

COMPUGEN LTD
Form F-3
August 26, 2014

As filed with the Securities and Exchange Commission on August 26, 2014

Registration No. 333-

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

FORM F-3
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Compugen Ltd.
(Exact name of registrant as specified in its charter)

Not Applicable
(Translation of Registrant's Name into English)

Israel
(State or other jurisdiction of
incorporation or organization)

Not Applicable
(I.R.S. Employer Identification No.)

72 Pinchas Rosen Street
Tel Aviv, 6951294 Israel
+972-3-765-8585
(Address and telephone number of registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. o

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered(1)	Proposed Maximum Aggregate Offering Price(2)(3)	Amount of Registration Fee(4)
Ordinary Shares, par value NIS 0.01 per share	(5)	(5)
Debt Securities	(5)	(5)
Rights	(5)	(5)
Warrants	(5)	(5)
Units	(5)	(5)
Total	\$ 200,000,000	\$ 25,760

- (1) There are being registered hereunder such indeterminate number of ordinary shares, such indeterminate number of debt securities, such indeterminate number of subscription rights to purchase ordinary shares, such indeterminate number of warrants to purchase ordinary shares, and such indeterminate number of units comprising any combination of these securities as shall have an aggregate initial offering price not to exceed \$200,000,000. If any debt securities are issued at an original issue discount, then the issue price, and not the principal amount, of such debt securities shall be used for purposes of calculating the aggregate initial offering price of all securities issued. Any securities registered hereunder may be sold separately or as units with other securities registered hereunder. The securities registered also include such indeterminate amounts and numbers of ordinary shares and principal amounts of debt securities, as may be issued upon conversion of or exchange for debt securities that provide for conversion or exchange, upon exercise of warrants or pursuant to the anti-dilution provisions of any such securities.
- (2) In United States dollars or the equivalent thereof in any other currency, currency unit or units, or composite currency or currencies.
- (3) The proposed maximum aggregate offering prices per class of security will be determined from time to time by the Registrant in connection with the issuance by

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the Registrant of the securities registered hereunder.

- (4) Calculated pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
- (5) Not required to be included in accordance with General Instruction II.C of Form F-3.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell securities and it is not soliciting an offer to buy securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated August 26, 2014

Prospectus

\$200,000,000
Ordinary Shares
Debt Securities
Rights
Warrants
Units

We may offer and sell from time to time in one or more offerings our ordinary shares, debt securities, rights, warrants and units comprising any combination of these securities having an aggregate offering price up to \$200,000,000.

Each time we sell securities pursuant to this prospectus, we will provide in a supplement to this prospectus the price and any other material terms of any such offering and the securities offered. Any prospectus supplement may also add, update or change information contained in the prospectus. You should read this prospectus and any applicable prospectus supplement, as well as the documents incorporated by reference or deemed incorporated by reference into this prospectus, carefully before you invest in any securities.

Our ordinary shares are traded on The NASDAQ Global Market and on the Tel Aviv Stock Exchange under the symbol "CGEN." The closing sale price of our ordinary shares on The NASDAQ Global Market and on the Tel Aviv Stock Exchange on August 25, 2014, was \$8.58 and \$8.71 per share, respectively. The currency in which our stock is traded on the Tel Aviv Stock Exchange is the New Israeli Shekel, or NIS. The above closing price on the Tel Aviv Stock Exchange represents a conversion from NIS to dollar amounts in accordance with the dollar - NIS conversion rate as of August 25, 2014.

AN INVESTMENT IN OUR SECURITIES INVOLVES RISKS. SEE THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 3.

Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus may not be used to consummate sales of securities unless it is accompanied by a prospectus supplement.

The date of this prospectus is _____, 2014

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a “shelf” registration process. Under this shelf registration process, we may from time to time sell ordinary shares, debt securities, rights, warrants or units comprising any combination of these securities, in one or more offerings up to a total dollar amount of \$200,000,000. We have provided to you in this prospectus a general description of the securities we may offer. Each time we sell securities, we will, to the extent required by law, provide a prospectus supplement that will contain specific information about the terms of the offering. We may also add, update or change in any accompanying prospectus supplement or any free writing prospectus we may authorize to be delivered to you any of the information contained in this prospectus. To the extent there is a conflict between the information contained in this prospectus and the prospectus supplement, you should rely on the information in the

prospectus supplement, provided that if any statement in one of these documents is inconsistent with a statement in another document having a later date—for example, a document incorporated by reference in this prospectus or any prospectus supplement—the statement in the document having the later date modifies or supersedes the earlier statement. This prospectus, together with any accompanying prospectus supplement and any free writing prospectus we may authorize to be delivered to you, includes all material information relating to the offering of our securities.

