



De-Kalo Ben-Yehuda
Investment House

Company Profile

A. Overview

De-Kalo Ben-Yehuda & Co. Ltd. (DB) is Israel's leading technology boutique investment bank that focuses on:

- Fund Raising - Private Placements, Venture Lending, governmental funding.
- Mergers & Acquisitions
- Advisory Services - Buy-Side Advisory, Employee Stock Option Plans - Valuation & Consulting, Company Valuation (FMV) - Section 409A, PPA's and more.

Our clients range from well-established public companies to emerging entrepreneurial companies and investment groups. In IT industries and life science, we serve all segments, including software products and services, hardware, information services, telecommunications services and related media. DB's professionals assist our clients in dealings with large-cap entities (including corporate ventures and business development arms) such as: Microsoft, France Telecom, Telia, AT&T, IBM, BMC, Intel, Agilent, Teva, Checkpoint, Deutsche Telecom etc'.

Founded in 1998, DB is managed by senior investment professionals with many years of experience in the Israel and U.S. capital markets. DB has carved out an important niche in the Israel market by providing a level of professionalism and expertise usually found in much larger transactions and applying such skills to the important needs of rapidly growing technology companies. Many factors distinguish us from our competitors, but perhaps none more so than our ability to staff assignments involving emerging growth and middle market clients with dedicated senior-level advisors who have diverse experience in investment banking, law, technology entrepreneurship and product development.

B. Relationships

DB enjoys affiliations with a range of leading firms concentrating on particular technology niches and activities. This extended network has proved invaluable in providing our client base with focused access to decision makers at leading companies (Fortune 500, large-cap, middle market and private) in the international and local technology sector.

DB networking includes:

- **Scouting and screening of High Tech companies**
 - Access to the largest, finest deal-flow in Israel
 - Early access to pioneering technologies
 - Inspect hundreds of early stages as well as later-stage companies
 - Close relationships with dozens of well-known entrepreneurs
- **Close relations with**
 - Top tier Israeli VC funds (Pitango, Gemini, Genesis, Evergreen, Carmel, Vertex etc')
 - Corporate investors (Elron, Kardan etc')
 - Corporate local VC Funds (Motorola, Intel, Cisco etc')
 - Leading International VC (Sequoia, Benchmark, Greylock, Accel etc')
 - Investment houses and Investment banks
 - Major partners at local accounting Firm (E&Y, Deloitte, PWC etc')
 - leading law firms (Herzog Fox Ne'eman, Naschitz Brandes, Yigal Arnon, Gross etc')
 - Regulatory bodies
 - Access to local regulators and Government agencies
- **Direct contacts with local market**
 - All mobile carriers (Partner, Celcom, Pelephone and Mirs)
 - Internet companies & Internet Providers (Walla, Ynet, The Marker, Bezeq, Hot etc')
 - Israeli centered multi-national companies (Microsoft, IBM etc')
 - Military industries
 - Governmental Institutions
 - Communication infrastructure companies (Bezeq, Hot etc')

C. Fund Raising

DB focuses on raising equity and debt capital for private technology companies at the initial and expansion phases of their activity as well as for expanding public companies. DB has raised over \$250 million of capital for its clients, from leading venture capital funds, strategic investors, financial institutions, holding companies and private investors in Israel, Europe and the U.S. DB maintains constant dialogue with these capital sources in order to stay attuned to the trends in the marketplace and each investor's preferences.

Representative Private Placement and venture lending Clients include: **Paieon** (\$2.0m, software based Imaging work station in the field of Angiography Imaging; www.paieon.com), **Typemock** (\$1.85m, assists developers in preventing bugs; www.typemock.com). **Trivya** (\$2.0m, Online market leader in real-time, multi-player skill-games, community for money; www.trivya.com); **e-toro** (\$1.7m & \$4.0m, Online friendly financial trading platform; www.etoro.com); **Eyeblaster** (\$2.5m, empowers Media Agencies, Creative Agencies and Advertisers to plan, create, serve, manage and measure online campaigns that deliver on the promise of digital marketing; www.eyeblaster.com); **RichFX** (\$3.0m, Online visual merchandising solutions); **Intec Pharma** (\$3.2m, Improving patients' therapeutic response through the administration of only 'A Pill a Day'); **Oridion Systems** (\$3.0m ,SWX: Oridn, innovator in the areas of respiratory patient monitoring systems and breath testing analyzers; www.oridion.com); **Vigilant Technology**; (\$1.5m, AIM: VGT, a leading developer of intelligent, digital, video-intensive management systems, www.vigilanttechnology.com); **Flash Networks** (\$5.0m, provider of mobile data delivery platforms; www.flashnetworks.com); **cVidya** (\$3.0m, Telecom software; www.cvidya.com); **MobileAcces** (\$7.0m, Telecom equipment; www.mobileaccess.com); **Camelot** (\$6.0m, Internet Security); **i-Impact** (\$4.3m, Business Analytics Software; www.i-impact.com); **Oblicore** (\$1.7m & \$11.0m, Telecom Software; www.oblicore.com); **mPrest** (\$4.0m, Wireless Telecom; www.mprest.com); **Hotbar** (\$6.0m, InternetNavigation); **MTRE** (\$1.1m, Medical devices); **MessageVine** (\$2.1m, Internet Unified Messaging, sold to Onset Technologies); and many others.

