2015 Business Outlook

December 11, 2014

2015 Business Outlook

Kevin Mannix, VP, Head of Global Investor Relations

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This presentation contains forward-looking statements, which are based on management's current beliefs and expectations. Such statements involve a number of known and unknown risks and uncertainties that could cause our future results, performance or achievements to differ significantly from the results, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause or contribute to such differences include risks relating to: our ability to develop and commercialize additional pharmaceutical products; competition for our innovative products, especially Copaxone® (including competition from orally-administered alternatives, as well as from potential purported generic equivalents) and our ability to migrate users to our new 40 mg/mL version; the possibility of material fines, penalties and other sanctions and other adverse consequences arising out of our ongoing FCPA investigations and related matters; our ability to achieve expected results from the research and development efforts invested in our pipeline of specialty and other products; our ability to reduce operating expenses to the extent and during the timeframe intended by our cost reduction program; our ability to successfully pursue and consummate suitable acquisitions or licensing opportunities; the extent to which any manufacturing or quality control problems damage our reputation for quality production and require costly remediation; our potential exposure to product liability claims that are not covered by insurance; increased government scrutiny in both the U.S. and Europe of our patent settlement agreements; our exposure to currency fluctuations and restrictions as well as credit risks; the effectiveness of our patents and other measures to protect the intellectual property rights of our specialty medicines; the effects of reforms in healthcare regulation and pharmaceutical pricing, reimbursement and coverage; governmental investigations into sales and marketing practices, particularly for our specialty pharmaceutical products; uncertainties related to our recent management changes; the effects of increased leverage and our resulting reliance on access to the capital markets; any failure to recruit or retain executives or other key personnel; adverse effects of political or economical instability, major hostilities or acts of terrorism on our significant worldwide operations; interruptions in our supply chain or problems with internal or third-party information technology systems that adversely affect our complex manufacturing processes; significant disruptions of our information technology systems or breaches of our data security; competition for our generic products, both from other pharmaceutical companies and as a result of increased governmental pricing pressures; competition for our specialty pharmaceutical businesses from companies with greater resources and capabilities; decreased opportunities to obtain U.S. market exclusivity for significant new generic products; potential liability for sales of generic products prior to a final resolution of outstanding patent litigation; any failures to comply with complex Medicare and Medicaid reporting and payment obligations; the impact of continuing consolidation of our distributors and customers; significant impairment charges relating to intangible assets and goodwill; the potential for significant tax liabilities; the effect on our overall effective tax rate of the termination or expiration of governmental programs or tax benefits, or of a change in our business; variations in patent laws that may adversely affect our ability to manufacture our products in the most efficient manner; environmental risks; and other factors that are discussed in our Annual Report on Form 20-F for the year ended December 31, 2013 and in our other filings with the U.S. Securities and Exchange Commission. 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 statement, whether as a result of new information, future events or otherwise.

2015 Business Outlook - Agenda

- Erez Vigodman, President & CEO
- Eyal Desheh, Executive VP and CFO
- Siggi Olafsson, President & CEO, Global Generic Medicines
- Michael Hayden, President of Global R&D and CSO
- Q&A with Management Team

2015 Business Outlook

Erez Vigodman, President & CEO

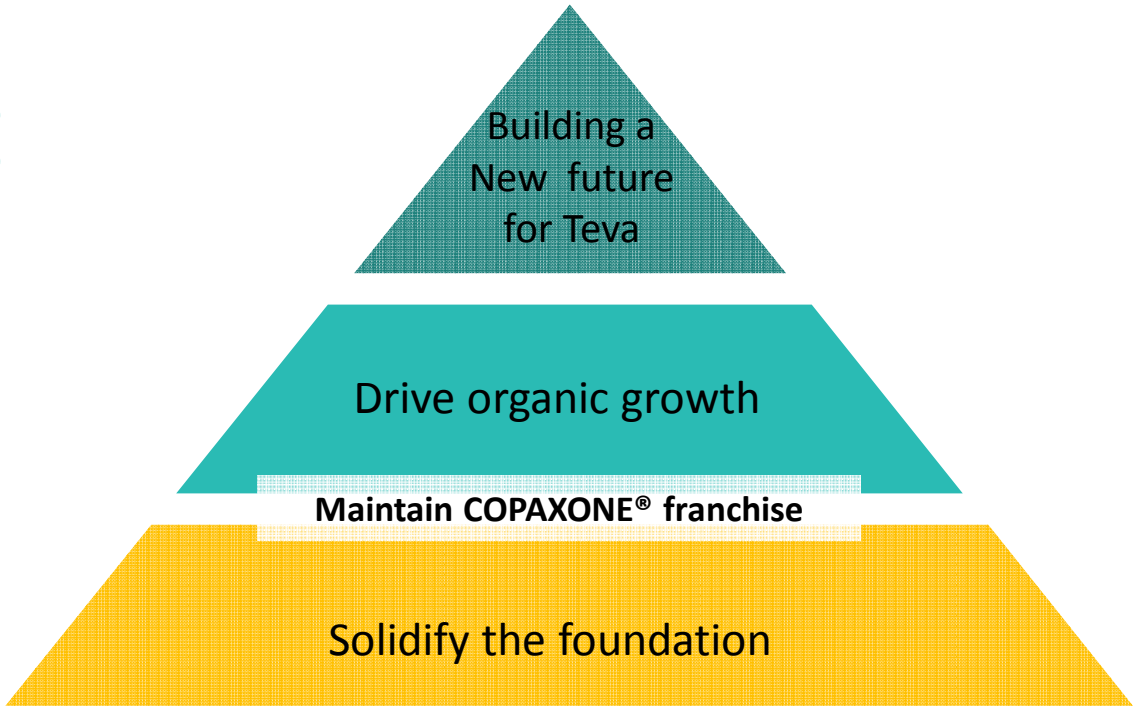
Our Discussion Today

- Our Must Wins for 2014
- Significant Progress in 2014
- Teva's Growth Through its Patent Cliff
- 2015 - A Pivotal Year for Teva

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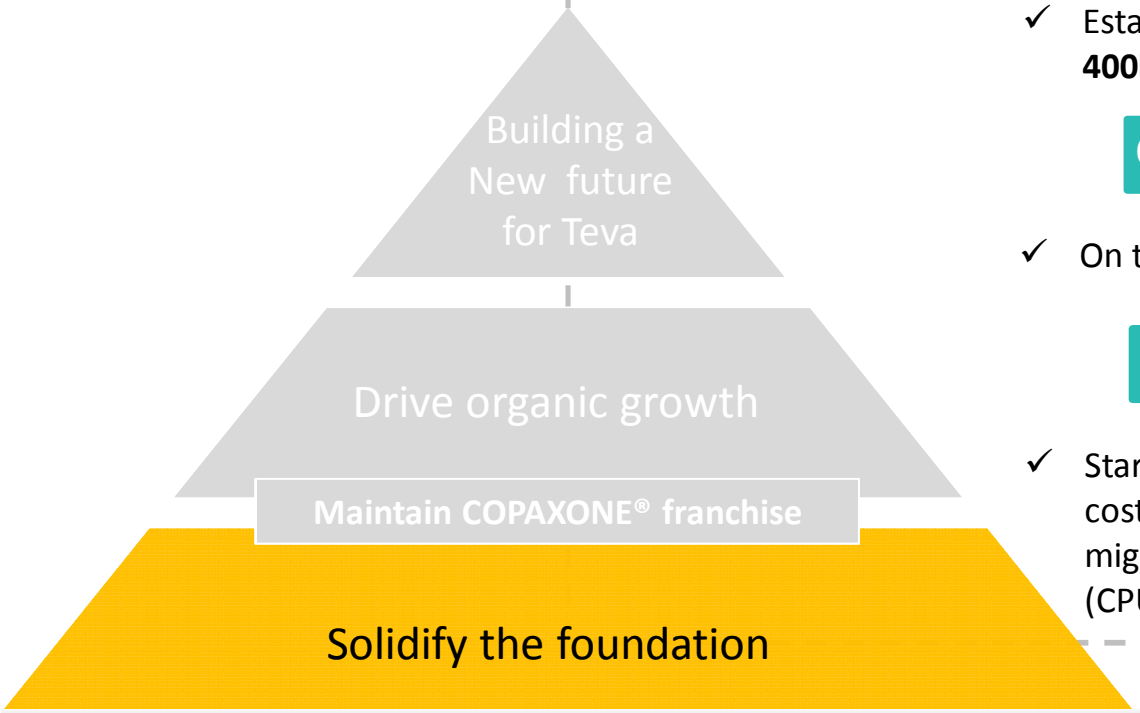
Our Must Wins for 2014



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Significant Progress Made in 2014



Generics

✓ Established **Global Generic Medicines**; Delivered **400bps** improvement in profitability

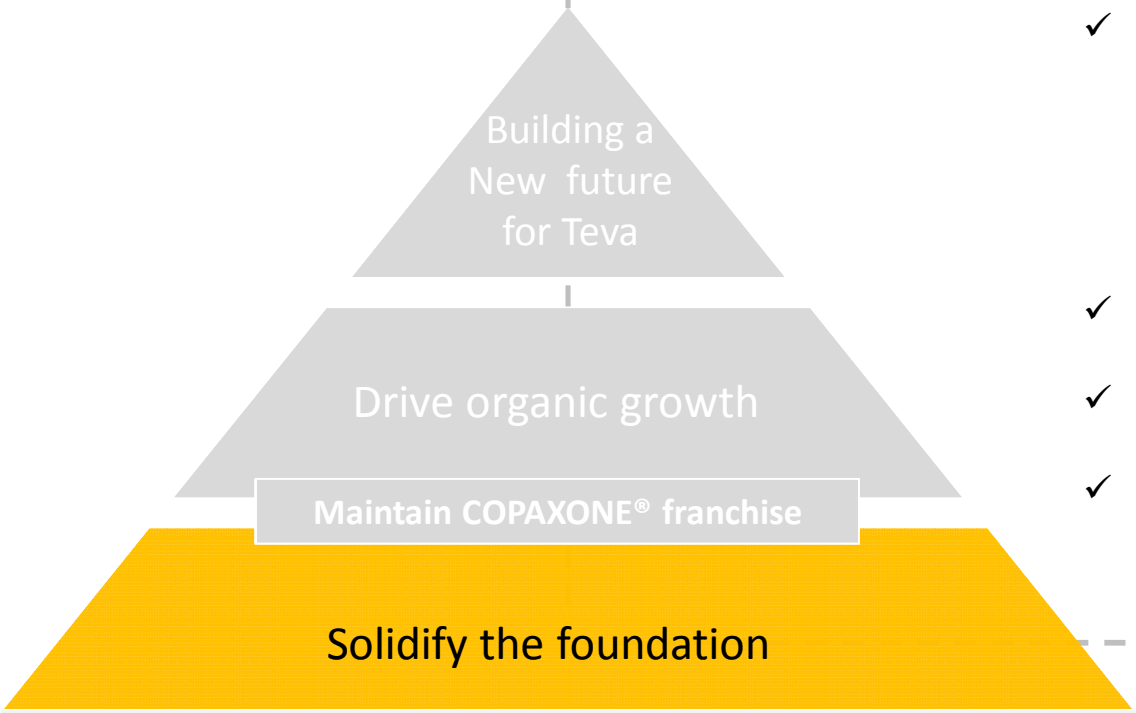
Cost Reduction

✓ On track to reduce net costs by **$650m** in 2014

Operations

✓ Started executing on a plan to achieve average cost per 1,000 tablets (CPU) of less than **$10** and migrate **60%** of our capacity to low-cost locations (CPU of **$6-7**) in **5** years

Significant Progress Made in 2014



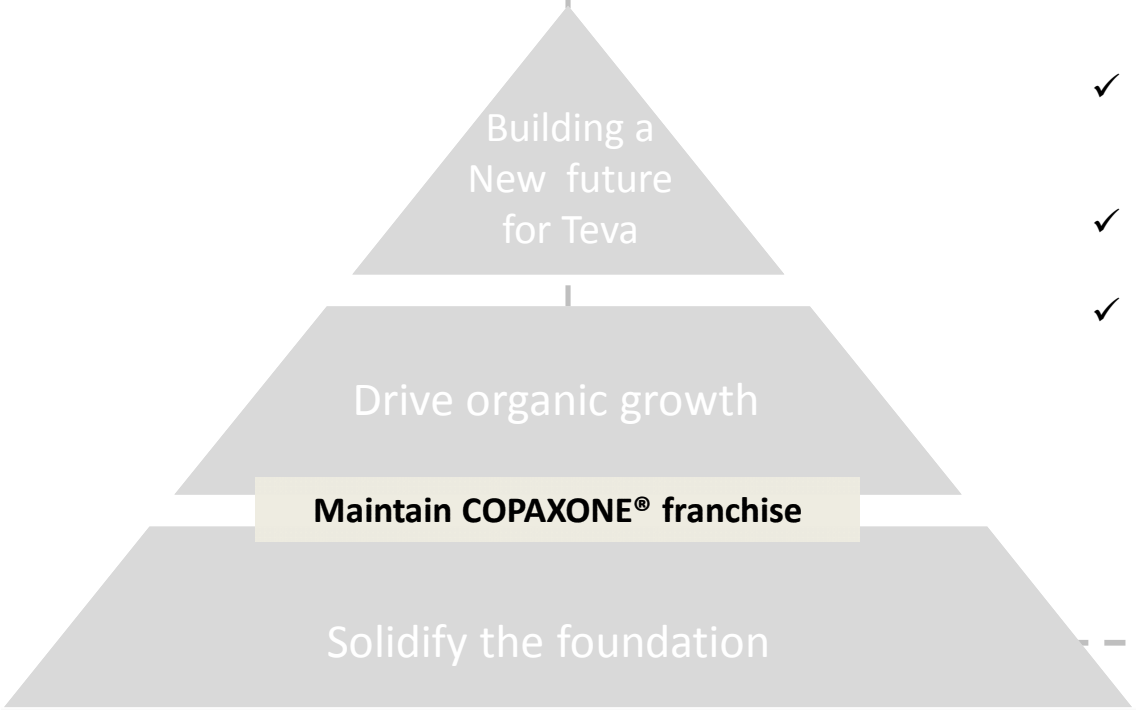
Quality

- ✓ Significant achievements in our journey to turn quality into a core competitive competency of Teva

Cash Flow

- ✓ Strong focus on cash resulted in robust cash flow from operations and free cash flow
- ✓ Returned **$1.5 billion** of cash to shareholders in dividend and buy-back YTD
- ✓ Reduced debt level by **$1.6 billion** YTD; 2014 Debt/EBITDA estimated to be **1.76**

