

# THE WALL STREET TRANSCRIPT

Questioning Market Leaders For Long Term Investors

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**THE WALL STREET TRANSCRIPT**

## SPECIAL INTERVIEW

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# Investment Encouragement By The Israeli Government

O Z B E N A M R A M — M O R R I S O N & F O E R S T E R L L P



**OZ BENAMRAM** is the Israel Practice Coordinator at Morrison & Foerster LLP, where he uses his knowledge of both American and Israeli business cultures and legal systems to help represent Israeli businesses in the United States as well as foreign investors in Israel. Mr. Benamram has been an associate in the corporate department of the New York office between 1999 and 2002. His practice focused on corporate and securities law, assisting clients primarily with public offerings, mergers and acquisitions, joint venture agreements, securities issues and general business matters. Prior to joining Morrison & Foerster, Mr. Benamram spent a year as a visiting attorney in the corporate department of Fulbright &

Jaworski's New York office, where he helped represent Israeli clients in mergers and acquisitions, public offerings and general securities matters. Between 1996 and 1998, he was an Associate with Danziger, Klagsbald & Co. in Israel, where he concentrated on commercial litigation and corporate control disputes. Mr. Benamram clerked for the Honorable Justice Mishael Cheshin of the Supreme Court of Israel between 1995 and 1996. He is a member of the New York State Bar and the Israel Bar. Mr. Benamram was born in Jerusalem in 1967. He received his BA in Economics from Tel Aviv University Faculty of Social Sciences, magna cum laude, and his LLB, Bachelor of Laws, from the Tel Aviv University Law School in 1995. He served as Chairman of the Law School Student Council, helped to establish and volunteered in the Tel Aviv University Civil Rights Clinic and received the Law School dean's fellowship for his social involvement. Mr. Benamram is a Major in the Israel Defense Forces, where he has served as a Tank Company Commander. In addition to his practice, Mr. Benamram has advised, on a pro bono basis, numerous human rights organizations to which Morrison & Foerster provides legal representation on corporate, labor, insurance, intellectual property and tax issues. Among these organizations are Doctors of the World, Forefront Activists, Human Rights Watch, The International Legal Assistance Network for Human Rights and the New Israel Fund (NIF). He also serves as a member of NIF's New York Advisory Board and NIF's New York New Generations steering committee.

## SECTOR – GENERAL INVESTMENT (WAW908) TWST: Would you begin with a quick overview of Morrison & Foerster?

**Mr. Benamram:** Morrison & Foerster combines a high-tech focus with the range and diversity of a 1,000-lawyer, 19-office international law firm. We offer a broad spectrum of expertise in intellectual property, litigation, M&A, securities transactions, corporate finance, international tax and other areas of law.

With offices in California, Denver, New

York, Virginia and Washington, DC, in the United States, Brussels and London in Europe, and Beijing, Shanghai, Hong Kong, Singapore and Tokyo in Asia, we are positioned to provide our clients with on-the-ground support for all their business ventures the world over.

**TWST: So you really cover the world.**

**Mr. Benamram:** Right, and we leverage our worldwide presence and familiarity with American, Asian, European and Israeli business cultures and legal systems to help represent Israeli

businesses in the world as well as foreign investors in Israel.

**TWST: From your Hebrew Website, I assume that you have a solid Israeli practice.**

**Mr. Benamram:** Absolutely. We were the first, and to my knowledge are still the only, international law firm to launch a Hebrew Website, ([www.mofo.co.il](http://www.mofo.co.il)) to serve our Israeli clients and colleagues with a point of access to critical information and timely updates on the numerous legal issues they face in the global market.

Because of our strong expertise in Israel-related transactions, we were selected to advise the government of Israel on formulation of tax and trade policies to encourage US investments, as members of an Investor Advisory Forum, which is led by the Israeli Economic Mission to North America.

