



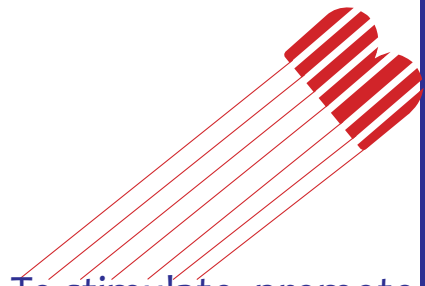
BIRD Foundation Annual Report

Accelerating Growth Through Strategic Partnerships

2011

BIRD
Israel-U.S.
Binational Industrial Research
and Development Foundation





BIRD's Mission Statement

To stimulate, promote and support industrial R&D of mutual benefit to Israel and the U.S.



BIRD, Innovation and Competitiveness

Alarms are going off warning of threats to U.S. competitiveness¹. Similar warnings are heard from time to time in Israel, as well. In today's increasingly global economy, not only companies must be competitive, but countries and societies need to carefully and continuously examine their competitive position.

It is now universally accepted that there is a direct connection between innovation and growth: "...innovation and technological change are undoubtedly central to the growth process"². The development of new industries, new businesses and high quality jobs are directly related to the innovation capacity of advanced nations.

The private sector, when fed by a quality educational system and supported by a strong public infrastructure, is key to achieving the goals of competitiveness and growth. Firms have come to the realization that it is no longer possible to achieve sustainable success without collaborating with elements external to the organization, including competitors. Motivated by the need to expand exports for sustained growth, companies are seeking more opportunities to cooperate internationally. This is obvious to Israeli technological companies, which have little or no local market. It may be less obvious to U.S. companies, especially small and medium size enterprises (SMEs).

In the U.S., SMEs account for a large percentage of the GDP, but only a small percentage of them are involved in exports³. Many SMEs dealing with products or services related to technology are highly innovative and exports from SMEs have been identified as a significant source of potential economic growth. For example, in the U.S., SMEs represent about 80% of the medical device industry. However, SMEs have limited resources, which is one important reason they often do not pursue export markets. One way of overcoming these barriers is by creating collaborations, including those with both domestic and international companies. Israeli companies have developed increased expertise in dealing with markets outside the U.S. and Israel, so that they can potentially be good

matches for U.S. companies seeking to expand their own markets.

For many years the BIRD model typically applied to the combination of a small Israeli start-up and a large, mature U.S. company. In recent years, we've seen the increased participation of smaller U.S. companies in BIRD projects, a trend we welcome. This Annual Report includes several such projects, for example, in the areas of Medical Devices and Renewable Energy/Energy Efficiency.

Israel and the U.S. have common interests and strategic goals, which were the basis for the formation of the BIRD Foundation in the late '70s. Today, these goals include the need to maintain and strengthen the competitiveness and innovation capacity of both countries. The challenges faced by the U.S. have been the subject of recent books and reports (see for example, Ref. 1). The global economic slowdown has created significant challenges for Israel, as well, resulting in reduced demand for hi-tech products and difficulties for companies trying to raise capital. Israel also faces future competition from emerging economies, which have identified and are implementing programs associated with the Innovation-Economic Growth linkage.

It is in this context that we enter the year 2012. We see a great need for funding from young Israeli innovative companies, who are partnering or looking to partner with companies in the U.S. and there is growing U.S. interest in Israeli technology. Companies in Israel and the U.S. are seeking to increase their international exposure. BIRD will continue to proactively promote and support U.S.-Israel collaborations: from innovation, through increased competitiveness, to sustained economic growth.

