

Protalix BioTherapeutics, Inc.  
Form PRE 14A  
September 29, 2014

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Protalix BioTherapeutics, Inc.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- |    |   |
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| 1) | Title of each class of securities to which transaction applies:   |
| 2) | Aggregate number of securities to which transaction applies:  |
| 3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): |
| 4) | Proposed maximum aggregate value of transaction:  |
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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing:

- |    |  |
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| 1) | Amount Previously Paid:                      |
| 2) | Form, Schedule or Registration Statement No: |
| 3) | Filing Party:                                |
| 4) | Date Filed:                                  |

September 29, 2014

Dear Shareholder,

We cordially invite you to attend the 2014 Annual Meeting of Shareholders of Protalix BioTherapeutics, Inc. to be held at 6:30 p.m., Israel time, on November 10, 2014 at our corporate headquarters, 2 Snunit Street, Science Park, Carmiel, Israel. The attached notice of annual meeting and proxy statement describe the business we will conduct at the meeting and provide information about us that you should consider when you vote your shares. As set forth in the attached proxy statement, the meeting will be held to consider the election of directors, to approve an advisory vote on executive compensation, to approve an advisory vote on the frequency of an advisory vote on executive compensation, to approve an amendment to our articles of incorporation providing that one-third (1/3) of the votes entitled to be cast on any matter by a voting group shall constitute a quorum of that voting group for action on that matter, to adopt amendments to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan to increase the number of shares of common stock available under the plan from 11,341,655 shares to 13,841,655 shares and to amend certain other terms of said plan, and the ratification of the appointment of our independent registered public accounting firm for the fiscal year ending December 31, 2014. Please take the time to carefully read each of the proposals shareholders are being asked to consider and vote on.

When you have finished reading the proxy statement, please promptly vote your shares either via the Internet, by telephone or by marking, signing, dating and returning the proxy card in the enclosed envelope. Your vote is important, whether or not you attend the meeting in person. We encourage you to vote by proxy so that your shares will be represented and voted at the meeting. If you decide to attend the meeting and vote in person, your proxy may be revoked at your request.

We appreciate your support and look forward to your attending the meeting.

Sincerely,

Yossi Maimon

Vice President and Chief Financial Officer

2 Snunit Street, Science Park P.O.B. 455, Carmiel 20100, Israel

Tel: 972-4-988-9488 | Fax: 972-4-988-9489 | Web: [www.protalix.com](http://www.protalix.com)

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**NOTICE OF 2014 ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD NOVEMBER 10, 2014**

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To the Shareholders of Protalix BioTherapeutics, Inc.:

The 2014 Annual Meeting of Shareholders of Protalix BioTherapeutics, Inc. will be held at the following time, date and place for the following purposes:

TIME: 6:30 p.m., Israel time

DATE: November 10, 2014

PLACE: Protalix BioTherapeutics Headquarters, 2 Snunit Street, Science Park, Carmiel, Israel

**PURPOSES:**

1. To elect seven members to the Board of Directors to serve for the ensuing year or until their respective successors have been duly elected.
2. To approve, on a non-binding advisory basis, the compensation of our named executive officers as disclosed in the proxy statement that accompanies this notice.
3. To approve, on a non-binding advisory basis, on the frequency (every one, two or three years) that shareholders of the Company will have a non-binding, advisory vote on the compensation of the Company's named executive officers.
4. To approve an amendment to our articles of incorporation providing that one-third (1/3) of the votes entitled to be cast on any matter by a voting group shall constitute a quorum of that voting group for action on that matter.
5. To adopt amendments to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan to increase the number of shares of common stock available under the plan from 11,341,655 shares to 13,841,655 shares and to amend certain other terms of said plan as described in the proxy statement that accompanies this notice.
- 6.

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To ratify the appointment of Kesselman & Kesselman, Certified Public Accountant (Isr.), a member of PricewaterhouseCoopers International Limited, as our independent registered public accounting firm for the fiscal year ending December 31, 2014.

7. To transact such other business that is properly presented at the meeting or any adjournment.

All of these proposals are more fully described in the proxy statement that follows. You may vote at the meeting and any adjournments if you were the record owner of our common stock at the close of business on September 12, 2014. A list of shareholders of record will be available at the meeting and, during the 10 days prior to the meeting, at the office of our Corporate Secretary at the above address.

**Please sign, date and promptly return the enclosed proxy card in the enclosed envelope, or vote by telephone or Internet (instructions are on your proxy card), so that your shares will be represented whether or not you attend the annual meeting.**

BY ORDER OF THE BOARD OF DIRECTORS

Yossi Maimon

Carmiel, Israel      Vice President and Chief Financial Officer  
September 29, 2014 and Corporate Secretary

**Protalix BioTherapeutics, Inc.**  
**2 Snunit Street, Science Park**  
**POB 455**  
**Carmiel 20100, Israel**  
**972-4-988-9488**

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## **PROXY STATEMENT FOR PROTALIX BIOTHERAPEUTICS, INC.**

### **2014 ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON NOVEMBER 10, 2014**

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### **GENERAL INFORMATION ABOUT THE ANNUAL MEETING**

#### **Why Did You Send Me this Proxy Statement?**

We sent you this proxy statement and the enclosed proxy card because the Board of Directors of Protalix BioTherapeutics, Inc. is soliciting your proxy to vote at the 2014 annual meeting of shareholders and any adjournments of the meeting to be held at 6:30 p.m., Israel time, on November 10, 2014 at our corporate headquarters, 2 Snunit Street, Science Park, Carmiel, Israel. This proxy statement, along with the accompanying Notice of Annual Meeting of Shareholders, summarizes the purposes of the meeting and the information you need to know to vote at the annual meeting.