As permitted by the rules and regulations of the SEC, the registration statement, of which this prospectus forms a part, includes additional information not contained in this prospectus. You may read the registration statement and the other reports we file with the SEC at the SEC’s web site or at the SEC’s offices described below under the heading “Where You Can Find Additional Information.”

In this prospectus, unless otherwise stated or the context otherwise requires, references to “Compugen,” “the Company,” “we,” “us”, “our” and similar references refer to Compugen Ltd. and our wholly owned subsidiary, Compugen USA, Inc. except where the context otherwise requires or as otherwise indicated.

You should rely only on the information contained or incorporated by reference in this prospectus, any accompanying prospectus supplement or any “free writing prospectus” we may authorize to be delivered to you. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus, any prospectus supplement and the documents incorporated by reference herein and therein are accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

Neither this prospectus nor any accompanying prospectus supplement shall constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

(i)

PROSPECTUS SUMMARY

This summary highlights only some of the information included or incorporated by reference in this prospectus. You should carefully read this prospectus together with the additional information about us described in the sections entitled “Where You Can Find Additional Information” and “Incorporation of Certain Information by Reference” before purchasing our securities.

Compugen Ltd.

Overview

Compugen is a drug discovery and development company utilizing a broadly applicable proprietary infrastructure for the in silico (by computer) prediction and selection of human therapeutic product candidates, which are then advanced in its Pipeline Program. The initial fields of focus selected by us are monoclonal antibodies and therapeutic proteins to address major unmet needs in the fields of oncology and immunology. Beginning in late 2010, we established the Pipeline Program, consisting of targets and product candidates for applications in oncology and immunology, based largely on novel immune checkpoint regulator candidates discovered by us during our first focused discovery program. Our business model includes entering into collaborations covering the further development and commercialization of product candidates at various stages from our Pipeline Program and various forms of research and discovery agreements, in both cases providing us with potential fees, research revenues, milestones, royalties and other revenue sharing payments.

Predictive Discovery Infrastructure

Our continuously growing discovery infrastructure, established over more than a decade of pioneering research with respect to key biological phenomena, consists of a multi-dimensional platform integrating proprietary scientific understandings and predictive models, algorithms, machine learning systems and other computational biology capabilities.

Initial Fields of Focus

Oncology and immunology are both areas of complex and challenging diseases with significant unmet medical needs. Therefore, these are areas of high industry interest with numerous efforts to identify novel therapeutic solutions. Our science-driven predictive capabilities are well suited for the identification of novel therapeutic candidates for these complex, multi-factorial and challenging therapeutic fields.

The Pipeline Program

Our Pipeline Program consists of therapeutic product candidates at various stages ranging from target validation to pre-clinical studies. The aim of the Pipeline Program is to advance in our validation pipeline monoclonal antibody, or mAb, targets and mAbs against such targets, and Fc fusion protein therapeutics, in each case discovered by us, in the fields of oncology and immunology and to further advance selected molecules beyond their animal proof of concept stage. The newly discovered candidates enter the Pipeline Program when they begin experimental evaluation following their in silico prediction and selection. These candidates then undergo in vitro and in vivo experimental validation, with selected candidates eventually being advanced toward pre-clinical, and, in selected cases, possibly future clinical activities. The experimental validation studies are conducted at our facilities, or at expert laboratories, selected specifically for each relevant field. In the case of drug targets for mAbs, target functional characterization and other validation studies, selected based on the nature of the target, confirming the target’s therapeutic potential are undertaken, followed by the generation of a therapeutic mAb to be used for in vitro and in vivo proof of concept

studies in disease animal models. mAb candidates, either humanized or fully-human, selected to be advanced to pre-IND studies, will then enter the stage of lead candidate selection and optimization. For specific candidates we may choose to continue development into further clinical activities. With respect to therapeutic protein product candidates that have either been or will be successfully validated in vitro, these candidates are further advanced to in vivo proof of concept studies in disease animal models and to mechanism of action studies to explore their novel biology, followed by the selection of the final therapeutic form of the molecule to be used at later development stages.

