



Press Announcement

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FOR IMMEDIATE RELEASE

21VENTURES CHANGES CURRENT INVESTMENT STRATEGY TO FOCUS PRIMARILY ON ISRAELI TECHNOLOGY STARTUPS

American venture capital fund believes recent political conflicts in Lebanon and the Gaza Strip make Israeli technology companies a prime investment opportunity.

NEW YORK, August 29, 2006 – 21Ventures LLC, a New York-based venture capital fund, today announced that based on the recent conflicts in Lebanon and the Gaza Strip, the company is changing its current investment strategy to focus primarily on Israeli startups. Currently, 21Ventures has \$15M at work across 11 portfolio companies, 3 located in Israel and 8 in the United States, specifically, metropolitan New York and Los Angeles. Going forward, the fund's management team, together with its individual investors, will concentrate financing on Israeli startups, expressly to bridge the gap between The Chief Scientist of Israel's Ministry of Industry, Trade and Labour grant funding and institutional venture capital investments. 21Ventures also announced that it projects an additional \$15M investment of seed financing in Israel over the next 18 months.

In making today's announcement, David Anthony, Founder and Managing Partner of 21Ventures, explained the company's new business strategy. "Israel has always been an attractive market for technology investors, but due to the recent events in Lebanon and the Gaza Strip, both individual and corporate investors from America, Europe and Asia have already stopped and will continue to stop traveling to Israel to investigate and review investment opportunities there. Furthermore, over the past five years, Israeli VCs have continued to make later stage investments. Therefore, a tremendous financing void exists – a gap that 21Ventures plans to fill.

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“The recent events in Lebanon and the Gaza Strip prove that the conflict in the Middle East is not going away anytime soon. And, the costs associated with Israel’s military operations will continue to escalate – forcing budget cuts across all government institutions, including The Chief Scientist of Israel’s Ministry of Industry, Trade and Labour, a multi-billion dollar source of funding for technology startups. Even though budgets will be slashed and the conflict will continue, Israeli scientists and entrepreneurs won’t be deterred from their historical tradition of technological innovation. Here again, 21Ventures sees a tremendous opportunity for investment in Israel’s vast technology resources, specifically their startups.”

Anthony cited several other reasons why 21Ventures is focusing 80% of capital on Israel. First, military service, which is compulsory for all Israelis at age 18, provides the discipline, leadership and management skills necessary for a successful entrepreneurial venture. Second, like the U.S., Israel has strong Intellectual Property Laws which protect both startups and financiers. Third, Israel is centrally located and geographically convenient to the rapidly expanding economies of Eastern Europe, India and China.

“We believe that 21Ventures is uniquely positioned (as compared to other venture capital funds) for even greater success in Israel,” discussed Anthony. “We have several years’ successful experience investing in Israeli startups. 21Ventures understands the complexities and subtleties of the Israeli culture, we know how the country does business and we know and understand our competition in the financial marketplace there.”

He concluded, “The 21Ventures management team is located here in the U.S. and has intimate, firsthand knowledge of the traditional technology markets and the new market niches both here and overseas. And, the Israelis are the world’s best technology innovators. Together, the two make a powerful, winning combination.”

About 21Ventures

Founded in 2003, **21Ventures LLC** invests in seed and bridge financing for both private and public technology ventures in Israel and non-core technology regions across the U.S. Its goal is to bridge the widening gap between "friends and family" funding and initial professional capital. 21Ventures focuses on portfolio companies in the Energy, Financial Services, Information Technology, Life Science, Media, Semiconductor and Telecommunication markets. In addition to its VC activities, 21Ventures designs and delivers entrepreneurial training programs for scientists, engineers and technology developers worldwide. The company is headquartered in New York City and has made eleven investments to date. Visit: www.21Ventures.net.

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