

Protalix BioTherapeutics, Inc.
Form 10-K/A
April 22, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

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

For the fiscal year ended December 31, 2015

OR

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

For the transition period from _____ to _____

001-33357

(Commission file number)

PROTALIX BIOTHERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

<u>Delaware</u>	<u>65-0643773</u>
State or other jurisdiction	(I.R.S. Employer
of incorporation or organization	Identification No.)

2 Snunit Street

Science Park

POB 455

20100

Carmiel, Israel

(Address of principal executive offices) (Zip Code)

972-4-988-9488

Registrant's telephone number, including area code

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

Title of each class	Name of each exchange on which registered
Common stock, par value \$0.001 per share	NYSE MKT

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

None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

The aggregate market value of the voting common equity held by non-affiliates of the Registrant, as of June 30, 2015 was approximately \$115 million (based upon a per share price equal to \$1.95, the closing price for shares of the

Registrant's common stock reported by the NYSE MKT for such date). Shares of common stock held by each officer, director and holder of 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

On March 1, 2016, approximately 99,808,238 shares of the Registrant's common stock, par value \$0.001 per share, were outstanding.

EXPLANATORY NOTE

Protalix BioTherapeutics, Inc. is filing this Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as originally filed with the Securities and Exchange Commission (“SEC”) on March 8, 2016 (the “Original Form 10-K”), to add information required in Part III of its Annual Report on Form 10-K because a definitive proxy statement containing such information will not be filed within 120 days after the end of the fiscal year covered by the Form 10-K. In addition, we have update the exhibit index. This amendment is not intended to update any other information presented in the Original Form 10-K. The Original Form 10-K continues to speak as of the dates described therein, and we have not updated the disclosures contained therein to reflect any events that occurred subsequent to such dates. Accordingly, this amendment should be read in conjunction with our filings made with the SEC subsequent to the Original Form 10-K, as information in such filings may update or supersede certain information contained in the Original Form 10-K and in this amendment.

FORM 10-K

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Our directors and executive officers, their ages and positions as of April 15, 2016 are as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Directors		
Shlomo Yanai	63	Chairman of the Board
Moshe Manor	59	Director, President and Chief Executive Officer
Amos Bar Shalev (1)(2)(3)	63	Director
Zeev Bronfeld (1)(2)(3)	64	Director
Yodfat Harel Buchris (1)(2)(3)	43	Director
Roger D. Kornberg, Ph.D.	68	Director
Aharon Schwartz, Ph.D.	73	Director
Executive Officers		
Einat Brill Almon, Ph.D.	57	Senior Vice President, Product Development
Yossi Maimon, CPA	45	Vice President, Chief Financial Officer, Treasurer and Secretary
Tzvi Palash	59	Chief Operating Officer
Yoseph Shaaltiel, Ph.D.	63	Executive VP, Research and Development

(1) Member of Nominating Committee

(2) Member of Audit Committee

(3) Member of Compensation Committee

Shlomo Yanai. Shlomo Yanai has served as the Chairman of our Board of Directors since July 2014. Mr. Yanai is currently the Chairman of the Board of Cambrex Corporation (NYSE:CBM) and a director of Quinpario Acquisition Corp. 2 (NASDAQ:QPACU), Sagent Pharmaceuticals, Inc. (NASDAQ:SGNT) and Perrigo Co. plc (NASDAQ:PRGO). From 2012 through 2015, Mr. Yanai served as a director of Lumenis Ltd. Mr. Yanai served as President and Chief Executive Officer of Teva (NASDAQ:TEVA, TASE:TEVA) from March 2007 until May 2012 and, prior to joining Teva, Mr. Yanai was President and Chief Executive Officer of Makhteshim-Agan Industries Ltd. from 2003 until 2006. Before that, he was a Major General in the Israel Defense Forces, where he served for 32 years, in various positions, the last two positions being Commanding Officer of the Southern Command and Head of the Division of Strategic Planning. Mr. Yanai was the head of the Israeli security delegation to the peace talks at Camp David, Shepherdstown and Wye River. He currently serves as a member of the Board of Governors of the Technion —

