UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-16174

TEVA PHARMACEUTICAL INDUSTRIES LIMITED
(Exact name of registrant as specified in its charter)

Israel	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification Number)**

400 Interpace Parkway, #3
Parsippany NJ, 07054 USA
+1-973-658-0301
(Address of principal executive offices, zip code and telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing one Ordinary Share	TEVA	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2026, the registrant had 1,165,296,084 ordinary shares outstanding.

TEVA PHARMACEUTICAL INDUSTRIES LIMITED

For an accessible version of this Quarterly Report on Form 10-Q, please visit www.tevapharm.com

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INTRODUCTION AND USE OF CERTAIN TERMS

Unless otherwise indicated, all references to the "Company," "we," "our" and "Teva" refer to Teva Pharmaceutical Industries Limited and its subsidiaries, and references to "revenues" refer to net revenues. References to "U.S. dollars," "dollars," "U.S. $" and "$" are to the lawful currency of the United States of America, and references to "NIS" are to new Israeli shekels. References to "ADS(s)" are to Teva's American Depositary Share(s). Market data, including both sales and share data, is based on information provided by IQVIA, a provider of market research to the pharmaceutical industry ("IQVIA"), unless otherwise stated. References to "R&D" are to Research and Development, references to "IPR&D" are to in-process R&D, references to "S&M" are to Selling and Marketing and references to "G&A" are to General and Administrative. Some amounts in this report may not add up due to rounding. All percentages have been calculated using unrounded amounts. This report on Form 10-Q contains many of the trademarks and trade names used by Teva in the United States and internationally to distinguish its products and services. Any third-party trademarks mentioned in this report are the property of their respective owners.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q, and the reports and documents incorporated by reference in this Quarterly Report on Form 10-Q, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are based on management's current beliefs and expectations and are subject to substantial risks and uncertainties, both known and unknown, that could cause our future results, performance or achievements to differ significantly from that expressed or implied by such forward-looking statements. These forward-looking statements include statements concerning our plans, strategies, objectives, future performance and financial and operating targets, and any other information that is not historical information. You can identify these forward-looking statements by the use of words such as "should," "expect," "anticipate," "estimate," "target," "may," "project," "guidance," "intend," "plan," "believe," "transition" and other words and terms of similar meaning and expression in connection with any discussion of future operating, financial performance or development. Important factors that could cause or contribute to such differences include risks relating to:

- our ability to successfully compete in the marketplace, including: that we are substantially dependent on our generic products; concentration of our customer base and commercial alliances among our customers; competition faced by our generic medicines from other pharmaceutical companies and changes in regulatory policy that may result in costs and delays; delays in launches of new generic products; our ability to develop and commercialize additional pharmaceutical products in a timely manner; intense competition for our innovative medicines; our ability to achieve expected results from investments in our product pipeline; our ability to successfully execute on our Pivot to Growth strategy, including to expand our innovative and biosimilar medicines pipeline and to profitably commercialize our innovative medicines and biosimilar portfolio, whether organically or through business development, to sustain and focus our portfolio of generic medicines, and to execute on our organizational transformation and to achieve expected cost savings; and the effectiveness of our patents and other measures to protect our intellectual property rights;
- our significant indebtedness, which may limit our ability to incur additional indebtedness, engage in additional transactions or make new investments; and our potential need to raise additional funds in the future, which may not be available on acceptable terms or at all;
- our business and operations in general, including: the impact of global economic conditions and other macroeconomic developments and the governmental and societal responses thereto, and our exposure to changes in international trade policies, including the imposition of tariffs in the jurisdictions in which we operate, and any effects of such developments on sales of our products and the pricing and availability of raw materials; effectiveness of our optimization efforts; significant disruptions of information technology systems, including cybersecurity attacks, as well as risks and uncertainties related to the adoption of artificial intelligence technologies, and breaches of our data security; interruptions in our supply chain or problems with internal or third party manufacturing; challenges associated with conducting business globally, including political or economic instability, prolonged government shutdowns, widespread outbreaks of major diseases and major hostilities or acts of terrorism, ongoing global conflicts, including in the Middle East and the war involving Iran and the war between Russia and Ukraine; our ability to attract, hire, integrate and retain highly skilled personnel; our ability to successfully bid for suitable acquisition targets or licensing opportunities, or to consummate and/or integrate acquisitions successfully and cost-effectively; and our prospects and opportunities for growth if we sell or plan to sell assets or business units and close or divest plants and facilities, as well as our ability to successfully and cost-effectively effectuate and consummate such sales and divestitures, including our planned divestiture of our API business;

- compliance, regulatory and litigation matters, including: failure to comply with complex legal and regulatory requirements, the effects of regulatory uncertainty and changes and the results of increased regulatory oversight, including expenditures required to ensure compliance with research, production and quality control regulations and remedial actions taken to address product issues, such as delayed product launches, product recalls, and facility shutdowns; the effects of governmental, regulatory and civil proceedings and litigation which we are, or in the future become, party to; the effects of reforms in healthcare regulation and related reductions in pharmaceutical pricing, reimbursement and coverage, including as a result of the One Big Beautiful Bill signed into law in the U.S. in July 2025 ("OBBBA"), which will likely reduce the number of insured in Medicaid and Health Insurance Exchange markets, potentially altering utilization patterns and shifting negotiating leverage among payors, U.S. Executive Orders issued in April and May 2025 intended to reduce the prices paid for prescription medicines, including most-favored-nation pricing and related regulatory efforts; legal and regulatory actions in connection with public concern over the abuse of opioid medications; our ability to timely make payments required under our nationwide opioids settlement agreement and provide our generic version of Narcan® (naloxone hydrochloride nasal spray) in the amounts and at the times required under the terms of such agreement; scrutiny from competition and pricing authorities around the world, including our ability to comply with and operate under our deferred prosecution agreement ("DPA") with the U.S. Department of Justice ("DOJ"); potential liability for intellectual property right infringement; significant product liability claims; claims brought by regulatory agencies; failure to comply with complex Medicare, Medicaid and other governmental programs' reporting and payment obligations; compliance with sanctions and trade control laws; environmental risks and changes in governmental, investor and societal responses to climate change and sustainability related issues;
- financial, economic and other risks, including: our exposure to currency fluctuations and restrictions as well as credit risks; impairments of our long-lived assets; potential significant increases in tax liabilities; the effect on our overall effective tax rate of the termination or expiration of governmental programs or tax benefits, or of a change in our business; the impact of any failure to maintain effective internal control over our financial reporting; and our ability to successfully implement the process for terminating our American Depository Share ("ADS") program and directly listing our ordinary shares in lieu of the ADSs and to achieve our aims as a result of such process, as described in Part II, Item 5 of this Quarterly Report on Form 10-Q;

and other factors discussed in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2025, including in the sections captioned "Risk Factors" and "Other Information." Forward-looking statements speak only as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statements or other information contained herein, whether as a result of new information, future events or otherwise. You are cautioned not to put undue reliance on these forward-looking statements.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TEVA PHARMACEUTICAL INDUSTRIES LIMITED
CONSOLIDATED BALANCE SHEETS
(U.S. dollars in millions, except for share data)
(Unaudited)

	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,655	$ 3,556
Accounts receivables, net of allowance for credit losses of $75 million and $81 million as of June 30, 2026 and December 31, 2025, respectively	3,493	3,709
Inventories	3,221	3,179
Prepaid expenses	1,034	1,122
Other current assets	563	539
Assets held for sale	1,794	1,842
Total current assets	13,760	13,946
Deferred income taxes	2,162	2,191
Other non-current assets	387	405
Property, plant and equipment, net	3,928	4,080
Operating lease right-of-use assets, net	333	345
Identifiable intangible assets, net	3,447	3,781
Goodwill	15,839	16,000
Total assets	$ 39,857	$ 40,748
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	$ 4,500	$ 1,820
Sales reserves and allowances	3,899	4,143
Accounts payables	2,721	2,531
Employee-related obligations	488	739
Accrued expenses	2,738	2,687
Other current liabilities	987	1,182
Liabilities held for sale	313	354
Total current liabilities	15,646	13,456
Long-term liabilities:		
Deferred income taxes	289	296
Other taxes and long-term liabilities	3,791	3,808
Senior notes and loans	12,092	14,986
Operating lease liabilities	282	288
Total long-term liabilities	16,454	19,379
Commitments and contingencies, see note 10		
Total liabilities	32,100	32,834
Equity:		
Teva shareholders' equity:		
Ordinary shares of NIS 0.10 par value per share; June 30, 2026 and December 31, 2025: authorized 2,495 million shares; issued 1,271 million shares and 1,257 million shares, respectively.	59	58
Additional paid-in capital	28,256	28,133
Accumulated deficit	(13,969)	(13,762)
Accumulated other comprehensive loss	(2,465)	(2,391)
Treasury shares as of June 30, 2026 and December 31, 2025: 106 million ordinary shares and 107 million ordinary shares, respectively.	(4,128)	(4,128)
	7,753	7,910
Non-controlling interests	4	4
Total equity	7,757	7,914
Total liabilities and equity	$ 39,857	$ 40,748

Amounts may not add up due to rounding.
The accompanying notes are an integral part of the financial statements.

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TEVA PHARMACEUTICAL INDUSTRIES LIMITED
CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(U.S. dollars in millions, except share and per share data)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Net revenues	$ 4,142	$ 4,176	$8,124	$8,067
Cost of sales	1,989	2,074	4,000	4,088
Gross profit	2,153	2,102	4,124	3,979
Research and development expenses	970	244	1,191	490
Selling and marketing expenses	717	654	1,413	1,276
General and administrative expenses	317	305	621	603
Intangible assets impairments	22	42	30	163
Other assets impairments, restructuring and other items	147	232	173	210
Legal settlements and loss contingencies	230	166	303	252
Other loss (income)	(19)	4	(28)	9
Operating income (loss)	(231)	455	421	975
Financial expenses, net	224	252	440	477
Income (loss) before income taxes	(455)	203	(18)	497
Income taxes (benefit)	121	(78)	188	(4)
Share in (profits) losses of associated companies, net	*	(1)	1	(1)
Net income (loss)	(575)	283	(206)	503
Net income (loss) attributable to redeemable and non-redeemable non-controlling interests	*	*	*	6
Net income (loss) attributable to Teva	(576)	282	(207)	497
Earnings (loss) per share attributable to ordinary shareholders:				
Basic	$ (0.49)	$ 0.25	$ (0.18)	$ 0.43
Diluted	$ (0.49)	$ 0.24	$ (0.18)	$ 0.43
Weighted average number of shares (in millions):				
Basic	1,165	1,147	1,160	1,142
Diluted	1,165	1,161	1,160	1,159

* Represents an amount less than $0.5 million.

Amounts may not add up due to rounding.
The accompanying notes are an integral part of the financial statements.

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TEVA PHARMACEUTICAL INDUSTRIES LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(U.S. dollars in millions)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Net income (loss)	$ (575)	$ 283	$(206)	$ 503
Other comprehensive income (loss), net of tax:				
Currency translation adjustment	50	227	(71)	721
Unrealized gain (loss) from derivative financial instruments, net	(2)	17	(2)	24
Unrealized loss on defined benefit plans	(1)	—	(1)	(1)
Total other comprehensive income (loss)	47	244	(74)	744
Total comprehensive income (loss)	(528)	527	(280)	1,247
Comprehensive income (loss) attributable to redeemable and non-redeemable non-controlling interests	*	*	*	33
Comprehensive income (loss) attributable to Teva	$ (528)	$ 527	$(280)	$1,214

* Represents an amount less than $0.5 million.

Amounts may not add up due to rounding.
The accompanying notes are an integral part of the financial statements.

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TEVA PHARMACEUTICAL INDUSTRIES LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Teva shareholders' equity								
	Ordinary shares								
	Number of shares (in millions)	Stated value	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive (loss)	Treasury shares	Total Teva shareholders' equity	Non-controlling interests	Total equity
	(U.S. dollars in millions)								
Balance at March 31, 2026	1,271	59	28,203	(13,394)	(2,512)	(4,128)	8,228	4	8,232
Net Income (loss)				(576)			(576)	*	(575)
Other comprehensive income (loss)					47		47	*	47
Stock-based compensation expense			40				40		40
Proceeds from exercise of options			13				13		13
Balance at June 30, 2026	1,271	$ 59	$ 28,256	$ (13,969)	$ (2,465)	$(4,128)	$ 7,753	$ 4	$7,757

* Represents an amount less than $0.5 million.

	Teva shareholders' equity								
	Ordinary shares								
	Number of shares (in millions)	Stated value	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive (loss)	Treasury shares	Total Teva shareholders' equity	Non-controlling interests	Total equity
	(U.S. dollars in millions)								
Balance at December 31, 2025	1,256	58	28,133	(13,762)	(2,391)	(4,128)	7,910	4	7,914
Net Income (loss)				(207)			(207)	*	(206)
Other comprehensive income (loss)					(74)		(74)	*	(74)
Issuance of Shares	15	*	*						
Stock-based compensation expense			83				83		83
Proceeds from exercise of options			39				39		39
Balance at June 30, 2026	1,271	$ 59	$ 28,256	$ (13,969)	$ (2,465)	$(4,128)	$ 7,753	$ 4	$7,757

* Represents an amount less than $0.5 million.

	Teva shareholders' equity								
	Ordinary shares								
	Number of shares (in millions)	Stated value	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive (loss)	Treasury shares	Total Teva shareholders' equity	Non-controlling interests	Total equity
	(U.S. dollars in millions)								
Balance at March 31, 2025	1,253	58	27,965	(14,958)	(2,675)	(4,128)	6,262	7	6,269
Net Income (loss)				282			282	*	283
Other comprehensive income (loss)					244		244	*	244
Stock-based compensation expense			38				38		38
Balance at June 30, 2025	1,253	$ 58	$ 28,003	$ (14,676)	$ (2,431)	$(4,128)	$ 6,827	$ 7	$6,834

* Represents an amount less than $0.5 million.

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	Teva shareholders' equity								
	Ordinary shares								
	Number of shares (in millions)	Stated value	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive (loss)	Treasury shares	Total Teva shareholders' equity	Non-controlling interests	Total equity
					(U.S. dollars in millions)				
Balance at December 31, 2024	1,240	58	27,764	(15,173)	(3,148)	(4,128)	5,373	7	5,380
Net Income (loss)				497			497	*	497
Other comprehensive income (loss)					717		717	*	717
Issuance of Shares	13	*	*						
Proceeds from exercise of options			3				3		3
Stock-based compensation expense			72				72		72
Purchase of shares from non-controlling interests**			165				165		165
Balance at June 30, 2025	1,253	$ 58	$ 28,003	$ (14,676)	$ (2,431)	$(4,128)	$ 6,827	$ 7	$6,834

* Represents an amount less than $0.5 million.

** In connection with the sale of Teva's business venture in Japan.

Amounts may not add up due to rounding.
The accompanying notes are an integral part of the financial statements.

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TEVA PHARMACEUTICAL INDUSTRIES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in millions)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Operating activities:				
Net income (loss)	$ (575)	283	$ (206)	503
Adjustments to reconcile net income (loss) to net cash provided by operations:				
Depreciation and amortization	241	251	480	494
Impairment of long-lived assets and assets held for sale	113	99	122	177
Acquired IPR&D related to Emalex Biosciences, see note 2	724	—	724	—
Net change in operating assets and liabilities	(164)	(336)	(780)	(1,035)
Deferred income taxes – net and uncertain tax positions	25	(211)	3	(183)
Stock-based compensation	40	38	83	72
Other items	19	105	(36)	94
Net loss (gain) from sale of business and long-lived assets	(12)	(2)	(20)	—
Net cash provided by (used in) operating activities	411	227	371	122
Investing activities:				
Beneficial interest collected in exchange for securitized trade receivables	311	336	665	658
Purchases of property, plant and equipment and intangible assets	(104)	(96)	(273)	(223)
Proceeds from sale of business and long-lived assets, net	4	9	46	26
Purchase of Emalex Biosciences outstanding shares, see note 2	(696)	—	(696)	—
Purchases of investments and other assets .	(1)	(16)	(1)	(27)
Other investing activities	(4)	3	(3)	3
Net cash provided by (used in) investing activities	(491)	236	(263)	437
Financing activities:				
Repayment of senior notes and loans and other long-term liabilities	—	(2,300)	(23)	(3,668)
Repayment of convertible debentures	—	2,305	—	2,305
Purchase of shares from redeemable and non-redeemable non-controlling interests	—	—	—	(38)
Dividends paid to redeemable and non-redeemable non-controlling interests	—	—	—	(340)
Other financing activities	(1)	1	35	3
Net cash provided by (used in) financing activities	(1)	6	12	(1,738)
Effect of exchange rate changes on cash and cash equivalents	(5)	(5)	(22)	40
Net change in cash and cash equivalents	(86)	464	99	(1,139)
Balance of cash and cash equivalents at beginning of period	3,741	1,697	3,556	3,300
Balance of cash and cash equivalents at end of period	$3,655	2,161	$3,655	2,161
Non-cash financing and investing activities:				
Beneficial interest obtained in exchange for securitized accounts receivables	$ 295	329	$ 606	641

Net change in operating assets and liabilities:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Other assets	$ (278)	$ (470)	$ (578)	$ (746)
Trade payables, accrued expenses, employee-related obligations and other liabilities	82	84	(63)	45
Trade receivables net of sales reserves and allowances	91	111	13	(153)
Inventories	(59)	(61)	(152)	(181)
	$ (164)	$ (336)	$ (780)	$ (1,035)

Note 1 – Basis of presentation:

a. Basis of presentation

The accompanying unaudited consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements. In the opinion of management, the financial statements reflect all normal and recurring adjustments necessary for a fair statement of the financial position and results of operations of Teva. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, as filed with the Securities and Exchange Commission ("SEC"). The year-end balance sheet data was derived from the audited consolidated financial statements as of December 31, 2025, but not all disclosures required by generally accepted accounting principles in the United States ("U.S. GAAP") are included in this Quarterly Report on Form 10-Q.

In preparing the Company's consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, equity and disclosure of contingent liabilities and assets at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

In preparing the Company's consolidated financial statements, management also considered the economic implications of inflation expectations on its critical and significant accounting estimates. Actions taken to address macroeconomic developments such as decisions regarding interest rates in the countries in which Teva operates, as well as their economic impact on Teva's third-party manufacturers and suppliers, customers and markets, could also impact such estimates and may change in future periods. As applicable to these consolidated financial statements, the most significant estimates and assumptions relate to: determining the valuation and recoverability of marketed product rights and goodwill, assessing sales reserves and allowances in the United States, uncertain tax positions, valuation allowances and contingencies. Some of these estimates could be impacted by higher costs and the ability to pass on such higher costs to customers, which is highly uncertain.

In preparing the Company's consolidated financial statements, management also considered the impact of geopolitical conflicts and developments in the Middle East, including the war involving Iran, and in Russia and Ukraine. Given Teva's global operations, including personnel and several manufacturing and R&D facilities in Israel, as well as its exposure to international markets, continued instability in the region could adversely impact Teva's business operations and financial condition. During the three and six months ended June 30, 2026, the impact of these conflicts on Teva's results of operation and financial condition continued to be immaterial.

Teva's results of operations for the three and six months ended June 30, 2026, are not necessarily indicative of results that could be expected for the entire fiscal year.

Certain amounts in the consolidated financial statements and associated notes may not add up due to rounding. All percentages have been calculated using unrounded amounts.

b. Significant accounting policies

Recently adopted accounting pronouncements

None.

Recently issued accounting pronouncements, not yet adopted

In May 2026, the FASB issued ASU 2026-02, Environmental Credits and Environmental Credit Obligations (Topic 818), which establishes new guidance for the recognition, measurement, presentation, and disclosure of environmental credits and related obligations. The new guidance is effective for fiscal years beginning after December 15, 2027, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, "Interim Reporting (Topic 270) Narrow-Scope Improvements." The amendments in this Update clarify interim disclosure requirements and the applicability of Topic 270. The objective of the update is to provide clarity about current interim requirements. The amendments in this update also include a disclosure principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. The amendments in this ASU are required to be adopted for interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company does not expect ASU 2025-11 to have a material impact on its consolidated financial statements disclosures.

In December 2025, the FASB issued ASU 2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities. The update provides recognition, measurement, presentation, and disclosure requirements for government grants, including guidance for grants related to an asset and grants related to income. ASU 2025-10 is effective for annual reporting periods beginning after December 15, 2028, and interim reporting periods within those annual reporting periods. Early adoption is permitted. ASU 2025-10 permits an entity to apply the new guidance using a modified prospective basis, a modified retrospective basis, or a full retrospective basis. The Company does not expect ASU 2025-10 to have a material impact on its consolidated financial statements.

In November 2025, the FASB issued ASU 2025-09 to amend the guidance in "Derivatives and Hedging" (Topic 815). The update provides targeted improvements intended to enhance the application of hedge accounting, including expanded eligibility of forecasted transactions, additional flexibility in measuring hedge effectiveness, and clarifications related to hedging non-financial items. The guidance is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, "Intangibles—Goodwill and Other—Internal-Use Software (Topic 350-40): Targeted Improvements." This ASU 2025-06 provides updated guidance clarifying the capitalization of costs related to internal-use software, including enhanced guidance on cloud computing arrangements. ASU 2025-06 is effective for annual periods beginning after December 15, 2027, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In May 2025, the FASB issued ASU 2025-03 "Business Combinations and Consolidation: Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity," which amends the guidance for determining the accounting acquirer in certain transactions. The guidance should be applied prospectively. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods, with early adoption permitted. The adoption of this guidance will affect acquisition transactions of variable interest entities that occur after the initial application date.

In November 2024, the FASB issued ASU 2024-03 "Income Statement: Reporting Comprehensive Income—Expense Disaggregation Disclosures," which requires more detailed information about specified categories of expenses (purchases of inventory, employee compensation, depreciation, amortization, and depletion) included in certain expense captions presented on the face of the income statement, as well as disclosures about selling expenses. Additionally, in January 2025, the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU; or (2) retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating this guidance to determine the impact it may have on its consolidated financial statements disclosures.

In October 2023, the FASB issued ASU 2023-06 "Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative," which incorporates certain SEC disclosure requirements into the FASB Accounting Standards Codification ("Codification"). The amendments in the ASU are expected to clarify or improve disclosure and presentation requirements of a variety of Codification topics, allow investors to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the Codification with the SEC's regulations. The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The amendments in this ASU should be applied prospectively. For all entities within the scope of the affected Codification subtopics, if by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the associated amendment will be removed from the Codification and will not become effective for any entities. The Company does not expect ASU 2023-06 to have a material impact on its consolidated financial statements.

NOTE 2 – Certain transactions:

The Company has entered into asset acquisitions, alliances and other arrangements with third parties to acquire rights to products it does not have, to access markets it does not operate in and to otherwise share development costs or business risks. The Company's most significant agreements of this nature are summarized below.

a. Acquisitions

Emalex Biosciences

In April 2026, Teva entered into a definitive agreement to acquire all outstanding shares of Emalex Biosciences ("Emalex"), including its primary asset, ecopipam (EBS-101), which has completed Phase 3 for the treatment of Tourette syndrome in a pediatric population. On June 10, 2026, Teva completed the acquisition of Emalex, and paid approximately $700 million to Emalex's former shareholders. Emalex's former shareholders and other third parties may be eligible to receive additional milestone payments of up to $200 million, and $125 million, respectively, as well as royalties on global net-sales of ecopipam (EBS-101), upon commercialization and subject to regulatory approval. On June 18, 2026, Teva submitted a New Drug Application ("NDA") to the FDA for ecopipam (EBS-101), supported by results from the Phase 3 trial.

The acquisition was accounted for as an 'asset acquisition' as it did not meet the definition of a 'business,' since substantially all of the fair value of the gross assets acquired was concentrated in an IPR&D asset, under ASC 805, Business Combinations. The total consideration was allocated based on the relative fair values of the assets acquired and liabilities assumed, and no goodwill or contingent consideration was recognized. Such contingent consideration payments will be recognized once they become probable and reasonably estimable. In accordance with ASC 730, since the IPR&D asset had no alternative future use in its acquired form, the Company recorded it as a research and development expense. The fair value of acquired IPR&D was determined primarily using the income approach, which requires a forecast of all of the expected future cash flows. A discount rate of 8.75% was applied to the projected cash flows.

The following table summarizes the total consideration transferred and allocation of consideration transferred to the assets acquired, liabilities assumed and acquired IPR&D expense as of the acquisition date:

	(U.S. $ in millions)
Cash consideration for outstanding shares, net of working capital adjustments	$ 696
Transaction costs	8
Total consideration allocated	704
Other current assets	2
Deferred income taxes	134
Valuation allowance	(134)
Accrued expenses	$ (18)
Other liabilities	(4)
Total identifiable assets and liabilities acquired	(20)
Acquired IPR&D	724
Total consideration allocated	$ 704

b. Other significant agreements

Polpharma

In December 2025, Teva entered into an agreement with Polpharma Biologics International AG ("Polpharma"), which became effective in June 2026, for the commercialization of the intravenous and subcutaneous formulations of Polpharma's proposed biosimilar to Ocrevus® (ocrelizumab). Under the terms of the agreement, Polpharma retains full responsibility for the development and manufacturing of the biosimilar candidate. Teva will be responsible for regulatory submissions and, upon approval, commercialization of both formulations in the United States, Europe, Brazil, Canada, Australia, New Zealand, Israel and Turkey. In the second quarter of 2026, Teva recognized an upfront payment in the amount of $15 million as R&D expenses, which was paid in July 2026. Polpharma may be eligible for additional future development, regulatory and commercial milestone payments, in an aggregate amount of up to $107 million. Teva and Polpharma will share revenue from the commercialization of this biosimilar.

Blackstone Life Sciences

On March 3, 2026, Teva entered into a funding agreement with Blackstone Life Sciences ("Blackstone") to support the development of Teva's duvakitug (anti-TL1A, TEV-'574). Under the agreement, Blackstone will provide Teva up to $400 million to fund ongoing and future development costs for duvakitug, spread over four years. In exchange, and subject to regulatory approval, Teva will pay Blackstone a milestone payment in an amount approximately equal to the total funding provided by Blackstone, in addition to commercial milestones and royalties upon commercialization. During each of the first and second quarters of 2026, Teva recognized $30 million as reimbursement for R&D expenses incurred in connection with this agreement.

mAbxience

In April 2024, Teva announced it entered into a strategic licensing agreement with mAbxience for TEV-'316, a biosimilar candidate currently in development for the treatment of multiple oncology indications. Under the terms of the licensing agreement, mAbxience will develop and produce the biosimilar product and Teva will lead the regulatory processes and commercialization in multiple global markets, including Europe and the U.S. In September 2024, Teva and mAbxience entered into an amendment to the licensing agreement whereby, similar to the initial licensing agreement, mAbxience will lead the development and production of TEV-'333, an anti-PD-1 oncology biosimilar candidate and Teva will manage submissions for regulatory approvals and oversee commercialization in the designated markets.

In 2024, Teva paid mAbxience upfront and milestone payments of $20 million under the initial agreement, and $15 million under the amendment to the licensing agreement, which were recorded as R&D expenses. In 2025, Teva paid milestone payments in the amount of $29 million, which were recorded as R&D expenses. During the second quarter of 2026, Teva recognized a milestone payment of $5 million as R&D expenses, which was paid in July 2026. mAbxience may be eligible for additional future development, regulatory and commercial milestone payments, in an aggregate amount of up to $286 million.

Launch Therapeutics and Abingworth

On March 28, 2024, Teva and Launch Therapeutics, Inc. ("Launch Therapeutics") entered into a clinical collaboration agreement to further accelerate the clinical research program of Teva's Dual-Action Asthma Rescue Inhaler ("DARI") (ICS-SABA; TEV-'248). As part of this clinical collaboration agreement Teva also entered into a development funding agreement with funds affiliated with Abingworth LLP ("Abingworth"). Under the clinical collaboration agreement, Launch Therapeutics, a clinical development company backed by Abingworth and Carlyle, the global investment firm, will have the lead role in the operational execution and management of the planned clinical trials. Teva will retain primary responsibility for manufacturing, regulatory interactions in the U.S., and commercialization. DARI (ICS-SABA) is currently in Phase 3 for the treatment of asthma symptoms addressing both immediate symptoms and long-term inflammation.

Under the development funding agreement, Abingworth provided Teva $150 million to fund ongoing development costs for DARI (ICS-SABA). In exchange and subject to regulatory approval, Teva will pay Abingworth a milestone payment in the amount actually funded by Abingworth, as well as success payments based on DARI (ICS-SABA) sales. In January 2026, Teva and Abingworth signed an amendment to the development funding agreement to increase the total development funding by an additional $50 million. During 2025 and 2024, Teva recognized $98 million and $42 million, respectively, as reimbursement for R&D expenses incurred in connection with this agreement. During each of the first and second quarters of 2026, Teva recognized $30 million as reimbursement for R&D expenses incurred in connection with this agreement. Collectively, these reimbursements amounted to the total funding by Abingworth of $200 million.

Biolojic Design

On November 26, 2023, Teva entered into a license agreement with Biolojic Design Ltd. ("Biolojic"), pursuant to which Teva received exclusive rights to develop, manufacture and globally commercialize BD9 (TEV-'325) multibody with potential indications including asthma and atopic dermatitis. In exchange, Teva paid an upfront payment of $10 million in 2024. During 2025, Teva paid a milestone payment of $5 million, which was recorded as R&D expenses. During the first quarter of 2026, Teva recognized a milestone payment of $5 million as R&D expenses, which was paid in the second quarter of 2026. In the second quarter of 2025, investigational new drug (IND)-enabling studies of BD9 (TEV-'325) were initiated for this program. Biolojic may be eligible to receive additional development and commercial milestone payments of approximately $500 million, over the next several years, based on the achievement of certain pre-clinical, clinical and regulatory milestones, with the majority of payments based on future sales achievements.

Royalty Pharma (TEV-'749)

On November 9, 2023, Teva entered into a funding agreement with Royalty Pharma plc. ("Royalty Pharma") to further accelerate the clinical research program for Teva's olanzapine LAI (TEV-'749). Under the terms of the funding agreement, Royalty Pharma will provide Teva up to $100 million to fund ongoing development costs for olanzapine LAI (TEV-'749). In exchange and subject to regulatory approval, Teva will pay Royalty Pharma a milestone payment in the amount actually funded by Royalty Pharma, paid over 5 years, in addition to royalties upon commercialization. During 2023 and 2024, Teva recorded $100 million as reimbursement for R&D expenses incurred in connection with this agreement, which collectively amounted to the total funding by Royalty Pharma. On December 9, 2025, Teva submitted an NDA to the FDA for olanzapine LAI (TEV-'749), based on the results from the Phase 3 trial, which was accepted by the FDA in February 2026. In May 2026, the European Medicines Agency ("EMA") accepted Teva's Marketing Authorization Application ("MAA") for olanzapine LAI (TEV-'749).

Royalty Pharma (TEV-'408)

On January 11, 2026, Teva entered into another funding agreement with Royalty Pharma to further accelerate the clinical research program for Teva's anti-IL-15 antibody (TEV-'408), which is currently developed for the treatment of vitiligo and Celiac disease. Under the terms of the agreement, Royalty Pharma will provide Teva up to $500 million to fund ongoing development costs for TEV-'408. This is comprised of two components: (i) based on Phase 1b results of TEV-'408 in vitiligo, Royalty Pharma will provide Teva with $75 million as R&D funding; and (ii) based on the future results from Phase 2b in vitiligo, which is expected to begin in the fourth quarter of 2026, Royalty Pharma will have an option to provide an additional $425 million. In exchange and subject to regulatory approval, Teva will pay Royalty Pharma a milestone payment of 100%-130% of the amount actually funded by Royalty Pharma, subject to certain conditions, in addition to royalties upon commercialization of the product. On July 7, 2026, Teva announced its plans to advance TEV-'408 into a Phase 2b study in vitiligo, following encouraging results from the Phase 1b open-label study in adults with active or stable non-segmental vitiligo. During the second quarter of 2026, Teva recognized $16 million as reimbursement for R&D expenses incurred in connection with this agreement.

Sanofi

On October 3, 2023, Teva entered into an exclusive collaboration with Sanofi to co-develop and co-commercialize Teva's duvakitug (anti-TL1A, TEV-'574), a novel anti-TL1A medicine for the potential treatment of Crohn's disease and ulcerative colitis, two types of inflammatory bowel disease. Under the terms of the collaboration agreement, in partial consideration of the licenses granted to Sanofi, Teva received an upfront payment of $500 million in the fourth quarter of 2023, which was recognized as revenue. In October 2025, Sanofi and Teva initiated Phase 3 studies for duvakitug for Crohn's disease and ulcerative colitis. Consequently, in the fourth quarter of 2025, Teva received two development milestone payments of $250 million for each indication, which were recognized as revenue. Additionally, Teva may receive up to $500 million in development and launch milestones. Under the terms of the collaboration agreement, each company equally shares the remaining development costs globally and profits and losses in major markets, with other markets subject to a royalty arrangement, and Sanofi leads the development of the Phase 3 program. Teva will lead commercialization of the product in Europe, Israel and specified other countries, and Sanofi will lead commercialization in North America, Japan, other parts of Asia and the rest of the world. Studies for two additional indications, hidradenitis suppurativa (HS) and fibrostenotic Crohn's Disease (FSCD), are expected to be initiated in 2026.

MODAG

In October 2021, Teva announced a license agreement with MODAG GmbH ("Modag") providing Teva with an exclusive global license to develop, manufacture and commercialize Modag's lead compound, emrusolmin (TEV-'286) and a related compound (TEV-'287). Teva paid an upfront payment of $10 million to Modag in the fourth quarter of 2021, recorded as R&D expenses. Emrusolmin (TEV-'286) was developed for the treatment of Multiple System Atrophy ("MSA") and Parkinson's disease. In the third quarter of 2024, Teva initiated a Phase 2 clinical trial for emrusolmin (TEV-'286). On September 9, 2025, Teva announced it received Fast Track designation from the FDA for emrusolmin (TEV-'286). In the second quarter of 2025, Teva initiated a Phase 1 clinical trial for TEV-'287, which is being developed for the treatment of Parkinson's disease, and consequently paid a milestone payment of $10 million, which was recorded as R&D expenses. Modag may be eligible for additional future development milestone payments in an aggregate amount of up to $20 million, as well as future commercial milestones and royalties.

Alvotech

In August 2020, Teva entered into an agreement with biopharmaceutical company Alvotech for the exclusive commercialization in the U.S. of five biosimilar product candidates. The initial pipeline for this collaboration included biosimilar candidates addressing multiple therapeutic areas, including the then proposed biosimilars to Humira® (adalimumab) and Stelara® (ustekinumab). Under the terms of the agreement, Alvotech is responsible for the development, registration and supply of the biosimilar product candidates and Teva will exclusively commercialize the products in the U.S. In July 2023, Alvotech and Teva amended their collaboration agreement, adding two new biosimilar candidates as well as line extensions of two current biosimilar candidates to their collaboration.

Teva made upfront and milestone payments in an aggregate amount of $154 million between 2020 and the second quarter of 2026, including a milestone payment of $20 million which was recognized in the fourth quarter of 2025 and paid during the first quarter of 2026. Additional development and commercial milestone payments of up to approximately $320 million, in addition to royalty and milestone payments related to the amendment of the collaboration agreement entered into in July 2023, may be payable by Teva over the next few years. Teva and Alvotech will share revenue from the commercialization of these biosimilars.

The FDA approved SIMLANDI® (adalimumab-ryvk) injection, as an interchangeable biosimilar to Humira® in February 2024 and it became available in the U.S. in May 2024. On April 17, 2024, Alvotech and Teva amended their collaboration agreement to enable the purchase by Quallent of a private label adalimumab-ryvk injection from Alvotech for the U.S. market, with Alvotech sharing profits with Teva on the private label sales.

The FDA approved SELARSDI® (ustekinumab-aekn) injection for subcutaneous use, as a biosimilar to Stelara® in April 2024, and it became available in the U.S. in February 2025, and in May 2025, the FDA approved SELARSDI (ustekinumab-aekn) injection in all presentations matching the reference product, effective as of April 30, 2025.

In January 2025, the FDA accepted for review the Biologic License Applications (“BLA”) for Alvotech’s proposed biosimilars to Simponi® and Simponi Aria® (golimumab), and in February 2025, the FDA accepted for review the BLA for Alvotech’s proposed biosimilar to Eylea® (aflibercept). On June 4, 2026, Alvotech announced the resubmission to the FDA of BLAs for Alvotech’s proposed biosimilars to Simponi® and Simponi Aria® (golimumab) and to Eylea® (aflibercept), following the complete response letters (CRL) received in the fourth quarter of 2025. On June 8, 2026, Alvotech announced that the FDA accepted for review the BLA for its proposed biosimilar to Entyvio® (vedolizumab). On December 19, 2025, Alvotech and Teva announced that they have reached a settlement and license agreement with Regeneron Pharmaceuticals Inc., concerning the launch of Alvotech’s proposed biosimilar to Eylea® (aflibercept) in the United States, granting it a license entry date in the fourth quarter of 2026, or earlier, under certain circumstances.

MedinCell

In November 2013, Teva entered into an agreement with MedinCell for the development and commercialization of multiple long-acting injectable (“LAI”) products. Teva leads the clinical development and regulatory process and is responsible for the commercialization of these products. The lead product is risperidone LAI (formerly known as TV-46000). On April 28, 2023, the FDA approved UZEDY® (risperidone) extended-release injectable suspension for the treatment of schizophrenia in adults, which was launched in the U.S. in May 2023. On October 10, 2025, Teva and MedinCell announced that the FDA approved UZEDY as a once-monthly extended-release injectable suspension as monotherapy or as adjunctive therapy to lithium or valproate for the maintenance treatment of bipolar 1 disorder (BD-1) in adults. MedinCell may be eligible for future sales-based milestone payments of up to $105 million with respect to UZEDY. Teva also pays MedinCell royalties on net sales.

