

Teva's Acquisition of Cephalon

May 2, 2011

Safe Harbor Statement

Forward-Looking Statements
Teva's Safe Harbor Statement under the U. S. Private Securities Litigation Reform Act of 1995:

The statements, analyses and other information contained herein relating to the proposed acquisition and its effects on financial and operating performance, including estimates for growth, anticipated positions in certain markets and shares in such markets, the markets for Teva and Cephalon's products, trends in Teva and Cephalon's operating and financial results, the future development and operation of Teva and Cephalon's business, and the contingencies and uncertainties to which Teva and Cephalon may be subject, as well as other statements including words such as "anticipate," "believe," "plan," "estimate," "expect," "intend," "will," "should," "may" and other similar expressions, are "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. Such statements are made based upon management's current expectations and beliefs concerning future events and their potential effects on the company 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. Actual results may differ materially from the results anticipated in these forward-looking statements. Important factors that could cause or contribute to such differences include whether and when the proposed acquisition will be consummated and the terms of any conditions imposed in connection with such closing, our ability to rapidly integrate Cephalon's operations and achieve expected synergies, diversion of management time on merger-related issues, our ability to predict future market conditions with accuracy, our ability to develop and commercialize additional pharmaceutical products, competition from the introduction of competing generic equivalents and due to increased governmental pricing pressures, the effects of competition on sales of our innovative products, especially Copaxone® (including competition from innovative orally-administered alternatives as well as from potential generic equivalents), potential liability for sales of generic products prior to a final resolution of outstanding patent litigation, including that relating to the generic versions of Neurontin®, Lotrel® and Protonix®, the extent to which we may obtain U.S. market exclusivity for certain of our new generic products, the extent to which any manufacturing or quality control problems damage our reputation for high quality production and require costly remediation, , our ability to identify, consummate and successfully integrate acquisitions (including the acquisition of Cephalon), our ability to achieve expected results through our innovative R&D efforts, dependence on the effectiveness of our patents and other protections for innovative products, intense competition in our specialty pharmaceutical businesses, uncertainties surrounding the legislative and regulatory pathway for the registration and approval of biotechnology-based products, our potential exposure to product liability claims to the extent not covered by insurance, any failures to comply with the complex Medicare and Medicaid reporting and payment obligations, our exposure to currency fluctuations and restrictions as well as credit risks, the effects of reforms in healthcare regulation and pharmaceutical pricing and reimbursement, adverse effects of political or economical instability, major hostilities or acts of terrorism on our significant worldwide operations, increased government scrutiny in both the U.S. and Europe of our agreements with brand companies, interruptions in our supply chain or problems with our information technology systems that adversely affect our complex manufacturing processes, the impact of continuing consolidation of our distributors and customers, the difficulty of complying with U.S. Food and Drug Administration, European Medicines Agency and other regulatory authority requirements, potentially significant impairments of intangible assets and goodwill, potential increases in tax liabilities resulting from challenges to our intercompany arrangements, the termination or expiration of governmental programs or tax benefits, any failure to retain key personnel or to attract additional executive and managerial talent, environmental risks and other factors that are discussed in our filings with the SEC.

Agenda

- Shlomo Yanai – Strategic Rationale and Business Opportunity
- Kevin Buchi – Cephalon's Unique Contribution to Teva
- Bill Marth – Contribution to our Global Operations
- Eyal Desheh – Financial Aspects of the Transaction
- Q&A



Shlomo Yanai

President and CEO, Teva Pharmaceutical Industries Ltd.