Israel Institute of Technology of Haifa, Israel, and of the International Advisory Board, MBA Program of Ben-Gurion University of the Negev, Israel, as well as an honorary member of the Board of the Institute for Policy and Strategy of the Interdisciplinary Center (IDC), Herzliya, Israel. Mr. Yanai holds a bachelor's degree in political science and economics from Tel Aviv University, a master's degree in national resources management from George Washington University, and is a graduate of the Advanced Management Program of Harvard Business School and U.S. National War College (NDU). Mr. Yanai was the recipient of the Max Perlman Award for Excellence in Global Business Management from Tel Aviv University, Israel in 2005 and was awarded an honorary doctorate by Bar-Ilan University, Israel in 2012. We believe Mr. Yanai's qualifications to serve as Chairman of our Board of Directors include his vast global operating experience in the life-science and pharmaceutical and agro-chemicals industry. He also brings a global perspective to the Board, incorporating his industry and Board leadership experience and his distinguished military service.

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

Amos Bar Shalev. Mr. Bar Shalev has served as our director since July 2008. Previously, Mr. Bar Shalev served as a director of Protalix Ltd. from 2005 through January 31, 2008, and as our director from December 31, 2006 through January 31, 2008. Mr. Bar Shalev brings to us extensive experience in managing technology companies. Currently, Mr. Bar Shalev serves on the boards of directors of Aposense Ltd. (TASE: APOS), an Israeli publicly-traded company listed on the TASE, since 2011, and of Ocure Ltd. (since 2012) and Velox Ltd. (since 2013), privately-held Israeli companies. From 2004 through 2012, Mr. Bar Shalev served as a director of Technorov Holdings (1993) Ltd. and managed its portfolio. In addition, he served on the board of directors of Highcon Systems Ltd., a privately-held Israeli company, from 2010 through 2012. From 1997 through 2004, he was a Managing Director of TDA Capital Partners, a management company of the TGF (Templeton Tadiran) Fund. From 2004 through 2007, he was the President of Win Buyer Ltd. He has served on the board of directors of many other companies, including, among others, NESS Ltd. (acquired by BioNess Inc.), Idanit (acquired by Scitex Corporation Ltd.), Objet Geometrix (merged with Stratasys, Inc. (NASDAQ:SSYS)), Verisity, Scitex Vision (acquired by Hewlett Packard), Golden Wings Investment Company Ltd., the venture capital fund of the Israeli Air Force Veterans Business Club, Win Buyer Ltd. and Sun Light Ltd. He received his B.Sc. in Electrical Engineering from the Technion, Israel in 1978 and M.B.A. from the Tel Aviv University in 1981. He holds the highest award from the Israeli Air Force for technological achievements. We believe Mr. Bar Shalev's qualifications to serve on our Board of Directors include his years of experience in the management of Israeli businesses.

Zeev Bronfeld. Mr. Bronfeld has served as a director of Protalix Ltd. since 1996 and as our director since December 31, 2006. Mr. Bronfeld brings to us vast experience in management and value building of biotechnology companies. He is an experienced businessman who is involved in a number of biotechnology companies. He was a co-founder of Biocell Ltd., a former Israeli publicly traded holding company that specialized in biotechnology companies and served as its Chief Executive Officer from 1986 through 2015. Mr. Bronfeld currently serves as a director of The Trendlines Group (42T.SI), D.N.A. Biomedical Solutions Ltd. (TASE:DNA), and MacroCure Ltd. (NASDAQ:MCUR), all of which are public companies. Mr. Bronfeld is also a director of a number of privately-held companies, most of which are involved in the life sciences, such as Entera Bio Ltd., Contipi Medical Ltd. and TransBiodiesel Ltd. From 2004 through 2012, Mr. Bronfeld served as a director of D. Medical Industries Ltd., a company that was dually-listed on the Nasdaq and the TASE. Mr. Bronfeld received a B.A. in Economics from the Hebrew University in 1975. We believe Mr. Bronfeld's qualifications to serve on our Board of Directors include his years of experience in the management of private and public Israeli companies, including life science companies.

