

**EZchip Semiconductor Ltd.
EZchip Technologies Ltd.**

Code of Business Conduct and Ethics

Revised: July 30, 2008

TABLE OF CONTENTS

EZCHIP CODE OF BUSINESS CONDUCT AND ETHICS	2
Purpose	2
Policies and Principles.....	2
Standards of Business Conduct and Ethics	2
▶ Accuracy of our Records and Reporting	3
▶ Accounting Controls, Procedures & Records.....	3
▶ Use and Disclosure of Inside Information.....	3
▶ Information to the Public.....	4
▶ Confidential or Proprietary Information.....	4
▶ Protection of Company Assets	4
▶ Intellectual Property	4
▶ Communications.....	4
▶ Respect for Our Employees.....	4
▶ Abusive or Harassing Conduct Prohibited	5
▶ Fair Methods of Competition	5
▶ Conflicts of Interest	5
▶ Legal Compliance.....	6
How to Report Your Concerns	6
Where to Direct Questions	6
Good Faith Concerns Are Protected.....	6
Where to Report Your Concerns	6
Audit Committee Available to Hear About Accounting Matters.....	7
Procedures for Investigating and Resolving Concerns.....	7
Waivers Requested by Our Officers and Directors	8
Supplemental Standards for Chief Executive Officer and Other Senior Financial Officers	8
Integrity and Accuracy of Public Disclosures	8
Accounting Treatment	8

**EZCHIP SEMICONDUCTOR LTD.
EZCHIP TECHNOLOGIES LTD.**

CODE OF BUSINESS CONDUCT AND ETHICS

PURPOSE

This Code of Business Conduct and Ethics of EZchip Semiconductor Ltd. and its consolidated subsidiary, EZchip Technologies Ltd., together referred to below as our “Company,” contains the policies adopted by our Board of Directors that relate to the legal and ethical standards of business conduct and principles guiding the activities of our directors, officers, employees and representatives. We refer to this Code of Business Conduct and Ethics as the “Code.”

The purpose of this Code is to provide a general statement regarding our Company’s expectations as to the legal and ethical nature of business conduct of its directors, officers, employees and representatives while acting on our behalf.

Action by members of your family, significant others or other persons who live in your household (referred to in the Code as “family members”) may potentially also result in ethical issues to the extent that they involve our Company’s business. (For example, acceptance of inappropriate gifts by a family member from one of our suppliers could create a conflict of interest and result in a Code violation attributable to you.) Consequently, in complying with the Code, you should consider not only your own conduct, but also that of your family members, significant others and other persons who live in your household.

Violations of the Code will not be tolerated. Any employee who violates the standards in the Code may be subject to disciplinary action, which, depending on the nature of the violation and the history of the employee, may range from a warning or reprimand to and including termination of employment and, in appropriate cases, civil legal action or referral to a governmental agency.

POLICIES AND PRINCIPLES

Standards of Business Conduct and Ethics

This Code sets forth the policies and principles governing the manner in which business should be conducted by our Company and by all of our directors, officers, employees and agents. These policies and principles were developed and are intended to be applied in good faith with reasonable business judgment to enable our Company to achieve its operating and financial goals within the framework of applicable laws and ethical conduct.

It is the personal responsibility of each director, officer, employee and agent of our Company to adhere to the standards and restrictions, whether imposed by law or this Code, applicable to his or her assigned duties and responsibilities and to conduct himself or herself accordingly. Such standards and restrictions require each director, officer, employee and agent to avoid any activities which would involve us in any practice which is not in compliance with applicable laws or this Code. Any director, officer, employee or

agent who does not adhere to such standards and restrictions is acting outside the scope of his or her employment or agency.

It is our Company's policy to observe and comply with all laws applicable to it or the conduct of its business wherever located. In some situations the applicable laws of one jurisdiction may conflict with the applicable laws of another jurisdiction. In such cases our Company will endeavor to resolve such conflict following the guidance of its legal counsel.

Beyond legal compliance, all of our directors, officers, employees and agents are expected to observe high standards of business and personal ethics in the execution of their assigned duties and responsibilities. This requires the practice of honesty and integrity in every aspect of dealing with other employees, the public, the business community, shareholders, customers, suppliers and governmental and regulatory authorities. You should not be misguided by any sense of loyalty to our Company or a desire for profitability that might cause you to disobey any applicable law or Company policy.

