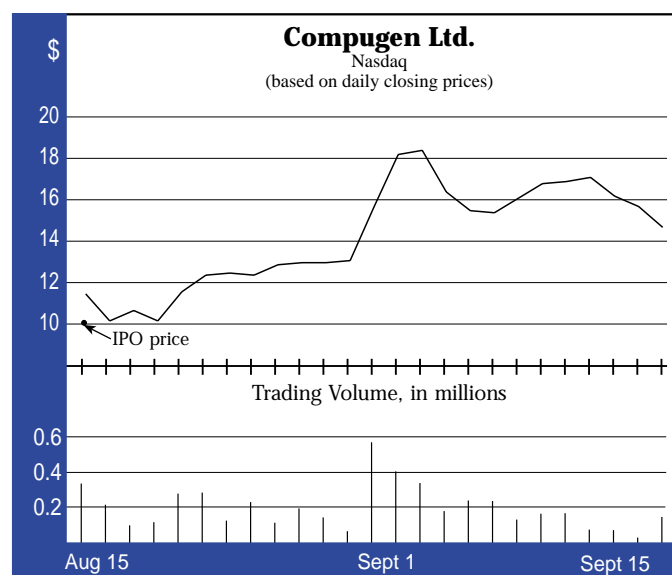


The #1 investment newsletter on Israeli technology companies

Compugen: Rising bioinformatics star



Traded: Nasdaq Symbol: CGEN
Recent Price: \$14 1/16
2000 High - Low: \$19 1/2 - \$10 1/16
Initial Offering Price: \$10
Shares Offered: 5,000,000
Shares Outstanding: 25,975,581
Market Capitalization: \$365 million

Formed in 1993, Compugen has made a name for itself as a pioneer in combining advanced computational techniques and molecular biology. Over the years, Compugen accumulated several venture capital firms as backers and finally rewarded them in August, when it made its long-awaited initial public offering. The company sold 5 million shares at the bottom of what had been an estimated \$10 to \$12 price range through underwriters led by Robertson Stephens, U.S. Bancorp Piper Jaffray and Invemed Associates.

Compugen technologies aim to analyze genomic and protein-related data, modeling biological behavior at the molecular level and accelerating the

analysis and modeling processes. Its technologies enable scientists to accelerate their research efforts in discovery of drugs, therapeutics, diagnostics and agricultural products.

The field of predicting biological processes through the use of mathematics has generated intense interest, particularly since the advent of the Human Genome Project, which created huge amounts of raw genomic and other data. The underlying biology is complex, and the data are relatively unorganized, rife with errors, overlaps, duplication and missing pieces. These factors have made Genome Project data exceedingly difficult to analyze.

But the potential for using this data is immense since many human diseases are related to inadequate or poorly performing proteins. Thousands of additional drug targets and possible cures for diseases, rather than just treatments, may be identified through a better understanding of how proteins are regulated, inhibited or stimulated and the genetic content of cells.

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In recent years Compugen has focused on developing technologies to obtain more information from genomic and expressed sequence databases which can help plug missing information for the discovery of new genes and proteins. Compugen has found full or partial sequence information for more than 4,000 predicted human genes that company researchers believe have not been discovered by others. It has also identified several thousand Single Nucleotide Polymorphisms or SNPs which may seem minor and hard to detect, but are believed to account for variances in individual responses to drugs and susceptibility to disease.

Compugen is shifting much of its research efforts to the study of proteins. It uses pattern recognition, image processing and other computational techniques to enable scientists to separate individual proteins from the thousands in a test sample and identify known and unknown proteins.

Looking to commercialize its discoveries

Compugen recently established Novel Genomics, a division to discover and commercialize new genes and proteins discovered through its own research. It will take those with the most promise and seek pharmaceutical or biotech partners to provide

funding in return for royalties on sales. It may eventually commercialize some of its discoveries independently. Compugen has discovered genes it believes are related to the following:

<u>Gene family</u>	<u>Disease/treatment area</u>
Transporters	Blood pressure
Angiogenic growth factors	Cancer treatment
Neurotrophic factors	Degenerative CNS, obesity
Serotonin receptors	Schizophrenia
Hormone receptors	Hormone replacement therapy
Protease inhibitors	Thrombosis
Tumor markers	Cancer diagnostics
Kinases	Cancer treatment
Anti-angiogenic factors	Metastatic cancer
Immuno-inflammatory genes	Automimmune diseases

Intensifying competition

An increasing number of biotechnology and pharmaceutical companies are becoming involved in providing analytical tools for gene and protein research and in attempting to identify genes associated with specific diseases. Compugen cites powerhouse Celera Genomics and Incyte Genomics as among its principal competitors in providing genomic data. Genomic Solutions Inc., DoubleTwist, Inc. and eBioinformatics Pty Ltd. all utilize the Internet in distributing genomic data or research tools.

MAIN PRODUCTS

LEADS 2.0

A software product for computational biology. Analyzes genomic and expressed sequence data for rapid discovery of genes, splice variants and gene function. Enables quick identification of genes from gene fragments.

LabOnWeb.com

Provides proprietary research and analysis products and services online. Includes gene database with thousands of full or partial human and mouse predicted gene sequences, not otherwise identified in any public sources. Has agreements to make other biotech databases available on site, too. Services are on pay-per-transaction basis and through subscriptions.

Z3

Software package for 2-D gel analysis. Helps detect differences between expression levels of proteins in different conditions. Compugen's first product for proteomics.

DNA Chip Design Service

Develops more efficient probe design and data analysis for DNA chips. Helps eliminate redundant probes and identifies sequencing errors.

Bioaccelerator

Dedicated computers to accelerate similarity searches in nucleotide and protein sequence databases. Performs searches up to 1,000 times faster than single-processor workstations.

GenCore

A sequence analysis software application package.

GenWeb

A unified Web-based interface to search applications and databases. Allows researchers to securely share queries and results.

Products in development

LEADS 3.0

Software for protein analysis including 2-D gels.

Mass Spectrometry

Software to more accurately measure the mass of small molecules. For use in protein identification.

Computational Technologies for Medicinal Chemistry

New approaches to the design of small molecules for pharmaceutical purposes.

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Tricky patent issues

By mid-July 2000, Compugen had applied for a total of 42 patents in Israel, the US and under the Patent Cooperation Treaty. The patents encompass five main areas: (1) portions of the LEADS clustering and assembly technology, chip design technology and 2-D gel analysis method for proteomics; (2) large-scale gene data identified using LEADS; (3) individual nucleic acid sequences; (4) Web-enhanced products; and (5) DNA chip design and analysis methods.

To date, Compugen has not been granted any patents. Patent protection in the biotech industry is the subject of much debate and at this point is uncertain for many technologies. There is particular concern over indications in the US and elsewhere that patent protection for genetic discoveries may not be obtainable. The issue is an open one and developments may take surprising turns in the future.

Proceeds for new division

Net proceeds from the initial public offering and exercise of the underwriters' over-allotment option were approximately \$53.5 million. Some \$10 million was earmarked for funding the Novel Genomics division, of which two-thirds will go towards R&D and one-third for sales and marketing. The remaining portion of the overall proceeds will be for working capital.

Financial

Like most other young biotechnology firms, Compugen has accumulated large losses and additional losses are foreseen until the company can

generate substantial revenues. To date, revenues have come from hardware and software products and services based on the LEADS technology. LabOnWeb.com, launched in December 1999, is expected to boost revenues significantly through subscription-based services and Web-enhanced research tools.

