TEVA PHARMACEUTICAL INDUSTRIES LTD.



Teva – General Overview

Eyal Desheh, Chief Financial Officer

September 9, 2008
Jerusalem

Forward Looking Statement





Today's presentations contains forward-looking statements, which express the current beliefs and expectations of management. Such statements are based on management's current beliefs and expectations and involve a number of known and unknown risks and uncertainties that could cause our future results, performance or achievements to differ significantly from the results, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause or contribute to such differences include risks relating to: our ability to successfully develop and commercialize additional pharmaceutical products, the introduction of competing generic equivalents, the extent to which we may obtain U.S. market exclusivity for certain of our new generic products and regulatory changes that may prevent us from utilizing exclusivity periods, competition from brand-name companies that are under increased pressure to counter generic products, or competitors that seek to delay the introduction of generic products, the impact of consolidation of our distributors and customers, potential liability for sales of generic products prior to a final resolution of outstanding patent litigation, including that relating to the generic versions of Allegra® , Neurontin®, Lotrel® and Protonix®, the effects of competition on our innovative products, especially Copaxone® sales, the impact of pharmaceutical industry regulation and pending legislation that could affect the pharmaceutical industry, the difficulty of predicting U.S. Food and Drug Administration, European Medicines Agency and other regulatory authority approvals, the regulatory environment and changes in the health policies and structures of various countries, our ability to achieve expected results though our innovative R&D efforts, our ability to successfully identify, consummate and integrate acquisitions, including the pending acquisition of Barr Pharmaceuticals Inc., potential exposure to product liability claims to the extent not covered by insurance, dependence on the effectiveness of our patents and other protections for innovative products, significant operations worldwide that may be adversely affected by terrorism, political or economical instability or major hostilities, supply interruptions or delays that could result from the complex manufacturing of our products and our global supply chain, environmental risks, fluctuations in currency, exchange and interest rates, and other factors that are discussed in this report and in our other filings with the U.S. Securities and Exchange Commission ("SEC").

Agenda





- Teva's 20/20 Target
- Barr Acquisition
- Q2'08 Financial Results

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Teva's 20/20 Target





By 2012, we expect to:



- Double our business
- Reach revenues of **$20 billion**
- Exceed net income margins of **20%**

Barr provides upside to our 20/20 target!

Key Pillars of Our Strategy





Increase Teva's market share in key markets

- Extend leadership in U.S.
- Establish leadership in key EU and International markets

Double our product portfolio

- Double R&D capabilities
- Focus on first-to-market / Paragraph IVs
- Double production capacity

Redefine customer service

- Develop big-to-big offerings
- Create new go-to-market initiatives

Biotechnology: Next growth wave in generics

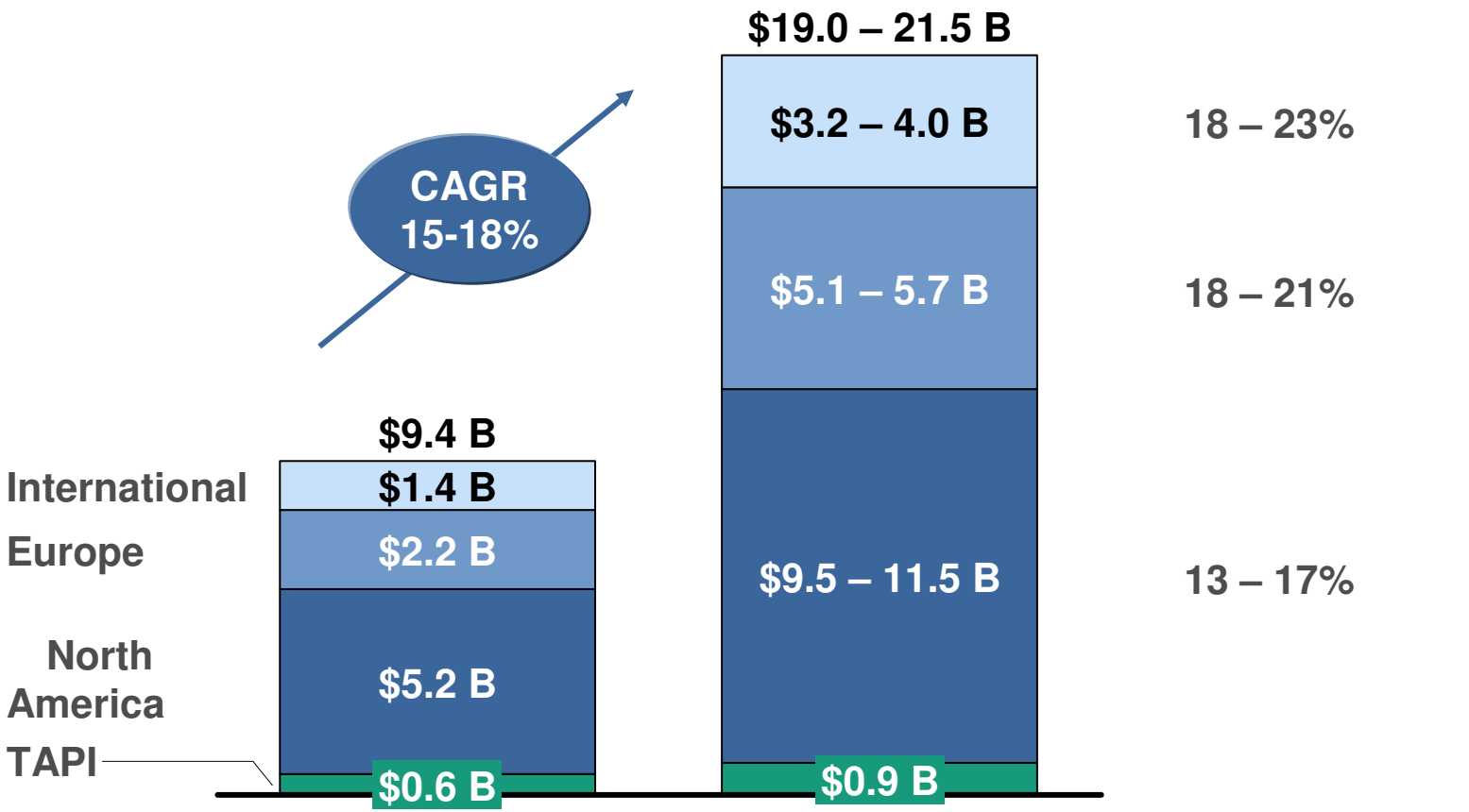
- Invest in the next wave of technology and Generics
- Create affordable Biogenerics: lower cost, greater value

