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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2007

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

001-33357

(Commission file number)

PROTALIX BIOTHERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Florida	**65-0643773**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2 Snunit Street Science Park POB 455 Carmiel, Israel	**20100**
(Address of principal executive office)	(Zip Code)

972-4-988-9488

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock, par value $0.001 per share	**American Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. (See definition of ''large accelerated filer'' and ''accelerated filer'' in Rule 12b-2 of the Exchange Act). (check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On November 13, 2007, approximately 75,685,318 shares of the Registrant's common stock, $0.001 par

value, were outstanding.

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Except where the context otherwise requires, the terms, ''we'', ''us'', ''our'' or ''the Company,'' refer to the business of Protalix BioTherapeutics, Inc. and its consolidated subsidiaries, and ''Protalix'' or ''Protalix Ltd.'' refers to the business of Protalix Ltd., our wholly-owned subsidiary and sole operating unit.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The statements set forth under the captions ''Management's Discussion and Analysis of Financial Condition and Results of Operations,'' and ''Risk Factors'', and other statements included elsewhere in this Quarterly Report on Form 10-Q, which are not historical, constitute ''forward-looking statements'' within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding our expectations, beliefs, intentions or strategies for the future. When used in this report, the terms ''anticipate,'' ''believe,'' ''estimate,'' ''expect'' and ''intend'' and words or phrases of similar import, as they relate to us or our subsidiary or our management, are intended to identify forward-looking statements. We intend that all forward-looking statements be subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are only predictions and reflect our views as of the date they are made with respect to future events and financial performance, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as may be required under applicable law. Forward-looking statements are subject to many risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements.

Examples of the risks and uncertainties include, but are not limited to the following:

- the inherent risks and uncertainties in developing drug platforms and products of the type we are developing;
- delays in our preparation and filing of applications for regulatory approval;
- delays in the approval or potential rejection of any applications we file with the United States Food and Drug Administration, or other regulatory authorities;
- any lack of progress of our research and development (including the results of clinical trials we are conducting);
- obtaining on a timely basis sufficient patient enrollment in our clinical trials;
- the impact of development of competing therapies and/or technologies by other companies;
- our ability to obtain additional financing required to fund our research programs;
- the risk that we will not be able to develop a successful sales and marketing organization in a timely manner, if at all;
- our ability to establish and maintain strategic license, collaboration and distribution arrangements and to manage our relationships with collaborators, distributors and partners;
- potential product liability risks and risks of securing adequate levels of product liability and clinical trial insurance coverage;
- the availability of reimbursement to patients from health care payors for procedures in which our products are used;
- the possibility of infringing a third party's patents or other intellectual property rights;
- the uncertainty of obtaining patents covering our products and processes and successfully enforcing them against third parties; and
- the possible disruption of our operations due to terrorist activities and armed conflict, including as a result of the disruption of the operations of regulatory authorities, our subsidiary, our manufacturing facilities and our customers, suppliers, distributors, collaborative partners, licensees, and clinical trial sites.

In addition, companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials, even after obtaining promising earlier trial results. These and other risks and uncertainties are detailed in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2006 and described from time to time in our future reports filed with the Securities and Exchange Commission. We undertake no obligation to update, and we do not have a policy of updating or revising, these forward-looking statements.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

PROTALIX BIOTHERAPEUTICS, INC.
(A development stage company)
CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands)

	September 30, 2007 (Unaudited)	December 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 20,440	$ 15,378
Deposit		7,577
Accounts receivable	1,698	1,336
Deferred issuance cost	407	
Total current assets	22,545	24,291
FUNDS IN RESPECT OF EMPLOYEE RIGHTS UPON RETIREMENT	402	293
PROPERTY AND EQUIPMENT, NET	3,763	2,404
Total assets	$ 26,710	$ 26,988
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES –		
Accounts payable and accruals:		
Trade	$ 1,359	$ 892
Other	2,254	1,376
Total current liabilities	3,613	2,268
LONG-TERM LIABILITY		
Liability for employee rights upon retirement	629	436
Total liabilities	4,242	2,704
SHAREHOLDERS' EQUITY*	22,468	24,284
Total liabilities and shareholders' equity	$ 26,710	$ 26,988

* See Note 1a.

The accompanying notes are an integral part of the condensed consolidated financial statements.

PROTALIX BIOTHERAPEUTICS, INC.
(A development stage company)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except share and per share amounts)
(Unaudited)

	Nine Months Ended September 30,		Three Months Ended September 30,		Period from December 27, 1993* through September 30,
	2007	2006	2007	2006	2007
REVENUES					$ 830
COST OF REVENUES					206
GROSS PROFIT					624
RESEARCH AND DEVELOPMENT EXPENSES(1)	$ 9,537	$ 4,759	$ 3,830	$ 2,148	27,198
less – grants	(1,466)	(1,510)	(385)	(688)	(6,582)
	8,071	3.249	3,445	1,460	20,616
GENERAL AND ADMINISTRATIVE EXPENSES(2)	10,476	2,787	1,986	1,077	19,472
OPERATING LOSS	18,547	6,036	5,431	2,537	39,464
FINANCIAL INCOME – NET	(1,191)	(73)	(685)	(38)	(1,559)
OTHER INCOME	(6)				(6)
NET LOSS BEFORE CHANGE IN ACCOUNTING PRINCIPLE	17,350	5,963	4,746	2,499	37,899
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE		(37)			(37)
NET LOSS FOR THE PERIOD	$ 17,350	$ 5,926	$ 4,746	$ 2,499	$ 37,862
NET LOSS PER SHARE OF COMMON STOCK – BASIC AND DILUTED:					
Prior to cumulative effect of change in accounting principle	$ 0.27	$ 0.28	$ 0.07	$ 0.1	
Cumulative effect of change in accounting principle		**			
	$ 0.27	$ 0.28	$ 0.07	$ 0.1	
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK USED IN COMPUTING LOSS PER COMMON STOCK:					
Basic and diluted	65,275,435	21,095,231	65,674,568	25,527,946	
(1) Includes share-based compensation	1,979	511	895	217	3,776
(2) Includes share-based compensation	8,219	1,784	1,218	694	12,358

* Incorporation date, see Note 1a.

** Represents an amount less than $0.01.

The accompanying notes are an integral part of the condensed consolidated financial statements.

PROTALIX BIOTHERAPEUTICS, INC.
(A development stage company)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(U.S. dollars in thousands, except share data)

	Common Stock(2)	Convertible Preferred Shares	Common Stock	Convertible Preferred Shares	Warrants	Additional paid-in capital	Deficit accumulated during development stage	Total
	Number of shares		Amount					
Balance at December 27, 1993(1)								
Changes during the period from December 27, 1993 through December 31, 2006:								
Common Stock and convertible preferred A, B and C shares and warrants issued for cash (net of issuance costs of $768)	28,856,127	398,227	$ 29	$ 1	$ 1,382	$ 28,156		$ 29,568
Exercise of options granted to employees and non-employees	2,670,403	847	3			394		397
Conversion of convertible preferred shares into Common Stock	24,375,870	(399,074)	24	(1)		(23)		
Change in accounting principle						(37)	$ 37	
Expiration of warrants					(34)	34		
Merger with a wholly owned subsidiary of the Company (net of issuance cost of $642)	583,086		1			240		241
Exercise of warrants	5,296,279		5		(993)	9,658		8,670
Share-based compensation						5,957		5,957
Net loss for the period							(20,549)	(20,549)
Balance at December 31, 2006	**61,781,765**		**62**		**355**	**44,379**	**(20,512)**	**24,284**
Changes during the nine month period ended September 30, 2007 (Unaudited):								
Share-based compensation						10,188		10,188
Exercise of warrants	3,875,416		4		(355)	5,684		5,333
Exercise of options granted to employees	20,137		*			3		3
Restricted Common Stock issued for services(3)	8,000		*			10		10
Net loss for the period							(17,350)	(17,350)
Balance at September 30, 2007 (Unaudited)	65,685,318	—	$ 66	—	—	$ 60,264	$ (37,862)	$ 22,468

* Represents an amount less than $0.01.

(1) Incorporation date, see Note 1a.

(2) Common Stock, $0.001 par value; Authorized – as of December 31, 2006 and September 30, 2007 – 150,000,000 shares.

(3) The Company issued a total of 8,000 shares of restricted Common Stock in respect of services provided by a member of the Company's Scientific Advisory Board. (See also Note 2(d)).

The accompanying notes are an integral part of the condensed consolidated financial statements.

PROTALIX BIOTHERAPEUTICS, INC.
(A development stage company)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)
(Unaudited)

	Nine Months Ended September 30,		Period from December 27, 1993* through September 30, 2007
	2007	2006	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss for the period	$ (17,350)	$ (5,926)	$ (37,862)
Adjustments required to reconcile net loss to net cash used in operating activities:			
Cumulative effect of change in accounting principle		(37)	(37)
Share based compensation	10,198	2,295	16,134
Depreciation and impairment of fixed assets	530	314	1,710
Changes in accrued liability for employee rights upon retirement	193	103	629
Loss (gain) on amounts funded in respect of employee rights upon retirement	(34)	5	(81)
Capital gain on fixed assets	(6)		(6)
Changes in operating assets and liabilities:			
Increase in accounts receivable	(362)	(579)	(1,647)
Increase in accounts payable and accruals	242	523	2,346
Net cash used in operating activities	$ (6,589)	$ (3,302)	$ (18,814)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	$ (1,072)	$ (639)	$ (4,559)
Investment grant received in respect of fixed assets			38
Proceeds from sale of property and equipment	10		10
Investment in restricted cash deposit			(47)
Amounts funded in respect of employee rights upon retirement	(89)	(85)	(492)
Amounts paid in respect of employee rights upon retirement	14	7	171
Net cash used in investing activities	$ (1,137)	$ (717)	$ (4,879)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Loan and convertible bridge loan received			$ 2,145
Repayment of loan			(1,000)
Issuance of shares and warrants, net of issuance cost		$ 14,869	28,369
Exercise of options and warrants	$ 12,913	30	14,403
Deferred issuance cost	(21)		(21)
Merger with a wholly owned subsidiary of the Company, net of issuance cost	(104)		237
Net cash provided by financing activities	$ 12,788	$ 14,899	$ 44,133
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,062	10,880	20,440
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	15,378	4,741	
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 20,440	$ 15,621	$ 20,440
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for interest		**	$ 80
SUPPLEMENTARY INFORMATION ON INVESTING AND FINANCING ACTIVITIES NOT INVOLVING CASH FLOWS			
Conversion of convertible bridge loan into shares			1,145
Purchase of property and equipment	$ 956	$ 31	$ 956
Issuance cost not yet paid	5	$ 23	5
Consultants' and director credit balance converted into shares			80
Issuance cost not yet paid against deferred issuance cost	$ 386		$ 386
Issuance cost paid by a grant of options			$ 21
Merger with a wholly owned subsidiary of the Company:			
Prepaid expenses			4

* Incorporation date, see Note 1a.

** Represents an amount less than $1.

The accompanying notes are an integral part of the condensed consolidated financial statements.

PROTALIX BIOTHERAPEUTICS, INC.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share data)
(Unaudited)

NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES

a. General

Protalix BioTherapeutics, Inc. (formerly Orthodontix, Inc.) (hereinafter, the ''Company''), through its wholly-owned subsidiary, Protalix Ltd., is a clinical stage biopharmaceutical company focused on the development and commercialization of recombinant therapeutic proteins based on its proprietary ProCellEx™ protein expression system. Using its ProCellEx system, the Company is developing a pipeline of proprietary recombinant therapeutic proteins based on its plant cell-based expression technology that target large, established pharmaceutical markets and that rely upon known biological mechanisms of action. The Company's current commercial focus has been on complex therapeutic proteins, including proteins for the treatment of genetic disorders, such as Gaucher disease and Fabry disease, and female infertility disorders. The Company's business is located in Carmiel, Israel.