Income Statement Data

(\$000s)

6 months ended

	6/30/00	6/30/99
Revenues	2,131	1,634
Cost of revenues	<u>792</u>	<u>545</u>
Gross profit	1,339	1,089
R&D expenses, net	5,015	3,048
Sales and marketing exp.	1,558	544
General & admin. expenses	<u>2,908</u>	<u>1,345</u>
Total operating expenses	<u>9,481</u>	<u>4,937</u>
Operating loss	8,142	3,453
Financial income, net	<u>287</u>	<u>395</u>
Net loss	7,855	3,453

Balance Sheet Data

(\$000s)

6 months ended

	6/30/00	12/31/99
Cash & equivalents	7,612	11,436
Receivables	1,015	710
Inventories	<u>310</u>	<u>380</u>
Total current assets	8,937	1,526
Property and equip., net	2,653	2,397
Other assets	<u>760</u>	<u>595</u>
Total assets	12,350	15,518
Total current liabilities	3,281	2,106
Accrued severance pay	831	625
Total shareholders' equity	8,238	12,787
Total liabs. & shareholders' equity	12,350	15,518

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The Market

In the seven weeks through September 20, The Tel Aviv Stock Exchange's General Share Index climbed 5.1%, while the TA-100 and the TA-25 advanced 5.7% and 5.8%, respectively. The market was particularly strong in August when the Ministry of Finance lowered purchase taxes on consumer goods. In September, however, weakness in US shares – impacted by higher oil prices and corporate earnings disappointments – had its effect on the local market, and whittled away at earlier gains.

TASE-traded shares

In the seven weeks through September 18, **Bezeq** advanced 12%. Privatization is shaping up as a more likely prospect as restraining issues are resolved. Privatization will give the company more flexibility in decision-making and the ability to meet competition. Bezeq now plans to raise funds for severance pay to dismissed workers. It is also seeking to provide high-speed Internet access, but is being forced to wait until cable firms are allowed to offer such service as well. **The Israel Corporation** jumped 21%. It benefited from plans to combine operations and introduce management efficiencies at subsidiaries of **Israel Chemicals**.

Institutional favorites

Check Point Software climbed 30%. It plans a secondary offering in which it will sell up to four million shares. It will use the proceeds to boost sales and marketing efforts as well as R&D. It also introduced a new security product aimed at start-ups. **ECI Telecom** declined 12%. In an effort to boost its market valuation, ECI is forming five individual high growth companies that will be taken public, and it is exiting businesses which are not contributing to its strategic goals. ECI expects long-term benefits, but is likely to be hurt by the short-term impact of these restructuring efforts.

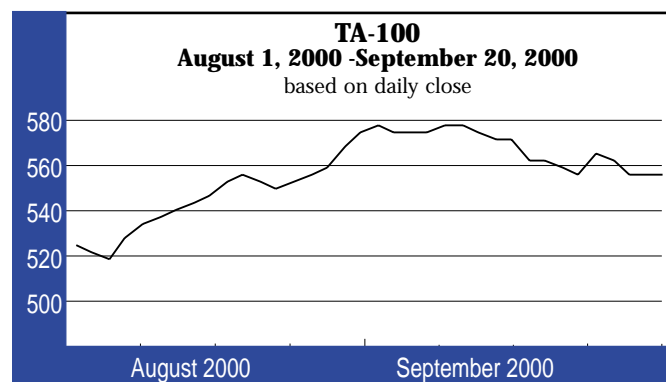
BreezeCOM dipped 5% despite strong second quarter results, which encouraged **U.S. Bancorp Piper Jaffray** to sharply raise its earnings forecasts for 2000 and 2001 and up its price objective to \$60 a share (from \$45). **Comverse** slipped 1%. It invested \$10 million in California-based **Orsus Solutions** (which has R&D facilities in Israel). Orsus markets technology solutions that integrate business processes over the Internet and via wireless devices. A **Merrill Lynch** analyst issued a buy recommendation on **Audiocodes** with a 12 month price target of \$162. While it gave a temporary boost, the shares were off 1%.

Teva Pharmaceutical was up 5%. It received approval to market Copaxone, its drug for the

treatment of multiple sclerosis, in the UK. It also received the first generic approval for amoxicillin 500 mg. and 875 mg. tablets for treatment of infections. **SmithKline Beecham's** branded Amoxil in these strengths had US sales of \$34 million in 1999. Teva also announced plans for a \$300 million, five-year convertible debenture offering, proceeds of which will refinance debt, fund North American and European subsidiaries and provide working capital.

Big gainers

LanOptics tripled in price, aided by favorable mention in the *Gilder Technology Report*. The newsletter lauded **EZchip Technologies**, a LanOptics subsidiary and semiconductor start-up that provides high performance network processors for next generation 10 gigabit switches and routers. **Mercury Interactive** rose 26% as its earnings almost doubled in the second quarter of 2000 from the year-



earlier period, reflecting strong growth in license fees from software testing products and from new application performance management products.

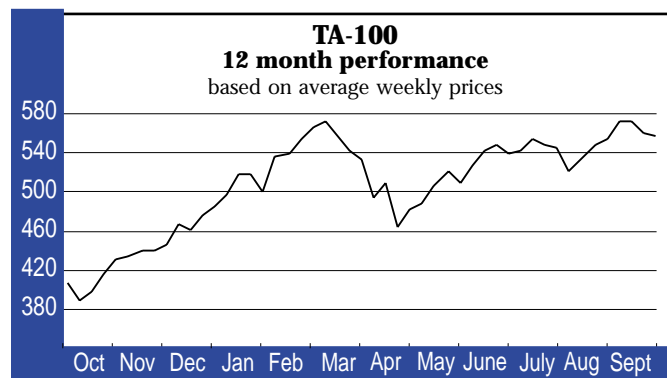
Indigo jumped 37% on news that **Hewlett-Packard** will make a \$100 million investment as part of an alliance to co-develop high-end, digital color printing systems. HP will OEM certain of Indigo's digital color printing products.

Electric Fuel soared 60% as it launched a marketing campaign for its disposable cellphone batteries and chargers. It also entered into a program, funded by the German Government, to develop a hybrid vehicle powered by Electric Fuel's zinc air batteries as the main energy source, along with high power booster batteries of Varta and ultracapacitors by **Dornier GmbH** (a DaimlerChrysler Aerospace unit), and by **EPOC AC** (formerly Siemens Matsushita Components). **Tefron** gained 25%. Its second quarter sales were up 132% with the inclusion of **Alba-Waldensian**. Net income more than doubled, helped by strong consumer demand for Tefron's new seamless bra. **Creo** was up 68%. An analyst cited in the *Wall St. Transcript* was highly positive on Creo. **Fundtech** rose 18%. It has taken initiatives to expand e-commerce activities including wireless

Indexes: Tel Aviv-traded shares										
	52 week			Percentage change						
	9/20/00	High	Low	yr-to-date	last mo.*	last 2 mos.	1996	1997	1998	1999
TA-100	555.23	586	388	36.9	-3.2	5.7	1.2	37.9	3.0	62.5
TA-25	557.44	566	384	39.6	-2.9	5.8	1.5	38.7	1.5	57.2
TASE General	484.10	527	339	37.6	-2.6	5.1	-1.0	35.2	3.0	64.4

access to the banking system, extending its real-time processing capabilities and providing better integration of the entire payment and settlement process. It plans strategic investments in new ventures to help carry out its program.

ECTel, up 17%, is experiencing good customer acceptance of its products and has obtained several repeat orders, particularly for its primary fraud prevention product. **Elbit Medical** acquired



shopping and entertainment centers in eastern and central Europe as part of a shift in corporate focus. Its shares climbed 27%. **Precise** was also up 27%. It announced its receipt of an order for software licenses from a **Deutsche Telekom** subsidiary. **Mer Telemanagement** rose 18%, helped by an announcement that it is introducing a new network usage accounting, billing and enterprise management product at the Cisco Annual User Conference at the end of September.

Medis Technologies jumped 31%. In lab tests, its new non-toxic batteries delivered twice the usage time of the most advanced AA batteries. The company's strategy is to license its technology to battery manufacturers. It believes the battery will sell at a 40% premium to AA batteries. **Formula** is making a tender offer at \$9 a share for the 33% of **ForSoft** it does not already own. The price was a 36% premium over ForSoft's close on the day prior to the September 20 offer. Formula cited difficulties in building a company under the quarterly pressures of the market as its reason for wanting to take ForSoft private. **Galileo** gained 41%. It introduced new products for high performance ethernet switching applications.

