

TEVA PHARMACEUTICAL INDUSTRIES LIMITED

CODE OF BUSINESS CONDUCT

As Amended February 27, 2006

A Message from Shlomo Yanai

Dear Employees,

Each of us must make numerous business decisions in our day to day work, some of which involve a question of ethics. While it is often simple to determine the ethical course of action on our own, there are situations which require deeper consideration and guidance.

Teva's Code of Business Conduct was developed to help guide Teva employees towards the right course of action in a broad range of situations. It sets forth our basic standards—standards which are based on Teva's fundamental values, and which themselves serve as the basis for our more detailed policies and procedures.

The Code provides us with a common set of ethical standards, and a common language for describing what is, and what is not, within the realm of ethical conduct. But of course no code can anticipate and address every possible circumstance an employee might encounter, in every legal jurisdiction, in every culture. Situations will surely arise in which the appropriate course of action is not obvious. If you are ever in doubt, please read the Code and related policies carefully; if you have any lingering doubts, refer to the section entitled 'To Seek Advice or Report Non-Compliance'—the procedures there are designed to help you ensure that your own conduct, and thus that of the company's, is ethical.

Teva has an outstanding reputation for conducting its business with integrity—a reputation we all share responsibility for preserving.

Sincerely,

Shlomo Yanai
President and Chief Executive Officer
Teva Pharmaceutical Industries Limited

Teva Pharmaceutical Industries Limited

Code of Business Conduct

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Teva Pharmaceutical Industries Limited¹

Code of Business Conduct

Global business conduct

It is our corporate policy to comply with the laws of the countries in which we operate and with the regulatory requirements affecting our businesses. This includes compliance with antitrust/competition, trade, securities, copyright, employment, health and safety, environmental, and other business regulations, as well as with laws governing criminal offenses. In countries where legal requirements and common business practices may be less restrictive than those set forth in this Code, you should follow those set forth in this Code. However, if applicable law conflicts with a policy in this Code, you must comply with the law.

Employee, Officers and Company expectations

All officers and other employees must understand and comply with Teva's policies, practices and directives. We expect you to observe applicable laws and ethical standards in all matters concerning the Company, and to treat everyone with whom you come in contact, including your co-workers, with respect and dignity. Teva is committed to maintaining high standards of conduct and to providing a productive, professional atmosphere in which to work. We will not tolerate conduct that is unethical, illegal or dishonest. This Code and other Company policies and procedures are designed to help you understand and meet expected standards.

¹ As used in this Code of Business Conduct, "Teva" or the "Company" means Teva Pharmaceutical Industries Limited, together with all of its subsidiaries.

Please see the section entitled “Responsibility for Compliance,” which describes how you may report suspected non-compliance and how you may seek advice if you have any questions. *You can be assured that the Company will not retaliate against you for asking questions or raising concerns about compliance with the Code or reporting possible improper conduct.*

The Employment Relationship

Terms of employment

Subject to the applicable law of your local jurisdiction, each Teva employee is generally employed by the Company either pursuant to an employment contract, on an at-will basis or other arrangement. Under the employment-at-will relationship, which is most prevalent in the United States, any employee is free to end his or her employment with Teva at any time for any reason. Likewise, Teva may, at any time, decide to end an individual's employment with or without cause. While employees are required by Teva to follow the standards set forth in the Code and Teva policies and procedures, this Code, like Teva policies and procedures generally, may be revised from time to time at Teva's discretion and is not a contract of employment. Where the employment relationship is contractual, terms of that contract will govern the relationship between Teva and the employee.

Anti-discrimination and anti-harassment

Teva hires, pays, promotes and makes other employment decisions based upon lawful factors, such as qualifications and performance, and without regard to race, sex, color, religion, age, national origin, sexual orientation, disability or any other basis that is protected under applicable law. We are committed to an environment free from all forms of harassment and unlawful discrimination or retaliation.

Employees who engage in harassment or discriminatory behavior or retaliation and supervisors or managers who tolerate it are in violation of the Code.

