

**TEVA REPORTS SECOND QUARTER 2016 RESULTS**

	<u>Q2 2016</u>
Revenues	\$5.0 billion
GAAP EPS	\$0.20
Non-GAAP EPS	\$1.25
Non-GAAP EPS adjusted to exclude the impact of the December 2015 equity offerings	\$1.43

- On August 2, Teva completed the Actavis Generics acquisition
- On August 3, Teva agreed to acquire Anda for \$500 million

Jerusalem, August 4, 2016 - Teva Pharmaceutical Industries Ltd. (NYSE: TEVA) today reported results for the quarter ended June 30, 2016.

“We are pleased with our performance this quarter and the steps we are taking to transform our business, notably the recent completion of our acquisition of Actavis Generics and the proposed purchase of Anda Inc. We have brought together two leading businesses with complementary strengths, R&D capabilities, product pipelines and portfolios, geographical footprints, operational networks and cultures. The result is a stronger, more competitive Teva, well positioned to thrive in an evolving global marketplace,” stated Erez Vigodman, President and CEO.

Vigodman continued, “Going forward we are focused on the integration of Actavis Generics, delivering on our operational and financial targets and on the ongoing development and commercialization of the more than 35 innovative products in our pipeline. We plan to use our strong cash flow to pay down debt and continue to invest in attractive specialty products. We are excited about our future and our ongoing pursuit to increase access to important medicines for patients around the world.”

Second Quarter 2016 Results

Revenues in the second quarter of 2016 amounted to \$5.0 billion, up 1% compared to the second quarter of 2015. Excluding the impact of foreign exchange fluctuations, revenues increased 4%.

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Exchange rate differences between the second quarter of 2016 and the second quarter of 2015 reduced revenues by \$141 million, GAAP operating income by \$55 million and non-GAAP operating income by \$52 million.

GAAP **gross profit** was \$2.9 billion in the second quarter of 2016, down 1%, compared to the second quarter of 2015. GAAP **gross profit margin** was 57.1% in the quarter, compared to 58.4% in the second quarter of 2015. Non-GAAP **gross profit** was \$3.2 billion in the second quarter of 2016, up 1% from the second quarter of 2015. Non-GAAP **gross profit margin** was 62.5% in the second quarter of 2016, compared to 62.8% in the second quarter of 2015.

Research and Development (R&D) expense (excluding equity compensation expenses and purchase of in-process R&D) in the second quarter of 2016 amounted to \$370 million, compared to \$357 million in the second quarter of 2015. R&D expenses were 7.3% of revenues in the quarter, compared to 7.2% in the second quarter of 2015. R&D expenses related to our generic medicines segment amounted to \$125 million, compared to \$134 million in the second quarter of 2015, a decrease of 7%. R&D expenses related to our specialty medicines segment amounted to \$245 million, an increase of 11% compared to \$220 million in the second quarter of 2015, mainly due to increased development costs related to assets acquired through the Labrys and Auspex transactions.

Selling and Marketing (S&M) expenses (excluding amortization of purchased intangible assets and equity compensation expenses) amounted to \$898 million, or 17.8% of revenues, in the second quarter of 2016, compared to \$846 million, or 17.0% of revenues, in the second quarter of 2015. S&M expenses related to our generic medicines segment amounted to \$333 million, a decrease of 1% compared to \$335 million in the second quarter of 2015, but an increase of 7% in local currency terms. The increase in local currency terms was mainly due to the additional costs related to our acquisition of Rimsa in the first quarter of 2016 and to the commencement of activities of our business venture in Japan. S&M expenses related to our specialty medicines segment amounted to \$478 million, an increase of 5% in both U.S. dollar and local currency terms compared to \$457 million in the second quarter of 2015, mainly due to increased royalties on sales.

General and Administrative (G&A) expenses (excluding equity compensation expenses) amounted to \$299 million in the second quarter of 2016, or 5.9% of revenues, compared to \$307 million and 6.2% in the second quarter of 2015.

GAAP **operating income** was \$0.4 billion in the second quarter of 2016, down 45% compared to \$0.7 billion in the second quarter of 2015. Quarterly non-GAAP **operating income** was \$1.6 billion, down 2% compared to the second quarter of 2015.

