TEVA PHARMACEUTICAL INDUSTRIES LTD.

GLASS LEWIS

Tel-Aviv Stock Exchange: **TEVA**

ISIN: **IL0006290147**

MEETING DATE: 13 JULY 2017

RECORD DATE: 13 JUNE 2017

PUBLISH DATE: 27 JUNE 2017

INDEX MEMBERSHIP: TA-25; TA-100

SECTOR: HEALTHCARE

INDUSTRY: PHARMACEUTICALS

COUNTRY OF TRADE: ISRAEL

COUNTRY OF INCORPORATION: UNITED STATES

VOTING IMPEDIMENT: NONE

DISCLOSURES: NONE

COMPANY DESCRIPTION

Teva Pharmaceutical Industries Limited develops, manufactures, markets, and distributes generic medicines and a portfolio of specialty medicines worldwide. It operates through two segments, Generic Medicines and Specialty Medicines.

OWNERSHIP | ESG PROFILE | PREVIOUS BOARD | VOTE RESULTS | APPENDIX

2017 ANNUAL MEETING

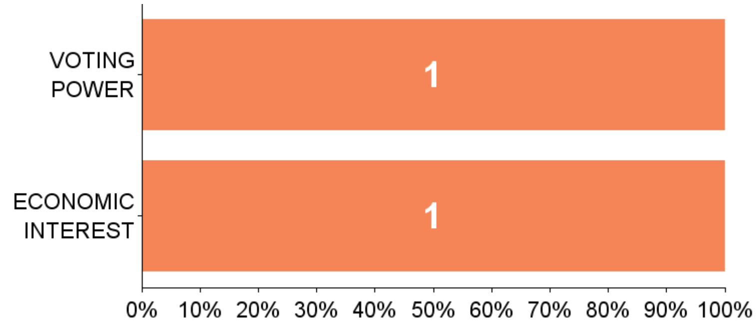
PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	Election of Directors	FOR	**FOR**	
1.01	Elect Sol J. Barer	FOR	**FOR**	
1.02	Elect Jean-Michel Halfon	FOR	**FOR**	
1.03	Elect Murray A. Goldberg	FOR	**FOR**	
1.04	Elect Nechemia Peres	FOR	**FOR**	
1.05	Elect Roberto A. Mignone	FOR	**FOR**	
1.06	Elect Perry Nisen	FOR	**FOR**	
2.00	Compensation Terms of Chair	FOR	**FOR**	
3.00	Employment Terms of Interim President and CEO	FOR	**FOR**	
4.00	Directors' Fees	FOR	**FOR**	
5.00	Amendment to the 2015 Long-Term Equity-Based Incentive Plan	FOR	**FOR**	
6.00	2017 Executive Incentive Compensation Plan	FOR	**FOR**	
7.00	Reduction of Authorized Shares	FOR	**FOR**	
8.00	Appointment of Auditor	FOR	**FOR**	

SHARE OWNERSHIP PROFILE

SHARE BREAKDOWN

	1
SHARE CLASS	ADR-EACH CNV INTO 1 ORD ILS0.10
SHARES OUTSTANDING	1,016.0 M
VOTES PER SHARE	1
INSIDE OWNERSHIP	0.00%
STRATEGIC OWNERS**	9.90%
FREE FLOAT	89.50%

SOURCE CAPITAL IQ AND GLASS LEWIS. AS OF 27-JUN-2017



TOP 20 SHAREHOLDERS

	HOLDER	OWNED*	COUNTRY	INVESTOR TYPE
1.	Allergan plc	9.87%	Ireland	Public Company
2.	Capital Research and Management Company	7.44%	United States	Traditional Investment Manager
3.	Franklin Resources, Inc.	5.91%	United States	Traditional Investment Manager
4.	Norges Bank Investment Management	3.04%	Norway	Government Pension Plan Sponsor
5.	Barrow, Hanley, Mewhinney & Strauss, Inc.	2.93%	United States	Traditional Investment Manager
6.	BlackRock, Inc.	2.84%	United States	Traditional Investment Manager
7.	FMR LLC	2.45%	United States	Traditional Investment Manager
8.	BNY Mellon Asset Management	1.89%	United States	Traditional Investment Manager
9.	The Vanguard Group, Inc.	1.87%	United States	Traditional Investment Manager
10.	Wellington Management Group LLP	1.75%	United States	Traditional Investment Manager
11.	Highfields Capital Management, LP	1.74%	United States	Hedge Fund Manager/CTA
12.	Northern Cross, LLC	1.54%	United States	Traditional Investment Manager
13.	Invesco Ltd.	1.43%	United States	Traditional Investment Manager
14.	Nordea Investment Management AB	1.24%	Sweden	Traditional Investment Manager
15.	FIAM LLC	1.15%	United States	Traditional Investment Manager
16.	Paulson & Co. Inc.	1.08%	United States	Hedge Fund Manager/CTA
17.	AllianceBernstein L.P.	0.86%	United States	Traditional Investment Manager
18.	Morgan Stanley, Investment Banking and Brokerage Investments	0.84%	United States	Bank/Investment Bank
19.	Waddell & Reed Investment Management Co	0.80%	United States	Traditional Investment Manager
20.	Northern Trust Global Investments	0.62%	United States	Traditional Investment Manager

**COMMON STOCK EQUIVALENTS (AGGREGATE ECONOMIC INTEREST) SOURCE: CAPITAL IQ. AS OF 27-JUN-2017*
***CAPITAL IQ DEFINES STRATEGIC SHAREHOLDER AS A PUBLIC OR PRIVATE CORPORATION, INDIVIDUAL/INSIDER, COMPANY CONTROLLED FOUNDATION, ESOP OR STATE OWNED SHARES OR ANY HEDGE FUND MANAGERS, VC/PE FIRMS OR SOVEREIGN WEALTH FUNDS WITH A STAKE GREATER THAN 5%.*