Strategic Rationale and Business Opportunity

Compelling Value Creation

Strong Strategic Fit

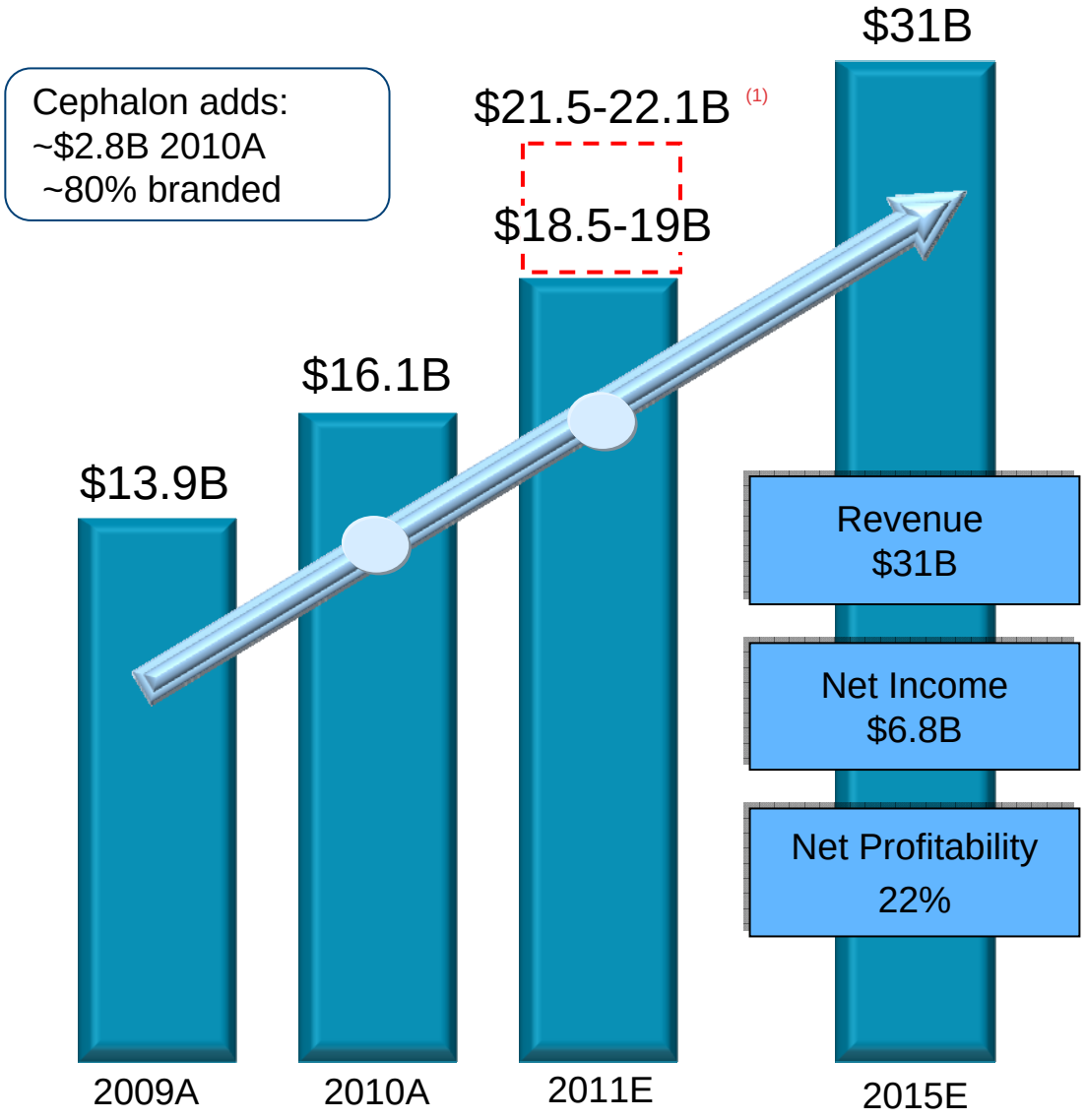
- **Portfolio**: Provides diversification and access to new therapeutic areas
- **Pipeline:** Highly complementary, late-stage pipeline enhances Teva's oncology, CNS and respiratory programs
- **People:** Search & develop capabilities with strong track record in branded pharmaceuticals

Attractive Economics

- **Synergies:** Significant opportunities
- **Accretive**: Non-GAAP earnings immediately; GAAP earnings within four quarters
- **Balance Sheet:** Maintains strong balance sheet and credit profile

Furthers Teva's long-term strategic goals

On Track Towards Our Long-Term Strategic Goals



- Consistent with Teva's long-term strategic goals
- Increases diversity across business lines, products and geographies
- Balances between high growth generic and high contribution branded businesses

(1) Includes Cephalon 2011E sales guidance of $3.0B – $3.1B

Teva's Specialty Business Strategy

- Specialty pharma business is a key contributor to Teva's sustainable and balanced business model

- Our focus is on our current therapeutic niches while exploring opportunities to expand

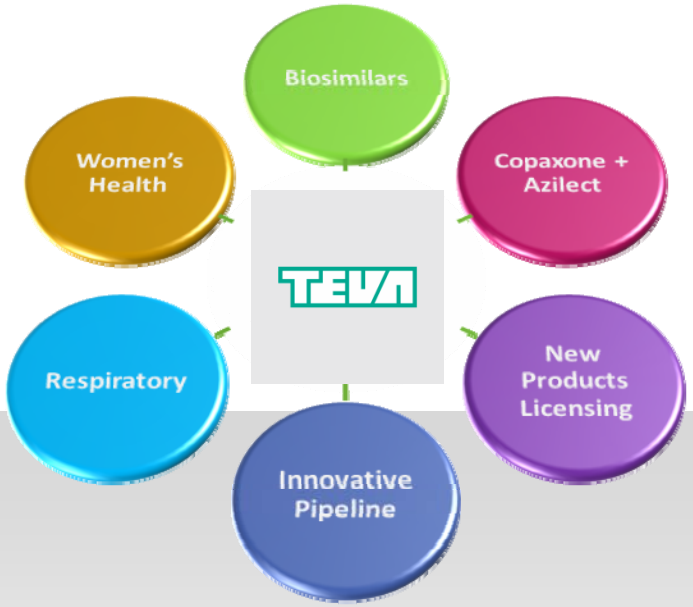
- We leverage our unique operating model, heritage and culture