Innovative business

- Focus on niche specialty areas
- Leverage unique sourcing, development and go-to-market approaches

2012 Projected Sales





Note: 2012 totals do not sum; reflect company's projected overall range

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What You Can Expect From Teva





- Continuous profitable growth
- Expanding leadership in key markets
- Long-term perspective: product portfolio, capacity and service
- Balanced business model & attractive financial returns

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Compelling Value Creation



TEVA + barr Pharmaceuticals, Inc.

Strong strategic fit –
supports all 5 pillars of our strategy

Attractive economics

Extends global market leadership

Expands product portfolio and pipeline

Exceeds 20/20 strategic target

Highly Attractive Financial Outcome





- **Projected 2008 combined revenues exceeds $13.7 billion**
  - Representing 15% growth over combined 2007
- **Anticipate strong cash flow from operations**
  - Over $3 billon in 2009
  - Over $5 billion in 2012
- **Accretive to GAAP earnings**
  - Within the fourth quarter following closing
  - Cash EPS even faster

Compelling economics more than compensates for share dilution

Significant Synergy Opportunity





- **At least $300 million in cost synergies by 2011 (fast ramp up)**
  - Synergies from manufacturing and API capabilities
  - R&D synergies from pipeline reorganization
  - Reduces recruiting requirement to achieve 2X goals
  - SG&A synergies from infrastructure overlap

- **Does not include significant upside opportunities**
  - Gradually reduce Barr's tax rate
  - Revenue synergies
  - Additional long-term operational and vertical integration opportunities

Maintaining Strong Balance Sheet and Credit Profile





- **Strong liquidity position**
  - Maintain $1 billion post closing cash on hand
  - Balance sheet flexibility provides liquidity for future strategic opportunities

	3/31/08	3/31/08 Deal adjusted
Debt & Minority Interest	$5.4B	$7.9B
Equity	$14.4B	$16.5B
Debt / 3/31/08 LTM EBITDA	1.7x	2.1x
Debt / Capital	27%	32%

- **Rating agencies affirmed our current rating**

STANDARD &POOR'S **BBB+**

Moody's Investors Service **Baa2**

Financial Deliverables





TEVA + barr Pharmaceuticals, Inc.

GAAP EPS accretive in fourth quarter after closing

New growth drivers

Large synergy opportunities

Improves cash flow

Maintains strong balance sheet and credit profile

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Quarterly Highlights





- **Financial Results**
  - Record quarterly sales of $2,823 million
  - Record cash flow from operating activities of $806 million
  - Record R&D investments of $198 million or 7% of sales
- **Generics**
  - Successful launches of Bupropion XL 150 and Risperidone
  - Continued investment in generic pipeline
  - Record sales for International Group, 37 percent growth QoQ
- **COPAXONE®**
  - Record quarterly in market sales of $563 million
  - Maintain global No. 1 position as MS therapy
  - North America distribution agreement with sanofi-avenits ends
- **AZILECT®**
  - AZILECT ® 1 mg tablets maybe first Parkinson's disease treatment to slow down the progression of the disease
  - Potential revenues significantly increase

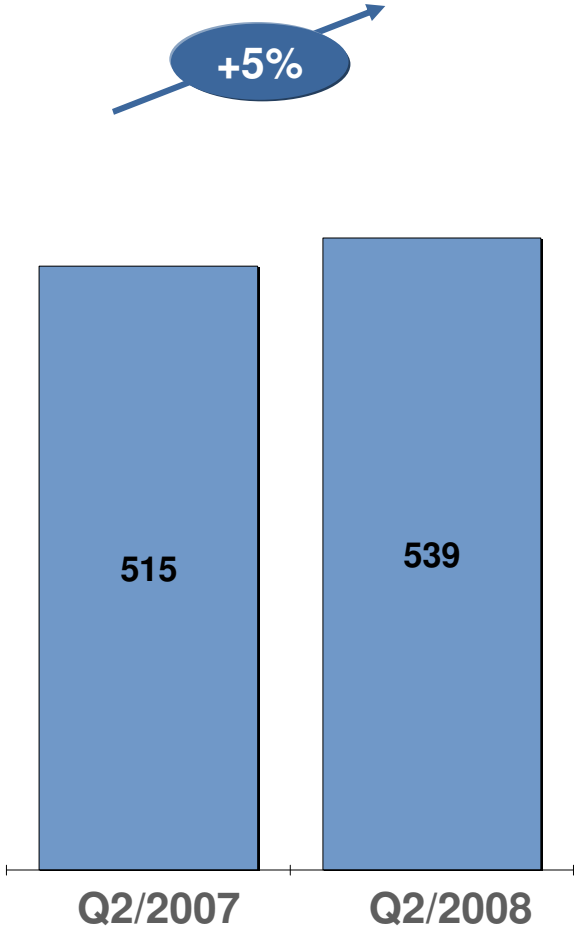
Development of Results (Q2 2008)