Drug and alcohol abuse and drug-free workplace

Teva prohibits the illegal use, sale, purchase, transfer, possession or presence in one's system of drugs, other than medically prescribed drugs, while on the Company's premises. The purpose of this policy is to achieve a drug-free workplace and to impose disciplinary sanctions upon employees who are under the influence of alcohol or use, sell, or possess illegal drugs during the course of their employment with the Company. If you have any questions concerning this policy, please contact your local human resources manager.

Workplace violence

Teva does not tolerate workplace violence or threats of violence committed by or against employees or property. Workplace violence can include acts or threats of violence to another person, the intentional damaging of employer property or the property of another person, or behaviors that cause others to feel unsafe in our workplace.

If you feel that the words or actions of a co-worker suggest the potential to threaten the safety or property of others, please speak with your manager and/or your local Human Resources representative. If the response is still unsatisfactory or if the situation warrants, you may directly contact the Internal Auditor or our confidential hotline if operational in your region.

Conflict of interest and opportunities for personal gain

All directors, officers and employees must avoid relationships, activities or interests that conflict or appear to conflict with the interests of the Company. Directors, officers and all employees have an obligation to promptly disclose to their supervisor or local internal auditor any relationship, activity or interest that could possibly involve or appear to involve an actual or potential conflict of interest. The appearance of a conflict of interest may be as damaging to the Company as an actual conflict of interest. When dealing with current or prospective customers, suppliers, and producers, you must never receive or extend preferential treatment for personal gain or for the gain of family or friends.

Furthermore, directors, officers and employees are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or position without the consent of the of the Company. No employee may use corporate property, information or position for improper personal gain, and no employee may compete with the Company, directly or indirectly. Directors, officers and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

Related Party Transactions

All directors, officers and employees should immediately inform a representative of the Finance Division or Legal Department assigned to their Business Unit or the Corporate Secretary at the outset of negotiations or contacts regarding a potential transaction between an entity or a person related to a director, officer or employee of Teva or its subsidiaries and Teva or its subsidiaries and in any event prior to completion of any such transaction (without regard to size or materiality). Some examples of common types of transactions with related parties are: sales, purchases, and transfers of real and personal property; services received or furnished, for example, accounting, management, engineering, and legal services, use of property and equipment by lease or otherwise; borrowings and lendings or guarantees. Transactions between related parties are considered to be related party transactions even though they may not be given accounting recognition. Related party

transactions may require Board, Audit Committee or other approvals that should be arranged as far in advance as possible.

Acceptance of entertainment or gifts

You may never accept bribes, kickbacks, or other types of unusual payments from any organization or individual seeking to do business with, doing business with, or competing with Teva. You may accept gifts or entertainment of nominal value as part of the normal business process if public knowledge of your acceptance would cause the Company no conceivable embarrassment. Even a nominal gift and/or entertainment should not be accepted if it might appear to an observer that the gift and/or entertainment would influence your business decisions. The term “nominal value” applies to the amount of the gift and/or its frequency; i.e., frequent gifts, even if of nominal value, are unacceptable. The term “entertainment” includes, but is not limited to, meals, charitable and sporting events, parties, plays and concerts. If you have any questions about the acceptance of entertainment or gifts, ask your supervisor or manager for advice.

Fraud

You may not engage in fraudulent conduct. “Fraud” is the deliberate practice of deception in order to receive unfair or unlawful gain. The nature of our businesses presents a variety of opportunities for individuals within or outside Teva to commit fraud. You must be sensitive to that fact and immediately report any suspicion or

discovery of fraud. You may report any such matter anonymously through an internal auditor or our confidential hotline if operative in your region.

Financial reporting

All financial and other records of the Company are required to accurately and fairly reflect the Company's assets, liabilities, revenues and expenses. You must record all financial and business transactions in the proper account and in the proper accounting period. Accurate supporting documentation with sufficient detail to permit its review and audit must be provided and maintained in connection with all transactions. No false, artificial, misleading or deceptive entries may be made in any of the books, records or accounts of the Company. No fund or asset that is not fully and properly recorded and no accounting entries or books of account that do not truly reflect the transactions to which they relate may be created or permitted to exist. The filing or furnishing of false information in any governmental filing or to any governmental official is prohibited.

