

ORAMED PHARMACEUTICALS INC.  
Form PRE 14A  
June 05, 2014

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

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the Appropriate Box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

ORAMED PHARMACEUTICALS INC.  
(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(1)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth

the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

ORAMED PHARMACEUTICALS INC.  
Hi-Tech Park 2/4 Givat Ram  
PO Box 39098  
Jerusalem, Israel 91390

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JULY 23, 2014

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To Our Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders (the “Annual Meeting”) of Oramed Pharmaceuticals Inc. (the “Company”). The Annual Meeting will be held at the offices of Zysman, Aharoni, Gayer and Sullivan & Worcester LLP, 1633 Broadway, New York, NY 10019, on July 23, 2014, at 10:00 a.m. (Eastern time), or at any adjournment or postponement thereof, for the purpose of considering and taking appropriate action with respect to the following:

1. To re-elect six directors of the Company to hold office until our next annual meeting of stockholders and until their respective successors shall be elected and qualified or until their earlier resignation or removal;
2. To approve the Company’s Amended and Restated 2008 Stock Incentive Plan;
3. To approve an amendment to the Company’s Certificate of Incorporation to increase the Company’s authorized common stock from 16,666,667 shares to 30,000,000 shares;
4. To consider and approve, by a nonbinding advisory vote, the compensation of our Named Executive Officers as described in the accompanying proxy statement;
5. To recommend, by a nonbinding advisory vote, the frequency (every one, two or three years) of future advisory votes of stockholders on the compensation of our Named Executive Officers;
6. To ratify the appointment of Kesselman & Kesselman, certified public accountants in Israel, a member of PricewaterhouseCoopers International Limited, as the independent registered public accounting firm of the Company for the 2014 fiscal year; and
7. To transact any other business as may properly come before the Annual Meeting or any adjournments thereof.

Our Board of Directors has fixed the close of business on June 9, 2014, as the record date for the determination of stockholders entitled to notice of and to vote at the Annual Meeting and at any adjournments or postponement thereof.

All stockholders are invited to attend the Annual Meeting in person. Whether or not you plan to attend the Annual Meeting, please complete, date and sign the enclosed proxy card and return it in the enclosed envelope, as promptly as possible. If you attend the Annual Meeting, you may withdraw the proxy and vote in person. If you have any questions regarding the completion of the enclosed proxy card or would like directions to the Annual Meeting, please call + 972-2-566-0001. You may also find directions at <http://www.zag-sw.com/offices-new-york.html>.

By Order of the Board of Directors,

Nadav Kidron  
President, Chief Executive Officer and a Director

Jerusalem, Israel  
June , 2014

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PROXY STATEMENT  
OF  
ORAMED PHARMACEUTICALS INC.

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ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON JULY 23, 2014

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The enclosed proxy is solicited on behalf of the Board of Directors (the “Board”) of Oramed Pharmaceuticals Inc. (the “Company,” “we,” “us,” or “our”), for use at the Annual Meeting of Stockholders to be held on July 23, 2014, at 10:00 a.m. (Eastern time) (the “Annual Meeting”), or at any adjournment or postponement thereof, for the purposes set forth herein and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held at the offices of Zysman, Aharoni, Gayer and Sullivan & Worcester LLP, 1633 Broadway, New York, NY 10019. We intend to first mail this proxy statement and our annual report to stockholders (the “Annual Report”) for the fiscal year ended August 31, 2013 (“Fiscal 2013”), as well as the enclosed proxy card, on or about June 10, 2014, to all stockholders entitled to vote at the Annual Meeting.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The proxy statement, proxy card, and Annual Report are also available at  
<http://ir.oramed.com/phoenix.zhtml?c=180902&p=irol-asm2012>

Stockholders may also obtain additional paper or e-mail copies of these materials by writing to Oramed Pharmaceuticals Inc., Hi-Tech Park 2/4 Givat Ram, PO Box 39098, Jerusalem 91390, Israel, attention: Secretary, or by sending an e-mail to [yifat@oramed.com](mailto:yifat@oramed.com).

QUESTIONS AND ANSWERS ABOUT THIS PROXY MATERIAL AND VOTING

Why am I receiving these materials?

We sent you this proxy statement and the Annual Report, as well as the enclosed proxy card, because our Board is soliciting your proxy to vote at the Annual Meeting. You are invited to attend the Annual Meeting to vote on the proposals described in this proxy statement. The Annual Meeting will be held on Wednesday, July 23, 2014, at 10:00 a.m. (Eastern time) at the offices of Zysman, Aharoni, Gayer and Sullivan & Worcester LLP, 1633 Broadway, New York, NY 10019. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may simply complete, sign and return the enclosed proxy card.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on June 9, 2014, will be entitled to vote at the Annual Meeting.

Stockholder of Record: Shares Registered in Your Name

If on June 9, 2014, your shares were registered directly in your name with our transfer agent, Continental Stock Transfer & Trust Company, then you are a stockholder of record. As a stockholder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to fill out and return the enclosed proxy card to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Similar Organization

If on June 9, 2014, your shares were held, not in your name, but rather in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in “street name” and these proxy materials are being forwarded to you by that organization. The organization holding your account or its agent is considered to be the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your broker or other agent on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your broker or other agent.

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What am I voting on?

The matters scheduled for a vote at the Annual Meeting are:

- the re-election of six directors of the Company to hold office until our next annual meeting of stockholders and until their respective successors shall be elected and qualified or until their earlier resignation or removal;
  - the consideration and approval of the Company's Amended and Restated 2008 Stock Incentive Plan;
- the consideration and approval of an amendment to the Company's Certificate of Incorporation to increase the Company's authorized common stock from 16,666,667 shares to 30,000,000 shares;
- the consideration and approval, by a nonbinding advisory vote, of the compensation of our Named Executive Officers (as defined below) as described below under "Compensation of Executive Officers and Directors";
- the recommendation, by a nonbinding advisory vote, of future advisory votes every one, two, or three years of stockholders on the compensation of our Named Executive Officers; and
- the ratification of the appointment of Kesselman & Kesselman, certified public accountants in Israel, a member of PricewaterhouseCoopers International Limited (the "Independent Auditors"), as the independent registered public accounting firm of the Company for the 2014 fiscal year.

Our Board unanimously recommends that you vote FOR all of the above proposals, and, with respect to the frequency of advisory votes of stockholders on the compensation of our Named Executive Officers, unanimously recommends that such votes occur every 2 YEARS.

How do I vote?

The procedures for voting are as follows:

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record, you may vote in person at the Annual Meeting, or vote by proxy using the enclosed proxy card. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the Annual Meeting and vote in person if you have already voted by proxy.

- To vote in person, come to the Annual Meeting, where a ballot will be made available to you. Directions to attend the Annual Meeting where you may vote in person can be found at: [http://www.oramed.com/ufiles/map\\_directions.pdf](http://www.oramed.com/ufiles/map_directions.pdf).
- To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us no less than 24 hours before the Annual Meeting, we will vote your shares as you direct. The chairman of the Annual Meeting may, at his or her discretion, decide to accept proxy cards even if received less than 24 hours before the Annual Meeting.

Beneficial Owner: Shares Registered in the Name of Broker, Bank or Other Similar Organization

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from us. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may vote by telephone or over the Internet as instructed by your broker, bank, or other agent, provided that your broker, bank, or other agent makes telephone or Internet voting available. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank, or other agent. Follow the instructions from your broker, bank, or other agent included with these proxy materials, or contact your broker, bank, or other agent to request a proxy form.

How many votes do I have?

You have one vote for each share of common stock you own as of the close of business on June 9, 2014.

What if I return a proxy card but do not make specific choices?

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted “FOR” with respect to Proposals 1, 2, 3, 4 and 6, and “2 YEARS” with respect to Proposal 5. If any other matter is properly presented at the Annual Meeting, your proxy (one of the individuals named on your proxy card) will vote your shares using his or her best judgment.

If your shares are held by your broker as your nominee (that is, in “street name”), you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares. If you do not give instructions to your broker, your broker can vote your shares with respect to “discretionary” items, but not with respect to “non-discretionary” items. Discretionary items are proposals considered “routine” under applicable rules on which your broker may vote shares held in street name in the absence of your voting instructions. On non-discretionary items for which you do not give your broker instructions, the shares will be treated as “broker non-votes.” There are no discretionary items scheduled for a vote at the Annual Meeting, except for Proposal 6.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to these mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners. In addition, we have retained \_\_\_\_\_, to assist in the solicitation of proxies for a fee of \$ \_\_\_\_\_ plus customary expenses.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

Can I change my vote after submitting my proxy?

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

- You may submit another properly completed proxy card with a later date;



- You may send a written notice that you are revoking your proxy to our Secretary at Hi-Tech Park 2/4 Givat Ram, PO Box 39098, Jerusalem, 91390, Israel; or
- You may attend the Annual Meeting and vote in person. Simply attending the Annual Meeting will not, by itself, revoke your proxy.

If your shares are held by your broker, bank, or other agent, you should follow the instructions provided by your broker, bank, or other agent.

How are votes counted?

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count "For," "Against" and "Abstain" with respect to Proposals 1, 2, 3, 4 and 6. Regarding Proposal 5, the inspector of election will separately count "1 Year," "2 Years," "3 Years" and "Abstain."

How many votes are needed to approve each proposal?

The approval of Proposals 1, 2, 3, 4 and 6 require the vote of a majority of the number of shares of common stock present, in person or represented by proxy at the Annual Meeting and entitled to vote thereat. Other than for the purpose of establishing a quorum, as discussed in the following paragraph, broker non-votes will not be counted as entitled to be voted and will therefore not affect the outcome of the matters to be voted thereon, while abstentions will have the same effect as a vote against such matters.

With respect to Proposal 5, the choice of frequency that receives the highest number of votes will be considered as the frequency that our stockholders are recommending for us to hold a non-binding, advisory vote on the compensation of our Named Executive Officers.