Change in Macroeconomic Indicators				
	1999	1998	1997	1996
GDP	2.0%	1.9%	1.9%	4.4%
Exports	5.6%	6.3%	7.7%	5.1%
CPI	1.3%	8.8%	7.0%	10.6%
Key Rates				
Bank of Israel interest rate				8.9%
Prime interest rate				10.4%
12 month T-bill yield				8.59%
NIS/dollar				4.06

Also-rans

Orbotech rose 6%. It split 3-for-2 and signed a multi-million dollar contract with Alabama-based **SCI Systems** for automated optical inspection systems. **Paradigm Geophysical** slipped 4%. It received a major contract from **TGS-Nopec Geophysical** to provide depth imaging services in the Gulf of Mexico over a 15,400 square kilometer area. Interest in Paradigm usually picks up when oil prices are high. **Pharmos** inched up 3% and raised \$11 million in a private placement. It intends to use the proceeds to push forward with R&D, especially for its head trauma drug.

In August, **Zoran** agreed to buy **Nogatech** which slid 48%. Under terms of the agreement, each outstanding share of Nogatech would be exchanged for 0.166 share of Zoran. On August 23, Zoran was at \$63 a share, but skidded to \$44 by mid-September, sharply reducing the value of the transaction. **Matav** gained 13%. It entered into an agreement with other cable TV service providers and **DBS**, the Israeli satellite service provider, allowing DBS to use the CATV companies' cable subscription lines to transfer satellite broadcasts and giving the CATV companies reciprocal rights to DBS's subscription lines.

Tower Semiconductor dipped 6%. It announced a \$75 million strategic investment by **Alliance Semiconductor**, which will receive equity, board representation and committed capacity in Tower's planned \$200 million wafer fabrication plant. **SanDisk** and **Toshiba** previously agreed to be investors and partners in the new fabrication facility, which will produce 33,000 200mm wafers per month.

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US-Traded Securities

Company	Symbol	Exch	Price	% Chg	52 week		Market Cap \$M	Annual Sales \$M	P/E
			9/18/00	Aug-Sep 18	High	Low			
Accord Technologies	ACCD	NAS	8 7/8	+8	13 1/4	7 1/4	17	35	nm
Aladdin Knowledge Sys	ALDN	NAS	10 15/16	-22	44 3/4	6 7/8	130	46	14
Amdocs	DOX	NYSE	67 5/8	+1	96	19 13/16	15304	986	nm
American Israeli Paper	AIP	AMEX	70 1/2	+13	83 1/2	49 3/8	267	306	13
Ampal American A	AMPL	NAS	13 3/4	-2	35	5 1/2	301	56	19
AREL Communications	ARLC	NAS	9 1/32	+13	25 1/4	7 1/8	77	10	64
AudioCodes	AUDC	NAS	98	-1	152	35 3/8	2110	48	nm
Backweb	BWEB	NAS	14 9/16	-24	59 1/8	11 3/4	540	34	nm
Bio-Technology Genl	BTGC	NAS	11 7/16	+12	21	8 7/16	652	84	56
Blue Square	BSI	NYSE	11 3/4	+11	14 3/4	9 1/4	451	1217	16
B.O.S. Better OnLine	BOSC	NAS	6 63/64	-13	18 5/8	1 3/4	87	80	nm
BreezeCOM	BRZE	NAS	33 3/8	-5	53 1/8	19 1/4	794	64	nm
BVR Systems	BVRS	NAS	4 3/8	+6	11 1/8	3	42	26	nm
BVR Technologies	BVRT	NAS	7 3/8	-8	20	6 1/2	77	1	4
Camtek	CAMT	NAS	9	na	11 1/2	4 1/2	152	37	27
Carmel Container Sys	KML	AMEX	7	-11	9 3/4	6 5/8	18	97	12
Check Point	CHKP	NAS	150 1/4	+30	160	20 1/8	26408	295	nm
Cimatron	CIMT	NAS	2 3/16	-3	7 1/8	1 3/4	18	25	nm
Click Software Tech	CKSW	NAS	4	-18	9 3/4	3 7/8	81	14	nm
CommTouch	CTCH	NAS	18 13/16	-9	68 1/2	13 7/8	287	14	nm
Compugen	CGEN	NAS	15 11/16	na	19 1/2	10 1/16	396	0	nm
Comverse Technology	CMVT	NAS	86 3/4	-1	123 7/8	42 3/4	13160	1008	65
Creo Products	CREO	NAS	32 3/16	+68	52	15 5/8	1479	336	nm
Crystal Systems	CRYS	NAS	8 11/16	-2	20 5/16	7 3/8	91	47	18
Data Systems & Soft.	DSSI	NAS	4 5/8	...	7 9/16	2 3/16	35	54	nm
Delta Galil	DELT	NAS	22	+7	25 3/16	10 7/8	391	390	15
Deltathree.com	DDDC	NAS	6 1/16	-19	62 3/8	5 3/4	174	na	nm
DSP Group	DSPG	NAS	38 7/8	-7	74 1/2	18 3/4	1130	98	16
E-Sim	ESIM	NAS	8 13/16	+10	41	5 5/16	103	9	nm
ECI Telecom	ECIL	NAS	31 5/16	-12	39 7/8	23 3/4	2922	1247	13
ECtel	ECTX	NAS	20 11/16	+17	41 1/4	10	357	50	59
Elbit Ltd.	ELBTF	NAS	9 1/2	0	23 1/2	8	217	14	28
Elbit Medical Imaging	EMITF	NAS	10 3/16	+27	14	7 5/16	225	101	nm
Elbit Systems	ESLTF	NAS	14 9/16	+5	19 1/2	12 5/16	555	438	17
Elbit Vision Sys	EVSX	NAS	1 3/8	+22	3 9/16	1	12	9	nm
Electric Fuel	EFCX	NAS	13	+60	23 7/8	1 1/16	246	3	nm
Elron Electronic Indus.	ELRNF	NAS	35	+14	55 1/8	21 1/4	741	41	19
Elscint	ELT	NYSE	6 1/8	+11	10 3/8	5 1/16	99	101	nm
Eltek	ELTK	NAS	5 11/16	+23	8 15/16	21/32	28	26	18
Engel Development	ENGEF	NAS	3 7/8	+24	5 1/2	1 9/16	33	38	28
ESC Medical	ESCM	NAS	18 5/16	+11	20 1/4	3 11/16	509	149	nm
Etz Lavud A	ETZ	AMEX	5 7/8	-6	10 5/8	5 7/8	21	97	7
First Israel Fund	ISL	NYSE	18 5/8	+6	19 3/16	13 5/8	nm	nm	nm
Floware	FLRE	NAS	23 1/8	+78*	31	15 1/8	727	12	nm
Formula ADR	FORTY	NAS	43 7/8	-10	92 3/16	23	412	363	7
ForSoft	FORS	NAS	6 3/8	-14	22 3/4	5 1/2	89	74	14
Fundtech	FNDT	NAS	23 3/4	+18	43	10	351	36	nm
Galileo Technology	GALT	NAS	26 7/16	+41	34 9/16	12 9/16	1191	91	52
Gilat Satellite Network	GILTF	NAS	70 7/8	-11	181 1/2	41 3/4	1719	392	nm
Gilat Communications	GICOF	NAS	14	-16	45 3/4	11 1/2	128	57	nm

*change from IPO price nm - not meaningful P/E - price to earnings ratio na - not available

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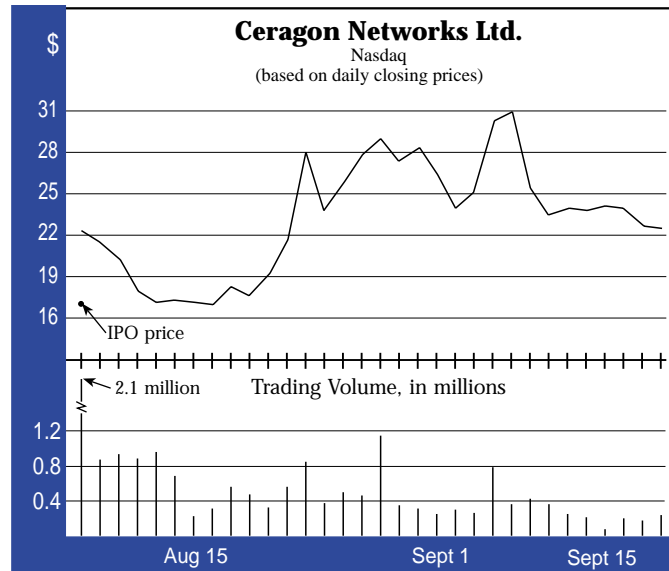
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Tel Aviv-Listed Shares

