

Protalix BioTherapeutics, Inc.
Form PRE 14A
May 09, 2012

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.

- 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:
- 5) Total fee paid:

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:

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

2 Snunit Street

Science Park

POB 455

Carmiel, Israel 20100

May , 2012

Dear Shareholder,

We cordially invite you to attend the 2012 Annual Meeting of Shareholders of Protalix BioTherapeutics, Inc. to be held at 4:00 p.m., Israel time, on June 17, 2012 at the Sheraton Tel Aviv Hotel, 115 HaYarkon Street, Tel Aviv, 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 adopt an amendment to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan to increase the number of shares of common stock available under the plan, to approve an advisory vote on executive compensation and the ratification of the appointment of our independent registered public accounting firm for the fiscal year ending December 31, 2012. 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 seeing you at the meeting.

Sincerely,

David Aviezer, Ph.D.

PROTALIX BIOTHERAPEUTICS, INC.

2 Snunit Street

Science Park

POB 455

Carmiel, Israel 20100

NOTICE OF 2012 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD JUNE 17, 2012

To the Shareholders of Protalix BioTherapeutics, Inc.:

The 2012 Annual Meeting of Shareholders of Protalix BioTherapeutics, Inc. will be held at the following time, date and place for the following purposes:

TIME: 4:00 p.m., Israel time

DATE: June 17, 2012

PLACE: Sheraton Tel Aviv Hotel, 115 HaYarkon Street Tel Aviv, Israel

PURPOSES:

1. To elect eight members to the Board of Directors to serve for the ensuing year or until their respective successors have been duly elected.
2. To adopt an amendment to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan to increase the number of shares of common stock available under the plan from 9,741,655 shares to 11,341,655 shares.
- 3.

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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.

To ratify the appointment of Kesselman & Kesselman, Certified Public Accountant (Isr.), a member of

4. PricewaterhouseCoopers International Limited, as our independent registered public accounting firm for the fiscal year ending December 31, 2012.
5. 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 May 4, 2012. 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

May , 2012 and Corporate Secretary

Protalix BioTherapeutics, Inc.

2 Snunit Street

Science Park

POB 455

Carmiel, Israel 20100

972-4-988-9488

PROXY STATEMENT FOR PROTALIX BIOTHERAPEUTICS, INC.

2012 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON

JUNE 17, 2012

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 2012 annual meeting of shareholders and any adjournments of the meeting to be held at 4:00 p.m., Israel time, on June 17, 2012 at the Sheraton Tel Aviv Hotel, 115 HaYarkon Street, Tel Aviv, 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 before May 22, 2012, 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, 2011. **You can also find a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 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) and through the MAGNA distribution site of the Israeli Securities Authority (www.magna.isc.gov.il). Our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 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, 2011 are available upon request.**

Who Can Vote?

Only holders of record of our common stock, par value \$0.001 per share, on May 4, 2012, the record date, are entitled to vote at the annual meeting. On the record date, there were 91,883,910 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 eight members to our Board of Directors to serve for the ensuing year or until their respective successors have been duly elected (David Aviezer, Ph.D., Yoseph Shaaltiel, Ph.D., Zeev Bronfeld, Alfred Akirov, Amos Bar Shalev, Yodfat Harel Buchris, Roger D. Kornberg, Ph.D., and Eyal Sheratzky).

The adoption of an amendment 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 9,741,655 shares to 11,341,655 shares.

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.

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, 2012.

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 adoption of the amendment to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan as described in “Proposal 2: 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” 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 the “Proposal 3: Advisory Vote on Executive Compensation” section in this proxy statement.

“**FOR**” the ratification of Kesselman and Kesselman as our independent registered public accounting firm for the 2012 fiscal year, as named in the “Proposal 4: 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 91,883,910 shares of common stock outstanding as of the record date, a majority, or at least 45,941,956 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. Votes of shareholders of record who are present at the meeting in person or by proxy, abstentions, and broker non-votes are counted 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 pursuant to the affirmative vote of a plurality of the shares of common stock voting in person or represented by proxy at the annual meeting, which 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.

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

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 have the same effect as negative votes. 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.

