



ISRAEL'S PROMISE:

The Holy Land Celebrates 60 Years as a Nation

On May 14, 1948, the state of Israel was born. Despite turbulent waves throughout its 60-year history, Israel has risen above formidable obstacles to impress every analyst worldwide with its remarkable economic performance and strides forward in consolidating the political, social and cultural components that have made it the success story it is today. Israel is a beacon of progress, innovation and perseverance both in the region and worldwide, and its impressive economic development and stability can only add to the stability of its neighbors in the region.

Israel's success is founded on a culture focused on education, productivity and achievement. When it comes to pioneering thought and cutting edge technologies, Israel has few rivals, with per capita data ranking it as top in the world in many respects.

Examples abound: Israel's ratio of university degrees to total population is the highest in the world, with 24 percent of the workforce holding university degrees. This ranks the country

third in the industrialized world after the U.S. and Holland. By a large stretch, Israel produces more scientific papers per capita than any other country, numbering 109 per 10,000 people, and Israelis have won Nobel Prizes in a number of different categories. Israel also boasts one of the highest per capita rates of patents filed, and it has 3,500 startup companies – the most of any country in the world in comparison to its population and second only to the U.S. in total number of start-ups.

Many of Israel's brands are now taking the world by storm. Witness world-renowned, Israeli-based cosmetics company AHAVA, which harvests its mineral and plant-based products direct from the Dead Sea. With four new flagship stores opened in London, Berlin, Jerusalem and Singapore in 2007 and with ten additional stores slated to open in American and European locations in the next three years, AHAVA's explosive global growth and popularity is undeniable.

At this historic juncture, this is just a small sampling of a seemingly endless list of landmark Israeli accomplishments.

A Partnership Based on Shared Values, Economic Ties

The United States, under the leadership of President Harry S. Truman, was the first country to officially recognize Israel. Successive American leaders have also steadfastly reaffirmed the strength and significance of this friendship based on shared values.

Economically, the United States is Israel's largest trading partner. This ongoing trade partnership has been boosted over the years by a free trade agreement (FTA) signed in 1985, which has effectively eliminated tariffs on most goods exchanged between the two countries. The U.S.-Israel FTA is the United State's first FTA. In 2007, bilateral trade between America and Israel reached \$33.8 billion and U.S. exports accounted for 28 percent of Israel's imports.

Israel's Economic Miracle

A small country with limited natural resources, Israel has capitalized on its highly skilled, educated and diverse workforce to achieve a knowledge-based, technologically-advanced and highly diversified market economy with first-class capabilities in telecommunications, IT, electronics, life sciences, and cutting-edge water and solar technologies.

Israel's GDP per capita in purchasing power parities was \$25,762 in 2007, up from \$22,429 in 2004, while real GDP growth rates as published by the Economist Intelligence Unit are forecasted at 5.3 percent for 2007, 3.6 percent for 2008 and 3.9 percent for 2009. Israel's GDP growth in the fourth quarter of 2007 was 6.4 percent. Close to full employment is maintained most years – a notable accomplishment given that the country has absorbed over three million immigrants since its inception.

Israel lays claim to the largest number of NASDAQ listed companies outside the U.S. and Canada, and its dynamic market has resulted in the highest exports per capita rate globally. With a drive to do wonders with few natural resources, Israel also possesses one of the most advanced agricultural systems in the world.

Israelis invest heavily in research and development, ranked first among all countries in terms of the percentage of high-tech production as part of the country's overall GDP. With the third highest rate of entrepreneurship in the world, venture capital investment is the highest in the world in proportion to Israel's GDP, financing approximately 50 percent of Israel's high tech industry. Israeli startups – which are greatest in number worldwide in proportion to the country's population – also secure 90 percent of all

venture capital investments and they contribute to about 35 percent of the growth in the ICT and software sectors in Israel.

The Next Big Thing: Israeli Life Sciences

Israel is fertile ground for biomedical research and development, ranked fourth in the world in biotechnology patents per capita. According to the Israeli Ministry of Industry, Trade and Labor's Investment Promotion Center (IPC), Israel's life sciences sector, covering medical devices, biotechnology and pharmaceuticals, is booming and represents the next big area for economic and industrial expansion. Israel has quickly become a recognized world leader for breakthroughs in this sector.