Company	Price* 9/18/00	% Chg September**	% Chg 2000	Market Cap \$M	Annual Sales \$M	Market/ Equity	P/E
Africa Israel 1	420000	-9	-7	470	na	1.7	13
Agis	3965	0	+24	288	273	1.2	16
Al-rov	4596	-3	+41	144	95	1.7	8
Azorim	4711	+2	-7	408	224	1.1	20
Bank Leumi	918	-1	+9	3203	na	1.1	8
Baran	14450	-2	+28	269	173	6.7	17
Bayside 1	55300	+3	+14	267	67	2.0	15
Bezeq	2370	-5	+16	4658	2180	2.5	nm
Clal Electronic Ind	83000	-8	+10	755	na	1.6	37
Clal Industries	4860	-2	+24	1679	na	2.1	23
Clal Insurance	6610	0	+14	827	1395	2.3	12
Dankner	4563	-2	-5	216	na	2.7	3
Dead Sea Bromine	2866	-9	+38	619	564	2.5	15
Delek	32440	-5	na	779	1227	3.5	10
Delek Motors	2160	-9	+94	425	599	6.1	12
Delta Galil	9070	-6	+21	400	390	2.7	15
Discount Investment	23490	-4	+15	2653	na	2.7	48
Elco	3889	-3	+13	329	na	1.7	11
Electra	34570	-1	+20	270	332	2.8	15
Electra Consumer	5620	-7	+27	266	475	2.1	14
Elite 5	21380	-1	-2	512	514	2.3	18
FIBI 1	3882	-4	-1	359	na	1.4	11
Housing & Construction	417	-4	-36	413	807	4.5	14
IDB Holdings	16040	-5	+16	1491	na	1.6	24
IDB Development	18330	-2	+22	2594	na	1.7	31
Industrial Buildings	655	-6	+3	462	60	1.6	24
Israel Chemicals	500	-1	+12	1480	1889	1.6	12
Israel Corp 1	84600	0	+48	1162	na	2.2	10
Jerusalem Economic	2090	-12	-11	237	101	1.8	10
Kardan Investment	1520	-8	+57	143	na	2.6	20
Knafaim	5940	-9	-23	213	234	2.3	26
Lipman Electronic	13200	-10	+14	354	53	7.2	28
Liraz	7700	-13	+23	125	99	4.0	27
Makhteshim Agan	965	-2	+33	850	854	1.7	53
Mashov	2234	-9	+1	143	94	2.4	3
Mayonot Eden	4277	-1	-7	139	85	2.7	nm
Migdal Insurance	459	+6	+22	1173	1288	3.2	13
Mivtach Shamir	6610	-8	+19	142	na	2.4	17
Mofet	683	-6	+124	139	na	2.2	3
Nisko	9400	-13	+85	169	114	4.4	10
Ormat	1131	-9	+10	160	66	1.7	8
Osem	2697	-10	+3	507	530	2.4	24
Petrochemicals	1860	-12	-19	136	129	1.1	19
Poalim	1238	-3	-2	4176	na	1.4	11
Poalim Investments	23390	-5	+11	336	na	1.4	8
Property & Building	38590	-2	0	395	142	1.7	16
Salt Industries	3580	0	+16	352	63	6.3	21
Suny	3340	-9	+51	263	200	7.4	13
Team	26800	-5	+52	135	130	2.0	5
Urdan	607	-5	+12	114	0	1.2	7

* Prices shown in agorot ** through Sept. 18 nm - not meaningful na - not applicable P/E - Price to earnings ratio

New & Noteworthy

Ceragon Networks Ltd.



Traded: Nasdaq Symbol: CRNT
 Recent Price: \$24 1/4
 Shares offered: 5,000,000
 Initial Public Offering Price: \$17
 52 week High - Low: \$32 15/16 - \$16 3/4
 Shares Outstanding: 20,537,521
 Market Capitalization: \$498 million

Ceragon Networks made its initial public offering on August 3, 2000. At that time, the company was known as Giganet Ltd. The name change resulted from an August 2 legal action brought by US-based Giganet, Inc. claiming that the similarity in names was causing confusion. Giganet, Inc. obtained a temporary restraining order enjoining Giganet Ltd. from proceeding with its IPO under the Giganet name. With an \$85 million stock offering on the line, Giganet Ltd. quickly reached a settlement. It agreed that it would change its name and Nasdaq symbol shortly after the offering, and was only then able to proceed with its IPO.

The company sold 5,000,000 shares through underwriters led by Morgan Stanley Dean Witter, Lehman Brothers and Robertson Stephens at \$17 each. The shares began trading at a substantial premium, retreated to their offering price in a round of profit-taking, then quickly jumped to new highs.

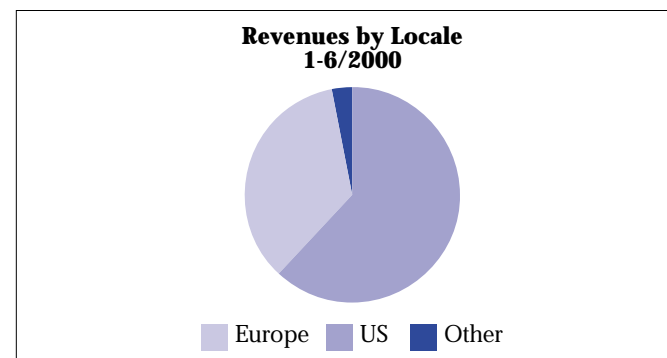
The strong investor interest in Ceragon reflects its prominent position in broadband high-capacity wireless communications equipment with products enabling delivery of high-speed Internet access and integrated data, video and voice communications. Ceragon's products have several advantages and some disadvantages, compared to other technologies.

Advantages

- Products deliver symmetrical, high-speed Internet access at transmission speeds of 100 and 155 Mbps, versus 10 Mbps with commercially available DSL or up to 16 Mbps with point-to-multipoint systems.
- Deployment is less costly than for fiber-optic networks that require street excavations to lay the fiber.
- Products can be redeployed and reused at very low cost, should customer needs change.
- For communications service providers, deployment and customer broadband access takes only hours.
- Installation is simplified and installation time is short because set-up and configuration is determined by proprietary management software.
- Installation of products, mainly antennas, can be completed in hours rather than the days or weeks required by competing wireless products or as long as months or years for fiber-optic networks.
- Products operate with the most common transmission standards.
- Products operate in the most commonly licensed high frequency bands.
- Products meet both North American and European standards which make them attractive to global communications service providers deploying equipment in North America and internationally.
- Modular architecture enables service providers to alter products by simply changing components.
- Availability is comparable to that of fiber-optic networks. The company estimates connectivity downtime at about five minutes a year, even under adverse weather conditions.

Disadvantages and limitations

- Products may not operate in severe thunderstorms or hurricanes.
- A direct line-of-sight must be established between antennas, requiring the securing of roof rights or other structures where antennas must be installed.
- Service providers must have a license to operate in the optimal frequency or acquire such rights from a licensee.