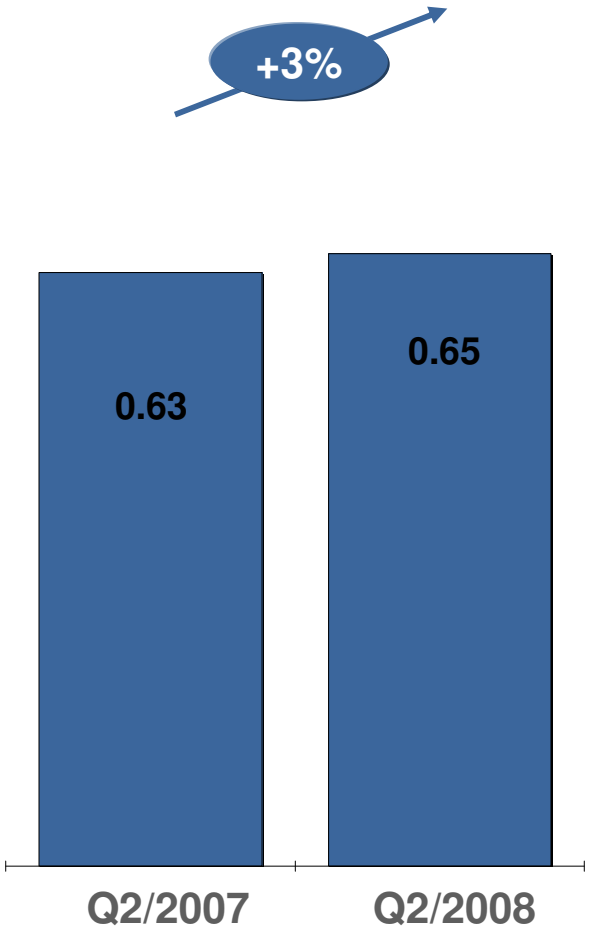
Sales ($ millions)



Net Income ($ millions)



EPS ($)



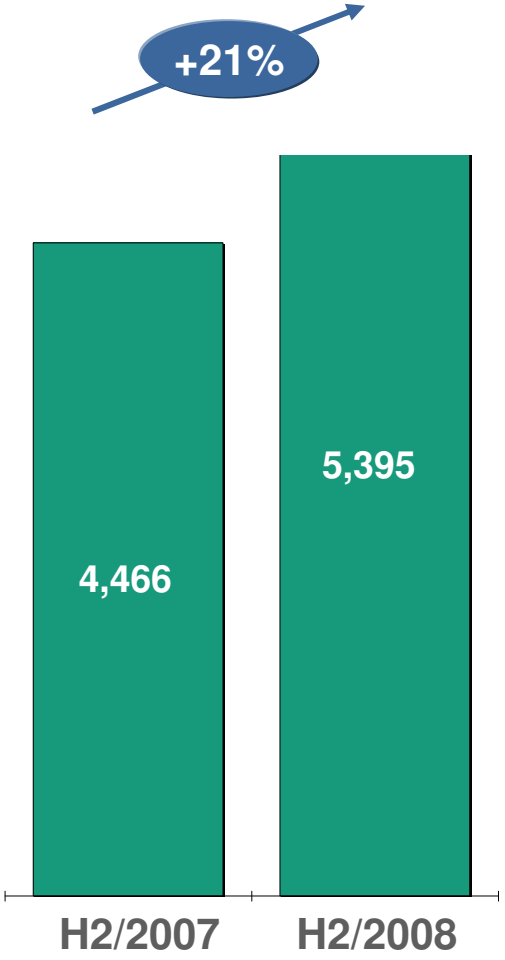
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Development of Results (H2 2008*)

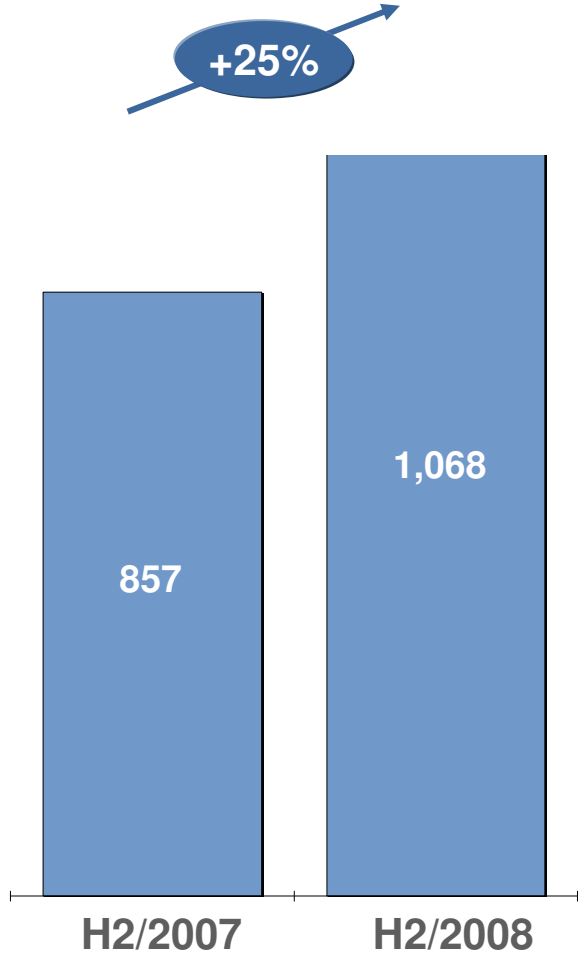




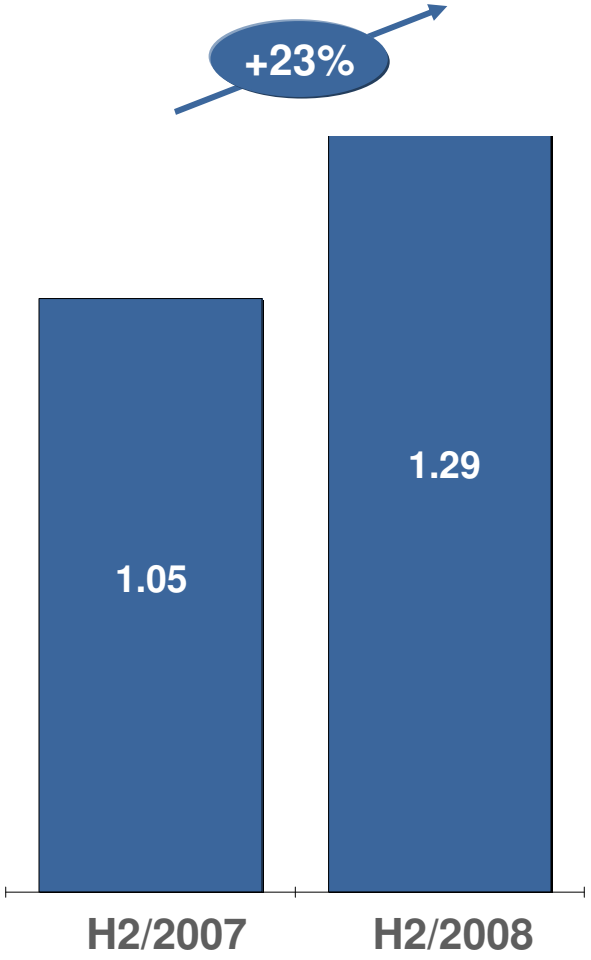
Sales ($ millions)



