UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 31, 2006

Protalix BioTherapeutics, Inc.

(Exact name of registrant as specified in its charter)

Florida	000-27836	65-0643773
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2 Snunit Street
Science Park
POB 455
Carmiel, Israel 20100
(Address of principal executive offices) (Zip Code)

(Former Name or Former Address, if Changed Since Last Report)

Registrant's telephone number, including area code: +972-4-988-9488

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

This Current Report on Form 8-K/A is being submitted by Protalix BioTherapeutics, Inc. (the "Company") to file amended versions of Exhibits 10.6, 10.7 and 10.8. The exhibits were previously filed with the Current Report on Form 8-K filed by the Company on January 8, 2007. The amended versions of the exhibits have been revised to include certain information previously omitted which is no longer the subject of a confidential treatment request made by the Company.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

10.6 License Agreement entered into as of April 12, 2005, by and between Icon Genetics AG and Protalix Ltd.†

10.7 Research and License Agreement between Yeda Research and Development Company Limited and Protalix Ltd. dated as of March 15, 2006.†

10.8 Agreement between Teva Pharmaceutical Industries Ltd. and Protalix Ltd., dated September 14, 2006.†

† 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, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PROTALIX BIOTHERAPEUTICS, INC.

Date: September 19, 2007

By: /s/ David Aviezer
Name: David Aviezer, Ph.D.
Title: President and Chief Executive Officer

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.

LICENSE AGREEMENT

This License Agreement (this "**Agreement**") is entered into as of this ___ day of _____, 2005, by and between Icon Genetics AG, a company incorporated under the laws of Germany ("**Icon**") of Weinbergweg 23, D-06120 Halle/Saale, Germany, on its own behalf and on behalf of its Affiliates, and Protalix Ltd., a company incorporated under the laws of Israel ("**Protalix**") of 2 Snunit Street, Industrial Park, Carmiel, Israel (Protalix and Icon may be referred to individually as a "**Party**" and collectively as the "**Parties**").

PREMISES

WHEREAS, Icon is engaged in the development and commercialization of plant transformation and gene expression technologies and has developed and owns or controls (with rights sufficient to grant the licenses herein granted) a proprietary platform technology known as "Transgene Operating Systems" ("**Icon's Technology**"), the patents pertaining to which are listed in **Annex A** attached hereto (together with all divisions, continuations or continuations-in-part, reissues, re-examinations, renewals, extensions, supplementary protection certificates, or the like, as well as any certificates of inventions or applications therefore, and all foreign counterparts with respect to Icon's Technology, being collectively referred to as "**Patents**"); and

WHEREAS, Protalix is engaged in research, development, production and commercialization of pharmaceutical proteins and the expression thereof in plant cell culture systems (the "**Protalix Field**"); and

WHEREAS, pursuant to the Collaborative Research Agreement entered into between the Parties on April 30, 2004 (the "**Research Agreement**"), an agreed research program (the "**Research Program**") directed towards expressing the cDNA encoding of the 4 (four) proteins listed in **Annex B** attached hereto (the "**Research Proteins**") in plant cells grown in Protalix's bio-reactor systems with the use of Icon's Technology is currently underway; and

WHEREAS, pursuant to the Research Agreement**,** the Parties have entered into an Option Agreement effective as of April 30, 2004 (the "**Option Agreement**", attached hereto as **Annex C**), whereby Protalix was granted an Option to acquire certain Licenses (as such terms are defined in the Option Agreement); and

WHEREAS, the Parties are entering into this Agreement to record the understandings

reached between them to govern such Licenses, should they become operative pursuant to the terms and conditions of the Option Agreement.

NOW THEREFORE, in consideration of the mutual undertakings and covenants set forth herein, the sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. **DEFINITIONS**

1.1. Terms defined in this Section 1 and elsewhere, parenthetically, in this Agreement, shall have the same meaning throughout this Agreement.

1.1.1. **"Affiliate"** when used with respect to any person or entity, shall mean any individual, firm, partnership, corporation, trust, joint venture or other entity, whether *de jure* or *de facto,* which, directly or indirectly, controls, is controlled by or is under common control with such person or entity. As used in this definition, "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the policies and management of a person or entity, whether by the ownership of stock, by contract or otherwise.

1.1.2. **"Confidential Information**" shall mean any technical, business or other information in any form whatsoever, with respect to a Party's technology, its applications, business and operations, including but not limited to any materials, know-how, inventions, data, software programs and their sources, processes, methods and formula, all whether or not covered by patents, patent applications, copyrights or other proprietary rights protection, and any financial information, trade secrets, agreements, documents, names of potential suppliers, customers, partners or investors, proposed business deals, reports, plans, market studies, surveys and projections, and any other information which is confidential or proprietary in nature.

1.1.3. **"Effective Date"** shall mean the date upon which the Licenses may go into force and effect as provided in Section 2.1 below.

1.1.4. [***].

1.1.5. **"Icon's Technology"** shall have the meaning set out in the Premises to this Agreement.

[***] 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.

1.1.6. **"Indemnitee"** shall have the meaning set out in Section 9.1 of this Agreement.

1.1.7. **"Indemnitor"** shall have the meaning set out in Section 9.1 of this Agreement.

1.1.8. "**Improvement**" shall mean any invention, discovery or further development of Icon Technology's Patents generated by Protalix.

1.1.9. **"Licensed Product(s)"** shall mean any pharmaceutical Research Protein and each additional pharmaceutical Protein expressed by Protalix or its Affiliates or sub-licensees using Icon's Technology. For the avoidance of doubt, active ingredients for drugs developed by Protalix with the use of Icon's Technology and sold as such, shall be deemed as Licensed Product(s).

1.1.10. **"Licenses"** shall have the meaning set out in Section 2.1 of this Agreement.

1.1.11. **"Net Sales"** shall mean amounts received by Protalix or any of its Affiliates or sub-licensees for the sale of Licensed Products, less:

1.1.11.1 discounts, refunds, rebates, charge-backs and any other retroactive price adjustments reducing the consideration thereby received;

1.1.11.2 amounts returned on account of product returns and allowances;

1.1.11.3 charges for insurance, freight, and other transportation costs; and

1.1.11.4 sales, tariff duties and any other taxes directly imposed on the particular sale, but excluding federal, state or local taxes based on income.

For the avoidance of doubt, Net Sales of any Licensed Products constituting a pharmaceutical drug active ingredient shall be determined as the industry net sales of the finished dosage form (i.e. the sales of the pharmaceutical manufacturer or distributor to wholesalers, pharmacies, hospitals, physicians or medical care organizations) less the amounts as specified under Sections 1.1.11.1. to 1.1.11.4 above.

1.1.12. **"Owner"** shall have the meaning set out in Section 10.1 of this Agreement.

1.1.13. "**Patents**" shall mean the Patents listed in **Annex A** that are owned or controlled (with rights sufficient to grant the licenses herein granted) by Icon or its Affiliates, together with all divisions, continuations or continuations-in-part, reissues, re-examinations, renewals, extensions, supplementary protection certificates, or the like of any such Patents, as well as any certificates of invention or applications therefore, and all foreign counterparts, with respect to any of the foregoing.

1.1.14. **"Protalix Field"** shall have the meaning set out in the Premises to this Agreement.

1.1.15. "**Protein**" shall mean any protein, protein fragment, peptide or polypeptide regardless of formation or structure.

1.1.16. **"Recipient"** shall have the meaning set out in Section 10.1 of this Agreement.

1.1.17. **"Research Proteins"** shall have the meaning set out in the Premises to this Agreement.

1.1.18. **"Research Program"** shall have the meaning set out in the Premises to this Agreement.

1.1.19. **"Research Agreement"** shall have the meaning set out in the Premises to this Agreement.

1.1.20. **"Royalties"** shall have the meaning set out in Section 5.1 of this Agreement.

1.1.21. **"Royalty Period"** shall have the meaning set out in Section 5.4 of this Agreement.

1.1.22. **"Semi-Annual Payment"** shall have the meaning set out in Section 5.4 of this Agreement.

1.1.23. **"Term"** shall have the meaning set out in Section 12.1 of this Agreement.

1.1.24. "**Third Party**" shall mean any person or entity other than Icon, Icon Affiliates, Protalix and Protalix' Affiliates.

1.1.25. **"Third Party Claim"** shall have the meaning set out in Section 9.3 of this Agreement.

1.2. The following terms shall have the meanings ascribed to them in the Option Agreement: "**Option**", "**Option Period**", "**Exercise Fee**".

1.3. The headings in this Agreement are intended solely for convenience or reference and shall be given no effect in the interpretation of this Agreement.

2. **THE LICENSE; IMPROVEMENTS**

2.1. Immediately upon and subject to the exercise of the Option by Protalix during the Option Period or any longer period agreed upon between the Parties in writing, and to the receipt by Icon of the Exercise Fee determined pursuant to Section 1.5 of the Option Agreement, the following licenses ("**Licenses**") shall be deemed as having been granted by Icon to Protalix and to be in full force and effect:

2.1.1. a non-exclusive worldwide license under the Patents listed in **Annex A** to develop, test, use and commercialize Icon's Technology in the Protalix Field and to make and have made Proteins expressed by using Icon's Technology in the Protalix Field; and

2.1.2. an exclusive worldwide license under the Patents listed in **Annex A** to develop, test, use and commercialize Icon's Technology to make and have made Research Proteins in the Protalix Field for the following Protein products: [***]. For the avoidance of doubt, the license in respect to any [***] shall be non-exclusive, pursuant to Section 2.1.1 above.

2.1.3. Notwithstanding the above said, the scope of the Licenses granted under Sections 2.1.1. and 2.1.2. of this Agreement in case of each specific Patent is further limited as specified in **Annex A**.

2.1.4. For the avoidance of doubt, the exclusivity under Section 2.1.2. of this Agreement and any section of the Option Agreement is granted only in the Protalix Field, and nothing in the legal relationship between the Parties implies any limitation imposed on Icon's business activity and relationships with any Third Party outside the granted exclusivity area.

2.2. Protalix shall be permitted to sublicense its rights under the Licenses, for the purpose of its sub-licensee(s) further developing, testing, using, making and having made, marketing and selling Licensed Products, and for no other purpose whatsoever.

2.3. For the avoidance of doubt, Protalix shall be entitled to market and sell Licensed Products through distributors.

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2.4. Protalix shall use commercially reasonable efforts to exploit the rights licensed under this Agreement.

2.5. Protalix may register the License with the appropriate patent offices if necessary or desirable under any applicable law, at its own expense. Icon shall cooperate with Protalix for such purpose, sign all papers in support of such registration, and execute a formal license that reflects the terms of this Agreement, for such registration purposes.

2.6. Improvement License to Icon

Subject to the terms and conditions set forth in this Agreement, if Protalix creates any Improvements of Icon's Patents licensed to Protalix under Section 2.1 herein, Protalix grants Icon a non-exclusive, worldwide, royalty-free fully paid up license (with the right to grant sublicenses) under Protalix intellectual property arising from such Improvements of Icon's Patents to make, have made, use, sell, and import any products other than research, development, production and commercialization of (i) pharmaceutical proteins and the expression thereof in plant cell culture systems or (ii) commercialization of Research Proteins.

2.7. Limited research license. As from the signing this Agreement and throughout the Research Program (ending no later than May 1, 2006), Protalix is granted a non-transferable research license to practice Icon Patents listed in Annex A solely for its internal research and development efforts, said research license being limited to research activities not involving production of material for clinical testing.

3. **TECHNOLOGY TRANSFER/ASSISTANCE**

3.1. Icon shall provide Protalix with copies of all of the Icon Patents listed in **Annex A** within 10 (ten) days of the Effective Date.

3.2. Icon shall provide Protalix with training in the use of the Icon Technology and Confidential Information which Icon is free to divulge in relation to the Icon Technology, at Protalix's reasonable request, from time to time during the Term, so as to facilitate Protalix's exploitation of the License.

4. **LUMP SUM PAYMENTS.**

4.1. Protalix will make the following lump sum payments to Icon upon achievement of each of the following development milestones in respect of each Licensed Product:

4.1.1. US$ [***] upon the commencement in the USA or in Europe or in Israel of Phase II clinical trials (or the equivalent), as prescribed by applicable FDA regulations, or corresponding European statutes, rules or regulations, [***]; and

4.1.2. US$ [***] upon commencement of the manufacture of an FDA or EMEA-approved Licensed Product, [***].

4.2. Sections 5.7 and 5.8 of this Agreement shall apply mutatis mutandis to lump sum payments made under this Section 4.

5. ROYALTIES.

5.1. As from the first commercial sale by Protalix, its Affiliates and/or sub-licensees of any Licensed Product, Protalix shall pay Icon royalties ("**Royalties**") on Net Sales of such Licensed Product at the rate of [***] of such Net Sales, until such time as Net Sales in respect of such Licensed Product reach an aggregate amount of [***]. Thereafter, and for the remainder of the Royalty Period (as defined below), Protalix shall pay Royalties to Icon with respect to such Licensed Product at a rate of [***] on Net Sales of such Licensed Product, unless otherwise provided hereunder.

5.2. Notwithstanding the provisions of the preceding Section 5.1 of this Agreement:

Should the [***] in any Licensed Product exceed [***] grown in Protalix's plant cells bio-reactor systems, the Royalties payable with respect to such Licensed Product shall be increased to [***] of the Net Sales of such Licensed Product, for as long as aggregate Net Sales of such Licensed Product are below [***]. Once aggregate Net Sales of such Licensed Product exceed [***], the Royalty rate payable in respect of such Licensed Product shall be increased to [***] of Net Sales of such Licensed Product, for the remainder of the Royalty Period.

5.3. For the avoidance of doubt, it is hereby clarified that sales of one Licensed Product shall not be taken into consideration for purposes of calculation of the Royalties required to be paid in connection with any other Licensed Product. It is hereby further clarified that Protalix or its licensee have to pay royalties once only, on "Licensed Product" sold in the form of a pharmaceutical, and not on sales of an active ingredient.

[***] 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.

5.4. Protalix's obligation to pay Royalties to Icon in respect of Licensed Products shall remain in force and effect until the first to occur of the following (the "**Royalty Period**"): (i) the expiration of the [***] period commencing as from the first commercial sale of the first US Food and Drug Administration — or European Medicines Agency — approved Licensed Product or (ii) until the expiration of [***] years from the first commercial sale of any Licensed Product not requiring FDA or similar approval as a active drug ingredient.

5.5. Royalties shall be payable on a [***] basis with respect to the Net Sales of the preceding [***]. Each [***] shall be made no later than [***]as from the lapse of the [***] period for which the payment is due and shall be accompanied by a report specifying the Net Sales during such [***] along with a calculation of the Royalties owed to Icon.

5.6. For the avoidance of doubt, it is hereby recorded and agreed that following the expiry of the Royalty Period by reason of the passage of time pursuant to Section 5.4 of this Agreement, then notwithstanding such expiry, Protalix shall be entitled to continue to utilize the Icon Patents, to make commercial use of the Icon Technology in the Protalix Field, without having to pay royalties to Icon in respect of such activities.

5.7. All payments to be made to Icon pursuant to this Agreement shall be made in United States Dollars to such bank account as Icon may direct from time to time during the Term.

5.8. All payments are quoted net and are made by adding the statutory value added tax, if any.

5.9. Protalix shall withhold and pay to the appropriate authorities in respect of any amount due to Icon, any and all withholding and other taxes as may be imposed by any taxing authority. In such event, Protalix shall provide Icon with evidence of such withholding and payment.

5.10. Foreign currency shall be converted into United States Dollars using an exchange rate equal to the exchange rate for the purchase of United States Dollars, as reported by *The Wall Street Journal*, on the last business day of the [***] period for which the payment is due.

5.11. Protalix shall endeavor to prepare accurate and complete records relating to the Net Sales of the Licensed Products during each accounting period. Icon or its duly authorized representatives may during the Term of this Agreement and for up to 6 (six) months thereafter upon giving reasonable notice – in any event of not less than 14 (fourteen) days – to Protalix within the premises of Protalix during

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normal business hours and not more frequently then once in any 12 (twelve) months period to inspect and make copies of all such records in respect of the period of 1 (one) year immediately proceeding the date of such inspection.

Icon's right referred to in this Section shall be exercised by Icon at its own expense save that in the event that any such inspection discloses that the total amount which should have been accounted for hereunder by Protalix during the period covered by the inspection exceeds by [***] or more the total amount that was so accounted for by Protalix during such a period and that Protalix auditors shall certify in writing such error exists that Protalix shall forthwith reimburse Icon for reasonable costs of Icon's inspection.

If any inspection reveals that Protalix has under-reported the amount payable to Icon Protalix agrees to make immediate payment to Icon of the proper amount due.

6. **REPRESENTATIONS, WARRANTIES AND RELATED UNDERTAKINGS OF THE PARTIES.**

6.1. Each Party hereby represents, warrants, and covenants to the other Party as of the date hereof and as of the Effective Date, as follows:

6.1.1. such Party (i) has the power and authority and the legal right to enter into this Agreement and to perform its obligations hereunder, and (ii) has taken all necessary action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder,

6.1.2. the Agreement has been duly executed and delivered on behalf of such Party and constitutes a legal, valid, binding obligation of such Party and is enforceable against it in accordance with its terms subject to the effects of bankruptcy, insolvency, or other laws of general application affecting the enforcement of creditor rights; and

6.1.3. the execution and delivery of this Agreement and the performance of such Party's obligations hereunder; (i) do not conflict with or violate any requirement of applicable law or regulation or any provision of articles of incorporation of such Party, in any material way, and (ii) do not conflict with, violate, or breach or constitute a default or require any consent under, any contractual obligation or court or administrative order by which such Party is bound.

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6.2. Other than the representations and warranties contained in this Agreement, neither Icon nor Protalix makes any representations or warranties of any type or nature, whether express or implied.

7. **ADDITIONAL REPRESENTATIONS AND WARRANTIES OF ICON.**

7.1. Icon hereby represents, warrants and covenants that it is together with its Affiliates the sole owner and possesses all rights, title and interest to the Icon Technology and the Icon Patents, subject to certain licenses that have already been granted in respect to those Patents and divulged to Protalix under to the Research Agreement.

7.2. Icon hereby further represents, warrants and covenants that it has not transferred any ownership interest in the Icon Technology or the Icon Patents or granted any license to a Third Party that would be inconsistent with the Licenses and that it will not do so as of the date hereof and during the Term. Moreover, Icon shall not, whether directly or indirectly, by itself or through third parties, compete with Protalix by commercializing the Icon Technology to make or have made Research Proteins in the Protalix Field.

7.3. Icon and its Affiliates have no knowledge, having conducted such inquiries and diligence as is generally exercised by bio-pharmaceutical companies with respect to their own inventions and patenting thereof of any: (i) material legal deficiencies of any Icon Patents, including any prior act that could reasonably be determined to invalidate or prevent the issuance of the Icon Patents; (ii) Third Party's prior rights to use; (iii) dependency of any inventions under any Icon Patent on a Third Party's patents or intellectual property; (iv) technical deficiencies of the invention on which any Icon Patent licensed hereunder is based; or (v) allegations, claims or other statements made by a Third Party prior to the Effective Date of any of the foregoing. For the avoidance of doubt, the foregoing representations and warranties are limited to the actual knowledge as of the Effective Date of Icon, its Affiliates, and their respective officers and directors, together with knowledge that such entities or persons should have after having conducted such inquiries and diligence as is generally exercised by bio-pharmaceutical companies with respect to their own inventions and patenting thereof.

7.4. Icon will use its reasonable efforts to obtain issuance of the Icon Patents under the patent applications as set forth on **Annex A** to this Agreement; however, Icon makes no warranty that any or all claims of the patent applications set forth on **Annex A** will ultimately be

approved and issued by the relevant governmental patenting agencies. Except as provided above, Icon guarantees neither the patentability and validity of the Icon Patents nor the commercial exploitability and/or readiness for plant use of the inventions, and shall not be liable accordingly. Except as provided above, Icon does not guarantee the commercial applicability of granted rights, nor is Icon responsible for any financial or legal consequences resulting from the application of the licensed Icon Technology and Icon Patents, which exclusion of liability does not apply in case of intent or gross negligence.

7.5. As from the date hereof, Icon shall not take any action or assist or facilitate any Third Party to take any such action that would materially impair the ability of Protalix, its Affiliates or sub-licensees to practice and exploit the Icon Technology and Icon Patents that may be licensed under this Agreement.

8. **MAINTENANCE AND PROTECTION OF PATENT RIGHTS; INFRINGEMENT.**

8.1. Icon shall notify Protalix on a current basis, of any matter which may affect the scope or validity of an Icon Patent.

8.2. In the event that Icon should fail to prosecute and/or maintain any of the Icon Patents by the date being 60 (sixty) days prior to the date prescribed by the relevant patent office or by applicable law for the taking of action with respect to the prosecution and/or maintenance of such Icon Patents, and if no such date is prescribed as aforesaid, within 30 (thirty) days of a request by Protalix to take such action, then Protalix may assume sole control over the prosecution and/or the maintenance of such Icon Patent at its own cost and expense and at its sole discretion, and Icon shall render Protalix all documents and assistance that may be required by Protalix therefore. In such event, for as long as Protalix continues to prosecute and maintain an Icon Patent, then, in respect of such jurisdiction, Protalix shall not be obligated to pay Icon any Royalties or other consideration whatsoever with respect to utilizing such Icon Patent in such jurisdiction. Protalix shall notify Icon in writing of Protalix's election as aforesaid. For the avoidance of doubt, it is hereby clarified that should Protalix assume control over the filing, prosecution and maintenance of such Icon Patent(s) as aforesaid, then at any time thereafter Protalix may, in its sole and absolute discretion, cease the filing, prosecution and maintenance of such Icon Patent, upon prior written notice to Icon. Icon hereby irrevocably waives any claim it may have against Protalix regarding

the filing, prosecution and maintenance of any such Icon Patent or the cessation of any such action by Protalix.

8.3. If either Party acquires knowledge of any infringement of a claim of an Icon Patent in the Protalix Field, the Party having such knowledge shall promptly inform the other Party thereof. The Parties shall thereafter discuss the action, if any, which should be taken, including whether any legal proceedings should be instituted. If the Parties mutually agree on the course of action to be taken, they shall jointly select counsel and equally share any expenses, and in such event, any settlement or recovery shall be shared equally by the Parties. If the Parties do not agree on the course of action to be taken as aforesaid, then Protalix shall have the right, at its own expense, to initiate a suit or take other appropriate action that it believes is reasonably required to provide full protection against a Third Party's infringement of such Icon Patent(s). Protalix shall have the sole and exclusive right to select counsel for any suit initiated by it. Any settlement or recovery as a result of any such action initiated by Protalix, shall belong solely to Protalix. If Protalix fails to initiate a suit or take such other appropriate action within 90 (ninety) days after becoming aware of the alleged infringement of an Icon Patent in the Protalix Field, then Icon shall have the right, upon sufficient advance notice to Protalix of its intent to do so, to take action at Icon's expense and through counsel of Icon's choice, and in such event, any settlement or recovery shall belong solely to Icon.

8.4. [***] undertakes that it shall fully cooperate with [***] in the preparation and prosecution of any litigation duly initiated by [***] and, to the extent required by the relevant law, [***] consent to being joined to such suit and to being named as a party in any such litigation; provided that: (a) any reasonable expenses or costs incurred in connection therewith and with such litigation (including attorneys' fees, costs and other sums awarded to the counterparty in such action) shall be borne by [***].

8.5. [***] shall have no obligation to defend any claim or suit, or to hold harmless or immune or to indemnify against any loss, cost, expense, payment or damage, arising from any allegation of infringement or violation of any alleged or actual patent or intellectual property right of a Third Party by reason of [***] development, commercialization, use or sale of the Licensed Products, provided however [***] shall fully cooperate with [***] in the preparation and prosecution of any defense against any claim of infringement or violation of any alleged or actual patent or intellectual property right of a Third Party by reason of [***] development, use or sale of a Licensed Product and/or the Icon

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Technology and/or the [***] Patents. Any and all Royalties or other consideration owed to [***] hereunder, shall be reduced by the amount of costs and expenses (including reasonable attorneys' fees) incurred by [***] in defending such action, claim or demand and by any amounts that [***] shall be obligated to pay to any Third Party in connection with such infringement claim, action or demand, whether in the form of damages, royalties or otherwise, provided that the claimed infringement relates to the [***].

9. **MUTUAL INDEMNIFICATION.**

9.1. Each Party (an "**Indemnitor**") agrees to indemnify, hold harmless and defend the other Party, its officers, employees, and agents (each an "**Indemnitee**"), against any and all claims, suits, losses, damages, costs, fees, and expenses asserted by third parties, both government and non-government, against such Indemnitee to the extent resulting from or arising out of: (a) the Indemnitor's gross negligence or intentional misconduct, (b) any breach of a representation, warranty or covenant made by the Indemnitor in this Agreement. No indemnity shall be provided to an Indemnitee for any such claims, suits, losses, damages, costs, fees provided to an Indemnitee for any such claims, suits, losses, damages, costs, fees of expenses to the extent resulting from such Indemnitee's use of technology licensed under this Agreement in violation of applicable governmental laws, regulations and requirements (it being understood that such laws, regulations and requirements do not include violation of private Third Party rights even though enforceable under applicable law, such as intellectual property rights, as to which indemnity shall be provided if such violation is due to a breach of a representation, warranty or covenant in this Agreement).

9.2. In order for an Indemnitee to be entitled to any indemnification provided for under this Section 9, such Indemnitee must notify the Indemnitor in writing, and in reasonable detail, of the claim as promptly as reasonably possible after receipt by such Indemnitee of notice of such claim; provided, however, that failure to give such notification on a timely basis shall not affect the indemnification provided hereunder except to the extent the Indemnitor shall not have had knowledge of the facts on which such claim is based and shall have been actually materially prejudiced as a result of such failure. Thereafter, the Indemnitee shall, promptly after the Indemnitee's receipt thereof deliver to Indemnitor copies of all notices and documents (including court papers) received by the Indemnitee relating to the claim.

[***] 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.

9.3. If one of more Indemnitees makes a claim for indemnification relating to losses, damages, costs, fees or expenses arising in connection with any claim asserted by a Third Party against one or more Indemnitees (a "**Third Party Claim**"), the Indemnitor shall be entitled to assume the defense thereof and, if it so chooses and acknowledges in writing its obligation to indemnify the Indemnitees therefor, to assume the defense thereof with counsel selected by Indemnitor and reasonably satisfactory to the Indemnitees, and to settle such suit, action, claim or proceeding in its discretion with a full release of the Indemnitees and no admission of criminal liability; provided, that the written consent of the Indemnitees (which shall not be unreasonably withheld) shall be required for any settlement if as a result thereof the Indemnitees would become subject to injunctive relief or any remedy other than the payment of money by Indemnitor. Should Indemnitor so elect to assume the defense of a Third Party Claim, Indemnitor shall not be liable to the Indemnitees for legal expenses subsequently incurred by the Indemnitees in connection with the defense thereof unless (i) Indemnitor has failed to defend, contest or otherwise protest in a timely manner against Third Party Claims or (ii) a conflict of interest exists such that separate representation of the Indemnitees is appropriate. If Indemnitor assumes such defense, the Indemnitees shall have the right to participate in the defense thereof and to employ counsel, at their own expense, separate from the counsel employed by Indemnitor. Indemnitor shall be liable for the reasonable fees and expenses of counsel employed by the Indemnitees for any period during which Indemnitor has not assumed the defense thereof and for any period in which a conflict of interest exists such that separate representation of one or more of the Indemnitees is appropriate. If Indemnitor chooses to defend any Third Party Claim, both Parties hereto shall cooperate in the defense or prosecution of such Third Party Claim.