EBITDA (non-GAAP operating income, which excludes amortization and certain other items, and excluding depreciation expenses for the period) amounted to \$1.7 billion, down 1% compared to the second quarter of 2015.

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GAAP **financial expenses** for the second quarter of 2016 amounted to \$105 million, compared to \$41 million in the second quarter of 2015. The increase in expenses is mainly the result of an impairment of our investment in Mesoblast. Non-GAAP **financial expenses** amounted to \$6 million in the second quarter of 2016, compared to \$41 million in the second quarter of 2015.

GAAP **income tax** expenses for the second quarter of 2016 amounted to \$29 million, or 11% on pre-tax income of \$256 million. In the second quarter of 2015, the provision for income taxes amounted to \$88 million, or 14% on pre-tax income of \$621 million. The provision for **non-GAAP income taxes** for the second quarter of 2016 amounted to \$333 million on pre-tax non-GAAP income of \$1.6 billion, for a quarterly tax rate of 21%. The provision for non-GAAP income taxes in the second quarter of 2015 was \$345 million on pre-tax non-GAAP income of \$1.6 billion, for a quarterly tax rate of 22%. While the tax rate may fluctuate quarterly, we expect our annual non-GAAP tax rate for 2016 to be 21%, similar to the rate in 2015.

For the second quarter of 2016, the weighted average **outstanding shares** for the fully diluted earnings per share calculation was 920 million on a GAAP basis and 979 million on a non-GAAP basis. The average weighted diluted shares outstanding used for the fully diluted share calculation for the second quarter of 2015 were 859 million shares, on both a GAAP and a non-GAAP basis. The increase in the number of shares resulted from our December 2015 equity offerings, with the number of shares on a non-GAAP basis including the potential dilution resulting from our mandatory convertible preferred shares, which had a dilutive effect on our non-GAAP earnings per share.

Excluding the impact of the December 2015 equity offerings to finance the Actavis Generics acquisition, the weighted average outstanding shares for the fully diluted earnings per share calculation on a non-GAAP basis for the second quarter of 2016 was 860 million shares.

As of June 30, 2016, the fully diluted share count for calculating Teva's market capitalization was approximately 995 million shares.

GAAP **net income** attributable to Teva and GAAP **diluted EPS** were \$254 million and \$0.20, respectively, in the second quarter of 2016, compared to \$539 million and \$0.63, respectively, in the second quarter of 2015. **Non-GAAP net income** and **non-GAAP diluted EPS** were \$1.2 billion and \$1.25, respectively, in the second quarter of 2016, compared to \$1.2 billion and \$1.43 in the second quarter of 2015. Non-GAAP EPS adjusted to exclude the December 2015 equity offerings was \$1.43.

Non-GAAP information: Net non-GAAP adjustments in the second quarter of 2016 amounted to \$974 million. Non-GAAP net income and non-GAAP EPS for the quarter were adjusted to exclude the following items:

- Impairment of long-lived assets of \$572 million mainly related to Revascor[®] and Zecuity[®];

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- Amortization of purchased intangible assets totaling \$193 million, of which \$146 million is included in cost of goods sold and the remaining \$47 million in selling and marketing expenses;
- Legal settlements and loss contingencies of \$166 million mainly related to a settlement in principle reached in connection with the aripiprazole litigation;
- Financial expenses of \$99 million related to the impairment of our investment in Mesoblast;
- Inventory step-up of \$85 million;
- Acquisition, integration and restructuring expenses of \$82 million;
- Other write-offs associated with the impairment of Zecuity[®] and other items of \$57 million;
- Costs related to regulatory actions taken in facilities of \$39 million;
- Equity compensation of \$28 million;
- Minority interest adjustment of negative \$43 million; and
- Related tax benefit of \$304 million.