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 have the same effect as negative votes. Broker non-votes 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, 2012. 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 have the same effect as negative votes. 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 David Aviezer, Ph.D., our president and chief executive officer, and Yossi Maimon, our vice president and chief financial officer, as your representatives at the meeting. Either David Aviezer or Yossi Maimon will vote your shares at the meeting as you have instructed them on the proxy card. Each of such persons 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 on the election of directors?

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) and the adoption of an amendment to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan which increases the number of shares of common stock authorized for issuance under the plan (Proposal No. 2) 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, or vote for, against or abstain with respect to the adoption of the amendment to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan. **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 adoption of the amendment to the Protalix BioTherapeutics, Inc. 2006 Stock Incentive Plan to increase the number of shares reserved for issuance under the plan; *for* the approval, on an advisory basis, of the executive compensation; and *for* the ratification of the appointment of Kesselman & Kesselman.

What if I Abstain?

An abstention on any matter, other than the election of directors, will have the effect of a vote *against* the matter.

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.

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 May 4, 2012, 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, our Vice President, Sales and Commercial Affairs 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 May 4, 2012 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 91,883,910 shares of our common stock outstanding as of May 4, 2012.

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

Name and Address of Beneficial Owner	Amount and Nature of Percentage of	
	<u>Beneficial Ownership</u>	<u>Class</u>
Board of Directors and Executive Officers		
David Aviezer, Ph.D., MBA (1)	1,520,230	1.7 %
Yoseph Shaaltiel, Ph.D. (2)	884,992	*
Alfred Akirov (3)	5,286,046	5.8
Amos Bar Shalev (4)	1,680	*
Zeev Bronfeld (5)	14,466,319	15.8
Yodfat Harel Buchris	—	—
Roger D. Kornberg, Ph.D. (6)	50,000	*
Eyal Sheratzky	—	—
Einat Brill Almon, Ph.D. (7)	293,980	*
Yossi Maimon (8)	165,278	*
Tzvi Palash (9)	70,000	*
Sandra E. Lauterbach (10)	90,000	*
All executive officers and directors as a group (12 persons) (11)	22,828,525	25.0
5% Holders		
Biocell Ltd. (12)	14,466,319	15.8
Federated Investors Inc. (13)	8,646,942	9.5
Al-Rov (Israel) Ltd. (14)	5,286,046	5.8
Baillie Gifford & Co. (15)	4,852,882	5.3

* less than 1%.

Consists of 1,520,230 shares of our common stock issuable upon exercise of outstanding options within 60 days of (1) May 4, 2012. Does not include 283,334 shares of common stock issuable upon exercise of outstanding options that are not exercisable within 60 days of May 4, 2012.

Consists of 463,754 shares of our common stock held by Dr. Shaaltiel and 421,238 shares of our common stock issuable upon exercise of outstanding options within 60 days of May 4, 2012. Does not include 159,652 shares of (2) common stock issuable upon exercise of outstanding options that are not exercisable within 60 days of May 4, 2012.

Consists of 3,600,000 shares of our common stock held by Al-Rov (Israel) Ltd., or Al-Rov Israel, and 1,686,046 shares of our common stock held by Techno-Rov Holdings (1993) Ltd., or Techno-Rov Holdings. Al-Rov Israel owns 100% of the outstanding shares of Al-Rov Technologies Holdings LTD, (3) the holder of 80% of Techno-Rov Holdings. Mr. Akirov is the Chairman of Al-Rov Israel and the Chief Executive Officer of Techno-Rov Holdings and has the power to control their respective investment decisions. Mr. Akirov disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.

(4) Mr. Bar Shalev is a director of Techno-Rov Holdings.

Consists of 14,466,319 shares of our common stock held by Biocell Ltd. Mr. Bronfeld is a director and Chief
(5) Executive Officer of Biocell. Mr. Bronfeld disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.

(6) Consists of 50,000 shares of our common stock issuable upon exercise of outstanding options within 60 days of May 4, 2012.