The second selected product candidate is olanzapine LAI (TEV-’749) for the treatment of schizophrenia. In the third quarter of 2022, Teva decided to progress development of the product candidate to Phase 3 and, as a result, paid a milestone payment of $3 million to MedinCell, which was recognized as R&D expenses. Teva paid a $5 million milestone payment to MedinCell in the first quarter of 2025, which was recognized as R&D expenses. On May 8, 2024, Teva and MedinCell announced positive Phase 3 efficacy results from a trial evaluating olanzapine LAI as a once-monthly subcutaneous long-acting injectable in adults with schizophrenia, and on March 31, 2025, Teva announced survey results demonstrating patient and healthcare satisfaction with olanzapine LAI. Additional safety and efficacy results were presented during the third quarter of 2025, showing no incidence of post-injection delirium/sedation syndrome (PDSS) in study participants taking olanzapine LAI (TEV-‘749). On December 9, 2025, Teva submitted an NDA to the FDA for olanzapine LAI (TEV-‘749) based on the results from the Phase 3 trial, which was accepted by the FDA in February 2026. In May 2026, the EMA accepted Teva’s MAA for olanzapine LAI (TEV-‘749). MedinCell may be eligible for additional development and commercial milestones of up to $112 million, as well as royalties on sales of olanzapine LAI (TEV-’749).

Assets and Liabilities Held for Sale:

General

Assets and liabilities held for sale as of June 30, 2026 and December 31, 2025, mainly included Teva's API business.

On December 31, 2024, Teva classified its API business (including its R&D, manufacturing and commercial activities) as held for sale. The intention to divest is in alignment with Teva's Pivot to Growth strategy, and Teva is conducting a sales process for this matter. However, there can be no assurance regarding the ultimate timing or structure of a potential divestiture or whether a divestiture will be completed at all.

In connection with this classification, Teva recorded expenses of $17 million in other assets impairments, restructuring and other items in the first six months of 2026. In 2025, Teva recorded expenses of $8 million in other assets impairments, restructuring and other items. See note 12.

On March 31, 2025, Teva divested its business venture in Japan, for which Teva recorded a marginal gain in the first quarter of 2025.

Teva has elected the accounting policy to include the currency translation adjustment related to the disposal group as part of the asset carrying amount.

The Company has determined that the intended divestiture of its API business does not represent a strategic shift that would have a major effect on the Company's operations and financial results and therefore it did not meet the criteria for discontinued operations classification.

The table below summarizes all of Teva's assets and liabilities included as held for sale as of June 30, 2026 and December 31, 2025:

	June 30, 2026	December 31, 2025
	(U.S. $ in millions)	
Accounts receivables	$ 64	86
Inventories	534	$ 506
Property, plant and equipment, net	1,027	1,020
Identifiable intangible assets, net	19	29
Goodwill	207	213
Other current assets	59	87
Other non-current assets	184	184
Expected loss on sale*	(300)	(283)
Total assets of the disposal group classified as held for sale in the consolidated balance sheets	$ 1,794	$ 1,842
Accounts payables	(247)	(261)
Other current liabilities	(5)	(16)
Other non-current liabilities	(61)	(77)
Total liabilities of the disposal group classified as held for sale in the consolidated balance sheets	$ (313)	$ (354)

* Includes an expected loss from reclassification of currency translation adjustments to the consolidated statements of income (loss) upon sale.

NOTE 3 – Revenue from contracts with customers:

Disaggregation of revenue

The following table disaggregates Teva's revenues by major revenue streams. For additional information on disaggregation of revenues, see note 15.

In alignment with Teva's Pivot to Growth strategy, commencing January 1, 2026, Anda is no longer reported under Teva's United States segment. As a result, from that date, Anda is reported as part of the Company's Other Activities. Prior period amounts were recast to reflect this change.

	Three months ended June 30, 2026				
	United States	Europe	International Markets	Other Activities	Total
			(U.S.$ in millions)		
Sale of goods	1,704	1,253	527	118	3,602
Licensing arrangements	17	13	7	§	37
Distribution	—	§	20	413	433
Other	(19)	(3)	(3)	95	70
	$ 1,702	$1,263	$ 550	$ 627	$4,142

§ Represents an amount less than $0.5 million.

	Three months ended June 30, 2025				
	United States	Europe	International Markets	Other Activities	Total
			(U.S.$ in millions)		
Sale of goods	1,755	1,275	469	136	3,636
Licensing arrangements	29	9	9	(1)	46
Distribution	—	§	12	365	377
Other	2	13	5	98	117
	$ 1,786	$1,298	$ 495	$ 597	$4,176

§ Represents an amount less than $0.5 million.

	Six months ended June 30, 2026				
	United States	Europe	International Markets	Other Activities	Total
			(U.S.$ in millions)		
Sale of goods	3,197	2,565	1,003	227	6,991
Licensing arrangements	39	23	15	§	77
Distribution	—	§	38	792	830
Other	1	15	18	192	226
	$ 3,236	$2,603	$ 1,074	$ 1,211	$8,124

§ Represents an amount less than $0.5 million.

	Six months ended June 30, 2025				
	United States	Europe	International Markets	Other Activities	Total
			(U.S.$ in millions)		
Sale of goods	3,270	2,473	1,023	265	7,031
Licensing arrangements	50	16	16	§	82
Distribution	—	§	22	738	760
Other	2	2	17	173	194
	$ 3,322	$2,492	$ 1,077	$ 1,176	$8,067

§ Represents an amount less than $0.5 million.

Variable consideration

Variable consideration mainly includes sales reserves and allowances ("SR&A"), comprised of rebates (including Medicaid and other governmental program discounts), chargebacks, returns and other promotional (including shelf stock adjustments) items. Provisions for prompt payment discounts are netted against accounts receivables.

The Company recognizes these provisions at the time of sale and adjusts them if the actual amounts differ from the estimated provisions.

SR&A to U.S. customers comprised approximately 69% of the Company's total SR&A as of June 30, 2026, with the remaining balance primarily related to customers in Canada and Germany. The changes in SR&A for third-party sales for the six months ended June 30, 2026 and 2025 were as follows:

	Sales Reserves and Allowances							
	Reserves included in Accounts Receivable, net	Rebates	Medicaid and other governmental allowances	Chargebacks	Returns	Other	Total reserves included in Sales Reserves and Allowances	Total
				(U.S.$ in millions)				
Balance at January 1, 2026	$ 63	$ 1,954	$ 701	$ 937	$ 445	$106	$ 4,143	$ 4,206
Provisions related to sales made in current year period	186	2,387	596	3,877	130	71	7,061	7,247
Provisions related to sales made in prior periods	—	(47)	(54)	(10)	(12)	(5)	(128)	(128)
Credits and payments	(190)	(2,475)	(566)	(3,897)	(153)	(59)	(7,150)	(7,340)
Translation differences	—	(19)	(2)	(4)	(1)	(1)	(27)	(27)
Balance at June 30, 2026	$ 59	$ 1,800	$ 675	$ 903	$ 409	$112	$ 3,899	$ 3,958

	Sales Reserves and Allowances							
	Reserves included in Accounts Receivable, net	Rebates	Medicaid and other governmental allowances	Chargebacks	Returns	Other	Total reserves included in Sales Reserves and Allowances	Total
				(U.S.$ in millions)				
Balance at January 1, 2025	$ 56	$ 1,674	$ 561	$ 936	$ 399	$108	$ 3,678	$ 3,734
Provisions related to sales made in current year period	203	2,520	486	4,034	143	73	7,256	7,459
Provisions related to sales made in prior periods	—	(46)	30	(28)	(1)	(7)	(52)	(52)
Credits and payments	(194)	(2,363)	(468)	(3,962)	(112)	(48)	(6,953)	(7,147)
Translation differences	—	64	17	18	5	17	121	121
Balance at June 30, 2025	$ 65	$ 1,849	$ 626	$ 998	$ 434	$143	$ 4,050	$ 4,115

NOTE 4 – Inventories:

Inventories, net of reserves, consisted of the following:

	June 30, 2026	December 31, 2025
	(U.S. $ in millions)	
Finished products	$1,843	$ 1,904
Raw and packaging materials	751	745
Products in process	423	364
Materials in transit and payments on account	204	166
	$3,221	$ 3,179

NOTE 5 – Identifiable intangible assets:

Identifiable intangible assets consisted of the following:

	Gross carrying amount net of impairment		Accumulated amortization		Net carrying amount	
	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
	(U.S. $ in millions)					
Product rights	$16,140	$ 16,308	$13,120	$ 12,990	$3,020	$ 3,318
Trade names	591	597	356	340	235	257
In process research and development	192	206	—	—	192	206
Total	$16,923	$ 17,111	$13,476	$ 13,330	$3,447	$ 3,781

Product rights and trade names

Product rights and trade names are assets presented at amortized cost. Product rights and trade names represent a portfolio of pharmaceutical products in various therapeutic categories from various acquisitions with a weighted average life period of approximately 7 years.

Amortization of intangible assets was $139 million and $148 million in the three months ended June 30, 2026 and 2025, respectively.

Amortization of intangible assets was $276 million and $292 million in the six months ended June 30, 2026 and 2025, respectively.

IPR&D

Teva's IPR&D are assets that have not yet been approved in its major markets. IPR&D carries intrinsic risks that the asset might not succeed in advanced phases and may be impaired in future periods.

Intangible assets impairments

Impairments of long-lived intangible assets for the three months ended June 30, 2026 and 2025 were $22 million and $42 million, respectively, primarily consisted of identifiable product rights, mainly related to updated market assumptions regarding price and volume of products mainly in Europe and in the U.S.

Impairments of long-lived intangible assets for the six months ended June 30, 2026 and 2025 were $30 million and $163 million, respectively.

Impairments in the first six months of 2026 primarily consisted of identifiable product rights of $29 million, mainly related to updated market assumptions regarding price and volume of products mainly in Europe and in the U.S.

Impairments in the first six months of 2025 consisted of:

(a) Identifiable product rights of $153 million due to: (i) $87 million mainly related to a change in Teva's commercial plan regarding certain products as part of its optimization efforts, mainly in the U.S., and (ii) $66 million mainly related to updated market assumptions regarding price and volume of products in Europe; and

(b) IPR&D assets of $10 million, mainly related to generic pipeline products resulting from development progress and changes in other key valuation indications mainly in the U.S. (e.g., market size, competition assumptions, legal landscape and launch date).

The fair value measurement of the impaired intangible assets in the six months ended June 30, 2026, is based on significant unobservable inputs in the market and thus represents a Level 3 measurement within the fair value hierarchy. The discount rate applied ranged between 7.5% to 11.25%. A probability of success factor of 90% was used in the fair value calculation to reflect inherent regulatory and commercial risk of IPR&D.

NOTE 6 – Goodwill:

Changes in the carrying amount of goodwill for the period ended June 30, 2026, were as follows:

	United States	Europe	International Markets	Other Activities	Total
			(U.S. $ in millions)		
Balance as of December 31, 2025 (1)	$ 5,732	$ 8,812	$ 1,166	$ 292	$16,000
Goodwill allocation related to the shift of Anda to Other Activities	(184)			184	
Balance as of January 1, 2026	$ 5,548	$ 8,812	$ 1,166	$ 476	$16,000
Other changes during the period:					
Translation differences and other	—	(184)	36	(13)	(161)
Balance as of June 30, 2026 (1)	$ 5,548	$ 8,628	$ 1,202	$ 463	$15,839

(1) Cumulative goodwill impairment as of June 30, 2026 and December 31, 2025, was approximately $29.6 billion in both periods.

Teva operates its business through three reporting segments: United States, Europe and International Markets. Each of these business segments is a reporting unit.

Additional reporting units include Teva's distribution business in the United States through Anda; Teva's sale of APIs to third parties ("Teva API"); and an out-licensing platform offering a portfolio of products to other pharmaceutical companies through its affiliate Medis. Anda, Teva's API and Medis reporting units are included under "Other Activities" in the table above. See note 15 for additional segment information.

As further discussed in note 15, commencing January 1, 2026, Anda is reported as part of Teva's Other Activities and not as part of Teva's United States segment. As a result, Teva aligned its segment reporting and its reporting units in accordance with this change, and reallocated its goodwill to the adjusted reporting units using a relative fair value allocation. In conjunction with the goodwill reallocation, in the first quarter of 2026, Teva performed a goodwill impairment test for the balances in its adjusted United States and Anda's reporting units and concluded that the fair value of each reporting unit was in excess of its carrying value.

ASC 350, intangibles–Goodwill and Other, outlines the methodology used to determine if goodwill has been impaired and to measure any loss resulting from impairment. Goodwill is tested for impairment on an annual basis in the second quarter of the fiscal year, or more frequently, if indicators of impairment exist. When testing goodwill for impairment, the Company may first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is below its carrying amount (commonly known as "step zero"). If the qualitative assessment indicates it is more likely than not that the fair value of any of the reporting units is below its carrying amount, then a quantitative impairment test is required (commonly known as "step one").

When a quantitative impairment test is performed, Teva determines the fair value of its reporting units using the income approach. The income approach is a forward-looking approach for estimating fair value. Within the income approach, the method used is the discounted cash flow method. Teva begins with a forecast of all the expected net cash flows associated with the reporting unit, which includes the application of a terminal value, and then applies a discount rate to arrive at a net present value amount. Cash flow projections are based on Teva's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions. The discount rate used is based on the weighted average cost of capital ("WACC"), adjusted for the relevant risk associated with country-specific and business-specific characteristics.

During the second quarter of 2026, the Company performed its annual qualitative assessment impairment test and determined it was not more likely than not that the fair value of any of its reporting units was below its carrying amount as of June 30, 2026, therefore, no quantitative assessment was performed.

NOTE 7 —Debt obligations:

a. Short-term debt:

	Weighted average interest rate as of December 31, 2025	Maturity	June 30, 2026	December 31, 2025
			(U.S. $ in millions)	
Convertible debentures (1)	0.25%	2026	$ —	$ 23
Current maturities of long-term liabilities			4,500	1,798
Total short-term debt			$ 4,500	$ 1,820

(1) In February 2026, Teva repaid $23 million of the 0.25% convertible senior debentures at maturity.

b. Long-term debt:

	Interest rate as of June 30, 2026	Maturity	June 30, 2026	December 31, 2025
			(U.S. $ in millions)	
Senior notes USD 3,500 million	3.15%	2026	1,798	1,798
Senior notes EUR 700 million	1.88%	2027	798	823
Sustainability-linked senior notes USD 1,000 million (1)	4.75%	2027	649	649
Sustainability-linked senior notes EUR 1,100 million (1)	3.75%	2027	1,255	1,292
Senior notes USD 1,250 million	6.75%	2028	1,250	1,250
Senior notes EUR 750 million	1.63%	2028	856	880
Sustainability-linked senior notes USD 1,000 million (1)	5.13%	2029	1,000	1,000
Sustainability-linked senior notes USD 600 million (1)	7.88%	2029	398	398
Sustainability-linked senior notes EUR 800 million (1)	7.38%	2029	758	779
Sustainability-linked senior notes EUR 1,500 million (1)	4.38%	2030	1,714	1,762
Senior notes USD 700 million	5.75%	2030	696	696
Sustainability-linked senior notes USD 500 million (1)	8.13%	2031	500	500
Sustainability-linked senior notes EUR 500 million (1)	7.88%	2031	572	587
Senior notes EUR 1,000 million	4.13%	2031	1,138	1,168
Senior notes USD 500 million	6.00%	2032	496	496
Senior notes USD 789 million	6.15%	2036	784	784
Senior notes USD 2,000 million	4.10%	2046	1,988	1,988
Total senior notes			16,650	16,850
Less current maturities			(4,500)	(1,798)
Less debt issuance costs			(58)	(66)
Total senior notes and loans			$12,092	$ 14,986

(1) The Company achieved all sustainability performance targets applicable to its sustainability-linked senior notes by the respective target dates. Therefore, no one-time premium or increased interest rate payments will become payable in respect of these notes.

Long-term debt was issued by several indirect wholly-owned subsidiaries of the Company and is fully and unconditionally guaranteed by the Company as to payment of all principal, interest, discount and additional amounts, if any. The long-term debt outlined in the above table is generally redeemable at any time at varying redemption prices plus accrued and unpaid interest.

As of June 30, 2026, 57% of Teva's debt was denominated in U.S. dollars, with the remainder denominated in euros.

Teva's principal sources of short-term liquidity are its cash on hand, existing cash investments, liquid securities and available credit facilities, primarily its $1.8 billion unsecured syndicated sustainability-linked revolving credit facility entered into in April 2022, as most recently amended in December 2025 ("RCF").

In April 2024, one of the two extension options of the RCF was exercised, and the RCF maturity date was extended from its initial maturity date of April 2026 to April 2027.

On December 10, 2025, the terms of the RCF were amended to extend the April 2027 maturity to April 2028, using the second extension option, and to update the Company's maximum permitted leverage ratio under the RCF for certain periods. Under the terms of the RCF, as amended, the Company's leverage ratio shall not exceed 4.25x. The RCF contains certain covenants, including certain limitations on incurring liens and indebtedness and maintenance of certain financial ratios. The RCF permits the Company to increase the maximum leverage ratio if it consummates or commences certain material transactions.

Pursuant to the terms of the RCF, as amended, the applicable margin used to calculate the interest rate under the RCF is linked to one sustainability performance target, the number of new regulatory submissions in low and middle-income countries. Proceeds from borrowings under the RCF can be used for general corporate purposes, including repaying existing debt. As of June 30, 2026, and as of the date of this Quarterly Report on Form 10-Q, no amounts were outstanding under the RCF. Based on current and forecasted results, the Company expects that it will not exceed the financial covenant thresholds set forth in the RCF within one year from the date the financial statements are issued.

Under specified circumstances, including non-compliance with any of the covenants described above and the unavailability of any waiver, amendment or other modification thereto, the Company will not be able to borrow under the RCF. Additionally, violations of the covenants, under the circumstances referred to above, would result in an event of default in all borrowings under the RCF and, when greater than a specified threshold amount as set forth in each series of senior notes and sustainability-linked senior notes is outstanding, could lead to an event of default under the Company's senior notes and sustainability-linked senior notes due to cross-acceleration provisions.

Teva expects that it will continue to have sufficient cash resources to support its debt service payments and all other financial obligations within one year from the date that the financial statements are issued.

NOTE 8 – Derivative instruments and hedging activities:

a. Foreign exchange risk management:

In the first six months of 2026, approximately 47% of Teva's revenues were denominated in currencies other than the U.S. dollar. As a result, Teva is subject to significant foreign currency risks.

The Company enters into forward exchange contracts and purchases and writes options in order to hedge the currency exposure on balance sheet items, revenues and expenses. In addition, the Company takes measures to reduce its exposure by using natural hedging. The Company also acts to offset risks in opposite directions among the subsidiaries within Teva. The currency hedged items are usually denominated in the following main currencies: euro, Swiss franc, British pound, Russian ruble, Canadian dollar, Polish złoty, Japanese yen, new Israeli shekel and Indian rupee. Depending on market conditions, foreign currency risk is also managed through the use of foreign currency debt.

The Company may choose to hedge against possible fluctuations in foreign subsidiaries net assets ("net investment hedge") and has entered into cross-currency swaps and forward-contracts in the past in order to hedge such an exposure.

Most of the counterparties to the derivatives are major banks and the Company is monitoring the associated inherent credit risks. The Company enters into derivative transactions for hedging purposes only.

b. Interest risk management:

The Company raises capital through various debt instruments, including senior notes, sustainability-linked senior notes, bank loans and convertible debentures that bear fixed or variable interest rates, as well as a syndicated sustainability-linked revolving credit facility and securitization programs that bear a variable interest rate. In some cases, the Company has swapped from a fixed to a variable interest rate ("fair value hedge") and from a fixed to a fixed interest rate with an exchange from a currency other than the functional currency ("cash flow hedge"), thereby reducing overall interest expenses or hedging risks associated with interest rate fluctuations. As of June 30, 2026, all outstanding senior notes and sustainability-linked senior notes bear a fixed interest rate.

c. Derivative instruments outstanding:

The following table summarizes the classification and fair values of derivative instruments:

Reported under	Fair value Designated as hedging instruments		Fair value Not designated as hedging instruments	
	June 30, 2026	December 31, 2025	June 30, 2026	December 31, 2025
	(U.S. $ in millions)		(U.S. $ in millions)	
Asset derivatives:				
Other current assets:				
Option and forward contracts	$ —	$ —	$ 99	$ 86
Liability derivatives:				
Other current liabilities:				
Option and forward contracts	—	—	(60)	(38)
Other non-current liabilities:				
Cross-currency interest rate swap-cash flow hedge (1)	(20)	(19)	—	—

The table below provides information regarding the location and amount of pre-tax (gains) losses from derivatives designated in cash flow hedging relationships:

Reported under	Financial expenses, net Three months ended,		Other comprehensive income (loss) Three months ended,	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
	(U.S. $ in millions)			
Line items in which effects of hedges are recorded	$ 224	$ 252	$ 47	$ 244
Cross-currency interest rate swap - cash flow hedge (1)	(9)	17	7	1

Reported under	Financial expenses, net Six months ended,		Other comprehensive income (loss) Six months ended,	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
	(U.S. $ in millions)			
Line items in which effects of hedges are recorded	$ 440	$ 477	$ (74)	$ 744
Cross-currency interest rate swap - cash flow hedge (1)	(19)	17	8	1

The table below provides information regarding the location and amount of pre-tax (gains) losses from derivatives not designated as hedging instruments:

	Financial expenses, net Three months ended,		Net revenues Three months ended,	
Reported under	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
	(U.S. $ in millions)			
Line items in which effects of hedges are recorded	$ 224	$ 252	$(4,142)	$(4,176)
Option and forward contracts (2)	(31)	(58)	—	—
Option and forward contracts economic hedge (3)	—	—	8	32

	Financial expenses, net Six months ended,		Net revenues Six months ended,	
Reported under	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
	(U.S. $ in millions)			
Line items in which effects of hedges are recorded	$ 440	$ 477	$(8,124)	$(8,067)
Option and forward contracts (2)	(19)	4	—	—
Option and forward contracts economic hedge (3)	—	—	(3)	60

(1) In May 2025, Teva entered into a $500 million notional amount of fixed to fixed cross-currency interest rate swaps relating to its 5.75% senior notes due 2030 to hedge the foreign currency exchange risk of future principal and interest payments associated with the USD denominated notes. The cross-currency swaps synthetically convert part of the USD debt into CHF, aligning debt servicing costs with Teva's inflows and reducing economic volatility. These swaps have been designated as cash flow hedges and the gain or loss on these swaps will be reported as a component of other comprehensive income and reclassified into earnings in each period during which the swaps affect earnings in the same line item associated with the USD denominated bonds.

(2) Teva uses foreign exchange contracts (mainly option and forward contracts) to hedge balance sheet items from currency exposure. These foreign exchange contracts are not designated as hedging instruments for accounting purposes. In connection with these foreign exchange contracts, Teva recognizes gains or losses that offset the revaluation of the balance sheet items also recorded under financial expenses, net.

(3) Teva entered into option and forward contracts designed to limit the exposure of foreign exchange fluctuations on projected revenues and expenses recorded in euro, Swiss franc, British pound, Russian ruble, Canadian dollar, Polish złoty, new Israeli shekel, Indian rupee and some other currencies to protect its projected operating results in 2026. These derivative instruments do not meet the criteria for hedge accounting, however, they are accounted for as an economic hedge. These derivative instruments, which may include hedging transactions of future projected revenues and expenses, are recognized on the balance sheet at their fair value on a quarterly basis, while the foreign exchange impact on the underlying revenues and expenses may occur in subsequent quarters. Changes in the fair value of the derivative instruments are recognized in the same line item in the statements of income as the underlying exposure being hedged. Cash flows associated with these derivatives are reflected as cash flows from operating activities in the consolidated statements of cash flows.

d. Amortizations due to terminated derivative instruments:

Forward-starting interest rate swaps and treasury lock agreements

In 2015, Teva entered into forward-starting interest rate swaps and treasury lock agreements to protect the Company from interest rate fluctuations in connection with a future debt issuance the Company was planning. These forward-starting interest rate swaps and treasury lock agreements were terminated in July 2016 upon the debt issuance. Termination of these transactions resulted in a loss position of $493 million, which was recorded as other comprehensive income (loss) and is amortized under financial expenses, net over the life of the debt.

With respect to these forward-starting interest rate swaps and treasury lock agreements, losses of $5 million and $17 million were recognized under financial expenses, net, for the three months ended June 30, 2026 and 2025, and losses of $10 million and $24 million were recognized under financial expenses, net for each of the six months ended June 30, 2026 and 2025, respectively.

e. Securitization:

U.S. securitization program

On November 7, 2022, Teva and a bankruptcy-remote special purpose vehicle ("SPV") entered into an accounts receivable securitization facility ("AR Facility") with PNC Bank, National Association ("PNC") with a three-year term. The AR Facility initially provided for purchases of accounts receivable by PNC in an amount of up to $1 billion was later adjusted through amendments to reflect changes in receivables purchaser participation and commitment amounts totaling up to $950 million. In November 2025, the AR facility was extended for an additional three-year term. The commitment amount remained $950 million.

The outstanding amount of receivables sold to the receivables purchasers and derecognized by the SPV, as of June 30, 2026 and December 31, 2025, was $854 million and $794 million, respectively. In addition to the accounts receivables sold, as of June 30, 2026 and December 31, 2025, an amount of $594 million and $799 million of the SPV's accounts receivables was pledged by the SPV as a seller guarantee, and is included under "Accounts receivables, net," in the Consolidated Balance Sheet.

f. Supplier Finance Program Obligation

Teva maintains supply chain finance agreements with participating financial institutions. Under these agreements, participating suppliers may voluntarily elect to sell their accounts receivable with Teva to these financial institutions. Teva's suppliers negotiate their financing agreements directly with the respective financial institutions and Teva is not a party to these agreements. Teva has no economic interest in its suppliers' decisions to participate in the program and Teva pays the financial institutions the stated amount of confirmed invoices on the maturity dates, which is generally within 120 days from the date the invoice was received.

The agreements with the financial institutions do not require Teva to provide assets pledged as security or other forms of guarantees for the supplier finance programs. Substantially all outstanding amounts related to suppliers participating in the supplier finance program are recorded under accounts payables in Teva's consolidated balance sheets. As of June 30, 2026 and December 31, 2025, the outstanding accounts payables to suppliers participating in these supplier finance programs were $257 million and $225 million, respectively.

NOTE 9 – Legal settlements and loss contingencies:

In the second quarter of 2026, Teva recorded expenses of $230 million in legal settlements and loss contingencies, compared to expenses of $166 million in the second quarter of 2025. Expenses in the second quarter of 2026 were mainly related to an estimated provision recorded in connection with one of the Company's ongoing antitrust litigations and an update to the estimated settlement provision for the opioid cases (mainly the effect of the passage of time on the net present value of the discounted payments). Expenses in the second quarter of 2025 were mainly related to an update to the estimated provision recorded for the claims brought by attorneys general representing states and territories throughout the United States in the generic drug antitrust litigation, an update to the estimated settlement provision for the opioid cases (mainly the effect of the passage of time on the net present value of the discounted payments), and a provision recorded in connection with the antitrust litigation related to QVAR®. See note 10.

In the first six months of 2026, Teva recorded expenses of $303 million in legal settlements and loss contingencies, compared to $252 million in the first six months of 2025. Expenses in the first six months of 2026 were mainly related to an estimated provision recorded in connection with one of the Company's ongoing antitrust litigations and an update to the estimated settlement provision for the opioid cases (mainly the effect of the passage of time on the net present value of the discounted payments). Expenses in the first six months of 2025 were mainly related to an update to the estimated settlement provision for the opioid cases (mainly the effect of the passage of time on the net present value of the discounted payments), an update to the estimated provision recorded for the claims brought by attorneys general representing states and territories throughout the United States in the generic drug antitrust litigation, and a provision recorded in connection with the antitrust litigation related to QVAR. See note 10.

As of June 30, 2026 and December 31, 2025, Teva's provision for legal settlements and loss contingencies recorded under accrued expenses and other taxes and long-term liabilities was $4,854 million and $4,753 million, respectively.

NOTE 10 – Commitments and contingencies:

Overview

From time to time, Teva and/or its subsidiaries are subject to claims for damages and/or equitable relief arising in the ordinary course of business. In addition, as described below, in large part as a result of the nature of its business, Teva is frequently subject to litigation. Teva generally believes that it has meritorious defenses to the actions brought against it and vigorously pursues the defense or settlement of each such action.

Teva records a provision in its consolidated financial statements to the extent that it concludes that a contingent liability is probable and the amount thereof is reasonably estimable. Except as noted below, no material provision has been made regarding any matter disclosed in this note, based upon the case status, management's assessments of the likelihood of damages, and the advice of legal counsel. Litigation outcomes and contingencies are unpredictable, and substantial damages or other relief may be awarded. Accordingly, management's assessments involve complex judgments about future events and often rely heavily on estimates and assumptions. Teva continuously reviews the matters described below and may, from time to time, remove a previously disclosed matter where the exposure was fully resolved in the prior year, or determined to no longer meet the materiality threshold for disclosure (including, in some circumstances, because such matter has been substantially resolved).

If one or more of the legal proceedings described below were to result in final judgments against Teva, such judgments could be material to its results of operations and cash flows in a given period. In addition, Teva incurs significant legal fees and related expenses in the course of defending its positions, even if the facts and circumstances of a particular litigation do not give rise to a provision in the consolidated financial statements.

Under certain agreements, Teva may be required to indemnify or may be indemnified by counterparties to such agreements against third-party claims, including costs and damages incurred in connection with product liability claims.

As further described below, Teva's legal contingencies include, but are not limited to patent litigation, product liability, competition-related matters, government investigations, and litigations relating to pricing and marketing. Except as otherwise noted, all of the litigation matters disclosed involve claims arising in the United States, and all third-party sales figures given below are based on IQVIA data.

Patent Litigation

Teva is involved in patent litigation relating to the development, manufacture, and commercialization of pharmaceutical products, including proceedings under the Hatch-Waxman Act, Biologics Price and Competition Act, and comparable frameworks outside the United States. Such matters may involve claims of patent infringement, validity, or enforceability.

In July 2014, GlaxoSmithKline ("GSK") filed claims against Teva in the U.S. District Court for the District of Delaware for the infringement of a patent directed for the use of carvedilol in a specified manner to decrease the risk of mortality in patients with congestive heart failure. Teva began selling its carvedilol tablets (the generic version of GSK's Coreg®) in September 2007. A jury returned a $235.5 million verdict in GSK's favor, finding Teva liable for patent infringement in 2017. On February 9, 2026, Teva and GSK entered a settlement, and all pending litigation regarding this matter has been dismissed pursuant to that settlement.

On April 30, 2018, Vanda sued Teva in the U.S. District Court for the District of Delaware asserting infringement of six Orange-Book listed patents expiring between January 2033 and May 2034 related to Vanda's Hetlioz®. In December 2022, Teva launched its tasimelteon product (the generic version of Hetlioz®). On May 10, 2023, the U.S. Appeals Court for the Federal Circuit affirmed the invalidity of four patents asserted by Vanda and held that one patent had not been infringed by Teva. Vanda filed a second lawsuit, again asserting the infringement of certain patents related to Hetlioz®, which is currently pending in the U.S. District Court for the District of Delaware. Teva has counterclaims for non-infringement, invalidity, and unenforceability of Vanda's patents. The Delaware District Court held a summary judgment hearing on April 14, 2026, and has yet to issue a decision on the parties' respective motions for summary judgment. Trial in this case is set for October 26, 2026. Should Teva be found liable for patent infringement, it could be subject to monetary damages and enjoined from further selling its tasimelteon product.

Product Liability Litigation

Teva is subject to product liability claims arising from the manufacture, distribution, and sale of pharmaceutical products, including claims related to alleged adverse events or product quality issues.

Since July 2018, Teva and its subsidiaries have been parties to litigation relating to nitrosamine impurities allegedly found in the active pharmaceutical ingredient ("API") supplied to Teva by multiple API manufacturers.

Teva is currently defending against nitrosamine claims related to its valsartan, losartan, metformin and ranitidine products, including in a multidistrict litigation ("MDL") in the U.S. District Court for the District of New Jersey, related to valsartan and losartan. Another MDL is pending in the U.S. District Court for the Southern District of Florida related to ranitidine, as well as several inactive cases in state courts.

A previously-scheduled trial in the New Jersey MDL on valsartan-related claims made by third-party payers has been postponed indefinitely, and discovery on the losartan-related claims pending against Teva in that same MDL has been paused indefinitely as well. There are also 231 valsartan-related personal injury cases pending against Teva in the New Jersey MDL, with bellwether trials expected no earlier than the first half of 2027.

Certain generic manufacturers, including Teva, have also been named in state court actions brought by single plaintiffs asserting valsartan-related claims similar to those in the aforementioned New Jersey MDL. All such state court matters have been stayed, aside from a single case pending in New Jersey. Similar lawsuits are pending in Canada.

The claims against Teva and other generic manufacturers in the ranitidine MDL have been dismissed on preemption and additional grounds and are currently under appeal in the Eleventh Circuit Court of Appeals.

Teva was also named in a consolidated proceeding pending in the U.S. District Court for the District of New Jersey brought by individuals and end payors seeking economic damages on behalf of purported classes of consumers and end payors who purchased Teva's and other generic manufacturers' metformin products. In December 2024, Teva reached a settlement on this matter that resolved all of the plaintiffs' claims against Teva, and the settlement agreement is awaiting court approval.

Teva has also been named as a defendant in product liability actions involving Paragard®, an Intrauterine device ("IUD") product that Teva divested to Cooper Surgical in 2017. These actions have been consolidated by the Judicial Panel on Multidistrict Litigation in the United States District Court for the Northern District of Georgia ("Georgia MDL"). The first Georgia MDL bellwether trial concluded on February 3, 2026, with a defense verdict in Teva's favor. In July 2026, the Georgia MDL Court entered an order scheduling the second bellwether trial to begin on April 12, 2027. There is also one related case pending in state court in New Jersey with trial currently set for September 14, 2026.

Competition Matters

Teva is involved in antitrust and competition proceedings in various jurisdictions, including matters relating to patent settlements, pricing, marketing, and commercial practices. These proceedings may involve governmental authorities, private plaintiffs, or both.

In December 2011, three groups of plaintiffs filed claims against Wyeth and Teva for alleged violations of the U.S. antitrust laws in connection with their November 2005 settlement of patent litigation involving extended-release venlafaxine (generic Effexor XR®). The cases were filed by a purported class of direct purchasers, a purported class of indirect purchasers and certain chain pharmacies in the U.S. District Court for the District of New Jersey. The plaintiffs claim that the settlement agreement between Wyeth and Teva unlawfully delayed generic entry. On August 19, 2025, the district court approved a settlement agreement between Teva and one group of plaintiffs (the indirect purchaser plaintiffs), while the case is proceeding with respect to the other plaintiffs. Annual sales of Effexor XR® were approximately $2.6 billion at the time of settlement and at the time Teva launched its generic version of Effexor XR® in July 2010.

In February 2012, two purported classes of direct-purchaser plaintiffs filed claims against GSK and Teva in the U.S. District Court for the District of New Jersey for alleged violations of the antitrust laws in connection with their February 2005 settlement of patent litigation involving lamotrigine (generic Lamictal®). The plaintiffs claimed that the settlement agreement unlawfully delayed generic entry and sought unspecified damages. In February 2023, a number of direct purchasers who were denied class certification filed suit as individual plaintiffs, which action was transferred to the U.S. District Court for the District of New Jersey. Discovery of the newly added individual plaintiffs is ongoing. Annual sales of Lamictal® were approximately $950 million at the time of the settlement and approximately $2.3 billion at the time Teva launched its generic version of Lamictal® in July 2008.

In April 2013, purported classes of direct purchasers and indirect purchasers of Niaspan® (extended-release niacin) filed claims against Teva and Abbott for violating the antitrust laws by entering into a settlement agreement in April 2005 to resolve patent litigation over the product. A multidistrict litigation was established in the U.S. District Court for the Eastern District of Pennsylvania. Throughout 2015 and in January 2016, several individual direct-purchaser opt-out plaintiffs filed complaints with allegations nearly identical to those of the direct purchasers' class. The indirect purchasers' motion for class certification was denied by the district court, and that denial was subsequently (in 2023) affirmed by the Court of Appeals for the Third Circuit. The litigation remains ongoing. In October 2016, the District Attorney for Orange County, California, filed a similar complaint in California state court, alleging violations of state law and seeking restitution and civil penalties. The California state court case has been stayed. Annual sales of Niaspan® were approximately $416 million at the time of the settlement and approximately $1.1 billion at the time Teva launched its generic version of Niaspan® in September 2013.

Between September 2021 and April 2022, several private plaintiffs including retailers and health insurance providers filed claims in various courts against Teva, and certain other defendants related to various medicines used to treat HIV, which were all removed and/or consolidated into the U.S. District Court for the Northern District of California. As they relate to Teva, the lawsuits challenged settlement agreements Teva entered into with Gilead in 2013 and/or 2014 to resolve patent litigation relating to Teva's generic versions of Truvada® and Atripla®. In May 2023, Teva and Gilead reached a settlement agreement with the retailer plaintiffs and Teva recognized a provision for this matter based on such settlement. On June 30, 2023, the jury in the trial against the remaining plaintiffs issued a verdict in favor of Teva and Gilead, rejecting all of the remaining plaintiffs' claims, and on February 12, 2024, the court entered a judgment consistent with the jury verdict as to all claims against Teva. The plaintiffs appealed to the U.S. Court of Appeals for the Ninth Circuit, which held oral argument on the appeal on October 9, 2025. A decision remains pending. Annual sales in the United States at the time of the settlement of Truvada® and Atripla® were approximately $2.4 billion, and $2.9 billion, respectively. Annual sales in the United States at the time Teva launched its generic version of Truvada® in 2020 and Atripla® in 2020 were approximately $2.1 billion and $444 million, respectively.

On October 31, 2024, the European Commission, following a formal antitrust investigation, issued a final decision alleging that Teva had engaged in anticompetitive practices with respect to COPAXONE® in certain European member states by (i) filing and withdrawing certain divisional patents, and (ii) raising concerns about competitors' follow-on versions of COPAXONE. The decision also includes a fine of 462.6 million euros, potentially subject to post-decision interest. In January 2025, Teva filed an appeal against the decision with the General Court of the European Union, and that appeal remains pending. In accordance with Accounting Standards Codification 450 "Accounting for Contingencies," Teva recognized a provision in its financial statements in the third quarter of 2024, based on management's best estimate of the outcome within a range of outcomes for the final resolution of this case. Teva has provided the European Commission with surety underwritten guarantees in an amount of 462.6 million euros, together with specified post-decision interest, to cover the fine amount. Certain generic competitors in Europe have brought follow on antitrust damages claims against Teva in Germany and in the Netherlands, which have been stayed. Teva could face additional claims from generic competitors, payors, or other private plaintiffs in Europe related to this matter.

