

# ISRAEL HIGH-TECH & INVESTMENT REPORT

A MONTHLY REPORT COVERING NEWS AND INVESTMENT OPPORTUNITIES

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## Wall Street & Venture Capital Fuel Innovation

### Wall Street Beckons

By the end of 1997 the number of Israeli companies on Wall Street will almost certainly exceed 100. The Israeli companies form the second largest foreign representation, after Canada. The sheer number puts them well ahead of Germany and Japan.

Over the years we have been studying what are the compelling reasons for Israelis to seek an American listing. Some of the reason are generally accepted by all who understand the US markets but some are related to internal Israeli considerations. Our list of considerations includes: The US capital market is the biggest/most sophisticated/ most professional/ most efficient and certainly most widely reported market with the exposure provided for these companies helping them to build product images and investment loyalty. These companies are reported on not only on television, in the printed media but also on Internet sites. Recently companies such as NICE Systems, Gilat Satellite and ESC Medical have tapped American investors for "secondary" financing of up to \$100 million per deal.

A year ago, it was the Internet shares that caught the imagination and attention of American investors. The two most outstanding Israeli representatives in this sector are VocalTec and CheckPoint.

This year, the magic words are "the year 2000". Crystal Solutions is a company dealing with millennium software solutions. That is why it has become the most successful Israeli flotation on Wall Street, providing its investors with a 290%

return.

Computer communications and telephony are also enjoying an unprecedented investment appeal, and the shares of companies in the sector respond accordingly. 18 Israeli companies have been floated on Wall Street since the beginning of the year. Ten of them are new companies.

The new issues have produced a stunning 54% return. Many of these have handsomely outperformed the Russell 100 or the Russell 2000 indices which track technology issues.

Now in line for an American listing are Super-Sol, Elbit Systems, Tefron, RADcom and others, which expect to raise hundreds of millions of dollars.

Is the wellspring for new Israeli issues drying out? Not at all. While the exact figure is not known there appear to be between 1,000 to 1,500 start-up companies in Israel for whom an American listing is a *sina qua non*.

Why do the Israelis avoid their own market in preference to the United States? Not enough exposure, a stock exchange which does not afford comparable liquidity and perhaps its smallness and being known as an emerging growth market, only recently listed on the Morgan Stanley World Index.

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## **High Profile International Investors are Carving a Slice of the High-Tech Pie**

Kardan Technology Ventures, a local Venture Capital fund has successfully completed a first round of capital raising, which brought in \$40 million. The company's aim is to use the capital for investments in Israeli high-tech industries. In the recent first round, the American Telephone and Telegraph giant pension fund committed itself to a sum of \$15 million, a Dutch company \$10 million, and Kardan Technologies \$5 million. The new fund, set up by Kardan Technologies, plans to raise a total of \$75 million.

## **Our Time Frame was too far Sighted but we are not Unhappy**

Less than a fortnight after we went to press with our most recent issue the market valuation of Electric Fuel shares soared. In our September 1997 issue we wrote as follows:

“Buy the Shares and Lock them Up. Electric Fuel shares are not expected to move up dramatically in the foreseeable future. Long-term investors could be well rewarded as a flow of royalty payments improve the company's results. Its reported losses of \$3.6 million in the first half of 1997 are a considerable improvement over the \$6.0 million loss in the comparable period in 1996. Electric Fuel Corp. (Nasdaq:EFCX), based in Jerusalem, is beginning to spread its wings with its technology which is bringing its Zinc-air battery closer towards becoming accepted as a viable answer to zero emission and an ecologically acceptable replacement of the gasoline driven engine”.

We are happily

French, Italian, German, and Dutch. Other languages will be added in the months to come. It is being marketed as being capable of doing on-the-fly translations without the need for copying, pasting or using other translation products. WordPoint allows the continuous use of an application or web site and translates the words as needed. WordPoint can be used in conjunction with applications running under Windows 95. Words from the Web, word processing documents, presentations and more can now be easily translated using Accent's patent pending Screen-Text® recognition technology. Any user that prefers to use French, Italian, German, Dutch or Spanish will find WordPoint an invaluable tool for their daily computing needs. Foreign language translation of the word appears with the click of a mouse or automatically from the position of the cursor, enabling the user, who, for example, uses English as a second language, to better understand and comprehend the content.