SHAREHOLDER RIGHTS

	MARKET THRESHOLD	COMPANY THRESHOLD[1]
VOTING POWER REQUIRED TO CALL A SPECIAL MEETING	N/A	5% of issued shared capital and 1% of voting rights or 5% of voting rights
VOTING POWER REQUIRED TO ADD AGENDA ITEM	1.0%	1.0%

[1]*N/A INDICATES THAT THE COMPANY DOES NOT PROVIDE THE CORRESPONDING SHAREHOLDER RIGHT.*

1.00: ELECTION OF DIRECTORS

FOR

PROPOSAL REQUEST: Election of six directors

ELECTION METHOD: Majority

RECOMMENDATIONS & CONCERNS:

FOR- **Barer S.**
Goldberg M.
Halfon J.
Mignone R.
Nisen P.
Peres N.

NOT UP- **Crane R.**
Elstein A.
Lieberman G.
Maor G.
Peterburg Y.
Sulzberger G.

PROPOSAL SUMMARY

Six candidates are up for election as directors. Messrs. Barer, Halfon, Goldberg and Peres, with the latter two nominated for the first time, are each up for election to serve until the 2020 annual meeting, and Messrs. Mignone and Nisen are both up for election for first terms, to serve until the 2019 annual meeting.

BOARD OF DIRECTORS

UP	NAME	AGE	GENDER	GLASS LEWIS CLASSIFICATION	COMPANY CLASSIFICATION	OWNERSHIP**	COMMITTEES				TERM START	YEARS ON BOARD
							AUDIT	COMP	GOV	NOM		
	Yitzhak Peterburg* ·*CEO*	66	M	Insider [1]	Not Independent	Yes					2012	5
✔	Sol J. Barer ·*Chair*	69	M	Independent [2]	Independent	Yes					2015	2
	Rosemary A. Crane	57	F	Independent	Independent	Yes					2015	2
	Amir Elstein	61	M	Independent	Independent	Yes			C	C	2009	8
✔	Murray A. Goldberg	72	M	Independent	Independent	No					2017	0
✔	Jean-Michel Halfon	65	M	Independent	Independent	Yes	✔	C			2014	3
	Gerald M. Lieberman	70	M	Independent	Independent	Yes		✔			2015	2
	Galia Maor	74	F	Independent	Independent	Yes	✔		✔	✔	2012	5
✔	Roberto A. Mignone	45	M	Independent	Independent	No					2017	0
✔	Perry Nisen	61	M	Independent	Independent	No					2017	0
✔	Nechemia Peres	58	M	Independent	Independent	No					2017	0
	Gabrielle Sulzberger	56	F	Independent	Independent	Yes	✔	✔			2015	2

C = Chair, * = Public Company Executive, = Withhold or Against Recommendation

1. Interim president and CEO.
2. Chair.

***Direct, indirect or representational ownership of voting rights. Below 5% displays as "Yes".*

NAME	ATTENDED AT LEAST 75% OF MEETINGS	PUBLIC COMPANY EXECUTIVE	ADDITIONAL PUBLIC COMPANY DIRECTORSHIPS
Yitzhak Peterburg	Yes	Yes	None
Sol J. Barer	Yes	No	(4) InspireMD, Inc.; Edge Therapeutics, Inc.; Aevi Genomic Medicine Inc; ContraFect Corporation
Rosemary A. Crane	Yes	No	(2) Zealand Pharma AS; Unilife Corporation
Amir Elstein	Yes	No	(1) Tower Semiconductor Ltd.
Murray A. Goldberg	N/A	No	(1) Aerie Pharmaceuticals, Inc.
Jean-Michel Halfon	Yes	No	None
Gerald M. Lieberman	Yes	No	None
Galia Maor	Yes	No	(1) Strauss Group Ltd.
Roberto A. Mignone	N/A	No	None
Perry Nisen	N/A	No	(1) Mirna Therapeutics Inc
Nechemia Peres	N/A	No	None
Gabrielle Sulzberger	Yes	No	(2) Whole Foods Market, Inc.; Brixmor Property Group Inc

MARKET PRACTICE

INDEPENDENCE AND COMPOSITION	TEVA*	REQUIREMENT	BEST PRACTICE
Independent Chair	Yes	Not Required[1]	N/A
Board Independence	92%	At least two external directors[1]	Majority; 1/3 for controlled companies[2]
Audit Committee Independence	100%	Majority; all external directors must serve on this committee; chairman cannot be board chairman and must be independent, external director[1]	N/A
Compensation Committee Independence	100% ; Independent Chair	All external directors must serve on this committee; external directors should comprise majority; chairman must be independent, external director[1]	N/A
Nominating Committee Independence	100% ; Independent Chair	N/A	N/A
Percentage of women on board	25%	If all directors unaffiliated with controlling shareholder(s) are same gender, external director must be of opposite gender[1]	N/A
Directors' biographies	6-K; Page 3		

** Based on Glass Lewis Classification*

1. Israeli Companies Law

2. Recommendations of the Israeli Companies Law

Israeli companies are governed by a one-tier structure, with a board of directors which appoints the Company's general manager. The number of directors is determined by a company's articles of association; however, the Israeli Companies Law states that listed companies are required to have at least two independent "external" or "outside" directors. The law states that external directors must be independent of the Company's controlling shareholders for the last two years, or in the absence of a controlling shareholder, may not have a business relationship with the Company's chairman, CEO, significant shareholder, or senior financial officers. Two external directors may not serve on each others' boards and at least one of the two external directors must be a financial/accounting expert. The law also states that external directors serving at companies not listed on foreign exchanges may serve a maximum of three three-year terms.

