TEVA PHARMACEUTICAL INDUSTRIES LTD
Form DEF 14A
April 25, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement	**Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
Definitive Proxy Statement	
Definitive Additional Materials	
Soliciting Material under §240.14a-12	

TEVA PHARMACEUTICAL INDUSTRIES LIMITED

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Amount Previously Paid:

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From Our

Chairman of the Board

Dear Shareholder,

Dr. Sol J. Barer

It has been a challenging and difficult year for Teva from all perspectives. Our world-leading MS therapy, COPAXONE®, which has served patients for many years, lost its exclusivity to generic competition. In the generic medicines business, changes in market dynamics and the economic environment, particularly in the United States, have resulted in significant deterioration. These were two of the major drivers behind our financial results in 2017. We are also still burdened with considerable debt obligations that we must repay.

As we have communicated to you during the year, the Board s primary task was to attract a world-class President and CEO who could successfully address these challenges. By appointing Kåre Schultz we have found the right leader for Teva. Mr. Schultz has extensive global pharmaceutical experience and a strong track record of executing corporate turnaround strategies and delivering on promises to shareholders.

Soon after assuming his new role, Mr. Schultz announced, with the support of the Board, a new organizational structure and leadership changes to enable strategic alignment across our portfolios, regions and functions.

Teva then announced a comprehensive restructuring plan to significantly reduce its cost base, unify and simplify its organization and improve business performance, profitability, cash flow generation and productivity.

Teva is also making great progress on its commitment to reduce debt. Teva repaid over $2 billion this year, mostly from the proceeds of the sale of its women s health business. In March 2018, Teva completed a very successful $4.5 billion bond offering, which was used to repay existing loans and helped reduce near-term debt maturities.

Teva is refocusing its generics portfolio to concentrate on products with higher profitability and has also focused its research and development pipeline on the best-positioned projects.

Teva is working hard to introduce its next generation of specialty medicines, with the launch of AUSTEDO® in 2017, and is making meaningful advances in the registration and development of fremanezumab, fasinumab and other important products.

We believe that the initiatives being introduced under Mr. Schultz s leadership will bring the turnaround that Teva needs, positioning Teva to become a more stable, less leveraged, leading pharmaceutical company.

We are keenly aware that these events have also come with a cost to our stakeholders. Our comprehensive restructuring plan includes a substantial global workforce reduction and other actions affecting our most valuable asset our human capital. After years of paying a steady dividend, we suspended dividend payments, which will help us in our debt repayment and cash flow management.

We made all of these decisions with the goal of achieving a better and stronger Teva that will continue to provide high quality medicines to the many patients we serve every day while benefiting all of our stakeholders for many years to come. Of equal importance to us is the imperative of being a good corporate citizen committed to conducting our business in a compliant and correct manner.

I am looking forward to Teva s future and the promise that it bears. We are working hard to achieve our goals and it is inspiring to see the dedication and hard work across our organization to reach new heights for Teva and I would like to thank the Teva management team and all of Teva s employees worldwide for their contribution to Teva.

We are also continuing to refresh our Board and this year we part from and thank for their service three of our members and propose adding a new member who will bring additional diversity and experience to the Board.

On behalf of the Board of Directors and the management team, we thank you, our shareholders, for your faith and belief in Teva. We would not be able to execute on our important mission without your continuing support.

Sincerely,

Dr. Sol J. Barer

Chairman of the Board of Directors

April 25, 2018

Notice of 2018 Annual Meeting of Shareholders

DATE AND TIME:	**Tuesday, June 5, 2018,** at 4:30 p.m., local time
PLACE:	Teva s executive offices at 5 Basel Street Petach Tikva, 4951033 Israel
ITEMS OF BUSINESS:	**Proposal 1**: To appoint the following persons to the Board of Directors: Rosemary A. Crane, Gerald M. Lieberman and Prof. Ronit Satchi-Fainaro as directors to serve until our 2021 annual meeting of shareholders. **Proposal 2**: To approve, on a non-binding advisory basis, the compensation for Teva s named executive officers. **Proposal 3**: To recommend, on a non-binding advisory basis, to hold a non-binding, advisory vote to approve the compensation for Teva s named executive officers every one, two or three years. **Proposal 4**: To appoint Kesselman & Kesselman, a member of PricewaterhouseCoopers International Ltd., as Teva s independent registered public accounting firm until the 2019 annual meeting of shareholders. **Proposal 5**: To approve an amendment and restatement of Teva s 2008 Employee Stock Purchase Plan for U.S. Employees. In addition, shareholders will consider Teva s annual consolidated financial statements for the year ended December 31, 2017. **The Board of Directors recommends that you vote FOR Proposals 1, 2, 4 and 5.**

The Board of Directors recommends that you vote ONE YEAR with respect to Proposal 3.

Teva urges all of its shareholders to review its annual report (**Annual Report**) on Form 10-K for the year ended December 31, 2017.

RECORD DATE:	Only holders of ordinary shares (or American Depositary Shares representing such ordinary shares) of record at the close of business on **April 26, 2018** will be entitled to vote at the Annual Meeting. Two holders of ordinary shares who are present at the Annual Meeting, in person or by proxy or represented by their authorized persons, and who hold in the aggregate twenty-five percent or more of such ordinary shares, shall constitute a legal quorum. Should no legal quorum be present one-half hour after the scheduled time, the Annual Meeting shall be adjourned to one week from that day, at the same time and place.
CHANGES TO PRESENTATION:	As described in the accompanying proxy statement, as a result of Teva ceasing to be a foreign private issuer as defined under U.S. securities laws, effective January 1, 2018, certain portions of the accompanying proxy statement may not be comparable to our 2017 Notice of Annual Meeting of Shareholders and Proxy Statement.

By Order of the Board of Directors,

Dov Bergwerk

Senior Vice President,

April 25, 2018 *Company Secretary*

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on June 5, 2018

The accompanying Proxy Statement and our Annual Report are available at www.tevapharm.com/2018proxymaterials. We expect the proxy materials to be mailed and/or made available on or before April 25, 2018.

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Questions and Answers About the Annual Meeting

The Meeting

When and where will the Annual Meeting be held?

The 2018 Annual Meeting of Shareholders (the **Meeting** or the **Annual Meeting**) of Teva Pharmaceutical Industries Limited (**we**, **us**, **our** or **Teva**) will be held at Teva s executive offices at 5 Basel Street, Petach Tikva, 4951033 Is on Tuesday, June 5, 2018, at 4:30 p.m., local time.

Who may attend and vote at the Annual Meeting?

Attendance at the Annual Meeting will be limited to holders of record who hold ordinary shares or American Depositary Shares (**ADSs**), directly in their own name and beneficial owners who hold ordinary shares or ADSs through a broker, bank or other nominee rather than directly in their own name and each of their legal proxy holders or their authorized persons. To gain admission to the Annual Meeting, one must have a form of government-issued photograph identification and proof of share ownership as of the Record Date (as defined below). Legal proxy holders and authorized persons will also need to submit a document of appointment, in accordance with Teva s Articles of Association.

Only holders of record of ordinary shares (or ADSs representing such ordinary shares) as of the close of business on April 26, 2018 (the **Record Date**), or their duly appointed proxies or authorized persons, shall be entitled to participate and vote at the Annual Meeting, and any adjournments or postponements thereof. Beneficial owners who hold ordinary shares or ADSs through a broker, bank or other nominee rather than directly in their own name have the right to direct their broker, bank or other nominee how to vote using the instructions provided by the broker, bank or nominee, but may not vote their shares in person at the Annual Meeting unless they obtain a legal proxy giving them the right to vote their shares at the Annual Meeting from the broker, bank or other nominee holding their shares in street name. Each issued and outstanding ordinary share (or ADS representing such an ordinary share) shall entitle its holder to one vote on each matter properly submitted at the Annual Meeting. Ordinary shares held in treasury will not be entitled to vote at the Annual Meeting.

Holders of our mandatory convertible preferred shares do not have any voting rights or any other rights with respect to the Annual Meeting.

What is a quorum for the Annual Meeting?

A minimum of two holders of ordinary shares (or ADSs representing such ordinary shares) who are present at the Annual Meeting, in person or by proxy or represented by their authorized persons, and who hold in the aggregate twenty-five percent or more of such ordinary shares (or ADSs representing such ordinary shares), will constitute a legal quorum. At the close of business on April 12, 2018, 1,018,220,001 ordinary shares were outstanding and entitled to vote. Ordinary shares held in treasury will not be included in the calculation to determine if a quorum is present. Abstentions and broker non-votes will be considered present and entitled to vote for the purpose of determining the presence of a quorum. Should no legal quorum be present one half hour after the scheduled time, the Annual Meeting will be adjourned to one week from that day, at the same time and place. Should such legal quorum not be present one half hour after the time set for the Annual Meeting, as adjourned, any two holders of ordinary shares present, in person or by proxy, who jointly hold twenty percent or more of such ordinary shares (or ADSs representing ordinary shares) will then constitute a legal quorum.

Voting

How can I vote my ordinary shares or ADSs?

Your vote is very important and we encourage you to vote your shares and submit your proxy regardless of whether or not you plan to attend the Annual Meeting.

Ordinary Shares

Holders of ordinary shares: If you hold ordinary shares, you have the right to (i) vote in person at the Annual Meeting, (ii) vote by submitting your proxy card by mail, (iii) grant your voting proxy to an authorized person, or (iv) if you are a Non-Registered Holder (as defined below), vote by submitting your voting instructions by the electronic voting system of the Israeli Securities Authority.

If you choose to submit your proxy card by mail, mark the enclosed proxy card in accordance with the instructions, date, sign and return it. To be taken into account, your proxy card must be received by Teva by 4:30 p.m., Israel time, on June 1, 2018, unless determined otherwise by the chairman of the Meeting.

If you appoint another person to act as your authorized proxy, such proxy must be written and made known to Teva by 4:30 p.m., Israel time, on June 1, 2018, unless determined otherwise by the chairman of the Meeting.

Non-Registered Holders of ordinary shares: If you held ordinary shares as of the Record Date pursuant to Section 177(1) of the Israeli Companies Law, 5759-1999, as amended (the **Israeli Companies Law**), whose shares are held through a nominee company (a **Non-Registered Holder**), you may submit your vote through the electronic voting system of the Israeli Securities Authority. In order to vote through such electronic voting system, you will need to identify yourself with a personal access code obtained from a member of the Tel Aviv Stock Exchange (**TASE**), which is usually the bank where you held your ordinary shares as of the Record Date. To be taken into account, your vote must be submitted before 10:30 a.m., Israel time, on June 5, 2018. You can access the voting system at https//:votes.isa.gov.il, or through the hyperlink included in Teva s filing with respect to this Meeting as publicized on MAGNA, the Israeli Securities Authority s electronic filing system, at www.magna.isa.gov.il, or on the TASE s website, at maya.tase.co.il. A Non-Registered Holder may contact the TASE member holding the shares for instructions on how to vote the ordinary shares and should carefully follow the voting procedures provided.

ADSs

Record owners of ADSs: If you are a holder of ADSs, you will receive instructions from JPMorgan Chase Bank, N.A., as the depositary (the **Depositary**) for the ordinary shares underlying your ADSs to be voted. If you held ADSs directly as of the Record Date, you have the right to instruct the Depositary how to vote. So long as the Depositary receives your voting instructions by 12:00 p.m., Eastern time, on June 4, 2018, it will, to the extent practicable and subject to Israeli law and the terms of the Deposit Agreement (as defined below), vote the underlying ordinary shares as you instruct, provided that Internet and telephone voting instructions may be provided to the Depositary only through 11:59 p.m., Eastern time, on June 3, 2018.

Beneficial owners of ADSs which are registered in the name of a broker, bank or other agent: If your ADSs are held through a broker, bank or other nominee, such intermediary will provide you instructions on how you may vote the ordinary shares underlying your ADSs. Please check with your broker, bank or other nominee, as applicable, and carefully follow the voting procedures provided to you.

How will my ordinary shares or ADSs be voted if I do not vote?

Ordinary Shares

If you hold ordinary shares and do not (i) vote in person at the Annual Meeting, (ii) vote by submitting your proxy card by mail, (iii) grant your voting proxy to an authorized person or (iv) as a Non-Registered Holder, vote through the electronic voting system of the Israeli Securities Authority, your ordinary shares will not be counted as votes cast and will have no effect on the outcome of the vote with respect to any matter.

ADSs

If you are a record holder of ADSs and do not instruct the Depositary how to vote the ordinary shares underlying your ADSs, the ordinary shares underlying your ADSs will not be counted as votes cast and will have no effect on the outcome of the vote with respect to any matter.

If you are a beneficial owner whose ADSs are held of record by a broker, your broker has discretionary voting authority under the New York Stock Exchange (**NYSE**) rules to vote your shares on routine matters, such as the ratification of appointment of Kesselman & Kesselman, a member of PricewaterhouseCoopers International Ltd., as our independent registered public accounting firm, even if the broker does not receive voting instructions from you. However, your broker does not have discretionary authority absent specific instructions from you to vote on the following non-routine matters: the election of directors, the advisory vote on the compensation of our named executive officers, the advisory vote on the frequency of which to hold advisory votes on the compensation of our named executives officers or the approval of the amendment and restatement of the Teva 2008 Employee Stock Purchase Plan for U.S. Employees, in which case a broker non-vote will occur and your shares will not be voted on these matters.

What are the voting requirements to elect the directors and to approve each of the proposals discussed in this Proxy Statement?

The affirmative vote of the holders of a majority of Teva ordinary shares (including ADSs representing ordinary shares) participating and voting at the Annual Meeting, in person or by proxy or through their representatives, is required to adopt each of the proposals. Cumulative voting is not permitted.

Under the terms of the Deposit Agreement among Teva and JPMorgan Chase Bank, N.A., acting as Depositary (the **Deposit Agreement**), the Depositary shall endeavor (insofar as is practicable and in accordance with our Articles of Association) to vote or cause to be voted the number of ordinary shares represented by ADSs in accordance with the instructions provided by the holders of ADSs to the Depositary by the deadline set. If instructions are not received by the Depositary by the deadline, the ordinary shares represented by such uninstructed ADSs shall not be voted at the Meeting.

Can I change my vote?

Ordinary Shares

If you hold ordinary shares and submit your proxy card to vote by mail or appoint a proxy in advance of the meeting, you may change your vote by delivering a valid, later-dated proxy, in a timely manner, or voting in person at the Annual Meeting.

If you are a Non-Registered Holder of ordinary shares and vote through the electronic voting system of the Israeli Securities Authority, you may revoke your vote through such voting system before 10:30 a.m., Israel time, on June 5, 2018, or by voting in person at the Annual Meeting.

ADSs

If you are the record owner of ADSs, you must follow the instructions provided by the Depositary in order to change your vote. If you hold your ADSs through a broker, bank or other nominee, you must follow the instructions provided by your broker, bank or other nominee, in order to change your vote. The last instructions you submit prior to the deadline indicated by the Depositary or the broker, bank or other nominee, as applicable, will be used to instruct the Depositary how to vote the ordinary shares underlying your ADSs.

Attendance at the Annual Meeting will not cause your previous vote to be revoked unless you specifically so request.

Proxy Materials

Why did I receive a Notice of Internet Availability of Proxy Materials but no proxy materials?

We distribute our Notice of Annual Meeting of Shareholders, Proxy Statement and Annual Report (collectively, the **proxy materials**) to certain shareholders via the Internet under the Notice and Access approach permitted by rules of the SEC. This approach conserves natural resources and reduces our distribution costs, while providing a timely and convenient method of accessing the materials and voting. On April 25, 2018, we mailed a Notice of Internet Availability of Proxy Materials to participating shareholders containing instructions on how to access the proxy materials on the Internet.

Can I access the proxy materials on the Internet?

The proxy materials are available on our website at www.tevapharm.com/2018proxymaterials. Information on our website is not part of the proxy materials and is not incorporated into the proxy statement by reference. Record owners of our ADSs may also access the proxy materials at www.proxydocs.com/teva by following the instructions provided by the Depositary. Beneficial owners of our ADSs may also access the proxy materials at www.proxyvote.com by following the instructions provided by your broker, bank or other nominee. Instead of receiving future proxy statements and accompanying materials by mail, most shareholders can elect to receive an e-mail that will provide electronic links to them. Opting to receive your proxy materials online will conserve natural resources and will save us the cost of producing documents and mailing them to you. The proxy materials are also available through Teva s public filing on MAGNA (the Israeli Securities Authority s electronic filing system) at www.magna.isa.gov.il, on the TASE s website at www.maya.tase.co.il, or on the SEC s website at www.sec.gov.

How do I request paper copies of the proxy materials at no charge?

You may contact Investor Relations in the United States at +1 (215) 591-8912 or in Israel at +972 (3) 926-7656, by sending an email to TevaIR@tevapharm.com, or by making a request on our website at www.tevapharm.com/InfoRequest, by May 22, 2018.

If you are a record owner of ADSs, you may request proxy materials at www.investorelections.com/teva, by calling (866) 870-3684 or by sending an email to paper@investorelections.com, by May 22, 2018 and following the instructions provided by the Depositary.

If you are a beneficial owner of ADSs, you may request proxy materials by following the instructions at www.proxyvote.com, by calling (800) 579-1639 or by sending an email to sendmaterial@proxyvote.com, by May 22, 2018 and following the instructions provided by your broker, bank or other nominee.

Other Questions

Could other matters be decided at the Annual Meeting?