Yodfat Harel Buchris. Mrs. Harel Buchris has served as our director since June 2007. Since February 2014, Mrs. Harel Buchris has served as the employer representative in Israel's National Labor Court. She is also a Partner and a member of the board of directors of YP and 6 Partners Ltd., a business consulting and investment company. Since February 2016 she has served on the board of directors of Israel Discount Bank Limited (DSCT:TA) and, since January 2016, on the board of directors of Eltek Ltd. (ELTK:NASDAQ). From 2006 to 2013, Mrs. Harel Buchris served as a Managing Director of Tamares Capital Ltd., a private investment group with interests in real estate, technology, manufacturing, leisure and media. At Tamares Capital, Mrs. Harel Buchris served as the Business Development Director and the head of the Israel office. Prior to joining Tamares Capital, from 2004 to 2006, she was the Head of the Medical Desk of Orbotech, Ltd. (NASDAQ:ORBK), a company providing high-tech inspection and imaging solutions for bare printed circuit board (PCB), flat panel display (FPD) and PCB assembly manufacturing worldwide. Prior to that, from 1994 to 2003, she was a Managing Director of Harel-Hertz Investment House Ltd., a business investment company with offices in Tel Aviv, Israel and Tokyo, Japan. In 2002, Harel-Hertz Investment

House became the Israeli representative office for ITX Corporation, a publicly-traded company in Japan. Mrs. Harel Buchris has served on the board of directors of Tamares Capital, Tamares Hotels, El Al, British Israel, Storewiz, N-trig, Secure Pharma, Siklu and Tamares Telecom. Mrs. Harel Buchris holds a B.A. in Communications and Political Science from Bar Ilan University and an executive M.B.A. from Bradford University, Great Britain. She has also completed programs in Mediation at Gome, Israel Mediation Center, Directors' Studies and Advanced Advertising and Marketing at the Israel Management Center. We believe Mrs. Harel Buchris' qualifications to serve on our Board of Directors include her experience in the management of Israeli and other businesses.

Roger D. Kornberg, Ph.D. Professor Kornberg has served as our director since February 2008. He has served as a director of OphthaliX Inc. (OTCBB:OPLI) since 2012, and as the chairman of the board of directors of two related start-up companies. He also serves as the Chief Scientist of Cocystal Pharma, Inc. (OTCQB: COCP) (f/k/a Biozone Pharmaceuticals, Inc.) and in 2014 served on their Board of Directors. He served as a director of Teva (NASDAQ:TEVA, TASE:TEVA) from 2007 through 2013. Professor Kornberg is a member of the U.S. National Academy of Sciences and the Winzer Professor of Medicine in the Department of Structural Biology at Stanford University, Stanford, California. He has been a member of the faculty of Stanford University since 1972. Prior to that, he was a professor at Harvard Medical School. Professor Kornberg is a renowned biochemist and in 2006 he was awarded the Nobel Prize in Chemistry in recognition for his studies of the molecular basis of eukaryotic transcription, the process by which DNA is copied to RNA. Professor Kornberg is also the recipient of several awards, including the 2001 Welch Prize, the highest award granted in the field of chemistry in the United States, and the 2002 Leopold Mayer Prize, the highest award granted in the field of biomedical sciences from the French Academy of Sciences. He received his B.S. in Chemistry from Harvard University in 1967 and his Ph.D. in Chemistry from Stanford University in 1972. He holds honorary degrees from universities in Europe and Israel, including the Hebrew University in Jerusalem, where he currently is a visiting professor. We believe Professor Kornberg's qualifications to serve on our Board of Directors include his expertise in chemistry and medicine and his experience in the academic arena.