Teva Branded - Multifaceted Approach & Expertise

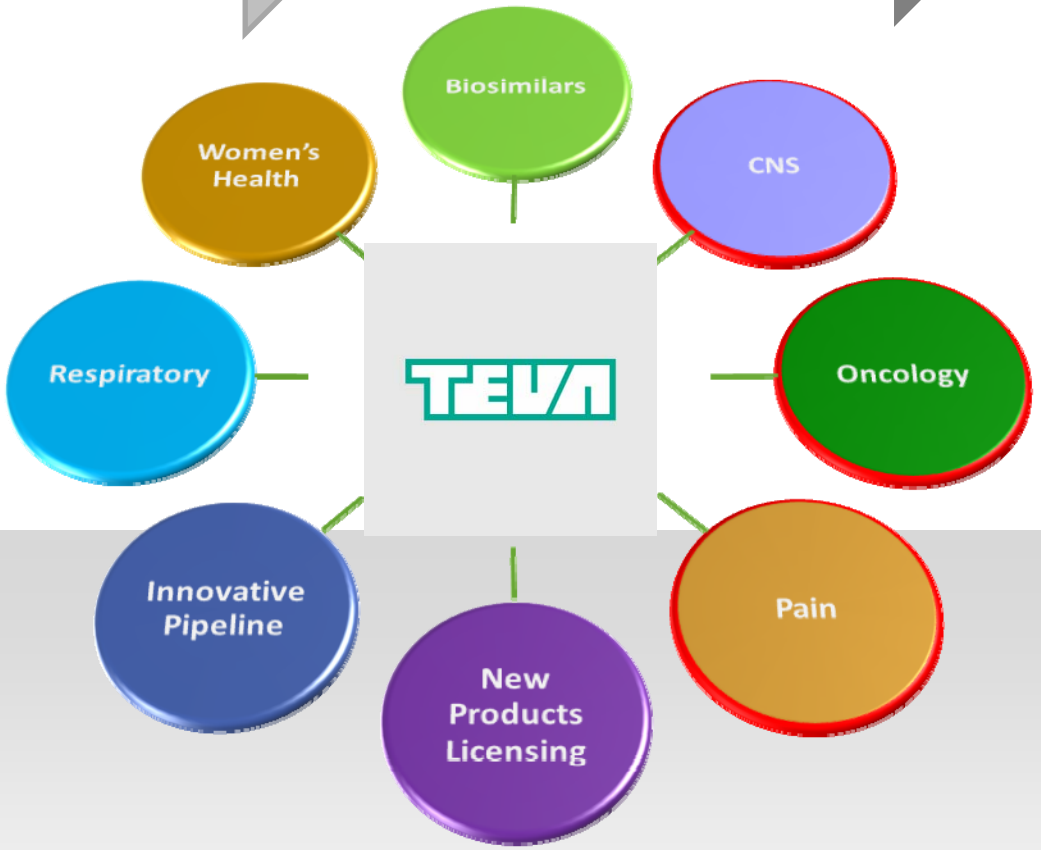
2010A Revenue: $4.6B

PF2010A Revenue: $7B

2015E Revenue: $9.2B



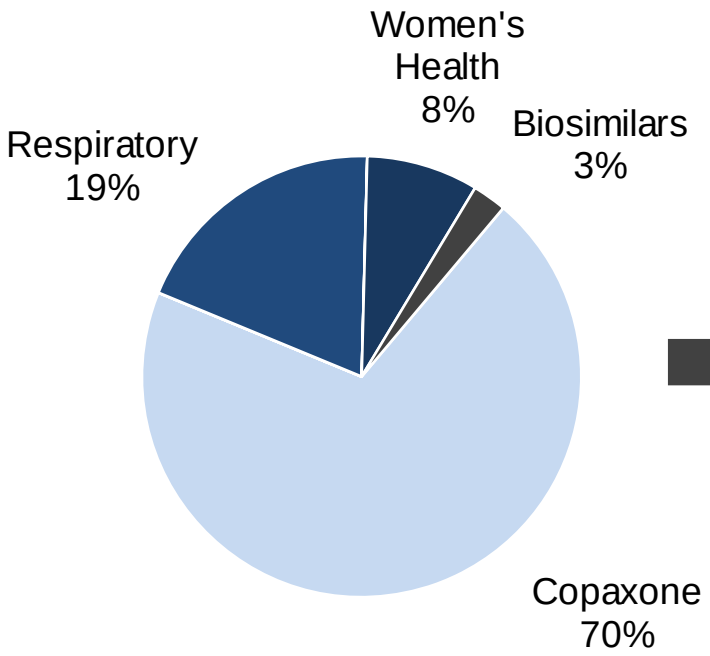
2010



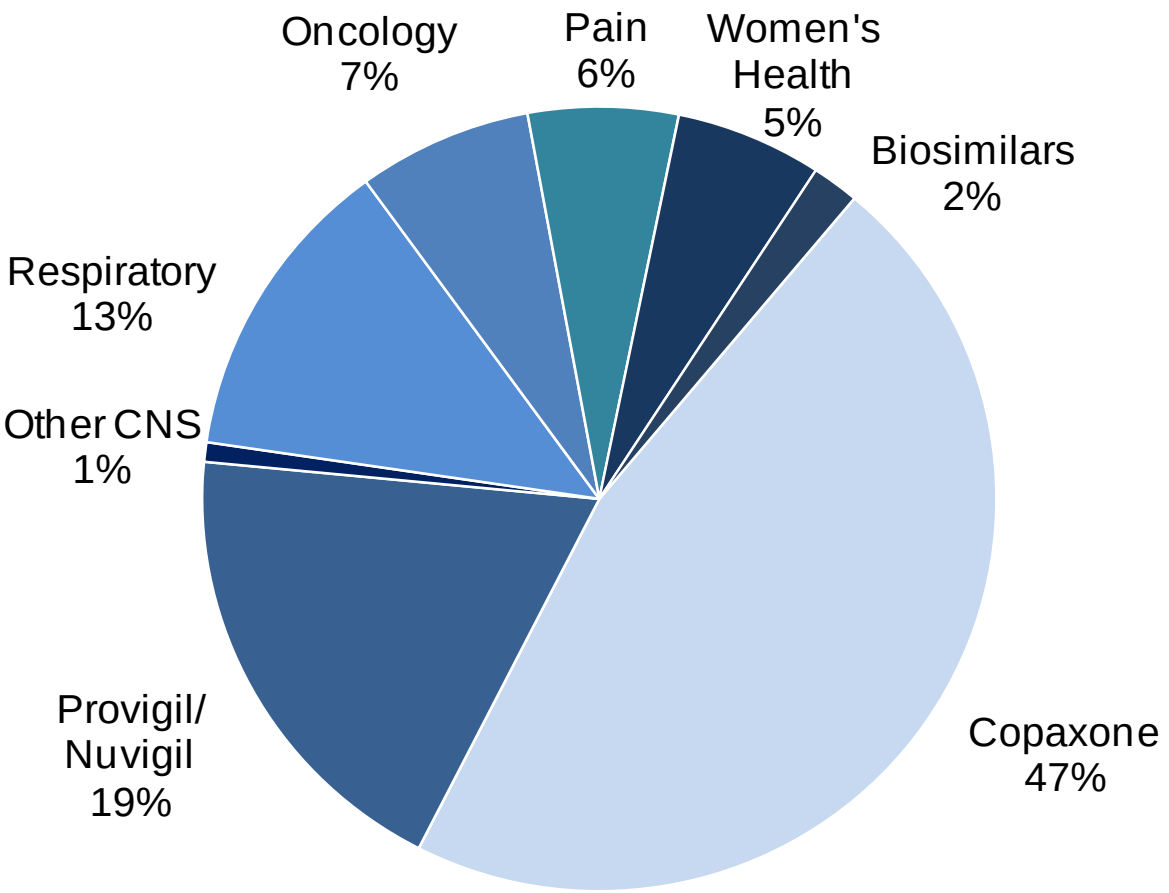
2015

