



SOL-GEL TECHNOLOGIES LTD.

7 Golda Meir St., Weizmann Science Park, Ness Ziona, 7403650, Israel

February 15, 2018

NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON MARCH 22, 2018

Dear Sol-Gel Technologies Ltd. Shareholders:

We cordially invite you to attend a Special General Meeting of Shareholders, or the Meeting, of Sol-Gel Technologies Ltd., or the Company, to be held at 9:00 am (Israel time) on Thursday, March 22, 2018, at our offices at 7 Golda Meir St., Weizmann Science Park, Ness Ziona, Israel.

The Meeting is being called for the following purposes:

- (1) To ratify the election of each of Mr. Ran Gottfried and Mr. Jerrold S. Gattegno as an external director of the Company, each for a three-year term, subject to, and in accordance with, the provisions of the Israeli Companies Law, 5759-1999, or the Companies Law; and
- (2) To approve the compensation of each of our external directors and our other independent directors, in accordance with the requirements of the Companies Law.

The Company is currently unaware of any other matters that may be raised at the Meeting. Should any other matters be properly raised at the Meeting, the persons designated as proxies shall vote according to their own judgment on those matters.

Our Board of Directors unanimously recommends that you vote in favor of each of the above proposals, which are described in the attached Proxy Statement.

Shareholders of record at the close of business on Tuesday, February 13, 2018 are entitled to notice of and to vote at the Meeting.

Whether or not you plan to attend the Meeting, it is important that your shares be represented and voted at the Meeting. Accordingly, after reading the Notice of Special General Meeting of Shareholders and accompanying Proxy Statement, please mark, date, sign and mail the enclosed proxy or voting instruction form as promptly as possible in the enclosed stamped envelope. If voting by mail, the proxy must be received by our transfer agent or at our registered office at least 48 hours (or such shorter period as the Chairman of the Meeting may determine) prior to the appointed time of the Meeting to be validly included in the tally of ordinary shares voted at the Meeting. An earlier deadline may apply to receipt of your voting instruction form, if indicated therein. Detailed proxy voting instructions are provided both in the Proxy Statement and on the enclosed proxy card and voting instruction form. In the alternative, shareholders who hold their shares in street name may be able to utilize the control number appearing on their voting instruction form to submit their voting instruction to their brokers, trustees or nominees by other means, if so indicated on their voting instruction form.

Sol-Gel Technologies Ltd.



SOL-GEL TECHNOLOGIES LTD.

7 Golda Meir St., Weizmann Science Park, Ness Ziona, 7403650, Israel

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PROXY STATEMENT

SPECIAL GENERAL MEETING OF SHAREHOLDERS

This Proxy Statement is being furnished in connection with the solicitation of proxies on behalf of the Board of Directors, or the Board, of Sol-Gel Technologies Ltd., which we refer to as Sol-Gel or the Company, to be voted at a Special General Meeting of Shareholders, or the Meeting, and at any adjournment thereof, pursuant to the accompanying Notice of Special General Meeting of Shareholders. The Meeting will be held at 9:00 am (Israel time) on Thursday, March 22, 2018, at our offices at 7 Golda Meir St., Weizmann Science Park, Ness Ziona, Israel.

This Proxy Statement, the attached Notice of Special General Meeting of Shareholders and the enclosed proxy card or voting instruction card are being made available on or about Tuesday, February 20, 2018 to holders of Sol-Gel ordinary shares.

You are entitled to receive notice of, and to vote at, the Meeting, if you hold ordinary shares as of the close of business on Tuesday, February 13, 2018, the record date for the Meeting. You can vote your shares by attending the Meeting or by following the instructions under "How You Can Vote" below. Our Board urges you to vote your shares so that they will be counted at the Meeting or at any postponements or adjournments of the Meeting.

Agenda Items

The Meeting is being called for the following purposes:

- (1) To ratify the election of each of Mr. Ran Gottfried and Mr. Jerrold S. Gattegno as an external director of the Company, each for a three-year term, subject to, and in accordance with, the provisions of the Israeli Companies Law, 5759-1999, or the Companies Law; and
- (2) To approve the compensation of each of our external directors and other independent directors, in accordance with the requirements of the Companies Law.

