

Mellanox Technologies, Ltd.
Form PRE 14A
March 24, 2016

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[TABLE OF CONTENTS](#)

[Table of Contents](#)

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

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 under §240.14a-12

MELLANOX TECHNOLOGIES, LTD.

(Name of Registrant as Specified In Its Charter)

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

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

**NOTICE OF
2016 ANNUAL GENERAL MEETING OF
SHAREHOLDERS TO BE HELD ON MAY 9, 2016**

To our Shareholders:

You are cordially invited to attend our 2016 annual general meeting of shareholders, which will be held at the offices of Mellanox Technologies, Ltd. (the "**Company**"), located at 26 Hakidma St., Beit Mellanox, Yokneam, Israel 2069200, on Monday, May 9, 2016 at 5:00 p.m. local Israeli time (10:00 a.m. Eastern Daylight Time). Shareholders may also participate in the meeting via a live webcast on the investor relations section of the Mellanox website at www.mellanox.com. Please access the website 15 minutes prior to the start of the meeting to download and install any necessary audio software. You may also participate in the meeting via teleconference by dialing the toll-free U.S. telephone number (800) 895-1549, the international telephone number +1 (785) 424-1057 or the toll-free Israeli telephone number 1-809-256-145 at least 15 minutes prior to the start of the meeting and referencing the conference ID number MLNX2016.

We are holding the annual general meeting for the following purposes:

1. To elect directors to hold office until our 2017 annual general meeting of shareholders, or until their respective successors have been elected and have qualified, or until their earlier resignation or removal;
2. To elect Amal Johnson and Thomas Riordan as our outside directors, each to hold office for an additional three-year term, or until their respective successors have been elected and have qualified, or until their earlier resignation or removal, subject to and in accordance with the provisions of the Israeli Companies Law, 1999;
3. To approve (i) an increase in the annual base salary of Eyal Waldman from \$515,000 to \$570,000 effective retroactively from April 1, 2016, and accordingly any contribution to Israeli severance, pension and education funds shall be made based on the updated base salary and (ii) a cash bonus to be paid to Mr. Waldman in the amount of \$300,000 for services rendered for the fiscal year ended December 31, 2015;
4. To approve the grant to Mr. Waldman of 100,000 restricted share units under our Amended and Restated Global Share Incentive Plan (2006) (the "**Restated 2006 Plan**") if approved by our shareholders, or else our existing Global Share Incentive Plan (2006), previously approved by our shareholders;
5. To conduct an advisory vote to approve the compensation of our named executive officers;
6. To approve the Restated 2006 Plan, thereby reserving 750,000 ordinary shares for issuance under the Restated 2006 Plan while reducing the shares reserved for issuance under all of the Company's other equity incentive plans to zero;

7.

To approve the First Amendment to the Amended and Restated 2006 Employee Share Purchase Plan, thereby increasing the number of shares reserved for issuance under the plan by 5,000,000 ordinary shares;

Table of Contents

8. To approve (i) an amendment to the Company's amended and restated articles of association to amend the current provisions related to indemnification and insurance of our directors and officers in order to allow the indemnification and insurance in connection with procedures under the Israeli Restrictive Trade Practices Law, 1988, and (ii) an amendment to the indemnification agreements between the Company and each of its directors and officers to allow indemnification in connection with procedures under the Israeli Restrictive Trade Practices Law, 1988;
9. To approve the Company's compensation philosophy;
10. To appoint PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016 and to authorize our U.S. audit committee (referred to herein as our audit committee) to determine our accounting firm's fiscal 2016 remuneration in accordance with the volume and nature of their services; and
11. To receive management's report on our business for the year ended December 31, 2015 (you will also be invited to discuss our 2015 consolidated financial statements) and to transact any other business as may properly come before the meeting, including any motion to adjourn to a later date to permit further solicitation of proxies, if necessary, or any adjournment or postponement of the meeting.

These items of business to be transacted at the meeting are more fully described in the proxy statement, which is part of this notice.

The meeting will begin promptly at 5:00 p.m. local Israeli time (10:00 a.m. Eastern Daylight Time) and check-in will begin at 4:00 p.m. local Israeli time. Only holders of record of ordinary shares at the close of business on April 5, 2016, the record date, are entitled to notice of, to attend and to vote at the meeting and any adjournments or postponements of the meeting.

All shareholders are cordially invited to attend the meeting in person. Even if you plan to attend the meeting, please complete, sign and date the enclosed proxy card and return it promptly in the postage-paid return envelope in order to ensure that your vote will be counted if you later decide not to, or are unable to, attend the meeting. Even if you have given your proxy, you may still attend and vote in person at the meeting after revoking your proxy prior to the meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE 2016 ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 9, 2016

THE PROXY STATEMENT, PROXY CARD AND ANNUAL REPORT TO SHAREHOLDERS ARE AVAILABLE AT [HTTPS://PROXYDOCS.COM/MLNX](https://proxydocs.com/mlnx).

By order of the board of directors,

Alan C. Mendelson
Secretary

Menlo Park, California
April , 2016

Table of Contents

TABLE OF CONTENTS

	Page
<u>QUESTIONS AND ANSWERS REGARDING THIS SOLICITATION AND VOTING AT THE MEETING</u>	<u>1</u>
<u>PROPOSAL ONE ELECTION OF DIRECTORS</u>	<u>15</u>
<u>PROPOSAL TWO ELECTION OF OUTSIDE DIRECTORS</u>	<u>18</u>
<u>PROPOSAL THREE APPROVAL OF SALARY INCREASE, CONTRIBUTIONS TO SEVERANCE, PENSION AND EDUCATION FUNDS AND CASH BONUS TO BE PAID TO EYAL WALDMAN</u>	<u>22</u>
<u>PROPOSAL FOUR APPROVAL OF THE GRANT OF RESTRICTED SHARE UNITS TO EYAL WALDMAN</u>	<u>22</u>
<u>PROPOSAL FIVE ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS ("SAY-ON-PAY VOTE") AS DISCLOSED IN THE COMPENSATION DISCUSSION AND ANALYSIS, COMPENSATION TABLES AND NARRATIVE DISCUSSION SET FORTH IN THIS PROXY STATEMENT</u>	<u>23</u>
<u>PROPOSAL SIX APPROVAL OF THE MELLANOX TECHNOLOGIES, LTD. AMENDED AND RESTATED GLOBAL SHARE OPTION INCENTIVE PLAN (2006)</u>	<u>24</u>
<u>PROPOSAL SEVEN APPROVAL OF THE FIRST AMENDMENT TO THE AMENDED AND RESTATED 2006 EMPLOYEE SHARE PURCHASE PLAN</u>	<u>33</u>
<u>PROPOSAL EIGHT APPROVAL OF (I) AMENDMENT TO THE COMPANY'S AMENDED AND RESTATED ARTICLES OF ASSOCIATION TO REPLACE PROVISIONS RELATED TO DIRECTOR AND OFFICER INDEMNIFICATION AND INSURANCE AND (II) AMENDMENT TO THE INDEMNIFICATION AGREEMENTS BETWEEN THE COMPANY AND EACH OF ITS DIRECTORS AND OFFICERS TO ALLOW INDEMNIFICATION IN CONNECTION WITH PROCEDURES UNDER THE ISRAELI RESTRICTIVE TRADE PRACTICES LAW, 1988</u>	<u>36</u>
<u>PROPOSAL NINE APPROVAL OF THE COMPANY'S COMPENSATION PHILOSOPHY</u>	<u>38</u>
<u>PROPOSAL TEN APPROVAL OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND AUTHORIZATION OF AUDIT COMMITTEE DETERMINATION OF REMUNERATION; REVIEW MANAGEMENT'S REPORT ON OUR BUSINESS FOR THE YEAR ENDED DECEMBER 31, 2015 AND REVIEW AND DISCUSSION OF OUR 2015 CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>39</u>
<u>REPORT OF THE AUDIT COMMITTEE</u>	<u>41</u>
<u>REPORT OF THE COMPENSATION COMMITTEE</u>	<u>43</u>
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	<u>44</u>
<u>SECURITY OWNERSHIP</u>	<u>58</u>
<u>EXECUTIVE OFFICERS</u>	<u>60</u>
<u>CORPORATE GOVERNANCE AND BOARD OF DIRECTORS MATTERS</u>	<u>61</u>
<u>DIRECTOR COMPENSATION IN FISCAL YEAR 2015</u>	<u>69</u>
<u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u>	<u>71</u>
<u>OTHER MATTERS</u>	<u>71</u>
<u>APPENDIX A AMENDED AND RESTATED GLOBAL SHARE INCENTIVE PLAN (2006)</u>	<u>A-1</u>
<u>APPENDIX B FIRST AMENDMENT TO THE MELLANOX TECHNOLOGIES, LTD. AMENDED AND RESTATED EMPLOYEE SHARE PURCHASE PLAN</u>	<u>B-1</u>
<u>APPENDIX C AMENDED AND RESTATED ARTICLES OF ASSOCIATION</u>	<u>C-1</u>
<u>APPENDIX D COMPENSATION PHILOSOPHY STATEMENT</u>	<u>D-1</u>
<u>APPENDIX E DIRECTIONS TO MELLANOX TECHNOLOGIES, LTD'S 2016 ANNUAL GENERAL MEETING</u>	<u>E-1</u>

Table of Contents

**PROXY STATEMENT FOR
2016 ANNUAL GENERAL MEETING OF
SHAREHOLDERS TO BE HELD ON MAY 9, 2016**

This proxy statement is furnished to our shareholders as of the close of business on April 5, 2016, the record date, in connection with the solicitation of proxies by our board of directors for use at our annual general meeting of shareholders, to be held at the offices of Mellanox Technologies, Ltd. (the "**Company**"), located at 26 Hakidma St., Beit Mellanox, Yokneam, Israel 2069200, on Monday, May 9, 2016 at 5:00 p.m. local Israeli time (10:00 a.m. Eastern Daylight Time) and at any adjournments or postponements of the meeting. We are mailing this proxy statement and the proxy card, together with a copy of our annual report to shareholders, to our shareholders on or about April 12, 2016.

**QUESTIONS AND ANSWERS REGARDING THIS SOLICITATION AND VOTING
AT THE MEETING**

Why am I receiving this proxy statement?

You are receiving this proxy statement from us because you were a shareholder of record at the close of business on the record date of April 5, 2016. As a shareholder of record, you are invited to attend our annual general meeting of shareholders and are entitled to vote on the items of business described in this proxy statement. This proxy statement contains important information about the meeting and the items of business to be transacted at the meeting. You are strongly encouraged to read this proxy statement, which includes information that you may find useful in determining how to vote.

As of April 5, 2016, there were ordinary shares outstanding. Our ordinary shares are our only class of voting stock.

Who is entitled to attend and vote at the meeting?

Only holders of record of shares of our ordinary shares at the close of business on April 5, 2016 are entitled to notice of, to attend and to vote at the meeting and any adjournments or postponements of the meeting.

1

Table of Contents

How can I listen to the annual general meeting if I do not attend in person?

You are invited to listen to the annual general meeting live via webcast on May 9, 2016, at the investor relations section of the Mellanox website at www.mellanox.com, beginning at 5:00 p.m. local Israeli time (10:00 a.m. Eastern Daylight Time). It is recommended that shareholders access the website at least 15 minutes prior to the designated starting time in order to download and install any necessary audio software.

The annual general meeting will also be available via telephone conference call. In order to access the telephone conference call, dial the toll-free U.S. telephone number (800) 895-1549, the international telephone number +1 (785) 424-1057 or the toll-free Israeli telephone number 1-809-256-145 at least 15 minutes prior to the designated starting time and mention the conference ID number MLNX2016. Neither the webcast nor the teleconference will enable you to vote your shares.

How many shares must be present or represented to conduct business at the meeting (that is, what constitutes a quorum)?

The presence at the meeting, in person or represented by proxy or by voting instruction card, of at least two shareholders holding at least 33¹/₃% of our ordinary shares issued and outstanding on the record date and entitled to vote at the meeting will constitute a quorum for the transaction of business.

What happens if a quorum is not present?

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting will stand adjourned for one week, to May 16, 2016 at the same hour and place, without any notification to shareholders. If a quorum is not present at the adjourned date of the meeting on May 16, 2016 within half an hour of the time fixed for the commencement thereof, subject to the terms of applicable law, the persons present at the meeting on the adjourned date of May 16, 2016 will constitute a quorum.

What items of business will be voted on at the meeting?

The items of business to be voted on at the meeting are as follows:

1. To elect directors to hold office until our 2017 annual general meeting of shareholders, or until their respective successors have been elected and have qualified, or until their earlier resignation or removal;
2. To elect Amal Johnson and Thomas Riordan as our outside directors, each to hold office for an additional three-year term, or until their respective successors have been elected and have qualified, or until their earlier resignation or removal, subject to and in accordance with the provisions of the Israeli Companies Law, 1999 (the "**Companies Law**");

2

Table of Contents

3. To approve (i) an increase in the annual base salary of Eyal Waldman from \$515,000 to \$570,000 effective retroactively from April 1, 2016, and accordingly any contribution to Israeli severance, pension and education funds shall be made based on the updated base salary and (ii) a cash bonus to be paid to Mr. Waldman in the amount of \$300,000 for services rendered for the fiscal year ended December 31, 2015;
4. To approve the grant of 100,000 restricted share units to Mr. Waldman under the Amended and Restated Global Share Incentive Plan (2006) (the "**Restated 2006 Plan**") if approved by our shareholders, or else our existing Global Share Incentive Plan (2006), previously approved by our shareholders;
5. To conduct an advisory vote to approve the compensation of our named executive officers;
6. To approve the Restated 2006 Plan, thereby reserving 750,000 ordinary shares for issuance under the Restated 2006 Plan while reducing the shares reserved for issuance under all of the Company's other equity incentive plans to zero;
7. To approve the First Amendment to the Amended and Restated 2006 Employee Share Purchase Plan thereby increasing the number of shares reserved for issuance under the plan by 5,000,000 ordinary shares;
8. To approve (i) an amendment to the Company's amended and restated articles of association to replace the provisions related to indemnification and insurance of our directors and officers in order to allow the indemnification and insurance in connection with procedures under the Israeli Restrictive Trade Practices Law, 1988 and (ii) an amendment to the indemnification agreements between the Company and each of its directors and officers to allow indemnification in connection with procedures under the Israeli Restrictive Trade Practices Law, 1988;
9. To approve the Company's compensation philosophy; and
10. To appoint PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016 and to authorize our audit committee to determine our accounting firm's remuneration in accordance with the volume and nature of their services; when this proposal is raised you shall also receive management's report on our business for the year ended December 31, 2015 and you shall be invited to review and discuss our 2015 consolidated financial statements.

Table of Contents

What happens if additional matters are presented at the meeting?

The only items of business that our board of directors intends to present at the meeting are set forth in this proxy statement. As of the date of this proxy statement, no shareholder has advised us of the intent to present any other matter, and we are not aware of any other matters to be presented at the meeting. If any other matter or matters are properly brought before the meeting, the person(s) named as your proxyholder(s) will have the discretion to vote your shares on the matters in accordance with their best judgment and as they deem advisable.

Shareholders holding at least 1% of the voting power in the Company have the right to ask to include an item in the agenda of our annual general meeting pursuant to the Companies Law within 7 days following the date of this proxy statement. To the extent that the board of directors determines that the shareholder-proposed agenda item for our 2016 annual general meeting is appropriate for consideration by the shareholders, the Company shall publish an updated notice of the annual general meeting within 7 days following the deadline for shareholders to submit their proposed agenda items. The publication of the updated notice of the annual general meeting by the Company would not impact the record date as to shareholders entitled to participate in the meeting.