Increasing Scale and Diversity of Branded Portfolio

2010A Branded Revenue



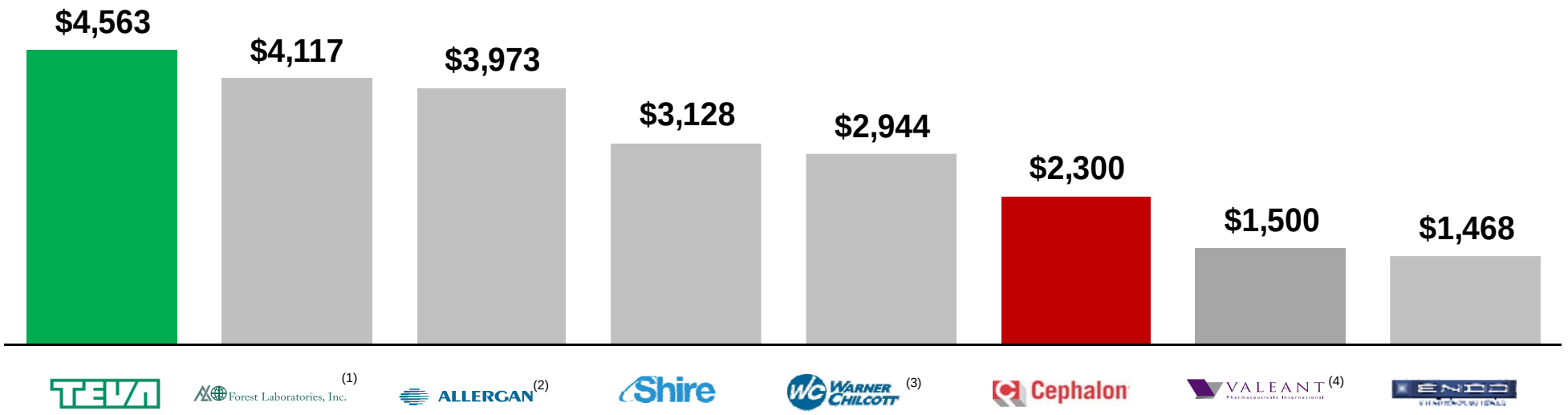
2010PF Branded Revenue



Current Specialty Pharma Landscape

2010A Worldwide Net Specialty Pharma Sales

($mm)

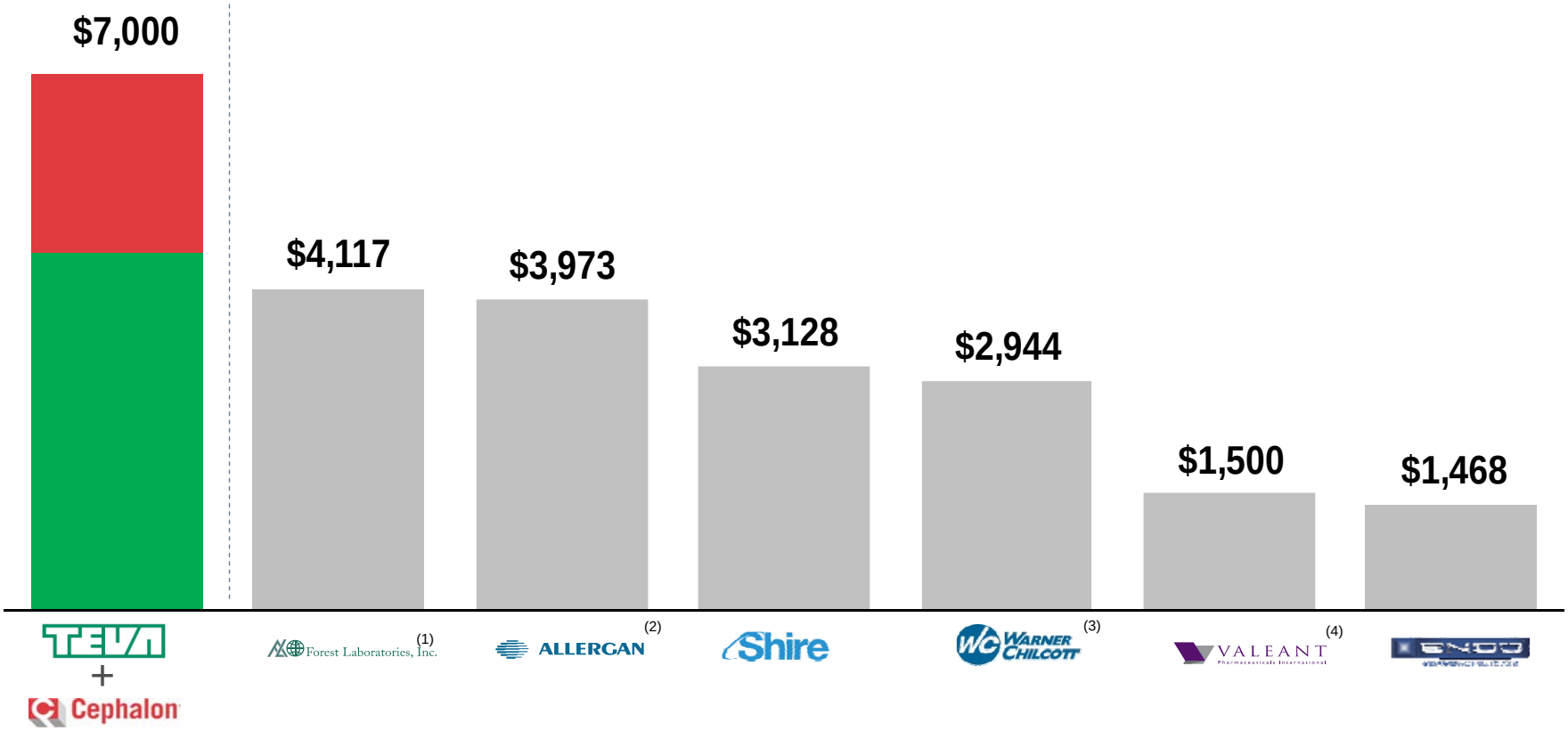


Source: Company filings.
Note: Excludes generics and branded generics.
(1) Represents CY2010A revenues. Excludes contract revenue, interest income and other income.
(2) Excludes medical device revenues.
(3) Excludes contract manufacturing product sales and other revenue.
(4) Pro forma for Biovail merger.