Significant Progress Made in 2014

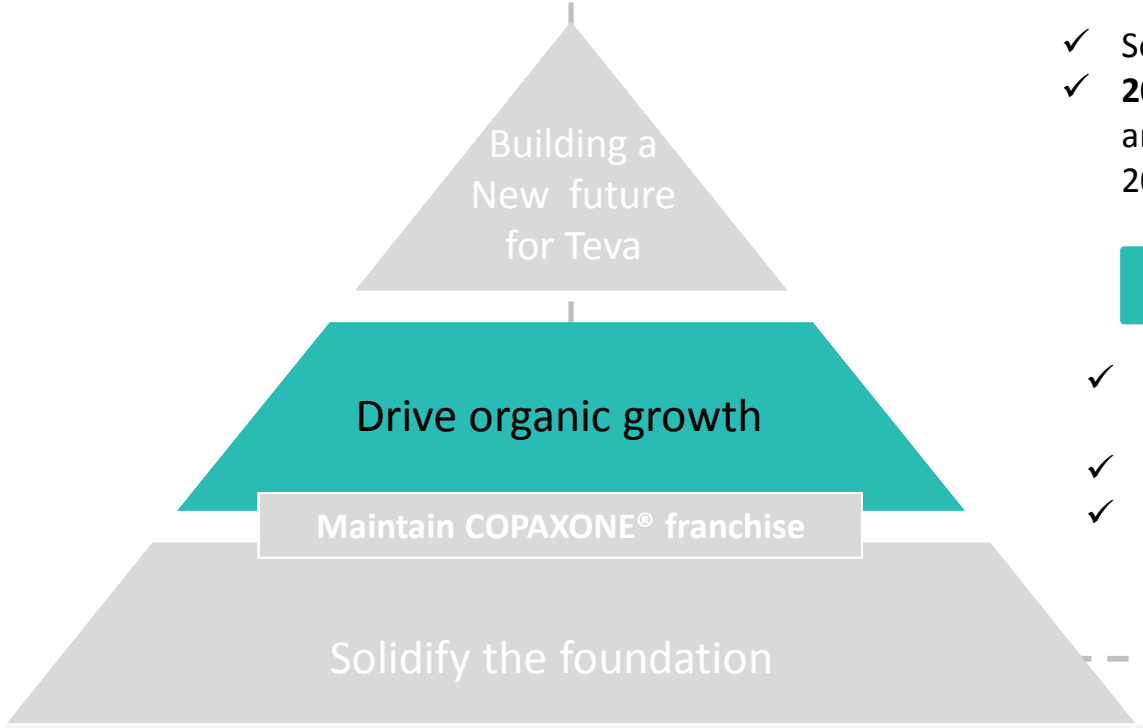


Copaxone®

- ✓ Successfully launched Copaxone® 40mg in the U.S. and achieved **~60%*** adoption rate
- ✓ Copaxone® 40mg due to launch in EU Q1 15
- ✓ Significant endeavors on the legal and regulatory fronts

*Through week ending November 28

Significant Progress Made in 2014



Generics

- ✓ Solid YTD performance with stronger profitability
- ✓ **20** product launches in the U.S. YTD, **94** in Europe and **82** in ROW estimated to deliver **~$900m** in 2014

Specialty

- ✓ Successfully launched **4** new products with estimated 2014 revenues of **$250 million**
- ✓ Therapeutic areas selection and focus
- ✓ **6** major submissions of Specialty products; **5** major approvals

Our Progress is Reflected in the Strong Results

	2014E*	2013A	Change
Revenues $m	20,150	20,314	-1%
Operating Income $m	5,700 (28.3%)	5,198 (25.8%)	+10%
Net Income $m	4,340 (21.5%)	4,255 (20.9%)	+2%
EPS $	5.05	5.01	+1%
Cash flow from Operations $m	4,500	3,237	+39%
Free Cash Flow $m	3,700	2,309	+60%

* 2014 estimates are based on mid-point of guidance ranges

** Net income, operating income and EPS are non GAAP results

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Potential Loss of Exclusivities 2015-2017

COPAXONE® (glatiramer acetate injection) 20mg/1mL

TREANDA® (bendamustine HCl) for Injection

Once-Daily AZILECT® (rasagiline tablets)

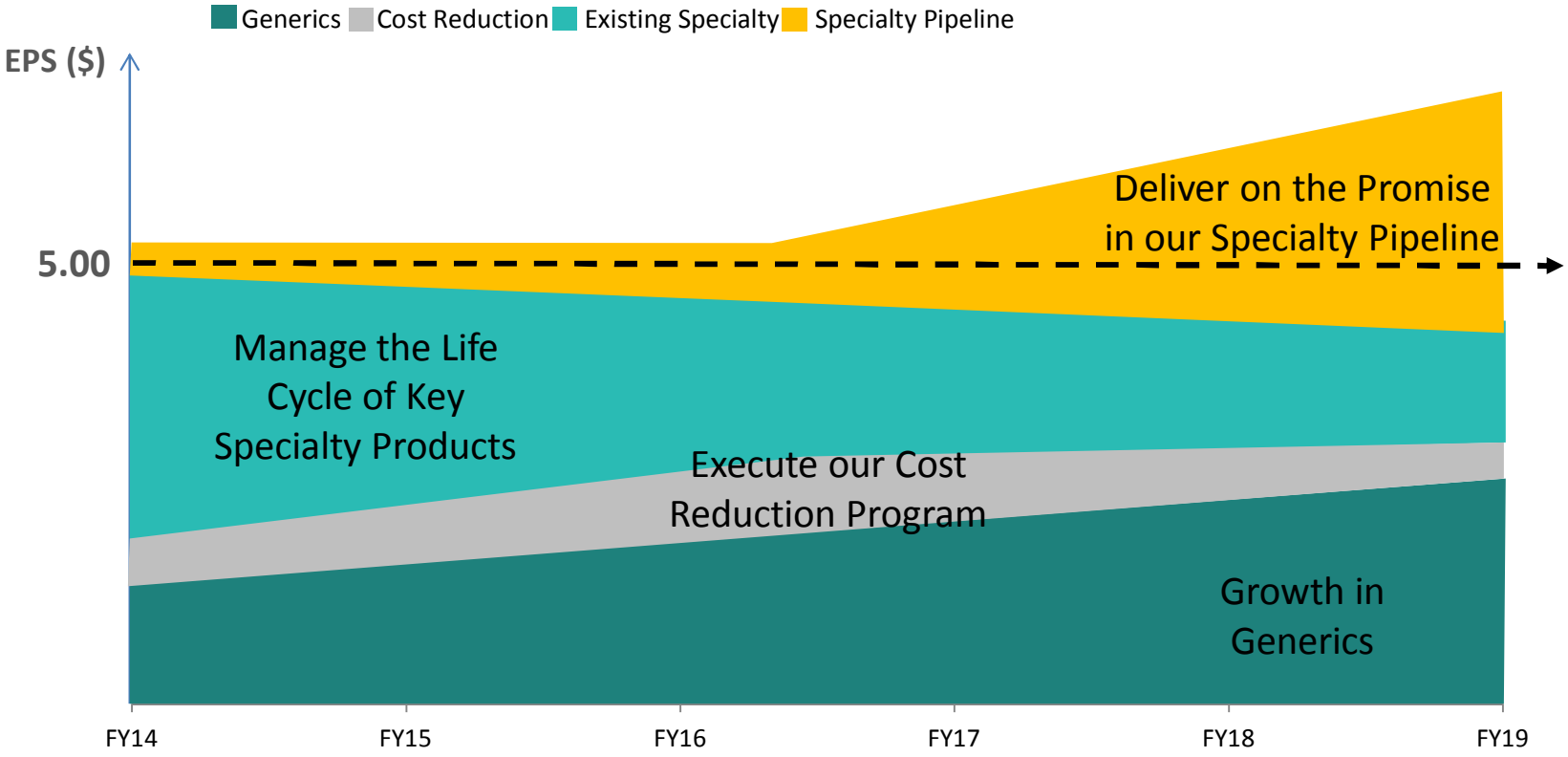
NUVIGIL® (ARMODAFINIL) Tablets C-IV

PROAIR® HFA (albuterol sulfate) Inhalation Aerosol

We are rigorously protecting the IP of these products and have accomplished some significant achievements during 2014

Teva's 4 Levers of Growth

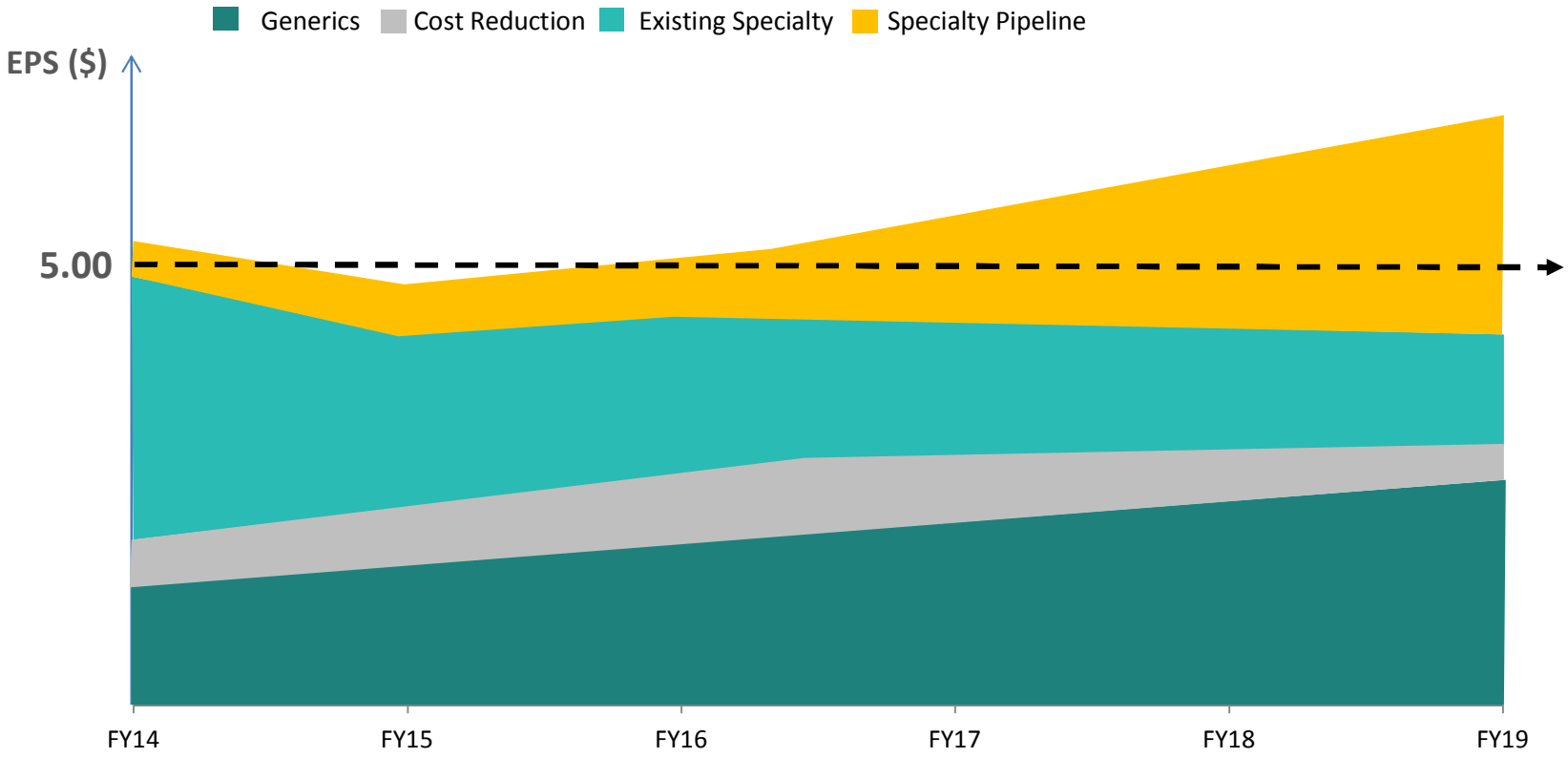
ILLUSTRATIVE



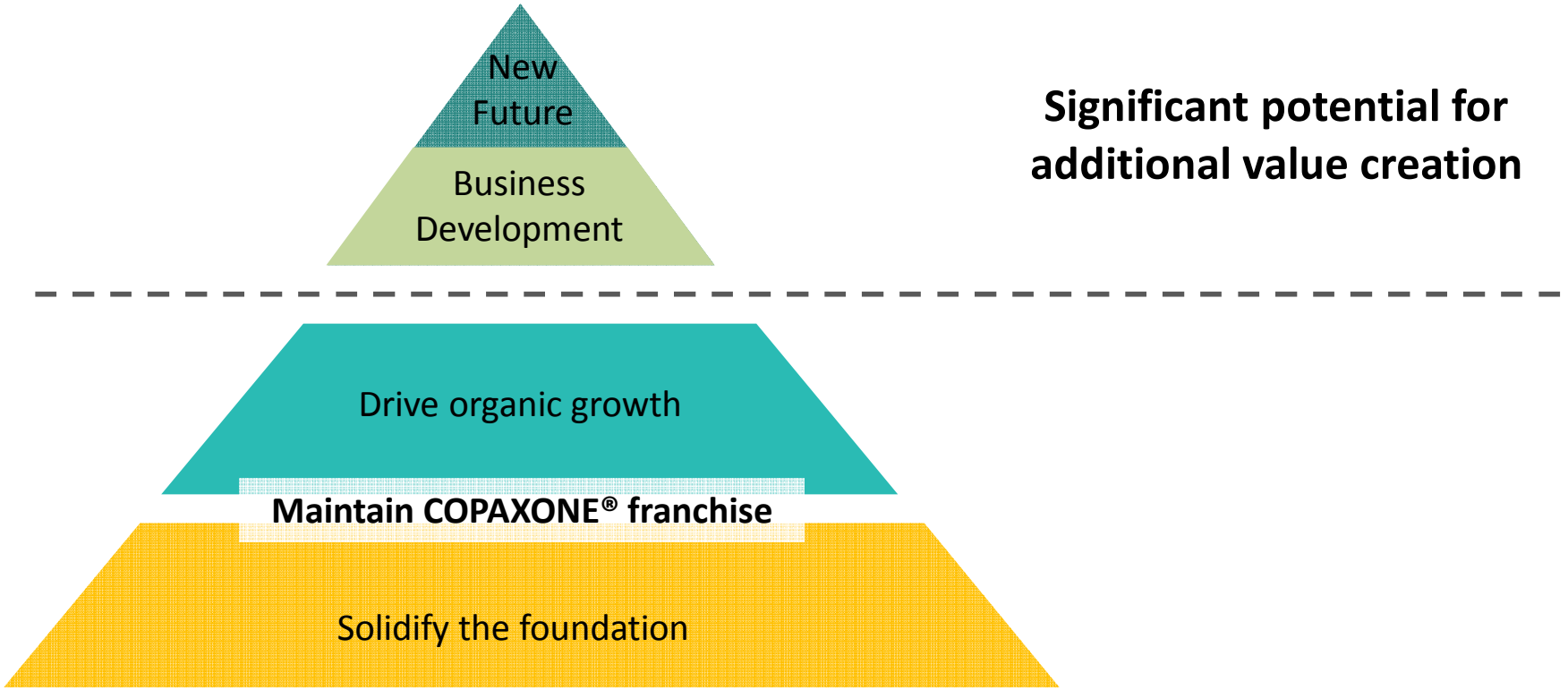
Teva's 4 Levers of Growth

ILLUSTRATIVE

(Under the Scenario of Copaxone® Generic Competition Starting Jan 1, 2015)