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

Einat Brill Almon, Ph.D. Dr. Almon joined Protalix Ltd. in December 2004, originally as a Senior Director and later as a Vice President and then Senior Vice President, Product Development, and became our Senior Vice President, Product Development on December 31, 2006. Dr. Almon has many years of experience in the management of life science projects and companies, including biotechnology and agrobiotech, with direct experience in clinical, device and scientific software development, as well as a strong background and work experience in Intellectual Property. Prior to joining Protalix Ltd., from 2001 to 2004, she served as Director of R&D and IP of Biogenics Ltd., a company that developed an autologous platform for tissue-based protein drug delivery. Biogenics, based in Israel, is a wholly-owned subsidiary of Medgenics Inc. Dr. Almon has trained as a biotechnology patent agent at leading IP firms in Israel. Dr. Almon holds a Ph.D. and an M.Sc. in molecular biology of cancer research from the Weizmann Institute of Science, a B.Sc. from the Hebrew University and has carried out Post-Doctoral research at the Hebrew University in the area of plant molecular biology.

Yossi Maimon, CPA. Mr. Maimon joined Protalix Ltd. on October 15, 2006 as its Chief Financial Officer and became our Vice President and Chief Financial Officer on December 31, 2006. Prior to joining Protalix, from 2002 to 2006, he served as the Chief Financial Officer of Colbar LifeScience Ltd., or Colbar, a biomaterial company focusing on aesthetics, where he led all of the corporate finance activities, fund raisings and legal aspects of Colbar including the sale of Colbar to Johnson and Johnson. Mr. Maimon has a B.A. in accounting from the City University of New York and an MBA from Tel Aviv University, and he is a Certified Public Accountant in the United States (New York State) and Israel.

Tzvi Palash. Mr. Palash has served as Protalix Ltd.'s Chief Operating Officer since September 6, 2010. Prior to joining Protalix Ltd., from 2006 through 2010, Mr. Palash served as a General Manager of ColBar. In that position, Mr. Palash served as a member of the Global Aesthetic Management Team at the Consumer Group of Johnson & Johnson. Prior to that, from 2001 through 2006, Mr. Palash served as the Vice President, Operations of ColBar, and he has served in different positions at Teva. Mr. Palash has an M.Sc. in Biochemistry from the Hebrew University and a B.Sc. in Biology from the Tel Aviv University.

Yoseph Shaaltiel, Ph.D. Dr. Shaaltiel founded Protalix Ltd. in 1993 and has served as a member of our Board of Directors and as our Vice President, Research and Development since December 31, 2006. Prior to establishing

Protalix Ltd., from 1988 to 1993, Dr. Shaaltiel was a Research Associate at the MIGAL Technological Center. He also served as Deputy Head of the Biology Department of the Biological and Chemical Center of the Israeli Defense Forces and as a Biochemist at Makor Chemicals Ltd. Dr. Shaaltiel was a Postdoctoral Fellow at the University of California at Berkeley and at Rutgers University in New Jersey. He has co-authored over 40 articles and abstracts on plant biochemistry and holds seven patents. Dr. Shaaltiel received his Ph.D. in Plant Biochemistry from the Weizmann Institute of Science, an M.Sc. in Biochemistry from the Hebrew University and a B.Sc. in Biology from the Ben Gurion University.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and holders of more than 10% of our common stock to file with the SEC reports regarding their ownership and changes in ownership of our equity securities. We believe that all Section 16 filings requirements were met by our officers and directors during 2015, except that each of Dr. Shaaltiel, Dr. Brill Almon, Mr. Maimon and Mr. Palash made one late Form 4 filing during 2015. In making this statement, we have relied solely upon examination of the copies of Forms 3, 4 and 5, Schedule 13s and written representations of our former and current directors, officers and 10% shareholders.

Audit Committee

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

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

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

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

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

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

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

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that includes provisions ranging from restrictions on gifts to conflicts of interest. All of our employees and directors are bound by this Code of Business Conduct and Ethics. Violations of our Code of Business Conduct and Ethics may be reported to the Audit Committee.