The Company is currently unaware of any other matters that will come before the Meeting. Should any other matters be properly presented at the Meeting, the persons designated as proxies shall vote according to their own judgment on those matters.

Board Recommendation

Our Board unanimously recommends that you vote "FOR" each of the above proposals.

Quorum

On Tuesday, February 13, 2018, we had 18,922,569 ordinary shares issued and outstanding. Each ordinary share outstanding as of the close of business on the record date, Tuesday, February 13, 2018, is entitled to one vote upon each of the proposals to be presented at the Meeting. Under our Articles of Association, the Meeting will be properly convened if at least two shareholders attend the Meeting in person or sign and return proxies, provided that they hold shares representing thirty three and one-third (33.33%) or more of our voting power. If a quorum is not present within half an hour from the time scheduled for the Meeting, the Meeting will be adjourned for one week (to the same day, time and place), or to a day, time and place determined by the board of directors (which may be earlier or later than said time). At such adjourned meeting the presence of any number of shareholders in person or by proxy (regardless of the voting power represented by their shares) will constitute a quorum for the business which the original Special General Meeting was called.

Vote Required for Approval of the Proposals

The affirmative vote of the holders of a majority of the voting power represented at the Meeting in person or by proxy and voting thereon (which excludes abstentions) is necessary for the approval of each of the proposals. Apart from for the purpose of determining a quorum, broker non-votes will not be counted as present and are not entitled to vote.

In addition, the approval of Proposals 1 and 2 both require that either of the following two voting requirements be met as part of the approval by an ordinary majority of shares present and voting thereon:

- approval by a majority of the votes of shareholders who are not controlling shareholders and who do not have a personal interest in the approval of the proposal (excluding a personal interest that did not result from the shareholder's relationship with the controlling shareholder) that are voted at the Meeting, excluding abstentions; or
- the total number of shares held by non-controlling shareholders or anyone on their behalf who do not have a personal interest in the proposal (as described in the previous bullet-point) that voted against the proposal does not exceed two percent (2%) of the aggregate voting rights in our Company.

For purposes of Proposals 1 and 2, a "controlling shareholder" is any shareholder that has the ability to direct the Company's activities (other than by means of being a director or other office holder of the Company). A person is presumed to be a controlling shareholder if it holds or controls, by itself or together with others, one-half or more of any one of the "means of control" of the Company. "Means of control" is defined as any one of the following: (i) the right to vote at a general meeting of the Company or (ii) the right to appoint directors of the Company or its chief executive officer.

A "personal interest" of a shareholder, for purposes of Proposals 1 and 2, is (1) a shareholder's personal interest in the approval of an act or a transaction of the Company, including (i) the personal interest of any of his or her relatives (which includes for these purposes foregoing shareholder's spouse, siblings, parents, grandparents, descendants, and spouse's descendants, siblings, and parents, and the spouse of any of the foregoing); (ii) a personal interest of a corporation in which a shareholder or any of his/her aforementioned relatives serves as a director or the chief executive officer, owns at least 5% of its issued share capital or its voting rights or has the right to appoint a director or chief executive officer; and (iii) a personal interest of an individual voting via a power of attorney given by a third party (even if the empowering shareholder has no personal interest), and the vote of an attorney-in-fact shall be considered a personal interest vote if the empowering shareholder has a personal interest, and all with no regard as to whether the attorney-in-fact has voting discretion or not, but (2) excludes a personal interest arising solely from the fact of holding shares in the Company. A personal interest excludes a personal interest that does not derive from relationship with a controlling shareholder.

A controlling shareholder and a shareholder that has a personal interest are qualified to participate in the vote on Proposals 1 and 2; however, the vote of such shareholders may not be counted towards the majority requirement described in the first bullet point above and will not count towards the 2% threshold described in the second bullet point above.

A shareholder must inform our Company before the vote (or if voting by proxy, indicate on the proxy card) whether or not such shareholder is a controlling shareholder or has a personal interest, and failure to do so disqualifies the shareholder from participating in the vote on Proposals 1 and 2, as the case may be. If you believe that you, or a related party of yours, is a controlling shareholder or possesses a personal interest and you wish to participate in the vote on either proposal, you should indicate the existence of a personal interest on the enclosed proxy card (if applicable) and should furthermore contact our Corporate Controller, Eyal Ben-Or, at +972-8-931-3437 or Eyal.Ben-Or@sol-gel.com, who will advise you as to how to submit your vote for that proposal. If you hold your shares in "street name" (i.e., shares that are held through a bank, broker or other nominee) and believe that you are a controlling shareholder or possess a personal interest in the approval of either proposal, you may also contact the representative managing your account, who could then contact our Corporate Controller on your behalf.

