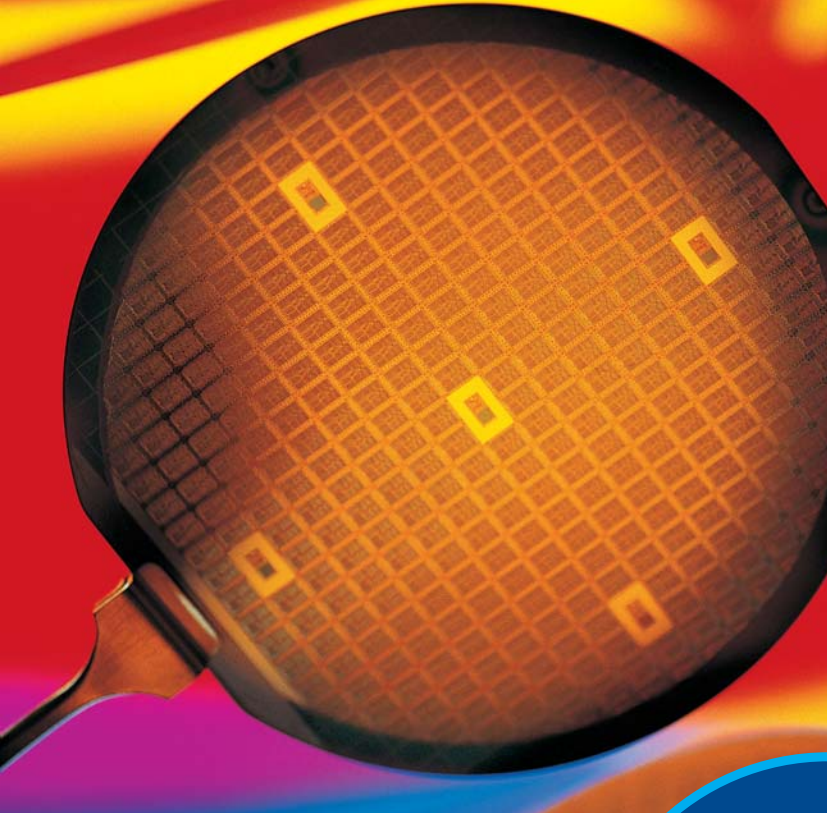


Source: IVC Online, 2007

“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.”

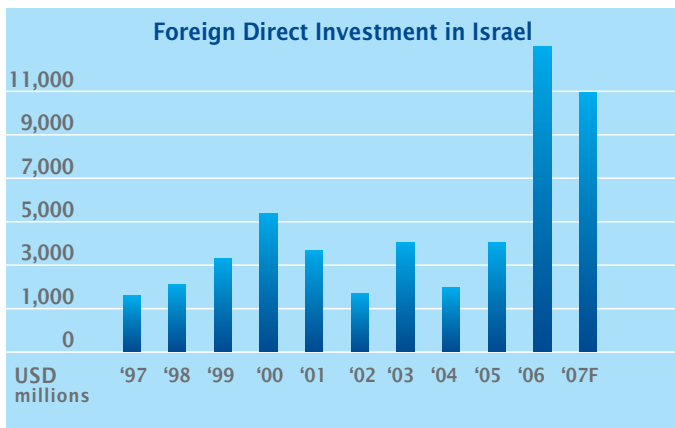
Simon Levene
 Managing Director
 of Corporate Development
 Yahoo