Best practice for boards in Israel is established by the Companies Law's First Addendum: Recommended Corporate Governance Directives, which includes recommendations regarding director independence. In particular, it recommends that at least a majority of directors sitting on the board of a non-controlled company should be independent. In the case of a controlled company, at least one-third of the directors should be independent. We note that under Israeli law, the controlling shareholder designation may be applied to a significant shareholder that holds less than a majority of a company's shares.

Requirements regarding audit and compensation committee composition are detailed above in the board independence and composition table. However, we note that Israeli companies also often have a separate financial statements review committee, which is primarily tasked with the following: (i) evaluating the financial statements, including aspects such as disclosure, accounting policies, and valuations; and (ii) conducting internal audits related to financial reporting. By law, this committee must consist of a majority of independent directors who can understand financial statements and its chairman must be an external director. The board chairman or anyone affiliated with the controlling shareholder may not serve on this committee.

GLASS LEWIS ANALYSIS

We believe that shareholders should be mindful of the following issues:

CHANGES IN EXECUTIVE LEADERSHIP

On February 6, 2017, the Company announced in a press release the appointment of Dr. Yitzhak Peterburg to the position of interim president and CEO of the Company, effective immediately. Dr. Peterburg replaced Erez Vigodman, whose abrupt departure was announced on the same date. Prior to his appointment, Dr. Peterburg served as the Company's chair, and is replaced in that position by incumbent director Sol Barer. Dr. Peterburg is the Company's fifth CEO since 2012, and Mr. Vigodman, first appointed in January 2014, was the second consecutive CEO to leave prior to the expiration of his term.

Two other senior executives at the Company have also departed from the Company in the past year, those being CFO Eyal Desheh onApril 26, 2017, and president and CEO of the Company's Global Generic Medicines Group, Sigurdur Olafsson, whose departure was announced on December 5, 2017. Dipankar Bhattacharjee replaces Mr. Olafsson. The search for a new CFO is expected to begin following the appointment of a permanent CEO.

COMPANY DEVELOPMENTS AND PUBLIC SHAREHOLDER CRITICISM

Acquisitions and Shareholder Voting Agreement with Allergan

In August 2016, the Company completed its acquisition of Allergan plc’s ("Allergan") worldwide generic pharmaceuticals business (“Actavis Generics”). At closing, the Company paid Allergan consideration of approximately $33.4 billion in cash and approximately 100.3 million Company shares. In connection with the financing of this acquisition, the Company incurred approximately $27 billion in debt. At December 31, 2016 the Company's aggregate debt stood at almost $36 billion, an amount exceeding the Company's current market capitalization ($32.7 billion).

The Actavis Generics acquisition followed on from the March 2016 purchase of Representaciones é Investigaciones Médicas, S.A. de C.V. (“Rimsa”), a pharmaceutical manufacturing and distribution company in Mexico, for $2.3 billion. Following the closing, the Company states that it identified issues concerning Rimsa’s pre-acquisition quality, manufacturing and other practices. In September 2016, two lawsuits were filed: a pre-emptive suit by the Rimsa sellers against the Company, and a lawsuit on behalf of the Company alleging fraud and breach of contract against the Rimsa sellers. The Rimsa sellers subsequently dismissed their lawsuit, and the dismissal was approved by court order on December 20, 2016. The Company conducted an assessment and recognized an impairment charge of $900 million related to the Rimsa acquisition and it states that it is currently executing a remediation plan in order to resume operations at the Rimsa facility.

The Company discloses the existence of a shareholder agreement dated August 2, 2016 with Allergan, pursuant to which Allergan agreed to vote its 100,291,067 Company shares (i) with respect to director elections, in favor of the Company's slate of directors nominees; (ii) with respect to matters relating to the remuneration of directors, or insurance, indemnification or liability release of directors, in the same proportion as other shareholders vote and (iii) on other matters, in accordance with the recommendation of the board and, in each case, in accordance with the provisions of the shareholders agreement.

Loss of Major Patents

In January 2017, the Company confirmed an adverse court ruling and unfavorable appeal board decisions relating to its U.S. patents covering the multiple-sclerosis treatment Copaxone(R) 40 mg/mL, which has traditionally been the Company's most significant single contributor to revenues and profits, by the Company's own admission (20-F, page 9).

Following announcement and completion of the Actavis Generics acquisition, the Company's credit ratings were downgraded by ratings agencies Standard and Poor’s and Moody’s to BBB and Baa2, compared to A- and A2, respectively, prior to the announcement of the acquisition in July 2015. In February 2017, following the court ruling invalidating the Company's aforementioned patents, both Standard and Poor’s and Moody’s changed the Company's ratings outlook from stable to negative. S&P also downgraded the Company's "management and governance score" from satisfactory to fair.

Criticism from Public Shareholders

The above acquisitions drew criticism from a number of sources, in part due to the apparent haste with which the transactions were conducted (see Gali Weinreb. Landa: It'll be tough for Teva to find a new CEO. *Globes*. March 14, 2017, and; Shiri Habib-Valdhorn and Omri Cohen. Teva 2017: Acquisitions out, cost-cutting in. *Globes*. May 16, 2017.) and a perception that the Company may have paid an inflated price for the assets (Shiri Habib-Valdhorn. Teva was warned about Actavis. *Globes*. June 8, 2017). Sources of discontent included vocal and sometimes-dissident shareholder Benny Landa, who at the 2014 annual meeting led dissident shareholder activity directed at challenging the perceived obstinacy of the then incumbent board towards implementing certain changes to the corporate governance regime at the Company, including removing certain entrenching provisions in its articles and reevaluating the size and composition of the board.