Teva's Growth Through the Patent Cliff

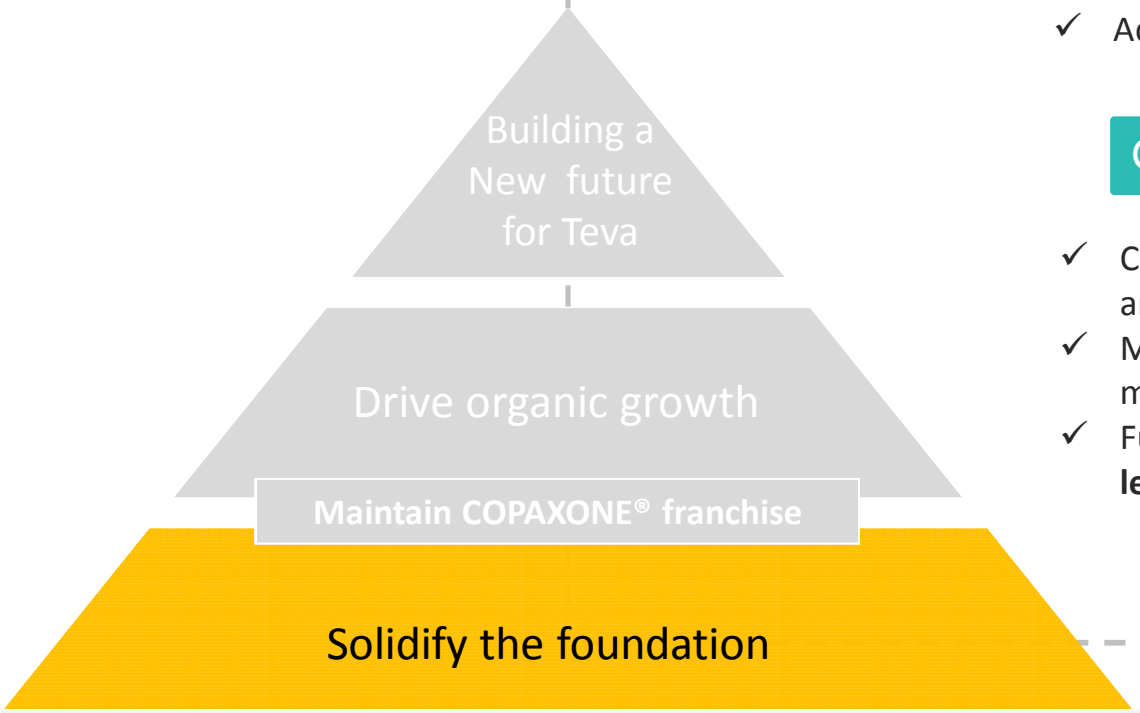


Significant potential for additional value creation

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2015 – A Pivotal Year for Teva



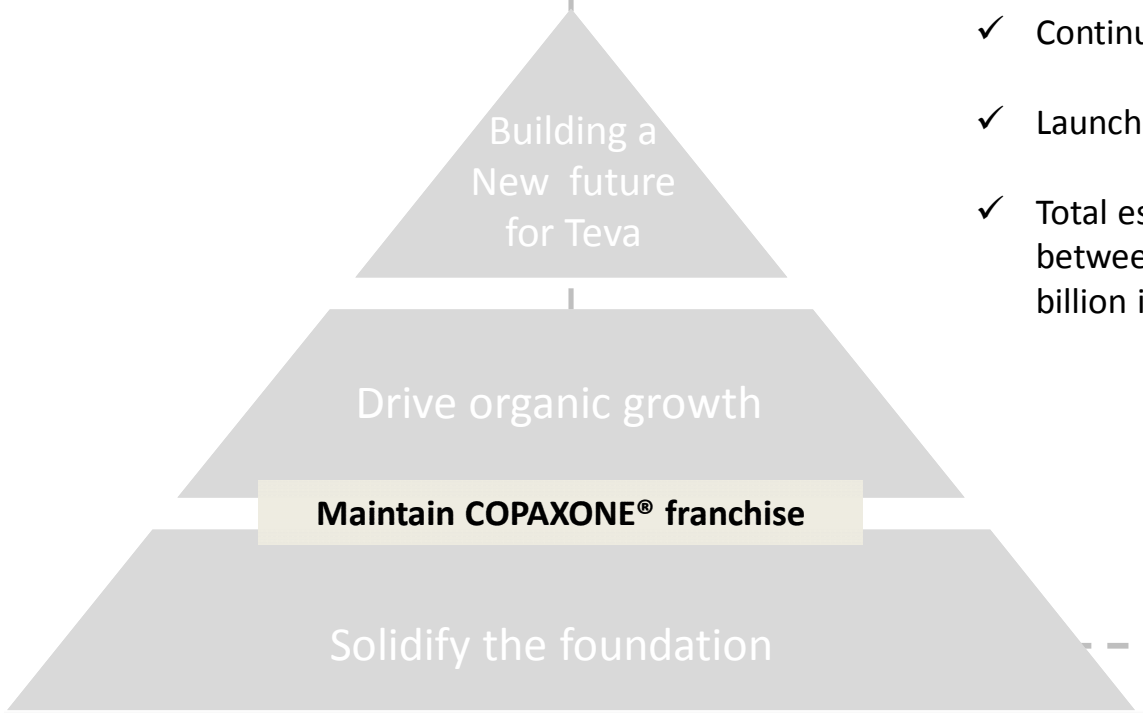
Cost Reduction

- ✓ Achieve **$500 million** in net cost savings

Generics

- ✓ Continue to solidify organizational structure and alignment to drive value and efficiency
- ✓ More Focus on key markets and portfolio management
- ✓ Further improve operating profitability by **at least 200bps**

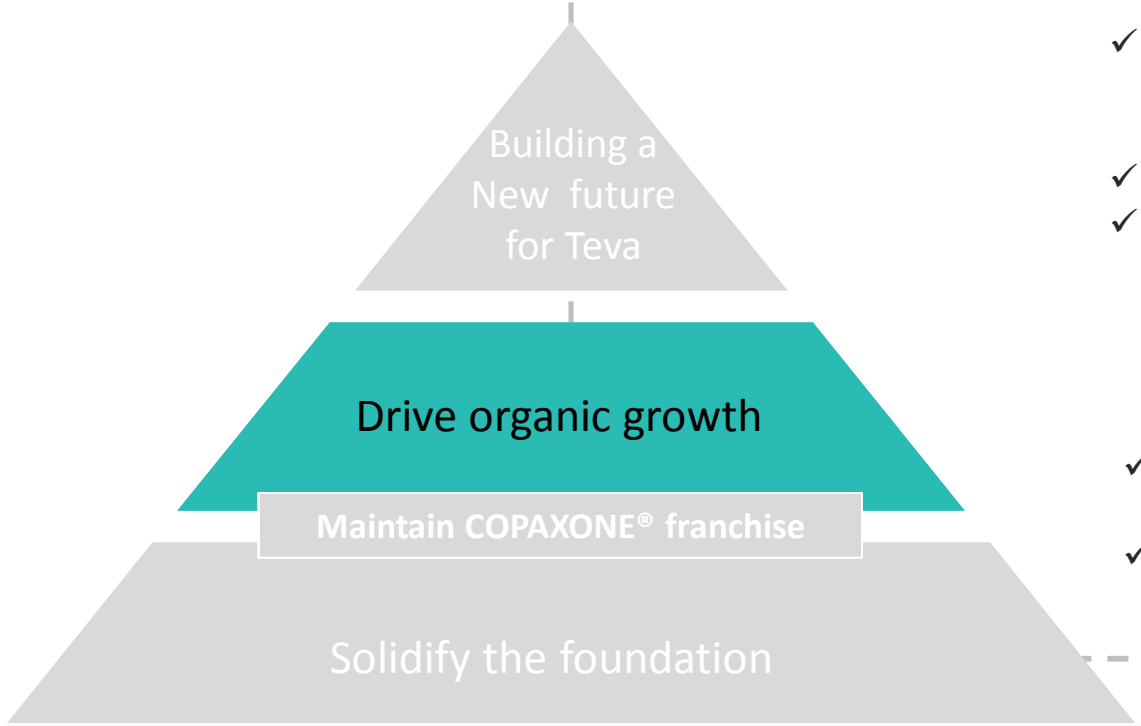
2015 – A Pivotal Year for Teva



Copaxone®

- ✓ Continued adoption of Copaxone® 40mg in the U.S.
- ✓ Launch Copaxone® 40mg in EU starting in Q1 15
- ✓ Total estimated global Copaxone® sales in 2015 between **$3.5 and $3.7 billion** (compared to ~$4.1 billion in 2014)

2015 – A Pivotal Year for Teva



Generics

- ✓ Fully deliver on all planned launches (**~240** globally), estimated to generate revenues of **~$800** million in 2015
- ✓ Execution of Growth Market Strategy
- ✓ Continue to shift generic pipeline and portfolio to complex products

Specialty

- ✓ Seamless execution of **7** new product launches
- ✓ **2** target approval; **5** target submissions; **4** major clinical milestones

7 New Specialty Product Launches in 2015

	Q1-15	Q2-15	Q3-15	Q4-15
US	Qnasl (beclomethasone dipropionate) Nasal Aerosol *Pediatric*	zecuity *ProAir® mDPI*		*Hydrocodone ER ADF*
EU/ ROW	LONQUEX lipegfilgrastim; DuoResp® Spiromax® budesonide/formoterol; COPAXONE (glatiramer acetate injection) *40 mg/ml*	Europe select markets, Mexico, Turkey and Australia*		

Cumulative estimated 2015 sales of these 7 products in 2015 is **$0.4B**
Together with 2014 launches, new specialty products will generate **~$0.65B** in 2015

*Launches in 2014 include US, Israel, Argentina and Chile. Sales figures exclude the U.S.

Highlights of Our 2015 Guidance (non-GAAP)

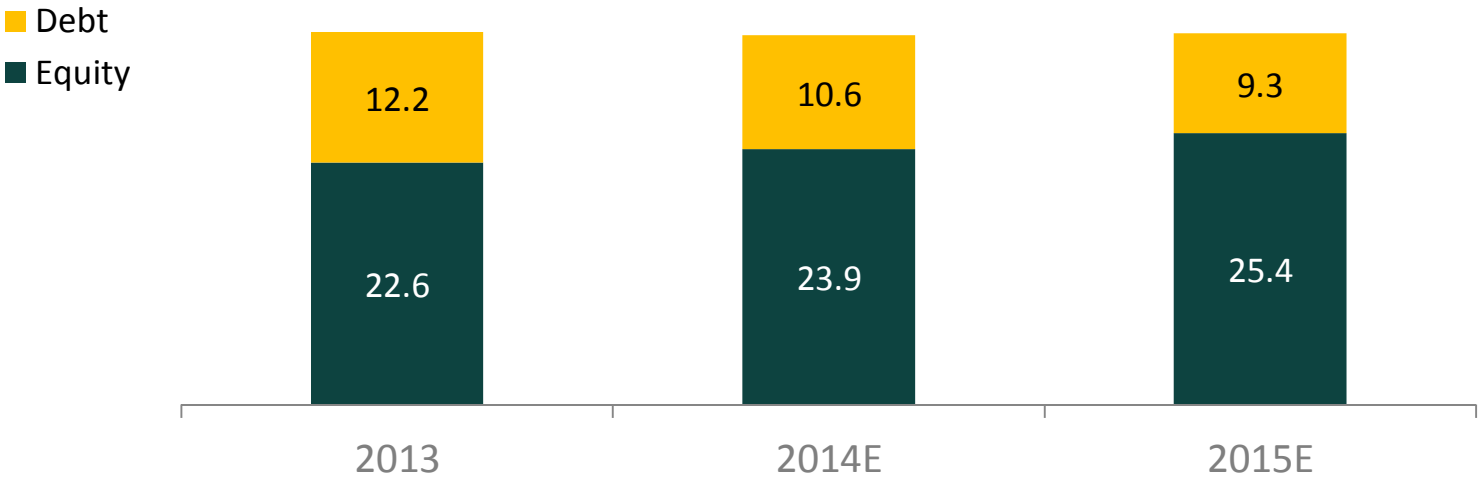
	2014 Guidance (Oct 14)	2015 Business Outlook
Revenues $ billions	20.0 -20.3	19.0 – 19.4
Operating Income $ billions	5.65-5.75	5.7-5.9
EPS $	5.00-5.10*	5.00-5.30
Cash flow from Operations $ billions	4.5	4.3-4.7
Free Cash Flow $ billions	3.7	3.5-3.9

* 2015 EPS and Operating Income exclude equity compensation.
2014 Operating income adjusted (to exclude equity compensation) is $5.7-5.8 billion; 2014 EPS adjusted is $5.08-5.18.

Improved Financial Resources

$ billions

Teva's robust cash flow generation and strong balance sheet position create ample liquidity for business development activities in all sizes



	2013	2014E	2015E
Leverage	35%	31%	27%
Debt/EBITDA	2.16	1.76	1.51

Summary

- We made significant progress on our key priorities for 2014
- Teva is positioned to defend a $5.00 EPS floor through 2016 and generate organic growth from that point onwards building on its 4 levers of growth
- 2015 is a pivotal year for Teva, continuing to deliver on our Must Wins and demonstrate the potential of our pipeline
- In parallel, Teva is fully geared to execute business development activities at all sizes and has started its journey to create a new future for the company

2015 Financial Outlook

Eyal Desheh, Chief Financial Officer

Non GAAP financial highlights

	2014 Guidance (October)	2015 Business Outlook
Revenues $ billions	20.0 – 20.3	19.0 – 19.4
EPS* $	5.00 – 5.10	5.00 – 5.30
Cash flow from Operations $ billions	4.5	4.3-4.7

2015 revenue forecast lower than 2014 due to:

- Foreign exchange rate fluctuations ($0.7B)
- Copaxone® competition assumptions, including a September 2015 Gx launch in the U.S. ($0.4-0.5B)
- New generic entrants for Gx Pulmicort® in the first half of 2015 ($0.4-0.5B)

* 2015 EPS excludes equity compensation.
2014 EPS adjusted (to exclude equity compensation expenses) is $5.08-5.18

2015 forecast assumptions - foreign exchange impact

	2014 Guidance (October)	2015 Business Outlook	Change	FX Effect	Real Change
Revenues $ billions	20.0 - 20.3	19.0 - 19.4	(1.0)	(0.7)	(0.3)
Operating income* $ billions	5.65 - 5.75	5.7 - 5.9	0.1	(0.1)	0.2

	Assumption/ Change vs 2014
Euro : most significant negative effect on revenues; natural hedge reduces effect on operating income	1.26 (-5%)
Russian ruble: negative effect on revenues and operating income	43.0 (-13%)
Israeli shekel: negative effect on revenues, positive effect on expenses	3.80 (-6%)

* 2015 Operating income excludes equity compensation.
2014 Operating income adjusted (to exclude equity compensation expenses) is $5.7-5.8 billion.