The following policies have been adopted by our Company:

▶ **Accuracy of our Records and Reporting**

All financial and other business information pertaining to our Company must be accurately recorded, all financial records and transactions must adhere to our system of internal controls and accounting requirements, and no one shall enter any false or artificial information in our records or reporting systems. All Company information must be reported honestly and accurately, whether reported by internal personnel, or other records or in information we release to the public or file with government agencies.

▶ **Accounting Controls, Procedures & Records**

We are required by the U.S. Securities and Exchange Commission (SEC) rules to maintain effective "disclosure controls and procedures" so that financial and non-financial information we are required to report in our SEC filings is timely and accurately reported by both our senior management and in the filings we make. All employees are expected, within the scope of their employment duties, to support the effectiveness of our disclosure controls and procedures and to comply with disclosure requirements in accordance with applicable laws. Applicable laws and Company policy require our Company to maintain books and records that accurately and fairly reflect its transactions and the dispositions of its assets. False and misleading entries in our books and records are strictly prohibited.

▶ **Use and Disclosure of Inside Information**

Our Company policy prohibits disclosure of material inside information to anyone other than persons within our Company whose positions require them to know such information. For this purpose, "inside information" is information that has not been made available to the public (for example, information that was not subject of a Company press release or other disclosure document). "Material" information is any information relating to the Company's business and affairs about which there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy or sell our Company's shares. Examples of material inside information

include, but are not limited to, major corporate acquisitions, financial forecasts and possible award of significant contracts.

▶ **Information to the Public**

Our policy is to provide public dissemination of material information about our business only through our employees authorized for this purpose. Employees are not under any circumstance to discuss our Company's financial, business or other information with the press (except for those employees expressly authorized for this purpose) or on any Internet or other "discussion board," "chat room," or similar forum. Requests from the media, analysts or stockholders about our Company must be forwarded to our Chief Executive Officer or Chief Financial Officer for review by our professional staff having responsibility for these matters.

▶ **Confidential or Proprietary Information**

Our policy prohibits employees from disclosing confidential or proprietary information outside our Company, either during or after employment, without Company authorization to do so.

▶ **Protection of Company Assets**

Each employee is personally responsible to use our Company's assets only for our lawful, corporate purposes approved by management. All employees should help our Company protect its assets from misuse, theft, damage or other loss. Improper or unauthorized personal use of Company assets is prohibited.

▶ **Intellectual Property**

Employees should help our Company maintain the value of its intellectual property by using care to keep our trade secrets and other nonpublic information confidential, and limit access to nonpublic information to those authorized to use it in their duties for our Company. If customers or suppliers provide nonpublic information to us in their dealings with us, our employees are expected to protect that information in the same manner as our Company's property.

▶ **Communications**

Employees are expected to use appropriate judgment and discretion in their email, memos, notes, and other formal and informal communications relating to our business. Communications relating to our business must avoid inappropriate or derogatory comments about other individuals or companies, unprofessional language, and unauthorized financial, legal or business statements.

▶ **Respect for Our Employees**

Our Company's employment decisions will be based on reasons related to our business, such as job performance, individual skills and talents, and other business-related factors. Our Company policy requires adherence to all national, state or other local employment laws. Our Company policy prohibits discrimination in any aspect of employment based on race, color, religion, sex, sexual preference, marital status, national origin, disability or age, within the meaning of applicable laws.

▶ **Abusive or Harassing Conduct Prohibited**

Our Company policy prohibits abusive or harassing conduct by our employees toward others, such as unwelcome sexual advances, comments based on ethnic, religious or racial aspects, or other non-business, personal comments or conduct which make others uncomfortable in their employment with us. Our Company's policy is to provide to its employees of both genders with a protective and pleasant work environment free from harassment, sexual or otherwise, and to prevent harmful exploitation of authority and to promote gender equality at work. We encourage employees to report harassment or other inappropriate conduct as soon as it occurs. We are committed to taking prompt and appropriate action as soon as we are aware of or receive any report of harassment or inappropriate conduct of any kind and we will neither take nor permit retaliatory action against any employee who reports alleged harassment. Sexual harassment impinges upon a person's dignity, privacy, equality between the sexes, the work relationship and its environment and contradicts our Company's policy. Employees are required to adhere to our Company's policy in this matter as prescribed by the prevailing laws and regulations.

