TEVA REPORTS FIRST QUARTER 2015 RESULTS

- Revenues of $5.0 billion, in line with the first quarter of 2014.
- Organic revenue growth of 8% excluding the impact of foreign exchange fluctuations and the divestment of the U.S. OTC plants.
- Non-GAAP operating income of $1.5 billion, an increase of 11% compared to the first quarter of 2014. GAAP operating income of $749 million, down 23%.
- Non-GAAP net income of $1.2 billion, up 11%. GAAP net income of $446 million, a decrease of 40%.
- Non-GAAP diluted EPS of $1.36, an increase of 11%. GAAP diluted EPS of $0.52, a decrease of 40%.
- Strong cash flow from operations of $1.4 billion, an increase of over 50% compared to the first quarter of 2014. Free cash flow of $1.2 billion, up 80% compared to the first quarter of 2014.
- Significant impact of exchange rates fluctuation resulted in a reduction of $368 million in revenues and $42 million in operating profit.
- Generic medicines profitability improved to 30.5%, compared to 21.0% in the first quarter of 2014. Segment profit amounted to $0.8 billion, an increase of 59% compared to the first quarter of 2014.
- On March 29, 2015, we entered into a merger agreement to acquire Auspex Pharmaceuticals, Inc., for $3.5 billion. Auspex is an innovative biopharmaceutical company specializing in applying deuterium chemistry to known molecules. Its lead investigational product, SD-809 (deutetrabenazine), is being developed for the potential treatment of chorea associated with Huntington's disease, tardive dyskinesia, and Tourette syndrome.
- On April 21, 2015, we announced a proposal to acquire all of the outstanding shares of Mylan N.V. in a transaction valued at $82.00 per Mylan share, with the consideration to be comprised of approximately 50% cash and 50% stock, representing approximately $50 billion in enterprise value. The proposed combination of Teva and Mylan would create a leading company in the pharmaceutical industry, well positioned to transform the global generics space. The combined company would have a unique and differentiated business model addressing significant trends and discontinuities prevailing today among patients and healthcare systems around the world.
- Raising EPS guidance for full-year 2015 to $5.05-5.35 from $5.00-$5.30.

Jerusalem, April 30, 2015 - Teva Pharmaceutical Industries Ltd. (NYSE: TEVA) today reported results for the quarter ended March 31, 2015.

"We are extremely pleased with our performance this quarter, which is truly the manifestation of our commitment to solidifying our foundation, driving organic growth and creating the most efficient operational network in the industry. Our commitment to revitalizing our core generics business has resulted in increased revenues and profitability supported by the successful launch of generic Nexium® in the U.S.," stated Erez Vigodman, Teva's President and CEO. "We reinforced our leadership position in CNS with the acquisition of Auspex, where we see great promise in the application of the deuterium platform across a wide spectrum of neurological diseases and associated movement disorders; and with the continued strong performance of Copaxone 40mg® which now has a conversion rate of 67%, and maintains market leadership globally in the MS space. We are also excited about the strong performance of TEV-48125 (CGRP MAb) in our Phase IIB chronic migraine study and believe the promise shown in these trials represent significant hope for patients suffering from debilitating migraines."

Mr. Vigodman continued, "We will continue to accelerate this momentum. Our business outlook for the remainder of the year is strong, and as such, we are raising our guidance for full year 2015 to $5.05-$5.35. We are committed to continuing to deliver significant value for shareholders in both the short and long term."

First Quarter 2015 Results

Revenues in the first quarter of 2015 amounted to $5.0 billion, in line with revenues in the first quarter of 2014. Excluding the impact of foreign exchange fluctuations and the divestment of the U.S. OTC plants, revenues grew 8%.

Exchange rate differences (net of profits from certain hedging transactions) between the first quarter of 2015 and the first quarter of 2014 decreased our revenues by $368 million and reduced our non-GAAP operating income by $42 million and our GAAP operating income by $23 million.

Non-GAAP **gross profit** was $3.1 billion in the first quarter of 2015, up 2% from the first quarter of 2014. Non-GAAP **gross profit margin** was 61.5% in the first quarter of 2015, compared to 59.7% in the first quarter of 2014. GAAP gross profit was $2.8 billion in the first quarter of 2015, compared to $2.7 billion in the first quarter of

2014. GAAP gross profit margin was 56.9% in the quarter, compared to 53.9% in the first quarter of 2014.

Research and Development (R&D) expenditures (excluding equity compensation expenses) in the first quarter of 2015 amounted to $328 million, compared to $351 million, in the first quarter of 2014. R&D expenses were 6.6% of revenues in the quarter, compared to 7.0% in the first quarter of 2014. R&D expenses related to our generic medicines segment amounted to $111 million in the first quarter of 2015, down 10% compared to $123 million in the first quarter of 2014. In local currency terms, expenses decreased 4%. R&D expenses related to our specialty medicines segment amounted to $215 million, a decrease of 5% compared to $226 million in the first quarter of 2014, mainly as a result of our strategic focus on core therapeutic areas, including the return of rights for custirsen to Oncogenex and the divestment of certain other oncology assets.