How You Can Vote

You can vote your shares by attending the Meeting or by completing and signing a proxy card or voting instruction form. If you are a shareholder of record, that is, your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, these proxy materials are being sent directly to you by our transfer agent. The form of proxy card that has been mailed to you and that can be completed, signed and returned in the envelope that was enclosed with it provides the primary means for authorizing the voting of your ordinary shares without attending the Meeting in person. You may change your mind and cancel your proxy card by sending us written notice, by signing and returning a proxy card with a later date, or by voting in person or by proxy at the Meeting. We will not be able to count a proxy card unless we receive it at our principal executive offices at 7 Golda Meir St., Weizmann Science Park, Ness Ziona, 7403650, Israel, or our registrar and transfer agent receives it in the enclosed envelope, not later than forty-eight (48) hours before the time fixed for the Meeting (that is, by 9:00 am (Israel time) on Tuesday, March 20, 2018), or such shorter period prior to the Meeting as the Chairman of the Meeting may determine.

If your ordinary shares are held in a brokerage account or by a trustee or nominee, you are considered to be the beneficial owner of shares held in "street name," and these proxy materials are being forwarded to you together with a voting instruction form by the broker, trustee or nominee or an agent hired by the broker, trustee or nominee. Please follow the enclosed instructions to direct your broker, trustee or nominee how to vote your shares. Shareholders who hold their shares in street name may be able to utilize the control number appearing on their voting instruction form to submit their voting instruction to their brokers, trustees or nominees by other means, if so indicated on their voting instruction form. All votes should be submitted by 9:00 am (Israel time) on Tuesday, March 20, 2018 (or such earlier deadline as may be indicated on the voting instruction form) in order to be counted towards the tally of ordinary shares voted at the Meeting (unless the Chairman of the Meeting extends that deadline). Alternatively, if you wish to attend the Meeting and vote in person, you must 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.

If you provide specific instructions (by marking a box) with regard to the proposals, your shares will be voted as you instruct. If you sign and return your proxy card without giving specific instructions with respect to a particular proposal, your shares will be voted in favor of the proposal, in accordance with the recommendation of the Board. However, if you are a beneficial owner of shares and do not specify how you want to vote on your voting instruction form, your broker will not be permitted to instruct the depositary to cast a vote with respect to that proposal (commonly referred to as a "broker non-vote"). In that circumstance, the shares held by you will be included in determining the presence of a quorum at the Meeting, but are not considered "present" for the purpose of voting on the relevant proposal. Such shares have no impact on the outcome of the voting on such proposal. If your shares are held of record by a bank, broker, or other nominee, we urge you to give instructions to your bank, broker, or other nominee as to how your shares should be voted so that you thereby participate in the voting on these important matters. In all cases, you must remember to indicate in writing and/or contact the Company if you are a controlling shareholder or have a personal interest in the approval of Proposals 1 or 2, respectively. If you sign and return your proxy card or voting instruction form, the persons named as proxies will vote in their discretion on any other matters that properly come before the Meeting.

Who Can Vote

You are entitled to receive notice of the Meeting and to vote at the Meeting if you are a shareholder of record at the close of business on Tuesday, February 13, 2018. You are also entitled to notice of the Meeting and to vote at the Meeting if you held ordinary shares through a bank, broker or other nominee that is one of our shareholders of record at the close of business on Tuesday, February 13, 2018, or which appear in the participant listing of a securities depository on that date.

If your shares are registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC of Brooklyn, New York, you are considered, with respect to those shares, the shareholder of record. In such case, these proxy materials are being sent directly to you. As the shareholder of record, you have the right to provide your voting proxy directly to the Corporate Controller of our Company (as described under "How You Can Vote" above) or to vote in person at the Meeting.