Bayer Collaboration

On August 5, 2013, we and Bayer Pharma AG, or Bayer, entered into a Research and Development Collaboration and License Agreement for the research, development and commercialization of antibody-based therapeutics against two novel, Compugen-discovered immune checkpoint regulators, CGEN 15001T and CGEN 15022. Under the terms of this agreement, we received an upfront payment of \$10 million, and we are eligible to receive an aggregate of over \$500 million in potential milestone payments for both programs, not including aggregate preclinical milestone payments of up to \$30 million during the research programs. Additionally, we are eligible to receive mid- to high single digit royalties on global net sales of any approved products under the collaboration. Under this agreement, Compugen and Bayer will jointly pursue a preclinical research program with respect to each of the two immune checkpoint regulators. A joint steering committee consisting of representatives from each party will be responsible for overseeing and directing each such research program pursuant to an agreed upon workplan. Following each such research program, Bayer will have full control over further clinical development of any cancer therapeutic product candidates targeting the Compugen-discovered immune checkpoint regulators and will have worldwide commercialization rights for any approved products.

Corporate Information

Our legal and commercial name is Compugen Ltd. We were incorporated on February 10, 1993 as an Israeli corporation. The legislative framework within which Compugen Ltd. now operates is the Israel Companies Law, 5759-1999, as amended (the "Companies Law"), which originally became effective on February 1, 2000, and the Israeli Companies Ordinance (New Version) 1983, as amended. Our principal offices are located at 72 Pinchas Rosen Street, Tel Aviv 6951294, Israel, and our telephone number is +972-3-765-8585. Our primary Internet address is www.cgen.com. The information on our website is not incorporated by reference into this prospectus, is not considered a part of this prospectus and should not be relied upon with respect to any offering.

Compugen USA Inc., our wholly owned subsidiary, was incorporated in Delaware in March 1997 and is qualified to do business in California. This subsidiary did not have any significant operations from 2008 to March 2012.

RISK FACTORS

Investing in our securities involves risks. Before making an investment decision, you should carefully consider the risks described under “Risk Factors” in the applicable prospectus supplement and in our most recent Annual Report on Form 20-F, or any updates in our Reports on Form 6-K, together with all of the other information appearing in this prospectus or incorporated by reference into this prospectus and any applicable prospectus supplement, in light of your particular investment objectives and financial circumstances. The risks so described are not the only risks facing our company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition and results of operations could be materially adversely affected by any of these risks. The trading price of our securities could decline due to any of these risks, and you may lose all or part of your investment.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains, and any accompanying prospectus supplement will contain, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the Private Securities Litigation Reform Act of 1995. Also, documents that we incorporate by reference into this prospectus, including documents that we subsequently file with the SEC, will contain forward-looking statements. Forward-looking statements are those that predict or describe future events or trends and that do not relate solely to historical matters. You can generally identify forward-looking statements as statements containing the words “may,” “will,” “could,” “should,” “expect,” “anticipate,” “objective,” “goal,” “intend,” “estimate,” “believe,” “project,” “plan,” “assume” or other similar expressions, or negatives of these expressions, although not all forward-looking statements contain these identifying words. All statements contained or incorporated by reference in this prospectus and any prospectus supplement regarding our future strategy, future operations, projected financial position, proposed products, anticipated collaborations, estimated future revenues, projected costs, future prospects, the future of our industry and results that might be obtained by pursuing management’s current plans and objectives are forward-looking statements.

You should not place undue reliance on our forward-looking statements because the matters they describe are subject to certain risks, uncertainties and assumptions, including in many cases decisions or actions by third parties, that are difficult to predict. Our forward-looking statements are based on the information currently available to us and speak only as of the date on the cover of this prospectus, the date of any prospectus supplement, or, in the case of forward-looking statements incorporated by reference, the date of the filing that includes the statement. Over time, our actual results, performance or achievements may differ from those expressed or implied by our forward-looking statements, and such difference might be significant and materially adverse to our security holders. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

We have identified some of the important factors that could cause future events to differ from our current expectations and they are described in this prospectus and supplements to this prospectus under the caption “Risk Factors,” as well as in our most recent Annual Report on Form 20-F, including without limitation under the captions “Risk Factors” and “Operating and Financial Review and Prospects,” and in other documents that we may file with the SEC, all of which you should review carefully. Please consider our forward-looking statements in light of those risks as you read this prospectus and any prospectus supplement.