On June 29, 2021, Mylan Pharmaceuticals ("Mylan") filed claims against Teva in the U.S. District Court for the District of New Jersey. On March 11, 2022, and March 15, 2022, purported purchasers of COPAXONE filed claims against Teva in the U.S. District Court for the District of New Jersey on behalf of themselves and similarly situated direct and indirect purchasers of COPAXONE. On August 22, 2022, additional purported purchasers of COPAXONE sued Teva in the U.S. District Court for the District of Vermont on behalf of themselves and similarly situated indirect purchasers of COPAXONE. The complaints variously assert claims for alleged violations of the Lanham Act, state and federal unfair competition and monopolization laws, tortious interference, trade libel, and a violation of the Racketeer Influenced and Corrupt Organizations Act ("RICO Act"). Additionally, plaintiffs claim Teva was involved in an unlawful scheme to delay and hinder generic competition concerning COPAXONE sales. On April 3, 2025, certain retailer plaintiffs, as opt-outs of the purported direct purchaser plaintiffs' ("DPP") class in the District of New Jersey, filed a complaint against Teva in the District of Vermont alleging claims similar to those filed by other plaintiffs and asserting a claim under the Sherman Act. On September 24, 2025, the Vermont court granted Teva's motion to transfer the retailers' case to the District Court for the District of New Jersey, where it has been consolidated with the other pending cases for pretrial purposes. Plaintiffs seek damages for lost profits and expenses, disgorgement, restitution, treble damages, attorneys' fees and costs, and injunctive relief. Teva moved to dismiss all of the complaints, and on January 22, 2024, Teva's motion to dismiss the complaint in the District of Vermont was granted as to certain state law claims but was otherwise denied. On April 13, 2026, adopting in full prior reports and recommendations issued by the Special Master in the District of New Jersey (the "Special Master"), the New Jersey District Court dismissed certain claims and allegations of the retailers and Mylan with prejudice. On May 30, 2025, the DPPs filed an amended complaint, which drops its class allegations and adds several new direct purchaser plaintiffs. Teva submitted its renewed motion to dismiss certain of DPPs' allegations to the Special Master for resolution, which is fully briefed and remains pending. On October 20, 2025, the indirect purchasers filed an amended complaint similar to the DPPs' amended complaint, and Teva submitted its renewed motion to dismiss those allegations to the Special Master. On June 12, 2026, the Special Master recommended granting Teva's motion to dismiss portions of the amended complaints.

On July 15, 2021, the U.K. Competition and Markets Authority ("CMA") issued a decision imposing fines for breaches of U.K. competition law by Allergan, Actavis UK, Auden Mckenzie and a number of other companies in connection with the supply of 10mg and 20mg hydrocortisone tablets in the U.K. The decision combines the CMA's three prior investigations into the supply of hydrocortisone tablets in the U.K., as well as the CMA's subsequent investigation relating to an alleged anticompetitive agreement with Waymade. On January 9, 2017, Teva completed the sale of Actavis UK to Accord Healthcare Limited, in connection with which Teva agreed to indemnify Accord Healthcare for potential fines imposed by the CMA and/or damages awarded by a court against Actavis UK in relation to two of the three statements of objection from the CMA (dated December 16, 2016 and March 3, 2017), and resulting from conduct prior to the closing date of the sale. In addition, following Teva's acquisition of the Actavis generics business from Allergan, Teva agreed to indemnify Allergan against losses arising from this matter in the event of any such fines or damages. On October 6, 2021, Accord UK (previously Actavis UK) and Auden Mckenzie appealed to the U.K. Competition Appeal Tribunal (the "Tribunal") the CMA's decisions that the prices of hydrocortisone were unfair and excessive and that the agreements amounted to infringements of the U.K.'s Competition Act as so-called pay-for-delay arrangements. The Tribunal handed down partial judgments on September 18, 2023 (judgment on unfair pricing), March 8, 2024 (judgments on pay-for-delay and due process) and April 29, 2024 (judgment on fines). On September 6, 2024, the U.K. Court of Appeal overturned the Tribunal's judgment on due process and, as a result, the Tribunal will consider and issue a further judgment on fines. Following a hearing in June 2026, on July 28, 2026, the Court of Appeal dismissed the appeals filed by Accord UK and Auden Mckenzie on issues relating to unfair pricing and remanded certain issues relating to the fines to the Tribunal. A provision for the estimated exposure for Teva related to the fines and/or damages has been recorded in the financial statements.

In November 2022, two complaints filed by plaintiffs purporting to represent retailer purchasers and a putative class of end-payor purchasers were filed in the U.S. District Court for the District of New Jersey against Teva and its marketing partner Natco Pharma Limited ("Natco") alleging violations of the antitrust laws in connection with their December 2015 settlement of patent litigation with Celgene Corporation (which was subsequently acquired by BMS) involving the drug Revlimid® (lenalidomide). The complaints also name Celgene and BMS as defendants. On January 24, 2023, the complaints were consolidated for pre-trial purposes only with an earlier-filed, already consolidated action filed against BMS and Celgene. On February 16, 2023, plaintiffs filed amended complaints adding additional plaintiffs. Additionally, on October 6, 2023, two individual payor plaintiffs brought claims similar to those described above in the U.S. District Court for the Northern District of California, which were consolidated with the pending consolidated actions and transferred to the U.S. District Court for the District of New Jersey. On June 6, 2024, the court granted in full Celgene's motion to dismiss claims brought by certain insurer plaintiffs (Insurer Opt-Out Action), but allowed plaintiffs leave to amend most of their claims. The court had previously administratively terminated Teva's, Natco's, and Celgene's motions to dismiss the retailer and end-payor complaints pending the decision on the Insurer Opt-Out Action. On August 5, 2024, plaintiffs filed amended complaints to which the defendants subsequently filed motions to dismiss, which remain pending. On December 16, 2024, five individual Insurer Opt-Out plaintiffs, each of whom had added Teva and Natco as defendants in the Insurer Amended Complaint filed on August 5, 2024, filed new standalone complaints naming Teva, Natco and others as defendants. Annual sales of Revlimid® in the United States were approximately $3.5 billion at the time of the settlement.

On December 2, 2022, plaintiffs purporting to represent putative classes of indirect purchasers of EpiPen® (epinephrine injection) and NUVIGIL® (armodafinil) filed a complaint in the U.S. District Court for the District of Kansas against Teva, Cephalon, and a former Teva executive. Teva owns the New Drug Application ("NDA") for NUVIGIL and sold the brand product, for which generic entry occurred in 2016. Teva filed an Abbreviated New Drug Application ("ANDA") to sell generic EpiPen®, which Teva launched in 2018 following receipt of FDA approval. The complaint alleges, among other things, that the defendants violated federal antitrust laws, the RICO Act, and various state laws in connection with settlements resolving patent litigation relating to those products.

Plaintiffs seek injunctive relief, compensatory and punitive damages, interest, attorneys' fees and costs. On September 26, 2023, plaintiffs filed a brief in which plaintiffs limited their claims only to those relating to the alleged delay of generic NUVIGIL. On March 26, 2024, the court dismissed plaintiffs' RICO claims and certain state law claims but denied Teva's motion to dismiss plaintiffs' antitrust claims. On June 14, 2024, the court entered orders bifurcating discovery and limiting the first phase to the question of the timeliness of plaintiffs' claims. On April 9, 2026, Teva filed a motion for summary judgement seeking dismissal based on the timelines of plaintiffs' claims, and on June 12, 2026, plaintiffs filed their opposition. That motion remains pending. Substantially similar complaints were filed in the U.S. District Courts for the Central District of California and the Eastern District of New York on June 19, 2025, and June 23, 2025, respectively, and both litigations were subsequently transferred to the District of Kansas. On January 26, 2026, the court consolidated the transferred cases and plaintiffs filed a virtually identical, amended consolidated complaint on February 20, 2026. On March 20, 2026, Teva filed its motion to dismiss the amended consolidated complaint, which is fully briefed and remains pending. Annual sales of NUVIGIL in the United States were approximately $300 million at the time Teva entered into the first settlement with an ANDA filer in 2012.

In May 2023, certain end-payor plaintiffs filed putative class action complaints in the U.S. District Court for the District of Massachusetts against Teva and a number of its affiliates, alleging that Teva engaged in anticompetitive conduct to suppress generic competition to its branded QVAR asthma inhalers in violation of state and federal antitrust laws and state consumer protection laws. The court dismissed plaintiffs' claim that Teva had engaged in "sham litigation" and certain of plaintiffs' state antitrust and consumer protection claims, but permitted the case to proceed on the remainder of plaintiffs' allegations. Teva recognized a provision for this matter in 2025. On August 4, 2025, the parties informed the court that they had reached a settlement in principle, which was subsequently finalized and filed, and on April 2, 2026, the Court granted preliminary approval of the settlement.

In September, October, and December 2025, private plaintiffs representing (i) a putative class of end-payor purchasers, (ii) a putative class of direct purchasers; (iii) Walgreen Co., The Kroger Co., Albertsons Companies, Inc., HEB, L.P., and Supervalu, Inc., and (iv) CVS Pharmacy, Inc., filed complaints in the United States District Court for the District of Rhode Island against Bausch Health Companies Inc., Teva, and their related entities. In December 2025, certain of the plaintiff groups identified above filed an amended complaint. The operative complaints allege violations of the antitrust laws and various state laws in connection with the companies' September 2018 settlement of patent litigation concerning the drug Xifaxan® (rifaximin). Plaintiffs seek declaratory and injunctive relief, treble damages, attorneys' fees, and costs of suit. On January 28, 2026 and March 25, 2026, respectively, the putative classes of end-payor purchasers and direct purchasers voluntarily dismissed their claims without prejudice. On April 16, 2026, CVS Pharmacy Inc. filed an amended complaint and Walgreen Co., The Kroger Co., Albertsons Companies, Inc., HEB, L.P., and Supervalu, Inc. filed a motion to amend their complaint, which was subsequently granted. Annual sales of Xifaxan® were approximately $1.5 billion at the time of the settlement.

Government Investigations and Litigation Relating to Pricing and Marketing

Teva is involved in government investigations and litigation arising from the marketing and promotion of its pharmaceutical products in the United States.

In 2015 and 2016, Actavis and Teva USA each respectively received subpoenas from the U.S. Department of Justice ("DOJ") Antitrust Division seeking documents and other information relating to the marketing and pricing of certain Teva USA generic products and communications with competitors about such products. On August 25, 2020, a federal grand jury in the Eastern District of Pennsylvania returned a three-count indictment charging Teva USA with criminal felony Sherman Act violations. On August 21, 2023, Teva USA entered into a 3-year deferred prosecution agreement ("DPA") with the DOJ. Under the terms of the DPA, Teva USA: (i) admitted to violating the antitrust laws by agreeing with competitors, in three instances between 2013 and 2015 involving three separate customers, not to bid on an opportunity to supply a customer with a particular generic product (in the first instance pravastatin, in the second clotrimazole, and in the third tobramycin); (ii) agreed to divest the pravastatin that it sells in the United States to a third-party buyer; (iii) agreed to donate $50 million worth of clotrimazole and tobramycin, valued at wholesale acquisition cost ("WAC"), to humanitarian organizations over five years; and (iv) agreed to pay a fine in the amount of $225 million over 5 years, with $22.5 million due each year from 2024 through 2027, and $135 million due in 2028. Teva recognized a provision for the resolution of this case and divested pravastatin in November 2024 pursuant to the DPA.

In May 2018, Teva received a civil investigative demand from the DOJ Civil Division pursuant to its investigation concerning allegations that generic pharmaceutical manufacturers, including Teva, engaged in market allocation and/or price-fixing agreements, paid illegal remuneration, and caused false claims to be submitted in violation of the False Claims Act. On October 10, 2024, Teva entered into a settlement agreement with the Civil Division to resolve these allegations. Under the terms of the settlement, which includes no admission of wrongdoing, Teva is required to pay $25 million, consisting of $10 million that was paid in the fourth quarter of 2024 and $15 million that was paid in January 2026. Teva has recognized a provision for the resolution of this matter.

In 2015 and 2016, Actavis and Teva USA each respectively received a subpoena from the Connecticut Attorney General seeking documents and other information relating to potential state antitrust law violations. On December 15, 2016, and as subsequently amended, a civil action was brought by the attorneys general of 49 states, as well as the District of Columbia and Puerto Rico, which includes claims against both Actavis and Teva. On May 10, 2019, and as subsequently amended, most of these attorneys general filed another antitrust complaint against Actavis, Teva and other companies and individuals alleging that Teva was at the center of a conspiracy in the generic pharmaceutical industry and asserting that Teva and others allegedly fixed prices, rigged bids, and allocated customers and market share with respect to certain products. The second complaint was amended on November 22, 2024, to add California as a plaintiff as well as to add additional defendants. On June 10, 2020, most of the same states, with the addition of the U.S. Virgin Islands, filed a separate, third complaint in the U.S. District Court for the District of Connecticut naming, among other defendants, Actavis, in a similar complaint relating to dermatological generic products, and that complaint was later amended to, among other things, add California as a plaintiff.

For the complaints described above, which also include claims against certain former employees of Actavis and Teva USA, the states seek a finding that the defendants' actions violated federal antitrust law and state antitrust and consumer protection laws, as well as injunctive relief, disgorgement, damages on behalf of various state and governmental entities and consumers, civil penalties and costs. In April 2024, all three of the attorneys general's lawsuits were transferred back to the U.S. District Court for the District of Connecticut where they were originally filed, and fact discovery in all three complaints was completed in 2025. The court has denied, in large part, each of the defendants' joint motions for summary judgment as to the attorney general's third complaint. Additional motions for summary judgment filed by certain defendants (including Actavis) remain pending.

In addition, for the complaints described above, Teva has settled with the states of Mississippi (in June 2021), Louisiana (in March 2022), Georgia (in September 2022), Arkansas (in October 2022), Florida (in February 2023), Kentucky (in June 2023), South Dakota (in June 2024), and New Mexico (in June 2024). Teva paid each state an amount proportional to its share of the national population (approximately $1,000,000 for each 1% share of the national population), and such states have dismissed their claims against Actavis and Teva USA, as well as certain former employees of Actavis and Teva USA, pursuant to these settlements. These settlements, in addition to the status of negotiations with several other U.S. state attorneys general to settle on comparable terms, caused management to consider settlement of the claims filed by the remaining attorneys general to be probable, and management recorded an estimated provision in the third quarter of 2022. In the second quarter of 2025, Teva updated the provision based on recent developments in its ongoing negotiations with certain remaining U.S. state attorneys general. The States of Alabama (in March 2022) and Hawaii (in August 2023) and the territories of American Samoa (in July 2020) and Guam (in February 2023) have all voluntarily dismissed all of their claims in the litigation against Actavis and Teva USA. The dismissals by Alabama, Hawaii and Guam were with prejudice and the dismissal by American Samoa was without prejudice.

Beginning on March 2, 2016, and through June 2025, numerous complaints have been filed in the United States on behalf of putative classes of direct and indirect purchasers of several generic drug products, as well as several individual direct and indirect purchaser opt-out plaintiffs, including most recently a complaint filed by an indirect opt out plaintiff on December 2, 2025. All such complaints (other than the December 2025 complaint, as detailed below) have been transferred to the generic drug multidistrict litigation in the Eastern District of Pennsylvania ("Pennsylvania MDL"). These complaints have been brought against various manufacturer defendants, including Teva USA and Actavis, alleging that these defendants engaged in conspiracies to fix prices and/or allocate market share of generic products, and generally seeking injunctive relief and damages under federal antitrust law, as well as damages under various state laws. With limited exceptions, all fact discovery in the Pennsylvania MDL was completed in December 2025. The Pennsylvania MDL court selected two single-drug cases brought by putative classes of direct-purchaser plaintiffs ("DPPs") and end-payor plaintiffs ("EPPs") as bellwethers. Actavis (but not Teva) is a defendant in those cases. After selecting those two bellwether cases, the Pennsylvania MDL court certified them as class actions and proposed holding a trial in the EPP bellwether case starting in August 2025. However, on June 17, 2025, the United States Court of Appeals for the Third Circuit gave defendants permission to immediately appeal the Pennsylvania MDL court's grant of class certification, and the Pennsylvania MDL court thereafter stayed the EPPs and DPPs bellwether cases. Briefing on the appeal was completed in December 2025, and on June 1, 2026 the Third Circuit held oral arguments on the appeal. The Pennsylvania MDL court selected five additional bellwethers: (i) Humana Inc.'s ("Humana") indirect opt-out case, involving claims on various drugs, with trial expected in September 2026; (ii) a case filed by a putative class of indirect reseller plaintiffs ("IRPs") involving claims on a single drug (pravastatin); (iii) Kroger Co. ("Kroger"), a direct opt-out case, involving claims on various drugs, with trial expected in August 2027; (iv) Cigna Corp. ("Cigna"), an indirect opt-out case, involving claims on various drugs, with trial expected in January 2028; and (v) CVS Pharmacy Inc. ("CVS"), a direct opt-out case, involving claims on various drugs, where a trial date has not yet been set. As of July 2026, all manufacturer defendants, including Teva and Actavis, have reached agreements in principle to settle the IRPs' claims, for which Teva recognized a provision in the second quarter of 2026; accordingly, and subject to finalization of those settlements, the trial previously scheduled for December 2026 is no longer expected to proceed. In the second quarter of 2026, Teva recorded an additional provision (in addition to the provision recorded for the IRPs agreement in principle referenced above) in connection with this matter.

From 2019 to 2021, certain individual plaintiffs commenced civil actions in the Pennsylvania Court of Common Pleas of Philadelphia County against many of the defendants in the Pennsylvania MDL, including Teva and Actavis. Since 2024, additional related civil complaints have been filed in state and federal courts by certain health plans, retailers, employers, counties and assignees against many of the defendants in the Pennsylvania MDL, including Teva and Actavis. These actions include, among others, complaints filed by Aetna Inc., certain counties in New York and Texas, Walmart Inc., Southwest Airlines, Inc., New York Quality Healthcare Corporation, AT&T Services, Inc., Taurus Acquisition Group, HBP I, LLC, as assignee of the antitrust claims of Great Atlantic & Pacific Tea Co., and Oak Point Partners, LLC. Most of these actions have been transferred to the Pennsylvania MDL and stayed pending outcome from the bellwether matters.

Plaintiffs brought a similar complaint in Canada, with allegations that the defendants engaged in conspiracies to fix prices and/or allocate market share of generic drug products to the detriment of a class of private payors. The court held a class certification hearing in October 2025 and, in February 2026, issued its decision denying class certification. In June 2026, the plaintiffs voluntarily dismissed the case with prejudice. The matter is therefore closed.

In March 2017, Teva received a subpoena from the U.S. Attorney's office in Boston, Massachusetts requesting documents related to Teva's donations to patient assistance programs. In August 2020, the U.S. Attorney's office in Boston, Massachusetts brought a civil action in the U.S. District Court for the District of Massachusetts alleging causes of action under the federal False Claims Act and for unjust enrichment (the "DOJ PAP Complaint"). It was alleged that Teva's donations to certain 501(c)(3) charities that provided financial assistance to multiple sclerosis patients violated the Anti-Kickback Statute. On October 10, 2024, Teva entered into a settlement agreement with the DOJ to resolve these claims. Under the terms of the settlement, which includes no admission of wrongdoing, Teva is required to pay $425 million over 6 years – $19 million was paid in December 2024, $34 million was paid in January 2026, $49 million is due to be paid in each of December 2026 and December 2027, $99 million is due to be paid in December 2028, and $175 million is due to be paid in December 2029. The case was dismissed with prejudice on November 19, 2024. Teva has recognized a provision for the resolution of this case. Additionally, on January 8, 2021, Humana filed an action against Teva in the U.S. District Court for the Middle District of Florida based on the allegations raised in the DOJ PAP Complaint. On April 29, 2025, the court granted Teva's motion to dismiss. On May 28, 2025, Humana re-filed the case in Kentucky circuit court, alleging the same facts alleged in the Florida district court action. On July 29, 2025, Teva filed a motion to dismiss, which the court granted in part and denied in part on January 15, 2026, leaving only claims for breach of various rebate agreements remaining. On November 17, 2022, United Healthcare filed an action against Teva in the U.S. District Court for the District of New Jersey based on the conduct alleged in the DOJ PAP Complaint, followed by an amended complaint filed on February 29, 2024. On March 28, 2025, Teva moved for summary judgment limited to the statute of limitations defense as per the court's order, and that motion is pending.

In April 2021, a city and county in Washington filed claims against Teva in the U.S. District Court for the Western District of Washington for alleged violations of the RICO Act, Washington's Consumer Protection Act, and unjust enrichment concerning Teva's sale of COPAXONE. Plaintiffs purport to represent a nationwide class of health plans and a subclass of Washington-based health plans that purchased and/or reimbursed health plan members for COPAXONE. Plaintiffs allege that Teva engaged in several fraudulent schemes that resulted in plaintiffs and the putative class members purchasing and/or reimbursing plan members for additional prescriptions of COPAXONE and/or at inflated COPAXONE prices. Plaintiffs seek treble damages for the excess reimbursements and inflated costs, as well as injunctive relief. On November 17, 2021, Teva moved to dismiss the suit on the grounds that plaintiffs' claims are barred by the applicable statutes of limitations and the direct purchaser rule, suffer from jurisdictional defects, and fail to plausibly allege fraud or other elements of their claims. On March 9, 2023, the court held a hearing on the motion to dismiss, and a decision remains pending. On June 27, 2025, Teva filed a motion to lift the stay of discovery. That motion is fully briefed and remains pending.

On December 1, 2022, Teva received a civil subpoena from the U.S. Attorney's office in Boston, Massachusetts requesting certain documents related to the sale and marketing of AUSTEDO® and risperidone LAI. Teva cooperated with the request for documents and information.

On October 1, 2024, Teva received a civil investigative demand from the U.S. Attorney's office in Boston, Massachusetts and the Civil Division of the Department of Justice requesting certain documents and information related to the manufacturing practices at its former manufacturing facility in Irvine, California, which Teva closed in 2022. Teva cooperated with the request for documents and information. The government requests arose from a qui tam complaint filed under seal by a former employee under the False Claims Act. The complaint was filed with the U.S. District Court for the District of Massachusetts. On May 26, 2026, the government notified the Court of its decision not to intervene. The complaint was unsealed on May 27, 2026, and the plaintiff has 90 days to effect service if she intends to pursue the litigation.

Opioids Litigation

Since May 2014, more than 3,500 complaints have been filed by various governmental agencies and private plaintiffs in U.S. state and federal courts with respect to opioid sales and distribution against various Teva affiliates and several other pharmaceutical companies, the vast majority of which have been resolved. The majority of the remaining cases are consolidated in the multidistrict litigation in the Northern District of Ohio (the "MDL Opioid Proceeding"). These cases assert claims under similar provisions of different state laws and generally allege that the defendants engaged in improper marketing and distribution of Teva's branded opioids, including ACTIQ® and FENTORA®, and also assert claims related to Teva's generic opioid products. In the first quarter of 2026, Teva and representatives for a class of third-party payers ("TPPs") reached an agreement in principle to settle the TPPs' opioid-related claims. On June 13, 2026, the Court granted preliminary approval to settle and scheduled a fairness hearing for September 23, 2026. Teva's settlement agreement with the TPPs is contingent upon Teva's, in the exercise of its sole discretion, satisfaction with the level of participation by the TPPs in the proposed settlement agreement.

In addition, nearly 700 personal injury plaintiffs, including various putative class actions of individuals, have asserted personal injury and wrongful death claims in over 200 complaints, nearly all of which are consolidated in the MDL Opioid Proceeding. Furthermore, approximately 100 personal injury complaints allege that Anda (in addition to naming other distributors and manufacturers) failed to develop and implement systems sufficient to identify suspicious orders of opioid products and prevent their abuse and diversion. Plaintiffs seek a variety of remedies, including restitution, civil penalties, disgorgement of profits, treble damages, non-economic damages, attorneys' fees and injunctive relief. Certain plaintiffs seek damages for all costs associated with addressing the abuse of opioids and opioid addiction and certain plaintiffs specify multiple billions of dollars in the aggregate as alleged damages. In many of these cases, plaintiffs are seeking joint and several damages among all defendants. All but a handful of these cases are stayed in the MDL Opioid Proceedings.

In June 2023, Teva finalized and fully resolved its nationwide settlement agreement with the states and litigating subdivisions. Under the financial terms of the nationwide settlement agreement with the states and subdivisions, Teva will pay up to $4.25 billion (including the already settled cases), spread over 13 years. This total includes the supply of up to $1.2 billion of Teva's generic version of Narcan® (naloxone hydrochloride nasal spray), valued at wholesale acquisition cost, over 10 years or cash at 20% of the wholesale acquisition cost ($240 million) in lieu of product.

Teva has settled claims brought by 100% of the U.S. states and their litigating political subdivisions, the Native American tribes (the "Tribes"), and approximately 500 U.S. hospitals and other healthcare providers asserting opioid-related claims, including public nuisance. Teva's estimated cash payments between 2026 and 2030 for all opioids settlements are: $379 million to be paid in 2026 (of which $33 million was paid as of June 30, 2026), $365 million payable in 2027; $416 million payable in 2028; $339 million payable in 2029; and $337 million payable in 2030. These payments are subject to change based on various factors including, but not limited to, timing of payments, most favored nations clauses associated with prior settlements, and the states' elections to take Teva's generic version of Narcan® (naloxone hydrochloride nasal spray). The remaining payments, subject to adjustments, will be paid beyond 2030.

In light of the nationwide settlement agreement between Teva and the States' Attorneys General and their subdivisions, Teva's indemnification obligations arising from Teva's acquisition of the Actavis Generics business for opioid-related claims, prior settlements reached with Louisiana, Texas, Rhode Island, Florida, San Francisco, West Virginia, New York, the Tribes, Nevada and the City of Baltimore, the agreement with the hospitals discussed above, Teva's agreement in principle with the TPPs, as well as an estimate for a number of items including, but not limited to, costs associated with administering injunctive terms, and most favored nations clauses associated with prior settlements, the Company has recorded a provision. The provision is a reasonable estimate of the ultimate costs for Teva's opioids settlements, after discounting payments to their net present value. Opioid-related lawsuits brought against Teva by dozens of TPPs, such as unions and welfare funds, are expected to remain pending unless Teva finalizes its TPP settlement agreement. A reasonable upper end of a range of loss cannot be determined for the entirety of the remaining opioid-related cases. An adverse resolution of any of these lawsuits or investigations may involve large monetary penalties, damages, and/or other forms of monetary and non-monetary relief and could have a material and adverse effect on Teva's reputation, business, results of operations and cash flows.

In addition, Teva, certain of its subsidiaries and other defendants, are defending claims and putative class action lawsuits in Canada related to the manufacture, sale, marketing and distribution of opioid medications. The lawsuits include: (i) a claim brought by the Province of British Columbia on behalf of itself and a putative class of other federal and provincial governments, (ii) claims of municipalities, (iii) claims on behalf of various First Nations groups, and (iv) consumer class actions on behalf of persons who used opioids on behalf of themselves and putative classes. On January 22, 2025, the British Columbia Supreme Court certified the class of federal and provincial governments. Defendants appealed this decision, and in June 2026, the Court of Appeal for the British Columbia dismissed the appeal. The court in Quebec certified the class in the consumer class action in 2024 (and denied leave to appeal). In the first quarter of 2026, Teva reached an agreement in principle to settle claims by one national consumer class, brought in Ontario on behalf of persons who used opioids. Teva expects to memorialize the terms of the settlement during 2026 and to evaluate class participation before deciding whether to finalize the settlement. Other Canadian opioid actions remain in their preliminary stages.

Shareholder Litigation

In November and December 2016, two putative securities class actions were filed in the U.S. District Court for the Central District of California against Teva and certain of its current and former officers and directors, which were subsequently consolidated and transferred to the U.S. District Court for the District of Connecticut (the "Ontario Teachers Securities Litigation"). On December 13, 2019, the lead plaintiff filed an amended complaint, purportedly on behalf of purchasers of Teva's securities between February 6, 2014 and May 10, 2019, asserting that Teva and certain of its current and former officers and directors violated federal securities and common laws in connection with Teva's alleged failure to disclose pricing strategies for various drugs in its generic drug portfolio and by making allegedly false or misleading statements in certain offering materials. From July 2017 to June 2019, other putative securities class actions were filed in other federal courts based on similar allegations and claims, and were transferred to the U.S. District Court for the District of Connecticut. Between August 2017 and January 2022, twenty-three complaints were filed against Teva and certain of its current and former officers and directors on behalf of plaintiffs in various forums across the country, and many of those plaintiffs had "opted-out" of the Ontario Teachers Securities Litigation. On January 18, 2022, Teva entered into a settlement in the Ontario Teachers Securities Litigation for $420 million, which received final approval from the court on June 2, 2022. The vast majority of the total settlement amount was covered by the Company's insurance carriers, with a small portion contributed by Teva. Additionally, as part of the settlement, Teva admitted no liability as part of the settlement and has denied all allegations of wrongdoing. Teva has settled the vast majority of "opt-out" claims including a class settlement with shareholders in Israel. One opt-out case remains pending in the U.S., with a trial scheduled for January 2027.

On September 23, 2020, a putative securities class action was filed in the U.S. District Court for the Eastern District of Pennsylvania against Teva and certain of its former officers. On August 10, 2021, the lead plaintiff filed a corrected amended class action complaint, purportedly on behalf of persons who purchased or otherwise acquired Teva securities between October 29, 2015 and August 18, 2020. The corrected amended complaint alleges that Teva and certain of its current and former officers violated federal securities laws by allegedly making false and misleading statements regarding the commercial performance of COPAXONE, namely, by failing to disclose that Teva had allegedly caused the submission of false claims to Medicare through Teva's donations to bona fide independent charities that provide financial assistance to patients, which allegedly impacted COPAXONE's commercial success and the sustainability of Teva's revenues and resulted in the DOJ PAP Complaint filed by the DOJ. The corrected amended complaint seeks unspecified damages and legal fees. On November 3, 2023, the court granted plaintiff's motion for class certification. In May 2026, the parties reached an agreement in principle to resolve this matter, and Teva recognized a provision for this matter in the second quarter of 2026, a portion of which is expected to be covered by insurance. A motion to approve a securities class action with similar allegations was also filed in September 2022 in the Central District Court in Israel, which has been stayed pending the U.S. litigation.

Environmental Matters

Teva or its subsidiaries are party to environmental proceedings under the federal Superfund law or other federal, provincial or state and local laws relating to alleged noncompliance, the investigation and remediation of releases of hazardous substances and natural resource damages. Many of these proceedings and claims seek to require the generators of hazardous waste disposed of at a third party-owned site, or the party responsible for a release of hazardous substances, including per-and polyfluoroalkyl substances (PFAS), to investigate and clean-up the site or to pay or reimburse others for such activities, including for oversight by governmental authorities and any related damages to natural resources. Teva or its subsidiaries have been made a party to these claims and proceedings, along with others, as an alleged generator of waste disposed of or treated at third-party waste disposal sites or as a result of an alleged release from one of Teva's facilities or former facilities.

Although liability among responsible parties may be joint and several under certain circumstances, these proceedings are frequently resolved so that the allocation of clean-up and other costs among the parties reflects the relative contribution of each party to site conditions, also taking into account other relevant factors. In addition, enforcement proceedings relating to alleged violations of federal, state, commonwealth or local requirements at some of Teva's facilities could result in the imposition of penalties (in amounts not expected to materially adversely affect Teva's results of operations) and the recovery of certain costs and natural resource damages, and may require that corrective actions and enhanced compliance measures be implemented.

The following matter is disclosed pursuant to Item 103 of Regulation S-K because a governmental authority is a party and it involves monetary sanctions that could exceed $300,000. On July 8, 2021, the National Green Tribunal Principal Bench, New Delhi, issued an order against Teva's subsidiary in India, Teva API India Private Limited, finding non-compliance with environmental laws in India and assessing a penalty of $1.4 million. Teva filed an appeal before the Hon'ble Supreme Court of India, disputing certain of the findings and the amount of the penalty. On August 5, 2021, the Supreme Court of India granted a stay of the judgment by the National Green Tribunal Principal Bench. On April 8, 2025, the Supreme Court of India accepted the appeal filed by Teva's subsidiary and a hearing will be scheduled in due course. Teva does not believe that the eventual outcome of this matter will have a material effect on its business and results of operations.

Other Matters

On January 15, 2025, Teva filed a lawsuit against the Centers for Medicare and Medicaid Services ("CMS") in the U.S. District Court for the District of Columbia, alleging that CMS's implementation of the Drug Price Negotiation Program portion of the Inflation Reduction Act ("IRA") of 2022 is arbitrary and contrary to the plain meaning of the statute, in violation of the Administrative Procedure Act ("APA"), and is therefore unconstitutional. On November 20, 2025, the U.S. District Court for the District of Columbia granted CMS's motion for summary judgement. Teva has appealed this decision. The appeal hearing was held on May 5, 2026, and a decision remains pending.

Gain Contingencies

From time to time, Teva may directly or indirectly pursue claims against certain parties, including but not limited to patent infringement lawsuits against other pharmaceutical companies to protect its patent rights, as well as derivative actions brought on behalf of Teva. Teva recognizes gain contingencies from such lawsuits when they are realized or when all related contingencies have been resolved, subject to a signed or legally enforceable agreement, where applicable. No gain has been recognized regarding any matter disclosed below, unless mentioned otherwise.

In October 2017, Teva filed a lawsuit in the U.S. District Court for the District of Massachusetts alleging that Eli Lilly & Co.'s ("Lilly") marketing and sale of its galcanezumab product for the treatment of migraine infringes on nine Teva patents, including three method of treatment patents and six composition of matter patents. Lilly then submitted inter partes review ("IPR") petitions to the Patent Trial and Appeal Board ("PTAB"), challenging the validity of the nine Teva patents. The PTAB issued decisions upholding the three method of treatment patents but finding the six composition of matter patents invalid, which decisions were affirmed by the Court of Appeals for the Federal Circuit on August 16, 2021. A jury trial regarding the three method of treatment patents resulted in a verdict in Teva's favor on November 9, 2022. The jury's verdict found that the three method of treatment patents were valid and infringed by Lilly and awarded Teva $176.5 million in damages. On September 26, 2023, the U.S. District Court for the District of Massachusetts issued a decision that reversed the jury's verdict and damages award, finding Teva's method of treatment patents to be invalid. Teva appealed and a hearing was held on September 5, 2025. On April 16, 2026, the U.S. Appeals Court for the Federal Circuit issued a decision in Teva's favor, reinstating the jury's verdict of infringement and award of damages. Lilly filed a petition seeking further review of this decision.

In March 2024, Teva filed a lawsuit in the U.S. District Court for the District of New Jersey alleging that Amarin Pharma, Inc., Amarin Pharmaceuticals Ireland Limited, and Amarin Corporation plc (collectively "Amarin") engaged in a decade-long scheme to lock up the supply of icosapent ethyl to prevent and delay generic competition to its branded Vascepa® drug product. Teva's lawsuit coincides with four other lawsuits brought by generic drug manufacturers and purchasers of branded Vascepa® alleging the same or similar conduct by Amarin. Teva's requested relief includes compensatory damages for lost sales and lost profits from generic icosapent ethyl drug sales that Teva could have made absent Amarin's alleged interference. On May 24, 2024, Amarin filed a motion in the U.S. District Court for the District of Nevada, seeking to enforce the terms of an earlier Teva-Amarin agreement to settle patent litigation regarding Vascepa®, which Amarin asserted precluded Teva from filing the present antitrust action. On December 4, 2024, the Nevada court denied Amarin's motion. On October 8, 2025, Amarin filed a motion with the U.S. District Court of the District of New Jersey, where the case is pending, seeking judgment on the pleadings, which was denied on February 2, 2026. Discovery is ongoing. As the lawsuit is still in its initial stages, it is not possible to predict its outcome and there is no guarantee that Teva will be granted its requested relief.

In June 2024, Teva filed a lawsuit in the U.S. District Court for the Northern District of California alleging that Corcept Therapeutics, Inc. ("Corcept") and Optime Care Inc. ("Optime") engaged in a multifaceted, years-long scheme to stifle generic competition to Corcept's branded Korlym® (mifepristone) drug product, which is indicated to treat endogenous Cushing's syndrome. Teva alleges that Corcept and Optime have suppressed competition by abusing the patent and judicial systems, entering a long-term, blanket exclusive-dealing agreement that has locked up a key pharmaceutical distribution channel, and making illicit payments to physicians as compensation for prescribing Korlym®. Teva's requested relief includes compensatory damages for lost sales and lost profits from generic mifepristone drug sales that Teva could have made absent Corcept and Optime's alleged interference, as well as injunctive relief to remove the unlawful barriers to generic competition created by Corcept and Optime. Teva filed an amended complaint in September 2024. Defendants filed a joint motion to dismiss in October 2024, which the court denied in substantial part on September 12, 2025. On January 29, 2026, Teva filed an amended complaint, adding a new claim for unlawful exclusive dealing against Corcept and amending certain claims that were previously dismissed. On February 5, 2026, Corcept and Optime filed briefs in support of their joint motion to dismiss, and on May 5, 2026, the court denied defendants' motion to dismiss in substantial part. Discovery is ongoing. As the lawsuit is still in its initial stages, it is not possible to predict its outcome and there is no guarantee that Teva will be granted its requested relief.

Motions to approve derivative actions seeking monetary damages against certain past and present directors and officers have been filed in Israeli Courts alleging negligence and recklessness, as well as motions for document disclosure prior to initiating derivative actions. These motions were filed with respect to several U.S. and EU settlement agreements, allegations related to the DOJ PAP Complaint, and with respect to the European Commission's proceedings relating to COPAXONE.

NOTE 11 – Income taxes:

In the second quarter of 2026, Teva recognized a tax expense of $121 million, on pre-tax loss of $455 million. In the second quarter of 2025, Teva recognized a tax benefit of $78 million, on pre-tax income of $203 million.

Teva's tax rate for the second quarter of 2026 was mainly affected by an unfavorable tax impact from a non-deductible acquired IPR&D charge related to the acquisition of Emalex and its primary asset ecopipam (EBS-101), the generation of profits in various jurisdictions in which tax rates are different than the Israeli tax rate and other infrequent or non-recurring items. For additional information see note 2.

Teva's tax rate for the second quarter of 2025 was mainly affected by releases of uncertain tax positions, foreign exchange impact on deferred tax positions and interest and inflation adjustments related to the agreement with the Israeli Tax Authorities ("ITA") mentioned below.

In the first six months of 2026, Teva recognized a tax expense of $188 million, on pre-tax loss of $18 million. In the first six months of 2025, Teva recognized a tax benefit of $4 million, on pre-tax income of $497 million.