How does the board of directors recommend that I vote?

Our board of directors recommends that you vote your shares **"FOR"** the election of each of the director nominees who are not outside directors identified in this proxy statement, **"FOR"** the election of Amal Johnson and Thomas Riordan as our outside directors, **"FOR"** the increase in the annual base salary of Mr. Waldman and the cash bonus to be paid to Mr. Waldman, **"FOR"** the approval of the grant of 100,000 restricted share units to Mr. Waldman, **"FOR"** the approval, on an advisory basis, of the compensation of our named executive officers, **"FOR"** the approval of the Restated 2006 Plan, **"FOR"** the approval of the First Amendment to the Amended and Restated 2006 Employee Share Purchase Plan, **"FOR"** the approval of an amendment to the Company's amended and restated articles of association to replace the provisions related to indemnification and insurance of our directors and officers and amendment to the indemnification agreements between the Company and each of its directors and officers, **"FOR"** the approval of the Company's compensation philosophy, and **"FOR"** the appointment of PricewaterhouseCoopers LLP and the authorization of audit committee determination of its fiscal 2016 remuneration.

What shares can I vote at the meeting?

You may vote all of the shares you owned as of April 5, 2016, the record date, including shares held directly in your name as the *shareholder of record* and all shares held for you as the *beneficial owner* through a broker, trustee or other nominee such as a bank.

Table of Contents

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

Most of our shareholders hold their shares through a broker or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Shareholders of Record. If your shares are registered directly in your name with our transfer agent, American Stock Transfer and Trust Company, you are considered, with respect to those shares, the *shareholder of record*, and these proxy materials are being sent directly to you by us. As the *shareholder of record*, you have the right to vote in person at the meeting or direct the proxyholder how to vote your shares on your behalf at the meeting by fully completing, signing and dating the enclosed proxy card and returning it to us in the enclosed postage-paid return envelope.

Beneficial Owner. If your shares are held in a brokerage account or by another nominee, you are considered the *beneficial owner* of shares held *in street name*, and these proxy materials are being forwarded to you together with a voting instruction card. As the beneficial owner, you have the right to direct your broker, trustee or nominee to vote your shares as you instruct in the voting instruction card. The broker, trustee or other nominee may either vote in person at the meeting or grant a proxy and direct the proxyholder to vote your shares at the meeting as you instruct in the voting instruction card. If you hold shares through a broker, trustee or nominee you may also vote in person at the meeting, but only after you obtain a "legal proxy" from the broker, trustee or nominee that holds your shares, giving you the right to vote your shares at the meeting. Your broker, trustee or nominee has enclosed or provided a voting instruction card for you to use in directing the broker, trustee or nominee how to vote your shares.

5

Table of Contents

How can I vote my shares without attending the meeting?

Whether you hold shares directly as the shareholder of record or as a beneficial owner, you may direct how your shares are voted without attending the meeting by completing and returning the enclosed proxy card or voting instruction card (as described below). If you provide specific instructions with regard to items of business to be voted on at the meeting, your shares will be voted as you instruct on those items. Proxies properly signed, dated and submitted to us that do not contain voting instructions and are not revoked prior to the meeting will be voted **"FOR"** the election of each of the director nominees who are not outside directors identified in this proxy statement, **"FOR"** the election of Amal Johnson and Thomas Riordan as our outside directors, **"FOR"** the increase in the annual base salary of Mr. Waldman and the cash bonus previously paid to Mr. Waldman, **"FOR"** the approval of the grant of 100,000 restricted share units to Mr. Waldman, **"FOR"** the approval, on an advisory basis, of the compensation of our named executive officers, **"FOR"** the approval of the Restated 2006 Plan, **"FOR"** the approval of the First Amendment to the Amended and Restated 2006 Employee Share Purchase Plan, **"FOR"** the approval of an amendment to the Company's amended and restated articles of association to replace the provisions related to indemnification and insurance of our directors and officers and amendment to the indemnification agreements between the Company and each of its directors and officers, **"FOR"** the approval of the Company's compensation philosophy, and **"FOR"** the appointment of PricewaterhouseCoopers LLP and the authorization of audit committee determination of its fiscal 2016 remuneration.

Voting by Telephone or over the Internet. You may also vote by telephone or over the Internet by following the instructions included on the enclosed proxy card or voting instruction card. You may vote by telephone or over the Internet until 11:59 p.m. Eastern Daylight Time the day before the meeting. The Internet voting procedures comply with California law.

6

Table of Contents

How can I vote my shares in person at the meeting?

Shares held in your name as the shareholder of record may be voted in person at the meeting (after providing proof of identification). Shares held beneficially in street name may be voted in person only if you obtain a legal proxy from the broker, trustee or nominee that holds your shares giving you the right to vote the shares at the meeting. You should be prepared to present photo identification for admittance. Please also note that if you are not a shareholder of record but hold shares through a broker, trustee or nominee you will need to provide proof of beneficial ownership as of the record date, such as your most recent brokerage account statement, a copy of the voting instruction card provided by your broker, trustee or nominee or other similar evidence of ownership. The meeting will begin promptly at 5:00 p.m. local Israeli time (10:00 a.m. Eastern Daylight Time). Check-in will begin at 4:00 p.m. local Israeli time. ***Even if you plan to attend the meeting, we recommend that you also complete, sign and date the enclosed proxy card or voting instruction card and return it promptly in the accompanying postage-paid return envelope in order to ensure that your vote will be counted if you later decide not to, or are unable to, attend the meeting.***

Can I change my vote or revoke my proxy?

You may change your vote or revoke your proxy at any time prior to the vote at the meeting. If you are the shareholder of record, you may change your vote by granting a new proxy bearing a later date, which automatically revokes the earlier proxy, by providing a written notice of revocation to our corporate secretary prior to your shares being voted or by attending the meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request. If you are a beneficial owner, you may change your vote by submitting a new voting instruction card to your broker, trustee or nominee, or, if you have obtained a legal proxy from your broker, trustee or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

Is my vote confidential?

Proxy cards, voting instructions, ballots and voting tabulations that identify individual shareholders are not secret; however, all such materials will be handled in a manner intended to reasonably protect your voting privacy. Your vote will not be disclosed, except as required by law and except as required to American Stock Transfer and Trust Company, our transfer agent, to allow for the tabulation of votes and certification of the vote and to facilitate a successful proxy solicitation.

Table of Contents

How are votes counted and what vote is required to approve each item?

Each outstanding ordinary share entitles the holder thereof to one vote on each matter considered at the meeting. Shareholders are not entitled to cumulate their votes in the election of directors or with respect to any other matter submitted to a vote of the shareholders pursuant to this proxy statement.

The election of each of Eyal Waldman, Dov Baharav, Glenda Dorchak, Irwin Federman, Thomas Weatherford and Shai Cohen as directors requires the vote of the holders of a majority of the voting power represented at the meeting in person or by proxy or written ballot and voting thereon. You may vote either **"FOR"** or **"AGAINST"** the election of each nominee, or you may abstain. A properly executed proxy marked **"ABSTAIN"** with respect to the election of any nominee will not be voted, although it will be counted for purposes of determining whether there is a quorum present.

The election of each of the outside director nominees, Amal Johnson and Thomas Riordan, requires the vote of the holders of a majority of the voting power represented at the annual general meeting in person or by proxy or written ballot and voting on the election of the outside directors, provided that (i) at least one-half of the shares of non-controlling shareholders or shareholders that do not have a Personal Interest (as such term is defined in the Companies Law¹) in the election (other than a Personal Interest which is not the result of an affiliation of the shareholder with the controlling shareholder) voted at the meeting are voted in favor of the election of the outside director nominee (disregarding abstentions) or (ii) the total number of shares of non-controlling shareholders or shareholders that do not have such Personal Interest in the election voted against the election of the outside director nominee does not exceed two percent of the aggregate voting rights in the Company. You may vote either **"FOR"** or **"AGAINST"** the election of each outside director nominee, or you may abstain. A properly executed proxy marked **"ABSTAIN"** with respect to the election of any outside director nominee will not be voted, although it will be counted for purposes of determining whether there is a quorum present.

¹ Under the Companies Law "Personal Interest" means a personal interest of any person in an act or transaction of a company, including a personal interest of his relative or of a corporate body in which such person or a relative of such person has a personal interest, but excluding a personal interest stemming from the fact of a shareholding in the company, including personal interest of a person who votes pursuant to a proxy given by another person even if such other person does not have a personal interest, as well as a vote of such person who received a proxy to vote on behalf of a person who has a personal interest, all whether the discretion in connection with the vote is of the person who votes or not.

Table of Contents

The approval of (i) an increase in the annual base salary of Eyal Waldman from \$515,000 to \$570,000 effective retroactively from April 1, 2016, and (ii) the cash bonus previously paid to Mr. Waldman in the amount of \$300,000 for services rendered for the fiscal year ended December 31, 2015 requires the approval of the holders of a majority of the voting power represented at the meeting in person or by proxy or written ballot and voting thereon provided that (a) at least one-half of the shares of non-controlling shareholders or shareholders that do not have a Personal Interest in such approval voted at the meeting are voted in favor of this proposal (disregarding abstentions) or (b) the total number of shares of non-controlling shareholders or shareholders that do not have such Personal Interest voted against this proposal does not exceed two percent of the aggregate voting rights in the Company. You may vote either **"FOR"** or **"AGAINST"** this proposal, or you may abstain. A properly executed proxy marked **"ABSTAIN"** with respect to this proposal will not be voted with respect to such proposal, although it will be counted for purposes of determining whether there is a quorum present.

The approval of the grant of 100,000 restricted share units to Mr. Waldman requires the approval of the holders of a majority of the voting power represented at the meeting in person or by proxy or written ballot and voting thereon provided that (i) at least one-half of the shares of non-controlling shareholders or shareholders that do not have a Personal Interest in such approval voted at the meeting are voted in favor of this proposal (disregarding abstentions) or (ii) the total number of shares of non-controlling shareholders or shareholders that do not have such Personal Interest voted against this proposal does not exceed two percent of the aggregate voting rights in the Company. You may vote either **"FOR"** or **"AGAINST"** this proposal, or you may abstain. A properly executed proxy marked **"ABSTAIN"** with respect to this proposal will not be voted with respect to such proposal, although it will be counted for purposes of determining whether there is a quorum present.

The approval, on an advisory basis, of the compensation of our named executive officers requires the approval of the holders of a majority of the voting power represented at the meeting in person or by proxy or written ballot and voting thereon. You may vote either **"FOR"** or **"AGAINST"** this proposal, or you may abstain. A properly executed proxy marked **"ABSTAIN"** with respect to this proposal will not be voted with respect to such proposal, although it will be counted for purposes of determining whether there is a quorum present.

Table of Contents

The approval of the Restated 2006 Plan requires the approval of the holders of a majority of the voting power represented at the meeting in person or by proxy or written ballot and voting thereon. You may vote either "**FOR**" or "**AGAINST**" this proposal, or you may abstain. A properly executed proxy marked "**ABSTAIN**" with respect to this proposal will not be voted with respect to such proposal, although it will be counted for purposes of determining whether there is a quorum present.

The approval of the First Amendment to the Amended and Restated 2006 Employee Share Purchase Plan requires the approval of the holders of a majority of the voting power represented at the meeting in person or by proxy or written ballot and voting thereon. You may vote either "**FOR**" or "**AGAINST**" this proposal, or you may abstain. A properly executed proxy marked "**ABSTAIN**" with respect to this proposal will not be voted with respect to such proposal, although it will be counted for purposes of determining whether there is a quorum present.

The approval of an amendment to the Company's amended and restated articles of association to replace the provisions related to indemnification and insurance of our directors and officers requires the approval of the holders of a majority of the voting power represented at the meeting in person or by proxy or by written ballot and voting thereon. You may vote either "**FOR**" or "**AGAINST**" this proposal, or you may abstain. A properly executed proxy marked "**ABSTAIN**" with respect to this proposal will not be voted with respect to such proposal, although it will be counted for purposes of determining whether there is a quorum present.

The approval of an amendment to the indemnification agreements between the Company and its directors and officers requires the approval of the holders of a majority of the voting power represented at the meeting in person or by proxy or by written ballot and voting thereon, provided that the amendment to the indemnification agreement between the Company and Mr. Waldman also requires that (i) at least one-half of the shares of non-controlling shareholders or shareholders that do not have a Personal Interest in the approval voted at the meeting are voted in favor (disregarding abstentions) or (ii) the total number of shares of non-controlling shareholders or shareholders that do not have a Personal Interest voted against the approval of the amendment to the indemnification agreement between the Company and Mr. Waldman does not exceed two percent of the aggregate voting rights in the Company. You may vote either "**FOR**" or "**AGAINST**" this proposal, or you may abstain. A properly executed proxy marked "**ABSTAIN**" with respect to this proposal will not be voted with respect to such proposal, although it will be counted for purposes of determining whether there is a quorum present.

Table of Contents

The approval of the Company's compensation philosophy requires the approval of the holders of a majority of the voting power represented at the meeting in person or by proxy or by written ballot and voting thereon provided that (i) at least one-half of the shares of non-controlling shareholders or shareholders that do not have a Personal Interest in such approval voted at the meeting are voted in favor of this proposal (disregarding abstentions) or (ii) the total number of shares of non-controlling shareholders or shareholders that do not have such Personal Interest voted against this proposal does not exceed two percent of the aggregate voting rights in the Company. You may vote either "**FOR**" or "**AGAINST**" this proposal, or you may abstain. A properly executed proxy marked "**ABSTAIN**" with respect to this proposal will not be voted with respect to such proposal, although it will be counted for purposes of determining whether there is a quorum present.

The appointment of PricewaterhouseCoopers LLP and authorization of audit committee determination of their fiscal 2016 remuneration requires the approval of the holders of a majority of the voting power represented at the meeting in person or by proxy or written ballot and voting thereon. You may vote either "**FOR**" or "**AGAINST**" this proposal, or you may abstain. A properly executed proxy marked "**ABSTAIN**" with respect to this proposal will not be voted with respect to such proposal, although it will be counted for purposes of determining whether there is a quorum present.

What is a "broker non-vote"?

Under the rules that govern brokers and banks that have record ownership of our ordinary shares that are held in street name for their clients such as you, who are the beneficial owners of the shares, brokers and banks have the discretion to vote such shares on routine matters. Each of the following matters is considered to be a non-routine matter on which brokers do not have discretion to vote: (i) the election of directors who are not outside directors identified in this proxy statement, (ii) the election of Amal Johnson and Thomas Riordan as outside directors, (iii) the approval of an increase in the annual base salary of Mr. Waldman and the cash bonus to be paid to Mr. Waldman, (iv) the grant of restricted share units to Mr. Waldman, (v) the advisory vote to approve the compensation of our named executive officers, (vi) the approval of the Restated 2006 Plan, (vii) the approval of the First Amendment to the Amended and Restated 2006 Employee Share Purchase Plan, (viii) the approval of the Company's compensation philosophy and (ix) the approval of the amendment to the Company's amended and restated articles of association to replace the provisions related to the indemnification and insurance of our directors and officers and the amendment to the indemnification agreements between the Company and each of our directors and officers. We encourage you to provide instructions to your broker regarding the voting of your shares; otherwise, if you do not provide instructions to your broker or bank regarding how to vote your shares on the non-routine proposals set forth in this proxy, then your shares will **NOT** be voted on these important shareholder proposals.

