

Consolidated Statements of Income

(Unaudited, U.S. dollars in millions, except share and per share data)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Net revenues	5,610	5,563	16,926	15,411
Cost of sales	2,967	2,762	8,643	6,942
Gross profit	2,643	2,801	8,283	8,469
Research and development expenses	545	663	1,488	1,427
Selling and marketing expenses	860	940	2,791	2,731
General and administrative expenses	330	310	838	925
Impairments, restructuring and others	550	(410)	1,209	421
Legal settlements and loss contingencies	(20)	533	324	674
Goodwill impairment charge	-	-	6,100	-
Operating (loss) income	378	765	(4,467)	2,291
Financial expenses – net	259	150	704	553
Income (loss) before income taxes	119	615	(5,171)	1,738
Income taxes (benefit)	(494)	207	(462)	464
Share in (profits) losses of associated companies, net	3	(2)	10	(11)
Net income (loss)	610	410	(4,719)	1,285
Net Income (loss) attributable to non-controlling interests	15	(2)	11	(17)
Net income (loss) attributable to Teva	595	412	(4,730)	1,302
Dividends on preferred shares	65	64	195	196
Net income (loss) attributable to Teva's ordinary shareholders	530	348	(4,925)	1,106

Earnings (loss) per share attributable to ordinary shareholders:	Basic (\$)	0.52	0.35	(4.85)	1.18
	Diluted (\$)	0.52	0.35	(4.85)	1.17
Weighted average number of shares (in millions):	Basic	1,017	979	1,016	935
	Diluted	1,017	984	1,016	942

Non-GAAP net income attributable to ordinary shareholders:*		1,012	1,300	3,126	3,568
Non-GAAP net income attributable to ordinary shareholders for diluted earnings per share:**		1,012	1,364	3,126	3,764
Non-GAAP earnings per share attributable to ordinary shareholders:*	Basic (\$)	1.00	1.33	3.08	3.81
	Diluted (\$)**	1.00	1.31	3.07	3.76
Non-GAAP average number of shares (in millions):	Basic	1,017	979	1,016	935
	Diluted	1,017	1,044	1,017	1,001

* See reconciliation attached.

**Dividends on the mandatory convertible preferred shares of \$196 and \$64 million for the nine months and the three months ended September 30, 2016, respectively, are added back to non-GAAP net income attributable to ordinary shareholders, since such preferred shares had a dilutive effect on non-GAAP earnings per share. □

Condensed Consolidated Balance Sheets

(U.S. dollars in millions)

(Unaudited)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	680	988
Trade receivables	7,424	7,523
Inventories	5,060	4,954
Prepaid expenses	1,203	1,629
Other current assets	581	1,293
Assets held for sale	1,278	841
Total current assets	16,226	17,228
Deferred income taxes	536	625
Other non-current assets	1,049	1,235
Property, plant and equipment, net	8,001	8,073
Identifiable intangible assets, net	20,878	21,487
Goodwill	39,392	44,409
Total assets	86,082	93,057
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	2,731	3,276
Sales reserves and allowances	7,662	7,839
Trade payables	2,370	2,157
Employee-related obligations	718	859
Accrued expenses	2,577	3,405
Other current liabilities	847	836
Liabilities held for sale	38	116
Total current liabilities	16,943	18,488
Long-term liabilities:		
Deferred income taxes	4,914	5,413
Other taxes and long-term liabilities	1,959	1,639
Senior notes and loans	31,971	32,524
Total long-term liabilities	38,844	39,576
Equity:		
Teva shareholders' equity	28,671	33,337
Non-controlling interests	1,624	1,656
Total equity	30,295	34,993
Total liabilities and equity	86,082	93,057

