

## TANOX, INC.

### CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS

The Board of Directors (the “Board”) of Tanox, Inc (the “Company”) has adopted the following Code of Business Conduct and Ethics (the “Code”) for directors of the Company. This Code is intended to: focus the Board and each director on areas of ethical risk; provide guidance to directors to help them recognize and deal with ethical issues; provide mechanisms to report unethical conduct; and help foster a culture of honesty and accountability.

Each director must comply with the letter and spirit of this Code.

No code or policy can anticipate every situation that may arise or replace the thoughtful behavior of an ethical director. Directors are encouraged to bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of the Chairman of the Audit Committee.

Directors who also serve as officers of the Company should read this Code in conjunction with our Code of Business Conduct.

#### 1. CONFLICT OF INTEREST

Directors must avoid any conflicts of interest between the director and the Company. Any situation that involves, or may reasonably be expected to involve, a conflict of interest with the Company should be disclosed promptly to the Chairman of the Governance and Nominating Committee. A “conflict of interest” can occur when:

- A director's personal interest is adverse to, or may appear to be adverse to, the interests of the Company as a whole.
- A director, or a director’s family member, receives improper personal benefits as a result of his or her position as a director of the Company.

While this Code does not attempt to describe all possible conflicts of interest that could arise, some of the more common conflicts which directors should avoid include:

a. Relationship of Company with third parties

Neither a director, nor his or her family member<sup>(1)</sup>, may receive a personal benefit from a person or firm that is seeking to do business or to retain business with Tanox. A director shall recuse him or herself from any Board decision involving another firm or company with which the director is affiliated.

b. Compensation from non-Company sources

Directors may not accept compensation (in any form) for services performed for the Company from any source other than the Company.

c. Gifts

Directors may not, nor may a director's family member, offer, give or receive gifts from persons or entities who deal with Tanox in those cases where the gift is being made to influence the directors' actions as members of the Board, or where acceptance of the gifts could create the appearance of a conflict of interest.

d. Personal use of Company assets

Directors may not use Company assets, labor or information for personal use unless approved by the Chairman of the Corporate Governance Committee, or as part of a compensation or expense reimbursement program available to all directors.

## **2. CORPORATE OPPORTUNITIES**

Directors are prohibited from:

- Taking for themselves or their companies opportunities that are discovered through the use of Company property, Company information or their position as directors;
- Using the Company's property or information for personal gain; or
- Competing with the Company for business opportunities. However, if the Company's disinterested directors determine that the Company will not pursue an opportunity that relates to the Company's business, a director may then do so.

## **3. CONFIDENTIALITY**

Directors must maintain the confidentiality of information entrusted to them by the Company and any other confidential information about the Company that comes to them, from whatever source, in their capacity as a director, except when disclosure is authorized or legally mandated. For purposes of this Code, "confidential information" includes all non-public information relating to the Company.

## **4. COMPLIANCE WITH LAWS, RULES AND REGULATIONS; FAIR DEALING**

- Directors must comply, and oversee compliance by employees, officers and other directors, with laws, rules and regulations applicable to the Company, including insider trading laws.
- Directors must deal fairly, and must oversee fair dealing by employees and officers, with the Company's customers, suppliers, competitors and employees.

## **5. ENCOURAGING THE REPORTING OF ANY ILLEGAL OR UNETHICAL BEHAVIOR**

Directors should promote ethical behavior and take steps to ensure the Company:

- Encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation.
- Encourages employees to report violations of laws, rules, regulations or the Company's Code of Business Conduct to appropriate personnel;

- Informs employees that the Company will not allow retaliation for reports made in good faith.

## **6. COMPLIANCE STANDARDS**

Directors should communicate any suspected violations of this Code promptly to the Chairman of the Audit Committee. Violations will be investigated by the board or by persons designated by the board, and appropriate action will be taken in the event of any violations of the Code.

## **7. WAIVER OF CODE OF BUSINESS CONDUCT AND ETHICS**

Any waiver of this Code may be made *only* by the Board of Directors and must be promptly disclosed to the Company's shareholders.

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<sup>(1)</sup> Nasdaq Stock Market Rule 4200(a)(14) defines "family member" to include a person's spouse, parents, children, siblings, whether by blood, marriage or adoption, or anyone residing in such person's home.