What is the quorum requirement?

The holders of at least one third (1/3) of the common stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at the Annual Meeting for the transaction of business. As of June 9, 2014, there were \_\_\_\_\_ shares of common stock outstanding and entitled to vote. Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank, or other agent) or if you vote in person at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the stockholders entitled to vote thereat, present in person or by proxy, have the power to adjourn the Annual Meeting, without notice other than announcement at the Annual Meeting. At such adjourned Annual Meeting at which the requisite amount of voting stock shall be represented, any business may be transacted which might have been transacted at the Annual Meeting as originally notified.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be reported in a current report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") within four business days after the Annual Meeting.

SECURITY OWNERSHIP OF  
CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock as of June 9, 2014 by: (1) each person who is known by us to own beneficially more than 5% of our common stock; (2) each director nominee; (3) each of our Named Executive Officers listed below under “Compensation of Executive Officers and Directors—Summary Compensation Table”; and (4) all of our directors and executive officers as a group. On such date, we had \_\_\_\_\_ shares of common stock outstanding.

As used in the table below and elsewhere in this form, the term “beneficial ownership” with respect to a security consists of sole or shared voting power, including the power to vote or direct the vote, and/or sole or shared investment power, including the power to dispose or direct the disposition, with respect to the security through any contract, arrangement, understanding, relationship, or otherwise, including a right to acquire such power(s) during the next 60 days following June 9, 2014. Inclusion of shares in the table does not, however, constitute an admission that the named stockholder is a direct or indirect beneficial owner of those shares. Unless otherwise indicated, (1) each person or entity named in the table has sole voting power and investment power (or shares that power with that person’s spouse) with respect to all shares of common stock listed as owned by that person or entity and (2) the address of each of the individuals named below is: c/o Oramed Pharmaceuticals Inc., Hi-Tech Park 2/4 Givat Ram, PO Box 39098, Jerusalem 91390, Israel.

Name and Address of Beneficial Owner	Number of Shares	Percentage of Shares Beneficially Owned
Regals Fund LP 767 Fifth Ave. New York, NY 10153	1,453,637 (1)	%
Special Situations Fund 527 Madison Avenue, Suite 2600 New York, NY 10022	790,000 (2)	%
Nadav Kidron #+	1,107,806 (3)	%
Miriam Kidron #+	386,308 (4)	%
Leonard Sank #	562,170 (5)	%
Harold Jacob #	52,247 (6)	*
Michael Berelowitz #	25,447 (7)	*
Gerald Ostrov #	26,547 (8)	*
Yifat Zommer +	75,334 (9)	*
Joshua Hexter +	43,400 (10)	*
All current executive officers and directors, as a group (eight persons)	2,279,259 (11)	%

\* Less than 1%

# Director

+ Named Executive Officer

- (1) Includes warrants to purchase 557,273 shares of common stock. Regals Capital Management LP is the investment manager of Regals Fund LP (“Regals”), the owner of record of these shares of common stock. Mr. David M. Slager is the managing member of the general partner of Regals Capital Management LP. All investment decisions are made by Mr. Slager, and thus the power to vote or direct the votes of these shares of common stock, as well as the power to dispose or direct the disposition of such shares of common stock is held by Mr. Slager through Regals Capital Management LP. The foregoing is based on information known to the company.

- (2) Includes 440,000 shares of common stock owned by Special Situations Fund III QP, L.P., 150,000 of common stock owned by Special Situations Cayman Fund, L.P and 200,000 of common stock owned by Special Situations Life Sciences Fund, L.P. Austin W. Marxe (“Marxe”), David M. Greenhouse (“Greenhouse”) and Adam C. Stettner (“Stettner”) are members of SSCayman LLC, the general partner of Special Situations Cayman Fund, L.P. Marxe, Greenhouse and Stettner are controlling principals of AWM Investment Company, Inc., the general partner of MGP Advisers Limited Partnership, the general partner of Special Situations Fund III QP, L.P. Marxe, Greenhouse and Stettner are also members of LS Advisers L.L.C., the general partner of Special Situations Life Sciences Fund, L.P. The foregoing is based on a Schedule 13G filed jointly by Marxe, Greenhouse and Stettner on February 12, 2014.
- (3) Includes 239,566 shares of common stock issuable upon the exercise of outstanding stock options.
- (4) Includes 142,814 shares of common stock issuable upon the exercise of an outstanding warrant and 239,566 shares of common stock issuable upon the exercise of outstanding stock options.
- (5) Includes: (a) 243,000 shares of common stock and warrants to purchase 23,265 shares of common stock held by Mr. Sank, (b) 78,125 shares of common stock and a warrant to purchase 27,344 shares of common stock held by Mr. Sank’s wife, (c) 51,547 shares of common stock issuable to Mr. Sank upon the exercise of outstanding stock options, and (d) 138,889 shares of common stock owned by a company wholly owned by a trust of which Mr. Sank is a trustee. Mr. Sank disclaims beneficial ownership of the securities referenced in (b) and (d) above.
- (6) Includes 700 shares of common stock indirectly acquired through a corporation wholly-owned by Mr. Jacob, and 51,547 shares of common stock issuable upon the exercise of outstanding stock options.
- (7) Consists of common stock issuable upon the exercise of outstanding stock options.
- (8) Consists of common stock issuable upon the exercise of outstanding stock options.
- (9) Consists of common stock issuable upon the exercise of outstanding stock options.
- (10) Consists of common stock issuable upon the exercise of outstanding stock options.
- (11) Includes 954,233 shares of common stock issuable upon the exercise of warrants and/or options beneficially owned by the referenced persons.

**PROPOSAL 1:  
RE-ELECTION OF DIRECTORS**

The number of directors comprising our Board is currently set at six and our Board is presently composed of six members, who are listed below, along with additional information about each of them. Vacancies on our Board may be filled by persons elected by a majority of our remaining directors. A director elected by our Board to fill a vacancy (including any vacancy created by an increase in the number of directors) shall serve until the next meeting of stockholders at which the election of directors is considered and until such director's successor is elected and qualified or until such director's earlier resignation or removal.

Each nominee is currently a director of the Company. If re-elected at the Annual Meeting, each of the nominees below would serve until our 2015 Annual Meeting of Stockholders, and until his or her successor is elected and has qualified, or until such director's earlier death, resignation or removal.

**Vote Required**

The affirmative vote of the holders of a majority of shares of common stock present, in person or by proxy, and entitled to vote on Proposal 1 is required for the re-election of each director nominee.

The Board unanimously recommends that you vote "FOR" all of the nominees listed above.

**DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

**Directors and Executive Officers**

The name and age of each of the six director nominees and of our executive officers, his or her position with us and the period during which such person has served as a director or officer of the Company are set forth below.

Name	Age	Position	Serving Since
Nadav Kidron	40	President, Chief Executive Officer and Director	2006
Miriam Kidron	73	Chief Medical and Technology Officer and Director	2006
Leonard Sank	49	Director	2007
Harold Jacob	60	Director	2008
Michael Berelowitz	69	Director and Chairman of the Scientific Advisory Board	2010/2011
Gerald Ostrov	64	Director	2012
Yifat Zommer	40	Chief Financial Officer, Treasurer and Secretary	2009
Joshua Hexter	43	Chief Operating Officer	2013

Dr. Miriam Kidron is Mr. Nadav Kidron's mother. There are no other directors or officers of the Company who are related by blood or marriage.

**Biographical Summaries of Nominees for the Board**

The following is a brief account of the education and business experience during at least the past five years of each director nominee and of our executive officers who are not also directors, indicating the principal occupation during that period, and the name and principal business of the organization in which such occupation and employment were carried out.



Mr. Nadav Kidron was appointed President, Chief Executive Officer and director in March 2006. He is also a director of Entera Bio LTD (of which the Company owns 2.3% of the outstanding shares). In 2009, he was a fellow at the Merage Foundation for U.S.-Israel Trade Programs for executives in the life sciences field. From 2003 to 2006, he was the managing director of the Institute of Advanced Jewish Studies at Bar Ilan University. From 2001 to 2003, he was a legal intern at Wine, Mishaiker & Ernstoff Law Offices in Jerusalem, Israel. Mr. Kidron holds an LL.B. and an International MBA from Bar Ilan University, Israel, and is a member of the Israel Bar Association.

We believe that Mr. Kidron's qualifications to serve on our Board include his familiarity with the Company as its founder, his experience in capital markets, as well as his knowledge and familiarity with corporate management.

Dr. Miriam Kidron was appointed Chief Medical and Technology Officer and director in March 2006. Dr. Kidron is a pharmacologist and a biochemist with a Ph.D. in biochemistry. From 1990 to 2007, Dr. Kidron was a senior researcher in the Diabetes Unit at Hadassah University Hospital in Jerusalem, Israel. During 2003 and 2004, Dr. Kidron served as a consultant to Emisphere Technologies Inc., a company that specializes in developing broad-based proprietary drug delivery platforms. Dr. Kidron was formerly a visiting professor at the Medical School at the University of Toronto (Canada), and is a member of the American, European and Israeli Diabetes Associations. Dr. Kidron is a recipient of the Bern Schlanger Award.

We believe that Dr. Kidron's qualifications to serve on our Board include her expertise in the Company's technology, as it is based on her research, as well as her experience and relevant education in the fields of pharmacology and diabetes.

Mr. Leonard Sank was appointed a director in October 2007. Mr. Sank is a South African entrepreneur and businessman, who is devoted to entrepreneurial endeavors and initiatives. He has over 20 years of experience playing important leadership roles in developing businesses. Since December 2011, Mr. Sank has served as a director in Eastvaal Motors Pty Ltd., a diversified retail motor business, and served as a director there in the past. Since 2010, Mr. Sank has served as a director in Bradbury Finance Pty Ltd. From 2000 to 2007, Mr. Sank served as a director in Vecto Finance Pty Ltd., a credit lending business. For the past fifteen years Mr. Sank has served as a director of Macsteel Service Centres SA Pty Ltd., South Africa's largest private company. He also serves on the boards of small businesses and local non-profit charity organizations in Cape Town, where he resides.