Revocation of a Proxy

Shareholders may revoke the authority granted by their execution of proxies at any time before the effective exercise thereof by filing with us a written notice of revocation or duly executed proxy bearing a later date, or by voting in person at the Meeting. Unless otherwise indicated on the form of proxy, shares represented by any proxy in the enclosed form, if the proxy is properly executed and received by the Company at least 48 hours (or such shorter period as the Chairman of the Meeting may determine) prior to the Meeting, will be voted in favor of the proposal and any other matters that may be presented to the Meeting, as described above.

Solicitation of Proxies

Proxies are being distributed to shareholders on or about Tuesday, February 20, 2018. Certain officers, directors, employees, and agents of the Company, none of whom will receive additional compensation therefor, may solicit proxies by telephone, email, or other personal contact. We will bear the cost for the solicitation of the proxies, including postage, printing, and handling, and will reimburse the reasonable expenses of brokerage firms and others for forwarding material to beneficial owners of shares.

Voting Results

The final voting results will be tallied by the Company's Corporate Controller based on the information provided by the Company's transfer agent or otherwise, and the overall results of the Meeting will be published following the Meeting in a report on Form 6-K that will be furnished to the U.S. Securities and Exchange Commission, or the SEC.

Availability of Proxy Materials

Copies of the proxy card, the notice of the Meeting and this Proxy Statement are available at the "Investor Relations" portion of our Company's website, <http://ir.sol-gel.com/>. The contents of that website are not a part of this Proxy Statement.

PROPOSAL 1

RATIFICATION OF ELECTION OF EXTERNAL DIRECTORS

Background

Under the Companies Law, companies incorporated under the laws of the State of Israel that are "public companies," including companies with shares listed on The Nasdaq Global Market, are generally required to appoint at least two external directors who meet the qualification requirements set forth in the Companies Law. The appointment of external directors must be made by a general meeting of the Company's shareholders no later than three months following the closing of the Company's initial public offering.

A person may not be appointed as an external director if the person is a relative of a controlling shareholder or if on the date of the person's appointment or within the preceding two years the person or his or her relatives, partners, employers or anyone to whom that person is subordinate, whether directly or indirectly, or entities under the person's control have or had any affiliation with any of (each an "Affiliated Party"): (1) the Company; (2) any person or entity controlling the Company on the date of such appointment; (3) any relative of a controlling shareholder; or (4) any entity controlled, on the date of such appointment or within the preceding two years, by the Company or by a controlling shareholder. If there is no controlling shareholder or any shareholder holding 25% or more of voting rights in the Company, a person may not be appointed as an external director if the person has any affiliation to the chairman of the board of directors, the general manager (chief executive officer), any shareholder holding 5% or more of the company's shares or voting rights or the senior financial officer as of the date of the person's appointment.

The term "controlling shareholder" means a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to have "control" of the company and thus to be a controlling shareholder of the company if the shareholder holds 50% or more of the "means of control" of the company. "Means of control" is defined as (1) the right to vote at a general meeting of a company or a corresponding body of another corporation; or (2) the right to appoint directors of the corporation or its general manager. For the purpose of approving related-party transactions, the term also includes any shareholder that holds 25% or more of the voting rights of the company if the company has no shareholder that owns more than 50% of its voting rights. For the purpose of determining the holding percentage stated above, two or more shareholders who have a personal interest in a transaction that is brought for the company's approval are deemed as joint holders.

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 external director following the initial public offering.

The term "relative" is defined as a spouse, sibling, parent, grandparent, descendant, spouse's descendant, sibling and parent and the spouse of each of the foregoing.

The term "office holder" is defined as a general manager, chief business manager, deputy general manager, vice general manager, director or manager directly subordinate to the general manager or any other person assuming the responsibilities of any of the foregoing positions, without regard to such person's title.

A person may not serve as an external director if that person or that person's relative, partner, employer, a person to whom such person is subordinate (directly or indirectly) or any entity under the person's control has a business or professional relationship with any entity that has an affiliation with any Affiliated Party, even if such relationship is intermittent (excluding insignificant relationships). Additionally, any person who has received compensation intermittently (excluding insignificant relationships) other than compensation permitted under the Companies Law may not continue to serve as an external director.

