

New Two Shekel Coin Released in Israel

The Bank of Israel began circulating the new two shekel coin in December, in the first change to Israeli currency in 20 years. The coin will help consumers as well as businesses streamline cash payments and reduce costs of coin production and maintenance. Most vending machines and parking meters in the country have been adjusted to accept the new currency.

Israel Committed to 10% Clean Energy by 2020

Minister of National Infrastructure Ben-Eliezer assured the Knesset Interior Affairs and Environment Committee that the percentage of electricity in Israel that is produced from cleantech energies—a mere 0.2% today - will increase substantially over the next few years. Ben-Eliezer predicted that by 2016, five percent of electricity will be produced from cleantech energy, with 10% clean energy production by 2020.

Israeli Users Rank Second Worldwide in Internet Hours

Based on a survey conducted by Dunn & Bradstreet Israel, Israelis spend an average of 37.4 hours each month surfing the Internet. Israel ranks eighth in broadband Internet service penetration, with close to 70% of residences connected. South Korea, Monaco, Hong Kong, Iceland, Singapore, the Netherlands and Denmark had higher rates of broadband Internet service penetration.

Enticing and Worthwhile: Investment in Israeli High Tech

A recent study conducted by the accounting and consulting firm Deloitte Brightman Almagor among members of venture capital associations in the US and Europe, and other VC funds worldwide confirmed the continuing attractiveness of Israel's high tech and medical industries to venture capital funds worldwide. The survey ranked Israel among the top four countries for global investment by US venture capital funds, with over 100 foreign venture capital funds investing in two or more Israel-based companies since 2000. Large, prestigious funds participating in the survey, included Accel Partners, Battery Ventures, Benchmark Capital, Bessemer Venture Partners, Greylock Partners, Lightspeed Venture Partners, Menlo Ventures and Sequoia Capital.

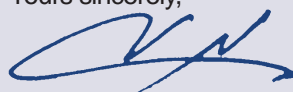
Foreign venture capital funds, private equity funds and others that did not previously invest in Israeli companies, or invested only on a limited basis, are now looking at the Israeli start-up market more seriously. Some are drawn to Israel for a specific deal, while others enter the market as a strategic decision, and either hire a local representative or open a local office. Pacific Corporate Group LLC (PCG), which manages \$16 billion of private equity investment on behalf of institutional investors, recently began investing in Israel. Stephen Cohen, Managing Director of PCG's overseas arm, explained, "There are many attractive things in Israel. There's an interesting venture capital community here, and ... opportunities in the buyout and corporate funding field."

The survey also found that Israel is seen as a leading source for quality deals. Roughly 70% of those questioned named Israel as a major source of deals, compared with 21% for Canada, 18% for China, 17% for the UK and Ireland, and 10% for India.

Israel ranked third as the preferred location for off-shore R&D centers, behind only India and China (7%, 29%, and 8%, respectively). Multi-national companies with R&D facilities in Israel include industry leaders such as Alcatel, Broadcom, CA, Cisco, Google, HP, IBM, Infineon, Intel, Microsoft, Motorola, Oracle, Samsung, SAP, Siemens and TI.

Foreign investment is essential to Israeli high tech companies, since it fuels growth and indicates optimism regarding future performance. New opportunities are constantly being created and all indicators point to continued international interest.

Yours sincerely,



Aharon Beth-Halachmi

israel investment news

Rocket Software Buys NetManage for \$69M

NetManage Inc. (Nasdaq: NETM), a 27-year-old company founded by Zvi Alon and based in California, develops and markets software and services that enable customers to access business applications, processes, and data. NetManage currently employs 215 people in the US, Israel and Canada. The company's \$35 million market cap resulted in a 95% premium for the acquisition. Alon said, "We feel confident this is the right strategy for our shareholders, customers and employees and that Rocket will continue to build on our legacy. NetManage's specialized solutions for integrating, Web enabling and accessing enterprise information systems will strengthen and advance Rocket's set of offerings."

Ceragon Completes Secondary Offering

Wireless backhaul solution provider Ceragon Networks Ltd.'s (Nasdaq:

CRNT; TASE: CRNT) secondary offering of 6.6 million shares brought proceeds of approximately \$88.3 million. Banc of America Securities LLC and Lehman Brothers were the joint book-running managers for the offering with CIBC World Markets and Jefferies & Company as co-managers.

Online Advertising Company Quigo Sold for \$363M

AOL bought Israeli online advertising company Quigo for \$363 million. Quigo, founded in 2000 by Yaron Galai and Oded Itzhak, develops technology and products for advertising on search engines and for contextual advertising on websites.