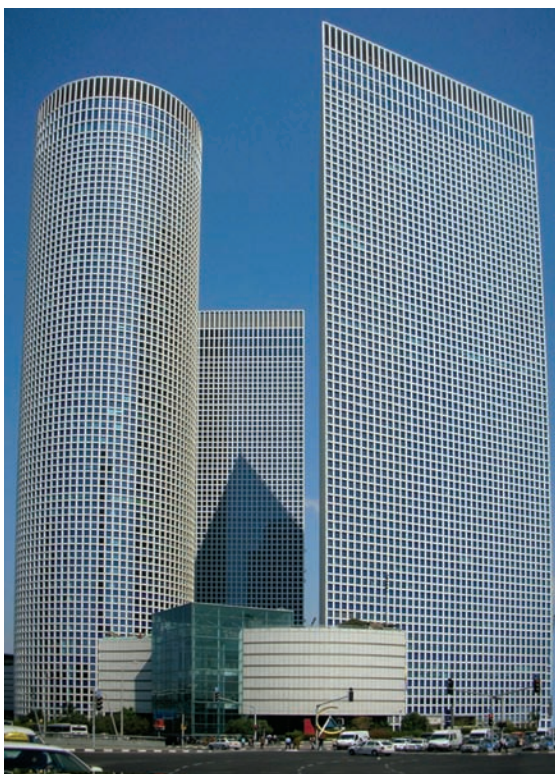
“We are the heart of biotech development in Israel.” – Dr. Judith Richter, CEO of MEDINOL

The country's life sciences sector generates billions of dollars in exports every year, leading the world in patents for medical devices per capita. An exemplar in the field is Medinol, an Israeli company that symbolizes all the factors that make Israel the success that it is today. Founded in 1992 by the brilliant husband-wife duo of Dr. Judith Richter and Dr. Jacob (Kobi) Richter, Medinol is a pioneer and an expert in the field of cardiac stenting, the inventor of the flexible closed cell stent design, and a leader in innovating stent designs and manufacturing technologies. According to Judith Richter, “We are the heart of biotech development in Israel.”

Also among the revolutionary outputs of this sector is Given Imaging's PillCam, a tiny disposable camera contained in a capsule that captures images of the gastrointestinal tract as it travels through the body. Under the auspices of Rafael Development Corporation (RDC), Given Imaging is a result of a partnership between RAFAEL Advanced Defense Systems, Ltd. and Elron, a high-tech holding company that builds companies in the areas of medical devices, information and communications technology, semiconductors, and clean technology.

The Silicon Valley of the Middle East

Israel's technology market is highly developed, with the sector forecasted as the major driver of the economy. In fact, almost half of Israel's exports



The Azrieli Center complex in Tel Aviv

are high tech and most leading industry players, including Intel, IBM, and Cisco, have a significant presence in Israel.

Israel ranks first among all OECD countries in terms of research and development in the high-tech arena, and also leads the world in the number of scientists and technicians in the workforce. Following this trend toward a strong pool of high-tech resources, over 25 percent of Israel's workforce is employed in technical professions, again ranking it first among all countries.

Other breakthrough achievements include:

- The mobile phone was devised by the Israeli branch of Motorola.
- Most Windows NT and XP operating systems were developed by Microsoft-Israel.
- Voicemail technology originated in Israel.
- The Pentium MMX chip technology was designed in Israel at Intel, with both Pentium-4 and Centrino processors entirely designed, developed and produced in the country.
- The technology for AOL instant messenger ICQ was created in 1996 by four young Israelis.

According to Yehuda Zisapel, co-founder of Israeli high-tech pioneer RAD Group, "I think in the future, you can see opportunities in technology, information, content, biotechnology. Israel is in a good position to be successful and take advantage."

Investors Flock to Israel

Global companies are attracted to and are continually expanding their presence in Israel by establishing offices, subsidiaries and R&D centers, tapping the country's highly skilled and educated workforce, its well-developed infrastructure and R&D capabilities, and an investment-friendly environment.

In efforts to make Israel's environment even more appealing to investors and venture capital funds, the Investment Promotion Center (IPC) serves as a full-service "one-stop-shop" for foreign-based companies and individuals interested in exploring direct investment and joint venture opportunities in one of Israel's many booming industries. The center partners with potential and current investors throughout the investment process, providing a wide range of personalized services as well as investment-related information about the country.

The IPC has attracted an impressive array of leading multinational corporations. A glimpse just at American companies invested in Israel includes big hitters such as Microsoft, AOL Time Warner, Intel, IBM, Perrigo, Cisco Systems, GE Healthcare, Lucent, 3Com, Hewlett Packard, Motorola, Sun Microsystems, Johnson & Johnson, and Kodak.

In 2006, the IPC launched the Israel Novel Efficient Water Technologies (Israel NEWTech) program, which promotes the country's burgeoning water and clean technology industry. Since its inception, Israel NEWTech has signed cooperation agreements and established partnerships with the Chinese, Australian, Argentine and Spanish governments.

