



BIRD Foundation Annual Report 2009

Accelerating Growth Through Strategic Partnerships

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





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



A "Green" Year

Year 2009 - the last year of the first decade in the 21st century - will be remembered as an unusually "green" year.

At the outset of the year, The American Recovery and Reinvestment Act of 2009 ("Stimulus Package"), which includes billions of dollars in investments related to clean energy, transportation and other environment related investments, initiated a ripple effect on the global state of mind. The U.S. economic action and the expectation that similar measures will be taken by other governments energized an entrepreneurship wave, driving Cleantech investments by the venture capital community in the U.S. and in Israel. The year ended with the Copenhagen Accord, the effect of which, on business decisions and subsequent investments is still to be seen.

BIRD is well positioned to face this trend. Based on legislation adopted in the U.S. on Energy Security and Independence (2007) and on Israeli Government decisions for Renewable Energy development (2008), U.S.-Israeli cooperation in renewable energy industrial R&D was launched in 2009. Within the framework labeled "BIRD Energy", the Foundation cooperates with the Israel Ministry of National Infrastructures and the U.S. Department of Energy to promote and support joint bilateral Energy Efficiency and Renewable Energy projects.

Year 2009 was also a fertile year for TRIDE, the U.S.-Israel-Jordan R&D cooperation, managed by BIRD. This program helps build bridges between companies in Israel and Jordan which jointly, with a U.S. company, develop a product and bring it to the global market. Both Israel and Jordan have already committed to the continued funding of TRIDE.

The ongoing effect of the difficult economic situation was evident in BIRD's activities. We saw some companies rapidly deteriorating and falling, others struggling to continue operations by significantly reducing their workforce. At the same time, the large inflow of proposals

we received during the year can be interpreted as a positive sign, since it means that Israeli and U.S. companies continued to invest heavily in innovation. Another factor affecting the number of submitted proposals is – most probably - the lack of investing enthusiasm shown by main players, such as venture funds. Thus, young Israeli companies have been more eager for alternative sources of funding.

The lowering of global interest rates has caused the reduction of BIRD's funding capability. In this context, at the end of 2009, we received very good news from the Israeli Government, which decided to increase BIRD's endowment, contingent on a matching increase from the U.S. Government. This will be a main objective of our 2010 activities, since the Foundation's funding capability was last increased 25 years ago. During this relatively long period, inflation and other factors have reduced the "buying power" of the dollars available to fund projects. The recent action by the Israeli Government is an indubitable recognition of BIRD's contribution to U.S.-Israel civilian collaboration and to their innovative economies. We have a good basis to believe that similar action will follow from the U.S. Government

Another year behind us, a "green" year that also brought signs of economic recovery, specifically in the U.S. and in Israel. This optimistic outlook is somewhat restrained by the uncertainties surrounding us. One thing I can say for sure: the BIRD team will continue to serve U.S. and Israeli companies with dedication, in their pursuit of high quality, fruitful partnerships.

Dr. Eitan Yudilevich
Executive Director

From the U.S. Embassy in Israel:

Welcoming remarks sent from the U.S. Embassy in Tel Aviv, to the BIRD Foundation's Board of Governors meeting, which was held on December 1, 2009 in Jerusalem, Israel, as delivered by Dr. Paul E. Rohrllich, Environment, Science, Technology and Health Officer.

Israeli Governors, American Governors, Eitan, BIRD staff:

On behalf of the U.S. Embassy and Ambassador Cunningham, it is an honor to welcome this Board of Governors meeting to Israel and to Jerusalem. As BIRD enters its 33rd year the organization has much to be proud of. It has established a history of successful support of binational research, one of the cornerstones of our science diplomacy in Israel. BIRD has a history of success in moving technology from an idea to an item, from a thought to a thing. The difficult transition from science knowledge to technical application is a skill for which Israeli research is widely known, and BIRD is part of the reason why.