Net Income ($ millions)



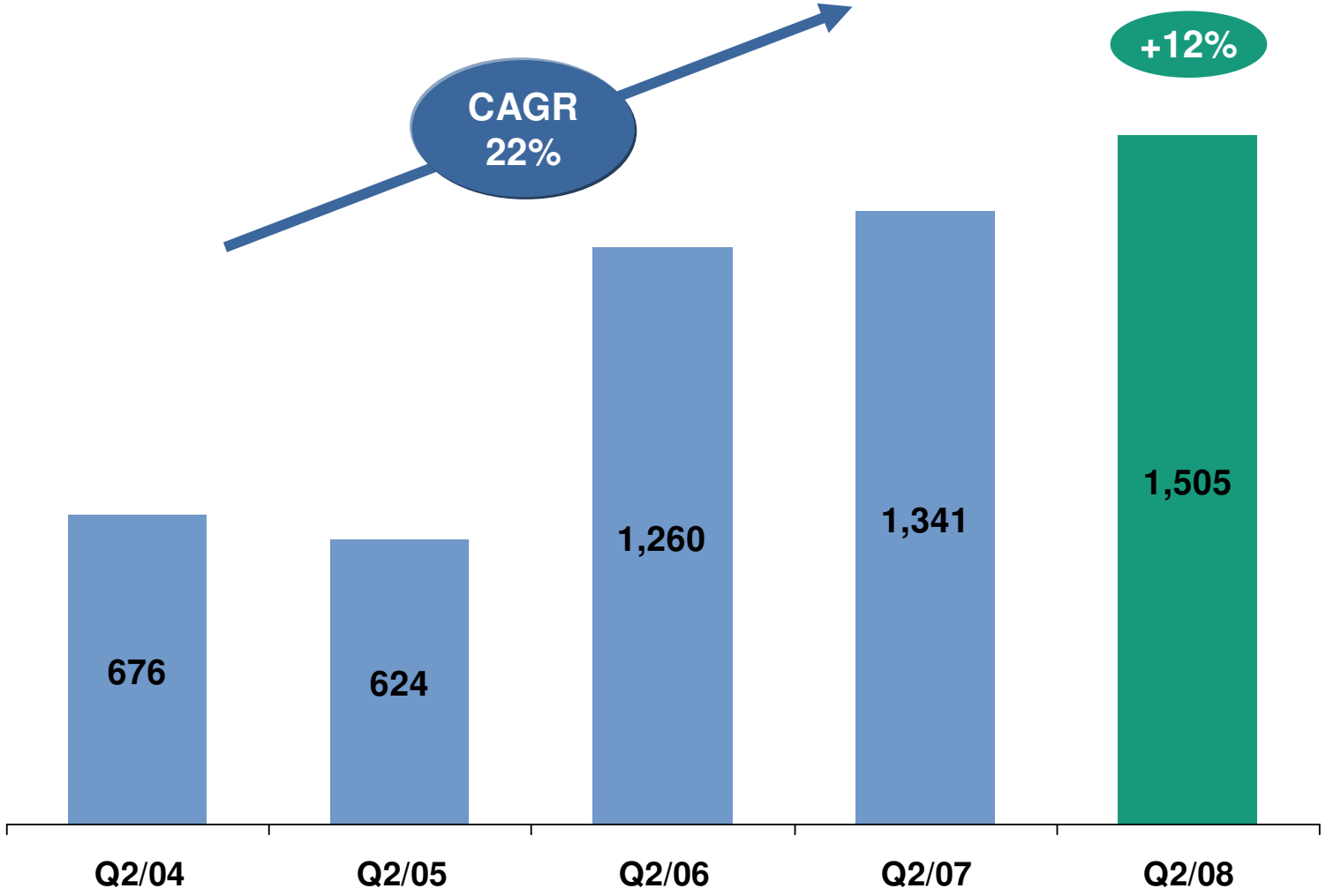
EPS ($)



* Non-GAAP numbers; Q1'08 includes in process R&D of $382M

Q2 2004-2008 – North America Pharmaceutical Sales ($ millions)