We anticipate that on or about October 10, 2014, we will begin sending this proxy statement, the attached Notice of Annual Meeting and the form of proxy enclosed to all shareholders entitled to vote at the meeting. Although not part of this proxy statement, we are also sending along with this proxy statement our Annual Report on Form 10-K which includes financial statements for the fiscal year ended December 31, 2013. **You can also find a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 on the Internet through the electronic data system called EDGAR provided by the Securities and Exchange Commission, or the SEC, at <http://www.sec.gov> or through the Investor Relations section of our website at <http://www.protalix.com>.** In addition, since we are also listed on the Tel Aviv Stock Exchange, we submit copies of all our filings with the SEC to



the Israeli Securities Authority and the Tel Aviv Stock Exchange. Such copies can be retrieved electronically through the Tel Aviv Stock Exchange's Internet messaging system ([www.maya.tase.co.il](http://www.maya.tase.co.il)) and through the MAGNA distribution site of the Israeli Securities Authority ([www.magna.isc.gov.il](http://www.magna.isc.gov.il)). Our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and information on the website other than the proxy statement are not part of our proxy soliciting materials. **Additional copies of the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 are available upon request.**

### **Who Can Vote?**

Only holders of record of our common stock, par value \$0.001 per share, on September 12, 2014, the record date, are entitled to vote at the annual meeting. On the record date, there were 93,663,063 shares of common stock outstanding and entitled to vote. The common stock is currently our only outstanding class of voting stock.

You do not need to attend the annual meeting to vote your shares. Shares represented by valid proxies, received in time for the meeting and not revoked prior to the meeting, will be voted at the meeting.

### **How Many Votes Do I Have?**

Each share of common stock that you own entitles you to one vote.

### **How Do I Vote?**

Whether you plan to attend the annual meeting or not, we urge you to vote by proxy. Voting by proxy will not affect your right to attend the annual meeting. If your shares are registered directly in your name through our stock transfer agent, American Stock Transfer & Trust Company, or you have stock certificates, you may vote:

**By mail.** Complete, date, sign and mail the enclosed proxy card in the enclosed postage prepaid envelope. Your proxy will be voted in accordance with your instructions. If you sign the proxy card but do not specify how you want your shares voted, they will be voted as recommended by our Board of Directors.

**By Internet or by telephone.** Follow the instructions attached to the proxy card to vote by Internet or telephone.

**In person at the meeting.** If you attend the meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which will be available at the meeting.

If your shares are held in “street name” (held in the name of a bank, broker or other nominee), you must provide the bank, broker or other nominee with instructions on how to vote your shares and can generally do so as follows:

**By mail.** You will receive instructions from your broker or other nominee explaining how to vote your shares.

**By Internet or by telephone.** Follow the instructions you receive from your broker to vote by Internet or telephone.

**In person at the meeting.** Contact the broker or other nominee who holds your shares to obtain a broker’s proxy card and bring it with you to the meeting. You will not be able to vote at the meeting unless you have a proxy card from your broker.

## What am I Voting On?

You are voting on:

The election of seven members to our Board of Directors to serve for the ensuing year or until their respective successors have been duly elected (Shlomo Yanai, Moshe Manor, Amos Bar Shalev, Zeev Bronfeld, Yodfat Harel Buchris, Roger D. Kornberg, Ph.D., and Aharon Schwartz, Ph.D.).

To approve, on a non-binding advisory basis, the compensation of our named executive officers as disclosed in this proxy statement.

To approve, on a non-binding advisory basis, on the frequency (every one, two or three years) that shareholders of the Company will have a non-binding, advisory vote on the compensation of the Company’s named executive officers.

To approve an amendment to our articles of incorporation providing that one-third (1/3) of the votes entitled to be cast on any matter by a voting group shall constitute a quorum of that voting group for action on that matter.

The adoption of amendments to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan which increases the number of shares of common stock authorized for issuance under the plan from 11,341,655 shares to 13,841,655 shares and to amend certain other terms of said plan as described in this proxy statement.

The ratification of the appointment of Kesselman and Kesselman, Certified Public Accountant (Isr.), A Member of PricewaterhouseCoopers International Limited, as our independent registered public accounting firm for the fiscal year ending December 31, 2014.

### **How does the Board of Directors Recommend that I Vote at the Meeting?**

The Board of Directors recommends that you vote as follows:

**“FOR”** the election or re-election of all director nominees named in the “Proposal 1: Election of Directors” section in this proxy statement.

“**FOR**” the approval, on a non-binding advisory basis, our executive compensation as disclosed in the proxy statement that accompanies this notice and as described in “Proposal 2: Advisory Vote on Executive Compensation” section in this proxy statement.

“**FOR**” the approval, on a non-binding advisory basis, of every one year as the frequency that our shareholders will have a non-binding, advisory vote on our executive compensation as described in the “Proposal 3: Advisory Vote on the Frequency of an Advisory Vote on Executive Compensation” section in this proxy statement.

“**FOR**” the approval of an amendment to our articles of incorporation providing that one-third (1/3) of the votes entitled to be cast on any matter by a voting group shall constitute a quorum of that voting group for action on that matter as described in the “Proposal 4: Amendment to the Articles of Incorporation to Decrease Quorum Requirement” section in this proxy statement.

“**FOR**” the adoption of the amendments to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan as described in “Proposal 5: Amendment to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan to Increase the Number of Authorized Shares of Common Stock Reserved for Issuance under the Plan and amend certain other terms of the Plan” section in this proxy statement.