No person can serve as an external director if the person's position or other affairs create, or may create, a conflict of interest with the person's responsibilities as a director or may otherwise interfere with the person's ability to serve as a director or if such a person is an employee of the Israeli Securities Authority or of an Israeli stock exchange. If at the time an external director is appointed all current members of the board of directors, who are not controlling shareholders or relatives of controlling shareholders, are of the same gender, then the external director to be appointed must be of the other gender. In addition, a person who is a director of a company may not be elected as an external director of another company if, at that time, a director of the other company is acting as an external director of the first company.

The Companies Law provides that an external director must meet certain professional qualifications or have financial and accounting expertise and that at least one external director must have financial and accounting expertise. However, if at least one of our other directors (1) meets the independence requirements of the Exchange Act, (2) meets the standards of the Nasdaq corporate governance rules for membership on the audit committee and (3) has financial and accounting expertise as defined in the Companies Law and applicable regulations, then neither of our external directors is required to possess financial and accounting expertise as long as both possess other requisite professional qualifications. The determination of whether a director possesses financial and accounting expertise is made by the board of directors. A director with financial and accounting expertise is a director who by virtue of his or her education, professional experience and skill, has a high level of proficiency in and understanding of business accounting matters and financial statements so that he or she is able to fully understand our financial statements and initiate debate regarding the manner in which the financial information is presented.

The regulations promulgated under the Companies Law define an external director with requisite professional qualifications as a director who satisfies one of the following requirements: (1) the director holds an academic degree in either economics, business administration, accounting, law or public administration, (2) the director either holds an academic degree in any other field or has completed another form of higher education in the company's primary field of business or in an area which is relevant to his or her office as an external director in the company, or (3) the director has at least five years of experience serving in any one of the following, or at least five years of cumulative experience serving in two or more of the following capacities: (a) a senior business management position in a company with a substantial scope of business, (b) a senior position in the company's primary field of business or (c) a senior position in public administration.

Under Israeli law, external directors are elected by a majority vote at a shareholders' meeting, provided that either:

- the majority of the shares that are voted at the meeting in favor of the election of the external director, excluding abstentions, include at least a majority of the votes of shareholders who are not controlling shareholders and do not have a personal interest in the appointment (excluding a personal interest that did not result from the shareholder's relationship with the controlling shareholder); or
- the total number of shares held by non-controlling shareholders or any one on their behalf that are voted against the election of the external director does not exceed two percent (2%) of the aggregate voting rights in the company.

Under Israeli law, the initial term of an external director of an Israeli public company is three years. The external director may be re-elected, subject to certain circumstances and conditions, for up to two additional terms of three years each, and thereafter, subject to conditions set out in the regulations promulgated under the Companies Law, to further three year terms, each re-election subject to one of the following:

- his or her service for each such additional term is recommended by one or more shareholders holding at least 1% of the company's voting rights and is approved at a shareholders meeting by a disinterested majority, where the total number of shares held by non-controlling, disinterested shareholders voting for such reelection exceeds 2% of the aggregate voting rights in the company and subject to additional restrictions set forth in the Companies Law with respect to the affiliation of the external director nominee;
- the external director proposed his or her own nomination, and such nomination was approved in accordance with the requirements described in the paragraph above; or
- his or her service for each such additional term is recommended by the board of directors and is approved at a meeting of shareholders by the same majority required for the initial election of an external director (as described above).

An external director may be removed by the same special majority of the shareholders required for his or her election, if he or she ceases to meet the statutory qualifications for appointment or if he or she violates his or her fiduciary duty to the company. An external director may also be removed by order of an Israeli court if the court finds that the external director is permanently unable to exercise his or her office, has ceased to meet the statutory qualifications for his or her appointment, has violated his or her fiduciary duty to the company, or has been convicted by a court outside Israel of certain offenses detailed in the Companies Law.

An external director is entitled to compensation and reimbursement of expenses in accordance with regulations promulgated under the Companies Law and is prohibited from receiving any other compensation, directly or indirectly, in connection with serving as a director except for certain exculpation, indemnification and insurance provided by the company, as specifically allowed by the Companies Law.

