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FITCH UPGRADES ISRAEL'S OUTLOOK TO POSITIVE

Foreign Currency IDR: "A-" and Local Currency IDR: "A"

Fitch Ratings improved Israel's foreign and local currency Issuer Default ratings (IDR) to Positive from Stable. Richard Fox, Head of Middle East and Africa Sovereign Ratings at Fitch stated, "The Positive Outlook reflects the Israeli economy's increased dynamism and resilience following the reforms of recent years, demonstrated by the limited economic impact of the war in Lebanon and strong rebound now underway. . . The strengthened policy framework has also endured a change of government and the political fallout from the war. External solvency indicators have continued to improve and strong inward and outward investment reflect Israel's growing integration with the world economy. "

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THE ECONOMIST: ISRAEL IN TOP 5 EMERGING MARKETS

Israel is the fastest growing economy outside Asia, and ahead of China and India

"The Economist," in its December 13 issue, published its emerging markets survey which places Israel as one of the five fastest growing emerging markets in the past 20 years. Israel, which ranked as the 48th biggest economy in 1980-84, is now ranked 36th biggest economy in 2001-05, **rising 12 places**. "The Economist" ranked economies by size on the basis of their five-year average GDP in current dollars.

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OECD: ISRAEL IS RANKED 6TH GLOBALLY FOR PATENTS PER GDP AND 8TH FOR PATENTS PER CAPITA

ISRAEL HAS THE HIGHEST PERCENTAGE OF PATENTS IN THE REGION

In the OECD's Compendium of Patent Statistics 2006 recently released Israel is ahead of the OECD average in both ratios: has 2.3 patents for every billion dollars of GDP, and 53.1 patents for every million inhabitants

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FIVE ISRAELI COMPANIES WIN FROST AND SULLIVAN 2006 EMERGING TECHNOLOGIES AWARDS

Israeli Winners: OrSense, Glycominds, Trig Medical, Convergin. and NICE Systems

Frost & Sullivan, a global growth consulting company, handed awards to 24 European companies, including 5 from Israel. Trig Medical, a developer of an innovative labor monitoring system, won the Labour Monitoring Technologies - European Technology Innovation of the Year Award; OrSense, a developer of a non-invasive blood glucose monitor and Glycominds, a developer of tools that use biomarkers to monitor sugar types in the blood, both won the Technology Innovation Award; Convergin, a designer of a wireless convergence server platform, won the Product Innovation Award; and NICE Systems, a producer of voice & video security surveillance solutions, won the Excellence in Technology Award. The winners are determined based on quality of R&D, vision and level of risk taking that make breakthrough possible

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FORTY-FOUR ISRAELI COMPANIES LISTED ON THE DELOITTE TECHNOLOGY FAST 500 EMEA RANKING 2006

Two Israeli companies, Wintegra and Syneron, in top ten

Deloitte: "Proportional to population numbers, technology firms in Norway, Israel and Ireland are the most successful in the ranking." Wintegra, a fabless semiconductor company with a 22,422% increase in sales from 2001 to 2005 received 5th place on the list. Syneron, a developer of medical-technologies ranked 7th in the Fast-500, achieving 18,984% sales for the same growth period and ranked 1st in the category of medical and biotechnology equipment. Runcom, semiconductors company with 4,846% growth in five years, ranked 27th. The Deloitte Technology Fast 500 EMEA program is an objective industry-ranking standard that focuses on the technology field.

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TWO ISRAELI LIFE SCIENCE COMPANIES LISTED ON WEF'S 47 TECHNOLOGY PIONEERS FOR 2007

Given Imaging and BrainsGate named Tech Pioneers for "life-changing technology innovation"

Given Imaging, was noted for developing the capsule camera used to diagnose digestive system ailments and Brains Gate, for developing solutions for treatment of diseases of the brain and central nervous system. The WEF stated that, "To be selected as a Technology Pioneer, a company must be involved in the development of life-changing technology innovation and have potential for long-term impact."

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KYPHON ACQUIRES ISRAELI DISC-O-TECH'S ASSETS IN THE FIELD SPINAL CORD MEDICINE FOR \$220M

A possible additional \$20 million investment based on the development of further technologies

Kyphon, a developer of minimally invasive medical devices designed to diagnose low back pain and restore spinal function, with a value of \$1.8 billion acquired Israeli Disc-o-Tech, a developer of orthopedic implants. Disc-O-Tech's portfolio includes several innovative products and associated intellectual property rights for performing minimally invasive spine procedures. Richard Mott, president and C.E.O of Kyphon stated, "Disc-O-Tech's innovative B-Twin Expandable Spinal System and related intellectual property assets will permit Kyphon to further serve the fast- growing industry segment focused on minimally invasive treatment of degenerative disc disease."

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NEUSTAR ACQUIRES FOLLOWAP FOR \$139M

NeuStar expects that Followap's revenue to more than double in 2008

NeuStar, an American telecommunications and information technology company with a market cap of \$2.35 billion, acquired Israeli Followap, a developer of advanced platforms for instant messaging on cellular devices. Jeff Ganek, NeuStar's Chairman and CEO stated, "By enabling instant messenger, NeuStar will build on Followap's strengths to deliver essential infrastructure services in Europe and Asia." Followap's R&D division is based in Haifa, Israel, with 100 employees.

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NDS ACQUIRES JUNGO FOR \$107M

NDS President and CEO: "The acquisition of Jungo positions NDS to better serve the ever-increasing need of pay-TV and telecom network operators to offer reliable video over broadband services"

NDS, a digital broadcast systems company, acquired Jungo, a developer of software that enables phone companies to supply IPTV, VoD and VoIP. In 2006, Jungo was listed for the third consecutive year on Deloitte Technology "Israel's Fast 50", Growing Technology Companies. Jungo's R&D activity is centered in Netanya, Israel.

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US BIOTECH FUTURAGENE BUYS AGRICULTURAL BIOTECH START-UP CBD

FuturaGene's Chairman,: "We think the acquisition will play an important part in advancing FuturaGene towards commercial success"

FuturaGene, a developer of solutions to improve crop yield, acquired CBD, a genetic engineering company. CBD specializes in increasing the rate of plant growth which reduces pressure on natural sources and is based in the Kiryat Weizmann Science Park, in Rehovot.

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PRIMAVERA BUYS ISRAELI PROSIGHT FOR \$45M

Primavera CEO: "Through the acquisition . . . we have created the industry's first, truly end-to-end project and portfolio management solution"

Primavera, US software company purchased Israeli ProSight, a portfolio analysis software vendor with R&D offices in Jerusalem. ProSight's products will be marketed as Primavera ProSight, a stand-alone product that integrates with the rest of Primavera's solutions.

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