9.4. Protalix will take out a liability insurance coverage appropriate to the risk involved in commercializing the Licensed Products if Protalix or any of its sublicenses commences any clinical trials of the Licensed Products. Such insurance shall list Icon and the inventors of the patents as additional insureds if possible. Protalix shall provide Icon with at least 30 (thirty) days prior written notice of the commencement of clinical trials. Within 30 (thirty) days after the start of the clinical trials and thereafter annually between January 1 and January 31 of each year, Protalix will present evidence to Icon that the coverage is be maintained. In addition, Protalix shall provide Icon with at leas 30 (thirty) days prior written notice of any change in or cancellation of the insurance coverage.

10. **CONFIDENTIALITY.**

10.1. Each Party (a "**Recipient**") shall, at all times during the term of this Agreement and for a 5 (five) year period following termination or expiration hereof, keep, and shall use reasonable best efforts to ensure that its officers, directors, employees, subcontractors and agents keep, confidential and shall not publish or otherwise disclose and shall not use, directly or indirectly, for any purpose, any Confidential Information furnished to it by the other Party (the "**Owner**"), except to the extent such disclosure or use is expressly permitted by the terms of this Agreement or is reasonably necessary for the performance of this Agreement, including without limitation, for the practice and exercise of the licenses or other rights granted pursuant to this Agreement.

10.2. Each Party may disclose Confidential Information to the extent that such disclosure is:

10.2.1. made in response to a valid order of a court of competent jurisdiction or other governmental body of a country or any political subdivision thereof of competent jurisdiction; provided, however, that the Recipient shall first have given notice to the Owner of the Confidential Information and given the Owner a reasonable opportunity to quash such order and to obtain a protective order requiring that the Confidential Information that is the subject of such order be held in confidence by such court or agency or, if disclosed, be used only for the purposes for which the order was issued; and provided further that if a disclosure order is not quashed or a protective order is not obtained, the Confidential Information disclosed in response to such court or governmental order shall be limited to that information which is legally required to be disclosed in such response to such court or governmental order;

10.2.2. otherwise required by law (subject to seeking confidential treatment where available and to providing prior notification to the Owner);

10.2.3. as required in connection with any filings made with, or by the disclosure policies of a major stock exchange (subject to seeking confidential treatment where available and to providing prior notification to the Owner);

10.2.4. made by the Recipient to governmental regulatory authorities as required in connection with applications for regulatory approvals (such as an NDA or ANDA);

provided, however, that reasonable measures shall be taken to assure confidential treatment of such information; or

10.2.5. made by the Recipient to third-parties as may be necessary in connection with (i) the development and commercialization of the Licenses as contemplated by this Agreement, including, without limitation, subcontracting transactions in connection therewith, or (ii) the proposed sale of all or substantially all of the Recipient's assets, or to its proposed successor or acquirer through merger, consolidation or change of control; provided, however, that the Recipient shall in each case obtain from the proposed Third Party recipient a written confidentiality undertaking containing confidentiality obligations no less onerous than those set forth herein.

11. **NON-CONTESTATION CLAUSE**

The Parties shall not contest any rights of the other Party, in particular patent, license or any other property rights that are subject to this Agreement nor support any Third Party in any attempt to destroy property rights of the other Party. However, each Party remains entitled to file a claim against the other Party in the case of a disagreement arising from this Agreement.

12. **TERM AND TERMINATION**

12.1. Save for the provisions of Sections 6, 7.1, 7.2, 7.4 and 7.5 of this Agreement which shall be binding upon the Parties in accordance with their terms as of the date hereof, this Agreement shall enter into force and effect on the Effective Date and, unless earlier terminated pursuant to the provisions hereof, shall remain in full force and effect until the last to expire of the Icon Patents or, should all of the patent applications listed in **Annex A** be finally rejected, until 20 (twenty) years after the first commercial sale of any Licensed Product. (the **"Term"**).

12.2. Without limiting from Section 12.1 of this Agreement above, Icon may terminate this Agreement by written notice to Protalix:

12.2.1. In the event of a material breach of the Protalix obligations hereunder, which breach is not cured within 30 (thirty) days following delivery thereto of a written notice to that effect; and

12.2.2. Upon the occurrence of any of the following events: (i) a request for the liquidation and/or dissolution and/or winding up is filed against Protalix, which request is not

dismissed or otherwise set aside within 60 (sixty) days thereafter; (ii) a request for the appointment of a receiver over a material asset of Protalix is filed against Protalix with a competent court of jurisdiction (or execution office), which request is not dismissed or otherwise set aside within 60 (sixty) days thereafter; (iii) Protalix makes a general assignment for the benefit of its creditors; and (iv) Protalix ceases to conduct its operations for a period of 120 (one-hundred and twenty) days or more.

12.3. Without limiting from Section 12.1 of this Agreement above, Protalix may terminate this Agreement by written notice to Icon in case of serious material breach of this Agreement by Icon if such breach is not cured within 30 (thirty) days.

12.4. Without limiting from Section 12.1 of this Agreement above, Icon may terminate the exclusivity granted under this Agreement by written notice to Protalix, should Protalix fail to reach the following development milestones with respect to such Research Protein(s):

[***]

[***]

12.5. For the avoidance of doubt, and without derogating from the provisions of Section 5.6 above, upon expiration of the Term by reason of the passage of time pursuant to Section 12.1 of this Agreement, then notwithstanding such expiry, Protalix shall be entitled to continue to utilize the Icon Patents, to make commercial use of the Icon Technology in the Protalix Field, without having to pay royalties to Icon in respect of such activities.

[***] 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.

13. **RELATIONSHIP OF PARTIES.**

Nothing contained in this Agreement shall be deemed to establish any partnership, joint venture or agency relationship and the Parties shall act at all times as independent contractors.

14. **GOVERNING LAW AND ARBITRATION.**

This Agreement shall be governed by and construed in accordance with English law. All disputes between the Parties shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce ("**ICC**") by a single arbitrator appointed in accordance with said Rules. The seat of arbitration shall be London, England and the language to be used in the arbitration shall be English. Notwithstanding the foregoing, neither Party shall be precluded from bringing an action in any court of competent jurisdiction for injunctive or other provisional relief as necessary or appropriate. The arbitrator shall have the power to award the costs of the arbitration and the prevailing Party's attorneys' fees and costs. The arbitrator's award shall be based on a reasoned written opinion to be delivered to the Parties.

15. **NOTICES.**

All notices and other communications required or desired to be given or sent by one Party to the other Party shall be in writing and shall be deemed to have been given: (a) on the date of delivery, if personally delivered, (b) 3 (three) business days after mailing if mailed by certified or registered mail, postage prepaid, return receipt requested, to the address of the applicable Party set forth in the preamble of this Agreement, or (c) on the date of transmission if sent by a confirmed facsimile delivery to the number set forth below:

Protalix: +972-4-9889489

Icon: +49-345-555-9884

Either Party may change the address or facsimile number for giving notice from time to time by written instructions to the other Party of such change, conveyed pursuant to the terms of this Section 15.

16. **ASSIGNMENT.**

The rights and obligations of a Party hereto may not be assigned or delegated by such Party to any person or entity, save an entity to which all or substantially all

of the business operations of such Party have been transferred (whether by means of an acquisition by, or a merger or consolidation of the Party with or into, such entity). Icon is entitled to transfer this Agreement to any of its affiliates, provided that Icon remains responsible for the performance by such Affiliate of the terms and conditions of this Agreement.

17. **PARTIES IN INTEREST.**

This Agreement is binding upon and is for the benefit of the Parties hereto and their respective successors and permitted assigns. This Agreement is not made for the benefit of any person or entity not a party hereto, and no person or entity (including without limitation any sub-contractors, vendors, suppliers or customers) other than the Parties hereto or their respective successors and permitted assigns will acquire, have or be entitled to any benefit, right, remedy or claim under or by reason of or may otherwise rely on any provision of this Agreement.

18. **WAVIER; REMEDIES.**

No failure or delay on the part of a Party hereto in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies which the Parties hereto may otherwise have at law or in equity.

19. **SEVERABILITY.**

The provisions of this Agreement are severable and, in the event that any court of competent jurisdiction determines that any one or more of the provisions or part of a provision contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement; but this Agreement shall be reformed and construed to the maximum extent possible as if such invalid, illegal or unenforceable provision, or part of a provision, had never been contained herein.

20. **ORDER OF PRECEDENCE.**

Unless otherwise provided herein, all terms and conditions of the Option Agreement and Research Agreement shall remain in force and effect and continue to apply in accordance with their terms, to the extent consistent with the terms of this Agreement. In the event of any contradiction or discrepancy

between the provisions of this Agreement on one hand and the provisions of the Option Agreement and/or Research Agreement on the other hand, the provisions of this Agreement shall take precedence and prevail. Once the Licenses become operative pursuant to Section 2.1 of this Agreement above they shall remain in full force and effect in accordance with the terms hereof, notwithstanding the termination or expiration of any of the Option Agreement and/or Research Agreement for any reason whatsoever.

21. **AMENDMENT.**

This Agreement may not be amended, modified, altered, or supplemented except by a written agreement executed by both Parties hereto.

22. **SURVIVAL.**

The provisions of Sections 5.6, 6, 7.1, 7.3, 8, 9, 10, 11, 13, 14, 15, 16, 17, 18, 20, 21 of this Agreement and this Section 22 shall survive the termination or expiration of this Agreement for any reason whatsoever.

23. **FURTHER ACTION.**

Each Party agrees to execute and deliver such further documents and instruments and perform any further acts, from time to time, as may be reasonably necessary, to effectuate the purposes of this Agreement.

24. **ENTIRE AGREEMENT.**

This Agreement, together with all Annexes and attachments hereto, sets forth the entire understanding between the Parties hereto with respect to the License and supersedes all prior agreements, arrangements and communications, whether oral or written, with respect thereto.

[Intentionally left blank]

IN WITNESS WHEREOF the Parties have executed this Agreement by their respective authorized representatives as of the date first above written:

Protalix Ltd.

By: /s/ David Aviezer

Title: CEO
Date: April 12, 2005

Icon Genetics AG

By: /s/ Yuri Gleba

Title: CEO
Date: April 12, 2005

Annex A – List of Icon's Patents and specific Patent License limitations

[***]

[***]

[***] 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.

Annex B – List of Research Proteins

[***]

[***]

[***] 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.

Exhibit 10.7

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 LICENCE AGREEMENT

Between

YEDA RESEARCH AND DEVELOPMENT COMPANY LIMITED

a company duly registered under the laws of Israel of
P O Box 95, Rehovot 76100, Israel

(hereinafter, **"Yeda"**)

and

PROTALIX BIOTHERAPEUTICS LIMITED

a company duly registered under the laws of Israel,
having its principal place of business at 2 Snunit St,
Science Park, POB 455, Carmiel 20100, Israel

(hereinafter, **"the Company"**)

PREAMBLE:

WHEREAS: (A) in the course of research conducted at the Weizmann Institute of Science (**"the Institute"**), under the supervision of Professor Anthony H. Futerman of the Department of Biological Chemistry, Professor Joel L. Sussman of the Department of Structural Biology and Professor Israel Silman of the Department of Neurobiology (**"the Scientists"**), the Scientists together with other scientists of the Institute, all of the aforementioned persons, collectively **"the Inventors"** arrived at an invention entitled [***](**"the Invention"**), being the subject of and more fully described in PCT patent application number [***] and the other patent applications listed in **Appendix A** hereto [***](**"the Existing Patent Applications"**) and created and/or generated the know-

[***] 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.

how and other information relating to the Invention as described in **Appendix B** hereto (**"the Know-How"**); and

(B) the Company is: (i) interested in the performance of further research at the Institute under the supervision of the Scientists in the field of the Invention, as specified in the research program attached hereto, marked **Appendix C** (**"the Research Program"** and **"the Research"**); and (ii) willing, subject to and in accordance with the terms and conditions of this Agreement, to finance the performance of the Research in accordance with the budget attached hereto and marked **Appendix D** (**"the Research Budget"**); and

(C) Yeda is willing, subject to and in accordance with the terms and conditions of this Agreement, to procure the performance of the Research at the Institute as aforesaid; and

(D) by operation of Israeli law and/or under the terms of employment of the Inventors at the Institute and pursuant to an agreement between the Institute, Yeda and the Inventors, all right, title and interest of the Inventors and/or the Institute in and to the Invention, in any results deriving from the performance of the Research at the Institute and in the Existing Patent Applications vests and shall vest in Yeda; and

(E) subject to and in accordance with the terms of this Agreement, the Company wishes to receive, and Yeda is willing to grant to the Company, a worldwide exclusive licence in respect of the Licensed Information (as hereinafter defined) and under the Patents (as hereinafter defined), for the development, manufacture, production, and sale of enzymatically active mutants of glococerebrosidase and derivatives therefrom for the treatment of Gaucher disease and/or any other indication (**"Products"**), all subject to and in accordance with the terms and conditions of this Agreement below; and

(F) the Company declares that on 12 January 2006 the Magneton Committee (appointed by the General Manager of the Ministry of Industry, Trade and Employment ("**MITE**")) approved the application filed by the Company

for the receipt of government grants within the framework of the Magneton Program (as hereinafter defined) for the performance of the Research and for research and development activities by the Company in respect of the Products, pursuant to a letter dated 15 January 2006 from the manager of the Magneton Program, a copy of which is annexed hereto as **Appendix E** ("**the Magneton Approval**"),

NOW THEREFORE IT IS AGREED BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. **PREAMBLE, APPENDICES AND INTERPRETATION**

1.1. The Preamble and Appendices hereto form an integral part of this Agreement.

1.2. In this Agreement the terms below shall bear the meanings assigned to them below, unless the context shall indicate a contrary intention:

1.2.1. **"Affiliated Entity"** — shall mean, with respect to any party hereto, any company, corporation, other entity or person (hereinafter, collectively, **"entity"**), which directly or indirectly, is controlled by, or controls, or is under common control with, such party. For the purposes of this definition, **"control"** shall mean the ability, directly or indirectly, to direct the activities of the relevant entity (save for an ability flowing solely from the fulfilment of the office of director or another office) and shall include, without limitation, the holding, directly or indirectly, of more than 30% (thirty percent) of the issued share capital or of the voting power of the relevant entity or the holding, directly or indirectly, of a right to appoint more than 30% (thirty percent) of the directors of such entity or of a right to appoint the chief executive officer of such entity;

1.2.2.	**"Development Program"**	—	shall mean, with respect to any Product or Products, a development program specifying the activities and timetable necessary to develop such Products to commercialisation, including the performance of steps required for obtaining regulatory approvals from all relevant authorities for such Products and/or the sale of such Products ;
1.2.3.	**"Exchange Rate"**	—	shall mean, with respect to any amount to be calculated, or which is paid or received in a currency other than US Dollars, the average of the selling and buying exchange rates of such currency (in respect of cheques and remittances) and the US Dollar prevailing at Bank Hapoalim B.M. at the end of business on the date of calculation, payment or receipt, as the case may be;
1.2.4.	**"First Commercial Sale"**	—	shall mean, with respect to any Product in any country, the first commercial sale of such Product in such country after U.S. Food and Drug Administration ("**FDA**") New Drug Approval, European Medicines Agency ("**EMEA**") or national medicinal agency marketing approval or equivalent approval in such country has been obtained for such Product;
1.2.5.	**"Licence"**	—	shall mean an exclusive worldwide licence under the Licensed Information and the Patents, for the development, manufacture, production, use, marketing, distribution and sale of the Products, subject to the provisions of clause 7.1 below and the other terms and conditions of this Agreement;
1.2.6.	**"Licensed Information"**	—	shall mean: (i) the Invention; (ii) the Know-How; and (iii) all and any inventions, products,

			materials, compounds, compositions, substances, methods, processes, techniques, know-how, data, information, discoveries and other results of whatsoever nature discovered or occurring in the course of, or arising from, the performance of the Research;
1.2.7.	**"Magneton Directive"**	—	shall mean Directive 8.6 of the General Manager of MITE dated 22 August 2001 entitled "The Encouragement of Technology Transfer from Academia to Industry – Magneton"
1.2.8.	**"Magneton Program"**	—	shall mean the program for the encouragement of the transfer of generic technology from academic to commercial bodies administered by MITE, as described in the Magneton Directive;
1.2.9.	**"Net Sales"**	—	shall mean the total amount invoiced by the Company and the total amount invoiced by each Sublicensee (and, subject to clause 7.4.4.6 below, each Further Sublicensee (as hereinafter defined)) in connection with the sale of Products (for the removal of doubt, whether such sales are made before or after the First Commercial Sale of any Product in any country); provided that, with respect to sales which are not at arms-length and/or are not in the ordinary course of business and/or are not according to then current market conditions for such a sale, the term **"Net Sales"** shall mean the total amount that would have been due in an arms-length sale made in the ordinary course of business and according to the then current market conditions for such sale or, in the absence of such current market conditions, according to market conditions for

sale of products similar to the Products, in all cases after deduction of:

(i) sales taxes (including value added taxes) or customs duties to the extent applicable to such sale and included in the invoice in respect of such sale;

(ii) credits or allowances, if any, actually granted on account of price adjustments, recalls, rejections or returns of Products previously sold;

(iii) freight and insurance charges to the extent such items are applicable to such sale and are separately itemised on invoices; and

(iv) bad debts (as determined in accordance with relevant GAAP rules) deriving from Net Sales in respect of which royalties were paid by the Company pursuant hereunder;

and provided further that, with respect to sales by the Company and/or a Sublicensee and/or a Further Sublicensee, as applicable, to any Affiliated Entity of the Company or of such Sublicensee or Further Sublicensee, as the case may be, the term, **"Net Sales"** shall mean the higher of (but for the avoidance of doubt, not both of): (a) "Net Sales", as defined above, with respect to sales which are not at arms-length and/or in the ordinary course of business and/or according to current market conditions; and (b) the total amount invoiced by such Affiliated Entity on resale to an independent third party purchaser after the

deductions specified in subparagraphs (i) and (ii) above, to the extent applicable;

1.2.10. "**OCS**" — shall mean the Office of the Chief Scientist at MITE;

1.2.11. **"Patents"** — shall mean: (i) the Existing Patent Applications and all patents which may be granted thereon; and (ii) all other patent applications or applications for certificates of invention covering portions of the Licensed Information and all patents or certificates of invention which may be granted thereon; as well as all continuations, continuations-in-part, patents of addition, divisions, renewals, reissues and extensions (including any patent term extension) of any of the aforegoing patents, but excluding: (a) patents that have been invalidated or cancelled pursuant to the final (*i.e.,* unappealed or unappealable) judgment of a competent court; and (b) patent applications that have been withdrawn or have expired, in each case such exclusion to be effective only from the date of such invalidation, cancellation, withdrawal or expiry, as the case may be.

For the purposes of this Agreement, the term **"Patent"** shall also mean a Supplementary Protection Certificate (within the meaning of such term under Council Regulation (EU) No. 1768/92) or any other similar statutory or supplementary protection;

1.2.12. **"Research Period"** — shall mean the [***]period commencing on the date of signature of this Agreement, as may be extended in accordance with clause 2.1 below;

[***] 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.

1.2.13.	**"Sublicence"** and **"Sublicensee"**	—	**"Sublicence"** shall mean any right granted, licence given, or agreement entered into, by the Company (or, but without derogating from clause 7.4.4.6 below, a Sublicensee) to or with any other person or entity, permitting any use of the Licensed Information and/or the Patents (or any part thereof) for the independent development and/or manufacture and/or production and/or marketing and/or distribution and/or sale of Products (whether or not such grant of rights, licence given or agreement entered into is described as a sublicence or as an agreement with respect to the development and/or manufacture and/or production and/or distribution and/or marketing and/or sale of Products or otherwise) and the term **"Sublicensee"** shall be construed accordingly;
1.2.14.	**"Sublicensing Receipts"**	—	shall mean consideration, whether monetary or otherwise, received (for the removal of doubt, whether received before or after the First Commercial Sale in any country) by the Company for or from the grant of Sublicences or Further Sublicences and/or pursuant thereto, or in connection with the grant of an option for a Sublicence, except for: (i) amounts received by the Company which constitute royalties based on sales of the Products by Sublicensees in respect of which the Company has paid royalties to Yeda; and (ii) amounts received by the Company from a Sublicensee and actually

expended by the Company (as evidenced by invoices, receipts or other appropriate documentation) in respect of Product-related research and/or development activities to be performed by the Company for such Sublicensee after the date of signature of the relevant Sublicence (or, as the case may be, option for a Sublicence), provided that:

(a) any such amounts constitute research and/or development funding only and not payment for Products nor any other type of grant or benefit,

(b) such research and/or development activities are performed pursuant to a defined research and development program and research and development budget agreed with the relevant Sublicensee, a copy of which is provided to Yeda; and

(c) the Company submits to Yeda a written expense report, confirmed by the Company's independent accountant or chief financial officer, setting out the time and materials utilised, and reasonable overhead costs and other expenses actually incurred by the Company in the conduct of the said research and

development activities, which report demonstrates that such amounts have actually been expended by the Company in the conduct of such research and/or development activities in accordance with such work program and budget,

it being agreed, for the removal of doubt, that any amounts received by the Company as aforesaid, but not expended as set out above, shall be deemed to be Sublicensing Receipts.

1.2.15. the terms: **"Yeda"**, **"the Company"**, **"the Institute"**, **"the Scientist"**, **"the Inventors"**, **"the Invention"**, **"the Existing Patent Applications"**, **"the Know-How"**, "**the Magneton Approval"**, "**the Magneton Directive**", **"the Magneton Program", "MITE**", **"the Research Program"**, **"the Research"**, **"the Research Budget"** and **"Products"** — shall bear the definitions assigned to them respectively in the heading or the preamble hereto, as the case may be.

1.3. In this Agreement:

1.3.1. words importing the singular shall include the plural and *vice-versa* and words importing any gender shall include all other genders and references to persons shall include partnerships, corporations and unincorporated associations;

1.3.2. any reference in this Agreement to the term "patent" shall also include any re-issues, divisions, continuations or extensions thereof (including measures having equivalent effect);

1.3.3. any reference in this Agreement to the term “patent applications” shall include any provisional patent applications, PCT, national or regional patent applications, applications for continuations, continuations-in-part, divisions, patents of addition or renewals, as well as any other applications or filings for similar statutory protection;

1.3.4. any reference in this Agreement to the term “sale” shall include the sale, lease, rental or other disposal of any Product with the exception of disposition, without charge, for demonstration and/or testing purposes; and

1.3.5. **“including”** and **“includes”** means including, without limiting the generality of any description preceding such terms.

2. **PERFORMANCE OF THE RESEARCH**

2.1. In consideration of the sums to be paid by the Company to Yeda pursuant to clause 3.1 below and, subject to the execution of such payments and to clause 3.2 below, Yeda undertakes, subject to clause 2.2 below, to procure the performance of the Research at the Institute under the supervision of the Scientists during the Research Period. By written agreement of the parties, the Research Period may be extended by such period and upon such terms and conditions as the parties shall so agree.

2.2. If all of the Scientists shall cease to be available for the supervision of the performance of the Research, such cessation shall not constitute a breach of this Agreement by Yeda. In the event that all of the Scientists shall cease to be available as aforesaid, Yeda shall use its reasonable efforts to find from amongst the scientists of the Institute a replacement scientist or scientists acceptable to the Company (such acceptance to be in writing, and not to be unreasonably withheld), but no undertaking to find such a replacement is given by Yeda. If all of the Scientists cease to be available and no acceptable replacement scientists can be found within 60 (sixty) days of all of the Scientists becoming unavailable as aforesaid, then the Company shall be entitled, by written notice to Yeda, to terminate the Research Period, in which event the Research Period and the performance of Research hereunder shall cease at the end of a further period of 60 (sixty) days from the date of receipt by Yeda of such written notice. In the event of such termination, Yeda shall be released from any obligation to procure the

performance of the Research during the period after such termination, and the Company shall be released from any obligation to finance the Research in respect of the period commencing after such termination, but without affecting the Licence and all the other terms and conditions of this Agreement which shall remain in full force and effect (save for those relating to the performance and financing of the Research).

2.3. It is agreed that if the performance of the Research shall involve the conduct of experiments on and/or using animals, the performance of the Research and the Research Program shall be subject to the Israeli Anti-Cruelty Law, 1994 and to the approval of, and any modifications requested by, the Institutional Animal Care and Use Committee and the Safety Committee of the Institute, in order to ensure compliance with the above law. It is agreed that, in view of the fact that the performance of the Research may involve the conduct of experiments using human material (such as cells, blood, tissue, DNA, RNA, lysates, or body fluids) the performance of the Research and the Research Program shall be subject to the approval of, and any modifications requested by the Safety Committee of the Institute and the Institutional Review Board for Human Experimentation.

2.4. For the avoidance of doubt, it is agreed that nothing in this Agreement shall constitute a representation or warranty by Yeda, express or implied, that any results will be achieved by the Research or that the Licensed Information or any part thereof or any results achieved by the Research are or will be commercially exploitable or of any other value and Yeda furthermore makes no warranties and representations, express or implied, whatsoever as to the Research, any results of the Research, the Patents or the Licensed Information.

3. **FUNDING THE RESEARCH**

3.1. Subject only to clause 3.2 below, the Company undertakes to pay to Yeda the total amount (in US Dollars) of the Research Budget (being [***]per year for each year of the Research Period) in [***] equal [***] instalments, payable in advance at the beginning of each [***] period during the Research Period, the first such payment to be made on the date [***] following the signature of this Agreement. An invoice in respect of an installment paid as aforesaid shall be issued by Yeda promptly after the receipt by Yeda of such instalment. All payments of the Research Budget shall be made by direct wire transfer to Yeda's bank account, the details of which are set out in clause 17.7

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below. For the removal of doubt, nothing contained in this Agreement shall prevent Yeda and/or the Institute from obtaining further finance for the Research from other entities (subject to the approval of the OCS should such approval be required pursuant to the Magneton Program and/or the Magneton Directive), provided that such other entities are not granted any rights in respect of the Research and/or the Licensed Information which prejudice any rights granted to the Company under the Licence.

3.2. If funding approved pursuant to the Magneton Program is withheld or delayed by the OCS solely due to a delay by Yeda in fulfilling its reporting obligations as required by such Program, then the Company shall be entitled, by written notice to Yeda, to suspend further payments to Yeda pursuant to clause 3.1 above until such time as such reporting obligations are fulfilled by Yeda (and such suspension shall cease immediately upon the fulfilment by Yeda of such reporting obligations). In the event of such suspension of payment, Yeda shall be entitled to discontinue the performance of the Research and its reporting obligations pursuant to section 4 below until funding recommences.

4. **REPORTING BY YEDA**

4.1. Yeda will procure the preparation by the Scientists of, and shall submit to the Company: (i) during the time that funding is provided pursuant to the Magneton Program, interim written reports on the progress of the Research during the Research Period on a quarterly basis, and, after such time, on a yearly basis, in both cases within 60 (sixty) days of the end of the period covered by such report, (ii) a written report summarising the results of the Research within 60 (sixty) days of the end of the Research Period; and (iii) reports of any significant findings in the Research promptly upon such findings being made.