### **Bio-Technology General, Ares-Serono Sign Major License for OxSODrol**

Bio-Technology General Corp. (Nasdaq:BTGC) announced that Ares-Serono, a multinational pharmaceutical company based in Geneva, Switzerland, has licensed exclusive worldwide rights, except in the United States, Japan, Canada, and Israel, to OxSODrol™, BTG's genetically engineered human superoxide dismutase ('SOD') enzyme, for the treatment of bronchopulmonary dysplasia ('BPD') in premature neonates. The drug is currently in Phase III clinical trials in the U.S.

Under the terms of the agreement, BTG will manufacture and supply recombinant superoxide dismutase to Ares-Serono in the licensed territory and will receive license fees as well as payments linked to the achievement of certain milestones which could total up to \$21 million.

BPD is a serious lung disease which can occur in premature infants with respiratory distress syndrome (RDS). RDS affects 60-70% of infants born at less than 30 weeks of gestation and often leads

## **Indigo Aims at Broader Market, Customer Prosperity at Print '97 Show**

Indigo N.V. (Nasdaq:INDGF) unveiled an array of products and marketing strategies aimed at broadening the market for digital offset color printing and the growth and profitability of its customer base at the Print '97 Show in Chicago, the largest North American Graphic Arts Exhibition since 1991. Indigo is using the show both to demonstrate its state-of-the-art products and to show customers how to leverage advanced digital printing capabilities to increase profitability of jobs produced on Indigo presses.

Among the Indigo products and solutions presented in Chicago are its IndiChrome wide-gamut color printing systems, the new Omnius CardPress for high-quality, fast-turnaround, short-run printing of plastic cards, the Yours Truly Link and Yours Truly Image extended-range personalisation tools, ElectroInk Mark III high-gloss inks.

Indigo's products, the E-Print 1000+ press, and the Omnius One-Shot Color Press, produces digital print quality on a virtually limitless number of substrates or printing surfaces.

Indigo N.V., a Netherlands-based corporation with wholly-owned subsidiaries in Israel and the United States, is engaged in the research, development, production, marketing, distribution and service of electronic color printing products.

## **Internet companies Seek Foreign Alliances**

Israel's Internet software industry received a major boost with the announcement of a deal between Deutsche Telekom (DTEG.F) and Israel's VocalTec Ltd (VOCLF). This country has now been accorded second place after Silicon Valley as a major center for Internet product companies.

Deutsche Telekom, the world's third-largest telecoms carrier, has said it would take a 21 percent stake in Israel's VocalTec, which develops Internet telephony software, and buy \$30 million worth of its products over the next 30 months.

The deal is not the first big tie-up for VocalTec, which was formed in 1989 and had just \$6.5 million in sales in the first half of this year. In March

it signed a deal with Motorola Inc (MOT) and in July another with AT&T Corp (T).

A Frost and Sullivan consultancy survey recently found that VocalTec had garnered 79 percent of the market for voice over the Internet. VocalTec is not the only important Israeli Internet player.

CheckPoint

Software Technologies (Nasdaq:CHKPF) has garnered the leading market share in network security. Others, like privately held Finjan and Abirnet, are well on their way to become important market participants..

BackWeb has won praise for its Internet broadcast software and Zapa Digital Arts in multimedia.

But for all their technical strengths, Israeli Internet companies do not stand much of a chance going it alone. High tech executives says the future is in alliances like the Deutsche Telekom-VocalTec one.

There are no exact figures on the number of Israeli Internet companies. Industry observers claim that there are 50 to 60 companies.

The Internet is seen as a natural technology for Israelis, most of whom gain their technical expertise during mandatory army service and use their strength in software and communications technology based companies.