We believe that Mr. Sank's qualifications to serve on our Board include his years of experience in development stage businesses, as well as his experience serving as a director of many entities.

Dr. Harold Jacob was appointed a director in July 2008. Since 1998, Dr. Jacob has served as the president of Medical Instrument Development Inc., a company which provides a range of support and consulting services to start-up and early stage companies as well as patenting its own proprietary medical devices. Since 2011, Dr. Jacob has also served as an attending physician at Hadassah University Medical Center, where he has served as the director of the gastrointestinal endoscopy unit since September 2013. Dr. Jacob has advised a spectrum of companies in the past and he served as a consultant and then as the Director of Medical Affairs at Given Imaging Ltd., from 1997 to 2003, a company that developed the first swallowable wireless pill camera for inspection of the intestine. He has licensed patents to a number of companies including Kimberly-Clark Corporation. Since 2013, Dr. Jacob has served as the Chief Medical Officer and a director of NanoVibronix, Inc., a medical device company using surface acoustics to prevent catheter acquired infection as well as other applications, where he served as Chief Executive Officer from 2004 to 2013. He practiced clinical gastroenterology in New York and served as Chief of Gastroenterology at St. John's Episcopal Hospital and South Nassau Communities Hospital from 1986 to 1995, and was a Clinical Assistant Professor of Medicine at SUNY from 1983 to 1990. Dr. Jacob founded and served as Editor in Chief of Endoscopy Review and has authored numerous publications in the field of gastroenterology.



We believe that Dr. Jacob's qualifications to serve on our Board include his years of experience in the biomed industry, his experience serving in management roles of various companies, as well as his knowledge and familiarity with gastroenterology.

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Dr. Michael Berelowitz was appointed a director in June 2010 and Chairman of our Scientific Advisory Board in June 2011. Since 2011, Dr. Berelowitz has been self-employed as a biopharmaceutical consultant. From 2009 to 2011, Dr. Berelowitz served as Senior Vice President and Head of Clinical Development and Medical Affairs in the Specialty Care Business Unit at Pfizer, Inc. From 1996 to 2009, he served in various other roles at Pfizer, Inc., beginning as a Medical Director in the Diabetes Clinical Research team and then assuming positions of increasing responsibility until being appointed to his present role. Prior to that, Dr. Berelowitz spent a number of years in academia. Dr. Berelowitz also serves on the board of directors of Recro Pharma Inc. Among his public activities, Dr. Berelowitz has served on the board of directors of the American Diabetes Association, the Clinical Initiatives Committee of the Endocrine Society, and has chaired the Task Force on Research of the New York State Council on Diabetes. He has also served on several editorial boards, including the Journal of Clinical Endocrinology and Metabolism and Endocrinology, Reviews in Endocrine and Metabolic Disorders and Clinical Diabetes. Dr. Berelowitz has authored and co-authored more than 100 peer-reviewed journal articles and book chapters in the areas of pituitary growth hormone regulation, diabetes and metabolic disorders. Dr. Berelowitz holds adjunct appointments as Professor of Medicine in the Divisions of Endocrinology and Metabolism at SUNY – Stony Brook and Mt. Sinai School of Medicine in New York.

We believe that Dr. Berelowitz's qualifications to serve on our Board include his years of experience in management roles in the pharmaceuticals industry, as well as his vast skill and expertise in the fields of endocrinology and diabetes.

Mr. Gerald Ostrov was appointed a director in September 2012. Mr. Ostrov currently serves on the board of directors of Orasure Technologies Inc., a NASDAQ listed company which develops, manufactures, markets and sells oral fluid diagnostic products and specimen collection devices, is a founder and a member of the board of directors of Adlens Beacon, a privately held company developing self-adjustable reading glasses, serves on the board of directors of the Robert Wood Johnson University Hospital Foundation and serves on the Johnson & Johnson Corporate Contributions Committee. From 2008 to 2010, Mr. Ostrov served as Chairman and Chief Executive Officer of Bausch & Lomb Incorporated, where he helped to stabilize and restructure the business following its privatization. From 1998 to 2006, Mr. Ostrov acted as Company Group Chairman for Johnson & Johnson's Worldwide Vision Care businesses. Mr. Ostrov began his career with Johnson & Johnson's Health Care Division in 1976. In 1982, he left Johnson & Johnson to become Vice President of Marketing for Ciba-Geigy's Consumer Pharmaceuticals Company, where he was named President of Ciba Consumer Pharmaceuticals in 1985 and served in that capacity until rejoining Johnson & Johnson in 1991 as President of the corporation's Personal Products Company. Mr. Ostrov holds a Bachelor of Science degree with distinction in Industrial Engineering and Operations Research from Cornell University and holds an M.B.A. from Harvard University.

We believe that Mr. Ostrov's qualifications to serve on our Board include his years of experience in management roles in the pharmaceuticals industry, as well as his experience serving as a director of many entities.

Ms. Yifat Zommer was appointed Chief Financial Officer, Treasurer and Secretary in April 2009. From 2007 to 2008, Ms. Zommer served as Chief Financial Officer of Witech Communications Ltd., a subsidiary of IIS Intelligence Information Systems Ltd., a company operating in the field of video transmission using wireless communications. From April 2006 to April 2007, Ms. Zommer acted as Chief Financial Officer for CTWARE Ltd., a telecommunication company. Prior to that she was an audit manager in Kesselman & Kesselman, a member of PricewaterhouseCoopers International Limited, where she served for five years. Ms. Zommer holds a Bachelor of Accounting and Economics degree from the Hebrew University, a Business Administration degree (MBA) from Tel-Aviv University and a Masters degree in Law (LL.M.) from Bar-Ilan University, Israel. Ms. Zommer is a certified public accountant in Israel.

Mr. Joshua Hexter was appointed Chief Operating Officer in April 2013. From 2007 to 2013, Mr. Hexter was a Director or Executive Director in BioLineRx Ltd. (TASE: BLRX) ("BioLine"), a biopharmaceutical development company dedicated to identifying, in-licensing and developing innovative therapeutic candidates. Prior to his

employment with BioLine, Mr. Hexter was a member of the board of directors and CEO of Biosensor Systems Design, Inc., a company developing market-driven biosensors. Mr. Hexter holds a bachelor's degree from the University of Wisconsin and a master's degree in management from Boston University.

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## Board of Directors

There are no agreements with respect to the election of directors. Each director is elected for a period of one year at our annual meeting of stockholders and serves until the next such meeting and until his or her successor is duly elected or until his or her earlier resignation or removal. The Board may also appoint additional directors. A director so chosen or appointed will hold office until the next annual meeting of stockholders and until his or her successor is duly elected and qualified or until his or her earlier resignation or removal. The Board has determined that Michael Berelowitz, Harold Jacob, Gerald Ostrov and Leonard Sank, are independent as defined under the rules promulgated by NASDAQ. None of the independent directors has any relationship with us besides serving on our Board.

We have determined that each of the directors is qualified to serve as a director of the Company based on a review of the experience, qualifications, attributes and skills of each director. In reaching this determination, we have considered a variety of criteria, including, among other things: character and integrity; ability to review critically, evaluate, question and discuss information provided, to exercise effective business judgment and to interact effectively with the other directors; and willingness and ability to commit the time necessary to perform the duties of a director.

## Board Meeting Attendance

During Fiscal 2013, our Board held four meetings and took actions by written consent on eight occasions. No incumbent director of the meeting attended fewer than 75% of the aggregate of: (1) the total number of meetings of the Board (during the period for which such director served as a director); and (2) the total number of meetings held by all committees of the Board on which such director served (during the period for which such director served on such committees). Board members are encouraged to attend our annual meetings of stockholders. We did not hold an annual meeting of stockholders in Fiscal 2013. At the annual meeting of stockholders held on July 24, 2012, three Board members were present.

## Committees

Each of our Audit Committee and Compensation Committee operate under a written charter that is posted on the "Investors" section of our website, [www.oramed.com](http://www.oramed.com).

## Audit Committee and Audit Committee Financial Expert

The members of our Audit Committee are Leonard Sank, Harold Jacob and Gerald Ostrov. Our Board has determined that Gerald Ostrov is an "audit committee financial expert" as set forth in Item 407(d)(5) of Regulation S-K and that all members of the Audit Committee are "independent" as defined by the current rules and regulations of the SEC and NASDAQ. The primary responsibilities of our Audit Committee include:

- Appointing, compensating and retaining our independent registered public accounting firm;
- Overseeing the work performed by any outside accounting firm;
- Assisting the Board in fulfilling its responsibilities by reviewing: (1) the financial reports provided by us to the SEC, our stockholders or to the general public, and (2) our internal financial and accounting controls; and
- Recommending, establishing and monitoring procedures designed to improve the quality and reliability of the disclosure of our financial condition and results of operations.

Our Audit Committee met five times during Fiscal 2013.

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## Compensation Committee

The members of our Compensation Committee are Leonard Sank, Michael Berelowitz and Gerald Ostrov. The Board has determined that all of the members of the Compensation Committee are “independent” as defined by the current rules and regulations of the SEC and NASDAQ. The primary responsibilities of our Compensation Committee include:

- Reviewing, negotiating and approving, or recommending for approval by our Board of the salaries and incentive compensation of our executive officers;
- Administering our equity based plans and making recommendations to our Board with respect to our incentive-compensation plans and equity-based plans; and
- Periodically reviewing and making recommendations to our Board with respect to director compensation.