If you have any concerns regarding financial reporting or other accounting or auditing matters, you may report any such matter anonymously through the Company's internal auditor or our confidential hotline if operative in your region.

Outside employment or consulting

Employment as a consultant, officer, or manager of another business organization requires prior management approval. Outside employment or consulting must never interfere with your job performance, utilize Company property or facilities, involve

the implicit or explicit sponsorship of the Company, or create the possibility of adverse publicity for the Company. In every instance, written management approval must be obtained before you may work for a customer, competitor or supplier of the Company in any capacity.

Board memberships

You may serve on the board of directors (or serve in a comparable position) of an outside organization provided no conflict of interest exists or appears to exist. Prior written management approval is required before you become a board member of any for-profit organization or other organization where a conflict of interest may arise.

Political activity and contributions

Requiring anyone at Teva to make a personal or corporate contribution to any candidate, political party, or holder of any governmental office is prohibited. Your status at Teva will not be jeopardized because of your participation or nonparticipation in lawful political activity.

Company records and accounts

All Company records and accounts are the property of Teva. Company records and accounts must be maintained at all times in reasonable detail and in a manner that

accurately reflects all business and financial transactions, including the disposition of assets. These records and accounts should be maintained in compliance with corporate retention schedules. Please contact your supervisor for more information regarding your department's document retention policy. If you have any further questions, feel free to contact the representative of the Internal Auditor or in the case of legal documentation the Legal Department in your region.

If you became aware of (1) any significant deficiency in the Company's internal controls, which could adversely affect the Company's ability to record, process, summarize and report financial data, or (2) any fraud, whether or not material, that involves management or other employees of the Company who have a significant role in the Company's financing reporting, disclosures or internal controls, you should promptly bring it to the attention of the representative of the Internal Auditor in your region or the Chairman of the Company's audit committee.

You must take special care regarding any documents that may be the subject of any litigation or governmental investigation. The destruction or falsification of a document in order to impede a governmental investigation, audit or examination may lead to prosecution for obstruction of justice. Any information supplied to individuals performing audits, or preparing regulatory reports or financial statements must, in all material respects, be accurate and complete.

Protection of the Company's Property

All employees should endeavor to protect the Company's property, plant and other tangible and intangible assets. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be reported immediately for investigation. Company property should not be used for non-Company business, though incidental personal use may be permitted.

Expense accounts

The Company recognizes its responsibility to reimburse you for legitimate business expenses. Those expenses should be within reasonable limits and commensurate with the nature of the business assignment. You are expected to fully and clearly document business expenses and comply with the travel policy, which applies to your business unit/locale. Please contact your supervisor or the internal auditor in your region if you have any questions regarding the applicable policy.

Employee privacy

Company information about employees is confidential and only those with a legitimate, work-related need may access such information. You are required to adhere to the applicable laws regarding employee information. Generally, with your written authorization, the Company will provide your dates of employment, job title

and salary to individuals or organizations outside the Company. The Company will not release any other information about you unless required to do so by applicable law, pursuant to a summons, subpoena or court order, or as deemed appropriate by the Company.

Proprietary information and intellectual property

Proprietary business, technical, personal information of the Company and its employees, customers and suppliers is considered confidential and must be safeguarded. To the extent that any information affords the Company a competitive advantage and subject to applicable law, that information is a trade secret of the Company. Intellectual property developed by you or by others for the Company, or for which the Company has secured rights from others, should be used only for the benefit of the Company. Accordingly, all intellectual property rights derived from confidential information or other materials made, originated or developed by the employees shall belong exclusively to the Company, and the employees who are the inventors or developers of such intellectual property rights shall have no rights or benefits therein or deriving therefrom. You may not disclose proprietary information of the Company, its employees, customers, former employees, former customers or suppliers. Further, you may not use any such information for the benefit of anyone other than the Company unless you are specifically authorized to do so. These prohibitions continue even if you cease being employed by the Company for any reason.