## **Where are they**

Meridor, then Laser's CEO of creating a corporate image for Laser Industries. In need of a corporate motto he turned to me to create it. Since I was a company consultant and a frequently published writer on scientific and technology subjects Tartakower assumed that I could deliver what he needed. Indeed, he was correct as in a lengthy session I coined the motto: *Laser Industries a Beam of Light for the Benefit of Mankind*. Tartakower continues to thrive as Israel's leading graphic designer. David Meridor is managing Rosebud, a medical venture capital fund, part of the Evergreen Group. As part of my preparing this company report I visited Laser Industries in their imposing building at the Atidim Science Based Industries Park, in suburban Tel-Aviv. Behind the receptionist, the wall is adorned with a magnificent hand crafted carpet proudly proclaiming A Beam of Light for the Benefit of Mankind. I looked at the receptionist and pointed to the motto and said "that is my baby". She looked puzzled as I walked down the hall for my meeting with Mannie Olswang Laser Industries' chief financial officer.

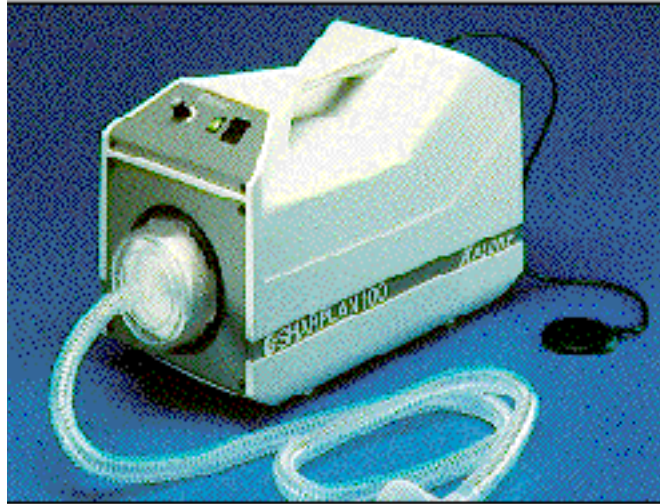
## Laser Industries

### Background

Laser Industries, Ltd. is a worldwide leader in the design, manufacturing, marketing and servicing of a broad range of aesthetic surgical laser systems for use in a variety of medical applications. Laser Industries markets more than 20 laser systems under the trade name "Sharplan." The company has also expanded its business to include patient services and opened its initial aesthetic laser treatment center in Tel Aviv in February 1997. Additional centers are scheduled to open later this year. It is a public company whose shares are traded on the Nasdaq under the symbol LASRF. Since 1972 when it was established the company has sold more than 11,000 laser systems. The company's strong international presence is maintained through a distribution chain with sales in 75 countries generated by a network of distribu-

tors and a direct sales force. It has subsidiaries in the US in New Jersey, San Diego and Rhode Island, in England in London and Warwickshire and in Freising, Germany.

The company employs 435, less than half in Israel. Its research & development staff includes



49 among them 14 holders of doctorates 35 engineers and physicists. Its R & D budget is being increased yearly and totalled \$4.6 million in 1996 which represented 12% of sales.

### Product Line

The technology of the surgical laser is fundamentally connected to the laser. The word laser stands for: "light amplification by stimulated emission of radiation". The laser is a device which is capable of emitting a coherent beam of light primarily of single wavelength and having uniform direction. This property allows light with exceptionally high intensity of power and energy to focus on very small areas. Laser systems, employing the proper wavelengths, may be used as surgical devices for cutting and vaporization of tissues and for coagulation.

The company, in the course of 25 years, has developed and successfully marketed a line of carbon dioxide surgical lasers which are particularly useful and effective for procedures in gynecological, orthopedic, dermatological and general surgery.

Following a major management decision, about four years ago, the company began to concentrate

its efforts at developing a new line of laser products for what was predicted to be a burgeoning market for cosmetic applications. A number of milestones followed: In mid-April Laser received FDA marketing clearance for new FeatherTouch SilkLaser™; for hair transplant applications. two months later it was granted Food & Drug Administration marketing clearance for ruby laser for treatment of tattoos and pigmented lesions. The company was granted patent protection for hair transplantation systems. In a new marketing approach the company began to implement a program of creating its own aesthetic laser treatment centers with the first one opened in Q1 1997 at Assuta Medical Center, Tel-Aviv. The second center was opened in Larchmont, New York in Q2 and the first European center is about to be opened in Madrid.