Teva's tax rate for the first six months of 2026 was mainly affected by an unfavorable tax impact of a non-deductible acquired IPR&D charge related to the acquisition of Emalex and its primary asset ecopipam (EBS-101), the generation of profits in various jurisdictions in which tax rates are different than the Israeli tax rate and other infrequent or non-recurring items, such as internal legal entities reorganization.

Teva's tax rate for the first six months of 2025 was mainly affected by releases of uncertain tax positions, foreign exchange impact on deferred tax positions and interest and inflation adjustments related to the agreement with the ITA mentioned below.

The statutory Israeli corporate tax rate is 23% in 2026. Teva's global tax rate differs from the Israeli statutory tax rate, mainly due to generation of profits in various jurisdictions in which tax rates are different than the Israeli tax rate, tax benefits, as well as infrequent or non-recurring items.

Teva filed a claim seeking the refund of withholding taxes paid to the Indian tax authorities in 2012. A trial for this case is currently ongoing. A final and binding decision against Teva in this case may lead to a charge of $111 million.

On June 23, 2024, Teva entered into an agreement with the ITA to settle certain litigation with respect to taxes payable for the Company's taxable years 2008 through 2020 (the "Agreement"). Pursuant to the terms of the Agreement, the Company will pay a total amount of approximately $750 million (based on exchange rates at the date of the Agreement) to the ITA spread over a six-year period beginning in 2024. Additionally, under the terms of the Agreement, it was further agreed that in the future event the Company pays dividends on, or repurchases, its equity interests, the Company will pay an additional 5%-7% of the amount of such dividends or repurchases in corporate taxes, up to a maximum tax payment amount of approximately $500 million. Any amounts due under this provision of the Agreement will be recorded in the future as incurred.

Teva periodically assesses the need for valuation allowances against its deferred tax assets, and considers available evidence including but not limited to, the Company's recent earnings history, forecasted future taxable income to the extent it is objectively verifiable, and significant nonrecurring items impacting those amounts. To the extent Teva's operating results improve or deteriorate, or to the extent changes in tax laws and other factors affect Teva's ability to utilize deferred tax assets, Teva may need to adjust its valuation allowance.

Teva believes it has adequately provided for all of its uncertain tax positions, including items currently under dispute, however, adverse outcomes to any of these positions or disputes could be material.

The OECD introduced Base Erosion and Profit Shifting ("BEPS") Pillar Two rules that impose a global minimum tax rate of 15% for large multinational corporations. On December 12, 2022, the EU Council announced that EU member states had reached an agreement to implement the minimum taxation component of 15% of the OECD's reform of international taxation. Teva has evaluated the potential impact on its 2026 consolidated financial statements and related disclosures and does not expect Pillar Two to have a material impact on its effective tax rate or consolidated financial statements in the foreseeable future. On June 30, 2026, Teva filed the 2024 GloBE Information Return with no material impact on the Pillar II tax expense estimated earlier.

NOTE 12 – Other assets impairments, restructuring and other items:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	(U.S. $ in millions)		(U.S. $ in millions)	
Impairments of long-lived tangible assets *	$ 91	$ 58	$ 92	$ 14
Contingent consideration	17	19	22	30
Restructuring	38	154	63	168
Other	§	1	(4)	(1)
Total	$ 147	$ 232	$ 173	$ 210

* Including impairments related to exit and disposal activities.

§ Represents an amount less than $0.5 million.

Impairments

In the three months ended June 30, 2026, Teva recorded an expense of $91 million under impairments of tangible assets, compared to an expense of $58 million in the three months ended June 30, 2025. The expense for the three months ended June 30, 2026, was mainly related to an impairment charge in connection with a manufacturing facility in Europe. The expense for the three months ended June 30, 2025, was mainly related to the held for sale measurement of the API business (including its R&D, manufacturing and commercial activities), which includes a favorable impact related to the expected gain from reclassification of currency translation adjustments.

Impairments of tangible assets for the six months ended June 30, 2026 and 2025 were $92 million and $14 million, respectively. The impairment for the six months ended June 30, 2026, was mainly related to an impairment charge in connection with a manufacturing facility in Europe. The expense for the six months ended June 30, 2025, was mainly related to the held for sale measurement of the API business (including its R&D, manufacturing and commercial activities), which includes a favorable impact related to the expected gain from reclassification of currency translation adjustments.

In addition, as part of the Company's efforts to optimize its portfolio and global manufacturing footprint to achieve additional operational efficiencies, the Company, from time to time, evaluates strategic alternatives for certain individual assets or asset groups. These strategic alternatives may include partnerships and collaborations, joint ventures, redeployment of assets or divestitures. Such actions may involve substantial impairment charges in the future depending on the ultimate course of action for these long-lived assets, which are recorded in the period in which there is a triggering event or commitment to a probable transaction.

Teva may record additional impairments in the future, to the extent it changes its plans on any given asset and/or the assumptions underlying such plans, as a result of its network consolidation activities and its "Pivot to Growth Strategy".

Contingent consideration

In the three months ended June 30, 2026, Teva recorded an expense of $17 million for contingent consideration, compared to an expense of $19 million in the three months ended June 30, 2025.

In the six months ended June 30, 2026, Teva recorded an expense of $22 million for contingent consideration, compared to an expense of $30 million in the six months ended June 30, 2025.

Restructuring

In the three months ended June 30, 2026, Teva recorded $38 million of restructuring expenses, compared to $154 million in the three months ended June 30, 2025. Expenses in the three months ended June 30, 2026 and 2025 were primarily related to optimization activities in connection with Teva's Transformation programs related to Teva's global organization and operations, mainly through headcount reduction.

In the six months ended June 30, 2026, Teva recorded $63 million of restructuring expenses, compared to $168 million in the six months ended June 30, 2025. Expenses for the six months ended June 30, 2026 and 2025 were primarily related to optimization activities in connection with Teva's Transformation programs related to Teva's global organization and operations, mainly through headcount reduction.

Under Teva's Transformation programs announced on May 7, 2025, Teva expects to achieve cost savings through a variety of initiatives including examining practices and efficiencies in methods of working, reduction in headcount and optimizing external spend in the following years. These Transformation programs are expected to result in the reduction of approximately 8% of Teva's total work force as of December 31, 2024, by the end of 2027.

The following tables provide the components of the Company's restructuring costs:

	Three months ended June 30,	
	2026	2025
	(U.S. $ in millions)	
Restructuring		
Employee termination	$ 37	$ 151
Other	1	3
Total	$ 38	$ 154

	Six months ended June 30,	
	2026	2025
	(U.S. $ in millions)	
Restructuring		
Employee termination	$ 59	$ 163
Other	4	5
Total	$ 63	$ 168

The following table provides the components of and changes in the Company's restructuring accruals:

	Employee termination costs	Other	Total
	(U.S. $ in millions)		
Balance as of January 1, 2026	$ (124)	$ (14)	$(138)
Provision	(59)	(4)	(63)
Utilization and other*	86	4	90
Balance as of June 30, 2026	$ (97)	$ (14)	$(111)

	Employee termination costs	Other	Total
	(U.S. $ in millions)		
Balance as of January 1, 2025	$ (55)	$ (13)	$ (68)
Provision	(163)	(5)	(168)
Utilization and other*	50	4	54
Balance as of June 30, 2025	$ (168)	$ (14)	$(182)

* Includes adjustments for foreign currency translation.

NOTE 13 – Earnings (Loss) per share:

Basic earnings and loss per share are computed by dividing net income (loss) attributable to Teva's ordinary shareholders by the weighted average number of ordinary shares outstanding, net of treasury shares.

Basic and diluted earnings (loss) per share attributable to Teva's ordinary shareholders for the three and six months ended June 30, 2026 and 2025, are calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	(U.S. $ in millions except share and per share data)			
	2026	2025	2026	2025
Basic earnings (loss) attributable to Teva's ordinary shareholders (numerator):				
Net income (loss) attributable to Teva's ordinary shareholders	$ (576)	$ 282	$ (207)	$ 497
Shares (denominator):				
Weighted average shares outstanding	1,165	1,147	1,160	1,142
Basic earnings (loss) attributable to Teva's ordinary shareholders	$ (0.49)	$ 0.25	$ (0.18)	$ 0.43
Diluted earnings (loss) attributable to Teva's ordinary shareholders (numerator):				
Net income (loss) attributable to Teva's ordinary shareholders	$ (576)	$ 282	$ (207)	$ 497
Shares (denominator):				
Weighted average shares outstanding	1,165	1,147	1,160	1,142
Diluted effect of stock options, RSUs and PSUs	—	14	—	17
Total dilutive shares outstanding	1,165	1,161	1,160	1,159
Diluted earnings (loss) attributable to Teva's ordinary shareholders	$ (0.49)	$ 0.24	$ (0.18)	$ 0.43

In computing diluted loss per share for the three and six months ended June 30, 2026, no account was taken of the potential dilution that could occur upon the exercise of options and non-vested RSUs and PSUs granted under employee stock compensation plans, and convertible senior debentures, since they had an anti-dilutive effect on loss per share. Additionally, an amount of 30.7 million dilutive shares of ordinary shares from the conversion of outstanding stock options, RSUs and PSUs were excluded from the computation of diluted earnings per share attributable to Teva's ordinary shareholders for the three and six months ended June 30, 2026.

In computing diluted earnings per share for the three and six months ended June 30, 2025, basic earnings per share were adjusted to take into account the potential dilution that could occur upon the exercise of options and non-vested RSUs and PSUs granted under employee stock compensation plans. No account was taken of the potential dilution that could occur upon the exercise of convertible senior debentures, since they had an anti-dilutive effect on earnings per share. Additionally, an amount of 31.2 million and 28.8 million dilutive shares of ordinary shares from the conversion of outstanding stock options, RSUs and PSUs were excluded from the computation of diluted earnings per share attributable to Teva's ordinary shareholders for the three and six months ended June 30, 2025, respectively.

NOTE 14 – Accumulated other comprehensive income (loss):

The components of, and changes within, accumulated other comprehensive income (loss) attributable to Teva are presented in the table below:

	Net Unrealized Gains (Losses)		Benefit Plans	
	Foreign currency translation adjustments	Derivative financial instruments	Actuarial gains (losses) and prior service (costs) credits	Total
	(U.S. $ in millions)			
Balance as of December 31, 2025, net of taxes	$ (2,152)	$ (199)	$ (39)	$(2,391)
Other comprehensive income (loss) before reclassifications	(58)	(12)	—	(70)
Amounts reclassified to the statements of income	—	10	(1)	9
Release of cumulative translation adjustments	(6)	—	—	(6)
Net other comprehensive income (loss) before tax	(64)	(2)	(1)	(67)
Corresponding income tax	(7)	—	—	(7)
Net other comprehensive income (loss) after tax	(71)	(2)	(1)	(74)
Balance as of June 30, 2026, net of taxes	$ (2,223)	$ (201)	$ (40)	$(2,465)

	Net Unrealized Gains (Losses)		Benefit Plans	
	Foreign currency translation adjustments	Derivative financial instruments	Actuarial gains (losses) and prior service (costs) credits	Total
	(U.S. $ in millions)			
Balance as of December 31, 2024, net of taxes	$ (2,857)	$ (238)	$ (52)	$(3,148)
Other comprehensive income (loss) before reclassifications	558	—	—	558
Amounts reclassified to the statements of income	—	24	(1)	23
Release of cumulative translation adjustments**	181	—	—	181
Net other comprehensive income (loss) before tax	739	24	(1)	762
Corresponding income tax	45	—	—	45
Net other comprehensive income (loss) after tax*	694	24	(1)	717
Balance as of June 30, 2025, net of taxes	$ (2,163)	$ (214)	$ (53)	$(2,431)

* Amounts do not include a $27 million gain from foreign currency translation adjustments attributable to redeemable and non-redeemable non-controlling interests.

** In connection with the sale of Teva's business venture in Japan.

NOTE 15 – Segments:

Teva operates its business and reports its financial results in the following three segments:

(a) United States segment.

(b) Europe segment, which includes the European Union, the United Kingdom and certain other European countries.

(c) International Markets segment, which includes all countries other than the United States and countries included in the Europe segment.

In addition to these three segments, Teva has other sources of revenues included in Other Activities, primarily Teva's distribution business in the United States through Anda, sale of APIs to third parties, an out-licensing platform offering a portfolio of products to other pharmaceutical companies through its affiliate Medis and certain contract manufacturing services.

In alignment with Teva's Pivot to Growth strategy, commencing January 1, 2026, Anda is no longer reported under Teva's United States segment. This shift allows the United States segment to continue to manage its entire product portfolio in the region, while strengthening focus on its biopharmaceutical business, growth engines and innovation. As a result, from that date, Anda is reported as part of the Company's Other Activities. Prior period amounts were recast to reflect this change. Teva's Chief Executive Officer ("CEO"), who is the chief operating decision maker ("CODM"), reviews financial information prepared on a consolidated basis, accompanied by disaggregated information about revenues and contributed profit by the three identified reportable segments, namely the United States, Europe and International Markets, to make decisions about resources to be allocated to the segments and assess their performance.

The key areas of focus by the CODM for allocation of resources are revenues from each reportable segment, as well as operating expenses (cost of sales, R&D expenses, S&M expenses, G&A expenses, and other expenses (income)). While the CODM analyzes each of these categories, the CODM focuses particularly on period-over-period fluctuations and budget-to-actual variances to determine the right allocation of resources to be attributed to each segment to ensure profitability is maximized.

Segment profit is comprised of revenues for the segment less cost of sales, R&D expenses, S&M expenses, G&A expenses and other expenses (income) related to the segment. Segment profit does not include amortization and certain other items.

Teva manages its assets on a company basis, not by segments, as many of its assets are shared or commingled. Teva's CODM does not regularly review asset information by reportable segment and, therefore, Teva does not report asset information by reportable segment.

Teva's CEO may review its strategy and organizational structure from time to time. Based on such review, in May 2023 Teva launched its new Pivot to Growth strategy. Any additional changes in strategy may lead to a reevaluation of the Company's segments and goodwill allocation to reporting units, as well as fair value attributable to its reporting units. See note 6.

On December 31, 2024, Teva classified its API business (including its R&D, manufacturing and commercial activities) as held for sale. The intention to divest is in alignment with Teva's Pivot to Growth strategy, and Teva is conducting a sales process for this matter. However, there can be no assurance regarding the ultimate timing or structure of a potential divestiture or whether a divestiture will be completed at all. See note 2.

a. Segment information:

	Three months ended June 30, 2026		
	United States	Europe	International Markets
	(U.S. $ in millions)		
Revenues	$ 1,702	$1,263	$ 550
Cost of sales	499	559	266
R&D expenses**	883	52	26
S&M expenses	294	222	128
G&A expenses	107	66	38
Other	(5)	(3)	(8)
Segment profit*	$ (76)	$ 367	$ 99

* Segment profit includes depreciation expenses of $36 million in the United States, $33 million in Europe and $17 million in International Markets.

** Mainly related to the acquisition of Emalex and its primary asset ecopipam (EBS-101) in the United States segment. See 'Emalex Biosciences' included in note 2.

	Three months ended June 30, 2025		
	United States	Europe	International Markets
		(U.S. $ in millions)	
Revenues	$ 1,786	$1,298	$ 495
Cost of sales	574	581	251
R&D expenses	152	59	24
S&M expenses	250	228	114
G&A expenses	111	66	32
Other	§	§	(1)
Segment profit*	$ 699	$ 364	$ 74

* Segment profit includes depreciation expenses of $37 million in the United States, $31 million in Europe and $18 million in International Markets.
§ Represents an amount less than $0.5 million.

	Six months ended June 30, 2026		
	United States	Europe	International Markets
		(U.S. $ in millions)	
Revenues	$ 3,236	$2,603	$ 1,074
Cost of sales	995	1,165	547
R&D expenses**	1,030	97	49
S&M expenses	593	437	245
G&A expenses	197	139	77
Other	(9)	(3)	(7)
Segment profit*	$ 431	$ 768	$ 164

* Segment profit includes depreciation expenses of $72 million in the United States, $65 million in Europe and $35 million in International Markets.
** Mainly related to the acquisition of Emalex and its primary asset ecopipam (EBS-101) in the United States segment. See ‘Emalex Biosciences’ included in note 2.

	Six months ended June 30, 2025		
	United States	Europe	International Markets
		(U.S. $ in millions)	
Revenues	$3,322	$2,492	$ 1,077
Cost of sales	1,097	1,117	556
R&D expenses	306	120	49
S&M expenses	493	427	232
G&A expenses	206	135	72
Other	3	§	(2)
Segment profit*	$1,216	$ 693	$ 171

* Segment profit includes depreciation expenses of $73 million in the United States, $61 million in Europe and $35 million in International Markets.
§ Represents an amount less than $0.5 million.

The following table presents a reconciliation of Teva's segment profits to its consolidated operating income (loss) and to consolidated income (loss) before income taxes for the three and six months ended June 30, 2026 and 2025:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	(U.S. $ in millions)		(U.S. $ in millions)	
United States profit (loss)	$ (76)	$ 699	$ 431	$1,216
Europe profit	367	364	768	693
International Markets profit	99	74	164	171
Total reportable segments profit	391	1,136	1,363	2,080
Profit (loss) of Other Activities	(16)	(3)	(32)	(1)
Amounts not allocated to segments:				
Amortization	139	148	276	292
Other assets impairments, restructuring and other items	147	232	173	210
Intangible assets impairments	22	42	30	163
Legal settlements and loss contingencies	230	166	302	249
Other unallocated amounts	68	91	128	190
Consolidated operating income (loss)	(231)	455	421	975
Financial expenses, net	224	252	440	477
Consolidated income (loss) before income taxes	$(455)	$ 203	$ (18)	$ 497

b. Segment revenues by major products and activities:

The following tables present revenues by major products and activities for the three and six months ended June 30, 2026 and 2025:

United States	Three months ended June 30,	
	2026	2025
	(U.S. $ in millions)	
Generic products (including biosimilars)	$ 660	$ 961
AJOVY®	116	63
AUSTEDO	676	495
BENDEKA® and TREANDA®	28	40
COPAXONE	61	62
UZEDY	77	54
Other	84	111
Total	$ 1,702	$ 1,786

United States	Six months ended June 30,	
	2026	2025
	(U.S. $ in millions)	
Generic products (including biosimilars)	$1,272	$1,809
AJOVY	203	117
AUSTEDO	1,236	891
BENDEKA and TREANDA	55	76
COPAXONE	124	116
UZEDY	140	93
Other	206	220
Total	$3,236	$3,322

Europe	Three months ended June 30,	
	2026	2025
	(U.S. $ in millions)	
Generic products (including OTC and biosimilars)	$ 1,024	$ 1,040
AJOVY	78	71
COPAXONE	49	50
Respiratory products	58	55
Other*	54	81
Total	$ 1,263	$ 1,298

* Other revenues in the second quarter of 2025 include the sale of certain product rights.

Europe	Six months ended June 30,	
	2026	2025
	(U.S. $ in millions)	
Generic products (including OTC and biosimilars)	$2,113	$2,029
AJOVY	154	129
COPAXONE	89	92
Respiratory products	117	110
Other*	130	132
Total	$2,603	$2,492

* Other revenues in the first six months of 2026 and 2025 include the sale of certain product rights.

International markets	Three months ended June 30,	
	2026	2025
	(U.S. $ in millions)	
Generic products (including OTC and biosimilars)	$ 419	$ 410
AJOVY	49	20
AUSTEDO	20	3
COPAXONE	8	7
Other*	55	55
Total	$ 550	$ 495

* Other revenues in the second quarter of 2025 include the sale of certain product rights.

International markets	Six months ended June 30,	
	2026	2025
	(U.S. $ in millions)	
Generic products (including OTC and biosimilars)	$ 805	$ 878
AJOVY	83	48
AUSTEDO	39	18
COPAXONE	13	17
Other*	134	116
Total	$1,074	$1,077

* Other revenues in the first six months of 2026 and 2025 include the sale of certain product rights.

NOTE 16 – Fair value measurement:

Financial items carried at fair value on a recurring basis as of June 30, 2026 and December 31, 2025 are classified in the tables below in one of the three categories of fair value levels:

	June 30, 2026			
	Level 1	Level 2	Level 3	Total
	(U.S. $ in millions)			
Cash and cash equivalents:				
Money markets	$2,710	$ —	$ —	$2,710
Cash, deposits and other	945	—	—	945
Investment in securities:				
Equity securities	17	—	—	17
Other	4	—	—	4
Derivatives:				
Asset derivatives:				
Options and forward contracts	—	99	—	99
Liability derivatives:				
Options and forward contracts	—	(60)	—	(60)
Cross currency interest rate swap	—	(20)	—	(20)
Contingent consideration*	—	—	(49)	(49)
Total	$3,676	$ 19	$ (49)	$3,646

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
	(U.S. $ in millions)			
Cash and cash equivalents:				
Money markets	$2,678	$ —	$ —	$2,678
Cash, deposits and other	878	—	—	878
Investment in securities:				
Equity securities	16	—	—	16
Other	3	—	—	3
Derivatives:				
Asset derivatives:				
Options and forward contracts	—	86	—	86
Liability derivatives:				
Options and forward contracts	—	(38)	—	(38)
Cross currency interest rate swap	—	(19)	—	(19)
Contingent consideration*	—	—	(51)	(51)
Total	$3,575	$ 29	$ (51)	$3,553

* Contingent consideration represents liabilities recorded at fair value in connection with acquisitions.

Teva determined the fair value of the liabilities for contingent consideration based on a probability-weighted discounted cash flow analysis. This fair value measurement is based on significant unobservable inputs in the market and thus represents a Level 3 measurement within the fair value hierarchy. The fair value of contingent consideration is based on several factors, such as cash flows projected from the success of unapproved product candidates; probability of success of product candidates, including risks associated with uncertainty regarding achievement and payment of milestone events; time and resources required to complete the development and approval of product candidates; life of the potential commercialized products and associated risks with obtaining regulatory approvals in the United States and Europe, and the risk adjusted discount rate for fair value measurement. The discount rate applied ranged from 7.5% to 11%. The weighted average discount rate, calculated based on the relative fair value of Teva's contingent consideration liabilities, was 8.3%. Contingent consideration is evaluated quarterly, or more frequently, if circumstances dictate. Changes in the fair value of contingent consideration are recorded in the consolidated statements of income. A change of the discount rate by 1% would not have resulted in material changes to the contingent consideration liabilities.

The following table summarizes the activity for the financial assets and liabilities where fair value measurements are estimated utilizing Level 3 inputs:

	Six months ended June 30, 2026	Six months ended June 30, 2025
	(U.S. $ in millions)	
Fair value at the beginning of the period	$ (51)	$ (401)
Adjustments to provisions for contingent consideration:		
Allergan transaction	—	(21)
Eagle transaction	(18)	(8)
Novetide transaction	(1)	(1)
Settlement of contingent consideration:		
Allergan transaction	—	103
Eagle transaction	19	23
Novetide transaction	2	2
Fair value at the end of the period	$ (49)	$ (303)

Financial instruments not measured at fair value

Financial instruments measured on a basis other than fair value mostly consist of senior notes, sustainability-linked senior notes and convertible senior debentures (see note 7) and are presented in the table below in terms of fair value (level 1 inputs):

	Estimated fair value*	
	June 30, 2026	December 31, 2025
	(U.S. $ in millions)	
Senior notes and sustainability-linked senior notes included under senior notes and loans	$12,094	$ 15,128
Senior notes and convertible senior debentures included under short-term debt	4,492	1,801
Total	$16,586	$ 16,929

* The fair value was estimated based on quoted market prices.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Overview

We are a biopharmaceutical company, enabled by a world-class generics business. For over 120 years, our commitment to bettering health has never wavered. From innovating in the fields of neuroscience and immunology to providing complex generic medicines, biosimilars and pharmacy brands worldwide, we are dedicated to addressing patients' needs, now and in the future.

Teva was incorporated in Israel on February 13, 1944 and is the successor to a number of Israeli corporations, the oldest of which was established in 1901.

Our Business Segments

We operate our business through three segments: United States, Europe and International Markets. Each business segment manages our entire product portfolio in its region, including generics, which includes biosimilars and OTC products, as well as innovative medicines. This structure enables strong alignment and integration between operations, commercial regions, R&D and our global marketing and portfolio function, optimizing our product lifecycle across therapeutic areas.

In addition to these three segments, our other sources of revenues included in "Other Activities" below, consisting primarily of our distribution business in the U.S. through Anda, the sale of APIs to third parties, an out-licensing platform offering a portfolio of products to other pharmaceutical companies through our affiliate Medis and certain contract manufacturing services. For additional segment information, see note 15 to our consolidated financial statements.

Pivot to Growth Strategy

In the second quarter of 2026, we continued to execute on the four key pillars of our "Pivot to Growth" strategy, announced in May 2023, which entered into its "Accelerate Growth" phase in 2025. During this phase, we expect to focus on growing our innovative portfolio, aligning capital allocation to invest in activities we expect to have the highest value, and modernizing our organization and operations to drive both efficiency and cost savings. Under Teva's Transformation programs announced on May 7, 2025, we expect to achieve such cost savings through a variety of initiatives, including examining practices and efficiencies in methods of working, reduction in headcount and optimizing external spend in the following years.

Emalex Biosciences Acquisition

In April 2026, Teva entered into a definitive agreement to acquire all outstanding shares of Emalex Biosciences ("Emalex"), including its primary asset, ecopipam (EBS-101), which has completed Phase 3 for the treatment of Tourette syndrome in a pediatric population. On June 10, 2026, Teva completed the acquisition of Emalex, and paid approximately $700 million to Emalex's former shareholders. Emalex's former shareholders and other third parties may be eligible to receive additional milestone payments of up to $200 million and $125 million, respectively, as well as royalties on global net-sales of ecopipam (EBS-101), upon commercialization and subject to regulatory approval. On June 18, 2026, Teva submitted an NDA to the FDA for ecopipam (EBS-101), supported by results from the Phase 3 trial.

The acquisition was accounted for as an 'asset acquisition' as it did not meet the definition of a 'business,' since substantially all of the fair value of the gross assets acquired was concentrated in an IPR&D asset, under ASC 805, Business Combinations. See 'Emalex Biosciences' included in note 2 to our consolidated financial statements.

Macroeconomic and Geopolitical Environment

The ongoing war involving Iran has contributed to increased uncertainty and volatility in global economic conditions. The conflict has affected financial markets, foreign exchange rates and energy prices, and has disrupted international trade routes, supply chains and logistics. In particular, the conflict has disrupted critical global logistics corridors, maritime shipping routes, and air cargo hubs, including those used for the transportation of pharmaceutical products and key inputs. In some cases, such disruptions have resulted in and may continue to result in delays in our production and distribution processes, impacting product availability and our ability to timely respond to consumer demand. Although we have taken measures to mitigate and offset these impacts, the situation remains fluid and the broader economic consequences of the conflict are difficult to predict. Given our global operations, including personnel and several manufacturing and R&D facilities in Israel, as well as our exposure to international markets, continued instability in the region could adversely impact our business operations and financial condition. As of the date of this Quarterly report on Form 10-Q, the impact of this conflict on our results of operations and financial condition was immaterial.

Moreover, recent U.S. tariffs imposed, or threatened to be imposed, on materials and products from countries where we do business may impact our business. Any responsive or reciprocal actions taken by such countries, as well as heightened sanctions regimes and trade restrictions arising from geopolitical conflicts, as discussed above, could impact our costs and global operations. The countries subject to tariffs or other trade restrictions, and the tariff rate imposed on each country or scope of applicable restrictions, is dynamic. We continue to monitor and assess the potential impact on our supply chain and global operations, which could be material, and to pursue mitigation strategies for such potential impact, including on certain innovative products manufactured outside of the U.S., some of which are already subject to bilateral trade agreements.

Highlights

Significant highlights in the second quarter of 2026 included:

- Revenues in the second quarter of 2026 were $4,142 million, a decrease of 1% in U.S. dollars, or 3% in local currency terms compared to the second quarter of 2025. This decrease was mainly due to lower revenues from generic products, primarily lenalidomide capsules (a generic version of Revlimid®) in our U.S. segment, partially offset by higher revenues from our key innovative products, primarily AUSTEDO and AJOVY.
- Our United States segment generated revenues of $1,702 million, a decrease of 5% compared to the second quarter of 2025. Loss from our U.S. segment in the second quarter of 2026 was $76 million compared to a profit of $699 million in the second quarter of 2025.
- Our Europe segment generated revenues of $1,263 million and segment profit of $367 million in the second quarter of 2026. Revenues decreased by 3% in U.S. dollars, or 8% in local currency terms, compared to the second quarter of 2025. Segment profit increased by 1% compared to the second quarter of 2025.
- Our International Markets segment generated revenues of $550 million and segment profit of $99 million in the second quarter of 2026. Revenues increased by 11% in U.S. dollars, or 7% in local currency terms, compared to the second quarter of 2025. Segment profit increased by 34% compared to the second quarter of 2025.
- Our revenues from Other Activities in the second quarter of 2026 were $627 million, an increase of 5% in both U.S. dollars and local currency terms compared to the second quarter of 2025.
- Exchange rate movements during the second quarter of 2026, including hedging effects, positively impacted revenues by $85 million, compared to the second quarter of 2025.
- Gross profit margin was 52.0% in the second quarter of 2026 compared to 50.3% in the second quarter of 2025.
- R&D expenses, net in the second quarter of 2026 were $970 million, an increase of 298%, compared to $244 million in the second quarter of 2025, primarily due to the acquisition of Emalex and its primary asset ecopipam (EBS-101). This increase was partially offset by a decrease in R&D expenses related to generic projects. See ‘Emalex Biosciences’ included in note 2 to our consolidated financial statements.
- We recorded expenses of $230 million in legal settlements and loss contingencies in the second quarter of 2026, compared to expenses of $166 million in the second quarter of 2025. See note 9 to our consolidated financial statements.
- Operating loss was $231 million in the second quarter of 2026 compared to an operating income of $455 million in the second quarter of 2025.
- In the second quarter of 2026, we recognized a tax expense of $121 million, on pre-tax loss of $455 million. In the second quarter of 2025, we recognized a tax benefit of $78 million, on pre-tax income of $203 million. See note 11 to our consolidated financial statements.
- As of June 30, 2026, our debt was $16,593 million compared to $16,807 million as of December 31, 2025. See note 7 to our consolidated financial statements.
- Cash flow generated from operating activities during the second quarter of 2026 was $411 million, compared to $227 million in the second quarter of 2025. The higher cash flow generated from operating activities in the second quarter of 2026 was mainly due to lower contingent consideration payments and lower tax payments, partially offset by higher legal settlement payments.
- During the second quarter of 2026, we generated free cash flow of $622 million, which we define as comprising $411 million in cash flow generated from operating activities, $311 million in beneficial interest collected in exchange for securitized accounts receivables (under our EU securitization program) and $4 million of proceeds from the sale of businesses and long-lived assets, partially offset by $104 million in cash used for capital investments. During the second quarter of 2025, we generated free cash flow of $476 million. The increase in the second quarter of 2026 mainly resulted from higher cash flow generated from operating activities as discussed above.

Results of Operations

Comparison of Three Months Ended June 30, 2026 to Three Months Ended June 30, 2025

Segment Information

United States Segment

The following table presents revenues, expenses and profit for our United States segment for the three months ended June 30, 2026 and 2025:

	Three months ended June 30,			
	2026		2025	
	(U.S. $ in millions / % of Segment Revenues)			
Revenues	$1,702	100%	$1,786	100%
Cost of sales	499	29.3%	574	32.2%
Gross profit	1,203	70.7%	1,211	67.8%
R&D expenses*	883	51.9%	152	8.5%
S&M expenses	294	17.3%	250	14.0%
G&A expenses	107	6.3%	111	6.2%
Other	(5)	§	§	§
Segment profit**	$ (76)	(4.5%)	$ 699	39.1%

* In the second quarter of 2026, mainly related to the acquisition of Emalex and its primary asset ecopipam (EBS-101). See 'Emalex Biosciences' included in note 2 to our consolidated financial statements.

** Segment profit does not include amortization and certain other items.

§ Represents an amount less than $0.5 million or 0.5%, as applicable.

United States Revenues

In alignment with our Pivot to Growth strategy, commencing January 1, 2026, Anda is no longer reported under our United States segment. This shift allows the United States segment to continue to manage its entire product portfolio in the region, while strengthening focus on its biopharmaceutical business, growth engines and innovation. As a result, from that date, Anda is reported as part of the Company's Other Activities. Prior period amounts were recast to reflect this change. See note 15 to our consolidated financial statements.

Revenues from our United States segment in the second quarter of 2026 were $1,702 million, a decrease of 5% compared to the second quarter of 2025, mainly due to lower revenues from generic products, primarily lenalidomide capsules (a generic version of Revlimid®), partially offset by higher revenues from our key innovative products, primarily AUSTEDO.

Revenues by Major Products and Activities

The following table presents revenues for our United States segment by major products and activities for the three months ended June 30, 2026 and 2025:

	Three months ended June 30,		Percentage Change
	2026	2025	2026-2025
	(U.S. $ in millions)		
Generic products (including biosimilars)	$ 660	$ 961	(31%)
AJOVY	116	63	83%
AUSTEDO	676	495	37%
BENDEKA and TREANDA	28	40	(30%)
COPAXONE	61	62	(2%)
UZEDY	77	54	43%
Other	84	111	(25%)
Total	$ 1,702	$ 1,786	(5%)

Generic products (including biosimilar products) revenues in our United States segment in the second quarter of 2026 were $660 million, a decrease of 31% compared to the second quarter of 2025. This decrease was mainly driven by lower revenues from lenalidomide capsules (a generic version of Revlimid®) due to increased generic competition in the U.S., partially offset by higher revenues from our portfolio of biosimilar products.

Among the most significant generic products we sold in the United States in the second quarter of 2026 were Truxima® (a biosimilar to Rituxan®), epinephrine injectable solution (a generic equivalent of EpiPen® and EpiPen Jr®) and SIMLANDI (a biosimilar to Humira®). In the second quarter of 2026, our total prescriptions were approximately 237 million (based on trailing twelve months), representing 6.1% of total U.S. generic prescriptions, compared to approximately 266 million (based on trailing twelve months), representing 6.9% of total U.S. generic prescriptions in the second quarter of 2025, all according to IQVIA data.

AJOVY revenues in our United States segment in the second quarter of 2026 were $116 million, an increase of 83% compared to the second quarter of 2025, mainly due to a reduction in sales allowance as well as growth in volume. In the second quarter of 2026, AJOVY's exit market share in the United States in terms of total number of prescriptions was 32.5% out of the subcutaneous injectable anti- CGRP class, compared to 31.0% in the second quarter of 2025.

AJOVY was launched in the United States in 2018 for the preventive treatment of migraine in adults, and in August 2025, the FDA approved AJOVY for the preventive treatment of episodic migraine in children and adolescent patients aged 6 to 17 years. AJOVY is the only anti-CGRP subcutaneous product indicated for both quarterly and monthly dosing options. AJOVY faces competition from multiple other products.

AJOVY is protected worldwide by patents expiring in 2026 at the earliest; extensions have been granted in several countries, including the United States and in Europe, until 2031. Additional patents relating to the use of AJOVY in the treatment of migraine have also been issued in the United States and in Europe and will expire between 2035 and 2039. Such patents are also pending in other countries. AJOVY is also protected by regulatory marketing exclusivity until 2030 in the United States and until 2029 in Europe. For our patent litigation related to other anti-CGRP products, see note 10 to our consolidated financial statements.

AUSTEDO revenues (which include AUSTEDO XR®) in our United States segment in the second quarter of 2026 were $676 million, an increase of 37% compared to the second quarter of 2025. This increase was mainly due to growth in volume and a favorable business mix including improved net-price realization.

During 2025, Teva and the Centers for Medicare and Medicaid Services ("CMS") negotiated a maximum fair price for AUSTEDO and AUSTEDO XR, based on their inclusion in CMS's list of prescription medicines selected for price-setting discussions. An agreement was announced by CMS in November 2025. The revised prices set by the U.S. Government will become effective on January 1, 2027 and will apply to eligible Medicare patients.

AUSTEDO was launched in the United States in 2017. It is indicated for the treatment of chorea associated with Huntington's disease and for the treatment of tardive dyskinesia in adults.

AUSTEDO is protected in the United States by 14 Orange Book patents expiring between 2031 and 2038. We received notice letters from two ANDA filers regarding the filing of their ANDAs with paragraph (IV) certifications for certain of the patents listed in the Orange Book for AUSTEDO. In 2022, we reached agreements with two drug companies to sell their generic versions beginning in April 2033 or earlier under certain circumstances. On March 9, 2022, the U.S. Patent Trial and Appeal Board of the U.S. Patent and Trademark Office rejected a separate challenge filed by Apotex, which had sought to invalidate our patent for an AUSTEDO compound. Currently, there are no further patent litigations pending regarding AUSTEDO.

AUSTEDO XR (deutetrabenazine) extended-release tablets was approved by the FDA on February 17, 2023 in three doses of 6, 12 and 24 mg, and became commercially available in the U.S. in May 2023. The FDA approved AUSTEDO XR as a one-pill, once-daily treatment option in doses of 30, 36, 42, and 48 mg in May 2024 and in 18 mg in July 2024. AUSTEDO XR is a once-daily formulation indicated in adults for tardive dyskinesia and chorea associated with Huntington's disease, which is additional to the twice-daily AUSTEDO. AUSTEDO XR is protected by 13 Orange Book patents expiring between 2031 and 2041. We received notice letters from an ANDA filer, Alkem Laboratories Limited ("Alkem"), regarding the filing of its ANDA with paragraph (IV) certifications; and on June 5, 2026. we filed a complaint for patent infringement against Alkem and its affiliate Ascend Laboratories LLC, in the District Court of New Jersey. In July 2026, we received a notice letter from an additional ANDA filer regarding the filing of its ANDA with paragraph (IV) certifications.

UZEDY (risperidone) extended-release injectable suspension revenues in our United States segment in the second quarter of 2026 were $77 million, an increase of 43% compared to the second quarter of 2025, mainly due to growth in volume, partially offset by higher sales allowances.

UZEDY was approved by the FDA on April 28, 2023 for the treatment of schizophrenia in adults, and was launched in the U.S. in May 2023. UZEDY is a subcutaneous, long-acting formulation that controls the steady release of risperidone. UZEDY is protected by six Orange Book patents expiring between 2027 and 2042. On October 10, 2025, it was announced that the FDA approved UZEDY as a once-monthly extended-release injectable suspension as monotherapy or as adjunctive therapy to lithium or valproate for the maintenance treatment of bipolar 1 disorder (BD-1) in adults. UZEDY was protected by regulatory exclusivity until April 28, 2026. We are evaluating plans to launch UZEDY in other countries around the world. UZEDY faces competition from multiple products.