“**FOR**” the ratification of Kesselman and Kesselman as our independent registered public accounting firm for the 2014 fiscal year, as named in “Proposal 6: Ratification of Independent Registered Public Accounting Firm” section in this proxy statement.

If any other matter is properly presented at the meeting or any adjournment, the proxy card provides that your shares will be voted by the proxy holder listed on the proxy card in accordance with his or her best judgment. At the time this proxy statement was printed, we knew of no matters that needed to be acted on at the annual meeting, other than those discussed in this proxy statement.

### **What Constitutes a Quorum for the Meeting?**

The holders of a majority of all of the outstanding shares of common stock entitled to vote at the annual meeting, present in person or by proxy, shall constitute a quorum at the annual meeting. Of the 93,663,063 shares of common stock outstanding as of the record date, a majority, or at least 46,831,532 shares, must be present at the meeting in person or represented by proxy to hold the meeting and conduct business. Once a quorum is established at a meeting, it shall not be broken by the withdrawal of enough votes to leave less than a quorum. Shares held by shareholders of record who are present at the meeting in person or by proxy are counted for purposes of determining whether a quorum exists. Abstentions and “broker non-votes” are also counted as present and entitled to vote for purposes of determining whether a quorum exists. If a quorum is not present, the meeting will be adjourned until a quorum is obtained.

## **What are the Voting Requirements to Approve a Proposal?**

### *Election of directors*

Assuming a quorum is present, nominees for director will be elected by a plurality of the votes cast by the shares of common stock voting in person or represented by proxy at the annual meeting. This means that the nominees who receive the most affirmative votes will be elected to the Board of Directors. In voting to elect nominees to the Board of Directors, shareholders may vote in favor of all the nominees or any individual nominee or withhold their votes as to all the nominees or any individual nominee. Shares not present at the annual meeting have no effect on the election of directors.

### *Approval of non-binding advisory resolution on executive compensation*

You may vote “FOR,” “AGAINST” or “ABSTAIN” on the advisory vote on executive compensation. If a quorum is present, approval requires that the number of votes cast at the annual meeting in favor of the resolution exceeds the number of votes cast opposing the resolution. The outcome of this vote is not binding; however, the Board of Directors and the Compensation Committee will consider the outcome of the vote when developing and reviewing the future executive compensation plans. Abstentions and broker non-votes will have no effect.

*Vote on a non-binding advisory resolution regarding the frequency of the vote regarding executive compensation*

Shareholders will be asked to vote on whether to advise us to include in our proxy statement a non-binding, advisory vote on executive compensation every year, two years or three years. You may vote “One Year,” “Two Years,” “Three Years” or “ABSTAIN.” If a quorum is present, the outcome of this vote will be determined by a plurality of the votes cast, which means that, while the outcome of this vote is not binding on us, we will take under advisement the choice (every year, two years or three years) that receives the most votes. Abstentions and broker non-votes have no effect.

*Amendment to the Articles of Incorporation to Decrease Quorum Requirement*

You may vote “FOR,” “AGAINST” or “ABSTAIN” on the adoption of an amendment to our articles of incorporation providing that one-third (1/3) of the votes entitled to be cast on any matter by a voting group shall constitute a quorum of that voting group for action on that matter. If a quorum is present, adoption of the amendment requires that the number of votes cast at the annual meeting in favor of adoption exceeds the number of votes cast opposing adoption. Abstentions and broker non-votes (shares held by brokers that do not have discretionary authority to vote on a matter and have not received voting instructions from their clients) will have no effect.

*Adoption of amendments to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan to increase the number of authorized shares of common stock reserved for issuance under the plan and to amend certain other terms of the plan*

You may vote “FOR,” “AGAINST” or “ABSTAIN” on the adoption of an amendment to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan to increase the number of authorized shares of common stock reserved for issuance under the plan. If a quorum is present, adoption of the amendment requires that the number of votes cast at the annual meeting in favor of adoption exceeds the number of votes cast opposing adoption. Abstentions and broker non-votes (shares held by brokers that do not have discretionary authority to vote on a matter and have not received voting instructions from their clients) will have no effect.

*Ratification of the selection of Kesselman & Kesselman as our independent auditor*

You may vote “FOR,” “AGAINST” or “ABSTAIN” on the ratification of the selection of Kesselman & Kesselman to serve as our principal independent registered public accounting firm for the fiscal year ending December 31, 2014. If a quorum is present, ratification of the appointment of our independent registered public accounting firm requires that the number of votes cast at the annual meeting in favor of ratification exceeds the number of votes cast opposing ratification. Abstentions and broker non-votes will have no effect.

### **How are My Votes Cast when I Sign and Return a Proxy Card?**

When you sign the proxy card or submit your proxy by telephone or over the Internet, you appoint Yossi Maimon, our vice president and chief financial officer, as your representative at the meeting. Yossi Maimon will vote your shares at the meeting as you have instructed them on the proxy card. Mr. Maimon may appoint a substitute for himself.

Even if you plan to attend the meeting, it is a good idea to complete, sign and return your proxy card or submit your proxy by telephone or over the Internet in advance of the meeting in case your plans change. This way, your shares will be voted by you whether or not you actually attend the meeting.

### **May I Revoke My Proxy?**

If you give us your proxy, you may revoke it at any time before it is voted at the meeting. There will be no double counting of votes. You may revoke your proxy in any one of the following ways:

entering a new vote or by granting a new proxy card or new voting instruction bearing a later date (which automatically revokes the earlier instructions);

if your shares are held in street name, re-voting by Internet or by telephone as instructed above (only your latest Internet or telephone vote will be counted);

notifying our Corporate Secretary, Yossi Maimon, in writing before the annual meeting that you have revoked your proxy; or

attending the meeting in person and voting in person. Attending the meeting in person will not in and of itself revoke a previously submitted proxy unless you specifically request it.

