

שבולת, ישראלי, רוברטס, זיסמן ושות'

SHIBOLETH

SHIBOLETH YISRAELI ROBERTS ZISMAN & Co.
עורכי דין ונוטריונים ADVOCATES & NOTARIES

Dear Clients and Friends,

Re: **Survey On Legal Terms In Capital Venture Transactions – Third Quarter of 2005**

The sharp decrease in the number of venture capital investments executed in the third quarter of 2005, which was also reported in the various publications of the industry, resulted in the fact that the total number of transactions which were closed during the third quarter of 2005 that we surveyed, was too low, in our estimation, to serve as a solid basis for a reliable analysis of the survey results which we present to you each quarter.

In light of the above, we chose not to publicize detailed survey results, but rather to generally point out that the transactions which we surveyed indicate that the positive trend reported in the previous survey was maintained, and even indicate a certain additional increase in the number of up-rounds.

We hope to present you with the results of the next survey, for the second half of 2005, in its usual full format.

For additional information about this report, please contact Mr. Lior Aviram at L.Aviram@shibolet.com or Ms. Limor Peled at L.Peled@shibolet.com, Shibolet, Yisraeli, Roberts, Zisman & Co., Advocates and Notaries, Tel: +972 (3) 710-3311.