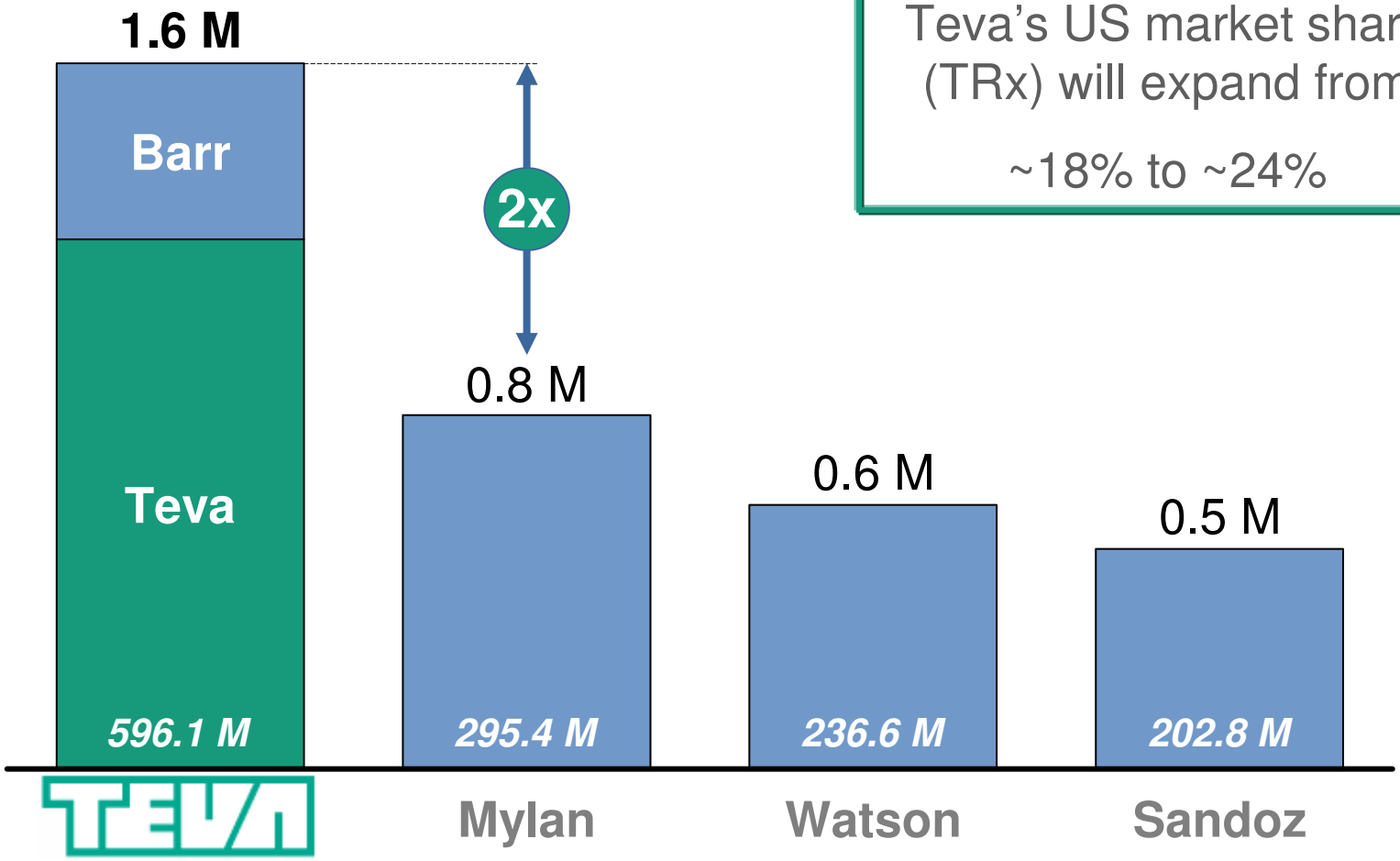


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Unparalleled Leadership in the U.S.



Pro forma number of TRxs per day



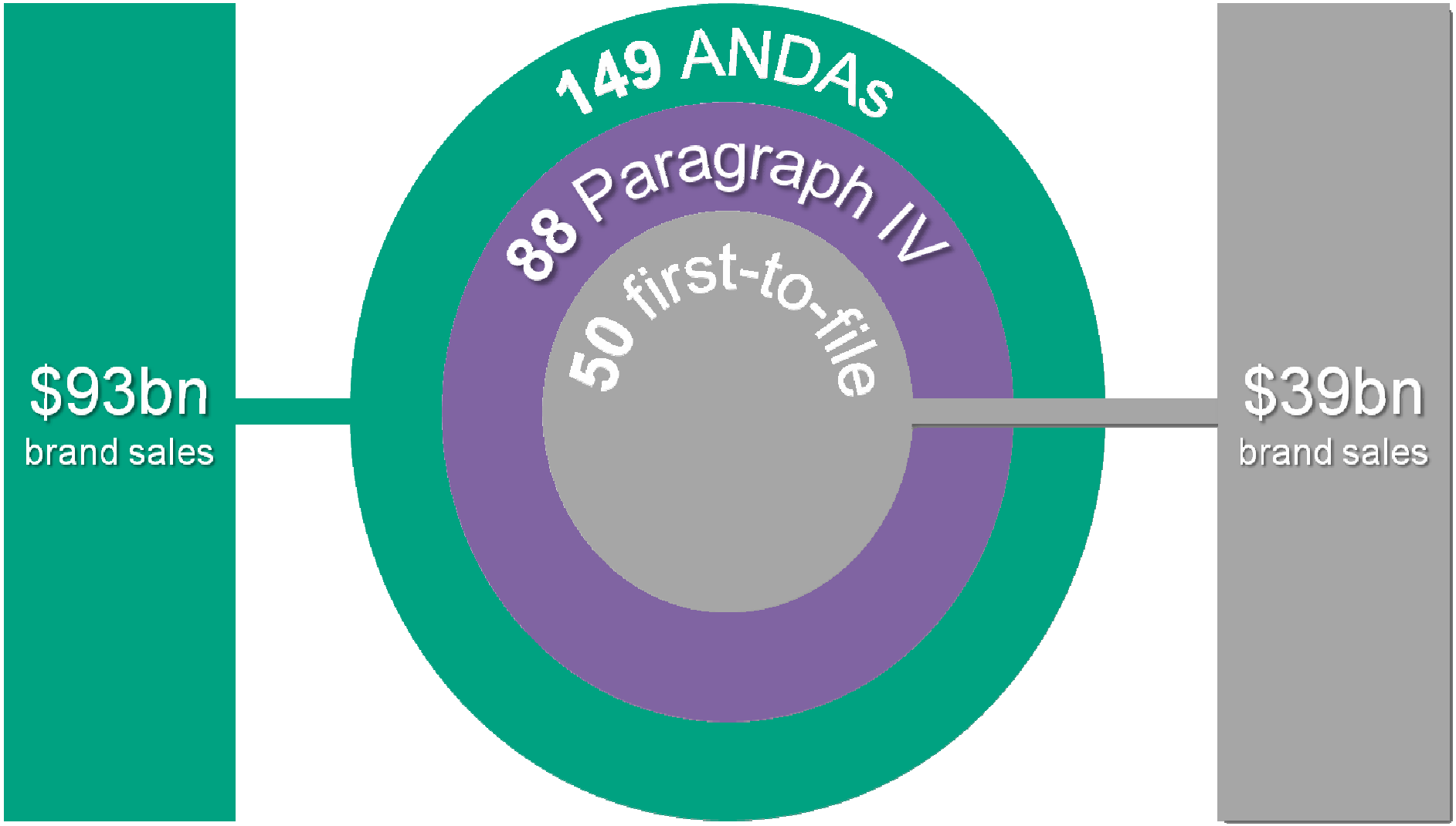
Teva's US market share (TRx) will expand from