Corporate data security

Corporate data refers to all information collected, created, processed and/or maintained in the normal course of Teva's business. The data may be in manual form (examples include verbal, handwritten, typed onto hard copy, microfilmed, photocopied or computer printouts), electronic form (examples include e-mails, voice-mails, computer memory, magnetic tape, cassette, disk, or diskette), or Teva-specific information included in computer applications programs, personal computing software, or operating system software.

Corporate data security encompasses all measures taken by Teva to keep corporate data confidential and to safeguard such data from loss, theft, compromised integrity, or reduced availability.

Teva also acquires software and/or data under purchase and/or license agreements with outside vendors. The same protections are applied to this software and data as Teva applies to corporate data.

All Teva employees and any other person having physical or electronic access to corporate data are responsible for safeguarding corporate data by knowing and keeping such corporate data confidential. This responsibility includes obtaining the appropriate authorization to access corporate data and reporting any actions and/or incidents that could threaten the security of corporate data.

Electronic communications

You may not access or use Teva's electronic and wire communications systems without appropriate authority. No individual shall use the passwords or codes of another individual in order to gain access to that individual's e-mail, voice mail, or Internet communications on Teva's systems unless first authorized to do so by that individual or the Company. These systems are provided for Company business, and only occasional personal use of the systems is permissible. Occasional personal use means minimal and infrequent use that does not interfere with Teva business or job performance. Teva's systems may not be used to access or transmit material that could embarrass, harass, or offend other persons.

External communications

Requests for financial or business information, for interviews with any Teva employee relating to Teva or its business, or the issuance of any press releases by any Teva employee must be referred to the Director of Investor Relations or other specially designated person in your region.

In addition, you should not comment on or respond to external requests for information on rumors. Any inappropriate or inaccurate response, even a denial or disclaimer of information, may result in adverse publicity and could seriously affect Teva's market and legal position.

Public disclosure requirements

Applicable securities laws and regulations impose continuing disclosure requirements on Teva and require Teva to file certain reports with and make certain submissions to the, the U.S. Securities and Exchange Commission, NASDAQ, the Israel Securities Authority and the Tel Aviv Stock Exchange and disseminate them to its shareholders. All such reports and submissions (“Reports”) must comply with applicable legal and exchange requirements and may not contain material misstatements or omit material facts.

All employees directly or indirectly involved in preparing any Reports must, to the extent of their involvement in or oversight responsibilities relating to the preparation thereof, ensure that such Reports are (i) full, fair, timely and accurate and understandable and (ii) meet all applicable legal and exchange requirements. This policy applies to all public disclosure of information about Teva, including written disclosures, oral statements, visual presentations, press conferences and media calls. If you are aware of any material inaccuracy or omission in Teva’s Reports, you should promptly bring it to the attention of Teva’s Internal Auditor or General Counsel.

Relationships with Customers, Other Business Entities and Governments

Product quality

We are committed to making safe quality products for our customers and users of our products. Quality product and system controls are designed and implemented to ensure compliance with internally established standards and applicable laws. We expect each Teva employee to contribute to these standards by providing high quality work, being fully familiar with applicable laws and regulations that are pertinent to their areas of responsibility and participating in training programs provided by the Company covering broad ranges of activities. Employees are also encouraged to exert diligence in identifying and preventing practices that could impair product quality, safety or compliance with law.

Healthcare fraud and abuse

The offering and payment of remuneration or anything of value as an incentive or reward for prescribing, purchasing or recommending of a pharmaceutical product that is reimbursed under any governmental sponsored health care reimbursement program, is broadly prohibited by complex anti-kickback laws and regulations. Our policy is to comply with all laws and regulations governing sales and marketing practices and to operate according to the highest ethical standards. In particular, the Company and its employees must avoid any practice that may create a conflict of

interest between those who purchase, prescribe or recommend our products and the best interest of the patients who use our products. All decisions to fund programs or create consulting relationships must be consistent with this policy and not be conditioned upon a person's use of the Company's products or commitment to use or prescribe our products in the future in violation of any law or regulation. You should consult with the representative of the Internal Auditor in your region regarding any customer incentive program being developed, modified or applied in a new way.