▶ **Fair Methods of Competition**

Our Company is committed to competition on a lawful and ethical basis. Our employees must not use improper or illegal means of gaining competitive information that is confidential or proprietary information owned by others. Our employees must not use or disclose confidential or proprietary information which they may have from past employment with other employers.

▶ **Conflicts of Interest**

We expect all of our employees to avoid allowing their private interests to interfere, or appear to interfere, with the interests of our Company as a whole. Employees are expected to make or participate in business decisions and actions in the course of their employment with us based on the best interests of our Company as a whole, and not based on personal relationships or benefits.

For example, relationships with prospective or existing suppliers, contractors or customers must not affect your independent and sound judgment on behalf of the Company. Employees may not accept kickbacks, lavish gifts or gratuities from suppliers. While employees can accept from suppliers items of nominal value (such as small promotional items bearing another company's name), they may not accept anything that might compromise his or her judgment on behalf of the Company. In rare situations, it would be impractical or harmful to refuse or return a gift. If this happens, employees should discuss the situation with any member of our management.

Our employees are expected to apply sound judgment to avoid conflicts of interest that could negatively affect our Company or its business, whether or not we have specific rules for that particular situation. Employees are expected to disclose to us any situations that may involve inappropriate or improper conflicts of interests affecting them personally or affecting other employees or those with whom we do business, as described under "How to Report Your Concerns."

▶ **Legal Compliance**

We expect our employees to be committed to pro-active compliance with all applicable laws and regulations affecting our Company and its business.

General Standard of Compliance. Our employees must comply with all applicable laws and regulations and national and local governmental authority rules and procedures in every location in which we conduct our business. Competitive factors, personal goals, and pressure from supervisors, customers or others shall never be an acceptable excuse for violating applicable laws.

Prohibited Corrupt Practices. Our Company must comply with anti-corruption laws, including the Foreign Corrupt Practices Act (“FCPA”), that apply wherever we do business. Our employees and agents must not directly or indirectly offer or make a corrupt payment to any domestic or foreign government officials, any foreign political party, candidate or official, or employees of enterprises owned or controlled by a government agency. Our employees must not engage in any form of fraud, including, but not limited to, bribery, embezzlement, theft, hiding or misuse of Company assets, or falsification of records.

Intellectual Property Laws. Our Company is committed to protect rights to intellectual property. Our Company is further committed to preventing unlicensed copying of software and to honor and protect copyrights. We expect our employees to conduct our business and use our business systems and facilities in ways which avoid any violations of copyright, trademark, service mark, patent, trade secret or other intellectual property rights held by third parties.

HOW TO REPORT YOUR CONCERNS

Where to Direct Questions

If you have questions about this Code or concerns about any of the matters listed here, please first consider speaking with your immediate supervisor if that person was not involved in the matter giving rise to your questions. If you do not wish to communicate with that person on the matter, please feel free to contact any member of our management.

Good Faith Concerns Are Protected

We encourage each of our employees to report any concerns that others in our Company may have engaged in illegal or unethical conduct relating to our business. We do not discriminate against employees who report their good faith concerns to us. In addition, our Company may not discharge or otherwise discriminate in any manner against, or threaten or harass, an employee for any lawful act by the employee to provide information or assist in an investigation by us or any other governmental authority or agency, of violations of applicable securities laws or any applicable law relating to fraud against shareholders.

Where to Report Your Concerns

If you wish to report or discuss any problem concerning our Company or the matters outlined above, please promptly inform your supervisor, or report the matter to our Chief Financial Officer or Human Resources Manager.

If you wish to communicate any matter confidentially or anonymously, you are free to do so, and we will maintain the confidentiality of your communication to the extent possible under applicable laws. Communications intended to be confidential or anonymous should be in writing, without indicating your name or address, mailed to the Company, Attention: Chairman of the Audit Committee at 1 Hatamar Street, PO Box 527, Yokneam 20692 Israel. These reports will be received by the Audit Committee and handled in accordance with the “Procedures for Investigating and Resolving Concerns” outlined below.

