



AUDIT COMMITTEE CHARTER

1. Status

The Audit Committee is a committee of the Board of Directors (the "Board") of Teva Pharmaceutical Industries Limited (the "Company").

2. Membership

The Audit Committee shall consist of three or more directors all of whom, in the judgment of the Board, shall be independent in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules of the U.S. Securities and Exchange Commission ("SEC") and the New York Stock Exchange ("NYSE"). Each member of the Audit Committee must be financially literate, as determined by the Board. At least one member of the Audit Committee must have accounting or related financial management expertise, as determined by the Board. A member of the Audit Committee shall be, in the judgment of the Board, an "audit committee financial expert" as defined in Item 407(d)(5)(ii) of Regulation S-K, and in accordance with the rules and regulations of the SEC. The audit committee financial expert will be presumed to have accounting or related financial management expertise in accordance with NYSE listing standards. The members of the Audit Committee and the Chairman of the Audit Committee ("Chairman") shall be appointed by the Board on the recommendation of the Company's Corporate Governance and Nominating Committee, in accordance with applicable law, and shall serve for such term or terms as set forth in the Company's Articles of Association. No member of the Audit Committee may serve simultaneously on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee and such determination is disclosed in accordance with the rules of the NYSE.

3. Purpose

The Audit Committee shall represent and assist the Board with the oversight of: (a) the integrity of the Company's financial statements, (b) the qualifications and independence of the Company's independent auditors, (c) the effectiveness of the Company's internal controls, (d) the performance of the Company's internal audit function and the independent auditors, (e) management's antifraud program and controls, including identification of fraud risks and implementation of anti-fraud measures, (f) the identification of defects, to the extent such exist, in the business management of the Company, in consultation with the Company's independent auditors and internal auditor, and proposing to the Board ways of correcting such defects, and

(g) the Company's compliance with legal and regulatory requirements. In accordance with the Israeli Companies Law – 1999 ("Companies Law"), the Audit Committee shall also review any transaction or act requiring its approval, as well as adopt such resolutions as are required under the Companies Law in order to approve any such act or transaction. Except as otherwise required by applicable laws, regulations or listing standards, all major decisions are considered by the Board as a whole.

4. Responsibilities

- 4.1. Select, retain and terminate when appropriate (subject to approval by the Company's shareholders), the service of the independent auditors for the purpose of auditing the Company's annual financial statements, books, records, accounts and internal controls over financial reporting, set the independent auditors' compensation and engagement terms (subject to approval by the Company's shareholders and/or the Board, as required under applicable law), receive appropriate funding from the Company for the payment of such compensation, oversee and evaluate the work of the independent auditors and pre-approve all audit services to be provided by the independent auditors. Subject to applicable law, the independent auditors shall report directly to the Audit Committee.
- 4.2. Select, retain, compensate, oversee and terminate, if necessary, any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and receive appropriate funding from the Company for the payment of such compensation.
- 4.3. Pre-approve all permitted non-audit and tax services to be performed by the independent auditors (subject to the de minimis exception for non-audit services under Section 10A(i)(1)(B) of the Exchange Act) and establish policies and procedures for the engagement of the independent auditors and pre-approval of permitted non-audit and tax services on an ongoing basis.
- 4.4. At least annually, receive and review: (a) a report by the independent auditors describing the independent auditors' internal quality-control procedures and any material issues raised by the most recent internal quality-control review, peer review or Public Company Accounting Oversight Board ("PCAOB") review, of the independent auditing firm, or by any inspection, inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (b) other required reports from the independent auditors.
- 4.5. At least annually, consider the qualifications, performance and independence of the independent auditors, including an evaluation of the lead audit partner; and to assure the regular rotation of the lead audit partner at the Company's independent auditors, and whether the provision by the independent auditors of permitted non-audit and tax services is compatible with independence, and obtain and review a report from the independent auditors describing all relationships between the auditors and the Company and any of its subsidiaries.
- 4.6. Review with management and the independent auditors: (a) the scope, timing, staffing and results of the audit; (b) the auditors' responsibilities under U.S. generally accepted accounting principles ("U.S. GAAP"), (c) the responsibilities of management in the audit process, (d) the overall audit strategy, (e) any major issues regarding accounting

principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles; (f) any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including critical accounting policies, judgments made in connection with the preparation of the financial statements and analyses of the effects of alternative U.S. GAAP; (g) any audit problems or difficulties that the auditors encountered in the course of the audit work; (h) any significant disagreements the auditors had with management; (i) management's response to these problems, difficulties or disagreements, and efforts to resolve any disagreement between the Company's auditors and management; (j) any accounting adjustments that were proposed by the independent auditors but were "passed" (as immaterial or otherwise), (k) any material communications between the audit team and the independent auditors' national office respecting auditing or accounting issues presented by the engagement; and (l) any questions, comments or suggestions the auditor may have relating to the internal controls, and accounting practices and procedures, of the Company or its subsidiaries.

- 4.7. Review and approve the Company's internal audit function and its purpose, authority, organization, responsibilities, resources and staffing, the hiring and dismissal of the internal auditor, the performance of the Company's internal auditor, and at least annually, review and approve the scope of the internal audit program, including then current and future programs of the Company's internal auditor, and review the results of the internal audit program, procedures for implementing accepted recommendations made by the independent auditors, and any significant matters contained in reports from the internal auditor.
- 4.8. Review with the independent auditors, the internal auditor and management: (a) the adequacy and effectiveness of the systems of internal controls (including any significant deficiencies or material weaknesses, any special audit steps adopted in light of any control deficiencies, and significant changes in internal controls reported to the Audit Committee by the independent auditors or management), accounting practices, and disclosure controls and procedures (and management reports thereon or disclosures made by the Company's CEO or CFO during their certification process for the Company's annual and quarterly reports), of the Company and its subsidiaries; (b) any fraud involving management or other employees with a significant role in such internal controls, accounting practices or disclosure controls and procedures; (c) disclosure relating to internal controls and the independent auditors' report on internal controls to be included in the Company's annual and quarterly reports, (d) any material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences; and (e) current accounting trends and developments, and take such action with respect thereto as may be deemed appropriate.
- 4.9. Review with management and the independent auditors the annual and quarterly financial statements (including the related notes) of the Company, including: (a) the independent auditors' audit opinion on the financial statements, (b) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A") to be included in the Company's annual and quarterly reports on Form 10-K and Form 10-Q, respectively, and (c) any material

changes in accounting principles or practices used in preparing the financial statements prior to the filing of a report on Form 10-K or Form 10-Q with the SEC.

- 4.10. Recommend to the Board, based on the review described above, whether the financial statements and the MD&A should be included in the annual and quarterly reports on Form 10-K and Form 10-Q, respectively, and produce the Audit Committee report required to be included in the Company's proxy statement.
- 4.11. Review, from time to time with the Company's management and the Company's independent auditors, earnings press releases, as well as Company policies with respect to earnings press releases and guidance, financial information provided to analysts and rating agencies, and use of pro forma, adjusted or other non-GAAP financial information.
- 4.12. Review and discuss with management and the internal auditors Company policies with respect to risk assessment and risk management and any off-balance sheet arrangements, and review contingent liabilities and risks that may be material to the Company and major legislative and regulatory developments which could materially impact the Company's contingent liabilities and risks and the steps management has taken to monitor and control such exposures.
- 4.13. Identify defects, to the extent such exist, in the business management of the Company, in consultation with the Company's independent auditors and internal auditor, including by reviewing the status of compliance with laws, regulations, and internal procedures, through receiving reports from management, legal counsel and third parties or in any other manner as determined by the Audit Committee, and proposing to the Board ways of correcting such defects.
- 4.14. Review with the Company's general counsel and outside legal counsel any cases against or regulatory investigations of the Company or other legal and regulatory matters that could have a significant impact on the Company's financial statements.
- 4.15. Monitor compliance with, and investigate alleged violations and enforce provisions of, the Company's Code of Conduct.
- 4.16. Review and discuss with the Company's independent auditors any other matters required to be discussed by PCAOB Auditing Standards No. 1301, Communications with Audit Committees.
- 4.17. Establish procedures for the confidential and anonymous receipt, retention and treatment of complaints regarding the Company's accounting, internal controls and auditing matters, as well as for the confidential, anonymous submissions by Company employees of concerns regarding questionable accounting or auditing matters.
- 4.18. Establish policies for the hiring of employees and former employees of the independent auditors.
- 4.19. Obtain the advice and assistance, as appropriate, of independent counsel and other advisors as necessary to fulfill the responsibilities of the Audit Committee, and receive appropriate funding from the Company, as determined by the Audit Committee, for the payment of compensation to any such advisors.
- 4.20. Conduct an annual performance evaluation of the Audit Committee and evaluate the adequacy of its charter, and present the results to the Board.