Prior to our initial public offering, our shareholder elected Mr. Ran Gottfried and Mr. Jerrold S. Gattegno as directors of the Company, which appointment became effective immediately after the pricing of our initial public offering, and designated them to serve and hold office as external directors for a term of three years commencing as of the date of the Company's general meeting of shareholders approving their appointment and compensation as external directors convened following the initial public offering. If their appointment as external directors and their compensation is not ratified by the Meeting, their term of office as directors shall automatically terminate on the date of the first annual general meeting of the shareholders held after the initial public offering. Both external directors are required to serve on our audit committee and compensation committee, and at least one external director is required to serve on each other committee of our Board that is authorized to exercise the powers of the Board. If their election is ratified and their compensation is approved at the Meeting, Mr. Jerrold S. Gattegno will continue to serve as the Chairman of our audit committee and as a member of our compensation committee, and Mr. Ran Gottfried will continue to serve as the Chairman of our compensation committee and as a member of our audit committee.

The Company has received a statement from each of Mr. Ran Gottfried and Mr. Jerrold S. Gattegno in which they declare that they meet all of the requirements applicable to external directors as set forth in the Companies Law.

The Board has determined that Mr. Gattegno possesses requisite financial and accounting expertise, while Mr. Gottfried possesses requisite professional qualifications as required under the Companies Law. The Board has also determined that each of Mr. Gottfried and Mr. Gattegno satisfies the independent director requirements under the Nasdaq Listing Rules and that Mr. Gattegno is also a "financial expert" under the rules of the Securities and Exchange Commission and Nasdaq. The Board has furthermore determined that each of Mr. Gottfried and Mr. Gattegno qualify as an "expert" external director for purposes of the Companies Law regulations that govern external director compensation.

The background information for each of Ran Gottfried and Jerrold S. Gattegno, whose election as an external director will be subject to ratification at the Meeting, appears below:

Ran Gottfried has served, since 1975, as a chief executive officer, consultant and director of private companies in Israel and Europe in the areas of retail and distribution of pharmaceuticals, consumer and household products. Mr. Gottfried served as a director of Perrigo Company from 2006 until 2015. From 2006 until 2008, Mr. Gottfried served as chairman and chief executive officer of Powerpaper Ltd., a leading developer and manufacturer of micro electrical cosmetic and pharmaceutical patches. From 2005 until 2010, Mr. Gottfried served as a director of Bezeq, Israel's leading telecommunications provider and from 2003 until its acquisition by Perrigo Company in 2005, Mr. Gottfried served as a director of Agis Industries Ltd.

Jerrold S. Gattegno has worked in the New York, Washington D.C. and London offices of Deloitte Touche Tohmatsu Limited, a public accounting firm, from 1973 until 2015, where he served in various senior positions, including as the founding partner of Deloitte's multistate tax practice and as a managing partner in Deloitte's Washington National Tax Office. Mr. Gattegno has served as a member of the Hispanic Association of Colleges and Universities finance and audit committee from 2012 until 2015. Mr. Gattegno is a certified public accountant and holds a B.S. in accounting (cum laude) from the City University of New York and an M.B.A. in taxation (with honors) from Pace University, New York.

Proposed Resolutions

We are proposing that our shareholders adopt the following resolutions at the Meeting:

- (a) **"RESOLVED**, to ratify the election of Mr. Ran Gottfried as an external director of the Company for a three-year term subject to, and in accordance with, the Companies Law" and
- (b) **"FURTHER RESOLVED**, to ratify the election of Mr. Jerrold S. Gattegno as an external director of the Company for a three-year term subject to, and in accordance with, the Companies Law"

Required Vote

The vote required for the ratification of Proposal 1 is the affirmative vote of the holders of a majority of the voting power represented at the Meeting in person or by proxy and voting thereon (excluding abstentions).

In addition, the approval of Proposal 1 requires that either of the following two voting requirements be met as part of the approval by an ordinary majority of shares present and voting thereon:

- approval by a majority of the votes of shareholders who are not controlling shareholders and who do not have a personal interest in the approval of the proposal (excluding a personal interest that did not result from the shareholder's relationship with the controlling shareholder) that are voted at the Meeting, excluding abstentions; or
- the total number of shares held by non-controlling shareholders or anyone on their behalf who do not have a personal interest in the proposal (as described in the previous bullet-point) that voted against the proposal does not exceed two percent (2%) of the aggregate voting rights in our Company.