In April of this year the company acquired for \$16 million in cash Spectron Laser Systems producer of ruby laser technology. The acquisition of Spectron is an important milestone for Laser Industries as it seeks to establish itself as an industry leader in the hair removal market which industry analysts estimate to be in excess of \$1 billion. At that point Laser's Benjamin Givli stated: "We were among the first medical laser companies to seize upon the opportunity in the wrinkle treatment market, and we are now focused on securing a position as the leading player in the billion dollar hair removal market. The acquisition of Spectron, combined with Laser Industries' already formidable marketing power, will put us well on our way toward gaining a major share of the explosive hair removal segment."

Last month the company announced that the U.S. Food and Drug Administration (FDA) has granted marketing clearance for a new version of its EpiTouch long-pulse ruby laser hair removal system. which possesses a fiberoptic delivery system rather than an articulated arm as in the existing EpiTouch system and possesses a dual mode capability for both hair and tattoo removal.

The EpiTouch ruby laser systems augment Laser Industries Sharplan SilkLaser aesthetic product line which includes its Co2 skin resurfacing sys-

tems for lines, wrinkles, scars and hair transplantation and its new Erbium laser system.

The foreseeable future should see the company's entrance into painless dental drilling. In the advanced development stage is a dental drill powered by a laser which is also aimed at the massive teeth whitening market. The company has already entered a strategic alliance for the marketing this next major product. The system is still undergoing clinical trials in Israel, the United States and in Europe. Laser hopes to be the second entry into the American market Premier Laser Systems Inc. (Irvine, CA) has received orders valued at about \$2.3 million for its Er:YAG laser, which was cleared to market in June of this year by the FDA for hard-tissue dental applications-the first such clearance in the USA. Since the laser's FDA approval, Premier has processed more than 2500 inquiries from dentists throughout the USA and a number of foreign countries. Plans call for the manufacture of 100 Er:YAG systems per month prior to the end of 1997.

### **Facts & Figures**

The company attributes its compounded four year annual growth rate in sales of 23.7% to \$58.6 million in 1996 due to a shift in cosmetic procedures to the physician's office. In the same period the compounded four year annual growth rate of net income growth of 58.1% to \$8.8 million in 1996 has outpaced revenue growth.

According to Mannie Olswang, company Vice-President and CFO the hair removal segment products will account for about 30% of total sales in 1997 and could rise to 35-40% of annual sales in 1998. He points out that delivery of systems is now backlogged at 100 units. The company sells these units for \$120,000 to \$130,000. In the United States alone there are 8,000 physicians who carry out annually some 700,000 aesthetic dermatology procedures. The switch to laser systems is well underway and due to the large number of procedures per practitioner Olswang estimates that the the cost of the system is repaid within 3-4 months of use.

Their stock market capitalization of Laser

Industries is currently at \$157 million (8.7 million shares at \$18 a share) and considered as low, according to Olswang. He points to Wall Street analysts' projections of earnings of \$1.33 a share in 1997 and \$1.55 for 1998. Based on these figures the company's shares are trading at 11.6 times estimated 1998 earnings. "This is considerably below the average of the industry, he points out. Less than four months ago the company's shares traded at \$12 and recently have been traded at \$18.

**Conclusion**

Laser Industries appears to be well positioned to be among the world's leaders in the cosmetic field as it is assuring itself by acquisition of a supply of the critically needed components. Its marketing arm is well established and the company has a good reputation among the traditional users of hospital surgical lasers.

Its projections of more than 20% annual growth in revenues and profits seem reachable as the company further penetrates its niche markets of which hair removal is estimated at \$150 million.. If there is anything which can be considered as a cloud on an otherwise sunny horizon is the possibility of an unfavorable judgement in a patent litigation which is anticipated to be concluded in Q4. In 1995 in a litigation settlement it paid out \$8.1 million.