Income Statement Data		
(S000s)		
	6 months ended	
	6/30/00	6/30/99
Revenues	8,536	859
Cost of revenues	4,927	741
Non-cash compensation expense	266	30
Gross profit	3,343	88
Research & devel. exp., net	2,412	1,434
Marketing and selling exp., net	3,045	809
General and admin. exp., net	629	193
Amortization - deferred comp.	4,033	180
Total operating expenses	10,119	2,616
Operating loss	6,776	2,528
Financing income (exp.), net	197	(125)
Net loss	6,579	2,653

Balance Sheet Data		
(S000s)		
	6/30/00	12/31/99
Cash and equivalents	14,977	1,149
Trade receivables, net	4,558	1,851
Other receivables	2,046	688
Inventories	8,414	2,723
Total current assets	29,995	6,411
Property & equipment, net	2,282	1,290
Deposits with insur. cos.	365	237
Total assets	32,642	7,938
Total current liabilities	7,287	3,046
Long-term liabilities	1,852	1,562
Total liabilities	9,139	4,608
Stockholders' equity	23,503	3,330
Total liabs. & shareholders' eq.	32,642	7,938

Emphasis on direct marketing

Ceragon maintains a 15-person direct sales force for the US and European markets. It identifies communications providers with current or planned rights to the wireless spectrum and seeks to build relationships with them and educate them regarding the benefits and capabilities of its products. In 1999, 64% of revenues came from direct sales. The remainder was derived from sales to equipment companies, distributors and third party integrators.

Among Ceragon's main customers in the first half of 2000 were service provider WinStar Communications (accounting for 45% of revenues), equipment vendor Nortel (9%) and large corporations, universities and other-end users (17%).

Proceeds for R&D and expansion

Including the underwriters' over-allotment, net proceeds to Ceragon from its initial public offering approximated \$89 million. Proceeds are earmarked primarily for research and development, expanding production capacity, boosting sales and marketing activities and providing working capital. Acquisitions of businesses and technologies may also be considered by management.

Stockholders include Zisapel brothers

Brothers Yehuda and Zohar Zisapel are the principal shareholders of Ceragon with 14% and 13% of the outstanding shares, respectively. The Zisapel brothers control the RAD-BYNET group which includes several publicly traded high-tech firms (Radvision, Radware, Silicom and RIT Technologies). Other principal stockholders include venture fund led groups: Apax (10%), HarbourVest International (8%), Evergreen (7%), Tamar (5%), SVM Star Ventures (4%) and Gemini (4%).

Electronics Line (E.L.) Ltd.

Traded: Frankfurt Neuer Markt
Recent Price: €17.90
Initial Offering Price: €16.50
Shares Offered: 2,000,000
Shares outstanding: 7,900,000
Market Capitalization: €141 million

Electronics Line made its initial public offering on Frankfurt's Neuer Markt in August. The company sold 2 million shares at €16.50 each through Concord Effekten AF, Hauck & Aufhauser and Bankhaus Reuschel & Co.

Electronics Line manufactures burglar alarm systems. The company differentiates itself in this rather mundane field by developing sophisticated technologies. Electronics Line emphasizes wireless systems which it has developed for both residential and commercial customers, a better pet-immunity system, directional detection and adaptive temperature compensation technology.

Residential systems on rise

A major trend in the alarm market is the rapid growth in residential installations. In part, this reflects the rise of monitoring services that do not charge system installation fees, only monthly service fees – an encouragement for homeowners to opt for a system. Insurance incentives, the advent of quick and neat wireless installations and pet-immunity systems that reduce annoying false alarms have also contributed to making home systems the fastest growing sector of the burglar alarm market.

While in the past, the company primarily supplied detectors and full commercial systems, an inherent part of Electronic Line's current strategy is to use its technological advantages to obtain a dominant position in the market for residential systems.

Wireless technology now emphasized

The company's emphasis on wireless systems, the marketing of which only began in the fourth quarter of 1999, will enable penetration of the residential

continued on page 10

Electronics Line

continued from page 9

EL Revenues by Segment (\$000s)			
	<u>1997</u>	<u>1998</u>	<u>1999</u>
Residential systems	0	0	550
Full commercial systems	1,632	1,788	7,126
Detectors	10,085	10,736	10,801
CCTV & LRR	4,236	4,500	4,521
Other	<u>1,735</u>	<u>1,512</u>	<u>631</u>
Total revenues	17,688	18,536	23,629

market. Although wireless systems may be dismantled by technologically competent burglars and transmitted channels are susceptible to intrusion, Electronic Line's systems utilize sophisticated data encryption techniques to prevent tampering with the transmitted signals. Moreover, its systems have extended transmission ranges, FM transmission and a battery life of five to ten years. EL systems use passive infrared sensors to detect infrared radiation from the human body which is then analyzed by analogue and microprocessor circuits. The infrared technology is an advanced proprietary technology which distinguishes between human intrusion and the intrusion of any size pets.

EL Revenues by System (\$000s)			
	<u>1997</u>	<u>1998</u>	<u>1999</u>
Wireless systems	0	0	550
Wire systems	17,688	18,536	23,079

New products on the horizon

Electronics Line has several products under development including control panels and central stations which communicate with each other using IP protocol over the Internet. Central monitoring stations are then able to receive event-driven reports, provide testing and receive alarm verification information via their web sites or e-mailboxes. A cellular interface for control panels is also under development. This will enable the cellular network to be used as a backup for central station communications and to send messages to the subscriber's cell phone.

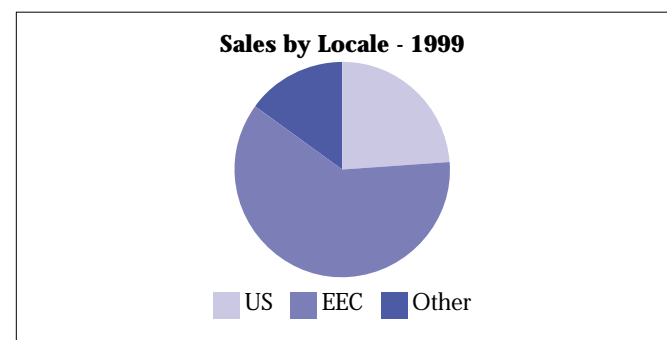
Other products in the works include a remote programmer for control panels via the Internet, a telemonitoring system, a video alarm verification system, a voice operated home automation product and transceiver modules for encrypted radio communications.

Markets directly and through distributors

Electronics Line uses both direct marketing and local distributors and dealers. Some products are marketed through original equipment manufacturers including the world's largest manufacturer of alarm

systems, Ademco International, which has been the company's main distributor/OEM for the past two years. Monitoring companies have become increasingly important customers, as well, and include industry leader Tyco as well as Wackenhut, Suritas, Ademco and others.

Products are sold in 65 countries with Europe being the company's principal market as indicated below:

***Proceeds***

Net proceeds from the public offering, approximating €28 million, were earmarked for marketing, research and development, expanding manufacturing capabilities, investing in marketing companies in Europe and elsewhere, increasing inventory, and possibly reducing bank credit.

Controlled by Krubiner family

Principal shareholders are Abraham Krubiner and his sons Gad and Dan. Each holds 13%, and the three family members share the CEO title. Gad Krubiner is Chairman of the Board. Other family entities have an additional 6% interest. Other stockholders include Discount Investment Company which, together with its PEC subsidiary, has a 21% holding.

Income Statement Data			
	(\$000s)		
	3 mos. ended		
	<u>3/31/00</u>	<u>1999</u>	<u>1998</u>
Sales	7,011	23,629	18,536
Cost of sales	<u>4,187</u>	<u>14,761</u>	<u>11,412</u>
Gross profit	2,824	8,868	7,124
Product devel. costs	113	454	1,244
Selling and mktg. exp.	1,197	4,516	4,066
Gen'l & admin. exp.	<u>697</u>	<u>2,578</u>	<u>3,681</u>
Operating profit (loss)	817	1,320	(1,867)
Financial inc. (exp.)	(157)	(129)	17
Gain on sale of fixed assets	<u>157</u>	<u>129</u>	<u>(12)</u>
Pretax income (loss)	672	1,193	(1,862)
Taxes on income	<u>4</u>	<u>4</u>	<u>109</u>
Net income (loss)	668	1,189	(1,971)

New & Noteworthy

Zen Research plc

Traded: London
Recent Price: 348.50p
Shares offered: 55,171,542
Initial Public Offering Price: 150p
Shares Outstanding: 170,350,692
Market Capitalization: £256 million

Zen Research develops components for CD and DVD optical storage devices. In early July, Zen made its initial public offering on the London Stock Exchange, selling 55.2 million shares through UBS Warburg and WestLB Panmure. Of the amount sold, 42.6 million shares were for the company and 12.6 million on behalf of selling stockholders.