Audit Committee Available to Hear About Accounting Matters

In addition to the above, if your concerns are about accounting, internal accounting controls, or auditing matters relating to our Company, you are also free to contact the Audit Committee of our Board of Directors (the “Board”) directly. Inquiries or communications intended to be anonymous should be in writing, without indicating your name or address, mailed to the Company, Attention: Chairman of the Audit Committee, at 1 Hatamar Street, PO Box 527, Yokneam 20692 Israel.

Procedures for Investigating and Resolving Concerns

The Chief Financial Officer will make a report to the Chairman of the Audit Committee, at each Board meeting or once per calendar quarter if no Board meeting is held during the quarter, of all reports of possible violations received, the status of the initial investigation, the Chief Financial Officer’s recommendation for further investigation and/or action, and the basis for the Compliance Officer’s recommendation.

Reports of possible violations of this Code will be initially investigated by the Chief Financial Officer. The Chief Financial Officer may, in his discretion, include other employees and/or management (not including those named in the report of possible violation) to assist in the investigation. Upon completion of the initial investigation, the Chief Financial Officer will make a recommendation whether further investigation and/or action is required and will immediately forward the recommendation and the results of the initial investigation to the Chairman of the Audit Committee.

The Audit Committee may, in its discretion, assume responsibility for evaluating any possible violation (even those deemed to require no further investigation and/or action by the Chief Financial Officer) and directing or conducting any investigation or may delegate any portion of such responsibility to the Company’s Board of Directors, another committee, the Chief Financial Officer, or another person or entity. If the Audit Committee chooses to assume responsibility for evaluating any possible violation or directing or conducting any investigation where the investigation concerns a possible violation by a member of the Board, the Chief Executive Officer or Chief Financial Officer, the Audit Committee shall not delegate such investigation to the Board or any other committee but shall itself (excluding any member subject of the investigation), assume such responsibility. The Audit Committee shall have the authority to engage independent counsel and other advisers, as it deems necessary, to assist in its investigation and decision process. After conducting the investigation, the results will be evaluated and the Company shall authorize such swift response, follow-up and preventative actions, if any, as are deemed necessary and appropriate to address the substance of the reported possible violation. The Company

reserves the right to take whatever action it believes appropriate, up to and including discharge of any employee determined to have engaged in improper conduct.

WAIVERS REQUESTED BY OUR OFFICERS AND DIRECTORS

This Code applies to our officers as well as to our employees generally. Our directors are also expected to abide by the principles of this Code, within the scope of their duties as directors, as if they were employees of our Company. Any waiver of a specific provision of this code of conduct for any individual officer or director of our Company must be approved, if at all, in advance by a majority of the independent directors serving on our Board of Directors. Any such waivers granted which are required to be disclosed by applicable law will be publicly disclosed by appropriate means.

SUPPLEMENTAL STANDARDS FOR CHIEF EXECUTIVE OFFICER AND OTHER SENIOR FINANCIAL OFFICERS

Our Board of Directors has established certain supplemental ethical standards for our Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer (the "Financial Officer"). The Financial Officer must comply with these standards in addition to all of the other standards contained in this Code.

Integrity and Accuracy of Public Disclosures

The Financial Officer shall take all reasonable steps to provide full, fair, accurate, timely and understandable disclosures in the reports and documents that the Company files with or submits to the Securities and Exchange Commission and in other public communications made by the Company. In the event that the Financial Officer learns that any such report, document or communication does not meet this standard and the deviation is material, then such officer shall review and investigate such deviation, advise the Board of Directors or the appropriate committee of the Board of Directors regarding the deviation and, where necessary, revise the relevant report, document or communication.

Accounting Treatment

Although a particular accounting treatment for one our operations may be permitted under applicable accounting standards, the Financial Officer shall not authorize or permit the use of such an accounting treatment if the effect is to distort or conceal our true financial condition. The accounting standards and treatments utilized by us shall, in all instances, be determined on an objective and uniform basis and without reference to a single transaction or series of transactions and their impact on our financial results for a particular time period. Any new or novel accounting treatment or standard that is to be utilized in the preparation of our financial statements shall be first discussed with the Audit Committee of the Board of Directors, and our independent auditors.