BENDEKA and **TREANDA** combined revenues in our United States segment in the second quarter of 2026 were $28 million, a decrease of 30% compared to the second quarter of 2025, mainly due to competition from alternative therapies, as well as from branded and generic bendamustine products.

In April 2019, we signed an amendment to the license agreement with Eagle Pharmaceuticals, Inc. ("Eagle") extending the royalty term applicable to the United States to the full period for which we sell BENDEKA and increased the royalty rate. In consideration, Eagle agreed to assume a portion of BENDEKA-related patent litigation expenses.

There are 20 patents listed in the U.S. Orange Book for BENDEKA, one of which expired in 2026 and the rest with expiration dates in 2031. In August 2021, the Court of Appeals for the Federal Circuit affirmed the district court's decision upholding the validity of all of the asserted patents and finding infringement by two remaining ANDA filers. Another ANDA filer did not join the appeal, and Teva also settled with two ANDA filers.

Teva has also settled litigation against four 505(b)(2) applicants: Hospira, Inc. ("Hospira"), Dr. Reddy's Laboratories ("DRL") and Accord Healthcare ("Accord"), and Almaject, Inc. / Alvogen, Inc. ("Almaject"). Based on these settlement agreements, Hospira, Accord, DRL and Almaject can launch their products on November 17, 2027, or earlier under certain circumstances. In 2023, Teva and Eagle also filed suit against BendaRx Corp. in the U.S. District Court for the District of Delaware, following its filing of a 505(b)(2) NDA for a bendamustine product, and that litigation is still pending, though it is currently stayed.

In addition to the settlement with Eagle regarding its bendamustine 505(b)(2) NDA, between 2015 and 2020, we reached final settlements with 22 ANDA filers for generic versions of the lyophilized form of TREANDA and one 505(b)(2) NDA filer for a generic version of the liquid form of TREANDA, providing for the launch of generic versions of TREANDA prior to patent expiration. Currently, there are multiple generic TREANDA products on the market.

COPAXONE revenues in our United States segment in the second quarter of 2026 were $61 million, a decrease of 2% compared to the second quarter of 2025, mainly due to lower volumes, partially offset by a reduction in sales allowance.

COPAXONE continues to face competition from alternative therapies, generic versions of COPAXONE, and generic treatments for multiple sclerosis.

Product Launches and Pipeline

In the second quarter of 2026, we launched a generic version of the following branded products in the United States:

Product Name	Brand Name	Launch Date	Total Annual U.S. Branded Sales at Time of Launch (U.S. $ in millions (IQVIA))*
Dapagliflozin Tablets	Farxiga® tablets	April	$ 9,980
Glycerol Phenylbutyrate Oral Liquid	Ravicti® Oral Liquid	April	$ 104
Budesonide and Formoterol Fumarate Dihydrate Inhalation Aerosol	Symbicort® Inhalation Aerosol	May	$ 3,009
Sitagliptin Tablets, USP	Januvia® tablets	May	$ 2,695
Macitentan Tablets	Opsumit® tablets	June	$ 1,196

* The figures presented are for the twelve months ended in the calendar quarter immediately prior to our launch or re-launch.

As of June 30, 2026, our generic products pipeline in the United States includes 101 product applications awaiting FDA approval, including 59 tentative approvals. This total reflects all pending ANDAs, supplements for product line extensions and tentatively approved applications and includes some instances where more than one application was submitted for the same reference product. Excluding overlaps, the branded products underlying these pending applications had U.S. sales for the twelve months ended March 31, 2026 of approximately $102 billion, according to IQVIA. About 80% of our pending drug applications challenge at least one patent held by the brand-name manufacturer. We believe we are first to file with respect to 48 of these products, or 71 products including final approvals where launch is pending a settlement agreement or court decision. Collectively, these first to file opportunities represent over $66 billion in U.S. brand sales for the twelve months ended March 31, 2026, according to IQVIA.

IQVIA reported brand sales are one of the many indicators of future potential value of a launch, but equally important are the mix and timing of competition, as well as cost effectiveness. The potential advantages of being the first filer with respect to some of these products may be subject to forfeiture, shared exclusivity or competition from so-called “authorized generics,” which may ultimately affect the value derived.

In the second quarter of 2026, we received tentative approvals for generic equivalents of the products listed in the table below, excluding overlapping applications. A “tentative approval” indicates that the FDA has substantially completed its review of an application and final approval is expected once the relevant patent expires, a court decision is reached, a 30-month regulatory stay lapses or a 180-day exclusivity period awarded to another manufacturer either expires or is forfeited.

Generic Name	Brand Name	Total Annual U.S. Branded Sales (U.S. $ in millions (IQVIA))*
Revefenacin Inhalation Solution, 175mcg/3mL	Yupelri®	$ 261
Trilaciclib for Injection, 300 mg/vial	Cosela®	$ 73

* The figures presented are for the twelve months ended in the calendar quarter immediately prior to our tentative approval date.

For information regarding our innovative and biosimilar products pipeline, see “—Teva Consolidated Results—Research and Development (R&D) Expenses, net” below.

United States Gross Profit

Gross profit from our United States segment in the second quarter of 2026 was $1,203 million, a decrease of 1%, compared to the second quarter of 2025.

Gross profit margin for our United States segment in the second quarter of 2026 increased to 70.7%, compared to 67.8% in the second quarter of 2025. This increase was mainly due to a favorable mix of products, primarily higher revenues from our key innovative products, largely AUSTEDO, partially offset by lower revenues from lenalidomide capsules (a generic version of Revlimid®).

United States R&D Expenses

R&D expenses relating to our United States segment in the second quarter of 2026 were $883 million, an increase of 482%, compared to the second quarter of 2025 mainly related to the acquisition of Emalex and its primary asset ecopipam (EBS-101). See 'Emalex Biosciences Acquisition' above, and 'Emalex Biosciences' included in note 2 to our consolidated financial statements.

For a description of our R&D expenses in the second quarter of 2026, see "—Teva Consolidated Results—Research and Development (R&D) Expenses, net" below.

United States S&M Expenses

S&M expenses relating to our United States segment in the second quarter of 2026 were $294 million, an increase of 18%, compared to the second quarter of 2025. This increase was mainly due to promotional activities related to our key innovative products, primarily AUSTEDO.

United States G&A Expenses

G&A expenses relating to our United States segment in the second quarter of 2026 were $107 million, a decrease of 4% compared to the second quarter of 2025.

United States Profit

Profit from our United States segment consists of revenues less cost of sales, R&D expenses, S&M expenses, G&A expenses and other expenses (income) related to this segment. Segment profit does not include amortization and certain other items.

Loss from our United States segment in the second quarter of 2026 was $76 million, compared to a profit of $699 million in the second quarter of 2025. This change was mainly due to higher R&D expenses, as discussed above.

Europe Segment

The following table presents revenues, expenses and profit for our Europe segment for the three months ended June 30, 2026 and 2025:

	Three months ended June 30,			
	2026		2025	
	(U.S. $ in millions / % of Segment Revenues)			
Revenues	$1,263	100%	$1,298	100%
Cost of sales	559	44.3%	581	44.8%
Gross profit	704	55.7%	717	55.2%
R&D expenses	52	4.1%	59	4.6%
S&M expenses	222	17.6%	228	17.5%
G&A expenses	66	5.2%	66	5.1%
Other	(3)	§	§	§
Segment profit*	$ 367	29.1%	$ 364	28.0%

* Segment profit does not include amortization and certain other items.

§ Represents an amount less than $0.5 million or 0.5%, as applicable.

Europe Revenues

Our Europe segment includes the European Union, the United Kingdom and certain other European countries.

Revenues from our Europe segment in the second quarter of 2026 were $1,263 million, a decrease of 3% compared to the second quarter of 2025. In local currency terms, revenues decreased by 8% compared to the second quarter of 2025, mainly due to lower proceeds from the sale of certain product rights and lower revenues from generic products.

In the second quarter of 2026, revenues were positively impacted by exchange rate fluctuations of $63 million, including hedging effects, compared to the second quarter of 2025. Revenues in the second quarter of 2026 included $3 million from a positive hedging impact, while revenues in the second quarter of 2025 included $25 million from a negative hedging impact, which is included in "Other" in the table below. See note 8c to our consolidated financial statements.

Revenues by Major Products and Activities

The following table presents revenues for our Europe segment by major products and activities for the three months ended June 30, 2026 and 2025:

	Three months ended June 30,		Percentage Change
	2026	2025	2026-2025
	(U.S. $ in millions)		
Generic products (including OTC and biosimilars)	$ 1,024	$ 1,040	(2%)
AJOVY	78	71	10%
COPAXONE	49	50	(2%)
Respiratory products	58	55	6%
Other*	54	81	(34%)
Total	$ 1,263	$ 1,298	(3%)

* Other revenues in the second quarter of 2025 include the sale of certain product rights.

Generic products revenues (including OTC and biosimilar products) in our Europe segment in the second quarter of 2026, were $1,024 million, a decrease of 2% compared to the second quarter of 2025. In local currency terms, revenues decreased by 4%, mainly due to lower sales of generic products and seasonal OTC products, partially offset by higher revenues from recently launched products.

AJOVY revenues in our Europe segment in the second quarter of 2026 were $78 million, an increase of 10% compared to the second quarter of 2025. In local currency terms revenues increased by 7% due to growth in volume.

For information about AJOVY patent protection, see "—United States Revenues—Revenues by Major Products and Activities" above.

COPAXONE revenues in our Europe segment in the second quarter of 2026 were $49 million, a decrease of 2% compared to the second quarter of 2025. In local currency terms revenues decreased by 5%, mainly due to price reductions and lower volumes resulting from the availability of alternative therapies, partially offset by a decrease in sales allowance due to a non-recurring item.

Respiratory products revenues in our Europe segment in the second quarter of 2026 were $58 million, an increase of 6% compared to the second quarter of 2025. In local currency terms, revenues increased by 3%, mainly due to higher volumes as a result of increased supply.

Product Launches and Pipeline

As of June 30, 2026, our generic products pipeline in Europe included 267 generic approvals relating to 33 compounds in 74 formulations. In addition, approximately 1,426 marketing authorization applications are pending approval in 37 European countries, relating to 99 compounds in 225 formulations. One application is pending with the European Medicines Agency ("EMA").

For information regarding our innovative medicines and biosimilar products pipeline, see "—Teva Consolidated Results—Research and Development (R&D) Expenses, net" below.

Europe Gross Profit

Gross profit from our Europe segment in the second quarter of 2026 was $704 million, a decrease of 2% compared to the second quarter of 2025.

Gross profit margin for our Europe segment in the second quarter of 2026 increased to 55.7%, compared to 55.2% in the second quarter of 2025. This increase was mainly due to a positive impact from hedging activities, partially offset by lower proceeds from the sale of certain product rights in the second quarter of 2026.

Europe R&D Expenses

R&D expenses relating to our Europe segment in the second quarter of 2026 were $52 million, a decrease of 12% compared to the second quarter of 2025.

For a description of our R&D expenses in the second quarter of 2026, see "—Teva Consolidated Results—Research and Development (R&D) Expenses, net" below.

Europe S&M Expenses

S&M expenses relating to our Europe segment in the second quarter of 2026 were $222 million, a decrease of 2% compared to the second quarter of 2025.

Europe G&A Expenses

G&A expenses relating to our Europe segment in the second quarter of 2026 were $66 million, a decrease of 1% compared to the second quarter of 2025.

Europe Profit

Profit from our Europe segment consists of revenues less cost of sales, R&D expenses, S&M expenses, G&A expenses and other expenses (income) related to this segment. Segment profit does not include amortization and certain other items.

Profit from our Europe segment in the second quarter of 2026 was $367 million, an increase of 1%, compared to the second quarter of 2025.

International Markets Segment

The following table presents revenues, expenses and profit for our International Markets segment for the three months ended June 30, 2026 and 2025:

	Three months ended June 30,			
	2026		2025	
	(U.S. $ in millions /% of Segment Revenues)			
Revenues	$ 550	100%	$ 495	100%
Cost of sales	266	48.3%	251	50.8%
Gross profit	284	51.7%	243	49.2%
R&D expenses	26	4.8%	24	4.9%
S&M expenses	128	23.3%	114	23.0%
G&A expenses	38	6.9%	32	6.6%
Other	(8)	(1.4%)	(1)	§
Segment profit*	$ 99	18.0%	$ 74	14.9%

* Segment profit does not include amortization and certain other items.

§ Represents an amount less than 0.5%.

International Markets Revenues

Our International Markets segment includes all countries in which we operate other than the United States and the countries included in our Europe segment. The International Markets segment covers a substantial portion of the global pharmaceutical industry, including more than 35 countries. The countries in our International Markets segment include highly regulated, mainly generic markets, such as Canada and Israel, and branded generics-oriented markets, such as Russia and certain Latin America markets.

As of the date of this Quarterly Report on Form 10-Q, sustained conflict between Russia and Ukraine and disruption in the region is ongoing. Russia and Ukraine markets are included in our International Markets segment results and we have no manufacturing or R&D facilities in these markets. In the second quarter of 2026, the impact of this conflict on our International Markets segment was immaterial.

Revenues from our International Markets segment in the second quarter of 2026 were $550 million, an increase of 11% compared to the second quarter of 2025. In local currency terms, revenues increased by 7% compared to the second quarter of 2025, mainly due to higher revenues from our key innovative products AJOVY and AUSTEDO, primarily in China.

In the second quarter of 2026, revenues were positively impacted by exchange rate fluctuations of $19 million, net of hedging effects, compared to the second quarter of 2025. Revenues in the second quarter of 2026 included $11 million from a negative hedging impact, compared to a negative hedging impact of $8 million in the second quarter of 2025, which are included in "Other" in the table below. See note 8c to our consolidated financial statements.

Revenues by Major Products and Activities

The following table presents revenues for our International Markets segment by major products and activities for the three months ended June 30, 2026 and 2025:

	Three months ended June 30,		Percentage Change 2026-2025
	2026	2025	
	(U.S. $ in millions)		
Generic products (including OTC and biosimilars)	$ 419	$ 410	2%
AJOVY	49	20	146%
AUSTEDO	20	3	571%
COPAXONE	8	7	7%
Other*	55	55	(1%)
Total	$ 550	$ 495	11%

* Other revenues in the second quarter of 2025 include the sale of certain product rights.

Generic products revenues (including OTC and biosimilar products) in our International Markets segment in the second quarter of 2026 were $419 million, an increase of 2% compared to the second quarter of 2025. In local currency terms, revenues decreased by 1%.

AJOVY revenues in our International Markets segment in the second quarter of 2026 were $49 million, an increase of 146% compared to the second quarter of 2025. In local currency terms, revenues increased by 141%, mainly due to milestone payments received in China, as well as growth in other markets. In April 2026, we announced a strategic partnership for the marketing and distribution of AJOVY in China with Nuerogen (Zhuhai) Pharmaceutical Company Ltd.

AUSTEDO revenues in our International Markets segment in the second quarter of 2026 were $20 million, compared to $3 million in the second quarter of 2025. This increase was mainly due to timing of shipments, as well as growth in China.

AUSTEDO was launched in China and Israel in 2021 and in Brazil in 2022, for the treatment of chorea associated with Huntington's disease and for the treatment of tardive dyskinesia. In February 2024, we announced a strategic partnership for the marketing and distribution of AUSTEDO in China with Jiangsu Nhwa Hexin Pharmaceutical Marketing Co., Ltd. In April 2025, AUSTEDO received marketing authorization in South Korea. We continue to evaluate additional submissions in various other markets.

COPAXONE revenues in our International Markets segment in the second quarter of 2026 were $8 million, an increase of 7% compared to the second quarter of 2025.

International Markets Gross Profit

Gross profit from our International Markets segment in the second quarter of 2026 was $284 million, an increase of 17% compared to the second quarter of 2025.

Gross profit margin for our International Markets segment in the second quarter of 2026 increased to 51.7%, compared to 49.2% in the second quarter of 2025. This increase was mainly due to higher revenues from AJOVY and AUSTEDO as discussed above.

International Markets R&D Expenses

R&D expenses relating to our International Markets segment in the second quarter of 2026 were $26 million, an increase of 8% compared to the second quarter of 2025.

For a description of our R&D expenses in the second quarter of 2026, see "—Teva Consolidated Results—Research and Development (R&D) Expenses, net" below.

International Markets S&M Expenses

S&M expenses relating to our International Markets segment in the second quarter of 2026 were $128 million, an increase of 13% compared to the second quarter of 2025. This increase was mainly due to promotional activities related to our key innovative products, primarily AUSTEDO, as well as an impact from exchange rate fluctuations.

International Markets G&A Expenses

G&A expenses relating to our International Markets segment in the second quarter of 2026 were $38 million, an increase of 17% compared to the second quarter of 2025.

International Markets Profit

Profit from our International Markets segment consists of revenues less cost of sales, R&D expenses, S&M expenses, G&A expenses and other expenses (income) related to this segment. Segment profit does not include amortization and certain other items.

Profit from our International Markets segment in the second quarter of 2026 was $99 million, an increase of 34%, compared to the second quarter of 2025. This increase was mainly due to higher revenues, as discussed above.

Other Activities

We have other sources of revenues, primarily our distribution business in the United States through Anda, the sale of APIs to third parties, an out-licensing platform offering a portfolio of products to other pharmaceutical companies through our affiliate Medis and certain contract manufacturing services. Our Other Activities are not included in our United States, Europe or International Markets segments described above.

In alignment with our Pivot to Growth strategy, commencing January 1, 2026, Anda is no longer reported under our United States segment. As a result, from that date, Anda is reported as part of our Other Activities. Prior period amounts were recast to reflect this change. See note 15 to our consolidated financial statements.

In 2024, we announced that we intend to divest our API business (including its R&D, manufacturing and commercial activities) through a sale. The intention to divest is in alignment with our Pivot to Growth strategy, and Teva is conducting a sales process for this matter. However, there can be no assurance regarding the ultimate timing or structure of a potential divestiture or that a divestiture will be completed at all. For further information, see note 2 to our consolidated financial statements.

Our revenues from Other Activities in the second quarter of 2026 were $627 million, an increase of 5% in both U.S. dollars and in local currency terms, compared to the second quarter of 2025.

Anda revenues from third-party products in the second quarter of 2026 were $413 million, an increase of 13%, compared to the second quarter of 2025, mainly due to higher volumes. Anda, our distribution business in the United States, operates independently and distributes generic and innovative medicines and OTC pharmaceutical products from various manufacturers to independent retail pharmacies, pharmacy retail chains, hospitals and physician offices in the United States. Anda competes in the distribution market by maintaining a broad portfolio of products, competitive pricing and delivery throughout the United States.

API sales to third parties in the second quarter of 2026 were $118 million, a decrease of 12% in both U.S. dollars and local currency terms, compared to the second quarter of 2025. This decrease was mainly due to lower demand resulting from market dynamics and price reductions.

Revenues from additional other activities, mainly from Medis and certain contract manufacturing services, were $95 million in the second quarter of 2026, a decrease of 3% in U.S. dollars, or 5% in local currency terms compared to the second quarter of 2025.

Teva Consolidated Results

Revenues

Revenues in the second quarter of 2026 were $4,142 million, a decrease of 1% in U.S. dollars, or 3% in local currency terms compared to the second quarter of 2025. This decrease was mainly due to lower revenues from generic products, primarily lenalidomide capsules (a generic version of Revlimid®) in our U.S. segment, partially offset by higher revenues from our key innovative products, primarily AUSTEDO and AJOVY.

See "—United States Revenues," "—Europe Revenues," "—International Markets Revenues" and "—Other Activities" above.

Exchange rate movements in the second quarter of 2026, including hedging effects, positively impacted revenues by $85 million, compared to the second quarter of 2025. See note 8c to our consolidated financial statements.

Gross Profit

Gross profit in the second quarter of 2026 was $2,153 million, an increase of 2% compared to $2,102 million in the second quarter of 2025.

Gross profit margin was 52.0% in the second quarter of 2026, compared to 50.3% in the second quarter of 2025. This increase was mainly due to a favorable mix of products, primarily higher revenues from AUSTEDO and AJOVY, partially offset by lower revenues from generic products, primarily lenalidomide capsules (a generic version of Revlimid®).

Research and Development (R&D) Expenses, net

Our R&D activities for innovative medicines and biosimilar products, including through our collaborations, in each of our segments include costs of discovery research, preclinical work, drug formulation, early- and late-stage clinical development, upfront and milestone payments and product registration costs. These expenditures are reported net of contributions received from collaboration partners. Our spending takes place throughout the development process, including (i) early-stage projects in both discovery and preclinical phases; (ii) middle-stage projects in clinical programs up to Phase 3; (iii) late-stage projects in Phase 3 programs, including where a new drug application is currently pending approval; (iv) post-approval studies for marketed products; and (v) indirect expenses, such as costs of infrastructure and personnel.

Our R&D activities for generic products in each of our segments include both (i) direct expenses relating to product formulation, analytical method development, stability testing, management of bioequivalence and other clinical studies and regulatory filings; and (ii) indirect expenses, such as costs of infrastructure and personnel.

IPR&D that is acquired in connection with an asset acquisition and not a business combination is expensed on its acquisition date unless it has an alternative future use.

In the second quarter of 2026, our R&D expenses, net, were primarily related to our innovative product pipeline in neuroscience, including rare neuroscience diseases, immunology, and selected other areas, as well as our generics and biosimilars pipeline.

R&D expenses, net in the second quarter of 2026, were $970 million, an increase of 298% compared to $244 million in the second quarter of 2025, primarily due to the acquisition of Emalex and its primary asset ecopipam (EBS-101). This increase was partially offset by a decrease in expenses related to our generic projects. See 'Emalex Biosciences Acquisition' above, and 'Emalex Biosciences' included in note 2 to our consolidated financial statements.

Our R&D expenses, net in the second quarters of 2026 and 2025, were also impacted by reimbursements and cost sharing from our strategic partnerships and collaborations entered into in recent years. See note 2 to our consolidated financial statements.

R&D expenses, net as a percentage of revenues were 23.4% in the second quarter of 2026, compared to 5.8% in the second quarter of 2025.

Innovative Medicines Pipeline

Below is a description of key products in our innovative medicines pipeline as of July 29, 2026:

	Phase 2	Phase 3	Submitted for Regulatory Review
Neuroscience			**olanzapine LAI (TEV-'749)** Schizophrenia (December 2025) **ecopipam (EBS-101)** Tourette syndrome (June 2026)
Immunology	**Anti-IL-15 (TEV-'408)** Celiac disease ***emrusolmin***(1) **(TEV-'286)** Multiple System Atrophy	***Dual Action Rescue Inhaler (DARI) (ICS/SABA; TEV-'248)***(2) Asthma (February 2023) ***duvakitug (anti-TL1A)***(3) **(TEV-'574)** Inflammatory Bowel Disease (October 2025)	

(1) In collaboration with Modag.
(2) In collaboration with Launch Therapeutics.
(3) In collaboration with Sanofi.

Biosimilar Products Pipeline

We have biosimilar products in development internally and with our partners that are in various stages of development, including confirmatory clinical trials for TEV-'292, the proposed biosimilar to Eylea® HD (aflibercept), and Entyvio® SC (vedolizumab), which are in collaboration with Alvotech for the U.S. market; and TEV-'333 and TEV-'316, both in collaboration with mAbxience. Our proposed biosimilar to Xgeva® (denosumab) and our proposed biosimilars to Entyvio® IV (vedolizumab), Simponi®, Simponi Aria® (golimumab), and Eylea® (aflibercept), which are in collaboration with Alvotech, were submitted for regulatory review in the U.S. Our proposed biosimilar to Xolair® (omalizumab) was submitted for regulatory review in the U.S. and Europe.

Selling and Marketing (S&M) Expenses

S&M expenses in the second quarter of 2026, were $717 million, an increase of 10% compared to the second quarter of 2025. This increase was mainly a result of the factors discussed above under "—United States segment—S&M Expenses" and "—International Markets segment— S&M Expenses."

S&M expenses as a percentage of revenues were 17.3% in the second quarter of 2026, compared to 15.7% in the second quarter of 2025.

General and Administrative (G&A) Expenses

G&A expenses in the second quarter of 2026 were $317 million, an increase of 4% compared to the second quarter of 2025.

G&A expenses as a percentage of revenues were 7.7% in the second quarter of 2026, compared to 7.3% in the second quarter of 2025.

Intangible Asset Impairments

We recorded expenses of $22 million for identifiable intangible asset impairments in the second quarter of 2026, compared to expenses of $42 million in the second quarter of 2025. See note 5 to our consolidated financial statements.

Other Asset Impairments, Restructuring and Other Items

We recorded expenses of $147 million for other asset impairments, restructuring and other items in the second quarter of 2026, compared to $232 million in the second quarter of 2025. See note 12 to our consolidated financial statements.

Legal Settlements and Loss Contingencies

We recorded expenses of $230 million in legal settlements and loss contingencies in the second quarter of 2026, compared to expenses of $166 million in the second quarter of 2025. See note 9 to our consolidated financial statements.

Other Loss (Income)

Other income in the second quarter of 2026 was $19 million, compared to other loss of $4 million in the second quarter of 2025.

Operating Income (Loss)

Operating loss was $231 million in the second quarter of 2026, compared to an operating income of $455 million in the second quarter of 2025. This change was mainly due to higher R&D expenses primarily related to the acquisition of Emalex and its primary asset ecopipam (EBS-101). See 'Emalex Biosciences Acquisition' above, and 'Emalex Biosciences' included in note 2 to our consolidated financial statements.

Operating loss as a percentage of revenues was 5.6% in the second quarter of 2026, compared to operating income as a percentage of revenues of 10.9% in the second quarter of 2025.

Financial Expenses, Net

In the second quarter of 2026, financial expenses, net were $224 million, mainly comprised of net interest expenses of $195 million. In the second quarter of 2025, financial expenses, net were $252 million, mainly comprised of net interest expenses of $203 million.

Reconciliation Table to Consolidated Income (Loss) Before Income Taxes

The following table presents a reconciliation of our segment profits to our consolidated operating income (loss) and to consolidated income (loss) before income taxes for the three months ended June 30, 2026 and 2025:

	Three months ended June 30,	
	2026	2025
	(U.S. $ in millions)	
United States profit (loss)	$ (76)	$ 699
Europe profit	367	364
International Markets profit	99	74
Total reportable segments profit	391	1,136
Profit (loss) of Other Activities	(16)	(3)
Amounts not allocated to segments:		
Amortization	139	148
Other assets impairments, restructuring and other items	147	232
Intangible assets impairments	22	42
Legal settlements and loss contingencies	230	166
Other unallocated amounts	68	91
Consolidated operating income (loss)	(231)	455
Financial expenses, net	224	252
Consolidated income (loss) before income taxes	$ (455)	$ 203

Income Taxes

In the second quarter of 2026, we recognized a tax expense of $121 million, on pre-tax loss of $455 million. In the second quarter of 2025, we recognized a tax benefit of $78 million, on pre-tax income of $203 million. See note 11 to our consolidated financial statements.

Net Income (Loss) Attributable to Teva

Net loss attributable to Teva was $576 million in the second quarter of 2026, compared to net income of $282 million in the second quarter of 2025. This change was mainly due to the change in operating loss and higher income taxes, primarily due to the acquisition of Emalex and its primary asset ecopipam (EBS-101), as discussed above.

Diluted Shares Outstanding and Earnings (Loss) per Share

The weighted average diluted shares outstanding used for the fully diluted share calculations for the three months ended June 30, 2026 and 2025 was 1,165 million shares and 1,161 million shares, respectively.

Diluted loss per share was $0.49 in the second quarter of 2026, compared to diluted earnings per share of $0.24 in the second quarter of 2025. See note 13 to our consolidated financial statements.

Share Count for Market Capitalization

We calculate share amounts using the outstanding number of shares (i.e., excluding treasury shares) plus shares that would be outstanding upon the exercise of options and vesting of RSUs and PSUs, and the conversion of our convertible senior debentures, in each case, at period end.

As of June 30, 2026 and 2025, the fully diluted share count for purposes of calculating our market capitalization was approximately 1,191 million shares and 1,179 million shares, respectively.

Impact of Currency Fluctuations on Results of Operations

In the second quarter of 2026, approximately 45% of our revenues were denominated in currencies other than the U.S. dollar. Since our results are reported in U.S. dollars, we are subject to significant foreign currency risks. Accordingly, changes in the rate of exchange between the U.S. dollar and local currencies in the markets in which we operate (primarily the euro, Swiss franc, Russian ruble, British pound, Canadian dollar, new Israeli shekel and Polish złoty) impacted our results.

During the second quarter of 2026, the following main currencies relevant to our operations increased in value against the U.S. dollar (each compared on a quarterly average basis): new Israeli shekel by 21%, Hungarian forint by 15%, Brazilian real by 12%, Mexican peso by 12%, Australian dollar by 11%, Russian ruble by 8%, Swiss franc by 5%, Polish złoty by 3% and euro by 3%. The following currencies relevant to our operations decreased in value against the U.S. dollar (each compared on a quarterly average basis): Argentinian peso by 19%, Indian rupee by 9% and Ukrainian hryvna by 6%.

As a result, exchange rate movements during the second quarter of 2026, including hedging effects, positively impacted revenues by $85 million and operating loss by $26 million, compared to the second quarter of 2025.

During the second quarter of 2026, a negative hedging impact of $8 million was recognized under revenues, and a positive hedging impact of $9 million was recognized under cost of sales. During the second quarter of 2025, a negative hedging impact of $32 million was recognized under revenues and a positive hedging impact of $4 million was recognized under cost of sales.

Hedging transactions of future projected revenues and expenses are recognized on the balance sheet at their fair value on a quarterly basis, while the foreign exchange impact on the underlying revenues and expenses may occur in subsequent quarters. See note 8c to our consolidated financial statements.

Commencing in the third quarter of 2018, the cumulative inflation in Argentina exceeded 100% or more over a three-year period. Although this triggered highly inflationary accounting treatment, it did not have a material impact on our results of operations.

Commencing in the second quarter of 2022, the cumulative inflation in Turkey exceeded 100% or more over a three-year period. Although this triggered highly inflationary accounting treatment, it did not have a material impact on our results of operations.

Comparison of Six Months Ended June 30, 2026 to Six Months Ended June 30, 2025

Unless specified otherwise, the factors used to explain quarterly changes on a year-over-year basis are also relevant for the comparison of the results for the six months ended June 30, 2026 and 2025. Where there are different factors affecting the six-month comparison, we have described them below.

Segment Information

United States Segment

The following table presents revenues, expenses and profit for our United States segment for the six months ended June 30, 2026 and 2025:

	Six months ended June 30,			
	2026		2025	
	(U.S. $ in millions / % of Segment Revenues)			
Revenues	$ 3,236	100%	$ 3,322	100%
Cost of sales	995	30.8%	1,097	33.0%
Gross profit	2,241	69.2%	2,225	67.0%
R&D expenses*	1,030	31.8%	306	9.2%
S&M expenses	593	18.3%	493	14.9%
G&A expenses	197	6.1%	206	6.2%
Other	(9)	§	3	§
Segment profit**	$ 431	13.3%	$ 1,216	36.6%

* In the first six months of 2026, mainly related to the acquisition of Emalex and its primary asset ecopipam (EBS-101) in the United States segment. See 'Emalex Biosciences Acquisition' above, and 'Emalex Biosciences' included in note 2 to our consolidated financial statements.

** Segment profit does not include amortization and certain other items.

§ Represents an amount less than 0.5%.

United States Revenues

Revenues from our United States segment in the first six months of 2026 were $3,236 million, a decrease of 3% compared to $3,322 million in the first six months of 2025.

Revenues by Major Products and Activities

The following table presents revenues for our United States segment by major products and activities for the six months ended June 30, 2026 and 2025:

	Six months ended June 30,		Percentage Change
	2026	2025	2026-2025
	(U.S. $ in millions)		
Generic products (including biosimilars)	$1,272	$1,809	(30%)
AJOVY	203	117	74%
AUSTEDO	1,236	891	39%
BENDEKA and TREANDA	55	76	(28%)
COPAXONE	124	116	7%
UZEDY	140	93	51%
Other	206	220	(6%)
Total	$3,236	$3,322	(3%)

United States Gross Profit

Gross profit from our United States segment in the first six months of 2026 was $2,241 million, an increase of 1% compared to $2,225 million in the first six months of 2025.

Gross profit margin for our United States segment in the first six months of 2026 increased to 69.2% compared to 67.0% in the first six months of 2025.

United States R&D Expenses

R&D expenses relating to our United States segment in the first six months of 2026 were $1,030 million, an increase of 236% compared to $306 million in the first six months of 2025.

United States S&M Expenses

S&M expenses relating to our United States segment in the first six months of 2026 were $593 million, an increase of 20% compared to $493 million in the first six months of 2025.

United States G&A Expenses

G&A expenses relating to our United States segment in the first six months of 2026 were $197 million, a decrease of 4% compared to $206 million in the first six months of 2025.

United States Profit

Profit from our United States segment in the first six months of 2026 was $431 million, a decrease of 65% compared to $1,216 million in the first six months of 2025.

Europe Segment

The following table presents revenues, expenses and profit for our Europe segment for the six months ended June 30, 2026 and 2025:

	Six months ended June 30,			
	2026		2025	
	(U.S. $ in millions / % of Segment Revenues)			
Revenues	$2,603	100.0%	$2,492	100.0%
Cost of sales	1,165	44.8%	1,117	44.8%
Gross profit	1,438	55.2%	1,374	55.2%
R&D expenses	97	3.7%	120	4.8%
S&M expenses	437	16.8%	427	17.1%
G&A expenses	139	5.3%	135	5.4%
Other	(3)	§	§	§
Segment profit*	$ 768	29.5%	$ 693	27.8%

* Segment profit does not include amortization and certain other items.
§ Represents an amount less than $0.5 million or 0.5%, as applicable.

Europe Revenues

Our Europe segment includes the European Union, the United Kingdom, and certain other European countries.

Revenues from our Europe segment in the first six months of 2026 were $2,603 million, an increase of $111 million compared to the first six months of 2025. In local currency terms, revenues decreased by 4% compared to the first six months of 2025.

Revenues by Major Products and Activities

The following table presents revenues for our Europe segment by major products and activities for the six months ended June 30, 2026 and 2025:

	Six months ended June 30,		Percentage Change
	2026	2025	2026-2025
	(U.S. $ in millions)		
Generic products (including OTC and biosimilars)	$2,113	$2,029	4%
AJOVY	154	129	19%
COPAXONE	89	92	(3%)
Respiratory products	117	110	7%
Other*	130	132	(1%)
Total	$2,603	$2,492	4%

* Other revenues in the first six months of 2026 and 2025 include the sale of certain product rights.

Europe Gross Profit

Gross profit from our Europe segment in the first six months of 2026 was $1,438 million, an increase of 5% compared to $1,374 million in the first six months of 2025.

Gross profit margin for our Europe segment in the first six months of 2026 was 55.2%, flat compared to the first six months of 2025.

Europe R&D Expenses

R&D expenses relating to our Europe segment in the first six months of 2026 were $97 million, a decrease of 19% compared to $120 million in the first six months of 2025.

Europe S&M Expenses

S&M expenses relating to our Europe segment in the first six months of 2026 were $437 million, an increase of 2% compared to $427 million in the first six months of 2025.

Europe G&A Expenses

G&A expenses relating to our Europe segment in the first six months of 2026 were $139 million, an increase of 2% compared to $135 million in the first six months of 2025.

Europe Profit

Profit from our Europe segment in the first six months of 2026 was $768 million, an increase of 11% compared to $693 million in the first six months of 2025.

International Markets Segment

The following table presents revenues, expenses and profit for our International Markets segment for the six months ended June 30, 2026 and 2025:

	Six months ended June 30,			
	2026		2025	
	(U.S. $ in millions /% of Segment Revenues)			
Revenues	$ 1,074	100%	$ 1,077	100%
Cost of sales	547	50.9%	556	51.6%
Gross profit	527	49.1%	521	48.4%
R&D expenses	49	4.5%	49	4.6%
S&M expenses	245	22.8%	232	21.5%
G&A expenses	77	7.2%	72	6.7%
Other	(7)	(0.7%)	(2)	§
Segment profit*	$ 164	15.2%	$ 171	15.9%

* Segment profit does not include amortization and certain other items.

§ Represents an amount less than 0.5%.

International Markets Revenues

Our International Markets segment includes all countries in which we operate other than the United States and the countries included in our Europe segment.

On March 31, 2025, we divested our Teva-Takeda business venture in Japan, which included generic products and legacy products. Since the establishment of the business venture and until the completion of its sale, Teva held 51% of the outstanding common stock of the business venture. On March 31, 2025, we deconsolidated the business venture from our financial statements.

Revenues from our International Markets segment in the first six months of 2026 were $1,074 million, a decrease of $3 million compared to the first six months of 2025. In local currency terms, revenues decreased by 7% compared to the first six months of 2025, mainly due to the divestment of our business venture in Japan, partially offset by higher revenues from our key innovative products AJOVY and AUSTEDO, primarily in China.

In the first six months of 2026, revenues were positively impacted by exchange rate fluctuations of $70 million including hedging effects, compared to the first six months of 2025. Revenues in the first six months of 2026 included a negative hedging impact of $11 million compared to a negative hedging impact of $23 million in the first six months of 2025, which are included in "Other" in the table below. See note 8c to our consolidated financial statements.

Revenues by Major Products and Activities

The following table presents revenues for our International Markets segment by major products and activities for the six months ended June 30, 2026 and 2025:

	Six months ended June 30,		Percentage Change
	2026	2025	2026-2025
	(U.S. $ in millions)		
Generic products (including OTC and biosimilars)	$ 805	$ 878	(8%)
AJOVY	83	48	72%
AUSTEDO	39	18	120%
COPAXONE	13	17	(23%)
Other*	134	116	15%
Total	$1,074	$1,077	§

* Other revenues in the first six months of 2026 and 2025 include the sale of certain product rights.
§ Represents an amount less than 0.5%.

Generic products revenues (including OTC and biosimilar products) in our International Markets segment in the first six months of 2026 were $805 million, a decrease of 8% compared to the first six months of 2025. In local currency terms, revenues decreased by 13%, mainly due to the divestment of our business venture in Japan.

International Markets Gross Profit

Gross profit from our International Markets segment in the first six months of 2026 was $527 million, compared to $521 million in the first six months of 2025.

Gross profit margin for our International Markets segment in the first six months of 2026 was 49.1%, compared to 48.4% in the first six months of 2025.