CORPORATE GOVERNANCE CONCERNS

Management and Board Turnover

On January 26, 2017 the Company announced that Arie Belldegrun had decided to step down from his position on the board to concentrate on his outside executive responsibilities at Kite Pharma, Inc. Joseph Nitzani is not nominated for a further term after his expires in September 2017. In addition, Roger Abravanel and Orl Slonim informed the board that in order to encourage continued refreshment and diversity, they will resign from at the annual meeting. The Company discloses that it intends to designate Mr. Abravanel a director emeritus in order to assist in the refreshment process.

As discussed above and in depth in our Proxy Paper for the Company's 2014 annual meeting, certain of the compelling outside criticism levelled against the Company and its board concerned the dearth of global-pharma experience amongst board members, as well as concerns over the potential entrenchment of some of the longer-serving members. Prior to that annual meeting, one of the concessions made by the board to its dissident shareholder critics was to reduce its size from fifteen to thirteen members.

If, as is mooted, Mr. Vigodman paid a price for the Company's expensive acquisitions, struggling share performance (compared to a 2015 high of $72, the Company's share New-York listed shares closed at approximately $33 on June 26, 2017) and shaken investor confidence, we believe board members who oversaw and approved the activities and acquisitions led by Mr. Vigodman, and in the case of directors Peterburg, Elstein and Maor, predated him at the Company, should assume a share of the responsibility for the Company's current position.

At the meeting, four new directors are proposed. Two of the four nominees, Messrs. Goldberg and Nisen, served until recently in long-term executive roles at large cap pharmaceutical companies (see new nominee biographies below). The other two nominees, Messrs. Mignone and Peres, come from primarily investment and venture capital backgrounds. Assuming the appointment of a new CEO and that such appointment joins the board, and assuming no further director departures, the board would remain composed of thirteen members. Two directors with extensive pharmaceutical experience would join the board, while one (Belldegrun) has been lost.

We believe the self-refreshment undertaken by the board during the past year is appropriate, although we would continue to echo the concerns previously expressed regarding the depth of large cap pharmaceutical experience among the board members. Moreover, we note the development of a worrying trend of high CEO turnover at the Company, with the last two CEOs having their employment terms prematurely ended. Nonetheless, in light of the described changes and the ongoing search for a new CEO, we believe the proposed board is aware of these issues and should be afforded time to conclude the search for a long-term chief executive.

Staggered Board Structure

The Company's board of directors may appoint its president and CEO to serve as a director and reappoint him or her at each annual meeting without shareholder approval (Article 60(a) of the Company's articles of association). The Company's other directors generally serve three-year terms (ibid: 60(b)). We believe staggered boards, or boards with lengthy terms of office, are less accountable to shareholders than boards that are elected annually. Furthermore, we feel the annual election of directors encourages board members to focus on shareholder interests. Moreover, empirical studies have shown: (i) companies with staggered boards reduce a firm's value; and (ii) in the context of hostile takeovers, staggered boards operate as a takeover defense, which entrenches management, discourages potential acquirers and delivers a lower return to target shareholders. In light of the empirical evidence suggesting staggered boards reduce a company's value and the increasing shareholder opposition to such a structure, we urge the Company to amend its policy to be in line with the standard Israeli market practice of annual elections for all directors.

EXEMPTIONS FOR ISRAELI COMPANIES LISTED ABROAD

Amendments promulgated under Israeli Companies Regulations (Relief for Companies Whose Shares are Registered for Trading Outside of Israel), 2000 (the "Amendment to the Relief Regulations") in April 2016 permit NYSE-listed companies without controlling shareholders, like the Company, to opt out of the requirements of the Companies Law regarding external directors, provided that they comply with NYSE board composition requirements that apply to U.S. companies concerning the constitution of the board of directors, the audit committee and the compensation committee. The regulations acknowledge the adequacy of the U.S. corporate governance regime for non-controlled companies.

The board determined that Jean-Michel Halfon should transition from his position as external director and be assigned to one of the three existing board classes. He is up for election at this meeting for a term ending in 2020. The Company's other external director until the decision to opt-out of said regulatory requirement, Mr. Nitzani, has informed the board that he does not wish to be renominated for a further term when his expires in September 2017.

LEGAL AND REGULATORY PROCEEDINGS

Price Fixing Allegations

The Company is the subject of a civil complaint by twenty states, of engaging in price-fixing schemes along with Mylan and other drug manufacturers. The Company is accused of conspiring to artificially inflate prices on an antibiotic and diabetes drug, through a series of informal communications with executives at other drug manufacturers.

FCPA Settlement

On December 22, 2016, the Company reached a settlement with the U.S. Department of Justice, pursuant to which it agreed to pay almost $520 million in connection with violations of the Foreign Corrupt Practices Act. The Company admitted to paid bribes to a Russian government official in the hopes of influencing him to use his authority to increase sales of one of the Company's multiple sclerosis drugs, with similar occurrences in Ukraine and Mexico. It was also reportedon February 8, 2017, that the Company is under investigation in Israel for same issues that led to the above settlement in the United States.

In our view, although legal disputes are common to many companies, shareholders should be concerned with any type of lawsuit or regulatory investigation involving the Company, as such matters could potentially expand in scope and prove to dampen shareholder value. As such, in the event that members of management or the board are implicated in any such legal proceedings, we may consider recommending that shareholders withhold votes from certain directors on that basis. However, we do not feel that any such action is necessary at this time. We will continue to monitor the proceedings going forward.

RECOMMENDATIONS

Apart from the aforementioned and having reviewed the nominees, we find no additional cause for shareholder concern.

We recommend that shareholders vote **FOR** all nominees.

The Company discloses the following biographical information for directors Murray A. Goldberg, Roberto A. Mignone, Perry Nisen and Nechemia Peres, new nominees to the board:

Murray A. 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.