### **Can my broker vote my shares for me?**

No. A broker “non-vote” occurs when a broker or nominee holding shares for a beneficial owner does not vote on a particular matter because the matter is not routine and such broker or nominee does not have the discretionary voting authority to vote the shares for which it is the holder of record with respect to a particular matter at the annual meeting and such broker or nominee has not received instructions from the beneficial owner. Broker “non-votes,” and shares as to which proxy authority has been withheld with respect to any matter, are generally not deemed to be entitled to vote for purposes of determining whether stockholders’ approval of that matter has been obtained. Pursuant to New York Stock Exchange (“NYSE”) Rule 452, the uncontested election of directors (Proposal No. 1), the approval of a non-binding advisory resolution on executive compensation (Proposal No.2), the vote on a non-binding advisory resolution regarding the frequency of the vote regarding executive compensation (Proposal No. 3), the amendment to the Articles of Incorporation to decrease the quorum requirement (Proposal No. 4) and the adoption of amendments to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan which increase the number of shares of common stock authorized for issuance under the plan and amend certain other terms of the plan (Proposal No. 5), are non-routine matters and, therefore, may not be voted upon by brokers without instruction from beneficial owners. Consequently, proxies submitted by brokers for shares beneficially owned by other persons may not, in the absence of specific instructions from such beneficial owners, vote the shares in favor of a director nominee or withhold votes from a director nominee at the brokers’ discretion. **Please complete your proxy and return it as instructed so your vote can be counted.**

### **What if I Receive More than One Proxy Card?**

You may receive more than one proxy card or voting instruction form if you hold shares of our common stock in more than one account, which may be in registered form or held in street name. Please vote in the manner described under “How Do I Vote?” for each account to ensure that all of your shares are voted.

### **What if I do not Vote for Some of the Matters Listed on My Proxy Card?**



If you return your proxy card without indicating your vote, your shares will be voted *for* the nominees listed on the card; *for* the approval, on an advisory basis, of the executive compensation; *for* the approval, on an advisory basis, of every one year as the frequency that our shareholders will have a non-binding, advisory vote on our executive compensation; *for* an amendment to our articles of incorporation providing that one-third (1/3) of the votes entitled to be cast on any matter by a voting group shall constitute a quorum of that voting group for action on that matter; *for* the adoption of the amendments to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan to increase the number of shares reserved for issuance under the plan and to amend certain other terms of the plan; and *for* the ratification of the appointment of Kesselman & Kesselman.

### **What if I Abstain?**

An abstention on any proposal are not counted as votes “for” or “against” the proposal and will not have any effect on the outcome of the vote on the proposal.

### **Will My Shares be Voted if I do not Return My Proxy Card and do not Attend the Annual Meeting?**

If your shares are registered in your name or if you have stock certificates, they will not be voted if you do not return your proxy card by mail or vote at the meeting as described above under “How Do I Vote?”.

If your shares are held in street name and you do not provide voting instructions to the bank, broker or other nominee that holds your shares as described above under “How Do I Vote?,” the bank, broker or other nominee has the authority to vote your shares on certain routine matters scheduled to come before the meeting even if it does not receive instructions from you. We encourage you to provide voting instructions. This ensures your shares will be voted at the meeting in the manner you desire.

**Is Voting Confidential?**

Yes. Only the inspector of elections and our employees that have been assigned the responsibility for overseeing the legal aspects of the annual meeting will have access to your proxy card. The inspector of elections will tabulate and certify the vote. Any comments written on the proxy card will remain confidential unless you ask that your name be disclosed.

**What are the Costs of Soliciting these Proxies?**

We will pay all of the costs of soliciting these proxies. Our directors and employees may solicit proxies in person or by telephone, fax or email. We will pay these employees and directors no additional compensation for these services. We will ask banks, brokers and other institutions, nominees and fiduciaries to forward these proxy materials to their principals and to obtain authority to execute proxies. We will then reimburse them for their expenses. From time to time, we may engage a proxy solicitor to help us attain a quorum for the meeting.

**Could other Matters be Decided at the Annual Meeting?**

We do not know of any other matters that will be considered at the annual meeting. If any other matters arise at the annual meeting at or by the direction of the board of directors, the proxies will be voted at the discretion of the proxy holders.

**What Happens if the Annual Meeting is Postponed or Adjourned?**

Your proxy will still be valid and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

**Do I Need a Ticket to Attend the Annual Meeting?**

Yes, you will need an admission ticket or proof of ownership of common stock to enter the annual meeting. If you are a shareholder of record, your admission ticket is the bottom half of the proxy card sent to you. If you plan to attend the

annual meeting, please so indicate when you vote and bring the ticket with you to the annual meeting. If your shares are held in the name of a bank, broker or other holder of record, your admission ticket is the left side of your voting information form. If you do not bring your admission ticket, you will need proof of ownership to be admitted to the annual meeting. A recent brokerage statement or letter from a bank or broker is an example of proof of ownership. If you arrive at the annual meeting without an admission ticket, we will admit you only if we are able to verify that you are a shareholder of our company.

## **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information, as of September 26, 2014, regarding beneficial ownership of our common stock:

· each person who is known by us to own beneficially more than 5% of our common stock;

· each director;

· each of our Chief Executive Officer, our Executive Vice President, Research and Development, our Senior Vice President, Product Development, our Chief Financial Officer and our Chief Operating Officer; and

· all of our directors and executive officers collectively.