International Markets R&D Expenses

R&D expenses relating to our International Markets segment in the first six months of 2026 were $49 million, flat compared to the first six months of 2025.

International Markets S&M Expenses

S&M expenses relating to our International Markets segment in the first six months of 2026 were $245 million, an increase of 6% compared to $232 million in the first six months of 2025.

International Markets G&A Expenses

G&A expenses relating to our International Markets segment in the first six months of 2026 were $77 million, an increase of 8% compared to $72 million in the first six months of 2025.

International Markets Profit

Profit from our International Markets segment in the first six months of 2026 was $164 million, a decrease of 4% compared to $171 million in the first six months of 2025. This decrease was mainly due to higher S&M expenses.

Other Activities

We have other sources of revenues, primarily our distribution business in the United States through Anda, the sale of APIs to third parties, an out-licensing platform offering a portfolio of products to other pharmaceutical companies through our affiliate Medis and certain contract manufacturing services. Our Other Activities are not included in our United States, Europe or International Markets segments described above.

Our revenues from Other Activities in the first six months of 2026 were $1,211 million, an increase of 3% in U.S. dollars or 2% in local currency terms, compared to the first six months of 2025.

Anda revenues from third-party products in the first six months of 2026 were $792 million, an increase of 7% compared to the first six months of 2025.

API sales to third parties in the first six months of 2026 were $227 million, a decrease of 14% in both U.S. dollars and local currency terms, compared to the first six months of 2025.

Revenues from additional other activities, mainly from Medis and certain contract manufacturing services, in the first six months of 2026 were $192 million, an increase of 11% in U.S. dollars compared to the first six months of 2025. In local currency terms, revenues increased by 4% compared to the first six months of 2025.

Teva Consolidated Results

Revenues

Revenues in the first six months of 2026 were $8,124 million, an increase of 1% compared to the first six months of 2025. In local currency terms, revenues decreased by 3%, compared to the first six months of 2025.

See "—United States Revenues," "—Europe Revenues," "—International Markets Revenues" and "—Other Activities" above.

Exchange rate movements during the first six months of 2026, including hedging effects, positively impacted revenues by $304 million, compared to the first six months of 2025. See note 8c to our consolidated financial statements.

Gross Profit

Gross profit in the first six months of 2026 was $4,124 million, an increase of 4% compared to the first six months of 2025.

Gross profit margin was 50.8% in the first six months of 2026, compared to 49.3% in the first six months of 2025.

Research and Development (R&D) Expenses, net

R&D expenses, net in the first six months of 2026 were $1,191 million, an increase of 143% compared to the first six months of 2025.

R&D expenses, net as a percentage of revenues were 14.7% in the first six months of 2026, compared to 6.1% in the first six months of 2025.

Selling and Marketing (S&M) Expenses

S&M expenses in the first six months of 2026 were $1,413 million, an increase of 11% compared to the first six months of 2025.

S&M expenses as a percentage of revenues were 17.4% in the first six months of 2026 compared to 15.8% in the first six months of 2025.

General and Administrative (G&A) Expenses

G&A expenses in the first six months of 2026 were $621 million, an increase of 3% compared to the first six months of 2025.

G&A expenses as a percentage of revenues were 7.6% in the first six months of 2026, compared to 7.5% in the first six months of 2025.

Intangible Asset Impairments

We recorded expenses of $30 million for identifiable intangible asset impairments in the first six months of 2026, compared to expenses of $163 million in the first six months of 2025. See note 5 to our consolidated financial statements.

Other Asset Impairments, Restructuring and Other Items

We recorded expenses of $173 million for other asset impairments, restructuring and other items in the first six months of 2026, compared to $210 million in the first six months of 2025. See note 12 to our consolidated financial statements.

Legal Settlements and Loss Contingencies

We recorded expenses of $303 million in legal settlements and loss contingencies in the first six months of 2026, compared to expenses of $252 million in the first six months of 2025. See note 9 to our consolidated financial statements.

Other Loss (Income)

Other income in the first six months of 2026 was $28 million, compared to other loss of $9 million in the first six months of 2025.

Operating Income (Loss)

Operating income was $421 million in the first six months of 2026, compared to $975 million in the first six months of 2025.

Operating income as a percentage of revenues was 5.2% in the first six months of 2026, compared to 12.1% in the first six months of 2025.

Financial Expenses, Net

In the first six months of 2026, financial expenses, net were $440 million, mainly comprised of net interest expenses of $396 million. In the first six months of 2025, financial expenses, net were $477 million, mainly comprised of net interest expenses of $415 million.

Reconciliation Table to Consolidated Income (Loss) Before Income Taxes

The following table presents a reconciliation of our segment profits to our consolidated operating income (loss) and to consolidated income (loss) before income taxes for the six months ended June 30, 2026 and 2025:

	Six months ended June 30,	
	2026	2025
	(U.S. $ in millions)	
United States profit	$ 431	$ 1,216
Europe profit	768	693
International Markets profit	164	171
Total reportable segments profit	1,363	2,080
Profit (loss) of Other Activities	(32)	(1)
Amounts not allocated to segments:		
Amortization	276	292
Other assets impairments, restructuring and other items	173	210
Intangible asset impairments	30	163
Legal settlements and loss contingencies	302	249
Other unallocated amounts	128	190
Consolidated operating income (loss)	421	975
Financial expenses, net	440	477
Consolidated income (loss) before income taxes	$ (18)	$ 497

Income Taxes

In the first six months of 2026, we recognized a tax expense of $188 million, on pre-tax loss of $18 million. In the first six months of 2025, we recognized a tax benefit of $4 million, on pre-tax income of $497 million. See note 11 to our consolidated financial statements.

Net Income (Loss) Attributable to Teva

Net loss attributable to Teva was $207 million in the first six months of 2026, compared to a net income of $497 million in the first six months of 2025.

Diluted Shares Outstanding and Earnings (Loss) per Share

The weighted average diluted shares outstanding used for the fully diluted share calculations for the six months ended June 30, 2026 and 2025 was 1,160 million shares and 1,159 million shares, respectively.

Diluted loss per share was $0.18 for the six months ended June 30, 2026, compared to diluted earnings per share of $0.43 for the six months ended June 30, 2025. See note 13 to our consolidated financial statements.

Impact of Currency Fluctuations on Results of Operations

In the first six months of 2026, approximately 47% of our revenues were denominated in currencies other than the U.S. dollar. Because our results are reported in U.S. dollars, we are subject to significant foreign currency risks. Accordingly, changes in the exchange rate between the U.S. dollar and local currencies in the markets in which we operate (primarily the euro, Swiss franc, Russian ruble, British pound, Canadian dollar, new Israeli shekel, Polish złoty, Swedish krona, Chilean peso and Indian rupee) impacted our results.

During the first six months of 2026, the following main currencies relevant to our operations increased in value against the U.S. dollar (all compared on a six-month average basis): new Israeli shekel by 18%, Hungarian forint by 16%, Russian ruble by 14%, Mexican peso by 14%, Brazilian real by 12%, Norwegian krone by 12%, Australian dollar by 11%, Swedish krona by 10%, Swiss franc by 10%, euro by 7%, Polish złoty by 7%, British pound by 4% and Canadian dollar by 2%. The following main currencies relevant to our operations decreased in value against the U.S. dollar (all compared on a six-month average basis): Argentinian peso by 22%, Indian rupee by 7%, Japanese yen by 6% and Ukrainian hryvna by 5%.

As a result, exchange rate movements during the first six months of 2026, including hedging effects, positively impacted overall revenues by $304 million and our operating income by $98 million, compared to the first six months of 2025.

In the first six months of 2026, a positive hedging impact of $3 million was recognized under revenues, and a positive hedging impact of $6 million was recognized under cost of sales. In the first six months of 2025, a negative hedging impact of $60 million was recognized under revenues and a positive hedging impact of $3 million was recognized under cost of sales.

Hedging transactions of future projected revenues and expenses are recognized on the balance sheet at their fair value on a quarterly basis, while the foreign exchange impact on the underlying revenues and expenses may occur in subsequent quarters. See note 8c to our consolidated financial statements.

2026 Aggregated Contractual Obligations

There have not been any material changes in our assessment of material contractual obligations and commitments as set forth in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2025.

Liquidity and Capital Resources

Total balance sheet assets were $39,857 million as of June 30, 2026, compared to $40,748 million as of December 31, 2025.

Our working capital balance, which includes accounts receivables net of SR&A, inventories, prepaid expenses and other current assets, accounts payables, employee-related obligations, accrued expenses and other current liabilities, was negative $2,521 million as of June 30, 2026, compared to negative $2,733 million as of December 31, 2025. This change was mainly due to a decrease in employee-related obligations as discussed below. Net changes in working capital items were neutral. We continue our efforts to optimize our working capital management.

Employee-related obligations, as of June 30, 2026 were $488 million, compared to $739 million as of December 31, 2025. The decrease in the first six months of 2026 was mainly due to performance incentive payments to employees for 2025, partially offset by an accrual for performance incentive payments to employees for 2026.

Cash investment in property, plant and equipment and intangible assets in the second quarter of 2026 was $104 million compared to $96 million in the second quarter of 2025. Depreciation in the second quarter of 2026 was $102 million compared to $103 million in the second quarter of 2025.

Cash and cash equivalents as of June 30, 2026, were $3,655 million, compared to $3,556 million as of December 31, 2025. See also the statement of cash flows included in our consolidated financial statements.

Our cash on hand that is not used for ongoing operations is generally invested in bank deposits as well as liquid securities that bear fixed and floating rates.

Teva's principal sources of short-term liquidity are its cash on hand, existing cash investments, liquid securities and available credit facilities, primarily its $1.8 billion unsecured syndicated sustainability-linked revolving credit facility, entered into in April 2022, as amended most recently in December 2025 ("RCF"). See note 7 to our consolidated financial statements.

Debt Balance and Movements

As of June 30, 2026, our debt was $16,593 million, compared to $16,807 million as of December 31, 2025. This decrease was mainly due to $201 million in exchange rate fluctuations.

In February 2026, we repaid $23 million of the 0.25% convertible senior debentures at maturity.

As of June 30, 2026, 57% of our debt was denominated in U.S. dollars, with the remainder denominated in euros.

The portion of total debt classified as short-term as of June 30, 2026 was 27% compared to 11% as of December 31, 2025.

Our financial leverage, which is the ratio between our debt and the sum of our debt and equity, was 68% as of June 30, 2026 and December 31, 2025. Our average debt maturity was approximately 5.1 years as of June 30, 2026, compared to 5.6 years as of December 31, 2025.

Total Equity

Total equity was $7,757 million as of June 30, 2026, compared to $7,914 million as of December 31, 2025. This decrease was mainly due to net loss attributable to Teva of $207 million.

Exchange rate fluctuations affected our balance sheet, as approximately 60% of our net assets as of June 30, 2026 (including both monetary and non-monetary assets) were in currencies other than the U.S. dollar. When compared to December 31, 2025, changes in currency rates as of June 30, 2026, had a negative impact of $71 million on our equity. The following main currencies decreased in value against the U.S. dollar: Indian rupee by 5%, Polish złoty by 4%, Canadian dollar by 4%, Japanese yen by 3%, euro by 3%, Chilean peso by 2%, Peruvian nuevo sol by 2%, British pound by 2% and Swiss franc by 2%. The following main currencies increased in value against the U.S. dollar: Russian ruble by 3% and Mexican peso by 3%. All comparisons are on a year-to-date basis.

Cash Flow

We continually seek to improve the efficiency of our working capital management. Periodically, as part of our cash and commercial relationship management activities, we make decisions in our commercial, supply chain, and other activities which drive an optimization of our inventory levels, an acceleration of receivable payments from customers, or deceleration of payments to vendors, including timing of payments related to legal settlements, tax authorities and other matters. These have the effect of increasing or decreasing cash from operations, as well as working capital balance items during any given period. Increased cash from operations has the effect of reducing our leverage ratio, which is measured net of cash and cash equivalents, as of the end of such period. In connection with these efforts, we have been able to secure more favorable payment terms from many of our vendors and expect to continue with these efforts in future periods. In addition, in periods in which collections from customers are delayed, we have and expect we may in the future extend the time to pay certain vendors, so as to balance our liquidity position. Such decisions have had and may in the future have a material impact on our annual operating cash flow measurement and results of operations.

Cash flow generated from operating activities during the second quarter of 2026 was $411 million compared to $227 million in the second quarter of 2025. The higher cash flow generated from operating activities in the second quarter of 2026 was mainly due to lower contingent consideration payments and lower tax payments, partially offset by higher legal settlement payments.

During the second quarter of 2026, we generated free cash flow of $622 million, which we define as comprising: $411 million in cash flow generated from operating activities, $311 million in beneficial interest collected in exchange for securitized accounts receivables (under our EU securitization program) and $4 million of proceeds from the sale of businesses and long-lived assets, partially offset by $104 million in cash used for capital investments. During the second quarter of 2025, we generated free cash flow of $476 million, which we define as comprising $227 million in cash flow generated from operating activities, $336 million in beneficial interest collected in exchange for securitized accounts receivables (under our EU securitization program) and $9 million of proceeds from the sale of businesses and long-lived assets, partially offset by $96 million in cash used for capital investments. The increase in the second quarter of 2026 resulted mainly from higher cash flow generated from operating activities, as discussed above.

Dividends

We have not paid dividends on our ordinary shares or American Depositary Shares (ADSs) since December 2017.

Commitments

In addition to financing obligations under short-term debt and long-term senior notes and loans and debentures, our major contractual obligations and commercial commitments include leases, royalty payments, contingent payments pursuant to acquisition agreements, collaboration agreements, development funding agreements and participation in joint ventures associated with R&D activities. For further information on these agreements see note 2 to our consolidated financial statements.

We are committed to paying royalties, subject to the terms of applicable agreements, to the owners of know-how, partners in alliances and certain other arrangements, and to parties that financed R&D at a wide range of rates as a percentage of sales of certain products, as defined in the agreements. In some cases, the royalty period is not defined under the applicable agreement; in other cases, royalties will be paid over various periods not exceeding 20 years.

In connection with certain development, supply and marketing, and research and collaboration or services agreements, we are required to indemnify the parties to such agreements against third-party claims relating to (i) infringement or violation of intellectual property or other rights of such third party; or (ii) damages to users of the related products. Except as described in our financial statements, we are not aware of any material pending action that may result in the counterparties to these agreements claiming such indemnification.

Non-GAAP Net Income and Non-GAAP EPS Data

We present non-GAAP net income and non-GAAP earnings per share (“EPS”) as management believes that such data provide useful information to investors because they are used by management and our Board of Directors, in conjunction with other performance metrics, to evaluate our operational performance, to prepare and evaluate our work plans and annual budgets and ultimately to evaluate the performance of management, including annual compensation. While other qualitative factors and judgment also affect annual compensation, the principal quantitative elements in the determination of such compensation are performance targets tied to the work plan, which are based on these non-GAAP measures.

Non-GAAP financial measures have no standardized meaning and accordingly have limitations in their usefulness to investors. Investors are cautioned that, unlike financial measures prepared in accordance with U.S. GAAP, non-GAAP measures may not be comparable with the calculation of similar measures for other companies. These non-GAAP financial measures are presented solely to permit investors to more fully understand how management assesses our performance. The limitations of using non-GAAP financial measures as performance measures are that they provide a view of our results of operations without including all events during a period and may not provide a comparable view of our performance to other companies in the pharmaceutical industry. Investors should consider non-GAAP net income and non-GAAP EPS in addition to, and not as replacements for, or superior to, measures of financial performance prepared in accordance with GAAP.

In preparing our non-GAAP net income and non-GAAP EPS data, we exclude items that either have a non-recurring impact on our financial performance or which, in the judgment of our management, are items that, either as a result of their nature or size, could, were they not excluded, potentially cause investors to extrapolate future performance from an improper base that is not reflective of our underlying business performance. Certain of these items are also excluded because of the difficulty in predicting their timing and scope. The items excluded from our non-GAAP net income and non-GAAP EPS include:

- amortization of purchased intangible assets;
- certain legal settlements and material litigation fees and/or loss contingencies, due to the difficulty in predicting their timing and scope;
- impairments of long-lived assets, including intangibles, property, plant and equipment and goodwill;
- restructuring expenses, including severance, retention costs, contract cancellation costs and certain accelerated depreciation expenses primarily related to the rationalization of our plants or to certain other strategic activities, such as the realignment of R&D focus or other similar activities;
- acquisition- or divestment-related items, including loss (gain) on sale of businesses, changes in contingent consideration, integration costs, banker and other professional fees and inventory step-up;
- expenses related to our equity compensation;
- significant one-time financing costs, amortization of issuance costs and terminated derivative instruments, and marketable securities investment valuation gains/losses;
- unusual tax items;
- other awards or settlement amounts, either paid or received;
- other exceptional items that we believe are sufficiently large that their exclusion is important to facilitate an understanding of trends in our financial results, such as impacts due to significant costs for remediation of plants, or other unusual events; and
- corresponding tax effects of the foregoing items.

The following tables present our non-GAAP net income and non-GAAP EPS for the three and six months ended June 30, 2026 and 2025, as well as reconciliations of each measure to their nearest GAAP equivalents:

($ in millions except per share amounts)	Three months ended June 30, 2026	2025	Six months ended June 30, 2026	2025
Net income (Loss) attributable to Teva	($) (576)	282	($) (207)	497
Increase (decrease) for excluded items:				
Amortization of purchased intangible assets	139	148	276	292
Legal settlements and loss contingencies[1]	230	166	302	249
Impairment of long-lived assets[2]	113	99	122	177
Restructuring costs[3]	38	154	63	168
Equity compensation	40	38	83	72
Contingent consideration	17	19	22	30
Financial expenses	8	37	21	51
Other non-GAAP items[4]	29	53	41	118
Corresponding tax effects and unusual tax items[5]	(17)	(228)	(82)	(283)
Non-GAAP net income attributable to Teva	($) 21	769	($) 642	1,371
Non-GAAP tax rate[6]	86.7%	16.4%	29.6%	16.9%
GAAP diluted earnings (loss) per share attributable to Teva	($) (0.49)	0.24	($) (0.18)	0.43
EPS difference[7]	0.51	0.42	0.72	0.75
Non-GAAP diluted EPS attributable to Teva[7]	($) 0.02	0.66	($) 0.54	1.18
Non-GAAP average number of shares (in millions)[7]	1,181	1,161	1,179	1,159

(1) For the three and six months ended June 30, 2026, adjustments for legal settlements and loss contingencies mainly consisted of (a) an estimated provision recorded in connection with one of the Company's ongoing antitrust litigations in the amount of $117 million, and (b) an update to the estimated settlement provision for the opioid cases (mainly the effect of the passage of time on the net present value of the discounted payments) in the amount of $49 million and $97 million, respectively.

For the three and six months ended June 30, 2025, adjustments of legal settlements and loss contingencies mainly consisted of (a) an update to the estimated settlement provision for the opioid cases (mainly the effect of the passage of time on the net present value of the discounted payments) in the amount of $47 million and $97 million, respectively, and (b) an update to the estimated provision recorded for the claims brought by attorneys general representing states and territories throughout the United States in the generic drug antitrust litigation in the amount of $55 million.

(2) The expense for the three and six months ended June 30, 2026, was mainly related to an impairment charge of $70 million in connection with a manufacturing facility in Europe.

For the three months ended June 30, 2025, the adjustment for impairment of long-lived assets consisted of (a) impairment of long-lived assets of $42 million mainly related to products in the U.S. and Europe, and (b) $55 million related to the held for sale measurement of the API business (including its R&D, manufacturing and commercial activities), which includes a favorable impact related to the expected gain from the reclassification of currency translation adjustments. For the six months ended June 30, 2025, the adjustment for impairment of long-lived assets was mainly related to products in the U.S. and Europe.

(3) In the three and six months ended June 30, 2025, Teva recorded $154 million and $168 million, respectively, of restructuring expenses primarily related to optimization activities in connection with Teva's Transformation programs related to Teva's global organization and operations mainly through headcount reduction.

(4) Other non-GAAP items include other exceptional items that we believe are sufficiently large that their exclusion is important to facilitate an understanding of trends in our financial results, primarily related to the rationalization of our plants, accelerated depreciation, material litigation fees and other unusual events.

(5) Adjustments for corresponding tax effects and unusual tax items exclusively consisted of the tax impact directly attributable to the pre-tax items that are excluded from non-GAAP net income included in the other adjustments to this table.

(6) Non-GAAP tax rate is tax expenses (benefit) excluding the impact of non-GAAP tax adjustments presented above as a percentage of income (loss) before income taxes excluding the impact of non-GAAP adjustments presented above. Our non-GAAP tax rate in the second quarter of 2026 was mainly affected by an unfavorable tax impact of a non-deductible acquired IPR&D charge related to the acquisition of Emalex and its primary asset ecopipam (EBS-101), the generation of profits in various jurisdictions in which tax rates are different than the Israeli tax rate and other infrequent or non-recurring items.

(7) EPS difference and diluted non-GAAP EPS are calculated by dividing our non-GAAP net income attributable to Teva by our non-GAAP diluted weighted average number of shares.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements, except for: (i) surety underwritten guarantees Teva has provided the European Commission in an amount of euro 462.2 million, together with specified post-decision interest, which remain in force for three years, and which includes substantially similar covenants as our RCF, as disclosed in note 7 to our consolidated financial statements, and (ii) securitization transactions, which are disclosed in note 10f to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025.

Critical Accounting Policies

For a summary of our significant accounting policies, see note 1 to our consolidated financial statements and "Critical Accounting Policies" included in our Annual Report on Form 10-K for the year ended December 31, 2025.

Recently Issued Accounting Pronouncements

See note 1 to our consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has not been any material change in our assessment of market risk as set forth in Part II, Item 7A to our Annual Report on Form 10-K for the year ended December 31, 2025.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Teva maintains "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) that are designed to provide reasonable assurance that information required to be disclosed in Teva's reports filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Teva's management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

After evaluating the effectiveness of our disclosure controls and procedures as of June 30, 2026, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, Teva's disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

During the three months ended June 30, 2026, there was no change in Teva's internal control over financial reporting that materially affected or is reasonably likely to materially affect Teva's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to various litigation and other legal proceedings. Information pertaining to legal proceedings can be found in "Item 1 Financial Statements—Note 10 Contingencies" and is incorporated by reference herein.

ITEM 1A. RISK FACTORS

There are no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Unregistered Sales of Equity Securities

There were no sales of unregistered equity securities during the three months ended June 30, 2026.

Repurchase of Shares

We did not repurchase any of our shares during the three months ended June 30, 2026. In April 2026, Teva's Board of Directors instructed management to plan for a share repurchase program that may be implemented, subject to meeting applicable legal requirements. Under applicable Israeli corporate law, a share repurchase is considered a distribution and is subject to the applicable statutory tests and limitations, related to a company's profits and solvency capabilities. Pursuant to a recent amendment in applicable corporate law regulations, companies whose shares are listed abroad (including dual-listed companies such as Teva), may benefit from certain relief with respect to the procedures to be taken in connection with share repurchases. Decisions regarding any future share repurchases will depend on certain factors, such as market conditions, share price and other opportunities to invest capital for growth in alignment with the Company's Pivot to Growth strategy, and are subject to the approval by Teva's Board of Directors.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Termination of the ADS Program and Listing of Ordinary Shares in Lieu of ADSs

As described in our periodic reports filed with the SEC, our American depositary shares ("ADSs") are currently listed on the New York Stock Exchange (the "NYSE"), and each ADS represents one of our ordinary shares, par value NIS 0.10 per share (the "Ordinary Share").

We have informed Citibank, N.A. (the "Depositary") of our intent to list our Ordinary Shares underlying the ADSs directly on the NYSE and on July 28, 2026, instructed the Depositary to terminate our existing ADS program (the "ADS Program"). The termination of the ADS Program is expected to occur at the open of business (New York time) on September 14, 2026, from which time all outstanding ADSs will be cancelled in exchange for an equal number of economically equivalent NYSE-listed Ordinary Shares. The Ordinary Shares will be listed on the NYSE in lieu of the ADSs and trade under the same symbol as the ADSs, "TEVA". The Ordinary Shares will also continue to be listed on the Tel Aviv Stock Exchange ("TASE") under the same symbol "TEVA".

Following the termination of our ADS Program, the holders of ADSs will continue to be equity holders in the Company, but will hold their equity interests in the form of Ordinary Shares rather than as ADSs through the Depositary. Former holders of ADSs will no longer exercise their rights through the Depositary pursuant to the Amended Deposit Agreement (as hereinafter defined), but will instead hold our Ordinary Shares and exercise their rights as shareholders pursuant to our governing documents and applicable law. The Ordinary Shares will be equivalent and fully fungible, whether traded on the NYSE or the TASE. In connection with the direct listing of the Ordinary Shares on the NYSE, we will transfer the maintenance of our share register to Equiniti Trust Company, LLC, in its capacity as transfer agent and registrar (the "Transfer Agent").

To implement the termination of the ADS program and provide for the mandatory exchange of ADSs for Ordinary Shares, we and the Depositary agreed to amend the Second Amended and Restated Deposit Agreement, dated as of December 4, 2018 ("Existing Deposit Agreement" and, as amended, the "Amended Deposit Agreement"), among us, the Depositary and all holders and beneficial owners of ADSs issued thereunder. The form of the Amended Deposit Agreement, which is expected to take effect on August 31, 2026, is attached hereto as Exhibit 4.1. In connection with the amendment, the Depositary will notify the ADS holders of the termination of the ADS Program. A form of such notice is attached hereto as Exhibit 99.1. We will also provide further information on the process on the investor relations section of our website, available at ir.tevapharm.com.

The implementation of the mandatory exchange and the delivery and listing of the Ordinary Shares on the NYSE remain at the discretion of our management, subject to compliance with applicable law and the rules of the NYSE and the ability of certain intermediaries to implement the contemplated structure for listing the Ordinary Shares on the NYSE. The exchange of ADSs for Ordinary Shares may be impacted by changes in, among other things: (i) the ability of third parties, including the Depositary and the Transfer Agent, to implement the contemplated structure for supporting the listing of Ordinary Shares on NYSE, including transitioning books and records to the Transfer Agent, (ii) obtaining requisite approval by the NYSE for the listing of the Ordinary Shares, and (iii) the establishment and maintenance of the contemplated structure with the Transfer Agent and the Depository Trust Company ("DTC") to support the listing of the Ordinary Shares on the NYSE, including the eligibility of the Ordinary Shares for clearance and custody in the DTC system. The failure of any such intermediaries to implement the contemplated structure may prevent the exchange of ADSs for Ordinary Shares from being implemented on a timely basis, as contemplated, or at all, or may impact the eligibility of the Ordinary Shares for continued deposit with DTC and listing on the NYSE.

Director and Officer Rule 10b5-1 Trading Arrangements

During the fiscal quarter ended June 30, 2026, each of the following officers adopted a Rule 10b5-1 trading arrangement (as such term is defined in Item 408 of Regulation S-K). All trading plans are intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act.

Name and Title	Date	Expiration Date	Maximum Shares Subject to Plan [1]
Evan Lippman, EVP, Business Development	May 16, 2026	May 18, 2027	74,281
Richard D. Francis, President and CEO	June 15, 2026	November 27, 2026	500,000
Brian P. Savage, Interim Chief Legal Officer	June 16, 2026	March 8, 2027	13,627

[1] Certain plans include shares to be sold solely to cover tax withholding obligations.

ITEM 6. EXHIBITS

4.1	Form of Amendment No. 1 to Second Amended and Restated Deposit Agreement among Teva Pharmaceutical Industries Limited, Citibank, N.A., as depositary, and the holders from time to time of Shares *
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *
32	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *
99.1	Form of Notice of Amendment of the Deposit Agreement and Termination of the ADS Program for Teva Pharmaceutical Industries Limited to Holders of ADSs of Teva Pharmaceutical Industries Limited *
101.INS	Inline XBRL Taxonomy Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEVA PHARMACEUTICAL INDUSTRIES LIMITED

Date: July 29, 2026

By: /s/ Eli Kalif
Name: **Eli Kalif**
Title: **Executive Vice President,**
Chief Financial Officer
(Duly Authorized Officer)

Exhibit 4.1

TEVA PHARMACEUTICAL INDUSTRIES LIMITED

and

CITIBANK, N.A.,
as Depositary,

and

ALL HOLDERS AND BENEFICIAL OWNERS OF
AMERICAN DEPOSITARY SHARES
OUTSTANDING UNDER THE TERMS OF THE
SECOND AMENDED AND RESTATED DEPOSIT AGREEMENT,
DATED AS OF DECEMBER 4, 2018

Amendment No. 1
to
Second Amended and Restated Deposit Agreement

Dated as of August [•], 2026

Table of Contents

AMENDMENT NO. 1 TO DEPOSIT AGREEMENT

AMENDMENT NO. 1 TO SECOND AMENDED AND RESTATED DEPOSIT AGREEMENT, dated as of August [•], 2026 ("Amendment No. 1"), by and among Teva Pharmaceutical Industries Limited, a company incorporated under the laws of the State of Israel, and its successors (the "Company"), Citibank, N.A., a national banking association organized under the laws of the United States of America (the "Depositary"), and all Holders and Beneficial Owners of American Depositary Shares issued and outstanding as of the date hereof pursuant to the Deposit Agreement (as defined below).

WITNESSETH THAT:

WHEREAS, the Company, and the Depositary entered into that certain Second Amended and Restated Deposit Agreement, dated as of December 4, 2018 (the "Deposit Agreement"), for the creation of ADSs (as defined in the Deposit Agreement) representing the Shares (as defined in the Deposit Agreement and hereinafter used as so defined) deposited thereunder and for the execution and delivery of American Depositary Receipts ("ADRs") in respect of the ADSs; and

WHEREAS, the Company desires to (a) include a mandatory cancellation and exchange process, to be implemented at the instruction, or with the consent, of the Company, in the event of the termination of the ADR program, (b) amend the Deposit Agreement, the ADRs currently outstanding, and the form of ADR annexed as Exhibit A to the Deposit Agreement, in each case pursuant to Section 6.1 of the Deposit Agreement, to reflect such change, and (c) give notice thereof to all Holders (as defined in the Deposit Agreement) of ADSs.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Depositary hereby agree to amend the Deposit Agreement, the ADRs currently outstanding, and the form of ADR annexed as Exhibit A to the Deposit Agreement as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Unless otherwise specified in this Amendment No. 1, all capitalized terms used, but not defined, herein shall have the meanings ascribed to such terms in the Deposit Agreement.

Section 1.2 Effective Date. The term "Effective Date" shall mean the date set forth above and as of which this Amendment No. 1 shall become effective.

ARTICLE II

AMENDMENTS TO DEPOSIT AGREEMENT

Section 2.1 Deposit Agreement. All references in the Deposit Agreement to the term "Deposit Agreement" shall, as of the Effective Date, refer to the Deposit Agreement, dated as of December 4, 2018, as amended by this Amendment No. 1, and as further amended and supplemented after the Effective Date.

Section 2.2 Amendments Binding on all Holders and Beneficial Owners. From and after the Effective Date, the amendments to the Deposit Agreement, the ADRs currently outstanding, and the form of ADR annexed as Exhibit A to the Deposit Agreement effected hereby shall be binding on all Holders and Beneficial Owners of ADSs issued and outstanding as of the Effective Date and on all Holders and Beneficial Owners of ADSs issued after the Effective Date.

Section 2.3 Mandatory Exchange Termination Provision.

(a) Section 6.2 of the Deposit Agreement is hereby amended by deleting the third paragraph in such section as of the Effective Date and replacing it with the following in its stead:

"Notwithstanding anything contained in the Deposit Agreement or any ADR, in connection with the termination of the Deposit Agreement, the Depositary shall, at the instruction of the Company only, distribute to all Holders in a mandatory exchange for, and upon a mandatory cancellation of, their ADSs the corresponding Deposited Securities evidenced by the ADSs so cancelled, upon such terms and conditions as the Depositary may deem reasonably practicable and appropriate, subject however, in each case, to the limitations of the laws of Israel and to receipt by the Depositary of (i) confirmation of satisfaction by the Company of the applicable registration requirements under the Securities Act and the Exchange Act, and (ii) payment of the applicable taxes and the ADS fees and charges of, and reimbursement of the applicable expenses incurred by, the Depositary (including, without limitation, the fees and expenses of counsel to Depositary). The mandatory exchange of cancelled ADSs for Deposited Securities may involve the release by the Depositary and/or the Custodian of Deposited Securities to the Company to be held on deposit for Holders and Beneficial Owners of the ADSs cancelled. In the event of such mandatory exchange and cancellation of ADSs for Deposited Securities, the Depositary shall give notice thereof to the Holders of ADSs at least thirty (30) calendar days prior the Termination Date, shall require the Holders of ADRs to surrender their ADRs in exchange for the corresponding Deposited Securities, and shall cancel all ADSs (and, if applicable, the ADRs representing such ADSs) received in exchange for the corresponding Deposited Securities. Upon completion such mandatory exchange of the ADSs for Deposited Securities, the ADSs so converted shall be cancelled, the Depositary shall be discharged from all obligations under the Deposit Agreement except (i) to account for such mandatory exchange (e.g. by providing applicable records to the Company), and (ii) as may be required at law in connection with the termination of the Deposit Agreement, and, if applicable, the Company shall be the holder of any Deposited Securities surrendered to it by the Depositary and/or the Custodian on behalf of the Holders and Beneficial Owners of the ADSs so cancelled. Notwithstanding the foregoing, the obligations of the Company to the Depositary under Sections 5.8, 5.9, 6.2 and 7.6 of the Deposit Agreement shall remain in full force and effect following any mandatory exchange and mandatory cancellation hereunder."

ARTICLE III

AMENDMENTS TO THE FORM OF ADR

Section 3.1 ADR Amendments.

(a) The first sentence of Paragraph (1) of the form of ADR attached as Exhibit A to the Deposit Agreement and in each of the ADRs issued and outstanding under the terms of the Deposit Agreement is hereby amended as of the Effective Date by deleting such sentence in its entirety and inserting the following in its stead:

"This American Depositary Receipt is one of an issue of American Depositary Receipts ("ADRs"), all issued and to be issued upon the terms and conditions set forth in the Second Amended and Restated Deposit Agreement, dated as of December 4, 2018, as amended by Amendment No. 1 to Second Amended and Restated Deposit Agreement, dated as of August [•], 2026 (as so amended and as further amended and supplemented from time to time, the "Deposit Agreement"), by and among the Company, the Depositary, and all Holders and Beneficial Owners from time to time of ADSs issued thereunder."

(b) Paragraph (24) of the form of ADR attached as Exhibit A to the Deposit Agreement and in each of the ADRs issued and outstanding under the terms of the Deposit Agreement is hereby amended as of the Effective Date by deleting such paragraph in its entirety and inserting the following in its stead:

"The Depositary shall, at any time at the written direction of the Company, terminate the Deposit Agreement by distributing notice of such termination to the Holders of all ADSs then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination. If (i) ninety (90) days shall have expired after the Depositary shall have delivered to the Company a written notice of its election to resign, or (ii) the Company shall have delivered to the Depositary a written notice of the removal of the Depositary, and, in either case, a successor depositary shall not have been appointed and accepted its appointment as provided in Section 5.4 of the Deposit Agreement, the Depositary may terminate the Deposit Agreement by distributing notice of such termination to the Holders of all ADSs then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination. The date so fixed for termination of the Deposit Agreement in any termination notice so distributed by the Depositary to the Holders of ADSs is referred to as the "Termination Date". Until the Termination Date, the Depositary shall continue to perform all of its obligations under the Deposit Agreement, and the Holders and Beneficial Owners will be entitled to all of their rights under the Deposit Agreement. If any ADSs shall remain outstanding after the Termination Date, the Registrar and the Depositary shall not, after the Termination Date, have any obligation to perform any further acts under the Deposit Agreement, except that the Depositary shall, subject, in each case, to the terms and conditions of the Deposit Agreement, continue to (i) collect dividends and other distributions pertaining to Deposited Securities, (ii) sell Deposited Property

received in respect of Deposited Securities, (iii) deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any other Deposited Property, in exchange for ADSs surrendered to the Depositary (after deducting, or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Section 5.9 of the Deposit Agreement), and (iv) take such actions as may be required under applicable law in connection with its role as Depositary under the Deposit Agreement.

Notwithstanding anything contained in the Deposit Agreement or any ADR, in connection with the termination of the Deposit Agreement, the Depositary shall, at the instruction of the Company only, distribute to all Holders in a mandatory exchange for, and upon a mandatory cancellation of, their ADSs the corresponding Deposited Securities evidenced by the ADSs so cancelled, upon such terms and conditions as the Depositary may deem reasonably practicable and appropriate, subject however, in each case, to the limitations of the laws of Israel and to receipt by the Depositary of (i) confirmation of satisfaction by the Company of the applicable registration requirements under the Securities Act and the Exchange Act, and (ii) payment of the applicable taxes and the ADS fees and charges of, and reimbursement of the applicable expenses incurred by, the Depositary (including, without limitation, the fees and expenses of counsel to Depositary). The mandatory exchange of cancelled ADSs for Deposited Securities may involve the release by the Depositary and/or the Custodian of Deposited Securities to the Company to be held on deposit for Holders and Beneficial Owners of the ADSs cancelled. In the event of such mandatory exchange and cancellation of ADSs for Deposited Securities, the Depositary shall give notice thereof to the Holders of ADSs at least thirty (30) calendar days prior the Termination Date, shall require the Holders of ADRs to surrender their ADRs in exchange for the corresponding Deposited Securities, and shall cancel all ADSs (and, if applicable, the ADRs representing such ADSs) received in exchange for the corresponding Deposited Securities. Upon completion such mandatory exchange of the ADSs for Deposited Securities, the ADSs so converted shall be cancelled, the Depositary shall be discharged from all obligations under the Deposit Agreement except (i) to account for such mandatory exchange (e.g. by providing applicable records to the Company), and (ii) as may be required at law in connection with the termination of the Deposit Agreement, and, if applicable, the Company shall be the holder of any Deposited Securities surrendered to it by the Depositary and/or the Custodian on behalf of the Holders and Beneficial Owners of the ADSs so cancelled. Notwithstanding the foregoing, the obligations of the Company to the Depositary under Sections 5.8, 5.9, 6.2 and 7.6 of the Deposit Agreement shall remain in full force and effect following any mandatory exchange and mandatory cancellation hereunder."

