

FAQs REGARDING ROSETTA'S REVERSE STOCK SPLIT ON JULY 6, 2011

1. What is the status of the reverse stock split?

On May 26, 2011, our board of directors recommended a 1-for-4 reverse stock split of our ordinary shares. On July 6, 2011, Rosetta's shareholders authorized the reverse stock split. The reverse stock split became effective at the time of its approval by Rosetta's shareholders.

2. What is the reason for the reverse stock split?

The reverse stock split is intended to increase the per share trading price of Rosetta's ordinary shares to satisfy the \$1.00 minimum bid price requirement for continued listing on the NASDAQ Capital Market.

For additional information on the rationale for a reverse stock split, please see our proxy statement filed with the Securities and Exchange Commission as an exhibit to our Report on Form 6-K on May 31, 2011 (available at www.sec.gov).

There can be no assurance that we will realize the intended purpose of the reverse stock split described above.

3. What will be the impact of a reverse stock split?

The principal effect of the reverse stock split will be to decrease proportionately the number of authorized and outstanding ordinary shares based on the 1-for-4 reverse stock split ratio. We will exchange one post-split ordinary share for every four ordinary shares.

4. What will happen to the number of ordinary shares that I own and the related stock price after the reverse stock split?

At the time a reverse stock split is effected, it reduces the number of shares outstanding and increases the share price proportionately. At the effective time of our 1-for-4 reverse stock split, the number of ordinary shares outstanding was divided by four, and the stock price was proportionately adjusted by multiplying the pre-split closing price by four. The effect of our reverse stock split will be reflected in the trading price of our ordinary shares and the number of ordinary shares outstanding when the post-split shares begin to trade on July 7, 2011. After the post-split shares begin trading on July 7, 2011, we cannot make any guarantees regarding the post-split performance or price of our shares.

For illustration purposes only, if prior to the reverse stock split on July 6, 2011, you held 1,000 Rosetta ordinary shares and the closing sale price of our shares that day is \$0.30 per share, after the reverse stock split became effective on July 6, 2011 and at the time the market opens on July 7, 2011, you will hold 250 post-split Rosetta ordinary shares, each of which will have a split-adjusted price of \$1.20 per share.

5. What is the effective date of the reverse stock split?

The reverse stock split became effective at the time of its approval by Rosetta's shareholders on July 6, 2011, and the first day of post-split trading of our ordinary shares on the NASDAQ Capital Market will be on Thursday, July 7, 2011.

6. What is the effect of the reverse stock split on the registration and trading of our ordinary shares?

The reverse stock split will have no impact on the registration of our ordinary shares. However, our CUSIP number will change to M82183118 effective July 7, 2011 (the old CUSIP number was M82183100). On July 7, 2011, our ticker symbol will change to ROSGD and will remain as such for 20 trading days thereafter. This additional "D" in our ticker symbol is consistent with the practices for all reverse stock splits effectuated on the NASDAQ Capital Market. The ticker symbol will revert to ROSG following the 20 trading day period.

7. What is the effect of the reverse stock split on the par value of our ordinary shares?

The par value of our ordinary shares will change from NIS 0.01 to NIS 0.04.

8. How will the reverse stock split be implemented?

The implementation of the reverse stock split will differ depending on whether you are a beneficial holder with shares held in street name through an authorized broker or whether you are a registered holder with shares registered directly in your name.

If you are a beneficial holder, holding shares via a broker or other nominee, the number of shares you hold will automatically be adjusted to reflect the reverse stock split on the effective date, subject to your broker's particular processes with respect to these types of transactions. No fractional ordinary shares will be issued as a result of the reverse stock split and any fractional shares will be rounded up to the nearest whole share number. If you have questions with respect to how your broker will process the reverse stock split, you should contact your broker.

If you are a registered holder, in exchange for a properly completed letter of transmittal and your certificates representing pre-split ordinary shares, our transfer agent and exchange agent, American Stock Transfer & Trust Company, LLC (AST), will issue your post-split ordinary shares through the exchange process outlined in question 10 below.

9. What if I do not own a number of shares that is divisible by four? Will you issue fractional shares?

We will not issue fractional shares to our shareholders in connection with the reverse stock split. Instead, fractional shares will be rounded up to the nearest whole share number.

10. How do I exchange my stock certificates?

If you are a beneficial holder, no action is required on your part because your broker will handle the required paperwork and communication.

If you are a registered holder, shortly after the reverse stock split is effective, you will receive a mailing from AST explaining the exchange process and the letter of transmittal.

The letter of transmittal is the form generally used for an exchange of stock. You will receive a letter of transmittal form to complete and return along with your stock certificates to exchange the pre-split ordinary shares you hold for the post-split ordinary shares to which you are entitled.

As part of the reverse stock split and in exchange for your surrendered certificates, you will be entitled to receive a number of ordinary shares equal to one-fourth the number of ordinary shares represented by the surrendered certificates, rounded up to the nearest whole share.

11. What if I cannot find my stock certificates?

If your stock certificates are lost, stolen, or destroyed, follow the instructions provided in the letter of transmittal or call AST Toll free at 1-877-248-6417 or 718-921-8317 during the hours of 8:00 a.m. to 8:00 p.m. Monday – Friday.

12. What if I am a registered holder and I take no action?

You will not receive a stock certificate representing your new, post-split ordinary shares until you submit your original stock certificates, together with your properly completed and executed letter of transmittal, to AST. We encourage you to follow the instructions in the letter of transmittal. Shareholders should not submit any stock certificates until requested to do so.

13. Will I receive new paper stock certificates?

If you are a registered holder (i.e., you currently have paper stock certificates), you will receive a new, post-split paper certificate in exchange for your old, pre-split paper certificates once you follow the exchange process outlined in question 10 above.

14. What is the effect of the reverse stock split on stock options issued under Rosetta's employee benefit plans?

The reverse stock split reduced the number of ordinary shares reserved and available for issuance under our employee benefit plans. Accordingly, the number of shares represented by each outstanding option, whether vested or unvested, will be divided by four and rounded up to the nearest whole share. The exercise price per share for each option will be multiplied by four. See questions 15 through 17 for more information.

15. If I am a Rosetta option holder, does the reverse stock split impact any other terms and conditions of my outstanding option grants?

No. The only terms that are affected by the reverse split are the number of shares issuable upon exercise and the exercise price of your options. All other terms and conditions remain

the same. All vesting, expiration, termination provisions and the like remain as set forth in your award agreements.

16. If I am a Rosetta option holder, will my current vesting schedule remain the same?

Yes. However, the number of shares that vest within each vesting period will be adjusted by dividing the number of shares that would have vested prior to the reverse stock split by four (4). See example below:

	Grant and Vesting Pre-Split	Grant and Vesting Post-Split
Shares Granted	2,000	500

17. If I am a Rosetta option holder, how will my options be adjusted?

All outstanding Rosetta options will be adjusted to reflect the reverse split in accordance with the adjustment formula provided in the applicable employee benefit plan to ensure equitable treatment of each outstanding option without causing negative tax consequences for any option holder. Accordingly, as of the effective date, each outstanding option grant will be adjusted as follows:

- the number of ordinary shares subject to each outstanding option grant shall be adjusted by dividing the number of shares subject to such option grant prior to the effective date by four and rounding up to the nearest whole share number; and
- the exercise price of each outstanding option grant shall be adjusted by multiplying the exercise price of such option grant prior to the effective date by four.

The following is an example of this adjustment:

	Shares Granted and Outstanding	Exercise Price
Pre-Split	2,000	\$2.00
Reverse Split Ratio	÷ 4	x 4
Post-Split	500	\$8.00