June 2006



“ 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
2005*

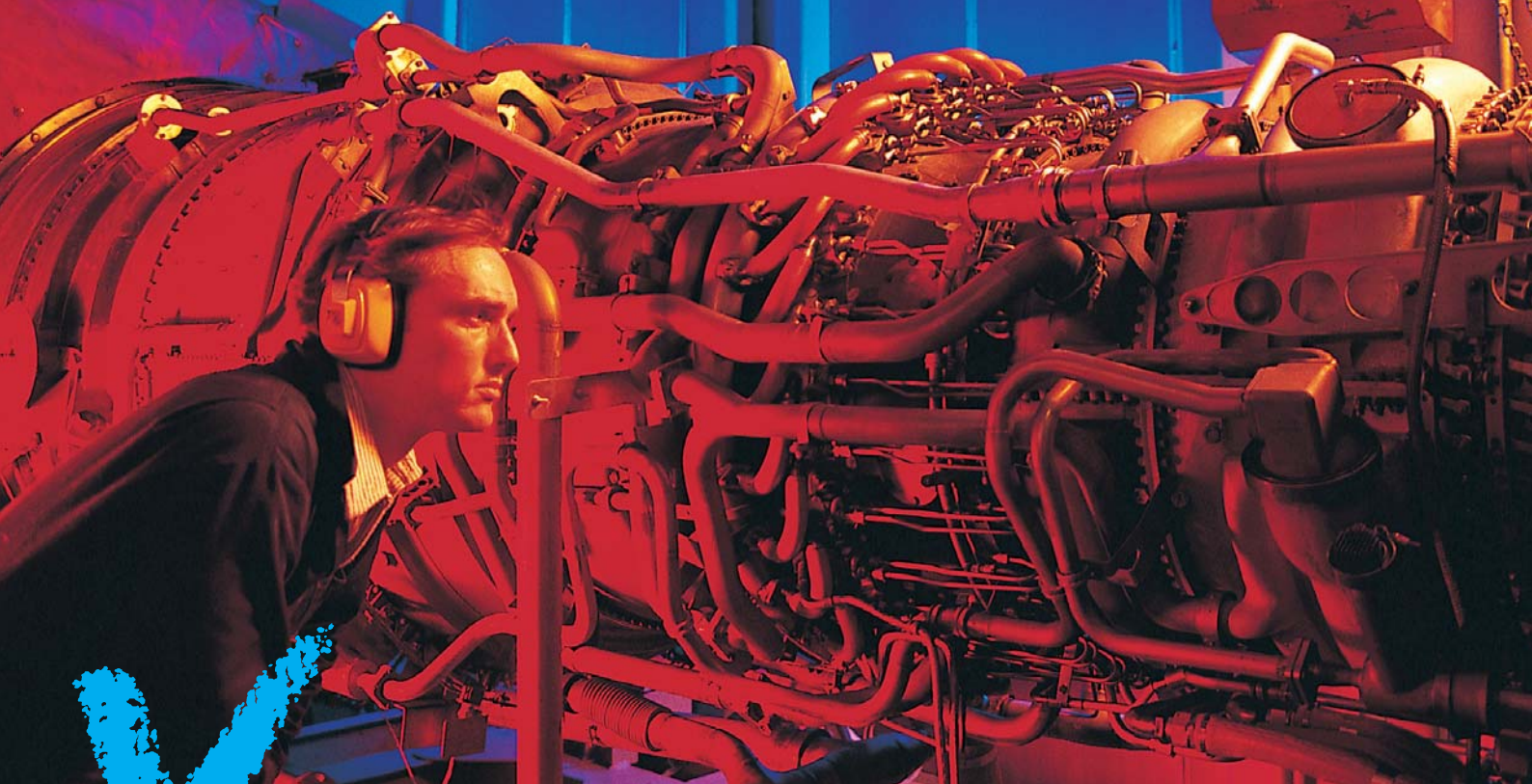


Source: Bank of Israel

Israel's Competitiveness

Country Rank	1st	2nd	3rd	4th
AVAILABILITY OF SCIENTISTS AND ENGINEERS	ISRAEL	JAPAN	FINLAND	INDIA
VENTURE CAPITAL AVAILABILITY	USA	ISRAEL	NETHERLANDS	FINLAND
JUDICIAL INDEPENDENCE	GERMANY	NETHERLANDS	ISRAEL	NEW ZEALAND
TECHNOLOGICAL READINESS	SWEDEN	SINGAPORE	ISRAEL	ICELAND
QUALITY OF RESEARCH ORGANIZATIONS	SWITZERLAND	USA	UK	ISRAEL

WEF Global Competitiveness Report 2006-2007



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, 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 ICQ** 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.