2015 forecast assumptions – Copaxone®

Revenue forecast

Total Copaxone® revenue of $3.5B - $3.7B comprised of:

- U.S. revenues of $2.7B - $2.9B
- Non-U.S. revenues of $0.8B - $1.0B

Key assumptions

- Two AB-rated generic competitors in the U.S. in September 2015; earlier entry by generics could reduce operating income by $30-50M per month
- Adoption of Copaxone® 40mg in the U.S. market to continue in 2015
- 40mg launch in EU and additional countries will begin in Q1 2015

2015 forecast assumptions – continued

Cost reduction program	• Annual net savings of $0.5B, before impact of foreign exchange fluctuations.
U.S. generics	• New generic entrants for Pulmicort® in H1 2015. Revenue impact of $0.4-0.5B and operating income impact of $0.1-0.2B. • Up to 30 new product launches, generating over $0.6B in revenues, including the launch of an AB-rated generic EpiPen® in the second half of 2015.
Specialty launches	• Seven product launches to generate $0.4B-$0.5B in revenues, including Zecuity®, Hydrocodone ER ADF, ProAir® mDPI and launch of Lonquex® and DuoResp® in additional countries.
Share count	• Repurchase of $1.0-$1.2B during 2015, in addition to 2014 purchases • Estimated share count: 850-860 million shares.
Sale of P&G Plants	• No revenues in 2015 vs. revenues of $0.1B in 2014.
Non-GAAP accounting	• Commencing in 2015, equity compensation will be excluded from our non-GAAP results. • 2014 EPS adjusted (to exclude equity compensation expenses) is $5.08-5.18.

2015 P&L outlook

	2014E	2015E	
Net Revenues ($B)	20.0—20.3	19.0-19.4	↓
Gross Profit (%)	59% – 60.5%	59.5%-61.5%	↑
R&D ($B)	1.4	1.3-1.4	↓
S&M ($B)	3.7 – 3.8	3.3-3.5	↓
G&A ($B)	1.2	1.1-1.2	↓
Operating Income* ($B)	5.65 – 5.75	5.7-5.9	↑
Finance Expenses ($M)	310 – 330	250-290	↓
Tax (%)	19% – 20%	19%-21%	~
Number of Shares (M)	856 – 862	850-860	↓
EPS* ($)	**5.00 – 5.10**	**5.00-5.30**	↑
Cash Flow from Operations ($B)	4.5	4.3-4.7	~

* 2015 EPS and Operating Income exclude equity compensation.
2014 Operating income adjusted (to exclude equity compensation) is $5.7-5.8 billion; 2014 EPS adjusted is $5.08-5.18.

Operating income bridge

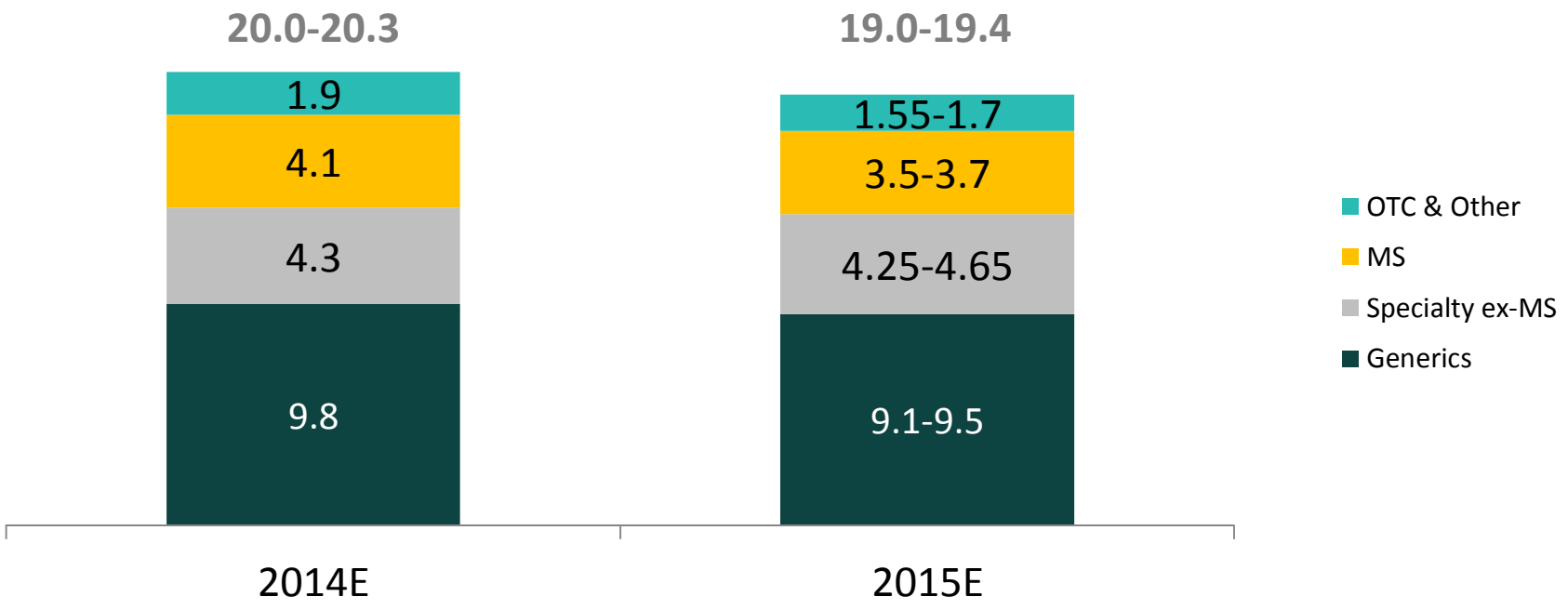
$ billions



2014 Operating Income was adjusted to exclude equity compensation expenses

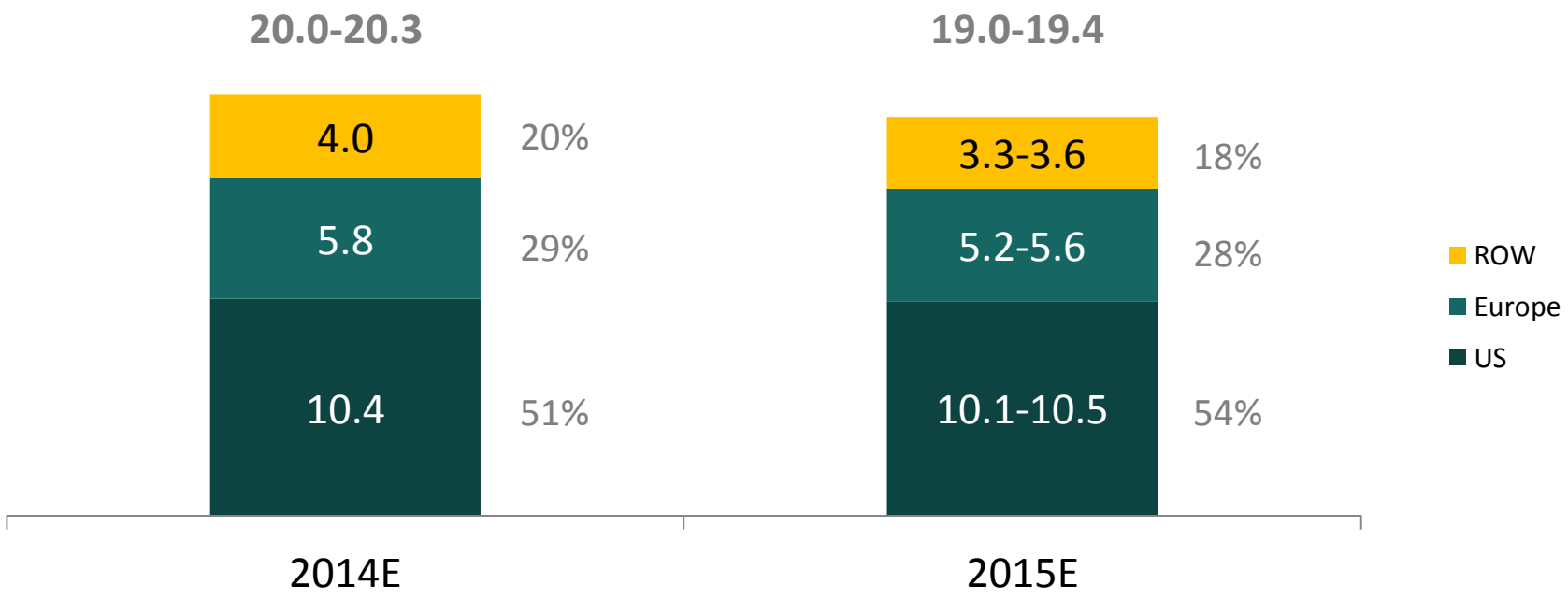
Revenue breakdown by business line

$ billions



Revenues breakdown by market

$ billions



2015 Business lines outlook

	Total	Generics	Other Specialty	MS	OTC & Others
Net Revenues ($B)	19.0-19.4	9.1-9.5	4.25-4.65	3.5-3.7	1.55-1.7
Gross Profit (%)	59.5%-61.5%	44%-48%	81%-83%	89%-90%	20%-24%
R&D ($B)	1.3-1.4	0.5-0.6	0.65-0.7	0.1-0.15	**
S&M ($B)	3.3-3.5	1.2-1.4	1.4-1.55	0.4-0.5	0.15-0.2
Segment Profit* ($B)	6.8-7.1	2.4-2.6	1.45-1.65	2.6-2.8	0.1-0.2

* Segment profit is comprised of gross profit, less S&M and R&D expenses related to the segment. Segment profit does not include G&A expenses, amortization and certain other items. Total segment profit does not include G&A expenses.

** Less than $50 million

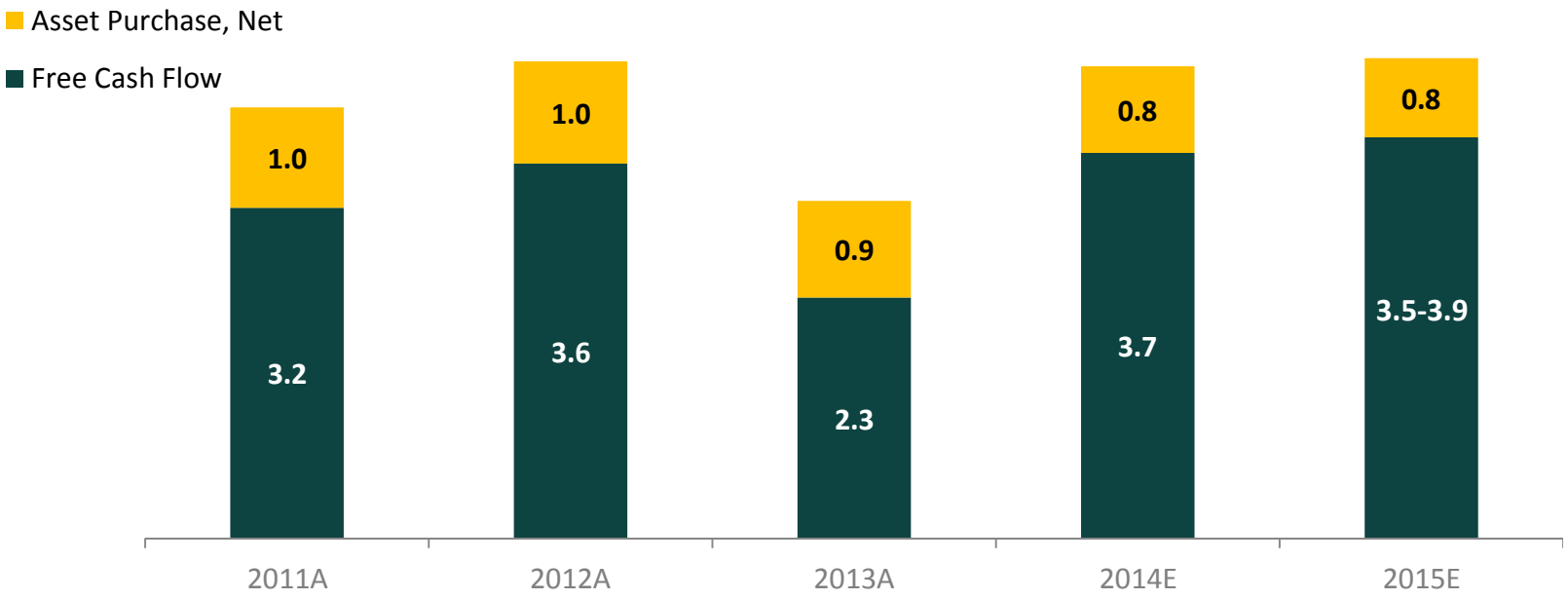
Key specialty medicines product outlook

$ millions

	2015 Outlook
Copaxone®	3,500-3,700
Azilect®	350-400
Nuvigil®	300-330
Treanda®	670-750
ProAir® family	470-580
Qvar® family	310-380

Strong cash flow generation

$ billions



	2011A	2012A	2013A	2014E	2015E
Cash flow from operations	4.1	4.6	3.2	4.5	4.3-4.7

Free cash flow is cash flow from operations less net asset purchases.

2015 Cost Reduction Program

$ millions, rounded

Expected net cost reductions in 2015 reflect improved efficiency in all line items

	Gross Cost Savings	Reinvestment	Net Cost Savings before FX	FX	Net Cost Reductions
COGS	(400)	50	(350)	(350)	(700)
R&D	(150)	100	(50)	(50)	(100)
SG&A	(100)	-	(100)	(200)	(300)
Total	(650)	150	(500)	(600)	(1,100)

Cost Reduction Program

$ millions, rounded

	2013	2014E	2015E	2016E	2013-2016 Cumulative
Gross Cost Savings	(430)	(1,000)	(650)	(400)	(2,480)
Reinvestment in additional activities	930	350	150	200	1,630
Spend Reduction before FX	500	(650)	(500)	(200)	(850)

Our balanced approach to capital allocation

Shareholder Return	**$1.5 – 2.3 Billion**
Debt Service	Up to **$1 Billion**
Capital Expenditure	Up to **$800 Million** (up to $600m in capex + $200M on ERP program)