Roberto A. 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 health care, 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.

Perry Nisen currently serves 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 serves as a director of Mirna Therapeutics since 2016. He received a B.S. from Stanford University, a Master’s degree in molecular biology, M.D. and PhD from Albert Einstein College of Medicine.

Nechemia 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.

2.00: COMPENSATION TERMS OF CHAIR

FOR

PROPOSAL REQUEST:	Compensation terms of board chair	**RECOMMENDATIONS & CONCERNS:**	
PRIOR YEAR VOTE RESULT (FOR):	N/A	**FOR-**	No material concerns
BINDING/ADVISORY:	Binding		
REQUIRED TO APPROVE:	Majority of votes cast		

PROPOSAL SUMMARY

If approved, Sol Barer will receive updated compensation terms to serve as board chair. Mr. Barer would be entitled to compensation similar to that of his predecessor, Yitzhak Peterburg. The agreement would contain the following elements:

Annual Salary	Approximately $945,000 plus VAT (annual salary of $567,000 and equity as described below)
Fixed vs. Variable	100% fixed (40% in the form of equity)
Bonus Scheme	None
Equity Compensation	RSUs with approximate fair market value of $378,000.
Perquisites	Office and secretarial services at Teva's corporate offices, payment or reimbursement of expenses incurred in connection with meetings of the board and its committees or performing other services for the Company in his capacity as chair, including travel expenses, all expenses relating to the use of a cellular phone and the use of a car (including gross-ups). In addition, similar to other directors, Mr. Barer will be entitled to certain perquisites having an aggregate monetary value of no more than $10,000 per year.

Under Israel's Companies Law, shareholder approval is required for the employment terms of a director (Article 273).

GLASS LEWIS ANALYSIS

In general, we believe the board is in the best position to determine the details of employment agreements with company executives. Here, we find the proposed base salary appropriate and in alignment with the compensation practices of the Company's peers.

We recommend that shareholders vote **FOR** this proposal.

3.00: EMPLOYMENT TERMS OF INTERIM PRESIDENT AND CEO

FOR

PROPOSAL REQUEST:	Employment terms of interim president and CEO	**RECOMMENDATIONS & CONCERNS:**
PRIOR YEAR VOTE RESULT (FOR):	N/A	**FOR-** No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority of Disinterested Shareholders	

PROPOSAL SUMMARY

If approved, the proposed employment agreement will be entered into with Yitzhak Peterburg to serve as interim president and CEO. As detailed further under Proposal 1.00, Mr. Peterburg replaces Erez Vigodman in the position of CEO on an interim basis, with ther terms proposed here being substantially similar to those of Mr. Vigodman (the "Previous CEO Compensation"). The agreement would contain the following elements:

Monthly Salary	NIS 488,520 (approximately $129,716); on an annual basis, NIS 5.86 million (approximately $1.56 million)
Fixed vs. Variable	Up to 90% variable
Annual Cash Bonus Scheme	**Target bonus**: 140% of annual base salary and an **Maximum bonus**: 200% of annual base salary **Performance criteria for 2017**: 80% of the annual cash bonus are comprised of the following objectives: • 25% non-GAAP earnings per share; • 20% net revenue (subject to adjustment for currency fluctuations); • 25% free cash flow (excluding legal settlements); • 15% quality, safety and compliance; and • 15% value generation. **Discretionary bonus**: 20% of the total annual cash bonus is based on an evaluation of overall performance, based on the discretion of the compensation committee and the board and/or on quantitative and qualitative performance measures, such as implementing Company strategy and risk management as well as demonstrating internal and external leadership.
Equity Compensation	An annual equity award in an aggregate target fair market value of $4.5 million under terms consistent with the Previous CEO Compensation, with one third of such annual award being granted in the form of options to purchase Company shares, one third in performance share units ("PSUs") and one third in RSUs.
Perquisites	Include company car and phone
Severance/Retirement	Termination arrangements similar to those included in the Previous CEO Compensation, with the exception that Dr. Peterburg will not be entitled to any payment with respect to his obligation not to compete with the Company and that following termination of his service as interim CEO without cause he will be entitled to continued vesting of the equity-based awards granted to him as interim CEO according to their original vesting schedule, with the options remaining exercisable until their expiration date and with PSUs earned based on actual performance during the performance period. The severance terms of the previous CEO were as follows: • Nine months' notice of termination, during which the Company may waive his requirement to work. He would receive full salary and benefits during this time. • In the event of a termination without cause or a resignation with good reason within one year following a merger pursuant to which the Company is not the surviving entity, an additional grant of 12 times monthly salary. • A lump sum make-up payment which, together with amounts accumulated in his pension insurance funds, equals: Two months salary per year of service in the event of resignation with good cause, termination without good cause, termination due to disability, or death. • One and one-half months salary per year of service in the event of resignation without good cause or retirement.
Duration of Agreement	N/D
Time Commitment	100%

Under Israel's Companies Law, shareholder approval is required for the employment terms of the CEO (Article 272C1(1)).

GLASS LEWIS ANALYSIS

In general, we believe the board is in the best position to determine the details of employment agreements with company executives. Here, we find the proposed base salary appropriate and in alignment with the compensation practices of the Company's peers.

However, we believe shareholders should be aware that the previous CEO compensation underwent multiple amendments to increase the level of base salary and non-cash awards over recent years. At the 2015 annual meeting, shareholders approved a 10% increase in Mr. Vigodman's base salary to NIS 439,221 (at the time approximately $115,000, or $1.38 million annually). At the 2016 annual meeting, shareholders approved the current base salary level of NIS 488,520 and also an authorization for the Company to increase the CEO's salary by up to 10% each year without further shareholder approval, beyond automatic increases made due to changes in Israel's consumer price index.