Condensed Consolidated Cash Flow

(Unaudited, U.S. Dollars in millions)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Operating activities:				
Net income (loss)	610	410	(4,719)	1,285
Net change in operating assets and liabilities	(44)	1,047	(755)	1,100
Items not involving cash flow	551	4	7,802	1,415
Net cash provided by operating activities	<u>1,117</u>	<u>1,461</u>	<u>2,328</u>	<u>3,800</u>
Net cash provided by (used in) investing activities	(218)	(32,301)	572	(34,943)
Net cash provided by (used in) financing activities	(825)	25,372	(3,244)	25,918
Translation adjustment on cash and cash equivalents	7	41	36	(164)
Net change in cash and cash equivalents	<u>81</u>	<u>(5,427)</u>	<u>(308)</u>	<u>(5,389)</u>
Balance of cash and cash equivalents at beginning of period	599	6,984	988	6,946
Balance of cash and cash equivalents at end of period	<u><u>680</u></u>	<u><u>1,557</u></u>	<u><u>680</u></u>	<u><u>1,557</u></u>

Non GAAP reconciliation items

(Unaudited, U.S. Dollars in millions)

	Three Months Ended <input type="checkbox"/> September 30,		Nine Months Ended <input type="checkbox"/> September 30,	
	2017	2016	2017	2016
	(U.S. \$ in millions)			
Gain on sales of business and long-lived assets.....	-	(693)	-	(693)
Amortization of purchased intangible assets.....	357	429	1,088	811
Restructuring expenses.....	72	115	300	154
Inventory step-up.....	-	152	67	243
Equity compensation expenses.....	32	31	103	83
Costs related to regulatory actions taken in facilities.....	(1)	46	48	123
Acquisition, integration and related expenses.....	31	85	87	184
Other R&D expenses.....	150	252	176	262
Contingent consideration.....	18	34	179	85
Legal settlements and loss contingencies.....	(20)	533	324	674
Goodwill impairment charge.....		-	6,100	-
Impairment of long-lived assets.....	408	29	564	614
Other non-GAAP items.....	45	16	121	75
Financial expense (income).....	30	(1)	5	344
Minority interest.....	(11)	(22)	(44)	(65)
Tax benefit.....	(629)	(54)	(1,067)	(432)

Three Months Ended September 30, 2017

Three Months Ended September 30, 2016

U.S. dollars and shares in millions (except per share amounts)

	Three Months Ended September 30, 2017				Three Months Ended September 30, 2016					
	GAAP	Non-GAAP Adjustments	Dividends on Preferred Shares	Non-GAAP	% of Net Revenues	GAAP	Non-GAAP Adjustments	Dividends on Preferred Shares	Non-GAAP	% of Net Revenues
Gross profit (1).....	2,643	331		2,974	53%	2,801	592		3,393	61%
Operating income (loss) (1)(2).....	378	1,092		1,470	26%	765	1,029		1,794	32%
Net income attributable to ordinary shareholders (1)(2)(3)(4).....	530	482		1,012	18%	348	952	64	1,364	25%
Earnings per share attributable to ordinary shareholders - diluted (5).....	0.52	0.48		1.00		0.35	0.96		1.31	

(1) Amortization of purchased intangible assets.....		310					387			
Inventory step-up.....		-					152			
Costs related to regulatory actions taken in facilities.....		(1)					46			
Equity compensation expenses.....		6					4			
Other COGS related adjustments.....		16					3			
Gross profit adjustments.....		331					592			
(2) Restructuring expenses.....		72					115			
Amortization of purchased intangible assets.....		47					42			
Equity compensation expenses.....		26					27			
Acquisition, Integration and related expenses.....		31					85			
Other R&D expenses.....		150					252			
Contingent consideration.....		18					34			
Legal settlements and loss contingencies.....		(20)					533			
Impairment of long-lived assets.....		408					29			
Gain on sales of business and long-lived assets.....		-					(693)			
Other operating related adjustments.....		29					13			
Operating income adjustments.....		761					437			
(3) Financial expense (income).....		30					(1)			
Tax effect.....		(629)					(54)			
Minority interest.....		(11)					(22)			
Net income adjustments.....		482					952			