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties. The Company represents and warrants to, and agrees with, the Depositary and the Holders and Beneficial Owners, that:

(a) This Amendment No. 1, when executed and delivered by the Company, and the Deposit Agreement and all other documentation executed and delivered by the Company in connection therewith, will be and have been, respectively, duly and validly authorized, executed, and delivered by the Company, and constitute the legal, valid, and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, moratorium, and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; and

(b) In order to ensure the legality, validity, enforceability, or admissibility into evidence of this Amendment No. 1 or the Deposit Agreement as amended hereby, or any other document furnished hereunder or thereunder, none of such agreements need to be filed or recorded with any court or other authority in Israel, nor does any stamp or similar tax need be paid in Israel on or in respect of such agreements; and

(c) All of the information provided to the Depositary by the Company in connection with this Amendment No. 1 is true, accurate, and correct.

ARTICLE V

MISCELLANEOUS

Section 5.1 New ADRs. From and after the Effective Date, the Depositary shall arrange to have new ADRs printed to reflect the changes to the form of ADR effected by this Amendment No. 1. All ADRs issued hereunder after the Effective Date, whether upon the deposit of Shares or other Deposited Securities or upon the transfer, combination, or split up of existing ADRs, shall be substantially in the form of the specimen ADR attached as Exhibit A hereto. ADRs issued prior or subsequent to the date hereof, which do not reflect the changes to the form of ADR effected hereby, may, but are not required to, be returned to the Depositary for exchange. The Depositary is authorized and directed to take any and all actions deemed necessary to effect the foregoing.

Section 5.2 Notice of Amendment to Holders of ADSs. The Depositary is hereby directed to send a notice informing the Holders of ADSs, *inter alia*, (i) of the terms of this Amendment No. 1, (ii) of the Effective Date of this Amendment No. 1, and (iii) that copies of this Amendment No. 1 may be retrieved from the Commission's website at https://www.sec.gov and may be obtained from the Depositary upon request. The notice to Holders of ADSs shall be substantially in the form of Exhibit B attached hereto.

Section 5.3 Indemnification. The indemnification provision in Section 5.8 of the Deposit Agreement shall apply equally to this Amendment No. 1.

Section 5.4 Ratification. Except as expressly amended hereby, the terms, covenants, and conditions of the Deposit Agreement as originally executed shall remain in full force and effect.

Section 5.5 Governing Law. This Amendment No. 1 shall be governed by and construed in accordance with the laws of the State of New York.

Section 5.6 Counterparts. This Amendment No. 1 may be executed in any number of counterparts, each of which shall be deemed an original, and all of such counterparts together shall be deemed an original, and all such counterparts together shall constitute one and the same agreement.

[Signature page on following page]

IN WITNESS WHEREOF, the Company and the Depositary have caused this Amendment No. 1 to be executed by representatives thereunto duly authorized as of the date set forth above.

TEVA PHARMACEUTICAL INDUSTRIES LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

CITIBANK, N.A., as Depositary

By: _____
Name:
Title:

EXHIBIT A

[FORM OF ADR]

Number _____

CUSIP NUMBER: _____

American Depositary Shares (each American Depositary Share representing the right to receive one (1) fully paid ordinary share)

AMERICAN DEPOSITARY RECEIPT

for

AMERICAN DEPOSITARY SHARES

representing

DEPOSITED ORDINARY SHARES

of

TEVA PHARMACEUTICAL INDUSTRIES LIMITED

(Incorporated under the laws of the State of Israel)

CITIBANK, N.A., a national banking association organized and existing under the laws of the United States of America, as depositary (the "Depositary"), hereby certifies that _____is the owner of _____ American Depositary Shares (hereinafter "ADS") representing deposited ordinary shares, including evidence of rights to receive such ordinary shares, par value 0.10 NIS per share (the "Shares"), of TEVA PHARMACEUTICAL INDUSTRIES LIMITED, a company incorporated under the laws of the State of Israel (the "Company"). As of the date of issuance of this ADR, each ADS represents the right to receive one (1) Share deposited under the Deposit Agreement (as hereinafter defined) with the Custodian, which at the date of issuance of this ADR is Citibank Tel Aviv (the "Custodian"). The ADS(s)-to-Share(s) ratio is subject to amendment as provided in Articles IV and VI of the Deposit Agreement. The Depositary's Principal Office is located at 388 Greenwich Street, New York, New York 10013, U.S.A.

(1) The Deposit Agreement. This American Depositary Receipt is one of an issue of American Depositary Receipts ("ADRs"), all issued and to be issued upon the terms and conditions set forth in the Second Amended and Restated Deposit Agreement, dated as of December 4, 2018, as amended by Amendment No. 1 to Second Amended and Restated Deposit Agreement, dated as of August [•], 2026 (as so amended and as further amended and supplemented from time to time, the "Deposit Agreement"), by and among the Company, the Depositary, and all Holders and Beneficial Owners from time to time of ADSs issued thereunder. The Deposit Agreement sets forth the rights and obligations of Holders and Beneficial Owners of ADSs and the rights and duties of the Depositary in respect of the Shares deposited thereunder and any and all other Deposited Property (as defined in the Deposit Agreement) from time to time received and held on deposit in respect of the ADSs. Copies of the Deposit Agreement are on file at the Principal Office of the Depositary and with the Custodian. Each Holder and each Beneficial Owner, upon acceptance of any ADSs (or any interest therein) issued in accordance with the terms and conditions of the Deposit Agreement, or by continuing to hold, from and after the date hereof any American depositary shares issued and outstanding under the Original Deposit Agreement, shall be deemed for all purposes to (a) be a party to and bound by the terms of the Deposit Agreement and the applicable ADR(s) (subject to Section 7.11 of the Deposit Agreement), and (b) appoint the Depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the Deposit Agreement and the applicable ADR(s), to adopt any and all procedures necessary to comply with applicable law and to take such action as the Depositary in accordance with the Deposit Agreement and in its discretion may deem necessary or appropriate to carry out the purposes of the Deposit Agreement and the applicable ADR(s), the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof. The manner in which a Beneficial Owner holds ADSs (e.g., in a brokerage account vs. as registered holder) may affect the rights and obligations of, the manner in which, and the extent to which, services are made available to, Beneficial Owners pursuant to the terms of the Deposit Agreement.

The statements made on the face and reverse of this ADR are summaries of certain provisions of the Deposit Agreement and the Articles of Association (as in effect on the date of the signing of the Deposit Agreement) and are qualified by and subject to the detailed provisions of the Deposit Agreement and the Articles of Association, to which reference is hereby made.

All capitalized terms not defined herein shall have the meanings ascribed thereto in the Deposit Agreement.

The Depositary makes no representation or warranty as to the validity or worth of the Deposited Property. The Depositary has made arrangements for the acceptance of the ADSs into DTC. Each Beneficial Owner of ADSs held through DTC must rely on the procedures of DTC and the DTC Participants to exercise and be entitled to any rights attributable to such ADSs. The Depositary may issue Uncertificated ADSs subject, however, to the terms and conditions of Section 2.13 of the Deposit Agreement.

(2) Surrender of ADSs and Withdrawal of Deposited Securities. The Holder of this ADR (and of the ADSs evidenced hereby) shall be entitled to Delivery (at the Custodian's designated office) of the Deposited Securities at the time represented by the ADSs evidenced hereby upon satisfaction of each of the following conditions: (i) the Holder (or a duly-authorized attorney of the Holder) has duly Delivered to the Depositary at its Principal Office the ADSs evidenced hereby (and if applicable, this ADR evidencing such ADSs) for the purpose of withdrawal of the Deposited Securities represented thereby, (ii) if applicable and so required by the Depositary, this ADR Delivered to the Depositary for such purpose has been properly endorsed in blank or is accompanied by proper instruments of transfer in blank (including signature guarantees in accordance with standard securities industry practice), (iii) if so required by the Depositary, the Holder of the ADSs has executed and delivered to the Depositary a written order directing the Depositary to cause the Deposited Securities being withdrawn to be Delivered to or upon the written order of the person(s) designated in such order, and (iv) all applicable fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 of, and Exhibit B to, the Deposit Agreement) have been paid, *subject, however, in each case*, to the terms and conditions of this ADR evidencing the surrendered ADSs, of the Deposit Agreement, of the Articles of Association and of any applicable laws and the rules of the applicable book-entry settlement system, if available, and to any provisions of or governing the Deposited Securities, in each case as in effect at the time thereof.

Upon satisfaction of each of the conditions specified above, the Depositary (i) shall cancel the ADSs Delivered to it (and, if applicable, this ADR(s) evidencing the ADSs so Delivered), (ii) shall direct the Registrar to record the cancellation of the ADSs so Delivered on the books maintained for such purpose, and (iii) shall direct the Custodian to Deliver, or cause the Delivery of, in each case, without unreasonable delay, the Deposited Securities represented by the ADSs so canceled together with any certificate or other document of title for the Deposited Securities, or evidence of the electronic transfer thereof (if available), as the case may be, to or upon the written order of the person(s) designated in the order delivered to the Depositary for such purpose, *subject however, in each case*, to the terms and conditions of the Deposit Agreement, of this ADR evidencing the ADS so canceled, of the Articles of Association, of any applicable laws and of the rules of the applicable book-entry settlement system, if available, and to the terms and conditions of or governing the Deposited Securities, in each case as in effect at the time thereof.

The Depositary shall not accept for surrender ADSs representing less than one (1) Share. In the case of Delivery to it of ADSs representing a number other than a whole number of Shares, the Depositary shall cause ownership of the appropriate whole number of Shares to be Delivered in accordance with the terms hereof, and shall, at the discretion of the Depositary, either (i) return to the person surrendering such ADSs the number of ADSs representing any remaining fractional Share, or (ii) sell or cause to be sold the fractional Share represented by the ADSs so surrendered and remit the proceeds of such sale (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) applicable taxes required to be withheld or paid as a result of such sale) to the person surrendering the ADSs.

Notwithstanding anything else contained in this ADR or the Deposit Agreement, the Depositary may make delivery at the Principal Office of the Depositary of Deposited Property consisting of (i) any cash dividends or cash distributions, or (ii) any proceeds from the sale of any non-cash distributions, which are at the time held by the Depositary in respect of the Deposited Securities represented by the ADSs surrendered for cancellation and withdrawal. At

the request, risk and expense of any Holder so surrendering ADSs represented by this ADR, and for the account of such Holder, the Depositary shall direct the Custodian to forward (to the extent permitted by law) any Deposited Property (other than Deposited Securities) held by the Custodian in respect of such ADSs to the Depositary for delivery at the Principal Office of the Depositary. Such direction shall be given by letter or, at the request, risk and expense of such Holder, by cable, telex or facsimile transmission.

(3) Transfer, Combination and Split-up of ADRs. The Registrar shall register the transfer of this ADR (and of the ADSs represented hereby) on the books maintained for such purpose and the Depositary shall (x) cancel this ADR and execute new ADRs evidencing the same aggregate number of ADSs as those evidenced by this ADR canceled by the Depositary, (y) cause the Registrar to countersign such new ADRs, and (z) Deliver such new ADRs to or upon the order of the person entitled thereto, if each of the following conditions has been satisfied: (i) this ADR has been duly Delivered by the Holder (or by a duly authorized attorney of the Holder) to the Depositary at its Principal Office for the purpose of effecting a transfer thereof, (ii) this surrendered ADR has been properly endorsed or is accompanied by proper instruments of transfer (including signature guarantees in accordance with standard securities industry practice), (iii) this surrendered ADR has been duly stamped (if required by the laws of the State of New York or of the United States), and (iv) all applicable fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 of, and Exhibit B to, the Deposit Agreement) have been paid, *subject, however, in each case,* to the terms and conditions of this ADR, of the Deposit Agreement and of applicable law, in each case as in effect at the time thereof.

The Registrar shall register the split-up or combination of this ADR (and of the ADSs represented hereby) on the books maintained for such purpose and the Depositary shall (x) cancel this ADR and execute new ADRs for the number of ADSs requested, but in the aggregate not exceeding the number of ADSs evidenced by this ADR canceled by the Depositary, (y) cause the Registrar to countersign such new ADRs and (z) Deliver such new ADRs to or upon the order of the Holder thereof, if each of the following conditions has been satisfied: (i) this ADR has been duly Delivered by the Holder (or by a duly authorized attorney of the Holder) to the Depositary at its Principal Office for the purpose of effecting a split-up or combination hereof, and (ii) all applicable fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 of, and Exhibit B to, the Deposit Agreement) have been paid, *subject, however, in each case*, to the terms and conditions of this ADR, of the Deposit Agreement and of applicable law, in each case as in effect at the time thereof.

(4) Pre-Conditions to Registration, Transfer, Etc. As a condition precedent to the execution and Delivery, the registration of issuance, transfer, split-up, combination or surrender, of any ADS, the delivery of any distribution thereon, or the withdrawal of any Deposited Property, the Depositary, the Company or the Custodian may require (i) payment from the depositor of Shares or presenter of ADSs or of this ADR of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees and charges of the Depositary as provided in Section 5.9 and

Exhibit B to the Deposit Agreement and in this ADR, (ii) the production of proof satisfactory to it as to the identity and genuineness of any signature or any other matter contemplated by Section 3.1 of the Deposit Agreement, and (iii) compliance with (A) any laws or governmental regulations relating to the execution and Delivery of this ADR or ADSs or to the withdrawal of Deposited Securities and (B) such reasonable regulations as the Depositary and the Company may establish consistent with the provisions of this ADR, if applicable, the Deposit Agreement and applicable law.

The issuance of ADSs against deposits of Shares generally or against deposits of particular Shares may be suspended, or the deposit of particular Shares may be refused, or the registration of transfer of ADSs in particular instances may be refused, or the registration of transfer of ADSs generally may be suspended, during any period when the transfer books of the Company, the Depositary, a Registrar or the Share Registrar are closed or if any such action is deemed necessary or advisable by the Depositary (whereupon the Depositary shall use commercially reasonable efforts to notify the Company promptly following such closure or determination) or the Company, in good faith, at any time or from time to time because of any requirement of law or regulation, any government or governmental body or commission or any securities exchange on which the ADSs or Shares are listed, or under any provision of the Deposit Agreement or this ADR, if applicable, or under any provision of, or governing, the Deposited Securities, or because of a meeting of shareholders of the Company or for any other reason, subject, in all cases to Section 7.8(a) of the Deposit Agreement and paragraph (25) of this ADR. Notwithstanding any provision of the Deposit Agreement or this ADR to the contrary, Holders are entitled to surrender outstanding ADSs to withdraw the Deposited Securities associated therewith at any time subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company or the deposit of Shares in connection with voting at a shareholders' meeting or the payment of dividends, (ii) the payment of fees, taxes and similar charges, (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the ADSs or to the withdrawal of the Deposited Securities, and (iv) other circumstances specifically contemplated by Instruction I.A.(l) of the General Instructions to Form F-6 (as such General Instructions may be amended from time to time).

(5) Compliance With Information Requests. Notwithstanding any other provision of the Deposit Agreement or this ADR, each Holder and Beneficial Owner of the ADSs represented hereby agrees to comply with requests from the Company pursuant to applicable law, the rules and requirements of the stock exchange on which the Shares or ADSs are, or will be, registered, traded or listed, or the Articles of Association, which are made to provide information, *inter alia*, as to the capacity in which such Holder or Beneficial Owner owns ADSs (and the Shares represented by such ADSs, as the case may be) and regarding the identity of any other person(s) interested in such ADSs and the nature of such interest and various other matters, whether or not they are Holders and/or Beneficial Owners at the time of such request. The Depositary agrees to use its reasonable efforts to assist the Company in obtaining such information, including to forward, upon the request of the Company and at the Company's expense, any such request from the Company to the Holders and to forward to the Company, as promptly as practicable, any such responses to such requests received by the Depositary.

(6) Ownership Restrictions. Notwithstanding any other provision contained in this ADR or of the Deposit Agreement to the contrary, the Company may restrict transfers of the Shares where such transfer might result in ownership of Shares exceeding limits imposed by applicable law or the Articles of Association. The Company may also restrict, in such manner as it deems appropriate, transfers of the ADSs where such transfer may result in the total number of Shares represented by the ADSs owned by a single Holder or Beneficial Owner to exceed any such limits. The Company may, in its sole discretion but subject to applicable law, instruct the Depositary to take action with respect to the ownership interest of any Holder or Beneficial Owner in excess of the limits set forth in the preceding sentence, including but not limited to, the imposition of restrictions on the transfer of ADSs, the removal or limitation of voting rights or mandatory sale or disposition on behalf of a Holder or Beneficial Owner of the Shares represented by the ADSs held by such Holder or Beneficial Owner in excess of such limitations, if and to the extent such disposition is permitted by applicable law and the Articles of Association. Nothing herein or in the Deposit Agreement shall be interpreted as obligating the Depositary or the Company to ensure compliance with the ownership restrictions described herein or in Section 3.5 of the Deposit Agreement.

(7) Reporting Obligations and Regulatory Approvals. Applicable laws and regulations may require holders and beneficial owners of Shares, including the Holders and Beneficial Owners of ADSs, to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. Holders and Beneficial Owners of ADSs are solely responsible for determining and complying with such reporting requirements and obtaining such approvals. Each Holder and each Beneficial Owner hereby agrees to make such determination, file such reports, and obtain such approvals to the extent and in the form required by applicable laws and regulations as in effect from time to time. Neither the Depositary, the Custodian, the Company or any of their respective directors, officers, employees, agents or affiliates shall be required to take any actions whatsoever on behalf of Holders or Beneficial Owners to determine or satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

(8) Liability for Taxes and Other Charges. Any tax or other governmental charge payable by the Custodian or by the Depositary with respect to any Deposited Property, ADSs or this ADR shall be payable by the Holders and Beneficial Owners to the Depositary. The Company, the Custodian and/or the Depositary may withhold or deduct from any distributions made in respect of Deposited Property held on behalf of such Holder and/or Beneficial Owner, and may sell for the account of a Holder and/or Beneficial Owner any or all of such Deposited Property and apply such distributions and sale proceeds in payment of, any taxes (including applicable interest and penalties) or charges that are or may be payable by Holders or Beneficial Owners in respect of the ADSs, Deposited Property and this ADR, the Holder and the Beneficial Owner hereof remaining liable for any deficiency. The Custodian may refuse the deposit of Shares and the Depositary may refuse to issue ADSs, to deliver ADRs, register the transfer of ADSs, register the split-up or combination of ADRs and (subject to paragraph (25) of this ADR and Section 7.8(a) of the Deposit Agreement) the withdrawal of Deposited Property until payment in full of such tax, charge, penalty or interest is received. Every Holder and Beneficial Owner agrees to indemnify the Depositary, the Company, the Custodian, and any of their agents, officers, directors, employees and Affiliates for, and to hold each of them harmless from, any claims (including, without limitation, by any governmental authority or other person or entity) with

respect to taxes (including applicable interest and penalties thereon) arising from any tax benefit obtained for such Holder and/or Beneficial Owner. Notwithstanding anything to the contrary contained in the Deposit Agreement or any ADR, the obligations of Holders and Beneficial Owners under Section 3.2 of the Deposit Agreement shall survive any transfer of ADSs, any cancellation of ADSs and withdrawal of Deposited Securities, and the termination of the Deposit Agreement.

(9) Representations and Warranties on Deposit of Shares. Each person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that (i) such Shares and the certificates therefor are duly authorized, validly issued, fully paid, non-assessable and legally obtained by such person, (ii) all preemptive (and similar) rights, if any, with respect to such Shares have been validly waived or exercised, (iii) the person making such deposit is duly authorized so to do, (iv) the Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, (v) the Shares presented for deposit are not, and the ADSs issuable upon such deposit will not be, Restricted Securities (except as contemplated in Section 2.14 of the Deposit Agreement), and (vi) the Shares presented for deposit have not been stripped of any rights or entitlements. Such representations and warranties shall survive the deposit and withdrawal of Shares, the issuance and cancellation of ADSs in respect thereof, the transfer of such ADSs and the termination of the Deposit Agreement. If any such representations or warranties are false in any way, the Company and the Depositary shall be authorized, at the cost and expense of the person depositing Shares, to take any and all actions necessary to correct the consequences thereof. By becoming a Holder or Beneficial Owner on the deposit of Shares, each Holder and Beneficial Owner that received ADSs or to whom or upon whose order ADSs were issued on the deposit of Shares agrees and understands that the Depositary, the Custodian and the Company shall be relying on the representations set forth herein with respect to each such deposit and person(s) and, as a result thereof, each such Holder and Beneficial Owner agrees to indemnify the Depositary, any Custodian, the Company and each of their respective directors, officers, employees, agents and Affiliates against, and hold each of them harmless from, any Losses (as hereinafter defined) which any of them may incur or which may be made against any of them as a result of or in connection with these representations and warranties.

(10) Proofs, Certificates and Other Information. Any person presenting Shares for deposit, any Holder and any Beneficial Owner may be required, and every Holder and Beneficial Owner agrees, from time to time to provide to the Depositary and the Custodian such proof of citizenship or residence, taxpayer status, payment of all applicable taxes or other governmental charges, exchange control approval, legal or beneficial ownership of ADSs and Deposited Property, compliance with applicable laws, the terms of the Deposit Agreement or this ADR evidencing the ADSs and the provisions of, or governing, the Deposited Property, to execute such certifications and to make such representations and warranties, and to provide such other information and documentation (or, in the case of Shares in registered form presented for deposit, such information relating to the registration on the books of the Company or of the Share Registrar) as the Depositary or the Custodian may deem necessary or proper or as the Company may reasonably require by written request to the Depositary consistent with its obligations under the Deposit Agreement and this ADR. The Depositary and the Registrar, as applicable, may, and at the reasonable request of the Company, shall, to the extent practicable,

withhold the execution or delivery or registration of transfer of any ADR or ADS or the distribution or sale of any dividend or distribution of rights or of the proceeds thereof or, to the extent not limited by paragraph (25) and Section 7.8(a) of the Deposit Agreement, the delivery of any Deposited Property until such proof or other information is filed or such certifications are executed, or such representations and warranties are made, or such other documentation or information provided, in each case to the Depositary's, the Registrar's and the Company's satisfaction. The Depositary shall provide the Company, in a timely manner, with copies or originals if necessary and appropriate of (i) any such proofs of citizenship or residence, taxpayer status, or exchange control approval or copies of written representations and warranties which it receives from Holders and Beneficial Owners, and (ii) any other information or documents which the Company may reasonably request and which the Depositary shall request and receive from any Holder or Beneficial Owner or any person presenting Shares for deposit or ADSs for cancellation, transfer or withdrawal. Nothing herein shall obligate the Depositary to (i) obtain any information for the Company if not provided by the Holders or Beneficial Owners; provided, that the Depositary shall, at the Company's reasonable request, to the extent lawful and reasonably practicable, provide the Company with information referred to in Section 3.1 of the Deposit Agreement that is accessible from the records of the Depositary; provided further that the Depositary shall not be required to verify or vouch for the accuracy of such information, or (ii) verify or vouch for the accuracy of the information so provided by the Holders or Beneficial Owners.

(11) ADS Fees and Charges. The following ADS fees are payable under the terms of the Deposit Agreement:

(i) ADS Issuance Fee: by any person for whom ADSs are issued (*e.g.*, an issuance upon a deposit of Shares, upon a change in the ADS(s)-to-Share(s) ratio, or for any other reason), excluding issuances as a result of distributions described in paragraph (iv) below, a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) issued under the terms of the Deposit Agreement;

(ii) ADS Cancellation Fee: by any person for whom ADSs are being cancelled (*e.g.*, a cancellation of ADSs for Delivery of deposited Shares, upon a change in the ADS(s)-to-Share(s) ratio, or for any other reason), a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) cancelled;

(iii) Cash Distribution Fee: by any Holder of ADSs, a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) held for the distribution of cash dividends or other cash distributions (*e.g.*, upon a sale of rights and other entitlements);

(iv) Stock Distribution /Rights Exercise Fee: by any Holder of ADS(s), a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) held for the distribution of ADSs pursuant to (a) stock dividends or other free stock distributions, or (b) an exercise of rights to purchase additional ADSs;

(v) Other Distribution Fee: by any Holder of ADS(s), a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) held for the distribution of securities other than ADSs or rights to purchase additional ADSs (*e.g.*, spin-off shares); and

(vi) Depositary Services Fee: by any Holder of ADS(s), a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) held on the applicable record date(s) established by the Depositary.

The Company, Holders, Beneficial Owners, persons depositing Shares or withdrawing Deposited Securities in connection with ADS issuances and cancellations, and persons for whom ADSs are issued or cancelled shall be responsible for the following ADS charges under the terms of the Deposit Agreement:

(a) taxes (including applicable interest and penalties) and other governmental charges;

(b) such registration fees as may from time to time be in effect for the registration of Shares or other Deposited Securities on the share register and applicable to transfers of Shares or other Deposited Securities to or from the name of the Custodian, the Depositary or any nominees upon the making of deposits and withdrawals, respectively;

(c) such cable, telex and facsimile transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing Shares or withdrawing Deposited Property or of the Holders and Beneficial Owners of ADSs;

(d) the expenses and charges incurred by the Depositary in the conversion of foreign currency;

(e) such fees and expenses as are incurred by the Depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to Deposited Property, ADSs and ADRs; and

(f) the fees and expenses incurred by the Depositary, the Custodian, or any nominee in connection with the servicing or delivery of Deposited Property.

All ADS fees and charges so payable may be deducted from distributions or must be remitted to the Depositary, or its designee, and may, at any time and from time to time, be changed by agreement between the Depositary and the Company but, in the case of ADS fees and charges payable by Holders and Beneficial Owners, only in the manner contemplated by paragraph (23) of this ADR and as contemplated in Section 6.1 of the Deposit Agreement. The Depositary shall provide, without charge, a copy of its latest ADS fee schedule to anyone upon request.

ADS fees and charges for (i) the issuance of ADSs and (ii) the cancellation of ADSs will be payable by the person for whom the ADSs are so issued by the Depositary (in the case of ADS issuances) and by the person for whom ADSs are being cancelled (in the case of ADS cancellations). In the case of ADSs issued by the Depositary into DTC or presented to the Depositary via DTC, the ADS issuance and cancellation fees and charges will be payable by the DTC Participant(s) receiving the ADSs from the Depositary or the DTC Participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the Beneficial Owner(s) and will be charged by the DTC Participant(s) to the account(s) of the applicable Beneficial Owner(s) in accordance with the procedures and practices of the DTC Participant(s) as in effect at the time provided, in the case of ADSs issued by the Depositary into DTC, that issuance fees and charges may be payable by the person for whom ADSs are being issued. ADS fees and charges in respect of distributions and the ADS service fee are payable by Holders as of the applicable ADS Record Date established by the Depositary. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, the applicable Holders as of the ADS Record Date established by the Depositary will be invoiced for the amount of the ADS fees and charges and such ADS fees may be deducted from distributions made to Holders. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC Participants in accordance with the procedures and practices prescribed by DTC from time to time and the DTC Participants in turn charge the amount of such ADS fees and charges to the Beneficial Owners for whom they hold ADSs.

The Depositary may reimburse the Company for certain expenses incurred by the Company in respect of the ADR program established pursuant to the Deposit Agreement, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as the Company and the Depositary may agree in writing from time to time. The Company shall pay to the Depositary such fees and charges, and reimburse the Depositary for such out-of-pocket expenses, as the Depositary and the Company may agree from time to time. Responsibility for payment of such fees, charges and reimbursements may from time to time be changed by agreement between the Company and the Depositary. Unless otherwise agreed, the Depositary shall present its statement for such fees, charges and reimbursements to the Company once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The obligations of Holders and Beneficial Owners to pay ADS fees and charges shall survive the termination of the Deposit Agreement. As to any Depositary, upon the resignation or removal of such Depositary as described in Section 5.4 of the Deposit Agreement, the right to collect ADS fees and charges shall extend for those ADS fees and charges incurred prior to the effectiveness of such resignation or removal.

(12) Title to ADRs. Subject to the limitations contained in the Deposit Agreement and in this ADR, it is a condition of this ADR, and every successive Holder of this ADR by accepting or holding the same consents and agrees, that title to this ADR (and to each Certificated ADS evidenced hereby) shall be transferable upon the same terms as a certificated security under the laws of the State of New York, provided that, in the case of Certificated ADSs, this ADR has

been properly endorsed or is accompanied by proper instruments of transfer. Notwithstanding any notice to the contrary, the Depositary and the Company may deem and treat the Holder of this ADR (that is, the person in whose name this ADR is registered on the books of the Depositary) as the absolute owner thereof for all purposes. Neither the Depositary nor the Company shall have any obligation nor be subject to any liability under the Deposit Agreement or this ADR to any holder of this ADR or any Beneficial Owner unless, in the case of a holder of ADSs, such holder is the Holder of this ADR registered on the books of the Depositary or, in the case of a Beneficial Owner, such Beneficial Owner, or the Beneficial Owner's representative, is the Holder registered on the books of the Depositary.

(13) Validity of ADR. The Holder(s) of this ADR (and the ADSs represented hereby) shall not be entitled to any benefits under the Deposit Agreement or be valid or enforceable for any purpose against the Depositary or the Company unless this ADR has been (i) dated, (ii) signed by the manual or facsimile signature of a duly-authorized signatory of the Depositary, (iii) countersigned by the manual or facsimile signature of a duly-authorized signatory of the Registrar, and (iv) registered in the books maintained by the Registrar for the registration of issuances and transfers of ADRs. An ADR bearing the facsimile signature of a duly-authorized signatory of the Depositary or the Registrar, who at the time of signature was a duly authorized signatory of the Depositary or the Registrar, as the case may be, shall bind the Depositary, notwithstanding the fact that such signatory has ceased to be so authorized prior to the delivery of such ADR by the Depositary.

(14) Available Information; Reports; Inspection of Transfer Books. The Company is subject to the periodic reporting requirements of the Exchange Act and, accordingly, is required to file or furnish certain reports with the Commission. These reports can be retrieved from the Commission's website (www.sec.gov) and can be inspected and copied at the public reference facilities maintained by the Commission located (as of the date of the Deposit Agreement) at 100 F Street, N.E., Washington D.C. 20549. The Depositary shall make available for inspection by Holders at its Principal Office, as promptly as reasonably practicable after receipt thereof, any reports and communications, including any proxy soliciting materials, received from the Company which are both (a) received by the Depositary, the Custodian, or the nominee of either of them as the holder of the Deposited Property and (b) made generally available to the holders of such Deposited Property by the Company. The Depositary shall also provide or make available to Holders copies of such reports when furnished by the Company pursuant to Section 5.6 of the Deposit Agreement.

The Registrar shall keep books for the registration of ADSs which at all reasonable times shall be open for inspection by the Company and by the Holders of such ADSs, provided that such inspection shall not be, to the Registrar's knowledge, for the purpose of communicating with Holders of such ADSs in the interest of a business or object other than the business of the Company or other than a matter related to the Deposit Agreement or the ADSs. The Company shall have the right to examine and copy the transfer and registration records of the Depositary.

The Registrar may close the transfer books with respect to the ADSs, at any time or from time to time, when deemed necessary or advisable by it in good faith in connection with the performance of its duties hereunder, or at the reasonable written request of the Company subject, in all cases, to paragraph (25) and Section 7.8(a) of the Deposit Agreement.

Dated:

CITIBANK, N.A.
Transfer Agent and Registrar

By: _____
Authorized Signatory

CITIBANK, N.A.
as Depositary

By: _____
Authorized Signatory

The address of the Principal Office of the Depositary is 388 Greenwich Street,
New York, New York 10013, U.S.A.

[FORM OF REVERSE OF ADR]

SUMMARY OF CERTAIN ADDITIONAL PROVISIONS

OF THE DEPOSIT AGREEMENT

(15) Dividends and Distributions in Cash, Shares, etc. (a) ***Cash Distributions***: Upon the timely receipt by the Depositary of a notice from the Company that it intends to make a distribution of a cash dividend or other cash distribution, the Depositary shall establish the ADS Record Date upon the terms described in Section 4.9 of the Deposit Agreement. Upon receipt of confirmation of the receipt of (x) any cash dividend or other cash distribution on any Deposited Securities, or (y) proceeds from the sale of any Deposited Property held in respect of the ADSs under the terms of the Deposit Agreement, the Depositary will (i) if at the time of receipt thereof any amounts received in a Foreign Currency can, in the judgment of the Depositary (pursuant to Section 4.8 of the Deposit Agreement), be converted on a practicable basis into Dollars transferable to the United States, promptly convert or cause to be converted such cash dividend, distribution or proceeds into Dollars (on the terms described in Section 4.8 of the Deposit Agreement), (ii) if applicable and unless previously established, establish the ADS Record Date upon the terms described in Section 4.9 of the Deposit Agreement, and (iii) distribute promptly the amount thus received (net of (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) applicable taxes required to be withheld or paid in connection with the distribution) to the Holders entitled thereto as of the ADS Record Date in proportion to the number of ADSs held as of the ADS Record Date. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Holder a fraction of one cent, and any balance not so distributed shall be held by the Depositary (without liability for interest thereon) and shall be added to and become part of the next sum received by the Depositary for distribution to Holders of ADSs outstanding at the time of the next distribution. If the Company, the Custodian or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Securities, or from any cash proceeds from the sales of Deposited Property, an amount on account of taxes, duties or other governmental charges, the amount distributed to Holders on the ADSs shall be reduced accordingly. Such withheld amounts shall be forwarded by the Company, the Custodian or the Depositary to the relevant governmental authority. Evidence of payment thereof by the Company, the Custodian or the Depositary shall be forwarded by the Company, the Custodian or the Depositary, as applicable, to the Depositary or the Company, as applicable, upon request. The Depositary will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable Holders and Beneficial Owners of ADSs until the distribution can be effected or the funds that the Depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States. No distribution to Holders pursuant to Section 4.1 of the Deposit Agreement shall be unreasonably delayed by any action of the Depositary or the Custodian. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for above, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in Section 4.1 of the Deposit Agreement, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in Section 4.1 of the Deposit Agreement where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

(b) ***Share Distributions***: Upon the timely receipt by the Depositary of a notice from the Company that it intends to make a distribution that consists of a dividend in, or free distribution of Shares, the Depositary shall establish the ADS Record Date upon the terms described in Section 4.9 of the Deposit Agreement. Upon receipt of confirmation from the Custodian of the receipt of the Shares so distributed by the Company, the Depositary shall either (i) subject to Section 5.9 of the Deposit Agreement, distribute to the Holders as of the ADS Record Date in proportion to the number of ADSs held as of the ADS Record Date, additional ADSs, which represent in the aggregate the number of Shares received as such dividend, or free distribution, subject to the other terms of the Deposit Agreement (including, without limitation, (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) applicable taxes required to be withheld or paid), or (ii) if additional ADSs are not so distributed, take all actions necessary so that each ADS issued and outstanding after the ADS Record Date shall, to the extent permissible by law, thenceforth also represent rights and interests in the additional integral number of Shares distributed upon the Deposited Securities represented thereby (net of (a) the applicable fees and charges of, and expenses incurred by, the Depositary, and (b) applicable taxes required to be withheld or paid). In lieu of delivering fractional ADSs, the Depositary shall sell the number of Shares or ADSs, as the case may be, represented by the aggregate of such fractions and distribute the net proceeds upon the terms described in Section 4.1 of the Deposit Agreement.

In the event that the Depositary determines that any distribution in property (including Shares) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, or, if the Company in the fulfillment of its obligations under Section 5.7 of the Deposit Agreement, has furnished an opinion of U.S. counsel determining that Shares must be registered under the Securities Act or other laws in order to be distributed to Holders (and no such registration statement has been declared effective), the Depositary may dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable, in consultation with the Company, and the Depositary shall distribute the net proceeds of any such sale (after deduction of (a) applicable taxes required to be withheld or paid and (b) fees and charges of, and the expenses incurred by, the Depositary) to Holders entitled thereto upon the terms of Section 4.1 of the Deposit Agreement. The Depositary shall hold and/or distribute any unsold balance of such property in accordance with the provisions of the Deposit Agreement. No distribution to Holders pursuant to Section 4.2 of the Deposit Agreement shall be unreasonably delayed by any action of the Depositary or the Custodian. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for above, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in Section 4.2 of the Deposit Agreement, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in Section 4.2 of the Deposit Agreement where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

(c) ***Elective Distributions in Cash or Shares***: Upon the timely receipt of a notice indicating that the Company wishes an elective distribution in cash or Shares to be made available to Holders of ADSs upon the terms described in the Deposit Agreement, the Company and the Depositary shall determine in accordance with the Deposit Agreement whether such distribution is lawful and reasonably practicable. The Depositary shall make such elective distribution available to Holders only if (i) the Company shall have timely requested that the elective distribution be made available to Holders, (ii) the Depositary shall have determined, in consultation with the Company, that such distribution is reasonably practicable and (iii) the Depositary shall have received reasonably satisfactory documentation within the terms of Section 5.7 of the Deposit Agreement. If the above conditions are satisfied, the Depositary shall, subject to the terms and conditions of the Deposit Agreement, establish the ADS Record Date according to paragraph (17) and establish procedures to enable the Holder hereof to elect to receive the proposed distribution in cash or in additional ADSs. If the above conditions are not satisfied or if the Company requests such elective distribution not to be made available to Holders of ADSs, the Depositary shall establish an ADS Record Date upon the terms of Section 4.9 of the Deposit Agreement and, to the extent permitted by law, distribute to Holders, on the basis of the same determination as is made in the State of Israel in respect of the Shares for which no election is made, either (x) cash upon the terms described in Section 4.1 of the Deposit Agreement or (y) additional ADSs representing such additional Shares, in each case, upon the terms described in Section 4.2 of the Deposit Agreement. If a Holder elects to receive the proposed distribution (X) in cash, the distribution shall be made upon the terms described in Section 4.1 of the Deposit Agreement, or (Y) in ADSs, the distribution shall be made upon the terms described in Section 4.2 of the Deposit Agreement. Nothing herein or in the Deposit Agreement shall obligate the Depositary to make available to the Holder hereof a method to receive the elective distribution in Shares (rather than ADSs). There can be no assurance that Holders generally, or any Holder hereof will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of Shares. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for above, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in Section 4.3 of the Deposit Agreement, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in Section 4.3 of the Deposit Agreement where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

(d) ***Distribution of Rights to Purchase Additional ADSs***: Upon the timely receipt by the Depositary of a notice indicating that the Company wishes rights to subscribe for additional Shares to be made available to Holders of ADSs, the Depositary upon consultation with the Company, shall determine, whether it is lawful and reasonably practicable to make such rights available to the Holders. The Depositary shall make such rights available to Holders only if (i) the Company shall have timely requested that such rights be made available to Holders, (ii) the Depositary shall have received reasonably satisfactory documentation within the terms of

Section 5.7 of the Deposit Agreement, and (iii) the Depositary shall have determined that such distribution of rights is reasonably practicable. If such conditions are not satisfied or if the Company requests that the rights not be made available to Holders of ADSs, the Depositary shall proceed with the sale of the rights as described below. In the event all conditions set forth above are satisfied, the Depositary shall establish the ADS Record Date (upon the terms described in Section 4.9 of the Deposit Agreement) and establish, in consultation with the Company, procedures to (x) distribute rights to purchase additional ADSs (by means of warrants or otherwise), (y) enable the Holders to exercise such rights (upon payment of the subscription price and of the applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes), and (z) deliver ADSs upon the valid exercise of such rights. The Company shall assist the Depositary to the extent necessary in establishing such procedures. Nothing herein or in the Deposit Agreement shall obligate the Depositary to make available to the Holders a method to exercise rights to subscribe for Shares (rather than ADSs). If (i) the Company does not timely request the Depositary to make the rights available to Holders or requests that the rights not be made available to Holders, (ii) the Depositary fails to receive reasonably satisfactory documentation within the terms of Section 5.7 of the Deposit Agreement or determines, in consultation with the Company, it is not reasonably practicable to make the rights available to Holders, or (iii) any rights made available are not exercised and appear to be about to lapse, the Depositary shall, in consultation with the Company, determine whether it is lawful and reasonably practicable to sell such rights, in a riskless principal capacity, at such place and upon such terms (including public or private sale) as it may deem practicable. The Company shall assist the Depositary to the extent necessary to determine such legality and practicability. The Depositary shall, upon such sale, convert and distribute proceeds of such sale (net of applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) applicable taxes required to be withheld or paid) upon the terms hereof and of Section 4.1 of the Deposit Agreement. If the Depositary is unable to make any rights available to Holders upon the terms described in Section 4.4(a) of the Deposit Agreement or to arrange for the sale of the rights upon the terms described in Section 4.4(b) of the Deposit Agreement, the Depositary shall allow such rights to lapse. Neither the Depositary nor the Company shall be liable to Holders or Beneficial Owners for, and the Depositary shall not be liable for, (i) any failure to accurately determine whether it may be lawful or practicable to make such rights available to Holders in general or any Holders in particular, or (ii) any foreign exchange exposure or loss incurred in connection with such sale or exercise. The Depositary shall not be liable for the content of any materials forwarded to the Holders on behalf of the Company in connection with the rights distribution.