Licenses its technology

Zen's technology significantly enhances the performance of optical drives. However, Zen does not currently manufacture or sell its components. It recently switched its business model from that of a vendor of optical drive components to a licensor of its technology. By licensing its technology to high volume component and drive manufacturers, Zen believes it will achieve greater market acceptance. The move is a response to PC manufacturers – the largest users of optical drives – who prefer buying higher volumes of Zen licensed products at reduced unit costs from multiple suppliers.

Research is in Israel

Zen is a relatively small company. At the time of the public offering, it had only 50 employees. The UK incorporated firm has located its marketing and business development offices in Cupertino, California and its research facilities, staffed by 31 engineers and scientists, in Ramat Gan, Israel. Zen's founder and Chairman, David Gilo, also founded DSP Group.

Speed is key

Zen developed its multiple beam technology that uses optic and signal processing to access multiple tracks of information simultaneously from a CD-ROM, thereby increasing the data throughput from an optical drive without increasing the rotation speed of the media. These speed increases permit drives containing Zen technology to operate much faster than those using conventional, single-beam technology. Conventional technology has failed to achieve increasingly higher media rotation speeds due to the accompanying rise in instability, noise and vibration.

From a technological standpoint, Zen appears at the forefront of its industry. Competitive attempts at building a multiple beam optical reader have been unsuccessful. Competition could eventually surface from other emerging technologies such as fast removable magnetic storage and on-line storage, but these have serious shortcomings that may well hinder their competitive viability.

Developing for new technologies

Optical drive speed is among the most important performance specifications for CD-ROMs and therefore in high demand by manufacturers. Zen's strategy is to take its multiple beam technology for CD-ROMs, currently used by Kenwood, and to progressively develop components for newer technologies, DVD-ROM and CD-RW. Although CD-ROMs are expected to remain important in the low-cost PC segment of the business, CD-ROM sales are stagnating. Zen sees better opportunities by focusing on the burgeoning DVD market. Last year, according to International Data Corp. (IDC), DVD-ROM sales grew 164% to 16.1 million units and further growth is expected, first at the high-end of the market, where they will replace CD-ROMs in many PC systems. Along with DVD-ROM growth is the advent of CD-RW, rewritable optical disks. In 1999, CD-RW unit sales climbed 213% year-to-year. Zen's ability to meet its development targets for these upcoming technologies will, to a large extent, determine its future success.

Licensing focus

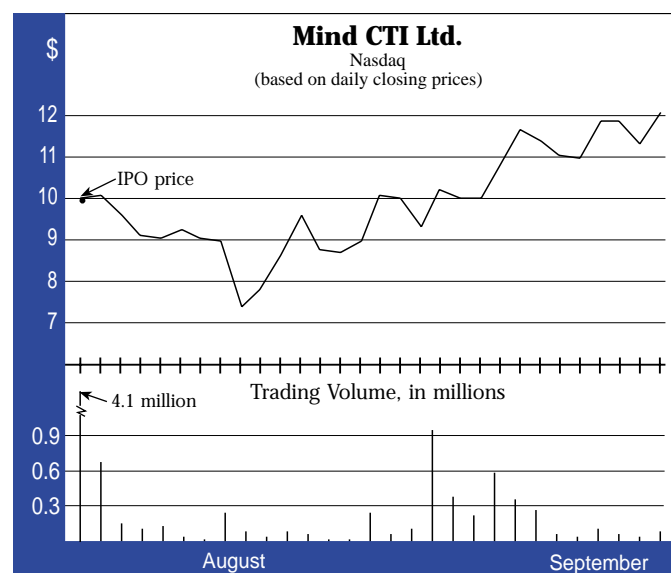
Licensing efforts to date have resulted in agreements with Infineon, Sanyo, LG, Kenwood and EM Design (a Swatch Group subsidiary). In return for a license, terms call for Zen to receive royalties based on a percentage of sales of components containing its technology. These are expected to amount to 2.5% to 3% of the wholesale selling price. Investors will need to be patient for initial royalty payments which are not expected until the second half of 2001. As a result of its technology's superior performance, limited competition, product differentiation and potential higher profit margins for licensees, Zen expects to attract increasing numbers of licensees with its technology. It is targeting 3% to 5% of the global market for DVD-ROM drives in 2001, with expectations of increasing to 10% or more of the market by 2002.

Financial

Nominal revenues since 1999 came primarily from the sale of components to Kenwood for

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Mind C.T.I. Ltd.



Traded: Nasdaq Symbol: MNDO
 Recent Price: \$13 5/8
 Shares Offered: 3,000,000
 Initial Public Offering Price: \$10
 52 week High - Low: \$14 1/16 - \$7 1/4
 Shares Outstanding: 20,116,220
 Market Capitalization: \$274 million

The market had a mind of its own when Mind C.T.I. made its initial public offering in early August. The shares headed straight south from the offering price of \$10 a share, not starting their recovery until two weeks later. The company sold 3 million shares through underwriters led by Lehman Brothers, U.S. Bancorp Piper Jaffray, CIBC World Markets and Fidelity Capital Markets.

Fast growing Internet telephony industry

Mind C.T.I. markets real-time billing and customer care software for Internet telephony service providers. The transmission of voice over the Internet or Voice over IP (Internet Protocol) is growing rapidly. According to International Data Corporation (IDC), Voice over IP traffic is projected to rise to 135 billion minutes in 2004, up from just 2.7 billion minutes in 1999. IDC says there were 300

IP telephony service providers in mid-1999 with more entering the market. By 2004, about half their revenues in this area will come from enhanced services including unified messaging, personal computer-to-phone services and Web-based services allowing a regular telephone connection while viewing a Web site. Gateway equipment connecting IP-based and traditional telephone networks is seen as a \$9.2 billion market by Frost and Sullivan, another market researcher. This growth in the IP market is stimulating a concurrent rise in demand for billing software by IP telephony service providers.

Products and services

Mind's software products enable providers to monitor and bill their customers according to the type and content of services provided. MIND-iPhonEx, Mind's principal product, is compatible with IP telecommunications equipment of major manufacturers. It has several functions including:

- Subscriber set-up that enables subscribers to register for service
- Authentication of subscribers who seek to use the service
- Authorization of calls to permitted destinations based on the available balance on a subscriber's prepaid card
- Accounting for subscriber charges
- Generating billing reports for network traffic originating with other providers
- Providing flexible billing plans for different customers, type of data transferred and time of usage.
- Support for customer relationship management
- Providing subscribers with real-time account information, prior to invoicing, via the Web

Voice over IP customers

Customers for Mind's Voice over IP software include traditional telecommunications service providers, Internet telephony service providers and Internet service providers. Key Mind customers include the following:

Mind Customers		
<u>Telecommunications Service Providers</u>	<u>Internet Telephony Service Providers</u>	<u>Internet Service Providers</u>
Bell Atlantic	Amiga Telephone Corp.	China NetCom Corp. Ltd.
China Telecom	Adacel Technologies	SouthNet Telecomm Services Inc.
China Unicom	BudgetTel Pty. Ltd.	VersaTel Telecom Int'l N.V.
Deutsche Telekom	CallServe Communications	
Marconi Communications Int'l	Deutsche Telefon Gesellschaft	
Singapore Telecommunications Ltd.	Global Tel Australia Pty. Ltd.	
	Ibasis Inc.	
	Intersat S.A.	
	ISPTel	
	VirtualCom Inc.	

Enterprise software

Mind's enterprise product, PhoneEX, is aimed at the corporate market for call accounting, traffic analysis and fraud detection. It is a call management system that collects, records and stores call information in a database. These same features are being developed for a new product that will serve the market for Voice over IP systems for enterprises.

Competition expected to intensify

Currently, small companies such as Portal Software and Belle Systems make up Mind's primary competition. But the field is sure to heat up. Traditional billing companies such as powerhouse Amdocs and Saville Systems plc are believed ready to enter the fray. Mind's marketing alliances with IP telecom equipment manufacturers and resellers such as Cisco Systems, Lucent and Vocaltec are important. However, Cisco has invested in competitor Portal Software, a move that could threaten Mind's relationship.