Teva + Cephalon: Continued Leadership in Specialty Pharma

2010A Worldwide Net Specialty Pharma Sales

($mm)



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Kevin Buchi

CEO, Cephalon

Cephalon's Unique Contribution to Teva

Global Biopharmaceutical Company with Well-Diversified Product and Geographic Mix

Cephalon

- 2010A sales: $2,811mm(1)
- 3,600+ employees(2)

U.S.

- 2010A sales: $2,102mm
- 2,000+ employees

CNS

- 2010A sales: $1,286mm(3)
- Products: Provigil, Nuvigil, Gabitril

Pain

- 2010A sales: $374mm(3)
- Products: Actiq, Fentora, Amrix

Oncology

- 2010A sales: $414mm(3)
- Products: Treanda, Trisenox

Europe

- 2010A sales: $659mm
- 1,600+ employees
- Products: Abelcet, Actiq, Diclofenac, Provigil, Spasfon, Omeprazole, Myocet, Effentora, Targretin, Vogalene

World-class, late-stage pipeline will be leveraged globally

CNS

- Nuvigil – Bipolar depression

Pain

- TD Hydrocodone
- CEP-37247

Oncology

- Treanda – 1st line iNHL
- Obatoclax
- Omapro
- Cord blood expansion

Immunology

- Cinquil
- Lupuzor
- Larazotide Acetate

Cardiovascular

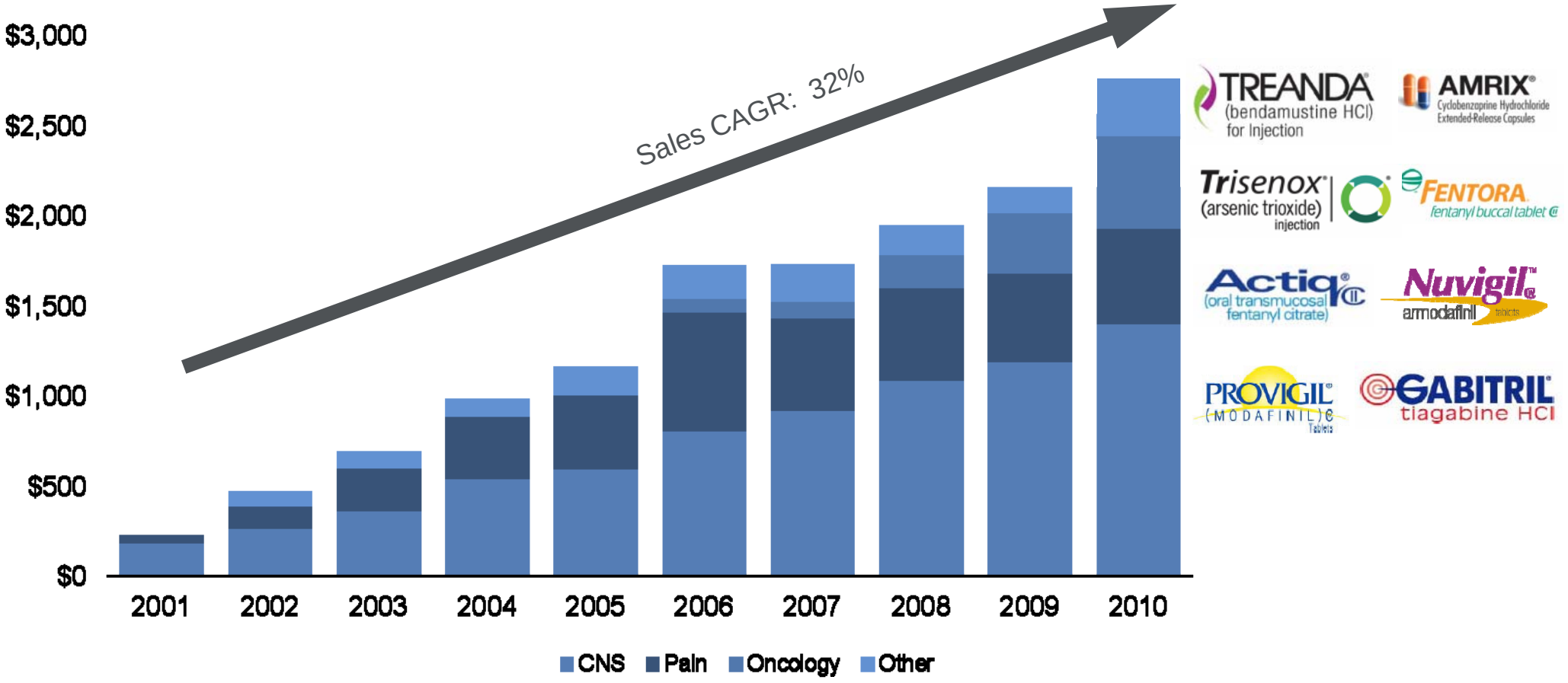
- Revascor

(1) Includes $50mm of revenues related to royalty payments, payments for R&D services, up-front fees and milestone payments
(2) As of December 31, 2010. Includes 63 employees in Australia and Asia
(3) U.S. sales only

A History of Strong Sales Growth

Cephalon Worldwide Net Sales

($mm)



Note: Includes both branded and generic product sales and excludes other revenue



William S. Marth

President and CEO, Teva - Americas

Contribution to our Global Operations

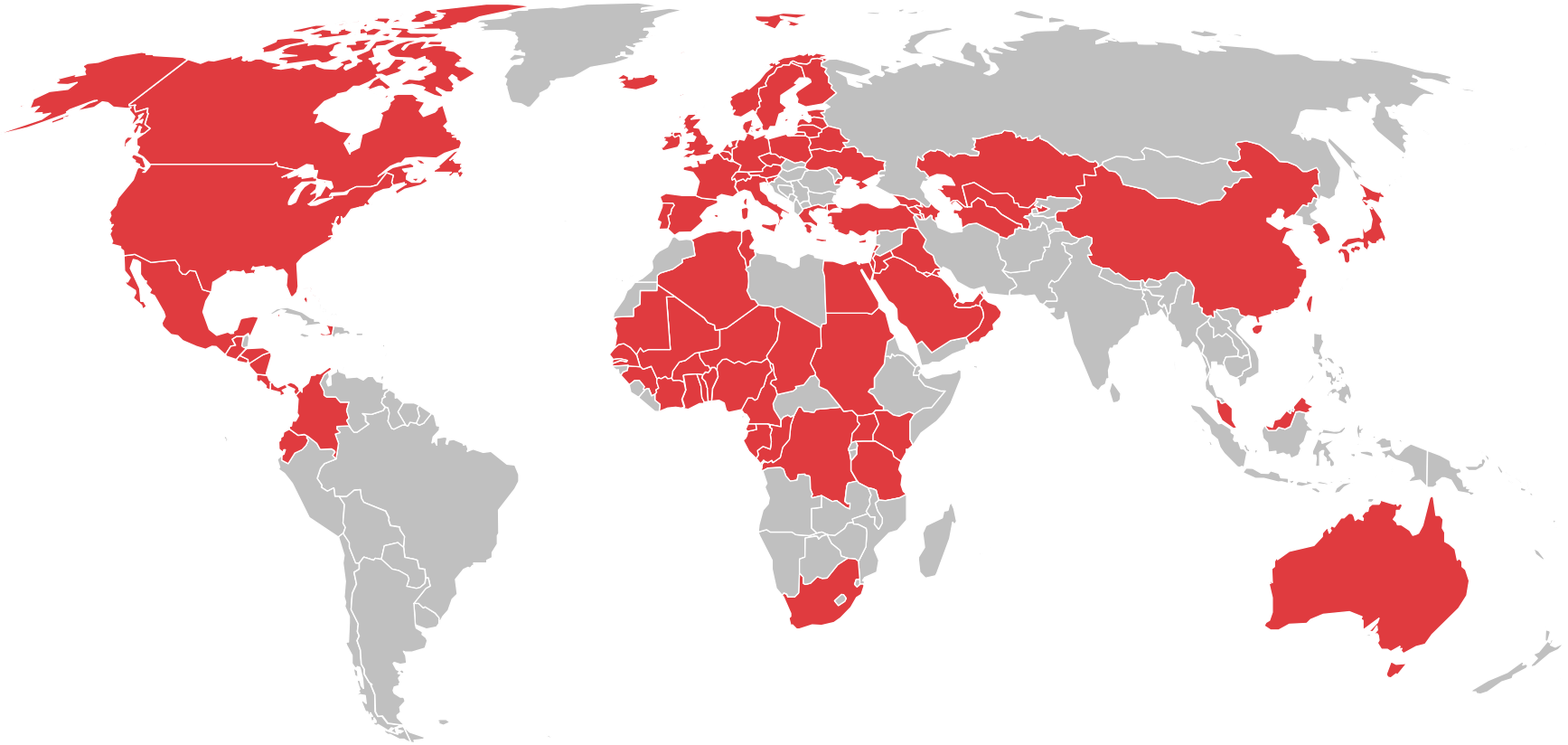
Cephalon is an Attractive Partner

- Marketed product portfolio with strong presence in three specialty areas
- Search & develop capabilities with strong track record
- Late-stage pipeline with compelling value
- Global commercial footprint and infrastructure
- Complementary branded and generic presence in growing markets (CEE, Africa & LatAm)