OFFER STATISTICS AND EXPECTED TIMETABLE

We may sell from time to time pursuant to this prospectus (as may be detailed in prospectus supplements) an indeterminate number of securities as shall have a maximum aggregate offering price of \$200,000,000. The actual

number of securities and price of the securities that we will offer pursuant hereto will depend on a number of factors that may be relevant as of the time of offer (see “Plan of Distribution” below).

CAPITALIZATION AND INDEBTEDNESS

The table below sets forth our unaudited capitalization and indebtedness as of June 30, 2014.

	As of June 30, 2014 (in thousands, except share and per share data)
Indebtedness:	
Research and development funding arrangement (1)	\$ 13,074
Total Indebtedness	13,074
Shareholder's Equity:	
Ordinary Shares, NIS 0.01 nominal value:	132
100,000,000 shares authorized and 48,468,328 shares issued and outstanding (1) (2) (3)	
Additional paid in capital	308,531
Accumulated other comprehensive income	1,885
Accumulated deficit	(212,419)
Total Shareholders' Equity	\$98,129

-
- (1) Subsequent to June 30, 2014, and pursuant to the Termination and Equity Conversion Agreement entered into with Baize Investments (Israel) Ltd. ("Baize") on August 20, 2014, the research and development funding arrangement liability was eliminated and we will issue 1,600,000 ordinary shares to Baize. As of the issuance date of the ordinary shares, we will re-measure the fair value of the liability in respect to the research and development funding arrangement and will reclassify the liability measured at fair value to equity. If the fair value of the ordinary shares issued exceeds the fair value of the liability and warrants, the difference will be recorded as financial expenses in the statement of comprehensive loss.
- (2) Does not include as of June 30, 2014 (i) outstanding options to purchase a total of 5,984,174 ordinary shares, at a weighted average exercise price of \$4.03 per share, (ii) outstanding warrants to purchase a total of 500,000 ordinary shares at an exercise price of \$7.50 per share, and (iii) ordinary shares issuable upon the conversion by Baize of its right to receive future research and development payments under the research and funding arrangement. Pursuant to the Termination and Equity Conversion Agreement entered into with Baize on August 20, 2014, the warrants set forth in clause (ii) and the right to receive ordinary shares upon the conversion by Baize of its right to receive future research and development payments under the research and funding arrangement set forth in clause (iii) have been terminated.
- (3) Does not include options to purchase an aggregate of 150,000 ordinary shares at an exercise price of \$10.07 per share granted to our President and Chief Executive Officer and our Chairman of the Board, as approved by our shareholders at the 2014 Annual General Meeting on August 7, 2014.

PRICE RANGE OF OUR ORDINARY SHARES

Our ordinary shares were listed on The NASDAQ Global Market through June 16, 2009. On June 17, 2009, we transferred the listing of our ordinary shares from The NASDAQ Global Market to The NASDAQ Capital Market, and on January 27, 2014 we transferred the listing of our ordinary shares from The NASDAQ Capital Market back to The NASDAQ Global Market. The high and low sales prices per share of our ordinary shares for the periods indicated are set forth below:

Year Ended	High	Low
December 31, 2009	\$ 5.86	\$ 0.39
December 31, 2010	\$ 5.32	\$ 3.04
December 31, 2011	\$ 5.80	\$ 3.32
December 31, 2012	\$ 6.47	\$ 2.96
December 31, 2013	\$ 11.92	\$ 4.56

Quarter Ended	High	Low
March 31, 2012	\$ 6.47	\$ 4.96
June 30, 2012	\$ 6.19	\$ 3.33
September 30, 2012	\$ 4.50	\$ 2.96
December 31, 2012	\$ 5.86	\$ 3.53
March 31, 2013	\$ 6.32	\$ 4.84
June 30, 2013	\$ 6.60	\$ 4.56
September 30, 2013	\$ 10.60	\$ 5.04
December 31, 2013	\$ 11.92	\$ 7.92
March 31, 2014	\$ 14.32	\$ 8.76
June 30, 2014	\$ 11.55	\$ 7.58

Month Ended	High	Low
February 28, 2014	\$ 14.32	\$ 10.10
March 31, 2014	\$ 12.43	\$ 9.64
April 30, 2014	\$ 11.55	\$ 8.76

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M	a	y	3	1	,		
2014						\$ 9.92	\$ 7.58
J	u	n	e	3	0	,	
2014						\$ 9.74	\$ 7.84
July 31, 2014						\$ 9.50	\$ 8.41

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The high and low sales prices per share of our ordinary shares on the Tel Aviv Stock Exchange for the periods indicated are set forth below. The currency in which our stock is traded on the Tel Aviv Stock Exchange is the New Israeli Shekel, or NIS. The below dollar amounts represent a conversion from NIS to dollar amounts in accordance with the dollar NIS conversion rate as of the relevant date.