Another example of Israel's booming cleantech sector is Solel, one of the world leaders in solar thermal central power

generation. Within the U.S., Solel's technology is behind the nine solar power plants in California's Mojave Desert that supply the needs of half a million consumers and simultaneously replace the energy need that would otherwise be provided by two million barrels of oil per year.

More generally, praises for Israel as an investor's destination of choice come from some of the most powerful names in the business world. Bill Gates, Warren Buffet and Donald Trump each have stated their confidence in Israel, investing billions of

"I believe in the Israeli market and the Israeli economy and I think that this is a good time to invest in it." – Warren Buffet



Medinol plant, Jerusalem.

dollars in the country all within the past several years. According to Buffet, "I believe in the Israeli market and the Israeli economy and I think that this is a good time to invest in it" (05/06).

A Beacon of Stability and Democracy in the Middle East

Israel's status as the only democracy in the Middle East coupled with a vibrant economy establishes the country as a cornerstone to a more stable region. Ultimately, the trend that Israel has shown in its 60-year existence is that advancement and growth, even under uncertainty, have resulted in economic, social and political certainties. In this and many other respects, the resilience of the Israeli people has been remarkable – perhaps the single most influential factor that contributed to the country's existence and constant development.

As Israel takes pause to reflect back during its 60th anniversary and looks ahead to the next 60 years and beyond, there is no doubt that the Israeli people will continue to harness these tremendous assets that are woven into the fabric of the country's dynamic success story and add to its legacy as a land of firsts. •

Written and produced by Sandy Visser (SandyV@invest-media.net) and Chrysoula Economopoulos (ChrysoulaE@invest-media.net). info@invest-media.net

Israeli Homegrown Successes: Contributing to 60 Years as a Nation

COMPANY PROFILE: MEDINOL

Saving Lives through Knowledge, Advanced Technology and Innovation

“To serve in perfect heart and willing mind” is the slogan of Medinol, a homegrown Israeli success story. Founded in 1992, Medinol is a pioneer in the field of cardiac stenting and the inventor of the flexible closed cell stent design. Medinol’s stents – slotted tubes that are inserted into and keep open previously clogged arteries – have saved millions of lives around the world. The company’s hallmark implementation of multidisciplinary knowledge and scientific R&D, paired with the genius of Dr. Judith Richter and her partner and co-founder Dr. Kobi Richter, position Medinol among the companies that best embody the broader success and determination of Israel and its people.



Judith Richter



Kobi Richter
Co-founders

Kobi Richter, chairman and chief technology officer, is the technology arm of Medinol. He holds a doctorate in neurophysiology and brain research from the Tel Aviv University Medical School and headed the research and development department for the Israeli Air Force. As a post-doctoral and research fellow, he was a member of the pioneer team at the Artificial Intelligence Laboratory of the Massachusetts Institute of Technology (MIT). He then applied the acquired knowledge and founded Orbotech, a leading Israeli microelectronic company listed on NASDAQ. Ten years later, he further expanded the applications while utilizing his knowledge and experience to the unique advanced manufacturing methods Medinol uses today.

As chief executive officer and the public persona of Medinol, Judith Richter has a versatile professional background that includes both business and academic expertise. Born in Czechoslovakia to Holocaust survivors, the principle that “Knowledge is the only thing that no one can ever take away from you” was emphasized at home. Dr. Richter created a civilian management skills training program that was implemented both in the army and in the Israeli Air Force. She then received her Ph.D. from Boston University and pursued her academic career at the Tel Aviv University Business School. Dr. Richter founded Medcon, a tele-



cardiology system company that later went public and was eventually acquired by McKesson. She served on the boards of several large publically traded companies and universities in Israel. Medinol is yet another example of Judith Richter’s leadership acumen.

Medinol, locally based in Tel Aviv and Jerusalem, has now grown into a global hub for multidisciplinary innovation in the field of biotechnology through its cross-cutting approach to melding basic research, product development and industrial production. The Richters are constantly engaged in the development of cutting-edge technologies in the medical field, including sensors, catheters, microvascular devices and pharmaceuticals. Some of these devices are currently being evaluated by several multinational companies.

“We are very much academic-oriented, clinically oriented and industry-oriented,” notes Judith Richter. The Richters champion the implementation of technology to achieve practical, life-saving results,

“We are very much academic-oriented, industry-oriented, and practicality oriented.” – Dr. Judith Richter, CEO of Medinol

such as the innovative application of nanotechnology to the difficult requirements of the medical industry. These serve the growing economic needs for more cost-effective medical devices and services.