**New Biotechnology Investment Group**

Arison Investments, Teva, Len Abramson, and

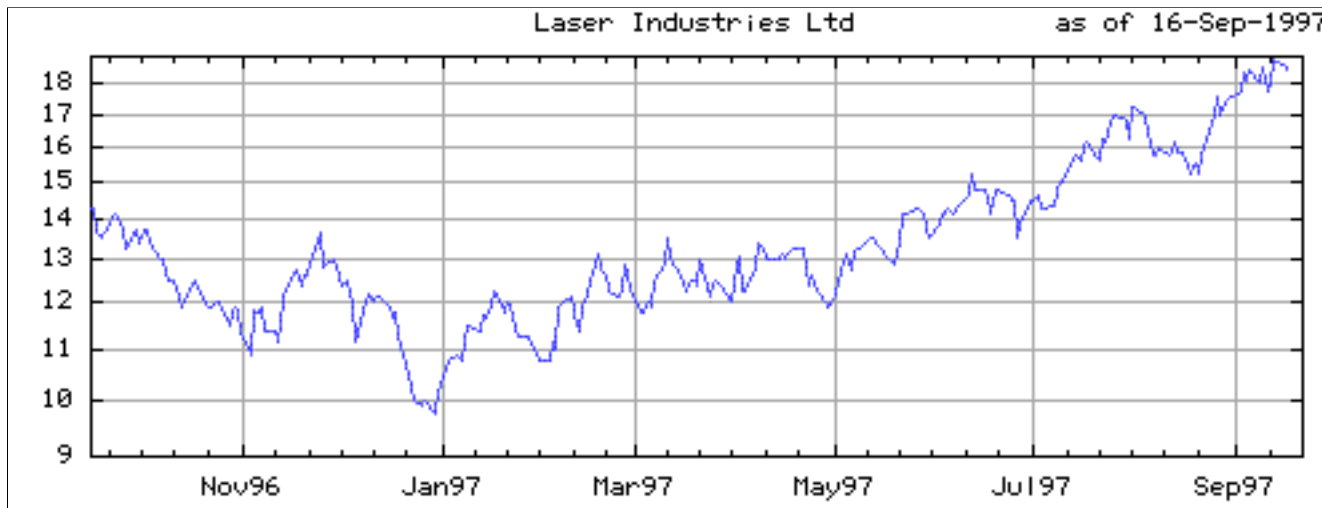
Professor Ben-Ad Goldwasser announced the setting up of a joint company for investing in the area of medical technology and biotechnology. The company, Biomedical Investments, will focus on investment in Israeli start-up companies. Its capital will be \$20 million.

The company will be managed by Goldwasser, who recently served as director of the Urological Surgery Department at Sheba Hospital. Over the last five years, Goldwasser has been involved in setting up several start-up companies in the medical field, among them Medinol.

Len Abramson is a partner in the Arison consortium which recently won the tender for purchasing the controlling interest in Bank Hapoalim. It is invested in Shikun u'Binui, and also has investments in some 35 high tech companies, most of them at the start-up stage. The investors say that the special feature of the new partnership is its specialization in the areas of medical technology and biotechnology They also said the aid granted to start-up companies will amount to more than financial support, given the partners' background in these fields.

**Bausch ,Pharmos get FDA letter on Lotemax**

Bausch & Lomb Pharmaceuticals and Pharmos Corp (PARS) announced the FDA had issued an ``approvable letter" for the new drug application for its ophthalmic anti-inflammatory



product Lotemax. According to the FDA letter, the drug is approvable subject to the companies satisfactorily addressing several remaining issues, the companies said. Bausch & Lomb and Pharmos said the new drug application for the topical steroid was based on clinical trials involving 1600 patients. The US market for Lotemax is estimated at \$350 million and the partners hope to reach a 20% market share by the end of the decade.

### **Technology-Intensive Industry is Israel's Best Chance for Economic Growth.**

This is an export-oriented industry, and every additional job it creates generates an additional three jobs in the support industries. High-tech exports have increased from \$5 billion in 1990 to \$10 billion in 1996.

Government support through the Chief Scientist's Office at the Ministry of Trade and Industry has been the main catalyst for this growth. Yet in 1997, the Chief Scientist's budget is 30% too small to be able to respond to industry's requirements and the 1998 budget has now been cut, and will be able to respond to only some 60% of expected applications. While the effects of reduced funding while the number of companies seeking assistance increases may not be felt at once, the long term effects may dampen the growth of the industry. Reduced Government R&D funding also may increase the risk in the eyes of investors. Today's growth derives from investments made in 1994-95. Percentage growth in the telecommunications sector was 57% from 1994 to 1996, and 106% in the same period for the software sector. Capital import to the State of Israel is high-tech industry-oriented. In 1996 alone, total capital raised for this sector was \$1.2 billion.