The only items of business that our Board of Directors intends to present at the Meeting are set forth in this proxy statement. As of the date of this proxy statement, no shareholder has advised us of the intent to present any other matter, and we are not aware of any other matter to be presented at the Meeting. However, according and subject to the Israeli Companies Law and our Articles of Association, certain shareholders are entitled to propose items to the agenda. For more information, please see Shareholder Proposals for the 2018 Annual Meeting and the 2019 Annual Meeting below.

Who will pay for the cost of this proxy solicitation?

Teva will bear the entire cost of solicitation of proxies, including preparation, assembly, printing, and mailing of this proxy statement, the voting instruction card and any additional information furnished to shareholders. Teva may reimburse brokerage firms and other persons representing beneficial owners of ordinary shares or ADSs for reasonable expenses incurred by them in forwarding proxy soliciting materials to such beneficial owners. We retained MacKenzie Partners, Inc. to assist with the solicitation of proxies for a fee in the amount of $20,000, plus reimbursable expenses. In addition to solicitation by mail, certain of our directors, officers and regular employees, without additional remuneration, may solicit proxies by telephone, facsimile or personal contact.

Who can I contact if I require further assistance?

If you need assistance in submitting your proxy or have questions regarding the Annual Meeting, please contact our Investor Relations department by email at TevaIR@tevapharm.com or by mail at Teva Pharmaceutical Industries Ltd., 5 Basel Street, Petach Tikva, Israel, attention: Investor Relations or by telephone at +1 (215) 591-8912. You may also contact our proxy solicitor, MacKenzie Partners, Inc., by email at proxy@mackenziepartners.com or by telephone (toll-free) at +1 (800) 322-2885.

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Proposal 1: Election of Directors

In recent years, we strengthened our Board of Directors with the addition of new highly qualified and talented directors, including several directors with global pharmaceutical experience and other qualifications, adding expertise as well as diversity to our Board of Directors. Through these efforts, we have reduced the average tenure of our directors from 5.1 years of service prior to the 2017 annual meeting of shareholders to 2.5 years after giving effect to all nominations and departures contemplated herein. We also reduced the average age of our directors from 67 prior to the 2017 annual meeting of shareholders to 61 after giving effect to all nominations and departures contemplated herein. Dr. Barer, our Chairman of the Board, is an independent director under NYSE regulations. Kåre Schultz, our President and Chief Executive Officer (the **President and CEO**) serves on the Board, which facilitates collaboration between the Board of Directors and management. Corporate governance remains a high priority and we continue to evaluate the size and composition of the Board to ensure that it maintains dynamic, exceptionally qualified leadership.

Following the recommendation of our Corporate Governance and Nominating Committee, the Board of Directors recommends that shareholders approve the appointment of Ms. Crane, Mr. Lieberman and Prof. Satchi-Fainaro as directors to serve until our 2021 annual meeting of shareholders. Ms. Crane and Mr. Lieberman are currently members of the Board of Directors and all nominees qualify as independent directors under NYSE regulations.

The Board of Directors recommends that shareholders vote FOR the appointment of Rosemary A. Crane, Gerald M. Lieberman and Prof. Ronit Satchi-Fainaro as directors, each to serve until Teva s 2021 annual meeting of shareholders.

Directors

The following table sets forth information regarding the directors and director nominee of Teva as of April 25, 2018:

Name	Age	Director Since	Term Ends
Dr. Sol J. Barer Chairman	71	2015	2020
Kåre Schultz (1)	56	2017	(2)
Rosemary A. Crane	58	2015	2018
Amir Elstein	62	2009	2019
Murray A. Goldberg	73	2017	2020
Jean-Michel Halfon	66	2014	2020
Gerald M. Lieberman	71	2015	2018

Galia Maor*	75	2012	2018
Roberto A. Mignone	46	2017	2019
Dr. Perry D. Nisen	62	2017	2019
Nechemia (Chemi) J. Peres	59	2017	2020
Prof. Ronit Satchi-Fainaro	46		
Dan S. Suesskind*	74	2017	(3)
Gabrielle Sulzberger*	57	2015	2018

* Ms. Maor, Mr. Suesskind and Ms. Sulzberger have each decided not to submit their candidacy for reelection at the Annual Meeting.

(1) Effective November 1, 2017, Kåre Schultz joined Teva as President and CEO and was also appointed to the Board. He succeeded Dr. Yitzhak Peterburg, who served as Interim President and Chief Executive Officer from February to October 31, 2017, and stepped down from the Board of Directors on December 12, 2017.

(2) Mr. Schultz s term ends contemporaneously with his term as President and CEO.

(3) Mr. Suesskind was appointed in September 2017 by board action to serve until the Annual Meeting.

Persons Being Considered for Election at this Annual Meeting

Rosemary A. Crane

Independent Director

Committees:

Human Resources and Compensation (Chair)

Science and Technology

Ms. Crane joined the Board of Directors in September 2015. Ms. Crane served as President and Chief Executive Officer of MELA Sciences, Inc. from 2013 to 2014. Ms. Crane was Head of Commercialization and a partner at Appletree Partners from 2011 to 2013. From 2008 to 2011, she served as President and Chief Executive Officer of Epocrates Inc. Ms. Crane served in various senior executive positions at Johnson & Johnson from 2002 to 2008, including as Group Chairman, OTC & Nutritional Group from 2006 to 2008, as Group Chairman, Consumer, Specialty Pharmaceuticals and Nutritionals from 2004 to 2006, and as Executive Vice President of Global Marketing for the Pharmaceutical Group from 2002 to 2004. Prior to that, she held various positions at Bristol-Myers Squibb from 1982 to 2002, including as President of U.S. Primary Care from 2000 to 2002 and as President of Global Marketing and Consumer Products from 1998 to 2000. Ms. Crane has served as Vice Chairman of the Board of Zealand Pharma A/S since 2015 and as a director of Unilife Corporation since October 2016. Ms. Crane received an M.B.A. from Kent State University and a B.A. in communications and English from the State University of New York.

Qualifications:

With over 30 years of experience in commercialization and business operations, primarily in the pharmaceutical and biotechnology industries, and more than 25 years of therapeutic and consumer drug launch expertise, Ms. Crane provides broad and experienced knowledge of the global pharmaceutical business and industry.

Mr. Lieberman joined the Board of Directors in September 2015. Mr. Lieberman is currently a special advisor at Reverence Capital Partners, a private investment firm focused on the middle-market financial services industry. From 2000 to 2009, Mr. Lieberman was an executive at AllianceBernstein L.P., where he served as President and Chief Operating Officer from 2004 to 2009, as Chief Operating Officer from 2003 to 2004 and as Executive Vice President, Finance and Operations from 2000

Gerald M. Lieberman

Independent Director

Committees:

Audit (Chair)

Human Resources and Compensation

to 2003. From 1998 to 2000, he served as Senior Vice President, Finance and Administration at Sanford C. Bernstein & Co., Inc., until it was acquired by Alliance Capital in 2000, forming AllianceBernstein L.P. Prior to that, he served in various executive positions at Fidelity Investments and at Citicorp. Prior to joining Citicorp he was a certified public accountant with Arthur Andersen. Mr. Lieberman serves on the board of directors of Entera Bio. He served on the board of directors of Forest Laboratories, LLC from 2011 to 2014, Computershare Ltd. from 2010 to 2012 and AllianceBernstein L.P. from 2004 to 2009. Mr. Lieberman received a B.S. Beta Gamma Sigma with honors in business from the University of Connecticut.

Qualifications:

With his many years of experience as an executive in leading financial services companies, Mr. Lieberman provides finance, risk management and operating expertise for large, complex organizations.

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Prof. Ronit Satchi-Fainaro

Independent Director Nominee

Prof. Satchi-Fainaro has served as a full-time professor at Tel Aviv University since 2015, where she is Head of the Cancer Research and Nanomedicine Laboratory since 2006, Chair of the Department of Physiology and Pharmacology at the Sackler Faculty of Medicine since 2014, Chair of The Kurt and Herman Lion Cathedra in Nanosciences and Nanotechnologies since 2017 and a member of the Preclinical Dean s Committee since 2015. In 2003, she was appointed Instructor in Surgery at Children s Hospital in Boston and Harvard Medical School, where, since 2005, she has been a visiting associate professor. Prof. Satchi-Fainaro also serves as a consultant to several biotech and pharmaceutical companies, and is a member of the scientific advisory board of the Blavatnik Center for Drug Discovery and The Israel Cancer Association. She is also a member of several editorial boards of scientific journals. Prof. Satchi-Fainaro received her B.Pharm. from the Hebrew University in Jerusalem in 1995 and her Ph.D. in Polymer Chemistry and Cancer Nanomedicine from the University of London in 1999. She spent two years as postdoctoral research fellow on biochemistry and protein delivery at Tel Aviv University and two years as postdoctoral research fellow at Harvard University and Children s Hospital in Boston on vascular and cancer biology.

Qualifications:

With extensive experience in clinical medicine and research, Prof. Satchi-Fainaro provides in-depth knowledge of medicine and a scientific perspective.

As required by Israeli law, all of the foregoing director candidates have declared in writing that they possess the requisite skills and expertise, as well as sufficient time, to perform their duties as a director.

Continuing Directors

Dr. Barer became Chairman of the Board of Directors on February 6, 2017, after joining Teva s Board of Directors in January 2015. Dr. Barer is Managing Partner at SJ Barer Consulting. He also serves as an advisor to the Israel Biotech Fund. From 1987 to 2011, he served in top leadership roles at Celgene Corporation, including as Executive Chairman from 2010 to 2011, Chairman and CEO from 2007 to 2010, CEO

Dr. Sol J. Barer

Chairman of the Board

Independent Director

from 2006 to 2010, President and Chief Operating Officer from 1994 to 2006 and President from 1993 to 1994. Prior to that, he was a founder of the biotechnology group at the chemical company Celanese Corporation, which was later spun off as Celgene. Dr. Barer serves on the board of directors of Contrafect as lead director. He served on the board of Aegerion Pharmaceuticals from 2011 to 2016, on the board of Amicus Therapeutics from 2009 to February 2017 and as Chairman of the Board of InspireMD from 2011 to June 2017. Dr. Barer is Chairman of the Board of Edge Therapeutics and Aevi Genomics (formerly Medgenics). Dr. Barer received his Ph.D. in organic and physical chemistry from Rutgers University and his B.S. in chemistry from Brooklyn College of the City University of New York.

Qualifications:

With his long career as a senior pharmaceutical executive and leadership roles in various biopharmaceutical companies, Dr. Barer provides broad and experienced knowledge of the global pharmaceutical business and industry as well as extensive scientific expertise.

Kåre Schultz

Director and President and Chief Executive Officer

Mr. Schultz became Teva s President and CEO and a member of the Board of Directors on November 1, 2017. From May 2015 to October 2017, Mr. Schultz served as President and Chief Executive Officer of H. Lundbeck A/S. Prior to that, Mr. Schultz worked for nearly three decades at Novo Nordisk, where he served in a number of leadership roles, including Chief Operating Officer, Vice President in Product Supply and Director of Product Planning and Customer Services in the Diabetes Care Division. Mr. Schultz has held positions at McKinsey and Anderson Consulting. Mr. Schultz has served as a member of the Board of Directors of LEGO A/S since 2007. From 2010 to 2017, he served as Chairman of the Board of Directors of Royal Unibrew A/S and during 2017 he served on the Board of Directors of Bitten og Mads Clausens Fond, the holding vehicle for Danfoss A/S. Mr. Schultz received a master s degree in economics from the University of Copenhagen.

Qualifications:

Mr. Schultz s leadership positions in various healthcare corporations, including his experience as a chairman and a director of several international corporations and his service as the President and Chief Executive Officer at Teva, provides unique global perspective on the healthcare and pharmaceutical industries.

Amir Elstein

Independent Director

Mr. Elstein rejoined the Board of Directors in 2009. From January 2014 to July 2014, he served as Vice Chairman of the Board of Directors of Teva. Mr. Elstein serves as Chairman of the Board of Tower Semiconductor Ltd., Chairman of the Board of Governors of the Jerusalem College of Engineering and Chairman of the Board of the Israel Democracy Institute. Mr. Elstein also serves as Chairman and/or as a member of the board of directors of several academic, scientific, educational, social and cultural institutions. Mr. Elstein served as the Chairman of the Board of Directors of Israel Corporation from 2010 to 2013. From 2004 to 2008, Mr. Elstein was a member of Teva s senior management, where his most recent position was Executive Vice President, Global Pharmaceutical Resources. From 1995 to 2004, Mr. Elstein served on Teva s Board of Directors. Prior to joining Teva as an executive in 2004, Mr. Elstein

Committees:

Corporate Governance and Nominating (Chair)

Audit

Finance and Investment

held a number of executive positions at Intel Corporation, most recently as General Manager of Intel Electronics Ltd., an Israeli subsidiary of Intel Corporation. Mr. Elstein received a B.Sc. in physics and mathematics from the Hebrew University in Jerusalem, an M.Sc. in solid state physics from the Hebrew University and a diploma in senior business management from the Hebrew University.

Qualifications:

Mr. Elstein s leadership positions in various international corporations, including his experience as a chairman of international public companies and his service as an executive officer at Teva and other companies, provides global business management and pharmaceutical expertise.

Murray A. Goldberg

Independent Director

Committees:

Audit

Finance and Investment

Mr. Goldberg joined the Board of Directors in July 2017. Mr. Goldberg served in various leadership roles at Regeneron Pharmaceuticals from 1995 to 2015, including as Senior Vice President of Administration and Assistant Secretary from 2013 to 2015, as Chief Financial Officer and Senior Vice President, Finance and Administration and Assistant Secretary from 1995 to 2013 and as Treasurer from 1995 to 2012. From 1991 to 1995, Mr. Goldberg served as Chief Financial Officer and Vice President of Finance and Treasurer of PharmaGenics Inc. and as a director of PharmaGenics. From 1987 to 1990, he was a Managing Director at the Chase Manhattan Bank, and from 1973 to 1987, he held various managerial positions in finance and corporate development at American Cyanamid Company. Mr. Goldberg has served as a director of Aerie Pharmaceuticals since 2013 and serves as the chairman of its audit committee. Mr. Goldberg received a Bachelor s degree in engineering from New York University, a Master s degree in international economics from the London School of Economics and an M.B.A. from the University of Chicago.

Qualifications:

Mr. Goldberg s many years of experience in leading pharmaceutical companies, together with his knowledge of financial matters, particularly in the pharmaceutical industry, provides the Board with broad expertise in the global pharmaceutical business.

Jean-Michel Halfon

Independent Director

Mr. Halfon joined the Board of Directors in 2014. He currently serves as an independent consultant, providing consulting services to pharmaceutical, distribution, healthcare IT and R&D companies. From 2008 to 2010, Mr. Halfon served as President and General Manager of Emerging Markets at Pfizer Inc., after serving in various senior management positions since 1989. From 1987 to 1989, Mr. Halfon served as Director of Marketing in France for Merck & Co., Inc. Mr. Halfon received a B.S. from Ecole Centrale des Arts et Manufactures and an M.B.A. from Institut Supérieur des Affaires.

Committees:	**Qualifications:**
Compliance (Chair)	
Human Resources and Compensation	Mr. Halfon s years of experience in senior management at leading pharmaceutical companies, particularly his experience with emerging markets, provides expertise in international pharmaceutical operations and marketing.
Corporate Governance and Nominating	

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Roberto A. Mignone

Independent Director

Committees:

Finance and Investment

Science and Technology

Mr. Mignone joined the Board of Directors in July 2017. Mr. Mignone is the Founder and Managing Partner of Bridger Management LLC, a multi-billion dollar investment management firm specializing in long-term equity strategies, since 2000. Since inception, Bridger Management has focused on the healthcare sector and has developed considerable research expertise in support of its investments. In addition to healthcare, Bridger Management invests in global consumer, technology and financial services companies. Prior to Bridger Management, Mr. Mignone co-founded and served as a partner of Blue Ridge Capital LLC from 1996 to 2000, an investment management firm with specialties in health care, technology, media, telecommunications, and financial services. Mr. Mignone serves as a trustee and member of the Finance Committee and Nominating Committee of the New York University Langone Medical Center. He received a Bachelor of Arts degree in classics from Harvard College and an M.B.A. from Harvard University Graduate School of Business Administration.

Qualifications:

With his long career as a global investment professional with a specialty in health care, Mr. Mignone provides the Board with finance and management expertise with respect to large, complex pharmaceutical organizations.

Dr. Perry D. Nisen

Independent Director

Dr. Nisen joined the Board of Directors in July 2017. From 2014 to 2017, Dr. Nisen served as Chief Executive Officer and the Donald Bren Chief Executive Chair of Sanford Burnham Prebys Medical Discovery Institute. From 2004 to 2014, Dr. Nisen held various roles at GlaxoSmithKline, most recently as Senior Vice President, Science and Innovation. Prior to that, Dr. Nisen served as Divisional Vice President, Global Oncology Development and as Divisional Vice President, Cancer Research at Abbott Laboratories from 1997 to 2004. Previously, he was the Lowe Foundation Professor of Neuro-Oncology at the University of Texas Southwestern Medical Center. Dr. Nisen has served as a director of Mirna Therapeutics since 2016. He received a B.S. from

Stanford University, a Master s degree in molecular biology, and an M.D. and PhD from Albert Einstein College of Medicine.

