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ZAG-S&W ENVIRONMENT & NATURAL RESOURCES CLIENT ADVISORY

U.S. Extends Commitment to Fund Cooperative Energy Commercialization Program for Partnering Israeli and U.S. Companies

OPPORTUNITIES EXIST FOR PARTNERING COMPANIES TO COMPETE FOR INNOVATION GRANTS

On December 19, 2014, President Obama signed into law S. 2673, which extends Congressional authorization for the BIRD Foundation's Energy Program through September 30, 2024.

THE BIRD FOUNDATION

The Binational Industrial Research and Development (BIRD) Foundation seeks to encourage cooperation between Israeli and American companies in a wide range of technology sectors. The Foundation provides funding and assistance in order to facilitate strategic partnerships for developing joint products and/or technologies.

The BIRD Foundation was established by the United States and Israeli governments in 1977 to generate mutually beneficial cooperation between the private sectors of the U.S. and Israeli high tech industries, including start-ups and established organizations. During its 37 years, the BIRD Foundation has invested in close to 900 projects, which have yielded direct and indirect revenues of about \$10 billion.

The BIRD Foundation supports projects without receiving any equity or intellectual property rights in the participating companies or in the projects themselves. The Foundation provides support of up to 50% of a project's budget (up to \$1 million), beginning with research and development (R&D) and ending with the initial stages of sales and marketing. The Foundation shares the risk with the project's participants and does not require repayment if the project fails to reach the commercialization stage. If the project successfully reaches commercialization, the funding is repaid as royalties from sales.

IF YOU WOULD LIKE ADDITIONAL INFORMATION, PLEASE CONTACT:

Jeffrey M. Karp
202 370 3921
jkarp@zag-sw.com

Oded Har-Even
212 660 5002
ohareven@zag-sw.com

Shy S. Baranov
617 338 2932
sbaranov@zag-sw.com

Van P. Hilderbrand Jr.
202 370 3928
vhilderbrand@zag-sw.com

David John Frenkil
Strategic Advisor
DJF@CentennialGen.com

BOSTON

ZAG-S&W
One Post Office Square
Boston, MA 02109

NEW YORK

ZAG-S&W
1633 Broadway
New York, NY 10019

WASHINGTON, DC

ZAG-S&W
1666 K Street, NW
Washington, DC 20006

ISRAEL

Zysman, Aharoni, Gayer and Sullivan &
Worcester LLP
41-45 Rothschild Blvd., Beit Zion
Tel Aviv, 65784 Israel

THE BIRD ENERGY PROGRAM

The "BIRD Energy" Program is the implementation vehicle for an agreement among the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy, the Israel Ministry of National Infrastructures, Energy and Water Resources, and the BIRD Foundation. This endeavor is based on the Energy Independence and Security Act of 2007, which provides for cooperation between the U.S. and Israel on renewable energy and energy efficiency industrial R&D.

The continued funding for 2015 will be the seventh round provided by BIRD Energy, which commenced funding projects in 2009. The timetable for the 2015 funding has not yet been announced; however, we expect this year's process to mirror that of recent years. For example, in 2014, an executive summary of the grant proposal was due in July, the final proposal was due in September, and decisions were announced in early December.

To be eligible for a BIRD Energy grant, at least one party must be from the U.S. and the other from Israel. Further, the parties must be cooperating on developing an innovative technology, product, or service in areas such as solar power, alternative fuels, advanced vehicle technologies, smart grid, water-energy nexus, wind energy, or other technologies involving renewable energy or energy efficiency. Moreover, the project must have significant potential to achieve commercialization.

Additionally, to be competitive for a BIRD Foundation grant, the project applicants must demonstrate how the project will improve economic competitiveness, create jobs, and support innovative companies.

EXAMPLES OF RECENT SUCCESSFUL BIRD ENERGY PROPOSALS

The BIRD Energy Program approved the following five new projects for funding in December 2014:

- Advanced MemTech (Ness Ziona, Israel) and Arkema (King of Prussia, PA) will develop a carbon nanotube composite membrane that is electrically conductive.
- Aquanos (Shoshanat HaAmakin, Israel) and Aquagen ISI (South Yarmouth, MA) will collaborate on the development and commercialization of an

algae-activated aerobic wastewater treatment technology.

- Fridenson Logistics (Haifa, Israel) and ChargePoint (Campbell, CA) will develop a smart grid capable, cloud-connected electric vehicle charging station.
- NewCO2Fuels (Rehovot, Israel) and Acumentrics (Westwood, MA) will collaborate on the development of enhanced performance solid oxide fuels cells for dual application.
- Silentium (Rehovot, Israel) and GE Energy (Houston, TX) will collaborate on the development of active noise control for power generation ventilation.

CONCLUSION

The reauthorization of the BIRD Foundation's Energy Program highlights the U.S.'s continuing commitment to supporting innovative companies and promoting technologies involving renewable energy and energy efficiency. The process is competitive, but a collaborative partnership with a well-structured proposal can yield positive results in the form of a BIRD grant.

If you have any questions or are interested in partnering with a U.S. or an Israeli company to compete for a BIRD Energy grant, please contact one of the attorneys listed above.

ABOUT ZAG-S&W

ZAG-S&W is the world's only true Israeli-American law firm committed to the success of Israeli and U.S. companies seeking to do business between each other's countries. ZAG-S&W is a law firm partnership—one entity—not a referral relationship, with approximately 220 lawyers in the United States and Israel. Our innovative business model enables us to provide completely integrated, cost-efficient legal services, leveraging our expertise on both sides of the Atlantic to help advance our clients' objectives with maximum efficiency—whether it's forming a joint venture, entering into a licensing agreement, or listing a company on NASDAQ. However, ZAG-S&W does more than just provide legal services. We build business bridges for our clients, connecting them with the right players and the right resources to gain a competitive edge. For further information, please see <http://www.zag-sw.com>.