Table of Contents

Further, this means that, without your instructions, your broker may **ONLY** vote your shares on the appointment of PricewaterhouseCoopers LLP. If you do not otherwise instruct your broker or bank, the broker or bank may vote your shares on routine matters. A "broker non-vote" occurs when a broker or bank expressly instructs on a proxy card that it is *not* voting on a matter, whether routine or non-routine.

How are "broker non-votes" counted?

Broker non-votes will be counted as present for the purpose of determining the presence or absence of a quorum for the transaction of business, but they will **NOT** be counted in tabulating the voting result for any particular proposal.

How are abstentions counted?

If you return a proxy card that indicates an abstention from voting on all matters, the shares represented by your proxy will be counted as present for the purpose of determining the presence or absence of a quorum for the transaction of business, but they will **NOT** be counted in tabulating the voting result for any particular proposal.

What happens if the meeting is adjourned?

Assuming the presence of a quorum, if our annual general meeting is adjourned to another time and place, no additional notice will be given of the adjourned meeting if the time and place of the adjourned meeting is announced at the annual general meeting, unless the adjournment is for more than 21 days, in which case a notice of the adjourned meeting will be given to each shareholder of record as of April 5, 2015 entitled to vote at the adjourned meeting. At the adjourned meeting, we may transact any items of business that might have been transacted at the annual general meeting.

Who will serve as inspector of elections?

A representative of American Stock Transfer and Trust Company, our transfer agent, will tabulate the votes and act as inspector of elections at the meeting.

What should I do in the event that I receive more than one set of proxy materials?

You may receive more than one set of these proxy solicitation materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. In addition, if you are a shareholder of record and your shares are registered in more than one name, you may receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive to ensure that all your shares are voted.

Table of Contents

Who is soliciting my vote and who will bear the costs of this solicitation?

The enclosed proxy is being solicited on behalf of our board of directors. We will bear the entire cost of solicitation of proxies, including preparation, assembly, printing and mailing of this proxy statement. In addition to solicitation by mail, our directors, officers, employees and agents may also solicit proxies in person, by telephone, by electronic mail or by other means of communication. We will not pay any additional compensation to our directors, officers or other employees for soliciting proxies.

Where can I find the voting results of the meeting?

We intend to announce preliminary voting results at the meeting and publish the final voting results in a Current Report on Form 8-K filed within four business days after the meeting.

What is the deadline for submitting proposals for consideration at next year's annual general meeting of shareholders or to nominate individuals to serve as directors?

As a shareholder, you may be entitled to present proposals for action at a future meeting of shareholders, including director nominations.

Shareholder Proposals: For a shareholder proposal to be considered for inclusion in our proxy statement for the annual general meeting to be held in 2017, the proposal must be in writing and received by the secretary of the Company at the offices of Mellanox Technologies, Ltd., c/o Mellanox Technologies, Inc., 350 Oakmead Parkway, Suite 100, Sunnyvale, California 94085, Attention: Corporate Secretary, no later than December 13, 2016, or such proposal will be considered untimely under Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). If the date of our 2017 annual general meeting is more than 30 days before or 30 days after the anniversary date of our 2016 annual general meeting, the deadline for inclusion of proposals in our proxy statement will instead be a reasonable time before we begin to print and mail our proxy materials. Shareholder proposals must comply with the requirements of Rule 14a-8 of the Exchange Act and any other applicable rules established by the Securities and Exchange Commission, or SEC. Proposals of shareholders intended to be presented at the annual general meeting to be held in 2017 without inclusion of such proposals in our proxy statement relating to such annual general meeting must be received not later than 60 days and not more than 120 days before such annual general meeting. Shareholders are also advised to review our amended and restated articles of association, which contain additional requirements with respect to advance notice of shareholder proposals.

Table of Contents

Nomination of Director Candidates: Any proposals for director candidates must be in writing, include the name and address of the shareholder who is making the nomination and of the nominee and should be directed to the secretary of the Company at the offices of Mellanox Technologies, Ltd, c/o Mellanox Technologies, Inc., 350 Oakmead Parkway, Suite 100, Sunnyvale, California 94085, Attention: Corporate Secretary, or such proposal may not be acknowledged by the Company. Our amended and restated articles of association also require that any proposal for nomination of directors include the consent of each nominee to serve as a member of our board of directors, if so elected. Shareholders are also advised to review our amended and restated articles of association, which contain additional requirements with respect to shareholder nominees for our board of directors. In addition, the shareholder must give timely notice to the secretary of the Company in accordance with the provisions of our amended and restated articles of association, which require that the notice be received by the secretary of the Company no later than February 8, 2017.

14

Table of Contents**PROPOSAL ONE ELECTION OF DIRECTORS****Members of the Board of Directors**

Six directors (who are not outside directors in accordance with the Companies Law) are to be elected at the meeting to serve until the next annual general meeting of shareholders, or until their respective successors have been elected and have qualified or until their earlier resignation or removal. In accordance with the Companies Law, outside directors are elected for three-year terms. Our outside director David Perlmutter was elected to a three-year term at our 2014 annual general meeting of shareholders and will continue to serve until our 2017 annual general meeting of shareholders, or until his successor has been elected and has qualified, or until his earlier resignation or removal.

The names of each member of our board of directors, including each nominee for director, their ages as of April 1, 2016 and principal occupations are as follows:

Name	Current Term Expires	Age	Principal Occupation
DIRECTORS AND NOMINEES (NON-OUTSIDE)			
Eyal Waldman	2016	55	President and Chief Executive Officer, Mellanox Technologies, Ltd.
Irwin Federman	2016	80	Chairman of the Board of Directors, Mellanox Technologies, Ltd.; General Partner, U.S. Venture Partners
Dov Baharav	2016	65	Chairman of Gilat Satellite Networks Ltd.
Glenda Dorchak	2016	61	Former Executive Vice President and General Manager, Spansion Inc.
Thomas Weatherford	2016	69	Former Executive Vice President and Chief Financial Officer, Business Objects SA
Shai Cohen	2016	52	Former Chief Operating Officer, Mellanox Technologies, Ltd.
OUTSIDE DIRECTORS			
Amal Johnson	2016	63	Executive Chairman, Author-it Software Corporation
Thomas Riordan	2016	59	Executive Vice President and Chief Operating Officer, Mosys, Inc.
David Perlmutter	2017	62	Former Executive Vice President and General Manager, Intel Architecture Group and Chief Product Officer, Intel Corporation

Director Nominees

Our board of directors has nominated Eyal Waldman, Irwin Federman, Dov Baharav, Glenda Dorchak, Thomas Weatherford and Shai Cohen for re-election to our board of directors. Certain information regarding their individual experience, qualifications, attributes and skills that led our board of directors to conclude that they should serve on the board is described below. Each nominee for director has consented to being named in this proxy statement and has indicated a willingness to serve if elected. Although we do not anticipate that any nominee will be unavailable for election, if a nominee is unavailable for election, the persons named as proxyholders will use their discretion to vote for any substitute nominee in accordance with their best judgment as they deem advisable. If elected, Mr. Waldman, Mr. Federman, Mr. Baharav, Ms. Dorchak, Mr. Weatherford and Mr. Cohen will hold office until our annual general meeting of shareholders to be held in 2017, or until their respective successors have been elected and have qualified or until their earlier resignation or removal. In the

Table of Contents

event that the aforementioned persons' appointments are approved by the Company's general meeting, they will be compensated in accordance with our director compensation program, provided that Mr. Cohen shall be entitled to compensation for his service on the board of directors retroactive from January 2016. Please refer to the description of the compensation of our directors under the heading "Director Compensation" in this proxy statement.

Eyal Waldman is a co-founder of Mellanox, and has served as our president and chief executive officer and as a member of our board of directors since March 1999. From March 1999 until June 2013, Mr. Waldman served as our chairman of our board of directors. From March 1993 to February 1999, Mr. Waldman served as vice president of engineering and was a co-founder of Galileo Technology, Ltd., a semiconductor company, which was acquired by Marvell Technology Group, Ltd. in January 2001. From August 1989 to March 1993, Mr. Waldman held a number of design and architecture related positions at Intel Corporation, a manufacturer of computer, networking and communications products. Mr. Waldman also previously served on the board of directors of a number of private companies. Mr. Waldman holds a Bachelor of Science in Electrical Engineering and a Master of Science in Electrical Engineering from the Technion Israel Institute of Technology. Mr. Waldman is located in Israel. Mr. Waldman's qualifications to serve on our board of directors include his role as a co-founder of Mellanox, more than a decade of service as our president, chief executive officer and chairman of our board of directors, and his design, engineering and architecture expertise. Our board of directors particularly values Mr. Waldman's extensive experience in the semiconductor industry and as our chief executive officer, which gives him unique insights into the Company's challenges, opportunities and operations.

Irwin Federman has served as a member of our board of directors since June 1999 and as chairman of our board of directors since June 2013. Mr. Federman has served as our lead independent director since March 2010. Mr. Federman was a general partner of U.S. Venture Partners ("USVP"), a venture capital firm, from April 1990 to October 2015. He is now a Senior Advisor to USVP. Mr. Federman was president and chief executive officer of Monolithic Memories, Inc., a semiconductor company, from 1978 to 1987. Mr. Federman serves on the boards of directors of SanDisk Corporation, a data storage company, Intermolecular, Inc., a materials analysis and discovery company, Check Point Software Technologies Ltd., a security software company, and a number of private companies and charitable trusts. Mr. Federman holds a Bachelor of Science in Economics from Brooklyn College and was awarded an Honorary Doctorate of Engineering from Santa Clara University. Mr. Federman is located in the United States.

Dov Baharav has served as a member of our board of directors since November 2010. Mr. Baharav is the chairman of Gilat Satellite Networks Ltd., a provider of products and services for satellite-based broadband communications, and Cyberint Technologies Ltd., which specializes in Information and Cyber Security. Mr. Baharav has served as the chairman of the board of directors of Israel Aerospace Industries, Ltd., a defense and civil aerospace technology company, from July 2011 until October 2013. From March 2013 to December 2014, Mr. Baharav served on the board of directors of Allot Communications, Ltd., a foreign private issuer which provides IP service optimization solutions for fixed and mobile broadband operators and large enterprises. From July 2002 until November 2010, Mr. Baharav served as president and chief executive officer of Amdocs Management Limited ("Amdocs"), a communications services company. He also served as a member of Amdocs' board of directors and executive committee from July 2002 until November 2010. Mr. Baharav joined Amdocs in 1991 as vice president and then president of Amdocs' principal U.S. subsidiary, Amdocs, Inc., and served as chief financial officer of Amdocs from 1995 until June 2002. From 1983 until 1991, Mr. Baharav served as chief operating officer of Optrotech Ltd., an electro-optical device company. Mr. Baharav is the chairman of scholarships fund with the College of Management Academic Studies in Rishon Lezion, Israel. He was also a member of the board of directors of SeamBI, a private advertising technology company, from July 2006 to November 2012. Mr. Baharav holds a Bachelor of

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Table of Contents

Science degree in Physics and Accounting, as well as a Master of Business Administration, from the University of Tel Aviv. Mr. Baharav is located in Israel.

Glenda Dorchak has served as a member of Mellanox's board of directors since July 2009. Ms. Dorchak currently serves on the board of boards of Energy Focus Inc., a public company providing energy efficient LED lighting and technology, and Mirametrix Inc, a private software company that provides gaze-tracking software. She is also an Operating Advisor to OMERS Private Equity, a private equity investment fund for a Canadian pension plan. Ms. Dorchak was Executive Vice President and General Manager of Global Business for Spansion, Inc., a Sunnyvale, California based flash memory provider, from April 2012 to June 2013. From January 2009 until September 2010, when it was acquired by Red Bend Software, Ms. Dorchak was the chief executive officer and vice chairman of VirtualLogix, Inc., a Sunnyvale, California based provider of virtualization software for wireless and embedded devices. Prior to VirtualLogix, Inc., she served as chairman and chief executive officer of Intrinsic Software International, Inc., a product development company of hardware, software, engineering and production services, from August 2006 to November 2008 where she had also served as an independent director September 2003 to December 2004. Ms. Dorchak was an executive with Intel Corporation from 2001 to 2006, including serving as vice president and chief operating officer of Intel Corporation's Communications Group; vice president and general manager of Intel's Consumer Electronics Group; and vice president and general manager of the Broadband Products Group. Prior to her tenure at Intel Corporation, she served as chairman and chief executive officer of Value America, Inc., an online retailer, from September 1999 to November 2000. From 1974 to 1998, Ms. Dorchak's career was spent with IBM Corporation ("**IBM**"), a multinational technology and consulting corporation, both in Canada and later with IBM based in Raleigh, North Carolina, where she held executive positions with the IBM's Personal Systems Group, including directorships with the Ambra Systems Group and IBM PC North America. Ms. Dorchak is located in the United States. Ms. Dorchak's qualifications to serve on our board of directors include her executive and board member experience in the software and technology industries. Our board of directors particularly values Ms. Dorchak's knowledge, experience and understanding of global markets gained from over 30 years in the technology industry.

Thomas Weatherford has served as a member of our board of directors since November 2005. From August 1997 until his retirement in January 2003, Mr. Weatherford served as executive vice president and chief financial officer of Business Objects SA, a provider of business intelligence software. Mr. Weatherford also serves on the board of directors of Guidewire Software, Inc., an insurance technology company. Mr. Weatherford also previously served on the board of directors of Spansion Inc., a provider of flash memory products from May 2010 until its merger with Cypress in March 2015, Tesco Corporation, a global provider of technology-based solutions to the upstream energy industry, from May 2004 to May 2013, SMART Modular Technologies, Inc., a manufacturer of legacy and custom computer components, from March 2005 until it was sold to Silverlake Partners in August 2011, Advanced Analogic Technologies, Inc., a semiconductor company, from July 2004 until February 2011 and several privately held companies. Mr. Weatherford holds a Bachelor of Business Administration from the University of Houston. Mr. Weatherford is located in the United States. Mr. Weatherford has also served as a member of an SEC advisory committee on accounting standards. Mr. Weatherford's qualifications to serve on our board of directors include his accounting and finance expertise, experience in the semiconductor and technology industries and service on the boards of directors of several companies. Our board of directors particularly values Mr. Weatherford's experience on public company audit committees and overseeing the preparation of financial statements, as well as his familiarity with accounting standards.

Shai Cohen has served as a member of our board of directors since December 2015. Mr. Cohen is a co-founder of Mellanox and served as our chief operating officer from May 2011 until February 2016. Previously, Mr. Cohen served as our vice president of operations and engineering from June 1999 until

Table of Contents

May 2011. From September 1989 to May 1999, Mr. Cohen worked at Intel Corporation, where he was a senior staff member in the Pentium processors department and a circuit design manager at the cache controllers group. Mr. Cohen holds a Bachelor of Science in Electrical Engineering from the Technion Israel Institute of Technology. Mr. Cohen's qualifications to serve on our board of directors include his role as a co-founder of Mellanox, his previous service as our chief operating officer, and his design, engineering and architecture expertise. Our board of directors particularly values Mr. Cohen's extensive experience in the semiconductor industry and his knowledge of the inner workings of the Company, which gives him unique insights into the Company's challenges, opportunities and operations.

Board of Directors' Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR* EACH OF THE SIX NOMINEES FOR DIRECTOR LISTED IN THIS PROPOSAL ONE.