Medinol is a microcosm of Israel’s melting pot of people, comprised of individuals each bringing with them a wealth of multidisciplinary expertise which is integrated into a pool of knowledge that continuously enhances Medinol’s manufacturing and production process. The result is unparalleled quality control, all deriving from ingenious intellectual property that Kobi Richter and his R&D teams constantly develop.

Medinol is the story of two boundlessly creative and driven people who were able to take a dream, work diligently, and turn it into a reality that impacts the lives of people around the world. This is the Richter’s legacy. This is the legacy of Medinol.

For more information: Ms. Tamar Hadar | Medinol | Senior Director, Global Sales & Marketing
Tel: 972-3-7679000 | Fax: 972-3-6482310 | e-mail: tamar.hadar@medinol.com | www.medinol.com

Israeli Homegrown Successes: Contributing to 60 Years as a Nation

COMPANY PROFILE: AHAVA

Bringing the Dead Sea's Treasures Right to Your Home

Founded in 1988, AHAVA is driven by a deep passion to unearth the secrets of the revitalizing effects of minerals on the skin. The only cosmetics company indigenous to the Dead Sea region, AHAVA employs a scientific approach to its environmentally-conscious research activities. Over the years, this has culminated in the development of a series of premier skincare product lines, renowned internationally for their superior efficacy. AHAVA harvests and formulates the rich natural resources of this magical region in strict compliance with recognized international standards.

"We see ourselves as the fishermen of the Dead Sea and the pioneers of the Dead Sea," says AHAVA CEO Yacov Ellis, whose corporate strategy has set out to firmly establish an international cosmetics brand by unearthing the secrets of world's largest natural spa and bringing them home to consumers around the world.



Yacov Ellis
CEO

AHAVA was initially established as a tourism outpost, offering Dead Sea products to visitors making their journey to the lowest surface level point on the Earth. Though the therapeutic benefits of Dead Sea salts, mud and minerals have attracted visitors for thousands of years, in recent years AHAVA's products

have made a splash on the Israeli market, becoming a household name and a highly regarded cosmetics brand.

But according to Ellis, "In the last two years, AHAVA realized that the greater market for our products is outside of Israel," underscoring the underlying motivation for the company's strategy to develop and strengthen the AHAVA consumer brand to go global with its unique, high-quality product.

Two significant new trends in the cosmetics industry ignited this drive. First, the market for cosmetics has changed dramatically, especially for the Western consumer. A more sophisticated clientele that seeks products which yield proven results favors products like AHAVA's. AHAVA invests heavily in research, development and testing in conjunction with leading international experts and scientific institutes to study the therapeutic effectiveness of minerals on the skin. Clinical tests have proved the revitalizing ef-



fects of the Dead Sea's mineral and plant-based products on a range of dermatological conditions. AHAVA's awareness of these effects is then translated into a series of superior skincare product lines, based exclusively on the rich resources of this region.

The second propitious trend for the company is the consumer's growing thirst for natural products as today's customers are ever-more conscious of what is put on the skin and in the body. The result? AHAVA's brand has been propelled onto international markets with lightning speed.

AHAVA is focusing its international marketing strategy to target Western countries first, primarily the United States and countries in the European Union, and then will expand its geographic territory. In the next three years, AHAVA plans to open ten stores with the main objective being to firmly establish the brand's identity in the cosmetics world and in the minds of consumers.

Its current pace is an indication of what is to come. AHAVA has already opened three stores since mid-2007 – in London, Berlin and Singapore – with one in the U.S. and two in Europe

"A more sophisticated clientele that seeks out products that yield proven results favors products like AHAVA's."

—Yacov Ellis, CEO of AHAVA

being next on the agenda. Former "Sex in the City" star Kristin Davis also recently signed on as the company's spokesperson, adding celebrity power to a multi-million dollar advertising and marketing campaign targeted at the American market.

"The future for us is very clear. Our goal is to develop an international cosmetics brand. What we have here is something very unique," says Ellis, highlighting the very attractive niche that AHAVA has already capitalized on and will expand on significantly in the near future.

For more information: 5 Hatsoref St. 58856 Holon, Israel | Tel: 972-3-5571100 | Fax: 972-3-5500687 | www.ahava.com
Global Retail Locations | **London** 39 Monmouth St. Covent Garden | **Berlin** Kurfürstendamm 26a Ecke Fasanenstr
Jerusalem Mamilla Quarter, Jerusalem | **Singapore** 176 Orchard Road, the Centrepoint