4.2. Yeda shall submit to the Company financial reports setting forth the monies received and expended in connection with the Research on a quarterly basis in accordance with the requirements of the Magneton Directive. A financial report as aforesaid shall be submitted to the Company during the Research Period on a quarterly basis, and, after such time on a yearly basis, in both cases within 60 (sixty) days after the end of the period covered by such report. Charges in respect of Research expenditures shall be made in accordance with the procedures prevailing at the Institute for charging research expenditures to individual projects of applied research and in

accordance with the Magneton Directive and/or the directives of the OCS.

5. **TITLE**

Subject only to the Licence, all right, title and interest in and to the Licensed Information and the Patents and all right, title and interest in and to any drawings, plans, diagrams, specifications, other documents, models, or any other physical matter in any way containing, representing or embodying any of the aforegoing, vest and shall vest in Yeda.

6. **PATENTS; PATENT INFRINGEMENTS**

6.1.

6.1.1. Subject to clauses 6.3 and 6.4 below, [***] shall prosecute the Existing Patent Applications using the outside patent counsel retained by [***] for such purpose prior to the execution of this Agreement, unless otherwise agreed by the parties in writing, and shall maintain at the applicable patent office any patents issuing from the Existing Patent Applications. The Company and Yeda shall consult with one another and cooperate fully with regard to the prosecution of the Existing Patent Applications and in maintenance of such patents.

6.1.2. At the initiative of either party, the parties shall consult with one another regarding the filing of patent applications in respect of any portion of the Licensed Information and/or corresponding to the Existing Patent Applications, including the jurisdictions in which such applications should be filed, the timing of the filing of such applications and the contents thereof. Following such consultations, and subject to clauses 6.3 and 6.4 below, [***] shall retain outside patent counsel to prepare, file and prosecute patent applications as aforesaid in such jurisdiction or jurisdictions as shall be determined by the parties in consultation as aforesaid. Subject to clauses 6.3 and 6.4 below, [***] shall also maintain at the applicable patent office any patents granted as a result of any of the above patent applications. The parties agree that their joint policy will be to seek comprehensive patent protection for all Licensed Information licensed to the Company hereunder. The Company and Yeda shall cooperate fully in the preparation, filing, prosecution and maintenance of such patent applications and patents. [***] shall: (i) deliver to [***], promptly, copies of all documentation prepared in connection with the maintenance or

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prosecution of the Existing Patent Applications; and (ii) procure that [***] receives a copy of correspondence between [***] and any patent attorney or other professional or any competent authority (where the Patents may be filed, maintained or made) all, in each case, relating to the prosecution and/or maintenance of the Patents.

6.1.3. Without derogating from the aforegoing, [***] shall, at its expense, take all necessary steps as commercially feasible in order to obtain, or, at [***] election, assist [***] to obtain, the extension of each patent referred to in this clause 6.1 above, or, in the case of a patent in any member state of the European Union, a Supplementary Protection Certificate as referred to in clause 1.2.11 above (including the preparation and filing of applications for such extensions and Supplementary Protection Certificates), within the period prescribed therefor under applicable law and, if applicable, take all necessary steps as commercially feasible in order to obtain "Orphan Drug" status (within the meaning of such term under the US Orphan Drug Act or under Council Regulation (EU) No. 141/2000, as the case may be), or any other form of protection that affords exclusivity, within the period prescribed therefor under applicable law. [***] shall notify [***] promptly in writing and shall provide a copy to [***] of each marketing authorisation granted in respect of each Product in each country and, if applicable, of "Orphan Drug" or other form of protection affording exclusivity granted in respect of a Product and shall keep [***] informed and shall provide copies to [***] of all documents regarding all applications, activities and/or proceedings regarding such extensions and/or any Supplementary Protection Certificates and/or "Orphan Drug" or other form of protection affording exclusivity, as aforesaid.

6.2. All applications to be filed in accordance with the provisions of clauses 6.1.2 and 6.1.3 above, shall be filed in the name of [***] or, should the law of the relevant jurisdiction so require, in the name of the relevant inventors and then assigned to [***].

6.3. In the event that, following such consultations between the parties regarding the filing, prosecuting and/or maintenance (as applicable) of patent applications and/or patents pursuant to clauses 6.1.1 and 6.1.2 above, [***] shall not wish to file and/or continue to prosecute a patent application and/or maintain a patent in any country in relation to any part of the Licensed Information (including any of the Existing

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Patent Applications), then [***], in its discretion, may elect to file and/or continue to prosecute such patent application and/or maintain such patent in such country at its own cost and expense. [***] shall notify [***] in writing of [***] election to file and/or continue to prosecute such patent application and/or maintain such patent in such country as aforesaid, at [***] expense (such notice, **"**[***]**"**), and, in the event that [***] shall not, within 30 (thirty) days of receipt of the [***] Notice: (i) reimburse [***] for all out-of-pocket costs and fees incurred by [***] until the date of the [***] (the [***] to be supported by receipts or other appropriate documents evidencing such costs and fees) in connection with the said patent application (in the preparation and/or filing and/or prosecution and/or maintenance of such application) and/or such patent, such costs and fees to be expressed in the currency in which paid by [***] and to be reimbursed or paid (as the case may be) by [***] to [***] in US Dollars in accordance with the Exchange Rate of such currency on the date of reimbursement or payment; and (ii) undertake in writing to [***] to bear all additional and future expenses relating to such patent application and/or patent, then [***] shall be entitled, at any time after the expiry of the said 30 (thirty) day period after such notice, to terminate the Licence granted to [***] under this Agreement in respect of such patent application and/or patent in such country, and to take whatever action it deems fit (in its sole discretion) with respect to such patent application and/or patent.

6.4.

6.4.1. The Company shall, on the date of signature of this Agreement, reimburse Yeda the sum of US [***], constituting the costs and fees paid by Yeda prior to March 14, 2006 in connection with the Existing Patent Applications, and shall pay to Yeda all additional amounts incurred, but not as yet paid, by Yeda prior to the date of signature of this Agreement, within 30 (thirty) days of Yeda's first written request.

6.4.2. [***] shall bear and pay all costs and fees incurred in the preparation, filing, prosecution and the like of the Existing Patent Applications and of all patent applications filed in accordance with the provisions of clauses 6.1.2 and 6.1.3 above (including patent applications corresponding to the Existing Patent Applications), and the maintenance at the appropriate patent office and the like of all patents issuing from the Existing Patent Applications and all patent applications

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referred to above, and all costs and fees incurred in undertaking any activities referred to in clause 6.1.3 above.

6.4.3. Unless otherwise instructed by [***] in writing, [***] shall pay directly to [***] relevant outside patent counsel amounts payable by [***] pursuant to this clause 6.4 above or clause 6.3 above.

6.5.

6.5.1. (i) Should the Company determine that a third party is infringing one or more of the Patents, then the Company shall notify Yeda promptly in writing, giving full particulars thereof and the Company shall, after first having consulted Yeda, be entitled to sue for such infringement.

(ii) Yeda may elect, at its own initiative, to join as a party to such action, or Yeda may consent to being named as a party to such action (such consent by Yeda may for the removal of doubt, be conditional upon, *inter alia*, the provision by the Company of security, satisfactory to Yeda, for the payment of the expenses or costs referred to in subparagraph (a) below).

(iii) Yeda shall cooperate and shall use its reasonable efforts to cause the Scientists to cooperate with the Company in prosecuting such litigation.

The provisions of paragraphs (i) and (iii) above shall be subject to the following:

(a) any expenses or costs or other liabilities incurred in connection with such litigation (including attorneys' fees, costs and other sums awarded to the counterparty in such action) shall be borne by the Company, which shall indemnify Yeda against any such expenses or costs or other liabilities, the above without derogating from the provisions of clause 12 below;

(b) in the event that Yeda shall be named as a party in any such litigation then Yeda shall be entitled to select its own legal counsel in such litigation, at the Company's expense and, if Yeda elects not to do so, the selection of the legal counsel representing the Company and Yeda in such litigation shall be subject to the prior written approval of

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Yeda, which approval shall not be withheld unreasonably; and

(c) no settlement, consent order, consent judgment or other voluntary final disposition of such action may be entered into without the prior written consent of Yeda.

6.5.2. (i) Should the Company discover any allegation by a third party that, or be sued on the grounds that, the manufacture, use or sale of a Product by it or by a Sublicensee or a Further Sublicensee under any of the Patents or using the Licensed Information or any portion thereof infringes upon the patent rights of a third party, then the Company shall notify Yeda promptly in writing, giving full particulars thereof, and the Company shall, after first having consulted Yeda, be entitled to defend such action.

(ii) Yeda may elect, at its own initiative, to join as a party to such action.

(iii) Yeda shall cooperate and shall use its reasonable efforts to cause the Scientists to cooperate with the Company in defending such litigation.

(iv) If an action is brought against the Company alleging the invalidity of any of the Patents, Yeda shall have the right to take over the sole defence of the action and the Company shall cooperate fully with Yeda in connection with any such action. In such event, no settlement, consent order, consent judgment or other voluntary final disposition of such action may be entered into without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed.

(v) All expenses, costs and/or other liabilities incurred in connection with such litigation (including attorneys' fees, costs and other sums awarded to the counterparty in such action) shall be borne by the Company.

(vi) The provisions of clause 6.5.1(c) above shall apply, *mutatis mutandis*.

6.5.3. Any recovery in any litigation relating to an infringement as aforesaid in clauses 6.5.1 and 6.5.2 above shall first be applied to cover costs and thereafter divided [***]to the Company and [***] to Yeda.

6.5.4. For the removal of doubt, Yeda shall not itself be obliged to take any action to sue for any infringement or to defend any action as referred to in this clause 6.5 above.

6.6. If the Company fails to take action to abate any alleged infringement of a Patent, or to defend any action as aforesaid, within 60 (sixty) days of a request by Yeda to do so (or within a shorter period, if required to preserve the legal rights of Yeda under applicable law), then Yeda shall have the right (but not the obligation) to take such action at its expense and the Company shall cooperate in such action at the Company's expense and, if required under applicable law or contract, consent to be named as a party to any such action. Yeda shall have full control of such action and shall have full authority to settle such action on such terms as Yeda shall determine. Any recovery in any such litigation shall be for the account of Yeda only.

6.7. Each party shall promptly keep the other informed and provide copies to the other of all documents regarding all such actions or proceedings instituted by or against either party as contemplated under any of the provisions of clause 6.5 above.

7. **LICENCE**

7.1. Yeda hereby grants the Licence to the Company, and the Company hereby accepts the Licence from Yeda, during the period, for the consideration and subject to the terms and conditions set out in this Agreement. For the removal of doubt, no licence is granted hereunder with regard to the Licensed Information and/or the Patents and/or any portion of any of the aforegoing, with respect to any exploitation or activities (including the activities referred to in clause 1.2.5 above) relating to any product or services, other than Products).

7.2. For the removal of doubt, nothing contained in this Agreement shall prevent Yeda or the Institute from using the Licensed Information and the Patents for academic research or other scholarly purposes, or from applying for or receiving grants to finance such activities (provided that such grants do not prejudice the Licence granted to

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the Company hereunder), or from transferring any materials created in the course of the performance of the Research financed by the Company in accordance with the provisions of this Agreement, to scientists at the Institute or to other scientists at other institutions for academic research purposes, provided that any such transfer of materials shall be in accordance with a material transfer agreement substantially in the form of the specimen agreement annexed hereto as **Appendix F**. For the avoidance of doubt, the materials transferable pursuant to this clause 7.2 shall not include any derivatives of the human acid-beta-glucosidase developed and produced by the Company. Should Yeda obtain rights to any invention or application deriving from such academic research in connection with the materials transferred under any such material transfer agreement, as contemplated by such agreement, Yeda shall immediately grant Protalix a licence (or sublicence, as the case may be) in respect of such rights upon the terms of the Licence, *mutatis mutandis* (subject to any restrictions upon the rights obtained by Yeda).

7.3.

7.3.1. The Licence shall remain in force in each of Israel and the United States of America, with respect to each Product (if not previously terminated in accordance with the provisions of this Agreement) until the later of:

7.3.1.1. the date of expiry of the last of any Patent (including, for the removal of doubt, any patent application, as referred to in the definition of "Patents" in clause 1.2.11 above) in such country covering such Product to expire; and

7.3.1.2. if there is any Licensed Information that is identifiable, secret and of value relating to such Product, the date of expiry of a period of [***]commencing on the date that FDA, EMEA marketing approval or equivalent approval is obtained in respect of such Product in such country, provided that and for so long as such Licensed Information remains secret and of value.

7.3.2. The Licence shall remain in force in each country in the world (other than Israel and the United States of America) with respect to each Product (if not previously terminated in accordance with the provisions of this Agreement) until the later of:

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7.3.2.1. the date of expiry in such country of the last of any Patent (including, for the removal of doubt, any patent application, as referred to in the definition of "Patents" in clause 1.2.11 above) in such country covering such Product to expire; and

7.3.2.2. if there is any Licensed Information that is identifiable, secret and of value relating to such Product, the date of expiry of a period of [***] commencing on the date that FDA, EMEA marketing approval or equivalent approval is obtained in respect of such Product in such country.

For the purposes of clauses 7.3.1.1 and 7.3.2.1 above and clause 9. 2 (*Royalties)* below, a Product shall be deemed to be covered by a Patent in any country even after the Patent in such country covering such Product has expired, in the event that, and for so long as, such Product is protected and/or covered by "Orphan Drug" status as referred to in clause 6.1.3 above, and/or by any type of data exclusivity or data protection or by any other regulations and/or provisions granting similar statutory or regulatory protection of such Product in such country. The Company shall notify Yeda in writing immediately upon the obtaining of FDA, EMEA or equivalent approval in any country, as referred to in clauses 7.3.1.2 and 7.3.2.2 above, specifying the date thereof, the country and the type of Product in respect of which such approval was granted.

7.4. Except as provided in clause 7.5 below, a Sublicence under the Licence may be granted by the Company only with the prior written consent of Yeda, which shall not be withheld unreasonably, and Yeda's response to a request for consent as aforesaid shall not be delayed unreasonably. The Company shall only be entitled to request Yeda's consent if:

7.4.1. the proposed Sublicence is for monetary consideration only or other valuable consideration that can reasonably be assessed in monetary terms;

7.4.2. the proposed Sublicence is to be granted in a *bona fide* arms-length commercial transaction;

7.4.3. the terms of the proposed Sublicence are submitted to Yeda prior to the signature thereof;

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7.4.4. the proposed Sublicence is made by written agreement, the provisions of which are consistent with the terms of the Licence and contains, *inter alia*, the following terms and conditions:

7.4.4.1. the Sublicence shall expire automatically on the termination of the Licence for any reason;

7.4.4.2. the Sublicensee shall be bound by provisions substantially similar to those in clause 10 below relating to confidentiality binding the Company (the obligations of the Sublicensee so arising being addressed also to Yeda directly);

7.4.4.3. an exclusion of liability and indemnification undertaking in the same form, *mutatis mutandis*, as the provisions of clause 12 below (the indemnification obligations of the Sublicensee to be given also in favour of, and shall be actionable by Yeda, the Institute, any director, officer or employee of Yeda or of the Institute, or by the Inventors);

7.4.4.4. all terms necessary to enable performance by the Company of its obligations hereunder;

7.4.4.5. that the Sublicence shall not be assignable or otherwise transferable, save as set out in clause 7.4.4.6 below.

7.4.4.6. that the Sublicence shall not be further sublicenseable other than with Yeda's prior written consent, which consent: (i) shall not be unreasonably withheld (and Yeda's response to a request for consent to a further sublicence shall not be unreasonably delayed), and (ii) may be conditioned by Yeda on, *inter alia*, the payment to Yeda of:

(a) royalties based on the sales of the further sublicensee ("**the Further Sublicensee**"), in accordance with the provisions of clause 9.2 below; and

(b) royalties on all consideration received (whether monetary or otherwise) by the Company or the Sublicensee from the Further Sublicensee (except for amounts received by such Sublicensee which constitute royalties based on sales of the Products

by such Further Sublicensee in respect of which the Sublicensee has paid royalties to Yeda), in accordance with the provisions of clause 9.3 below, which consideration shall be deemed to be Sublicensing Receipts received by the Company.

For the removal of doubt, the Company may seek Yeda's consent to a further sublicence (**"the Further Sublicence"**) only if:

A) the proposed Further Sublicence shall be in writing;

B) the proposed Further Sublicence shall be consistent with the terms of this Agreement;

C) the proposed Further Sublicence shall be for monetary consideration only or other valuable consideration that can reasonably be assessed in monetary terms;

D) the proposed Further Sublicence shall be granted in a *bona fide* arms-length commercial transaction;

E) the terms of the proposed Further Sublicence shall be submitted to Yeda prior to the signature thereof;

F) the proposed Further Sublicence shall contain, *inter alia,* the terms and conditions set out in clauses 7.4.4.2 and, 7.4.4.3 above and clauses 7.4.4.7, 7.4.4.8 and 7.4.4.9 below (and the references in such clauses to "Sublicence" or "Sublicensee" shall, for the purposes of this clause, be deemed to refer to the Further Sublicence or the Further Sublicensee, as the case may be; and

7.4.4.6.1. the Further Sublicence shall not be assignable, otherwise transferable or further sublicenseable; and

7.4.4.6.2. the Further Sublicence shall expire automatically upon the termination of this Agreement or of the Sublicence;

7.4.4.7. that: (i) a copy of the agreement granting the Sublicence shall be made available to Yeda, promptly upon its

execution; (ii) all amendments to any such Sublicence agreement shall be subject to Yeda's prior written consent; and (iii) the Company shall submit to Yeda copies of all such amendments (as approved by Yeda), promptly upon execution thereof;

7.4.4.8. that the Sublicensee shall grant to Yeda the right, at reasonable times and upon reasonable notice to the Sublicensee, to send representatives in order to examine those books of accounts, records and other documentation of the Sublicensee as may be necessary in order to determine the correctness or completeness of any payment made by the Company to Yeda under this Agreement, all without derogating from clause 9.7 below; and

7.4.4.9. that the Sublicensee shall, forthwith upon written request by the Company and/or Yeda, pay directly to Yeda all royalties and/or other payments that Yeda is entitled to receive in respect of sales by or on behalf of such Sublicensee pursuant to clause 9.2 below and the percentage of Sublicensing Receipts as provided in clause 9.3 below and, in such event, the last 2 (two) sentences of clause 9.7 below shall apply to the Sublicensee as if it were the Company, *mutatis mutandis*;

and

7.4.5. any act or omission by the Sublicensee or the Further Sublicensee which would have constituted a breach of this Agreement by the Company had it been the act or omission of the Company and which is not cured within the applicable cure period, shall constitute a breach of the Sublicence agreement with the Company entitling the Company to terminate the Sublicence, and the Company hereby undertakes to inform Yeda forthwith upon receipt of knowledge by the Company of such breach and, at the request of Yeda, and at the Company's cost and expense, to exercise such right of termination.

7.5. For the removal of doubt, the Company shall not be entitled to grant, directly or indirectly, to any person or entity any right of whatsoever nature to exploit or use in any way the Licensed Information or the Patents or to develop, manufacture, produce and/or sell the Products or any part of any of the aforegoing, save by way of Sublicence

within the meaning of such term in clause 1.2.11 above and subject to the conditions of this clause 7 relating to any such grant.

7.6. Nothing contained in this Agreement shall be deemed to be a representation or warranty, express or implied, by Yeda that the Existing Patent Applications or any of them or any patent applications relating to the Licensed Information or any portion thereof will be granted or that patents obtained on any of the said patent applications are or will be valid or will afford proper protection or that the Invention or any other portion of the Licensed Information are or will be commercially exploitable or of any other value or that the exploitation of the Patents, the Invention or the Licensed Information will not infringe the rights of any third party.

7.7. Notwithstanding the aforesaid in this clause 7, the Company may grant Sublicences to subcontractors solely to manufacture the Products or solely to perform research and development services related to the Products on its behalf without obtaining Yeda's consent, provided that: (i) the terms of clauses 7.4.2, 7.4.4.1, 7.4.4.2, 7.4.4.3 (to the extent relating to clauses 12.2 and 12.3 (but not 12.1)), 7.4.4.4 and 7.4.5 above are observed; (ii) the proposed Sublicence is made by written agreement, the provisions of which are consistent with the terms of the Licence; (iii) the Company is jointly and severally liable with the subcontractor to Yeda for any obligations owed to or damage caused to Yeda in connection with or resulting from the grant of such Sublicence; (iv) such Sublicence shall not be assignable, further sublicenseable or otherwise transferable without the prior written consent of Yeda; and (v) such subcontractor is not granted any additional right under the Licence other than the right solely to manufacture the Products or solely to perform the research and development services, in both cases as subcontractor for the Company.

8. **DEVELOPMENT AND COMMERCIALIZATION**

8.1. Within [***]of the date of signature of this Agreement, the Company shall submit to Yeda a Development Program for the development of Products (such Development Program, as approved by Yeda, **"the Initial Development Program"**).

8.2. The Company undertakes, [***] to take all necessary steps to develop and commercialise the Products and, without derogating from the generality of the foregoing, to use its best efforts to expedite the commencement of the commercial sale of the Products. For

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such purpose and without derogating from the generality of the aforegoing, the Company shall carry out and/or have a third party carry out on its behalf the performance of the trials, tests and other works and activities detailed in the Initial Development Program and in all further Development Programs (if any) submitted pursuant to clause 8.5 below, in accordance with the respective timetables included therein. The Company further undertakes to continue with commercialisation of the Products diligently throughout the period of the Licence. Without prejudice to the foregoing, the Company undertakes to comply with all the requirements of the Magneton Approval, including that it will perform all development activities necessary in order to meet any milestones set out therein.

8.3. The Company shall provide Yeda on December 31 of each calendar year with written progress reports (**"Progress Reports"**) which shall include detailed descriptions of the progress and results, if any, of: (i) the tests and trials (if applicable) conducted and all other actions taken by the Company pursuant to the Initial Development Program or any other Development Program delivered and approved pursuant to clause 8.5 below; (ii) manufacturing, sublicensing, marketing and sales during the preceding 12 (twelve) months; (iii) the Company's plans in respect of the testing, undertaking of trials (if applicable) or commercialisation of Products for the following 12 (twelve) months; (iv) projections of sales and marketing efforts; and (v) a summary of all protocols or minutes of meetings with the FDA, EMEA or any other regulatory authority in connection with any Product and copies of any opinions, decisions, and approvals issued by any of the aforementioned authorities. If the Company has provided a Development Program for more than 1 (one) Product, then such Progress Report shall provide such information separately for each such Product. If progress in respect of a Product differs from that anticipated in its Development Program or preceding Progress Report, then the Company shall explain, in its Progress Report, the reason therefor and prepare a modified Development Program for Yeda's review. The Company shall also provide any reasonable additional data that Yeda requires to evaluate the performance of the Company hereunder.

8.4. For the removal of doubt, without derogating from the remaining provisions of this clause 8 or of clause 13.2 below, nothing contained in this Agreement shall be construed as a warranty by the Company that any Development Program to be carried out by it as aforesaid will actually achieve its aims and the Company makes no warranties

whatsoever as to any results to be achieved in consequence of the carrying out of any such Development Program.

8.5. Without derogating from the obligations of the Company pursuant to this clause 8 or from the provisions of clause 13.2 below, in the event that the Company shall wish to develop and/or commercialise Products in addition to those specified in the Initial Development Program or to update the Initial Development Program, the Company shall submit to Yeda a further Development Program in respect of such additional Products or updates and the provisions of this clause 8 shall apply also with respect to such further Development Program and to the development and commercialisation of such additional Products, *mutatis mutandis*.

8.6. The Company agrees to supply to Yeda and/or the Institute, for (and in quantities customary for) academic research purposes, any Products developed and/or manufactured and/or produced under this Agreement at no cost to Yeda, the Institute or the Scientists.

8.7. The Company shall mark, and cause all its Sublicensees and Further Sublicensees to mark, all Products that are manufactured or sold under this Agreement with the number or numbers of each Patent applicable to such Product.

9. **ROYALTIES**

9.1. In consideration for the grant of the Licence, the Company shall pay Yeda a non-refundable licence fee of US $[***] per year (or part thereof) during the term of this Agreement (**"the Annual Licence Fee"**) to be paid in advance at the beginning of each 1 (one) year period during the term of this Agreement, commencing on the fifth (5th) anniversary of the date of signature of this Agreement and until (and including) the nineteenth (19th) anniversary thereof. For the removal of doubt, the first Annual Licence Fee shall be paid on the fifth (5th) anniversary of the date of signature of this Agreement and thereafter on each anniversary of the date of signature of this Agreement until (and including) the nineteenth (19th) anniversary thereof. The amount of the Annual Licence Fee paid by the Company as aforesaid shall be credited against royalties and/or other payments due and payable by the Company pursuant to clause 9.2 below during the 1 (one) year period in respect of which the Company shall have paid such Annual Licence Fee provided that the total amount of such royalties and other payments so payable during such 1 (one) year period exceeds US[***]. For the removal of

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doubt the amount of the Annual Licence Fee paid for a particular 1 (one) year period cannot be credited against royalties payable during another 1 (one) year period.

9.2. In addition to the above, the Company shall pay Yeda royalties at the rate of:

9.2.1. [***] of Net Sales of Products used to treat Gaucher disease and

9.2.2. [***] of Net Sales of Products used for other indications; provided that in the event that there are any sales of a Product in any country that are not, at the time of such sales, covered by a Valid Patent Claim (as defined below) in such country, then the royalty rate referred to in this clause 9.2 shall, with respect to Net Sales of such Product made in such country during the period such Product is not so covered by a Valid Patent Claim as aforesaid, be reduced to [***]for Products used to treat Gaucher disease and [***] for Products used for other indications. For the purposes of this clause 9.2, "**Valid Patent Claim**" shall mean (i) a claim under an issued and unexpired patent which is included in the Patents; (ii) a claim in a pending patent application (including a provisional application) which is included in the Patents; (iii) any protection for such Product due to "Orphan Drug" status (as referred to in clause 6.1.3 above); or (iv) data exclusivity or data protection or by any other regulations and/or provisions granting similar statutory or regulatory protection of such Product in such country.

9.3. The Company shall additionally pay Yeda the following royalty in respect of the Sublicensing Receipts:

9.3.1. [***] of all Sublicensing Receipts received pursuant to or in connection with Sublicences (or options for a Sublicence) signed prior to the date of submission by the Company of an Investigational New Drug Application (IND) to the FDA or equivalent EMEA approval with respect to any Product;

9.3.2. [***] of all Sublicensing Receipts received pursuant to or in connection with Sublicences (or options for a Sublicence) signed on or after the date of the submission of an IND application as aforesaid but prior to the date of commencement of phase III clinical trials with respect to any Product;

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9.3.3. [***] of all Sublicensing Receipts received pursuant to or in connection with Sublicences (or options for a Sublicence) signed on or after the date of commencement of phase III clinical trials as aforesaid but prior to the date of FDA or EMEA approval of any Product; and

9.3.4. [***] of all Sublicensing Receipts received pursuant to or in connection with Sublicences (or options for a Sublicence) signed on or after the date of FDA or EMEA approval.

9.4. For the removal of doubt, the Company undertakes that all sales (within the meaning of such term in clause 1.3.4 above) of Products by the Company and each Sublicensee or Further Sublicensee (as the case may be) shall be for cash consideration only.