Unless otherwise noted, we believe that all persons named in the table have sole voting and investment power with respect to all shares of our common stock beneficially owned by each of them. For purposes of these tables, a person is deemed to be the beneficial owner of securities that can be acquired by such person within 60 days from September 26, 2014 upon exercise of options, warrants and convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants and convertible securities that are held by such person (but not those held by any other person) and that are exercisable within such 60 days from such date have been exercised. The information set forth below is based upon information obtained from the beneficial owners, upon information in our possession regarding their respective holdings and upon information filed by the holders with the SEC. The percentages of beneficial ownership are based on 93,663,063 shares of our common stock outstanding as of September 26, 2014.

The address for all directors and officers is c/o Protalix BioTherapeutics, Inc., 2 Snunit Street, Science Park, P.O. Box 455, Carmiel 20100, Israel.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class (%)
<b>Board of Directors and Executive Officers</b>		
Shlomo Yanai (1)	—	—
David Aviezer, Ph.D., MBA (2)	1,997,022	2.1
Yoseph Shaaltiel, Ph.D. (3)	1,138,602	1.2
Amos Bar Shalev	1,680	*
Zeev Bronfeld (4)	3,348,057	3.6
Yodfat Harel Buchris (5)	137,424	*
Roger D. Kornberg, Ph.D. (6)	50,000	*
Eyal Sheratzky	—	—
Einat Brill Almon, Ph.D. (7)	523,668	*
Yossi Maimon (8)	387,396	*
Tzvi Palash (9)	217,375	*
All executive officers and directors as a group (11 persons) (10)	7,801,224	8.1
<b>5% Holders</b>		
Al-Rov (Israel) Ltd. (11)	4,915,383	5.3
Federated Investors Inc. (12)	9,942,841	10.6
Baillie Gifford & Co. (13)	6,407,588	6.8
Allianz Asset Management AG (14)	5,814,887	6.2

\* less than 1%.

(1) Does not include 150,000 shares of our common stock underlying options that will not vest within 60 days of September 26, 2014 and are subject to certain conditions.

(2) Consists of 1,761,897 shares of our common stock issuable upon exercise of outstanding options within 60 days of September 26, 2014 and 235,125 restricted shares of our common stock that have vested or will vest within 60 days of September 26, 2014. Does not include 41,667 shares of our common stock underlying options that will not vest within 60 days of September 26, 2014 and 182,875 restricted shares of our common stock that will not vest within 60 days of September 26, 2014.

(3) Consists of 463,754 shares of our common stock held by Dr. Shaaltiel, 556,723 shares of our common stock issuable upon exercise of outstanding options within 60 days of September 26, 2014 and 118,125 restricted shares of our common stock that have vested or will vest within 60 days of September 26, 2014. Does not include 24,167 shares of our common stock underlying options that will not vest within 60 days of September 26, 2014 and 91,875

restricted shares of our common stock that will not vest within 60 days of September 26, 2014.

Consists of 1,838,109 shares of our common stock held by directly by Mr. Bronfeld and 1,509,948 shares of our common stock held by Biocell Ltd. Mr. Bronfeld is a director and Chief Executive Officer of Biocell. Mr. Bronfeld disclaims beneficial ownership of the shares held by Biocell Ltd. except to the extent of his pecuniary interest therein. According to public disclosures by Biocell Ltd., on August 13, 2014 it sold 4,400,000 shares of our (4) common stock in a series of private transactions. The proceeds of the transactions were to be used to cover the tax liability to the Israeli Tax Authorities in connection with a then-pending in-kind distribution of Biocell's shares of our common stock to its shareholders. Subsequently, on September 16, Biocell distributed 8,556,371 shares of our common stock to its shareholders and has reported that it intends to distribute its remaining 1,509,948 shares of our common stock to its shareholders in the very short term.

Represents shares held by YP & 6 Partners Ltd. Mrs. Harel Buchris is a director and shareholder of YP & 6 (5) Partners Ltd. Mrs. Harel Buchris disclaims beneficial ownership of these shares except to the extent of her pecuniary interest therein.

(6) Consists of 50,000 shares of our common stock issuable upon exercise of outstanding options within 60 days of September 26, 2014.

Consists of 419,605 shares of our common stock issuable upon exercise of outstanding options within 60 days of September 26, 2014 and 104,063 restricted shares of our common stock that have vested or will vest within 60 (7) days of September 26, 2014. Does not include 21,667 shares of our common stock underlying options that will not vest within 60 days of September 26, 2014 and 80,938 restricted shares of our common stock that will not vest within 60 days of September 26, 2014.

Consists of 283,333 shares of our common stock issuable upon exercise of outstanding options within 60 days of September 26, 2014 and 104,063 restricted shares of our common stock that have vested or will vest within 60 (8) days of September 26, 2014. Does not include 21,667 shares of our common stock underlying options that will not vest within 60 days of September 26, 2014 and 80,938 restricted shares of our common stock that will not vest within 60 days of September 26, 2014.

Consists of 160,000 shares of our common stock issuable upon exercise of outstanding options within 60 days of September 26, 2014 and 57,375 restricted shares of our common stock that have vested or will vest within 60 days of September 26, 2014. Does not include 44,625 restricted shares of our common stock that will not vest within 60 (9) days of September 26, 2014.

Consists of 3,950,915 shares of our common stock, 3,231,559 shares of our common stock issuable upon exercise of outstanding options within 60 days of September 26, 2014 and 618,750 restricted shares of our common stock (10) that have vested or will vest within 60 days of September 26, 2014. Does not include 109,167 shares of common stock issuable upon exercise of outstanding options and 481,250 restricted shares of our common stock that will not vest within 60 days of September 26, 2014.