The non-GAAP data presented by Teva are the results used by Teva's management and board of directors to evaluate the operational performance of the company, to compare against the company's work plans and budgets, and ultimately to evaluate the performance of management. Teva provides such non-GAAP data to investors as supplemental data and not in substitution or replacement for GAAP results, because management believes such data provides useful information to investors and 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 second quarter of 2016 amounted to \$1.0 billion, a decrease of 35% compared to the second quarter of 2015. The decrease was mainly due to an increase in accounts receivables, net of SR&A, partially offset by an increase in accounts payable. Free cash flow, excluding net capital expenditures, amounted to \$0.8 billion, a decrease of 40% compared to the second quarter of 2015.

Cash and investments at June 30, 2016 increased to \$8.2 billion, compared to \$7.2 billion at March 31, 2016.

Total shareholders' equity was \$32.0 billion at June 30, 2016, compared to \$30.6 billion at March 31, 2016.

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Segment Results for the Second Quarter 2016

Generic Medicines Segment

	Three Months Ended June 30,			
	2016		2015	
U.S.\$ in millions / % of Segment Revenues				
Revenues	\$ 2,294	100.0%	\$ 2,466	100.0%
Gross profit.....	1,072	46.7%	1,198	48.6%
R&D expenses.....	125	5.4%	134	5.4%
S&M expenses.....	333	14.5%	335	13.6%
Segment profit*	\$ 614	26.8%	\$ 729	29.6%

* 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.

Generic Medicines Revenues

Generic medicines revenues in the second quarter of 2016 amounted to \$2.3 billion, a decrease of 7% compared to the second quarter of 2015. In local currency terms, revenues decreased 4%.

Generic revenues consisted of:

- U.S. revenues of \$892 million, a decrease of 33% compared to the second quarter of 2015. The decrease resulted mainly from a decline in sales of aripiprazole (Abilify®), esomeprazole (Nexium®) and budesonide (Pulmicort®) due to loss of exclusivity.
- European revenues of \$660 million, a decrease of 1%, in both U.S. dollar and local currency terms, compared to the second quarter of 2015. This resulted mainly from our strategy of pursuing profitable and sustainable business in the region along with higher API sales to third parties.
- ROW revenues of \$742 million, an increase of 56%, or 71% in local currency terms, compared to the second quarter of 2015. The increase in local currency terms was mainly due to higher revenues in Japan from our new business venture with Takeda, which commenced operations in April 2016, as well as an increase in revenues in Venezuela and Canada.
- API sales to third parties of \$207 million (which is included in the market revenues above), an increase of 13%, compared to the second quarter of 2015, with higher revenues in both Europe and the United States.

Generic medicines revenues comprised 46% of our total revenues in the quarter, compared to 50% in the second quarter of 2015.

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**Generic Medicines Gross Profit**

Gross profit from our generic medicines segment in the second quarter of 2016 amounted to \$1.1 billion, a decrease of 11% compared to the second quarter of 2015. The lower gross profit was mainly a result of the lower sales of aripiprazole (Abilify[®]) and esomeprazole (Nexium[®]) in the United States, which are both high gross profit products. This decrease was partially offset by higher gross profit of our ROW and European markets and of our API business. Gross profit margin for our generic medicines segment in the second quarter of 2016 decreased to 46.7%, from 48.6% in the second quarter of 2015.

Generic Medicines Profit

Our generic medicines segment generated profit of \$614 million in the second quarter of 2016, a decrease of 16% compared to the second quarter of 2015. Generic medicines profitability as a percentage of generic medicines revenues was 26.8% in the second quarter of 2016, down from 29.6% in the second quarter of 2015. The decrease was primarily due to the lower gross profit of the segment.

Specialty Medicines Segment

	Three Months Ended June 30,			
	2016		2015	
	U.S.\$ in millions / % of Segment Revenues			
Revenues	\$ 2,271	100.0%	\$ 2,090	100.0%
Gross profit.....	1,978	87.1%	1,808	86.5%
R&D expenses	245	10.8%	220	10.5%
S&M expenses	478	21.0%	457	21.9%
Segment profit*	\$ 1,255	55.3%	\$ 1,131	54.1%

* Segment profit is comprised 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.