9.5. In calculating Net Sales and Sublicensing Receipts, all amounts shall be expressed in US Dollars and any amount received or invoiced in a currency other than US Dollars shall be translated into US Dollars, for the purposes of calculation, in accordance with the Exchange Rate between the US Dollar and such currency on the date of such receipt or invoice, as the case may be. For the removal of doubt, in calculating amounts received by the Company, whether by way of Net Sales or Sublicensing Receipts, any amount deducted or withheld in connection with any such payment on account of taxes on net income (including income taxes, capital gains tax, taxes on profits or taxes of a similar nature) payable by the Company in any jurisdiction, shall be deemed, notwithstanding such deduction or withholding, to have been received by the Company. In the event that the Sublicensing Receipts comprise, in whole or in part, non-cash consideration (including shares or other securities of the Sublicensee or Further Sublicensee or any other entity), then the Company agrees, promptly upon Yeda's request, to execute and deliver such documents and instruments and do any other acts as may be necessary, so that Yeda receives the percentage share of such non-cash consideration as provided in clause 9.2.

9.6.

9.6.1. Amounts payable to Yeda in terms of this clause 9 shall be paid to Yeda in US Dollars: (i) in the case of Net Sales, on a [***]and no later than [***] after the end of each [***], commencing with the first [***] in which any Net Sales are made by the Company; or (ii) in the case of Sublicensing Receipts, no later than [***] after any such Sublicensing Receipts are received by the Company from any Sublicensees or Further Sublicensees.

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9.6.2. The Company shall submit to Yeda: (i) no later than [***] days after the end of each [***], commencing with the first [***] in which any Net Sales are made; and (ii) no later than [***] after any Sublicensing Receipts are received, an interim written report setting out amounts owing to Yeda in respect of such Sublicensing Receipts, a full and detailed report, in a form acceptable to Yeda, certified as being correct by the chief financial officer of the Company, setting out all amounts owing to Yeda in respect of such previous [***] to which the report refers, and with full details of:

9.6.2.1. (i) the sales made by the Company, Sublicensees and, if applicable, Further Sublicensees, including a breakdown of Net Sales according to country, identity of seller, currency of sales, dates of invoices, number and type of Products sold;

(ii) the Sublicensing Receipts, including a breakdown of Sublicensing Receipts according to identity of Sublicensees and, if applicable, Further Sublicensees, countries, the currency of the payment and date of receipt thereof;

(iii) deductions applicable, as provided in the definition of "Net Sales"; and

9.6.2.2. any other matter necessary to enable the determination of the amounts of royalties payable hereunder.

9.7. The Company shall keep and shall cause Sublicensees (and, if applicable, Further Sublicensees) to keep complete, accurate and correct books of account and records consistent with sound business and accounting principles and practices and in such form and in such details as to enable the determination of the amounts due to Yeda in terms hereof. The Company shall supply Yeda at the end of each calendar year, commencing with the first calendar year in which any amount is payable by the Company to Yeda under this clause 9, a report signed by the Company's independent auditors in respect of the amounts due to Yeda pursuant to this clause 9 in respect of the year covered by the said report and containing details in accordance with clause 9.6 above in respect of the quarterly reports. The Company shall retain and shall require and cause its Sublicensees (and, if applicable, Further Sublicensees) to retain the aforegoing

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books of account for 6 (six) 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 6 (six) years after the end of the calendar year in which such termination becomes effective.

9.8. At Yeda's expense, Yeda shall be entitled to appoint representatives to inspect during normal business hours and to make copies of the Company's and Sublicensees' (and, if applicable, Further Sublicensees') books of account, records and other documentation (including technical data and lab books) to the extent relevant or necessary for the ascertainment or verification of the amounts due to Yeda under this clause 9, provided however that Yeda shall coordinate such inspection with the Company or Sublicensee or such Further Sublicensee (as the case may be) in advance. The Company shall take all steps necessary (or in the case of its Sublicensees or, if applicable, Further Sublicensees, use its best efforts) to ensure that all such books of account, records and other documentation of the Company and its Sublicensees (and, if applicable, Further Sublicensees) are available for inspection as aforesaid at a single location for each of the Company and its Sublicensees (and, if applicable, Further Sublicensees). In the event that any inspection as aforesaid reveals any underpayment by the Company to Yeda in respect of any year of the Agreement in an amount exceeding [***] of the amount actually paid by the Company to Yeda in respect of such year then the Company shall (in addition to paying Yeda the shortfall together with interest thereon in accordance with clause 13.4 below), bear the costs of such inspection. The parties agree that the inspection of technical data and lab books as aforesaid may only be conducted for the purposes of determining whether the product developed, manufactured, sold, marketed, distributed and/or used by the Company and/or Sublicensee or Further Sublicensee is a Product, such inspection to be carried out by a representative of Yeda who is bound by an obligation of confidentiality. The provisions of this clause 9 shall survive the termination of this Agreement for whatsoever reason.

10. **CONFIDENTIALITY**

10.1. The Company shall maintain in confidence all information or data relating to the Patents, the Licensed Information, this Agreement and the terms hereof (hereinafter, collectively referred to as **"the Confidential Information"**), except and to the extent that the Company can prove that any such information or data is in the public domain at the date of the signing hereof or becomes part of the

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public domain thereafter (other than through a violation by the Company or a Sublicensee or Further Sublicensee of this obligation of confidentiality) and except with regard to that portion, if any, of the Confidential Information expressly released by Yeda from this obligation of confidentiality by notice in writing to the Company to such effect. Notwithstanding the foregoing, the Company may disclose to its personnel and Sublicensees the Confidential Information to the extent necessary for the exercise by it of its rights hereunder or in the fulfilment of its obligations hereunder, provided that it shall bind such personnel and such Sublicensees with a similar undertaking of confidentiality in writing. The Company shall be responsible and liable to Yeda for any breach by its personnel or any Sublicensee of such undertakings of confidentiality as if such breach were a breach by the Company itself.

10.2. In addition to and without derogating from the aforegoing, the Company undertakes not to make mention of the names of Yeda, the Inventors, the Institute or any scientists or other employees of the Institute or any employee of Yeda in any manner or for any purpose whatsoever in relation to this Agreement, its subject-matter and any matter arising from this Agreement or otherwise, other than as set out in clause 10.3 below.

10.3. Notwithstanding the provisions of clauses 10.1 and 10.2 above, the Company shall not be prevented from mentioning the name of Yeda, the Inventors, the Institute and/or any scientists or other employees of the Institute or any employee of Yeda or from disclosing any information (i) if, and to the extent that, such mention or disclosure is to competent authorities for the purposes of obtaining approval or permission for the exercise of the Licence, or in the fulfilment of any legal duty owed to any competent authority (including a duty to make regulatory filings); provided that any mention in a private placement memorandum or a public offering registration statement shall not be deemed fulfilment of a legal duty to a competent authority, and any such mention shall be subject to Yeda's consent, which consent shall not be withheld unreasonably, or (ii) provided that such disclosure is in the form attached hereto as **Appendix G**.

10.4. No termination of this Agreement, for whatever reason, shall release the Company from any of its obligations under this clause 10 and such obligations shall survive any termination as aforesaid.

10.5. Yeda shall maintain in confidence all information received by Yeda from the Company which has been designated by the Company in

writing and in advance as confidential, except and to the extent that: (i) any such information or data is in the public domain at the date of the signing hereof or becomes part of the public domain thereafter (other than through a violation by Yeda of this obligation of confidentiality) or is released by the Company from this obligation of confidentiality by notice in writing; (ii) Yeda is required to disclose such information in order to fulfil its obligations under this Agreement (including in connection with the filing and prosecution of patent applications in accordance with the provisions of clause 6 above); or (iii) Yeda is required to disclose such information in fulfilment of any legal duty owed to any competent authority (the Company hereby acknowledging that it is aware that such competent authority may not be bound by any confidentiality obligations and may disclose or be required to disclose such information to a third party, whether by order of court or by law or otherwise). For the removal of doubt, the provisions of this clause 10.5 shall not apply in respect of any information (not being Licensed Information) independently developed at the Institute without reference to the confidential information received from the Company.

10.6. In addition to but without derogating from the aforegoing, Yeda undertakes not to make mention of the names of the Company or any employees thereof in any manner or for any purpose whatsoever in relation to this Agreement, its subject-matter and any matter arising from this Agreement or otherwise, unless the prior written approval of the Company thereto has been obtained. The aforegoing notwithstanding, Yeda shall not be prevented from mentioning the names of the Company or any employees thereof if and to the extent that such mention is to any competent authority in the fulfilment of any duty owed to such authority or that such mention is required for the purpose of fulfilling Yeda's obligations hereunder.

10.7. For the removal of doubt, Yeda shall have the right to allow the scientists of the Institute to publish articles relating to the Licensed Information in scientific journals or posters or to give lectures or seminars to third parties relating to the Licensed Information, on the condition that, to the extent that the information to be published or disclosed is Licensed Information which is not in the public domain, a draft copy of the said contemplated publication or disclosure shall have been furnished to the Company at least 45 (forty-five) days before the making of any such publication or disclosure and the Company shall have failed to notify Yeda in writing, within 21 (twenty one) days from receipt of the said draft publication or disclosure, of its opposition to the making of the contemplated publication or

disclosure. Should the Company notify Yeda in writing within 21 (twenty one) days from the receipt of the draft contemplated publication or disclosure that it opposes the making of such publication or disclosure because it includes material (which has been specified in said notice) in respect of which there are reasonable grounds (which have also been specified in said notice) requiring the postponement of such publication or disclosure so as not adversely to affect the Company's interests under the Licence because such Licensed Information is patentable subject-matter for which patent protection pursuant to clause 6.1 above should be sought, then Yeda shall not permit such publication or disclosure unless and until there shall first have been filed an appropriate patent application in respect of the material to be published or disclosed as aforesaid. The Company acknowledges that it is aware of the importance to the researchers of publishing their work and, accordingly, the Company will use its best efforts not to oppose such publications.

10.8. Yeda's obligations under this clause 10 (other than this clause 10.8) shall terminate upon termination of this Agreement; provided, however, that any transfer by Yeda following such termination of information received from the Company which it was previously required to keep confidential pursuant to clause 10.5 above shall only be made following the signature by the potential transferee thereof of a non-disclosure agreement with Yeda substantially in the form of the specimen agreement attached hereto as **Appendix H**.

11. **NO ASSIGNMENT**

11.1. The Company shall not be entitled to assign or encumber all or any of its rights or obligations under this Agreement or arising therefrom, unless it shall have received the prior written consent of Yeda to such assignment or encumbrance, which consent shall not be unreasonably withheld, and Yeda's response to a request for consent as aforesaid shall not be unreasonably delayed, and which consent, if given, may be conditioned by Yeda on, *inter alia*, the payment of a fee or other consideration in relation thereto (including, if so conditioned by Yeda, that any consideration received by the Company in respect of an assignment to which Yeda consents as aforesaid shall be deemed to be Sublicensing Receipts and the provisions of clause 9 above shall apply with respect thereto, *mutatis mutandis*). For the purposes of this clause 11, the merger of the Company with another entity, in the event that the Company is not the surviving entity, and the sale of all or substantially all of the

Company's assets or business to a third party shall be deemed to be an assignment.

11.2. Notwithstanding the aforegoing, the merger of the Company with another entity as described in clause 11.1 above or the sale of all or substantially all of the assets or the business of the Company to a third party (collectively **"the M&A"**) will not require the written consent of Yeda as aforesaid if all of the following conditions are met: (i) the Company provides written notice of the M&A to Yeda at least 20 (twenty) days prior to the effective date of the M&A; (ii) Yeda receives from the assignee (or purchaser or surviving entity in a merger, as the case may be), in writing, at least 10 (ten) days prior to the effective date of the M&A: (a) an undertaking to be bound by the terms of this Agreement; and (b) an undertaking to perform the obligations of the Company under this Agreement; and (iii) that the Company is not, as at the effective date of the M&A, in breach of any of its obligations hereunder.

12. **EXCLUSION OF LIABILITY AND INDEMNIFICATION**

12.1. Yeda, the Inventors, the Institute and the directors, officers and employees of Yeda and/or of the Institute (hereinafter collectively **"the Indemnitees"**) shall not be liable for any claims, demands, liabilities, costs, losses, damages or expenses (including legal costs and attorneys' fees) of whatever kind or nature (all of the aforegoing, collectively, **"Liabilities"**) caused to or suffered by any person or entity (including the Company or any Sublicensee or Further Sublicensee) that directly or indirectly arise out of or result from or are encountered in connection with this Agreement, the exercise of the Licence or the conduct of the Research, including directly or indirectly arising out of or resulting from or encountered in connection with: (i) the development, manufacture, sale or use of any of the Products by the Company, any Sublicensee or Further Sublicensee or any person acting in the name of or on behalf of any of the aforegoing, or acquiring, directly or indirectly, any of the Products from any of the aforegoing; or (ii) the exploitation or use by the Company or any Sublicensee or Further Sublicensee of the Licensed Information or any part thereof, including of any data or information given, if given, in accordance with this Agreement.

12.2. In the event that any of the Indemnitees should incur or suffer any Liabilities that directly or indirectly arise out of or result from or are encountered in connection with this Agreement or the exercise of the Licence as aforesaid in clause 12.1 above, or shall be requested or

obliged to pay to any person or entity any amount whatsoever as compensation for any Liabilities as aforesaid in clause 12.1 above, then the Company shall indemnify and hold harmless such Indemnitees from and against any and all such Liabilities. Without limiting the generality of the aforegoing, the Company's indemnification as aforesaid and the exclusion of liability in clause 12.1 above shall extend to product liability claims and to damages, claims, demands, liabilities, losses, costs and expenses attributable to death, personal injury or property damage or to penalties imposed on account of the violation of any law, regulation or governmental requirement.

If an action as contemplated by this clause 12 is brought against any Indemnitee, Yeda shall, or shall procure that such Indemnitee shall, notify the Company promptly in writing of such claim. Yeda may, at its sole option, allow the Company, at the Company's expense, to assume control over defending such claim, in which case it will provide the Company with reasonable assistance and any information reasonably required for such defence, at the Company's expense; provided that if the Company shall assume control over the defence of such claim, no settlement, consent order, consent judgment or other voluntary final disposition of such action may be entered into without the prior written consent of Yeda.

12.3. The Company shall at its own expense insure its liability pursuant to clause 12.2 above during the period beginning not later than the date of the commencement of the first clinical studies or clinical trials of any Product in humans and continuing during the entire period that the Licence is in force in any country, plus an additional period of 7 (seven) years. Such insurance shall be in reasonable amounts and on reasonable terms in the circumstances, having regard, in particular, to the nature of the Products, and shall be subscribed for from a reputable insurance company. The named insured under such insurances shall be the Company, the Inventors, Yeda and the Institute and the beneficiaries thereof shall include also the respective employees, officers and directors of Yeda and the Institute. The policy or policies so issued shall include a "cross-liability" provision pursuant to which the insurance is deemed to be separate insurance for each named insured (without right of subrogation as against any of the insured under the policy, or any of their representatives, employees, officers, directors or anyone in their name) and shall further provide that the insurer will be obliged to notify each insured in writing at least 30 (thirty) days in advance of the expiry or cancellation of the policy or policies. The Company

hereby undertakes to comply punctually with all obligations imposed upon it under such policy or policies and in particular, without limiting the generality of the aforegoing, to pay in full and punctually all premiums and other payments for which it is liable pursuant to such policy or policies. The Company shall be obliged to submit to Yeda copies of the aforesaid insurance policy or policies within 14 (fourteen) days of the date of issue of each such policy.

12.4. The provisions of this clause 12 shall survive the termination of this Agreement for whatsoever reason.

13. **TERM AND TERMINATION**

13.1. Unless otherwise agreed to in writing, this Agreement shall terminate upon the occurrence of the later of the following:

13.1.1. the date of expiry of the last of the Patents; or

13.1.2. the expiry of a continuous period of 20 (twenty) years during which there shall not have been a First Commercial Sale of any Product in any country.

13.2. Notwithstanding anything to the contrary contained in this Agreement:

13.2.1. Yeda shall be entitled, at its option: (i) to modify the Licence hereunder so that it is non-exclusive only, by written notice to the Company (any such amendment of this Agreement by Yeda as aforesaid, being effective immediately, the Company's consent thereto (written or otherwise) not being required, notwithstanding the provisions of clause 17.2 below); or (ii) to terminate this Agreement, including the Licence hereunder, with respect to any Product, by written notice to the Company, if the Company shall fail to achieve any one of the following milestones, in each case in respect of at least one Product, by the dates specified therefor:

(1) within [***] of the signature of this Agreement, to have commenced required Good Laboratory Practice (GLP) pre-clinical development;

(2) within [***] of the signature of this Agreement, to have commenced phase I clinical trials;

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(3) within [***] of the signature of this Agreement, to have commenced phase II clinical trials;

(4) within [***] of the signature of this Agreement, to have commenced phase III clinical trials;

(5) within [***] of the date of signature of this Agreement, to have submitted a New Drug Application to the FDA or a Marketing Authorisation Application (MAA) to the EMEA;

(6) First Commercial Sale of at least one Product shall not have commenced within [***] of the first Product approval obtained as a result of an application submitted pursuant to clause 13.2.1(a)(5); and

(7) commercial sale of any Product having commenced, there shall be a period of [***] or more during which no sales of any Product shall take place (except as a result of force majeure or other factors beyond the control of the Company)

and shall fail to cure such delay within [***] of receipt of notice from Yeda; provided that Yeda shall not be entitled to exercise its rights pursuant to this clause 13.2.1 if 1) the Company shall demonstrate to the satisfaction of Yeda that it is making all necessary efforts to achieve such milestone and that such delay is due to factors beyond the control of the Company; and 2) the total delay in respect of any one milestone shall not under any circumstances exceed or have exceeded twelve months and the cumulative total delay in respect of all milestones shall not under any circumstances exceed or have exceeded thirty months.

13.2.2. Without derogating from the aforegoing, Yeda shall be entitled to terminate this Agreement (unless previously terminated in accordance with the provisions of this Agreement), by written notice to the Company (effective immediately), if the Company contests the validity of any of the Patents.

13.3. Without derogating from the parties' rights hereunder or by law to any other or additional remedy or relief, it is agreed that either Yeda or the Company may terminate this Agreement and the Licence

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hereunder by serving a written notice to that effect on the other upon or after: (i) the commitment of a material breach hereof by the other party, which material breach cannot be cured or, if curable, which has not been cured by the party in breach within 21 (twenty-one) days (or, in the case of failure by the Company to pay any amount due from the Company to Yeda pursuant to or in connection with this Agreement on or before the due date of payment, 10 (ten) days) after receipt of a written notice from the other party in respect of such breach, or (ii) the granting of a winding-up order in respect of the other party, or upon an order being granted against the other party for the appointment of a receiver, or if such other party passes a resolution for its voluntary winding-up, or if a temporary or permanent liquidator or receiver is appointed in respect of such other party, or if a temporary or permanent attachment order is granted on such other party's assets, or a substantial portion thereof, or if such other party shall seek protection under any laws or regulations, the effect of which is to suspend or impair the rights of any or all of its creditors, or to impose a moratorium on such creditors, or if anything analogous to any of the aforegoing in this clause 13.3(ii) above under the laws of any jurisdiction occurs in respect of such other party; provided that in the case that any such order or act is initiated by any third party, the right of termination shall apply only if such order or act as aforesaid is not cancelled within 60 (sixty) days of the grant of such order or the performance of such act.

13.4. Any amount payable hereunder by one of the parties to the other, that has not been paid by its due date of payment, shall bear interest from its due date of payment until the date of actual payment, at the rate of [***] per month and pro rata for part of a month.

13.5. Upon the termination of this Agreement for whatever reason (other than the passage of time), all rights in and to the Licensed Information and the Patents shall revert to Yeda and the Company shall not be entitled to make any further use thereof and the Company shall deliver to Yeda all drawings, plans, diagrams, specifications, other documentation, models or any other physical matter in the Company's possession in any way containing, representing or embodying the Licensed Information; and (ii) the Company shall grant to Yeda a non-exclusive, irrevocable, perpetual, worldwide licence, with the right to sublicense (subject to the provisions of clause 13.7 below), in respect of the Development Results. In this clause 13.5, the term **"the Development Results"** shall mean any invention, product, material, method, process, technique, know-how, data, information or other result which does

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not form part of the Licensed Information, discovered or occurring in the course of or arising from the performance by the Company of the development work pursuant to clause 8 above, including any regulatory filing or approval, filed or obtained by the Company in respect of the Products, all communications with the regulatory authorities, the drug master file and any data, information or document covered by data protection or data exclusivity.

13.6. The termination of this Agreement for any reason shall not relieve the Company or Yeda of any obligations which shall have accrued prior to such termination.

13.7. In the event that this Agreement shall be terminated, other than by way of termination by Yeda pursuant to clause 13.2.2 or 13.3 above, and that, subject to the Magneton Directive and/or the directives of the OCS, at any time within 5 (five) years following such termination, Yeda shall grant to a third party a licence in respect of the Development Results or any part thereof (alone or together with any part of the Licensed Information) and Yeda shall receive in respect of such licence consideration, then Yeda shall pay to the Company [***] of the Net Proceeds actually received by Yeda in respect of such a licence, provided however that Yeda shall be entitled to set off against such amounts sums owed or which become owed by the Company to Yeda, until such time as the Company shall have received an amount equal to [***] of the Company's direct expenditure incurred in respect of the process of obtaining the Development Results (excluding any Magneton or other OCS or other non-commercial funding), as confirmed in writing by the Company's independent accountants. Yeda shall pay to the Company amounts, if any, payable under this clause 13.7 above, within 90 (ninety) days of receipt of the relevant Net Proceeds.

For the purpose of this clause 13.7, **"Net Proceeds"** means royalties and all other monetary consideration actually received by Yeda in respect of such licence (excluding funds for research and/or development at the Institute or payments for the supply of services) after deduction of all costs, fees and expenses incurred by Yeda in connection with such licence (including, without limitation, patent related costs, and all attorneys fees and expenses and other costs and expenses in connection with the negotiation, conclusion and administration of such licence).

13.8 For the avoidance of doubt, it is hereby agreed that following the expiry of the Licence in any country pursuant to clause 7.3 above,

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the Company and its Sublicensees shall be entitled to continue to produce, manufacture, use, market, distribute and/or sell Products in the said country without having to pay royalties or any other consideration to Yeda in respect of such activities subsequent to such expiry date.

14. **NOTICES**

Any notice or other communication required to be given by one party to the other under this Agreement shall be in writing and shall be deemed to have been served: (i) if personally delivered, when actually delivered; or (ii) if sent by facsimile, the next business day after receipt of confirmation of transmission; or (iii) 10 (ten) days after being mailed by certified or registered mail, postage prepaid (for the purposes of proving such service—it being sufficient to prove that such notice was properly addressed and posted) to the respective addresses of the parties set out below, or to such other address or addresses as any of the parties hereto may from time to time in writing designate to the other party hereto pursuant to this clause 14:

14.1. to Yeda at:
P.O. Box 95
Rehovot 76100
Attention: the CEO
Facsimile: (08) 9470739

14.2. to the Company at:
2 Snunit St, Science Park
P.O. Box 455
Carmiel 20100
Attention: the CEO
Facsimile: (04) 988 9489

15. **VALUE ADDED TAX**

The Company shall pay to Yeda all amounts of Value Added Tax imposed on Yeda in connection with the transactions under this Agreement. All amounts referred to in this Agreement shall be exclusive of Value Added Tax.

16. **GOVERNING LAW AND JURISDICTION**

This Agreement shall be governed in all respects by the laws of Israel and the parties hereby submit to the exclusive jurisdiction of the competent Israeli courts, except that Yeda may bring suit against the Company in any other jurisdiction outside Israel in which the Company has assets or a place of business.

17. **MISCELLANEOUS**

17.1. The headings in this Agreement are intended solely for convenience or reference and shall be given no effect in the interpretation of this Agreement.

17.2. This Agreement constitutes the entire agreement between the parties hereto in respect of the subject-matter hereof, and supersedes all prior agreements or understandings between the parties relating to the subject-matter hereof (including the Memorandum of Understanding between Yeda and the Company dated 29 November 2005) and, subject to clause 13.2.1(i) above, this Agreement may be amended only by a written document signed by both parties hereto. No party has, in entering into this Agreement, relied on any warranty, representation or undertaking, except as may be expressly set out herein.

17.3. This Agreement may be executed in any number of counterparts (including counterparts transmitted by telecopier or fax), each of which shall be deemed to be an original, but all of which taken together shall be deemed to constitute one and the same instrument.

17.4. No waiver by any party hereto, whether express or implied, of its rights under any provision of this Agreement shall constitute a waiver of such party's rights under such provisions at any other time or a waiver of such party's rights under any other provision of this Agreement. No failure by any party hereto to take any action against any breach of this Agreement or default by another party hereto shall constitute a waiver of the former party's rights to enforce any provision of this Agreement or to take action against such breach or default or any subsequent breach or default by such other party.

17.5. If any provision of this Agreement is held to be unenforceable under applicable law, then such provision shall be modified as set out below and the balance of this Agreement shall be interpreted as if such provision were so modified and shall be enforceable in accordance with its terms. The parties shall negotiate in good faith in order to agree on the terms of an alternative provision which complies with applicable law and achieves, to the greatest extent possible, the same effect as would have been achieved by the invalid or unenforceable provision.

17.6. Nothing contained in this Agreement shall be construed to place the parties in a relationship of partners or parties to a joint venture or to constitute either party an agent, employee or a legal representative of the other party and neither party shall have power or authority to act on behalf of the other party or to bind the other party in any manner whatsoever.

17.7. All payments to be made to Yeda hereunder shall be made in US Dollars (save that payments received by the Company in New Israeli Sheqels may be made in that currency) by banker's cheque or by bank transfer to Yeda's bank account, the details of which are as follows: Bank Hapoalim B.M. Rehovot branch #615, account no. [***]; swift: [***].

17.8. All payments to be made to Yeda hereunder shall be made free and clear of, and without any deduction for or on account of, any set-off, counterclaim or tax (except any deductions that the Company is required to make from the payments to be made to Yeda on account of income tax, tax on profit or any other taxes of a similar nature imposed on Yeda by law, (**"withholding tax"**), provided that: (a) the Company shall immediately notify Yeda of such requirement and the Company shall deduct the withholding tax from the payments referred to above, as prescribed by applicable law, and pay such withholding tax to the tax authorities, unless Yeda provides the Company with evidence of an exemption from such tax; and (b) any such deduction (if any) made by the Company does not exceed the minimum amount legally required and is supported by an official receipt of the applicable taxation authority for all amounts deducted as aforesaid).

17.9. Each party agrees to execute, acknowledge and deliver such further documents and instruments and do any other acts, from time to time, as may be reasonably necessary, to effectuate the purposes of this Agreement.

17.10. None of the provisions of this Agreement shall be for the benefit of, or enforceable by, any person who is not a party to this Agreement, save for clauses 10 and 12 above.

IN WITNESS WHEREOF the parties hereto have set their signatures as of this 15 day of March 2006.

for **YEDA RESEARCH AND** for **PROTALIX**

[***] 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.