"With Quigo, we will be able to offer advertisers and publishers the most advanced set of tools, including contextual and behavioral targeting, superior analytics, and access to the

largest display network in the marketplace," said AOL chairman and CEO Randy Falco. "By offering advertisers the ability to target ads based on the content of Web pages using Quigo's AdSonar technology, we will be able to maximize the value of publishers' ad inventory."

Quigo's entrepreneurs successfully beat the odds to become a robust alternative to giants like Google and Yahoo! About six months ago, Quigo completed a \$30 million financing round led by Institutional Venture Partners at a valuation estimated at \$250 million.

Quigo's AdSonar technology lets advertisers purchase ads on websites based on specific pages, sections, topics or keywords. Quigo offers many types of advertising and a variety of pricing options including text, display and video ads bought on a cost per click, cost per impression, or cost per time basis.

Three Israeli Companies Top Deloitte and Touche EMEA "Fast 500"

Deloitte and Touche ranked three Israeli firms at the top of its "Fast 500" list of the fastest-growing firms in the technology, media and telecommunications (TMT) industries in the EMEA region. The survey ranks private and publicly traded technology companies that presented the most rapid revenue-growth rates during the past five years.

Herzeliya-based Voltaire Ltd. captured first place. The company develops and markets software and network switching infrastructure products for storage and server systems, based on grid and InfiniBand technologies. Voltaire products are designed to increase the performance and efficiency of computer centers. Second-place Celltick, also based in Herzeliya, develops and markets software that increases average revenues per cellular user through technology that transfers content services and ads to telephone displays even when phones are not in use. Runcom had the third most rapid rate of growth for the second consecutive year. The company, located in Rishon LeZion, develops semiconductors for the WiMax industry.

This is the first time an Israeli company earned first place in the Fast 500 and that the top three spots were captured by a single country. "Israeli technology companies are showing impressive growth rates both in absolute terms and in comparison to other European countries, including [those in] Western Europe," said Yigal Brightman, chairman and CEO of Deloitte Brightman Almagor and managing partner of the TMT group in Deloitte. "The dizzying success of Israeli companies in 2007 is not coincidental, and is amazing in light of the GDP of other countries included in the survey, such as Britain, Germany and France," he added.

portfolio company spotlight

**Company name:**

MobileAccess Networks

Brief description:

Provides broadband technology that delivers all wireless services simultaneously over a single, in-building wireless infrastructure

Established: 2001

Headquarters: Vienna, Virginia

Additional offices: Lod, Israel

Key executives:

CEO, Cathy Zatloukal

General Manager, Yehuda Holtzman

Website: www.mobileaccess.com

MobileAccess Networks provides infrastructure that enables wireless technology and applications to be reliably distributed throughout buildings, without interference from structural elements. MobileAccess simultaneously delivers all wireless services including cellular, voice and data services from multiple operators and WLAN, public safety, building automation, telemetry systems and more. The company's in-building infrastructure provides scalability, security and signal reliability.

MobileAccess introduced the first modular, multi-service in-building platform to the marketplace and was a leader in the consistent delivery of fully-functional, integrated Wi-Fi capability. The company's Universal Wireless Network, based on its innovative "Wire-

It-Once™" technology, allows in-building networks to adapt as new technologies are introduced, without rewiring, parallel networks or any disruption to current users. The Universal Wireless Network combines the scalability of hybrid fiber/coax RF transport with the adaptability of intelligent signal handling elements, for an in-building wireless solution with unmatched flexibility. Its modular packaging makes adding services and expanding coverage quick, cost effective and simple.

Intelligent service modules located in each remote hub perform tight-filtering and precise power control on each wireless signal, ensuring strong signal coverage and minimal signal interference. The modular packaging enables wireless services to be added or changed at any time without disturbing or re-engineering the active deployment.

"In-building networks represent a strategic market opportunity for wireless service providers," said Cathy Zatloukal, president and CEO of MobileAccess. "Desktop and traditional wired communication systems are taking a back seat to wireless devices and applications, creating new and expanded customer opportunities."

The deployment of MobileAccess can be managed and controlled proactively on an end-to-end basis. System-wide status and control information is communicated using SNMP and presented via an intuitive GUI, making it simple for IT directors to control their wireless infrastructure.

The company currently serves more than 1000 customers, including Fortune 1000 companies such as Lehman Brothers and Hearst Corporation, and leading healthcare facilities such as Northwestern

Memorial and Clarian Health, as well as public sector customers including Aladdin Resort and Casino, ALLTEL Stadium, American University, and the Oakland International Airport. MobileAccess also provides seamless Blackberry and cell phone coverage throughout all congressional buildings on Capital Hill without interfering with the aesthetics of these historical buildings.

