



Compugen Ltd.

NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS

To be held on Tuesday, August 23, 2005

Notice is hereby given that a Special General Meeting (the "Meeting") of the Shareholders of Compugen Ltd. (the "Company") will be held at the Company's offices at 72 Pinchas Rosen Street, Tel Aviv, Israel, on Tuesday, August 23, 2005, at 10:00 a.m. (Israel time) for the purpose of approving an extension of time to exercise vested options held by Dr. Mor Amitai.

Shareholders of record at the close of business on July 28, 2005, will be entitled to notice of, and to vote at, the Meeting. All shareholders are cordially invited to attend the meeting in person.

Shareholders who do not expect to attend the meeting in person are requested to mark, date, sign and mail the enclosed proxy as promptly as possible in the enclosed stamped envelope. Beneficial owners who hold their shares through members of the Tel Aviv Stock Exchange ("TASE") may either vote their shares in person at the Meeting by presenting a certificate signed by a member of the TASE which complies with the Israeli Companies Regulations (Proof of Ownership for Voting in General Meetings) — 2000 as proof of ownership of the shares, or send such certificate along with a duly executed proxy to the Company at 72 Pinchas Rosen Street, Tel Aviv 69512, Israel, Attention: General Counsel.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read "Martin S. Gerstel", is written over a horizontal line.

Compugen Ltd.
Martin S. Gerstel
Chairman

Date: July 27, 2005

PROXY STATEMENT

**COMPUGEN LTD.
72 Pinchas Rosen St.
Tel Aviv, 69512 Israel
Tel. 972-3-765-8585**

SPECIAL GENERAL MEETING OF SHAREHOLDERS To be held on Tuesday, August 23, 2005

The enclosed proxy is being solicited by the board of directors (the "Board of Directors") of Compugen Ltd. (the "Company") for use at the Company's Special General Meeting of Shareholders (the "Meeting") to be held at the Company's corporate offices, located at the address set forth above, on Tuesday, August 23, 2005, or on any adjournment thereof. Upon the receipt of a properly executed proxy in the form enclosed, the person named as proxy therein will vote the ordinary shares, par value New Israeli Shekel ("NIS") 0.01 each, of the Company (the "Ordinary Shares") covered thereby in accordance with the directions of the shareholder executing the proxy; in the absence of such instructions, the Ordinary Shares represented thereby will be voted in accordance with the recommendations of the Board of Directors.

With respect to the proposal set forth in the accompanying Notice of Meeting, a shareholder may vote in favor of the proposal or against the proposal or may abstain from voting on the proposal. Shareholders should specify their choices on the accompanying proxy card. If no specific instructions are given with respect to the matter to be acted upon, the shares represented by a signed proxy will be voted FOR the proposal set forth in the accompanying Notice of Meeting.

The Proxy solicited hereby may be revoked at any time prior to its exercise, by means of a written notice delivered to the Company, by substitution of a new proxy bearing a later date or by a request for the return of the proxy at the Meeting. The Company expects to solicit proxies by mail and to mail this proxy statement and the enclosed form of proxy to shareholders on or about August 1, 2005. Directors, officers and employees of the Company may also solicit proxies by telephone, facsimile and personal interview.

The Company will bear the cost of the preparation and mailing of its proxy materials and the solicitation of proxies. Copies of solicitation materials will be furnished to brokerage firms, nominees, fiduciaries and other custodians for forwarding to their principals, and the reasonable fees and expenses of such forwarding agents will be borne by the Company. Only holders of record of Ordinary Shares at the close of business on July 28, 2005 are entitled to notice of, and to vote at, the Meeting.

On July 28, 2005, 27,778,020 Ordinary Shares were outstanding and entitled to vote (the "Outstanding Ordinary Shares"). Each Ordinary Share is entitled to one vote on the matter to be voted at the Meeting. Two or more shareholders, present in person or by proxy, who hold or represent at least 33¹/₃% of the Outstanding Ordinary Shares constitutes a quorum for the Meeting. If within an hour from the time appointed for the Meeting a quorum is not present, the Meeting will stand adjourned for one week, to August 30, 2005, at the same time and place, without it being necessary to notify the shareholders thereof. At such adjourned meeting, any two shareholders present in person or by proxy shall constitute a quorum.

The above proposal to be presented at the Meeting requires the affirmative vote of the shareholders present in person or by proxy and holding Ordinary Shares amounting in the aggregate to at least a majority of the votes cast with respect to it.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding beneficial ownership of the Ordinary Shares as of July 26, 2005, by each person who is known by the Company to own beneficially more than 5% of the Outstanding Ordinary Shares. The voting rights of the Company's major shareholders do not differ from the voting rights of other holders of the Ordinary Shares.