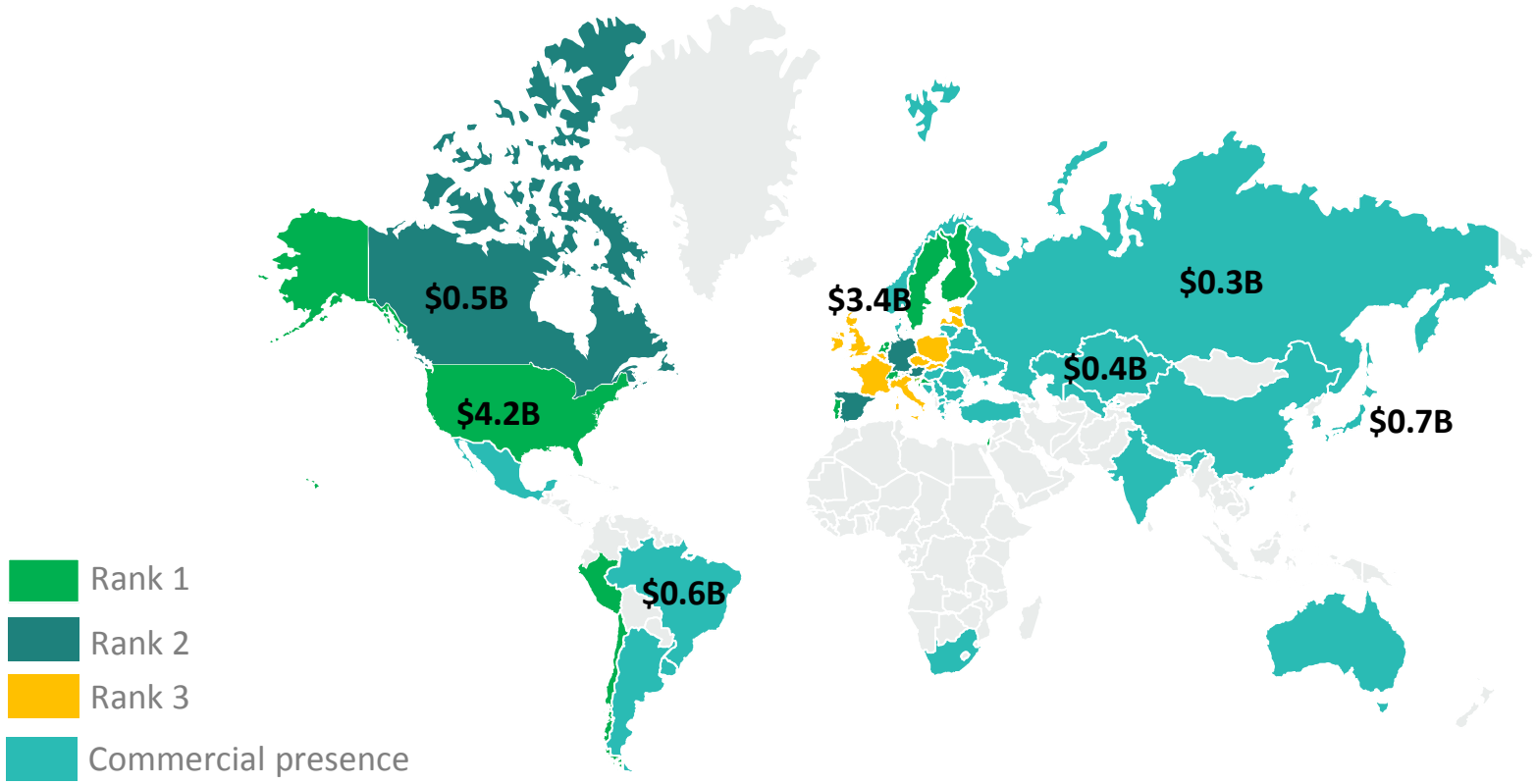
Financial summary

$1 billion net revenue decline mainly attributable to:	• Foreign exchange impact of $0.7 billion • Copaxone® competition impact of $0.4- 0.5 billion • New generics entrants to Pulmicort® of $0.4- 0.5 billion
Margin Improvements	• Gross margin 59.5%-61.5% • Operating income margin 30%-31% • Net Income margin 22%-24%
Cost Reduction Program	• $0.5 billion of net cost reductions in 2015 before FX • Favorable FX impact of $0.6B in 2015 and minimal reinvestment • $1.1 billion of net cost reduction for the year
Strong cash flow generation	• Cash flow from operations of $4.3-4.7 billion • Free cash flow of $3.5-3.9 billion
Solid balance sheet	• Shareholders' equity up to $25.4 billion

2015 Business Outlook – Generics Highlights

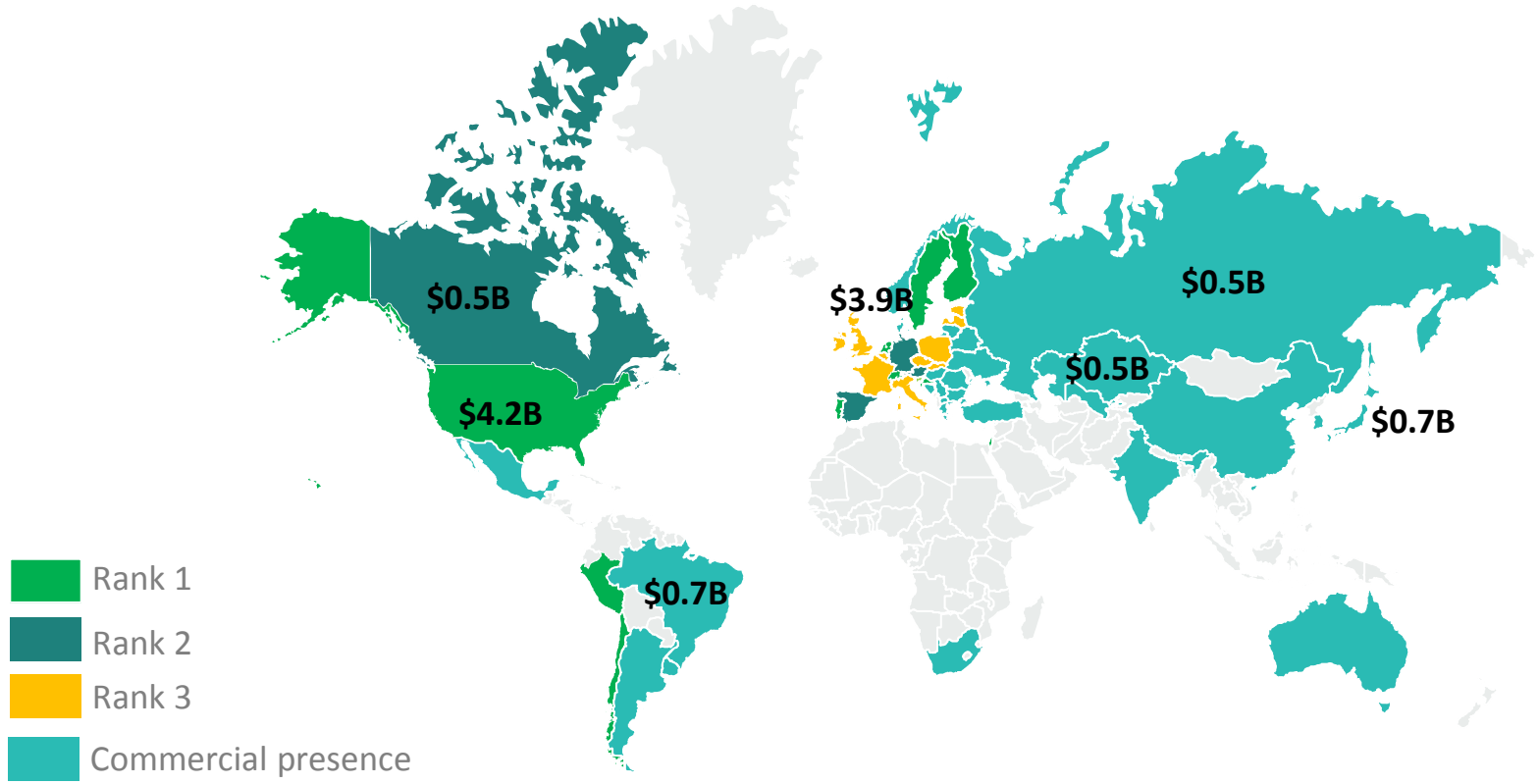
Siggi Olafsson, President & CEO, Global Generic Medicines

Teva is in the top 3 position in over 30 markets



2013A

Teva is in the top 3 position in over 30 markets



2013A

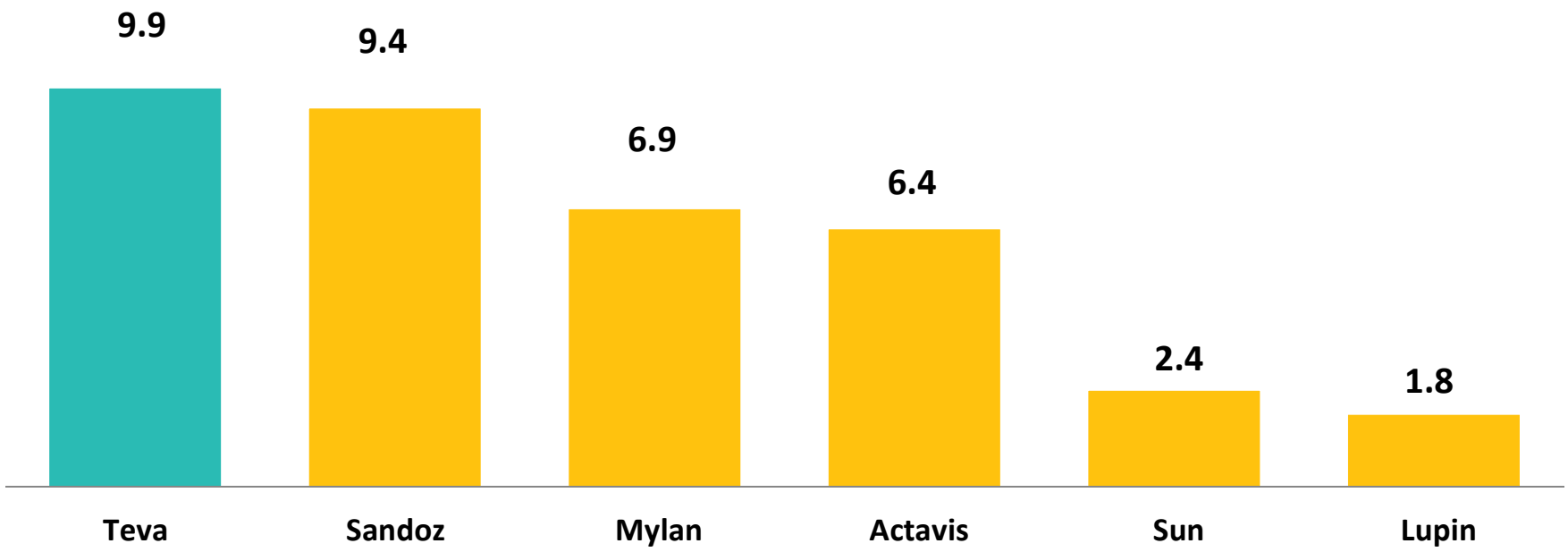
A true generic global leader

$9.8B Revenue*	$2.1B Profit*	60 Countries
~35,000 SKUs		1,000 Molecules
8,000 employees	Top 3 in 30 markets	#1 in 167 US products

* 2014E

Global generics 2013 sales

$ billions



Source: SEC filing

2014 achievements

- Significant improvement in the Teva Gx business performance
- European operations improvements +$120M vs. 2013
- Significant number of new launches worldwide
- Improvement in bottom line in Russia even with challenging FX
- Closer alignment between R&D and portfolio
- Growth Markets solidifying its strategy

Focus on profitability - Increase profitability by 650 bps by end of 2015*

Higher ROI – R&D & BD

- Focus on Portfolio optimization
- FTF and pre-launch opportunities
- Fill portfolio gaps with BD
- Aggressive IP/Regulatory strategy

Optimized sourcing / improved COGs - Ops

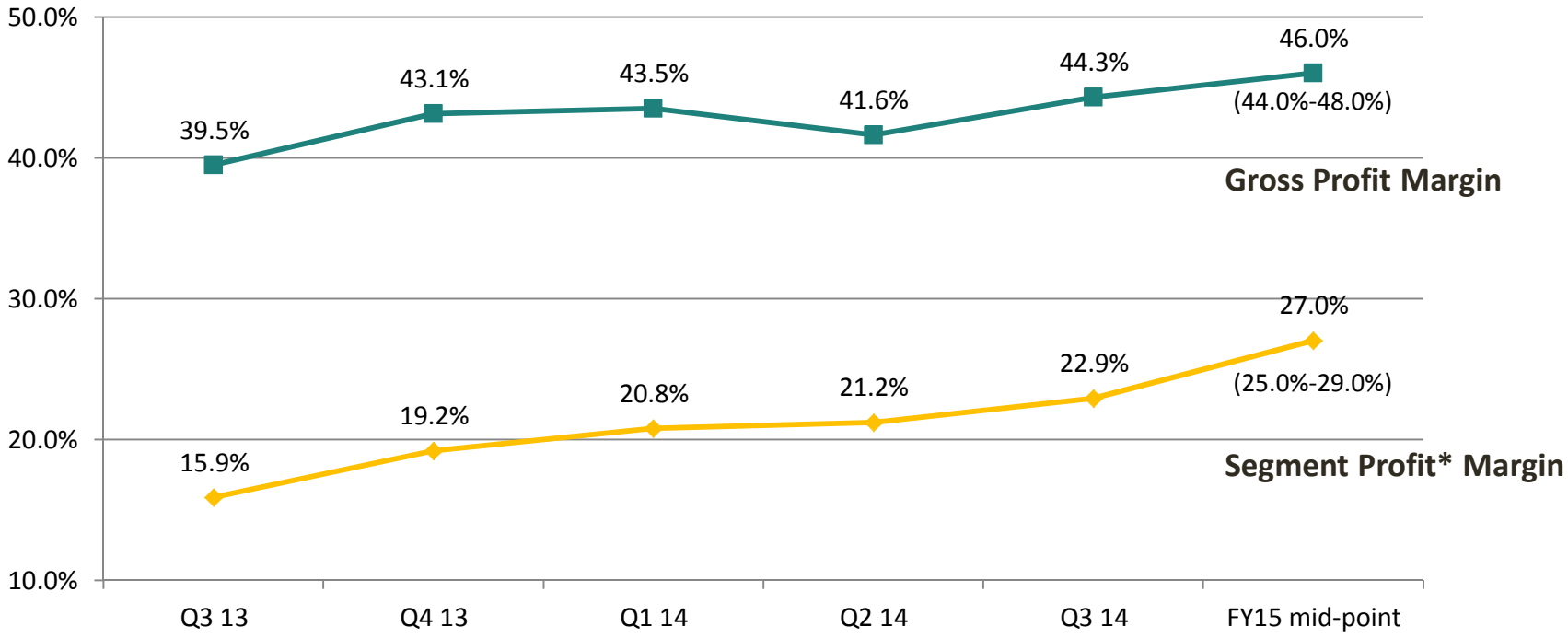
- Good service / low backorders
- Own API (IP)
- Transfers to low cost sites
- Optimizing API and third-party sourcing

Organic growth – Sales & Marketing

- US – regional leadership & new launches
- Europe – profitability
- Growth Markets – refocus and expand
- Japan – Improve bottom line

* Compared to Q4 2013

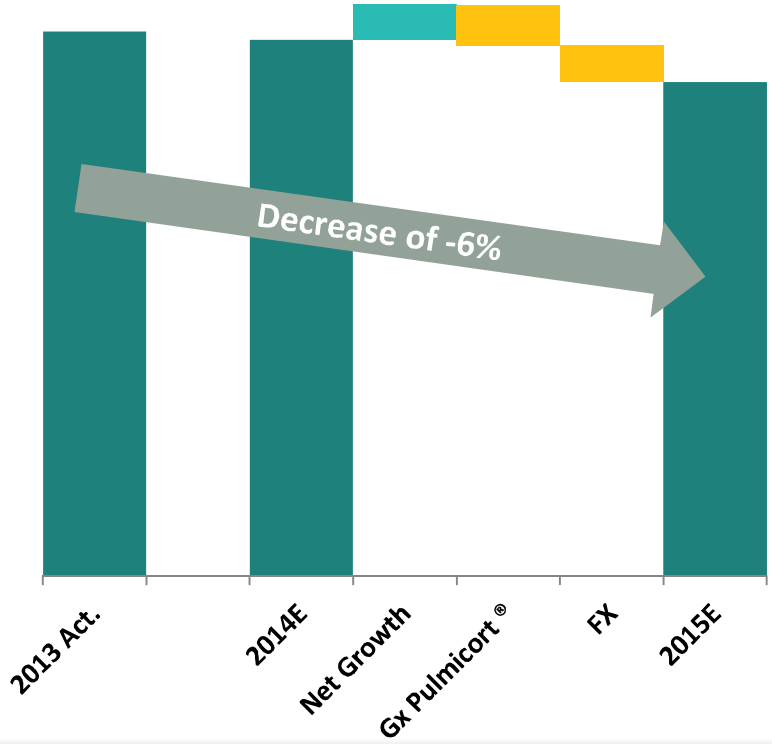
Generics segment profitability evolution



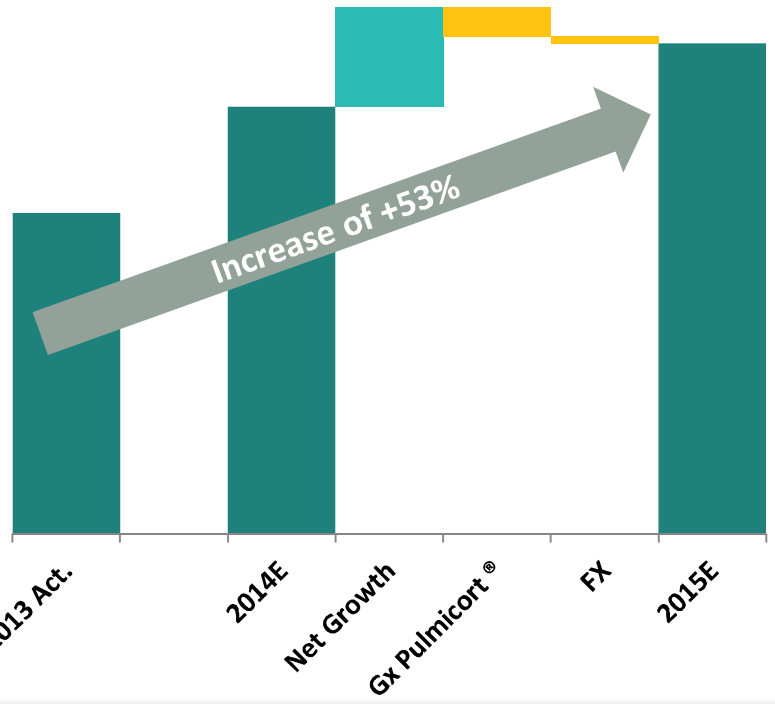
* Segment profit is comprised of gross profit, less S&M and R&D expenses related to the segment. Segment profit does not include G&A expenses, amortization and certain other items.