The Compensation Committee meets as often as it deems necessary, without the presence of any executive officer when approving compensation, except that the Company’s Chief Executive Officer, at the discretion of the Compensation Committee, may be present during the approval of, or deliberations with respect to, other executive officer compensation. The Compensation Committee may delegate any authority granted to it to one or more subcommittees of the Compensation Committee, in its sole discretion. During fiscal 2013, the Compensation Committee received consulting services from Kesselman Finance PricewaterhouseCoopers Ltd. with regard to management compensation. The Company engaged the consultant solely to collect and analyze data regarding management compensation at other companies comparable to the Company.

Our Compensation Committee met four times and acted by written consent one time during Fiscal 2013.

## Director Nominations

The Board has not established a nominating committee, nor does it have any charter governing the nomination process. The Board has not established a nominating committee or adopted a charter governing the nomination process because it believes that the Board, of which four of its six members are independent directors, with broad business experience, has the sufficient knowledge to fulfill the functions typically delegated to such committee.

All nominees to the Board are selected and recommended to the Board by a majority of independent directors of the Company. In considering whether to recommend any particular candidate for inclusion in the Board’s slate of recommended director nominees, our independent directors will apply criteria including the candidate’s integrity, business acumen, knowledge of our business and industry, age, experience, diligence, conflicts of interest and the ability to act in the interests of all stockholders. No particular criteria will be a prerequisite or will be assigned a specific weight, nor do we have a diversity policy. We believe that the backgrounds and qualifications of our directors, considered as a group, should provide a composite mix of experience, knowledge and abilities that will allow the Board to fulfill its responsibilities.

The Company has never received communications from stockholders nominating individuals for appointment to our Board. Therefore we do not yet have a policy with regard to the consideration of any director candidates recommended by stockholders. In Fiscal 2013, we did not pay a fee to any third party to identify or evaluate, or assist in identifying or evaluating, potential nominees for our Board. All of the nominees for election at the Annual Meeting are current members of our Board.

## Code of Ethics

We have adopted a Code of Ethics and Business Conduct for our senior officers, directors and employees. Our Code of Ethics and Business Conduct is posted on the “Investors” section of our website, [www.oramed.com](http://www.oramed.com). A printed copy of our Code of Ethics and Business Conduct is also available free of charge to any stockholder who requests a copy. We intend to disclose any amendment to or waiver of a provision of the Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on our website and/or in our public filings with the SEC.

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### Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon a review of Forms 3, 4 and 5, and amendments thereto, furnished to us during Fiscal 2013, we believe that during Fiscal 2013, our executive officers, directors and all persons who own more than ten percent of a registered class of our equity securities complied with all Section 16(a) filing requirements, except as follows:

Regals, an owner of more than ten percent of our common stock, failed to timely file a Form 4 reporting the amendment to the terms of certain warrants to purchase common stock in November 2012. Regals filed a Form 4 reporting these transactions on December 13, 2012.

Regals also failed to timely file a Form 4 reporting purchases of an aggregate of 550 shares of our common stock in June 2013. Regals filed a Form 4 reporting these transactions on July 12, 2013.

### Board Leadership Structure and Role in Risk Oversight

Mr. Nadav Kidron serves as our President, Chief Executive Officer and on our Board. None of our independent directors serves as the lead independent director. We believe that this leadership structure is appropriate to our Company given the current size and operations of the Company.

Our Board's, including our Audit and Compensation Committees', as appropriate, role in risk oversight includes risk analysis and assessment in connection with each financial and business review, update and decision-making proposal and is an integral part of all Board deliberations. Each of our Board Committees is focused on specific risks within their areas of responsibility, but the Board believes that the overall enterprise risk management process is more properly overseen by all of the members of the Board. The Audit Committee is responsible for overseeing the management of financial and accounting risks. The Compensation Committee is responsible for overseeing the management of risks relating to executive compensation plans and arrangements. While each Committee is responsible for the evaluation and management of such risks, the entire Board is regularly informed through Committee reports. The Board incorporates the insight provided by these reports into its overall risk management analysis.

The Board's role in our risk oversight is consistent with our leadership structure, with our President and Chief Executive Officer and other members of senior management having responsibility for assessing and managing our risk exposure, and the Board providing oversight in connection with those efforts.

### Stockholder Communications

Although we have not adopted a formal process for stockholder communications with our Board, we believe stockholders should have the ability to communicate directly with the Board so that their views can be heard by the Board or individual directors, as applicable, and that appropriate and timely responses are provided to stockholders. All communications regarding general matters should be directed to the Secretary of the Company at the address below and should prominently indicate on the outside of the envelope that it is intended for the complete Board or for any particular director(s). If no designation is made, the communication will be forwarded to the entire Board. Stockholder communications to the Board should be sent to:

Corporate Secretary  
Oramed Pharmaceuticals Inc.  
Hi-Tech Park 2/4 Givat Ram  
PO Box 39098  
Jerusalem 91390, Israel





### Certain Relationships and Related Transactions

Except as otherwise indicated below, during fiscal years 2013 and 2012, we did not participate in any transaction, and we are not currently participating in any proposed transaction, or series of transactions, in which the amount involved exceeds the lesser of \$120,000 or one percent of the average of our total assets at year-end for the last two completed fiscal years, and in which, to our knowledge, any of our directors, officers, five percent beneficial security holders, or any member of the immediate family of the foregoing persons had, or will have, a direct or indirect material interest.

Our policy is to enter into transactions with related persons on terms that, on the whole, are no less favorable than those available from unaffiliated third parties. Based on our experience in the business sectors in which we operate and the terms of our transactions with unaffiliated third parties, we believe that all of the transactions described below met this policy standard at the time they occurred. All related person transactions are approved by our Board.

On February 17, 2006, we entered into an agreement (the “First Agreement”) with Hadasit Medical Research Services and Development Ltd. (“Hadasit”) to retain Hadasit to provide consulting and clinical trial services for a total consideration of \$200,000, and to acquire the provisional patent related to our research and development of an orally ingestible insulin pill to be used for the treatment of individuals with diabetes. On January 7, 2009, we entered into a second agreement with Hadasit which replaced in its entirety the First Agreement and confirms that Hadasit has conveyed, transferred and assigned all of its ownership rights in the patents acquired under the First Agreement and certain other patents filed by us after the First Agreement as a result of the collaboration between us and Hadasit, and that Hadasit acknowledges and agrees that the 345,128 shares of our common stock that were issued to Hadasit on February 17, 2006 constitute the sole and complete compensation for said sale. On July 8, 2009, we entered into a third agreement with Hadasit to retain consulting and clinical trial services from Hadasit for a total consideration of \$400,000, with \$200,000 of this amount having first been agreed to in the terms of the First Agreement. The clinical trials conducted by Hadasit are managed by Dr. Miriam Kidron, our Chief Medical and Technology Officer and one of our directors, through a research fund account at Hadasit in Dr. Kidron’s name. The fees paid by us to Hadasit are deposited into such Hadasit research account. Pursuant to the general policy of Hadasit with respect to its research funds, Dr. Kidron is entitled to receive a management fee in the amount of 10% of all the funds deposited into this research fund account, including the funds paid by us under the aforementioned agreements. Since March 2006, only the funds paid by us have been deposited in this account, of which, \$10,214 has been paid to Dr. Kidron. On September 11, 2011, we entered into a fourth agreement to facilitate clinical trials and provide other services. According to this agreement, Hadasit will be entitled to total consideration of \$200,000 to be paid in accordance with the actual progress of the study, \$50,000 of which was recognized or paid through August 31, 2013 Hadasit will deduct 16.7% of the payments that will be received from us as overhead. All other terms and conditions of this agreement are substantially similar to those of the previous Hadasit agreements.

On October 30, 2012, we entered into a Securities Purchase Agreement with D.N.A Biomedical Solutions Ltd. (“D.N.A”), according to which, we issued to D.N.A 199,172 shares of our common stock, valued at such time at approximately \$628,630, in consideration for a warrant to purchase up to 21,637,611 ordinary shares of D.N.A at no additional cost. In February 2013, we exercised the warrant. As of June 9, 2013, we hold approximately % of D.N.A’s outstanding ordinary shares.

Between August 2012 and November 2012, we conducted a private placement of an aggregate of 1,137,336 “units” at a purchase price of \$4.44 per unit for total consideration of \$5,049,710. Each unit consisted of one share of our common stock and a five-year warrant to purchase 0.50 of a share of our common stock at an exercise price of \$6.00 per share. Regals participated in such private placement and, with respect to Regals’ participation in the August 2012 private placement, we undertook to file a registration statement to register their shares of our common stock and the shares of our common stock underlying their warrants, by December 27, 2012. Since such registration statement was not timely filed, we were required to pay liquidated damages in the amount of 2,252 shares of our common stock,

which were issued in May 2014.

On November 29, 2012, we entered into an agreement (the “Regals Agreement”) with Regals in connection with certain warrants held by Regals (the “Regals Warrants”), pursuant to which we amended such warrants to eliminate anti-dilution protection provided for in the Regals Warrants. In addition, as to the warrants purchased by Regals in the 2012 private placement, the parties agreed that the exercise price would be reduced to \$3.7656 per share, the then-current exercise price per share of warrants originally issued to Regals in January 2011. Also, on November 29, 2012, we issued a new warrant to Regals (the “New Warrant”), pursuant to which Regals has the right to purchase up to 137,311 shares of our common stock over a period of four years at an exercise price of \$7.20 per share.

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In connection with the New Warrant, Nadav Kidron, our President, Chief Executive Officer and a director, in his personal capacity as one of our shareholders, undertook and agreed that following the execution and delivery of the Regals Agreement, in the event that an adjustment pursuant to the anti-dilution protection of the Regals Warrants (had they not been amended by the Regals Agreement) would have been triggered and the number of shares of our common stock that Regals would have been able to purchase under the Regals Warrants would have increased by an aggregate number in excess of 137,311 common shares, then Regals shall have the right to purchase from Mr. Kidron such number of shares of our common stock owned by Mr. Kidron equal to such excess, up to a maximum of 112,690 shares of our common stock at an exercise price of \$3.7656 per share. The foregoing right shall survive until the termination of the Regals Warrants.