(4) For the three months ended September 30, 2017, no account was taken of the potential dilution of the accrued dividend to preferred shares amounting to \$65 million, since it had an anti-dilutive effect on loss per share. Dividends on the mandatory convertible preferred shares of \$64 million for the three months ended September 30, 2016, are added back to non-GAAP net income attributable to ordinary shareholders, since such preferred shares had a dilutive effect on non-GAAP earnings per share. □

(5) The non-GAAP weighted average number of shares was 1,017 and 979 million for the three months ended September 30, 2017 and 2016, respectively. For the three months ended September 30, 2017, the mandatory convertible preferred shares amounting to 59.4 million weighted average shares had an anti-dilutive effect on earnings per share and were therefore excluded from the outstanding shares calculation. Non-GAAP earnings per share can be reconciled with GAAP earnings per share by dividing each of the amounts included in footnotes 1-4 above by the applicable weighted average share number.

Nine Months Ended September 30, 2017

Nine Months Ended September 30, 2016

U.S. dollars and shares in millions (except per share amounts)

	GAAP	Non-GAAP Adjustments	Dividends on Preferred Shares	Non-GAAP	% of Net Revenues	GAAP	Non-GAAP Adjustments	Dividends on Preferred Shares	Non-GAAP	% of Net Revenues
Gross profit (1).....	8,283	1,114		9,397	56%	8,469	1,090		9,559	62%
Operating income (loss) (1)(2).....	(4,467)	9,155		4,688	28%	2,291	2,612		4,903	32%
Net income (loss) attributable to ordinary shareholders (1)(2)(3)(4).....	(4,925)	8,051		3,126	18%	1,106	2,462	196	3,764	24%
Earnings (loss) per share attributable to ordinary shareholders - diluted (5)	(4.85)	7.92		3.07		1.17	2.59		3.76	
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(1) Amortization of purchased intangible assets.....		944					711			
Inventory step-up.....		67					243			
Costs related to regulatory actions taken in facilities.....		48					123			
Equity compensation expenses.....		18					10			
Other COGS related adjustments.....		37					3			
Gross profit adjustments.....		1,114					1,090			
(2) Legal settlements and loss contingencies.....		324					674			
Contingent consideration.....		179					85			
Acquisition and related expenses.....		87					184			
Other R&D expenses.....		176					262			
Equity compensation expenses.....		85					73			
Restructuring expenses.....		300					154			
Goodwill impairment charge.....		6,100					-			
Impairment of long-lived assets.....		564					614			
Amortization of purchased intangible assets.....		144					100			
Gain on sales of business and long-lived assets.....		-					(693)			
Other operating related expenses (income).....		82					69			
Operating income adjustments.....		8,041					1,522			
(3) Financial expense.....		5					344			
Tax effect.....		(1,067)					(432)			
Impairment of equity investment—net.....		2					3			
Minority interest.....		(44)					(65)			
Net income adjustments.....		8,051					2,462			

(4) For the nine months ended September 30, 2017, no account was taken of the potential dilution of the accrued dividend to preferred shares amounting to \$195 million, since it had an anti-dilutive effect on loss per share. Dividends on the mandatory convertible preferred shares of \$196 million for the nine months ended September 30, 2016 are added back to non-GAAP net income attributable to ordinary shareholders, since such preferred shares had a dilutive effect on non-GAAP earnings per share. □

(5) The non-GAAP weighted average number of shares was 1,016 and 935 million for the nine months ended September 30, 2017 and 2016, respectively. For the nine months ended September 30, 2017, the mandatory convertible preferred shares amounting to 59.4 million weighted average shares had an anti-dilutive effect on earnings per share and were therefore excluded from the outstanding shares calculation. Non-GAAP earnings per share can be reconciled with GAAP earnings per share by dividing each of the amounts included in footnotes 1-4 above by the applicable weighted average share number.