While we are sceptical of the provision allowing a salary increase of up to 10% each year, we believe this falls within reasonable norms for board discretion, and we believe that such a provision is unlikely to be used in the case of Dr. Peterburg. We also note that, in evaluating the previous CEO pay increases, we took into account a string of acquisitions, including the Actavis Generics purchase discussed under Proposal 1.00. As noted under the latter proposal, there is at least some investor scepticism about the price paid in completing the described acquisitions. Considering that the abrupt departure of Mr. Vigodman appeared to come as result of Company performance during the last three years, we are not convinced that the decision to compensate Dr. Peterburg on identical terms to his predecessor should have been a foregone conclusion for the board and compensation committee, particularly since Dr. Peterburg presided as board chair over the Company's direction during the same course of time.

Nevertheless, given that the proposed agreement is made on an interim basis, we do not believe the above concerns are serious enough to merit a vote against this proposal.

We recommend that shareholders vote **FOR** this proposal.

4.00: DIRECTORS' FEES

FOR

PROPOSAL REQUEST:	Approval of the membership fee to be paid to the Company's directors serving on special or ad-hoc committees	**RECOMMENDATIONS & CONCERNS:**	
PRIOR YEAR VOTE RESULT (FOR):	N/A	**FOR-**	No material concerns
BINDING/ADVISORY:	Binding		
REQUIRED TO APPROVE:	Majority of votes cast		

PROPOSAL SUMMARY

If approved, effective January 1, 2017, each of Teva's non-employee directors (whether currently in office or appointed in the future) shall be entitled to receive 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, paid in U.S. dollars or in any other currency according to the applicable exchange rate published 15 days prior to payment.

Directors currently receive the following: (i) an annual board membership cash fee of $160,000; (ii) annual cash fees for service on board committees ($20,000 for service on the audit committee, $15,000 for the compensation committee and $10,000 for each other committee); and (iii) an annual equity-based award in the form of RSUs, with an approximate aggregate fair market value on the date of grant of $130,000.

BOARD'S PERSPECTIVE

The Company provides the following rationale why shareholders should support the inclusion of membership fees on special or ad-hoc committees:

(i) the Company's strategic and business needs often create complex situations that require special attention of its directors, which may be more appropriately served by establishing special or ad-hoc committees of the board to address and handle special matters from time to time; (ii) special or ad-hoc committees can be appointed for limited time periods to address important matters such as certain litigation matters. They can be comprised solely of directors or of both directors and external advisors and experts; (iii) since these committees are established for a special purpose, they tend to convene rather intensively over a relatively short period of time, usually less than a year; (iv) on the basis of these considerations, the board and compensation committee concluded that each NED serving on such a committee should be entitled to receive the additional membership fee.

GLASS LEWIS ANALYSIS

Glass Lewis believes that fees paid to the members of a company's board of directors should be substantial enough to attract and retain qualified individuals. At the same time, these fees should not impose a high financial cost to the company or threaten to compromise the objectivity and independence of non-executive directors.

In this case, we find the proposed directors' fees are appropriate and in alignment with the compensation practices of the Company's peers.

We recommend that shareholders vote **FOR** this proposal.

5.00: AMENDMENT TO THE 2015 LONG-TERM EQUITY-BASED INCENTIVE PLAN

FOR

PROPOSAL REQUEST:	Amendment to the 2015 Long-Term Equity-Based Incentive Plan	**RECOMMENDATIONS & CONCERNS:**	
PRIOR YEAR VOTE RESULT (FOR):	N/A	**FOR-**	No material concerns
BINDING/ADVISORY:	Binding		
REQUIRED TO APPROVE:	Majority of votes cast		

REQUESTED SHARES & POTENTIAL DILUTION

SHARES REQUESTED	**65,000,000**	**Shares Requested as a % of Outstanding Shares**	6.40%
Outstanding Shares (12/31/16)	1,014,990,310	**Potential Dilution Based on Shares Requested**	6.02%
Shares Available for Future Issuance (12/31/16)	56,067,790	**Overhang**	15.62%
Awards Outstanding (12/31/16)	37,425,000	**Fully Diluted Overhang**	13.50%
GICS Sector (#) Name	(3520) Pharmaceuticals, Biotechnology and Life Sciences	**Market Capitalization (03/31/17)**	$32,571,038,920

ANALYSIS OF PROPOSED PLAN

PLAN FEATURES

Plan Title	*2015 Long-Term Equity-Based Incentive Plan*
Amendment or New Plan?	*Amendment*
Eligible Participants	*Employees, officers, non-employee directors, consultants and advisors*
Administrators	*Compensation committee*
Award Types Permitted	*Stock options, SARs, restricted stock, RSUs, other share-based awards and performance-based awards*
Vesting Provisions	*Determined by the compensation committee*

QUALITATIVE FEATURES

• **Repricing Provision?**	*No*
• **Single-trigger change of control?**	*No*
• **Evergreen provisions?**	*No*
• **Fair Market Value minimum?**	*Yes*
• **Reload provisions?**	*No*
• **Full value award multiplier?**	*Yes*

EVALUATION SUMMARY*

PROGRAM SIZE ANALYSES		**PROGRAM COST ANALYSES**	
Existing Size of Pool	*FAIL*	**Projected Cost as % of Operating Metrics**	*PASS*
Pro-Forma Available Pool	*PASS*	**Projected Cost as % of Enterprise Value**	*PASS*
Grants to Executives	*PASS*	**Expensed Cost as % of Operating Metrics**	*PASS*
Pace of Historical Grants	*PASS*	**Expensed Cost as % of Enterprise Value**	*PASS*
Overhang	*PASS*		

QUALITATIVE FEATURES			
Repricing Authority	*PASS*	**Other Features**	*PASS*

*For additional information regarding the tests utilized in this evaluation, please refer to Glass Lewis' Understanding U.S. Equity Compensation Analysis.