On February 5, 2013, we entered into a letter agreement with Regals pursuant to which we agreed that, for ten years from October 26, 2012, the Company would not grant stock options with an exercise price of less than \$6.00 per share or grant options to officers, directors, employees or consultants exercisable into more than 125,000 shares of common stock of the Company, in the aggregate per calendar year, without the consent of the top three non-founding shareholders.

See “Compensation of Executive Officers and Directors—Director Compensation” below for information as to one of our directors and the Chairman of our Scientific Advisory Board, Michael Berelowitz.

#### REPORT OF THE AUDIT COMMITTEE

In the course of our oversight of the Company’s financial reporting process, we have: (1) reviewed and discussed with management the audited financial statements for Fiscal 2013; (2) discussed with the Independent Auditors the matters required to be discussed by the statement on Auditing Standards No. 61, Communication with Audit Committees, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T; (3) received the written disclosures and the letter from the Independent Auditors required by applicable requirements of the standards of the Public Company Accounting Oversight Board regarding the Independent Auditors’ communications with the Audit Committee concerning independence, and has discussed with the Independent Auditors the Independent Auditors’ independence; and (4) considered whether the provision of nonaudit services by the Independent Auditors is compatible with maintaining its independence and concluded that it is compatible at this time.

Based on the foregoing review and discussions, the Audit Committee recommended to the Board that the audited financial statements be included in the Annual Report for filing with the SEC.

By the Audit Committee of the Board of  
Directors of Oramed Pharmaceuticals Inc.  
Leonard Sank  
Harold Jacob  
Gerald Ostrov

PROPOSAL 2:

AMENDED AND RESTATED 2008 STOCK INCENTIVE PLAN

At the Annual Meeting, the Company's stockholders will be asked to approve our Amended and Restated 2008 Stock Incentive Plan (the "Amended and Restated 2008 Plan"), which amends and restates the Company's existing 2008 Stock Incentive Plan (the "2008 Plan"), as previously amended, in order to (1) increase the aggregate number of shares authorized for issuance under the 2008 Plan by 300,000 shares to 1,300,000 shares of common stock, (2) provide specific terms for the issuance of restricted stock and restricted stock units under the 2008 Plan and (3) permit awards to be based on performance-based criteria that will allow the Company to maximize its ability to pay deductible compensation for U.S. federal income tax purposes. Currently, 1,000,000 shares of common stock are reserved for issuance pursuant to awards granted under the 2008 Plan. As of June 9, 2014, there were no longer any shares available for future grant under the 2008 Plan and options to acquire \_\_\_\_\_ shares of common stock were outstanding under the 2008 Plan.

Our Board, the Compensation Committee and management believe that the effective use of stock-based long-term incentive compensation is vital to our ability to achieve strong performance in the future. The Amended and Restated 2008 Plan will maintain and enhance the key policies and practices adopted by our management and Board to align employee and stockholder interests. In addition, our future success depends, in large part, upon our ability to maintain a competitive position in attracting, retaining and motivating key personnel. We believe that the Amended and Restated 2008 Plan is essential to permit our management to continue to provide long-term, equity-based incentives to present and future key employees, consultants and directors.

On June 9, 2014, the closing market price per share of our common stock was \$ \_\_\_\_\_, as reported by The NASDAQ Capital Market.

Material Features of the Amended and Restated 2008 Plan

The following description of certain material features of the Amended and Restated 2008 Plan is intended to be a summary only. This summary is qualified in its entirety by the full text of the Amended and Restated 2008 Plan that is attached hereto as Appendix A.

**Shares Available.** The maximum number of shares authorized for issuance under the Amended and Restated 2008 Plan will be 1,300,000 shares of common stock, which is an increase of 300,000 shares from the number of shares currently authorized for issuance under the 2008 Plan. Other than in the case of options intended to qualify as incentive stock options ("ISOs") for U.S. federal income tax purposes, the shares underlying any awards that are forfeited, canceled or expired (whether voluntarily or involuntarily) under the Amended and Restated 2008 Plan will be added back to the shares authorized for issuance under the Amended and Restated 2008 Plan. Shares that actually have been issued under the Amended and Restated 2008 Plan pursuant to an award will not be available for future issuance under the Amended and Restated 2008 Plan, except that if unvested shares are forfeited, or repurchased by the Company at the lower of their original purchase price or their fair market value at the time of repurchase, such shares shall become available for future grant under the Amended and Restated 2008 Plan. To the extent not prohibited by the listing requirements of NASDAQ and applicable law, shares surrendered upon exercise or purchase of award (including pursuant to a net exercise) or to satisfy tax withholding obligations will be added back to the shares authorized for issuance under the Amended and Restated 2008 Plan, unless otherwise determined by the administrator. In no event will ISOs be issued under the Amended and Restated 2008 Plan with respect to more than 1,300,000 shares, adjusted as described below. In addition, pursuant to an agreement between us and Regals, we have agreed not to grant options below a certain exercise price or in excess of a certain amount per year. See "Certain Relationships and Related Transactions" above.

Types of Awards. The Amended and Restated 2008 Plan permits the issuance of equity-based awards, including options (including stock options that qualify under Section 102 of the Israeli Tax Ordinance (New Version) 1961 (the “Tax Ordinance”), stock options that qualify under Section 3(i) of the Tax Ordinance and stock options that qualify as ISOs for U.S. federal income tax purposes), stock appreciation rights, restricted stock and restricted stock units.

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**Plan Administration.** The Amended and Restated 2008 Plan will be administered by the Board or the Compensation Committee of the Board. The administrator of the Amended and Restated 2008 Plan has the power and authority to: select the employees, directors and consultants to whom awards will be granted from time to time; to determine whether and to what extent awards are granted under the Amended and Restated 2008 Plan; to determine the number of shares or the amount of other consideration to be covered by each award granted hereunder, the exercise price or purchase price of each option or other award, the duration of each award and the times at which each award will become exercisable; to approve forms of award agreements for use under the Amended and Restated 2008 Plan; to approve the time or times when options or other awards vest, which may be based on performance criteria, and may include any vesting acceleration or waiver of forfeiture restrictions and any restriction or limitation regarding any award or shares related thereto, based in each case on such factors as the administrator, in its sole discretion, determines; subject to certain limitations, to amend the terms of any outstanding award granted under the Amended and Restated 2008 Plan; to construe and interpret the terms of the Amended and Restated 2008 Plan and awards, including without limitation, any notice of award or award agreement, granted pursuant to the Amended and Restated 2008 Plan; to grant awards to employees, directors, and consultants employed outside the United States on such terms and conditions different from those specified in the Amended and Restated 2008 Plan as may, in the judgment of the administrator, be necessary or desirable to further the purpose of the Amended and Restated 2008 Plan; to designate awards as ISOs or non-qualified stock options, or as 102 options (whether through a trustee or not) or 3(i) options subject to the limitations under the Israeli Tax Authorities or any other applicable law and to determine the type and route of Trustee 102 options; to determine the fair market value of the shares in accordance with the provisions of the Amended and Restated 2008 Plan; and to take all such other action and make all such other determinations and interpretations, not inconsistent with the terms of the Amended and Restated 2008 Plan, as the administrator deems appropriate. Except in the case of options, stock appreciation rights and performance-based compensation (as discussed further below), the Board may delegate to officers of the Company, as defined in Section 16 of the Securities Exchange Act of 1934, as amended, or Exchange Act, the authority to grant awards to consultants and employees, other than our directors or officers, provided that the Board may limit such authority from time to time.

**Eligibility and Limitations on Grants.** All employees, directors and consultants of the Company or a subsidiary of the Company are eligible to participate in the Amended and Restated 2008 Plan subject to the discretion of the administrator. Approximately 20 employees and directors are currently eligible to participate in the Amended and Restated 2008 Plan. The number of consultants eligible to participate in the Amended and Restate 2008 Plan fluctuates from time to time. Awards other than ISOs may be granted to employees, directors and consultants. ISOs may be granted only to employees of the Company or a subsidiary of the Company. The maximum number of shares of common stock with respect to which options and stock appreciation rights, and restricted stock and restricted stock units to the extent such awards are performance-based, may be granted to any grantee in any calendar year is 400,000 shares, subject to adjustment as discussed below.

**Performance-Based Compensation.** To ensure that certain awards of restricted stock or restricted stock units granted under the Amended and Restated 2008 Plan are fully deductible for U.S. federal income tax purposes in the case of a “covered employee” (as defined in the U.S. Internal Revenue Code (the “Code”)), the vesting of such awards may be contingent on the satisfaction of performance goals (“performance-based compensation”) in order to qualify the award for the performance-based compensation exception under Section 162(m) of the Code. In the case of performance-based compensation (and with respect to the grant of all options and stock appreciation rights, which are also designed to satisfy the requirements of the performance-based exception), the Amended and Restated 2008 Plan administrator shall consist of a committee of “outside directors,” as defined in Section 162(m) of the Code.

The Amended and Restated 2008 Plan permits the Compensation Committee to condition vesting on the satisfaction of any one or more of the following performance criteria: (1) increase in share price, (2) earnings per share, (3) total stockholder return, (4) operating margin, (5) gross margin, (6) return on equity, (7) return on assets, (8) return on investment, (9) operating income, (10) net operating income, (11) pre-tax profit, (12) cash flow, (13) revenue, (14)

expenses, (15) earnings before interest, taxes and depreciation, (16) economic value added, (17) market share, (18) satisfactory completion of clinical trials or scientific benchmarks, and (19) receipt of regulatory approvals. These criteria may be applied to the Company or any subsidiary as a whole, or with respect to a division, operating unit or business segment of the Company or a subsidiary, or any combination of the foregoing. The Compensation Committee must select the particular performance criteria before 25% of the applicable performance period has elapsed (or within 90 days of the date of award), if earlier. The Compensation Committee may make adjustments as necessary to the performance criteria to eliminate the effect on the stated performance goals of unplanned acquisitions or dispositions, changes in foreign exchange rates, discrete tax items identified by the Compensation Committee, changes in accounting standards and variances to planned annual incentive compensation expense.