<u>Beneficial Owner</u>	<u>Number of Shares Beneficially Owned</u>	<u>Percent of Ownership</u>
AXA Assurances I.A.R.D. Mutuelle ⁽¹⁾	4,594,980	16.5%
Clal Industries and Investments Ltd. ⁽²⁾	3,056,274	11%
Martin S. Gerstel ⁽³⁾	1,669,888	6%

(1) This disclosure is based on information disclosed by AXA Assurances I.A.R.D. Mutuelle on Form 13G, filed with the SEC on February 14, 2005.

(2) Includes 10,526 shares held by Clal Industries & Investments Ltd. and 3,045,748 shares held by Clal Biotechnology Industries Ltd. Clal Industries & Investments Ltd.'s address is 3 Azrieli Center, Tel Aviv 67023, Israel. This disclosure is based on information disclosed by Clal Industries & Investments Ltd. on Form 13D, filed with the SEC on May 19, 2003.

(3) Includes 550,000 shares held by Shomar Corporation, an affiliate of Mr. Gerstel, and 1,119,888 shares held by Merrill Lynch IRA for Martin Gerstel, of which Martin Gerstel is the beneficiary. Based on information disclosed by Mr. Martin Gerstel on Form 13G, filed with the SEC on February 14, 2005.

PROPOSAL TO APPROVE EXTENSION OF TIME TO EXERCISE OPTIONS HELD BY DR. MOR AMITAI

On October 31, 2004 the Company announced that Dr. Mor Amitai informed the Board that he intended to resign from his position as President and Chief Executive Officer. At the Company's request, Dr. Amitai agreed to continue to serve as the Company's President and CEO until, if required, the end of 2005. Dr. Amitai agreed to this time schedule to provide the Company adequate time for the selection of a new President and CEO and a transition with minimum disruption.

Concurrent with the announcement of Dr. Amitai's resignation as President and CEO, both Dr. Amitai and the Company expressed their intention that Dr. Amitai maintain an active role in the Company in a position other than as President and CEO. Accordingly, Dr. Amitai and the Company together sought to find an appropriate position for Dr. Amitai within the Company. However, upon it becoming apparent that an appropriate position for Dr. Amitai would not be available at the Company, the Company reluctantly decided that it had no alternative other than to terminate Dr. Amitai's employment with the Company. Dr. Amitai and the Company agreed to enter into a consulting arrangement providing for Dr. Amitai's future services on a mutually agreeable, as needed, basis. The Company considered this to be a more appropriate form of engagement.

In connection with the termination of Dr. Amitai's employment, the Company proposed to extend the period during which all of the options held by Dr. Amitai that will have vested as of September 1, 2005, may be exercised.

Pursuant to Israeli law, any change to the terms of the grant of options held by Dr. Amitai requires approval of the Audit Committee, the Board of Directors and the shareholders of the Company. In compliance with Israeli law, at the Meeting, the shareholders will be requested to adopt the resolution set forth below, approving the change in the terms of the grant of options.

On July 26, 2005, the Audit Committee and Board of Directors approved, subject to the approval of the shareholders of the Company, the extension of the term of the stock options that were granted to Dr. Amitai under the Company's Employee Stock Option Plans (the "Options"), as follows:

- (a) the termination date for exercising all of the Options vested as of September 1, 2005, shall be extended and expire on the earlier of: (i) ten (10) years from the date of grant of such Options (each considered separately); and (ii) June 30, 2008; and
- (b) Options that are not vested as of September 1, 2005 in accordance with paragraph (a) above, shall remain subject to the current terms of their grant.

In compliance with Israeli law, the shareholders are requested to adopt the following resolution:

RESOLVED, to approve the extension of time to exercise vested options held by Dr. Mor Amitai as approved by the Company's Audit Committee and Board of Directors on July 26, 2005.

The Board of Directors recommends that the shareholders vote FOR the approval of the proposed extension of time to exercise vested options held by Dr. Mor Amitai in accordance with the above provisions.

Management is not aware of any other matters to be presented at the Meeting. If, however, any other matters should properly come before the Meeting or any adjournment thereof, the proxy confers discretionary authority with respect to acting thereon, and the person named in the enclosed proxy will vote on such matters in accordance with his or her best judgment.

Shareholders are urged to complete and return their proxies promptly in order to, among other things, insure action by a quorum and to avoid the expense of additional solicitation. If the accompanying proxy is properly executed and returned in time for voting, and a choice is specified, the shares represented thereby will be voted as indicated thereon. If no specification is made, proxies received by the Company will be voted in favor of each of the proposals described in this Proxy Statement.

By Order of the Board of Directors



Martin S. Gerstel

Chairman

Date: July 27, 2005