~18% to ~24%

The Largest Product Pipeline in the Industry (as of July 23, 2008)



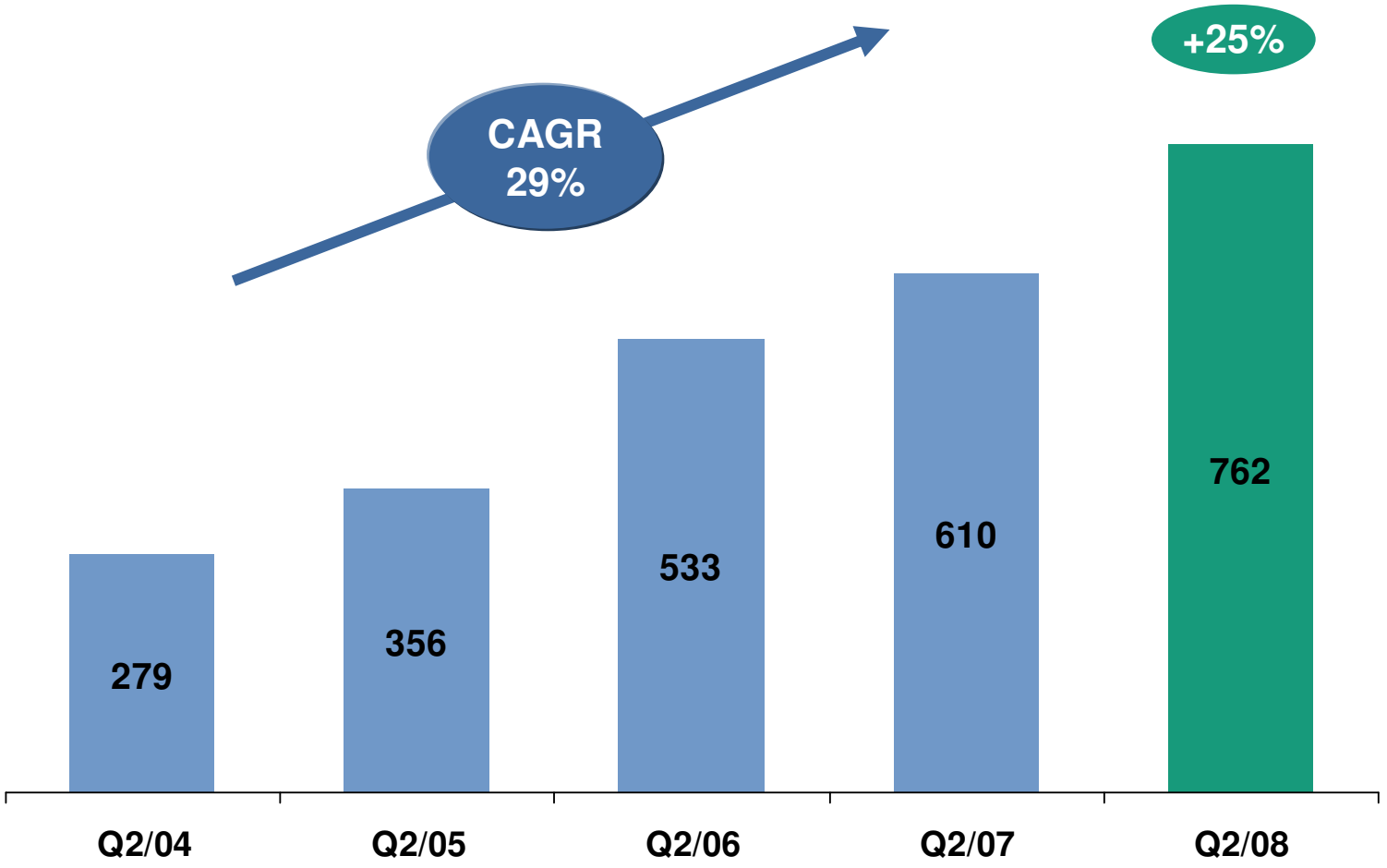




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Q2 2004-2008 – Europe* Pharmaceutical Sales ($ millions)





* Includes EU member states, Switzerland & Norway

Europe – Registration Status (as of June 30, 2008)



