



Teva Pharmaceutical Industries Ltd

Statement of Corporate Governance Principles

1. Board of Directors

General. The Board of Directors is the ultimate decision-making body of the Company, except with respect to those matters reserved to the shareholders by law, regulations, and the Company's articles of association. The directors select the CEO and oversee and monitor the performance of the senior management team, which is charged with the day-to-day conduct of the Company's business. The fundamental responsibility of the directors is to exercise their business judgment on matters of strategic and critical significance to the Company in furtherance of what they reasonably believe to be in the best interests of the Company, and consequently, its shareholders.

Selection Criteria. Candidates are selected for, among other things, their integrity, experience, leadership and ability to exercise sound judgment. These characteristics are the foundation for other credentials sought in prospective directors, including scientific expertise and experience at policy-making levels involving issues affecting business, government, finance, healthcare, education, technology and other areas relevant to the Company's global business.

Board Tenure. Due to the complexity of the Company's businesses and its extensive global activity, we especially value the increasing insight which a director is able to develop over a period of service on the Board. We believe that a lengthy tenure enables a director to provide additional contributions to the Board and is therefore in the interests of our shareholders.

Meetings. Directors are expected to attend Board meetings and meetings of the Committees on which they serve, to spend the time needed and to meet as frequently as necessary to discharge their responsibilities. Meetings should include presentations by management and, when appropriate, outside advisors or consultants, as well as sufficient time for full and open discussion.

Agenda. A meeting agenda as well as written materials that are important to the understanding of the agenda items to be discussed at a Board or Committee meeting are to be distributed to the directors sufficiently in advance of the meeting to allow them the opportunity to adequately prepare. Directors are expected to review these materials thoroughly in advance of the meeting. At the invitation of the Board, members of senior management may attend Board meetings or portions thereof for the purpose of presenting issues on the Board's agenda and participating in discussions.

Service on Other Public Boards. A Teva director may also serve as a director (or in a comparable position) of another organization. The Corporate Governance and Nominating Committee is responsible for reviewing a director's other board positions

to ensure that such responsibilities do not compromise the director's ability to serve effectively as a Teva director, but there is no fixed limit.

Director Orientation and Continuing Education. The Company has an orientation program and a continuing education process for Board members that includes business briefings, provision of materials, meetings with key management and visits to Company facilities.

Nominations. The Corporate Governance and Nominating Committee is in charge of evaluating the performance of current Board members proposed for re-election, and recommending whether members of the Board should stand for re-election by the Company's shareholders. Shareholders may submit proposed nominations for consideration by the Corporate Governance and Nominating Committee to the Company's Corporate Secretary at its corporate headquarters in accordance with the provisions of Teva's Articles of Association. Any vacancies on the Board may be filled by the Board, based on the recommendation of the Corporate Governance and Nominating Committee.

2. Board Committees

It is the general policy of the Company that all major decisions be considered by the Board as a whole. Currently, the Board has the following standing committees: Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, Finance Committee, Science and Technology Committee and Community Affairs Committee. The Board may, from time to time, eliminate committees or establish or maintain additional committees, as it deems necessary or appropriate.

The members and chairs of committees are appointed annually by the Board. The Audit Committee, Compensation Committee and the Corporate Governance and Nominating Committee shall consist of independent directors only, in accordance with applicable SEC and Nasdaq rules. Each committee of the Board (other than advisory committees) must include at least one statutory independent director, as defined in and in accordance with the Israeli Companies Law; the Audit Committee must include both statutory independent directors.

Each committee shall meet from time to time, as required or as requested by the Chairman of the Board or any member.

The independent members of the Board shall meet in executive session (i.e., without the participation of management or non-independent directors) on a regular basis, while one director serves as Chairman of the executive sessions of the Board.

The Audit, Compensation and Corporate Governance and Nominating Committees each have their own charter, which is available on the Company's website.

3. Independence of Directors; Financial Expertise

A majority of the members of the Board are to be “independent”, as such term is defined by applicable SEC and Nasdaq rules. In addition, for a director to be considered independent, the Board must determine that he or she does not have any direct or indirect material relationship with the Company (other than in his or her capacity as a director). The Board shall include at least two "statutory independent directors, in accordance with the Israeli Companies Law.

At least three of the directors shall qualify as "financial experts", as such term is defined under Israeli law, one of which is a statutory independent director. Furthermore, the Board's Audit Committee includes an “audit committee financial expert”, as defined by applicable SEC regulations.

4. Communication with Directors

It is the policy of the Company that management speaks for the Company. This policy does not preclude directors from meeting with shareholders, but it is suggested that in most circumstances any such meetings be held with management present.

Shareholders, employees and other interested parties can contact any director or committee of the Board by writing to them care of Teva Pharmaceutical Industries Limited, 5 Basel Street, Petach Tikva, Israel, Attn: Corporate Secretary or Internal Auditor. Comments or complaints relating to Teva’s accounting, internal controls or auditing matters will also be referred to members of the Audit Committee as well as other appropriate bodies of the Company. The Board has adopted a global “whistleblower” policy, which provides employees and others with an anonymous means of communicating with the Audit Committee.

5. Executive Compensation

The purpose of the Compensation Committee is to carry out the responsibilities of the Board relating to compensation of the Company’s CEO and other senior executive officers. The Compensation Committee is directly responsible for establishing annual and long-term performance goals and objectives for the Company’s senior executive officers. This responsibility includes:

- (i) evaluating the performance of the CEO, in light of approved performance goals and objectives as well as evaluating, in consultation with the CEO, the performance of other senior executive officers identified by the Committee from time to time;
- (ii) setting the compensation of the CEO and other executive officers, based upon the Committee’s evaluation of the performance of the CEO and, in consultation with the CEO, such other executive officers; and
- (iii) making recommendations to the Board of Directors with respect to new cash-based incentive compensation plans, equity-based compensation plans and other benefit plans.

6. Annual Performance Evaluations

The Board and the Audit, Compensation and Corporate Governance and Nominating Committees conduct an annual self-evaluation. These self-evaluations are intended to facilitate an examination and discussion of its effectiveness in fulfilling its responsibilities.

7. Management Succession

The Compensation Committee is in charge of preparing and regularly reviewing succession plans for the CEO, in consultation with the Chairman of the Board, and, in consultation with the CEO, with regard to other senior executive officers.

8. Code of Business Conduct

The Company requires training on ethical behavior for its employees and has established a program in which each employee undergoes mandatory training regarding the Code of Business Conduct and is required to take an annual test to examine his or her knowledge.

9. Periodic Review of these Principles; Amendments

These Principles shall be reviewed annually by the Corporate Governance and Nominating Committee to ensure that they remain relevant and are being complied with. The Board may amend, modify, repeal or waive any of these Principles at any time, with or without public notice, as it determines necessary or appropriate, in the exercise of its judgment or fiduciary duties.

Approved by the Board of Directors: November 5, 2008.