DEVELOPMENT COMPANY LIMITED		**BIOTHERAPEUTICS LIMITED**	
Signature:	/s/ Illegible	Signature:	/s/ David Aviezer
Name		Name:	
Title		Title:	
Date:		Date:	

APPENDIX A

The Existing Patent Applications

[***]

[***] 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 Know-How

[***]

[***] 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 C

The Research Program

[***]

[***] 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 D

The Research Budget

[***]

[***] 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 E

The Magneton Approval

[***]

[***] 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 F

Specimen Material Transfer Agreement

Date:_____

_____

_____

_____

_____

(the "RECIPIENT")

Dear Sir/Madam,

Further to the RECIPIENT's request to receive _____, (the Material and any fragment, derivative, progeny and modifications thereof shall hereinafter be termed the "MATERIAL") from Professor _____, (the "SCIENTIST") for the purpose of: _____ (the "RESEARCH"), as more fully described in Annex A attached hereto, please be advised that as the rights and title in and to the Material vest in the Weizmann Institute of Science (the "PROVIDER") and thus constitute a valuable asset of the PROVIDER, the PROVIDER requires that the Material shall be provided to you under the following terms:

1. The RECIPIENT agrees that the MATERIAL:

1.1. is to be used solely for the purpose of the RESEARCH ;

1.2. will not be used for any commercial purposes;

1.3. will not be used in human subjects, in clinical trials, or for diagnostic purposes involving human subjects.

1.4. is to be used only at the RECIPIENT organization and only in._____'s laboratory (the "RECIPIENT SCIENTIST") under the direction of RECIPIENT SCIENTIST or others working under his/her direct supervision; and

1.5. will not be transferred to anyone else including within the RECIPIENT organization at _____ *(please complete address)* without the prior written consent of the PROVIDER.

2. The RECIPIENT acknowledges that the MATERIAL is or may be the subject of a patent application. No expressed or implied licenses or other rights are provided to the RECIPIENT under any patents, patent

applications, trade secrets or other proprietary rights of the PROVIDER, including any altered forms of the MATERIAL made by the PROVIDER. In particular, no expressed or implied licenses or other rights are provided to use the MATERIAL, or any related patents of the PROVIDER for COMMERCIAL PURPOSES.

3. Any MATERIAL delivered pursuant to this Agreement is understood to be experimental in nature and may have hazardous properties. The PROVIDER MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESSED OR IMPLIED. WITHOUT DEROGATING FROM THE AFOREMENTIONED, THERE ARE NO EXPRESSED OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OF THE MATERIAL WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, OR OTHER PROPRIETARY RIGHTS.

4. The RECIPIENT assumes all liability for damages which may arise from its use, storage or disposal of the MATERIAL. The Scientist, the PROVIDER and any of its employees will not be liable to the RECIPIENT for any loss, claim or demand made by the RECIPIENT, or made against the RECIPIENT by any other party, due to or arising from the use of the MATERIAL by the RECIPIENT.

5. The RECIPIENT agrees to use the MATERIAL in compliance with all applicable statutes, laws, treaties, regulations and guidelines such as, for example, those relating to research involving the use of animals or recombinant DNA.

6. This Agreement will terminate on the earliest of the following dates: (a) on completion of the RECIPIENT's Research with the MATERIAL, or (b) on thirty (30) days written notice by either party to the other.

6.1. If termination should occur under clause 6 above, the RECIPIENT will discontinue its use of the MATERIAL and will, upon direction of the PROVIDER, return or destroy any remaining MATERIAL.

7. The RECIPIENT obligates to treat in confidence any information related to the Material including RESEARCH results, except for information the RECIPIENT can prove was previously known to him or that is or becomes publicly available not as a result of a breach of this Agreement. Any disclosure of such confidential information shall be presented for the Scientist's approval, at least 30 (thirty) days prior to the proposed disclosure.

8. Paragraphs 2, 3, 4, 7, 10 and 11 shall survive termination.

9. The RECIPIENT shall provide the PROVIDER with the results of the RESEARCH.

10. EITHER: [Should any useful invention, or application arise as a result of the performance of the RESEARCH, RECIPIENT hereby agrees to inform the undersigned, and the right and title to such invention or application shall vest in Yeda Research and Development Company Ltd. ("YEDA"), the PROVIDER's technology transfer office. The RECIPIENT undertakes, upon YEDA's request from time to time, to execute and deliver to YEDA all documents, including, without limitation, instruments of conveyance, transfer, assignment and confirmation and to take such other steps and render such assistance as YEDA may deem necessary, in order effectively to transfer, assign, convey, vest and confirm in and to YEDA the ownership of such invention.]

    OR: [The Weizmann Institute, or any of its designees, is hereby granted an option to obtain a worldwide, exclusive, royalty-bearing license, with the right to grant sublicenses, of any patentable invention arising from the Research outside the scope of the Material. Such license shall include terms and conditions to be negotiated in good faith between your institution and the Institute.]

11. In the event that RECIPIENT conceives an invention related to the MATERIAL in the course of activities that are in breach of RECIPIENT's obligations under this Agreement, YEDA shall be the sole and exclusive owner of such invention and all intellectual property rights therein, and RECIPIENT shall execute and deliver any documents of assignment or conveyance to effectuate the ownership rights of YEDA in such invention and related intellectual property rights.

12. The PROVIDER shall be given advance notice of any intent to publish any information relating to the results of the RESEARCH, not being in the public domain, and shall be furnished with a copy of the contemplated publication at least 30 days before making any such disclosure, in order to allow YEDA to evaluate patent protection in respect thereof and implement a decision to file a patent application. The RECIPIENT agrees to provide appropriate acknowledgment of the source of the MATERIAL in all written and oral publications.

13. RECIPIENT shall pay stamp duty as required by law.

Please indicate the RECIPIENT's acceptance of the above terms by signing and returning one copy of this letter to the undersigned.

Sincerely yours,

Prof. _____

Agreed and accepted:

Recipient Scientist's Name: Recipient's Name:

Signature: _____

Authorized Person's Name and Title:

Date: _____

Signature and Date:

For queries, please contact: Ann Dvorin
e-mail: annie.dvorin@weizmann.ac.il
Tel: 972 8 9344093
Fax: 972 8 9470739

cc: Yeda Research and Development Co. Ltd. at the Weizmann Institute of Science.

ANNEX A

The Research

APPENDIX G

Approved Form of Disclosure

APPENDIX H

Specimen Non-Disclosure Agreement

Effective as of _____, 200

BETWEEN

_____

_____

("**Recipient**")

and

YEDA RESEARCH AND DEVELOPMENT CO. LTD.,
at the Weizmann Institute of Science, Rehovot, Israel
("**YEDA**").

Recipient is interested in obtaining information from YEDA relating to [Enter technology name] (Yeda's Ref.: [Enter technology Number]) including {patents [Enter connected patent title/s and numbers]}, {patent applications [Enter connected patent title and application number)} (Yeda's docket/s no. [Enter Yeda patent code] ("**the Confidential Information**"), for the sole purpose of studying the Confidential Information internally in order to [chose the relevant option:] [1. evaluate a possible business transaction with Yeda] [2. consult Yeda regarding commercialization of the technology] [3. other] ; and

YEDA is entitled and willing to make the Confidential Information available to Recipient solely for the said purpose and under the terms and conditions hereinafter set forth:

1. "Confidential Information" shall include any documents, patent applications, materials, models, marketing, financial and investment plans, contacts, advice, recommendations, drawings, plans, diagrams, specifications, technical material, techniques, compounds, compositions, substances, seeds or any other physical matter in any way containing, representing or embodying any of the aforegoing or any other information given, whether verbally, in written or other form, by or on behalf of YEDA to Recipient.

2. Recipient undertakes to use the Confidential Information only for the purpose of this Agreement.

3. Recipient undertakes to treat and maintain in strict confidence and secrecy, the Confidential Information including any aspect thereof that may have been disclosed prior to the signature hereof, and to make such information available only to those of its employees and/or consultants who need to have access to it for the purpose of this

Agreement, provided that such employees and/or consultants are bound by a confidentiality undertaking not less stringent than this Agreement.

4. Recipient's undertakings and obligations under clause 3 above shall not apply to any part of the Confidential Information for which the Recipient proves:

4.1. that it was known to Recipient prior to disclosure thereof by YEDA;

4.2. that it was generally available to the public prior to disclosure by YEDA, or becomes generally available to the public after such disclosure (other than as a result of the breach by the Recipient of its obligations hereunder).

5. This Agreement shall not by implication or otherwise be construed as a grant of a license or as an obligation to grant a license or any other right to the Recipient.

6. No warranty of any kind is being provided with respect to the Confidential Information including any warranty of accuracy, completeness and/or non-infringement.

7. This Agreement shall be terminated upon the expiry of the earlier of:

7.1. 12 months from the effective date of this Agreement; or

7.2. Receipt of 14 days' written notice by YEDA to Recipient, at any time.

Upon termination, Recipient will cease all study, evaluation or other examination of YEDA's Confidential Information and the Confidential Information shall be returned to YEDA or destroyed upon YEDA's request.

8. Notwithstanding termination of this Agreement Recipient's confidentiality obligations under this Agreement will continue for 5 years from the date of disclosure of the Confidential Information.

9. The rights of the parties shall inure to, and the obligations hereunder shall be binding on the legal successors and assigns of the parties to this Agreement.

10. The law of Israel shall govern this Agreement for all purposes excluding the choice of law provisions.

11. All notices or demands of any kind which either party may be required or desire to serve upon the other shall be in writing and shall be delivered by (i) personal service, or (ii) by mail at the address of the receiving party set forth above (or at such different address as may be designated by such party by written notice to the other party) and by fax.

12. This Agreement contains the entire agreement of the parties relating to its subject matter and supersedes all prior or contemporaneous oral or written agreements.

13. This Agreement may not be amended except by mutual written agreement of the parties.

Protalix Biotherapeutics Ltd.		Yeda Research and Development Co. Ltd.	
Signature:	_____	Signature:	_____
Name:	_____	Name:	_____
Position:	_____	Position:	_____
Date:	_____	Date:	_____

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.

AGREEMENT

made and signed on this 14 day of September, 2006

Between

Teva Pharmaceutical Industries Ltd.
a limited liability company incorporated under the laws of Israel, of 5 Basel Street, Petach Tiqva 49131, Israel
("**Teva**")

and

Protalix Biopharmaceuticals Ltd.
a limited liability company incorporated under the laws of Israel, of 2 Snunit St., Science Park P.O. Box 455, Carmiel 20100 , Israel
("**Protalix**")

Teva and Protalix may be individually referred to as a "**Party**" and collectively as the "**Parties**"

WHEREAS, the Parties wish to carry out a Feasibility Program (as defined herein) to evaluate their potential collaboration in the development and manufacturing of two Proteins (as such term is defined below) on the basis of Protalix's proprietary plant culture process, as more fully described herein;

WHEREAS, the Parties agree, that following the completion of such Feasibility Program, Teva shall have the option, but not the obligation, to enter into further collaboration with Protalix regarding the development of Licensed Products (as defined herein), all as more fully set forth herein and in accordance with the terms and conditions of this Agreement;

WHEREAS, the Parties agree that in the event that Teva shall exercise the aforementioned option to enter into the collaboration regarding the development of Licensed Products, Protalix shall grant to Teva and Teva shall acquire from Protalix, the License (as defined herein), all subject to and in accordance with the terms and conditions of this Agreement; and

WHEREAS, Protalix agrees to grant Teva a right of first look at Protalix's proprietary product(s) for the treatment of Gauchers Disease, to enable Teva to evaluate its interest in negotiating and obtaining the GCD License (as such term is defined herein), all subject to and in accordance with the terms and conditions set out hereinbelow.

NOW, THEREFORE, the Parties, agree as follows:

1. **Preamble and Definitions**

1.1. The Preamble and Annexes hereto form an integral part of this Agreement.

1.2. In this Agreement the terms below shall bear the meanings assigned to them below and other capitalized terms shall bear the meaning assigned to them in their parenthetical definition, unless specifically stated otherwise:

1.2.1. **"Additional Patents"** - shall mean the patents and patent applications listed in Annex 1.2.1, which constitute all of the patents and patent applications that are proprietary to Protalix and existing on the Effective Date, other than the Platform Patents and patent application number [***] entitled [***], and any patent that may be issued thereon.

1.2.2. **"Affiliate"** shall mean, with respect to any Party, any person, organization or entity directly or indirectly controlling, controlled by or under common control with, such Party. For purposes of this definition only, "control" of another person, organization or entity shall mean the ability, directly or indirectly, to direct the activities of the relevant entity, and shall include, without limitation (i) ownership or direct control of fifty percent (50%) or more of the outstanding voting stock or other ownership interest of the other organization or entity, or (ii) direct or indirect possession, of the power to elect or appoint fifty percent (50%) or more of the members of the governing body of the organization or other entity.

1.2.3. **"Annual Protalix Payment**" shall bear the meaning assigned to such term in Section 10.5 below.

1.2.4. "**API**" shall mean the bulk Proteins' active pharmaceutical ingredient.

1.2.5. "**API COGS**" shall bear the meaning assigned to such term in Section 10.4 below.

1.2.6. "**Backup Manufacturing File**" shall bear the meaning assigned to such term in Section 10.7 below.

1.2.7. "**Breakthrough Technology**" shall bear the meaning assigned to such term in Section 13.2 below.

1.2.8. "**Budget**" shall bear the meaning assigned to such term in Section 4.14 below.

1.2.9. "**Combination Product**" shall mean a product which comprises (a) a Licensed Product and (b) at least one other active ingredient, which, if administered independently of the Licensed Product, would have a clinical effect.

1.2.10. "**Change of Control**" shall bear the meaning assigned to such term in Section 11.5 below.

1.2.11. "**Commercial GCD Services**" shall bear the meaning assigned to such term in Section 14A.6 below.

1.2.12. **"Development Plan"** shall bear the meaning assigned to such term in Section 4.4 below.

1.2.13. "**Effective Date**" shall bear the meaning assigned to such term in Section 15.1 below.

1.2.14. "**EU**" shall mean the member countries of the European Union, from time to time.

1.2.15. "**EU Market**" shall mean all of Spain, the UK, Italy, Germany and France.

[***] 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.

1.2.16. "**Evaluation Period**" shall bear the meaning assigned to such term in Section 14.2 below.

1.2.17. "**External Development Expenses**" shall bear the meaning assigned to such term in Section 4.14.2 below.

1.2.18. "**External Manufacturing Expenses**" shall bear the meaning assigned to such term in Section 10.4 below.

1.2.19. "**Exclusive Manufacturing Term**" shall bear the meaning assigned to such term in Section 10.1 below.

1.2.20. "**Escrow Agent**" shall bear the meaning assigned to such term in Section 10.7(A) below.

1.2.21. "**Feasibility Program(s)**" shall bear the meaning assigned to such term in Section 3.1.1 below.

1.2.22. **"Final Feasibility Report"** shall bear the meaning assigned to such term in Section 3.1.7 below.

1.2.23. **"First Commercial Sale"** shall mean, with respect to any Licensed Product the first commercial sale to a third party, in exchange for cash or some equivalent to which value can be assigned, after the obtaining of all necessary regulatory and other approvals required in order to commercially sell and market the Licensed Product in the country in which the sale is made, other than the sale of the Licensed Product for experimental, testing, compassionate or promotional purposes.

1.2.24. "**Further Sublicense**" and "**Further Sublicensee**" shall bear the meaning assigned to such terms in Section 6.3 below.

1.2.25. "**GCD License**" shall bear the meaning assigned to such term in Section 14.1 below.

1.2.26. "**GCD Product**" shall bear the meaning assigned to such term in Section 14.1 below.

1.2.27. "**GCD Services**" shall bear the meaning assigned to such term in Section 14A.1 below.

1.2.28. "**Innovator**" shall mean the first to market with a specific proprietary Product.

1.2.29. "**Internal Expenses**" shall bear the meaning assigned to such term in Section 4.14.1 below.

1.2.30. "**IP**" shall mean (i) all inventions, materials, compounds, compositions, substances, methods, processes, techniques, know-how, technology, data, information, discoveries and other results of whatsoever nature, and any patents, copyrights, proprietary intellectual or industrial rights directly or indirectly deriving therefrom, as well as provisionals, patent applications (whether pending or not), and patent disclosures together with all reissuances, continuations, continuations in part, revisions, extensions, and reexaminations thereof; (ii) all trademarks, service marks, copyrights, designs, trade styles, logos, trade dress, and corporate names, including all goodwill associated therewith; (iii) any work of authorship, regardless of copyrightability, all

compilations, all copyrights; and (iv) all trade secrets, confidential information and proprietary processes.

1.2.31. "**License"** shall bear the meaning assigned to such term in Section 6.1 below.

1.2.32. **"Licensed Information**" shall bear the meaning assigned to such term in Section 6.1 below.

1.2.33. "**Licensed Product(s)**" shall bear the meaning assigned to such term in Section 6.1 below.

1.2.34. "**Major Countries**" shall mean the United States of America, Canada, the EU Market, China, Japan, Israel, Mexico, India, Australia and New Zealand.

1.2.35. "**Manufacturing Know-how**" shall bear the meaning assigned to such term in Section 10.7 below.

1.2.36. "**Market Advantage**" shall [***]

1.2.37. "**Milestone**" shall bear the meaning assigned to such term in Section 8.1 below.

1.2.38. "**Milestone Payments**" shall bear the meaning assigned to such term in Section 8.1 below.

1.2.39. "**Net Sales**" shall mean with respect to a Licensed Product, the total gross amounts [***] in respect of such Licensed Product, as established in a *bona fide* arms-length transaction with an unrelated third party, less the following items (as they apply to such Licensed Product): (i) quantity and/or cash discounts actually allowed or taken; (ii) customs, duties, sales and similar taxes, if any, imposed on the Licensed Product, to the extent applicable to such sale and included in the invoice in respect of such sale; (iii) amounts actually allowed or credited by reason of rejections, return of goods (including as a result of recalls), any retroactive price reductions or allowances specifically identifiable as relating to the Licensed Product; (iv) amounts incurred resulting from government mandated rebate programs (or any agency thereof); (v) third party (a) rebates, (b) freight, postage, shipping and applicable insurance charges, to the extent the same are separately

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itemized on invoices and actually paid as evidenced by invoices or other appropriate supporting documentation, and (c) chargebacks or similar price concessions related to the sale of the Licensed Product; (vi) bad debts deriving from Net Sales in respect of which Royalty Payments were paid to Protalix pursuant hereto, (vii) royalties paid to third parties [***] in respect of the use of such third party's intellectual property rights (provided that in no event shall the amounts deducted in respect of such third party royalties under (vii) result in the reduction of the Royalty Payments to Protalix to less than [***] of the Net Sales attributable to any particular Licensed Product, (without derogating from any lower royalty rates as determined by Sections 8.2(a) or 8.2(b) below), and (vi) reasonable quantities of samples, provided the quantity of Licensed Product actually utilized for purposes of such samples shall not exceed [***] of the volume of annual Licensed Product sales during any given year during this Agreement. All of the foregoing shall be calculated in accordance with U.S. GAAP.

[***]

In addition, the Net Sales shall be furthermore adjusted and reduced in the event that a Licensed Product is sold as part of a Combination Product as set forth in Section 8.4 hereto.

With respect to sales which are not at *bona fide* arms-length and/or are not in the ordinary course of business, the term "Net Sales" shall mean the total amount that would have been due in an arms-length sale made in the ordinary course of business and according to the then current market conditions for such sale or, in the absence of such current market conditions, according to market conditions for sale of products similar to the Licensed Products. If Licensed Products are sold or supplied in a currency other than United States Dollars then the sum of Net Sales shall first be determined in the currency in which such Licensed Products were invoiced and then converted into equivalent United States Dollars at the middle market rate of such foreign currency as quoted in the Financial Times at the close of business of the last business day of the quarter with respect to which the payment is made.

1.2.40. "**Non-Platform IP**" — shall mean all Licensed Information and Teva IP, other than Platform IP.

1.2.41. "**Other IP**" shall mean any and all IP developed within the framework of the collaboration hereunder (including both the performance of the Feasibility Program and the performance of Stage 2, in the event that Teva exercises its option to have Stage 2 performed), which is neither Platform IP nor Protein IP.

1.2.42. "**Platform IP**" — shall mean Protalix's existing and future proprietary recombinant plant culture process and technologies directly related to such process, and improvements thereto, as may be further developed in the course

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of the collaboration, or otherwise, by or for Protalix, at any time prior to the expiration of [***] following the First Commercial Sale of the first Licensed Product. The list of patents and patent applications included under the Platform IP, existing as of the date of execution of this Agreement is attached hereto as Annex 1.2.42 (the "**Platform Patents**").

All additional patent applications/ patents that may be filed by or for Protalix to cover portions of the Platform IP at any time prior to the expiration of [***] following the First Commercial Sale of the first Licensed Product, shall be immediately reported by Protalix to Teva and shall be included in the term 'Platform Patents' as of the time of such report.

1.2.43. "**Protalix Competitor**" shall mean: [***]

1.2.44. **"Protein(s)"** each of the two (2) therapeutic proteins as selected by Teva and agreed upon by Protalix (such agreement not to be unreasonably withheld, conditioned or delayed), expressed in plant cell-expression system, to be described in **Annex 1.2.44** hereto, as might be substituted subject to the terms of this Agreement.

1.2.45. "**Protein IP**" — shall mean any and all IP developed during the collaboration hereunder (including both the performance of the Feasibility Program and the performance of Stage 2, in the event that Teva exercises its option to have Stage 2 performed), which relates specifically to the Proteins and which is not Platform IP. Notwithstanding the foregoing, any patent(s) related to the Platform IP that specifically and directly and solely relates to one or both of the Proteins shall be considered part of the Protein IP, and not Platform IP.

1.2.46. "**ROFL**" shall bear the meaning assigned to such term in Section 14.1 below.

1.2.47. "**ROFO**" "**ROFO Notice**" and "**ROFO Period**" shall bear the meanings assigned to such terms in Section 3.2.1 below.

1.2.48. "**Royalty Payments**" shall bear the meaning assigned to such term in Section 8.2 below.

1.2.49. [***]

1.2.50. "**Stage 2**" shall bear the meaning assigned to such term in Section 3.4 below.

1.2.51. "**Stage 2 Notice**" and "**Stage 2 Notice Period**" shall bear the meaning assigned to such terms in Section 3.4 below.

1.2.52. **"Sublicence"** shall mean any right granted, license given, or agreement entered into, by Teva and/or its Affiliates to or with any other person or entity

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(whether or not such grant of rights, license given or agreement entered into is described as a sublicence or otherwise), permitting any use of the Licensed Information (or any part thereof) or any right to research, develop, make, have made, register, import, manufacture, use, sell, offer for sale, produce, sublicense, commercialize and/or distribute the Proteins and/or the Licensed Products for any indication; and the term **"Sublicensee"** shall be construed accordingly.

1.2.53. **"Teva Competitor"** shall bear the meaning ascribed to such term in Section 11.5 below.

1.2.54. "**Teva IP**" shall bear the meaning assigned to such term in Section 11.6 below.

1.3. In this Agreement, words importing the singular shall include the plural and *vice-versa* and words importing any gender shall include all other genders and references to persons shall include partnerships, corporations and unincorporated associations.

1.4. The words "including" and "includes" mean including, without limiting the generality of any description preceding such terms.

1.5. In the event of any discrepancy between the terms of this Agreement and any of the Annexes hereto, the terms of this Agreement shall prevail.

2. **General Scope**

2.1. The Parties hereby agree to collaborate in the development, and the manufacturing of the Proteins, on the basis of the Platform IP.

2.2. The collaboration in respect of the development of the Licensed Products shall initially be carried out through the performance of the Feasibility Program. Following completion of same, should Teva so elect at its sole and exclusive discretion, the collaboration shall continue by way of the development of Licensed Products.

2.3. The commercialization of the Licensed Products shall be performed solely by Teva (or any third party on its behalf in accordance herewith), without the collaboration of Protalix, under the License granted to Teva hereunder.

3. **The Collaboration**

3.1. **The Feasibility Program – Stage 1**

3.1.1. Protalix shall carry out a feasibility program in respect of each of the Proteins in accordance with the protocol and time schedule as agreed between the Parties to be attached hereto within thirty (30) days of the Effective Date as **Annex 3.1.1** (the "**Feasibility Program**"). An outline of the activities to be performed by Protalix under the Feasibility Program, as currently envisaged, is attached hereto as Annex 3.1.1A. The Feasibility Program will mainly consist of producing [***]. One (1) Protein shall be agreed upon between the Parties, within thirty (30) days of the

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Effective Date, and shall be described in Annex 1.2.44 (the "**First Protein**") and the other Protein (the "**Second Protein**") shall be selected by Teva by [***] following the execution hereof, and agreed upon by Protalix, such agreement not to be unreasonably withheld.

3.1.2. Protalix shall begin performing the Feasibility Program in respect of the First Protein immediately after the First Protein is selected by the Parties, and, shall begin performing the Feasibility Program in respect of the Second Protein, as soon as practicable, but no later than four (4) weeks following the selection of Second Protein by Teva and its approval by Protalix, as aforementioned.

3.1.3. Each Feasibility Program will be carried out by Protalix at its sole cost and expense in accordance with a budget reasonably determined by it in accordance with industry standards, and based on the Feasibility Program. A Feasibility Program may be adjusted with the consent of the R&D Committee (as defined below) from time to time. A non-binding estimate of the resources and expenses that Protalix expects to dedicate to, and incur in the conduct of each Feasibility Program (inclusive, *inter alia*, of the estimated costs of FTEs and materials) will be submitted to the R&D Committee at the beginning of each Feasibility Program and an updated non-binding estimate pertaining to the remainder of the Feasibility Program shall be submitted twelve (12) months following commencement of each Feasibility Program. Protalix shall keep separate records of the expenses actually incurred by it in the conduct of each Feasibility Program and shall provide Teva and the R&D Committee with detailed quarterly reports of its expenses. For the avoidance of doubt, it is clarified that any major deviation by Protalix from the activities set forth under a Feasibility Program shall require the prior written approval of the R&D Committee. Any material increase in the cost of the conduct of the Feasibility Program deriving solely from an agreed change in the activities included in the Feasibility Program will be discussed and negotiated in good faith between the management of both Parties.

3.1.4. Protalix shall complete each Feasibility Program within [***]. Any extension of such time period that may be requested by Protalix, with respect to each or any Protein, must be approved in advance and in writing by Teva, which approval shall not be unreasonably withheld. For avoidance of doubt, Protalix shall bear all costs and expenses related to the performance of the Feasibility Program until its completion regardless of the term of its duration.

3.1.5. At the end of each calendar quarter during the course of the performance of each Feasibility Program, Protalix shall provide Teva with periodic progress reports regarding the progress of such Feasibility Program, in a form to be agreed in advance between the Parties.

3.1.6. Teva's representative(s) on the R&D Committee may, from time to time, request updates regarding the progress of Stage 1, in addition to the periodic progress reports, and Protalix shall provide any additional update that Teva's representative(s) on the R&D Committee may reasonably request.

3.1.7. Not later than sixty (60) days after the completion of the performance of

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each Feasibility Program in respect of each Protein, Protalix shall provide Teva with a written report detailing the results of such Feasibility Program in respect of each Protein, in a form acceptable to Teva (each, a "**Final Feasibility Report**").