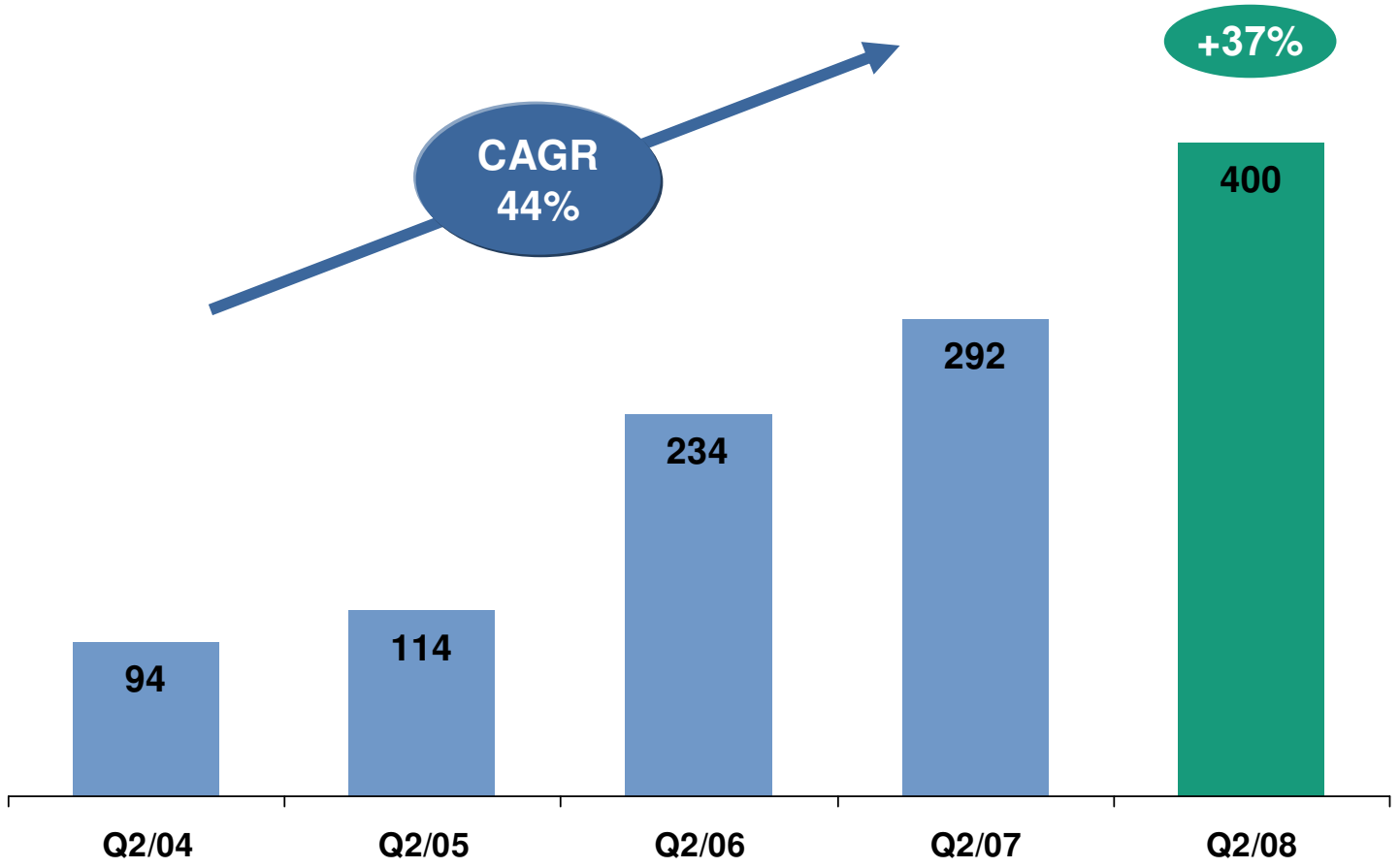


Country	2006 Approved	2007 Approved	2008	
			Approved	Pending
EMEA	0	1	2	7
Hungary	22	15	13	132
U.K.	19	48	35	159
France	30	50	23	151
Germany	16	50	18	143
Netherlands	30	38	17	153
Other	181	611	404	2411
TOTAL	298	813	512	3,156

* Total count of formulations per compound

Q2 2004-2008 – International Pharmaceutical Sales ($ millions)

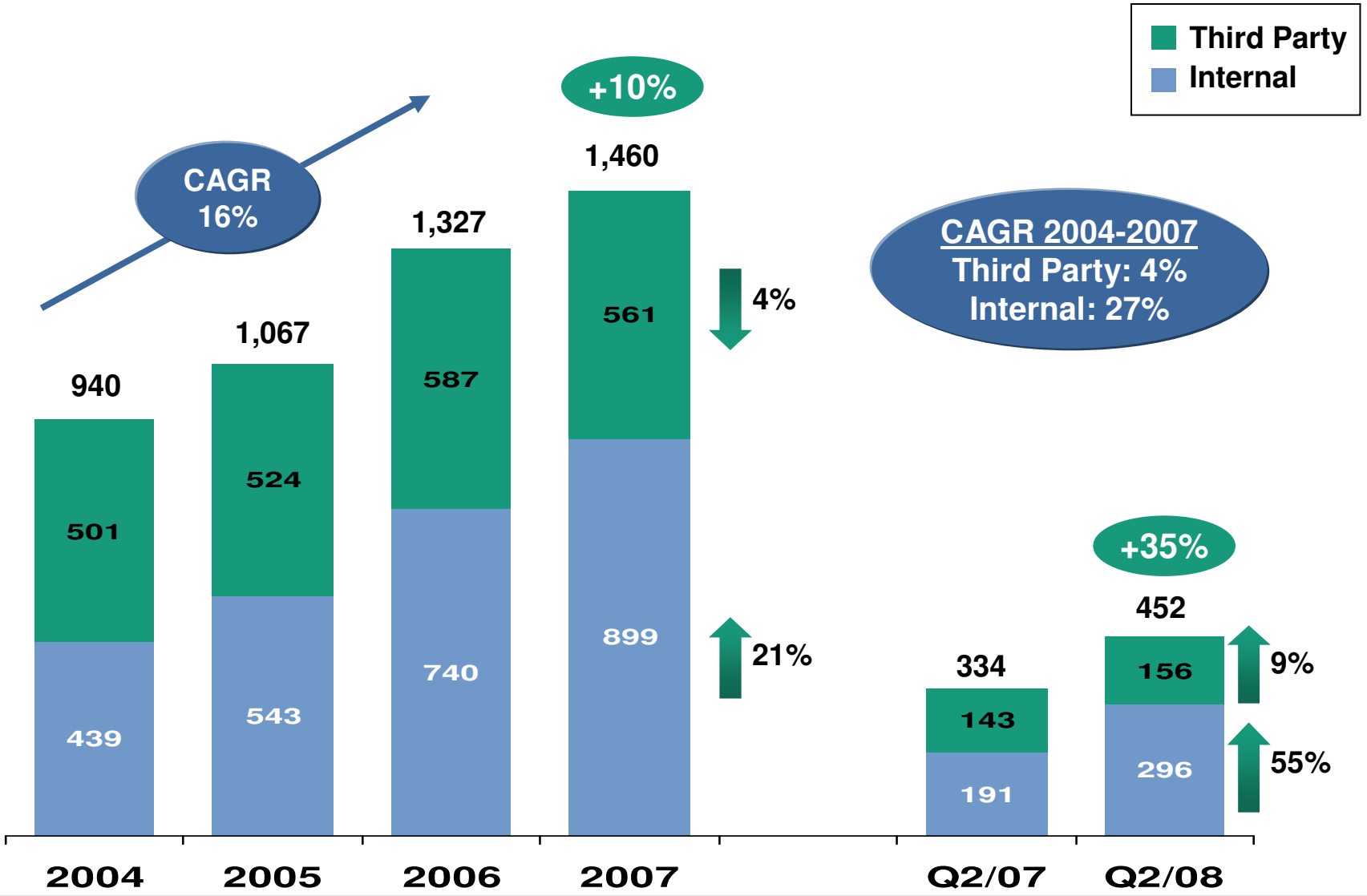




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API – Overview ($ millions)