D. Mergers & Acquisitions

DB's M&A services revolve around maximizing our client's shareholder value. DB has concluded over \$260 millions worth of M&A deals. DB represents buyers and sellers and utilizes its extensive experience and technical expertise in structuring and executing successful transactions balanced together with a strong understanding of our clients' business and industry. DB's services begin with developing the goals and strategy of a merger or acquisition and include all aspects of seeking the most appropriate buyer, negotiating the terms of the transaction and staying involved through all aspects of due diligence and the closing.

M&A Services Include:

- Seller / Buyer Representations
- Fairness Opinions
- Due Diligence & Corporate Valuations
- Financial Analysis & Advisory

Representative M&A clients include: **Answers-on-Demand** (\$17.0m, Provider of financial, clinical and operational software designed to meet the special needs of the Continuing Care Retirement Community); **Taga-Magam** (\$9.5m, sell side - distributor of electronic components, laptop computers, hardware and computer peripheral equipments) **Sharman** (\$4.0m, a leading electricity contractor); **Media Market** (\$3.0m, provider of mobile content targeted at large ethnic minorities) **Degania Silicone** (\$4.8m, fabrication of high quality silicone products); **Pelican Security** (Undisclosed, sold to Microsoft); **Kammon Connect** (Undisclosed, web based software solution); **Satcom Systems** (\$6.0m, telecommunications; TASE: STCM), **Adjungo Networks** (Undisclosed, WiFi; www.adjungonet.com); **Comfy Interactive** (\$22.0m, developer of infant oriented computer toys; www.comfyland.com); **Caniel** (\$66.0m, manufacturer of cans); **Taga-Magam** (\$9.0m, buy side - distributor of electronic components and computers' peripheral equipments); **Pelican Security** (security solutions for corporate and home user desktops); **Inspectech** (\$5.5m, sold to Camtek, Nasdaq: CAMT; development of automatic inspection equipment for the semiconductor manufacturing market); and others.

E. Advisory Services

1. Buy-Side Advisory

DB's buy-side advisory practice assists investors in all aspects of investing or acquiring Israel-related companies. Depending on the assignment, DB handles all aspects of the investment process, including:

- Developing an investment program;
- Sourcing and screening deals;
- Due diligence; and
- Negotiations and closing processes.

In particular, DB has had a formal relationship with **France Telecom** and its investment arms, acting as its investment liaison in Israel. France Telecom invests via its venture capital unit, Innovacom, and its FT R&D Fund. DB sourced, screened and provided due diligence regarding Israel-related technology companies that fit within the investors' investment preferences.

2. Employee Stock Option Plans - Valuation & Consulting

On December 16, 2004, the FASB issued Statement 123(R), Share-Based Payment – which public companies will be required to adopt in the third quarter of 2005. Under the modified-prospective-transition method, companies will be required to recognize compensation cost in financial statements issued subsequent to the date of adoption, for all awards granted, modified, or settled after the date of adoption, as well as for any unvested awards.

DB provides publicly traded companies, as well as private companies intending to go public, with tailor-made models for valuation of employee stock options that take into account market conditions, and employee post-vesting early exercise behavior.

The valuations are done using state-of-the-art option pricing models designed in accordance with the provisions of the SFAS 123(R), IFRS 2 and SEC's SAB 107. Our models are based on Monte-Carlo lattice-based simulation method in comparison to the adjusted Black-Scholes formula and to a 'Smart' Black-Scholes model.

3. Company Valuation - Fair Market Value (FMV), Section 409A, PPA's etc'

Companies who employ US-tax payers require making sure that no excess US taxes are due as a result of awards to US taxpayers at price lower than Fair Market Value or otherwise as a result of lack of compliance with the rules. This regulation impacts public companies as well as private companies.

409A impacts the way companies determine the ESO strike price and valuations of Deferred Nonqualified Compensation plans, since not meeting the 409A requirements, might result in serious penalties to the company and its employees.