(7) Consists of 293,980 shares of our common stock issuable upon exercise of outstanding options within 60 days of May 4, 2012. Does not include 147,292 shares of common stock issuable upon exercise of outstanding options that are not exercisable within 60 days of May 4, 2012.

(8) Consists of 165,278 shares of our common stock issuable upon exercise of outstanding options within 60 days of May 4, 2012. Does not include 139,722 shares of common stock issuable upon exercise of outstanding options that are not exercisable within 60 days of May 4, 2012.

Consists of 70,000 shares of our common stock issuable upon exercise of outstanding options within 60 days of
(9) May 4, 2012. Does not include 90,000 shares of common stock issuable upon exercise of outstanding options that are not exercisable within 60 days of May 4, 2012.

Consists of 90,000 shares of our common stock issuable upon exercise of outstanding options within 60 days of
(10) May 4, 2012. Does not include 70,000 shares of common stock issuable upon exercise of outstanding options that are not exercisable within 60 days of May 4, 2012.

(11) Consists of 20,217,799 outstanding shares of our common stock and 2,610,726 shares of our common stock issuable upon exercise of outstanding options within 60 days of May 4, 2012. Does not include 890,000 shares of common stock issuable upon exercise of outstanding options that are not exercisable within 60 days of May 4, 2012.

(12) The address is Moshe Aviv Tower, 7 Jabotinsky Street, Ramat Gan, Israel. Biocell Ltd.'s investment and voting decisions are made collectively by its board of directors.

(13) Based solely on a Schedule 13G/A filed by Federated Investors Inc. on February 10, 2012.

(14) The address is Alrov Tower, 46 Rothschild Blvd., Tel Aviv, Israel 66883. Consists of 3,600,000 shares of our common stock held by Al-Rov Israel directly and 1,686,046 shares of our common stock held by 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. Mr. Akirov is the Chairman of Al-Rov Israel and the Chief Executive Officer of Techno-Rov Holdings and has the power to control their respective investment decisions.

Based solely on a Schedule 13G/A filed by Baillie Gifford & Co. on January 17, 2012. According to Baillie (15) Gifford & Co., it has sole dispositive power over 4,852,882 shares of common stock and sole voting power over 2,305,339 shares of common stock.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (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 2011. 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 eight 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. 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.

Name	Age	Position
Zeev Bronfeld	60	Interim Chairman of the Board
David Aviezer, Ph.D., MBA	46	Director, President and Chief Executive Officer
Yoseph Shaaltiel, Ph.D.	59	Director and Executive VP, Research and Development
Alfred Akirov	70	Director
Amos Bar Shalev	58	Director
Yodfat Harel Buchris	39	Director
Roger D. Kornberg, Ph.D.	65	Director
Eyal Sheratzky	42	Director

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., D. Medical Industries Ltd. (NASDAQ:DMED, TASE:DMDC), Biomedix Incubator Ltd. (TASE:BMDX), D.N.A. Biomedical Solutions Ltd. (TASE:DNA), Gefen Biomed Investments Ltd. (TASE:GEFEN) and Nasvax Ltd. (TASE:NSVX), all of which are public companies traded on the TASE (except D. Medical which is dual-listed on the TASE and the Nasdaq Stock Market LLC). Mr. Bronfeld is also a director of each of the following privately-held companies: Ecocycle Israel Ltd., Contipi Ltd., Spring Health Solutions Ltd., G-Sense 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., Spring-Set Health Solutions Ltd., TransBiodiesel Ltd., Nanutra Ltd., Entera Bio Ltd., Incubator for Management of Technological Entrepreneurship Misgave Ltd., M.B.R.T. Development and Investments Ltd., Macro cure Ltd., Nanothera Ltd., Spearhead Investment Ltd. and Stimatix G.I. 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.