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**Stock Options.** The administrator may award ISOs, non-qualified stock options, stock options that qualify under Section 102 or Section 3(i) of the Tax Ordinance. The exercise price of stock options awarded under the Amended and Restated 2008 Plan may not be less than the fair market value per share of the common stock on the date of the option grant. The administrator will determine at what times and under what conditions options may be exercised, subject to certain provisions in the case of options granted to Israeli grantees.

To qualify as ISOs, stock options must meet additional U.S. federal income tax requirements under the Code, including a \$100,000 limit on the value of shares subject to ISOs that first become exercisable in any one calendar year, a term of 10 years and a shorter term and higher minimum exercise price in the case of certain large stockholders.

Stock options issued under the Amended and Restated 2008 Plan are designed to satisfy the performance-based exception under Section 162(m) of the Code.

**Stock Appreciation Rights.** The administrator may award a stock appreciation right independently of a stock option. The administrator may award stock appreciation rights subject to such conditions and restrictions as the administrator may determine, provided that the exercise price may not be less than the fair market value of the common stock on the date of grant and no stock appreciation right may be exercisable more than 10 years after the date of grant. The maximum number of shares of common stock with respect to which stock appreciation rights may be granted to any grantee in any calendar year is 400,000 shares, subject to adjustment as discussed below.

Stock appreciation rights issued under the Amended and Restated 2008 Plan are designed to satisfy the performance-based exception under Section 162(m) of the Code.

**Restricted Stock and Restricted Stock Units.** The administrator may award shares of restricted stock or restricted stock units to grantees subject to such conditions and restrictions as the administrator may determine. Restricted stock units are similar to restricted stock except that no shares are actually awarded to the grantee on the grant date. No monetary payment, other than for applicable taxes, is due by the grantee in connection with the grant of restricted stock or issuance of shares in connection with a restricted stock unit, except that the grantee must pay the Company the par value of the restricted stock or the shares of common stock underlying the restricted stock unit. The maximum number of shares of common stock with respect to which restricted stock and restricted stock units may be granted to any grantee in any calendar year is 400,000 shares, subject to adjustment as discussed below.

**Tax Withholding.** Grantees in the Amended and Restated 2008 Plan are responsible for the payment of any federal, state or local taxes that the Company is required by law to withhold, including, without limitation, obligations incident to the receipt of shares upon any option exercise or vesting of other awards.

**Change of Control Provisions.** Unless otherwise set forth in the award agreement, in the event of a “change in control” as defined in the Amended and Restated 2008 Stock Plan, after the effective date of the Amended and Restated 2008 Stock Plan, the administrator may, in its sole discretion, provide for the (1) termination of an award upon the consummation of the change in control, but only if such award has vested and been paid out or the holder has been permitted to exercise the option in full for a period of not less than 30 days prior to the change in control, (2) acceleration of all or any portion of an award, (3) payment of an amount (in cash or, in the discretion of the administrator, in the form of consideration paid to shareholders of the Company in connection with such change in control) in exchange for the cancellation of an award, and/or (4) issuance of substitute awards that will substantially preserve the otherwise applicable terms of any affected awards previously granted hereunder in a manner complying with Treasury Regulation Section 1.409A-1(b)(5)(v)(D), Treasury Regulation Section 1.424-1, or any applicable successor provisions.



**Capitalization Changes.** The total number of shares available for award under the Amended and Restated 2008 Plan, and the annual limit on the number of shares that may be awarded to any grantee in a calendar year, are subject to adjustment pursuant to the terms of the Amended and Restated 2008 Plan in the case of certain changes in the capital structure of the Company including, such as stock splits, reverse stock splits, stock dividends, combination or reclassifications of shares or similar transactions.

**Term.** No awards may be granted under the Amended and Restated 2008 Plan after the 10-year anniversary of the date that the 2008 Plan was approved by the Board, or May 5, 2018.

**Amendments.** The Board may amend, suspend, or terminate the Amended and Restated 2008 Plan at any time, subject to the approval of the Company's stockholders to the extent such approval is required by applicable laws. Generally, under the NASDAQ rules, all material amendments to the Amended and Restated 2008 Plan will be subject to approval by our stockholders including: (1) any material increase in the number of shares to be issued under the Amended and Restated 2008 Plan; (2) any material increase in benefits to grantees under the Amended and Restated 2008 Plan including any material change to: (i) permit a repricing (or decrease in exercise price) of outstanding stock options, (ii) reduce the price at which shares of common stock or stock options may be offered, or (iii) extend the duration of the Amended and Restated 2008 Plan; (3) any material expansion of the class of grantees eligible to participate in the Amended and Restated 2008 Plan; and (4) any expansion in the types of awards provided under the Amended and Restated 2008 Plan. Otherwise, the Board may amend or discontinue the Amended and Restated 2008 Plan at any time, provided that no such amendment may adversely affect the rights under any outstanding award without the holder's consent.

**Effective Date of the Amended and Restated 2008 Plan.** On June 10, 2014, the Board approved the Amended and Restated 2008 Plan, subject to stockholder approval. The Amended and Restated 2008 Plan will become effective on the date it is approved by the stockholders. If the Amended and Restated 2008 Plan is not approved by the stockholders, the 2008 Plan will continue in effect without the amendments to the 2008 Plan and awards may be granted thereunder in accordance with its terms.

#### New Plan Benefits

If the Amended and Restated 2008 Plan is approved, the number of options that will be received by or allocated to the Company's employees, directors and consultants is not determinable at this time. For information regarding awards made to our Named Executive Officers under the existing 2008 Plan outstanding as of August 31, 2013, see "Compensation of Executive Officers and Directors — Outstanding Equity Awards at Fiscal Year-End." For information regarding awards made to our directors under the existing 2008 Plan outstanding as of August 31, 2013, and for a description of our compensation program for non-employee directors, see "Compensation of Executive Officers and Directors — Director Compensation."

#### U.S. Tax Aspects

The following is a summary of the principal U.S. federal income tax consequences of certain transactions under the Amended and Restated 2008 Plan. It does not describe all federal tax consequences under the Amended and Restated 2008 Plan nor does it describe state, local or foreign tax consequences.

**Incentive Stock Options.** Incentive stock options are intended to qualify for treatment as such under Section 422 of the Code. An incentive stock option does not result in taxable income to the optionee or a deduction to us at the time it is granted or exercised, provided that no disposition is made by the optionee of the shares acquired pursuant to the option within two years after the date of grant of the option nor within one year after the date of issuance of shares to the optionee (referred to as the "ISO holding period"). However, the difference between the fair market value of the

shares on the date of exercise and the option price will be an item of tax preference includible in “alternative minimum taxable income” of the optionee. Upon disposition of the shares after the expiration of the ISO holding period, the optionee will generally recognize long term capital gain or loss based on the difference between the disposition proceeds and the option price paid for the shares. If the shares are disposed of prior to the expiration of the ISO holding period (referred to as a “disqualifying disposition”), the optionee generally will recognize compensation income, and we will have a corresponding deduction, in the year of the disposition, equal to the excess of the fair market value of the shares on the date of exercise of the option (or the sale price of the shares sold, if less) over the option price. Any additional gain or loss realized on the disposition will be capital gain or loss.

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**Non-Qualified Stock Options.** Options that are not ISOs (designated as such at grant or options that would otherwise have qualified (but in fact fail to qualify) as ISOs, because the aggregate fair market value of shares with respect to which such options are first exercisable by an individual in any calendar year exceeds \$100,000, for example) are considered to be “non-qualified” stock options.

A non-qualified stock option ordinarily will not result in income to the optionee or deduction to us at the time of grant. The optionee will recognize compensation income at the time of exercise of a non-qualified stock option in an amount equal to the excess of the then fair market value of the shares over the option price per share. Compensation income of optionees will be subject to withholding taxes (if the optionee is an employee), and a deduction will be allowable to us in an amount equal to the optionee’s compensation income.

An optionee’s initial basis in shares so acquired will be the amount paid on exercise of the non-qualified stock option plus the amount of any corresponding compensation income. Any gain or loss as a result of a subsequent disposition of the shares so acquired will be capital gain or loss (short-term or long-term, as applicable).

**Stock Appreciation Rights.** A recipient realizes no income upon the grant of a stock appreciation right, but upon its exercise recognizes ordinary compensation income in an amount equal to the cash or cash equivalent that he or she receives at that time. If the recipient receives our shares upon exercise of the stock appreciation right, he or she recognizes ordinary compensation income equal to the fair market value of the shares received (or, if the shares are subject to a substantial risk of forfeiture at the exercise date, at the date or dates on which the risk expires, unless he or she elects to be taxed currently), which is measured by the difference between the base amount set forth in the related agreement and the fair market value of our shares. We are entitled to a tax deduction in the amount of ordinary compensation income recognized. When the stock is subsequently sold, the recipient generally will recognize capital gain or loss (short-term or long-term, as applicable) equal to the difference between the amount realized upon the sale of the shares and his or her tax basis (generally the fair market value of the stock when acquired plus any amount paid).

**Stock Grants.** With respect to stock grants under our Amended and Restated 2008 Plan that are made without any restrictions, the grantee must generally recognize compensation income equal to the excess of the fair market value of shares received over the amount paid (if any). We generally will be entitled to a deduction in an amount equal to the compensation income recognized by the grantee.