Year Ended	High	Low
December 31, 2009	\$ 6.06	\$ 0.42
December 31, 2010	\$ 5.64	\$ 3.08
December 31, 2011	\$ 5.92	\$ 3.27
December 31, 2012	\$ 6.35	\$ 3.03
December 31, 2013	\$ 11.79	\$ 4.58

Quarter Ended	High	Low
March 31, 2012	\$ 6.25	\$ 4.95
June 30, 2012	\$ 6.35	\$ 3.30
September 30, 2012	\$ 4.47	\$ 3.03
December 31, 2012	\$ 5.81	\$ 3.59
March 31, 2013	\$ 6.31	\$ 4.87
June 30, 2013	\$ 6.52	\$ 4.57
September 30, 2013	\$ 10.57	\$ 5.18
December 31, 2013	\$ 11.79	\$ 4.58
March 31, 2014	\$ 13.48	\$ 8.79
June 30, 2014	\$ 11.35	\$ 7.62

Month Ended	High	Low
February 28, 2014	\$ 13.48	\$ 10.13
March 31, 2014	\$ 12.40	\$ 9.63
April 30, 2014	\$ 11.35	\$ 8.93
May 31, 2014	\$ 9.45	\$ 7.62

J	u	n	e	3	0	,		
2014							\$ 9.50	\$ 7.88
July 31, 2014							\$ 9.64	\$ 8.38

The closing sale price of our ordinary shares on The NASDAQ Global Market and on the Tel Aviv Stock Exchange on August 25, 2014, was \$8.58 and \$8.71 per share, respectively.

REASONS FOR THE OFFER AND USE OF PROCEEDS

We cannot assure you that we will receive any proceeds in connection with securities offered pursuant to this prospectus. Unless otherwise indicated in the applicable prospectus supplement, we intend to use any net proceeds from the sale of securities under this prospectus for our operations and for other general corporate purposes, which may include repayment or refinancing of indebtedness or other corporate borrowings, working capital, intellectual property protection and enforcement, capital expenditures, investments, acquisitions or collaborations, research and development and product development. We may set forth additional information on the use of proceeds from the sale of securities we offer under this prospectus in a prospectus supplement relating to the specific offering. We have not determined the amount of net proceeds to be used specifically for the foregoing purposes. As a result, our management will have broad discretion in the allocation of the net proceeds. Pending use of the net proceeds, we would expect to invest any proceeds in a variety of capital preservation instruments, including short-term, investment-grade, interest-bearing instruments.

DESCRIPTION OF SECURITIES

The descriptions of the securities contained in this prospectus, together with the applicable prospectus supplements, summarize the material terms and provisions of the various types of securities that we may offer. We will describe in the applicable prospectus supplement relating to any securities the particular terms of the securities offered by that prospectus supplement. If we so indicate in the applicable prospectus supplement, the terms of the securities may differ from the terms we have summarized below.

We may sell from time to time, in one or more offerings, ordinary shares, debt securities, rights, warrants to purchase ordinary shares and units comprising any combination of these securities.

In this prospectus, we refer to the ordinary shares, debt securities, rights, warrants and units that may be offered by us collectively as “securities.” The total dollar amount of all securities that we may issue under this prospectus will not exceed \$200,000,000.

This prospectus may not be used to consummate a sale of securities unless it is accompanied by a prospectus supplement.