On December 31, 2006, the Company consummated the acquisition of Protalix Ltd., a privately-held Israeli biotechnology company incorporated on December 27, 1993, by the merger (the ''Merger'') of its wholly-owned subsidiary, Protalix Acquisition Co., Ltd., with Protalix Ltd. As a result, Protalix Ltd. is now the Company's wholly-owned subsidiary, with the former shareholders of Protalix Ltd. acquiring in excess of 99% of the Company's outstanding shares of common stock, par value $0.001 per share (the ''Common Stock'') at the closing of the Merger. For accounting purposes, the Merger was treated as a recapitalization of Protalix Ltd. Accordingly, the historical financial statements of the Company reflect the historical operations and financial statements of Protalix Ltd.

The Company has been in the development stage since inception. The successful completion of the Company's development program and its transition to commercial operations, if at all, is dependent upon obtaining necessary regulatory approvals from the United States Food and Drug Administration (''FDA'') prior to selling its products within the United States, and foreign regulatory approvals must be obtained to sell its products internationally. There can be no assurance that the Company's products will receive regulatory approvals, and a substantial amount of time may pass before the Company achieves a level of sales adequate to support the Company operations, if at all. The Company will also incur substantial expenditures in connection with the regulatory approval process and it will need to raise additional capital during the developmental period. Obtaining marketing approval will be directly dependent on the Company's ability to implement the necessary regulatory steps required to obtain marketing approval in the United States and other countries and the success of the Company's clinical trials. The Company cannot predict the outcome of these activities.

Based on its current cash resources and commitments, which includes the proceeds of an underwritten public offering consummated by the Company on October 25, 2007 (see Note 3 below), the Company believes it should be able to maintain its planned research, operating and capital needs for at least the next 24 months. However, the Company currently does not have sufficient resources to complete the commercialization of all of its currently proposed products.

b. Share Based Compensation

For purposes of determining the fair value of the outstanding options and shares of restricted Common Stock held by non-employees that vested during during the fiscal quarter ended September 30, 2007, the Company's management used $5.00 per share, which was the public offering price of the shares of Common Stock sold in the underwritten public offering consummated by the Company on October 25, 2007 (see Note 3 below).

PROTALIX BIOTHERAPEUTICS, INC.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share data)
(Unaudited)

c. General Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States (''GAAP'') for interim financial information, Statement of Financial Accounting Standards (''SFAS'') No. 7, ''Accounting and Reporting by Development Stage Enterprises'', and Article 10 of Regulation S-X under the Securities Exchange Act of 1934. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (of a normal recurring nature) considered necessary for a fair statement of the results for the interim periods presented have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements in the Annual Report on Form 10-K, as amended, for the year ended December 31, 2006, filed by the Company with the Securities and Exchange Commission. The comparative balance sheet at December 31, 2006 has been derived from the audited financial statements at that date, but does not include all of the information and notes required under GAAP for complete financial statements.

d. Net Loss per share

Basic and diluted loss per share are computed (in accordance with SFAS No. 128 ''Earnings per Share'') by dividing net loss by the weighted average number of shares of Common Stock outstanding for each period. Shares of restricted Common Stock, and the shares of Common Stock underlying outstanding options and warrants of the Company, were not included in the computation of diluted loss per share because the effect would be anti-dilutive.

The total weighted average number of shares of Common Stock underlying the convertible preferred shares (on a pre-exchange basis) which have been excluded from the calculations of diluted loss per share were 372,155 and 319,259 for the nine months and for the three months ended September 30, 2006, respectively, and none for each of the nine months and the three months ended September 30, 2007.

The diluted loss per share does not include options, restricted Common Stock and warrants of the Company in the amount of 15,394,256 and 12,233,626 for the nine months ended September 30, 2006 and 2007, respectively, and 16,188,214 and 11,887,934 for the three months ended September 30, 2006 and 2007, respectively.

e. Newly issued and recently adopted Accounting Pronouncements

1) In June 2006, the FASB issued FASB Interpretation (''FIN'') No. 48, ''Accounting for Uncertainty in Income Taxes'' (''FIN 48''), an interpretation of SFAS 109, ''Accounting For Income Taxes.'' FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return, including a decision whether to file or not to file in a particular jurisdiction. FIN 48 is effective for fiscal years beginning after December 15, 2006 (January 1, 2007 for the Company). The Company adopted FIN 48 on January 1, 2007. The adoption did not have any impact on the Company's financial statements.

2) In September 2006, the FASB issued SFAS No. 157, ''Fair Value Measurements'' (''SFAS 157''). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. The provisions of SFAS 157 are effective for the fiscal year beginning after September 1, 2008. The Company is currently evaluating the impact of the provisions of SFAS 157 on its financial position and results of operations.

PROTALIX BIOTHERAPEUTICS, INC.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share data)
(Unaudited)

3) On February 15, 2007, the FASB issued SFAS No. 159, ''The Fair Value Option for Financial Assets and Financial Liabilities'' (''SFAS 159''). Under SFAS 159, the Company may elect to report financial instruments and certain other items at fair value on a contract-by-contract basis with changes in value reported in earnings. This election is irrevocable. SFAS 159 provides an opportunity to mitigate volatility in reported earnings that is caused by measuring hedged assets and liabilities that were previously required to use a different accounting method than the related hedging contracts when the complex provisions of SFAS 133 hedge accounting are not met. SFAS 159 is effective for years beginning after November 15, 2007. The Company is currently evaluating the impact of adopting SFAS 159 on its financial position, cash flows, and results of operations.

4) In June 2007, the Emerging Issues Task Force (''EITF'') issued EITF 07-3, ''Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities'' (''EITF 07-3''). EITF 07-3 addresses the diversity that exists with respect to the accounting for the non-refundable portion of a payment made by a research and development entity for future research and development activities. The EITF concluded that an entity must defer and capitalize non-refundable advance payments made for research and development activities until the related goods are delivered or the related services are performed. EITF 07-3 is effective for interim or annual reporting periods in fiscal years beginning after December 15, 2007 (January 1, 2008 for the Company). The Company is currently evaluating the impact of adopting EITF 07-03 on its financial statements and results of operations.

NOTE 2 — STOCK TRANSACTIONS

a. At the closing of the Merger and in accordance with a share purchase agreement entered into in August 2006, the Company issued to Phillip Frost, M.D., and Jane H. Hsiao, Ph.D., both of whom subsequently became directors of the Company, and to one other investor that provides consulting services to the Company, options that are exercisable into 2.5%, 0.5% and 0.5%, respectively, of the Company's issued and outstanding Common Stock on a fully-diluted basis immediately after the closing of the Merger in consideration for services provided to the Company, including the services provided by each of Dr. Frost and Dr. Hsiao as directors. The options originally vested ratably over a period of 2.5 years, 20% for each six month period while the options are outstanding, commencing upon and subject to certain events (as to changes of the vesting terms see below). The options are exercisable for a ten-year period commencing upon the date of grant. The exercise price of each option is $16.70. The options granted to the directors are accounted for as options granted to employees and the options granted to the other investor are accounted for as options granted to consultants.

In February 2007, the Company's board of directors approved certain modifications to the vesting periods of such options. The options vest as follows: 40% of the options shall vest on March 1, 2008, and an additional 15% of the options shall vest in four equal installments on each of the following dates: June 30, 2008, December 31, 2008, June 30, 2009, and September 30, 2009.

Modification of the terms of an award is treated as an exchange of the original award for a new award, resulting in the incurrence of additional compensation cost for that incremental value. The incremental value is measured by the difference between (a) the fair value of the modified option and (b) the value of the old option immediately before its terms are modified. The modification had no effect on the accounting records of the Company.

PROTALIX BIOTHERAPEUTICS, INC.
(A development stage company)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(U.S. dollars in thousands, except share data)
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b. On January 31, 2007, certain warrant holders exercised, in the aggregate, warrants to purchase 3,875,416 shares of Common Stock with an aggregate exercise price of $5,333. Such warrants were issued in connection with the share purchase agreement entered into in August 2006 by such warrant holders.

c. In May 2007, the Company's board of directors approved the grant of options to purchase 204,351 shares of Common Stock to a newly-hired officer of the Company, at an exercise price of $4.33 per share. The options vest over a four-year period and are exercisable for a ten-year period commencing on the date of grant.

The Company estimated the fair value of the options on the date of the grant using the Black-Scholes option-pricing model to be approximately $5,790, based on the following assumptions: dividend yield of 0% for all years; expected volatility of 53.17%; risk-free interest rates of 4.77%; and expected life of six years.

d. In May 2007, the Company's board of directors approved the grant of 8,000 shares of restricted Common Stock to a new member of its Scientific Advisory Board. The shares vest as follows: 25% vest 12 months after the grant date and the remaining 75% of the shares vest over three years in 36 equal monthly installments.

The Company presents restricted Common Stock as ''issued'' and ''outstanding'' in its financial statements.

The estimate fair value of the restricted shares on the date of grant was approximately $215.

e. In July and August 2007, certain former employees of the Company exercised outstanding stock options, which were granted under the Company's 2006 Stock Incentive Plan, for a total of 20,137 shares of Common Stock for aggregate consideration of $3.

NOTE 3 — SUBSEQUENT EVENT

On October 25, 2007, the Company issued and sold 10,000,000 shares of Common Stock in an underwritten public offering at a price of $5.00 per share. In addition, the underwriters have an option to purchase an additional 1,500,000 shares of Common Stock at the public offering price, within 30 days of the offering. The net proceeds to the Company were approximately $46.0 million after deducting underwriting discounts and commissions and offering expenses.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our condensed financial statements and the consolidated financial statements and the related notes included elsewhere in this Form 10-Q and our Annual Report on Form 10-K, as amended, for the year ended December 31, 2006. Some of the information contained in this discussion and analysis, particularly with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. You should read ''Risk Factors'' in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2006 for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

We are a biopharmaceutical company focused on the development and commercialization of recombinant therapeutic proteins based on ProCellEx, our proprietary protein expression system. Using our ProCellEx protein expression system, we are developing a pipeline of proprietary recombinant therapeutic proteins based on our plant cell-based expression technology that target large, established pharmaceutical markets and that rely upon known biological mechanisms of action. Our initial commercial focus has been on complex therapeutic proteins, including proteins for the treatment of genetic disorders, such as Gaucher disease and Fabry disease, and female infertility disorders. We believe our ProCellEx protein expression system will enable us to develop proprietary recombinant proteins that are therapeutically equivalent or superior to existing recombinant proteins currently marketed for the same indications. Because we are targeting biologically equivalent versions of highly active, well-tolerated and commercially successful therapeutic proteins, we believe our development process is associated with relatively less risk compared to other biopharmaceutical development processes for novel therapeutic proteins.

Our lead product development candidate is prGCD for the treatment of Gaucher disease, which we are developing using our ProCellEx protein expression system. We received authorization from the FDA in April 2007 to commence a pivotal phase III clinical trial of prGCD and subsequently submitted to the FDA a request for a special protocol assessment (SPA) of the final design of the pivotal phase III clinical trial. In July 2007, we reached an agreement with the FDA on the final design that we submitted in the SPA request and in the third quarter of 2007, we initiated enrollment and treatment of patients in our phase III clinical trial of prGCD. prGCD is our proprietary recombinant form of Glucocerebrosidase (GCD), an enzyme naturally found in human cells that is mutated or deficient in patients with Gaucher disease. The current standard of care for Gaucher disease is enzyme replacement therapy, a medical treatment in which GCD is replaced for patients in whom the enzyme is lacking or dysfunctional. Although Gaucher is a relatively rare disease, it represents a large commercial market due to the severity of the symptoms and the chronic nature of the disease. The annual worldwide sales of Cerezyme, an enzyme replacement therapy produced by Genzyme and currently the only approved enzyme replacement therapy for Gaucher disease, were approximately $1 billion in 2006, and $546.8 million for the six months ended June 30, 2007, according to public reports by Genzyme.

In addition to prGCD, we are developing an innovative product pipeline using our ProCellEx protein expression system, including therapeutic protein candidates for the treatment of Fabry disease and female infertility disorders. We plan to file an investigational new drug application (IND) with the FDA with respect to at least one additional product during 2008. Because these product candidates are based on well-understood proteins with known biological mechanisms of action, we believe we may be able to reduce the development risks and time to market for such product candidates. We hold the worldwide commercialization rights to our proprietary development candidates and we intend to establish an internal, commercial infrastructure and targeted sales force to market our products, if approved, in North America, the European Union and in other significant markets, including Israel.