The Code of Business Conduct and Ethics includes provisions applicable to all of our employees, including senior financial officers and members of our Board of Directors and is posted on our website (www.protalix.com). We intend to post amendments to or waivers from any such Code of Business Conduct and Ethics.

Item 11. Executive Compensation

Compensation Discussion and Analysis

The primary goals of the Compensation Committee of our Board of Directors with respect to executive compensation are to attract and retain the most talented and dedicated executives possible, to tie annual and long-term cash and stock incentives to achievement of specified performance objectives, and to align executives' incentives with shareholder value creation. To achieve these goals, the Compensation Committee implements and maintains compensation plans that tie a portion of executives' overall compensation to key strategic goals such as developments in our clinical path, the establishment of key strategic collaborations, the build-up of our pipeline and the strengthening of our financial position. The Compensation Committee evaluates individual executive performance with a goal of setting compensation at levels the committee believes are comparable with executives in other companies of similar size and stage of development operating in the biotechnology industry while taking into account our relative performance and our own strategic goals.

Elements of Compensation

Executive compensation consists of following elements:

Base Salary. Base salaries for our executives are established based on the scope of their responsibilities taking into account competitive market compensation paid by other companies for similar positions. Generally, we believe that executive base salaries should be targeted near the median of the range of salaries for executives in similar positions with similar responsibilities at comparable companies. The Compensation Committee convenes, from time to time to evaluate present and future executive compensation, which evaluation generally includes an evaluation of the peer group considered in analyzing executive compensation. The Compensation Committee intends to continue reviewing and revising the peer group periodically to ensure that it continues to reflect companies similar to our company in size and development stage. The Compensation Committee also reviews executive compensation reports and an analysis of

publicly-traded biotechnology companies prepared by third party experts from a well-known consulting firm for additional data and other information regarding executive compensation for comparative purposes.

Base salaries are usually reviewed annually, and adjusted from time to time to realign salaries with market levels after taking into account individual responsibilities, performance and experience. The base salaries of each of our President and Chief Executive Officer, our Executive Vice President, Research and Development, our Senior Vice President, Product Development, our Vice President and Chief Financial Officer and our Chief Operating Officer, who we refer to collectively as the “Named Executive Officers,” are discussed herein. In March 2016, our Board of Directors adopted certain recommendations of the Compensation Committee regarding the compensation of our Named Executive Officers with no change in the base salary component, as discussed below.

Annual Bonus. The Compensation Committee has the authority to award discretionary annual bonuses to our executive officers. The discretionary annual bonus awards were intended to compensate officers for achieving financial, clinical, regulatory and operational goals and for achieving individual annual performance objectives. For any given year, the compensation objectives vary, but relate generally to strategic factors such as developments in our clinical path, the execution of a license agreement for the commercialization of product candidates, the establishment of key strategic collaborations, the build-up of our pipeline and financial factors such as capital raising. Bonuses are awarded generally based on corporate performance, with adjustments made within a range for individual performance, at the discretion of the Compensation Committee. The Compensation Committee determines, on a discretionary basis, the size of the entire bonus pool and the amount of the actual award to each Named Executive Officer.

The Compensation Committee selects, in its discretion, the executive officers of our company or our subsidiary who are eligible to receive bonuses for any given year. Any bonus granted by the Compensation Committee will generally be paid upon the achievement of a specific milestone, subject to certain terms and conditions. The Compensation Committee has not fixed a minimum or maximum award for any executive officer’s annual discretionary bonus. Each of our executive officers is eligible for a discretionary annual bonus under his or her employment agreement.