DESCRIPTION OF ORDINARY SHARES

Our authorized share capital consists of 100,000,000 ordinary shares, nominal (par) value NIS 0.01 per share. As of August 22, 2014, 48,479,328 ordinary shares were issued and outstanding (excluding the 1,600,000 ordinary shares issuable to Baize pursuant to the Termination and Equity Conversion Agreement entered into on August 20, 2014). As of August 22, 2014, there were approximately 74 shareholders of record of our ordinary shares. Subject to our articles of association (the “Articles”), fully paid ordinary shares of the Company confer on the holders thereof rights to attend and to vote at general meetings of the shareholders. Subject to the rights of holders of shares with limited or preferred rights which may be issued in the future, the ordinary shares of the Company confer upon the holders thereof equal rights to receive dividends and to participate in the distribution of the assets of the Company upon its winding-up, in proportion to the amount paid up or credited as paid up on account of the nominal value of the shares held by them respectively and in respect of which such dividends are being paid or such distribution is being made, without regard to any premium paid in excess of the nominal value, if any. All outstanding ordinary shares are validly issued and fully paid.

Transfer of Shares

Our ordinary shares which have been fully paid-up are transferable by submission of a proper instrument of transfer together with the certificate of the shares to be transferred and such other evidence of title, as our board of directors (the “Board of Directors”) may require, unless such transfer is prohibited by another instrument or by applicable securities laws.

Dividends

Under the Companies Law, dividends may be distributed only out of profits available for dividends as determined by the Companies Law, provided that there is no reasonable concern that the distribution will prevent the Company from being able to meet its existing and anticipated obligations when they become due. If the company does not meet the profit requirement, a court may nevertheless allow the company to distribute a dividend, as long as the court is convinced that there is no reasonable concern that such distribution will prevent the company from being able to meet its existing and anticipated obligations when they become due. Pursuant to our Articles, no dividend shall be paid otherwise than out of the profits of the Company. Generally, under the Companies Law, the decision to distribute

dividends and the amount to be distributed is made by a company's board of directors.

Our Articles provide that our Board of Directors, may, subject to the Companies Law, from time to time, declare and cause the Company to pay such dividends as may appear to the Board of Directors to be justified by the profits of our Company. Subject to the rights of the holders of shares with preferential special or deferred rights that may be authorized in the future, our profits which shall be declared as dividends shall be distributed according to the proportion of the nominal (par) value paid up or credited as paid up on account of the shares held at the date so appointed by the Company and in respect of which such dividend is being paid, without regard to the premium paid in excess of the nominal (par) value, if any.

Under the Companies Law, the declaration of a dividend does not require the approval of the shareholders of the company, unless the company's articles of association require otherwise. Our Articles provide that the Board of Directors may declare and distribute dividends without the approval of the shareholders.

To date, we have not declared or distributed any dividend and we do not intend to pay cash dividends on our ordinary shares in the foreseeable future.

Voting Rights

Subject to the provisions of our Articles, holders of ordinary shares have one vote for each ordinary share held by such shareholder of record, on all matters submitted to a vote of shareholders. Shareholders may vote in person, by proxy or by proxy card. These voting rights may be affected by the grant of any special voting rights to the holders of a class of shares with preferential rights that may be authorized in the future. Our ordinary shares do not have cumulative voting rights in the election of directors. As a result, the holders of the majority of the shares present and voting at a shareholders meeting generally have the power to elect all of our directors, except the external directors whose election requires a special majority in accordance with the Companies Law.

Liquidation Rights

In the event of our winding up on liquidation or dissolution, subject to applicable law, our assets available for distribution among the shareholders shall be distributed to the holders of ordinary shares in proportion to the amount paid up or credited as paid up on account of the nominal value of the shares held by them respectively and in respect of which such distribution is being made, without regard to any premium paid in excess of the nominal value, if any. This liquidation right may be affected by the grant of limited or preferential rights as to liquidation to the holders of a class of shares that may be authorized in the future.

Redemption Provisions

We may, subject to applicable law and to our Articles, issue redeemable shares and redeem the same upon such terms and conditions as determined by the Board of Directors.

Capital Calls

Under our Articles, the liability of each shareholder for the Company's obligations is limited to the unpaid sum, if any, owing to the Company in consideration for the issuance of the shares held by such shareholder.

Shareholders Meetings and Resolutions

Our Articles provide that our annual general meeting shall be held once in every calendar year at such time (within a period of not more than fifteen months after the last preceding annual general meeting), and place determined by our Board of Directors. Our Board of Directors may, in its discretion, convene additional shareholder meetings and, pursuant to the Companies Law, must convene a meeting upon the demand of: (a) two directors or one quarter of the directors in office; or (b) the holder or holders of (i) 5% or more of the Company's issued share capital and one percent or more of its voting rights; or (ii) 5% or more of the Company's voting rights.