Our business is conducted by our wholly owned subsidiary, Protalix Ltd., which we acquired through a reverse merger transaction effective December 31, 2006. The accounting treatment for the

merger transaction was a recapitalization and as such the results of operations discussed below are those of Protalix Ltd. Prior to the merger transaction, we had not conducted any operations for several years. Protalix Ltd. was originally incorporated in Israel in December 1993. Since its inception in December 1993, Protalix Ltd. has generated significant losses in connection with its research and development, including the clinical development of prGCD. At September 30, 2007, we had an accumulated deficit of $37.9 million. Since we do not generate revenue from any of our product candidates, we expect to continue to generate losses in connection with the continued clinical development of prGCD and the research and development activities relating to our technology and other drug candidates. Such research and development activities are budgeted to expand over time and will require further resources if we are to be successful. As a result, we believe that our operating losses are likely to be substantial over the next several years. We will need to obtain additional funds to further develop our research and development programs.

Critical Accounting Policies

Our significant accounting policies are described in Note 1 to our condensed consolidated financial statements appearing at the beginning of this Quarterly Report on Form 10-Q.

Results of Operations

Three months ended September 30, 2007 compared to the three months ended September 30, 2006

Research and Development Expenses

Research and development expenses were $3.8 million for the three months ended September 30, 2007, an increase of $1.7 million, or approximately 81%, from $2.1 million for the three months ended September 30, 2006. The increase resulted primarily from a $914,000 increase in salaries for new and existing employees and related consulting and materials associated with research and development and from a $678,000 increase in share-based compensation resulting primarily from a grant made during the three months ended June 30, 2007 to a newly hired executive officer.

We expect research and development expenses to continue to increase as we enter into more advanced stages of clinical trials for our product candidates, especially with respect to the current phase III clinical trial of prGCD.

General and Administrative Expenses

General and administrative expenses were $2.0 million for the three months ended September 30, 2007, an increase of $909,000, or approximately 83%, from $1.1 million for the three months ended September 30, 2006. The increase resulted primarily from a $524,000 increase in share-based compensation resulting from the increase in the fair value of the Common Stock underlying the portions of certain outstanding stock options granted to consultants that vested during the three-month period ended September 30, 2007, and due to certain grants made during the third and fourth quarters of 2006. In addition, the increase resulted, in part, from a $206,000 increase in legal and accounting expenses in the three months ended September 30, 2007.

Financial Expenses and Income

Financial income was $685,000 for the three months ended September 30, 2007, an increase of $647,000, compared to a financial expense of $38,000 for the three months ended September 30, 2006. The increase resulted primarily from the interest income earned on the proceeds generated from the sale of ordinary shares of Protalix Ltd. in September 2006 and on the proceeds generated from the exercise of certain warrants in January 2007.

Nine months ended September 30, 2007 compared to the nine months ended September 30, 2006

Research and Development Expenses

Research and development expenses were $9.5 million for the nine months ended September 30, 2007, an increase of $4.7 million, or 100%, from $4.8 million for the nine months ended

September 30, 2006. The increase resulted primarily from a $2.9 million increase in salaries for new and existing employees and related consulting and materials associated with research and development. In addition, the increase resulted from a $1.5 million increase in share-based compensation resulting primarily from a grant made during the three months ended June 30, 2007 to a newly hired executive officer.

We expect research and development expenses to continue to increase as we enter into more advanced stages of clinical trials for our product candidates, especially with respect to the current phase III clinical trial of prGCD.

General and Administrative Expenses

General and administrative expenses were $10.5 million for the nine months ended September 30, 2007, an increase of $7.7 million, or approximately 275%, from $2.8 million for the nine months ended September 30, 2006. The increase resulted primarily from a $6.4 million increase in share-based compensation resulting from the increase in the fair value of the Common Stock underlying the portions of certain outstanding stock options granted to consultants that vested during the nine month period ended September 30, 2007. In addition, the increase resulted, in part, from a $917,000 increase in legal and accounting expenses.

Financial Expenses and Income

Financial income was $1.2 million for the nine months ended September 30, 2007, an increase of $1.1 million, compared to $73,000 for the nine months ended September 30, 2006. The increase resulted primarily from the interest income earned on the proceeds generated from the sale of ordinary shares of Protalix Ltd. in September 2006 and on the proceeds generated from the exercise of certain warrants in January 2007.

Liquidity and Capital Resources

Sources of Liquidity

As a result of our significant research and development expenditures and the lack of any approved products to generate product sales revenue, we have not been profitable and have generated operating losses since our inception. To date, we have funded our operations primarily with gross proceeds equal to $31.3 million from the sale of convertible preferred and ordinary shares of Protalix Ltd. and an additional $14.4 million in connection with the exercise of warrants issued in connection with the sale of such preferred and ordinary shares. On October 25, 2007, we generated $46.5 million in connection with an underwritten public offering. We believe that the funds currently available to us are sufficient to satisfy our planned research, operating and capital needs for at least the next 24 months.

Cash Flows

Net cash used in operations was $6.6 million for the nine months ended September 30, 2007. The net loss for the nine months ended September 30, 2007 of $17.4 million includes $10.2 million of non-cash share-based compensation. Net cash used in investing activities for the nine months ended September 30, 2007 was $1.1 million and consisted primarily of purchases of property and equipment. Net cash provided by financing activities for the nine months ended September 30, 2007 was $12.8 million, consisting of the proceeds from the exercise of certain warrants in January 2007.

Net cash used in operations was $3.3 million for the nine months ended September 30, 2006. The net loss for the three months ended September 30, 2006 of $5.9 million was mainly offset by $2.3 million of non-cash share-based compensation. Net cash used in investing activities for the nine months ended September 30, 2006 was $717,000 and consisted primarily of purchases of property and equipment.

Future Funding Requirements

We expect to incur losses from operations for the foreseeable future. We expect to incur increasing research and development expenses, including expenses related to the hiring of personnel

and additional clinical trials. We expect that general and administrative expenses will also increase as we expand our finance and administrative staff, add infrastructure, and incur additional costs related to being a public company in the United States, including the costs of directors' and officers' insurance, investor relations programs, and increased professional fees. In addition, we are considering a new manufacturing facility that would meet the FDA requirements for the manufacture of our product candidates, which would increase our capital expenditures significantly.

We believe that our existing cash and cash equivalents, after giving effect to the proceeds we received in connection with our underwritten public offering on October 25, 2007, will be sufficient to enable us to fund our planned research, operating and capital needs for at least the next 24 months.

We will need to finance our future cash needs through public or private equity offerings, debt financings or corporate collaboration and licensing arrangements. We currently do not have any commitments for future external funding.

Effects of Inflation and Currency Fluctuations

Inflation generally affects us by increasing our cost of labor and clinical trial costs. We do not believe that inflation has had a material effect on our results of operations during the nine months ended September 30, 2007 or the nine months ended September 30, 2006.

Currency fluctuations could affect us by increased or decreased costs mainly for goods and services acquired outside of Israel. We do not believe currency fluctuations have had a material effect on our results of operations during the nine months ended September 30, 2007 or the nine months ended September 30, 2006.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as of September 30, 2007 or September 30, 2006.

Recently Issued Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, ''Fair Value Measurements'' (''SFAS 157''). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. The provisions of SFAS 157 are effective for the fiscal year beginning after September 1, 2008. We are currently evaluating the impact of the provisions of SFAS 157 on its financial position and results of operations.

On February 15, 2007, the FASB issued SFAS No. 159, ''The Fair Value Option for Financial Assets and Financial Liabilities'' (''SFAS 159''). Under SFAS 159, we may elect to report financial instruments and certain other items at fair value on a contract-by-contract basis with changes in value reported in earnings. This election is irrevocable. SFAS 159 provides an opportunity to mitigate volatility in reported earnings that is caused by measuring hedged assets and liabilities that were previously required to use a different accounting method than the related hedging contracts when the complex provisions of SFAS 133 hedge accounting are not met. SFAS 159 is effective for years beginning after November 15, 2007. We are currently evaluating the impact of adopting SFAS 159 on our financial position, cash flows and results of operations.

In June 2007, the Emerging Issues Task Force (''EITF'') issued EITF 07-3, ''Accounting for Nonrefundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities'' (''EITF 07-3''). EITF 07-3 addresses the diversity that exists with respect to the accounting for the non-refundable portion of a payment made by a research and development entity for future research and development activities. The EITF concluded that an entity must defer and capitalize non-refundable advance payments made for research and development activities until the related goods are delivered or the related services are performed. EITF 07-3 is effective for interim or annual reporting periods in fiscal years beginning after December 15, 2007 (January 1, 2008 for our company). We are currently evaluating the impact of adopting EITF 07-03 on our financial statements and results of operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Currency Exchange Risk

The currency of the primary economic environment in which our operations are conducted is the dollar. We are currently in the development stage with no significant source of revenues; therefore we consider the currency of the primary economic environment to be the currency in which we expend cash. Most of our expenses and capital expenditures are incurred in dollars, and a significant source of our financing has been provided in U.S. dollars. Since the dollar is our functional currency, monetary items maintained in currencies other than the dollar are remeasured using the rate of exchange in effect at the balance sheet dates and non-monetary items are remeasured at historical exchange rates. Revenue and expense items are remeasured at the average rate of exchange in effect during the period in which they occur. Foreign currency translation gains or losses are recognized in the statement of operations.

Approximately 50% of our costs, including salaries, expenses and office expenses, are incurred in New Israeli Shekels, the NIS. Inflation in Israel may have the effect of increasing the U.S. dollar cost of our operations in Israel. If the U.S. dollar declines in value in relation to the NIS, it will become more expensive for us to fund our operations in Israel. A revaluation of 1% of the NIS will affect our income before tax by less than 1%. The exchange rate of the U.S. dollar to the NIS, based on exchange rates published by the Bank of Israel, was as follows:

	Nine months ended September 30,		Year ended December 31,
	2007	2006	2006
Average rate for period	4.1628	4.5224	4.4565
Rate at period end	4.0130	4.3020	4.2250

To date, we have not engaged in hedging transactions. In the future, we may enter into currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rate of the U.S. dollar against the NIS. These measures, however, may not adequately protect us from material adverse effects due to the impact of inflation in Israel.

Interest Rate Risk

Our exposure to market risk is confined to our cash and cash equivalents. We consider all short term, highly liquid investments, which include short-term deposits with original maturities of three months or less from the date of purchase, that are not restricted as to withdrawal or use and are readily convertible to known amounts of cash, to be cash equivalents. The primary objective of our investment activities is to preserve principal while maximizing the interest income we receive from our investments, without increasing risk. We invest any cash balances primarily in bank deposits and investment grade interest-bearing instruments. We are exposed to market risks resulting from changes in interest rates. We do not use derivative financial instruments to limit exposure to interest rate risk. Our interest gains may decline in the future as a result of changes in the financial markets.

Item 4T. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures or controls and other procedures that are designed to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, or Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that a company files or submits under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of our Chief Executive and Chief Financial Officers, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) as of September 30, 2007. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that as of September 30, 2007, our disclosure controls and procedures were effective at providing reasonable assurance that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure.