**TWST: What is the government doing to boost investment?**

**Mr. Benamram:** The government of Israel does mainly two things: it offers tax breaks to foreign investors and gives grants to companies that were established in Israel to do R&D. The government also supports some early-stage startup incubators in biotech and other industries that they're trying to encourage.

**TWST: So they're really very directly involved.**

**Mr. Benamram:** They try to do it just to help where the market needs a push. But yes, they are playing a supportive role. They realize that it actually helps the country in the long run.

**TWST: Are these very targeted and specific industries?**

**Mr. Benamram:** Part is general R&D in any industry. The idea is that if you invest in the early stages and you use all the intellectual talent there, some of it remains for the later stages of development, manufacturing and support services.

And part of it is focused on specific fields such as biotech or nanotech where they try to match specific talent available in Israel. There are a lot of scientists in many fields.

**TWST: Are they looking specifically for investors to come into the country or are they encouraging local investment as well?**

**Mr. Benamram:** They do both. They support startups and help VCs in certain ways, which is true for both local VCs and foreign VCs. And they give tax breaks to foreigners. In general, foreign investors get even better terms than local investors because once you incorporate in Israel, the company gets some benefits in the form of tax breaks or governmental grants. If you're a local investor, you do have to pay some taxes on the personal level, whereas if you're a foreign investor, you enjoy the fact that the company you invested in gets the governmental grant and you may receive tax-free dividends.

**TWST: What is the investment climate like in Israel at this point, given the political turmoil?**

**Mr. Benamram:** For the last five years, people have been very nervous because the peace process hasn't been going in the direction that it started in. However, markets show that the performance of Israeli companies is much more linked to the NASDAQ than to the peace process (or lack of). People understand that a high-tech company is not really affected by the political climate.

In fact, if you look at the last five years, the 120 plus Israeli companies traded on NASDAQ outperformed the NASDAQ in general. So even though the last three years weren't great politically in Israel, Israeli companies still did better than the market they play in.

**TWST: So the climate at this point is reasonably positive?**

**Mr. Benamram:** Yes. There's lots of new money directed at young Israeli companies, and not only at young companies, but also at public companies at this stage.

Two years ago, people didn't go to Israel as much to do due diligence and to look at new companies. Today, they're all there. We have many American and European and Asian investors in Israel, coming and attending conferences. I think it's more affected by the markets in the US and the world than the political situation.

**TWST: You say there's a lot of money looking to be invested in Israel. Where is it coming from? Is it mainly the US?**

**Mr. Benamram:** I don't have quantitative data to support this, but I think that it's mainly from the US.

**TWST: And the balance is European and Asian?**

**Mr. Benamram:** Yes.

**TWST: What are the prime industries at this point that people are looking at? Is it science-related, primarily?**

**Mr. Benamram:** Science and software. And science includes medical, biopharmacy, nanotech, optics, and some communications. **Teva** is the largest manufacturer of generic drugs in the world right now, and it's an Israeli-based company, so there is a lot of pharmaceutical-related activity and there are many startups in Israel in that field. There are a lot of scientists who do R&D.

**TWST: So it's still a science-oriented marketplace.**

**Mr. Benamram:** Yes. It's not a heavy industry like car manufacturing. Because of its geographic location, it's a little harder to do heavy manufacturing. The cost of living in Israel is closer to Europe than the rest of the Middle East and labor is more expensive. So the greatest benefit for

investors is in intellectual property and inventions and things like that.

**TWST: Given what is going on in Israel from a political point of view, is the environment likely to get better?**

**Mr. Benamram:** I think you can already see that it is, just by the fact that we're working on two Israeli IPOs right now in the New York office of Morrison and Foerster. We are also working on other Israel-related deals and litigation here and in our other offices in China, Japan, San Francisco and Palo Alto. I can tell you that we're much busier working for our Israeli clients than we were two or three years ago, and there's a lot of it coming in.

**TWST: Why do they come to a firm like yours rather than using local talent?**

**Mr. Benamram:** Actually we usually encourage Israeli clients to do as much as they can with their local attorneys because it's easier and less expensive for them. But when they do need the knowledge and expertise that their Israeli attorneys lack, they come to us.