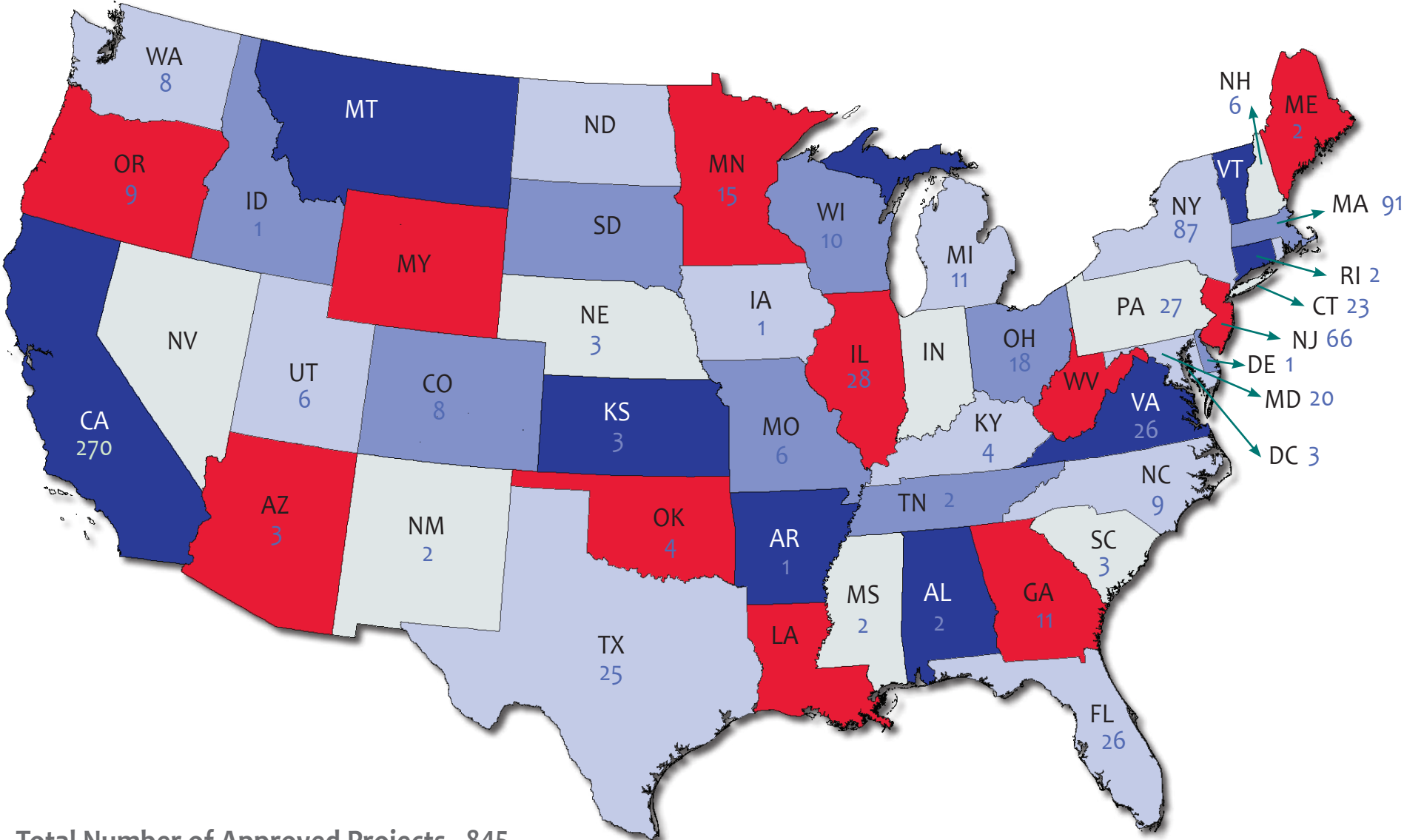
Eitan Yudilevich, Ph.D.
Executive Director

¹ The Competitive and Innovative Capacity of the United States, U.S. Dept. of Commerce, January 2012

² Ben Bernanke, Chairman of the Federal Reserve Bank, May 16, 2011

³ SMEs: Overview of Participation in U.S. Exports, USITC, January 2010

Approved Projects by States - 1977 - 2011



Total Number of Approved Projects - 845

Progress and Success Stories

SOFTWARE

Title: Lotus (Advanced Learning System)

Approved in: December 2009

Israeli Co.: McGraw-Hill Higher Education Israel Ltd. (formerly Tegrity Ltd.)

U.S. Co.: McGraw-Hill Higher Education

Milestone: On October 4, 2010 McGraw-Hill Higher Education announced the acquisition of Tegrity and transformed the Israeli company into its R&D center in Israel.

PHARMACEUTICALS

Title: Phase 1 - Safety & Dosing Trial for Pancreatic Cancer Therapy

Approved in: December 2007

Israeli Co.: BioCancell Therapeutics Ltd.

U.S. Co.: Virginia Biosciences Commercialization Center (VBCC), dba Virginia Israel Biosciences Commercialization

Milestone: Successful completion of the development work.

SOFTWARE

Title: Training System for Ice Hockey Players

Approved in: June 2008

Israeli Co.: ACE - Applied Cognitive Engineering Ltd.

U.S. Co.: USA Hockey, Inc.

Milestone: The project was completed and the product is being successfully marketed.

COMMUNICATIONS

Title: WorldMate Live

Approved in: June 2007

Israeli Co.: WorldMate (formerly MobiMate Ltd.)

U.S. Co.: Conductive Technology Corporation

Milestone: The project was completed and the product is being successfully marketed worldwide.