The address is Alrov Tower, 46 Rothschild Blvd., Tel Aviv 66883, Israel. Consists of 4,229,337 shares of our common stock held by Al-Rov (Israel) Ltd., or Al-Rov Israel, and 686,046 shares of our common stock held by (11) Techno-Rov Holdings (1993) Ltd., or Techno-Rov Holdings. Al-Rov Israel owns 100% of the outstanding shares of Al-Rov Technologies Holdings LTD, the holder of 80% of Techno-Rov Holdings.

(12) Based solely on a Schedule 13F-HR filed on August 7, 2014 by Federated Investors Inc. for the period ended June 30, 2014.

(13) Based solely on a Schedule 13F-HR filed on August 1, 2014 by Baillie Gifford & Co. for the period ended June 30, 2014.

(14) Based solely on a Schedule 13F-HR filed on August 13, 2014 by Allianz Asset Management AG for the period ended June 30, 2014.

## Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and holders of more than 10% of our common stock to file with the SEC reports regarding their ownership and changes in ownership of our equity securities. We believe that all Section 16 filings requirements were met by our officers and directors during 2013. In making this statement, we have relied solely upon examination of the copies of Forms 3, 4 and 5, Schedule 13s and written representations of our former and current directors, officers and 10% shareholders.

**PROPOSAL 1: ELECTION OF DIRECTORS**

At the annual meeting, our shareholders will be asked to elect seven directors for a one-year term expiring at the next annual meeting of shareholders. Each director will hold office until his or her successor has been elected and qualified or until the director’s earlier resignation or removal.

Our Board of Directors recommends that the persons named below be elected as directors of our company and it is intended that the accompanying proxy will be voted for their election as directors, unless the proxy contains contrary instructions. Shares of common stock represented by all proxies received by the Board of Directors and not so marked as to withhold authority to vote for any individual nominee or for all nominees will be voted (unless one or more nominees are unable to serve) for the election of the nominees named below. The Board of Directors knows of no reason why any such nominee should be unable or unwilling to serve, but if such should be the case, proxies will be voted for the election of some other person or the size of the Board of Directors will be fixed at a lower number.

Each of the nominees currently serves as a member of our Board of Directors other than Moshe Manor and Aharon Schwartz, Ph.D. The directors are elected by a plurality of the votes cast by the shareholders present or represented by proxy and entitled to vote at the annual meeting.

**Nominees for Election to the Board of Directors**

The names of the nominees for election to the Board of Directors and certain information about such nominees are set forth below. For information concerning the number of shares of common stock beneficially owned by each nominee, see “Security Ownership of Certain Beneficial Owners and Management” above.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Shlomo Yanai	62	Chairman of the Board
Moshe Manor	58	President and Chief Executive Officer, Director Nominee
Amos Bar Shalev	61	Director
Zeev Bronfeld	63	Director
Yodfat Harel Buchris	42	Director
Roger D. Kornberg, Ph.D.	67	Director
Aharon Schwartz, Ph.D.	71	Director Nominee



**Shlomo Yanai.** Shlomo Yanai has served as the Chairman of our Board of Directors since July 2014. Mr. Yanai is currently the Chairman of the Board of Cambrex Corporation (NYSE:CBM) and a director of Lumenis Ltd. (NASDAQ:LMNS). Mr. Yanai served as President and Chief Executive Officer of Teva from March 2007 until May 2012 and, prior to joining Teva, Mr. Yanai was President and Chief Executive Officer of Makhteshim-Agan Industries Ltd. from 2003 until 2006. Before that, he was a Major General in the Israel Defense Forces, where he served for 32 years, in various positions, the last two positions being Commanding Officer of the Southern Command and Head of the Division of Strategic Planning. Mr. Yanai was the head of the Israeli security delegation to the peace talks at Camp David, Shepherdstown and Wye River. He currently serves as a member of the Board of Governors of the Technion — Israel Institute of Technology of Haifa, Israel, and of the International Advisory Board, MBA Program of Ben-Gurion University of the Negev, Israel, as well as an honorary member of the Board of the Institute for Policy and Strategy of the Interdisciplinary Center (IDC), Herzliya, Israel. Mr. Yanai holds a bachelor's degree in political science and economics from Tel Aviv University, a master's degree in national resources management from George Washington University, and is a graduate of the Advanced Management Program of Harvard Business School and U.S. National War College (NDU). Mr. Yanai was the recipient of the Max Perlman Award for Excellence in Global Business Management from Tel Aviv University, Israel in 2005 and was awarded an honorary doctorate by Bar-Ilan University, Israel in 2012. We believe Mr. Yanai's qualifications to serve as Chairman of our Board of Directors include his vast global operating experience in the life-science and pharmaceutical and agro-chemicals industry. He also brings a global perspective to the Board, incorporating his industry and Board leadership experience and his distinguished military service.

**Moshe Manor.** Mr. Manor was appointed to be the President and Chief Executive Officer of our company in September 2014 and his tenure is scheduled to commence on November 2, 2014. Mr. Manor has served in a number of senior executive positions at Teva Pharmaceutical Industries Ltd., from 1984 through 2012. Most recently, he served as President, Teva Asia & Pacific where he led the strategy and development of a high growth region for Teva. Prior to that, he was Group Vice President, Global Branded Products, leading the Innovative Commercial and Research & Development franchises. From 2006 through 2008, Mr. Manor was Senior Vice President, Global Innovative Resources, and was responsible for generating over \$3 billion in sales with Copaxone® and Azilect®. Previously, he served as director of Teva Israel. Most recently, Mr. Manor serves on the Board of Directors of Kamedis Ltd. and Coronis Partners, and as Chairman of the Board of Directors of a startup company named MEway Pharma. He holds a BA in Economics from the Hebrew University in Jerusalem, and an MBA from the Tel-Aviv University. We believe Mr. Manor's qualifications to serve on our Board of Directors include his extensive experience in the life-science and pharmaceutical industry on a global scale.