The approval of Proposal 1 is dependent on the approval of Proposal 2.

Board Recommendation

The Board unanimously recommends that you vote "FOR" the ratification of the election of each of the two external directors.

PROPOSAL 2

APPROVAL OF COMPENSATION TO OUR EXTERNAL DIRECTORS AND OUR OTHER INDEPENDENT DIRECTORS

Our Board of Directors recommends to align and grant the same compensation to all our external directors under the Companies Law and all our other independent directors under the Nasdaq Listing Rules. Assuming approval of Proposal 1, our external directors under the Companies Law after the Meeting will be Mr. Ran Gottfried and Mr. Jerrold S. Gattegno, and our other independent directors under the Nasdaq Listing Rules are Ms. Yael Baratz and Dr. Shmuel (Muli) Ben Zvi. Our Board of Directors resolved that no compensation will be paid to the other directors of the Company in their capacity as directors, Mr. Moshe Arkin, Dr. Alon Seri-Levy, Mr. Itai Arkin and Ms. Hani Lerman.

Our Board of Directors resolved to recommend to the shareholders at the Meeting to approve the following compensation to our external directors and our other independent directors following the Meeting: (i) \$35,000 annually in cash; (ii) \$5,000 annually in cash for service on each of the Audit Committee and/or Compensation Committee (as the case may be) and (iii) \$10,000 annually in cash for service as chairman of the Audit Committee and/or Compensation Committee (as the case may be), which includes amounts payable under clause (ii) (all cash amounts to be paid quarterly). All such amounts listed above shall be paid in U.S. dollars or the NIS equivalent.

The annual fees referred to above are intended to be a fixed-fee and shall be paid on a quarterly basis. There shall be no limit regarding the number and/or hours of meetings, and it includes all meetings of the Board and any Board's committees.

In addition, our Board of Directors resolved to recommend to the shareholders at the Meeting to approve to grant to our external directors and our other independent directors 11,500 Restricted Share Units ("RSU's") for the next three years of their service as a director, with a three-year vesting, one-third of the RSU's to vest after each year (if they continue to serve as directors), and otherwise in accordance with the Company's 2014 Share Incentive Plan.

The proposed compensation is in accordance with our compensation policy and in accordance with the regulations promulgated under the Companies Law. In addition, the compensation proposal above was determined by our Board of Directors after consultation with an independent compensation consultancy firm which provided compensation benchmarks for comparable companies traded on Nasdaq.

Proposed Resolutions

We are proposing that our shareholders adopt the following resolution at the Meeting:

"RESOLVED, to approve the compensation of each of Mr. Ran Gottfried and Mr. Jerrold S. Gattegno, as external directors of the Company, and each of Ms. Yael Baratz and Dr. Shmuel (Muli) Ben Zvi, as independent directors of the Company, as described in this proxy statement.

Required Vote

The vote required for the approval of Proposal 2 is the affirmative vote of the holders of a majority of the voting power represented at the Meeting in person or by proxy and voting thereon (excluding abstentions).

In addition, the approval of Proposal 2 requires that either of the following two voting requirements be met as part of the approval by an ordinary majority of shares present and voting thereon:

- approval by a majority of the votes of shareholders who are not controlling shareholders and who do not have a personal interest in the approval in the proposal (excluding a personal interest that did not result from the shareholder's relationship with the controlling shareholder) that are voted at the Meeting, excluding abstentions; or

- the total number of shares held by non-controlling shareholders or anyone on their behalf who do not have a personal interest in the proposal (as described in the previous bullet-point) that voted against the proposal does not exceed two percent (2%) of the aggregate voting rights in our Company.

Board Recommendation

The Board unanimously recommends that you vote “FOR” the approval of the compensation of the external directors and other independent directors.

OTHER MATTERS

Our Board does not intend to bring any matters before the Meeting other than those specifically set forth in the Notice of Special General Meeting of Shareholders and knows of no matters to be brought before the Meeting by others. If any other matters properly come before the Meeting, it is the intention of the persons named in the accompanying proxy to vote such proxy in accordance with their judgment and based on the recommendation of the Board.