Committees:

Science and Technology (Chair)

Compliance

Qualifications:

Dr. Nisen s research and development experience, management positions in leading pharmaceutical companies and service on boards provides a unique perspective on Teva s business and R&D activities.

Nechemia (Chemi) J. Peres

Independent Director

Committees:

Corporate Governance and Nominating

Human Resources and Compensation

Mr. Peres joined the Board of Directors in July 2017. Mr. Peres serves as the managing general partner and co-founder of Pitango Venture Capital, Israel s largest venture capital group that invests across technology sectors from IT to healthcare, with over 220 portfolio companies, since its inception in 1996. Mr. Peres serves on the board of directors of numerous Pitango portfolio companies. Mr. Peres is also the founder of Mofet Israel Technology Fund, one of Israel s first venture capital funds, since its inception in 1992. Mr. Peres is chairman of the Peres Center for Peace and Innovation. He co-founded and chaired the Israel Venture Association (IATI Israel Advanced Technology Industries) and he chaired the Israel America Chamber of Commerce from 2008 to 2011. He received a Bachelor of Science in industrial engineering and management and an M.B.A. from Tel Aviv University.

Qualifications:

With his pioneering financial and entrepreneurial background, Mr. Peres provides the Board with a forward-thinking view on financial and strategic matters.

Directors whose Service is Concluding at the Meeting

After two terms of service, Galia Maor has decided not to submit her candidacy for reelection at the Annual Meeting. Gabrielle Sulzberger and Dan S. Suesskind have decided not to seek reelection after one term and approximately one year of service, respectively. We sincerely thank them for their contribution, leadership and critical efforts on behalf of Teva throughout their respective terms of service. The Board will miss their insight and perspective in its deliberations and hope they will remain close to Teva for years to come.

Family Relationships

There are no family relationships among any of our executive officers or directors.

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Corporate Governance and Director Compensation

Board Practices

Under our Articles of Association, the Board of Directors must consist of between three to 18 directors (including statutory independent directors, if required). Our Board of Directors currently consists of 13 persons, including our President and CEO. Subject to election of all of the directors included in Proposal 1, and following the departure of the above-mentioned directors, our Board of Directors will consist of 11 persons, including our President and CEO. The Board of Directors has determined that all of the directors that currently serve on the Board of Directors, all of the directors that served on the Board during 2017 and all of the directors that will serve on the Board, subject to their election at the Meeting, were and are, as applicable, independent, except for Kåre Schultz, Erez Vigodman and Dr. Yitzhak Peterburg, each of whom served, or in the case of Mr. Schultz serves, on the Board of Directors while serving as our President and CEO (or as interim President and Chief Executive Officer, in the case of Dr. Peterburg).

We currently maintain a policy to have at least three directors qualify as financial and accounting experts under Israeli law. Accordingly, the Board of Directors has determined that, of the continuing directors, Murray A. Goldberg, Gerald M. Lieberman and Roberto A. Mignone are financial and accounting experts under such criteria.

Our directors are generally entitled to review and retain copies of our documentation and examine our assets, as required to perform their duties as directors and to receive assistance, in special cases, from outside experts at our expense.

Board Diversity*

* Following the departure of the above-mentioned directors and the election of the new director nominee.

Director Terms and Education. Our directors are generally elected in three classes for terms of approximately three years. Due to the complexity of our businesses and our extensive global activities, we value the insight and familiarity with our operations that a director is able to develop over his or her service on the Board of Directors. Because we believe that extended service on our Board enhances a director s ability to make significant contributions to Teva, we do not believe that arbitrary term limits on directors service are appropriate. At the same time, it is the policy of the Board that directors should not expect to be renominated automatically.

In recent years, we strengthened our Board of Directors with the addition of new highly qualified and talented directors, adding expertise as well as diversity to our Board of Directors. Through these efforts, we have reduced the average tenure of our directors from 5.1 years of service prior to the 2017 annual meeting of shareholders to 2.5 years after giving effect to all nominations and departures contemplated

herein. We also reduced the average age of our directors from 67 prior to the 2017 annual meeting of shareholders to 61 after giving effect to all nominations and departures contemplated herein. Our Chairman of the Board is independent under NYSE regulations, and 12 out of 13 of our current directors are, and following the election of all of the directors included in Proposal 1 and the departure of the above-mentioned directors 10 out of 11 of the directors will be, independent under NYSE regulations. Our only non-independent director is our President and CEO, which facilitates collaboration between the Board of Directors and management. We continue to evaluate the size and composition of our Board of Directors to ensure it maintains dynamic, exceptionally qualified members.

We provide an orientation program and a continuing education process for our directors, which include business and industry briefings, provision of materials, sessions from leading experts and professionals, meetings with key management and visits to Teva facilities. We evaluate and improve our education and orientation programs on an ongoing basis to ensure that our directors have the knowledge and background needed for them to best perform their duties.

Board Meetings. The Board of Directors holds at least six meetings each year to review significant developments affecting Teva and to consider matters requiring approval of the Board, with additional meetings scheduled when important matters require Board of Directors action between scheduled meetings. A majority of the meetings convened, but not fewer than four, must be in Israel. Members of senior management regularly attend Board meetings to report on and discuss their areas of responsibility. Information regarding the number of Board committee meetings and attendance rates for 2017 is presented in the table on page 20.

Executive Sessions of the Board. Our directors meet in executive session (*i.e.*, without the presence of management, including our President and CEO) generally in connection with each regularly scheduled Board meeting and additionally as needed. Executive sessions are chaired by Dr. Barer, the Chairman of the Board.

Annual Meetings. We do not have a formal policy requiring members of the Board to attend our annual meetings, although all directors are strongly encouraged to attend. Nine of our directors attended the 2017 annual meeting of shareholders.

Board Leadership. The Board of Directors recognizes that one of its key responsibilities is to establish and evaluate an appropriate leadership structure for the Board of Directors so as to provide effective oversight of management. The Board of Directors has separate roles for the Chief Executive Officer and Chairman of the Board of Directors, with Dr. Sol Barer serving as independent Chairman and Mr. Kåre Schultz as President and CEO. Dr. Barer s long career as a senior pharmaceutical executive and leadership roles in various biopharmaceutical companies, as well as his extensive scientific expertise and knowledge of the global pharmaceutical business, have made him an invaluable resource to both the Board of Directors and the Chief Executive Officer. The Board of Directors has determined that this leadership structure is appropriate for Teva at this time.

Board of Directors Role in Risk Oversight. Management is responsible for assessing and managing risk, subject to oversight by the Board of Directors. Our annual risk assessment process includes both a top-down review of strategic risks and a bottom-up review of operational risks, which are presented to the Board of Directors. The Board of Directors fulfills its oversight responsibility for risk assessment and management by reviewing risk management policies and the risk appetite of our operations and business strategy and by instructing its committees to assist and advise in their areas of expertise, as described below. Each committee provides regular updates to the full Board regarding its activities.

The Board oversees our risk management policies and risk appetite, including operational risks and risks relating to our business strategy and transactions. Various committees of the Board assist the Board in this oversight responsibility in their respective areas of expertise.

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The Audit Committee assists the Board with the oversight of our financial reporting, independent auditors, internal controls and internal audit function. It is charged with identifying any flaws in business management and recommending remedies, detecting fraud risks and implementing anti-fraud measures. The Audit Committee further discusses our policies with respect to risk assessment and management with respect to our financial reporting and cyber risks.

The Compliance Committee oversees our policies and practices for legal, regulatory and internal compliance (other than regarding financial reporting) and reviews policies and practices that may seriously impact our reputation.

The Finance and Investment Committee reviews our financial risk management policies, including our investment guidelines, financings and foreign exchange and currency hedging, as well as financial risk of certain transactions.

The Human Resources and Compensation Committee (the **Compensation Committee**) oversees compensation, retention, succession and other human resources-related issues and risks.

The Science and Technology Committee oversees risks relating to our intellectual property and research and development activities.

The Corporate Governance and Nominating Committee oversees risks relating to our governance policies and initiatives.

Director Service Contracts. Except for equity awards that accelerate upon termination, we do not have any contracts with any of our non-employee directors that provide for benefits upon termination of services. Information regarding director compensation can be found under Non-Employee Director Compensation below.

Communications with the Board. Shareholders, employees and other interested parties can contact any director or committee of the Board of Directors by writing to them care of Teva Pharmaceutical Industries Ltd., 5 Basel Street, Petach Tikva, 4951033, Israel, Attn: Company Secretary or Internal Auditor. Comments or complaints relating to our accounting, internal controls or auditing matters may also be referred to members of the Audit Committee, as well as other appropriate Teva bodies. The Board of Directors has adopted a global whistleblower policy, which provides employees and others with an anonymous means of communicating with the Audit Committee.

Nominees for Directors. In accordance with the Israeli Companies Law, a nominee for service as a director must submit a declaration to us, prior to his or her election, specifying that he or she has the requisite qualifications to serve as a director and the ability to devote the appropriate time to performing his or her duties as such and that he or she is not restricted from serving as director under the Israeli Companies Law. All of our directors, including those nominated for appointment as directors at the Meeting, have provided such declaration. A director who ceases to meet the statutory requirements to serve as a director must notify us to that effect immediately and his or her service as a director will terminate upon submission of such notice.

Our Board of Directors believes that it should be composed of directors with diverse, complementary backgrounds and that directors should, at a minimum, exhibit proven leadership capabilities and possess experience at a high level of responsibility within their chosen fields. When considering a candidate for director, our Corporate Governance and Nominating Committee considers whether the directors, both individually and collectively, can and do provide the experience, judgment, commitment, skills and expertise appropriate to lead Teva in the context of its industry. In addition, our Corporate Governance and Nominating Committee considers a nominee s expected contribution to the diversity of skills, background, experiences and perspectives, as well as whether such nominee could provide added value to any of the committees of the Board of Directors, given the then existing composition of the Board of Directors as a whole. Our Corporate Governance and Nominating Committee also provides input and guidance regarding the independence of directors, for formal review and approval by our Board of Directors.

When seeking candidates for director, our Corporate Governance and Nominating Committee may solicit suggestions from incumbent directors, management, shareholders and others. Additionally, the Board of Directors has in the past used and may continue to use the services of third party search firms to assist in the identification and analysis of appropriate candidates. After conducting an initial evaluation of a prospective candidate, members of the Board of Directors will interview that candidate if they believe the candidate may be suitable. The Chairman of the Board of Directors may also ask the candidate to meet with certain members of executive management.

If our Corporate Governance and Nominating Committee believes a director should be re-approved or a candidate would be a valuable addition to the Board of Directors, it may recommend to the Board of Directors that candidate s appointment or election, who, in turn, can submit the candidate for consideration by the shareholders.

Israeli law provides a process by which one or more shareholders holding 1% or more of the voting rights of Teva may propose the nomination of a candidate to the Board of Directors for consideration by Teva s Corporate Governance and Nominating Committee. See Shareholder Proposals for the 2018 Annual Meeting and the 2019 Annual Meeting below.

Non-Employee Director Compensation

As required by the Israeli Companies Law, we have adopted a Compensation Policy for Executive Officers and Directors (the **Compensation Policy**), which is presented for shareholder approval at least once every three years. Pursuant to the Israeli Companies Law and regulations promulgated thereunder, any arrangement between Teva and a director relating to his or her compensation as a director or other position with Teva must generally be consistent with Teva s Compensation Policy and approved by the Compensation Committee, the Board and by a simple majority of Teva s shareholders. Shareholder approval is not required in certain instances, for example, for the compensation granted to a director for the period following his or her appointment until the next general meeting of shareholders, provided such compensation is approved by the Compensation Committee and the Board, is consistent with the Compensation Policy and is on similar or less favorable terms than those of such person s predecessor.

As approved at our 2015 annual general meeting of shareholders, each of our non-employee directors from time to time (other than our Chairman of the Board) is entitled to annual compensation comprised of:

(i) an annual Board membership fee of $160,000 paid in cash;

(ii) additional annual cash fees for service on Board committees ($20,000 for service on the Audit Committee, $15,000 for service on the Compensation Committee and $10,000 for service on each other committee);

(iii) an annual equity-based award in the form of restricted share units (RSUs) with an approximate aggregate fair market value of $130,000 as of the date of grant; and as approved at our 2017 annual general meeting of shareholders,

(iv) an additional annual cash fee for his or her membership on each special or ad-hoc committee, in an amount equal to $20,000 per annum.

Our 2017 annual general meeting of shareholders approved an annual fee of $567,000 for our Chairman of the Board. This fee is in addition to the annual equity-based award in the form of RSUs our Chairman is entitled to with an approximate fair market value of $378,000 on the date of grant, as approved at our 2015 annual general meeting of shareholders. Our Chairman is also entitled to certain secretarial and other services and benefits.

All of our current directors waived 50% of the cash component of his or her annual Board membership fee, effective as of January 1, 2018 and until December 31, 2018. Giving effect to such waiver, the annual cash fee for their Board membership in 2018 will be $80,000.

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Fees for Board and committee service are payable over the period of time during which the individual serves as a non-employee director. In the event that a non-employee director serves as a member of the Board during only a portion of the period from one annual meeting to the next, a pro-rated amount of the annual board membership fee, committee fees and equity award will be paid. Upon completion of a non-employee director s service as a director, other than removal pursuant to a shareholder resolution due to a breach of fiduciary duties, any unvested awards granted to such director in virtue of such position and held by such director will immediately become vested.

In addition, Teva reimburses or covers its directors for expenses (including travel expenses) incurred in connection with meetings of the Board and its committees or performing other services for Teva in their capacity as directors, in accordance with Israeli law and the Compensation Policy. Directors, including the Chairman of the Board, are also entitled to certain perquisites having an aggregate monetary value of no more than $10,000 per year per director.

VAT, if applicable, is added to the above director compensation, in accordance with applicable law.

No additional compensation is received for attendance at a Board or Committee meeting.

2017 Director Compensation

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2)	Total ($)
Dr. Sol J. Barer (3)	243,389	454,884	698,273
Roger Abravanel (4)	104,445	0	104,445
Dr. Arie Belldegrun (5)	12,110	0	12,110
Rosemary A. Crane	201,681	130,001	331,682
Amir Elstein	190,592	130,001	320,593
Murray A. Goldberg (6)	85,957	130,001	215,958
	198,116	130,001	328,117

Jean-Michel Halfon			
Gerald M. Lieberman	208,343	130,001	338,344
Galia Maor	196,417	130,001	326,418
Roberto A. Mignone (6)	81,712	130,001	211,713
Dr. Perry D. Nisen (6)	81,712	130,001	211,713
Joseph Nitzani (7)	163,397	32,500	195,897
Nechemia J. Peres (6)	83,753	130,001	213,754
Ory Slonim (8)	106,103	0	106,103
Dan S. Suesskind (9)	50,357	103,889	154,246
Gabrielle Sulzberger	196,788	130,001	326,789

(1) The amounts shown include the cash portion of the annual fee for the Chairman of the Board and Board membership fees and committee service fees for other non-employee directors.

(2) In August 2017, each non-employee director serving at that time, excluding the Chairman of the Board, was granted 7,956 RSUs, based on the grant date fair value of a share of $16.34. Non-employee directors that join after the general meeting are eligible for an equity grant value that is pro-rated in an amount equal to the difference between (i) an annual grant and (ii) the product of (x) an annual grant divided by 12 and (y) the number of months (including partial months) in the period between the last annual meeting of shareholders and the date of such appointment. In November 2017, Dan S. Suesskind was granted 9,575 RSUs based on the grant date fair value of a share of $10.85. The amounts shown in the Stock Awards column represent the aggregate grant date fair values

of RSUs computed in accordance with FASB Accounting Standards Codification Topic 718 (**Topic 718**). Valuations of RSUs were determined based on the fair market value of a Teva share on the grant date, less the net present value of dividends. For information regarding assumptions, factors and methodologies used in our computations pursuant to Topic 718, see note 14c. to our consolidated financial statements set forth in our Annual Report on Form 10-K for the year ended December 31, 2017. These RSUs vest three years from the grant date. As of December 31, 2017, the aggregate number of unvested RSUs held by each current non-employee director was as follows: Dr. Sol J. Barer: 30,545; Rosemary A. Crane: 12,898; Amir Elstein: 12,898; Murray A. Goldberg: 7,956; Jean-Michel Halfon: 12,898; Gerald M. Lieberman: 12,898; Galia Maor: 12,898; Roberto A. Mignone: 7,956; Dr. Perry D. Nisen: 7,956; Nechemia J. Peres: 7,956; Dan S. Suesskind: 9,575; and Gabrielle Sulzberger: 12,898. Upon completion of a non-employee director s service as a director, other than removal pursuant to a shareholder resolution due to a breach of fiduciary duties, any unvested awards granted to such director in virtue of such position and held by such director will immediately become vested. In 2017, Roger Abravanel, Dr. Arie Belldegrun, Joseph Nitzani and Ory Slonim received accelerated vesting of equity in connection with their completion of Board service.

(3) During his service as Chairman of the Board, Dr. Barer is entitled to an annual fee of $567,000 and an annual equity-based award with a total value of $378,000, in accordance with the general framework for equity-awards for our directors approved at our 2015 annual general meeting of shareholders. Upon his appointment as Chairman of the Board on February 6, 2017, Dr. Barer was granted a pro-rata equity-based award with respect to his service as Chairman of the Board from February 6, 2017 until the 2017 annual meeting on July 13, 2017 and a pro-rata amount of the annual cash fee of $567,000 for his service as Chairman of the Board during such period. Dr. Barer waived $283,500 of his annual fee as Chairman of the Board payable in 2017.