Specialty Medicines Revenues

Specialty medicines revenues in the second quarter of 2016 amounted to \$2.3 billion, an increase of 9% compared to the second quarter of 2015. U.S. specialty medicines revenues amounted to \$1.8 billion, up 9% compared to the second quarter of 2015. European specialty medicines revenues amounted to \$414 million, an increase of 10%, or 9% in local currency terms, compared to the second quarter of 2015. ROW specialty revenues amounted to \$85 million, down 6%, though up 5% in local currency terms, compared to the second quarter of 2015.

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Specialty medicines revenues comprised 45% of our total revenues in the quarter, compared to 42% in the second quarter of 2015.

The increase in specialty medicines revenues compared to the second quarter of 2015 was due to higher revenues in all our core therapeutic areas.

The following table presents revenues by therapeutic area and key products for our specialty medicines segment for the three months ended June 30, 2016 and 2015:

	Three Months Ended June 30,		Percentage Change 2016 - 2015
	2016	2015	
	U.S. \$ in millions		
CNS	\$ 1,415	\$ 1,353	5%
Copaxone [®]	1,141	1,054	8%
Azilect [®]	108	105	3%
Nuvigil [®]	51	91	(44%)
Respiratory	313	253	24%
ProAir [®]	135	128	5%
QVAR [®]	116	83	40%
Oncology	334	293	14%
Treanda [®] and Bendeka [™]	207	179	16%
Women's Health	117	110	6%
Other Specialty	92	81	14%
Total Specialty Medicines	\$ 2,271	\$ 2,090	9%

Global revenues of **Copaxone[®]** (20 mg/mL and 40 mg/mL), the leading multiple sclerosis therapy in the U.S. and globally, amounted to \$1.1 billion, an increase of 8% compared to the second quarter of 2015.

Copaxone[®] revenues in the United States amounted to \$955 million, an increase of 10% compared to the second quarter of 2015. The increase was mainly due to a reduction of sales in the Medicaid channel, resulting in both lower rebates in the current quarter and a positive change in the estimate for rebates in prior quarters, as well as the impact of a price increase of 7.9% in January 2016 on both Copaxone[®] products. At the end of the second quarter of 2016, according to June 2016 IMS data, our U.S. market shares for the Copaxone[®] products in terms of new and total prescriptions were 24.9% and 29.1%, respectively. Copaxone[®] 40 mg/mL accounted for 82% of total Copaxone[®] prescriptions in the U.S.

Copaxone[®] revenues outside the United States amounted to \$186 million, an increase of 1%, or 3% in local currency terms, compared to the second quarter of 2015 due to higher volumes in certain European and ROW markets.

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Our global **Azilect**[®] revenues amounted to \$108 million, an increase of 3% compared to the second quarter of 2015. Global in-market sales decreased 9% due to generic competition in certain European markets.

Revenues of our **respiratory** products amounted to \$313 million, up 24% compared to the second quarter of 2015. **ProAir**[®] revenues in the quarter amounted to \$135 million, up 5% compared to the second quarter of 2015, due to positive price effects, partially offset by lower volumes. **QVAR**[®] global revenues amounted to \$116 million in the second quarter of 2016, up 40% compared to the second quarter of 2015, mainly due to positive price effects.

Revenues of our **oncology** products amounted to \$334 million in the second quarter of 2016, up 14% from the second quarter of 2015. Revenues of **Treanda**[®] and **Bendeka**[™] amounted to \$207 million, an increase of 16% compared to the second quarter of 2015, mainly due to higher volumes sold.

Specialty Medicines Gross Profit

Gross profit from our specialty medicines segment amounted to \$2.0 billion, an increase of \$170 million compared to the second quarter of 2015. Gross profit margin for our specialty medicines segment in the second quarter of 2016 was 87.1%, compared to 86.5% in the second quarter of 2015.

Specialty Medicines Profit

Our specialty medicines segment profit amounted to \$1.3 billion in the second quarter of 2016, up 11% compared to the second quarter of 2015, mainly due to higher gross profit, which was partially offset by increases in S&M and R&D expenses.

Specialty medicines profit as a percentage of segment revenues was 55.3% in the second quarter of 2016, up from 54.1% in the second quarter of 2015.