Despite headwinds the Generic business is resilient

2013-2015 Generics Revenue Bridge

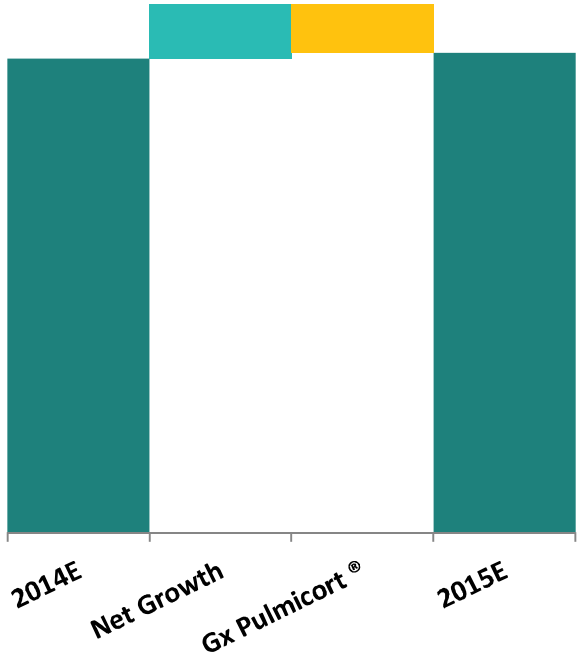


2013-2015 Generics OP Bridge



US has seen an increase of more than 10% in profit margin*

2014-2015 US Generics Sales Bridge



Market Trends

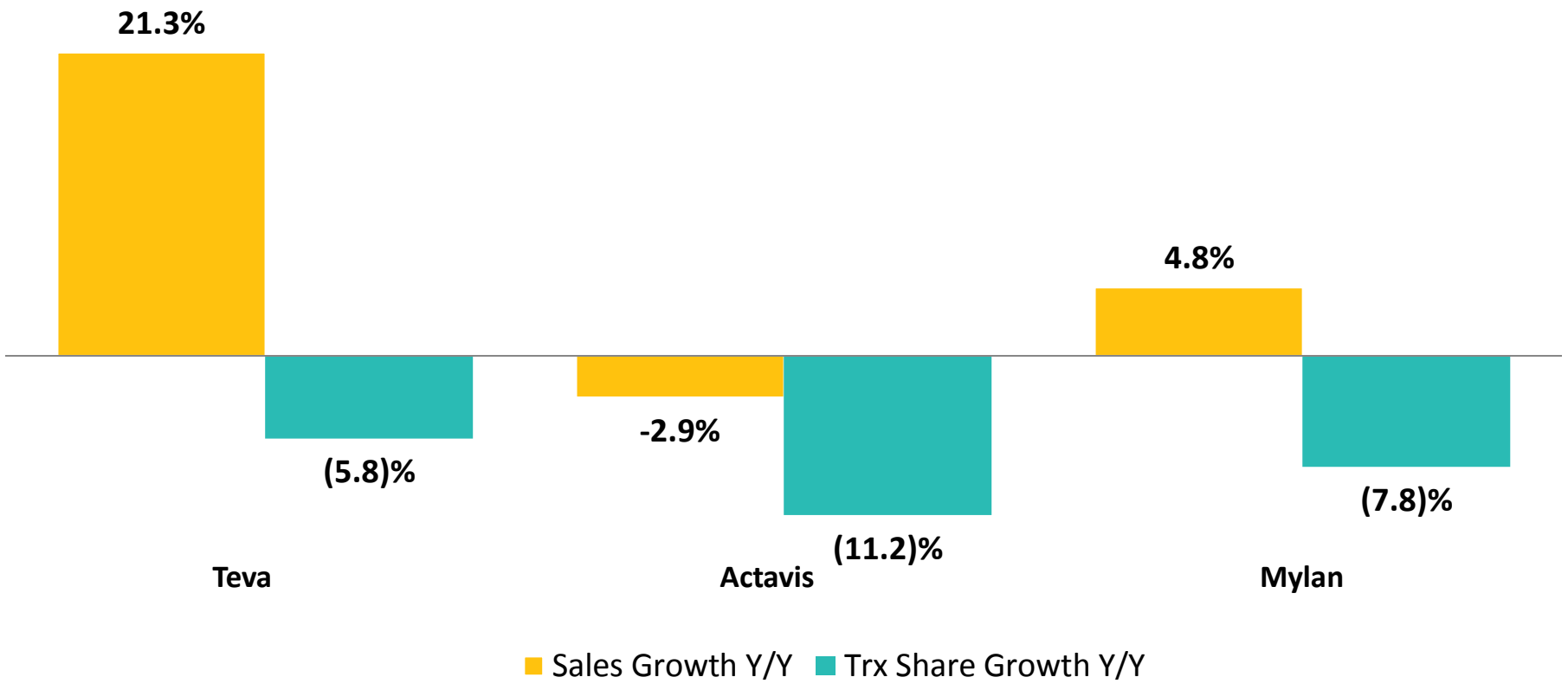
- Customer Consolidation impacting pricing
- GDUFA - 60% of ANDA submissions will be subject to action metrics

Key Initiatives

- Grow the Base business through share gains and price leadership
- Maximize new product launches
- Re-gain leadership in the injectable business

*2012 to 2014

US: Market activities are bearing fruit



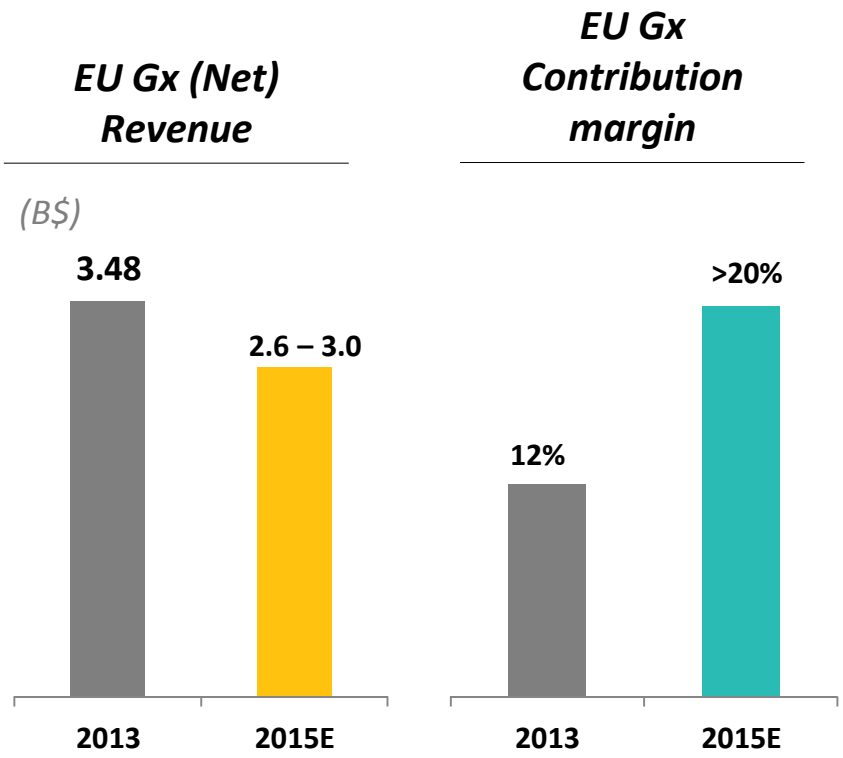
Source: IMS NPA and NSP, Sep 2014 –Sales includes only products categorized as "Generic" by IMS (i.e., excludes Branded Generics)

Key New Product Opportunities

Green represents settlements

2015	2016	2017+
Gx Oxycontin ER®	Gx Epzicom®	Gx Byetta®
Gx Venofer®	Gx Arixtra®	Gx NuvaRing®
Gx Aloxi®	Gx Nasonex®	Gx Delzicol®, 400 mg
Gx Zyvox®	Gx Mozobil®	Gx Cialis®
Gx Epi-Pen®	Gx Crestor®	Gx Reyataz®
Gx Aggrenox®		Gx Viagra®
Gx Avodart®		Gx Viread®
		Gx Vesicare®

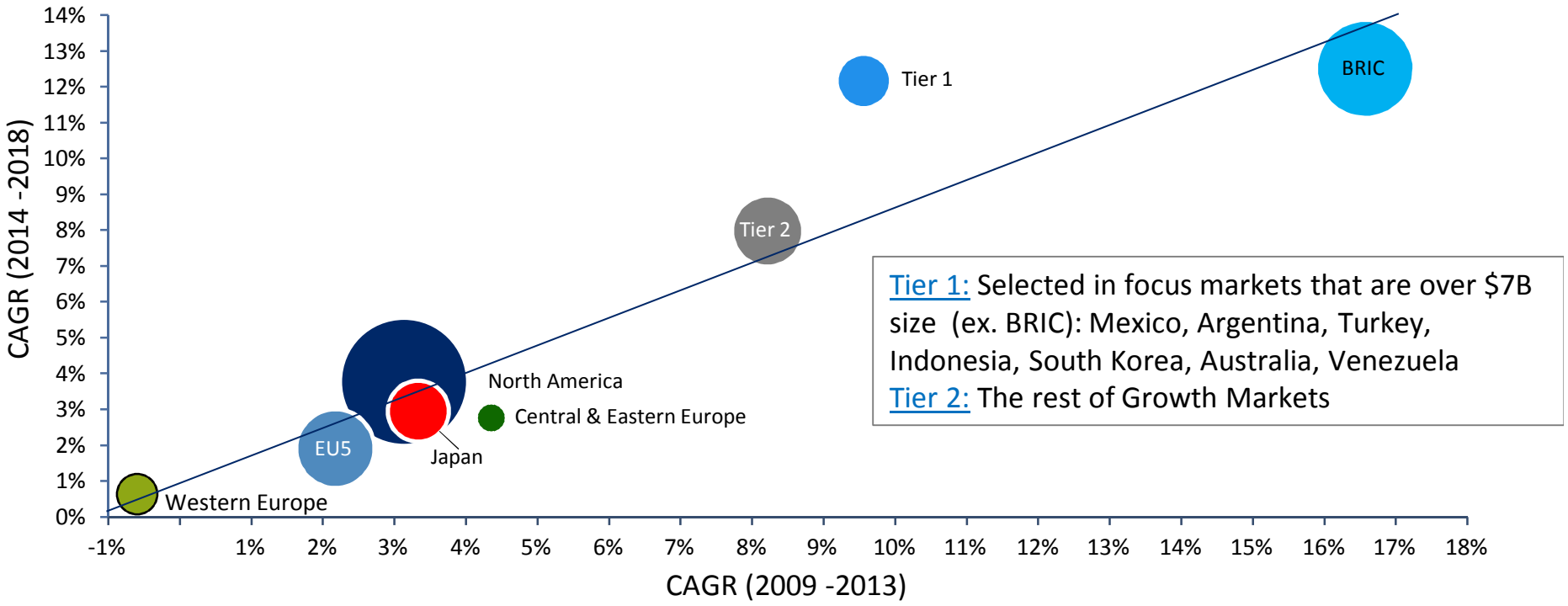
European model transforming from Volume to Value driven



- **Volume** strategy brought us to 14% market share in EU and top 3 position in 20 markets
- Business is moving to a **Value** strategy:
  - Optimize geographic presence
  - Align sales force with changing market
  - Adjust portfolio

Growth Markets strategy – "Refocus and Expand"

Relative Regional Growth Performance



Tier 1: Selected in focus markets that are over $7B size (ex. BRIC): Mexico, Argentina, Turkey, Indonesia, South Korea, Australia, Venezuela

Tier 2: The rest of Growth Markets

Source: IMS Market prognosis, May 2014. Bubble size indicates Sales 2018 in Local Currency Dollar LCD$

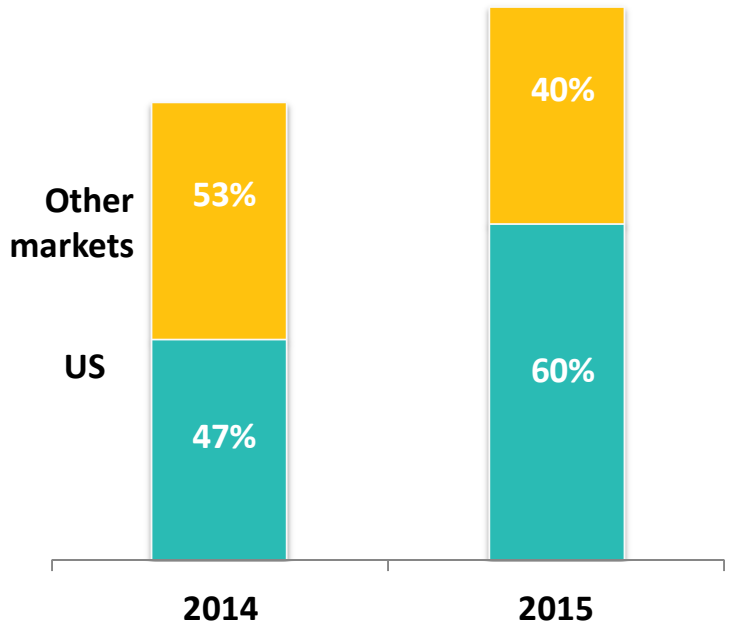
We have a wide range of technologies and capabilities