Selling and Marketing (S&M) expenditures (excluding amortization of purchased intangible assets and equity compensation expenses) amounted to $908 million, or 18.2% of revenues, in the first quarter of 2015, compared to $963 million, or 19.3% of revenues, in the first quarter of 2014. S&M expenses related to our generic medicines segment amounted to $374 million, a decrease of 10% compared to $417 million in the first quarter of 2014. In local currency terms, S&M expenses increased 1%, as higher expenses in our ROW markets and the United States were largely offset by lower expenses in Europe. S&M expenses related to our specialty medicines segment amounted to $486 million, a decrease of 2% compared to $497 million in the first quarter of 2014. In local currency terms, S&M expenses increased 5% due to higher expenditures related to European launches, partially offset by lower expenses related to Copaxone®.

General and Administrative (G&A) expenditures (excluding equity compensation expenses) amounted to $293 million in the first quarter of 2015, or 5.9% of revenues, both the same as the first quarter of 2014.

Quarterly non-GAAP **operating income** was $1.5 billion in the first quarter of 2015, an increase of 11% compared to the first quarter of 2014. Quarterly GAAP operating income was $0.7 billion in the first quarter of 2015, a decrease of 23% compared to $1.0 billion in the first quarter of 2014.

Non-GAAP **financial expenses** amounted to $49 million in the first quarter of 2015, compared to $84 million in the first quarter of 2014. GAAP financial expenses for the first quarter of 2015 amounted to $192 million, compared to $81 million in the first quarter of 2014. The increase was mainly due to expenses of $143 million in connection with the debt tender offer and the termination of the related swap agreements.

The provision for **non-GAAP tax** for the first quarter of 2015 amounted to $312 million on pre-tax non-GAAP income of $1.5 billion, for a quarterly tax rate of 21%. The provision for non-GAAP tax in the first quarter of 2014 was $242 million on pre-tax non-GAAP income of $1.3 billion, or 19%. **GAAP tax** expenses for the first quarter of 2015 amounted to $104 million or 19% on pre-tax income of $557 million. In the first quarter of 2014, the provision for taxes amounted to $143 million or 16% on pre-tax income of $891 million.

Non-GAAP net income and **non-GAAP diluted EPS** were $1.2 billion and $1.36, respectively, in the first quarter of 2015, both up 11%, compared to the first quarter of 2014. GAAP **net income** and GAAP **diluted EPS** were $446 million and $0.52, respectively, in the first quarter of 2015, compared to $744 million and $0.87, respectively, in the first quarter of 2014.

Non-GAAP information: Net non-GAAP adjustments in the first quarter of 2015 amounted to $719 million. Non-GAAP net income and non-GAAP EPS for the quarter were adjusted to exclude the following items:

- Contingent consideration of $244 million, following the positive phase 2b results of TEV-48125 in both chronic and episodic migraine prevention;
- Legal settlements and loss contingencies of $227 million mainly related to the booking of an additional reserve for the settlement of the modafinil antitrust litigation;
- Amortization of purchased intangible assets totaling $220 million, of which $212 million is included in cost of goods sold and the remaining $8 million in selling and marketing expenses;
- Financial expense of $143 million;
- Impairment of long-lived assets of $65 million;
- Equity compensation of $27 million;
- Regulatory actions taken in facilities, restructuring and other expenses of $1 million; and
- Related tax benefit of $208 million.

Teva believes that excluding such items facilitates investors' understanding of its business. See the attached tables for a reconciliation of the U.S. GAAP results to the adjusted non-GAAP figures.

Cash flow from operations generated during the first quarter of 2015 amounted to $1.4 billion, compared to $0.9 billion in the first quarter of 2014. The increase was mainly due to an increase in accounts payable and lower payments related to legal settlements in the first quarter of 2015. Free cash flow, excluding net capital expenditures, amounted to $1.2 billion, compared to $0.7 billion in the first quarter of 2014.

Cash and investments at March 31, 2015 increased to $3.8 billion, compared to $2.6 billion at December 31, 2014, mainly due to proceeds from the issuance of €2 billion in senior notes in March 2015, free cash flow generated during the quarter and proceeds from exercise of options, partially offset by funding of the $1.3 billion debt tender offer, share repurchases, dividend payments and the repayment of a European Investment Bank ("EIB") loan.

For the first quarter of 2015, the weighted average **outstanding shares** for the fully diluted earnings per share calculation was 859 million on both a GAAP and non-GAAP basis. At March 31, 2015, the outstanding shares for calculating Teva's market capitalization were approximately 848 million.

Shareholders' equity was $22.7 billion at March 31, 2015, compared to $23.4 billion at December 31, 2014. The decrease primarily reflects the negative impact of $0.8 billion of currency fluctuations, share repurchases of $0.4 billion and dividend payments of $0.3 billion, partially offset by GAAP net income of $0.4 billion, $0.2 billion of net unrealized gain from derivative financial instruments and proceeds from employee stock option exercises of $0.2 billion.

Segment Results for the First Quarter 2015

Generic Medicines Segment

	Generics					
	Three Months Ended March 31,					
	2015			2014		
	U.S.$ in millions / % of Segment Revenues					
Revenues	$	2,621	100.0%	$	2,398	100.0%
Gross profit		1,284	49.0		1,043	43.5
R&D expenses		111	4.2		123	5.1
S&M expenses		374	14.3		417	17.4
Segment profit*	$	799	30.5%	$	503	21.0%

* Segment profit consists of gross profit, less S&M and R&D expenses related to the segment. Segment profit does not include G&A expenses, amortization and certain other items.

Beginning in 2015, expenses related to equity compensation are excluded from our segment results. The data presented have been conformed to reflect the exclusion of equity compensation expenses for all periods.

Generic Medicines Revenues

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