Changes in Internal Controls over Financial Reporting

During the third quarter of fiscal year 2007, ending on September 30, 2007, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(e) and Rule 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

We are not involved in any material legal proceedings.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2006.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There have been no unregistered sales of equity securities during the quarter ended September 30, 2007 other than the issuance of 20,137 shares of common stock, in the aggregate, on September 12, 2007 to two of our former employees in connection with the exercise of outstanding stock options granted under our 2006 Stock Incentive Plan for aggregate proceeds equal to $3,648. The shares were issued pursuant to exemptions from registration under Section 4(2) of the Securities Act of 1933.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Method of Filing
3.1	Amended and Restated Articles of Incorporation of the Company	Incorporated by reference to the Company's Registration Statement on Form S-4 filed on March 26, 1998, SEC File No. 333-48677
3.2	Article of Amendment to Articles of Incorporation dated June 9, 2006	Incorporated by reference to the Company's Registration Statement on Form 8-A filed on March 9, 2007
3.3	Article of Amendment to Articles of Incorporation dated December 13, 2006	Incorporated by reference to the Company's Registration Statement on Form 8-A filed on March 9, 2007
3.4	Article of Amendment to Articles of Incorporation dated December 26, 2006	Incorporated by reference to the Company's Registration Statement on Form 8-A filed on March 9, 2007
3.5	Article of Amendment to Articles of Incorporation dated February 26, 2007	Incorporated by reference to the Company's Registration Statement on Form 8-A filed on March 9, 2007

Exhibit Number	Exhibit Description	Method of Filing
3.6	Bylaws of the Company, as amended	Incorporated by reference to the Company's Registration Statement on Form S-4 filed on March 26, 1998
4.1	Form of Warrant	Incorporated by reference to the Company's Current Report on Form 8-K filed on January 8, 2007
10.1	Research and License Agreement made on August 8, 2007, by and between Yissum Research Development Company of Jerusalem, the Boyce Thompson Institute and Protalix Ltd.	Filed herewith†
10.2	Scientific Advisory Board Agreement dated as of August 5, 2007, by and between the Company and Aaron Ciechanover, M.D.	Incorporated by Reference to the Company's Current Report on Form 8-K filed on August 6, 2007
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Certification of Chief Executive Officer	Filed herewith
32.2	18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Certification of Chief Financial Officer	Filed herewith

† Portions of this exhibit were omitted and have been filed separately with the Secretary of the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b-2 of the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PROTALIX BIOTHERAPEUTICS, INC.
(Registrant)

Date: November 14, 2007

By: /s/ David Aviezer
David Aviezer, Ph.D.
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 14, 2007

By: /s/ Yossi Maimon
Yossi Maimon
Vice President and Chief Financial Officer, Treasurer and Secretary
(Principal Financial and Accounting Officer)

Exhibit 10.1

Portions of this exhibit have been omitted pursuant to a request for confidential treatment. The omitted portions, marked by [***], have been separately filed with the Securities and Exchange Commission.

RESEARCH AND LICENSE AGREEMENT

Made in Jerusalem this 8th day of August 2007, by and between:

YISSUM RESEARCH DEVELOPMENT COMPANY OF THE HEBREW UNIVERSITY OF JERUSALEM, of Hi Tech Park, Edmond J. Safra Campus, Givat Ram, Jerusalem 91390, Israel ("**Yissum**"), and **THE BOYCE THOMPSON INSTITUTE**, of Tower Road, Ithaca, NY 14850 ("**BTI**") (collectively, the "**Licensors**") of the one part; and

PROTALIX LTD., of 2 Snunit Street, Science Park, Carmiel 21000 Israel; (the "**Company**"), of the second part;

WHEREAS: Yissum has represented to the Company that the rights and title to all inventions and research results of the Researcher (as defined below) vest solely with Yissum and BTI has represented to the Company that the rights and title to all inventions and research results of Charles J Arntzen, Hugh S Mason and Tsafrir Mor vest solely with BTI; and

WHEREAS: the Company is engaged, *inter alia,* in the development and production of recombinant proteins in plant cell culture and that, either by itself or through third parties, it will have the financial capacity and the strategic commitment to facilitate the development, production, marketing and distribution of products; and

WHEREAS: the Company wishes to obtain an exclusive license from the Licensors for the development and commercialization of certain inventions and research results belonging to the Licensors; and

WHEREAS: the Licensors agrees to grant the Company such a license, all in accordance with the terms and conditions of this Agreement.

NOW THEREFORE THE PARTIES DO HEREBY AGREE AS FOLLOWS:

1. Interpretation and Definitions

1.1. The preamble and appendices annexed to this Agreement constitute an integral part hereof and shall be read jointly with its terms and conditions.

1.2. In this Agreement, unless otherwise required or indicated by the context, the singular shall include the plural and *vice-versa*, the masculine gender shall include the female gender, and the use of the word "or" shall mean "and/or".

1.3. The headings of the sections in this Agreement are for the sake of convenience only and shall not serve in the interpretation of the Agreement.

1.4. In this Agreement, the following capitalized terms shall have the meanings appearing alongside them, unless provided otherwise:

1.4.1. "**Affiliate**" shall mean any person, organization or other legal entity which controls, or is controlled by, or is under common control with, the Company. **Control** shall mean the holding of [***] or more of (i) the capital or (ii) the voting rights or (iii) the right to elect or appoint directors.

1.4.2. "**Background Technology**" shall mean any unpatented information, assays, ancillary materials, results, devices and/or know-how developed by the Researcher at the University prior to the execution of this Agreement, to the extent that they are useful in the Field and are conveyed to the Company by the Licensor or the Researcher, in writing. Technology that is or becomes part of the public domain, for any reason other than publication by the Company, shall not be deemed as part of the Licensed Technology.

1.4.3. "**Combination Product**" shall mean a Product which is manufactured and commercialized by the Company, an Affiliate or Sublicensee which comprises (i) a Product and (ii) at least one other active ingredient or medical device**,** which, if administered independently of the Product, would have a clinical effect.

1.4.4. "**Development Plan**" shall mean the written plan, and any amendments thereof, produced by the Company, which sets forth how the Company, from time to time, intends to develop and commercialize the Licensed Technology.

1.4.5. "**Development Technology**" shall mean all inventions, development, improvements, data and other information in any form, patentable or unpatentable, which shall be developed by the Researcher following the execution of this Agreement, as a result of activities other than the performance of the Research, to the extent that they are useful in the Field and to the extent that they are not in the public domain and Yissum shall then have the legal right to

[***] Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b-2 of the Exchange Act.

disclose and grant rights therein to the Company as contemplated herein.

1.4.6. "**Field**" shall mean the use of plant expressed AChE and variants and peptides derived therefrom for all therapeutic and prophylactic indications**.** "**Derived**" shall be construed to mean any chemical modification of AChE or a variant or peptide thereof, including, *inter alia* and for the avoidance of doubt the addition, deletion and /or modification of amino acids, as well as nucleic acid sequences, with codons modified for optimal production in plants, coding for the said AChE variants.

1.4.7. "**First Commercial Sale**" shall mean the first sale of a Product by the Company, an Affiliate or a Sublicensee.

1.4.8. "**Foreground Technology**" shall mean all inventions, development, improvements, data and other confidential information in any form, patentable or unpatentable, patented or unpatented, conceived, developed or otherwise acquired by Yissum in the course of any Research, including any such inventions, development, improvements, data or other information conceived or developed jointly by the Researcher and the Company.

1.4.9. "**Licensed Patents**" shall mean all patent applications or registered patents, any patent application that claims priority therefrom; all divisions, continuations, continuations-in-part, re-examinations, reissues, substitutions, or extensions, including European Supplementary Protection Certificates ("SPCs"), and any and all patents issuing from, and inventions, methods, processes, and other patentable subject matter disclosed or claimed in, any and all of the foregoing, as listed on Appendix A. For the avoidance of doubt, the [***] Patent and the [***] Patent are among the Licensed Patents.

1.4.10. "**Licensed Technology**" – means the Licensed Patents, the Background Technology, the Foreground Technology, the Research Results and the Development Technology.

1.4.11. "**Net Sales**" - means

(a) revenues recognized in accordance with United States generally accepted accounting principles from the sale or other disposition of Products by the Company, an Affiliate or Sublicensee to a third party; or

(b) the fair market value of non-monetary consideration received in connection with such sales, leases or transfers;

[***] Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b-2 of the Exchange Act.

after deduction of: (i) all trade, quantity, or cash discounts and credits by reason of rejection, return, price adjustment, rebates, recalls and unaffiliated third party agents' commissions; (ii) commercially reasonable quantities of samples used for promotional purposes, clinical trials purposes and/or compassion clinical experiments; (iii) sales taxes (including VAT, customs, duties or other governmental charges levied on the production, sale, transportation, import or export, delivery or use of a Product (but specifically excluding income tax); (iv) insurance and transportation expenses paid by such party; and (v) Third Party Royalties; provided that such deductions shall be directly related to the sale of Products in the course of business of the Company, Affiliate or Sublicensee, all as determined from the books and records of the Company, its Affiliate or Sublicensee, maintained in accordance with generally accepted accounting principles consistently applied. For the sake of clarity, any payment or rebate received by the Company, Affiliate or Sublicensee from any governmental agency directly in relation to sales of Products shall be considered as Net Sales.

In the event of sales or deductions not made at "arms length", then for the purpose of calculation of Royalties (as defined below) to the Licensors, Net Sales shall be calculated in accordance with arms length prices for sale of Products to end users and arm's length deductions, to be determined by the current market conditions, or in the absence of such conditions, according to the assessment of a independent appraiser to be selected by the parties.

Net Sales shall be furthermore adjusted in the event that a Product is sold as part of a Combination Product as set forth in section 7.1 hereto.

1.4.12. **"[***] Patent"** means [***], all patents that issue thereon and all divisions, continuations, continuations-in-part, re-examinations, reissues, substitutions, or extensions, including European Supplementary Protection Certificates ("SPCs"), and any and all patents issuing from, and inventions, methods, processes, and other patentable subject matter disclosed or claimed in, any and all of the foregoing.

1.4.13. "**Product**" means any plant recombinant AChE based products, the sale of which would infringe a Valid Claim but for the grant of the License or that uses the Licensed Technology as a basis for subsequent modifications.

[***] Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b-2 of the Exchange Act.

1.4.14. "**[***] Patent(s)**" shall mean any [***] patent application filed by the Licensors after [***], which discloses [***].

1.4.15. "**Research**" shall mean research sponsored by the Company to be conducted by the Researcher at the University pursuant to a Research Program.

1.4.16. "**Research Program**" shall mean any mutually agreed program under which Research shall carried out from time to time.

1.4.17. "**Researcher**" shall mean Prof. Hermona Soreq, or such other person as determined and appointed from time to time by Yissum with the Company's prior consent, to supervise and to perform the Research, if applicable.

1.4.18. "**Research Results**" shall mean the results of the Research, including any patent applications and patents (which shall be added to the list of Licensed Patents set forth on Appendix A) and information, material, results, devices or know-how arising from such Research.

1.4.19. "**Royalty Term**" shall mean, on a country by country basis, the later of (i) the date of expiration of the last Valid Claim; (ii) the end of any exclusivity on the Product granted by a regulatory or government body; or (iii) the end of a period of [***] from the date of the First Commercial Sale. Should the periods referred to in subsections (i) or (ii) expire prior to [***] from the date of the First Commercial Sale in a particular country or countries, the license in that country or those countries shall be deemed a license to the non-patent Background, Foreground or Development Technology.

1.4.20. "**Sublicense**" shall mean any grant by the Company or its Affiliates of any of the rights granted under this Agreement or any part thereof; including the right to develop, manufacture, market or distribute the Licensed Technology or any Product.

1.4.21. "**Sublicense Considerations**" shall mean any proceeds or consideration or benefit of any kind whatsoever, other than (i) royalties on Net Sales; (ii) research and development funding; (iii) grants; or (iv) manufacturing and other service or development payments, that the Company or an Affiliate may receive from a Sublicensee as a direct or indirect result of the grant of a Sublicense or an option to obtain such Sublicense.

[***] Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b-2 of the Exchange Act.

1.4.22. "**Sublicensee**" shall mean any third party to whom the Company shall grant a Sublicense or option to obtain such Sublicense. For the sake of clarity, Sublicensee shall include any other third party to whom such rights shall be transferred, assigned, or who may assume control thereof by operation of law or otherwise.

1.4.23. "**Third Party Royalties**" shall mean royalties calculated on any amount invoiced by the Company, an Affiliate or a Sublicensee for the sale of a Product and actually paid by the Company, an Affiliate or a Sublicensee to a third party for the right to use patents or technology of such third party, without which right of use the Company would not be entitled to develop, manufacture and sell such Product, provided that the duty to pay the royalty to such third party has been established at arm's-length and in good faith, and is set out in a written agreement

1.4.24. "**University**" shall mean the Hebrew University of Jerusalem and each of its branches.