David Aviezer, Ph.D., MBA. Dr. Aviezer has served as Chief Executive Officer of Protalix Ltd. since 2002 and its director since 2005 and as our director since December 31, 2006. On December 31, 2006, he became our President and Chief Executive Officer. Dr. Aviezer has over 15 years of experience in biotechnology management, advancing products from early-stage research up to their regulatory approval and commercialization. Prior to joining Protalix Ltd., from 1996 to 2002, he served as General Manager of ProChon Biotech Ltd., an Israeli company focused on orthopedic disorders. Previously, Dr. Aviezer was a visiting scientist at the Medical Research Division of American Cyanamid, a subsidiary of Wyeth which was subsequently acquired by Pfizer (NYSE:PFE), in New York. Since 1996, Dr. Aviezer has served as an Adjunct Lecturer at Bar Ilan University. Dr. Aviezer is the recipient of the Clore Foundation Award and the J.F. Kennedy Scientific Award. He holds a Ph.D. in Molecular Biology and Biochemistry from the Weizmann Institute of Science, an MBA from the Bar Ilan University Business School, an M.Sc. in Biology from the Weizmann Institute of Science and a B.Sc. in Biology from Bar Ilan University. We believe Dr. Aviezer's qualifications to serve on our Board of Directors include his position as our President and Chief Executive Officer as well as his previous experience in the management of biotechnology companies.

Yoseph Shaaltiel, Ph.D. Dr. Shaaltiel founded Protalix Ltd. in 1993 and has served as a member of our Board of Directors and as our Vice President, Research and Development since December 31, 2006. Prior to establishing Protalix Ltd., from 1988 to 1993, Dr. Shaaltiel was a Research Associate at the MIGAL Technological Center. He also served as Deputy Head of the Biology Department of the Biological and Chemical Center of the Israeli Defense Forces and as a Biochemist at Makor Chemicals Ltd. Dr. Shaaltiel was a Postdoctoral Fellow at the University of California at Berkeley and at Rutgers University in New Jersey. He has co-authored over 40 articles and abstracts on plant biochemistry and holds seven patents. Dr. Shaaltiel received his Ph.D. in Plant Biochemistry from the Weizmann Institute of Science, an M.Sc. in Biochemistry from the Hebrew University and a B.Sc. in Biology from the Ben Gurion University. We believe Dr. Shaaltiel's qualifications to serve on our Board of Directors include his role in founding our company and his continued role in the management of our company.

Alfred Akirov. Mr. Akirov has served as our director since January 2008. Mr. Akirov is the founder, chairman of the Board of Directors and chief executive officer of Alrov (Israel) Ltd. (TASE: ALRO), or Alrov Israel, an Israeli publicly-traded company listed on the TASE. Mr. Akirov founded Alrov Israel in 1978 and it is currently one of Israel's largest real-estate companies. Alrov Israel holds shares of our company directly and indirectly through its subsidiary, Techno-Rov Holdings (1993) Ltd., of which Alrov Israel owns 80% of the outstanding capital stock. Mr. Akirov serves in different capacities, including chairman, chief executive officer and director, for a number of private companies in Alrov Israel's subsidiaries and the Techno-Rov portfolios. We believe Mr. Akirov's qualifications to serve on our Board of Directors include his years of experience in the management of Israeli businesses.

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 Highcon Systems Ltd., a privately-held Israeli company, since 2010. 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.

Yodfat Harel Buchris. Mrs. Harel Buchris has served as our director since June 2007. Since 2006, Mrs. Harel Buchris has been 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 serves 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 Telecom, N-Trig Ltd. and Se-Cure Pharmaceuticals 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 Pharmaceutical Industries Ltd. (NASDAQ:TEVA, TASE:TEVA), or Teva, since 2007. 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.

Eyal Sheratzky. Mr. Sheratzky has served as a director of Protalix Ltd. since 2005 and as our director since December 31, 2006. Mr. Sheratzky has served as a director of Ituran Location & Control (NASDAQ:ITRN), a publicly-traded company listed on the Nasdaq, since 1995 and as a Co-Chief Executive Officer since 2003. Prior to such date, he served as an alternate Chief Executive Officer of Ituran from 2002 through 2003 and as Vice President of Business Development from 1999 through 2002. Mr. Sheratzky serves as a director of Moked Ituran Ltd. and certain of Ituran's other subsidiaries. Mr. Sheratzky also serves as a director of D. Medical Industries Ltd. (NASDAQ:DMED, TASE:DMDC), as well as of Nilimedix Ltd., its subsidiary. From 1994 to 1999 he served as the Chief Executive Officer of Moked Services, Information and Investments Ltd. and as legal advisor to several of Ituran's affiliated companies. Mr. Sheratzky holds LL.B and LL.M degrees from Tel Aviv University School of Law and an Executive M.B.A. degree from Kellogg School of Management at Northwestern University. We believe Mr. Sheratzky's qualifications to serve on our Board of Directors include his years of experience in the management of Israeli public and private businesses.