COST ANALYSIS

Projected Annual Cost	$136,281,452	Likely Annual Grant (#)	10,915,350

	COMPANY	PEER AVG.	1 STD DEV
Annual Cost as a % of Revenue	0.60%	8.62%	16.75%
Annual Cost as a % of OCF	3.16%	22.80%	40.57%
Annual Cost as a % of Enterprise Value	0.19%	1.00%	1.71%

Expensed Cost $124,000,000

	COMPANY	PEER AVG.	1 STD DEV
Expensed Cost as a % of Revenue	0.55%	14.66%	32.12%
Expensed Cost as a % of OCF	2.87%	20.83%	37.77%
Expensed Cost as a % of Enterprise Value	0.17%	4.28%	11.07%

GRANT HISTORY & IMPACT TO SHAREHOLDER WEALTH

	LAST FY	-2 FY	-3 FY
Total Option Grants	10,895,000	7,655,000	6,935,000
Options Cancelled	2,573,000	1,028,000	1,260,000
Stock Awards (Net)	2,915,000	1,197,000	1,100,000
Gross Annual Dilution	1.39%	1.01%	0.97%
Net Annual Dilution	1.11%	0.86%	0.80%
Average Gross Run Rate	1.12%		
Average Net Run Rate	0.92%		
% Granted to Executives	5.75%		

PEER COMPARISON*

	OVERHANG	3-YR AVG. BURN RATE	GRANTS TO CEO (LAST FY)	GRANTS TO NEOS (LAST FY)
COMPANY	15.62%	1.12%	1.95%	5.80%
PEER MEDIAN	21.33%	3.41%	12.66%	31.24%
PEER AVG.	24.84%	4.20%	15.37%	32.49%

*Peers are based on Industry Group segmentation of the Global Industrial Classification System (GICS)

GLASS LEWIS ANALYSIS

This proposal seeks shareholder approval of an amendment to the 2015 Long-Term Equity-Based Incentive Plan. If approved, it would authorize an additional 65.0 million shares for issuance, which when issued would dilute current shareholders by 6.0%.

Some of our analyses involve comparisons of the Company to its peers. Unless noted, the peer group selected for this analysis includes 23 companies in the pharmaceuticals, biotechnology and life sciences industry with an average market capitalization of $18 billion.

RECOMMENDATION

In our view, we found that this plan failed one of our tests, but the severity of the failure was minimal in comparison to the other plans we review. As such, we recommend that shareholders vote **FOR** this plan.

6.00: 2017 EXECUTIVE INCENTIVE COMPENSATION PLAN

FOR

PROPOSAL REQUEST:	2017 Executive Incentive Compensation Plan	**RECOMMENDATIONS & CONCERNS:**	
PRIOR YEAR VOTE RESULT (FOR):	N/A	**FOR-**	No material concerns
BINDING/ADVISORY:	Binding		
REQUIRED TO APPROVE:	Majority of votes cast		

SUMMARY OF PROPOSED PLAN

PLAN TITLE	2017 Executive Incentive Compensation Plan
AWARD TYPES PERMITTED	Cash and shares
PURPOSE	Links pay to performance for officers and other senior executives by providing an opportunity for an annual cash or share award based on pre-established goals
ADMINISTRATOR	Compensation committee
LIMITS	Individual maximum of $12 million for the CEO and $8 million for each non-CEO participant

GLASS LEWIS ANALYSIS

Like other plans adopted to satisfy the criteria set forth in Section 162(m) of the Internal Revenue Code, if this proposal is approved by the shareholders, the Company will be able to deduct compensation in excess of $1 million for the CEO and the next three highest paid executive officers, excluding the CFO unless the CFO also holds another executive officer position.

Glass Lewis recognizes the value of executive incentive programs and the tax benefit of shareholder-approved incentive plans. In order to allow for meaningful shareholder review, we believe that these proposals should generally include: specific performance goals; a maximum award pool; and a maximum award amount per employee. We also analyze the estimated grants and the Company's past compensation practices to see if they are reasonable and in line with the Company's peers.

In previous Proxy Papers, we have had concerns about the Company's executive compensation practices. As indicated in our analysis, though the Company has adequately aligned pay with performance per our P4P model, we believe the compensation program may allow for extraordinary levels of compensation. These concerns are evidenced by the structure of the plan proposed here: upon the Company's achievement of $1 in GAAP operating income for the performance period, the CEO is eligible for a base award of $12 million and the other executives are eligible for base awards of $8 million each.

However, although we are unable to estimate the potential total cost of the plan, in our view, shareholders would not be well served by rejecting the plan and forgoing the potential tax benefit. While we do not believe it is in the interests of shareholders to vote against this plan on the basis of high potential compensation, we encourage shareholders to carefully monitor this issue in the future.

We recommend that shareholders vote **FOR** this proposal.