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The following tables present details of our multiple sclerosis franchise and of our other specialty medicines for the three months ended June 30, 2016 and 2015:

	Multiple Sclerosis					
	Three months ended June 30,					
	2016		2015			
	U.S.\$ in millions / % of MS Revenues					
Revenues	\$	1,141	100.0%	\$	1,054	100.0%
Gross profit		1,029	90.2%		953	90.4%
R&D expenses		20	1.8%		26	2.5%
S&M expenses		81	7.1%		88	8.3%
MS profit	\$	928	81.3%	\$	839	79.6%

	Other Specialty					
	Three months ended June 30,					
	2016		2015			
	U.S.\$ in millions / % of Other Specialty Revenues					
Revenues	\$	1,130	100.0%	\$	1,036	100.0%
Gross profit		949	84.0%		855	82.5%
R&D expenses		225	19.9%		194	18.7%
S&M expenses		397	35.2%		369	35.6%
Other Specialty profit	\$	327	28.9%	\$	292	28.2%

Other Activities

Our **OTC** revenues related to PGT amounted to \$262 million, an increase of 25% compared to \$210 million in the second quarter of 2015. In local currency terms, revenues increased 58%, mainly due to inflation in Venezuela. PGT's in-market sales amounted to \$379 million in the second quarter of 2016, an increase of \$54 million compared to the second quarter of 2015.

Other revenues amounted to \$211 million in the second quarter of 2016, mostly from the distribution of third-party products in Israel and Hungary, compared to revenues of \$200 million, in the second quarter of 2015.

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FY 2016 Financial Outlook

- We expect revenues for 2016 to be \$22.0-22.5 billion.
- Non-GAAP EPS for 2016 is expected to be \$5.20-5.40, based on a weighted average number of shares of 1,021 million.
- Cash flow from operating activities for 2016 is expected to be \$5.7-6.1 billion.

These estimates reflect management's current expectations for Teva's performance in 2016. Actual results may vary, whether as a result of exchange rate differences, market conditions or other factors. In addition, the non-GAAP figures exclude the amortization of purchased intangible assets, costs related to certain regulatory actions, inventory step-up, legal settlements and reserves, impairments and related tax effects.

Dividends

On August 1, 2016, the Board of Directors declared a cash dividend of \$0.34 per ordinary share for the second quarter of 2016. For holders of our ordinary shares that are traded on the Tel Aviv Stock Exchange, the dividend will be converted into new Israeli shekels based on the official exchange rate as of August 4, 2016. The record date will be August 22, 2016, and the payment date will be September 8, 2016. Tax will be withheld at a rate of 15%.

On August 1, 2016, the Board of Directors further declared a quarterly cash dividend of \$17.50 per mandatory convertible preferred share. The record date will be September 1, 2016 and the payment date will be September 15, 2016. Tax will be withheld at a rate of 15%.

Conference Call

Teva will host a conference call and live webcast along with a slide presentation on Thursday, August 4, 2016 at 8:00 a.m. ET. to discuss its second quarter 2016 results and overall business environment. A question & answer session will follow.

In order to participate, please dial the following numbers (at least 10 minutes before the scheduled start time): United States 1-866-254-0808; Canada 1-866-607-2172 or International +44(0) 1452 541003; passcode: 52122137. For a list of other international toll-free numbers, click [here](#).

A live webcast of the call will also be available on Teva's website at: www.ir.tevapharm.com. Please log in at least 10 minutes prior to the conference call in order to download the applicable audio software.

Following the conclusion of the call, a replay of the webcast will be available within 24 hours on the Company's website. The replay can also be accessed until September

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Press Release

for
immediate
release

4, 2016, 9:00 a.m. ET by calling United States 1-866-247-4222; Canada 1-866-878-9237 or International +44(0) 1452550000; passcode: 52122137.

About Teva

Teva Pharmaceutical Industries Ltd. (NYSE and TASE: TEVA) is a leading global pharmaceutical company that delivers high-quality, patient-centric healthcare solutions to millions of patients every day. Headquartered in Israel, Teva is the world's largest generic medicines producer, leveraging its portfolio of more than 1,800 molecules to produce a wide range of generic products in nearly every therapeutic area. In specialty medicines, Teva has a world-leading position in innovative treatments for disorders of the central nervous system, including pain, as well as a strong portfolio of respiratory products. Teva integrates its generics and specialty capabilities in its global research and development division to create new ways of addressing unmet patient needs by combining drug development capabilities with devices, services and technologies. Teva's net revenues in 2015 amounted to \$19.7 billion. For more information, visit www.tevapharm.com.