(4) Mr. Abravanel stepped down from Board service in July 2017.

(5) Dr. Belldegrun ceased Board service in February 2017.

(6) Mr. Goldberg, Mr. Mignone, Dr. Nisen, and Mr. Peres were elected to the Board at the 2017 annual meeting on July 13, 2017.

(7) Mr. Nitzani s term expired in September 2017.

(8) Mr. Slonim s term expired in July 2017.

(9) Mr. Suesskind was appointed to the Board on September 25, 2017.

Mr. Schultz was not and will not be entitled to any compensation in his capacity as a member of the Board or any committee thereof.

We purchase directors and officers liability insurance for our directors and executive officers, as approved by our shareholders and consistent with the Compensation Policy. In addition, we release our directors from liability and indemnify them to the fullest extent permitted by law and our Articles of Association, and provide them with indemnification and release agreements for this purpose, substantially in the form approved by our shareholders at our 2012 annual meeting.

Any director elected at the Meeting would be remunerated in the manner described above, and would benefit from the insurance, indemnification and release discussed above.

Committees of the Board

Our Articles of Association provide that the Board of Directors may delegate its powers to one or more committees as it deems appropriate to the extent such delegation is permitted under the Israeli Companies Law. The Board of Directors has appointed the standing committees listed below, as well as ad-hoc committees appointed from time to time for specific purposes determined by the Board.

We have adopted charters for all of our standing committees, formalizing the committees procedures and duties. These committee charters are available on our website at www.tevapharm.com.

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Current Committee Composition and Board and Committee Attendance

Name	Audit	Human Resources and Compensation	Corporate Governance and Nominating	Finance and Investment	Compliance	Science and Technology
Rosemary A. Crane		Chair				
Amir Elstein			Chair			
Murray A. Goldberg						
Jean-Michel Halfon					Chair	
Roberto A. Mignone						
Dr. Perry D. Nisen						Chair
Nechemia (Chemi) J. Peres						
Gerald M. Lieberman	Chair					
Galia Maor*				Chair		
Gabrielle Sulzberger*						

Dan S. Suesskind*						
No. of meetings in 2017	10	11	6	6	2	4
Average attendance rate	96%	92%	92%	97%	100%	95%

* Ms. Maor, Mr. Suesskind and Ms. Sulzberger have each decided not to submit their candidacy for reelection at the Annual Meeting.

In 2017, our Board of Directors met 16 times, with an average attendance rate of 94%. In 2017, each of our current directors attended at least 80% of the meetings of the Board and Board committees on which he or she served. In 2017, the Board of Directors and various Board committees met frequently to review and approve the important strategic activities throughout the year.

We had a Corporate Responsibility Committee, which was dissolved effective as of September 1, 2017, when we established our Compliance Committee. The Corporate Responsibility Committee met twice during 2017 until dissolved, with an attendance rate of 90%.

Audit Committee

The Israeli Companies Law mandates publicly held Israeli companies to appoint an audit committee. As a NYSE-listed company, Teva s Audit Committee must be comprised solely of independent directors, as defined by SEC and NYSE regulations.

The responsibilities of our Audit Committee include, among others: (a) identifying flaws in the management of our business and making recommendations to the Board of Directors as to how to correct them and providing for arrangements regarding employee complaints with respect thereto; (b) making determinations and considering providing approvals concerning certain related party transactions and certain actions involving conflicts of interest; (c) reviewing the internal auditor s performance and approving the internal audit work program and examining our internal control structure and processes; (d) examining the independent auditor s scope of work and fees and providing the corporate body responsible for determining the independent auditor s fees with its recommendations; and (e) providing for arrangements regarding employee complaints regarding questionable accounting or auditing matters and monitor compliance with and investigate alleged violations and enforce provisions of the Company s Code of Conduct. Furthermore, the Audit Committee discusses the financial statements and the disclosure under Management s Discussion and Analysis of Financial Condition and Results of Operations (the **MD&A**) and presents to the Board of Directors its recommendations with respect to the proposed financial statements and MD&A.

In accordance with the Sarbanes-Oxley Act and NYSE requirements, the Audit Committee is directly responsible for the appointment, compensation and oversight of the work of our independent auditors. In addition, the Audit Committee is responsible for assisting the Board of Directors in monitoring our financial statements, the effectiveness of our internal controls and our compliance with legal and regulatory requirements. The Audit Committee also discusses our policies with respect to risk assessment and risk management with respect to financial reporting and risks that may be material to us and major legislative and regulatory developments that could materially impact Teva s contingent liabilities and risks.

The Audit Committee charter sets forth the scope of the committee s responsibilities, including its structure, processes and membership requirements; the committee s purpose; its specific responsibilities and authority with respect to, among others, registered public accounting firms; complaints relating to accounting, internal accounting controls or auditing matters; and its authority to engage advisors as determined by the Audit Committee.

All of the Audit Committee members have been determined to be independent as defined by SEC and NYSE regulations.

The Board of Directors has determined that, of the current directors on this committee, Gerald M. Lieberman (chair), Murray A. Goldberg, Galia Maor and Dan S. Suesskind are audit committee financial experts as defined by applicable SEC regulations. Ms. Maor and Mr. Suesskind have each decided not to submit their candidacy for reelection at the Annual Meeting.

Human Resources and Compensation Committee

Publicly held Israeli companies are required to appoint a compensation committee. Our Compensation Committee includes only independent directors, as defined by SEC and NYSE regulations.

The Compensation Committee is responsible for establishing annual and long-term performance goals and objectives for our executive officers, as well as reviewing our compensation philosophy and policies (including our Compensation Policy).

The Compensation Committee is responsible for reviewing plans for the succession of our directors, our chief executive officer and other senior members of executive management.

The Compensation Committee also evaluates the performance of our chief executive officer and other executive officers, makes recommendations to the Board of Directors regarding the compensation of our executive officers and directors, reviews any organizational restructuring pertaining to the roles, responsibilities and selection of executive officers and oversees our labor practices.

Corporate Governance and Nominating Committee

The role of our Corporate Governance and Nominating Committee is to (i) identify individuals who are qualified to become directors; (ii) recommend to the Board of Directors director nominees for each annual meeting of shareholders; and (iii) assist the Board of Directors in establishing and reviewing Teva s statement of corporate governance principles and promoting good corporate governance in Teva.

All of the committee members must be, and have been determined to be, independent as defined by NYSE regulations.

Finance and Investment Committee

The role of our Finance and Investment Committee is to assist the Board of Directors in fulfilling its responsibilities with respect to our financial and investment strategies and policies, including determining policies on these matters and monitoring implementation. It is also authorized to approve certain financial transactions (such as material loans and other financing arrangements), review our financial risk management policies and evaluate the execution, financial results and integration of Teva s completed acquisitions, as well as various other finance-related matters, including our global tax structure and allocation policies. According to the committee s charter, at least one of the committee s members must be qualified as a financial and accounting expert under SEC regulations and/or the Israeli Companies Law.

The Board of Directors has determined that, of the current directors on this committee, Galia Maor, Murray A. Goldberg, Roberto A. Mignone and Dan S. Suesskind are financial and accounting experts under Israeli law. Ms. Maor and Mr. Suesskind have each decided not to submit their candidacy for reelection at the Annual Meeting.

Compliance Committee

The role of our Compliance Committee is to oversee our: (i) policies and practices for complying with laws, regulations and internal procedures; (ii) policies and practices regarding issues that have the potential to seriously impact our business and reputation; (iii) global public policy positions; and (iv) social responsibility and community outreach.

A majority of committee members must be determined to be independent as defined by NYSE regulations. The chairperson of the Audit Committee shall be invited by the committee chairperson to participate in the Compliance Committee, as deemed relevant to the committee s agenda.

Science and Technology Committee

The Science and Technology Committee oversees our overall strategic direction and investment in research and development and technological and scientific initiatives. As part of this responsibility, it reviews scientific and R&D strategy and priorities, scientific aspects of business development activities and technological trends. It assists the Board of Directors in risk management oversight relating to R&D and our intellectual property, advises on our intellectual property strategy, reviews new technology in which Teva is, or is considering, investing and reviews the efficacy and safety profile of new pharmaceuticals.

All of the committee members must be determined to have scientific, medical or other related expertise. A majority of committee members must be determined to be independent as defined by NYSE regulations.

Code of Business Conduct

Teva has adopted a code of business conduct applicable to its directors, executive officers, and all other employees. A copy of the code is available to every Teva employee on Teva s internet site, upon request to its human resources department, and to investors and others on Teva s website at www.tevapharm.com or by contacting Teva s investor relations department, legal department or the internal auditor. If we make any amendment or grant any waiver to this code that applies to our chief executive officer, chief financial officer, chief accounting officer or controller, or persons performing similar functions, and that relates to an element of the SEC s code of ethics definition, then we will disclose the nature of the amendment or waiver on Teva s website. The Board of Directors has approved a whistleblower policy which functions in coordination with Teva s code of business conduct and provides an anonymous means for employees and others to communicate with various bodies of Teva, including the Audit Committee. Teva has also implemented a training program for new and existing employees concerning the code of business conduct and whistleblower policy.

Principles of Corporate Governance

We have adopted a set of corporate governance principles, which is available on our website at www.tevapharm.com. We place great emphasis on maintaining high standards of corporate governance and continuously evaluate and seek to improve our governance standards. These efforts are expressed in

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our corporate governance principles, our committee charters and the policies of our Board of Directors. Teva is in compliance with all corporate governance standards currently applicable to Teva under Israeli and U.S. laws, SEC regulations and NYSE listing standards.

Insider Trading Policy

Our directors, executive officers and employees, as well as their immediate family members, persons living in their home and entities controlled by any of the foregoing persons are subject to Teva s insider trading policy (the **Policy**). The Policy prohibits insider trading and certain speculative transactions (including short sales, buying put and selling call options and other hedging or derivative transactions in Teva s securities), and establishes a regular blackout period schedule during which directors, executive officers and certain employees may not trade in Teva s securities. In addition, the Policy establishes pre-clearance procedures that directors and executive officers must observe prior to effecting any transaction in Teva s securities. The Policy applies not only to Teva s ADSs and ordinary shares, but also to its debt securities and other securities for which Teva securities serve as underlying assets.

Board Evaluation Process

Our Board of Directors is committed to continuous improvement and recognizes the fundamental role a robust Board of Directors and committee evaluation process play in ensuring that our Board of Directors maintains optimal composition and functions effectively.

The Board of Directors, in conjunction with the Corporate Governance and Nominating Committee, conducts an annual self-evaluation of its effectiveness and to identify opportunities where an enhancement or change in practices may lead to further improvement. The Corporate Governance and Nominating Committee also uses this process to assess and determine the characteristics and skills required of prospective candidates for election to the Board of Directors.

Executive Officers

The following table sets forth information regarding our executive officers as of April 25, 2018:

Name	Age	Executive Officer Since	Position
Kåre Schultz	56	2017	President and Chief Executive Officer

Iris Beck-Codner	52	2014	Executive Vice President, Global Brand and Communications
Richard Daniell	51	2017	Executive Vice President, European Commercial
Sven Dethlefs	49	2017	Executive Vice President, Global Marketing & Portfolio
Dr. Hafrun Fridriksdottir	56	2017	Executive Vice President, Global R&D
Michael McClellan	48	2017	Executive Vice President, Chief Financial Officer
Gianfranco Nazzi	49	2017	Executive Vice President, Growth Markets Commercial
Dr. Carlo de Notaristefani	61	2012	Executive Vice President, Global Operations
Brendan O Grady	51	2017	Executive Vice President, North America Commercial
Mark Sabag	48	2013	Executive Vice President, Global Human Resources
David M. Stark	49	2016	Executive Vice President, Chief Legal Officer

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Effective November 1, 2017, Kåre Schultz joined Teva as President and CEO and was also appointed to the Board of Directors. He succeeded Dr. Yitzhak Peterburg, who served as Interim President and Chief Executive Officer from February to October 31, 2017.

On November 27, 2017, Michael McClellan was appointed Executive Vice President, Chief Financial Officer, after serving as Interim Chief Financial Officer since July 1, 2017. He succeeded Eyal Desheh who served as Group Executive Vice President, Chief Financial Officer since 2008.

In November 2017, we announced a new organizational structure and leadership changes to enable strategic alignment across our portfolios, regions and functions. In December 2017, we announced a comprehensive restructuring plan intended to significantly reduce our cost base, unify and simplify our organization and improve business performance, profitability, cash flow generation and productivity. As a result of these changes, Dr. Michael Hayden, Dr. Rob Koremans and Dipankar Bhattacharjee stepped down from their executive roles at Teva on November 27, 2017.

Kåre Schultz *President and Chief* *Executive Officer*	The biography of Kåre Schultz, our President and Chief Executive Officer, and one of our directors, appears under Directors above.
Iris Beck-Codner *Executive Vice President,* *Global Brand &* *Communications*	Ms. Beck-Codner became Executive Vice President, Global Brand & Communications in November 2017. From 2014 to 2017, Ms. Beck-Codner served as Group Executive Vice President, Corporate Marketing and Communication. From 2013 to 2014, she served as Senior Vice President, Chief Communications Officer. From 2009 to 2012, she served as Group CEO of McCann Erickson Israel, IPG and from 2002 to 2008, as Vice President Marketing & Content at Partner Communications Company Ltd. From 1999 to 2000, she served as General Manager of Lever Israel, a wholly-owned subsidiary of Unilever Israel. Ms. Beck-Codner received a B.A. in economic sciences from Haifa University and an M.B.A. with distinction from Bar-Ilan University.
Richard Daniell *Executive Vice President,* *European Commercial*	Mr. Daniell was appointed Executive Vice President, European Commercial in November 2017. From December 2016 to November 2017, he served as President and CEO, Teva Europe Generics. From 2015 to 2016, he served as Chief Integration Officer, leading the integration of the Actavis Generics business into Teva. From 2015 to 2016, he served as Chief Operating Officer, Growth Markets. From 2011 to 2015 he served as Cluster General Manager, United Kingdom and Ireland. Mr. Daniell serves on the Board of Directors of PGT since February 2017. Mr. Daniell received a B.Sc. degree in chemistry from the University of Auckland, New Zealand.

Sven Dethlefs *Executive Vice President,* *Global Marketing &* *Portfolio*	Mr. Dethlefs was appointed Executive Vice President, Global Marketing & Portfolio in November 2017. From 2016 to 2017, he served as Global Head of Respiratory Medicines, Global Specialty Medicines. From 2013 to 2016, he served as Chief Operating Officer, Teva Global Operations. Mr. Dethlefs joined Teva as General Manager, Teva Germany in 2008. Prior to joining Teva, he served for over eleven years as a partner at McKinsey & Company. Mr. Dethlefs received his Ph.D. in biochemistry from the FU Berlin/Pasteur Institute Paris.
Dr. Hafrun Fridriksdottir *Executive Vice President,* *Global R&D*	Dr. Fridriksdottir became Executive Vice President, Global R&D in November 2017. From February 2017 to November 2017, she served as Executive Vice President, President of Global Generics R&D, after serving as Senior Vice President and President of Global Generics R&D from 2016. Prior to joining Teva, from 2015 to 2016, Dr. Fridriksdottir served as Senior Vice President and

President of Global Generics R&D in Allergan plc. From 2002 to 2015, she held positions of increasing responsibility within the Actavis Group, including Senior Vice President, R&D. From 1997 to 2002, Dr. Fridriksdottir served as Divisional Manager of Development at Omega Pharma, until its merger with Actavis. Dr. Fridriksdottir received an MS degree in pharmacy and a Ph.D. in physical pharmacy from the University of Iceland.

Michael McClellan

Executive Vice President,

Chief Financial Officer

Mr. McClellan was appointed Executive Vice President, Chief Financial Officer in November 2017. He served as Interim Group Chief Financial Officer from July 2017 to November 2017. From 2015 to November 2017, he served as Senior Vice President and CFO, Global Specialty Medicines. Prior to joining Teva, Mr. McClellan was the U.S. CFO at Sanofi, where his career spanned nearly 20 years in roles of increased responsibility in global finance and healthcare. Mr. McClellan received his BSBA, accounting and economics from the University of Missouri Trulaske College of Business.

Gianfranco Nazzi

Executive Vice President,

Growth Markets

Commercial

Mr. Nazzi was appointed Executive Vice President, Growth Markets Commercial in November 2017. From March 2017 to November 2017, he served as President and CEO of Growth Markets, Global Generic Medicines Group. Mr. Nazzi joined Teva as Senior Vice President, Specialty Medicines Europe in 2014. Prior to joining Teva, he served seven years at AstraZeneca in various senior roles, including Sales and Marketing Vice President Europe, Global Vice President Respiratory, General Manager of the Balkans and Vice President Primary Care in Italy. Prior to that, he served for two years as BU Director Metabolic & Cardiovascular at GlaxoSmithKline and five years in various sales and marketing roles at Eli Lilly and Company in both Italy and the United States. Mr. Nazzi received his BA degree in economics from the University of Udine, and his master s degree in management studies from SDA Bocconi.