If a stock grant award is subject to restrictions, the grantee generally will not recognize income at the time of the award, but will instead recognize compensation income equal to the excess of the fair market value of the shares received over the amount paid (if any) when restrictions on transferability or that otherwise constitute a substantial risk of forfeiture lapse. A grantee may elect to be taxed at the time of the receipt of the shares, rather than upon the lapse of restrictions on transferability or substantial risk of forfeiture, but if the grantee subsequently forfeits such shares, the grantee would not be entitled to any tax deduction for the amount of previously recognized compensation income. (He or she will be entitled to a capital loss for the amount paid, if any, for the shares.) The grantee must file a so-called Section 83(b) election with the Internal Revenue Service within 30 days of the receipt of the shares. We generally will be entitled to a deduction in an amount equal to the compensation income recognized by the grantee.

When the stock is subsequently sold, the recipient generally will recognize capital gain or loss (short-term or long-term, as applicable) equal to the difference between the amount realized upon the sale of the shares and his or her tax basis (generally the amount paid plus any compensation income recognized).

Stock Units. The grantee recognizes no income until the issuance of the shares at vesting. At that time, the grantee must generally recognize compensation income equal to the fair market value of the shares received less the amount paid (if any). We generally will be entitled to a deduction in an amount equal to the compensation income recognized by the grantee.

When the stock is subsequently sold, the grantee generally will recognize capital gain or loss (short-term or long-term, as applicable) equal to the difference between the amount realized upon the sale of the shares and his or her tax basis (generally the amount paid plus any compensation income recognized).

Limitation on the Company's Deductions. As a result of Section 162(m) of the Code, the Company's deduction for certain awards under the Amended and Restated 2008 Plan may be limited to the extent that the Chief Executive Officer and the three other most highly compensated executive officers, but not including our principal financial officer receive compensation in excess of \$1 million a year (other than performance-based compensation that otherwise meets the requirements of Section 162(m) of the Code). In the case of options and stock appreciation rights, the performance-based exception is satisfied if, in addition to other requirements, the plan under which the option or stock appreciation rights are granted is approved by stockholders, the grants are made by a committee of outside directors and the amount of compensation a person can receive is based solely on an increase in the value of the stock after grant. Other forms of equity awards under the Amended and Restated 2008 Plan will be eligible for the performance-based exception, to the extent the stockholders approve the Amended and Restated 2008 Plan and the Compensation Committee satisfies the applicable requirements such as using performance goals included in the Amended and Restated 2008 Plan and taking certain actions on a timely basis.

Nevertheless, the deductibility of compensation is but one of the critical factors in the design and implementation of any compensation arrangement, and our Board and Compensation Committee reserve the right to pay non-deductible compensation when appropriate.

#### Israeli Tax Aspects

The following is a summary of the Israeli income tax consequences of certain transactions under the Amended and Restated 2008 Plan with regard to the granting of awards, including, stock options, restricted stock and restricted stock units (the "Stock Awards") to Israeli Stock Award holders. It is general and does not purport to be comprehensive. Generally, the Amended and Restated 2008 Plan provides for the granting of Stock Awards to employees, directors and consultants under either Section 102 or Section 3(i) of the Tax Ordinance. The Stock Awards granted under the Amended and Restated 2008 Plan to employees and office holders, who are not controlling shareholders (as defined in the Tax Ordinance) are subject to the "capital gains tax route" under Section 102 of the Tax Ordinance (the "Capital Gains Tax Route") and the Stock Awards granted to participants in the Amended and Restated 2008 Plan who do not qualify to receive Stock Awards under the Capital Gains Tax Route, including consultants, service providers and controlling shareholders, are subject to Section 3(i) of the Tax Ordinance.

Stock Awards. The Capital Gains Tax Route generally provides, in connection with Stock Awards, for a reduced tax rate of 25% on gains realized upon the sale of its underlying shares, subject to the fulfillment of certain procedures and conditions including the deposit of such Stock Awards (or shares issued upon their exercise or shares in case that a restricted stock was granted) for a requisite period of time with a trustee approved by the Israeli Tax Authority (currently, 24 months from the date of grant). Notwithstanding the above, in any event where the exercise price of the underlying shares subject to the Stock Awards is less than the fair market value of the underlying shares at the time of grant of the Stock Awards (calculated as the average value of a company's shares on the 30 trading days preceding the date of grant), such amount will be deemed ordinary income of the Stock Award holder, taxed at the applicable marginal tax rate (up to 50% in 2014) together with health insurance and social security insurance payments, on the date of sale of the underlying shares and/or the date of the release of such underlying shares from trust. In the event

the requirements of Section 102 of the Tax Ordinance for the allocation of Stock Awards according to the Capital Gains Tax Route are not met, the benefit attributed to the Stock Award holder as a result of the grant of such Stock Awards will be taxed as ordinary work income at applicable marginal income tax rates (together with health insurance and social security insurance payments). For as long as the restricted stock or the shares issued upon exercise of Stock Awards are registered in the name of the trustee, the voting rights with respect to such shares will remain with the trustee. Under the Capital Gains Tax Route, a company, or its Israeli subsidiary, as the case may be, is generally not entitled to recognize a deduction for Israeli tax purposes on the gain recognized by the Stock Award holder upon sale of the shares underlying the Stock Awards (except for such amount that will be deemed ordinary income of the Stock Award holder as explained above). The Israeli subsidiary of the Company will be required to withhold applicable tax (and social security and national health insurance charges, if applicable) at source on behalf of the Stock Award holder and may be required to pay social security and national health insurance charges.

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Generally, with respect to a holder of a 3(i) Stock Award that is not registered for trade, the taxable event shall take place on the date of exercise of the Stock Award into shares, and the income will be classified as regular employment or work income subject to marginal tax rates (if the participant is an individual) or corporate tax rates (if the participant is a corporation).

#### Equity Compensation Plan Information

The following table sets forth additional information with respect to our equity compensation plans, including the 2008 Plan, as of August 31, 2013:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weight-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	--	--	--
Equity compensation plans not approved by security holders	1,128,938	\$ 4.34	142,842
Total	1,128,938	\$ 4.34	142,842

In the table above, the number of securities to be issued upon exercise of outstanding options, warrants and rights pursuant to equity compensation plans not approved by security holders includes 848,824 shares of common stock issuable pursuant to options issued under the 2008 Plan, described above.

In addition, on August 14, 2007, we granted Dr. Miriam Kidron a warrant to purchase up to 280,114 shares of our common stock at an exercise price of \$.012 per share; the warrant vested immediately and had an expiration date of December 31, 2012. On August 8, 2012, our Board resolved to extend the term of Dr. Kidron's warrant until August 6, 2014. On April 1, 2014, Dr. Kidron exercised the warrant with respect to 137,300 shares of our common stock and, as of June 9, 2014, the warrant remains exercisable with respect to 142,814 shares. The warrant is not governed by the 2008 Plan.

#### Vote Required

The affirmative vote of the holders of a majority of shares of common stock present, in person or by proxy, and entitled to vote on Proposal 2 is required to approve the Company's Amended and Restated 2008 Stock Incentive Plan.

The Board unanimously recommends that you vote "FOR" the Amended and Restated 2008 Plan.



PROPOSAL 3:  
AMENDMENT TO THE COMPANY'S CERTIFICATE OF INCORPORATION

At the Annual Meeting, the stockholders will be asked to approve an amendment to our Certificate of Incorporation to increase the number of authorized common stock from 16,666,667 shares to 30,000,000 (the "Certificate of Amendment").

As of June 9, 2014, there are currently            shares of the Company's common stock issued and outstanding,            shares of the Company's common stock reserved for issuance upon the exercise of outstanding warrants,            shares of the Company's common stock reserved for issuance upon the exercise of outstanding options and, assuming the approval of Proposal 2 above, 293,642 shares of the Company's common stock reserved for issuance in connection with future awards under the Amended and Restated 2008 Plan.

Management continues to evaluate various financing alternatives for funding future research and development activities and general and administrative expenses through fund raising in the public or private equity markets. Although there is no assurance that we will be successful with those initiatives, the Board believes that it is in the best interest of the Company to allow management the flexibility to pursue an equity financing by increasing the number of shares of common stock authorized for issuance under the Company's Certificate of Incorporation. An equity financing may be the best or only financing alternative available to the Company or there may not be sufficient time to seek stockholder approval of a specific equity financing transaction. The Company may not be able to carry out an equity financing with the available authorized shares without increasing the number of shares authorized under its certificate of incorporation.

The full text of the Certificate of Amendment is set forth in Exhibit B to this proxy statement. If this proposal is approved by the stockholders, the Board will have the authority, in its sole discretion and without further action by stockholders, to increase the authorized shares of common stock. The amendment will be effective upon its filing with the Secretary of State of the State of Delaware, the Company's state of incorporation. The Board reserves the right, notwithstanding stockholder approval and without further action by the stockholders, to decide not to proceed with increasing the shares of authorized common stock, if it determines, in its sole discretion, that such actions are in the best interests of the Company and its stockholders.

If approved by the stockholders, the additional shares of common stock authorized would be available for issuance for any proper corporate purpose as determined by our Board without further approval by the stockholders, except as required by law, The NASDAQ Stock Market LLC or the rules of any other national securities exchange on which our shares of common stock are listed.

The existence of a substantial number of authorized and unissued shares of common stock could also impede an attempt to acquire control because our Board would have the ability to issue additional shares of common stock in response to any such attempt. We are not aware at this time of any attempt to acquire control of the Company, and no decision has been made as to whether any or all newly authorized but unissued shares of stock would be issued in response to any attempt of that kind.

The additional shares of common stock to be authorized will have rights identical to the currently outstanding common stock. The proposed amendment will not affect the par value of the common stock, which will remain at \$.012 per share. Under our Certificate of Incorporation, our stockholders do not have preemptive rights to subscribe to additional securities that may be issued by the Company; in other words, current stockholders do not have a prior right to purchase any new issue of our capital stock to maintain their proportionate ownership of common stock. Under Delaware law, stockholders will not have any dissenters' or approval rights in connection with the proposed amendment. If we issue additional shares of common stock or other securities convertible into common stock in the

future, it will dilute the voting rights of existing holders of common stock and will also dilute earnings per share and book value per share.