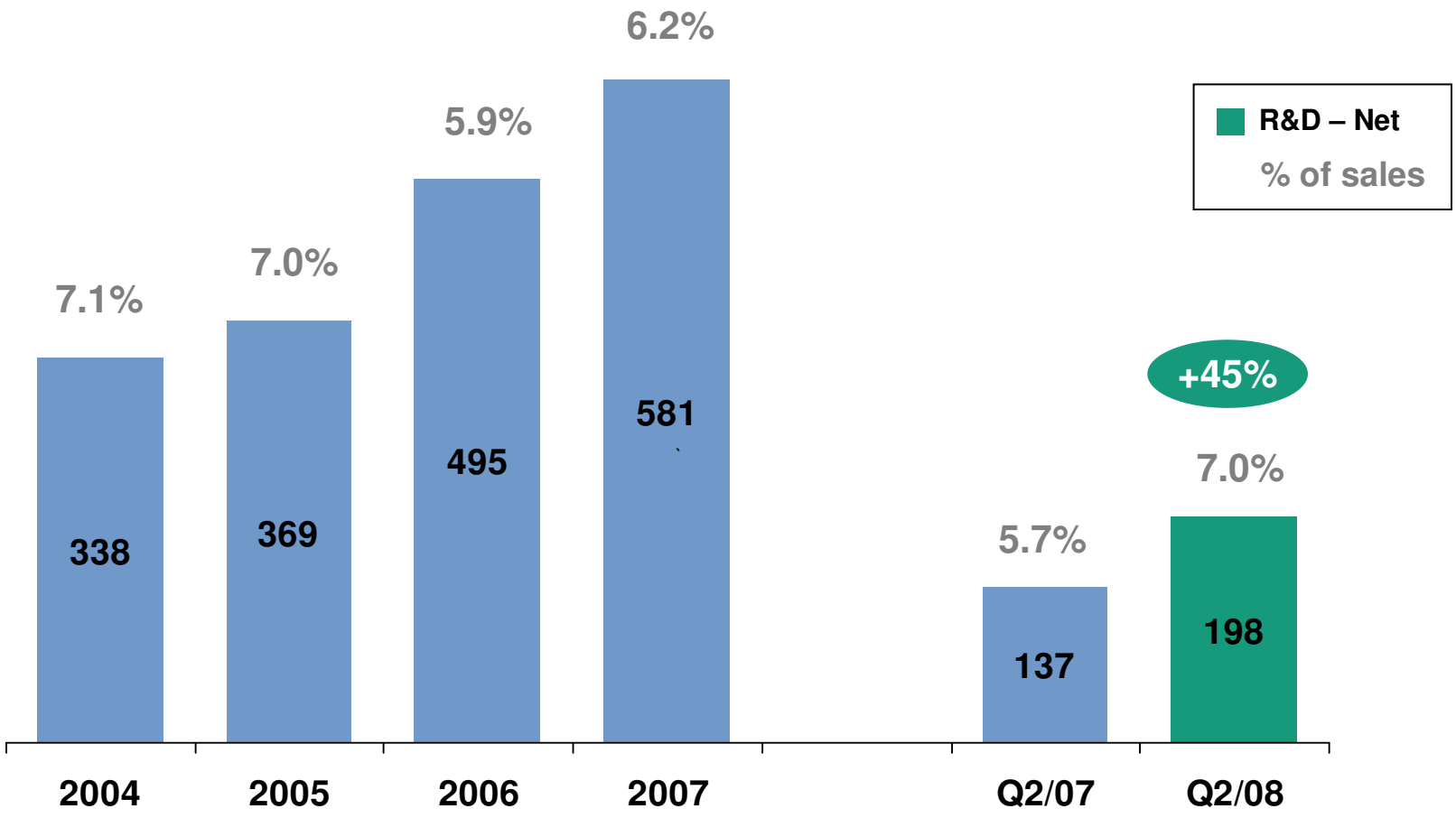
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Net R&D Expenses ($ millions)





Expect to reach a run-rate of 7.5% of sales by the end of 2008



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Q2 2008 – Cash Flow Highlights





($ millions)	Q207	Q307	Q407	Q108	Q208	1-6/07	1-6/08
Net Income*	515	525	570	529	539	857	1,068
Cash flow from operating activities	437	332	545	746	806	936	1,552
Purchase of fixed assets (net of proceeds from sale)	106	104	142	139	132	255	271
Dividends**	75	73	79	95	106	147	201
Free cash flow	**256**	**155**	**324**	**512**	**568**	**534**	**1,080**
Acquisition of companies	-	17	1	410	4	-	414

Free cash flow = Net cash provided by operating activities less purchase of property, plant and equipment (net), and dividends paid

* Non GAAP numbers
** Actually distributed

Financial Strength





($ billions)	June 30, 2008	March 31, 2008	June 30, 2007
Total Equity	15.08	14.40	12.06
Total Debt	4.79	5.38	5.51
of which:			
Short Term	1.47	2.03	1.52
Long Term*	3.32	3.35	3.98
Leverage**	**24%**	**27%**	**31%**

* Includes both converts of $1.4 Billion and straight debt of $1.5 Billion issued on 01/06
** [Debt / Debt + Equity)]

Summary





- **5 year strategic plan** – 20/20 target
  - Barr acquisition – upside to 20/20 target
- **Barr Acquisition** – compelling value creation
  - Strategic fit – supports 5 pillars of our strategy
  - Attractive economic value
  - Extends global market leadership
  - Expands product portfolio and pipeline
- **Q2'08 Financial Results**
  - Solid quarter – reflects strength of balanced business model
  - 2008 EPS guidance narrowed



Thank You!