Economic sanctions

Many countries have in place a program of economic and trade sanctions and embargoes against certain countries, terrorists, terrorism-sponsoring organizations, entities involved in the proliferation of weapons of mass destruction and international narcotics traffickers. Also in place are prohibitions on certain exports and imports. Typically, even an indirect facilitation of a prohibited transaction may subject the violating individual and companies to civil and criminal penalties in the form of fines and imprisonment. You must be aware of and comply with the applicable laws and regulations relating to these sanctions. Since these may be difficult legal and factual determinations, any questions about such issues should be discussed with your manager or if appropriate the Internal Auditor.

Foreign corrupt practices and anti-boycott laws

The United States' Foreign Corrupt Practices Act, as well as laws of other countries where you may be employed, prohibit the making of bribes and other illegal payments or gifts to foreign governmental officials. In accordance with these laws, you are prohibited from directly or indirectly authorizing, offering, promising or giving anything of value to a foreign governmental official as a means of influencing or inducing the official to obtain or retain business for Teva. Certain payments or gifts that are made to facilitate routine governmental actions may be exempt under certain corrupt practices laws. Teva employees also are required to comply with applicable corrupt practices laws and anti-boycott laws that prohibit participation in certain foreign boycotts. Since these may be difficult legal and factual determinations, any questions about such issues should be discussed with your immediate supervisor and if appropriate the Internal Auditor or your regional Legal Department.

Securities laws compliance/insider trading

It is Teva's policy to strictly comply with the applicable securities laws regulating the trading of Teva's securities and the use of inside information. Accordingly, you must strictly obey all laws that prohibit the trading of securities based on prior knowledge of "material," "non-public" information about Teva. You may not trade Teva stock, nor recommend to others that they trade Teva stock, until such information has been publicly disclosed. You also may become aware of material,

non-public information about customers, competitors or business partners of Teva in the course of your work. These restrictions also apply to trading based on information about these parties, either when trading Teva securities or the securities of these other companies as well. You should consider information to be **“material”** if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to purchase, sell or hold securities, including Teva stock.

- earnings and other financial information;
- mergers, acquisitions and joint ventures;
- the approval or denial of a significant product;
- the results, whether or not favorable, of significant litigation or clinical trial;
- the commencement, acquisition or loss of a major contract; and
- other significant developments or important financial transaction.

You should consider information to be **“non-public”** if it has not been disseminated in a manner making it available to investors generally or a reasonable time has not elapsed after the information has been disseminated.

Any questions regarding this policy should be discussed with your immediate supervisor and if appropriate the Internal Auditor or your regional Legal Department.

Unfair trade practices and fair dealing

All Teva employees must comply with applicable laws in their place of employment and the laws of other applicable jurisdictions that prohibit unfair or deceptive business acts and practices, as well as unfair competition. It is important that Teva be recognized in the marketplace as a company that operates ethically.

Engaging in unfair or deceptive practices will diminish our reputation in this regard. Moreover, these practices can involve civil and criminal fines and penalties for the Company and those committing the conduct.

Accordingly, stealing proprietary information, possessing trade secret information that was obtained without the owner's consent or inducing such disclosures by past or present employees of other companies is prohibited. Each employee should respect the rights of and deal fairly with the Company's customers, suppliers, competitors and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair dealing practice.

If you believe that a course of conduct upon which you are about to embark may be considered an unfair trade practice, contact your supervisor or if appropriate the Internal Auditor or your regional Legal Department before proceeding. If you learn that an employee, officer or agent of the company has engaged in conduct that may constitute an unfair trade practice, your supervisor or if appropriate the Internal Auditor should be notified.