Outside Directors Continuing to Serve Until 2016 Annual General Meeting

PROPOSAL TWO ELECTION OF OUTSIDE DIRECTORS

Outside Director Nominees

Under Israeli law, we are required to appoint at least two directors who satisfy the criteria for outside directors as defined in the Companies Law. These criteria differ from the criteria for independence under the applicable rules and regulations of the SEC and The NASDAQ Stock Market. Amal Johnson and Thomas Riordan were elected to serve as our outside directors in 2007 for a three-year term, then re-elected to serve as our outside directors in 2010 for an additional three-year term and then re-elected to serve as our outside directors in 2013 for an additional three-year term. Our audit committee and board of directors have nominated Ms. Johnson and Mr. Riordan for re-election as outside directors under the Companies Law and determined that, given their expertise and special contribution to the board of directors and its committees, their election for an additional three-year term is for the Company's benefit. Certain information regarding their individual experience, qualifications, attributes and skills that led our audit committee and board of directors to conclude that they should serve on the board, is described below. Each nominee for outside director has consented to being named in this proxy statement and has indicated a willingness to serve if elected. Although we do not anticipate that any nominee for outside director will be unavailable for election, if a nominee is unavailable for election, the persons named as proxyholders will use their discretion to vote for any substitute nominee in accordance with their best judgment as they deem advisable. If elected, Ms. Johnson and Mr. Riordan will hold office for an additional three-year term until our annual general meeting in 2019, or until his or her successor shall be duly elected or appointed, or until his or her earlier resignation or removal, subject to and in accordance with the provisions of the Companies Law.

Amal M. Johnson has served as a member of our board of directors since October 2006. Ms. Johnson is currently the executive chairman of the board of directors of Author-it Software Corporation, a Software-as-a-Service private company that provides a platform for creating, maintaining, and distributing single-sourced technical content. Prior to joining Author-it, Ms. Johnson served as the chairman of MarketTools, Inc., an internet-based market research company, from August 2008 through January of 2012, and as chief executive officer from March 2005 through August 2008. Prior to joining MarketTools, Ms. Johnson was a general partner at ComVentures L.P., an investment fund, from April 2004 to March 2005 and a general partner at Lightspeed Venture Partners, a venture capital firm, focusing on enterprise software and infrastructure, from March 1999 to March 2004. Previously, Ms. Johnson was president of Baan Supply Chain Solutions, an enterprise resource planning software company, from January 1998 to December 1998, president of Baan Affiliates from January 1997 to December 1997, and president of Baan Americas from October 1994 to December 1996. Prior

Table of Contents

to that, Ms. Johnson served as president of ASK Manufacturing Systems, a defense and space company, from August 1993 to July 1994 and held executive positions at IBM from 1977 to June 1993. Ms. Johnson also serves on the board of directors of Intuitive Surgical Inc., a medical device company, and CALAMP, a wireless networking company. Ms. Johnson holds a Bachelor of Arts in Mathematics from Montclair State University, and studied computer science at Stevens Institute of Technology graduate school of engineering. Ms. Johnson is located in the United States. Ms. Johnson's qualifications to serve on our board of directors include her executive and board member experience in the software and technology industries. Our board of directors particularly values Ms. Johnson's significant enterprise infrastructure knowledge acquired from executive leadership roles at software and market research focused companies.

Thomas Riordan has served as a member of our board of directors since May 2007. Mr. Riordan previously served as a member of our board of directors from February 2003 to February 2005. Mr. Riordan is currently the executive vice president and chief operating officer of Mosys, Inc., a semiconductor company, which he joined in April 2011. Prior to joining Mosys, Mr. Riordan was the chief executive officer of Exclara, Inc., a semiconductor company, a position which he held from August 2006 until March 2011. Prior to Exclara, from January 2005 until July 2006, Mr. Riordan was an Entrepreneur-in-Residence at Bessemer Venture Partners, an investment fund. Prior to Bessemer Venture Partners, from August 2000 to December 2004, Mr. Riordan was vice president of the microprocessor division of PMC-Sierra, Inc., a semiconductor company. From August 1991 to August 2000, Mr. Riordan was chief executive officer, president and a member of the board of directors of Quantum Effect Devices, Inc., a semiconductor design company that Mr. Riordan co-founded. From February 1985 to June 1991, Mr. Riordan served in various design and managerial roles, most recently as director of research and development at MIPS Computer Systems, Inc., a semiconductor design company. From March 1983 to January 1985, Mr. Riordan served as a design engineer at Weitek Corporation, a semiconductor company. From October 1979 to February 1983, Mr. Riordan was a design engineer at Intel Corporation. Mr. Riordan holds a Bachelor of Science degree in Electrical Engineering from Florida Technological University and a Master of Science degree in Electrical Engineering as well as a Bachelor of Arts degree in Government from the University of Central Florida and has done post-graduate work in Electrical Engineering at Stanford University. Mr. Riordan served as a member of the board of directors of PLX Technology, Inc., a semiconductor and software company, from November 2004 until its acquisition by Avago Technologies Ltd. in August 2014. Mr. Riordan also serves on the boards of directors of several private companies. Mr. Riordan is located in the United States. Mr. Riordan's qualifications to serve on our board of directors include his extensive executive, management and board member experience in the semiconductor and technology industries. Our board of directors particularly values Mr. Riordan's more than 30 years of experience as a developer, manager and executive in semiconductors and microprocessors.

Outside Directors Continuing to Serve Until 2017 Annual General Meeting

David Perlmutter has served as a member of our board of directors since May 2014. Since March 15, 2016, Mr. Perlmutter has also served as a Managing General Partner of Eucalyptus Growth Capital, focusing on investing in Israeli Hi Tech growth start ups. Mr. Perlmutter previously served, since 2009 and until February 2014, as an executive vice president, general manager of the Intel Architecture Group and chief product officer of Intel Corporation. During this period, Mr. Perlmutter was responsible for the business and development of Intel's platform solutions for all computing and communication segments including datacenters, desktops, laptops, handhelds, embedded devices, and computer electronics. Prior to that period, Mr. Perlmutter served at the Intel Corporation for 29 years, during which he held various management positions and was instrumental in developing several major products at Intel. Since April 2014, Mr. Perlmutter has served as a board member of several private technology companies, including Strato Scale Ltd., a virtualization technology company, OptimaTest Ltd., a security and investigations company, and Kili Technology Corporation, a silicon,

Table of Contents

electronic and software design company. He also currently chairs two nonprofit organizations, The Israel Innovation Institute, and Mishelanu Strengthening Jewish and Israeli Identity of 2nd Generation Israelis in the US, and has been a member of the Board of Governors of Technion, Israel Institute of Technology, since January 2005. Mr. Perlmutter holds patents on branch target buffers and multiprocessing cache coherency protocols. In addition, he received an award for innovation in industrial development from the Israeli president in 1987 for the development of the i387 math coprocessor and was elected as a Fellow of the Institute of Electronics and Electrical Engineers in 2008 for his contributions to the mobile computer industry. Mr. Perlmutter graduated from the Technion, Israel Institute of Technology, with a B.Sc. in Electrical Engineering. Mr. Perlmutter is located in Israel. Mr. Perlmutter's qualifications to serve on our board of directors include his executive experience in the software and technology industries. Our board of directors particularly values the significant knowledge he has acquired from executive leadership roles at Intel Corporation.

Requirements for Outside Directors under the Companies Law

Under the Companies Law, companies incorporated under the laws of the State of Israel with shares listed on an exchange, including The NASDAQ Market, must appoint at least two outside directors. Directors Amal Johnson and Thomas Riordan qualify as outside directors under the Companies Law. The Companies Law provides that a person may not be appointed as an outside director if the person is a relative of the controlling shareholder of the company or if the person (or any of the person's relatives, partners, employers or anyone to whom the person is directly or indirectly subjected to or any entity under the person's control) has or had during the two years preceding the date of appointment any affiliation with the company, its controlling shareholder, any of the controlling shareholder's relatives, any other entity under the control of the company or the company's controlling shareholder, the chairman of the board of directors of the company, the company's chief executive officer, any beneficial owner of 5% or more of the issued shares or the voting power of the company or the most senior executive officer of the company in the finance field.

The term "affiliation" includes:

an employment relationship;

a business or professional relationship maintained on a regular basis;

control; and

service as an office holder, excluding service as a director in a private company prior to the first offering of its shares to the public if such director was appointed as a director of the private company in order to serve as an outside director following the public offering.

"Office holder" is defined in the Companies Law as a chief executive officer, chief business manager, deputy general manager, vice general manager, any person who holds such position in the company even if such person holds a different title, any director and other manager or officer who reports directly to the chief executive officer.

No person can serve as an outside director if his or her position or other business interests create, or may create, a conflict of interest with his or her responsibilities as an outside director or may otherwise interfere with his or her ability to serve as an outside director.

No person can serve as an outside director if such person serves as a director in another company in which a board member of the Company serves as an outside director.

No person can serve as an outside director if such person is an employee of the Israeli Securities Authority or of an Israeli stock exchange.

Table of Contents

No person can serve as an outside director if the person (or any of the person's relatives, partners, employers, anyone to whom the person is directly or indirectly subjected to or any entity under the person's control) has business or professional relations with anyone the affiliation with whom is prohibited by the Companies Law, even if those affiliations are not general, excluding negligible affiliations.

Our outside directors are required to possess professional qualifications as set out in regulations promulgated under the Companies Law. In addition, our board of directors is required to determine how many of our outside directors should be required to have financial and accounting expertise. In determining such number, the board of directors must consider, among other things, the type and size of the company and the scope and complexity of its operations.

Under the Companies Law, each of our outside directors must also serve on our audit committee and compensation committee. Ms. Johnson and Mr. Riordan are both currently members of our audit committee and compensation committee.

Under the Companies Law, until the lapse of two years from termination of office (and with respect to a relative of an outside director who is not the outside director's spouse or child, one year from termination of office), we may not grant a person who served as an outside director of the company, or to its spouse or child, any benefit, directly or indirectly, and may not engage a person who served as an outside director of the company, or its spouse or child as an office holder of the company or an entity under the control of the company's controlling shareholder and cannot employ or receive services from that person, either directly or indirectly, including through a corporation controlled by that person.

Outside directors will be elected by the approval of the holders of a majority of the voting power represented at the meeting in person or by proxy or written ballot, provided that either:

at least one-half of the shares of non-controlling shareholders or shareholders that do not have a Personal Interest in the election (other than a Personal Interest which is not the result of an affiliation of the shareholder with the controlling shareholder) voted at the meeting are voted in favor of the election of the outside director nominee (disregarding abstentions); or

the total number of shares of non-controlling shareholders or shareholders that do not have such Personal Interest voted against the election of the outside director nominee does not exceed two percent of the aggregate voting rights in the company.

The initial term of an outside director is three years. Thereafter, an outside director, may be re-elected by the shareholders to additional two terms of three years each. Notwithstanding the aforesaid, if the audit committee and the board of directors confirm that, in light of the outside director's expertise and special contribution to the work of the board of directors and its committees, the re-election for additional three year period(s) is beneficial to the company, such re-election is allowed. If elected, both Ms. Johnson and Mr. Riordan will be elected to their fourth three-year terms as directors. An outside director may be removed only by the same percentage of shareholders as is required for his or her election, or by a court, and then only if he or she ceases to meet the statutory requirements for his or her appointment or if he or she violates the duty of loyalty to the company.

Board of Directors' Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR* EACH OF THE TWO NOMINEES FOR OUTSIDE DIRECTOR LISTED IN THIS PROPOSAL TWO.

Table of Contents

PROPOSAL THREE APPROVAL OF SALARY INCREASE, CONTRIBUTIONS TO SEVERANCE, PENSION AND EDUCATION FUNDS AND CASH BONUS TO BE PAID TO EYAL WALDMAN

Under Israeli law, the terms of service of the chief executive officer of a public company require the approval of the compensation committee, board of directors and holders of a majority of the voting power represented at the general meeting in person or by proxy or written ballot and voting thereon provided that (i) at least one-half of the shares of non-controlling shareholders or shareholders that do not have a Personal Interest in the approval voted at the meeting are voted in favor (disregarding abstentions) or (ii) the total number of shares of non-controlling shareholders or shareholders that do not have such Personal Interest voted against the terms of service of the chief executive officer does not exceed two percent of the aggregate voting rights in the Company. In recognition of Mr. Waldman's significant contribution to the Company as president and its chief executive officer, each of our compensation committee and our board of directors and subject to the approval of our shareholders at this meeting has approved (i) an increase in the annual base salary of Mr. Waldman from \$515,000 to \$570,000 effective retroactively from April 1, 2016, and accordingly any contribution to Israeli severance, pension and education funds shall be made based on the updated base salary and (ii) a cash bonus to be paid to Mr. Waldman in the amount of \$300,000 for services rendered for the fiscal year ended December 31, 2015, pursuant to the Company's annual discretionary cash bonus compensation program.

Board of Directors' Recommendation

THE BOARD OF DIRECTORS, FOLLOWING THE APPROVAL OF THE COMPENSATION COMMITTEE, APPROVED AND RECOMMENDS THAT YOU VOTE *FOR* THE INCREASE IN EYAL WALDMAN'S ANNUAL BASE SALARY, CONTRIBUTIONS TO SEVERANCE, PENSION AND EDUCATION FUNDS AND THE CASH BONUS TO BE PAID TO EYAL WALDMAN FOR THE YEAR ENDED DECEMBER 31, 2015, AS DESCRIBED IN THIS PROPOSAL THREE.

PROPOSAL FOUR APPROVAL OF THE GRANT OF RESTRICTED SHARE UNITS TO EYAL WALDMAN

Under Israeli law, the terms of service of the chief executive officer of a public company require the approval of the compensation committee, board of directors and holders of a majority of the voting power represented at the general meeting in person or by proxy or written ballot and voting thereon provided that (i) at least one-half of the shares of non-controlling shareholders or shareholders that do not have a Personal Interest in such approval voted at the meeting are voted in favor (disregarding abstentions) or (ii) the total number of shares of non-controlling shareholders or shareholders that do not have such Personal Interest voted against the terms of service of the chief executive officer does not exceed two percent of the aggregate voting rights in the Company. Following the approval of our compensation committee, our board of directors has approved the grant of 100,000 restricted share units to Eyal Waldman, which will be granted from the share pool reserved for future issuance under our Restated 2006 Plan if approved by our shareholders, or else our existing Global Share Incentive Plan (2006), previously approved by our shareholders, in accordance with the terms described below in recognition of his significant contribution to the Company as its president and chief executive officer. We are now seeking shareholder approval of the grant of these restricted share units from existing share reserves, as required pursuant to Israeli law.

If approved by our shareholders, the restricted share units will be granted to Mr. Waldman under our Restated 2006 Plan if such amendment and restatement is approved by our shareholders, or else our existing Global Share Incentive Plan (2006), previously approved by our shareholders. The restricted share units will vest at the rate of $\frac{12}{48}$ th of the original number of ordinary shares on May 1, 2017, and thereafter at the rate of $\frac{3}{48}$ th of the original number of shares on the first day of each quarterly period of August, November, February and May commencing August 1, 2017, with the

Table of Contents

last ³/₄th of the original number of shares vesting on May 1, 2020, so long as Mr. Waldman continues to provide services to the Company.