Proceeds mostly for marketing and R&D

Mind's net IPO proceeds amounted to approximately \$26 million. The company intended to use \$9 million for expanding its sales and marketing capabilities and to enter additional markets, and \$7 million for new product R&D. It also expected to invest \$6.4 million to increase the size of its facilities.

Main stockholders include ADC

Founder, board chairman and CEO, Monica Eisinger, is the company's largest stockholder with 25% of the outstanding shares, followed by Minnesota-based, Nasdaq-traded ADC Telecommunications with 22%. Lior Salansky, a co-founder and director, holds 20%.

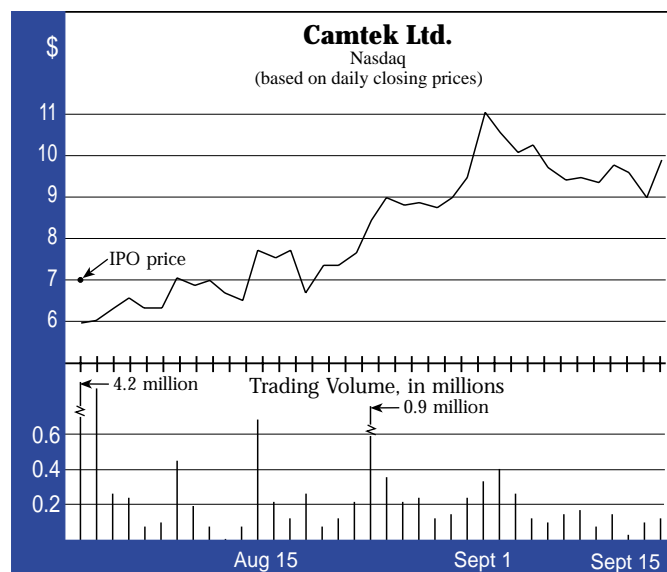
Income Statement Data

	6 months ended	
	6/30/00	6/30/99
Total revenues	6,801	3,406
Cost of revenues	929	626
Gross profit	5,872	2,780
Research & Devel. exp., net	1,741	787
Selling expenses	1,972	833
Gen'l & admin. expenses	656	430
Non-cash compensation	149	—
Operating income	1,354	730
Financial income, net	172	35
Pretax income	1,562	765
Taxes on income	166	168
Net income	1,360	597
Accretion of conv.		
pfd. shares to redemption value	(6,672)	—
Amortization of conversion feature	(5,417)	—
Net income (loss)	(10,729)	597

Balance Sheet Data

	6/30/00		6/30/99	
	6/30/00	6/30/99	6/30/00	6/30/99
Cash & equivalents	13,409	—	13,409	—
Short-term investments	98	754	98	754
Accounts receivable	4,734	2,827	4,734	2,827
Inventories	36	37	36	37
Total current assets	18,277	6,264	18,277	6,264
Property & equipment, net	1,216	971	1,216	971
Other assets	284	258	284	258
Total assets	19,777	7,493	19,777	7,493
Current liabilities	3,342	1,849	3,342	1,849
Total liabilities	3,955	2,273	3,955	2,273
Redeemable cv. pfd. shares	20,778	—	20,778	—
Shareholders' equity (deficiency)	(4,956)	5,220	(4,956)	5,220
Total liabilities & shareholders' equity, net	19,777	7,493	19,777	7,493

Camtek Ltd.



Camtek's initial public offering at the end of July was an uneventful affair with shares slipping in

Traded: Nasdaq Symbol: CAMT
Recent Price: \$10
2000 High - Low: \$11 1/2 - \$4 1/2
Initial Offering Price: \$7
Shares Offered: 5,600,000
Shares Outstanding: 22,096,002
Market Capitalization: \$221 million

initial aftermarket trading, then rising slowly and steadily throughout the month of August. The company sold 5,600,000 shares at \$7 each through underwriters led by CIBC World Markets, UBS Warburg LLC and Needham & Company.

Camtek manufactures automated optical inspection (AOI) systems that detect defects in printed circuit boards. Early investor ambivalence to the shares was in part due to Camtek's position as a minor player in an industry dominated by its local rival, Orbotech. Nasdaq-traded Orbotech has long

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Camtech

continued from page 13

held the number one position in the industry and dislodging it is only a remote possibility. Currently, Camtek does business primarily among small and medium volume manufacturers of high-end PCBs, but it seeks to penetrate the high volume sector, traditionally the domain of Orbotek. This won't be an easy task. Camtek has already experienced unwillingness on the part of PCB manufacturers to risk buying from a relative newcomer.

Industry fundamentals, however, appear strong. Good demand currently exists for electronic products, and shortened product life cycles have led to increases in production. The more complex layered boards being manufactured today are relatively expensive, making it mandatory, from a cost standpoint, for manufacturers to detect defective layers early in the production process. Once multi-layer boards are laminated, defects found in any of the layers result in the entire board being discarded. Buyers of PCBs are also now requiring that AOI systems be used in manufacturing to meet international quality standards.

Overall, industry-wide PCB sales are growing at about 9% a year. Multi-layer boards, which comprise more than half of PCB sales and which is Camtek's area of specialization, is rising at a somewhat faster rate. The market for advanced high-density substrates is also experiencing major growth. Overall, there appears to be sufficient market capacity to support several players.

Camtek's advantage

While still not a major industry player, Camtek competes by offering a superior level of detectability, attractive prices and user-friendly inspection systems. It is also able to provide PCB manufacturers with real-time data for analysis of the manufacturing process.

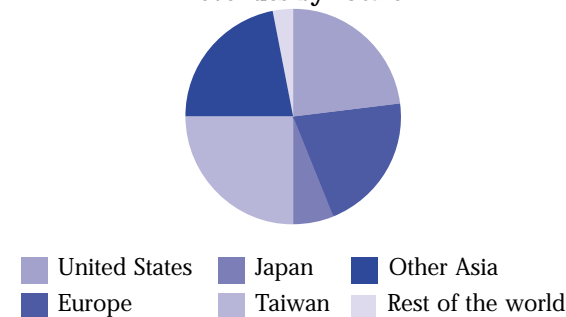
Camtek's AOI system

- Movable table
- Tower with image-capturing equipment
- 2 display monitors on console
- Computer hardware to help execute inspection and verification processes
- List price: \$200,000 basic model; \$350,000 most advanced model

R&D

A new product utilizing an automated material handling system to meet the automation needs of customers is currently under development. Camtek is also developing a product for final inspection and automated handling of BGA strips. Overall, research currently centers on enhancing image acquisition

Revenues by Locale



technology and improving image processing algorithms.

PCB is largest shareholder

TASE-listed PCB Ltd., one of Israel's largest PCB manufacturers, holds 69% of Camtek's shares.

Income Statement Data

(\$000s)

	Year ended Dec. 31	
	1999	1998
Revenues	23,892	20,343
Cost of revenues	12,159	10,095
Gross profit	11,733	10,248
Research & devel. exp., net	2,419	2,326
Selling, general & admin. exp.	7,827	6,848
Operating income	1,487	1,074
Financial and other inc. (exp.)	(862)	241
Net income	625	1,315

	Six months ended	
	6/30/00	6/30/99
Revenues	21,985	9,068
Cost of revenues	10,105	4,664
Gross profit	11,880	4,404
Research & devel. exp., net	1,943	1,104
Selling, general & admin. exp.	4,781	3,571
Operating income (loss)	5,156	(271)
Financial and other expenses, net	741	754
Net income (loss)	4,010	(1,025)

Balance Sheet Data

(\$000s)

	6/30/00	12/31/00
Cash and equivalents	1,916	538
Accounts receivable	8,190	6,588
Inventories	9,090	6,574
Total current assets	21,567	14,861
Fixed assets, net	3,504	2,555
Intangibles, net	165	255
Deferred registration costs	1,907	942
Total assets	27,143	18,613
Short-term bank credit	9,196	6,794
Accounts payable	4,179	2,211
Other current liabilities	6,246	6,160
Total current liabilities	19,621	15,165
Accrued severance pay, net	91	59
Shareholders' equity	7,431	3,389
Total liab. & shareholders' equity	27,143	18,613