3.1.8. After receipt by Teva of each Final Feasibility Report, if Teva wishes to receive further information from Protalix it shall so advise Protalix by written notice specifying such additional information requested (the "**First Notice**"), to be delivered to Protalix no later than sixty (60) days as of the date of provision to Teva of the Final Feasibility Report. Protalix will provide such additional information within a reasonable time, but not later than sixty (60) days following receipt of the First Notice (the "**Initial Response**"). In the event that following receipt of the Initial Response, Teva wishes to receive further information from Protalix, it shall so advise Protalix by written notice specifying such additional information requested (the "**Second Notice**"), to be delivered to Protalix no later than forty five (45) days as of the date of provision to Teva of the Initial Response. Protalix will provide such additional information within a reasonable time but not later than forty five (45) days following receipt of the Second Notice (the "**Additional Response**"). In the event that following receipt of the Additional Response, Teva wishes to receive further information from Protalix, it shall so advise Protalix by written notice specifying such additional information requested (the "**Third Notice**"), to be delivered to Protalix no later than thirty (30) days as of the date of provision to Teva of the Additional Response. Protalix will provide such additional information within a reasonable time but not later than thirty (30) days following receipt of the Third Notice (the "**Final Response**"). In the event that the Initial Response, together with the Additional Response and the Final Response provide the full and complete information reasonably requested by Teva, then following submission of the Final Response Protalix shall not be required to provide any additional information to Teva in connection with the Final Feasibility Report.

3.1.9. Protalix shall NOT be entitled to subcontract its obligations to perform the Feasibility Programs to any third party whatsoever without the prior written approval of Teva, which approval shall not be unreasonably withheld.

3.1.10. Without limiting the generality of the second sentence of Section 16.6, the Parties hereby acknowledge that Protalix has not guaranteed that Stage 1 will be successful or achieve any specific results at all or within the specified time period.

3.2. **Right of First Offer**

3.2.1. Until the lapse of a [***] period from the Effective Date or until the selection by Teva of the Second Protein, whichever comes first (the "**ROFO Period**") Protalix shall refrain from entering into an agreement with any third party the purpose of which is the development or commercialization of any [***] protein utilizing the Platform IP, unless Protalix shall first offer Teva in writing to select such protein as the Second Protein (the "**ROFO**" and the "**ROFO Notice**", respectively). Upon receipt of the ROFO Notice Teva will have the right, within thirty (30) days of the date of the

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ROFO Notice, to select such protein as the Second Protein, by written confirmation of such selection which selection Protalix shall be deemed as being in agreement with. Protalix shall immediately notify Teva in writing of the commencement of any negotiations with any third party regarding the development or commercialization of any [***] protein during the ROFO Period, and any such notice shall be deemed as a ROFO Notice pursuant to this Section 3.2.1, it being understood and agreed that Protalix shall not be required to divulge the identity of such third party or any other detail of such negotiations. The ROFO Notice shall in both cases be accompanied by any Protalix's available information in respect of such [***] protein.

3.2.2 For the avoidance of doubt, Protalix shall not be required to offer any protein to Teva more than once pursuant to this Section 3.2.

3.3. **Substitution of a Protein**

The Parties acknowledge and declare that their joint goal is that the performance of the Feasibility Program will result in the development of two (2) Proteins (within the timeframe envisaged hereunder) suitable, in technological and marketing terms, for implementation of Stage 2 (as such term is defined below). In furtherance thereof, the Parties may, at any time during the performance of a Feasibility Program, by mutual consent (which consent shall not be unreasonably withheld by either Party), and following the recommendation of the R & D Committee, decide upon the substitution of the Protein in respect of which such Feasibility Program is being conducted if the Parties are not satisfied with the results. Moreover, Teva, at its sole discretion, shall be entitled to substitute the Protein(s) in respect of which a Feasibility Program has been or is being conducted by another protein, by instructing Protalix to cease the performance of a Feasibility Program in progress, and to begin the performance of a Feasibility Program in respect of a different protein to be selected by Teva as per the procedure set out below, in each of the following events (i) during the first twelve (12) months from the commencement of a certain Feasibility Program, for any reason; or (ii) prior to the expiry of thirty (30) days after receipt by Teva of the Final Feasibility Report, Initial Response, Additional Response or Final Response (as the case may be), Teva reaches a decision that based on scientific reasons it requires substitution of a certain Protein. Teva's right to substitution under (i) and (ii) above shall exist only once with respect to each Protein, and Teva shall be required to propose two new proteins, each of which must be Contractually Free (as such term is defined below), and Protalix shall have the right to choose one of them. Following such selection, such new protein shall become a Protein for the purposes hereof, and Protalix shall begin the performance of the Feasibility Program in respect of the replacement Protein as shall be agreed between the Parties at Protalix' sole cost and expense. In any event, the replacement of one Protein with another as set forth in this Section shall be subject to the refund by Teva of the direct costs actually incurred by Protalix in the performance of the Feasibility Program, until the date of mutual consent as to, or the notice of, replacement (as the case may be), and winding down of the Feasibility Program in respect of the Protein that was replaced (provided

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that such winding down costs shall be mitigated by Protalix to the maximum extent reasonably possible), which costs shall be evidenced by invoices and other supporting documentation that shall be provided to Teva.

For the purposes of this Section, the term "**Contractually Free**" shall mean, in respect of any protein, that no third party has been granted any rights by Protalix in respect of such protein, whether pursuant to an agreement or a term sheet or other similar legally binding document, that would preclude or limit Protalix's ability to grant Teva the rights granted hereunder if such protein were to become a Protein.

3.4. **Teva's Option for Stage 2**

Within two (2) months of the later of receipt by Teva of each Final Feasibility Program Report, Initial Response, Additional Response or Final Response in conformance with Section 3.1.8 above (if at all) (the "**Stage 2 Notice Period**"), Teva, at its sole discretion, shall notify Protalix in writing in respect of each Protein, if it wishes to enter into the product development stage in respect of such Protein ("**Stage 2**") (the "**Stage 2 Notice**").

During the Stage 2 Notice Period Teva's representatives shall have the right to visit and audit Protalix's facilities for the sole purpose of evaluating its interest in entering into Stage 2, at times to be coordinated in advance between the Parties.

In the event that Teva does not provide Protalix with the Stage 2 Notice during the Stage 2 Notice Period with respect to any specific Protein, but provided that Protalix furnishes all of the information duly requested by Teva pursuant to Section 3.1.8 above, then this Agreement shall expire forthwith with respect to such Protein in which case, other than as to the obligations of confidentiality as set forth in Section 20 below and the obligation to return documentation as set forth in Section 15.6 below: (i) Teva shall not be obligated in any manner towards Protalix with respect to such Protein; and (ii) Protalix shall not be obligated in any manner towards Teva with respect to such Protein.

4. **Product Development — Stage 2**

4.1. In the event that Teva elects to exercise its option to initiate the performance of Stage 2 of the collaboration as to one or both Proteins, Stage 2 shall be carried out by the Parties in accordance with Development Plans (defined below) to be determined pursuant to this Section 4.

4.2. Teva shall prepare preliminary development plans (the "**Preliminary Plan(s)**"), in consultation with Protalix within [***] of Teva exercising its option to initiate the Stage 2 collaboration. The Preliminary Plan(s) shall include projected Licensed Product development activities, timelines and obligations of each Party up to the completion of Phase I clinical trials in respect of the relevant Protein.

4.3. Stage 2 shall commence, as to each Protein (as applicable), immediately upon the relevant Preliminary Plan being presented to the R&D Committee (or in its absence to Protalix) which shall be given the opportunity to comment thereon prior to implementation, provided that in no event shall such entitlement to comment

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derogate in any way from the full and sole discretion of Teva in respect of all aspects of the Preliminary Plan(s) (and the Development Plan(s)) and the performance thereof.

4.4. The Preliminary Plan shall be updated from time to time but not less often than once every six (6) months, by Teva, in consultation with the R & D Committee, as per the progress of the different development phases (the Preliminary Plan so updated being referred to hereinafter as the "**Development Plan(s)**"). The Development Plan shall incorporate detailed development activities in respect of the Licensed Product for the upcoming phase. Teva, in consultation with Protalix will consider and determine Phase II clinical trial target activities, timelines and the Parties' obligations, which will become specific obligations of the Parties. Notwithstanding the foregoing, Teva may update the Development Plan, at Teva's discretion, in consultation with the R&D Committee**,** at any time and from to time, to reflect progress made as per the Development Plan. Without derogating from any of the above, the outline of the activities of the Parties under the Development Plan, as currently envisaged, is attached hereto as Annex 4.4.

4.5. The Development Plan shall specify the activities, timelines and division of responsibilities between Teva and Protalix in respect of the performance of the Stage 2 collaboration. Teva and Protalix shall each make commercially reasonable efforts consistent with their respective normal business practices to each pursue their obligations under the Development Plan, and shall each diligently perform its tasks as set forth in the Development Plan. Without derogating from the foregoing, in the course of the performance of Stage 2, Protalix shall be obligated to provide Teva with manufacturing information as may be reasonably required by Teva solely for the purpose of Teva's pursuing clinical development, and obtaining regulatory approvals for and commercializing, Licensed Products.

4.6. At the end of each calendar quarter during the course of the performance of Stage 2, each Party shall provide the other Party with periodic progress reports regarding the progress of such Party's activities under Stage 2, in a form to be agreed between the Parties. Each Party may, from time to time, request updates regarding the progress of the other Party's activities during Stage 2, in addition to the periodic progress reports, and pursuant to any reasonable request, the other Party shall provide same.

4.7. In addition, Protalix shall provide Teva, at Teva's request, with reports, in an agreed form, including financial reports in the format required by the Office of the Chief Scientist ("**CSO**") which Teva may be required to provide to the CSO in order to obtain CSO support for Stage 2, in addition to the periodic progress reports to be provided hereunder.

4.8. Each Party shall perform its obligations under the Development Plan in accordance with all applicable laws and regulations, and each Party shall procure the receipt of all approvals and consents necessary for the performance of such Party's obligations under the Development Plan. Without derogating from the foregoing, it is clarified that approvals and consents necessary for the performance by Protalix of its portion of the Development Plan and specifically related to the Protein but also usable by Protalix in respect of other proteins shall be procured by Protalix and the costs of same shall be allocated between Teva and Protalix in accordance with the relative use of same in respect of the relevant Protein.

4.9. Teva's representatives shall have the right to visit and audit Protalix's facility where Licenced Product is manufactured, at times to be coordinated between the Parties in advance, once Protalix commences the manufacture of clinical quantities of Licensed Product, but not more often than twice every calendar year.

4.10. Teva shall provide Protalix with copies of all regulatory filings and approvals, investigational new drug (IND), chemistry manufacture and control (CMC) files, new drug applications (NDA), drug master files, clinical protocols and reports, and all modifications thereto, as well as material correspondence with regulatory authorities. Teva shall keep Protalix currently informed about the progress made towards obtaining regulatory approval of the Licensed Products in each country and shall provide Protalix with written status reports on a quarterly basis. Teva shall also notify Protalix, in writing, immediately upon the receipt of regulatory approval of any Licensed Product in each country.

4.11. No later than [***] prior to the commencement by Teva of Phase III clinical trials in respect of the Licensed Product(s), Protalix shall provide to Teva (or shall instruct the Escrow Agent to release to Teva) the Backup Manufacturing File.

4.12. Protalix shall not be entitled to subcontract all or part of its tasks under the Development Plan, without Teva's prior written consent. Should Protalix wish to do so, Protalix shall so notify the R&D Committee and Teva in writing, and Teva shall have the right, at its sole discretion (but shall not be obligated), to perform such tasks as Protalix's subcontractor, on the condition that Teva shall perform same over a reasonable time period no longer than the time period that it would take another reasonable third party to perform such task(s). For the sake of clarity, in the event that Teva shall elect not to perform as Protalix's subcontractor, and Protalix shall use a permitted subcontractor that is not Teva, Protalix shall bear all responsibility and liability vis-à-vis Teva arising from the performance by such subcontractor. To the extent Teva wishes to subcontract any part of its tasks under the Development Plan to any third party, it shall so notify the R&D Committee, it being understood and agreed that no subcontract by Teva shall be made to a Protalix Competitor, except if and to the extent that Protalix is not capable of performing the same service for Teva at a competitive market price. For the sake of clarity and without limiting the foregoing, in the event that Teva shall use a subcontractor for the performance of any of its obligations hereunder, Teva shall bear all responsibility and liability vis-à-vis Protalix arising from the performance by such subcontractor.

4.13. The Parties hereby acknowledge that neither Party has guaranteed that Stage 2 will be successful or achieve any specific results or that any regulatory approvals shall be granted with respect to the Licensed Products.

4.14. From the commencement of the performance of Protalix's obligations under Stage 2, Teva shall bear all actual costs incurred or expended by Protalix directly related to the performance of Protalix's activities included in Stage 2, according to the budget proposed by Protalix and pre-approved in writing by Teva (the "**Budget**"), as follows:

4.14.1. Protalix's direct development expenses and manufacturing costs for the performance of Protalix's share of the development activities (including clinical material manufacturing), on a [***] basis which shall include, [***], shall be reimbursed on a [***] basis, as follows:

a. [***]

b. [***]

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4.14.2. All of Protalix's out-of-pocket expenses incurred in relation to the performance of the development activities and the achievement of development milestones ("**External Development Expenses**"), shall be reimbursed on a [***] basis [***].

4.15. The amounts of the Budget described above shall be paid by Teva every [***] months on a [***] rolling basis, whereby [***] of the relevant Budget for each [***] shall be paid upfront at the beginning of such [***] period and the balance shall be paid at the end of the relevant [***], unless only part of the relevant tasks were carried out during such period, in which case the balance shall be adjusted accordingly. All payments shall be made against receipt of a proper tax invoice.

4.16. For the avoidance of doubt, it is clarified that (i) any in-licensing of third party technology by Protalix for the purposes of the performance of the Feasibility Programs or the Development Programs (or any one of them) and/or for the incorporation of such third party technology into the process of the development or manufacture of the Proteins and/or (ii) any use of third party technology (including that of [***] already licensed to Protalix) by Protalix in the performance of the Feasibility Programs (or any one of them) or in the development or manufacture of the Proteins, shall require the prior written agreement of Teva, and shall not be in-licensed or used, as applicable, in the event that such prior written agreement of Teva is not provided. Payments to third parties in respect of such licenses shall be borne and paid by [***]. For the avoidance of doubt, any such approval by Teva rendered in the course of a Feasibility Program, shall continue to apply during the Development Program and thereafter for as long as the third party technology is in use in relation to Licensed Products commercialized by Teva, its Affiliates, Sublicensees or Further Sublicensees, and may not be retracted by Teva.

4.17. Protalix shall be obligated to manufacture the Proteins, both for development and commercial purposes for the sole consideration provided in Section 4.14 above and 10 below, in such quantities as shall be set forth in the Feasibility Program (during Stage 1) and the Development Plan (during Stage 2), and thereafter, as per orders placed by Teva pursuant to a separate manufacturing and supply agreement (the "**Supply Agreement**') to be entered into between the Parties by no later than the initiation of Phase III regulatory clinical trials in respect of a Licensed Product. Protalix shall manufacture the Proteins in accordance with applicable regulatory requirements (such as GMP and GLP, as determined by Teva in consultation with Protalix) and shall be fully responsible for its manufacturing activities (and those of

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any third party on its behalf). The Supply Agreement shall govern the procedures for ordering and deliveries, lead time for deliveries, quality assurance, specifications and all other matters related to the manufacture and supply of the API by Protalix in accordance with the relevant regulatory requirements as shall be determined by Teva in consultation with Protalix, reflecting the commercial terms set out in Section 10.4 hereunder. Key elements of the Supply Agreement shall be set forth in **Annex 4.17** which shall be attached hereto within thirty (30) days of the Effective Date.

4.18. Any deviation from the approved Budget for Stage 2 shall require notification to Teva in advance, provided that any such deviation in excess of [***] shall also require the prior approval of Teva.

5. **Research and Development Committee**

5.1. The Parties shall form a Research and Development Committee (the "**R & D Committee**"), that shall be active for the duration of the Feasibility Program and the Development Plan. During Stage 1 the R & D Committee shall have the charter to adjust and amend the Feasibility Program (per Protein), as required for scientific or technological reasons. During Stage 2 the R & D Committee shall monitor the performance of the Development Plans, the research and other activities being conducted thereunder, and shall issue its recommendations in writing to the Parties, but shall have no decision making authority. The R&D Committee shall be comprised of four (4) members, having one vote each, of which two (2) shall be appointed by each Party, including one co-chairperson appointed by each Party. Only employees of the Parties can be appointed to serve on the R&D Committee. The R&D Committee shall meet periodically (but in any event no less than quarterly) during the performance of the Feasibility Program and Development Plan.

In the event that, during the term of a Feasibility Program, the members of the R&D Committee cannot agree on an issue within the scope of its authority within thirty (30) days of its initial consideration, the matter shall be referred by either co-chairpersons in writing to one (1) expert, the identity of whom shall be mutually agreed upon, for a reasoned determination in writing. In the event that, during the term of the Development Plan, the members of the R&D Committee cannot agree on a recommendation to be made to Teva, then the members appointed by Teva shall have a casting vote in respect of such recommendation.

5.2. At each R&D Committee meeting, at least one (1) member appointed by each Party present in person or by telephone shall constitute a quorum. Each Party shall have equal voting power, whether represented by one or two Committee members, on all matters before the R&D Committee.

6. **License Grant**

6.1. Subject only to the provision of the Stage 2 Notice by Teva, Protalix hereby grants Teva, and Teva hereby accepts from Protalix, an exclusive world-wide license under the Platform IP, the Protein IP and the Other IP owned by or licensed to Protalix (collectively, the "**Licensed Information**") to research, develop, make, have made, register, import, manufacture, use, sell, offer for sale, produce, sublicense, commercialize, distribute the Proteins and/or pharmaceutical products embodying,

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based on or using the Proteins (the "**Licensed Products**") for all indications (the "**License**") and for no other purposes whatsoever.

6.1A To the extent that the Parties shall mutually agree that any Additional Patents are reasonably required to be licensed to Teva in order for Teva to commercialize any Licensed Product(s), then the same shall be added to the list of the Platform Patents and as of such time shall be deemed as being covered by the License hereunder, as part of the Platform IP, provided that at the relevant point in time an exclusive license in respect of such Additional Patent has not already been granted to a third party by Protalix, it being understood and agreed, however, that any such Additional Patents may not be sub-licensed by Teva on a stand alone basis.

6.2. From the Effective Date and at all times prior to [***] with respect to any particular Protein, Protalix shall not, without Teva's prior written consent, grant or enter into any agreement, arrangement or commitment according to which a third party is granted any rights which may derogate from or hinder Teva's ability to exercise Teva's option to obtain the License.

6.3. Teva shall have the right to grant (whole or partial) Sublicenses to third parties (and such third parties shall be entitled to grant further Sublicenses (each, a "**Further Sublicense**" and the term "**Further Sublicensee**" shall be construed accordingly) and so on under the License, on terms and conditions consistent with the terms of this Agreement and Teva shall be entitled to determine the commercial terms of any such Sublicense, all provided that under no circumstances may any Sublicense or Further Sublicense be granted to a Protalix Competitor, unless such Sublicense or Further Sublicense is not granted in respect of the core technology of Protalix (for example, but without limitation, a Sublicense or Further Sublicense may be granted in respect of the marketing and/or distribution of the Licensed Products(s) even to a Protalix Competitor), and provided further that all of Protalix's rights hereunder shall be ensured and, without limiting the generality of the foregoing, that, with respect to each Sublicense or Further Sublicense agreement: (i) Teva notifies Protalix immediately upon signature thereof, and provides Protalix with the name of the Sublicensee or Further Sublicensee and the scope and territory of the Sublicense or Further Sublicense; (ii) each such Sublicense and Further Sublicense agreement (a) provides that the Sublicense or Further Sublicense thereunder shall immediately terminate upon termination of the License hereunder for any reason, and (b) restricting the right to grant a Further Sublicense to a Protalix Competitor. The grant of any Sublicenses and Further Sublicenses shall not derogate from the rights of Protalix and/or the obligations of Teva under this Agreement. Without limiting the foregoing or any of Teva's obligations hereunder relating to the grant of Sublicenses or Further Sublicenses pursuant hereto, Teva shall be entitled to conduct or to perform any activity in respect of the Licensed Products by means of any third party sub-contractor, and such conduct shall not be considered to be a grant of a sublicense, provided it shall notify the R&D Committee and/or Protalix of any such subcontract and provided further that under no circumstances may Teva subcontract any of its tasks or obligations hereunder to a Protalix Competitor unless such subcontract is made not in respect of the core technology of Protalix (i.e. Teva shall be entitled to conduct marketing or distribution activities through subcontractors which are Protalix Competitors). For the sake of clarity and without limiting the foregoing, in the event that Teva shall use a subcontractor, Teva shall bear all responsibility and liability vis-à-vis Protalix arising from the performance by such subcontractor.

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7. **Commercialization of Licensed Products**

7.1. Teva undertakes, at its own expense, to make such commercially reasonable efforts to commercialize the Licensed Products as are consistent with the commercial efforts generally applied to products of similar potential at similar stages in their life cycles, by Teva.

7.2. Teva shall provide Protalix with a non-binding sales forecast for each of the Major Countries, in writing, in respect of each Licensed Product, by no later than [***] prior to the anticipated date of the first regulatory approval in respect thereto. Such report shall be updated by Teva, in writing, on a [***] basis. Moreover, each sales forecast shall be accompanied by a report of Teva's and its Affiliates launch dates and main regulatory filings on a [***] basis with respect to the Licensed Products. Teva shall also provide Protalix with similar information with regard to such launch dates and filings in territories in which Sublicensees and Further Sublicensees have conducted similar activities, to the extent available to Teva.

7.3. For the removal of doubt, nothing contained in this Agreement shall be construed as a warranty by Teva that any efforts to be exerted by Teva in connection with this Agreement, including without limitation any development or any commercialization to be carried out by it in connection with this Agreement, will actually achieve their aims or any other results or succeed, and Teva makes no warranties whatsoever as to any results to be achieved in consequence of the carrying out of any such development, commercialization, efforts or activities. Furthermore, Teva makes no representation to the effect that the commercialization of the Licensed Products, or any part thereof, will succeed, or that it shall be able to sell the Licensed Products in any quantity.

8. **Milestones and Royalty Payments**

8.1. In consideration for the grant of the License, Teva shall make the following milestone payments to Protalix, upon achievement of the relevant milestones on a [***] basis (each, a "**Milestone**") (the "**Milestone Payments**"):

8.1.1 with respect to the [***] Licensed Product that shall be approved for marketing by the FDA or the EMEA based on a certain Protein (the "[***] **Licensed Product**"):

(a) Upon receipt of marketing authorization approval for a [***] Licensed Product by the first to approve same of either the FDA or the EMEA - [***].

(b) Upon the achievement by Teva of aggregate Net Sales of [***] worldwide per such [***] Licensed Product at any given time, [***] on which the aforementioned [***] Licensed Product is based in the US or in the EU Market, during at least [***].

8.1.2 with respect to the [***] Licensed Product (as defined below) that shall be approved for marketing by the FDA or the EMEA based on a certain Protein:

(a) Upon receipt of marketing authorization approval for a [***] Licensed Product by the first to approve same of either the FDA or the EMEA - [***].

(b) Upon the achievement by Teva of aggregate Net Sales of [***] worldwide per such [***] Licensed Product at any given time, [***] on which the aforementioned [***] Licensed Product is based in the US or in the EU Market, during at least [***].

[***] of the aforementioned sums of [***] (in respect of both the [***] Licensed Product and the [***] Licensed Product) shall be considered to have been paid on account of Royalty Payments pursuant to Section 8.2 in respect of such [***] Licensed Product and [***] Licensed Product respectively, such that amounts payable by Teva hereunder as Royalty Payments in respect of such [***] Licensed Product and [***] Licensed Product respectively shall be reduced by [***]. For the avoidance of doubt, it is clarified that, in respect of each of such [***] Licensed Product and [***] Licensed Product respectively, following the payment of said [***], Teva shall temporarily cease making Royalty Payments in respect of such [***] Licensed Product or [***] Licensed Product, as applicable and shall only actually begin making such Royalty Payments again from the first dollar received in Net Sales from such [***] Licensed Product or [***] Licensed Product, as applicable, exceeding the amount of Net Sales applicable to the payment of [***] in Royalty Payments.

[***]

For clarification, Teva shall not make any Milestone Payments for additional Licensed Products beyond the [***] and [***] Licensed Products with respect to each Protein, i.e. no more than [***] Milestone Payments in the aggregate.

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8.2. In addition, in consideration for the grant of the License, Teva shall, throughout the Royalty Term (as such term is defined below), pay to Protalix royalties at the following rates on annual Net Sales, during each calendar year in respect of each Licensed Product, on a [***] (the "**Royalty Payments**"), as specified in this Section 8.2 below:

(a) [***] of Net Sales in the calendar year on the portion of annual Net Sales for the relevant Licensed Product up to [***] of Net Sales during the time that [***];

(b) [***] of Net Sales in the calendar year on the portion of annual Net Sales for the relevant Licensed Product exceeding [***] and up to [***] of Net Sales during the time that [***];

(c) [***] of Net Sales in the calendar year on the portion of annual Net Sales for the relevant Licensed Product exceeding [***] and up to [***] of Net Sales during the time that [***];

(d) [***] of Net Sales in the calendar year on the portion of annual Net Sales for the relevant Licensed Product exceeding [***] and up to [***] of Net Sales during the time that [***]; and

(e) [***] of Net Sales in the calendar year on the portion of annual Net Sales for the relevant Licensed Product exceeding [***] of Net Sales during the time that [***].

For the avoidance of doubt, it is hereby clarified that the [***] Royalty Payments due to Protalix on account of Teva having achieved [***] shall apply only to that certain market in which the [***] exists and for the duration of such existence. An example of the amount of Royalty Payments to be made is given in **Annex 8.2** hereto.

8.3. It is further clarified that in the event of [***] in at least one country in the EU Market, then all countries of the EU shall be considered as territories in which [***] and the Royalty Payments shall be computed accordingly; and for so long as there exists a [***] in ALL the countries of the EU Market, then all countries of the EU shall be considered territories in which [***] and the Royalty Payments shall be computed accordingly.

8.4. Notwithstanding the foregoing, in the event that any [***] is sold in the form of a Combination Product, then the proportion of such Combination Product to

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be attributed to Net Sales that are subject to the Royalty Payments (the "**Relevant Proportion**") shall be calculated as provided below.

Provided that both active ingredients of the Combination Product are sold on a stand-alone basis at the time in question, the Relevant Proportion shall be as follows: [***], where A is the Net Sale price of the Protein-based component of the Licensed Product sold separately, and B is the Net Sale price of the other component sold separately.

[***]

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

For the purposes of determining Royalty Payments on a Combination Product, Net Sales shall be determined by multiplying the actual Net Sales of such Combination Product by the Relevant Proportion, and Teva shall make Royalty Payments to Protalix accordingly (for example — with respect to the said demonstrated numbers the Royalty Payments shall be applied only to [***] out of [***] Net Sales of the Combination Product).

For the avoidance of doubt, deductions from Net Sales pursuant to Section 1.2.39 (vii) (i.e. based on payments for third party's IP) shall not be made if triggered solely by the additional component which is part of the Combination Product.

8.5. Payments to Protalix pursuant to this Section 8 will be due and payable hereunder until the expiration of [***]years after the First Commercial Sale in any country calculated on [***] basis (in each case, the "**Royalty Term**").

8.6. Following the expiry of the Royalty Term, [***], Teva shall have a fully paid up license to continue to exploit the License without having to make Royalty Payments with respect thereto.