MobileAccess is currently introducing several innovations which are expected to have a significant impact on the market. The company is bringing to market a new version of its wireless LAN product which supports Cisco's location application, in addition to offering WiMax products with Sprint in North America, where it is the first company to support WiMax. This is especially important given WiMax's data orientation, its high frequency use and its high data rate.

The Mobile WiMax module plugs directly into the Universal Wireless Network where it integrates with the other wireless signals needed for the building and is distributed to each floor over fiber. All wireless services for the building are then transmitted over a common set of broadband cables to multi-service antennas. As a result, Mobile WiMax can be deployed to serve multiple applications services with relatively low costs.

"Our technology offers the market a unique solution. Not only do we provide infrastructure to enable broadband wireless technologies that we know about today, our solution can accommodate technologies that have yet to hit the market," explained Yehuda Holtzman, General Manager of MobileAccess.

portfolio news

• **BeInSync** technology powers the new, innovative online backup service that SanDisk Corporation is providing with its Cruzer® Titanium Plus USB Flash drive. With automatic online backup, users can access any file copied to the Cruzer® Titanium Plus via any computer hooked up to the Internet if the Cruzer® is lost, stolen or inadvertently left behind. The drive comes with six months of free online backup service, which can be extended through an annual service contract. BeInSync's technology provides increased protection for Cruzer® Titanium Plus customers by encrypting all files during transmission from the drive to Amazon's servers, where the documents are stored.

"SanDisk is offering an appealing package for consumers by marrying both online and offline storage into one easy and intuitive device, letting users take their files everywhere with less worry about data loss," said Motti Vaknin, CEO of BeInSync. "SanDisk is the largest supplier of flash storage devices worldwide, so its selection of BeInSync as its online backup provider greatly validates our approach, as well as extending our software and services to a vast new customer base."

www.beinsync.com

• **CyOptics** acquired Inplane Photonics, a leading manufacturer of planar lightwave circuits (PLCs) for optical networks in telecommunications and defense applications. Inplane's unique silica-

on-silicon PLC technology enables the integration of optical circuits for data transmission, distribution, detection and conditioning on multi-function silicon chips. This integration allows miniaturization of components for optical communication networks in a variety of markets, from telecom to biophotonics and test & measurement.

The acquisition expands CyOptics' Photonic Integrated Circuits (PICs) technology platforms through the combination of monolithic and hybrid integration of Indium Phosphide (InP) laser and detector arrays onto PLCs. This integration will reduce the number of individual components required, thereby increasing the functionality and lowering the cost of the overall solution. Ed Coringrato, CEO of CyOptics said, "The combination of best-in-class InP and PLC technology will create a unique capability in the market. We will leverage the PLC technology to further expand Inplane's and CyOptics' many existing engagements with the defense industry."

In addition, the U.S. Commerce Department's National Institute of Standards and Technology (NIST) Advanced Technology Program (ATP) awarded CyOptics Inc. and Kotura Inc., a leading supplier of silicon photonics components, \$5.9 million to develop next generation Terabit Photonic Integrated Circuits (TERAPICS™).

The project will use a combination of monolithic and hybrid integration to reduce hundreds of individual components to less than 10. Kotura will develop the highly integrated silicon photonics chips, which serve as the mounting platforms for the laser and receiver arrays as well as providing the multiplex and demultiplex functions. CyOptics will develop the monolithic arrays of high speed InP-based lasers and detectors, the automated assembly processes and the laser and receiver components.

www.cyoptycs.com

• **Radwin's** wireless broadband solution was deployed by the Mexican corporation Exportadora de Sal ("Exportadora"), the largest natural outdoor saltworks facility in the world. The system is being used to connect geographically dispersed branch offices located as far as 76 kilometers apart, including offices in over-the-water and non-line-of-sight locations.

Salazar Uriarte, Exportadora's Chief System Engineer, stated: "Radwin's point-to-point systems deliver outstanding performance and help us to realize major cost savings. Leasing lines would have cost us thousands of dollars in monthly fees. We only had to make a one-time investment, and now our offices are connected via a high-speed, high-capacity link."

www.radwin.com

About Eurofund Eurofund is an early-stage venture capital firm focused on investments in Israeli and Israel-related high growth companies operating in the fields of telecommunications, information technology, the Internet and semiconductors. Eurofund focuses on working with portfolio companies to ensure long-term value creation through innovation and disciplined execution.