HLS

Title: Development of Xaver 400

Approved in: December 2007

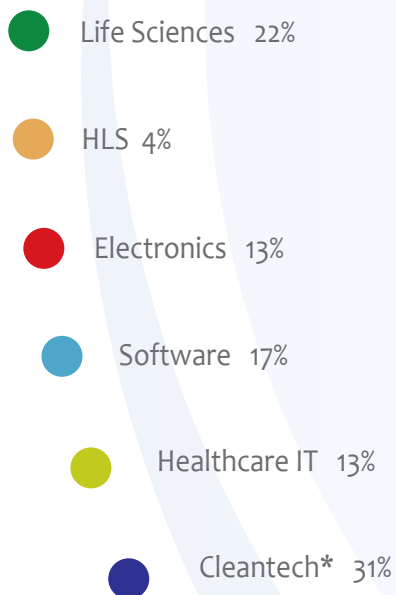
Israeli Co.: Camero-Tech Ltd.

U.S. Co.: General Dynamics Armament and Technical Products, Inc.

Milestone: The project was completed and the product is being marketed.



Distribution of BIRD Projects in 2011 by Industry



Activity Summary – 2011

Direct Sales

\$60 million
Cumulative \$4.8 billion

Repayments

\$3 million
Cumulative (from 393 projects) \$94 million

Grant Payments

\$5 million
Cumulative \$295 million

Approved Projects

Full-scale projects (2011) 18 projects
Cumulative 670 projects

Mini projects (2011) 1 project
Cumulative 175 projects

Total projects (2011) 19 projects
Cumulative 845 projects

	Total	June	Dec	Energy	Mini Project
Life Sciences	5	4	1		
HLS	1				1
Electronics	3	2	1		
Software	4	1	3		
Healthcare IT	3	1	2		
Cleantech*	7	1	2	4	
	23	9	9	4	1

* (includes 4 projects from BIRD Energy)

BIRD Energy

"BIRD Energy" is the implementation of a cooperation agreement between the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy (EERE) and the Israel Ministry of Energy and Water Resources. This cooperation is based on the Energy Independence and Security Act of 2007 which includes cooperation between the U.S. and Israel to promote and support joint research collaboration relating to Alternative Energy and Energy Efficiency.

Projects approved in 2011 are as follows:

Cima NanoTech and Integrated Photovoltaics, Inc. (IPV), CA

Process for producing low-cost crystalline silicon solar wafers and solar cells

Designer Energy and Elcriton, DE

Production of n-Butanol from lignocellulosic feedstocks

Greenlet Technologies and Viridity Energy, PA

WiFi-based load management system for residential and commercial buildings

Pentalum Technologies and 3Tier, WA

LIDAR-based system to forecast wind speed and power output in wind farms



BIRD Energy Executive Committee:

Dr. JoAnn Miliken, Senior Advisor, Office of Energy Efficient and Renewable Energy, U.S. Department of Energy

Dr. Shlomo Wald, Chief Scientist, Israel Ministry of Energy and Water Resources, designee of the Director General, Ministry of Energy and Water Resources

Mr. Marc Stanley, Retired Director, Advanced Technology Program, NIST, BIRD Board of Governors

Others who have acted on behalf of the Executive Committee during 2011 :

Dr. Avraham Arbib – Israel Ministry of Energy and Water Resources

Mr. Daniel Birns – U.S. Department of Energy

Ms. Camille Caliendo – U.S. Department of Energy

Ms. Ingrid Kollist – U.S. Embassy, Tel Aviv

Mr. Daniel Miller – U.S. Department of Energy

Dr. Paul Rohrlich – U.S. Embassy, Tel Aviv

Mr. Rob Sandoli – U.S. Department of Energy

Mr. Asaf Vitman – Israel Embassy, Washington, D.C.

List of Approved Projects in 2011

■ Life Sciences

AGM Tonson Labs

ART Healthcare Ltd.

BioMarCare Technologies

Evogene Ltd.

Healarium Israel Ltd.

EndoStim Inc., MO

Hydrofera LLC, CT

Ariadne, Inc., MD

Pioneer Hi-Bred International, Inc., IA

The Mayo Clinic, MN

Miniaturized Neuro-Stimulator for Treating Reflux Disease

APAS - Anti Pulmonary Aspiration Seal

Companion Diagnostic Test for Metastatic Colorectal Cancer Patients

Soybean Rust Tolerance Trait

Application for Self Monitoring of Cardiovascular Risk

■ Homeland Security

Adaptive Imaging Technologies Ltd.