9. **Payment Terms and Reporting in Respect of the License**

9.1. As of the achievement of the first Milestone pursuant to Section 8.1.1 above, and for the duration of the Royalty Terms, Teva shall submit to Protalix, no later than [***] after the end of each [***], [***] reports setting out all amounts owing to Protalix in respect of the [***] to which the report refers, and with respect to each Licensed Product, (i) the Net Sales [***], including a breakdown of Net Sales according to country and currency of sales, (ii) amounts deducted as royalties to third parties pursuant to Section 1.2.39(vii), (iii) total Milestone Payments and Royalty Payments due to Protalix in respect of such [***] or, if no such payments are due to Protalix in respect of such [***], a statement that no payments are due; and (iv) any calculations made in relation to Combination Products. Teva shall submit to Protalix, by no later than [***] after the end

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of each [***], an [***] report setting out any adjustments in Royalty Payments pursuant to Section 9.2A. Each such report shall be signed by the relevant financial executive of the Global Products division of Teva.

All such reports, as well as all other reports provided hereunder, shall be treated as Confidential Information pursuant to Section 20 below.

9.2. Amounts payable to Protalix in terms of Section 8 shall be paid to Protalix (i) in respect of Royalty Payments, on a [***] basis, and no later than [***] after the end of each [***], commencing with the first [***] in which Net Sales are made, (ii) in respect of Milestone Payments, within [***] following the achievement of the applicable Milestone.

9.2A Notwithstanding, the [***] payments of Royalty Payments shall be paid based on the assumption that no Market Advantage exists. Not later than [***] following the end of a [***], Teva shall pay Protalix the additional nominal amounts of Royalty Payments due in the event Market Advantage existed during such [***].

9.3. Each payment due to Protalix hereunder shall be paid by wire transfer of immediately available funds to an account designated by Protalix in writing.

9.4. Teva shall maintain and shall cause its Affiliates to maintain, complete and accurate records of Licensed Products sold under this Agreement, any amounts payable to Protalix in relation to such Licensed Products and which records shall contain information to reasonably permit Protalix to confirm the accuracy of any payments made to Protalix. Teva shall retain and shall cause its Affiliates to retain such records relating to a given calendar year for at least [***] after the conclusion of that calendar year, during which time Protalix shall have the right, at its expense, to cause an independent, certified public accountant to inspect such records during normal business hours for the sole purpose of verifying any payments delivered under this Agreement. Such accountant shall not disclose to Protalix any information other than information relating to the accuracy of reports and payments delivered under this Agreement. In the event that any audit performed under this Section 9.4 reveals an underpayment in excess of [***]in any calendar year, and if such underpayment is proven to the satisfaction of a mutually agreed external auditor (it being agreed that absent such mutual agreement as to the identity of the auditor within thirty (30) days of a Party's written notice to the other Party that it wishes to have such external auditor appointed, the external auditor shall be one of the 'big four' accounting firms), then Teva shall bear the full cost of such audit. Protalix may exercise its rights under this Section only once every year and only with reasonable prior notice to Teva, and the relevant Affiliate and subject to prior coordination. Any such audit shall be made during Teva's or the relevant Affiliate's normal business hours and shall not unreasonably interfere with the business of Teva or the relevant Affiliate, and shall be completed within a reasonable time. Teva shall promptly transfer to Protalix any payment due pursuant to such auditor's audit. Such payment shall bear interest as set forth in Section 23.17.

9.5. Without derogating from the provisions of the preceding Section 9.4, Protalix shall have the right to request that Teva inspect records of Licensed Products sold under this Agreement by Sublicencees and Further Sublicensees, for the sole purpose of verifying any payments delivered under this Agreement, in which case Teva shall exert its reasonable commercial efforts to perform such audit. In the event that any audit performed under this Section 9.5 reveals an underpayment in excess of [***],

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and if such underpayment is proven to the satisfaction of a mutually agreed external auditor (to be appointed in accordance with the procedure set out in Section 9.4 above), then Teva shall bear the full cost of such audit. In any other event (of overpayment or underpayment of less [***], Protalix shall bear the full cost of such audit. Protalix may exercise its rights under this Section only once every year. Teva or Protalix, as applicable, shall immediately pay to the other Party any underpayment or overpayment together with interest provided in Section 23.17 below.

9.6. Protalix shall maintain, and shall cause its Affiliates to maintain, complete and accurate records of both its Internal Expenses and External Development Expenses, as well as records of costs incurred in the performance of each Feasibility Program (for the event that Teva reimburses Protalix for same pursuant to the substitution of a Protein), which records shall contain information to reasonably permit Teva to confirm the accuracy of any payments made to Protalix. Protalix and/or its Affiliates shall retain such records relating to a given calendar year for at least seven (7) years after the conclusion of that calendar year, during which time Teva shall have the right, at its expense, to cause an independent, certified public accountant to inspect such records during normal business hours for the sole purpose of verifying any payments delivered under this Agreement. Such accountant shall not disclose to Teva any information other than information relating to the accuracy of reports and payments delivered under this Agreement. In the event that any audit performed under this Section 9.6 reveals an overpayment in excess of [***]in respect of any Protein, and if such overpayment is proven to the satisfaction of a mutually agreed external auditor (to be appointed in accordance with the procedure set in Section 9.4 above), then Protalix shall bear the full cost of such audit and shall promptly pay to Teva such overpayment together with interest as provided in Section 23.17 below. Teva may exercise its rights under this Section only once every year and only with reasonable prior notice to Protalix, and subject to prior coordination. Any such audit shall be made during Protalix's or the relevant Affiliate (as applicable) normal business hours and shall not unreasonably interfere with the business of Protalix or the relevant Affiliate (as applicable) and shall be completed within a reasonable time.

10. **Bulk (API) Manufacturing Terms**

10.1. Notwithstanding Section 6 above, Protalix shall retain the exclusive right to manufacture the API and to continuously supply same to Teva and its Affiliates, Sublicensees and Further Sublicensees, for the Licensed Products, during the first [***] years following the First Commercial Sale of the first Licensed Product on a per Protein basis (the "**Exclusive Manufacturing Term**"). Teva shall be responsible for the formulation of the API into finished Licensed Product. Without derogating from any other visit and audit right under this Agreement, as from [***] prior to the expected commencement of the Exclusive Manufacturing Term, Teva's representatives shall have the right to visit and audit Protalix's facilities where the API is being manufactured, during normal business hours, and following prior coordination with Protalix.

10.2. Following the expiry of the Exclusive Manufacturing Term, Teva shall have the right to manufacture the API [***] in its own facility or elsewhere, or through any third party which is not a Protalix Competitor, at its sole discretion, subject to the appropriate undertakings by the transferee of non-disclosure and non-use other than the supply to Teva and its

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Affiliates, Sublicensees and Further Sublicensees, and shall use the Manufacturing Know-how (as such term is defined below) solely for such purpose.

10.3. Without derogating from the above, Teva may elect, at its sole discretion, to continue receiving Protalix's manufacturing services after expiration of the Exclusive Manufacturing Term. In such event, Protalix undertakes to perform such manufacturing services, for the sole consideration set forth in Section 10.4 hereinafter.

10.4. As of the First Commercial Sale, Teva shall pay Protalix consideration based on the actual direct cost of the manufacturing of the API incurred by Protalix to be calculated pursuant to the Supply Agreement as shall be mutually agreed [***]:

10.4.1. [***].

10.4.2. [***].

In addition, as of the beginning of the Exclusive Manufacturing Term and as long as [***], Teva shall pay Protalix [***] in relation to the manufacturing of the API and pre-approved by Teva, [***] ("**External Manufacturing Expenses**"). External Manufacturing Expenses shall be reimbursed on a [***] basis, [***].

10.5. Notwithstanding the foregoing, in the event that the annual payments to Protalix that consist of the [***] (calculated according to Section 10.4 above) plus the Royalty Payments on a [***] basis during any given calendar year (the "**Annual Protalix Payment**"), shall exceed the amount of [***] of the aggregate amount of annual Net Sales in such calendar year on a [***] basis (the "**Ceiling Amount**"), then the Annual Protalix Payment, in respect of the [***], shall be reduced to an amount equal to the Ceiling Amount, provided that in no event shall the Annual Protalix Payment in respect of the [***], be reduced to an amount less than [***] calculated on the basis of [***]. Any over payment by Teva shall be set-off, by written notice from Teva to Protalix, detailing the calculation of such over-payment, from the upcoming Royalty Payment due to Protalix hereunder.

10.6. The Parties hereby acknowledge and agree that a back-up manufacturing facility should be available in respect of the Proteins. Not later than six (6) months prior to the commencement of Phase III clinical trials to be performed in respect of the First Licensed Product on a per Protein basis, the Parties shall mutually agree on the site at which such back-up manufacturing facility shall be located, and the Party by whom such facility shall be established.

10.7. (A) Protalix shall transfer, on a per-Protein basis, to an agreed third party (the "**Escrow Agent**"), by not later than date of the completion of Phase I (last patient out) as set forth in the Development Plan, a complete file (the "**Back-Up Manufacturing File**") consisting of all engineering schemes, standard operating procedures, protocols, plans, master manufacturing file, know how and any other information, tangible or intangible, whether in writing, electronic form or otherwise, and any updates thereof, which is reasonably necessary for Teva in

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order to establish its own internal manufacturing facility and manufacture the API (the "**Manufacturing Know-how**"). Concurrently with the transfer of the Back-Up Manufacturing File to the Escrow Agent, a copy of the table of contents of such file shall be transferred to the R&D Committee. Teva may request, based on such table of contents, that the Back-Up Manufacturing File be reviewed by a mutually agreed industry expert (the "**Industry Expert**") who may recommend in writing that the file be supplemented, as may be reasonably required and Protalix shall supplement such file as recommended within sixty (60) days from the receipt by Protalix of such written recommendation. The Industry Expert shall be bound by confidentiality undertakings to Protalix no less stringent than those contained in Section 20 hereof and shall not disclose to Teva any information relating to or contained in the Back-Up Manufacturing File. The Industry Expert shall sign a non-disclosure agreement to such effect.

(B) Subject to the terms of this Section 10.7(B), the Escrow Agent shall be authorized to release the Back-Up Manufacturing File to Teva, solely upon the terms and conditions set out in a tri-party agreement to be executed between the Parties and the Escrow Agent, in the form to be attached hereto within thirty (30) days of the Effective Date hereof (the "**Escrow Agreement**"). Such Escrow Agreement shall determine that the Back-Up Manufacturing File shall be released to Teva upon the earlier of: (i) [***]; (ii) the occurrence of a material breach by Protalix of its manufacturing obligations hereunder, which breach is not rectified within sixty (60) days of receipt by Protalix of Teva's written notice specifying the breach; and (iii) the grant of a winding-up order or the appointment of a receiver in respect of Protalix, or the grant of an attachment order on all, or a substantial portion of, Protalix's assets, which is not set aside within ninety (90) days of the issuance thereof. The Back-Up Manufacturing File as may be duly released to Teva pursuant to the Escrow Agreement may be utilized by Teva solely for the establishment and operation of a facility for the manufacture of the API. Following release of the Back-Up Manufacturing File to Teva, on the grounds stated in (ii) or (iii) above, Teva shall be entitled to manufacture the API also through a Protalix Competitor.

(C) Teva shall reimburse Protalix, for its reasonable expenses directly incurred and associated with the preparation by Protalix of the Back-Up Manufacturing File for submission to the Escrow Agent and for its costs associated with the services of the Escrow Agent and the Industry Expert pursuant hereto (pursuant to invoices submitted by the Escrow and Industry Expert and paid by Protalix).

11. **Intellectual Property Rights**

11.1. The Parties agree that, as between the Parties, Protalix does and shall own all rights, title and interest in and to the Platform IP. The Parties acknowledge that certain of the Platform IP that might be developed by or for Protalix or a subsidiary of Protalix (if such shall exist) following the Effective Date may be subject to contractual limitations vis-à-vis third parties. Such limitations (which by their nature, would apply to the Proteins and/or the Licensed Products) shall apply to Teva only if and to

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the extent Teva shall approve them in writing in advance. Otherwise, Protalix shall be fully responsible for such contractual limitations whether monetary or other.

11.2. In the event that during the collaboration hereunder, any subsidiary of Protalix or any company with which Protalix merges (if such shall exist) shall generate or own any IP that if generated or owned by Protalix would have been considered part of the Licensed Information hereunder, then Protalix shall immediately notify Teva of such IP and shall act immediately and ensure that such IP shall be licensed to Protalix (or directly to Teva) and will become part of the Licensed Information, licensed to Teva as provided hereunder, at no additional cost to Teva. Such IP shall be classified as Platform IP, Protein IP or Other IP in accordance with the terms hereof as if it had been generated by Protalix in the first place.

11.3. All rights, title and interest in and to the Protein IP and Other IP developed during the performance of the Feasibility Program, will be owned by Protalix ("**Protalix's Protein and Other IP**"). For avoidance of doubt, Protalix's Protein and Other IP will be considered part of the Licensed Information, and as such, covered by the License hereunder.

11.3A In the event that there is any portion of Platform IP that specifically and directly relates (but does not solely relate) to one or more of the Proteins, and Protalix shall seek patent protection in respect of such portion of the Platform IP, then, to the extent possible: the Parties shall co-operate in order that the patent protection sought shall be filed in a manner that will split/ distinguish between patents covering Platform IP that solely relates to the Proteins and other Platform IP. The patent applications/ patents filed in respect of Platform IP that solely relates to the Proteins(s) shall be considered part of the Protein IP, and not Platform IP.

11.4. Notwithstanding the above, in the event that a Change of Control of Protalix is effected following the commencement of Stage 2, such that a Teva Competitor acquires Control of Protalix, Teva shall have the right, at its sole discretion, to receive an assignment of all Protalix Protein and Other IP without any assignment fee. Protalix's Protein and Other IP so assigned to Teva shall be treated hereunder as Teva IP (as defined below) for all intents and purposes, provided however that the economic benefits to Protalix under this Agreement, including *inter alia*, its right to receive Royalty Payments and Milestone Payments, shall not be diminished as a result of such assignment, in any way.

11.5. A "**Change of Control**" means (i) the sale of all or substantially all of the assets of Protalix, or (ii) any transaction between Protalix or its shareholders and another entity/ies as a result of which another company/ies, or another company/ies' ultimate shareholder/s, directly or indirectly shall own more than fifty percent (50%) of the shares of Protalix or its successor, or has/ve the power to elect more than half of Protalix's or its successor's directors. A "**Teva Competitor**" means [***].

11.6. All Protein IP and Other IP developed as of the date on which Teva provides the Stage 2 Notice, by or for Protalix, jointly by or for both Parties, or by or for Teva, shall be exclusively owned by Teva, and Teva shall have all right, title and interest thereto (the "**Teva IP**").

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11.7. Teva hereby grants Protalix a non-exclusive, royalty-free, perpetual license to use such portion of the Other IP included in the Teva IP that shall be developed solely by Protalix's employees, for any purpose that is not related in any manner to the manufacturing, developing, selling and/or commercialization of the Proteins or the Licensed Products (which Teva IP, for the avoidance of doubt, shall include any Other IP that may be assigned to Teva pursuant to Section 11.4 above).

11.8. Except as otherwise set forth in this Agreement, Teva and Protalix shall retain their respective unrestricted rights to make, have made, use and sell all such data, information, discoveries or inventions that are or may be owned by them, provided however that Protalix shall not be entitled to sell, pledge (other than in the ordinary course of business for the receipt of credit-lines) or assign any portion of the Licensed Information without prior written approval by Teva.

11.9. Each Party hereto undertakes to sign, execute and deliver all documents and papers that may be required, and perform such other acts as may be reasonably required in the circumstances, in order to ensure the division of the intellectual property rights between the Parties in accordance with the terms of this Section 11, as well as the filing of any and all patents arising hereunder and the registration of the License granted hereunder.

12. **Prosecution and Protection of Intellectual Property**

Patent Filing

12.1. Throughout the term of the License granted hereunder, [***] shall be obligated, at its own expense, to file, record, prosecute, and maintain all patent rights with respect to the [***] in the countries as set forth in **Annex 12.1** attached hereto (the "**Current Countries**"). In addition, throughout the performance of the Feasibility Program only, [***] shall be obligated to file, record, prosecute and maintain, all patent rights with respect to the [***] in all the Major Countries. In addition, [***] shall have the right, at its own expense, to file, record, prosecute, and maintain all patent rights with respect to the [***], in all other countries which are not the Current Countries.

12.2. Notwithstanding 12.1 above, as of the provision of Stage 2 Notice by [***], [***] shall, at [***] expense and as long as this Agreement is in effect, file, record, prosecute and maintain all patent rights with respect to the [***], in the Major Countries, and, at its discretion, in the other countries of the world.

12.3. Each Party shall provide the other Party with a prior written notice regarding filing of each patent application which is filed pursuant to section 12.1 or 12.2, and shall furthermore give reasonable consideration to the comments received by the other with respect to the filing of such patents. Each Party shall provide the other with reasonable information relating to the prosecution of such Party's IP [***], and the maintenance and other proceedings relating thereto including, without limitation, by providing copies of substantive communications, notices, actions, search reports and third party observations submitted to or received from patent offices. Provision of all such documentation and information from one Party to the other shall be at no cost to the receiving Party.

12.4. In the event that [***] fails to file, record, prosecute or maintain all patent rights with respect to the [***] in all the Current Countries or, as applicable throughout the

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performance of the Feasibility Program, the [***] in any of the Major Countries, which failure constitutes a breach of its obligations under Section 12.1 above, then [***] shall be entitled to terminate this Agreement and to any other remedy provided to it under law.

12.5. If [***] elects not to file, record, prosecute or maintain all patent rights with respect to the [***] in countries other than the Current Countries or, as applicable, [***], in any country of the world which is not one of the Major Countries, [***] shall notify [***]in writing of such election to allow [***], in its sole discretion, to file and/or continue to prosecute such patent application and/or maintain such patent in such country at its own cost and expense. In such event, for as long as [***] continues to prosecute and maintain such patents, then, in respect of such country, [***] shall not be obligated to pay [***] in such country protected or to be protected by such patent until such time as [***] out of pocket expenses incurred in prosecuting and/or maintaining such patents are recouped. [***] shall notify [***] in writing of [***] election as aforesaid. For the avoidance of doubt, it is hereby clarified that should [***] assume control over the prosecution and maintenance of such patents as aforesaid, then at any time thereafter [***] may, in its sole discretion, cease the prosecution and maintenance of such patents, upon prior written notice to [***].

12.6. If [***] elects not to file, record, prosecute or maintain all patent rights with respect to the [***] in any of the Major Countries, [***] shall notify [***] in writing of such election to allow [***], in its sole discretion, to file, record and/or continue to prosecute such patent application and/or maintain such patent in such country. In such event, for as long as [***] continues to file, record, prosecute and maintain such patents or patent applications and notifies [***] of same, then, in respect of such country, with respect to the [***] in any of the Major Countries, [***] shall reimburse [***] for [***] out of its patent expenses.

12.7. Nothing contained herein shall be deemed to be a warranty by either of the Parties that they can or will be able to obtain patents on patent applications included in the Licensed Information or that any such patents will afford adequate or commercially worthwhile protection.

Patent Enforcement

12.8. In the event that either Party hereto becomes aware of any product that is made, used, or sold or any action that it believes infringes or misappropriates the Licensed Information applicable to the Licensed Products or the Teva IP (collectively, "**Product IP**"), such Party will promptly advise the other of all the relevant facts and circumstances known to such first-mentioned Party in connection with such infringement or misappropriation.

12.9. Prior to the provisions of a Stage 2 Notice, with respect to [***], [***] shall, at its own expense, enforce the [***], or any part thereof, against infringement or misappropriation, bring an action against any third party suspected of infringement or misappropriation of same and control the defense of any counterclaim or declaratory judgment action (or other action) relating thereto; [***] will fully cooperate with [***] at [***] expense, with respect to the investigation and prosecution of such alleged infringement or misappropriation including the eventual joining of [***] as a party to such action, as may be required by the law of the particular forum where enforcement is being sought. Any recovery obtained as a result of such action shall

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be applied first to the documented costs and expenses actually incurred by [***], and [***] shall retain any and all remaining amounts recovered.

12.10. As of provision of the Stage 2 Notice, with respect to the [***], [***] shall have the first right, but not the obligation, to bring an action against any third party suspected of infringement or misappropriation of same, and to control the defense of any counterclaim or declaratory judgment action alleging invalidity or non-infringement (or other action) relating thereto. If [***] elects to bring such action against a third party, [***] will fully cooperate with [***], at [***] expense, with respect to the investigation and prosecution of such alleged infringement or misappropriation, including the joining of [***] as a party to such action, as may be required by the law of the particular forum where enforcement is being sought. Any recovery obtained as a result of such action shall be split, after the deduction of the documented costs and expenses actually incurred by [***], so that [***] will be entitled to [***] and [***] shall retain [***] out of the amounts which constitute compensation for loss of sales. All other amounts shall be retained by [***].

As of provision of the Stage 2 Notice [***] may, at its own expense, enforce the [***], or any part thereof, against infringement or misappropriation, bring an action against any third party suspected of infringement or misappropriation of same and control the defense of any counterclaim or declaratory judgment action (or other action) relating thereto if [***] fails, within sixty (60) days after becoming aware of such infringement, or receiving notice from [***] of such infringement, to take reasonable action to investigate such alleged infringement. [***] will fully cooperate with [***], at [***] expense, with respect to the investigation and prosecution of such alleged infringement or misappropriation including the joining of [***] as a party to such action, as may be required by the law of the particular forum where enforcement is being sought. Any recovery obtained as a result of such action taken by [***] shall be retained by [***] in full.

12.11. Each Party shall execute all necessary and proper documents, take such actions as shall be appropriate to allow the other Party to institute and litigate such infringement actions referred to in this Section 12, and shall otherwise cooperate in the institution and litigation of such actions (including, without limitation, consenting to being named as a party thereto). Each Party, in litigating any such infringement actions, shall keep the other Party reasonably informed as to the status of such actions.

Patent Infringement

12.12. As of the provision of Stage 2 Notice by Teva, in the event that either Teva or Protalix, or both of them, are sued by a third party alleging that the commercialization of the Licensed Products infringes upon any intellectual property rights of such third party the Party being so sued shall immediately give the other Party notice of same.

Teva shall have the right to defend against such action, on behalf of both Parties, as aforesaid within twenty (20) business days from the date the relevant suit becomes known to Teva, and any expenses or costs incurred by Teva in connection with such action(s), and any costs or amounts awarded to the counterparties in such action(s) shall be fully borne by Teva and any recovery in such action shall be retained by Teva in full. In the event that Teva does not exercise its right to defend in a certain country, then Protalix shall be entitled to defend against such claim at its own cost and

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expense in such country and any recovery in such action shall be retained by Protalix in full. In addition, in such event that Protalix defends against such claim, Protalix shall have the right to terminate the License provided hereunder in respect of such country (in which the defense is taken) only with respect to the certain Licensed Product as to which the claim relates.

General

12.13. A Party shall be deemed to have met its obligation to file, record, prosecute, maintain, enforce and defend patents in accordance with Section 12 above if its decision is commercially reasonable solely in view of the foreseeable impact of any action or inaction on the development or commercialization of Licensed Products. For the sake of clarity, such obligations shall apply to the Platform Patents only in respect of actions that may be taken in the Current Countries after the Effective Date.

12.14. Protalix and Teva will reasonably co-operate in the defense of any claims brought against the other Party pursuant to this Agreement and shall voluntarily join any such litigation if so required by law. Protalix and Teva will execute all documents reasonably necessary for the relevant Party to defend against such action, and shall provide documents and help with making contact with witnesses that are or were their employees, consultants or otherwise connected to them, whose testimony — in the judgment of the attorneys handling the law suit (or Teva's or Protalix's counsel in the event the proceedings will be brought only on the name of one Party) — is necessary to allow such litigation to go forward.

12.15. In no event shall either Party enter into any settlement, consent order, consent judgment or any voluntary disposition of such action that would adversely affect the rights of the other without the prior written consent of such other Party, which consent shall not be unreasonably withheld.

13. **New Breakthrough Technology**

13.1. Should Protalix develop on its own or receive a license to Breakthrough Technology, Protalix shall notify Teva thereof as soon as practicable, and provide Teva with all information related thereto, and enter into discussions with Teva, in good faith, with a view towards granting Teva or procuring the grant to Teva of an exclusive worldwide license to utilize such Breakthrough Technology as it relates solely to the Proteins and/or the Licensed Products, but shall not be bound to such discussions if Teva did not initiate negotiation with Protalix in such respect for a period exceeding [***] of its provision of such information to Teva as provided above.

13.2. The license to the Breakthrough Technology shall be granted by Protalix to Teva in return for [***], as shall be discussed and agreed in good faith between the Parties.

For the purposes hereof, the term "**Breakthrough Technology**" means any [***].

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14. **Right of First Look – GCD Product**

14.1. Protalix hereby grants Teva and Teva hereby accepts from Protalix a right of first look (the "**ROFL**") at Protalix's proprietary product based on glucocerebrosidase which is currently under development, for the treatment of Gauchers Disease and for other clinical indications (the "**GCD Product**"), to enable Teva to evaluate its interest in obtaining an exclusive, worldwide license to develop, commercialize, manufacture, market, distribute and sell the GCD Product for all indications, including without limitation Gauchers Disease (the "**GCD License**").

14.2. The period of time during which the ROFL shall be valid, is referred to hereunder as the "**Evaluation Period**". The Evaluation Period shall start as of the Effective Date and shall automatically terminate, on a per country basis, upon: (x) Protalix exclusively licensing the GCD Product (with respect to all indications) to one or more third parties in all of the Major Countries, or (y) the commercial launch of the GCD Product by Protalix in all of the Major Countries, provided Protalix fully complied with the provisions of this section 14. If licenses to third parties in respect of the Major Countries subsequently terminates, the ROFL to Teva shall be reinstated pursuant to the terms of this Section 14.

14.3. Throughout the Evaluation Period, Protalix shall submit to Teva within thirty (30) days after the end of each calendar quarter, a written report briefly describing all updates in its research and development activities in relation to the GCD Product and the results thereof. Notwithstanding the above, if a material event has occurred relating to the development of the GCD Product then Protalix shall so notify Teva promptly.

14.4. At any time or times during the Evaluation Period Teva may notify Protalix in writing, that it wishes to negotiate the terms and conditions of the GCD License (the "**Notice**"). In such event, Protalix shall be bound to an exclusive negotiation period of [***] as of the date of the Notice (the "**Negotiation Period'**) during which time the Parties shall act in good faith and endeavor to finalize the terms and conditions of a license agreement to govern the grant to Teva of the GCD License (the "**GCD License Agreement**"). If the Parties fail to execute GCD License Agreement by the expiry of the Negotiation Period, the Parties shall endeavor to finalize the GCD License Agreement as soon as possible thereafter, without Protalix being barred, however, from negotiating with any third party. The exclusive [***] Negotiation Period shall not occur more than [***]. For the avoidance of doubt, under no circumstances shall Protalix be barred from launching or commercially selling the GCD Product by itself and/or through an Affiliate, and for as long as Protalix intends to do so in any Major Country (as evidenced by a board resolution), Protalix shall **not** be required to conduct negotiations with Teva following receipt of any Notice pursuant to this Section 14.4, in respect to such Major Country. Protalix shall provide Teva with a copy of such board resolution, at its request.

14.5. During the Negotiation Period: (i) Teva shall have the right to evaluate the GCD Product to determine its interest in receiving the GCD License, and to receive all data and information related to the GCD Product generated or received by Protalix prior to the commencement of or during the Negotiation Period, excluding only information regarding commercial terms related to previous negotiations with third parties; (ii) Protalix shall not grant any third party any rights to or in respect of the GCD Product

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which may interfere with the grant of the GCD License to Teva or provide any third party with any information relating to the GCD Product.