**Amos Bar Shalev.** Mr. Bar Shalev has served as our director since July 2008. Mr. Bar Shalev served as a director of Protalix Ltd. from 2005 through January 31, 2008, and as our director from December 31, 2006 through January 31, 2008. Mr. Bar Shalev was not nominated for reelection at our annual meeting of shareholders on January 31, 2008. On July 14, 2008, our Board of Directors appointed Mr. Bar Shalev to serve on the board, at which time he was reappointed to the board of directors of Protalix Ltd. as well. Mr. Bar Shalev brings to us extensive experience in managing technology companies. Currently, Mr. Bar Shalev serves as a director of Technorov Holdings (1993) Ltd. and manages its portfolio. In addition, he has served on the board of directors of Aposense Ltd. (TASE: APOS), an Israeli publicly-traded company listed on the TASE, since 2011, and served on the board of directors of Highcon Systems Ltd., a privately-held Israeli company, from 2010 through 2012. From 1997 through 2004, he was a Managing Director of TDA Capital Partners, a management company of the TGF (Templeton Tadiran) Fund. From 2004 through 2007, he was the President of Win Buyer Ltd. He has served on the board of directors of many other companies, including, among others, NESS Ltd. (acquired by BioNess Inc.), Idanit (acquired by Scitex Corporation Ltd.), Objet Geometrix, Verisity, Scitex Vision (acquired by Hewlett Packard), Golden Wings Investment Company Ltd., the venture capital fund of the Israeli Air Force Veterans Business Club, Win Buyer Ltd. and Sun Light Ltd. He received his B.Sc. in Electrical Engineering from the Technion, Israel in 1978 and M.B.A. from the Tel Aviv University in 1981. He holds the highest award from the Israeli Air Force for technological achievements. We believe Mr. Bar Shalev's qualifications to serve on our Board of Directors include his years of experience in the management of Israeli businesses.

**Zeev Bronfeld.** Mr. Bronfeld has served as a director of Protalix Ltd. since 1996 and as our director since December 31, 2006. Mr. Bronfeld brings to us vast experience in management and value building of biotechnology companies. Mr. Bronfeld is an experienced businessman who is involved in a number of biotechnology companies. He is a co-founder of Biocell Ltd. (TASE:BCEL), an Israeli publicly traded holding company specializing in biotechnology companies and has served as its Chief Executive Officer since 1986. Mr. Bronfeld currently serves as a director of Biocell Ltd., Biomedix Incubator Ltd. (TASE:BMDX), D.N.A. Biomedical Solutions Ltd. (TASE:DNA), and Gefen Biomed Investments Ltd. (TASE:GEFEN), all of which are public companies traded on the TASE. Mr. Bronfeld is also a director of each of the following privately-held companies: EcoCycle Israel Ltd., Contipi Ltd., L.N. Innovative Technologies, A.T.I Ashkelon Industries Information Technologies Ltd., The Trendlines Group, MOFET B'Yehuda – Industrial Research & Development in Judea Ltd., Incubator for Management of Technological Entrepreneurship Misgav Ltd., A.Y.M.B. Holdings and Investments Ltd., TransBiodiesel Ltd., Entera Bio Ltd., Incubator for Management of Technological Entrepreneurship Misgav Ltd., M.B.R.T. Development and Investments Ltd., Macrocore Ltd., Nanothera Ltd., Spearhead Investment Ltd., Stimatix G.I. Ltd. and Apifix Ltd. Mr. Bronfeld received a B.A. in Economics from the Hebrew University in 1975. We believe Mr. Bronfeld's qualifications to serve on our Board of Directors include his years of experience in the management of private and public Israeli companies, including life science companies.

**Yodfat Harel Buchris.** Mrs. Harel Buchris has served as our director since June 2007. From 2006 to 2013, Mrs. Harel Buchris served as a Managing Director of Tamares Capital Ltd., a private investment group with interests in real estate, technology, manufacturing, leisure and media. At Tamares Capital, Mrs. Harel Buchris served as the Business Development Director and the head of the Israel office. Prior to joining Tamares Capital, from 2004 to 2006, she was the Head of the Medical Desk of Orbotech, Ltd. (NASDAQ:ORBK), a company providing high-tech inspection and imaging solutions for bare printed circuit board (PCB), flat panel display (FPD) and PCB assembly manufacturing worldwide. Prior to that, from 1994 to 2003, she was a Managing Director of Harel-Hertz Investment House Ltd., a business investment company with offices in Tel Aviv, Israel and Tokyo, Japan. In 2002, Harel-Hertz Investment

House became the Israeli representative office for ITX Corporation, a publicly-traded company in Japan. Mrs. Harel Buchris currently serves on the board of directors of Tamares Capital, Tamares Hotels, Tamares Real Estate, Storewiz and Halman-Aldubi Provident Funds, Ltd. Mrs. Harel Buchris holds a B.A. in Communications and Political Science from Bar Ilan University and an executive M.B.A. from Bradford University, Great Britain. She has also completed programs in Directors' Studies and Advanced Advertising and Marketing at the Israel Management Center. We believe Mrs. Harel Buchris' qualifications to serve on our Board of Directors include her experience in the management of Israeli and other businesses.