1.4.25. "**Valid Claim**" shall mean any claim in any issued and unexpired patent included in the Licensed Patents, including any patent extensions or Supplementary Protection Certificates which have not been disallowed or held unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and which has not been admitted to be invalid or unenforceable through re-issue or disclaimer or otherwise.

2. Research; Research Grants

2.1. The parties may agree on the conduct of a Research Program or any amendment thereof from time to time. Such Research Program will require [***] to pay the costs of such Research Program [***].

2.2. The Research shall be conducted by and under the supervision of the Researcher. Should the Researcher be unable to complete the Research for any reason, Yissum shall notify the Company of the identity of a suitable replacement researcher. If the Company does not object to the replacement researcher on reasonable grounds within twenty (20) days of this notification, the substitute researcher shall be deemed acceptable to the Company. Alternatively, the Company shall have the right to terminate the Research, provided that (i) no monies paid to Yissum for the Research will be refundable; and (ii) the Company shall be responsible for the payment of any accrued fees and expenses due to Yissum based on work duly performed up to the date of termination and those irrevocable commitments

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entered into by Yissum prior to having received the Company's written notice of termination.

2.3. For the avoidance of doubt, nothing herein shall prevent Yissum or the University or the Researcher from obtaining further finance or grants from other entities for research regarding the Licensed Technology, provided that such entities shall not be granted rights in the results and the same shall be treated as Development Technology or Research Results hereunder. The Company and Yissum will make best efforts to apply jointly to the US Army and DARPA to fund collaboration programs. The program and budget will be jointly agreed between the parties before the filing such applications.

2.4. Nothing contained in this Agreement shall be construed as a warranty on the part of Yissum that any results or inventions will be achieved by Research, or that the Research Results, if any, are or will be commercially exploitable. Yissum makes no warranties whatsoever as the commercial or scientific value of any Research Results.

2.5. Should the Company choose to (i) retain the services of the Researcher or any other employee of the University or BTI or their respective institutions, as a consultant in connection with the License; or (b) grant any benefit, including but not limited to, cash payments or securities of any kind, to the Researcher or any other employee of the University or BTI or their respective institutions, it shall do so only through a written agreement executed between the Company and, as appropriate Yissum or BTI.

3. The License; Transfer of Licensed Technology

3.1. Subject to the full performance by the Company of its obligations in accordance with this Agreement, the Licensors hereby grant the Company an exclusive worldwide right and license to develop, test, make, have made, use, have used, sell and have sold materials, devices, processes and the like which incorporate or otherwise utilize the Licensed Technology, all within the Field only, subject to and in accordance with the terms and conditions of this Agreement (the "License"). Notwithstanding the foregoing, the License to the [***] Patent and the [***] Patent(s) shall be exclusive without any field restriction.

3.2. Notwithstanding the provisions of section 3.1, above, the Licensors, on behalf of their respective institutions, shall retain the right (i) to make, use and practice the Licensed Technology for internal research and educational purposes;] and (ii) to license or otherwise convey to any organization the Licensed Technology, (with the exception of the technology protected by the [***] Patent and the [***] Patent), for research and development relating to commercial applications outside the Field. In the event Yissum

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receives requests for the Licensed Technology from researchers at academic and/or not-for-profit research organizations for use in non-commercial research, Yissum will forward the requests to the Company and the Company, and the Company, in consultation with the Researcher, will determine whether it is willing to supply Licensed Technology for such purpose. Any such disclosure or other supply of Licensed Technology shall be made pursuant to the Company's standard form confidentiality or material transfer agreement (as the case may be) and will acknowledge Yissum's contribution.

3.3. Yissum and/or the University, through the Researcher or otherwise, shall convey the Licensed Technology to the Company on a current basis and provide reasonable assistance to the Company in implementing the same, provided that such assistance does not interfere with the Researcher's academic responsibilities. Other than as provided herein, the Licensors shall not be obliged to provide any technical support to the Company, its Affiliates or its Sub-licensees.

4. RESERVED

5. Development and Commercialization; Advisory Committee

5.1. The Company [***] shall use commercially reasonable efforts to develop and commercialize the Licensed Products. A preliminary written plan and timetable for the development and the commercialization of Products (the "**Development Plan**") is attached to this Agreement as Appendix B. The Development Plan shall be modified from time to time by the Company with notification to the Licensors. All terms and conditions of the License and this Agreement shall apply to the modified Development Plan.

5.2. The parties shall establish an advisory committee of up to four (4) persons (the "Advisory Committee") to provide technical input on the development of Licensed Products The Licensors shall be entitled to designate up to two representatives to the Advisory Committee (the "Licensors' Representatives") which shall meet at least twice per calendar year. The Licensors' Representatives shall be bound by the confidentiality arrangements set out in this Agreement. The Company shall consult with the Licensors, via the Licensors' Representatives, in respect of significant scientific decisions related to Product development. For the avoidance of doubt, the Advisory Committee shall be a forum for the exchange of information between the parties with respect to the foregoing matters, shall act only in an advisory capacity and shall not have decision-making powers. The Company shall provide the Licensors via the Licensors' Representatives with periodic written reports not less than once per every six (6) months concerning all material research and development activities undertaken in

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respect of the exercise of the License. The periodic reports shall include a summary of the development results and any other related work effected by the Company or by any Affiliate or Sub-Licensee during the six month period prior to the report ("Development Reports"). Development Reports shall also set forth a non-binding general assessment regarding the projected completion date of the development of a Product and shall detail all changes to the Development Plan as well as the actual completion date of the development of a Product.

5.3. Upon completion of the development of any Product, the Company undertakes to perform commercially reasonable actions to market, distribute and sell such Product. Payments of the License Maintenance Fee as set forth in section 7, below, shall not release the Company from its obligation as stated in this section.

6. Sublicenses

6.1. The Company shall be entitled to grant sublicenses under the License on terms and conditions consistent and compliant with the terms and conditions of this Agreement (except that the consideration may be different than the consideration set forth in this Agreement) to (i) an Affiliate; or (ii) a third party for consideration and in an arms-length transaction. All sublicenses granted by the Company must be in writing and a copy of such written agreement must be provided to the Licensors within ten (10) days after its execution.

6.2. If the Company is unable or unwilling to serve or develop a potential market or market territory for which there is another party willing to be a sublicensee, the Company will, at the Licensors' request, negotiate in good faith a sublicense with such party.

6.3. Any Sublicense shall be dependent on the validity of the License and shall terminate upon termination of the License.

6.4. The Company shall ensure that any Sublicense shall include terms that bind the Sublicensee to observe the terms of this Agreement, including section 14, the breach of which shall be a fundamental breach resulting in the prompt termination of the Sublicense. In such an event, the Company undertakes to take all reasonable steps to enforce such terms upon the Sublicensee, including the termination of the Sublicense. In all cases, the Company shall immediately notify the Licensors of any breach of the terms of a Sublicense, and shall copy the Licensors on all correspondence with regard such breach.

6.5. Any act or omission of the Sublicensee which is not promptly remedied by the Company or the Sublicensee and which would have constituted a breach

of this Agreement by the Company had it been an act or omission of the Company, and which the Company has not made best efforts to promptly cure, including termination of the Sublicense, shall constitute a breach of this Agreement by the Company.

6.6. For the avoidance of any doubt it is hereby declared that under no circumstance whatsoever shall a Sublicensee be entitled to grant a Sublicense or any part thereof to any third party.

7. Consideration

In consideration for the grant of the License, the Company shall pay the Licensors the following considerations:

7.1. Royalties on Net Sales of any Product (the "**Royalties**") on a [***] basis as follows:

Net Sales	Rate
On the first [***]	[***]
On the next Net Sales of between [***] and [***]	[***]
On the next Net Sales of between [***] and [***]	[***]
On Net Sales in excess of [***]	[***]

On a country-by-country basis, in the event a third party commercializes either a competing product that does not infringe a Licensed Patent or an authorized generic, the applicable Royalty rate will be reduced by a percentage equal to [***], but in no event shall the Royalty payable to the Licensors be less than [***] of the Royalty rates set forth above. A competing product's market share will be based on the share of the total market for products acting through the same mechanism as a Product based on data provided by IMS International or such other data mutually agreed by the Company and the Licensors.

In the event that any Product is sold in form of a Combination Product, the proportion of such Combination Product to be attributed to the Product and therefore subject to the Royalties shall be calculated based on [***].

Thus, provided that both the Product and the other constituent of the Combination Product are each sold on a stand-alone basis at the time in question, the proportion shall be as follows: [***], where A is the Net

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Sales price, of the Product sold separately, and B is the Net Sales price, of the other component sold separately.

In the event that the Product and the other constituent of the Combination Product are not each sold on a stand-alone basis at the time in question, the fraction above shall be calculated where A is the reasonably estimated commercial value of the Product sold separately and B is the reasonably estimated commercial value of the other component sold separately. Any such estimates shall be determined using criteria to be mutually agreed upon by the parties.

Net Sales from such Combination Product for the purposes of determining Royalties thereon shall be determined by multiplying the actual Net Sales of such Combination Product by such proportion, and the Company shall make payments of Royalties to the Licensors accordingly.

Notwithstanding any of the foregoing, if the use or sale of Product(s) by the Company, its Affiliate or Sublicensees in the country in which Product(s) are sold or used is not covered by a Valid Claim in such country, the Royalties payable with respect to Net Sales in such country shall be [***] of the amounts otherwise set forth above. For the avoidance of doubt, a Product will not be deemed to be covered by a Valid Claim if there is only a patent application pending but not yet issued. In the event that such an application is granted during the Royalty Term, the Company shall pay Yissum the full Royalty on all Net Sales from the date the application was filed.

7.2. Beginning on the [***] anniversary of the execution of this Agreement and each [***] thereafter, the Company shall pay the Licensors an annual License maintenance fee of [***] (the "**License Maintenance Fee").** The License Maintenance Fee shall increase by [***] each [***]. The License Maintenance Fee is [***].

7.3. The Company shall pay the Licensors the following amounts in connection with the achievement of the following milestones (whether by the Company or a Sublicensee):

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Milestone	Payment
Marketing approval of a Product in the biodefense/poisoning field in the USA	[***]
Marketing approval of a Product for other indications in the USA	[***]
Receipt by the Company of the first [***] in Net Sales or Sublicense Considerations	[***]

7.4. Sublicense fees ("**Sublicense Fees**") as follows:

(a) [***] of Sublicense Considerations if the Sublicense is granted prior to the initiation of preclinical research.

(b) [***] of Sublicense Considerations if the Sublicense is granted prior to the commencement of the first Phase I clinical trial of a Product.

(c) [***] of Sublicense Considerations if the Sublicense is granted prior to the receipt of the first marketing approval for a Product.

(d) [***] of Sublicense Considerations if the Sublicense is granted subsequent to the receipt of the first marketing approval for a Product.

7.5 At the end of the Royalty Term, the Company shall have a paid-up license to the Licensed Technology and shall not be required to pay any further compensation to the Licensors pursuant to this Agreement.

8. Reports and Accounting

8.1. The Company shall give the Licensors written notice of any Sublicense Consideration received or First Commercial Sale made within 30 days of such event.

8.2. One (1) month after the end of each calendar quarter commencing from the earlier of (i) the First Commercial Sale by the Company or an Affiliate; or (ii) the grant of a Sublicense or receipt of Sublicense Consideration, the Company shall furnish the Licensors with a quarterly report ("**Periodic Report**") detailing the total sales effected or Sublicense Consideration received during the preceding quarter and the total Royalties and Sublicense Fees due to the Licensors in respect of that period. Once the events set

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forth in sub-section (i) or (ii), above, have occurred, Periodic Reports shall be provided to the Licensors whether or not Royalties and Sublicense Fees are payable for a particular calendar quarter. The Periodic Reports shall contain full particulars of all sales made by the Company, Affiliates or Sublicensees and of all Sublicense Consideration received, including a breakdown of the number and type of Products sold, discounts, returns, the country and currency in which the sales were made, invoice dates and all other data enabling the Royalties and Sublicense Fees payable to be calculated accurately.