The chairman of the Board of Directors shall preside as chairman at each of our general meetings. If there is no such chairman, or if the appointed chairman is unwilling to take the chair, or if he shall have indicated in advance that he will not be attending, or if at any meeting such chairman is not present within fifteen (15) minutes after the time fixed

for holding the meeting, then those present at the meeting shall choose someone present to be chairman of the meeting. The office of chairman shall not, by itself, entitle the holder thereof to vote at any general meeting nor shall it entitle a second or casting vote. Pursuant to the Companies Law, the holder or holders of one percent of the Company's voting rights may request the inclusion of an item on the agenda of a shareholder meeting, provided the item is appropriate for discussion at a shareholder meeting. The manner in which a shareholder may request the inclusion of an item is provided for in regulations promulgated pursuant to the Companies Law. The agenda for a shareholder meeting is determined by the Board of Directors and must include matters in respect of which the convening of a shareholder meeting was demanded and any matter requested to be included by holder(s) of one percent of the Company's voting rights, as detailed above.

Pursuant to the Articles, the Company is not required to deliver or serve notice of a general meeting or of any adjournments thereof to any shareholder. However, subject to applicable law and stock exchange rules and regulations, the Company will publicize the convening of a general meeting in any manner reasonably determined by the Company, such as posting a notice on the Company's website, filing an appropriate periodic report with the SEC, or publishing on one or more international wire services or in one or more newspapers, and any such publication shall be deemed duly made, given and delivered to all shareholders on the date on which it is first made, posted, filed or published in the manner so determined by the Company in its sole discretion. The function of the annual general meeting is to elect directors, receive and consider the profit and loss account, the balance sheet and the ordinary reports and accounts of the directors and auditors, appoint auditors and transact any other business which under our Articles or applicable law may be transacted by the shareholders of the Company in a general meeting.

Pursuant to our Articles, the quorum required for a meeting of shareholders consists of at least two shareholders, present in person, by proxy or by proxy card and holding shares conferring in the aggregate thirty-three and a third percent (33.3%) or more of the voting power of the Company. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened by the Board of Directors upon the demand of shareholders or upon the demand of less than 50% of the directors then in office or directly by such shareholders or directors, shall be cancelled. Otherwise, if a meeting is otherwise called and no quorum is present within half an hour from the time appointed for such meeting it shall stand adjourned to the same day in the following week at the same time and place or to such other day, time and place as the Board of Directors may determine. At the adjourned meeting, the required quorum consists of any two shareholders present, in person, by proxy or by proxy card.

Generally, under the Companies Law and our Articles, shareholder resolutions are deemed adopted if approved by the holders of a simple majority of the voting rights represented at the meeting, in person, by proxy or by proxy card, and voting on the matter, unless a different majority is required by law (but including with respect to matters which would require a special majority under the Companies Law due only to the Company's status as a company that was incorporated prior to the effective date of the Companies Law) or pursuant to the Articles. For example, under Israeli company law, a resolution for the voluntary winding up of our Company would require the approval of holders of 75% of the voting power presented and voting, in person or by proxy at the meeting.

Transfer Agent and Registrar

The transfer agent and registrar for our ordinary shares is American Stock Transfer & Trust Company, LLC.

The NASDAQ Global Market and the Tel Aviv Stock Exchange

Our ordinary shares are listed on The NASDAQ Global Market and the Tel Aviv Stock Exchange under the symbol "CGEN."

Warrants

As of August 22, 2014, we had no warrants outstanding.

Share History

The following is a summary of the history of our share capital for the last three years.