Performance Bonus. In March 2016, the Compensation Committee adopted a new performance-based bonus plan for the Named Executive Officers and other members of our management. The new bonus plan is designed to provide cash bonuses over a three-year period based on our company’s achievement of what we consider to be major milestones. The amounts payable to each person for each milestone were determined after consideration of both personal and company objectives and are based on a multiple of the person’s monthly salary. Such multiples range from a maximum of 12 months to a minimum of one-half a month. Each bonus is payable upon the achievement of the applicable milestone, subject to certain terms and conditions. The bonus plan is summarized as follows:

Milestone	Moshe Manor	Yoseph Shaaltiel, Ph.D.	Einat Brill Almon, Ph.D.	Yossi Maimon	Tzvi Palash
Clinical Development Milestone for Certain Product Candidate	\$108,000	\$42,000	\$72,000 to \$108,000	\$36,000	\$34,000
Regulatory Development Milestone for Same Product Candidate	\$108,000 to \$216,000	\$84,000 to \$168,000	\$108,000 to \$216,000	\$36,000 to \$54,000	\$34,000 to

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					\$68,000
Clinical Development Milestone for Certain Product Candidate	\$54,000	\$10,500	\$27,000 to \$54,000	\$9,000	\$8,500
Clinical Development Milestone for Certain other Product Candidate	\$54,000	\$10,500	\$27,000 to \$54,000	\$9,000	\$8,500
General Regulatory Milestone	\$102,000	\$42,000	\$36,000	\$18,000	\$102,000
Substantial Transaction involving a Certain Product Candidate	\$128,000	\$21,000	\$18,000	\$115,000 to \$141,000	\$17,000
Substantial Transaction involving other Product Candidate	\$112,000	\$10,500	\$9,000	\$49,000 to \$60,000	\$8,500
Corporate Finance Milestones	\$216,000			\$197,000 to \$242,000	
Early-Stage Clinical Milestones	\$72,000	\$252,000	\$72,000	\$36,000	\$68,000

Options and Share-Based Compensation. Our amended 2006 stock incentive plan authorizes us to grant options to purchase shares of common stock, restricted stock and other securities to our employees, directors and consultants. Our Compensation Committee is the administrator of the stock incentive plan. Stock option or other grants are generally made at the commencement of employment and following a significant change in job responsibilities or to meet other special retention or performance objectives. The Compensation Committee reviews and approves stock option and other awards to executive officers based upon a review of competitive compensation data, its assessment of individual performance, a review of each executive's existing long-term incentives, and retention considerations. The exercise price of stock options granted under our amended 2006 stock incentive plan must be equal to at least 100% of the fair market value of our common stock on the date of grant; however, in certain circumstances, grants may be made at a lower price to Israeli grantees who are residents of the State of Israel. See "Summary Compensation Table – Grants of Plan-Based Awards" below for grants of options to our Named Executives Officers during fiscal year 2015.

Severance and Change in Control Benefits. Pursuant to the employment agreements entered into with each of our executive officers, the executive officer is entitled to be insured by Protalix Ltd. under a Manager's Policy in lieu of severance. The intention of such Manager's Policies is to provide the Israel-based officers with severance protection of one month's salary for each year of employment. In addition, the stock options and restricted stock granted to each of our Named Executive Officers provide that all of such instruments are subject to accelerated vesting immediately upon a change in control of our company. As part of the new bonus plan adopted in March 2016, it was agreed that the Board of Directors will grant certain cash bonuses to the Named Executive Officers and other of our employees in its sole discretion upon the occurrence of a change in control.

Other Compensation. Consistent with our compensation philosophy, we intend to continue to maintain our current benefits for our executive officers; however, the Compensation Committee in its discretion may revise, amend, or add to the officer's executive benefits if it deems it advisable. As an additional benefit to all of our Israel-based Named Executive Officers and for most of our employees, we generally contribute to certain funds amounts equaling a total of approximately 15% of their gross salaries for certain pension and other savings plans for the benefit of the Named Executive Officers. In addition, in accordance with customary practice in Israel, our Israel-based executives' agreements require us to contribute towards their vocational studies, and to provide annual recreational allowances, a company car and a company phone. We believe these benefits are currently equivalent with median competitive levels for comparable companies.