8.3. On the date prescribed for the submission of each Periodic Report, the Company shall pay the Royalties and Sublicense Fees due to the Licensors for the reported period. All payments under this Agreement shall be computed and paid in US dollars, using the appropriate foreign exchange rate reported in the Wall Street Journal on the last working day of the calendar quarter. Payment of Value Added Tax – or of any analogous foreign tax, charge or levy (if charged), applicable to the sale of Products shall be added to each payment in accordance with the statutory rate in force at such time. Payments may be made by check or by wire transfer to Yissum at the following account:

Bank Name: Hapoalim (12)

Branch Name: Zion Square (783)

Account Number: [***]

Swift Code: Poalilit

Yissum shall be responsible for remitting the appropriate amount of the Company's payments to BTI in accordance with the agreement between Yissum and BTI.

8.4. The Company shall keep, and shall require its Affiliates and Sublicensees to keep full and correct books of account in accordance with Generally Accepted Accounting Principles as required by international accounting standards enabling the Royalties and Sublicense Fees to be calculated accurately. Starting from the first calendar year after the First Commercial Sale, or the first grant of a Sublicense, whichever occurs first, an annual report, signed by the chief financial officer of the Company, shall be submitted to the Licensors within 90 days of the end of each calendar year, detailing Net Sales and Sublicense Considerations, Royalties and Sublicense Fees, both due and paid (the "**Annual Reports**"). The Annual Reports shall also include the Company's sales and royalty forecasts in respect of the Products for the following calendar year that have been made public The Licensors will allow the Company a credit against Royalties and/or Sublicense Fees to be paid in the future of any Royalties or

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Sublicense Fees previously paid on account Net Sales that were recorded as bad debts in the Company's annual audited financial statements. In the event that such bad debts are recorded by the Company in its annual audited financial statement after the Company's obligation to pay Royalties and/or Sublicense Fees has ceased, the Licensors shall repay any Royalties or Sublicense Fees received on account of Net Sales that were reported as bad debts by the Company.

The Company shall, and shall require and cause its Affiliates and Sublicensees to, retain the such books of account for five (5) years after the end of each calendar year during the period of this Agreement, and, if this Agreement is terminated for any reason whatsoever, for five (5) years after the end of the calendar year in which such termination becomes effective.

8.5. The Licensors shall be entitled to appoint not more than two (2) representatives who must be independent certified public accountants or such other professionals as appropriate (the "**Representatives**") to inspect during normal business hours the Company's and Affiliates' books of account, records and other relevant documentation to the extent relevant or necessary for the sole purpose of verifying the performance of the Company's payment obligations under this Agreement, the calculation of amounts due to the Licensors under this Agreement and of all financial information provided in the Periodic Reports, provided that the Licensors shall coordinate such inspection with the Company or Affiliate (as the case may be) in advance. In addition, the Licensors may require that the Company, through the Representatives, and at the Licensors' cost, inspect during normal business hours the books of account, records and other relevant documentation of any Sublicensees, to the extent relevant or necessary for the sole purpose of verifying the performance of the Company's payment obligations under this Agreement, the calculation of amounts due to the Licensors under this Agreement and of all financial information provided in the Periodic Reports, and the Company shall cause such inspection to be performed. The parties shall reconcile any underpayment or overpayment within thirty (30) days after the Representatives deliver the results of the audit. Any underpayment shall be subject to interest in accordance with the terms of section 8.6, below. In the event that any inspection as aforesaid reveals any underpayment by the Company to the Licensors in respect of any year of the Agreement in an amount exceeding [***] of the amount actually paid by the Company to the Licensors in respect of such year, then the Company shall pay the cost of such inspection.

8.6. Any sum of money due the Licensors which is not duly paid on time shall bear interest from the due date of payment until the actual date of payment at the maximum rate of interest prevailing in respect of unauthorized

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withdrawals on a credit line at Bank Leumi Le-Israel Ltd. on the currency of payment.

8.7. Should any payment required to be made to the Licensors in accordance with the provisions of this Agreement be subject to withholding of any taxes assessable upon the Licensors, the Company shall inform the Licensors of such withholding requirement sufficiently in advance of the first payment to be made by the Licensee to the Licensors hereunder, so as to allow the Licensors to obtain and provide the Company with an appropriate certificate of exemption, if available. . No withholding shall be made if an exemption is obtained for as long as it is valid.

9. Ownership

All rights in the Background Technology, the Development Technology and the Foreground Technology shall be solely owned, as between the Licensors and the Company by the Licensors, and the Company shall hold and make use of the rights granted pursuant to the License solely in accordance with the terms of this Agreement.

10. Patents

10.1. The Company shall pay the Licensors [***] in connection with the expenses and costs relating to the registration and maintenance of the Licensed Patents listed in part one of Appendix A (the **"Part One Patent Costs**"). The Licensors acknowledge that the Company has already paid [***] in connection with the Part One Patent Costs. The remainder of the Part One Patent Costs shall be paid as follows:

[***];

[***];

provided that at the time of payment, this Agreement has not been terminated. Notwithstanding the foregoing, [***] shall begin to pay [***] costs associated with the Licensed Patents listed in part one of Appendix A upon the earlier of (i) [***] from the execution of this Agreement; or (ii) the date the [***]. On such date, [***] will pay [***] documented costs and expenses incurred as from the date hereof and to that date (the "**Triggering Date**") in connection with the prosecution and maintenance of the Licensed Patents listed in part one of Appendix A and shall thereafter pay the [***] as well. For the avoidance of doubt, it is hereby agreed that should the Company exercise its right pursuant to section 10.8 below in respect to any of the Licensed Patents listed in part one of Appendix A on or before the Triggering Date, then the

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Company shall not be liable to pay such previous or future patent costs in respect thereto to the Licensors.

10.2. [***] shall pay [***] relating to the registration and maintenance of the Licensed Patents listed in part two of Appendix A (the "**Part Two Patent Costs**") and any Joint Patents (as defined below).

10.3. The Licensors, in consultation with the Company, shall be responsible for the filing, prosecution and maintenance of the Licensed Patents, [***] as set forth in sections 10.1 and 10.2, above. Notwithstanding the foregoing, and without derogating from any other provision of this section 10.3 or 10.4, [***] shall take the lead in the filing of the [***] Patent(s). The parties will perform their obligations hereunder through a law or patent attorney firm selected by the Licensors, subject to the Company's approval, not to be unreasonably withheld, conditioned or delayed ("**Patent Counsel**"). Each application and every patent registration shall be made and registered in the name of the Licensors or, if an employee of the Company has an inventive part in a particular invention, jointly in the name of the Licensors and the Company ("**Joint Patents**"). The Company agrees to have the Licensors' patent counsel directly bill the Company for [***] and shall directly pay such bills within 30 (thirty) days of receipt.

10.4. Subject to the above, the parties shall consult and make every effort to reach agreement in all respects relating to the manner of making applications and registering the patents, including the time of making the applications, the countries where applications will be made and all other particulars relating to the gistration and maintenance of the Licensed Patents. In the event that the Licensors and the Company are unable to agree on the proper course of action, the matter shall be resolved pursuant to the judgment of Patent Counsel.

10.5. The parties shall assist each other in all respects relating to the preparation of documents for the registration of any patent or any patent-related right upon the request of the other party. All parties shall take all commercially reasonable action in order to assist the others to extend the duration of a Licensed Patent or obtain any other extension obtainable under law, to maximize the scope of the protection afforded by the Licensed Patents.

10.6. The Company shall give the Licensors immediate notice of any approach made to it by a patent examiner or attorney in connection with any matter that is the subject matter of this Agreement. The Company shall only reply to such approaches after consultation with the Licensors and subject to their consent.

10.7. The Company, its Affiliates and Sublicensees shall mark all products covered by one or more of the Licensed Patents with patent numbers (or the

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legend “patent pending”) in accordance with the statutory requirements in the country or countries of manufacture, use and sale. The Company shall ensure that its Sublicensees comply with the provisions of this section.

10.8. If at any time during the term of this Agreement the Company decides that it is undesirable, as to any country, to prosecute or maintain any patents or patent applications within the Licensed Patents, it shall give at least sixty (60) days written notice thereof to the Licensors, and upon the expiration of the sixty (60) day notice period (or such longer period specified in the Company’s notice) the Company shall be released from its obligations to bear [***] to be incurred thereafter as to such patent(s) or patent application(s) in such country. Thereafter, such country shall be deleted from the scope of the License in relation to such patent(s) or application(s) and the Licensors shall be free to grant rights in and to such patents or patent applications in such country to third parties, without further notice or obligation to the Company, and the Company shall have no rights whatsoever to exploit such patents or patent applications in such country.

10.9. Upon the filing of any application for a Joint Patent, the Company shall execute a letter of assignment concerning its interest in any Joint Patents that will provide that such interest will be irrevocably assigned to the Licensors in the event that the Company is declared bankrupt, is voluntarily or involuntarily dissolved, or otherwise ceases operations. In the event the Company should terminate this Agreement, its interest in the Joint Patents, shall be licensed to the Licensors in consideration of the payment by the Licensors of the Royalties and Sublicense Fees, and sections 7.1, 7.4, 7.5 and 8, above, shall apply *mutatis mutandi.*

10.10. In the event that the Licensors grant a commercial royalty bearing license to a third party or parties with respect to the Licensed Patents outside the Field subsequent to the execution of this Agreement, the Company’s obligation to pay [***] associated with the Licensed Patents shall be reduced in good faith in accordance with the scope of the license given to such third party.

10.11. The foregoing does not constitute an obligation or warranty on the part of the Licensors that any patent or patent registration application will indeed be made or registered or be registerable in respect of the Licensed Technology or any part thereof, nor shall it constitute an obligation, warranty, or declaration on the part of the Licensors that a registered patent will afford due protection. For the avoidance of doubt, the provisions of this Agreement and of Appendix A do not constitute a representation or warranty on the part of the Licensors regarding the validity of or the protection afforded by any of the patents or patent registration applications detailed in Appendix A, and the Licensors hereby expresses that it has made no examination as to the validity of the Licensed Patents.

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11. Patent Rights Protection

11.1. The Company and the Licensors shall each inform the other promptly in writing of any alleged infringements by a third party of the Licensed Patents in the Territory, together with any available written evidence of such alleged infringement.

11.2. The Company, its Affiliate or Sublicensee shall have the right to prosecute, each in its own name and [***] any infringement of such Licensed Patents. Before the Company, its Affiliate or its Sublicensee commences an action with respect to any infringement, the Company shall give careful consideration to the views of the Licensors in making its decision whether or not to sue and, if relevant, make these views known to its Affiliate or Sublicensee. The Company (or its Affiliate or Sublicensee, where relevant) shall keep the Licensors reasonably apprised of all developments in the action and shall seek the Licensors' input and approval on any substantive submissions or positions taken in the litigation regarding the scope, validity or enforceability of the Licensed Patents.

11.3. If the Company, its Affiliate or its Sublicensee elects to commence an action as described above and the Licensors are a legally indispensable party to such action, the Licensors [***] may be joined as a co-plaintiff. Regardless of whether the Licensors are a legally indispensable party, the Licensors, to the extent permitted by law [***] may elect to join the action as a co-plaintiff and shall jointly control the action with the Company, its Affiliate or its Sublicensee. Irrespective of whether the Licensors joins the action they shall provide reasonable cooperation to the Company, its Affiliate or its Sublicensee. The Company shall reimburse the Licensors for [***] they incur as part of an action brought pursuant to this section where the Licensors have not elected to join the action as a co-plaintiff.

11.4. If the Company, its Affiliate or its Sublicensee elects not to bring an action against an alleged infringer pursuant to section 11.2, above, the Licensors shall have the right, but not the obligation, to bring an action for such infringement.

11.5. No settlement, consent judgment or other voluntary disposition of an infringement suit may be entered without the consent of the Licensors, which consent shall not be unreasonably withheld, conditioned or delayed.

11.6. Any award or settlement payment resulting from an action initiated with this section 11, shall be utilized, first to effect reimbursement of documented out-of-pocket expenses incurred by all parties in relation to such legal action, and thereafter shall be paid to the Company and shall be deemed Sublicense Consideration received under this Agreement.