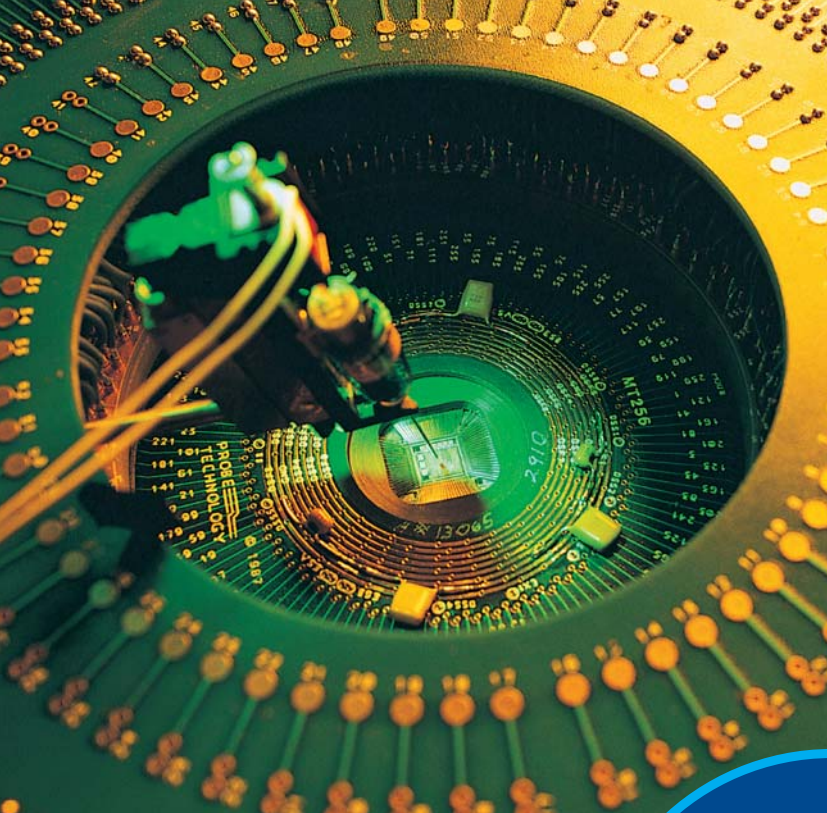
Israel's InSightec Image Guided Treatment developed a **non-invasive way to destroy tumors** by focusing ultrasound waves on the target.

Professors Aaron Ciechanover and Avram Hershko from 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 from 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
February 2006



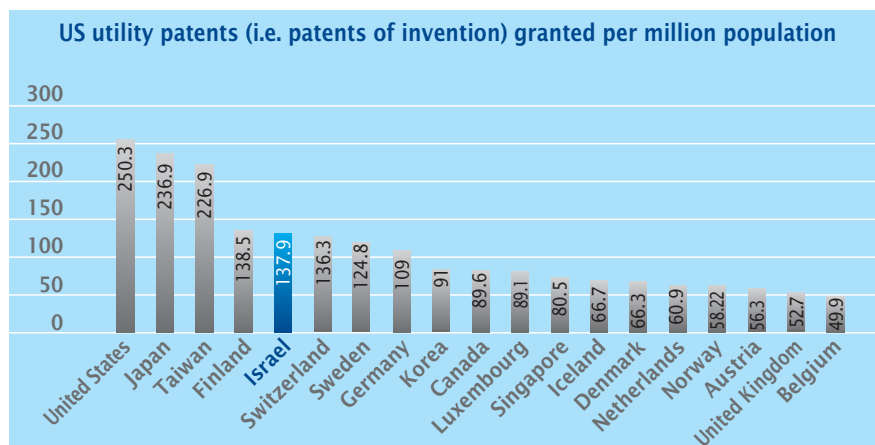
“ Israel is an incredible opportunity for us. It provides a growth engine for innovation for us.”

Richard Nottenburg
Executive VP
Chief Strategy Officer
Motorola

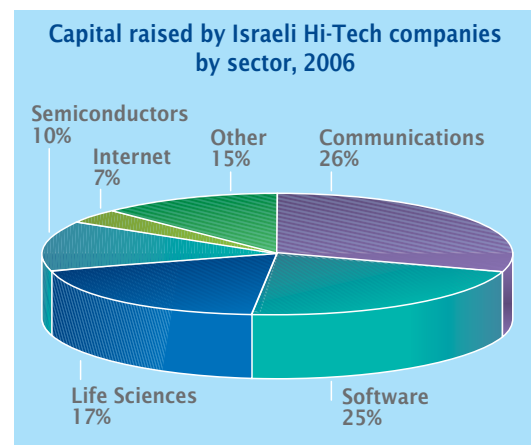
June 2006

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 2006-2007



Source: IVC Research Center



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 adheres to the OECD Declaration on International Investment and Multinational Enterprises. The declaration creates a framework of good practices for international investment.

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.

The Law for the Encouragement of Industrial R&D offers conditional **R&D grants** of up to 50% of approved programs.



“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
2005

Israel's International Trade and Economic Agreements





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 infoipc@moital.gov.il

**Fast Forward Your Business
to Success.**

Invest in Israel Now.

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