At least \$100 million must be injected immediately into this year's R&D budget, plus another \$200 million into the 1998 budget.

### **Apax Announces \$500 mil. Fund**

The Apax International group has recently set up a new, \$500 million investment fund, called Apax 6. Apax chairman Roland Cohen announced that 10% of the fund is earmarked for investment in

Israel, through the Apax Leumi Investment fund.

Apax Leumi general manager Hanoeh Barkat said that the new fund's moneys are earmarked for industry and services, and also for an area new to Israel, management buy-outs.

These are total or partial purchases by managers of the companies they manage. Apax Leumi will supply them with the requisite finance.

Apax Leumi will give special attention to kibbutz factories interested in bringing in international partners to extend their export activity. The decision to operate in kibbutz industry, whose exports amount to \$1 billion a year, stems from Apax Leumi's assessment that many factories in this sector have potential for growth and exports far in excess of their current dimensions.

Apax Leumi is a \$50 million fund for investment in Israel. It invests in industry, services, and high-tech.

The Apax International group manages investments of over \$3 billion in 200 companies in the USA, Germany, Britain, and France.

### **Crystal Systems Solutions EURO-Currency Conversion Software Chosen by Ford**

Crystal Systems Solutions Ltd. (Nasdaq:CRYSF), a developer of conversion projects for mainframe computer systems, various programming language upgrades and data field conversions, announced that the Ford Motor Company (NYSE:F) has chosen Crystal Systems Solutions' C-MILL EURO-currency conversion tool and methodology as its standard at all Ford mainframe sites in Europe.

The announcement followed the successful completion of a number of evaluation projects conducted in two major departments of Ford in Germany.

In making the announcement, Amiram Mel, Chief Executive Officer of Crystal Systems Solutions, said, "This announcement represents a major milestone for Crystal Systems Solutions. Having performed many Year 2000 assessment and conversion projects to date, Crystal Systems Solutions is positioning itself as a major player in the



upcoming EURO-currency conversion area. We look forward to completing all phases of the EURO-currency conversion process in a timely and efficient manner.”

Crystal Systems Solutions has developed and is focusing on marketing an advanced, highly automated millennium and EURO-currency conversion solution for information systems in the IBM MVS mainframe environment. The Company provides software tools and services which are used to solve the widespread problems caused by the inability of certain information systems to properly interpret dates for the year 2000 and beyond as well as the implementation of the upcoming EURO-currency.

### **ESC Medical Systems Ltd. Presents New, Patented Skin Rejuvenation Product**

ESC Medical Systems Ltd. (Nasdaq:ESCMF) announced that it introduced its new Derma K laser system for skin rejuvenation at the ASPRS (American Society for Plastic and Reconstructive Surgery) annual meeting in San Francisco which took place last month. Initially, the Derma K will be used in the U.S. for investigational purposes only.

The development of the patented Derma K laser system was led by Dr. Ziv Karni, ESC's Vice President for Research and Development. The system uses a combination of pulsed Er:Yag and CO<sub>2</sub> laser irradiation to achieve full control of the temperature profile created in live tissue during laser skin ablation. This controlled temperature profile is critical in achieving optimal skin rejuvenation with the shortest post-treatment healing period. During the last twelve months, clinical trials for the Derma K were performed outside of the United States, leading to the product's international sales.

Dr. Shimon Eckhouse, Chairman and Chief Executive Officer, commented, “The Derma K is an excellent addition to our cosmetic/medical product line. The system's unique features will benefit both physicians and patients. The physician is given unprecedented control in performing

skin rejuvenation applications while the patient is able to experience an accelerated healing time.” ESC Medical Systems Ltd. develops, manufactures and markets medical devices utilizing both state-of-the-art lasers and proprietary intense pulsed light source technology for non-invasive treatment of varicose veins and other benign vascular lesions, as well as for hair removal, skin cancer, skin rejuvenation and other clinical applications. The Company's current products include the Epilight™ Hair Removal System, the PhotoDerm® VL for benign vascular lesions and the PhotoDerm® PL for pigmented lesions and tattoos, as well as the NovaPulse, the Derma™ 20, the Topaz™ 30 and the LX 20 lasers for a variety of clinical and dermatological applications, all of which have been cleared for marketing in the U.S. and are marketed internationally. In addition, the Company markets the Silhouette™ Therapeutic Massage System and the VersaLight® for skin tumors. The VersaLight is currently available for commercial use only outside the U.S.