ER Oral Solid	MDI/DPI (in Respiratory R&D)	Injectable devices	Vaginal Rings
Fixed Dose Combinations	BFS (Blow Fill Seal)	Patches & Thin Film	Oral Abuse Deterrence
Ophthalmic solutions	Cyto Injectable	Nasal Suspension	Long Acting Injectable

R&D Budget allocation

Increase GR&D budget and shift in allocation

GR&D budget allocation (%)



Path forward

- Significantly increase development budget for the US market
- Overall increase in submissions for Growth Markets by utilizing global development projects
- Reap benefits from increased investment from 2016 and onward

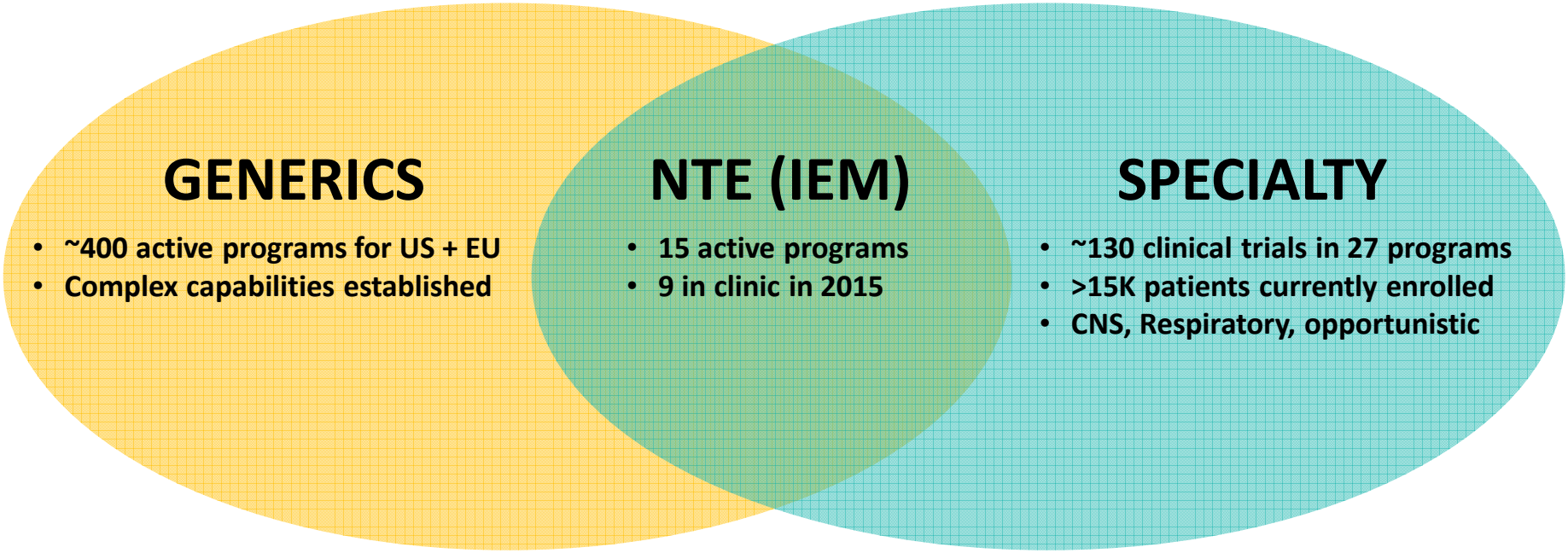
Focus for 2015

- Increase operating profit
- More focus on key markets and portfolio management
- Execution of Growth Market strategy
- Sales Force Effectiveness in key markets
- Faster and clearer decision making

2015 Business Outlook - R&D Highlights

Michael Hayden, President of Global R&D & CSO

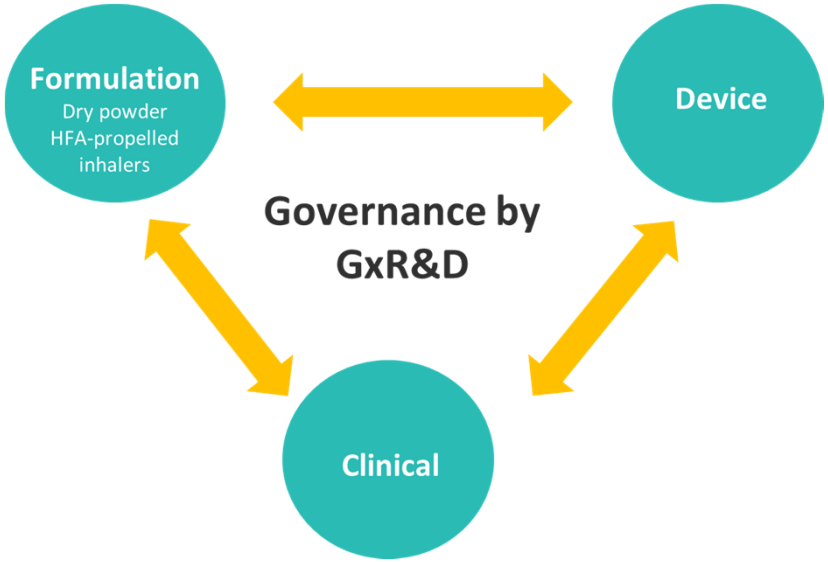
An integrated R&D organization



AB-rated respiratory capabilities in place

Leveraging Specialty





Multiple programs under development
First submission in 2016

Specialty R&D

Our focused pipeline

Expected to deliver 27 submissions between 2015-2019

Phase 1	Phase 2	Phase 3	Registration
TV-46763 (abuse deterrent) ***Pain***	**Laquinimod** ***Multiple Sclerosis (progressive forms)***	**Laquinimod** ***Multiple sclerosis (relapsing remitting)***	**CEP-33237 ER Hydrocodone (abuse deterrent) US** ***Pain***
TV-46139 (abuse deterrent) ***Pain***	**Laquinimod** ***Huntington*** *Disease*	**Copaxone® 20mg per day (Japan)** ***Multiple Sclerosis***	**Copaxone® 40mg3w ROW** *Multiple Sclerosis*
Fluticasone salmeterol Spiromax EU ***Asthma, COPD***	**Pridopidine** ***Huntington disease***	**Fluticasone propionate (MDPI) US** ***Asthma***	**ProAir® MDPI US** ***Asthma, exercise induced bronchospasm***
Reslizumab SC ***Asthma***	**TV-45070 topical** ***Osteoarthritis pain***	**Fluticasone salmeterol (MDPI) US** ***Asthma***	**QNASL® US** ***Pediatric allergic rhinitis***
Fluticasone salmeterol (MDI) EU ***Asthma, COPD***	**TV-45070 topical** ***Neuropathic pain***	**QVAR® (BAI) US** ***Asthma***	**Seasonique ® EU** ***Contraception***
TEV-90110 ***HIV***	**TEV-48125** ***Chronic and episodic migraine***	**Reslizumab IV** ***Asthma***	
TEV-90112 ***HIV***	**CEP-41750 (mesenchymal precursor cell)** ***Acute myocardial infarction***	**CEP-41750 (mesenchymal precursor cell)** ***Chronic heart failure***	
	Albutropin ***Growth hormone deficiency***		

CNS & Pain

Respiratory

Other

Notes:
Pipeline correct as of Dec 1, 2014
Phase 1 includes also projects designated for IND filing

2015 Specialty pipeline key milestones

Clinical results		Planned submissions		Expected approvals	
PIII	**Fluticasone Propionate MDPI for Asthma**	BLA & MAA	**Reslizumab (IV) for Asthma**	NDA	**CEP-33237 extended release abuse deterrent hydrocodone**
PIII	**Fluticasone salmeterol MDPI for Asthma**	NDA	**QVAR® BAI for asthma**	NDA	**ProAir® (MDPI) for asthma**
PIII	**QVAR BAI for asthma**	MAA	**Fluticasone salmeterol (MDPI) for Asthma & COPD**	MAA	**Seasonique for** contraception
PII/III	**Pridopidine for HD***	MAA	**Fluticasone salmeterol (MDI) for Asthma**	MAA	**Copaxone 40mg3w** for multiple sclerosis
PII	**TEV-48125 for chronic and episodic migraine**				
PII	**TV-45070 topical for osteoarthritis pain**				
PII	**Albutropin (peds) for growth hormone deficiency**				

NDA: New Drug Application (US) ; MAA: Marketing Authorization Application (EU); BLA: Biologic
BAI: Breath Actuated Inhaler; MDPI: Multi Dose Powder Inhaler; MDI: Metered Dose Inhaler
* Results expected late 2015 / early 2016

Pivotal events in 2015

- Approval of CEP-33237 (extended release abuse deterrent hydrocodone)
- Submission of Reslizumab (IV) for asthma BLA
- Phase 2/3 clinical results: Pridopidine in Huntington Disease
- Phase 2 clinical results: TEV-48125 for chronic and episodic migraine

Opioid abuse: a major challenge

In the United States…

1 in 20 over age 12 abuses prescription pain killers

16,000 Overdose deaths/year

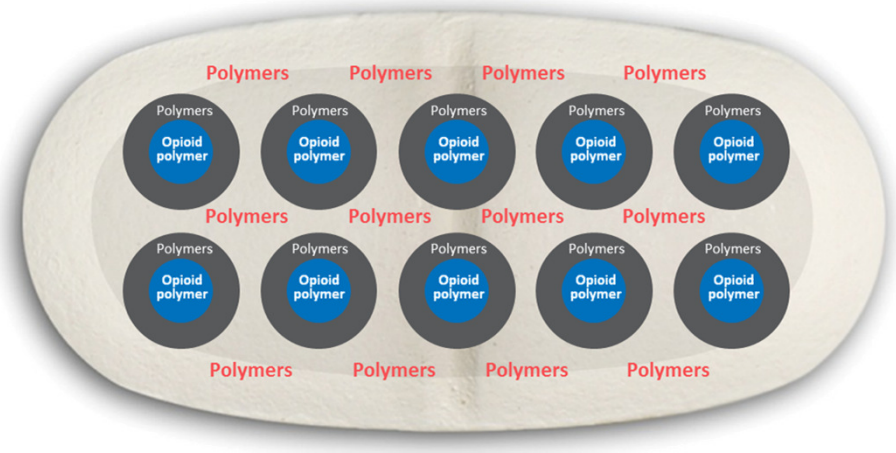
+300% from 1999-2012

420,040 ER visits in 2011

Source: CDC, SAMHSA

Our approach: CIMA proprietary abuse deterrent technology

- Most abuse deterrent products utilize 1-2 technologies
- CIMA abuse deterrent technology combines 3 physical/chemical technologies (gelling, barrier, matrix)
- Multiple layers are intended to provide security against manipulation



Provides a solution for both extended release and immediate release formulations

CEP-33237 (hydrocodone bitartrate) extended-release tablets – **rolling NDA submission initiated**

- **Positive pivotal Phase 3 results** demonstrated efficacy in the treatment of patients' chronic low back pain
- **Potential abuse deterrent properties demonstrated in nasal and oral human abuse liability (HAL) studies**
- **Rolling NDA submission initiated** on September 30th; submission to be completed by year-end
- **On track for product launch by end 2015**

How we are differentiated?

CEP-33237 has more robust abuse deterrent properties, twice-a-day dosing

	Zogenix Zohydro ER	Purdue Hysingla ER	CEP-33237 (hydrocodone) extended-release
Status	Launched 1Q 2014	Approved	**NDA rolling submission Q4 2014, Launch 2015**
Abuse deterrence properties			
IV injection Measured in vitro	✗	✓	✓
Alcohol dose dumping Measured in PK studies	✗	✓	✓
Oral crushing/milling Evaluated in human abuse liability study	✗	✗	✓
Oral chewing Evaluated in human abuse liability study	✗	✓	**NA**
Insufflation ("snorting") Evaluated in human abuse liability study	✗	✓	✓
Dose frequency	Twice a day	Once a day	**Twice a day**

Pivotal events in 2015

- Approval of CEP-33237 Extended Release abuse deterrent hydrocodone NDA
- Submission of Reslizumab (IV) for asthma BLA
- Phase 2/3 clinical results: Pridopidine in Huntington Disease
- Phase 2 clinical results: TEV-48125 for chronic and episodic migraine

Uncontrolled asthma

- 235 million people world-wide suffer from asthma[1]
- Est. additional 100 million by 2025[2]
- 10% of asthma patients are uncontrolled despite optimized therapy
  → reduced lung function, exacerbation[3]
- 40% of uncontrolled asthma patients have high eosinophil count[4]

[1] WHO data
[2] GINA, the Global Burden of Asthma,
[3] International Archives of Allergy and Immunology, vol. 160, pp. 93–101, 2013
[4] Ann Allergy Asthma Immunol. Vol. 113 (1), pp. 19-24, 2014

Our Product: Reslizumab

- Exacerbation linked to pro-inflammatory eosinophils
- Cytokine IL-5 – critical in the production and role of eosinophils
- Inhibition of IL-5 is a fully validated mechanism of action
- Reslizumab is an anti-IL-5 mAB with proven efficacy

Reslizumab decreases exacerbations and improves lung function in eosinophilic asthma patients

Reslizumab met primary endpoints in Phase 3 studies targeting eosinophilic asthma:

- **Exacerbations reduced by up to 59%** versus placebo
- **Significant improvement in lung function** (measured by FEV_1)
- **Improved asthma control and asthma-related quality of life** (measured by ACQ)

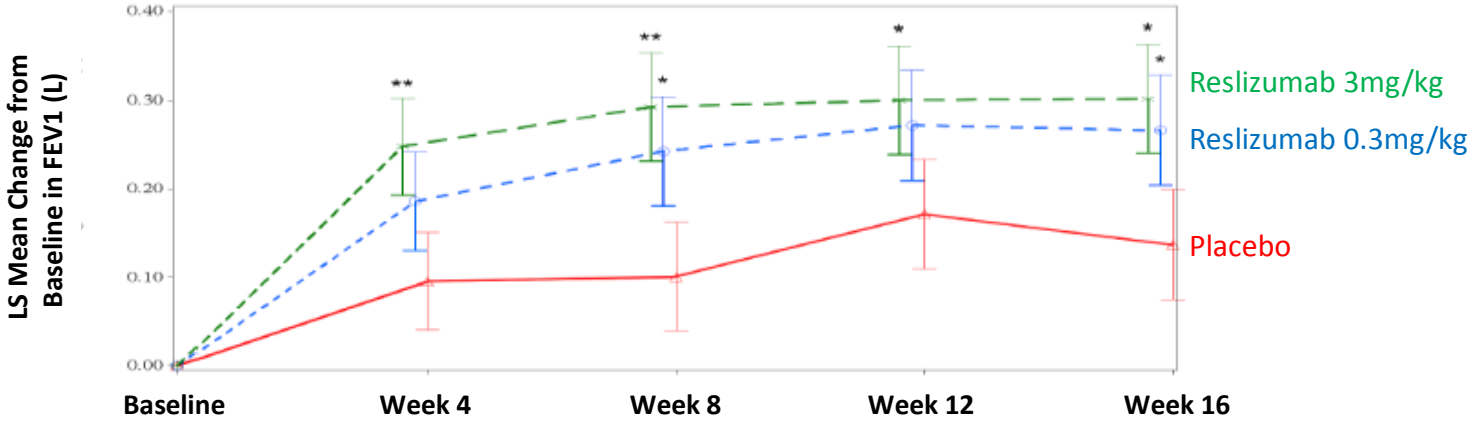
Reslizumab decreases exacerbations and improves lung function in eosinophilic asthma patients

Data

Clinical Asthma Exacerbation (CAE) reduction

	CAE rate ratio	% reduction
Study 3082	0.5010 (p <.0001)	50%
Study 3083	0.4063 (p <.0001)	59%

Improvement in lung function (FEV1)*



Study 3081: Bjermer L et al. presented at ERS International Congress. Munich Germany September, 2014; Studies 3082 and 3083: data on file

* full study results were submitted as a late-breaking abstract to the American Academy of Allergy, Asthma & Immunology Meeting to be held in Houston, Feb 2015.