This past year has been one of new opportunities for BIRD. The BIRD network of representatives in the U.S. broadened its activity, and word about BIRD is spreading. BIRD Energy was structured to assist with the implementation of a new U.S.-Israel joint Alternative Energy Research program, and in less than a calendar year moved from establishing the framework for the program to actually making several grants. The Executive leadership started a whole new solicitation and review process for energy projects, building on BIRD expertise in selecting and managing a wide variety of technology innovation projects. TRIDE continues to attract interest from both public and private sectors in Jordan, Israel and the

U.S. All this on top of a full portfolio of active development projects under disbursement.

The success of BIRD is due to its leadership. It has a governing Board that is willing to see the organization use its skills in new directions, and expand into new domains of technology and respond to private sector interest. It is fortunate to have an Executive Secretariat of very dedicated, hard-working people who look for opportunities to engage BIRD's abilities to further the purposes for which the organization was established. It is notable that BIRD took on additional tasks setting up and administering BIRD Energy and TRIDE with no increase of personnel.

Wherever in Israel technology innovation and product development are discussed, BIRD is usually brought up in the conversation. In its 33rd year, BIRD is still a model copied by other countries' Embassies for how to set up a binational foundation that enhances relations and achieves its objectives.

The Embassy is tremendously proud of BIRD and the success it represents, and wishes BIRD a productive Governors meeting and every success in its future endeavors.

BIRD Projects in 2009

Economic and Social Contribution

Healthcare Improvements

Cleaner Energy

Energy Efficiency

Alternative Fuels

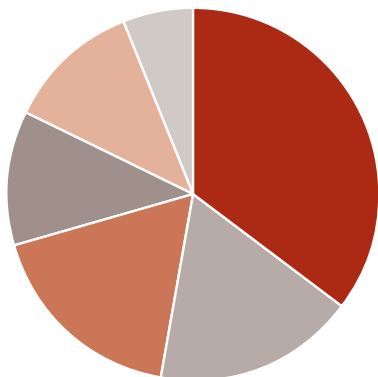
Water Supply

Environmentally Friendly

Broadband Internet

Education

Distribution of BIRD Projects in 2009 by Industry



● Cleantech*	35%
● Life Sciences	18%
● Electronics	17%
● Communications	12%
● Others	12%
● Software	6%

Cleantech	6
Life Sciences	3
Electronics	3
Communications	2
Others	2
Software	1
	<hr/>
	17

*includes 4 projects from BIRD Energy

Activity Summary 2009

● **Direct Sales** - \$30 million
Cumulative - \$4.6 billion

● **Repayments** - \$1 million
Cumulative (from 378 projects) - \$88 million

● **Grant Payments** - \$10 million
Cumulative - \$282 million

● **Approved Projects**
Full-scale projects - 13 projects
Cumulative - 640 projects

● **Mini projects** - 0 projects
Cumulative - 173 projects

● **Total Projects** - 13 projects
Cumulative - 813 projects

List of Approved BIRD Projects in 2009

Cleantech

CellEra Technologies Ltd.	CommScope, Inc. of North Carolina - TX	Platinum-free Fuel Cell Solution for Telecommunications Backup
Desalitech	GE Global Research - NY	Integrated Low-Cost RO Systems for Seawater Desalination

Life Sciences / Medical Devices

Given Imaging	Magnetecs Corporation - CA	Magnetically Guided Capsule Endoscope
Rainbow Medical Ltd.	Zyvex Labs, LLC - TX	Nano Retina
Sensible Medical Innovation Ltd.	Agilent Technologies - CA	Diagnostic Instrument for Monitoring Congestive Heart Failure

Electronics

Nanonics	DCG Systems, Inc. - CA	Nanometric Scanning Probe for IC Diagnostics
RED-C Optical Networks	Tyco Telecommunications (US) Inc. - NJ	Submarine Terminal Amplifications Unit
Wisair Ltd.	InFocus - OR	Enhanced Wireless USB Projector Adapter

Communications

MultiPhy Ltd.	eGran, Inc. - CA	Low Cost TDMM Based 100Gbps Ethernet Transponder
RAD Data Communications	NeoPhotonics Corporation - CA	Gigabit Ethernet to Synchronous Optical Networking Miniature Rate and Protocol Converters in Small Form Factor Module