- 4.21. Subject to applicable law, review, approve and oversee any related person transactions, develop policies and procedures for the Audit Committee's approval of related party transactions, keep the Company's independent auditors informed of the Audit Committee's understanding of the Company's relationships and transactions with related parties that are significant to the company; and review and discuss with the Company's independent auditors the auditors' evaluation of the Company's identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from the audit regarding the Company's relationships and transactions with related parties.
- 4.22. Approve, as required pursuant to the Companies Law and NYSE requirements, and subject to Board and/or shareholder approval to the extent required, any:
- a. proposed transaction in which a senior executive officer or director of the Company (an "Office Holder") has a direct or indirect personal interest and which is outside the ordinary course of the Company's business, which is not in accordance with market conditions or which may materially influence the earnings, assets or liabilities of the Company; and
 - b. material action that may otherwise be deemed to constitute a breach of the duty of loyalty of any Office Holder, provided that such action is done in good faith and does not cause the Company harm;
- subject, in each case, to the condition that the transaction does not harm the Company's welfare, as determined by the Audit Committee.

5. Meetings

The Audit Committee shall meet at least six times each year and at such other times as it deems necessary to fulfill its responsibilities. The Company's internal auditor shall be given notice of Committee meetings and shall be entitled to participate therein. Upon the request of the Company's internal auditor to convene a meeting of the Audit Committee to discuss a particular matter, the Chairman shall convene such meeting within a reasonable time following the date of the request, provided that the Chairman believes that there is a good reason for such a meeting. The Audit Committee shall periodically meet separately with management, the internal auditor and the independent auditors. Notice of Audit Committee meetings in which a matter relating to the audit of the Company's financial statements is to be discussed shall be provided to the independent auditors, who shall be entitled to participate therein. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel attend a meeting of the Audit Committee, or meet with any members of, or consultants to, the Audit Committee. The Audit Committee shall periodically report to the Board with respect to its activities and make recommendations to the Board as appropriate.

6. Limitation of the Audit Committee's Role

While the Audit Committee has the authority, powers, and responsibilities set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits, perform accounting procedures, or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with U.S. GAAP and applicable legal, accounting, and other requirements. These are the responsibilities of the Company's management and independent auditors. To fulfill its responsibilities, the Audit Committee relies on: management for the preparation and accuracy of the Company's financial statements; both management and

the Company's internal audit function for establishing effective internal controls and procedures to ensure the Company's compliance with accounting standards, financial reporting procedures and applicable laws and regulations; and the Company's independent auditors for an unbiased, diligent audit or review, as applicable, of the Company's financial statements and the effectiveness of the Company's internal controls.

7. Charter Amendments

The Audit Committee shall periodically review this Charter and recommend any proposed changes to the Board for approval. Any member of the Audit Committee may submit proposed amendments to this Charter to the Board. The Board shall circulate any proposed amendment to this Charter to members of the Audit Committee promptly upon receipt. By a majority vote, the Board may approve the amendments to this Charter.