Dr. Carlo de Notaristefani

Executive Vice President,

Global Operations

Dr. de Notaristefani became Executive Vice President, Global Operations in November 2017. From 2012 to 2017, he served as President and Chief Executive Officer, Global Operations. Prior to joining Teva, from 2004 to 2011, Dr. de Notaristefani was a member of the senior management team at Bristol-Myers Squibb, where he served as President Technical Operations and Global Support Functions, with responsibility for global supply chain operations, quality and compliance, procurement and information technology. Before joining Bristol-Myers Squibb, Dr. de Notaristefani held several senior positions of increasing responsibility in the areas of global operations and supply chain management with Aventis, Hoechst Marion Roussell and Marion Merrell Dow. Dr. de Notaristefani holds a doctoral degree in chemical engineering from the University of Naples.

Brendan O Grady

Mr. O Grady was appointed Executive Vice President, North America Commercial in November 2017. From 2016 until November 2017, he served as Chief Commercial Officer, Global Specialty Medicines and served as interim head of Teva s European

Executive Vice President, *North America* *Commercial*	Specialty business. Prior to that, he held various senior roles since joining Teva in 2011 as Regional Account Manager, and from 2015 to 2016, he served as President and CEO, Teva North America Generics. Prior to joining Teva, Mr. O Grady spent ten years with Sanofi predecessor companies in a variety of commercial and medical affairs roles that began in field sales. He received his B.S. from Geneseo State University, NY in management science/marketing and holds an M.B.A. from Baker University in Baldwinsville, Kansas.

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Mark Sabag *Executive Vice President,* *Global Human Resources*	Mr. Sabag became Executive Vice President, Global Human Resources in November 2017. From 2013 to November 2017, he served as Group Executive Vice President, Human Resources. From 2012 to 2013, Mr. Sabag served as Global Deputy Vice President, Human Resources. From 2010 to 2012, he served as Vice President, Human Resources for Teva s International Group. From 2006 to 2010, he served as Vice President, Human Resources International Group and Corporate Human Capital. Prior to joining Teva, Mr. Sabag held senior human resources roles with Intel Corporation. Mr. Sabag received a B.A. in economics and business management from Haifa University.
David M. Stark *Executive Vice President,* *Chief Legal Officer*	Mr. Stark became Executive Vice President, Chief Legal Officer in November 2017. From November 2016 to November 2017, he served as Group Executive Vice President, Chief Legal Officer. From 2014 to 2015, Mr. Stark was Senior Vice President and General Counsel, Global Specialty Medicines. Since joining Teva in 2002, Mr. Stark served in a series of roles with increasing responsibilities in Teva North America and Teva Americas, including as Senior Director, Deputy General Counsel, and Vice President and General Counsel. Prior to joining Teva, Mr. Stark was an associate attorney in the litigation departments at Willkie Farr & Gallagher LLP between 1998 and 2002, Chadbourne & Parke between 1997 and 1998 and Haight, Gardner, Poor & Havens between 1994 and 1997. Mr. Stark received a J.D. from New York University School of Law and a B.A. in political science from Northeastern University, summa cum laude.

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Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS

This compensation discussion and analysis (**CD&A**) describes the philosophy, objectives, process, components and additional aspects of our 2017 executive compensation program. This CD&A is intended to be read in conjunction with the tables that immediately follow this section, which provide further historical compensation information for the following named executive officers (**NEOs**):

Current NEOs	
Kåre Schultz	President and Chief Executive Officer (**CEO**)
Michael McClellan	Executive Vice President, Chief Financial Officer (**CFO**)
Dr. Carlo de Notaristefani	Executive Vice President, Global Operations
Dr. Hafrun Fridriksdottir	Executive Vice President, Global R&D
Mark Sabag	Executive Vice President, Global Human Resources

Former NEOs	
Erez Vigodman	Former President and CEO
Dr. Yitzhak Peterburg	Former Interim President and CEO
Eyal Desheh	Former Group Executive Vice President and CFO
Dr. Rob Koremans	Former President and CEO, Global Specialty Medicines
Dr. Michael Hayden	Former President of Global R&D and Chief Scientific Officer

Quick CD&A Reference Guide

Components of Our Compensation Program	**Section IV**
Additional Compensation Policies and Practices	**Section V**

I. Executive Summary

Overview

The core objectives of our executive compensation programs are to (i) link pay to performance over both the short- and long-term; (ii) align executive officers interests with those of Teva and its shareholders over the long-term, generally by including grants of the Company s equity as a significant component in our executive compensation program; (iii) encourage balanced risk management; and (iv) provide a competitive compensation package that motivates executive officers. Consistent with these objectives, our compensation plans are designed to reward our executive officers for generating performance that achieves Company, business and individual goals, and for increasing shareholder returns. When we do not achieve Company, business and individual goals, our executive officers compensation reflects that performance.

2017 was a year of transition for Teva. Both our generic medicines business and our specialty medicines business faced significant challenges. In order to position Teva for the future, we made changes to our leadership structure. Our executive compensation program is designed to support our strategy, especially during this period of transition.

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2017 Select Business Highlights

Leadership Transitions

Effective November 1, 2017, Kåre Schultz joined Teva as President and Chief Executive Officer and was also appointed to the Board of Directors. He succeeded Dr. Yitzhak Peterburg, who served as Interim President and Chief Executive Officer from February to October 31, 2017.

On November 27, 2017, Michael McClellan was appointed Executive Vice President, Chief Financial Officer, after serving as Interim Chief Financial Officer since July 1, 2017. He succeeded Eyal Desheh who served as Group Executive Vice President, Chief Financial Officer from 2008 to June 30, 2017.

Strategic Developments

In our generic medicines business, we noted significant deterioration in the U.S. generics market and economic environment. Consequently, we recorded goodwill impairments of $17.1 billion in 2017, mainly with respect to our U.S. generics reporting unit. In our specialty medicines business, we faced increased generic competition to certain of our key specialty products, including COPAXONE®.

In November 2017, we announced a new organizational structure and leadership changes to enable strategic alignment across our portfolios, regions and functions. Under this new structure, our business will be integrated into one commercial organization, operating through three regions North America, Europe and Growth Markets.

In December 2017, we announced a comprehensive restructuring plan intended to significantly reduce our cost base, unify and simplify our organization and improve business performance, profitability, cash flow generation and productivity, including a global workforce reduction of approximately 14,000 employees, more than 25% of our workforce.

We had substantial debt of $32.5 billion as of December 31, 2017. We announced a priority of improving our financial profile, including a commitment to reduce our debt in light of significant financial obligations in the next four years. In March 2018, we completed the successful offering of $4.5 billion of senior notes. We used the proceeds from this offering to repay outstanding indebtedness under our U.S. dollar and Japanese yen term loan agreements and to redeem senior notes due in 2018 and 2019.

We began a program to optimize our generics portfolio and a thorough review of all research and development programs.

On January 31, 2018, we completed the sale of a portfolio of products to CVC Capital Partners Fund VI for $703 million in cash. The portfolio of products, which is marketed and sold outside of the United States, includes the women s health products OVALEAP®, ZOELY®, SEASONIQUE®, COLPOTROPHINE® and other specialty products such as ACTONEL®.

On November 2, 2017, we completed the sale of PLAN B ONE-STEP and our brands of emergency contraception TAKE ACTION®, AFTERA® and NEXT CHOICE ONE DOSE® to Foundation Consumer Healthcare for $675 million in cash.

On November 1, 2017, we completed the sale of PARAGARD, a copper releasing intrauterine contraceptive manufactured and sold in the United States, to CooperSurgical for $1.1 billion in cash.

Financial Results

Our 2017 revenues were $22.4 billion, an increase of 2%, or 6% in local currency terms, compared to 2016. The increase was primarily due to (i) an increase in our generic medicines segment from the inclusion of Actavis Generics revenues for the full year of 2017, compared to five months in 2016, partially offset by the adverse market dynamics in the United States; (ii) the acquisition of Anda in the fourth quarter of 2016; partially offset by (iii) a decrease in our specialty medicines segment due to generic competition to certain of our key products.

Our generic medicines segment generated revenues of $12.3 billion and profit of $2.8 billion. Revenues increased 2%, or 10% in local currency terms, compared to 2016. Profit decreased 15% compared to 2016. The higher revenues in 2017 were mainly due to the inclusion of Actavis Generics revenues for the full year of 2017 compared to five months in 2016, partially offset by the adverse market dynamics in the United States. Our lower profit in 2017 was mainly due to price erosion in the U.S. generics market.

Our specialty medicines segment generated revenues of $7.9 billion and profit of $4.3 billion. Revenues decreased 9% in both U.S. dollar and local currency terms compared to 2016. Profit decreased 7%. The decrease was mainly due to generic competition to COPAXONE, AZILECT® and NUVIGIL®.

Expenses related to other asset impairments, restructuring and other items were $5.1 billion, compared to $1.4 billion in 2016. The expenses in 2017 were mainly due to impairments of $3.8 billion of long-lived assets and a charge of $396 million in connection with the deconsolidation of our subsidiaries in Venezuela.

Legal settlements and loss contingencies were $500 million, compared to $899 million in 2016.

Other income was $1.2 billion, compared to $769 million in 2016. Other income in 2017 was mainly due to the sale of (i) PARAGARD® for $1.1 billion and (ii) PLAN B ONE-STEP® and other women s health products for $675 million in cash.

Operating loss was $17.5 billion, compared to operating income of $2.2 billion in 2016, mainly due to the goodwill and long-lived asset impairments.

Net loss attributable to ordinary shareholders was $16.5 billion in 2017, compared to net income of $68 million in 2016.

Cash flow from operating activities was $3.5 billion, compared to $5.2 billion in 2016. The decrease was mainly due to the impact of change in working capital in 2017, compared to 2016.

In 2017, we repaid $4.4 billion of net debt on our various term loans.

Dividends on ordinary shares and mandatory convertible preferred shares have currently been suspended.

Components of Compensation and Target Pay Mix

The Compensation Committee, Board and shareholders selected the components of compensation set forth below to achieve our stated executive officer compensation objectives. The majority of the compensation of each executive officer is variable and at risk. We consider compensation to be at risk if it is subject to performance-based payment or vesting conditions or if its value depends on share price appreciation.

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Executive Compensation

Compensation of our executive officers generally consists of annual base salary, annual cash incentives and annual equity-based compensation. As required by the Israeli Companies Law, we have adopted the Compensation Policy, which is presented for shareholder approval at least once every three years. Under the Compensation Policy, our target range for the pay mix between the annual base salary, annual cash incentives and annual equity-based compensation of our executive officers is as follows:

- Base salary, 10% 30%;
- Annual target cash incentives, 15% 30%; and
- Annual target equity-based compensation, 40% 75%.

The target ranges express the optimal pay mix in the event all performance measures are achieved at target levels, and assume all compensation elements are granted with respect to a given calendar year. Performance that is lower than target levels or exceeds target levels in any given calendar year may result in a payout in different percentages than those described above.

The target pay mix supports the core principles of our executive officer compensation philosophy of compensating for performance and aligning executive officers interests with those of Teva and its shareholders, by emphasizing short- and long-term incentives that fall within the ranges noted above.

Corporate Governance Practices

As part of the efforts of the Compensation Committee, to ensure that our compensation program, which includes our policies and practices, aligns our executive officers interests with those of Teva and its shareholders, the Compensation Committee assesses the effectiveness of our compensation program periodically, and reviews risk mitigation and governance matters. We do this by maintaining the following best practices:

What We Do		What We Don t Do
Adopt a Compensation Policy that is approved	X	

by shareholders		No immediate vesting (single trigger) of equity-based awards if awards are assumed or substituted in connection with a change in control; following a change-in-control, equity-based awards would only accelerate and vest in the event of a subsequent qualifying employment termination (double trigger)
Align pay and performance	X	No hedging policy regarding our shares applicable to directors and executive officers
Review compensation data from peers whose industry, revenues, and global footprint share similarities with Teva	X	No pledging policy limiting the pledging of shares applicable to directors and executive officers

What We Do		What We Don t Do
Use equity for long-term incentive awards with mandatory minimum vesting periods	X	No guaranteed performance bonuses
Maintain an appropriate balance between short and long-term compensation which discourages short-term risk taking at the expense of long-term results	X	No repricing or backdating of share options
Cap annual cash incentive payouts, annual equity grant values at target, and earned PSUs	X	No discounted share options
Require executive officers to comply with our share ownership guidelines	X	No highly leveraged incentive plans that encourage excessive risk taking
Maintain a clawback policy designed to recoup incentive compensation paid to executive officers based on erroneously prepared financial statements	X	No excise tax gross-up provisions in employment agreements
Engage an independent compensation advisor to the Compensation Committee, who performs no other consulting work for Teva		

Conduct annual risk assessments of our compensation program

U.S. Domestic Issuer Status

Effective January 1, 2018, we began filing periodic reports and registration statements with the SEC as a U.S. domestic issuer, after we determined that, as of June 30, 2017, we no longer qualified as a foreign private issuer under SEC rules. As a U.S. domestic issuer, we must now, for the first time, make our SEC filings under the rules applicable to U.S. domestic issuers, and must include certain disclosures that were not previously required, including this Compensation Discussion and Analysis. In addition, the determination and presentation of executive compensation amounts for NEOs contained within this Executive Compensation section follows SEC and applicable accounting requirements, which differ from the determination and presentation methodologies that were permitted by, and that we have used previously in, prior Annual Reports filed on Form 20-F and other disclosures and filings. For example, certain elements of compensation in this Executive Compensation section are reported based on the year with respect to which they were granted or earned, not for periods with respect to which they were accrued or expensed for accounting purposes (as was the case in our prior Annual Reports filed on Form 20-F). This applies, for example, to amounts in respect of equity compensation in the Summary Compensation Table, which are now calculated based on grant date fair value and not calculated based on compensation expense as accrued for accounting purposes, as reflected in our prior Annual Reports filed on Form 20-F.

Compensation-Related Requirements of the Israeli Companies Law

As approved at our 2016 annual general meeting of shareholders, and as required by the Israeli Companies Law, we have adopted a Compensation Policy regarding the terms of office and employment of our office holders (as defined under the Israeli Companies Law, which includes directors, the CEO, other executive officers and any other managers directly subordinate to the CEO), including cash compensation, equity-based awards, releases from liability, indemnification and insurance, severance and other benefits (the **Terms of Office and Employment**). Each of our NEOs is (or was, while employed by us) an office holder within the meaning of the Israeli Companies Law. The Compensation Policy is reviewed from time to time by the Compensation Committee and Board to ensure its alignment with our compensation philosophy and to consider its appropriateness for Teva and is required to be brought at least once every three years to our shareholders for approval.

Pursuant to the Israeli Companies Law, arrangements between Teva and its office holders must generally be consistent with the Compensation Policy. However, under certain circumstances, we may approve an arrangement that is not consistent with the Compensation Policy, if the arrangement is approved by a majority of our shareholders, provided that (i) the majority includes a majority of the votes cast by shareholders who are present and voting (abstentions are disregarded) who (A) are not controlling shareholders and (B) do not have a personal interest in the matter, or (ii) the votes cast against the arrangement by shareholders who are not controlling shareholders and who do not have a personal interest in the matter who were present and voted constitute two percent or less of the voting power of the Company (a special majority). Under certain circumstances, if the Compensation Policy is not approved by the shareholders, the Compensation Committee and the Board may nonetheless approve such policy.

In addition, pursuant to the Israeli Companies Law, the Terms of Office and Employment generally require the approval of the Compensation Committee and the Board. The Terms of Office and Employment as applicable to directors further require the approval of the shareholders by a simple majority. The Terms of Office and Employment with respect to a CEO generally require the approval of the shareholders by the special majority referenced in the immediately preceding paragraph. Pursuant to regulations promulgated under the Israeli Companies Law, shareholder approval is not required with respect to Terms of Office and Employment granted to a director or a CEO for the period following his or her appointment until the next general meeting of shareholders, provided these terms are (i) approved by the Compensation Committee and the Board, (ii) consistent with the Compensation Policy and (iii) on similar or less favorable terms than those of the person s predecessor. In addition, under certain circumstances, shareholder approval is not required with respect to the Terms of Office and Employment of a candidate for CEO if the Compensation Committee determines that the engagement will be frustrated if the approval is pursued, provided that the terms are consistent with the Compensation Policy. This provision was followed in the recruitment of our President and CEO, Kåre Schultz.

Under certain circumstances, if the Terms of Office and Employment of office holders who are not directors are not approved by the shareholders, where such approval is required, the Compensation Committee and the Board may nonetheless approve such terms. In addition, non-material amendments of the Terms of Office and Employment of office holders who are not directors may be approved by the Compensation Committee only and non-material amendments of the Terms of Office and Employment of office holders who are not directors and excluding the CEO may be approved by the CEO only, provided such approvals are permitted under the Compensation Policy and consistent therewith. Accordingly, for as long as not otherwise determined by the Compensation Committee and the Board, our President and CEO is currently authorized to approve benefits and perquisites for any other executive officer with respect to any calendar year, provided that it does not exceed the value of such executive officer s one month base salary.

Compensation Proposal Results and Shareholder Feedback

We pay careful attention to any feedback we receive from our shareholders about our executive compensation program. Although we have not been subject to the requirement for a shareholder advisory vote on our executive compensation program (say-on-pay) in the past, we have historically received high levels of support from our shareholders on executive compensation matters, including the approval of our Compensation Policy. At our 2017 annual meeting of shareholders, the votes on executive compensation matters received the following levels of support:

Approval of Teva s 2017 Executive Incentive Compensation Plan 91%

Amendment to the 2015 Long-Term Equity-Based Incentive Plan to increase the number of shares available for issuance thereunder 87%

Approval of the compensation of Dr. Sol J. Barer as Chairman of the Board 92%

Approval of the terms of office and employment of Dr. Yitzhak Peterburg as Interim President and CEO 87%

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Approval of a membership fee for directors serving on special or ad-hoc committees 91%

The Compensation Committee believes these results demonstrate strong shareholder support for our executive compensation program. While we received such support for our compensation proposals at our 2017 annual general meeting, the Compensation Committee continued to work to enhance our executive compensation program to further align with shareholder interests. When making compensation decisions for our executive officers, the Compensation Committee will continue to consider the outcome of votes on compensation-related matters and feedback from shareholders.