The board of directors is free to establish the value of the stock by itself, without a written report from any third party but based on an in-depth analysis. However, the board will always face the risk that the IRS may challenge its valuation.

DB provides public and private companies with written valuation reports of the fair market value of the companies' common stock and determination of the volatilities.

DB deploys several methodologies when evaluating company valuation, and allocating the value between different stock classes. The Process for such valuation is:

- Reviewing the Company's ESO plans
- Reviewing the company's business status
- Looking at the market environment in which the company operates
- Selecting the appropriate methodology to calculate company valuation
- Allocating the Value between the different types of shares
- Determining Company's volatility
- Calculating ESO Fair Value using the process outlines in the previous section.

Among our advisory clients dozens of public companies (US, Israel and Europe) such as: Teva, Checkpoint, Phoenix, Mivtach Shamir, AudioCodes, Radvision, Radcom, Oridion, Itamar Medical, and many more.

Among our private companies are over a hundred well known leading companies (backed by well known VC's and leading investors) such as Schema, Mercado, Winetworks, Camero, Press-sense, GigaSpaces, Cognitens, Power Paper, Advasense, Prime-Sense, Mirage, Do-Design, shiron, InterCure, Enigma, YCD, Xjet, Volicon, Verix, Techtium, SupportSpace, and many others.

F. Management and Key Employees

Benny De-Kalo, *Managing Director*. Benny co-founded and co-leads all aspects of the firm. He has led many significant transactions involving private placements and mergers of companies in both the technology and traditional industry sectors. With over 15 years of experience in investment banking, Benny is the trusted advisor of leading companies and to business leaders in the entrepreneurial and investment sectors. Before co-founding DB, Benny worked as an investment banker both in the United States and in Israel. Benny's past experiences include a partner and Director at Foresight Ltd. (sold to Discount bank), as well as at the US asset management firm, Cramer-Rosenthal-McGlynn (CRM). Benny holds an MBA from Columbia University and a BS in Finance and Int'l Business from New York University.

Amir Ben-Yehuda, *Managing Director*. Amir co-founded and co-leads all aspects of the firm. With over 18 years of experience in investment banking, he has given his expertise in finance and provided M&A advisory services to many companies. As a consultant to Tapuz (Orange) in its effort to become Israel's third cellular carrier, he was responsible for investment valuations and analysis, project finance, formulation of marketing strategy and coordination of legal matters. Amir was also a senior investment banker at Lahat Lew, Vice President of Business Development at Pacific Mediterranean Holdings, and an Associate at Giza Investment Bank. He has worked closely with clients in acquisitive transactions, on private placements of closed-end investment funds, and on valuations, capital structure, and spin-offs. In 1992, Amir founded an asset management firm, which he managed until 1994, and today participates in the governance of several portfolio companies. Amir holds a BA in Economics from Tel Aviv University.

Orit Mossinson, PhD., *Vice President Investment Banking*. Orit is an Internet Marketing and E-Branding expert with over a decade of experience in Biz Dev & Marketing (Online and offline).

Prior to joining DB, Orit founded Web Agent Holdings Inc. which owns world wide representation of several startup companies, and is a Co Owner of several Patented Ventures and Patents for the internet and cellular market. Before founding Web Agent Holdings, She has preformed as VP Marketing & CEO of several Online Gaming Ventures. On 2004 Orit has completed her Ph.D. research on "E Brand Equity" and has been consulting to several International Internet enterprises ever since. Orit holds Bachelor of Business Administration (BA) & Master of Business Administration (MBA) from Ben-Gurion University, Israel, and a Doctorate of Business Administration (Ph.D.) from York University, USA. Orit is also a part of a cross country USA-Russia Academic research on Internet Changing Strategy & E Brand Equity.

Shai Fulbernis, CPA, Director of Professional Services Shai has extensive experience in the financial advisory & valuation fields and in the transition of public and private Israeli companies to the International GAAP and IFRS. Previously Shai managed various financial projects for leading public companies. Shai worked for a few years at Kesselman&kesselman (PWC). At PWC he was focusing in the auditing, financial advisory and M&A fields. Shai is a certified accountant in Israel, and holds a B.A. in Economics and Accounting from Ben Gurion University. Shai is currently completing his M.B.A. (finance) at Ben-Gurion University.

Eran Bareket, CPA, Senior Manager Eran has extensive knowledge and experience in implementing the transition of Israeli companies to the International GAAP and IFRS. Prior to joining DB, Eran served as a Manager in the auditing field at Kost Forer Gabbay & Kasierer (E&Y). During those years, Eran managed auditing accounts of leading public companies in Israel as well as performing due diligence for M&A purposes. Eran served as an expert and advisor in valuations for International GAAP and IFRS, including advisory to companies on early transition to the IFRS. Eran is a certified accountant in Israel and holds a B.A. in Economics and Accounting from Ben-Gurion University.