Others

Bateman Advanced Technologies Ltd.	MicroCoal, Inc. - CO	Pre-combustion Process to Improve the Performance of Coal-fired Electricity Generators
Dead Sea Magnesium	Thixomat, Inc. - MI	Development of Advanced Magnesium Alloys for Thixomolding Applications

Software / Education

Tegrity Ltd.	McGraw-Hill Higher Companies, Inc. - IL	Lotus -Advanced Learning System
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BIRD Energy

“BIRD Energy” is the implementation of a cooperation agreement between the U.S. Department of Energy’s Energy Efficiency and Renewable Energy Office and the Israel Ministry of National Infrastructure. This cooperation is based on the Energy Independence and Security Act of 2007, which includes cooperation between the U.S. and Israel on renewable energy and energy efficiency industrial research and development.

BIRD Energy Executive Committee:

Mr. Daniel Birns, Office of Technology Development, Department of Energy (designee of the Assistant Secretary for Energy Efficiency and Renewable Energy, U.S. DOE)

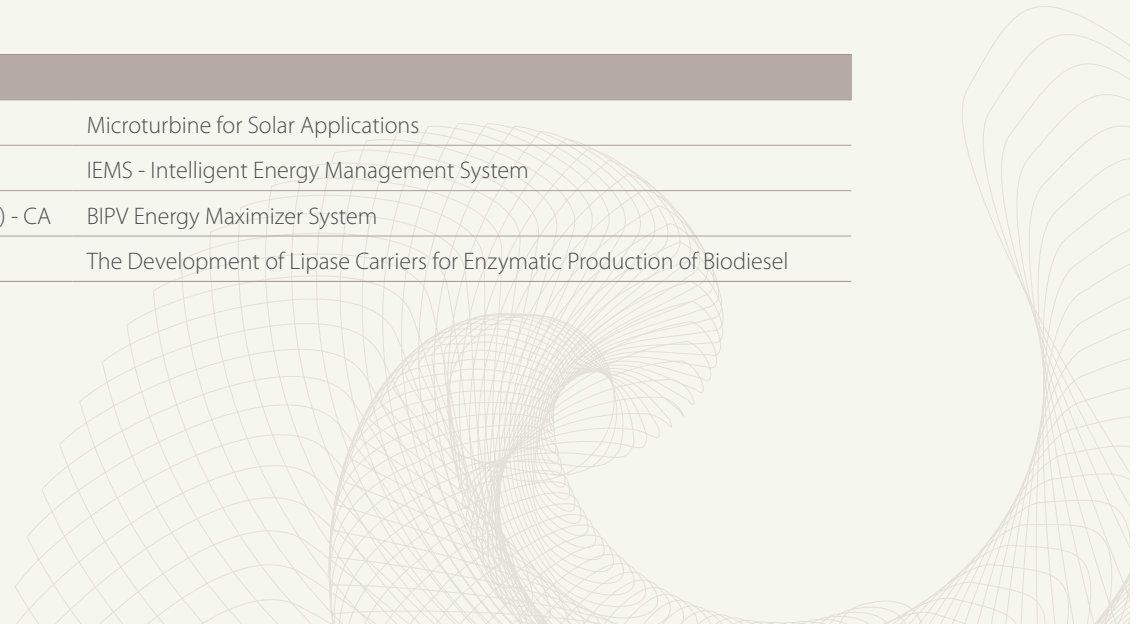
Dr. Shlomo Wald, Chief Scientist, Israel Ministry of National Infrastructures (designee of the Director General, Ministry of National Infrastructures, Israel)

Mr. Marc Stanley, Deputy Director, National Institute of Standards and Technology (NIST) (designated member of BIRD’s Board of Governors)

The program was launched in 2009 and it resulted in the approval of four joint projects between U.S. and Israeli companies, as follows:

BIRD Energy Approved Projects

HelioFocus Ltd.	Capstone Turbine Corporation - CA	Microturbine for Solar Applications
Motorola Israel Ltd.	SmartSynch, Inc. – MS	IEMS - Intelligent Energy Management System
Tigo Energy (Israel) Ltd.	Architectural Glass & Aluminum Co., Inc. (AGA) - CA	BIPV Energy Maximizer System
TransBioDiesel Ltd.	The Purolite Company - PA	The Development of Lipase Carriers for Enzymatic Production of Biodiesel



TRIDE - Trilateral Industrial Development

was established in 1996 by the governments of the United States, Israel and Jordan as a pilot fund to promote regional partnership, by enabling entrepreneurs and companies from the three countries to jointly develop and commercialize innovative products and technologies. TRIDE encourages cooperation and reduces companies' risk by financing part of their joint development cost. TRIDE allows companies with mutual interests, who are far apart geographically and/or culturally, to build bridges by overcoming external barriers.