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Vote Required

The affirmative vote of the holders of a majority of shares of common stock present, in person or by proxy, and entitled to vote on Proposal 3 is required to approve an amendment to the Company's Certificate of Incorporation to increase the Company's authorized common stock from 16,666,667 shares to 30,000,000 shares.

The Board unanimously recommends that you vote "FOR" the Certificate of Amendment.

PROPOSAL 4:

ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

In accordance with the requirements of Section 14A of the Exchange Act (which was added by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010), and related rules of the SEC, we are including a separate proposal subject to stockholder vote to approve, on a non-binding, advisory basis, the compensation of our Named Executive Officers listed in the Summary Compensation Table appearing elsewhere in this proxy statement pursuant to Item 402 of Regulation S-K. To learn more about our executive compensation, see "Compensation of Executive Officers and Directors" elsewhere in this proxy statement.

The vote on this Proposal 4 is not intended to address any specific element of compensation; rather, the vote relates to the compensation of our Named Executive Officers, as described in this proxy statement in accordance with the compensation disclosure rules of the SEC. To the extent there is any significant vote against our Named Executive Officer compensation as disclosed in this proxy statement, our Compensation Committee of our Board will evaluate whether any actions are necessary to address the concerns of stockholders.

Based on the above, we request that you indicate your support for our executive compensation, by voting in favor of the following resolution:

"RESOLVED, that the Company's stockholders approve, on a non-binding, advisory basis, the compensation of the Company's Named Executive Officers as described in this proxy statement, including the "Compensation of Executive Officers and Directors" section, the related compensation tables and other narrative compensation disclosures."

The opportunity to vote on this Proposal 4 is required pursuant to Section 14A of the Exchange Act. However, as an advisory vote, the vote on Proposal 4 is not binding upon us and serves only as a recommendation to our Board. Nonetheless, our Compensation Committee, which is responsible for designing and administering our executive compensation program, and the Board value the opinions expressed by stockholders, and will consider the outcome of the vote when making future compensation decisions for our Named Executive Officers.

Vote Required

The affirmative vote of the holders of a majority of shares of common stock present, in person or by proxy, and entitled to vote on Proposal 4 is required for the approval thereof.

The Board unanimously recommends that you vote "FOR" the approval of the compensation of our Named Executive Officers, as disclosed in this proxy statement.

PROPOSAL 5:

ADVISORY VOTE ON THE FREQUENCY OF THE ADVISORY VOTE ON COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

In accordance with the requirements of Section 14A of the Exchange Act and related rules of the SEC, we are including a separate proposal subject to stockholder vote to recommend, on a non-binding, advisory basis, whether a non-binding, advisory stockholder vote to approve the compensation of our Named Executive Officers (that is, a vote similar to the non-binding, advisory vote in Proposal 4 above) should occur every one, two or three years.

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By voting with respect to this Proposal 5, stockholders may indicate whether they would prefer that we conduct future advisory votes on our Named Executive Officer compensation once every one, two, or three years. Stockholders also may, if they so wish, abstain from casting a vote on this Proposal 5.

The Board has considered the frequency of the advisory vote on the compensation of our Named Executive Officers that it should recommend. After considering the benefits and consequences of each alternative for the frequency of submitting the advisory vote on the compensation of our Named Executive Officers to stockholders, the Board recommends submitting the advisory vote on the compensation of our Named Executive Officers to our stockholders every 2 years.

In determining to recommend that stockholders vote for a frequency of once every 2 years, the Board considered how an advisory vote at this frequency will provide our stockholders with sufficient time to evaluate the effectiveness of our overall compensation philosophy, policies and practices in the context of our long-term business results for the corresponding period, while avoiding over-emphasis on short term variations in compensation and business results. An advisory vote occurring once every 2 years will also permit our stockholders to observe and evaluate the impact of any changes to our executive compensation policies and practices which have occurred since the last advisory vote on executive compensation, including changes made in response to the outcome of a prior advisory vote on executive compensation. We will continue to engage with our stockholders regarding our executive compensation program during the period between advisory votes on executive compensation.

For the above reasons, the Board recommends that you vote to hold a non-binding, advisory vote on the compensation of our Named Executive Officers every 2 years. Your vote, however, is not to approve or disapprove the Board's recommendation.

When voting on this Proposal 5, you have four choices: you may elect that we hold an advisory vote on the compensation of our Named Executive Officers every year, every 2 years or every 3 years, or you may abstain from voting. If you properly complete your proxy and fail to indicate your preference or abstention, your shares will be voted to select every 2 years as the frequency with which our stockholders are recommending for us to hold a non-binding, advisory vote on the compensation of our Named Executive Officers.

The choice of frequency that receives the highest number of votes will be considered as the frequency that our stockholders are recommending for us to hold a non-binding, advisory vote on the compensation of our Named Executive Officers. The Board will consider the outcome of the vote when making future decisions on executive compensation. However, as an advisory vote, the vote on this Proposal 5 is not binding upon us, and the Board may decide that it is in the best interests of our stockholders and the Company to hold an advisory vote on executive compensation more or less frequently than the alternative approved by our stockholders. Our Board has not yet determined the frequency with which we will hold the stockholder advisory vote on Named Executive Officer compensation required by Section 14A of the Exchange Act or when the next such stockholder advisory vote on Named Executive Officer compensation will occur.

#### Vote Required

The choice of frequency that receives the highest number of votes will be considered as the frequency that our stockholders are recommending for us to hold a non-binding, advisory vote on the compensation of our Named Executive Officers.

The Board unanimously recommends a vote to hold an advisory vote on the compensation of our Named Executive Officers every "2 YEARS."



## COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

## Summary Compensation Table

The following table sets forth the compensation earned during the fiscal years ended August 31, 2012 and 2013 by our President and Chief Executive Officer, our Chief Medical and Technology Officer and our Chief Financial Officer, Treasurer and Secretary, and our Chief Operating Officer and Vice President of Business Development (the “Named Executive Officers”):

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
	(1)	(2)	(2)(3)	(4)	(2)(5)	
Nadav Kidron President and CEO (4)	2013	199,670	60,000	104,253	11,992	375,915
	2012	159,136	-	88,927	17,989	266,052
Miriam Kidron Chief Medical and Technology Officer (5)(6)	2013	168,410	20,000	104,253	12,076	304,739
	2012	159,136	-	88,927	13,200	261,263
Yifat Zommer CFO, Treasurer and Secretary	2013	83,387	15,000	93,355	29,086	220,828
	2012	58,686	-	32,915	29,719	121,320
Joshua Hexter COO and VP Business Development(8)	2013	48,426	-	109,061	10,019	167,506

- (1) The information is provided for each fiscal year, which begins on September 1 and ends on August 31.
- (2) Amounts paid for Salary, Bonus and All Other Compensation were originally denominated in NIS and were translated into U.S. Dollars at the then current exchange rate for each payment.
- (3) Bonuses were granted at the discretion of the Compensation Committee.
- (4) The amounts reflect the grant date fair value, as calculated pursuant to FASB ASC Topic 718, of these option awards. The assumptions used to determine the fair value of the option awards for fiscal years ended August 31, 2013 and 2012 are set forth in Note 10 to our audited consolidated financial statements included in the Annual Report. Our Named Executive Officers will not realize the value of these awards in cash unless and until these awards are exercised and the underlying shares subsequently sold.
- (5) See “All Other Compensation Table” below.
- (6) Mr. Kidron receives compensation from Oramed Ltd. through KNR Y, Ltd., an Israeli entity owned by Mr. Kidron (“KNRY”). See “—Employment and Consulting Agreements” below.

- (7) Dr. Kidron receives compensation from Oramed Ltd. through KNRV. See “—Employment and Consulting Agreements” below. See “Item 13. Certain Relationships and Related Transactions, and Director Independence” for a description of management fees received by Dr. Kidron from Hadasit.
- (8) Mr. Hexter joined the Company in April 2013 and his base salary for Fiscal 2013 was \$128,000.

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The “All Other Compensation” amounts in the Summary Compensation Table above consist of the following:

Name	Year	Automobile- Related Expenses (\$)	Manager’s Insurance* (\$)	Education Fund* (\$)	Total (\$)
Nadav Kidron	2013	11,992	--	--	11,992
	2012	17,989	--	--	17,989
Miriam Kidron	2013	12,076	--	--	12,076
	2012	13,200	--	--	13,200
Yifat Zommer	2013	10,507	12,416	6,163	29,086
	2012	12,976	11,024	5,719	29,719
Joshua Hexter	2013	3,536	3,998	2,485	10,019

\*Manager’s insurance and education funds are customary benefits provided to employees based in Israel. Manager’s insurance is a combination of severance savings (in accordance with Israeli law), defined contribution tax-qualified pension savings and disability insurance premiums. An education fund is a savings fund of pre-tax contributions to be used after a specified period of time for educational or other permitted purposes.

#### Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information concerning stock options and stock awards held by the Named Executive Officers as of August 31, 2013.

#### Option Awards

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Nadav Kidron	72,000 (1)	-	6.48	05/07/18
	72,000 (3)	-	5.88	04/20/20
	60,000 (4)	12,000 (4)	4.08	08/08/22
Miriam Kidron	72,000 (1)	-	6.48	05/07/18
	72,000 (3)	-	5.88	04/20/20
	60,000 (4)	12,000 (4)	4.08	08/08/22
Yifat Zommer	33,334 (2)	-	5.64	10/19/19
	22,750 (5)	28,000 (5)	4.08	08/08/22
Joshua Hexter	12,600 (6)	88,200 (6)	7.88	03/14/23

(1) On May 7, 2008, 72,000 options were granted to each of Nadav Kidron and Miriam Kidron under the 2008 Plan at an exercise price of \$6.48 per share; 12,000 of such options vested immediately on the date of grant and the remainder vested in twenty equal monthly installments, commencing on June 30, 2008. The options have an

expiration date of May 7, 2018.

(2)