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11.7. If any party commences an action and then decides to abandon it, such party will give timely notice to the other party. The other party may continue the prosecution of the suit after both parties agree on the sharing of expenses.

11.8. The Company shall use its best efforts [***] to defend any action, claim or demand made by any entity against the Company or the Licensors in connection with the Company's exercise of the License. Each party shall notify the other immediately upon learning of any such action, claim or demand as aforesaid. Should the Company acquire a license to any third party intellectual property in order to settle or bring to a conclusion any legal action taken as contemplated by this section11, then amounts payable to such third party under the license shall be deemed Third Party Royalties to be deducted from Net Sales.

12. Confidentiality

12.1. The parties undertake to each other to keep, and shall procure that their respective Affiliates, Sub-Licensees, employees, directors, officers, consultants and contractors (including those of any Affiliate) shall keep, confidential all information received from each other during or in anticipation of this Agreement however obtained and in whatever form (the "**Confidential Information**") provided that Confidential Information shall not include the following:

12.1.1 information which at the time of disclosure by one party to the other is in the public domain;

12.1.2. information which after disclosure by one party to the other becomes part of the public domain by publication except by breach of this Agreement;

12.1.3 information which the receiving party can establish by competent proof was already in its possession at the time of its receipt and was not acquired directly or indirectly from the other party; and

12.1.4 information received from third parties who were lawfully entitled to disclose such information.

12.2. Any Confidential Information received from the other party shall not be disclosed or used for any purpose other than as provided or anticipated under this Agreement.

12.3. Without prejudice to the foregoing, the Company shall not make use of the name of the University or the Licensors, unless required by law, in any manner or for any purpose in connection with this Agreement, the subject

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of the Research or any matter relating to the Licensed Technology, without obtaining the prior written consent of the Licensors.

12.4. The Licensors shall procure that the Researcher and any other person connected with it with regard to the License execute a confidentiality agreement substantially similar in content to this section 12.

12.5. As a precondition to any Sublicense, the Company shall ensure that the Sublicensee procures that the Sublicensee's officers, employees, representatives or persons acting on the Sublicensee's behalf are bound by a written confidentiality agreement substantially similar in content to this section 12.

12.6. This section 12 shall survive expiry or termination of this Agreement.

12.7. The provisions of this section shall be subject to permitted publications pursuant to section 13, below.

12.8. The provisions of this section 12 shall in no event prevent the Company, its Affiliates and Sublicensees from disclosing any Licensed Technology to regulatory authorities or other governmental agencies in support of any application for regulatory approvals or any amendments thereof for Licensed Product and whenever required under any applicable law.

13. Publications; Publicity

13.1. The Licensors shall ensure that no publications in writing, in scientific journals or orally at scientific conventions relating to the Licensed Technology, the Development Plan, the Development Results or the Product, which are subject to the terms and conditions of this Agreement, are published by it, the Researcher or any other of its other researchers, without first seeking the consent of the Company, in writing.

13.2. The Company undertakes to reply to any such request for publication by the Licensors within sixty (60) days of its receipt of a request in writing in connection with the publication of articles in scientific journals, and within fifteen (15) days of its receipt of a request in connection with article abstracts. The Company may only decline such an application upon reasonable grounds, which shall be fully detailed in writing.

13.3. Should the Company decide to object to publication as provided in sub-section13.2, above, publication shall be postponed for a period of not more than three (3) months from the date the publication was sent to the Company to enable the filing of patent applications, it being understood and agreed, however, that no such publication shall include the Company's proprietary information.

13.4. In the absence of any specific agreement between the parties which agreement shall not be unreasonably withheld or delayed, neither party shall originate any publicity, news release or public announcement, written or oral, whether to the public or press, relating to the provisions of this Agreement, performance under this Agreement or any of its terms or to any amendment hereto save only such announcement as in the opinion of counsel for the party making such announcement or its Affiliates is required by law or the rules of any stock exchange to be made.

13.5. For the avoidance of doubt, the provisions of this section in connection with the prohibition against publication shall not apply to presentations made by students and researchers within the Licensors' institutions provided that any persons who are present during such presentations are obligated to maintain the confidentiality thereof pursuant to written agreements signed by them containing terms and conditions materially similar to those set forth in section 12, above.

14. Representations, No Warranty, Liability and Indemnity

14.1. Yissum makes the following representations:

14.1.1. Yissum is the assignee and sole owner of its interest in the Licensed Patents and the Background Technology.

14.1.2. Yissum has not granted any rights in or to the Licensed Patents or the Background Technology;

14.1.3. Yissum has no knowledge of any letter of demand, legal suit or proceeding issued or initiated by a third party against either of the Licensors contesting the ownership of the Licensed Patents or the Background Technology or the validity of the Licensed Patents, or claiming that the practice of the Licensed Patents or the Background Technology in the Field would infringe the rights of such third party.

14.1.4. Yissum is not aware of any third party that may have rights which conflict or interfere with the grant to, or exercise of the License by, the Company as envisaged herein.

14.1.5. The Researcher does not and will not have any obligations that are inconsistent with the License to be granted to the Company.

14.2. BTI, makes the following representations:

14.2.1. BTI is the assignee and sole owner of its interest in the Licensed Patents and the Background Technology.

14.2.2. BTI has not granted any rights in or to the Licensed Patents or the Background Technology;

14.2.3. BTI has no knowledge of any legal suit or proceeding by a third party against either of the Licensors contesting their ownership of the Licensed Patents or the validity of the Licensed Patents, or claiming that the practice of the Licensed Patents or the Background Technology in the Field would infringe the rights of such third party.

14.2.4. BTI is not aware of any third party that may have rights which currently conflict or interfere with the grant or exercise of the License to the Company as envisaged herein.

14.3. THE LICENSORS MAKE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OF THE LICENSED TECHNOLOGY WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK OR OTHER RIGHTS OF ANY THIRD PARTY. IN ADDITION, NOTHING IN THIS AGREEMENT MAY BE DEEMED A REPRESENTATION OR WARRANTY BY THE LICENSORS AS TO THE VALIDITY OF ANY OF THE PATENTS OR THEIR REGISTRABILITY OR OF THE ACCURACY, SAFETY, EFFICACY, OR USEFULNESS, FOR ANY PURPOSE, OF THE LICENSED TECHNOLOGY. THE LICENSORS HAVE NO OBLIGATION, EXPRESS OR IMPLIED, TO SUPERVISE, MONITOR, REVIEW OR OTHERWISE ASSUME RESPONSIBILITY FOR THE PRODUCTION, MANUFACTURE, TESTING, MARKETING OR SALE OF ANY PRODUCT OR SERVICE. THE LICENSORS SHALL HAVE NO LIABILITY WHATSOEVER TO THE COMPANY OR TO ANY THIRD PARTY FOR OR ON ACCOUNT OF ANY INJURY, LOSS, OR DAMAGE, OF ANY KIND OR NATURE, SUSTAINED BY THE COMPANY OR BY ANY THIRD PARTY, FOR ANY DAMAGE ASSESSED OR ASSERTED AGAINST THE COMPANY, OR FOR ANY OTHER LIABILITY INCURRED BY OR IMPOSED UPON THE COMPANY OR ANY OTHER PERSON OR ENTITY, ARISING OUT OF OR IN CONNECTION WITH OR RESULTING FROM (i) THE PRODUCTION, MANUFACTURE, USE, PRACTICE, LEASE, OR SALE OF ANY PRODUCT OR SERVICE; (ii) THE USE OF THE LICENSED TECHNOLOGY; OR (iii) ANY ADVERTISING OR OTHER PROMOTIONAL ACTIVITIES WITH RESPECT TO ANY OF THE FOREGOING.

14.4. The Company shall be liable for any loss, injury or damage whatsoever caused to its employees or to any person acting on its behalf or to the employees of the Licensors or to any person acting on their behalf or the Researcher and her team, or to any third party by reason of the Company's acts or omissions pursuant to this Agreement or by reason of any use made of the Licensed Technology, the Development Results or any Product.

14.5. The Company undertakes to compensate, indemnify, defend and hold harmless the Licensors or any person acting on their behalf or any of its employees or representatives or their respective institutions or the Researcher and her team (herein referred to as "**Indemnitees**") against any liability, including, without limitation, product liability, damage, loss or expenses, including reasonable legal fees and litigation expenses, incurred by or imposed upon the Indemnitees by reason of its acts or omissions or which derive from its use, development, manufacture, marketing, sale or sublicensing of any Product or Licensed Technology.

14.6. The Company [or its Affiliate or Sublicense developing, producing or marketing Products] shall procure and maintain, at its sole cost and expense, policies of comprehensive general liability insurance in amounts not less than (i) [***] per incident and [***] annual aggregate during the period that any Product is being tested in clinical trials prior to commercial sale; and (ii) [***] per incident and [***] annual aggregate during the period that any Product is being commercially distributed or sold. Such policy shall name the Indemnitees as additional insureds. Such comprehensive general liability insurance shall provide (i) product liability coverage and (ii) broad form contractual liability coverage for the Company's indemnification obligations under this section 14. If the Company elects to self-insure all or part of the limits described above (including deductibles or retentions which are in excess of a [***] annual aggregate), such self-insurance program shall include assets or reserves which have been actuarially determined for the liabilities associated with this Agreement and must be reasonably acceptable to the Licensors.

The minimum amounts of insurance coverage required above shall not be construed to create a limit of the Company's liability with respect to its indemnification obligations under this section 14.

14.7. The Company shall provide the Licensors with written evidence of such insurance or self-insurance upon request. The Company shall provide the Licensors with written notice at least fifteen (15) days prior to the cancellation, non-renewal or material change in such insurance. If the Company does not obtain replacement insurance providing comparable coverage or provide the requisite information regarding its self-insurance program within such fifteen (15) day period, the Licensors shall have the

[***] Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b-2 of the Exchange Act.

right to terminate this Agreement effective at the end of such fifteen (15) day period without notice or any additional waiting periods.

14.8. The Company shall maintain, at its own expense, liability insurance as set forth in section 14.4, above, beyond the expiration or termination of this Agreement as long as a Product relating to or developed pursuant to this Agreement is being commercially distributed or sold by the Company, an Affiliate or a Sublicensee.

15. Termination of the Agreement

15.1. Without prejudice to the Parties' rights pursuant to this Agreement or at law, either Party may terminate this Agreement by written notice to the other in any of the following cases:

15.1.1. Immediately upon such written notice, if: (i) the other Party passes a resolution for voluntary winding up or a winding up application is made against it and not set aside within 60 days; or (ii) a receiver or liquidator is appointed for the other Party; or (iii) the other Party enters into winding up or insolvency or bankruptcy proceedings. Each of the Parties undertakes to notify the other within seven days if any of the abovementioned events occur.

15.1.2. Upon breach of this Agreement, where such breach has not been remedied within sixty (60) days from the breaching Party's receipt of the written notice.

15.2. The Company shall be entitled to terminate this Agreement for any reason upon sixty (60) days prior written notice.

15.3. In addition to the above, and without prejudice to the Licensors' rights pursuant to this Agreement or at law, the Licensors shall be entitled to terminate this Agreement immediately upon written notice to the Company in the following circumstances:

15.3.1. If an attachment is made over the Company's assets or if execution proceedings are taken against the Company and the same are not set aside within sixty (60) days of the date the attachment is made or the execution proceedings are taken.

15.3.2. Uncured lapse of insurance coverage under section 14.6, above;

15.3.3. Failure to defend against third party claims as required under section 11 above; or

15.3.4. A claim by the Company, made in any forum, claiming that one or more of the Licensed Patents are invalid or unenforceable.

15.4. Upon termination of this Agreement for any reason other than the expiration of the Royalty Term, the License shall terminate, the Licensed Technology and all rights included therein shall revert to the Licensors, and the Licensors shall be free to enter into agreements with any other third parties for the granting of a license or to deal in any other manner with such right as it shall see fit at its sole discretion.