STAN Solutions, LLC, OH

Multi Zoom Camera

■ Electronics

iFibers

Human Monitoring Ltd.

Mantis Vision Ltd.

Mirion Technologies, CA

Access Systems Americas, Inc., CA

Direct Dimensions, Inc., MD

Portable Laser Thermoluminescence Dosimeter

Social ePublishing Ecosystem Solution

3D Imaging System for Facilities Measurements

■ Software

MedCPU Ltd.

QualiSystems

Ron Soferman

VivoText

■ Healthcare IT

Ginger Software Ltd.

Semantic Medical Simulations (SMS) Ltd.

Semantipedia Ltd.

■ Cleantech

EnVerid Systems Ltd.

RAFAEL Advanced Defense Systems Ltd.

RicorSolar Agricultural Cooperative Society Ltd.

Cleveland Clinic, OH

ONPATH Technologies, NJ

Affine Systems, Inc., CA

Hasbro Inc., RI

Houghton Mifflin Harcourt, MA

SiTEL, member of MedStar Health,
Washington, D.C.

DAYLIGHT Chemical Information Systems, Inc., CA

Johnson Controls Inc., WI

Covanta Energy Corporation, NJ

U.S. Company

MedCPU Advisor Platform

Test Lab Management

On line Video Ad Targeting Using Computer Vision
Technology

Life-like Synthesis for Embedded Platforms

HMH-Ginger ELL Learning Platform

Semantic Medical Simulation Platform

Semantic Web for Life Sciences

Novel Air Handling Technology

Mobile Reactor for Biomass to Fuel

High Efficiency Micro Combined Heat & Power (uCHP)
Co-Generation Water Heating System for Commercial and
Residual Applications



Economic and Social Contribution

Life Sciences

Healthcare IT

Education

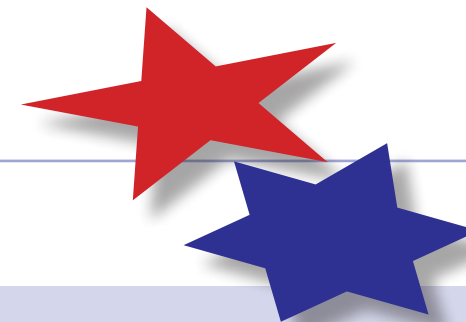
Agro Technology

Software for MMI

Energy Efficiency

Alternative Fuels

Board of Governors



The Board of Governors meets semi-annually – in the U.S. in June/July and in Israel in November/December. Each government has three representatives on the Board. In addition, there are four advisors to the Board.

U.S. Governors

Ms. Christina Knowles (June 2011)

Deputy Director's Office of the Middle East & North Africa
Department of the Treasury

Dr. Jonathan Margolis

Deputy Assistant Secretary, Acting
Bureau of Oceans, Environment and Science
Department of State

Mr. Daniel Moger (December 2011)

Treasury Financial Attache
Department of the Treasury

Mr. Phillip Singerman

Associate Director for Innovation and Industry Services
National Institute of Standards and Technology
Department of Commerce

Israeli Governors

Mr. Avi Hasson

Chief Scientist
Ministry of Industry, Trade and Labor

Mr. Sharon Kedmi

Director General
Ministry of Industry, Trade and Labor

Mr. Haim Shani

Director General
Ministry of Finance

Others who have acted on behalf of the Board during 2011

Dr. Katya Delak – U.S. Department of Commerce

Mr. Inon Elroy - Israel Ministry of Industry, Trade and Labor

Ms. Mina Goldiak – Israel Ministry of Industry, Trade and Labor

Dr. Samuel Howerton – U.S. Department of State

Mr. Ron Kiviti - Israel Ministry of Industry, Trade and Labor

Ms. Ingrid Kollist – U.S. Embassy, Tel Aviv

Mr. Shay Luvshis - Israel Ministry of Industry, Trade and Labor

Mr. Gili May - Israel Ministry of Industry, Trade and Labor

Mr. Alon Messer - Israel Ministry of Finance

Ms. Magdalena Navarro – U.S. Department of Commerce

Mr. Dovi Ollech - Israel Ministry of Industry, Trade and Labor

Advisors to the Board during 2011 were

Dr. Dean Baker

Dr. Stephen Carpenter

Mr. Martin Gerstel

Mr. Marc Stanley

Economic Missions working with BIRD in the U.S.

Chicago, IL – Government of Israel Economic Mission

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Washington, D.C. – Israel Embassy

Ohad Cohen

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BIRD Representatives in the U.S.