We offer our Israeli clients the ability to service the full range of legal issues they face as international players with a strong understanding of their special needs. Israelis seeking to be part of the global market come to Morrison & Foerster for the following services:

Litigation and international arbitration representation throughout the United States and around the world.

Comprehensive licensing, patent, trademark and other intellectual property protection programs designed to protect our clients' global interests. Our intellectual property lawyers have practical experience in prosecuting patent applications, handling interference proceedings and providing strategic counseling.

M&A and strategic partnership advice reflecting our extensive experience representing Israeli, US and Asian technology companies.

Efficient and cost-effective IPOs and follow-on public offerings based on our extensive experience in both high-technology and cross-border public offerings.

Experience in negotiating and structuring transactions with US and international strategic investors and venture funds. We work with major investors and venture capitalists who are interested in Israeli companies, and we know what they expect when presented with investment proposals.

Assistance in structuring or restructuring US and Israeli business entities in order to maintain Israeli tax benefits and governmental grants, minimize global tax liability and optimize the prospects for a successful IPO.

And last but not least, Israeli clients come to us when they want to do business in Asia. It's a different culture, a different language and different laws, and Israeli attorneys just can't help them. With one of the largest Tokyo law offices of any US firm, as well as offices in Beijing, Shanghai, Hong Kong and Singapore, we provide introductions, experience and knowledge that can help to build the relationships that Israeli companies need for their global operations.

**TWST: You mentioned that there are over 100 Israeli companies listed on the NASDAQ. Are they dual listed?**

**Mr. Benamram:** Some of them are, but not the majority, although the Israeli authorities and the Tel Aviv Stock Exchange have become more understanding and have been trying to help in the dual listing process. We do see a trend. Before, Israeli companies came straight to the NASDAQ and they had no reason to be listed in Tel Aviv, which is a much smaller market. We do see some companies that don't have enough market cap to go public on

the NASDAQ. So they start in Tel Aviv and then they come here at a later stage. We've also recently seen several Israeli companies listed on the NASDAQ that filed for a dual listing in Tel Aviv.

Also, being listed in Israel first is easier on their corporate governance, with all the recent reforms in the US. It's just a little harder for them to learn and to comply with. So in a way it's like working their way up.

**TWST: Do they have an understanding of that process?**

**Mr. Benamram:** Yes. The business culture and the regulatory culture in Israel are not that different from the US. In a way, we see both markets going toward each other. In Israeli company law, you used to have much stricter liability for Directors and officers. We now see that the American model is going in that direction. On the other hand, the American market is much more flexible in allowing different entities and more flexible structures, and the Israeli market is adopting that. So it seems like the two markets are getting closer to each other from both directions.

**TWST: If you look out over the next year or two, is this pickup in activity going to continue?**

**Mr. Benamram:** Yes.

**TWST: Is there a backlog of Israeli companies looking to go public?**

**Mr. Benamram:** Yes. We recently published an article listing the considerations Israeli companies should take into account before going public in the US on our Hebrew Website at [www.mofo.co.il/index.cfm?src=4](http://www.mofo.co.il/index.cfm?src=4) and, by the number of downloads, I can tell you that many Israeli companies are considering going public in the US soon.

**TWST: What's the prime driver? Is it that they need the money or are they looking for outside investors or broader distribution?**

**Mr. Benamram:** We're seeing many good companies that have just been waiting for the market to pick up again. They need the money to go to the next phase, and now that the market is here, there's also more traffic and more business flowing in both directions. Some of the companies are not looking for public money. They're looking for partners or private investors. Whether it's strategic or not, that depends on their goals, but it's just more business. The market is back, and if we were skeptical about it a year ago or a few months ago, we're not anymore.

**TWST:** So the timing has come around in your favor.

**Mr. Benamram:** Yes. And if we've learned anything in the past five years, it is to be sure to raise money when you can.

**TWST:** Thank you. (TJM)

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