**Roger D. Kornberg, Ph.D.** Professor Kornberg has served as our director since February 2008. He has served as a director of Teva Pharmaceuticals (NASDAQ:TEVA, TASE:TEVA) since 2007 and of OphthaliX Inc. (OTCBB:OPLI), since 2012. He also serves as the Chief Scientist and a director of Cocrystal Discovery, Inc., a privately-held biotechnology companies. Professor Kornberg is a member of the U.S. National Academy of Sciences and the Winzer Professor of Medicine in the Department of Structural Biology at Stanford University, Stanford, California. He has been a member of the faculty of Stanford University since 1972. Prior to that, he was a professor at Harvard Medical School. Professor Kornberg is a renowned biochemist and in 2006 he was awarded the Nobel Prize in Chemistry in recognition for his studies of the molecular basis of eukaryotic transcription, the process by which DNA is copied to RNA. Professor Kornberg is also the recipient of several awards, including the 2001 Welch Prize, the highest award granted in the field of chemistry in the United States, and the 2002 Leopold Mayer Prize, the highest award granted in the field of biomedical sciences from the French Academy of Sciences. He received his B.S. in Chemistry from Harvard University in 1967 and his Ph.D. in Chemistry from Stanford University in 1972. He holds honorary degrees from universities in Europe and Israel, including the Hebrew University in Jerusalem, where he currently is a visiting professor. We believe Professor Kornberg's qualifications to serve on our Board of Directors include his expertise in chemistry and medicine and his experience in the academic arena.

**Aharon Schwartz, Ph.D.** Dr. Schwartz has retired from Teva Pharmaceutical Industries in 2011 where he served in a number of positions from 1975 through 2011, the most recent being Vice President, Head of Teva Innovative Ventures from 2008. Dr. Schwartz is currently chairman of the board of directors of a number of life science companies, including BiolineRx Ltd. (NASDAQ:BLRX, TASE:BLRX), Yissum-the TTO of the Hebrew University of Jerusalem, DPharm Ltd. (TASE:DPRM), BioCancell Ltd. (TASE:BICL), CureTech Ltd. and Biomas Ltd., and a member of the board of directors of Alcobra Ltd. (NASDAQ:ADHD). Dr. Schwartz received his Ph.D. in organic chemistry in 1978 from the Weizmann Institute, his M.Sc. in organic chemistry from the Technion and a B.Sc. in chemistry and physics from the Hebrew University of Jerusalem. Dr. Schwartz received a second Ph.D. in 2014 from the Hebrew University of Jerusalem in the history and philosophy of science.

## **Independent Directors**

We believe a majority of the members of our Board of Directors are independent from management. When making determinations from time to time regarding independence, the Board of Directors will reference the listing standards adopted by the NYSE MKT as well as the independence standards set forth in the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated by the SEC under that Act. In particular, our Audit Committee periodically evaluates and reports to the Board of Directors on the independence of each member of the Board. We anticipate our audit committee will analyze whether a director is independent by evaluating, among other factors, the following:

Whether the member of the Board of Directors has any material relationship with us, either directly, or as a partner, shareholder or officer of an organization that has a relationship with us;

Whether the member of the Board of Directors is a current employee of our company or any of our subsidiaries, or was an employee of our company or any of our subsidiaries within three years preceding the date of determination;

Whether the member of the Board of Directors is, or in the three years preceding the date of determination has been, affiliated with or employed by (i) a present internal or external auditor of our company or any affiliate of such auditor or (ii) any former internal or external auditor of our company or any affiliate of such auditor, which performed services for us within three years preceding the date of determination;

Whether the member of the Board of Directors is, or in the three years preceding the date of determination has been, part of an interlocking directorate, in which any of our executive officers serve on the Compensation Committee of another company that concurrently employs the member as an executive officer;

Whether the member of the Board of Directors receives any compensation from us, other than fees or compensation for service as a member of the Board of Directors and any committee of the Board of Directors and reimbursement for reasonable expenses incurred in connection with such service and for reasonable educational expenses associated with Board of Directors or committee membership matters;

Whether an immediate family member of the member of the Board of Directors is a current executive officer of our company or was an executive officer of our company within three years preceding the date of determination;

Whether an immediate family member of the member of the Board of Directors is, or in the three years preceding the date of determination has been, affiliated with or employed in a professional capacity by (i) a present internal or external auditor of ours or any of our affiliates or (ii) any former internal or external auditor of our company or any affiliate of ours which performed services for us within three years preceding the date of determination; and

Whether an immediate family member of the member of the Board of Directors is, or in the three years preceding the date of determination has been, part of an interlocking directorate, in which any of our executive officers serve on the Compensation Committee of another company that concurrently employs the immediate family member of the member of the Board of Directors as an executive officer.

The above list is not exhaustive and we anticipate that the Audit Committee will consider all other factors which could assist it in its determination that a director will have no material relationship with us that could compromise that director's independence.

Under these standards, our Board of Directors has determined that Messrs. Bar Shalev and Sheratzky and Mrs. Harel Buchris are considered "independent" pursuant to the rules of the NYSE MKT and Section 10A(m)(3) of the Exchange Act. In addition, our Board of Directors has determined that at least two of these directors are able to read and understand fundamental financial statements and have substantial business experience that results in their financial sophistication, qualifying them for membership on our audit committee. Our Board of Directors has also determined that Messrs. Yanai, Bar Shalev, Bronfeld and Sheratzky, Mrs. Harel Buchris and Dr. Kornberg and Dr. Schwartz are "independent" pursuant to the rules of the NYSE MKT.

The position of chairman of the board is not held by our chief executive officer at this time. The Board of Directors does not have a policy mandating the separation of these functions. We believe it is in our best interest that Mr. Yanai serve as the chairman of our Board of Directors. This decision was based on Mr. Yanai's vast global operating experience in the life-science and pharmaceutical (at Teva) and agro-chemicals industry. He also brings a global perspective