Board of Directors' Recommendation

THE BOARD OF DIRECTORS, FOLLOWING THE APPROVAL OF THE COMPENSATION COMMITTEE, APPROVED AND RECOMMENDS THAT YOU VOTE *FOR* THE APPROVAL OF THE GRANT OF RESTRICTED SHARE UNITS TO EYAL WALDMAN, AS DESCRIBED IN THIS PROPOSAL FOUR.

PROPOSAL FIVE ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS ("SAY-ON-PAY VOTE") AS DISCLOSED IN THE COMPENSATION DISCUSSION AND ANALYSIS, COMPENSATION TABLES AND NARRATIVE DISCUSSION SET FORTH IN THIS PROXY STATEMENT

Background

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 enables our shareholders to vote to approve, on an advisory, non-binding basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC's rules.

Summary

As required pursuant to Section 14A of the Exchange Act, we are asking our shareholders to provide advisory approval of the compensation of our named executive officers, as defined in the "Compensation Discussion and Analysis" section below, as such compensation is described in such section, the tabular disclosure regarding such compensation and the accompanying narrative disclosure set forth in this proxy statement. Our compensation program for our named executive officers is designed to reward high performance and innovation, to promote accountability and to ensure that executive interests are aligned with the interests of our shareholders. The following is a summary of the primary components of our named executive officer compensation. We urge our shareholders to review the Compensation Discussion and Analysis section of this proxy statement and executive-related compensation tables for more information.

One component of our compensation program is base compensation or salary. We design base salaries to fall within a competitive range of the companies against which we compete for executive talent. As we have grown and matured as a public company, our compensation objectives have continued to evolve and the base salaries for our named executive officers were increased in 2015 so that they would be closer to the market median. The named executive officers' 2015 base salaries were either at the median of the market survey data or between the 40-45th percentile of the survey data, as discussed more fully in the "Compensation Discussion and Analysis" section of this proxy statement. Generally, the base salary established for an individual named executive officer reflects many inputs, including our chief executive officer's assessment of the named executive officer's performance, the level of responsibility the named executive officer bears and competitive pay levels based on salaries paid to employees with similar roles and responsibilities based on market survey data.

Another component of our compensation program is annual cash bonuses. We structure our annual cash bonus award program to reward named executive officers for our Company's successful performance, measured on the basis of our operating income (determined on a non-GAAP basis), and for each individual's contribution to that performance in accordance with the Company's Compensation Statement. Our operational and financial performance during 2015 drove our annual cash incentive payouts. Consistent with our approach of placing a greater emphasis on equity compensation, our compensation committee awarded bonuses under the Company's annual cash bonus compensation program in February 2016 for services performed in the year ended December 31, 2015 that ranged

Table of Contents

from 25% to 50% of each named executive officer's, other than our chief executive officer's, base salary paid during 2015. These bonus amounts represented between approximately 3 and 6 months of base salary for each executive.

The third component of our compensation program is equity awards. In 2015, we granted restricted share units to our named executive officers in order to align their interests with the interests of our shareholders by tying the value delivered to our named executive officers to the value of our ordinary shares. We also believe that restricted share unit grants to our named executive officers provide them with long-term incentives that will aid in retaining executive talent by providing opportunities to be compensated through the Company's performance and rewarding executives for creating shareholder value over the long-term.

The say-on-pay vote is advisory, and therefore not binding on the Company, the compensation committee or our board of directors. Our board of directors believes that the information provided above and within the Compensation Discussion and Analysis and compensation tables included in this proxy statement demonstrates that our named executive officer compensation is designed to provide incentives and rewards for our short-term, mid-term and long-term performance, and is structured to motivate the Company's named executive officers to meet our strategic objectives, thereby maximizing total return to shareholders.

We therefore propose that at the Annual General Meeting, the following resolution be adopted:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby APPROVED."

Our board of directors has adopted a policy providing for an annual say-on-pay advisory vote. Unless our board of directors modifies its policy on the frequency of future say-on-pay advisory votes, the next say-on-pay advisory vote will be held at the 2017 annual general meeting of shareholders.

Board of Directors' Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR* APPROVAL OF THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS, AS DESCRIBED IN THE COMPENSATION DISCUSSION AND ANALYSIS, COMPENSATION TABLES AND NARRATIVE DISCUSSION SET FORTH IN THIS PROXY STATEMENT, AS DESCRIBED IN THIS PROPOSAL FIVE.

PROPOSAL SIX APPROVAL OF THE MELLANOX TECHNOLOGIES, LTD. AMENDED AND RESTATED GLOBAL SHARE OPTION INCENTIVE PLAN (2006)

We are asking our shareholders to approve the Mellanox Technologies, Ltd. Amended and Restated Global Share Incentive Plan (2006) (the "**Restated 2006 Plan**"), which constitutes an amendment and restatement of the Mellanox Technologies, Ltd. Global Share Incentive Plan (2006) and its appendices (the "**2006 Plan**"). The Restated 2006 Plan became effective on March 14, 2016, subject to shareholder approval. The term of the 2006 Plan absent approval of the amendment and restatement would expire in October 2016. The approval of the Restated 2006 Plan extends the term to February 2026. The approval by of the Restated 2006 Plan by the Company's shareholders is recommended by the board of directors.

Employees, consultants and members of the board of directors of the Company and its affiliates are eligible to receive equity awards under the Restated 2006 Plan. The Restated 2006 Plan provides for the grant of stock options, performance-based awards and other equity awards granted in accordance with the provisions of an applicable appendix to the plan, including restricted shares and restricted share units.

Table of Contents

We depend on the performance and commitment of our employees to succeed. The use of equity-based long-term incentives assists us in attracting, retaining, motivating and rewarding talented employees. Providing equity grants creates long-term participation in our Company and aligns the interests of our employees with the interests of our shareholders. The use of equity awards as compensation also allows us to conserve cash resources for other important purposes.

The Restated 2006 Plan reserves 750,000 ordinary shares for issuance under new equity awards and reduces to zero the shares available for issuance under all of the Company's other equity incentive plans as follows. As of the effective date of the Restated 2006 Plan, the Company ceased granting awards under each other equity incentive plan in effect, including the Company's 1999 United States Equity Incentive Plan, the 1999 Israeli Share Option Plan, the 2003 Israeli Share Option Plan, the Voltaire Ltd. 2007 Incentive Compensation Plan, the Voltaire Ltd. Section 102 Stock Option/Stock Purchase Plan, the Voltaire, Ltd. 2001 Section 102 Stock Option/Stock Purchase Plan, the Voltaire Ltd. 2001 Stock Option Plan, the Kotura, Inc. Second Amended and Restated 2003 Stock Plan, the IPtronics, Inc. 2013 Restricted Stock Unit Plan, the Global Share Incentive Assumption Plan (2010), the EZchip Semiconductor Ltd. 2003 Amended and Restated Equity Incentive Plan, the EZchip Semiconductor Ltd. 2007 U.S. Equity Incentive Plan and the Amended and Restated EZchip Semiconductor Ltd. 2009 Equity Incentive Plan (the "**Prior Plans**") and will grant new awards only from the Restated 2006 Plan, the share reserve of which includes 750,000 ordinary shares plus any shares subject to issued and outstanding awards under the Prior Plans that expire, are cancelled or otherwise terminate after the effective date of the Restated 2006 Plan. The existing share reserve of the 2006 Plan will no longer be available for issuance under the Restated 2006 Plan. The Restated 2006 Plan also extends the term of the 2006 Plan to February 2026. In addition, the Restated 2006 Plan implements additional amendments to reflect compensation and governance best practices. Approval of the Restated 2006 Plan will allow us to continue to use equity-based long-term incentives to attract, retain and motivate key talent.

Key Features of the Restated 2006 Plan

The Restated 2006 Plan reflects a broad range of compensation and governance best practices, with some of the key features of the Restated 2006 Plan as follows:

No Increase to Share Reserve Available for Issuance without Shareholder Approval. Without shareholder approval, the Restated 2006 Plan prohibits any amendment that increases the total number of shares that may be issued under the Restated 2006 Plan (other than adjustments in connection with certain corporate reorganizations and other events).

No Single-Trigger Vesting Acceleration of Awards. The Restated 2006 Plan does not provide for single-trigger accelerated vesting provisions for changes in control unless awards are not assumed or substituted by the surviving entity.

No Repricing of Awards. Under the Restated 2006 Plan, awards may not be repriced, replaced or regranted through cancellation or modification without shareholder approval if the effect would be to reduce the exercise price for the shares under the award.

No Evergreen Feature. The Restated 2006 Plan removes the annual increase to the share reserve that was provided for under the 2006 Plan.

No Liberal Share Recycling on Share Options. Under the Restated 2006 Plan, any shares tendered or withheld to satisfy the exercise price or tax withholding obligation for any stock option may not be added back to the share reserve.

Table of Contents

Background on Share Reserve

Our board of directors has determined to limit the number of shares authorized for issuance under all of the Company's equity incentive plans by ceasing to grant new awards under the Prior Plans and setting the share reserve of the Restated 2006 Plan to 750,000 shares plus any shares subject to issued and outstanding awards under the Prior Plans that expire, are cancelled or otherwise terminate following the effective date of the Restated 2006 Plan. Our board of directors determined that this share reserve was appropriate in light of the advice of proxy advisory services, which considered the costs of the plan.

The following information summarized the Company's activity under its all equity incentive plans as of March 14, 2016:

Options covering 1,926,136 ordinary shares, with a weighted average exercise price of \$31.35 and a weighted average remaining term of 4.13 years remained outstanding;

Unvested restricted share units covering 4,093,351 ordinary shares were outstanding;

806,927 shares remained available for grant; and

2,145,403 shares have been granted under all of our equity incentive plans since December 31, 2015, including 499,894 restricted share units assumed under the EZchip Semiconductor Ltd. equity incentive plans in connection with our acquisition of EZchip Semiconductor Ltd. in February 2016.

As of March 14, 2016, the Company had 47,623,382 ordinary shares outstanding.

In addition, the following summarizes key equity metrics regarding the 2006 Plan and our other equity incentive plans:

In 2015, 2014 and 2013, we granted a total of approximately 1,353,095, 1,020,970, and 1,193,786 shares, respectively, under the 2006 Plan and our other equity incentive plans. This level of equity awards represents a three-year simple average burn rate of 2.6% of fully diluted common shares outstanding.

In 2015, 2014 and 2013, our end of year overhang rate, calculated by dividing (i) the number of shares remaining available for issuance under our 2006 Plan and our other equity plans by (ii) the number of our shares outstanding at the end of the fiscal year, was 2.9%, 3.3% and 2.8%, respectively.

If the Restated 2006 Plan is approved, the share reserves for issuance under all Prior Plans will be reduced to zero. The 750,000 ordinary shares newly reserved under the Restated 2006 Plan will represent overhang rate of 1.6%, based on the number of our ordinary shares outstanding as of March 14, 2016.

Shareholder Approval Requirement

Shareholder approval of the Restated 2006 Plan is necessary in order for us to meet NASDAQ shareholder approval requirements and take tax deductions for certain compensation resulting from awards granted thereunder intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "**Code**").

Specifically, approval of the Restated 2006 Plan will constitute approval of the performance criteria set forth in the Restated 2006 Plan pursuant to the shareholder approval requirements of Section 162(m) of the Code, which will enable (but not require) us to award performance-based compensation within the meaning of Section 162(m) through our 2021 annual general meeting of shareholders, preserving the deductibility of these awards for federal income tax purposes.

Table of Contents

If shareholders do not approve this Proposal Six, the 2006 Plan will continue in full force and effect subject to the limitations set forth in the 2006 Plan, provided, that in no event will the Company grant performance-based compensation under the 2006 Plan absent approval of this Proposal.

Material Terms of the Restated 2006 Plan

A summary of the principal provisions of the Restated 2006 Plan is set forth below. The summary is qualified by reference to the full text of the Restated 2006 Plan, which is attached as Appendix A to this proxy statement.

Administration

Our board of directors may administer the Restated 2006 Plan or it may delegate authority to administer the plan to a committee of board members, subject to the relevant provisions of the Companies Law. The Restated 2006 Plan is administered jointly by our board of directors and a committee consisting of two or more members of the board of directors, each of whom is an "outside director," within the meaning of Section 162(m) of the Code, and a "non-employee director" as defined in Rule 16b-3(b)(3) of the Exchange Act, to the extent necessary to comply with Section 162(m) of the Code and Rule 16b-3 of the Exchange Act. Subject to the relevant provisions of the Companies Law, the plan administrator shall have full authority to determine eligible participants in the Restated 2006 Plan, the number of options or ordinary shares to be awarded, as well as the time of grant, vesting schedule and any acceleration and form of the awards. Our board of directors conducts general administration of the Restated 2006 Plan with respect to awards granted to a member of our board of directors who is not an employee.

Eligibility

Employees, officers, consultants and non-employee directors of our Company or any of our affiliates are eligible to receive awards under the Restated 2006 Plan. As of March 14, 2016, we had approximately 2,191 employees, 28 consultants and 8 non-employee directors who were eligible to receive awards under the Restated 2006 Plan. The applicable plan administrator determines which of our employees, office holders, consultants and non-employee directors will be granted awards. No person is entitled to participate in the Restated 2006 Plan as a matter of right nor does any such participation constitute assurance of continued employment or service on our board of directors. Only those who are selected to receive grants by the plan administrator may participate in the 2006 Plan.

Shares Subject to the Restated 2006 Plan

Under the Restated 2006 Plan, the total number of ordinary shares reserved for issuance equals the sum of: (i) 750,000 and (ii) any shares which as of the effective date of the Restated 2006 Plan are subject to awards outstanding under the Prior Plans that expire, are cancelled or otherwise terminate following such effective date. The maximum aggregate number of shares that may be issued pursuant to awards, including pursuant to incentive stock options (as defined in Section 422 of the Code) ("**ISOs**"), under the Restated 2006 Plan is 6,800,000 shares.

Shares subject to an award under the Restated 2006 Plan that terminate, expire or otherwise lapse are made available for issuance again under the Restated 2006 Plan. Shares tendered or withheld to satisfy the grant price or tax withholding obligation pursuant to any award other than an option may be made available for issuance again under the Restated 2006 Plan. In addition, shares purchased on the open market with cash proceeds from the exercise of options may not be available for issuance again under the Restated 2006 Plan. To the extent permitted under applicable law, shares issued in assumption of, or in substitution for, any outstanding awards previously granted by an entity in

Table of Contents

connection with a corporate transaction will not be counted against the shares available for issuance under the Restated 2006 Plan.

The maximum number of shares that may be subject to one or more awards granted to any person pursuant to the Restated 2006 Plan during any calendar year is 4,000,000. On March 14, 2016, the closing price of our ordinary shares on The NASDAQ Stock Market was \$49.35 per share.

Awards

The Restated 2006 Plan provides for grants of share options, performance-based awards and other equity based awards granted in accordance with the provisions of an applicable appendix to the Restated 2006 Plan, including restricted shares and restricted share units.

Options. Share options, including ISOs, nonqualified share options and options granted pursuant to Section 102(b)(3) of the Israeli Income Tax Ordinance (New Version) 1961, may be granted pursuant to the Restated 2006 Plan. The term of options granted under the 2006 Plan may not exceed seven years. In the case of ISOs that are granted to persons who own more than 10% of the total combined voting power of the Company, our subsidiaries or our parent at the time of grant, the term of the ISOs cannot exceed five years. The exercise price of an option is determined by the plan administrator at the time of grant, but may not be less than 100% of the fair market value per share of the underlying ordinary shares at the time of grant. ISOs granted to persons who own more than 10% of the total combined voting power of our Company, our subsidiaries or our parent on the grant date must have a per share exercise price of no less than 110% of the fair market value per share of the underlying ordinary shares at the time of grant of the ISO.