Executive Compensation. We refer to the "Summary Compensation Table" set forth below for information regarding the compensation earned during the fiscal year ended December 31, 2015 by: our President and Chief Executive Officer, our Executive Vice President, Research and Development, our Senior Vice President, Product Development, our Vice President and Chief Financial Officer and our Chief Operating Officer, who we refer to collectively as the "Named Executive Officers."

Compensation Committee Report

The above report of the Compensation Committee does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any other filing by us under the Securities Act of 1933 or the Securities Exchange Act of 1934.

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis set forth below with our management. Based on this review and discussion, the Compensation Committee has recommended to our Board of Directors that the Compensation Discussion and Analysis be included in our Annual Report on Form 10-K and our annual proxy statement on Schedule 14A.

Respectfully submitted on April 5, 2016, by the members of the Compensation Committee of the Board of Directors.

Amos Bar Shalev

Zeev Bronfeld

Yodfat Harel Buchris

Summary Compensation Table

The following table sets forth a summary for the fiscal years ended December 31, 2015, 2014, and 2013, respectively, of the cash and non-cash compensation awarded, paid or accrued by us or Protalix Ltd. to our President and Chief Executive Officer, our Executive Vice President, Research and Development, our Senior Vice President, Product Development, our Vice President and Chief Financial Officer and our Chief Operating Officer, who we refer to collectively as the “Named Executive Officers.” There were no restricted stock awards, long-term incentive plan payouts or other compensation paid during fiscal years 2015, 2014, and 2013 by us or Protalix Ltd. to the Named Executive Officers, except as set forth below. All of the Named Executive Officers are employees of our subsidiary, Protalix Ltd. All currency amounts are expressed in U.S. dollars.

Name and Principal Position	Year	Salary(\$)	Bonus (\$)	Stock Award(s) (\$)	Option Award(s) (\$)	All Other Compensation (\$)(1)	Total (\$)
Moshe Manor (2) President and Chief Executive Officer	2015	334,708			427,864	95,823	858,395
	2014	93,667		-	200,962	18,399	313,028
Yoseph Shaaltiel, Ph.D. Executive Vice President, Research and Development	2015	271,730	85,000	110,244	112,497	74,058	653,529
	2014	305,548	90,000	232,979	62,651	84,719	775,897
	2013	302,901	120,000	429,927	140,770	81,672	1,075,270
Einat Brill Almon, Ph.D. Senior Vice President, Product Development	2015	234,899	117,500	97,120	102,215	62,362	614,096
	2014	263,917	85,000	205,244	56,170	68,489	678,820
	2013	261,505	100,000	378,745	126,208	66,600	933,058
Yossi Maimon, CPA Vice President, Chief Financial Officer	2015	266,776	246,009	97,120	102,215	68,398	780,518
	2014	299,090	225,000	205,244	56,170	74,493	859,997
	2013	292,096	110,000	378,745	126,208	67,739	974,788
Tzvi Palash Chief Operating Officer	2015	208,106	60,000	53,547	49,141	71,192	441,986
	2014	233,669	50,000	113,161	11,413	74,520	482,763
	2013	231,668	20,000	208,822	72,055	72,105	604,650

(1) Includes employer contributions to pension and/or insurance plans and other miscellaneous payments.

(2) Mr. Manor commenced his tenure as our President and Chief Executive Officer as of November 1, 2014.

Grants of Plan-Based Awards

The following table summarizes the grant of awards made to the Named Executive Officers during 2015 as of December 31, 2015.

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards (\$)
(a)	(b)	(i)	(l)
Yoseph Shaaltiel	March 23, 2015	275,000	270,252
Einat Brill Almon	March 23, 2015	250,000	245,684
Yossi Maimon	March 23, 2015	250,000	245,684
Tzvi Palash	March 23, 2015	125,000	122,842

Outstanding Equity Awards at Fiscal Year-End

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The following table sets forth information with respect to the Named Executive Officers concerning equity awards as of December 31, 2015.

Name	Option Awards	Stock Awards
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