Yossef Shamai, Corporate Finance Director. Yossef is a 45-year veteran in corporate finance. In 1970, Yossef has founded and managed 'Express Service', a company in the field of finance, logistic and freight forwarding. He worked for 7 years has a CEO in one of the 3 main divisions at 'Clall Investment Group', one of the Israeli biggest concerns in Israeli. Yossef was also a CEO and Partner at 'Albani Israel Freight', an Israeli leading freight forwarding business. In 1988, Yossef has sold his holdings at 'Albani Israel Freight' to the Israel Cooperation Group and nominated to be the CEO of the company. As the CEO of 'Albani Israel Freight' Yossef was in charge of many M&A activities, IPO's of a subsidiary company and other financial activities. In 1997, Yossef founded 'Profundity', an Israel investment banking and consulting company. Yossef has a vast experience and deep understanding in finance, management and M&A of both public and private companies. Yossef holds a B.S degree in Economics from Tel Aviv University. At DB, Yossef is focused on M&A transactions and fund raising via equity, debt and governmental sources.

Iddo Yoshpe, *Venture Partner*. Iddo is an Internet Veteran, with more than a decade of experience in Internet and web technologies and eBusiness ventures. Prior to joining DB, Iddo was the founder and CEO of Israeline Internet, one of Israel's leading corporate web developers (sold to Comrax). Prior to founding Israeline, Iddo co-founded Landings.com, the web's leading aviation portal. Iddo holds a BA degree in Communication Studies from the University of California at Los Angeles (UCLA), he is a senior fellow at the at the University of Southern California Annenberg School Center for the Digital Future, and he also serves as a Director on the board of ISE (TASE: ISE), which operates Herzelia's Hi Tech College.

Efi Paz, *Venture Partner*. Efi has over 25 years of experience in the Israeli and International IT industry. He has vast experience in local and international marketing and financing of Israeli IT companies, products and projects, and deep understanding of the international, technological business and financing markets. Efi served as an MIS manager, sales and marketing manager of companies in Israel and in the UK, US representative of Elron's subsidiary in Israel (Elron - ELRNF - a multinational high technology holding company traded on TASE and NASDAQ), and as Managing Director of several Israeli companies. Efi founded and managed two technological start-up companies - Grid Point (Japanese funded image compression initiative), and Mobile Tornado (mobile communication). Efi also served as a business development consultant in Technological Incubators including Vectory VC fund, Naiot Technology Center Ltd., and a number of government institutions and agencies (Israel Police Force, Israel Airport Authority, and Tnufa, Israel Chief Scientist's Technology Enterprise Support). Efi Paz holds a B.Sc in Mathematics and Economics from The Hebrew University Of Jerusalem and an M.A. in Cognitive Studies - Artificial Intelligence from the University of Sussex, UK.

Dr. Yarden Goldstein, *Venture Partner* Dr. Yarden Goldstein joined DB as a Venture Partner in mid 2007. Yarden holds a Life Sciences BSc from the Tel Aviv University School of Life Sciences. Post his studies at Tel Aviv University, Yarden completed his DMD degree at New York University. Prior to joining DB, Yarden founded a semiconductor trading company in New York (JME, Inc.). JME focused on international semiconductor trade and was an accredited supplier of transnational companies such as Nokia, Ericsson and others. In 1996, Yarden returned to Israel, where he continued his business development activities, consulting and raising funds for high tech and biomedical startups. Until recently, Yarden served as VP Business Development at Tragetize, an Internet search technologies startup, where he now remains an equity partner. Yarden is responsible for DB's bio-medical activities.

Noam Ziv, *Venture Partner*. Noam has over 20 years of high-tech experience out of which 10 years of experience as an executive in the Data Security arena. Noam was the CEO of

Transformer Ltd., VP of Business Development of Algorithmic Research Ltd., CEO of First Access Ltd. – a software security start-up that developed a Bluetooth Firewall. Before joining First Access, Noam was the corporate development director at Checkpoint Software Technologies (NASDAQ:CHKPF) where he was responsible for corporate M&A and ROW BD, reporting to Mr. Gil Shwed – CEO & President. Noam worked for six years at JVP, a leading Israeli VC fund, and served in the Advisory Board of JVP#2. Noam has a B.A from the Hebrew University and an M.A from York University in Toronto, Canada where he taught specialized in and Philosophy of Science.