Restricted Shares. Restricted share awards may be granted pursuant to the Restated 2006 Plan including pursuant to Section 102(b)(3) of the Israeli Income Tax Ordinance (New Version) 1961. Participants who are granted restricted share awards generally have all of the rights of a shareholder with respect to such shares, but such shares are subject to restrictions on transferability and other restrictions the plan administrator may impose. Such restrictions may lapse in accordance with a vesting schedule or upon such circumstances as determined by the plan administrator. Any unvested ordinary shares subject to restricted share awards are generally forfeited upon termination of employment, unless our board of directors provides otherwise.

Restricted Share Units. Restricted share units may be granted pursuant to the Restated 2006 Plan. Restricted share units may be subject to vesting conditions determined by the plan administrator and will entitle the participant to one unrestricted ordinary share following vesting and maturity. Awards of restricted share units will be subject to such terms and conditions as determined by the plan administrator.

Performance-based Awards. The plan administrator may grant awards to employees who are or may be "covered employees," as defined in Section 162(m) of the Code, that are intended to be qualified performance-based compensation within the meaning of Section 162(m) of the Code in order to preserve the deductibility of these awards for federal income tax purposes. Participants are only entitled to receive payment for a performance-based award for any given performance period to the extent that pre-established performance goals set by the plan administrator for the period are satisfied. With regard to a particular performance period, the plan administrator will have the discretion to select the length of the performance period, the type of performance-based awards to be granted, and the goals that will be used to measure the performance for the period. In determining the actual size of an individual performance-based award for a performance period, the plan administrator may reduce or eliminate (but not increase) the award.

Under the Restated 2006 Plan, pre-established performance goals for awards intended to be qualified performance-based compensation within the meaning of Section 162(m) of the Code must be

Table of Contents

based on one or more of the following performance criteria: (i) net earnings (either before or after interest, taxes, depreciation and amortization), (ii) economic value-added, (iii) sales or revenue, (iv) net income (either before or after taxes), (v) operating earnings, (vi) cash flow (including, but not limited to, operating cash flow and free cash flow), (vii) cash flow return on capital, (viii) return on net assets, (ix) return on shareholders' equity, (x) return on assets, (xi) return on capital, (xii) shareholder returns, (xiii) return on sales, (xiv) gross or net profit margin, (xv) productivity, (xvi) expense, (xvii) margins, (xviii) operating efficiency, (xix) customer satisfaction, (xx) working capital, (xxi) earnings per share, (xxii) price per share and (xxiii) market share, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. In addition, the plan administrator may, in its sole discretion, provide that one or more objectively determinable adjustments shall be made to one or more performance goals established under any of these performance criteria, such as adjustments related to a change in accounting principle or tax laws, related to acquisitions, to asset impairment charges or to gains or losses for litigation, arbitration and contractual settlements. For all awards intended to qualify as performance-based compensation under Section 162(m), such determinations will be made in a manner intended to comply with Section 162(m) of the Code.

Transferability of Awards; Repricing

Except as may be permitted under an applicable appendix to the Restated 2006 Plan, no option or other award may be transferred other than by will or by the laws of descent and distribution, and during the participant's lifetime an option may be exercised only by such participant. Furthermore, except as may be permitted under an applicable appendix to the Restated 2006 Plan, shares for which full payment has not been made cannot be assigned, transferred, pledged or mortgaged, other than by will or laws of descent and distribution.

The plan administrator cannot, without the approval of the shareholders of the Company, authorize the amendment of any outstanding option to reduce its price per share, or cancel any option in exchange for cash or another award when the option price per share exceeds the fair market value of the underlying ordinary shares.

Adjustments to Awards

In the event of an equity restructuring of our Company, which is a non-reciprocal transaction between the company and its shareholders such as a share dividend, share split, spin-off, rights offering or certain recapitalizations, that affects our ordinary shares or the share price of our ordinary shares and causes a change in the per share value of the ordinary shares underlying outstanding awards, the number and type of securities subject to each outstanding award and the exercise or grant price of the award will be proportionately adjusted, and the plan administrator will make such proportionate adjustments as the plan administrator deems appropriate to reflect the equity restructuring with respect to the aggregate number and type of securities that may be issued under the Restated 2006 Plan.

In the event of any dividend, distribution, reorganization, repurchase, exchange of ordinary shares, or other change in the corporate structure of the Company affecting the ordinary shares (other than an equity restructuring of the Company), the plan administrator shall appropriately adjust in its discretion the aggregate number and kind of shares that may be issued under the Restated 2006 Plan and the terms and conditions of any outstanding awards in order to prevent dilution or enlargement of benefits intended to be made available under the Restated 2006 Plan.

In addition, the plan administrator has broad discretion to take action under the Restated 2006 Plan in the event of any of the corporate events described above or any other unusual or nonrecurring transactions, including to provide for: the termination of outstanding awards in exchange for cash or

Table of Contents

another award, the assumption or substitution of the award by a successor, adjustments in the number and type of shares subject to outstanding awards and the acceleration of outstanding awards.

Effect of a Change in Control

In the event of a change in control of the Company, each outstanding award will be assumed or substituted by the successor corporation. If the successor corporation in a change in control refuses to assume or substitute an outstanding award, the award will vest in full.

Amendment and Termination

The board of directors (or a duly authorized committee thereof) has the authority to amend the Restated 2006 Plan, subject to shareholder approval as required under the Restated 2006 Plan, including as required by applicable law, stock exchange or other regulatory rules. However, no amendment of the Restated 2006 Plan may reduce the rights under awards already granted to a participant without the consent of the affected participant. The Restated 2006 Plan will expire on February 23, 2026, the tenth anniversary of the date of its adoption by the board of directors.

U.S. Federal Income Tax Consequences

The following is a general summary under current law of the material U.S. federal income tax consequences to participants in the Restated 2006 Plan. This summary deals with the general tax principles that apply and is provided only for general information. Some kinds of taxes, such as foreign, state and local income taxes, are not discussed. Tax laws are complex and subject to change and may vary depending on individual circumstances and from locality to locality. The summary does not discuss all aspects of income taxation that may be relevant in light of a participant's personal investment circumstances. This summarized tax information is not tax advice.

Incentive Stock Options. A participant to whom ISOs are granted will not recognize taxable income upon grant. Additionally, if applicable holding period requirements are met, the participant will not recognize taxable income at the time of exercise. However, the excess of the fair market value of the ordinary shares received over the option price is an item of tax preference income potentially subject to the alternative minimum tax. If ordinary shares acquired upon exercise of an ISO are held for a minimum of two years from the date of grant and one year from the date of exercise, the gain or loss (in an amount equal to the difference between the fair market value on the date of sale and the exercise price) upon disposition of the ordinary shares will be treated as a long-term capital gain or loss, and we will not be entitled to any deduction. If the holding period requirements are not met, the ISO will be treated as one that does not meet the requirements of Code for ISOs and the tax consequences described for nonqualified share options will apply.

Nonqualified Share Options. For U.S. federal income tax purposes, if a participant is granted nonqualified stock options under the 2006 Plan, the participant will not have taxable income on the grant of the option, nor will we be entitled to any deduction. Generally, on exercise of nonqualified stock options, the participant will recognize ordinary income, and we will be entitled to a deduction, in an amount equal to the difference between the option exercise price and the fair market value of an ordinary share on the date each such option is exercised. The participant's basis for the ordinary shares for purposes of determining gain or loss on subsequent disposition of such shares generally will be the fair market value of the ordinary shares on the date the participant exercises such option. Any subsequent gain or loss will be generally taxable as capital gains or losses.

Restricted Stock and Restricted Share Units. A participant to whom restricted shares or restricted share units are issued generally will not recognize taxable income upon such issuance and we generally will not then be entitled to a deduction unless, with respect to restricted shares, an election is made by

Table of Contents

the participant under Section 83(b) of the Code. However, when restrictions on restricted shares lapse, such that the shares are no longer subject to a substantial risk of forfeiture, the employee generally will recognize ordinary income and we generally will be entitled to a deduction for an amount equal to the excess of the fair market value of the shares at the date such restrictions lapse over the purchase price. If a timely election is made under Section 83(b) with respect to restricted shares, the participant generally will recognize ordinary income on the date of the issuance equal to the excess, if any, of the fair market value of the shares at that date over the purchase price, and we will be entitled to a deduction for the same amount. Similarly, when restricted shares units vest and the underlying ordinary shares are issued to the participant, the participant generally will recognize ordinary income and we generally will be entitled to a deduction for the amount equal to the fair market value of the shares at the date of issuance. A Section 83(b) election is not permitted with regard to the grant of restricted share units.

Section 162(m). In general, under Section 162(m) of the Code, income tax deductions of publicly-held corporations may be limited to the extent total compensation (including base salary, annual bonus, stock option exercises and non-qualified benefits paid) for specified executive officers exceeds \$1,000,000 (less the amount of any "excess parachute payments" as defined in Section 280G of the Code) in any one year. However, under Section 162(m), the deduction limit does not apply to certain "performance-based compensation" as provided for the Code and established by an independent compensation committee which is adequately disclosed to, and approved by, shareholders. In particular, stock options will satisfy the "performance-based compensation" exception if the options are made by a qualifying compensation committee, the underlying plan sets the maximum number of shares that can be granted to any person within a specified period and the compensation is based solely on an increase in the share price after the grant date (i.e., the option exercise price is equal to or greater than the fair market value of the ordinary shares subject to the award on the grant date). Performance-based awards granted under the Restated 2006 Plan may qualify as "qualified performance-based compensation" for purposes of Section 162(m) if such awards are granted or vest upon the pre-established objective performance goals described above.

Section 409A. Certain types of awards under the Restated 2006 Plan, including restricted share units, may constitute, or provide for, a deferral of compensation subject to Section 409A of the Code. Unless certain requirements set forth in Section 409A are complied with, holders of such awards may be taxed earlier than would otherwise be the case (e.g., at the time of vesting instead of the time of payment) and may be subject to an additional 20% penalty tax (and, potentially, certain interest penalties). To the extent applicable, the Restated 2006 Plan and awards granted under the plan will be structured and interpreted to comply with, or be exempt from, Section 409A of the Code and the Department of Treasury regulations and other interpretive guidance that may be issued under Section 409A. To the extent determined necessary or appropriate by the plan administrator, the Restated 2006 Plan and applicable award agreements may be amended without award holder consent to exempt the applicable awards from Section 409A of the Code or to comply with Section 409A.

New Plan Benefits

Except with respect to grants of (i) restricted share units that we expect will be awarded to non-employee directors serving on our board of directors following the date of our 2016 annual general meeting and (ii) the grant of 100,000 restricted share units to Mr. Waldman, subject to shareholder approval, which are shown in the table below, the number of awards that our named executive officers, directors, other executive officers and other employees may receive under the Restated 2006 Plan will

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Table of Contents

be determined in the discretion of the plan administrator in the future. Therefore, it is not possible to determine the benefits that will be received in the future by participants in the Restated 2006 Plan.

Name and Position	Dollar Value of Restricted Share Units (\$)	Restricted Share Units (#)
Eyal Waldman		100,000
Jacob Shulman		
Marc Sultzbaugh		
Michael Kagan		
Shai Cohen		4,500
Executive Group		
Non-Executive Director Group(1)		36,000
Non-Executive Officer Employee Group		

(1)

Following the date of the annual general meeting, each individual who continues to serve as a non-employee director will receive an award of 4,500 restricted share units, which will vest in equal months increments over the twelve months following such meeting, subject to continued service as a non-employee director. The amount shown includes the grant of 4,500 restricted share units expected to be awarded Mr. Cohen for his service as a non-employee director shown in the table.

Awards Granted Under the 2006 Plan Since Inception

The table below sets forth summary information concerning the number of our ordinary shares subject to options, restricted shares and restricted share units granted to certain persons under the 2006 Plan as of March 14, 2016.

Name	Options	Weighted Average Exercise Price	Restricted Share Unit Awards
Named Executive Officers:			
Eyal Waldman	180,550	\$ 11.43	364,000
Jacob Shulman	66,197	\$ 14.31	74,139
Marc Sultzbaugh	277,154	\$ 12.65	115,000
Michael Kagan	77,381	\$ 12.74	91,250
Shai Cohen	86,691	\$ 13.20	85,000
All current executive officers as a group	687,973	\$ 12.57	729,389
Current director nominees:			
Irwin Federman	34,284	\$ 15.24	29,500
Dov Baharav	50,000	\$ 24.19	19,500
Glenda Dorchak	57,142	\$ 13.66	24,500
Thomas Weatherford	34,284	\$ 15.24	29,500
Amal Johnson	22,856	\$ 13.65	29,500
Thomas Riordan	34,284	\$ 15.24	29,500
David Perlmutter	50,000	\$ 32.64	4,500
All current directors who are not executive officers as a group	282,850	\$	166,500
Each associate of any such directors, executive officers or nominees		\$	

Each other person who received or is to receive 5% of such options or rights \$

All non-executive officer employees as a group	6,871,814	\$	3,301,040
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Table of Contents

Board of Directors' Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR* THE APPROVAL OF THE AMENDED AND RESTATED GLOBAL SHARE INCENTIVE PLAN (2006), AS DESCRIBED IN THIS PROPOSAL SIX.

**PROPOSAL SEVEN APPROVAL OF THE FIRST AMENDMENT TO
THE AMENDED AND RESTATED 2006 EMPLOYEE SHARE PURCHASE PLAN**

We are asking our shareholders to approve the First Amendment (the "**ESPP Amendment**") to the Company's Amended and Restated 2006 Employee Share Purchase Plan (the "**ESPP**"), which amends the ESPP to provide that the total number of shares reserved for issuance under the ESPP is 7,585,712 shares, an increase of 5,000,000 shares over the current ESPP share reserve. The ESPP Amendment also provides that the ESPP, as amended (the "**Amended ESPP**"), will terminate on February 23, 2026. On February 23, 2016, our board of directors approved the ESPP Amendment subject to approval of the ESPP Amendment by our shareholders. If our shareholders do not approve the ESPP Amendment, the ESPP will continue upon its terms in effect prior to the ESPP Amendment.

The purpose of the Amended ESPP is to provide our employees the opportunity to purchase our ordinary shares at a discount through accumulated payroll deductions. The Amended ESPP is intended to qualify as an employee stock purchase plan under Section 423 of the Code. The ESPP is an important component of the benefits package that we offer to our employees. We believe that it is a key factor in retaining existing employees, recruiting and retaining new employees and aligning and increasing the interest of all employees in the success of the Company.

Summary of the Amended ESPP

A summary of the principal features of the Amended ESPP is set forth below and qualified by reference to the full text of the ESPP, which is incorporated by reference to Appendix A to the Company's Definitive Proxy Statement on Schedule 14A (SEC File No. 001-33299) filed on April 19, 2012, and the ESPP Amendment, which is attached to this proxy statement as Appendix B.

Administration. The Amended ESPP may be administered by our board of directors or a committee designated by the board. The administrator will have the discretionary authority to administer and interpret the Amended ESPP. The administrator may delegate to one or more individuals all or any part of its authority and powers under the Amended ESPP, subject to the relevant provisions of the Companies Law and other applicable law. We will bear all expenses and liabilities incurred by the plan administrator.