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**Teva's Safe Harbor Statement under the U. S. Private Securities Litigation Reform Act of 1995:**

This press release contains forward-looking statements, which are based on management's current beliefs and expectations and involve a number of known and unknown risks and uncertainties that could cause our future results, performance or achievements to differ significantly from the results, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause or contribute to such differences include risks relating to: our ability to develop and commercialize additional pharmaceutical products; competition for our specialty products, especially Copaxone[®] (which faces competition from orally-administered alternatives and a generic version); our ability to integrate the acquisition of Allergan plc's worldwide generic pharmaceuticals business ("Actavis Generics") and to realize the anticipated benefits of such acquisition (and the timing of realizing such benefits); the fact that following the consummation of the Actavis Generics acquisition, we are dependent to a much larger extent than previously on our generic pharmaceutical business; potential restrictions on our ability to engage in additional transactions or incur additional indebtedness as a result of the substantial amount of debt incurred to finance the Actavis Generics acquisition; the fact that for a period of time following the consummation of the Actavis Generics acquisition, we will have significantly less cash on hand than previously, which could adversely affect our ability to grow; ; the possibility of material fines, penalties and other sanctions and other adverse consequences arising out of our ongoing FCPA investigations and related matters; our ability to achieve expected results from investments in our pipeline of specialty and other products; our ability to identify and successfully bid for suitable acquisition targets or licensing opportunities, or to consummate and integrate acquisitions; the extent to which any manufacturing or quality control problems damage our reputation for quality production and require costly remediation; increased government scrutiny in both the U.S. and Europe of our patent settlement agreements; our exposure to currency fluctuations and restrictions as well as credit risks; the effectiveness of our patents, confidentiality agreements and other measures to protect the intellectual property rights of our specialty medicines; the effects of reforms in healthcare regulation and pharmaceutical pricing, reimbursement and coverage; competition for our generic products, both from other pharmaceutical companies and as a result of increased governmental pricing pressures; governmental investigations into sales and marketing practices, particularly for our specialty pharmaceutical products; adverse effects of political or economic instability, major hostilities or acts of terrorism on our significant worldwide operations; interruptions in our supply chain or problems with internal or third-party information technology systems that adversely affect our complex manufacturing processes; significant disruptions of our information technology systems or breaches of our data security; competition for our specialty pharmaceutical businesses from companies with greater resources and capabilities; the impact of continuing consolidation of our distributors and customers; decreased opportunities to obtain U.S. market exclusivity for significant new generic products; potential liability in the U.S., Europe and other markets for sales of generic products prior to a final resolution of outstanding patent litigation; our potential exposure to product liability claims that are not covered by insurance; any failure to recruit or retain key personnel, or to attract additional executive and managerial talent; any failures to comply with complex Medicare and Medicaid reporting and payment obligations; significant impairment charges relating to intangible assets, goodwill and property, plant and equipment; the effects of increased leverage and our resulting reliance on access to the capital markets; potentially significant increases in tax liabilities; the effect on our overall effective tax rate of the termination or expiration of governmental programs or tax benefits, or of a change in our business; variations in patent laws that may adversely affect our ability to manufacture our products in the most efficient manner; environmental risks; and other factors that are discussed in our Annual Report on Form 20-F for the year ended December 31, 2015 and in our filings with the U.S. Securities and Exchange Commission (the "SEC").

Forward-looking statements speak only as of the date on which they are made and we assume no obligation to update or revise any forward-looking statements or other information contained herein, whether as a result of new information, future events or otherwise. You are advised, however, to consult any additional disclosures we make in our reports to the SEC on Form 6-K. Also note that we provide a cautionary discussion of risks and uncertainties under "Risk Factors" in our Annual Report on Form 20-F for the year ended December 31, 2015. These are factors that we believe could cause our actual results to differ materially from expected results. Other factors besides those listed could also adversely affect us. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

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