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Philadelphia, PA – America-Israel Chamber
of Commerce

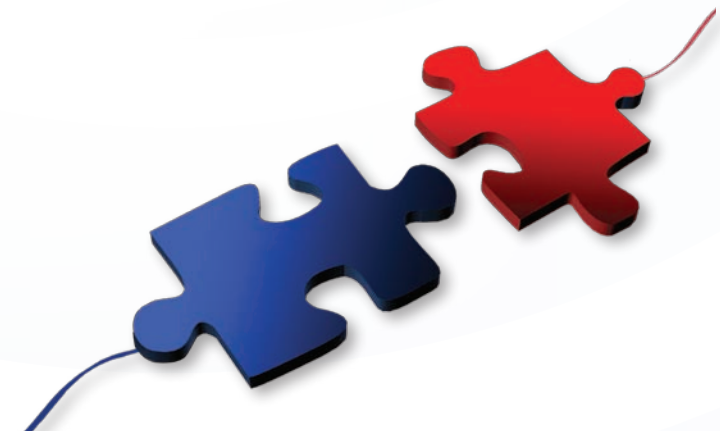
Debbie Buchwald

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Vienna, VA – Virginia Israel Advisory Board

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BIRD Offices

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Director, Business Development

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Development & BIRD Energy

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East Coast Representative

Andrea Yonah

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Tel: 609-356-0305

Financial Summary

	Income				Grant Payments	
	Endowment		Repayments		Year (M\$)	Cum. (M\$)
	Year (M\$)	Cum. (M\$)	Year (M\$)	Cum. (M\$)		
2006	8	195	2	82	11	245
2007	9	204	3	85	10	255
2008	9	213	2	87	17	272
2009	8	221	1	88	10	282
2010	7	228	3	91	8	290
2011	8	236	3	94	5	295

Income

BIRD's annual income is comprised of interest on the Endowment Fund and Repayments from companies who have participated in projects that were successful. This annual income is at a level that permits BIRD to meet all its financial obligations timeously.

Since its inception BIRD has received interest of approximately \$236 million on the Endowment Fund and Repayments of approximately \$94 million from successful projects. Over this period Grant Payments to companies have reached approximately \$295 million.

BIRD Grantees (Israel) Being Traded in the U.S.

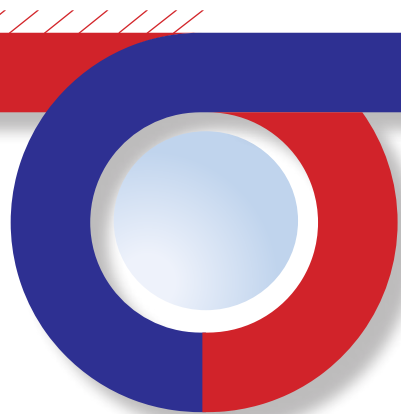
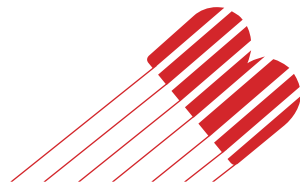
- AudioCodes Ltd. (AUDC)
- BigBand Networks, Inc. (BBND)
- Cimatron Ltd. (CIMT)
- Compugen Ltd. (CGEN)
- Comverse Technology Inc. (CMVT.PK)
- Delta Three, Inc. (DDDC.PK)
- DSP Group, Inc. (DSPG)
- Elbit Systems Ltd. (ESLT)
- Elron Electronic Industries Ltd. (ELRNF.PK)
- Gilat Satellite Networks Ltd. (GILT)
- Given Imaging Ltd. (GIVN)
- Magic Software Enterprises Ltd. (MGIC)
- Mellanox Technologies, Ltd. (MLNX)
- Orckit Communications Ltd. (ORCT)
- Pharms Corporation (PARS.PK)
- Protalix BioTherapeutics Inc. (PLX)
- RADCOM Ltd. (RDCM)
- RADVISION Ltd. (RVSN)
- Rosetta Genomics Ltd. (ROSG)
- Savient Pharmaceuticals, Inc. (SVNT)
- T.A.T. Technologies Ltd. (TATTF)
- Teva Pharmaceutical Industries Ltd. (TEVA)
- Tower Semiconductor Ltd. (TSEM)
- ViryaNet Ltd. (VRYA)
- XTL Biopharmaceuticals Ltd. (XTLB)
- Zoran Corporation (ZRAN)

- 
- Discovers potential winning companies
 - Encourages shared development and marketing
 - Facilitates company to company relationships
 - Fosters innovation through U.S.- Israel partnerships
 - Promotes cutting edge technologies
 - Shares funding and risk
 - Supports environment and social needs

BIRD

Israel-U.S.

Binational Industrial Research
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