15.5. Upon termination of this Agreement for any reason other than the expiration of the Royalty Term, the Company shall return or transfer to the Licensors, within thirty (30) days of the due termination of the License, all material, in soft or hard copy, relating solely to the Licensed Technology (other than the Development Technology), and it may not make any further use thereof. In case of termination as set out herein, the Company will not be entitled to any reimbursement of any amount paid to the Licensors under this Agreement. The Licensors shall be entitled to conduct an audit in order to ascertain compliance with this provision and the Company agrees to allow access to the Licensors or its representatives for this purpose.

15.6. Upon the termination of the Agreement for any reason other than the uncured breach by the Licensors (as set forth in section 15.1.2, above)**.** the Company shall transfer and assign to the Licensors all of the Development Technology, its interest in any Joint Patents, and any information and documents, in whatever form, relating thereto *subject, however*, to any conditions preventing or governing such transfer and assignment set out in the applicable laws and regulations governing the grants received by the Company and used in generation of the Development Technology, ("**Grant Transfer Conditions**"), in which case the Company will not be required to transfer and assign the Development Technology as contemplated above *unless and until* the Licensors either (i) agree in writing to assume all obligations required by the Grant Transfer Conditions, or (ii) reach another arrangement with the grantors of the grants which absolves the Company of any liability to such grantors with respect to the transfer or assignment of the Development Technology. The Company shall fully cooperate with the Licensors to effect such transfer and assignment and shall execute any document and perform any acts required to do so. Subsequent to such transfer and assignment, the Company acknowledges that Yissum shall be free to utilize the Development Results as it sees fit (subject to the Grant Transfer Conditions), including but not limited to the grant of licenses to third parties.

In the event that the Development Results transferred and assigned to Licensors as set forth in this 15.6 shall be licensed to a third party and shall

generate License Fees or Royalties or Sublicense Fees to the Licensors, then subject to the Company having complied and continuing to comply with all its obligations under this Agreement which remain in existence following termination of the License as aforesaid, the Licensors shall pay to the Company [***] of the Net Proceeds (as defined below) actually received by the Licensors in respect of such license to third party, until such time as the Company shall have received, in aggregate, the full amount of the documented capital investment actually expended out-of-pocket by the Company in order to generate the Development Technology, less any amounts received or receivable by the Company from third parties in connection with the Licensed Technology prior to the transfer and assignment of the Development Technology to the Licensors, as certified by external independent auditors agreed upon by the Parties (the "**Development Reimbursement**"). Notwithstanding the foregoing, the Licensors shall be entitled to deduct from the Development Reimbursement any amount that they are required to pay as a result of the Grant Transfer Conditions. The Company will either (i) allow the Licensors a credit against Development Reimbursements to be paid in the future of any Development Reimbursements previously paid on account of Net Proceeds that were reported as bad debts in the Licensors' annual audited financial statements or, (ii) if there are no future Development Reimbursements to be made by the Licensors, return the amount of Development Reimbursements paid to the Company on account of Net Proceeds that were reported as bad debts in the Licensors' annual audited financial statements. The Licensors shall pay to the Company amounts, if any, payable under this section 15.6, within ninety (90) days of receipt of the relevant Net Proceeds.

For the purpose of this section, "Net Proceeds" means royalties or license fees actually received by the Licensors in respect of such license with a third party (excluding funds for research or development or payments for the supply of services) after deduction of all costs, fees and expenses incurred by the Licensors in connection with such license (including, without limitation, patent costs, and all attorneys fees and expenses and other costs and expenses in connection with the negotiation and conclusion of such license).

The Company shall have the rights granted to the Licensors pursuant to section 8, *mutatis mutandis*, in respect of the Net Proceeds.

For the avoidance of doubt, this provision shall not be of any force or effect following the expiration of the Royalty Term, provided that the Company had not committed an uncured breach of the Agreement prior to the expiration of the Royalty Term.

15.7. Notwithstanding the foregoing, neither the termination of this Agreement for any reason nor the expiration of the Royalty Term shall release the

[***] Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b-2 of the Exchange Act.

Company from its obligation to carry out any financial or other obligation which it was liable to perform prior to the Agreement's termination.

In addition, sections 7, 8, 12, 14, 15, 16, 17 and 19 shall survive the termination of this Agreement to the extent required to effectuate the intent of the parties as reflected in this Agreement.

16. Law

The provisions of this Agreement and everything concerning the relationship between the parties in accordance with this Agreement shall be governed by Israeli law and jurisdiction shall be granted only to the appropriate court in Jerusalem.

17. Arbitration

17.1. Notwithstanding and in addition to the provisions of section 16, above, all differences of opinion and disputes arising between the parties in connection with the Agreement or its interpretation or its performance or breach, shall be referred for the decision of a single arbitrator, whose identity shall be determined by mutual consent of the parties.

17.2. Should the parties not reach agreement as to the identity of the arbitrator within 14 days of request by either party for the appointment of an arbitrator, the arbitrator shall be appointed by the Chairman of the Jerusalem District Committee of the Israel Bar Association on the application of either of the parties.

17.3. The arbitration shall be held in Israel. The proceedings before such arbitrator shall be in the Hebrew language. The arbitrator shall not be bound by the civil procedure regulations and laws of evidence but shall base his/her decision on the substantive law of Israel and shall give grounds for his/her decision. The arbitrator shall be empowered to grant temporary injunctions and orders, which shall be enforceable in foreign jurisdictions, in accordance with section 16, above.

17.4. The decision of the arbitrator shall be final and binding upon the parties, and shall be enforceable in foreign jurisdictions.

17.5. The execution of this Agreement shall constitute the execution of an Arbitration Agreement.

18. Miscellaneous

18.1. Relationship of the Parties. It is hereby agreed and declared between the parties that they shall act in all respects relating to this Agreement as

independent contractors and there neither is nor shall there be any employer-employee or principal-agent relationship or partnership relationship between the Company (or any of its employees) and the Licensors. Each party will be responsible for payment of all salaries and taxes and social welfare benefits and any other payments of any kind in respect of its employees and officers, regardless of the location of the performance of their duties, or the source of the directions for the performance thereof.

18.2. Assignment. The Licensors shall not transfer, assign, encumber, grant, sell or otherwise dispose of their interests in the Licensed Technology prior to the termination of this License Agreement. Notwithstanding the foregoing, the Licensors may assign their interests in the Licensed Technology to their fully owned subsidiaries, provided that the assignees acknowledge in writing the terms and conditions of this Agreement and agree to be bound by such terms and conditions. The Company shall not assign or transfer its rights and obligations pursuant to this Agreement without the Licensors' prior written consent except to a party acquiring all of the business to which this Agreement relates who agrees in writing to the terms and conditions of this Agreement.

18.3. No waiver. The failure or delay of a party to the Agreement to claim the performance of an obligation of the other party shall not be deemed a waiver of the performance of such obligation or of any future obligations of a similar nature.

18.4. Representation by Legal Counsel. Each Party represents that it has been represented by legal counsel in connection with this Agreement and acknowledges that it has participated in drafting this Agreement. In interpreting and applying the terms and provisions of this Agreement, the Parties agree that no presumption shall exist or be implied against the Party which drafted such terms and provisions.

18.5. Legal Costs. Each party shall bear its own legal expenses involved in the making of this Agreement.

18.6. Disclosure of Agreements with Researcher; Restrictions Applying to the Researcher. The Company shall disclose to Yissum any existing agreement or arrangement of any kind with the Researcher and or any representative of the Researcher, and shall not enter into any such agreement or arrangement without the prior written consent of Yissum. It is agreed by the Parties that any consulting that the Researcher may be asked to provide must be governed by a consulting agreement reached with Yissum, which among other things will delineate the treatment of any intellectual property rights generated under such agreement. For the avoidance of doubt, all restrictions and obligations of the parties in this section specific to the Researcher

herself shall cease to apply, as of such time that she may leave the employ of the University.

18.7. Value Added Taxes. All amounts referred to in this Agreement are exclusive of Value Added Tax. Value Added Tax, if due, on any and all payments due or payable by one party to another party pursuant to the terms hereof shall be paid by the paying party against submission of appropriate tax invoice.

18.8. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

18.9. Binding Effect. This Agreement shall be binding upon the parties once executed by both parties and shall enter into force and become effective as of the later of the signature dates.

18.10. Entire Agreement. This Agreement constitutes the full and complete agreement between the parties and supersedes any and all agreements or understandings, whether written or oral, concerning the subject matter of this Agreement, and may only be amended by a document signed by both parties.

19. Notices

All notices and communications pursuant to this Agreement shall be made in writing and sent by facsimile or by registered mail or served personally at the following addresses:

Yissum Research Development Company
of the Hebrew University of Jerusalem,
P.O. Box 39135,
Jerusalem 91390
Israel
Facsimile: +972-2-658-6669

Boyce Thompson Institute
Tower Road
Ithaca, NY 14850
United States of America
Facsimile: +1-_____

Protalix Ltd.
2 Snunit Street
Science Park
Carmiel 21000

Israel
Facsimile: +972- (0) 4-9889489

With a copy (which shall not constitute notice) to:

Baratz, Horn & Co.
1 Azrieli Center, Round Tower,
18th Floor
Tel-Aviv 67021, Israel
Attention: Adv. Yael Baratz
Facsimile: 03-6960986

or such other address furnished in writing by one party to the other. Any notice served personally shall be deemed to have been received on the day of service, any notice sent by registered mail as aforesaid shall be deemed to have been received seven days after being posted by prepaid registered mail. Any notice sent by facsimile shall be deemed to have been received by the next business day after receipt of confirmation of transmission.

IN WITNESS THE HANDS OF THE PARTIES

YISSUM	**BTI**	**THE COMPANY**
By: /s/ Yehuda Yarmut Name: Yehuda Yarmut Title: Executive Vice President Licensing & IP Date: July 29, 2007	By: /s/ David Stern Name: David Stern Title: President Date: August 8, 2007	By: /s/ David Aviezer Name: David Aviezer Title: CEO Date: July 16, 2007

By: /s/ Nava Swersky Sofer
Name: Nava Swersky Sofer
Title: President & CEO
Date: July 29, 2007

I the undersigned, Prof. Hermona Soreq have reviewed and am familiar with and agree to all of the above terms and conditions. I hereby undertake to cooperate fully with the Licensors in order to ensure its ability to fulfill their obligations hereunder, as set forth herein. I further undertake to refrain from any act or omission that may constitute a breach hereunder.

/s/ Prof. Hermona Soreq
Prof. Hermona Soreq

Date signed

Appendix A

Licensed Patents

Part One

1. [***]
2. [***]
3. [***]
4. [***]

Part Two

[***]

[***] Portions of this exhibit were omitted and filed separately with the Secretary of the Securities and Exchange Commission pursuant to the Registrant's application requesting confidential treatment under Rule 24b-2 of the Exchange Act.

Appendix B

The Development Plan

[To be provided by the Company.]

EXHIBIT 31.1

CERTIFICATION

I, David Aviezer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Protalix BioTherapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2007

/s/ David Aviezer
David Aviezer, Ph.D.
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Yossi Maimon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Protalix BioTherapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2007

/s/ Yossi Maimon
Yossi Maimon
Chief Financial Officer, Treasurer

EXHIBIT 32.1

PROTALIX BIOTHERAPEUTICS, INC.

CERTIFICATION

In connection with the quarterly report of Protalix BioTherapeutics, Inc. (the ''Company'') on Form 10-Q for the period ended September 30, 2007 as filed with the Securities and Exchange Commission (the ''Report''), I, David Aviezer, President and Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, ''filed'' with the Securities and Exchange Commission.

Date: November 14, 2007

/s/ David Aviezer
David Aviezer, Ph.D.
President and Chief Executive Officer

EXHIBIT 32.2

PROTALIX BIOTHERAPEUTICS, INC.

CERTIFICATION

In connection with the quarterly report of Protalix BioTherapeutics, Inc. (the ''Company'') on Form 10-Q for the period ended September 30, 2007 as filed with the Securities and Exchange Commission (the ''Report''), I, Yossi Maimon, Vice President and Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for the purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, ''filed'' with the Securities and Exchange Commission.

Date: November 14, 2007

/s/ Yossi Maimon
Yossi Maimon
Vice President and Chief Financial Officer