### **Idan Software Wins \$30 million Contract**

Idan Software Industries - I.S.I. Ltd. (Nasdaq:IDANF) stated that its Formula Software Services Ltd unit has won a \$30 million share of a contract to develop a billing system for an Israeli business entity.

Idan said the total value of the contract is \$75 million and work on the system will be undertaken with American Management Systems Inc (AMSY) and privately-held Amdocs Inc.

“The project is expected to be performed principally in 1998 and 1999 and will increase FSS' aggregate turnkey project backlog in the two-year period to over \$50 million, not including ongoing consulting and outsourcing services,” said Meir Moshe, Idan's chief financial officer, in a statement.

Idan, through FSS, develops customized information technology systems.

## Intel launches High-capacity Flash Memory Chip

Intel Corp. unveiled a powerful new type of memory chip that promises to usher in a new era of more powerful computers by doubling a chip's memory capacity.

The 64-megabit flash memory chip, which is the size of a fingernail, can store two bits of information on each transistor, essentially doubling the data storage capacity of each memory cell.

Intel, the world's largest maker of semiconductors, said it expected the chip to be used in a variety of electronic devices, including computers, cellular phones, digital voice recorders, larger capacity digital cameras and digital television's set-top boxes. The company also expects large demand for the chip in traditional applications, including network products such as local area network switches and in game development tools.

"As cellular-phone manufacturers will be increasingly focused on adding more functions to their products, we can expect a expansion of demand for large-capacity memories," an Intel executive stated.

The breakthrough involves a type of chip called flash memory that can store information even when the computer is turned off.

Traditionally, semiconductor makers sought to make chips more efficient by shrinking the size of

the transistors so more of them could be squeezed onto each chip. However, Intel's approach is to pack more information into each transistor, thereby making them more efficient and shattering a long-held principle in the technology industry called Moore's Law.

"Two bits in the space of one starts a new direction in memory technology," Gordon Moore, co-founder and chairman emeritus of Intel, said in a statement. "This will lead to lower cost and new applications."

### Intel's New Chip Developed in Israel

The new computer memory chip announced by Intel can store twice as many transistors as current chips. The expectation is more playback and recording time for items such as digital voice recorders, improved video, and more powerful computers. It could also cut in half Moore's Law -- that each generation of computer chips renders its predecessors obsolete every 18 months or so.

As with the case of the highly successful Pentium Processor with MMX technology the new chip was developed at Intel's Israeli based development center. It is another glorious chapter in the achievements of Israeli engineering. Intel's presence in Israel is now in its third decade. It began with two R&D development centers in Haifa and Jerusalem. Last year Intel's management approved a plan to invest \$1.5 billion in Israel, as a result of which 1,500 new jobs will be created and are to lead to annual exports of \$1.0 billion.

The success in developing innovative technological products can only serve as the best magnet for other technology giants to consider opening development centers in this country.

Moore enunciated Moore's Law more than 30 years ago, saying the power and complexity of the silicon chip will double every 18 months with proportionate decreases in cost. Over the past nine years, Intel flash memory paralleled Moore's Law by increasing density from 256-kbits in 1988 to 32-megabits in 1997.

However, by storing multiple bits of information in one memory cell, Intel said, it is moving beyond Moore's law. "Today's new Intel StrataFlash memory, with 64Mbits per chip, offers twice the density originally projected," the company said. "This breakthrough technology sets a new density level that allows Intel to be one chip generation ahead of the industry."

The new 64-megabit chip will be sold for \$29.90 in the United States and for \$32 in Japan, Intel officials said,

adding that prices would likely decline by several dollars by the end of 1998.

The company expects to ship between one million and 10 million units of the new StrataFlash memory chips in 1998.