Shares Available under the Amended ESPP. The maximum number of our ordinary shares which will be authorized for issuance under the Amended ESPP is 7,585,712 ordinary shares. The ordinary shares made available for issuance under the Amended ESPP may be authorized but unissued shares or reacquired shares reserved for issuance under the Amended ESPP. On March 14, 2016, the closing price of our ordinary shares on the NASDAQ Stock Market was \$49.35 per share.

Participating Subsidiaries. Mellanox Technologies, Inc., a wholly owned subsidiary of the Company, is a participating subsidiary in the Amended ESPP. In addition, the plan administrator may designate certain other of our subsidiaries as participating subsidiaries in the Amended ESPP and may change these designations from time to time.

Table of Contents

Eligible Employees. Employees eligible to participate in the Amended ESPP generally include employees who are employed by us on the first trading day of an offering period, or the enrollment date. Employees who customarily work less than 5 months in a calendar year or are customarily scheduled to work less than 20 hours per week will not be eligible to participate in the Amended ESPP. Finally, an employee who owns (or is deemed to own through attribution) 5% or more of the combined voting power or value of all our classes of shares or of one of our subsidiaries will not be allowed to participate in the Amended ESPP.

As of March 14, 2016, there were approximately 5 current executive officers and 2,424 current non-executive officer employees who would be eligible to participate in the Amended ESPP. Non-employee directors are not eligible to participate in the Amended ESPP.

Participation. Employees will enroll under the Amended ESPP by completing a payroll deduction form permitting the deduction of up to 15% from their compensation. However, a participant may not purchase more than 1,143 shares in each offering period, and may not subscribe for more than \$25,000 in fair market value of our ordinary shares (determined at the time the option is granted) during any calendar year.

Offering. Under the Amended ESPP, participants are offered the option to purchase our ordinary shares at a discount during six-month consecutive offering periods, which commence on March 1 and September 1 of each year. The option purchase price will be the lower of 85% of the closing trading price for an ordinary share on the start date of the offering period in which the participant is enrolled or 85% of the closing trading price for an ordinary share on the purchase date, which is the last trading day in an offering period.

Unless a participant has previously canceled his or her participation in the Amended ESPP, the participant will be deemed to have exercised his or her option in full as of each purchase date. Upon exercise, the participant will purchase the number of whole shares that his or her accumulated payroll deductions will buy at the option purchase price, subject to the participation limitations listed above.

A participant may cancel his or her payroll deduction authorization at any time prior to the end of the offering period. Upon cancellation, the participant's account balance will be refunded in cash. A participant may also increase or decrease his or her payroll deduction authorization during any offering period, provided that the plan administrator may limit the number of participation rate changes during any offering period. The maximum number of our shares a participant may purchase during any offering period is 1,143.

Transferability. A participant may not assign, transfer, pledge or otherwise dispose of (other than by will or the laws of descent and distribution) payroll deductions credited to a participant's account or any rights to exercise an option or to receive ordinary shares under the Amended ESPP. Any such attempt at assignment, transfer, pledge or other disposition will not be given effect.

Adjustments. The number of our ordinary shares available for purchase under the Amended ESPP, as well as the maximum number of shares that each participant may purchase during each offering period and the option purchase price and the number of shares covered by each option under the Amended ESPP that has not yet been exercised, will be proportionately adjusted for adjustments made in the number of outstanding shares or an exchange of the shares resulting from a share split, share dividend, or any other increase or decrease in the number of our ordinary shares effected without receipt of consideration by the Company.

If there is a proposal to dissolve or liquidate us, then the offering period then in progress will be shortened by setting a new exercise date to take place before the date of our proposed dissolution or liquidation. If we undergo a merger with or into another corporation or sale of all or substantially all of our assets, each outstanding option will be assumed or an equivalent option substituted by the

Table of Contents

successor corporation or the parent or subsidiary of the successor corporation. If the successor corporation refuses to assume the outstanding options or substitute equivalent options, then any offering period then in progress will be shortened by setting a new exercise date to take place before the date of our proposed sale or merger.

Amendment or Termination of the Amended ESPP. Our board of directors may amend, suspend or terminate the ESPP at any time. Unless it is sooner terminated by our board of directors, the Amended ESPP will terminate on February 23, 2026. Except in circumstances specified in the Amended ESPP, no amendment may make any change in any outstanding option that adversely affects the rights of any participant without the consent of such participant. However, the board of directors may not amend the Amended ESPP without shareholder approval to the extent necessary to comply with Section 423 of the Code.

U.S. Federal Income Tax Consequences

The following is a general summary under current law of the material federal income tax consequences to an employee who participates in the Amended ESPP. This summary deals with the general federal income tax principles that apply and is provided only for general information. Some kinds of taxes, such as state, local and foreign income taxes and federal employment taxes, are not discussed. Tax laws are complex and subject to change and may vary depending on individual circumstances and from locality to locality. The summary does not discuss all aspects of federal income taxation that may be relevant in light of a participant's personal circumstances. This summarized tax information is not tax advice and a participant of an award should rely on the advice of his or her legal and tax advisors.

The Amended ESPP, and the right of participants to make purchases thereunder, is intended to qualify for special tax treatment under the provisions of Section 423 of the Code. Under the applicable Code provisions, no income will be taxable to a participant until the sale or other disposition of the shares purchased under the ESPP. Upon such sale or disposition, the participant will generally be subject to tax in an amount that depends upon the length of time such shares are held by the participant prior to disposing of them. If the shares are sold or disposed of more than two years from the first day of the offering period during which the shares were purchased and one year from the date of purchase, or if the participant dies while holding the shares, the participant (or his or her estate) will recognize ordinary income measured as the lesser of (1) the excess of the fair market value of the shares at the time of such sale or disposition over the purchase price or (2) the excess of the fair market value of the shares on the date the Company granted the option over the purchase price paid for the shares, determined assuming that the option was exercised on the date granted. Any additional gain will be treated as a capital gain.

If the shares are sold or otherwise disposed of before the expiration of the holding periods described above, the participant will recognize ordinary income generally measured as the excess of the fair market value of the shares on the date the shares are purchased over the purchase price. Any additional gain or loss on such sale or disposition will be long-term or short-term capital gain or loss, depending on how long the shares were held following the date they were purchased by the participant prior to disposing of them.

We are entitled to a deduction to the extent of ordinary income recognized upon a sale or disposition of shares prior to the expiration of the holding periods described above.

New Plan Benefits

No current directors who are not employees will receive any benefit under the Amended ESPP. Because the number of shares that may be purchased under the Amended ESPP will depend on each employee's voluntary election to participate and on the fair market value of our ordinary shares at

Table of Contents

various future dates, the actual number of shares that may be purchased by any individual cannot be determined in advance.

Awards Issued Under the ESPP

The following table shows the number of our ordinary shares issued to our named executive officers and non-employee directors under the ESPP from its inception through February 28, 2016:

Name	Shares Issued	Weighted Average Exercise Price
Named Executive Officers:		
Eyal Waldman	1,947	\$ 33.50
Jacob Shulman	9,700	\$ 17.09
Marc Sultzbaugh	9,168	\$ 17.49
Michael Kagan	7,222	\$ 20.34
Shai Cohen	7,183	\$ 20.22
All current executive officers as a group	35,220	\$ 19.40

All current directors who are not executive officers as a group:**Current director nominees:**

Irwin Federman	\$
Dov Baharav	\$
Glenda Dorchak	\$
Thomas Weatherford	\$
Shai Cohen	\$
Amal Johnson	\$
Thomas Riordan	\$
David Perlmutter	\$

All current directors who are not executive officers as a group \$

Each associate of any such directors, executive officers or nominees \$

Each other person who received or are to receive 5% of such options or rights \$

All non-executive officer employees as a group 2,283,122 \$ 25.46

Board of Directors' Recommendation

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE FIRST AMENDMENT TO THE AMENDED AND RESTATED 2006 EMPLOYEE SHARE PURCHASE PLAN, AS DESCRIBED IN THIS PROPOSAL SEVEN.

PROPOSAL EIGHT APPROVAL OF (I) AMENDMENT TO THE COMPANY'S AMENDED AND

**RESTATED ARTICLES OF ASSOCIATION TO REPLACE PROVISIONS RELATED TO DIRECTOR
AND OFFICER INDEMNIFICATION AND INSURANCE AND (II) AMENDMENT TO THE
INDEMNIFICATION AGREEMENTS BETWEEN THE COMPANY AND EACH OF ITS DIRECTORS
AND OFFICERS TO ALLOW INDEMNIFICATION IN CONNECTION WITH PROCEDURES
UNDER THE ISRAELI RESTRICTIVE TRADE PRACTICES LAW, 1988**

Pursuant to the Companies Law, the Israeli Securities Law, 1968 (the "**Israeli Securities Law**") and the Israeli Restrictive Trade Practices Law, 1988 (the "**Antitrust Law**"), we are allowed to insure

Table of Contents

and indemnify our directors and officers against certain liabilities incurred for acts performed by them as directors and officers of the Company.

The indemnity, insurance and exemption provisions in our amended and restated articles of association currently reflect the provisions of the Companies Law and the Israeli Securities Law, however, they do not reflect the provisions of the Antitrust Law.

We propose to amend the Company's amended and restated articles of association in order to expand the indemnification and insurance provisions which allow the Company to indemnify and insure its directors and officers against liabilities incurred as a result of proceedings instituted against them under the Antitrust Law.

We further propose to amend the indemnification agreements between the Company and each of its directors and officers to allow the Company to indemnify its directors and officers against liabilities incurred as a result of proceedings instituted against them under the Antitrust Law.

Under the Companies Law, in order to effect an amendment to our amended and restated articles of association, the approval of a majority of the voting power represented at the general meeting in person or by proxy or written ballot and voting thereon is required. In addition, an amendment to indemnification agreements between the Company and each of its directors and officers must be approved by our compensation committee and our board of directors and by the majority of the voting power represented at the general meeting in person or by proxy or written ballot and voting thereon provided that the amendment to the indemnification agreement between the Company and Mr. Waldman requires also that (i) at least one-half of the shares of non-controlling shareholders or shareholders that do not have a Personal Interest in the approval voted at the meeting are voted in favor (disregarding abstentions) or (ii) the total number of shares of non-controlling shareholders or shareholders that do not have such Personal Interest voted against the amendment to the indemnification agreement between the Company and Mr. Waldman does not exceed two percent of the aggregate voting rights in the Company.

We therefore propose that at the Annual General Meeting, the following resolution be adopted:

"RESOLVED to add to Article 2(a) of the Company's amended and restated articles of association a new definition after the "Securities Law" definition:

"2(a). "Antitrust Law" shall mean the Israeli Restrictive Trade Practices Law, 5748-1988, as amended and as may be amended from time to time, and any regulations promulgated thereunder."

RESOLVED FURTHER, to add a new Article 68(b)(i)(F) to the Company's amended and restated articles of association to enable the Company to indemnify its office holders against expenses incurred as a result of proceedings under the Antitrust Law, to read as follows:

"68(b)(i)(F). expenses, including reasonable litigation expenses and legal fees, incurred by an Office Holder as a result of a proceeding instituted against such Office Holder under the Antitrust Law."

RESOLVED FURTHER, to amend Article 68(b)(ii) of the Company's amended and restated articles of association to read as follows:

"(ii) Subject to the provisions of the Companies Law and the Securities Law, the Company may undertake to indemnify an Office Holder in advance with respect to (i) financial obligations as specified in Article 68(i)(b)(A), provided, that the undertaking is limited to categories of events which, in the opinion of the Board of Directors can be foreseen, based on the Company's actual activities at the time the undertaking to indemnify is given, and in amounts set by the Board of Directors as reasonable, and (ii) expenses, fees and payments as specified in

Table of Contents

Sub-Sections 68(i)(b)(B), (C), (D), (E) and (F). Subject to the provisions of the Companies Law and the Securities Law, the Company may also undertake to indemnify an Office Holder retroactively for expenses, fees and payments as specified in Section 68(b)(i)."

RESOLVED FURTHER, to add a new Article 68(c)(iii) to the Company's amended and restated articles of association to enable the Company to insure its office holders against expenses incurred as a result of proceedings under the Antitrust Law, to read as follows:

"68(c)(iii). Subject to the provisions of the Companies Law and the Antitrust Law, the Company may also enter into a contract to insure an Office Holder for expenses, including reasonable litigation expenses and legal fees, incurred by an Office Holder as a result of a proceeding instituted against such Office Holder under the Antitrust Law."

The full text of the proposed Company's amended and restated articles of association, as proposed to be amended by this Proposal Eight is attached as Appendix C to this proxy statement.

RESOLVED FURTHER, to approve an amendment to the indemnification agreements between the Company and each of its directors and officers to allow indemnification of such directors or officer to the fullest extent permitted by the Companies Law and the Securities Law, with respect to expenses, including reasonable litigation expenses and legal fees, incurred by a director or officer as a result of a proceeding instituted against such director or officer under the Antitrust Law, provided that such expenses were incurred by such director or officer in his/her capacity as an office holder of the Company.

Board of Directors' Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF AMENDMENT TO THE COMPANY'S AMENDED AND RESTATED ARTICLES OF ASSOCIATION TO REPLACE PROVISIONS RELATED TO DIRECTOR AND OFFICER INDEMNIFICATION AND INSURANCE AND THE AMENDMENT TO THE INDEMNIFICATION AGREEMENTS BETWEEN THE COMPANY AND EACH OF ITS DIRECTORS AND OFFICERS AS DESCRIBED IN THIS PROPOSAL EIGHT.

**PROPOSAL NINE APPROVAL OF THE COMPANY'S
COMPENSATION PHILOSOPHY**

Pursuant to the Companies Law, all public Israeli companies, including companies whose shares are only publicly-traded outside of Israel, such as Mellanox, are required to adopt a written compensation policy for their office holders, which addresses certain items prescribed by the Companies Law.

Pursuant to the Companies Law, the adoption, amendment and restatement of the policy is to be recommended by the compensation committee and approved by the board of directors after considering the compensation committee's recommendation, and thereafter to be approved by the holders of a majority of the voting power represented at the general meeting in person or by proxy or written ballot and voting thereon provided that (i) at least one-half of the shares of non-controlling shareholders or shareholders that do not have a Personal Interest in such approval voted at the meeting are voted in favor (disregarding abstentions) or (ii) the total number of shares of non-controlling shareholders or shareholders that do not have such Personal Interest voted against the terms of service of the Company's compensation philosophy does not exceed two percent of the aggregate voting rights in the Company. The approval of the shareholders may be waived in certain circumstances prescribed by the Companies Law.

Our compensation committee reviewed our current compensation philosophy in conjunction with the Israeli law requirements, and determined to reaffirm our current compensation philosophy, which

Table of Contents

addresses the items prescribed by the Companies Law. A copy of the Company's compensation philosophy is attached as Appendix D to the proxy statement. Our board of directors, subsequently to the recommendation of compensation committee, approved the reaffirming of the compensation philosophy and recommended that it be adopted by the shareholders.

We therefore propose that at the Annual General Meeting, the following resolution be adopted:

"**RESOLVED**, to approve the Mellanox Compensation Philosophy in the form attached as Appendix D hereto."

Board of Directors' Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE COMPANY'S COMPENSATION PHILOSOPHY AS DESCRIBED IN THIS PROPOSAL NINE.