Segment Information

		<u>Generics</u>				
		<u>Three months ended September 30,</u>		<u>Percentage Change</u>		
		<u>2017</u>	<u>2016</u>			
		<u>(U.S. \$ in millions / % of Segment Revenues)</u>				
Revenues	\$	3,007	100.0%	\$ 3,259	100.0%	(8%)
Gross Profit		1,158	38.5%	1,590	48.8%	(27%)
R&D Expenses		162	5.4%	185	5.7%	(12%)
S&M Expenses		377	12.5%	423	13.0%	(11%)
Segment Profit*	\$	<u>619</u>	<u>20.6%</u>	<u>\$ 982</u>	<u>30.1%</u>	<u>(37%)</u>

		<u>Specialty</u>				
		<u>Three months ended September 30,</u>		<u>Percentage Change</u>		
		<u>2017</u>	<u>2016</u>			
		<u>(U.S. \$ in millions / % of Segment Revenues)</u>				
Revenues	\$	2,034	100.0%	\$ 2,048	100.0%	(1%)
Gross Profit		1,757	86.4%	1,783	87.1%	(1%)
R&D Expenses		217	10.7%	228	11.1%	(5%)
S&M Expenses		388	19.1%	458	22.4%	(15%)
Segment Profit*	\$	<u>1,152</u>	<u>56.6%</u>	<u>\$ 1,097</u>	<u>53.6%</u>	<u>5%</u>

* Segment profit consists of gross profit for the segment, less R&D and S&M expenses related to the segment. Segment profit does not include G&A expenses, amortization and certain other items. Beginning in the fourth quarter of 2016, our OTC business is included in our generics medicines segment. The data presented have been conformed to reflect these changes for all relevant periods.

Segment Information

Generics

	Nine months ended September 30,				Percentage Change
	2017		2016		2017 - 2016
(U.S. \$ in millions / % of Segment Revenues)					
Revenues	\$ 9,143	100.0%	\$ 8,274	100.0%	11%
Gross Profit	3,844	42.0%	3,861	46.7%	0%
R&D Expenses	553	6.1%	448	5.4%	23%
S&M Expenses	1,202	13.1%	1,178	14.3%	2%
Segment Profit*	\$ 2,089	22.8%	\$ 2,235	27.0%	(7%)

Specialty

	Nine months ended September 30,				Percentage Change
	2017		2016		2017 - 2016
(U.S. \$ in millions / % of Segment Revenues)					
Revenues	\$ 6,119	100.0%	\$ 6,471	100.0%	(5%)
Gross Profit	5,362	87.6%	5,632	87.0%	(5%)
R&D Expenses	722	11.8%	702	10.8%	3%
S&M Expenses	1,288	21.0%	1,393	21.5%	(8%)
Segment Profit*	\$ 3,352	54.8%	\$ 3,537	54.7%	(5%)

* Segment profit consists of gross profit for the segment, less R&D and S&M expenses related to the segment. Segment profit does not include G&A expenses, amortization and certain other items. Beginning in the fourth quarter of 2016, our OTC business is included in our generics medicines segment. The data presented have been conformed to reflect these changes for all relevant periods.

Additional information

Multiple Sclerosis

	Three months ended September 30,				Percentage Change
	2017		2016		2017 - 2016
	(U.S. \$ in millions / % of Segment Revenues)				
Revenues	\$ 987	100.0%	\$ 1,061	100.0%	(7%)
Gross profit	906	91.8%	982	92.6%	(8%)
R&D expenses	16	1.6%	20	1.9%	(20%)
S&M expenses	64	6.5%	76	7.2%	(16%)
Segment profitability	\$ 826	83.7%	\$ 886	83.5%	(7%)

Other Specialty

	Three months ended September 30,				Percentage Change
	2017		2016		2017 - 2016
	(U.S. \$ in millions / % of Segment Revenues)				
Revenues	\$ 1,047	100.0%	\$ 987	100.0%	6%
Gross profit	851	81.3%	801	81.2%	6%
R&D expenses	201	19.2%	208	21.1%	(3%)
S&M expenses	324	31.0%	382	38.7%	(15%)
Segment profitability	\$ 326	31.1%	\$ 211	21.4%	55%