Notwithstanding anything herein or in the Deposit Agreement to the contrary, if registration (under the Securities Act or any other applicable law) of the rights or the securities to which any rights relate may be required in order for the Company to offer such rights or such securities to Holders and to sell the securities represented by such rights, the Depositary will not distribute such rights to the Holders (i) unless and until a registration statement under the Securities Act (or other applicable law) covering such offering is in effect or (ii) unless the Company furnishes the Depositary opinion(s) of counsel for the Company in the United States and counsel for the Company in any other applicable country in which rights would be distributed, in each case reasonably satisfactory to the Depositary, to the effect that the offering and sale of such securities to Holders and Beneficial Owners are exempt from, or do not require registration under, the provisions of the Securities Act or any other applicable laws. A liquid

market for the rights may not exist, and this may adversely affect (1) the ability of the Depositary to dispose of such rights or (2) the amount the Depositary would realize upon disposal of rights. In the event that the Company, the Depositary or the Custodian shall be required to withhold and does withhold from any distribution of Deposited Property (including rights) an amount on account of taxes or other governmental charges, the amount distributed to the Holders of ADSs shall be reduced accordingly. In the event that the Depositary determines that any distribution of Deposited Property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, the Depositary may dispose of all or a portion of such Deposited Property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable to pay any such taxes or charges.

There can be no assurance that Holders generally, or any Holder in particular, will be given the opportunity to receive or exercise rights on the same terms and conditions as the holders of Shares or be able to exercise such rights. Nothing herein or in the Deposit Agreement shall obligate the Company to file any registration statement in respect of any rights or Shares or other securities to be acquired upon the exercise of such rights.

(e) ***Distributions other than Cash, Shares or Rights to Purchase Shares***: Whenever the Company intends to distribute to the holders of Deposited Securities property other than cash, Shares or rights to purchase additional Shares, the Company shall give timely notice thereof to the Depositary and shall indicate whether or not it wishes such distribution to be made to Holders of ADSs. Upon receipt of a notice indicating that the Company wishes such distribution to be made to Holders of ADSs, the Depositary shall consult with the Company, and the Company shall assist the Depositary, to determine whether such distribution to Holders is lawful and reasonably practicable. The Depositary shall not make such distribution unless (i) the Company shall have requested the Depositary to make such distribution to Holders, (ii) the Depositary shall have received reasonably satisfactory documentation within the terms of Section 5.7 of the Deposit Agreement, and (iii) the Depositary shall have determined, in consultation with the Company, that such distribution is reasonably practicable.

Upon receipt of reasonably satisfactory documentation and the request of the Company to distribute property to Holders of ADSs and after making the requisite determinations set forth in (a) above, the Depositary shall distribute the property so received to the Holders of record, as of the ADS Record Date, in proportion to the number of ADSs held by them respectively and in such manner as the Depositary, in consultation with the Company, may deem practicable for accomplishing such distribution (i) upon receipt of payment or net of the applicable fees and charges of, and expenses incurred by, the Depositary, and (ii) net of any applicable taxes required to be withheld or paid. The Depositary, in consultation with the Company, may dispose of all or a portion of the property so distributed and deposited, in such amounts and in such manner (including public or private sale) as the Depositary may deem practicable or necessary to satisfy any taxes (including applicable interest and penalties) or other governmental charges applicable to the distribution.

If (i) the Company does not request the Depositary to make such distribution to Holders or requests the Depositary not to make such distribution to Holders, (ii) the Depositary does not receive reasonably satisfactory documentation within the terms of Section 5.7 of the Deposit Agreement, or (iii) the Depositary, in consultation with the Company, determines that all or a portion of such distribution is not reasonably practicable, the Depositary shall, in consultation with the Company, sell or cause such property to be sold in a public or private sale, at such place or places and upon such terms as it may deem practicable and shall (i) cause the proceeds of such sale, if any, to be converted into Dollars and (ii) distribute the proceeds of such conversion received by the Depositary (net of applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) applicable taxes required to be withheld or paid) to the Holders as of the ADS Record Date upon the terms of Section 4.1 of the Deposit Agreement. If the Depositary is unable to sell such property, the Depositary, in consultation with the Company, may dispose of such property for the account of the Holders in any way it deems reasonably practicable under the circumstances.

Neither the Depositary nor the Company shall be liable for (i) any failure to accurately determine whether it is lawful or practicable to make the property described in Section 4.5 of the Deposit Agreement available to Holders in general or any Holders in particular, nor (ii) any loss incurred in connection with the sale or disposal of such property.

(16) Redemption. Upon timely receipt of notice from the Company that it intends to exercise its right of redemption in respect of any of the Deposited Securities, and reasonably satisfactory documentation as provided in the Deposit Agreement, and upon determining that such proposed redemption is practicable, the Depositary shall (to the extent practicable) provide to each Holder a notice setting forth the Company's intention to exercise the redemption rights and any other particulars set forth in the Company's notice to the Depositary. The Depositary shall instruct the Custodian to present to the Company the Deposited Securities in respect of which redemption rights are being exercised against payment of the applicable redemption price. Upon receipt of confirmation from the Custodian that the redemption has taken place and that funds representing the redemption price have been received, the Depositary shall convert, transfer, and distribute the proceeds (net of applicable (a) fees and charges of, and the expenses incurred by, the Depositary, and (b) applicable taxes required to be withheld or paid), retire ADSs and cancel ADRs, if applicable, upon delivery of such ADSs by Holders thereof and the terms set forth in Sections 4.1 and 6.2 of the Deposit Agreement. If less than all outstanding Deposited Securities are redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as may be determined by the Depositary, in consultation with the Company. The redemption price per ADS shall be the dollar equivalent of the per share amount received by the Depositary (adjusted to reflect the ADS(s)-to-Share(s) ratio) upon the redemption of the Deposited Securities represented by ADSs (subject to the terms of Section 4.8 of the Deposit Agreement and the applicable fees and charges of, and expenses incurred by, the Depositary, and taxes) multiplied by the number of Deposited Securities represented by each ADS redeemed. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed redemption provided for above, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in Section 4.7 of the Deposit Agreement, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in Section 4.7 of the Deposit Agreement where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

(17) Fixing of ADS Record Date. Whenever (a) the Depositary shall receive notice of the fixing of a record date by the Company for the determination of holders of Deposited Securities entitled to receive any distribution (whether in cash, Shares, rights or other distribution), (b) for any reason the Depositary causes a change in the number of Shares that are represented by each ADS, (c) the Depositary shall receive notice of any meeting of, or solicitation of consents or proxies of, holders of Shares or other Deposited Securities, or (d) the Depositary shall find it necessary or convenient in connection with the giving of any notice, solicitation of any consent or any other matter, the Depositary, in consultation with the Company, shall fix the record date (the "ADS Record Date") for the determination of the Holders of ADS(s) who shall be entitled to receive such distribution, to give instructions for the exercise of voting rights at any such meeting, to give or withhold such consent, to receive such notice or solicitation or to otherwise take action, or to exercise the rights of Holders with respect to such changed number of Shares represented by each ADS. The Depositary shall make reasonable efforts to establish the ADS Record Date as closely as practicable to the applicable record date for the Deposited Securities (if any) set by the Company in the State of Israel and shall not announce the establishment of any ADS Record Date prior to the relevant corporate action having been made public by the Company (if such corporate action affects the Deposited Securities). Subject to applicable law, the terms and conditions of this ADR and the provisions of Sections 4.1 through 4.8 of, and the other terms and conditions of, the Deposit Agreement, only the Holders of ADSs at the close of business in New York on such ADS Record Date shall be entitled to receive such distribution, to give such voting instructions, to receive such notice or solicitation, or otherwise take action.

(18) Voting of Deposited Securities. As soon as practicable after receipt of notice of any meeting at which the holders of Deposited Securities are entitled to vote, or of solicitation of consents or proxies from holders of Deposited Securities, the Depositary shall fix the ADS Record Date in respect of such meeting or solicitation of consent or proxy in accordance with Section 4.9 of the Deposit Agreement. The Depositary shall, if requested by the Company in writing in a timely manner (the Depositary having no obligation to take any further action if the request shall not have been received by the Depositary at least thirty (30) days (or such shorter period as the Company and the Depositary may mutually agree from time to time), prior to the date of such vote or meeting), at the Company's expense and provided no U.S. legal prohibitions exist, distribute to Holders as of the ADS Record Date: (a) such notice of meeting or solicitation of consent or proxy, (b) a statement that the Holders at the close of business on the ADS Record Date will be entitled, subject to any applicable law, the provisions of the Deposit Agreement, the Articles of Association and the provisions of or governing the Deposited Securities (which provisions, if any, shall be summarized in pertinent part by the Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Deposited Securities represented by such Holder's ADSs, and (c) a brief statement as to the manner in which such voting instructions may be given.

Notwithstanding anything contained in the Deposit Agreement or any ADR, with the Company's prior written consent, the Depositary may, to the extent not prohibited by law or regulations, or by the requirements of the stock exchange on which the ADSs are listed, in lieu of distribution of the materials provided to the Depositary in connection with any meeting of, or solicitation of consents or proxies from, holders of Deposited Securities, distribute to the Holders a notice that provides Holders with, or otherwise publicizes to Holders, instructions on how to retrieve such materials or receive such materials upon request (*e.g.*, by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

Voting instructions may be given only in respect of a number of ADSs representing an integral number of Deposited Securities. Upon the timely receipt from a Holder of ADSs as of the ADS Record Date of voting instructions in the manner specified by the Depositary and reasonably acceptable to the Company, the Depositary shall endeavor, insofar as practicable and permitted under applicable law, the provisions of the Deposit Agreement, the Articles of Association and the provisions of the Deposited Securities, to vote, or cause the Custodian to vote, the Deposited Securities (in person or by proxy) represented by such Holder's ADSs in accordance with such voting instructions.

Deposited Securities represented by ADSs for which no timely voting instructions are received by the Depositary from the Holder shall not be voted (except as otherwise contemplated herein). Neither the Depositary nor the Custodian shall under any circumstances exercise any discretion as to voting and neither the Depositary nor the Custodian shall vote, attempt to exercise the right to vote, or in any way make use of, for purposes of establishing a quorum or otherwise, the Deposited Securities represented by ADSs, except pursuant to and in accordance with the voting instructions timely received from Holders or as otherwise contemplated in the Deposit Agreement or herein. If the Depositary timely receives voting instructions from a Holder which fail to specify the manner in which the Depositary is to vote the Deposited Securities represented by such Holder's ADSs, the Depositary will deem such Holder (unless otherwise specified in the notice distributed to Holders) to have instructed the Depositary to vote in favor of the items set forth in such voting instructions.

Notwithstanding anything else contained herein, the Depositary shall, if so requested in writing by the Company, represent all Deposited Securities (whether or not voting instructions have been received in respect of such Deposited Securities from Holders as of the ADS Record Date) for the sole purpose of establishing quorum at a meeting of shareholders. Unless otherwise reasonably requested by the Company, on the business day following the date fixed by the Depositary as the last date for delivery of voting instructions, the Depositary shall give notice to the Company of the voting instructions received by the Depositary from the Holders; provided, that if such voting instructions include (or are required to include) any information or determination other than a vote of Shares for or against the applicable resolutions, the Depositary shall be obligated only to provide such notice as promptly as practicable.

Notwithstanding anything else contained in the Deposit Agreement or this ADR, the Depositary shall not have any obligation to take any action with respect to any meeting, or solicitation of consents or proxies, of holders of Deposited Securities if the taking of such action would violate U.S. laws. The Company agrees to take any and all actions reasonably necessary and as permitted by the laws of the United States and the State of Israel to enable Holders and Beneficial Owners to exercise the voting rights accruing to the Deposited Securities and to deliver to the Depositary an opinion of U.S. or Israeli counsel addressing any actions reasonably requested to be taken if so requested by the Depositary. There can be no assurance that Holders generally or any Holder in particular will receive the notice described above with sufficient time to enable the Holder to return voting instructions to the Depositary, or otherwise take action, in a timely manner.

(19) Changes Affecting Deposited Securities. Upon any change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger, consolidation or sale of assets affecting the Company or to which it is a party, any property which shall be received by the Depositary or the Custodian in exchange for, or in conversion of, or replacement of, or otherwise in respect of, such Deposited Securities shall, to the extent permitted by law, be treated as new Deposited Property under the Deposit Agreement, and this ADR shall, subject to the provisions of the Deposit Agreement, this ADR evidencing such ADSs and applicable law, represent the right to receive such additional or replacement Deposited Property. In giving effect to such change, split-up, cancellation, consolidation or other reclassification of Deposited Securities, recapitalization, reorganization, merger, consolidation or sale of assets, the Depositary may, with the Company's approval, and shall, if the Company shall so request, subject to the terms of the Deposit Agreement (including, without limitation, (a) the applicable fees and charges of, and expenses incurred by, the Depositary, and (b) applicable taxes required to be withheld or paid) and receipt of an opinion of counsel to the Company reasonably satisfactory to the Depositary that such actions are not in violation of any applicable laws or regulations, (i) issue and deliver additional ADSs as in the case of a stock dividend on the Shares, (ii) amend the Deposit Agreement and the applicable ADRs, (iii) amend the applicable Registration Statement(s) on Form F-6 as filed with the Commission in respect of the ADSs, (iv) call for the surrender of outstanding ADRs to be exchanged for new ADRs, and (v) take such other actions as are appropriate to reflect the transaction with respect to the ADSs. The Company agrees to, jointly with the Depositary, amend the Registration Statement on Form F-6 as filed with the Commission to permit the issuance of such new form of ADRs. Notwithstanding the foregoing, in the event that any Deposited Property so received may not be lawfully distributed to some or all Holders, the Depositary may, with the Company's approval, and shall, if the Company requests, subject to receipt of an opinion of Company's counsel reasonably satisfactory to the Depositary that such action is not in violation of any applicable laws or regulations, sell such Deposited Property at public or private sale, at such place or places and upon such terms as it may deem proper and may allocate the net proceeds of such sales (net of (a) fees and charges of, and expenses incurred by, the Depositary and (b) applicable taxes required to be withheld or paid) for the account of the Holders otherwise entitled to such Deposited Property upon an averaged or other practicable basis without regard to any distinctions among such Holders and distribute the net proceeds so allocated to the extent practicable as in the case of a distribution received in cash pursuant to Section 4.1 of the Deposit Agreement. Neither the Depositary nor the Company shall be responsible to Holders or Beneficial Owners for, and the Depositary shall not be responsible for, (i) any failure to determine that it may be lawful or practicable to make such Deposited Property available to Holders in general or to any Holder in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or (iii) any liability to the purchaser of such Deposited Property.

(20) Exoneration. Notwithstanding anything contained in the Deposit Agreement or any ADR, neither the Depositary nor the Company nor any of their respective directors, officers, employees and agents shall be obligated to do or perform any act which is inconsistent with the provisions of the Deposit Agreement or incur any liability (to the extent not limited by paragraph (25) hereof and Section 7.8(b) of the Deposit Agreement) (i) if the Depositary, the Custodian, the Company or their respective controlling persons or agents shall be prevented or forbidden from, or delayed in, doing or performing any act or thing required or contemplated by the terms of the Deposit Agreement and this ADR, by reason of any provision of any present or future law or regulation of the United States, the State of Israel or any other country, or of any other governmental authority or regulatory authority or stock exchange, or on account of potential criminal or civil penalties or restraint, or by reason of any provision, present or future, of the Articles of Association or any provision of or governing any Deposited Securities, or by reason of any act of God or war or other circumstances beyond its control (including, without limitation, nationalization, expropriation, currency restrictions, work stoppage, strikes, civil unrest, acts of terrorism, revolutions, rebellions, explosions and computer failure), (ii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement or in the Articles of Association or provisions of or governing Deposited Securities, (iii) for any action or inaction in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, any Beneficial Owner or authorized representative thereof, or any other person believed by it in good faith to be competent to give such advice or information, (iv) for the inability by a Holder or Beneficial Owner to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of the Deposit Agreement, made available to Holders of ADSs, (v) for any action or inaction of any clearing or settlement system (and any participant thereof) for the Deposited Property or the ADSs, or (vi) for any consequential or punitive damages (including, but not limited to, lost profits) for any breach of the terms of the Deposit Agreement or otherwise. The Depositary, its controlling persons, its agents, any Custodian and the Company, its controlling persons and its agents may rely and shall be protected in acting upon any written notice, request or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(21) Standard of Care. The Company and the Depositary assume no obligation and shall not be subject to any liability under the Deposit Agreement or this ADR to any Holder(s) or Beneficial Owner(s), except that the Company and the Depositary agree to perform their respective obligations specifically set forth in the Deposit Agreement or this ADR without negligence or bad faith. Without limitation of the foregoing, neither the Depositary, nor the Company, nor any of their respective directors, officers, controlling persons, employees or agents, shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Property or in respect of the ADSs, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required (and no Custodian shall be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary).

Neither the Depositary and its agents nor the Company and its directors, officers, controlling persons, employees or agents shall be liable for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any vote is cast or the effect of any vote, provided that any such action or omission is in good faith and in accordance with the terms of the Deposit Agreement. Neither the Depositary nor the Company shall incur any liability for any failure to accurately determine that any distribution or action may be lawful or reasonably practicable, for any investment risk associated with acquiring an interest in the Deposited Property, for the validity or worth of the Deposited Property, for the value of any Deposited Property or any distribution thereon, for any interest on Deposited Property, for any tax consequences that may result from the ownership of ADSs, Shares or other Deposited Property, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the Deposit Agreement, or for any action of or failure to act by, or any information provided or not provided by, DTC or any DTC Participant, or for any action or non-action by it in reliance upon the opinion, advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder or any other person believed in good faith to be competent to give such advice or information. The Depositary shall not incur any liability for the content of any information submitted to it by the Company for distribution to the Holders or for any inaccuracy of any translation thereof or for the failure or timeliness of any notice from the Company.

The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

The Depositary shall not be liable for any acts or omissions made by a predecessor depositary whether in connection with an act or omission of the Depositary or in connection with any matter arising wholly prior to the appointment of the Depositary or after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

(22) Resignation and Removal of the Depositary; Appointment of Successor Depositary. The Depositary may at any time resign as Depositary under the Deposit Agreement by written notice of resignation delivered to the Company, such resignation to be effective on the earlier of (i) the 90th day after delivery thereof to the Company (whereupon the Depositary shall be entitled to take the actions contemplated in Section 6.2 of the Deposit Agreement), or (ii) the appointment by the Company of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary may at any time be removed by the Company by written notice of such removal, which removal shall be effective on the later of (i) the 90th day after delivery thereof to the Depositary (whereupon the Depositary shall be entitled to take the actions contemplated in Section 6.2 of the Deposit Agreement), or (ii) upon the appointment by the Company of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. In case at any time the Depositary acting hereunder shall resign or be removed, the Company shall use its reasonable efforts to appoint a successor depositary, which shall be a bank or trust company having an office in the Borough of

Manhattan, the City of New York. Every successor depositary shall be required by the Company to execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed (except as required by applicable law), shall become fully vested with all the rights, powers, duties and obligations of its predecessor (other than as contemplated in Sections 5.8 and 5.9 of the Deposit Agreement). The predecessor depositary, upon payment of all sums due it and on the written request of the Company shall (i) execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder (other than as contemplated in Sections 5.8 and 5.9 of the Deposit Agreement), (ii) duly assign, transfer and deliver all of the Depositary's right, title and interest to the Deposited Property to such successor, and (iii) deliver to such successor a list of the Holders of all outstanding ADSs and such other information relating to ADSs and Holders thereof as the successor may reasonably request. Any such successor depositary shall promptly provide notice of its appointment to such Holders. If the Company shall have used its reasonable efforts to appoint a successor depositary, it shall have no liability to Holders for any failure to appoint such a successor. Any entity into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

(23) Amendment/Supplement. Subject to the terms and conditions of this paragraph 23, and Section 6.1 of the Deposit Agreement and applicable law, this ADR and any provisions of the Deposit Agreement may at any time and from time to time be amended or supplemented by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable without the prior written consent of the Holders or Beneficial Owners. Any amendment or supplement which shall impose or increase any fees or charges (other than charges in connection with foreign exchange control regulations, and taxes and other governmental charges, delivery and other such expenses), or which shall otherwise materially prejudice any substantial existing right of Holders or Beneficial Owners, shall not, however, become effective as to outstanding ADSs until the expiration of thirty (30) days after notice of such amendment or supplement shall have been given to the Holders of outstanding ADSs. Notice of any amendment to the Deposit Agreement or any ADR shall not need to describe in detail the specific amendments effectuated thereby, and failure to describe the specific amendments in any such notice shall not render such notice invalid, provided, however, that, in each such case, the notice given to the Holders identifies a means for Holders and Beneficial Owners to retrieve or receive the text of such amendment (*e.g.*, upon retrieval from the Commission's, the Depositary's or the Company's website or upon request from the Depositary). The parties hereto agree that any amendments or supplements which (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act or (b) the ADSs to be settled solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by Holders, shall be deemed not to materially prejudice any substantial existing rights of Holders or Beneficial Owners. Every Holder and Beneficial Owner at the time any amendment or supplement so becomes effective shall be deemed, by continuing to hold such ADSs, to consent and agree to such amendment or supplement and to be bound by the Deposit Agreement and this ADR, if applicable, as amended or supplemented thereby. In no event shall any amendment or supplement impair the right of the Holder to surrender such ADS and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions

of applicable law. Notwithstanding the foregoing, if any governmental body should adopt new laws, rules or regulations which would require an amendment of, or supplement to, the Deposit Agreement to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement and this ADR at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement and this ADR in such circumstances may become effective before a notice of such amendment or supplement is given to Holders or within any other period of time as required for compliance with such laws, rules or regulations.

(24) Termination. The Depositary shall, at any time at the written direction of the Company, terminate the Deposit Agreement by distributing notice of such termination to the Holders of all ADSs then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination. If (i) ninety (90) days shall have expired after the Depositary shall have delivered to the Company a written notice of its election to resign, or (ii) the Company shall have delivered to the Depositary a written notice of the removal of the Depositary, and, in either case, a successor depositary shall not have been appointed and accepted its appointment as provided in Section 5.4 of the Deposit Agreement, the Depositary may terminate the Deposit Agreement by distributing notice of such termination to the Holders of all ADSs then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination. The date so fixed for termination of the Deposit Agreement in any termination notice so distributed by the Depositary to the Holders of ADSs is referred to as the "Termination Date". Until the Termination Date, the Depositary shall continue to perform all of its obligations under the Deposit Agreement, and the Holders and Beneficial Owners will be entitled to all of their rights under the Deposit Agreement.

If any ADSs shall remain outstanding after the Termination Date, the Registrar and the Depositary shall not, after the Termination Date, have any obligation to perform any further acts under the Deposit Agreement, except that the Depositary shall, subject, in each case, to the terms and conditions of the Deposit Agreement, continue to (i) collect dividends and other distributions pertaining to Deposited Securities, (ii) sell Deposited Property received in respect of Deposited Securities, (iii) deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any other Deposited Property, in exchange for ADSs surrendered to the Depositary (after deducting, or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Section 5.9 of the Deposit Agreement), and (iv) take such actions as may be required under applicable law in connection with its role as Depositary under the Deposit Agreement.

Notwithstanding anything contained in the Deposit Agreement or any ADR, in connection with the termination of the Deposit Agreement, the Depositary shall, at the instruction of the Company only, distribute to all Holders in a mandatory exchange for, and upon a mandatory cancellation of, their ADSs the corresponding Deposited Securities evidenced by the ADSs so cancelled, upon such terms and conditions as the Depositary may deem reasonably practicable and appropriate, subject however, in each case, to the limitations of the laws of Israel and to receipt by the Depositary of (i) confirmation of satisfaction by the Company of the

applicable registration requirements under the Securities Act and the Exchange Act, and (ii) payment of the applicable taxes and the ADS fees and charges of, and reimbursement of the applicable expenses incurred by, the Depositary (including, without limitation, the fees and expenses of counsel to Depositary). The mandatory exchange of cancelled ADSs for Deposited Securities may involve the release by the Depositary and/or the Custodian of Deposited Securities to the Company to be held on deposit for Holders and Beneficial Owners of the ADSs cancelled. In the event of such mandatory exchange and cancellation of ADSs for Deposited Securities, the Depositary shall give notice thereof to the Holders of ADSs at least thirty (30) calendar days prior the Termination Date, shall require the Holders of ADRs to surrender their ADRs in exchange for the corresponding Deposited Securities, and shall cancel all ADSs (and, if applicable, the ADRs representing such ADSs) received in exchange for the corresponding Deposited Securities. Upon completion such mandatory exchange of the ADSs for Deposited Securities, the ADSs so converted shall be cancelled, the Depositary shall be discharged from all obligations under the Deposit Agreement except (i) to account for such mandatory exchange (e.g. by providing applicable records to the Company), and (ii) as may be required at law in connection with the termination of the Deposit Agreement, and, if applicable, the Company shall be the holder of any Deposited Securities surrendered to it by the Depositary and/or the Custodian on behalf of the Holders and Beneficial Owners of the ADSs so cancelled. Notwithstanding the foregoing, the obligations of the Company to the Depositary under Sections 5.8, 5.9, 6.2 and 7.6 of the Deposit Agreement shall remain in full force and effect following any mandatory exchange and mandatory cancellation hereunder.

(25) Compliance with, and No Disclaimer under, U.S. Securities Laws. (a) Notwithstanding any provisions in this ADR or the Deposit Agreement to the contrary, the withdrawal or delivery of Deposited Securities will not be suspended by the Company or the Depositary except as would be permitted by Instruction I.A.(1) of the General Instructions to Form F-6 Registration Statement, as amended from time to time, under the Securities Act.

(b) Each of the parties to the Deposit Agreement (including, without limitation, each Holder and Beneficial Owner) acknowledges and agrees that no provision of the Deposit Agreement or any ADR shall, or shall be deemed to, disclaim any liability under the Securities Act or the Exchange Act, in each case to the extent established under applicable U.S. laws.

(26) No Third Party Beneficiaries/Acknowledgments. The Deposit Agreement is for the exclusive benefit of the parties hereto (and their successors) and shall not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person, except to the extent specifically set forth in the Deposit Agreement. Nothing in the Deposit Agreement shall be deemed to give rise to a partnership or joint venture among the parties nor establish a fiduciary or similar relationship among the parties. The parties hereto acknowledge and agree that (i) Citibank and its Affiliates may at any time have multiple banking relationships with the Company, the Holders, the Beneficial Owners, and their respective Affiliates, (ii) Citibank and its Affiliates may own and deal in any class of securities of the Company and its Affiliates and in ADSs, and may be engaged at any time in transactions in which parties adverse to the Company, the Holders, the Beneficial Owners or their respective Affiliates may have interests, (iii) the Depositary and its Affiliates may from time to time have in their possession non-public information about the Company, the Holders, the Beneficial Owners, and their respective

Affiliates, (iv) nothing contained in the Deposit Agreement shall (a) preclude Citibank or any of its Affiliates from engaging in such transactions or establishing or maintaining such relationships, or (b) obligate Citibank or any of its Affiliates to disclose such information, transactions or relationships, or to account for any profit made or payment received in such transactions or relationships, (v) the Depositary shall not be deemed to have knowledge of any information any other division of Citibank or any of its Affiliates may have about the Company, the Holders, the Beneficial Owners, or any of their respective Affiliates, and (vi) the Company, the Depositary, the Custodian and their respective agents and controlling persons may be subject to the laws and regulations of jurisdictions other than the U.S. and the State of Israel, and the authority of courts and regulatory authorities of such other jurisdictions, and, consequently, the requirements and the limitations of such other laws and regulations, and the decisions and orders of such other courts and regulatory authorities, may affect the rights and obligations of the parties to the Deposit Agreement.

The Depositary may execute transactions contemplated herein (e.g., foreign currency conversions, and sales of Deposited Property) through one or more divisions of Citibank or through one or more Citibank Affiliates, and any such entity may act as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and may earn and retain revenue from such transactions, including, without limitation, transaction spreads, commissions and other fees and compensation. The Depositary does not guarantee or represent that the price or rate obtained in any such transaction, or the method for obtaining such price or rate, will be the most favorable that could be obtained at that time.

(27) Governing Law / Waiver of Jury Trial. The Deposit Agreement, the ADRs and the ADSs shall be interpreted in accordance with, and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by, the laws of the State of New York applicable to contracts made and to be wholly performed in that State. Notwithstanding anything contained in the Deposit Agreement to the contrary, any ADR or any present or future provisions of the laws of the State of New York, the rights of holders of Shares and of any other Deposited Securities and the obligations and duties of the Company in respect of the holders of Shares and other Deposited Securities, as such, shall be governed by the laws of the State of Israel (or, if applicable, such other laws as may govern the Deposited Securities).

EACH OF THE PARTIES TO THE DEPOSIT AGREEMENT (INCLUDING, WITHOUT LIMITATION, EACH HOLDER AND BENEFICIAL OWNER) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING AGAINST THE COMPANY AND/OR THE DEPOSITARY ARISING OUT OF, OR RELATING TO, THE DEPOSIT AGREEMENT, ANY ADR, ANY TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN, THE SHARES OR OTHER DEPOSITED SECURITIES OR ANY ADS (WHETHER BASED ON CONTRACT, TORT, COMMON LAW OR OTHERWISE).

(ASSIGNMENT AND TRANSFER SIGNATURE LINES)

FOR VALUE RECEIVED, the undersigned Holder hereby sell(s), assign(s) and transfer(s) unto _____ whose taxpayer identification number is _____ and whose address including postal zip code is _____, the within ADR and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney-in-fact to transfer said ADR on the books of the Depositary with full power of substitution in the premises.

Dated:

Name: _____

By:
Title:

NOTICE: The signature of the Holder to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatsoever.

If the endorsement be executed by an attorney, executor, administrator, trustee or guardian, the person executing the endorsement must give his/her full title in such capacity and proper evidence of authority to act in such capacity, if not on file with the Depositary, must be forwarded with this ADR.

_____

SIGNATURE GUARANTEED

All endorsements or assignments of ADRs must be guaranteed by a member of a Medallion Signature Program approved by the Securities Transfer Association, Inc.

Legends

[The ADRs issued in respect of Partial Entitlement American Depositary Shares shall bear the following legend on the face of the ADR: "This ADR evidences ADSs representing 'partial entitlement' Shares of the Company and as such do not entitle the holders thereof to the same per-share entitlement as other Shares (which are 'full entitlement' Shares) issued and outstanding at such time. The ADSs represented by this ADR shall entitle holders to distributions and entitlements identical to other ADSs when the Shares represented by such ADSs become 'full entitlement' Shares."]

EXHIBIT B

Form of Depositary Notice

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Richard D. Francis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Teva Pharmaceutical Industries Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2026

/s/ Richard D. Francis
Richard D. Francis
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT

I, Eli Kalif, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Teva Pharmaceutical Industries Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 29, 2026

/s/ Eli Kalif

Eli Kalif

Executive Vice President, Chief Financial Officer

Exhibit 32

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Teva Pharmaceutical Industries Limited (the "Company") on Form 10-Q for the period ended June 30, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Richard D. Francis, President and Chief Executive Officer of the Company, and Eli Kalif, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 29, 2026

/s/ Richard D. Francis

Richard D. Francis
President and Chief Executive Officer

Dated: July 29, 2026

/s/ Eli Kalif

Eli Kalif
Executive Vice President, Chief Financial Officer

Exhibit 99.1

NOTICE OF AMENDMENT OF THE DEPOSIT AGREEMENT AND
TERMINATION OF THE AMERICAN DEPOSITARY RECEIPT("ADR") PROGRAM FOR TEVA PHARMACEUTICAL INDUSTRIES LIMITED

To Holders of American Depositary Shares ("ADSs") of Teva Pharmaceutical Industries Limited

Company:	Teva Pharmaceutical Industries Limited, a company incorporated under the laws of the State of Israel, and its successors.
Depositary:	Citibank, N.A.
Custodian:	Citibank Tel Aviv.
Shares:	Fully paid ordinary shares of the Company.
ADS-to-Share Ratio:	Each ADS represents the right to receive one (1) Share.
Deposit Agreement:	Second Amended and Restated Deposit Agreement, dated as of December 4, 2018, as proposed to be amended by Amendment No. 1 to the Second Amended and Restated Deposit Agreement, by and among the Company, the Depositary and all Holders and Beneficial Owners of ADSs issued thereunder.
Ticker Symbol:	TEVA.*
Existing ADS CUSIP No.:	881624209.*
Books Closure Date:	September 4, 2026 (5:00 PM New York time) not to be reopened.
Termination Date:	September 14, 2026 (7:00 AM New York time).

* ***Ticker Symbol and CUSIP No. are provided for convenience only and without any liability for accuracy.***

Amendment

Notice is hereby given that, pursuant to Section 6.1 of the Deposit Agreement, the Company and the Depositary have agreed, effective as of August 31, 2026, to amend the Deposit Agreement to include a mandatory ADS cancellation and exchange process, that is to be implemented at the instruction of the Company in the event of the termination of the existing ADS program.

Effective as of the Books Closure Date, the books and records for issuances and cancellations will be closed and will not reopen. No further ADSs will be issued and surrenders for cancellation will not be accepted after the Books Closure Date.

The Depositary will file (x) a form of Amendment No. 1 to the Second Amended and Restated Deposit Agreement, and (y) a form of ADR that reflects the additional termination provision, with the U.S. Securities and Exchange Commission (the "SEC") under cover of Post-Effective Amendment No. 1 to Registration Statement on Form F-6. A copy of the filing can be retrieved from the SEC's website at www.sec.gov under Registration Number 333-269640.

If you have any questions, please refer to the "Frequently Asked Questions" available at ir.tevapharm.com. Copies of the Deposit Agreement are available at the principal office of the Depositary located at 388 Greenwich Street, New York, NY 10013 and can be retrieved from the SEC's website at www.sec.gov under Registration Number 333-269640.

Termination

CITIBANK, N.A. HEREBY GIVES NOTICE TO HOLDERS OF THE TERMINATION OF THE ADR PROGRAM EFFECTIVE AS OF THE TERMINATION DATE.

Pursuant to Section 6.2 of the Deposit Agreement, the Company and the Depositary have agreed to terminate the Deposit Agreement and the Company has directed the Depositary to implement a mandatory exchange of Shares for, and mandatory cancellation of, the ADSs. As a result of the termination of the Company's ADR program in accordance with the Deposit Agreement, upon the Termination Date, holders of ADSs will have their ADSs automatically cancelled and would be entitled to receive the corresponding underlying Shares (the "Mandatory Exchange") at a rate of one (1) Share for each ADS cancelled.

If you hold your ADSs as a beneficial owner through the systems of The Depository Trust Company ("DTC") and through your bank, broker or other nominee ("in street name"), it is expected that you will have your ADSs automatically cancelled and will automatically receive your Shares through the DTC account of your nominee without taking any action.

If you hold your ADSs as a registered holder in electronic form (non-certificated), it is expected that you will have your ADSs cancelled and will receive your Shares in book-entry form in the direct registration system ("DRS").[1] You will be contacted by Equiniti Trust Company, LLC ("Equiniti"), proximate to the Termination Date, with instructions on how to access your Shares following the Termination Date and your Shares will be reflected on a DRS statement issued by Equiniti following the Termination Date. You should contact Equiniti following the Termination Date if you have any questions.

If you hold as a registered holder with a physical ADR certificate representing your ADSs, the Shares to which you are entitled will be made available for delivery to you by Equiniti, upon surrender of your outstanding ADR certificate accompanied by appropriate documentation, including a letter of transmittal. Equiniti will contact you on or promptly following the Termination Date at your address registered in the books of the Depositary with additional information and instructions.

As a registered holder (whether certificated or electronic form), if you expect to transact in the Shares on or approximate to the Termination Date, consider moving your ADS position in street name with a broker in DTC in advance of the Books Closure Date to avoid delays in delivery. **You are also encouraged to verify that your address on file in the records of the Depositary is current and accurate to receive communications and instructions from Equiniti without delay.**

After effectuating the Mandatory Exchange, the Depositary shall be discharged from all obligations under the Deposit Agreement with respect to the ADSs and the Shares.

Date: July 29, 2026 Citibank, N.A., as Depositary

[1] You may at any time after the Termination Date request a certificate representing your Shares by contacting Equiniti.