PROPOSAL TEN APPROVAL OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND AUTHORIZATION OF AUDIT COMMITTEE DETERMINATION OF REMUNERATION; REVIEW MANAGEMENT'S REPORT ON OUR BUSINESS FOR THE YEAR ENDED DECEMBER 31, 2015 AND REVIEW AND DISCUSSION OF OUR 2015 CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of our board of directors has selected PricewaterhouseCoopers LLP as our independent registered public accounting firm to perform the audit of our consolidated financial statements for the fiscal year ending December 31, 2016.

The approval of the holders of a majority of the voting power represented at the general meeting in person or by proxy or written ballot and voting thereon of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2016 is required under the Companies Law. The audit committee of our board of directors believes that such appointment is appropriate and in the best interests of the Company and its shareholders. Subject to the approval of this proposal, the audit committee will fix the remuneration of PricewaterhouseCoopers LLP in accordance with the volume and nature of their services to the Company.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the annual general meeting of shareholders. They will have an opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from our shareholders.

Board of Directors' Recommendation

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2016 AND THE AUTHORIZATION OF OUR AUDIT COMMITTEE TO DETERMINE THEIR FISCAL 2016 REMUNERATION IN ACCORDANCE WITH THE VOLUME AND NATURE OF THEIR SERVICES, AS DESCRIBED IN THIS PROPOSAL TEN.

Table of Contents

In addition you are invited to review our management's report on our business for the year ended December 31, 2015 and in accordance with Section 60(b) of the Companies Law, you are invited to discuss our 2015 consolidated financial statements, and questions regarding the financial statements may be addressed to us or to our auditors. Our Annual Report on Form 10-K for the year ended December 31, 2015, including our 2015 consolidated financial statements, is available on our website at www.mellanox.com. To have a printed copy mailed to you, please write to us at: Investor Relations, c/o Mellanox Technologies, Inc., 350 Oakmead Parkway, Suite 100, Sunnyvale, California 94085.

Audit and Non-Audit Services

Subject to shareholder approval of the audit committee's authority to determine remuneration for their services, the audit committee is directly responsible for the appointment, compensation and oversight of our independent auditors. In addition to retaining PricewaterhouseCoopers LLP to audit our consolidated financial statements for the fiscal year ended 2015, the audit committee retained PricewaterhouseCoopers LLP to provide other non-audit and advisory services in 2015. The audit committee has reviewed all non-audit services provided by PricewaterhouseCoopers LLP in 2015 and has concluded that the provision of such non-audit services was compatible with maintaining PricewaterhouseCoopers LLP's independence and that such independence has not been impaired.

The aggregate fees billed by PricewaterhouseCoopers LLP for audit and non-audit services in 2015 and 2014 were as follows:

Service Category	Fiscal Year Ended December 31,	
	2015	2014
Audit Fees	\$ 2,047,800	\$ 1,198,000
Audit-Related Fees		
Tax Fees	\$ 189,871	\$ 328,430
All Other Fees		
Total	\$ 2,237,671	\$ 1,526,430

In the above table, in accordance with the SEC's definitions and rules, "audit fees" are fees for professional services for the audit and review of our annual consolidated financial statements, as well as fees for issuance of consents and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements except those not required by statute or regulation; "audit-related fees" are fees for assurance and related services that were reasonably related to the performance of the audit or review of our financial statements, including attestation services that are not required by statute or regulation, due diligence and any services related to acquisitions; "tax fees" are fees for tax compliance, tax advice and tax planning; and "all other fees" are fees for any services not included in the first three categories, including services related to updating salary structures for our employees (non-executive officers), an application previously submitted to the Israeli Office of Chief Scientist and our enterprise status in Israel.

Table of Contents

REPORT OF THE AUDIT COMMITTEE(1)

The audit committee, which currently consists of Messrs. Weatherford, Federman, Baharav and Riordan, evaluates audit performance, manages relations with our independent registered public accounting firm and evaluates policies and procedures relating to internal accounting functions and controls. The board of directors adopted a written charter for the audit committee in December 2000 and most recently amended it in February 2015, which charter details the responsibilities of the audit committee. This report relates to the activities undertaken by the audit committee in fulfilling such responsibilities.

The audit committee members are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and the independent registered public accounting firm. The audit committee oversees the Company's financial reporting process on behalf of the board of directors. Management has the primary responsibility for the financial statements and reporting process, including the Company's systems of internal controls over financial reporting. In fulfilling its oversight responsibilities, the audit committee reviewed and discussed with management the audited financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2015. This review included a discussion of the quality and the acceptability of the Company's financial reporting and controls, including the clarity of disclosures in the financial statements.

The audit committee also reviewed with the Company's independent registered public accounting firm, who is responsible for expressing an opinion on the conformity of the Company's audited financial statements with generally accepted accounting principles, its judgments as to the quality and the acceptability of the Company's financial reporting and such other matters required to be discussed with the audit committee under generally accepted auditing standards in the United States including the matters required to be discussed by Auditing Standards No. 16, "Communications with Audit Committees" issued by the Public Company Accounting Oversight Board.

The audit committee has received the written disclosures and the letter from the Company's independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the audit committee concerning independence, and has discussed with the independent registered public accounting firm its independence.

The audit committee further discussed with the Company's independent registered public accounting firm the overall scope and plans for its audits. The audit committee meets periodically with the independent registered public accounting firm, with and without management present, to discuss the results of the independent registered public accounting firm's examinations and evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

The Sarbanes-Oxley Act of 2002 and the auditor independence rules of the SEC require all issuers to obtain pre-approval from their respective audit committees in order for their independent registered public accounting firms to provide professional services without impairing independence. As such, the audit committee has a policy and has established procedures by which it pre-approves all audit and other permitted professional services to be provided by the Company's independent registered public accounting firm. From time to time, the Company may desire additional permitted professional services for which specific pre-approval is obtained from the audit committee before provision of such services commences. The audit committee has considered and determined that the provision of the services

(1) This section is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act of 1933, as amended (the "**Securities Act**"), or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

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Table of Contents

other than audit services referenced above is compatible with maintenance of the auditors' independence.

In reliance on the reviews and discussions referred to above, the audit committee recommended to the board of directors that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2015, which was filed with the SEC on February 26, 2016.

The foregoing report is provided by the undersigned members of the audit committee.

Thomas Weatherford, Chairman
Irwin Federman
Dov Baharav
Thomas Riordan

42

Table of Contents

REPORT OF THE COMPENSATION COMMITTEE(2)

Our compensation committee reviews and recommends our programs, policies and practices relating to the compensation and benefits of our officers and employees. Our compensation committee, in consultation with our chief executive officer ("CEO"), (other than with respect to his own compensation) and our board of directors, decides how much cash compensation should be part of each of our officer's total compensation by benchmarking to a peer group of companies, which we refer to as our Peer Group Companies, and considers the relative importance of short-term incentives. In addition, our compensation committee, in consultation with our CEO (other than with respect to his own compensation), makes recommendations to our board of directors regarding equity-based compensation to align the interests of our management with shareholders, considering each named executive officer's equity holdings. Our compensation committee also manages the granting of options to purchase our ordinary shares and restricted share units under our equity incentive plans. Under the Companies Law and subject to its provisions, compensation for officers (other than directors and our CEO) is required to be approved by the compensation committee and the board of directors. Compensation for our chief executive officer is required to be approved by the shareholders, following the approval by the board of directors and compensation committee. Our compensation committee will review and evaluate, at least annually, our incentive compensation plans. All members of our compensation committee are independent under the applicable rules and regulations of the SEC, the NASDAQ Stock Market and the U.S. Internal Revenue Service.

Our compensation committee has reviewed and discussed the Compensation Discussion and Analysis, for the year ended December 31, 2015 with management. In reliance on the reviews and discussion referred to above, our compensation committee recommended to our board of directors that the Compensation Discussion and Analysis be included in the proxy statement for the 2016 annual general meeting of shareholders, which is incorporated by reference into the Annual Report on Form 10-K for the year ended December 31, 2015, each as filed with the SEC.

The foregoing report is provided by the undersigned members of our compensation committee.

Amal Johnson, Chairman
Dov Baharav
Glenda Dorchak
Thomas Riordan
David Perlmutter

(2) This section is not "soliciting material," is not deemed "filed" with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

We invest our resources to grow our business in a manner that we believe will increase shareholder value. To further this objective, our compensation committee oversees our compensation program to support and reward the achievement of our financial goals and to promote the attainment of other key business objectives. In order to conduct our business effectively, we must attract, motivate and retain highly qualified employees. Our compensation program, the principles of which are included in our Compensation Statement, is designed to reward high performance and innovation, to promote accountability and to ensure that executive interests are aligned with the interests of our shareholders.

Our named executive officers for 2015 were Eyal Waldman, president and chief executive officer; Jacob Shulman, chief financial officer; Marc Sultzbaugh, senior vice president of worldwide sales; Michael Kagan, chief technology officer and Vice President of Architecture; and Shai Cohen, former chief operating officer. Mr. Cohen retired from the Company effective as of February 11, 2016.

2015 Financial Results and Link to Pay Decisions

Company Financial Performance. In fiscal year 2015, we achieved the following levels of revenue, operating cash flow and profitability:

Revenue for 2015 was \$658.1 million, an increase of 41.9 percent from revenue of \$463.6 million reported in 2014.

GAAP net income in 2015 was \$92.9 million, or \$1.94 per diluted share, compared to net loss of \$24.0 million, or \$0.54 per diluted share, in 2014.

Non-GAAP net income in 2015 was \$138.5 million, or \$2.89 per diluted share, compared to \$58.2 million, or \$1.25 per diluted share, in 2014. 2015 non-GAAP net income excludes \$50.8 million of share-based compensation expenses, amortization of acquired intangible assets of \$9.6 million, acquisition-related expenses of \$4.4 million, impairment loss on equity investment in a private company of \$3.2 million and income associated with release of deferred tax valuation allowance of \$22.4 million. 2014 non-GAAP net income excludes \$47.2 million of share-based compensation expenses, amortization of acquired intangible assets of \$12.1 million, acquisition-related expenses of \$4.4 million, legal settlement costs of \$1.3 million and charges associated with recognition of deferred tax valuation allowance of \$17.2 million.

GAAP gross margins in 2015 were 71.3 percent, compared with 67.9 percent in 2014.

The company generated \$150.5 million in cash from operating activities for the year.

Cash and investments at December 31, 2015 were \$510.5 million compared to \$389.0 million at December 31, 2014.

Base Salaries. The base salaries of our named executive officers, other than our CEO, were increased by approximately 10.7% in order to provide for a cost of living adjustment and to maintain their positioning around the market median. Our CEO's base salary was increased by approximately 10.8% in light of our CEO's significant contributions to our Company in 2014, including our record revenue growth and positive earnings during 2015. For 2015, the named executive officers' base salaries fell at the 50th percentile of the Radford U.S. or Israeli-based Zviran survey data, as applicable.

Cash Bonuses Reflected 2015 Company Performance. We structured our 2015 annual cash bonus award program to reward our employees, including named executive officers, for our Company's performance, measured on the basis of our non-GAAP operating income, and for each individual's contribution to that performance and all in accordance with the criteria set forth in our Compensation Statement. For 2015, the total profit sharing pool was \$13.9 million and represented 10% of our non-GAAP operating income, which, inclusive of this expense was \$139.9 million.

Table of Contents

Equity as a Key Component of Compensation. In February 2015, our compensation committee and board of directors granted each of our named executive officers (other than our CEO) restricted share unit awards as long-term incentives to our named executive officers. Following shareholder approval at our 2015 annual general meeting of shareholders, our CEO was granted 80,000 restricted share units. Our 2015 restricted share unit awards are subject to vesting over four years, which encourages retention of our executives and encourages and rewards the executives to create shareholder value over the long term.

In this Compensation Discussion and Analysis section, we discuss the material elements of our compensation programs and policies, including program objectives and reasons for payment of each element of our executives' compensation. Following this discussion, you will find a series of tables containing more specific details about the compensation earned by, or awarded to, our named executive officers. This discussion focuses principally on compensation and practices relating to the named executive officers for 2015.

Compensation Philosophy and Objectives

Our compensation philosophy, the principles of which are included in our Compensation Statement, includes compensating our executives at levels that are competitive with our peer group companies, discussed more fully below, in order to attract and retain talented executives and to provide equity incentives that align the interests of our executives with the interests of our shareholders.

Historically, we paid base salaries to our named executive officers that were less than the median base salaries paid to executive officers of our peer group companies. We did not increase base salaries in 2014 in order to control our operating expenses; however, base salaries were increased in 2015 so that they would be closer to the median. The named executive officers' 2015 base salaries were at the median of the survey data, discussed more fully below. Generally, bonus awards for 2015 were set in reference to performance during 2015 and based on the criteria set forth in the Compensation Statement.

We seek to align the interests of our executives and other employees with the interests of our shareholders by granting our executives and other employees equity awards. In 2015, our compensation committee and board of directors granted our named executive officers restricted share units. Our compensation committee and board of directors believe that restricted share units can provide value certainty in an uncertain economic environment while continuing to align the interests of our executives and other employees with the interests of our shareholders.

In order to provide our named executive officers employment security so that they can remain focused on our business in the event of a potential change in control, we have entered into executive severance benefits agreements with each of our named executive officers that provide for certain payments and other severance benefits in the event their service is terminated following a change in control of our Company. We believe that these executive severance benefits agreements help attract and retain talented executives by ensuring their efforts remain focused on our shareholders' long term interests without needing to engage in potential short-term employment planning.

We believe that the cash compensation (including base salary and annual cash bonus awards) we provide, along with the security provided by equity grants in the form of restricted share units and executive severance benefits agreements, created a competitive total compensation package for our named executive officers for 2015.

Components of Compensation

Our executive compensation program has three primary components: (i) base compensation or salary, (ii) annual cash bonuses and (iii) equity awards consisting of restricted share units. Our program

Table of Contents

is designed to provide incentives and rewards for our short-term, mid-term and long-term performance, and is structured to motivate our named executive officers to meet our strategic objectives, thereby maximizing total return to shareholders. In addition, we provide our named executive officers with benefits that we also generally make available to all salaried employees in the geographic location where they are based. In Israel, we make contributions on behalf of most of our employees, including our named executive officers, to an education fund and also to a fund known as Managers' Insurance, which provides a combination of retirement plan, insurance and severance pay benefits to Israeli employees, and permit employees to participate in the company's automobile leasing program, under which we pay for gas, maintenance, insurance and the cost of normal wear and tear of the vehicle over the life of the lease. We make matching 401(k) plan contributions in an amount up to 4% of base salary for all employees based in the United States, including our U.S.-based named executive officers.

Our executive compensation program is administered by our compensation committee, which is currently comprised of five independent members. All of the Company's outside directors are members of the compensation committee. The outside directors constitute majority of the members of the compensation committee, as required by the Companies Law. Operating under its charter, our compensation committee reviews, in consultation with the management and the board of directors, and evaluates the Compensation Statement, including the compensation plans, policies and programs of the Company. In addition, our compensation committee reviews and recommends to our board of directors the approval of our CEO's compensation (including base salary, cash bonuses and equity awards, including stock option grants and awards of restricted share units). Our compensation committee also annually evaluates and approves certain elements of our other named executive officers' compensation, including compensation of other office holders of the Company (as the term "office holder" is defined in the Companies Law and includes our named executive officers). These annual evaluations include, inter alia: (i) consideration of the current levels and components of compensation paid to our named executive officers and office holders, (ii) consideration of the mix of cash incentives and long-term equity awards, (iii) a review of compensation paid by survey companies to executiv