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US-Traded Securities

Company	Symbol	Exch	Price	% Chg	52 week		Market Cap \$M	Annual Sales \$M	P/E
			9/18/00	Aug-Sept 18	High	Low			
Home Centers	HOMEF	NAS	7 1/8	-3	9 1/2	6 1/8	49	165	19
ICTS	ICTS	NAS	7 1/4	+7	10	4 3/8	46	143	7
I.S.G. Software Indus.	SISG	NAS	13	+13	37 1/2	6 3/4	131	25	nm
Indigo N.V.	INDG	NAS	7 1/32	+37	9	2 9/16	555	152	nm
Internet Gold	IGLD	NAS	5 15/16	-18	50	5 3/8	113	31	nm
Israel Land Devel. ADR	ILDCY	NAS	29 1/4	+18	34 1/2	17	270	395	53
Jacada	JCDA	NAS	9 1/16	-12	37 3/8	7 7/16	179	19	nm
Keryx	KERX	NAS	12	na	14 1/2	9 1/2	226	0	nm
Koor Industries ADR	KOR	NYSE	19 3/4	-2	22 1/2	16	1670	2322	9
LanOptics	LNOP	NAS	35 3/8	+203	43 3/4	3 3/8	235	10	nm
M-Systems Flash Disk	FLSH	NAS	64 1/16	+6	93 11/16	9 7/8	923	56	nm
Magal Security Sys	MAGS	NAS	3 1/16	-2	5 1/8	2 3/8	22	34	10
Magic Software	MGIC	NAS	7 3/8	-28	33	5 5/16	231	77	18
Matav Cable ADR	MATV	NAS	43 3/16	+13	73 1/2	32 7/8	657	110	9
Medis Technologies	MDTL	NAS	24 7/8	+31	27 7/8	14 3/8	370	-	nm

nm - not meaningful P/E - price to earnings ratio na - not available

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Camtech

continued from page 14

Camtek chairman, Rafi Amit, CFO Yotam Stern and Itzhak Krell control PCB through a voting agreement thereby controlling Camtek, as well.

Camtek to pay down debt with proceeds

Net offering proceeds to Camtek should approximate \$34 million. Camtek intends to use \$10 million for repaying debt, \$4 million to complete a new manufacturing facility and the remainder for sales and marketing, research and development and general corporate purposes.

Zen

continued from page 11

construction of a multiple beam CD-ROM drive. Previously, revenues were generated from the sale of ASICs. Revenue generating activities were put on hold when the business transformed to an intellectual property model. Zen lost \$2.7 million in the first quarter of 2000, following \$12.0 million in losses for 1999.

Main stockholders

Board Chairman Davidi Gilo is Zen's largest shareholder with 29% of Zen stock.

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US-Traded Securities

Company	Symbol	Exch	Price	% Chg	52 week		Market Cap \$M	Annual Sales \$M	P/E
			9/18/00	Aug-Sept 18	High	Low			
Mer Telemanagement	MTSL	NAS	6 1/2	+18	17 3/4	3 3/16	32	12	10
Mercury Interactive	MERQ	NAS	125 7/16	+26	134 1/2	26 1/4	11450	300	nm
Metalink	MTLK	NAS	19	-16	73 1/2	15	411	16	nm
Mind	MNDO	NAS	11 3/8	na	12 9/16	7 **	229	na	nm
NDS Group	NNDS	NAS	79 1/2	-1	104 7/8	20 **	4080	241	nm
NetManage	NETM	NAS	2 7/32	-14	9 3/4	1 15/16	143	96	nm
Nexus Telecom.	NXUS	NAS	2 5/8	+14	13 7/16	1 5/8	60	3	nm
NICE Systems ADR	NICE	NAS	70 1/4	-4	100	24 3/8	972	149	70
Nogatech	NGTC	NAS	8 3/8	+38	12 1/16	4 5/8	123	12	nm
Nova Measuring	NVMI	NAS	12 1/8	-21	22 3/16	9	184	31	nm
Nur MacroPrinters	NURM	NAS	14	0	21	7 1/8	199	81	20
Optibase	OBAS	NAS	19	+7	45 5/8	5 3/16	222	29	39
Orbit FR	ORFR	NAS	2 11/16	-1	14 3/16	2	16	16	nm
Orbotech	ORBK	NAS	58 1/16	+6	77 1/4	26 15/16	1920	318	20
Orckit Communications	ORCT	NAS	8 1/2	-6	92 3/4	6 5/8	184	108	nm
Paradigm Geophysical	PGEO	NAS	6 1/32	-4	10 1/8	4	81	58	nm
Partner Comm.	PTNR	NAS	8 1/2	+8	26 1/8	6 1/4	1564	370	nm
Pharmos	PARS	NAS	3 11/32	+3	15 3/8	1 1/16	176	4	nm
Point of Sale	POSI	NAS	25 7/16	+8	31	9 5/8	297	29	nm
Precise Software	PRSE	NAS	26 3/4	+27	32 7/8	18 7/16	566	17	nm
Rada Electronic Indus	RADIF	NAS	1 1/4	0	4 3/16	1	30	10	nm
Radcom	RDCM	NAS	7 1/8	+17	20 1/2	3 5/8	79	28	nm
RADVision	RVSN	NAS	29 15/16	-21	65	16 1/8	650	28	nm
Radware	RDWR	NAS	30	-6	87	15	526	24	nm
RIT	RITT	NAS	12 7/16	-10	20 1/8	2 1/2	119	29	nm
Sapiens International	SPNS	NAS	5 3/4	-1	22	5 1/16	130	92	50
Scitex	SCIX	NAS	12 7/16	+16	18 3/4	9 15/16	538	579	4
Silicom	SILCF	NAS	9 3/16	+36	23 11/16	1 7/16	40	6	73
SimPlayer.com	SMPL	NAS	3 13/16	+2	14	3/16	34	1	na
Super-Sol	SAE	NYSE	18 1/4	+2	18 7/8	13 13/16	764	1352	21
Taro Pharmaceutical	TARO	NAS	17 5/16	+17	19 5/8	7 5/16	201	91	28
Tecnomatix Technol.	TCNO	NAS	14 13/16	-4	50 1/4	13 1/4	152	94	nm
Tefron	TFR	NYSE	15 7/8	+25	20 3/16	8 15/16	201	203	18
Terayon	TERN	NAS	42 9/16	-16	142 5/8	18 7/8	2583	213	nm
Teva Pharmaceutical ADR	TEVA	NAS	63 5/8	+5	68 11/16	23 5/16	8577	1482	61
Tioga Technologies	TIGA	NAS	6 5/8	-12	20 1/4	5	172	7	nm
Top Image	TISA	NAS	6 1/4	-8	16 11/16	4	39	10	nm
Tower Semiconductor	TSEM	NAS	25 5/16	-6	43 1/2	7 1/4	354	89	nm
TTI Team Telecom	TTIL	NAS	24 13/16	-19	51 1/8	8 15/16	292	37	41
TTR	TTRE.OB	OTC	3 3/4	-12	10 1/2	1 7/8	65	nil	nm
VocalTec	VOCL	NAS	13 3/8	-27	53 1/4	9 7/8	162	33	6
Zoran	ZRAN	NAS	51 1/2	+17	78 1/8	20 7/16	727	73	nm

*change from IPO price **IPO price nm - not meaningful P/E - price to earnings ratio na - not available

The Market

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Baran, which will participate in the construction of Tower's new plant, rose 36%.

M-Systems rose 6%. It split 2-for-1, going ex-dividend on September 22. The developer of flash disk data storage products announced it had acquired privately held Israeli firm, **Fortress U&T Ltd.** for \$8 million in cash. **M-Systems** will use the technology

to develop a new generation of secure flash-based storage products.

Sapiens rose only 1%. It announced a definitive merger agreement with **Ness Technologies, Inc.**, a privately held IT provider. Under terms of the agreement, Sapiens' shareholders will own one-third of the combined company while Ness stockholders will own two-thirds. Sapiens will adopt the Ness name while continuing to trade on Nasdaq.