Antitrust/Competition Laws

Many jurisdictions have antitrust, competition or similar laws. Antitrust laws are designed to preserve and promote fair and open competition by prohibiting certain agreements among competitors and others. Such agreements may include, but are not limited to, price fixing, territorial or customer allocations, boycotts of customers

or suppliers, limits on output, and tying agreements. The Company fully supports the goals of antitrust and similar laws affecting competition and expects you to comply with those laws at all times. Any questions regarding this policy should be discussed with your immediate supervisor and if appropriate a representative of the Internal Auditor or your regional Legal Department.

Environmental protection

As a Company and as individuals, we must exercise good judgment with regard to the environmental aspects of our use of Company facilities and real estate. We are committed to full compliance with all applicable environmental protection laws and expect your individual cooperation. Any questions regarding this policy should be discussed with your immediate supervisor, the local safety and environment department and if and if appropriate your regional Legal Department.

Health and safety

It is Teva's policy to comply with all applicable laws relating to health and safety in the work environment. Employees must observe safe practices on their jobs, report any injury or accident at work promptly and follow company security and emergency policies and procedures.

Any questions regarding this policy should be discussed with your immediate supervisor, the local safety and environment department and if appropriate the Internal Auditor or your regional Legal Department.

Responsibility For Compliance

Your responsibility

You are obligated to adhere to this policy in the performance of your job responsibilities. When faced with a situation that requires an evaluation of what is, and what is not, proper business conduct, begin by applying the following criteria:

- Is the course of conduct legal?
- Is the course of conduct in accordance with the guidelines set forth in this Code and with Company policies and procedures?
- Would you or the Company be compromised or embarrassed if the situation were known by your co-workers or the public?
- Does the intended course of conduct have the appearance of impropriety?

If you are unable to answer “yes” to the first two questions and “no” to the second two questions with certainty, seek advice through the channels described under the section entitled “To seek advice or report non-compliance.”

Remember that failure to report a violation of this Code is itself a violation.

To seek advice or report non-compliance

If you suspect non-compliance, or have a question about the proper course of action in a particular situation, ask your supervisor or manager for advice. If for any reason you feel uncomfortable discussing your concerns or questions with your supervisor or manager, or if you are dissatisfied with his or her response, seek advice from your manager or

the Internal Auditor. If you prefer, you may call our confidential hotline if operational in your region.

For complaints regarding accounting or auditing matters, you may report any such matter anonymously through the internal auditor in your region or by using the confidential hotline if operative in your region or the Internal Auditor.

Disciplinary action

The Company intends to prevent the occurrence of conduct not in compliance with the Code, applicable laws or regulations, or other policies, procedures and guidelines prepared by our Company and its business units and to halt any such conduct that may occur as soon as reasonably possible after its discovery. Allegations of non-compliance with the Code will be investigated whenever necessary and evaluated at the proper level(s). Those found to be in violation of this Code are subject to appropriate disciplinary action, up to and including termination of employment. Criminal misconduct may be referred to the appropriate legal authorities for prosecution.

Any waiver of the Code for executive officers or directors may be made only by Teva's board of directors and, in accordance with applicable law, will be publicly disclosed.

When in doubt . . .

More detailed guidelines on the issues discussed in this Code can be found in Teva's stated policies and procedures, as issued and amended from time-to-time. It is your responsibility to review our complete policies when questions arise or when more detail is needed. Your manager can direct you to the proper source. Or, you can always call the Internal Auditor or our confidential hotline if operative in your region.

Any conduct forbidden by the Code is outside the scope of your employment with Teva. While the Company is responsible for communicating and enforcing its standards, you are responsible for your own conduct in any given situation.

If you think you are being asked to behave or conduct business in an illegal, unethical or otherwise inappropriate manner, or you suspect others of such behavior, immediately report your concerns through the channels described above. You will *not* be penalized for reporting what you believe, in good faith, to be a breach of the Code; even if it later turns out that a violation has not occurred.

Revised as of: February 27, 2006