Ordinary Share Issuances

- Stock Options.** Since January 1, 2011, we have issued 3,489,663 ordinary shares upon the exercise of stock options.
- Cantor Sales Agreement.** On August 30, 2011, we entered into a sales agreement with Cantor Fitzgerald & Co. This agreement enabled us to offer and sell an aggregate of up to 6,000,000 of our ordinary shares, from time to time through Cantor Fitzgerald & Co., as our sales agent. The gross proceeds from all sales made pursuant to this agreement could not exceed \$40 million in the aggregate as per our effective shelf registration filed with the SEC on Form F-3 (File No. 333-171655). Sales of our ordinary shares under the registration statement and the accompanying prospectus were made in sales deemed to be “at-the-market” equity offerings as defined in Rule 415 promulgated under the Securities Act. Cantor Fitzgerald & Co. was entitled to receive a commission of 3.0% of gross sales in connection with the sale of our ordinary shares on our behalf. During the period January 10, 2012 to January 16, 2014, we sold an aggregate of 4,174,120 of our ordinary shares under this agreement for gross proceeds of approximately \$31 million, before deducting issuance expenses. The average sale price of shares sold through this agreement was \$7.38 per share.
- March 2014 Underwritten Offering.** On March 5, 2014, we closed an underwritten public offering of 6,900,000 ordinary shares, including 900,000 shares sold pursuant to the full exercise of the underwriters’ option to purchase additional shares, at a price to the public of \$10.50 per share. Gross proceeds were approximately \$72.5 million, before deducting the underwriting discounts and commissions and estimated offering expenses payable by us. Jefferies LLC acted as the sole bookrunner for the offering, and JMP Securities LLC, Oppenheimer & Co. Inc. and Chardan Capital Markets acted as co-managers. The offering was conducted pursuant to our effective shelf registration filed with the SEC on Form F-3 (File No. 333-185910).
- Termination and Equity Conversion Agreement with Baize Investments (Israel) Ltd. (“Baize”).** On August 20, 2014, we and Baize entered into a Termination and Equity Conversion Agreement pursuant to which, among other things, we will issue 1,600,000 ordinary shares to Baize.

Authorized Share Capital

On April 15, 2010 our shareholders approved an increase to our authorized share capital of NIS 500,000, divided into 50,000,000 ordinary shares with a par (nominal) value of NIS 0.01 each. Following such increase, our authorized share capital is NIS 1,000,000 divided into 100,000,000 ordinary shares with a nominal (par) value of NIS 0.01 each.

DESCRIPTION OF DEBT SECURITIES

The following description, together with the additional information we include in any applicable prospectus supplement, summarizes the material terms and provisions of the debt securities that we may offer under this prospectus. While the terms we have summarized below will apply generally to any future debt securities we may offer, we will describe the particular terms of any debt securities that we may offer in more detail in the applicable prospectus supplement. If we so indicate in a prospectus supplement, the terms of any debt securities we offer under that prospectus supplement may differ from the terms we describe below.

We will issue senior notes under a senior indenture that we will enter into with a trustee to be named in the senior indenture. We will issue subordinated notes under a subordinated indenture that we will enter into with a trustee to be named in the subordinated indenture. We have filed forms of these documents as exhibits to the registration statement, of which this prospectus forms a part. We will describe changes to the indentures in connection with an offering of debt securities in a prospectus supplement. We use the term “indentures” to refer to both the senior indenture and the subordinated indenture. The indentures will be qualified under the Trust Indenture Act of 1939, or the Trust Indenture Act. We use the term “trustee” to refer to either the trustee under the senior indenture or the trustee under the subordinated indenture, as applicable.

The following summaries of material provisions of senior notes, subordinated notes and the indentures are subject to, and qualified in their entirety by reference to, the provisions of the indenture applicable to a particular series of debt securities. Except as we may otherwise indicate, the terms of the senior indenture and the subordinated indenture are identical.

General

If we decide to issue any senior notes or subordinated notes pursuant to this prospectus, we will describe in a prospectus supplement the terms of the series of notes, including the following:

- the title of the notes;
- any limit on the amount that may be issued;
- whether or not we will issue the series of notes in global form, the terms and who the depository will be;
- the maturity date;
- the annual interest rate, which may be fixed or variable, or the method for determining the rate and the date interest will begin to accrue, the dates interest will be payable and the regular record dates for interest payment dates or the method for determining such dates;
- If the notes are guaranteed the name of the guarantor and a brief outline of the contract of guarantee;
- whether or not the notes will be secured or unsecured, and the terms of any secured debt;
 - whether or not the notes will be senior or subordinated;
 - the terms of the subordination of any series of subordinated debt;
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the terms on which the notes may be convertible into or exchangeable for ordinary shares or other securities of ours, including provisions as to whether conversion or exchange is mandatory, at the option of the holder or at our option and provisions pursuant to which the number of ordinary shares or other securities of ours that the holders of the series of debt securities receive would be subject to adjustment;

- the place where payments will be payable and the currency in which the debt is payable;
- our right, if any, to defer payment of interest and the maximum length of any such deferral period;