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 Amex 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 the Exchange 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. Akirov and Bar Shalev and Mrs. Harel Buchris are considered "independent" pursuant to the rules of the NYSE Amex and Section 10A(m)(3) of the Exchange. 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 any audit committee we form. Our Board of Directors has also determined that Messrs. Akirov, Bar Shalev, Bronfeld and Sheratzky, Mrs. Harel Buchris and Dr. Kornberg are "independent" pursuant to the rules of the NYSE Amex.

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. Bronfeld serve as the interim chairman of the board. This decision was based on Mr. Bronfeld's experience in the healthcare industry in Israel and globally and his years of experience serving on the board of directors of many public and private companies. Our non-management directors hold formal meetings, separate from management, at least twice per year.

The Board's Role in Risk Oversight

Our Board of Directors oversees an enterprise-wide approach to risk management, designed to support the achievement of business objectives, including organizational and strategic objectives, to improve long-term organizational performance and enhance shareholder value. The involvement of our Board of Directors in setting our business strategy is a key part of its assessment of management's plans for risk management and its determination of what constitutes an appropriate level of risk for the company. The participation of our Board of Directors in our risk oversight process includes receiving regular reports from members of senior management on areas of material risk to our company, including operational, financial, legal and regulatory, and strategic and reputational risks. While the full board has the ultimate oversight responsibility for the risk management process, various committees of the board also have responsibility for risk management. For example, financial risks, including internal controls, are overseen by the audit committee and risks that may be implicated by our executive compensation programs are overseen by the compensation committee. Upon identification of a risk, the assigned board committee or our full Board of Directors discuss or review risk management and risk mitigation strategies. Additional review or reporting on enterprise risks is conducted as needed or as requested by our Board of Directors or a committee thereof.

Board and Committee Meetings

Our Board of Directors has an Audit Committee, Compensation Committee and Nominating Committee. The following indicates the members of each committee and provides a description of the committees' primary functions:

Audit Committee

We require that all Audit Committee members possess the required level of financial literacy and at least one member of the Audit Committee meet the current standard of requisite financial management expertise as required by the NYSE Amex and applicable rules and regulations of the SEC. Messrs. Bar Shalev and Akirov, and Mrs. Harel Buchris have been appointed by the Board of Directors to serve on the Audit Committee until their respective successors have been duly elected.

Our Audit Committee operates under a formal charter that governs its duties and conduct. A current copy of the Audit Committee Charter is available on our website at <http://www.protalix.com>.

All members of the Audit Committee are independent from our executive officers and management.

Our independent registered public accounting firm reports directly to the Audit Committee.

Our Audit Committee meets with management and representatives of our registered public accounting firm prior to the filing of officers' certifications with the SEC to receive information concerning, among other things, effectiveness of the design or operation of our internal controls over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002.

Our Audit Committee has adopted a Policy for Reporting Questionable Accounting and Auditing Practices and Policy Prohibiting Retaliation against Reporting employees to enable confidential and anonymous reporting of improper activities to the Audit Committee.

Messrs. Bar Shalev and Akirov qualify as "audit committee financial experts" under the applicable rules of the SEC. In making the determination as to these individuals' status as audit committee financial experts, our Board of Directors determined they have accounting and related financial management expertise within the meaning of the aforementioned rules, as well as the listing standards of the NYSE Amex.

Compensation Committee

The Compensation Committee is currently comprised of Messrs. Bar Shalev and Akirov and Mrs. Harel Buchris. The Compensation Committee reviews and approves the compensation of executive officers and key employees and administers our stock incentive plan. A current copy of the Compensation Committee Charter is available on our website at <http://www.protalix.com>.