In the time-frame 2007-2009 three projects were approved by TRIDE's Executive Committee, as follows:

September 2007

Project titled "Real-Time, Content Based Interactions Between Distant Family Members"

March 2009

Project titled "PestPatrol System"

May 2009

Project titled "Second-Generation, Bio-Synthetic Diesel Fuel Production"

TRIDE's Executive Committee:

Dr. Montaser Oklah, Secretary General, Ministry of Industry and Trade, Jordan.

Dr. Eli Opper, Chief Scientist, Ministry of Industry, Trade and Labor, Israel.

Mr. Marc Stanley, Deputy Director, National Institute of Standards and Technology (NIST), United States.



קידום שיתוף
פעולה תעשייתי
ירדן-ישראל-אר"ב
Promoting Jordan-Israel-U.S. Industrial Partnerships
تطوير وتشجيع التعاون الصناعي
الأردن- إسرائيل - الولايات
المتحدة الأمريكية

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 three advisors to the Board.

Israeli Governors

Mr. Sharon Kedmi	Director General, Israel Ministry of Industry, Trade and Labor
Dr. Eli Opper	Chief Scientist, Israel Ministry of Industry, Trade and Labor
Mr. Haim Shani	Director General, Israel Ministry of Finance

U.S. Governors

Mr. Ken Ferguson	Senior Foreign Affairs Officer, Office of Science and Technology Cooperation Bureau of Oceans and International Environmental and Scientific Affairs, U.S. Department of State
Mr. Francisco Parodi	Director, Office of Middle East and South Asian Nations, U.S. Department of the Treasury
Mr. Marc Stanley	Deputy Director, National Institute of Standards and Technology (NIST)

Board members and others who have acted on behalf of the Board during 2009

Mr. Yarom Ariav	Israel Ministry of Finance
Ms. Katherine Bauer	U.S. Consulate General, Jerusalem
Mr. Josef Dancona	Israel Ministry of Industry, Trade and Labor
Mr. Danny Gloshekov	Israel Ministry of Finance
Ms. Mina Goldiak	Israel Ministry of Industry, Trade and Labor
Mr. Shay Luvshis	Israel Ministry of Industry, Trade and Labor
Mr. Gabriel Maimon	Israel Ministry of Industry, Trade and Labor
Ms. Magdalena Navarro	U.S. Department of Commerce
Dr. Paul Rohrlich	U.S. Embassy, Tel Aviv
Mr. Asaf Vitman	Israel Embassy, Washington, D.C.

Advisors to the Board during 2009 were:

Dr. Dean Baker
Dr. Stephen Carpenter
Mr. Martin Gerstel

BIRD Representatives in the U.S.

Economic Missions working with BIRD in the U.S.

Atlanta, GA –
America-Israel Chamber of Commerce, S.E. Region

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New Jersey-Israel Commission

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Financial Summary

	Income				Grant Payments	
	Endowment		Repayments		Year (M\$)	Cum. (M\$)
	Year (M\$)	Cum. (M\$)	Year (M\$)	Cum. (M\$)		
2004	7	180	3	77	11	225
2005	7	187	3	80	9	234
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

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 \$221 million on the Endowment Fund and Repayments of approximately \$88 million from successful projects. Over this period Grant Payments to companies have reached approximately \$282 million.

BIRD Offices

BIRD Foundation Headquarters - Israel

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Chief Financial Officer: Shlomo Cohen
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We

Discover - potential winning companies

Foster - innovation through U.S.-Israeli partnerships

Promote - cutting edge technologies

Support - environmental and social needs

Facilitate - company to company relationships

Encourage - shared development and marketing

Share - funding and risk



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