7.00: REDUCTION OF AUTHORIZED SHARES

FOR

PROPOSAL REQUEST:	Approval to authorise the board to cancel shares and reduce capital	**RECOMMENDATIONS & CONCERNS:**
PRIOR YEAR VOTE RESULT (FOR):	N/A	**FOR-** No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	75% of votes cast	

PROPOSAL SUMMARY

If approved, the board will be authorized to reduce the share capital by means of a cancellation of 424,247 ordinary "A" shares, par value NIS 0.1 per share and 5,232,377 ordinary shares, par value NIS 0.1 per share, representing 0.56% of the Company's outstanding shares. The Company discloses the following background to the proposed share cancellation:

- As a result of several mergers and reorganizations between the Company and certain of its wholly owned subsidiaries during the 1980s and 1990s, share splits and distribution of bonus shares, Teva Nechasim Ltd. ("Teva Nechasim"), a wholly owned subsidiary of the Company, currently holds 424,247 ordinary "A" shares, par value NIS 0.1 per share and 5,232,377 ordinary shares, par value NIS 0.1 per share.
- Such shares appear on the records of the Tel Aviv Stock Exchange ("TASE") as having an aggregate amount of 5,656,625 shares of Teva ("Teva Nechasim Shares").
- As part of the above-mentioned mergers and reorganizations, in 1983 the Company entered into an arrangement with TASE pursuant to which the Teva Nechasim Shares are not registered for trade on TASE, do not have any voting rights and any transfer of such shares is subject to the prior consent of the TASE. Over the years, TASE has requested the Company to cancel the Teva Nechasim Shares.
- Following such requests by the TASE and discussions with the Israeli Tax Authorities, the Company recently reached an understanding, followed by a tax ruling of the Israeli Tax Authorities (the "Ruling"), pursuant to which the transfer to the Company of the Teva Nechasim Shares and their cancellation by it will not be deemed tax events, subject to certain conditions, including that such shares shall be transferred to the Company by December 31, 2017 and canceled within 180 days of the receipt of shareholders' approval.
- The Company states that it recently received TASE's approval for such transfer of shares. In light of the Ruling and subject shareholder approval, these Teva Nechasim Shares shall be transferred to the Company and canceled immediately thereafter.

GLASS LEWIS ANALYSIS

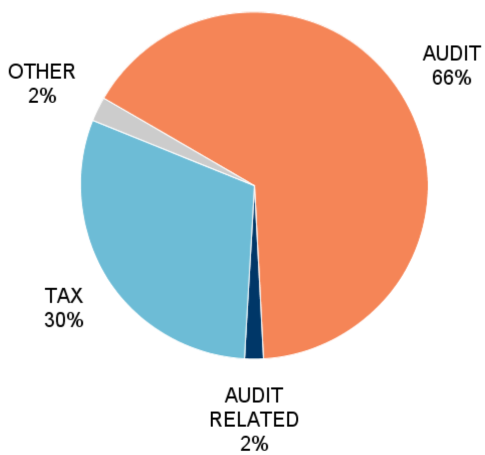
As a general rule, we believe that share cancellation programs are in shareholders' best interests, so long as the Company is left with a sufficiently strong balance sheet in light of its capital requirements. We believe that, in this case, the terms under which the Company is considering a cancellation of its subsidiary's shares are reasonable.

We recommend that shareholders vote **FOR** this proposal.

8.00: APPOINTMENT OF AUDITOR

FOR

PROPOSAL REQUEST:	Ratification of Kesselman & Kesselman	**RECOMMENDATIONS & CONCERNS:**	
PRIOR YEAR VOTE RESULT (FOR):	N/A	**FOR-**	No material concerns
BINDING/ADVISORY:	Binding		
REQUIRED TO APPROVE:	Majority of votes cast		
AUDITOR OPINION:	Unqualified		



AUDITOR FEES

	2016	2015	2014
Audit Fees:	$18,495,000	$12,492,000	$11,936,000
Audit-Related Fees:	$505,000	$1,195,000	$1,078,000
Tax Fees:	$8,490,000	$6,338,000	$5,356,000
All Other Fees:	$623,000	$189,000	$549,000
Total Fees:	$28,113,000	$20,214,000	$18,919,000
Auditor:	Kesselman & Kesselman	Kesselman & Kesselman	Kesselman & Kesselman

Years Serving Company:	10
Restatement in Past 12 Months:	No

GLASS LEWIS ANALYSIS

The fees paid for non-audit-related services are reasonable and the Company discloses appropriate information about these services in its filings.

We recommend that shareholders vote **FOR** the ratification of the appointment of Kesselman & Kesselman as the Company's auditor for fiscal year 2017.

APPENDIX

Questions or comments about this report, GL policies, methodologies or data? Contact your client service representative or go to www.glasslewis.com/issuer/ for information and contact directions.

DISCLOSURES

This report is intended to provide research, data and analysis of proxy voting issues and, therefore, should not be relied upon as investment advice. Glass Lewis analyzes the issues presented for shareholder vote and makes recommendations as to how Glass Lewis believes institutional shareholders should vote their proxies, without commenting on the investment merits of the securities issued by the subject companies. Therefore, none of Glass Lewis' proxy vote recommendations should be construed as a recommendation to invest in, purchase, or sell any securities or other property. Moreover, Glass Lewis' proxy vote recommendations must be construed solely as statements of opinion, and not as statements of fact, and may be revised based on additional information or any other reason at any time.

The information contained in this report is based on publicly available information. While Glass Lewis exercises reasonable care to ensure that all information included in this report is accurate and is obtained from sources believed to be reliable, no representations or warranties express or implied, are made as to the accuracy or completeness of any information included herein. In addition, Glass Lewis shall not be liable for any losses or damages arising from or in connection with the information contained herein or the use or inability to use any such information.

Glass Lewis expects its subscribers possess sufficient experience and knowledge to make their own decisions entirely independent of any information contained in this report. Subscribers are ultimately and solely responsible for making their own voting decisions. This Glass Lewis report is intended to serve as a complementary source of information and analysis for subscribers in making their own voting decisions and therefore should not be relied on by subscribers as the sole determinant in making voting decisions.

Glass Lewis recommends all clients carefully and periodically evaluate, among other things, Glass Lewis' research philosophy, approach, methodologies and conflict management, avoidance and disclosure policies and procedures. For information on Glass Lewis' policies and procedures including treatment of conflicts of interest, please visit: http://www.glasslewis.com/.

LEAD ANALYSTS

Governance & Compensation:

Oren Lida