ADDITIONAL INFORMATION

The Company’s final prospectus from its initial public offering, filed with the SEC on February 2, 2018, is available for viewing and downloading on the SEC’s website at www.sec.gov as well as under the Investor Relations section of the Company’s website at <http://ir.sol-gel.com>.

The Company is subject to the information reporting requirements of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act, applicable to foreign private issuers. The Company fulfills these requirements by filing reports with the SEC. The Company’s filings with the SEC may be inspected without charge at the SEC’s Public Reference Room at 100 F Street, N.E., Room 1580 Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The Company’s SEC filings are also available to the public on the SEC’s website at www.sec.gov. As a foreign private issuer, the Company is exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements. The circulation of this Proxy Statement should not be taken as an admission that the Company is subject to those proxy rules.

Ness Ziona, Israel

February 15, 2018

SOL-GEL TECHNOLOGIES LTD.
Proxy for Special General Meeting of Shareholders on March 22, 2018
Solicited on Behalf of the Board of Directors

The undersigned hereby appoints Alon Seri-Levy and Gilad Mamlok, and each of them, with full power of substitution and power to act alone, as proxies to vote all the ordinary shares which the undersigned would be entitled to vote if personally present and acting at the Special General Meeting of Shareholders of Sol-Gel Technologies Ltd., to be held March 22, 2018 at 7 Golda Meir St., Weizmann Science Park, Ness Ziona, 7403650, Israel, and at any adjournments or postponements thereof, as follows:

(Continued and to be signed on the reverse side.)

SPECIAL GENERAL MEETING OF SHAREHOLDERS OF

SOL-GEL TECHNOLOGIES LTD.

March 22, 2018

GO GREEN

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Please sign, date and mail your proxy card in the envelope provided as soon as possible.

↓ Please detach along perforated line and mail in the envelope provided. ↓

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF ELECTION OF DIRECTORS AND "FOR" PROPOSAL 2. PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE ☒

1. Ratification of Election of Directors:

- FOR ALL NOMINEES
WITHHOLD AUTHORITY FOR ALL NOMINEES
FOR ALL EXCEPT (See instructions below)
NOMINEES:
Mr. Ran Gottfried External Director
Mr. Jerrold S. Gattegno External Director

- Are you a controlling shareholder in the Company... YES NO
2. Approval of the compensation of each of our external directors... FOR AGAINST ABSTAIN
Are you a controlling shareholder in the Company... YES NO

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here: ●

In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Annual Meeting. This proxy when properly executed will be voted as directed herein by the undersigned shareholder. If no direction is made, this proxy will be voted FOR ALL NOMINEES in Proposal 1 and FOR Proposal 2.

MARK "X" HERE IF YOU PLAN TO ATTEND THE MEETING.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name (s) on the account may not be submitted via this method.

Signature of Shareholder [] Date: [] Signature of Shareholder [] Date: []

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

NOTICE TO THE SHAREHOLDERS OF SOL-GEL TECHNOLOGIES LTD.
(the "Company")

February 23, 2018

The Proxy Statement for the Special Meeting of Shareholders of the Company to be held on March 22, 2018 is hereby amended as follows:

The first paragraph of Proposal 2 on page 9 of the Proxy Statement is revised in its entirety to read as follows:

“Our Board of Directors recommends to align and grant the same compensation to all our external directors under the Companies Law and all our other independent directors under the Nasdaq Listing Rules. Assuming approval of Proposal 1, our external directors under the Companies Law after the Meeting will be Mr. Ran Gottfried and Mr. Jerrold S. Gattegno, and our other independent directors under the Nasdaq Listing Rules are Ms. Yaffa Krindel and Dr. Shmuel (Muli) Ben Zvi. Our Board of Directors resolved that no compensation will be paid to the other directors of the Company in their capacity as directors, Mr. Moshe Arkin, Dr. Alon Seri-Levy, Mr. Itai Arkin and Ms. Hani Lerman.”

The resolution of Proposal 2 on page 9 of the Proxy Statement is revised in its entirety to read as follows:

“**RESOLVED**, to approve the compensation of each of Mr. Ran Gottfried and Mr. Jerrold S. Gattegno, as external directors of the Company, and each of Ms. Yaffa Krindel and Dr. Shmuel (Muli) Ben Zvi, as independent directors of the Company, as described in this proxy statement.”