II. Compensation Philosophy and Objectives

To remain competitive, we must attract and retain highly talented professionals with the necessary skills and capabilities to promote creativity and manage global operations. Due to our unique position as an Israeli company with an extensive global footprint, we aim to adopt compensation policies and practices that match those of similar global companies, while complying with applicable local laws and policies.

We are also committed to transparent and ethical business practices. Maintaining high standards of corporate governance and legal compliance are key factors in our success. This allows us to create long-term value for our shareholders as well as all of our other stakeholders, including employees, customers, suppliers and, above all, patients worldwide.

Our executive officer compensation philosophy also values the following principles:

- promotion of our goals and supporting our business strategy and work plan;
- paying executive officers equitably relative to one another based on their roles and responsibilities, educational background, skills, expertise, prior professional experience, achievements, seniority and location;
- embedding a culture of strong performance with high integrity; and
- encouraging good corporate governance and compliance practices.

Our objectives with respect to executive officer compensation, as summarized below, are designed to: (i) link pay to performance; (ii) align executive officers interests with those of Teva and its shareholders over the long-term; (iii) encourage balanced risk management; and (iv) provide a competitive compensation package that motivates our executive officers.

Pay-for-performance: We aim to incentivize our executive officers by creating a strong link between their performance and compensation. Therefore, a significant portion of the total compensation package provided to our executive officers is based on measures that reflect both our short- and long-term goals and performance, as well as the executive officer s individual performance and impact on shareholder value. In order to strengthen this link, we define clear and measurable quantitative and qualitative objectives that, in combination, are designed to improve our results and returns to shareholders.

Alignment of executive officers interests with those of Teva and its shareholders: In order to promote retention and motivate executive officers to focus on long-term objectives and the performance of Teva s shares, a significant portion of the compensation packages of our executive officers is granted in the form of equity-based compensation, which creates a direct link between the interests of executive officers and the interests of Teva and its shareholders.

Risk management: Compensation is structured in a manner that creates an incentive to deliver high performance (both short- and long-term) while taking into account our compliance and risk management philosophy and avoiding undue pressure on executive officers to take excessive risks, thereby encouraging a balanced and effective risk-taking approach. Our compensation elements are designed with this in mind, by including mechanisms that reduce incentives to expose Teva to imprudent risks that may harm the Company or our shareholders in the short- and long-terms. This is achieved by using tools such as (i) placing maximum limits on short- and long-term incentives; (ii) measuring performance with key performance indicators that are designed to reduce incentives to take excessive risks; (iii) using compensation vehicles with diverse performance measures; (iv) granting a mix of equity-based compensation types that have long-term vesting schedules, which tie the awards to a longer performance cycle; and (v) requiring clawback of compensation payments in certain circumstances.

Competitiveness: We compete with global companies to attract and retain highly talented professionals with the necessary capabilities to promote creativity, encourage high achievement, manage our complex business and worldwide operations and execute our strategy. For these reasons, the total compensation package for our executive officers is generally targeted at the median range of the peer group, which includes global pharmaceutical companies, as well as other companies which compete with Teva for similar talent, and may also include companies in the relevant geographical locations. Executive officers total compensation may deviate from the target level as required to attract or retain certain individuals or reflect their respective characteristics or performance.

III. Compensation Determination Process

The Compensation Committee and the Board design the executive compensation program with the intention of accomplishing the goals of linking pay to performance and creating alignment with Teva and its shareholder interests and also retaining and motivating a qualified executive team to provide strategic leadership and business continuity. In determining executive compensation, the Compensation Committee obtains input and advice from independent compensation consultants as applicable and reviews recommendations from our CEO with respect to the performance and compensation of our other executive officers. The Board, upon recommendation from, and following approval of, the Compensation Committee, reviews and approves compensation and performance awards of the CEO and executive officers. The Compensation Committee and the Board consider financial, operational and share price performance to determine appropriate executive compensation parameters.

Key Participants

The roles and responsibilities of all parties involved with the compensation determination process are set forth below:

Role	Responsibilities
Shareholders	Approve the Compensation Policy as required under the Israeli Companies law, including caps and thresholds for cash incentives and target equity, and any changes thereto, at least once every three years Cast advisory vote on proposal(s) regarding executive compensation under U.S. law Approve any compensation that deviates from the Compensation Policy Approve compensation of the CEO Approve compensation of directors Approve equity plans, material changes to equity plans and share reserve increases Provide direct feedback and input to Teva and our Board
Board of Directors	Evaluate performance of the CEO and executive officers, including the NEOs Review and approve (subject to shareholder approval in certain cases): Equity plans, material changes to equity plans and share reserve increases Executive compensation, with input and recommendation from, and prior approval of, the Compensation Committee Changes to the Compensation Policy
Human Resources and Compensation	Consider all factors and shareholder feedback to help align our compensation program with the interests of Teva and our shareholders and long-term value creation Review and approve (subject to Board approval in certain cases):

Committee	Executive compensation including adjustments to executive officers base salary, target cash incentives and equity compensation, as well as other components of compensation Establishment of performance-based metrics and goals under the annual cash incentive plan and associated with PSUs Achievement of performance-based goals under the annual cash incentive plan and associated with PSUs Equity plans and awards Compensation Policy and its adequacy (periodically) The CD&A and the compensation tables and accompanying narrative descriptions
Independent Compensation Consultant	Provide advice to the Compensation Committee regarding our executive compensation program, including: Input on pay philosophy, best practices and market trends Selection of peer group Executive compensation practices and levels at peer group companies Design of annual cash incentive plan and equity plans Review and provide an independent assessment of the data and materials presented by management to the Compensation Committee Participate in Compensation Committee meetings as requested
CEO	Evaluate the performance of other executive officers, including the other NEOs, and recommend adjustments to base salaries, annual cash incentive plan and long-term equity compensation Develop business goals, which are taken into account by the Compensation Committee and Board in the design of our executive compensation program

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Role of Independent Compensation Consultant

The Compensation Committee has retained Pay Governance LLC as its independent compensation consultant to provide advice on the compensation of our executive officers. Pay Governance provides no other services to Teva. The Compensation Committee has assessed the independence of Pay Governance and concluded that the engagement of this firm does not raise any conflict of interest with Teva or any of its directors or executive officers.

Compensation Peer Group and Peer Selection Process

As a part of setting the compensation of our CEO and executive officers, the Compensation Committee and the Board use comparative compensation information from a relevant peer group of companies (the **Peer Group**) as a data point.

The Compensation Committee selects the companies in the Peer Group, with the assistance of Willis Towers Watson, based on primary selection criteria including, but not limited to, the following:

Industry Pharmaceutical sector/subsector

Company size and diversity $5 billion to $70 billion of revenues, market capitalization of more than $10 billion, and a similar number of employees as Teva

Geography Global footprint and breadth, with focus on U.S. and European markets

The Peer Group has been constructed, in part, such that our revenues are generally in the middle of the range of the Peer Group companies. The Compensation Committee believes that the Peer Group companies also represent the companies with which we compete for talent. Periodically, the Compensation Committee reassesses the companies within the Peer Group and makes changes as appropriate, considering changes to the companies in the Peer Group, such as mergers and acquisitions and changes in our business.

The Compensation Committee and the Board consider data from the companies in the Peer Group to review the components and the total compensation of our CEO and executive officers relative to their counterparts at Peer Group companies, while also taking into consideration sustained performance, criticality of contributions to Teva and the executive officer s role, skills, experience and development. The Compensation Committee and the Board use Peer Group data as a reference point for measurement, but Peer Group data is just one of several factors considered. The Compensation Committee retains discretion in determining the nature and extent of the use of Peer Group data.

The Peer Group established for setting 2017 compensation consisted of the following companies:

Company	Headquarters
AbbVie, Inc.	United States
Allergan Plc	Ireland
Amgen, Inc.	United States
Astellas Pharma, Inc.	Japan
AstraZeneca Plc	United Kingdom
Bayer AG	Germany
Bristol-Myers Squibb Co.	United States
	United States

Eli Lilly & Co.	
Gilead Sciences, Inc.	United States
GlaxoSmithKline Plc	United Kingdom
Merck & Co., Inc.	United States
Merck KGaA	Germany
Mylan NV	Netherlands
Novartis AG	Switzerland
Novo Nordisk A/S	Denmark
Pfizer Inc.	United States
Roche Holding AG	Switzerland
Sanofi	France

Takeda Pharmaceutical Co., Ltd.	Japan

	Revenues ($ in millions)	Market Cap ($ in millions)	Employees
Teva Pharmaceutical Industries Ltd. Percentile Rank	47th	16th	58th
Median	22,859	98,638	41,275

Internal Considerations

Internal fairness: As a global company with complex operations worldwide and with many of our executive officers and a majority of our employees located outside of Israel, we position our executive officer compensation on a competitive scale commensurate with each executive officer s role and responsibilities. Due to the large variations in customary pay levels, compensation practices and mandatory compensation requirements among the jurisdictions in which executive officers and employees are located, the Compensation Committee and the Board believe that a meaningful comparison between executive officer compensation and the compensation of other employees should be made, taking into account the relevant geographic location in which the executive officer is located, the executive officer s role and scope of responsibility and the relevant geographic location of employees under the executive officer s area of responsibility. Therefore, in addition to external benchmarking, the Compensation Committee and the Board review relevant internal ratios between executive officer compensation and the compensation of other employees, including the average and median values of employee compensation in Israel and other relevant geographies and its potential effect on our labor relations.

Previous and existing compensation arrangements: When considering the compensation package of an executive officer, the Compensation Committee and the Board may consider the previous and existing compensation arrangements of such individual and his or her scope of responsibility.

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Executive Compensation

In addition, see Additional Compensation Information 2017 Pay Ratio set forth below.

Risk Considerations

While the Board has overall responsibility for risk oversight, each of the standing committees of the Board regularly assesses risk in connection with executing its responsibilities. Therefore, the Compensation Committee assesses the potential risks arising from our compensation program, policies and practices. The Compensation Committee coordinates with our legal, human resources and other departments, considers shareholder feedback and interests and consults with its compensation consultant. The Compensation Committee reviewed and discussed the assessment for 2017. The Compensation Committee determined that our compensation program, policies and practices do not create risks that are reasonably likely to have a material adverse effect on Teva.

IV. Components of Our Compensation Program

2017 Components in General

The Compensation Committee, Board and shareholders selected the components of compensation set forth in the chart below to achieve our stated executive officer compensation program objectives. The Compensation Committee and the Board review all components of the compensation of executive officers in order to verify that the executive officer s total compensation is consistent with our compensation philosophy and objectives. The majority of the compensation of each executive officer is variable and at risk and subject to the achievement of performance goals in order to be earned.

Element	Description	Strategic Role
Base Salary	Fixed cash compensation Determined based on each executive officer s individual skills, experience, performance, external market and internal equity	Base salaries provide stable compensation to executive officers, allow Teva to attract and retain competent executive talent and maintain a stable leadership team.
Short-Term Incentives: Annual Cash Incentives	Variable cash compensation, based on the level of achievement of quantitative and qualitative performance objectives that are	Annual cash incentives are designed to ensure that our executive officers are aligned in reaching our short- and long-term goals; payout levels are determined based on actual

pre-determined annually	financial and operational results, as well as individual performance.
Cash incentives are awarded only if performance against goals is at least 85% of target (90% for all CEOs)	
Cash incentives are capped at a maximum of 200% of base salary if achievement level is at least 120% of performance goal (125% for the former CEO and former interim CEO)	
Target cash award as a percentage of base salary is capped at 100% (140% for all CEOs)	

Element	Description	Strategic Role
Long-Term Incentives: Annual Equity-Based Compensation	Variable equity-based compensation Maximum monetary grant value of the annual equity award is $6.0 million at target for the CEO and $3.5 million at target for executive officers **Performance Share Units (PSUs):** Restricted share units that are earned only upon the attainment of pre-established 3-year performance goals, with a relative total shareholder return (**TSR**) modifier Awards earned only if corporate performance against goals is at least 85% of target Awards capped at 200% of target number of shares if achievement level is at least 120% of performance goal **Restricted Share Units (RSUs):** Restricted share units that are time-based	Equity-based compensation is used to foster a long-term link between executive officers interests and the interests of Teva and its shareholders, as well as to attract, motivate and retain executive officers for the long-term.

Share Options: Right to purchase shares at a price equal to the share price on the grant date that vest during a specified period

Base Salary

Purpose: Base salaries provide stable compensation to executive officers, allow Teva to attract and retain competent executive talent and maintain a stable leadership team. Base salaries vary among executive officers, and are individually determined according to each executive officer s areas of responsibility, role and experience, based on a variety of considerations, including:

- **Professional background**: Factors such as education, skills, expertise, professional experience and achievements are considered.

- **Competitiveness**: The base salary of executive officers is evaluated for competitiveness by considering external information with respect to the Company s peer group selected based on such factors among others as Teva s size, global footprint, nature of activities and competitors for similar talent, as well as the relevant geographic location.

- **Internal fairness**: The variation in the relative base salary among executive officers is designed to reflect the differences in position, education, scope of responsibilities, location, previous experience in similar roles and contribution to the attainment of our goals.

Adjustments to base salary: The Compensation Committee and the Board may periodically consider and approve base salary adjustments for executive officers. The main considerations for a salary adjustment are similar to those used in initially determining base salary, but may also include a change of role or responsibilities, recognition for professional achievements, regulatory or contractual requirements, budgetary constraints or market trends. The Compensation Committee and the Board also consider the previous and existing compensation arrangements of the executive officer whose base salary is being considered for adjustment.

Annual Cash Incentives

Purpose: The annual cash incentive component aims to ensure that our executive officers are aligned in reaching our short- and long-term goals. Annual cash incentives are designed to provide a significant pay-for-performance element of our executive compensation package.

Annual cash incentives: Payout eligibility and levels of individual annual cash incentives are determined based on actual financial and operational results, as well as individual performance. Following approval of the Company s annual operating plan each calendar year, the Compensation Committee and the Board, following the CEO s recommendations, determine the performance measures, taking into account our short- and long-term goals, as well as our compliance and risk management policies. The Compensation Committee and the Board may also determine any applicable super-measures that must be met for entitlement to the annual cash incentive (all or any portion thereof) and the formula for calculating any annual cash incentive payout, with respect to each calendar year, for each executive officer.

In special circumstances, as determined by the Compensation Committee and the Board (e.g., regulatory changes and significant changes in our business environment), the Compensation Committee and the Board may modify the objectives and/or their relative weights during the calendar year.

Parameters: Individual annual cash incentive parameters are determined by the Compensation Committee and the Board, taking into account our short- and long-term goals, as well as our risk management policy.

Thresholds: Achievement of less than 85% of an executive officer s performance measures (or 90% with respect to the CEO) in a given calendar year calculated on a weighted average basis will not entitle the executive officer to an annual cash incentive.

Target incentive: The target incentive, which is the annual cash incentive amount that an executive officer will be entitled to receive upon achievement of 100% of his or her performance measures, is up to 100% of the executive officer s annual base salary (other than with respect to the CEO). The target incentive for the CEO is up to 140% of the CEO s annual base salary.

Maximum incentive: The maximum incentive, which is the maximum annual cash incentive amount that an executive officer, including the CEO, will be entitled to receive upon achievement of at least 120% of his or her performance measures for any given calendar year, will not exceed 200% of the executive officer s annual base salary.

Payout formula: The formula for calculating the annual cash incentive payout with respect to each calendar year refers to the target and maximum incentive and applicable thresholds and super-measures. The formula may result in a partial annual cash incentive payout in the event that an executive officer achieves less than 100% (but no less than 85%, and with respect to the CEO, no less than 90%) of his or her performance measures.

Super-measures: The Compensation Committee and the Board may determine one or more additional mandatory requirements that must be met to receive the annual cash incentive (all or any portion thereof) with respect to each calendar year. The super-measures may be determined as an absolute parameter (e.g., operating profits, revenues and earnings per share (**EPS**)) and/or as a parameter that is relative to a peer group (e.g., a comparison of Teva s EPS to the peer group EPS, or Teva s TSR to the peer group TSR).

Budget: The Compensation Committee and the Board may set an annual budget for annual cash incentives awarded to executive officers. In special circumstances, as determined by the Compensation

Committee and the Board (e.g., regulatory changes and significant changes in our business environment), the Compensation Committee and the Board may amend or modify the budget during the applicable period.

The annual cash incentive parameters are intended to drive motivation and performance higher, while the maximum payout ceiling provides a risk management mechanism that assists in protecting Teva from excessive risk taking to achieve short-term results that could expose us to risk in the long-term, and aligns target setting with our pre-defined risk profile.

In the event of an executive officer s termination of service or employment where such executive officer served Teva for less than 12 months, he or she will not be entitled to an annual cash incentive, unless otherwise determined by the Compensation Committee and Board.