Additional information

		Multiple Sclerosis				
		Nine months ended September 30,				Percentage Change
		2017	2016		2017 - 2016	
		(U.S. \$ in millions / % of MS Revenues)				
Revenues	\$	2,980	100.0%	\$ 3,208	100.0%	(7%)
Gross profit		2,731	91.6%	2,930	91.3%	(7%)
R&D expenses		58	1.9%	65	2.0%	(11%)
S&M expenses		280	9.4%	246	7.7%	14%
MS profit	\$	2,393	80.3%	\$ 2,619	81.6%	(9%)

		Other Specialty				
		Nine months ended September 30,				Percentage Change
		2017	2016		2017 - 2016	
		(U.S. \$ in millions / % of Other Specialty Revenues)				
Revenues	\$	3,139	100.0%	\$ 3,263	100.0%	(4%)
Gross profit		2,631	83.8%	2,702	82.8%	(3%)
R&D expenses		664	21.2%	637	19.5%	4%
S&M expenses		1,008	32.0%	1,147	35.2%	(12%)
Other Specialty profit	\$	959	30.6%	\$ 918	28.1%	4%

**Reconciliation of our segment profit
to consolidated income before income taxes**

	Three months ended	
	September 30,	
	2017	2016
	(U.S. \$ in millions)	
Generic medicines profit.....	\$ 619	\$ 982
Specialty medicines profit.....	1,152	1,097
Total segment profit.....	1,771	2,079
Profit of other activities.....	17	19
	1,788	2,098
Amounts not allocated to segments:		
Amortization.....	357	429
General and administrative expenses.....	330	310
Impairments, restructuring and others.....	550	(410)
Inventory step-up.....	-	152
Other R&D expenses.....	150	252
Costs related to regulatory actions taken in facilities.....	(1)	46
Legal settlements and loss contingencies.....	(20)	533
Other unallocated amounts	44	21
Consolidated operating income	378	765
Financial expenses - net.....	259	150
Consolidated income before income taxes.....	\$ 119	\$ 615

**Reconciliation of our segment profit
to Teva's consolidated income before income taxes**

	Nine months ended	
	September 30,	
	2017	2016
	(U.S. \$ in millions)	
Generic medicines profit.....	\$ 2,089	\$ 2,235
Specialty medicines profit.....	3,352	3,537
Total segment profit.....	5,441	5,772
Profit of other activities.....	61	28
	5,502	5,800
Amounts not allocated to segments:		
Amortization.....	1,088	811
General and administrative expenses.....	838	925
Goodwill impairment charge.....	6,100	-
Impairments, restructuring and others.....	1,209	421
Inventory step-up.....	67	243
Other R&D expenses.....	176	262
Costs related to regulatory actions taken in facilities.....	48	123
Legal settlements and loss contingencies.....	324	674
Other unallocated amounts.....	119	50
	(4,467)	2,291
Consolidated operating income (loss).....		
Financial expenses - net.....	704	553
Consolidated income (loss) before income taxes.....	\$ (5,171)	\$ 1,738

Revenues by Activity and Geographical Area
(Unaudited)

	Three Months Ended □ September 30,		Percentage Change 2017 - 2016	Percentage Change 2017 - 2016 in local currencies
	2017	2016		
	(U.S. \$ in millions)			
Generic Medicines				
United States.....	\$ 1,179	\$ 1,293	(9%)	(9%)
Europe.....	985	933	6%	1%
Rest of the World...	843	1,033	(18%)	5%
Total Generic Medicines.....	3,007	3,259	(8%)	(2%)
Specialty Medicines				
United States.....	1,493	1,558	(4%)	(4%)
Europe.....	447	406	10%	5%
Rest of the World...	94	84	12%	12%
Total Specialty Medicines.....	2,034	2,048	(1%)	(2%)
Other Revenues				
United States.....	317	12	n/a	n/a
Europe.....	80	71	13%	6%
Rest of the World...	172	173	(1%)	(6%)
Total Other Revenues.....	569	256	122%	117%
Total Revenues.....	\$ 5,610	\$ 5,563	1%	4%

*In light of the political and economic conditions in Venezuela, we exclude the quarterly changes in revenues and operating profit in Venezuela from any discussion of local currency results.