How are we differentiated?

Reslizumab has a differentiated clinical profile compared to competitors

- IV formulation estimated launch in 2016 (subcutaneous in 2018)
- Expected to be second to market

	GSK Mepolizumab[1]	AZN Benralizumab[2]	Teva Reslizumab
Administration	S.C.	S.C.	**I.V.** (S.C. ph3 to be initiated in 2015)
Reduction in CAE	53%	41%	**59%**
FEV1 (Δ,ml)	98	150	**160**
TTM	2015	2017	**2016 (SC 2018)**

Products have not been directly compared

[1] N Engl J Med 2014;371:1198-207
[2] Lancet Respir Med 2014, 2: 878–90

Pivotal events in 2015

- Approval of CEP-33237 extended release abuse deterrent hydrocodone NDA
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Huntington Disease (HD)

- **Prevalence:**
  - Diagnosed patients: 160,000 globally
  - Pre-manifest (carry the mutation, no clinical signs): 400,000
  - In total: ~ 50% of MS population globally

- **Only one drug approved:**
  - Symptomatic treatment only
  - Limited efficacy
  - Exacerbates some symptoms

- **No disease modifying treatment**



Pridopidine in HD

- A psychomotor stabilizer: ”First in class dopidine”
- Acquired from Neurosearch in 2012
- Consistent and encouraging results in 2 phase 3 studies with significant effect on Total Motor Score (TMS)
- **The advantages of pridopidine:**
  - Improvement of impaired motor function associated with HD
  - No apparent worsening of other HD symptoms
  - Well tolerated in clinical trials

Pridopidine Phase 3 results

Pooled analysis

Endpoint	Change from baseline to week 12	Change from baseline to week 26
mMS Modified Motor Score*	**-0.56** *p=0.1520*	**-1.20** *p=0.0103*
TMS Total Motor Score**	**-2.10** *p=0.0078*	**-3.35** *p=0.0006*
Eye movements	**-0.60** *p=0.0404*	**-1.09** *p=0.0035*
Hand movements	**-0.61** *p=0.0088*	**-0.78** *p=0.0045*
Balance and gait	**-0.32** *p=0.0169*	**-0.39** *p=0.0105*
Dystonia	**-0.58** *p=0.0295*	**-1.01** *p=0.0013*
Chorea	**-0.40** *p=0.2288*	**-0.03** *p=0.9317*

Primary endpoint of historic phase 3

Primary endpoint of current phase 3

Source: Prof Bernhard Landwehrmeyer

* mMS: A sub-scale of TMS, excluding involuntary and eye movement
** TMS: Most commonly used scale to assess movement disorders in HD (includes both voluntary and involuntary movement)

Pridopidine is currently in Phase 2/3 clinical trial

- 4 doses evaluated vs. placebo
- 550 patients
- 46 sites in 12 countries
- First patient screened: Q1 / 2014
- Results: late 2015 / early 2016
- Expected regulatory submission: 2016*

* if results from current study meet criteria outlined by FDA

New data emerging with Pridopidine

- **Neuroprotective effect in rat neuronal cultures**
  - Increase cortical neuron survival in In-vitro neurodegeneration models
- **Large increases in neurotransmitters in rat brains - histamine and acetylcholine**
  - Implications for use in additional conditions

Pridopidine may have broader effect
beyond symptomatic relief

↓

Phase 2/3 protocol recently modified
to include additional exploratory endpoints

Pivotal events in 2015

- Approval of CEP-33237 extended release abuse deterrent hydrocodone NDA
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Migraine: a major challenge

Chronic migraine

- Headaches occurring 15 or more days per month
- Affects 1.5-4.0% of women, 0.6% of men[1]
- Only Botox approved:
  - 32 injections every 3 months
  - Modest efficacy
  - Only 16% of patients ever used it
  - Only 4% used multiple times

Episodic migraine

- Occurring less than 15 days per month
- Affects 18% of women and 6% of men[2]
- Less than 50% of patients experience meaningful improvement with medication
- AEs with current meds: CNS (e.g. cognitive impairment) or systemic (e.g. hypotension and weight gain)

Significant opportunity for a safe and effective migraine prophylactic treatment

[1] Natoli J et al. Global prevalence of chronic migraine: a systematic review. Cephalalgia 2010;30:599-609
[2] Lipton, R.B. et al (2007). Migraine prevalence, disease burden, and the need for preventive therapy. Neurology 2007;*68*:343-349

CGRP*: validated target for migraine

Small molecule:

- Clinical efficacy demonstrated for 5 small molecules targeting CGRP receptors**
- However, associated with hepato-toxicity

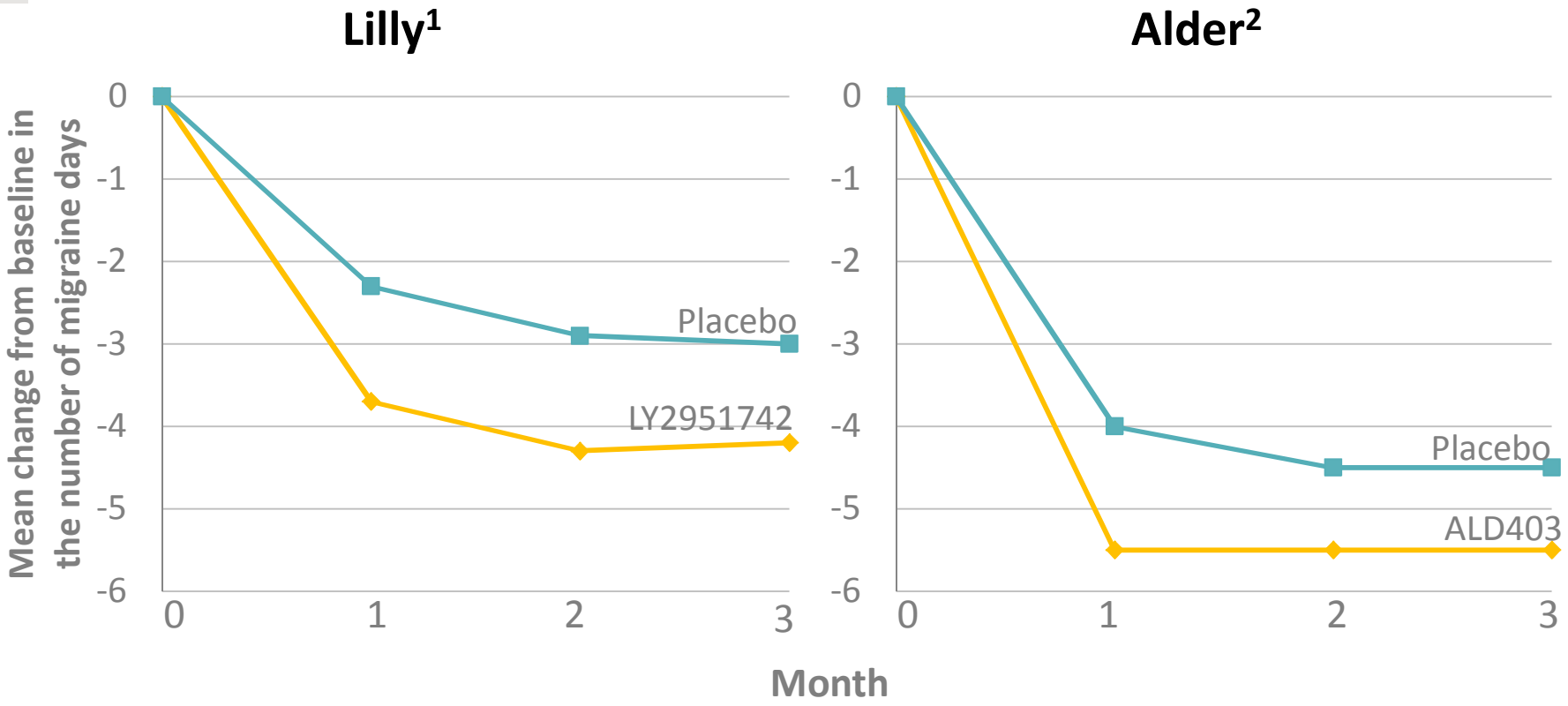
Monoclonal antibodies:

- Validated for the prevention of frequent episodic migraine (Arteus/Lilly and Alder)
- Lack the toxicity seen with small molecule CGRP antagonists; low incidence of AEs and early onset of efficacy (1 month)

Monoclonal antibodies against CGRP:
uniquely positioned to become a leading treatment for chronic and episodic migraine

* Calcitonin gene-related peptide
** olcegepant, telcagepant, MK-3207, BI44370A, BMS927711

Proven efficacy of anti-CGRP MAb in clinical trials



[1]Dodick DW et al. Safety and efficacy of LY2951742. The Lancet Neurology. 2014;13(9):885-92
[2]Dodick DW et al. Safety and efficacy of ALD403. The Lancet Neurology. 2014;13(11):1100-7

* change in migraine days b/w baseline and weeks 9-12
** change in migraine days b/w baseline and weeks 5-8

How are we differentiated?

TEV-48125 is in good position to be first or second to market

	Alder ALD403	Lilly LY2951742	Amgen AMG334	Teva TEV-48125
CGRP target	Ligand	Ligand	Receptor	**Ligand**
Half-life	32 days	25-30 days	Unknown	**45 days**
High frequency episodic migraine				
Current stage	Ph2b	Ph2b	Ph2b	**Ph2b**
Estimated Phase 2b end	Q1 2017	Q2 2015	Q3 2015	**1H 2015**
Chronic migraine				
Current stage	Ph2b	Not initiated	Ph2b	**Ph2b**
Estimated Phase 2b end	Q3 2016	Not initiated	Q3 2016	**1H 2015**

Products have not been directly compared

Pivotal events in 2015

- Approval of CEP-33237 extended release abuse deterrent hydrocodone NDA
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- Phase 2 clinical results: TEV-48125 for chronic and episodic migraine

Initial look at 2016…

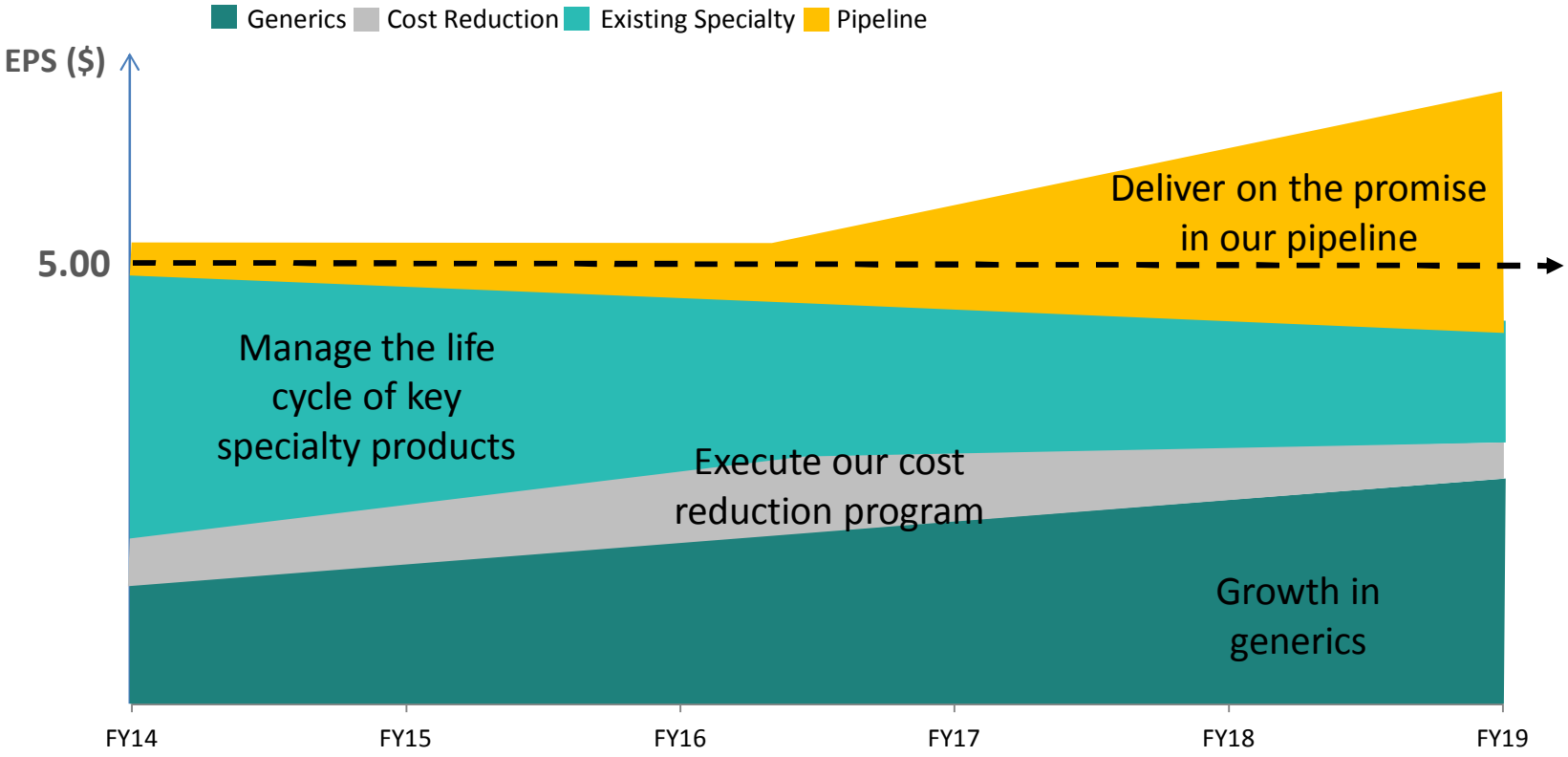
Big year for our CNS and respiratory pipeline

- **10 submissions including:**
  - Laquinimod for RRMS
  - Pridopidine (data dependent)
  - TV-46763 and TV-46139 (abuse deterrent) for pain
  - Fluticasone salmeterol multi-dose powder inhaler (MDPI) in U.S.

- **7 approvals including:**
  - Reslizumab IV in US and EU
  - Fluticasone salmeterol and fluticasone propionate MDPI in U.S.; Fluticasone salmeterol Spiromax® in EU
  - QVAR breath actuated inhaler (BAI) in U.S.
  - Fluticasone salmeterol metered dose inhaler (MDI) in EU

Teva's growth through the patent cliff

ILLUSTRATIVE



2015 Business Outlook

Q&A

2015 Business Outlook

December 11, 2014