2017 Annual Cash Incentives

As provided in our Compensation Policy, annual cash incentives are designed to ensure that our executive officers are aligned in reaching our short- and long-term goals. Annual cash incentives are therefore a strictly pay-for-performance compensation element, as payout eligibility and levels are determined based on actual financial and operational company and business unit results, as well as individual performance.

As provided in our Compensation Policy and as described above, our annual cash incentive plan for our executive officers takes the form of cash awards that are earned based on one-year performance. This structure aligns our executive officers interests with those of our shareholders by providing incentives to the executive officers to achieve certain short-term financial and operational results established by the Board as vital to the execution of our business strategy.

For 2017, the Compensation Committee and the Board reviewed our company performance against our 2017 objectives in order to make determinations regarding whether any payouts were due under our 2017 executive officers annual incentive plan. Due to the fact that our financial results were significantly below our original financial targets for the year, the Compensation Committee and the Board determined not to make any payouts under the executive officers annual cash incentive plan for 2017. Below we provide additional information about the design and operation of the 2017 annual cash incentive plan for executive officers.

Annual Cash Incentive Calculation Methodology

Eligible Salary	**X**	**Target Incentive %**	**X**	**Overall Performance Factor %**	**=**	**Annual Cash Incentive Payout**

The amount of the annual cash incentive for the executive officers, including the CEO and our other NEOs, is determined as follows. First, the Compensation Committee determines a target cash incentive opportunity by taking the individual s base salary and multiplying it by the individual s target incentive percentage.

Second, for each of the Company-, business unit- and individual-level performance results, a weighted-average approach is used. As shown below, Company-level performance measures consist of financial measures and operational measures. Each component of the financial and operational measures has a weighting, and the Compensation Committee determines the aggregate Company-level weighted average performance relative to target. Similarly, for business-unit level performance measures, each component is assigned a weighting, and the Compensation Committee determines the aggregate business-unit level weighted average performance relative to the target (except for the CEO, whose annual cash incentive is determined based on only Company- and individual-level measures). Finally, for individual-level measures, the Compensation Committee determines the individual performance rating based on achievement of individual goals.

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Executive Compensation

Third, the Compensation Committee determines an overall performance factor. The Compensation Committee determines this overall performance factor by calculating the weighted average of the performance factors for Company-, business unit- and individual-level performance. There are slightly different potential factors for the CEO and the other executive officers, as described below. If the overall performance factor is below the overall threshold, then the performance factor will be zero (and the individual will not receive an annual cash incentive). If the overall performance factor is between the overall threshold and overall maximum, the individual s overall performance factor will be determined by linear interpolation. If the overall performance factor is above the maximum, the maximum performance factor will be used.

Finally, the Compensation Committee takes the target cash incentive opportunities of the executive officers, including the CEO, and multiplies them by the applicable overall performance factor of the person to determine the actual cash incentive to be paid. The Compensation Committee then approves and presents the Company-, business unit- and individual-level achievement relative to target performance measures, the calculation of performance factors and the determination of incentive amounts to the Board for its review and approval.

The Compensation Committee and the Board established the following performance measure categories and weightings for 2017:

CEO

Category	Weighting	Additional Weighting
Company	80%	70% Financial 30% Operational
Individual	20%	

Other Executive Officers

Category	Weighting	Additional Weighting

Company	60%	70% Financial 30% Operational
Business Unit	20%	Commercial Units: 50% Financial (minimum) Global Functions: 100% Operational
Individual	20%	

Company-Level: Financial Measures: The Compensation Committee and the Board believe that financial measures are key performance indicators of the present and future prospects of our business and key drivers of shareholder value, and selected the following financial measures for use in the annual cash incentive program:

Net Revenue, which is determined using net revenue as reported in our audited financial statements, subject to adjustment for currency fluctuations, is a leading indicator of corporate performance and value creation and represents top line growth.

Non-GAAP EPS, calculated as net income attributable to ordinary shareholders divided by the weighted average number of shares outstanding (fully diluted), is a measure of income and represents profitable growth. It focuses managers on expense control in addition to revenues and is viewed as a strong indicator of sustained performance over the short and long-term.

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- **Free Cash Flow**, calculated as the cash generated by Teva from operational activity after deducting investment in capital expenditures such as buildings or equipment, serves to focus employees on generating cash in the short and long-term to fund operations. It focuses managers on expense control in addition to revenues and on improvement in working capital. We adjust our free cash flow measure to exclude legal settlements.

The Compensation Committee and the Board used non-GAAP measures as performance metrics in structuring our annual cash and long-term equity incentive programs. The use of these measures is not intended to replace comparable GAAP measures as set forth in our consolidated financial statements. We believe that these non-GAAP measures are helpful to management and investors as measures of operating performance because they exclude various items that do not relate to or are not indicative of operating performance. Please see Item 7 Management s Discussion and Analysis Supplemental Non-GAAP Income Data to our Annual Report on Form 10-K for the year ended December 31, 2017 for reconciliations of these measures to the most directly comparable GAAP measures and other required disclosures.

The table below shows Company-level financial performance measures and their weightings approved by the Compensation Committee and the Board for the 2017 annual cash incentive plan:

Financial Measure	Weighting
Net Revenue	20%
Non-GAAP EPS	25%
Free Cash Flow	25%

Company-Level: Operational Measures: Of the 80% (CEO) or 60% (other executive officers) of performance measures that are set at the Company level, operational metrics constituted 30% of those respective amounts. The Compensation Committee and the Board believe that operational measures represent key steps on the path to achieving short and long-term strategic objectives and value creation. For 2017, the Compensation Committee and the Board selected operational measures as follows:

Operational Measure	Description	Weighting
Value Generation	Achieving certain critical specialty products business milestones and achieving certain gross profit levels from new launches of generic products	15%
Product Quality, Safety and Compliance	*Quality:* Achieving goals related to the quality of our products, including the outcome of regulatory authority audits *Safety:* Achieving goals related to the nature of environmental, health and safety events *Compliance:* Achieving goals related to our compliance program	15%

Business Unit Level: Of the 20% of performance measures that are set at the Business Unit level for executive officers (other than the CEO), the commercial business units have measures that include the following components:

- Financial (50% or more)
  - Net revenue
  - Profitability
  - Operating profit before general and administrative expenses and R&D costs
- Operational
  - Product launches

- Customer service
- Quality and Safety
- R&D
- Corporate Initiatives

The global function units, such as Finance, Human Resources and Legal, have operational measures that include components specific to their nature.

Individual Level: The remaining 20% of the measures under the annual cash incentive plan are individual performance measures established by the Compensation Committee and the Board early in the year in the following areas:

- Strategy
- Collaboration
- Culture
- Leadership

Strategy measures are primarily related to key planned strategic actions, such as transformation. Collaboration, culture and leadership measures are generally related to cross business unit collaboration, talent development and building organizational capability, and personal development. The Compensation Committee and the Board evaluate performance with respect to the individual measures using a rating system that equates to a level of performance, which is then used as a component for determination of the overall performance factor.

Overall Performance Factor: The Compensation Committee and the Board then determine the weighted average of the performance factors for Company-, business unit- and individual-level performance. Based on the weighted average performance, the overall performance factor is then determined based on the following table for each executive officer, and for the CEO, the former CEO and the former interim CEO:

Level of Achievement of Objectives	Weighted Average % Achievement of Category Measures (1) (2)	Overall Performance Factor: Potential Annual Cash Incentive as a % of Annual Base Salary
Threshold	85% (90% for CEOs) and below	No annual cash incentive payment
Target	100%	100% (140% for CEOs)
Maximum Cash Incentive	120% (125% for former CEO and former interim CEO)	200%

(1) Payouts for performance for the CEO and former CEOs are determined linearly based on a straight line interpolation of the applicable payout range (i.e., 14% for each percentile change in performance between threshold and target, 2.4% for each percentile change in performance between target and maximum for former CEOs, and 3% for each percentile change in performance between target and maximum for the current CEO). No additional payout is made for performance achievement in excess of 125% for former CEOs and 120% for the current CEO.

(2) Payouts for performance for other executive officers are determined linearly based on a straight-line interpolation of the applicable payout range (i.e., 6.67% for each percentile change in performance between threshold and target and 5% for each percentile change in performance between target and maximum). No additional payout is made for performance in excess of 120% achievement of the performance criteria.

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As described above, the Compensation Committee and the Board reviewed our company performance against our 2017 objectives. Due to the fact that our financial results were significantly below our original financial targets for the year, the Compensation Committee and the Board determined not to make any payouts under the executive officers annual cash incentive plan for 2017.

The table below sets forth the calculation of the annual cash incentive plan for our interim CEO, CEO, and other NEOs which is reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table presented below in under Additional Compensation Information section.

Name	Eligible Base Salary ($)	Target Annual Cash Incentive (% of Base Salary)	Target Award ($)	Overall Performance Factor	Payout ($)	Cash Incentive Payout as a % of Base Salary
Current NEOs						
Kåre Schultz	$ 2,000,000	140%	$ 2,800,000	0%	$ 0	0%
Michael McClellan (1)	$ 219,519	100%	$ 219,519	0%	$ 0	0%
Dr. Carlo de Notaristefani	$ 836,400	100%	$ 836,400	0%	$ 0	0%
	$ 630,577	100%	$ 630,577	0%	$ 0	0%

Dr. Hafrun Fridriksdottir (1)									
Mark Sabag	$	604,637	100%	$	604,637	0%	$	0	0%
Former NEOs									
Erez Vigodman (2)		N/A	N/A		N/A	N/A		N/A	N/A
Dr. Yitzhak Peterburg (1)	$	1,199,750	140%	$	1,679,650	0%	$	0	0%
Eyal Desheh (3)	$	408,300	100%	$	408,300	0%	$	0	0%
Dr. Rob Koremans (4)	$	783,215	100%	$	783,215	0%	$	0	0%
Dr. Michael Hayden (4)	$	1,071,000	100%	$	1,071,000	0%	$	0	0%

(1) The payouts for Mr. McClellan, Dr. Fridriksdottir and Dr. Peterburg would have been pro-rated based on the partial period of the year during which they held their positions as NEOs. The eligible base salaries above reflect the portion of their respective salaries that would have been used for executive officer annual incentive plan calculation purposes. Mr. McClellan and Dr. Fridriksdottir were also eligible for a cash incentive payout under the non-executive officer annual incentive plan in respect of their service during 2017 prior to becoming executive officers. They did not receive a payout under this plan for 2017.

(2) Mr. Vigodman was not eligible for a cash incentive in 2017.

(3)

Mr. Desheh was eligible for a pro-rated cash incentive based on the partial period of the year that he held his position pursuant to his employment agreement. The eligible base salary above reflects the portion of his salary that would have been used for annual incentive plan calculation purposes.

(4) Dr. Koremans and Dr. Hayden were eligible for a full annual incentive plan award as they were supporting the transition through end of year.

Equity-Based Compensation

Purpose: Equity-based compensation is intended to reward future performance, as reflected by the market price of our shares and/or other performance criteria, and is used to foster a long-term link between executive officers interests and the interests of Teva and its shareholders, as well as to attract, motivate and retain executive officers for the long-term by:

providing executive officers with a meaningful interest in Teva s share performance;

linking equity-based compensation to potential and sustained performance; and

spreading benefits over a longer performance cycle through the vesting period mechanism.

Equity-based awards: Equity-based awards are generally granted to executive officers on an annual basis, and at other times as the Compensation Committee and the Board deem appropriate, including for newly hired or promoted executive officers or due to special retention needs. Notwithstanding the foregoing, the Compensation Committee and the Board may determine with respect to a specific year that no equity-based awards will be granted to all or any particular executive officers.

Parameters: Equity-based awards are granted pursuant to Teva s 2015 Long-Term Equity-Based Incentive Plan, and/or any other long-term incentive plan(s) that we may adopt in the future, and generally on terms and conditions provided for therein and as determined by the Compensation Committee and the Board, provided that any such terms and conditions are consistent with the following:

Performance-based equity awards: The amount and/or vesting of performance-based awards are subject to achievement of pre-determined performance criteria. Performance measurement periods for performance-based equity awards are for specified periods that express the long-term performance goals that we seek to achieve. Following the performance measurement period, additional time-based vesting requirements may also apply. The performance vesting criteria for performance-based equity awards are based on measurable performance criteria, such as financial and/or non-financial parameters, which may be determined as an absolute parameter (e.g., EPS, TSR, share price and strategic goals) and/or a parameter that is relative to a peer group (e.g., ratio of Teva s TSR to the peer group TSR). These types of awards may include performance share units, shares and/or other share-based awards.

Time-based equity awards: Equity-based awards structured as time-based awards (aimed to reward long-term performance, as reflected by the market price of Teva shares) include a time-vesting period. Time-based equity awards have an overall exercise term of several years, structured in order to retain executive officers and maintain their commitment to increasing Company and shareholder value over the long-term. These types of awards may include share options, restricted stock, restricted share units and/or other share-based awards.

Vesting of equity-based awards: The minimum vesting period of all equity-based awards, other than performance share units (if granted), is two years from the date of grant. The minimum vesting period of performance share units (if granted) is three years from the date of grant.

The monetary grant value of executive officers equity-based awards is determined by the Compensation Committee and the Board, taking into account, among other things, our pay mix targets, the desired mix of equity-based vehicles, the executive officer s contribution to Company performance, desired competitive compensation levels and dilution or pool limits. When establishing the monetary grant value, the Compensation Committee and the Board also determine the mix of equity-based vehicles for each grant, which may include various types of time-based and performance-based equity-based vehicles, such as share options, restricted share units, performance share units and/or other share-based awards. The value of each type of equity-based vehicle is determined in accordance with accepted valuation and accounting principles, as they apply to the relevant type of equity-based vehicle, and might differ from the value determined for other purposes.

The mix of equity-based vehicles and the relative weight assigned to each type of equity-based vehicle out of the total equity-based grant is structured to enhance the executive officers commitment to increasing Company and shareholder value and is designed to encourage balanced and effective business risk-taking. The Compensation Committee and the Board may change the distribution and elements of the equity mix from time to time.

Caps on equity-based compensation:

Equity budget: The Compensation Committee and the Board may set an annual budget for annual equity-based compensation granted to executive officers, based on the CEO s recommendation. The CEO also recommends how to allocate the annual equity budget among the other executive officers, subject to approval by the Compensation Committee and the Board. In circumstances determined by the Compensation Committee and the Board (e.g., regulatory changes or significant changes in our business environment), the Compensation Committee and the Board may amend or modify the budget during the applicable period.

Cap at grant date: The maximum monetary grant value of the annual equity-based compensation granted to the CEO shall not exceed $6.0 million at target and to any other executive officer $3.5 million at target.

Cap at exercise date: The Compensation Committee and the Board may from time to time consider determining a cap for the benefit deriving from the exercise of equity-based compensation.

2017 Long-Term Equity Incentives Annual Grant

As described above, the Compensation Committee and the Board intend for long-term equity-based compensation to reward executive officers based on our future performance, as reflected by the market price of Teva s shares, to foster a long-term link between executive officers interests and the interests of Teva and its shareholders, as well as to attract, motivate and retain executive officers for the long-term by:

providing executive officers with a meaningful interest in our share performance;

linking equity-based compensation to potential and sustained performance; and

spreading benefits over a longer performance cycle through the vesting period mechanism.

In making determinations about 2017 long-term equity incentive grants to executive officers, the Compensation Committee and the Board considered, among other things:

sustained performance;

- criticality of contributions to Teva;
- comparison against our Peer Group;
- role, skills, experience and development;
- internal fairness among executive officers; and
- pay mix.

The sizes of the grants to executive officers vary based on the factors above. The portion of executive officer compensation that is composed of these equity vehicles is at risk and directly aligned with shareholder value creation.

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Executive Compensation

For the 2017 long-term equity incentive grants to executive officers, the Compensation Committee and the Board used the terms and mix set forth in the following table:

Type of Long-Term Incentive Vehicle	Proportion of Long-Term Incentive Grant	Vesting Cycle	Performance Metrics (Weighting)	Rationale for Use of Performance Metric
Performance Share Units	33.3%	Three year cliff vesting	1) 2017-2019 Non-GAAP EPS (50%) 2) 2017-2019 Free Cash Flow (50%) 3) 2017-2019 Relative TSR (Modifier)	1) Leading indicator of profitability, expense control and sustained short and long-term performance. 2) Serves to focus executive officers on generating cash in the short and long-term to fund operations; focuses executive officers on expense control and on improvement in working capital; and is an indicator of long-term shareholder value creation. 3) Strong performance as measured by the other two operating metrics is fully rewarded only if it also results in above average shareholder returns.
Restricted Share Units	33.3%	Three annual tranches vesting on the second, third and fourth anniversaries of the date of grant	N/A	N/A

Share Options	33.3%	Three annual tranches vesting on the second, third and fourth anniversaries of the date of grant	N/A	N/A

The PSU performance measures were selected because (i) Free Cash Flow and Non-GAAP EPS focus management on metrics that align with our most critical strategic priorities of servicing debt, controlling expenses and improving profitability, (ii) relative TSR is an important measure for shareholders and (iii) they give recipients a clear line of sight into how executing on operating measures drives the achievement of performance and earning awards.

The Compensation Committee and the Board utilize RSUs to encourage ownership and retention while immediately aligning executive officers interests with those of our shareholders, and options are meant to focus executive officers on share price appreciation.

PSU Calculation Methodology

In connection with the 2017 PSU grants, the number of shares earned by the CEO, former interim CEO, and to the other executive officers will be determined in two steps as follows.