Revenues by Activity and Geographical Area

(Unaudited)

	Nine Months Ended September 30,		Percentage Change	Percentage Change
	2017	2016	2017 - 2016	2017 - 2016 in local currencies
	(U.S. \$ in millions)			
Generic Medicines				
United States.....	\$ 3,850	\$ 3,161	22%	22%
Europe.....	2,930	2,494	17%	19%
Rest of the World.....	2,363	2,619	(10%)	14%
Total Generic Medicines.....	<u>9,143</u>	<u>8,274</u>	<u>11%</u>	<u>18%</u>
Specialty Medicines				
United States.....	4,521	5,007	(10%)	(10%)
Europe.....	1,304	1,214	7%	9%
Rest of the World.....	294	250	18%	18%
Total Specialty.....	<u>6,119</u>	<u>6,471</u>	<u>(5%)</u>	<u>-5%</u>
Other Revenues				
United States.....	941	19	n/a	n/a
Europe.....	237	176	35%	35%
Rest of the World.....	486	471	3%	(2%)
Total Other Revenues.....	<u>1,664</u>	<u>666</u>	<u>150%</u>	<u>146%</u>
Total Revenues.....	<u>\$ 16,926</u>	<u>\$ 15,411</u>	<u>10%</u>	<u>14%</u>

*In light of the political and economic conditions in Venezuela, we exclude the quarterly changes in revenues and operating profit in Venezuela from any discussion of local currency results.

Revenues by Product line
(Unaudited)

	Three Months Ended □ September 30,		Percentage Change 2017 - 2016
	2017	2016	
(U.S. \$ in millions)			
Generic Medicines	\$ 3,007	\$ 3,259	(8%)
<i>OTC</i>	306	391	(22%)
<i>API</i>	171	191	(10%)
Specialty Medicines	2,034	2,048	(1%)
<i>CNS</i>	1,146	1,302	(12%)
Copaxone®	987	1,061	(7%)
Azilect®	36	101	(64%)
Nuvigil®	21	21	0%
<i>Respiratory</i>	351	270	30%
ProAir®.....	155	118	31%
QVAR®	95	96	(1%)
<i>Oncology</i>	302	269	12%
Treanda® and Bendeka®.....	181	149	21%
<i>Women's Health</i>	119	109	9%
<i>Other Specialty</i>	116	98	18%
All Others	569	256	122%
Total	\$ 5,610	\$ 5,563	1%

Revenues by Product line

(Unaudited)

	Nine Months Ended September 30,		Percentage Change 2017 - 2016
	2017	2016	
	(U.S. \$ in millions)		
Generic Medicines.....	\$ 9,143	\$ 8,274	11%
<i>OTC.....</i>	853	949	(10%)
<i>API.....</i>	572	595	(4%)
Specialty Medicines.....	6,119	6,471	(5%)
<i>CNS.....</i>	3,442	4,040	(15%)
Copaxone®	2,980	3,208	(7%)
Azilect®	130	322	(60%)
Nuvigil®	52	175	(70%)
<i>Respiratory.....</i>	977	949	3%
ProAir®.....	399	426	(6%)
QVAR®	300	346	(13%)
<i>Oncology</i>	852	871	(2%)
Treanda® and Bendeka®.....	501	511	(2%)
<i>Women's Health.....</i>	358	336	7%
<i>Other Specialty*.....</i>	490	275	78%
All Others.....	1,664	666	150%
Total.....	\$ 16,926	\$ 15,411	10%

* Includes aggregate payments of \$150 million related to the Ninlaro® transaction in the first half of 2017. □