14.6. Without derogating from the above, should a third party show interest in acquiring a license for the GCD Product for any indication from Protalix at any time during the Evaluation Period except during a Negotiation Period, and Protalix will decide to enter into negotiations with such third party (the "**Third Party Negotiation Period**"), Protalix shall so notify Teva immediately in writing, and will disclose to Teva all updated information regarding the GCD Product available during and throughout the Third Party Negotiation Period such that Teva may be able to negotiate in parallel with full and complete updated GCD Product information disclosed. For the avoidance of doubt, Protalix shall not be entitled to accept an offer from any third party in connection with the licensing of GCD Product for any indication unless Protalix has first complied with the terms of this Section 14.

14.7. In the event that, at the time Teva exercises its right to enter into the Negotiation Period, Protalix is already in a Third Party Negotiation Period, then, notwithstanding the exclusivity provision set forth above, Protalix may continue negotiating with such third party ONLY, but not with any other third party or parties (for so long as the Negotiation Period is in effect).

14.8. It is hereby agreed that in the event that the Parties will agree upon a definitive agreement with respect to the GCD License, such agreement shall include a provision setting out a mechanism whereby Protalix will not compete with Teva through a second generation GCD Product.

14A Services by Teva regarding the [***]

14A.1 Teva will provide Protalix with [***] with respect to the [***] for the performance of Phase III clinical trials, as set forth in Section 14A.3 below, all in accordance with applicable regulatory requirements (collectively, the "**[***] Services**").

14A.2 The price of the [***] Services shall be [***] in the aggregate, and such price shall be invoiced on a [***] basis, and paid within thirty (30) days of the end of the [***] during which Protalix receives an invoice from Teva, subject to performance of such [***] Services. Any material increase in the cost of the [***] Services stated above will be discussed and negotiated in good faith between the management of both Parties.

14A.3 The [***] Services shall entail the provision of [***] which assumes that [***] will be used, and assumes a target fill volume of approximately [***]. In the event that more than [***] shall be required by Protalix, the Parties hereto shall mutually agree on an adjustment to the [***] to be provided hereunder, and the price per [***] shall be calculated [***].

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Teva shall compile the requisite batch production documentation or a batch master file and provide the same to Protalix.

14A.4 The comprehensive timeline and the detailed description of the [***] Services shall be attached hereto as **Annex 14A.4** within thirty (30) days of the Effective Date.

14A.5 Teva will provide Protalix with any regulatory documentation in its possession in respect of the [***] Services, as may be required pursuant to an audit by regulatory authorities and as may required for the submission of a CMC file (for example Media Fill, Closure Integrity test, etc.). Protalix's QA representatives and/or regulatory QP persons shall have the right to visit and audit Teva's [***] site for the sole purpose of regulatory audit at times to be coordinated in advance between the Parties, but only to the extent required by the relevant regulatory authorities for the conduct of the Phase III clinical trials.

14A.6 Following the completion of the performance of the [***] Services, Protalix shall have the option to request that Teva continue the performance of the [***] with respect to the [***] on a commercial basis (the "**Commercial [***] Services**"), and in the event that Protalix shall request that Teva perform the Commercial [***] Services, the terms of same (including the pricing of batch production) shall be negotiated in good faith between the Parties, to reflect a competitive market price at the relevant time. For the avoidance of doubt, it is clarified that Teva shall only be required to provide the Commercial [***] Services in the event that both Parties hereto agree on the terms of the provision of same.

14A.7 At any time, Protalix may request that Teva transfer to Protalix a technology transfer file, and in such event Teva shall promptly provide the same to Protalix. The reasonable costs of such transfer, as demonstrated by Teva, shall be reimbursed to Teva by Protalix within thirty (30) days of the receipt from Teva of an invoice in respect of same, along with supporting documentation.

15. **Term and Termination**

15.1. This Agreement shall be effective from the date of receipt of all necessary corporate approvals of Teva required in respect of this Agreement (the "**Effective Date**") and shall continue in full force and effect until terminated in accordance with the terms hereof. For the avoidance of doubt, Protalix hereby acknowledges that the approval of the Board of Directors of Teva is required, and that in the event that such approval is not received, this Agreement shall have no force or effect whatsoever.

15.2. Teva shall have the right to terminate this Agreement for any reason with respect to both or any specific Protein (the "**Terminated Protein**"), by providing Protalix with

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thirty (30) days prior written notice of such decision. In the event that only one Protein is terminated, this Agreement shall remain in full force and effect with respect to the remaining Protein which is not a Terminated Protein. No compensation from Teva to Protalix shall be due as a result of such termination.

15.3. Upon the termination of this Agreement by Teva pursuant to Section 15.2 above, with respect to any specific Protein, the following shall apply:

15.3.1. the License granted to Teva by Protalix, with regard to Licensed Products based on such Protein shall be terminated;

15.3.2. Teva shall provide Protalix with a report summarizing its development activities and the results up to termination.

15.4. Without derogating from any other remedies that either Party hereto may have under the terms of this Agreement or at law, each Party hereto shall have the right to terminate this Agreement forthwith upon the occurrence of any of the following:

(i) the commission of a material breach by the other Party hereto of its obligations hereunder, and such other Party's failure to remedy such breach within sixty (60) days after being requested in writing to do so by the non-breaching Party; or

(ii) the other Party's liquidation, whether voluntarily or otherwise, or its entering into any arrangement with its creditors.

15.5. Notwithstanding anything to the contrary in this Agreement, to the extent that a Party (the "Respondent") reasonably and in good faith disagrees with any assertion by the other Party (the "**Claimant**") that there has been a material breach of this Agreement by Respondent, and Respondent provides written notice to Claimant of its disagreement and the basis for its belief (a "**Rebuttal Notice**") within fifteen (15) days after Respondent receives notice from Claimant of a breach, this Agreement will remain in effect and any termination of this Agreement further to Section 15.4(i) hereunder will be suspended pending resolution of such disagreement between the Parties as provided in Section 23.18 below. The Parties will attempt to resolve such disagreement as expeditiously as possible and Respondent will continue to comply with the provisions of this Agreement, to the extent that they are not the subject of the disagreement between the Parties. For the avoidance of doubt, it is clarified that nothing in this Section 15.5 shall derogate from Teva's right of termination pursuant to Section 15.2, at any time and for any reason.

15.6. Upon termination of this agreement for whatever reason, each Party shall immediately return to the other party all materials, reports, updates, documentation, written instructions, notes, memoranda, discs or records or other documentation or physical matter of whatsoever nature or description provided by the other Party, except in the event that such material is owned by such Party pursuant to the terms of this Agreement, and provided that each Party shall be allowed to retain one (1) copy for archival purposes.

15.7. In the event that following termination of this Agreement for convenience or breach by Teva, Protalix shall request the license to utilize the Teva IP for the sole purpose of the further development, manufacturing, commercialization, marketing and sale of a Licensed Product, then Teva will enter into discussions with Protalix, in good faith, with a view towards granting Protalix such license, but shall not be bound to grant

such license. Such license to the Teva IP shall be granted by Teva in return for reasonable consideration by industry standards, as shall be discussed and agreed in good faith between the Parties. For the avoidance of doubt, following termination of this Agreement pursuant to Section 15.4 due to a breach hereof by Protalix, Teva shall **not** be required to enter into discussions with Protalix regarding any request of Protalix to grant any license to the Teva IP.

15.8. Upon termination hereof for any reason, each Party shall be entitled to collect any debt then owed to it by the other Party.

15.9. Save as explicitly stipulated otherwise in any Agreement, any provision, that by its nature, is intended to survive termination, shall survive the termination or expiration of this Agreement.

16. **Representations**

16.1. Each Party hereby represents to the other Party that:

16.1.1. it has the full power and authority to enter into this Agreement and to perform its obligations hereunder, and that subject to Section 15.1 with respect to Teva, that all corporate approvals have been obtained.

16.1.2. entering this Agreement shall not constitute a breach of any agreement, contract, understanding and/or obligation, including such Party's documents of incorporation, that it is currently bound by, and as long as this Agreement is in effect and without derogating from the rights to terminate the Agreement pursuant to Section 15 above, such Party shall not undertake any obligations which conflict with its obligations under this Agreement.

16.2. In addition, Protalix hereby represents and warrants that:

16.2.1. it is the sole and exclusive owner of the existing Platform Patents, and the existing Platform IP, and that all right, title and interest therein and thereto vest in Protalix, and that no third party, other than the CSO to the extent applicable, has any rights whatsoever (including the right to receive royalties or any other compensation) in respect of the existing Platform Patents, and the existing Platform IP;

16.2.2. No third party, has or shall have any rights whatsoever (including the right to receive royalties or any other compensation) in respect of any results of the Feasibility Program and Stage 2 activities to be conducted by or for Protalix, except as might be agreed pursuant to Section 4.16;

16.2.3. To the best of its knowledge, the performance of Protalix's obligations under this Agreement, and the exploitation of the Platform IP do not infringe upon any third party intellectual property rights currently existing;

16.2.4. it has the right and authority, as the proprietor of the Platform IP, to grant the License;

16.2.5. it has no knowledge of any legal suit or proceeding by a third party against Protalix contesting the ownership or validity of the Licensed

Information or any part thereof or contesting the possible exploitation of the License granted hereunder (including as it relates to the commercialization of the Licensed Products) as infringing upon any third party intellectual property rights;

16.2.6. it shall not, during the term of this Agreement, perform any work or other activities on or in respect of the Proteins, except in the course of the collaboration hereunder;

16.2.7. it has the financial capacity to carry out all its obligations hereunder, including, the performance of the Feasibility Programs in accordance with the timelines set forth therein;

16.2.8. other than in respect of the Platform IP, it has not received and hereby undertakes that it shall not receive any funding from the CSO in respect of the Licensed Information, the Feasibility Programs or the performance thereof, or the performance of any other of its obligations under this Agreement; and in respect of the Platform IP, Protalix shall bear any and all amounts due to the CSO;

16.2.9. it has the necessary experience and expertise to perform each of the Feasibility Programs, and its share of the Development Plan during Stage 2;

16.2.10. Protalix does not have any Affiliates; and that

16.2.11. in carrying out its undertakings and responsibilities pursuant to this Agreement, Protalix shall comply with all applicable laws and regulations, licenses, permits, approvals and procedures.

16.3. In addition, Teva hereby represents and warrants that in carrying out its undertakings and responsibilities pursuant to this Agreement, Teva shall comply, and shall require that its Affiliates, Sub-licensees and Further Sub-licensees comply, with all applicable laws and regulations, licenses, permits, approvals and procedures.

16.4. Without derogating from any of the remedies available to either Party hereunder or under applicable law, if either Party shall become aware of the inaccuracy of any of the above representations, such Party shall immediately notify the other Party of such in writing.

16.5. Both Teva and Protalix represent that they shall perform their obligations hereunder diligently, expeditiously and to the best of their abilities.

16.6. Except as otherwise expressly provided in this Agreement, no Party makes any warranty with respect to any technology, patents, goods, services, rights or other subject matter of this Agreement and each Party hereby disclaims warranties of merchantability, fitness for a particular purpose and non-infringement with respect to any and all of the foregoing. Without derogating from the generality of the foregoing, nothing contained in this Agreement is a warranty or representation by Protalix or Teva that any efforts to be exerted by Protalix or Teva in connection with this Agreement including without limitation any development activities to be performed by it hereunder, or any part thereof, will actually achieve their aims or succeed, and the Parties make no warranties whatsoever as to any results to be achieved in consequence of the carrying out of any such efforts or activities; and that any patents will be issued with respect to

the patent applications that are or may constitute part of the list of Platform Patents, or that patents obtained on any of the said patent applications are or will be valid or will afford proper protection or that the Licensed Information will be commercially exploitable or of any other value.

17. **Indemnification**

17.1. Teva shall indemnify, defend, and hold harmless each of Protalix and its directors, officers, employees, and agents and its respective successors, heirs and assigns (the "**Protalix Indemnitees**"), from and against any liability, damage, loss, or expense (including reasonable attorney's fees and expenses of litigation) incurred by or imposed upon any of Protalix Indemnitees in connection with any claims, suits, actions, demands or judgments ("**Claims**") arising pursuant to a breach of a representation or warranty of Teva hereunder and/or concerning the use of any Licensed Information by Teva, or any of its Affiliates or Sub-licensees or Further Sub-licensees, or concerning any Licensed Product that is developed, tested, made, used, or sold pursuant to any right or license granted by Protalix to Teva under this Agreement (except in cases where, and to the extent that, such Claims are finally proven to result from the gross negligence and/or willful misconduct on the part of any of the Protalix Indemnitees and/ or any misrepresentation by Protalix hereunder).

17.2. Teva's undertakings under Section 17.1 above shall be subject to: (a) receipt of prompt written notice of any Claim by the Protalix Indemnitee (provided, however, that the failure to give such notice shall not affect Teva's indemnification undertakings provided hereunder except to the extent Teva shall have been actually prejudiced as a result of such failure), (b) the cooperation of the Protalix Indemnitee(s) regarding the response to and the defense of any such Claim, and (c) Teva's right, by written notice to the Protalix Indemnitees, to assume the defense of the Claim or represent the interests of the Protalix Indemnitees in respect of such Claim, that shall include the right to select and direct legal counsel and other consultants to appear in proceedings on behalf of the Protalix Indemnitees and to propose, accept or reject offers of settlement, all at its sole cost; provided however, that no such settlement shall be made without the written consent of the Protalix Indemnitees, such consent not to be unreasonably withheld or delayed. Nothing herein shall prevent the Protalix Indemnitees from retaining their own counsel and participating in their own defense at their own cost and expense.

17.3. Protalix shall indemnify, defend, and hold harmless each of Teva and its directors, officers, employees, and agents and its respective successors, heirs and assigns (the "**Teva Indemnitees**"), from and against any liability, damage, loss, or expense (including reasonable attorney's fees and expenses of litigation) incurred by or imposed upon any of Teva Indemnitees in connection with any claims, suits, actions, demands or judgments ("**Claims**") arising pursuant to a breach of a representation or warranty of Protalix hereunder and/or concerning the research, development or manufacturing activities of Protalix hereunder (except in cases where, and to the extent that, such Claims are finally proven to

result from the gross negligence and/or willful misconduct on the part of any of the Teva Indemnitees and/ or any misrepresentation by Teva hereunder).

17.4. Protalix's undertakings under Section 17.3 above shall be subject to: (a) receipt of prompt written notice of any Claim by the Teva Indemnitee (provided, however, that the failure to give such notice shall not affect Protalix's indemnification undertakings provided hereunder except to the extent Protalix shall have been actually prejudiced as a result of such failure), (b) the cooperation of the Teva Indemnitee(s) regarding the response to and the defense of any such Claim, and (c) Protalix's right, by written notice to the Teva Indemnitees, to assume the defense of the Claim or represent the interests of the Teva Indemnitees in respect of such Claim, that shall include the right to select and direct legal counsel and other consultants to appear in proceedings on behalf of the Teva Indemnitees and to propose, accept or reject offers of settlement, all at its sole cost; provided however, that no such settlement shall be made without the written consent of the Teva Indemnitees, such consent not to be unreasonably withheld or delayed. Nothing herein shall prevent the Teva Indemnitees from retaining their own counsel and participating in their own defense at their own cost and expense.

18. **Insurance**

Each Party hereto shall maintain, for the term of this Agreement and thereafter, insurance sufficient to cover its obligations under this Agreement and under law as it customarily maintains for similar activities in the regular course of its business. Protalix's insurance obligations with respect to the manufacturing of the API will be included in the Supply Agreement. Teva may fulfill its obligation hereunder to obtain insurance by the maintenance of appropriate self insurance regardless of the nature or title thereof.

19. **Limitation of Liability**

IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER OR ANY OF ITS AFFILIATES FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES (INCLUDING, WITHOUT LIMITATION, LOST PROFITS, BUSINESS OR GOODWILL) SUFFERED OR INCURRED BY SUCH OTHER PARTY OR ITS AFFILIATES, WHETHER BASED UPON A CLAIM OR ACTION OF CONTRACT, WARRANTY, NEGLIGENCE OR TORT, OR OTHERWISE, ARISING OUT OF THIS AGREEMENT.

20. **Confidentiality**

20.1. Other than as expressly set forth herein, Teva and Protalix undertake to treat and to maintain and to ensure that their Representatives (as defined below) shall treat and maintain, in strict confidence and secrecy any information disclosed by either Party under this Agreement, whether disclosed in oral or visual form or in writing and shall keep in confidence the existence and contents of this Agreement (the "**Confidential Information**") and shall not disclose, publish, or disseminate in any manner, any Confidential Information including, without limitation, any aspect thereof which may have been disclosed prior to the signature hereof to a third party other than those of its Representatives with a need to know same for the purpose of performing its obligations under this Agreement (the "**Purpose**").

In addition, each Party shall undertake to treat and maintain (and to ensure that its Representatives treat and maintain) in strict confidence and secrecy and to prevent any unauthorized use, disclosure, publication, or dissemination of the Confidential Information, except for the Purpose. Each Party agrees to be responsible for any use or disclosure of Confidential Information of any of its said Representatives.

20.2. Each Party shall:

20.2.1. safeguard and keep secret all Confidential Information, and will not directly or indirectly disclose to any third party the Confidential Information without written permission of the other.

20.2.2. in performing its duties and obligations hereunder, use at least the same degree of care as it does with respect to its own confidential information of like importance but, in any event, at least reasonable care.

20.3. The undertakings and obligations under Sections 20.1 and 20.2 above shall not apply to any part of the Confidential Information which:

20.3.1. was known to the recipient of the Confidential Information ("**Recipient**") prior to disclosure by the disclosing Party ("**Discloser**");

20.3.2. was generally available to the public prior to disclosure to the Recipient;

20.3.3. is disclosed to Recipient by a third party who is not bound by any confidentiality obligation, having a legal right to make such disclosure;

20.3.4. has become through no act or failure to act on the part of the Recipient public information or generally available to the public;

20.3.5. was independently developed by Recipient without reference to or reliance upon the Confidential Information;

20.3.6. is required to be disclosed by Recipient by law, by court order, or governmental regulation (including securities laws and/or exchange regulations), provided that the Recipient gives Discloser reasonable notice prior to any such disclosure and cooperates (at Discloser's expense) with Discloser to assist Discloser in obtaining a protective order or other suitable protection from disclosure (if available) with respect to such Confidential Information.

20.4. Teva and Protalix acknowledge that the respective Confidential Information is of special and unique significance to each of them and that any unauthorized disclosure or use of the Confidential Information could cause irreparable harm and significant injury to the Discloser that may be difficult to ascertain. Accordingly, any breach of this Agreement may entitle the aggrieved Party in addition to any other right or remedy that it may have available to it by law or in equity, to remedies of injunction, performance and other relief, including recourse in a court of law.

20.5. Each Party agrees to inform the other Party of any breach or threatened breach of the provisions hereof by its Representatives.

20.6. The provisions relating to confidentiality in this Section 20 shall remain in effect during the term of this Agreement and for a period of three (3) years after its termination.

20.7. "**Representatives**" shall mean employees, officers, agents, subcontractors, consultants, and/or any other person or entity acting on either Party's behalf, individually or collectively and which shall be exposed to Confidential Information.

20.8. Notwithstanding the foregoing, each Party may disclose the terms of this Agreement to the extent required, in the reasonable opinion of such Party's legal counsel, to comply with applicable laws, as well as to Sub-licensees and prospective and current investors, pursuant to appropriate non-disclosure arrangements, provided however that prior to any disclosure, the disclosing Party shall consult with the non-disclosing Party, and the non-disclosing Party shall have the right to delete business sensitive issues.

21. **Publication**

Neither Party shall issue any press release, make any public statement or advertise any information pertaining to this Agreement, or to the collaboration hereunder, without the prior written approval of the other, except as required by applicable law.

Without derogating from the foregoing, disclosure required under applicable law and regulations shall not be subject to the written consent of the other Party, however the disclosing party shall give the other sufficient notice, as far as practicable under law, of such required disclosure as to enable the non-disclosing Party time to object to such disclosure.

22. **Independent Parties**

22.1. This Agreement shall not make either Party the agent or legal representative of the other Party. Neither Party is granted any right or authority to assume or to create any obligation or responsibility, expressed or implied, on behalf of or in the name of the other Party, with regard to any manner or thing whatsoever, unless otherwise specifically agreed upon in writing.

22.2. Protalix hereby agrees that its employees, officers, agents, subcontractors, consultants, and/or any other person or entity acting on Protalix behalf, individually or collectively, shall be the sole responsibility of Protalix and shall not be considered at any time as Teva employees and shall not have any claims against Teva whatsoever.

23. **Miscellaneous**

23.1. The headings in this Agreement are intended solely for convenience or reference and shall be given no effect in the interpretation of this Agreement.

23.2. All amounts required to be paid pursuant to this Agreement are final and inclusive of all taxes and/or duties, of whatsoever nature, except for VAT, which are now or may hereafter be imposed with regard to this Agreement.

23.3. All payments to be made hereunder shall be made by the due date for payment as provided herein, in US Dollars or in New Israeli Shekels ("**NIS**"), as converted from US Dollars as per the representative rate of the US Dollar against the NIS

last published by the Bank of Israel prior to the actual date of payment.

23.4. If applicable laws require that taxes be withheld from any amounts due to Protalix under this Agreement, Teva shall (a) deduct these taxes from the remittable amount, (b) pay the taxes to the proper taxing authority, and (c) deliver to Protalix a statement including the amount of tax withheld and justification therefor, and such other information as may be necessary for tax credit purposes.

23.5. Teva shall be entitled to set-off from any amounts due to Protalix hereunder, any amounts not exceeding the amounts of any damage caused to Teva, including without limitation, as a result of Protalix's breach hereunder.

23.6. Teva shall be entitled to perform any and all of its obligations arising under the terms of this Agreement and to exploit any and all of its rights arising under the terms of this Agreement either directly or through its Affiliates, provided that Teva remains liable to the performance of all of its obligations hereunder.

23.7. Without derogating from Teva's right to grant Sublicenses hereunder, neither Party may assign its rights or its obligations hereunder, in whole or in part, except with the prior written consent of the other Party. Notwithstanding the foregoing, (i) provided that Teva remains liable to the performance of all of its obligations hereunder, Teva may assign its rights and obligations hereunder to an Affiliate thereof, and such assignment may be made by Teva, at Teva's sole discretion, either in respect of the entire Agreement, or with respect to the rights and obligations related to any part of this Agreement; and (ii) Protalix may assign its rights and obligations hereunder to any party acquiring all of the business to which this Agreement pertains, other than to a Teva Competitor.

23.8. Should any part or provision of this Agreement be held unenforceable or in conflict with the applicable laws or regulations of any applicable jurisdiction, the invalid or unenforceable part or provision shall, provided that it does not go the essence of this Agreement, be replaced with a revision which accomplishes, to the extent possible, the original commercial purpose of such part or provision in a valid and enforceable manner, and the balance of this Agreement shall remain in full force and effect and binding upon the Parties.

23.9. This Agreement and the annexes attached hereto, constitute the entire agreement between the Parties with respect to its subject matter and supersede all prior agreements, arrangements, dealings or writings between the Parties, including without limitation, the Outlines of Teva — Protalix Co-Operation executed between the Parties on March 19, 2006. This Agreement may not be varied except in writing signed by the Parties' authorized representatives.

23.10. Defined terms used in this Agreement and in the annexes shall have the meanings ascribed thereto herein and therein. References to Section numbers in this Agreement and in the annexes are to sections of this Agreement. References to Paragraphs in the annexes are to paragraphs in the respective annex in which the reference is made or in other annexes, if so specified.

23.11. No waiver of a breach or default hereunder shall be considered valid unless in writing and signed by the Party giving such waiver and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

23.12. VAT will be added, where applicable, to all payments to be made hereunder and shall be paid against proper invoices.

23.13. Each Party agrees to execute, acknowledge and deliver such further documents and instruments and do any other acts, from time to time, as may be reasonably necessary, to effectuate the purposes of this Agreement.

23.14. None of the provisions of this Agreement shall be enforceable by, any person who is not a party to this Agreement.

23.15. The remedies afforded to any of the Parties hereto, whether hereunder, or under applicable law or otherwise, shall be cumulative in nature and not alternative.

23.16. Any notice, declaration or other communication required or authorized to be given by any Party under this Agreement to any other Party shall be in writing and shall be personally delivered, sent by facsimile transmission (with a copy by ordinary mail in either case) or dispatched by courier addressed to the other Party at the address stated below or such other address as shall be specified by the Parties hereto by notice in accordance with the provisions of this Section. Any notice shall operate and be deemed to have been served, if personally delivered, sent by fax or by courier on the next following day.

Teva's and Protalix's addresses for the purposes of this Agreement shall be as follows

If to Teva:

Teva Pharmaceutical Industries Ltd.
Attention: Dr. Ram Petter
5 Basel Street, Petah Tiqva 49131
Israel
Telephone: 972-3-9267683
Facsimile: 972-3-9267309

With a copy (that will not constitute notice) to:

Teva Pharmaceutical Industries Ltd.
Attention: General Counsel, Legal Department
5 Basel Street, Petah Tiqva 49131
Israel
Telephone: 972-3-926-7297
Facsimile: 972-3-926-7429

If to Protalix Bio-Pharmaceuticals Ltd.

Protalix Bio-Pharmaceuticals Ltd.
2 Snunit St., Science Park, P.O. Box 455, Carmiel 20100
Israel
Attention: C.E.O.
Telephone: 972-4-9889488
Facsimile: 972-4-9889489

23.17. Any payment not received when due pursuant hereto shall bear interest from the due date until the date of actual payment at the rate of [***] (or such other percentage, if lower, as shall not exceed the maximum rate permitted by law).

23.18. This Agreement shall be governed and interpreted according to the laws of the State of Israel. Any dispute arising from this Agreement shall be resolved exclusively by the competent Courts of Tel Aviv-Jaffa, Israel, and by no other court or jurisdiction.

23.19. This Agreement may be executed in any number of counterparts (including counterparts transmitted by fax), each of which shall be deemed to be an original, but all of which taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, each Party has caused this Agreement to be executed by its duly authorized representative:

TEVA PHARMACEUTICAL INDUSTRIES LTD.		**Protalix Bio-Pharmaceuticals Ltd.**	
signature:	*/s/ Amir Elstein*	*signature:*	*/s/ David Aviezer*
name:	Amir Elstein	*name:*	David Aviezer
designation:	Group VP, Global Specialty Pharmaceutical Products	*designation:*	CEO
signature:	*/s/ Keren Siemon*	*signature:*	
name:	Keren Siemon	*name:*	
designation:	Sr. Director BD and Finance, Global Specialty Pharmaceutical Products	*designation:*	
	Date: 14 September 2006		**Date: 14 September 2006**

[***] 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.

Annex 1.2.1

List of Additional Patents

[***]

[***] 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.

Annex 1.2.42

Platform Patents

[***]

[***] 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.

Annex 1.2.44

Proteins

[***]

[***] 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.

Annex 3.1.1A

Outline of the Feasibility Program

[***]

[***] 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.

Annex 4.4

Outline of the activities of the Parties under the Development Plan

[***]

[***] 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.

Annex 4.17

Key elements of the Supply Agreement

Annex 8.2

[***]

[***] 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.

Annex 12.1

Current Countries

[***]

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* The list above is subject to further review by Teva

[***] 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.

Annex 14A.4

Timeline and detailed Description of the GCD Services