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There are two performance measures, in step 1, 2017-2019 Non-GAAP EPS and 2017-2019 Free Cash Flow, each of which is weighted an equal 50%. For each of these two measures, the Compensation Committee determines the Company s performance for the measure for the three-year period. The Company s performance with respect to each measure is compared to the target for the measure, and the proportion of achievement is converted to a factor as set forth below.

Level of Achievement of Objectives(*)	% Achievement of Target	Earning Percentage
Threshold	Up to 85%	0%
Target	100%	100%
Maximum	120%	200%

(*) Linear interpolation will be used to determine the applicable earning percentage.

The Compensation Committee then calculates the average of the earning percentages for the two performance measures.

In step two, this average of the earning percentages is multiplied by a modifier that has been determined based on our relative TSR performance for the three year period as set forth below. See III. Compensation Determination Process Compensation Peer Group and Peer Selection Process for a list of the peer group companies used for this purpose.

Level of Achievement of Relative TSR(*)	Relative TSR Ranking	Modifier
Threshold	Up to 25th percentile	80%

Target	50^{th} percentile	100%
Maximum	100^{th} percentile	120%

(*) Linear interpolation will be used to determine the applicable modifier.

The product of (1) the average of the earning percentages and (2) the modifier is multiplied by the target number of PSUs granted to the CEO, former interim CEO, and to each of the executive officers, respectively, to determine the final number of shares earned by each individual, except that the number of shares to be issued may not exceed 200% of the target number of PSUs.

The Compensation Committee approves and presents the achievement relative to target performance measures, the calculation of the earning percentage and the TSR modifier, and the determination of the number of earned PSUs to the Board for its review and approval.

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2017 Long-Term Incentive Award Values Annual Grant

In connection with determinations of the appropriate level of annual equity grants for 2017, the Compensation Committee and the Board took into account the factors outlined above as well as information regarding the Peer Group. The Compensation Committee and the Board determined that it was consistent with our performance-based compensation philosophy and appropriate to structure the equity grants to executive officers such that (1) 33% are earned and vest only if the CEO and executive officers achieve specified levels of performance as measured by certain metrics, and (2) 67% are earned and vest over four years. The following table sets forth the 2017 annual award values approved by the Compensation Committee and the Board for the NEOs.

Name	PSUs ($) (1/3)	RSUs ($) (1/3)	Share Options ($) (1/3)	Total ($)
Current NEOs				
Kåre Schultz	$ 1,999,998	$ 1,999,993	$ 2,000,009	$ 6,000,000
Michael McClellan (1)	N/A	$ 132,331	$ 132,329	$ 264,660
Dr. Carlo de Notaristefani	$ 866,657	$ 866,659	$ 866,688	$ 2,600,004
Dr. Hafrun Fridriksdottir	$ 499,979	$ 499,979	$ 500,047	$ 1,500,005
Mark Sabag	$ 533,310	$ 533,319	$ 533,375	$ 1,600,004

Former NEOs				
Erez Vigodman (2)	N/A	N/A	N/A	N/A
Dr. Yitzhak Peterburg	$ 1,499,992	$ 1,499,999	$ 1,500,009	$ 4,500,000
Eyal Desheh	$ 666,666	$ 666,649	$ 666,686	$ 2,000,001
Dr. Rob Koremans	$ 833,326	$ 833,319	$ 833,361	$ 2,500,006
	$ 666,666	$ 666,649	$ 666,686	$ 2,000,001

Dr. Michael Hayden

(1) The long-term incentive award to Mr. McClellan was made prior to his appointment as Interim CFO in July 2017 pursuant to our program for non-executive officers.

(2) Mr. Vigodman did not receive an equity grant in 2017.

Consistent with historical practice, the dollar value allocated to PSUs was converted to a number of units, based on the fair market value on the grant dates as determined in accordance with the Financial Accounting Standards Board Accounting Standards Codification Topic 718. The dollar amount allocated to RSUs was converted to a number of shares using the fair market value on the grant date. The dollar amount allocated to share options was converted to a number of shares using the Black Scholes valuation method as of the grant dates.

2015-2017 Performance Share Unit Payout

In 2015, the Compensation Committee and the Board granted PSUs with performance-based vesting requirements for the three-year performance period 2015-2017. The threshold level of achievement was 90%, the target level of achievement was 100%, and the maximum level of achievement was 120% of the PSU performance goals as defined below, with a maximum payout of 150% of the target number of PSUs. Payouts for performance between threshold and target and between target and maximum were determined based on a straight-line linear interpolation of the applicable payout range (i.e., 10% for each percentile change in performance between threshold and target and 2.5% for each percentile change in performance between target and maximum).

The Compensation Committee and the Board set the three-year performance targets (**PSU Performance Goals**) for net revenues and non-GAAP operating profit at the beginning of 2015, subject to adjustment for the effect of changes in currency exchange rates. The Compensation Committee and the Board set

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these targets based on certain assumptions about our performance. Pursuant to the 2015 award agreements, the Compensation Committee and the Board have the discretion to adjust (increase or decrease) the PSU Performance Goals and their relative weights if one or more of the following items of gain, loss, profit or expense, having a material impact on the PSU Performance Goals, is: (i) determined to be extraordinary, unusual or non-recurring in nature; (ii) related to changes in accounting principles under U.S. GAAP or tax laws; (iii) related to currency fluctuations; (iv) related to productivity initiatives or new business initiatives; (v) related to discontinued operations that do not qualify as a segment of business under U.S. GAAP; or (vi) attributable to the business operations or assets of any entity acquired or licensed by the Company during the fiscal year, to the extent the Compensation Committee or the Board, as applicable, determines that the adjustment is necessary or advisable to preserve the intended incentives and benefits of the PSUs, or if such adjustments were reflected in our public non-GAAP financial results.

In connection with evaluating our achievement of the 2015-2017 performance metrics, the Compensation Committee and the Board determined that in order for the PSU Performance Goals to operate as they were intended to, they would make adjustments by increasing the targets due primarily to the 2016 acquisition of Actavis Generics. The aggregate effect of these adjustments was an increase of approximately 16% in the net revenue target and an increase of approximately 22% in the non-GAAP operating profit target. For the performance period, our actual net revenue achievement was 91% and our actual non-GAAP operating profit achievement was 86%, resulting in a weighted average achievement of 88.5%. This level of achievement was below the threshold level of performance of 90%, resulting in no payout, a 122% decrease compared to what would have been if the upward adjustments had not been taken into account.

Weighting	Performance Metric	Target (100%) ($MM) Excluding FX Effect	Adjusted Target (100%) ($MM)	Actual Results ($MM)	% Achievement
50%	Net Revenue	58,654	67,992	62,045	91%
50%	Non-GAAP Operating Profit	17,557	21,461	18,406	86%
Weighted Average:					88.5%

Based on this outcome, the NEOs did not earn any Teva shares in respect of their 2015-2017 PSU awards:

Name	Target Award (# of PSUs)	Payout Factor	Final Award (# of PSUs)
Current NEOs			
Kåre Schultz (1)	N/A	N/A	N/A
Michael McClellan (1)	N/A	N/A	N/A
Dr. Carlo de Notaristefani	16,838	0%	0
Dr. Hafrun Fridriksdottir (1)	N/A	N/A	N/A
Mark Sabag	12,628	0%	0
Former NEOs			
Erez Vigodman (2)	30,869	0%	0
	N/A	N/A	N/A

Dr. Yitzhak Peterburg (1)			
Eyal Desheh (2)	16,838	0%	0
Dr. Rob Koremans (2)	17,773	0%	0
Dr. Michael Hayden (2)	17,773	0%	0

(1) Because it was prior to their appointments as executive officers, we did not grant Mr. Schultz, Mr. McClellan, Dr. Fridriksdottir or Dr. Peterburg PSUs under the 2015 PSU plan.

(2) Mr. Vigodman, Mr. Desheh, Dr. Koremans and Dr. Hayden were eligible for a 2015 PSU payout pursuant to the terms of their employment agreements as described below.

Performance, Promotion and Other One-Time Grants

In connection with a performance-based cash award earned by Dr. Fridriksdottir when she was an employee of Actavis Generics prior to its acquisition by Teva in 2016, we assumed the obligation to pay a cash incentive of $535,000 based on Actavis Generics shareholder return performance metrics. Also, pursuant to a legacy 2014 Actavis Generics retention plan that we also assumed, we fulfilled the assumed obligation under the plan by making payment of a $900,000 cash award to Dr. Fridriksdottir.

In connection with the promotion of Mr. McClellan to the position of Interim CFO in July 2017 (before his promotion to Executive Vice President, CFO in November 2017), we awarded Mr. McClellan a one-time promotion cash award of $202,500 in recognition of his increased responsibility. One-half of the award was paid in November 2017, and the remaining half was paid in February 2018. In order to secure the services of Mr. McClellan during a time of transition while he served as Interim CFO, we granted him 12,341 options, 4,091 RSUs, and a cash award totaling $67,500. One-half of the cash award will be paid in September 2018 and the remaining half will be paid in September 2019. The options and RSUs will vest in September 2019. All payments and vesting are subject to continued employment through the applicable vesting dates. These grants were part of a broader program to secure the services of key employees during a period of uncertainty for our Company.

In addition, in May 2017, we granted Dr. de Notaristefani 30,875 RSUs due to his significance and key role during the transition period and the importance of securing his services. The RSUs will vest in May 2019.

Information regarding the sign-on equity and cash grants for Kåre Schultz is provided in the Leadership Transitions section below.

Leadership Transitions

Appointment of Mr. Kåre Schultz as President and CEO

In September 2017, our Board successfully completed its global search process (with the assistance of a search firm) for our next President and CEO when it appointed Kåre Schultz to the position. In its search, the Board sought a leader with extensive global pharmaceutical experience and a strong track record in corporate turnarounds, as well as in driving growth and leading international expansion. Mr. Schultz is a seasoned leader in the health care industry with an extensive background leading global companies financial and restructuring initiatives.

Since 2015, and prior to his appointment as our President and CEO, Mr. Schultz served as the President and CEO of H. Lundbeck A/S, which he joined as the company was facing the loss of critical patents. Mr. Schultz conducted a top to bottom evaluation of the business and implemented a robust turnaround strategy that involved cutting operating costs while targeting new product launches. As a result of his leadership, H. Lundbeck A/S is on track to achieve all-time high revenue and earnings with significant stock price appreciation and increased market cap. Prior to joining Lundbeck, Mr. Schultz worked for nearly three decades at Novo Nordisk, where he served in a number of leadership roles, including Chief Operating Officer, Vice President in Product Supply and Director of Product Planning and Customer Services in the Diabetes Care Division.

Based on this outstanding profile, our Board selected Mr. Schultz as the best candidate to lead Teva presently and to participate in the establishment of, and steer the execution of, our strategic and operational goals. The Board appointed Mr. Schultz as President and CEO effective November 1, 2017, and he joined the Board at that time.

The terms of the employment agreement with Mr. Schultz were negotiated in order to induce him to accept the Board s offer to become our President and CEO at this critical time, including relocation to our headquarters in Israel. The Board was mindful of the challenges currently facing our Company in its various business segments, product lines and markets, the advent of generic competition for one of our key branded specialty products, the fierce competition for talented executives in the pharmaceutical industry and the extreme pressure on, and vast duties of, the leader of an international organization of the size and complexity of Teva in approving the components of the compensation package, including the annual base salary, target annual incentive, annual equity grants, and inducement equity grants and cash awards to Mr. Schultz. The Board also took into account the difficulty not just in identifying an individual with the desired skills and experience, but also retaining the person throughout the period of transition and significant change being driven by the Board. Accordingly, the Board, with the assistance of its independent compensation consultant, developed a compensation package that considered pay structures for CEOs at peer companies, and which includes pay that depends on long-term Company performance as well as the opportunity to accumulate a significant ownership interest in Teva upon the creation of sustained shareholder value.

In light of all of these factors, we entered into an employment agreement with Mr. Schultz which provides for an initial employment term of five years, subject to automatic renewal for subsequent one-year periods (or until the second anniversary following a change in control of the Company, if later than the otherwise applicable term end date) until a notice of non-renewal is provided or other termination circumstances occur.

Under the employment agreement, Mr. Schultz received an annual base salary of $2 million, a performance-based target annual incentive opportunity equal to 140% of his annual base salary (and a maximum opportunity of 200% of his annual base salary), annual long-term equity incentives with a total target grant date fair value of $6 million with vesting terms similar to other senior executive officers, a meaningful portion of which are performance-based, and the same employee benefits as are provided to similarly situated senior executives of the Company.

Upon commencing employment on November 1, 2017, Mr. Schultz received the following sign-on equity awards over the five year term of the agreement, which are designed to align his interests with those of Teva and its shareholders over the long term (like our stock ownership guidelines to which he is subject): (i) a restricted share unit award with a grant date fair value of $5 million (as determined based on the closing price of Teva s shares on the date prior to the announcement of Mr. Schultz s hire), which will vest and settle in equal installments on the third, fourth and fifth anniversaries of the employment commencement date (the **Effective Date**); and (ii) two sign-on performance share unit awards, each with a target grant date fair value of $7.5 million (as determined based on the closing price of Teva s shares on the date prior to the announcement of Mr. Schultz s hire), which will be earned based on the achievement of performance goals related to the absolute increase in the price of Teva s shares over three- and five-year periods following the Effective Date, which range from a 16% increase to a 158% increase for the three-year performance period and from a 28% increase to a 385% increase for the five-year period, and generally vest on the third, fourth and fifth anniversaries of the Effective Date (in the case of the award with a three-year performance period) and on the fifth anniversary of the Effective Date (in the case of the award with a five-year performance period). In addition, Mr. Schultz received a sign-on cash award of $20 million, which will vest and be paid in two equal installments three and six months following the Effective Date. In connection with his relocation to Israel, Mr. Schultz will also receive a housing reimbursement and certain relocation benefits.

As the grant date value of equity awards for accounting purposes depends on, among other things, stock price, the actual grant date fair values of these sign-on equity awards that appear in our Summary Compensation Table are lower than the intended target values described in the preceding paragraph since the number of units was set based on the closing price of Teva s shares on the date prior to the announcement of Mr. Schultz s hire, but the grant date fair value of the awards for accounting purposes were determined when they were actually granted. The Compensation Committee believed that fixing the number of units was appropriate and consistent with the aforementioned focus on aligning executives compensation with long-term shareholder value creation. See Additional Compensation Information 2017 Grants of Plan-Based Awards.

Appointment of Mr. Michael McClellan as CFO; Previous Appointment as Interim CFO

Effective as of November 27, 2017, we entered into an employment agreement with Mr. McClellan. For the preceding two years, Mr. McClellan served as the Senior Vice President and CFO of Teva s Global Specialty Medicines division. Prior to joining Teva, he was the U.S. CFO at Sanofi. The agreement provides that Mr. McClellan will be employed as Executive Vice President, CFO, until his death, disability, termination with or without cause or resignation with or without good reason. He will continue his international assignment in Amsterdam, Netherlands, and on or about September 1, 2018, he will relocate to our corporate headquarters in Israel. The agreement provides for an initial base salary of $700,000. Mr. McClellan is eligible to be considered for an annual cash incentive with a target of 100% of his then current base salary, and for equity-based awards under our equity compensation plan.

In July 2017, in connection with the promotion of Mr. McClellan to the position of Interim CFO (before his promotion to Executive Vice President, CFO in November 2017), we awarded Mr. McClellan a one-time promotion cash award of $202,500 in recognition of his increased responsibility. One-half of the award was paid in November 2017, and the remaining half was paid in February 2018. In order to retain the services of Mr. McClellan during a time of transition while he served as Interim CFO, we granted him 12,341 options, 4,091 RSUs, and a cash award totaling $67,500. One-half of the cash award will be paid in September 2018 and the remaining half will be paid in September 2019. The options and RSUs will vest in September 2019. All payments and vesting are subject to continued employment through the applicable vesting dates.

Appointment of Dr. Hafrun Fridriksdottir as Executive Vice President, Global R&D

On November 27, 2017, we appointed Dr. Hafrun Fridriksdottir as Executive Vice President, Global R&D. Since February 2017, she served as Executive Vice President, President of Global Generics R&D, after serving as Senior Vice President and President of Global Generics R&D since August 2016. Prior to joining Teva, Dr. Fridriksdottir served as Senior Vice President of Global Generics R&D of Allergan plc, where she held several positions of increasing responsibility in the Actavis group within Allergan.

On June 18, 2017, we entered into an employment agreement with Dr. Fridriksdottir. The agreement provides that Dr. Fridriksdottir will serve in a senior R&D position until her death, disability, termination with or without cause or resignation with or without good reason. The agreement provided for an initial base salary of $720,000. Dr. Fridriksdottir is eligible to be considered for an annual cash incentive (prorated for 2017 and under the applicable plan prior to being appointed an executive officer for the time period before such appointment), and for equity-based awards under our equity compensation plan.

Separation of former President and CEO Erez Vigodman

In February 2017, Erez Vigodman stepped down as President and CEO.

Pursuant to the terms of our employment agreement with Mr. Vigodman, in connection with his termination of employment, Mr. Vigodman was entitled to receive nine months notice, payments associated with termination as required pursuant to Israeli law, certain previously accrued obligations, and a payment that, together with severance amounts accumulated in his existing pension insurance funds, equals the product of twice his monthly base salary multiplied by the number of his years of service. Mr. Vigo