Cephalon Commercial Footprint and Infrastructure

US: 2010A sales: $2,102mm

Europe: 2010A sales: $659mm



Sells 170 products in more than 100 countries

Marketed Product Portfolio with Strong Presence in Three Specialty Areas

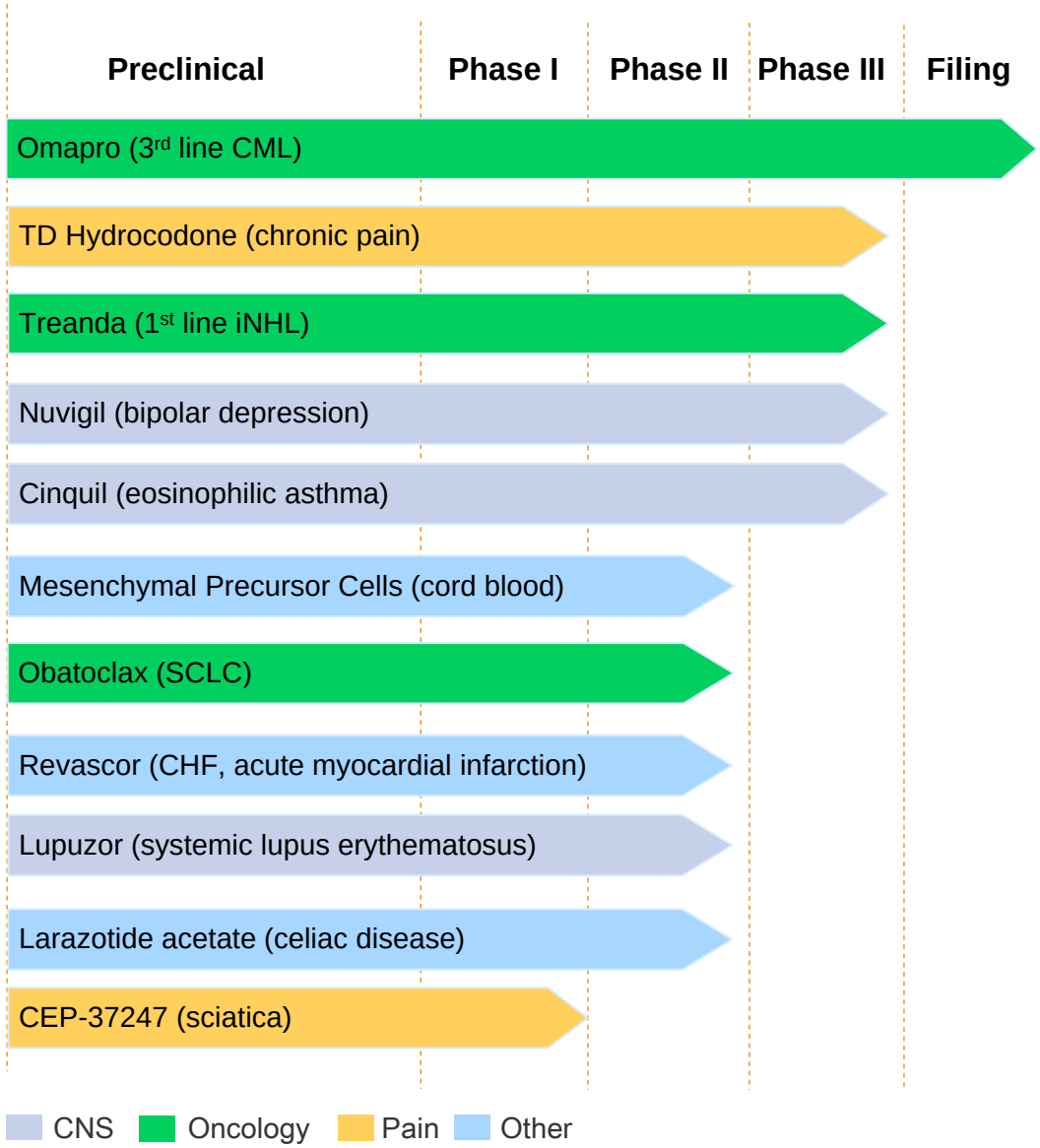
($mm)

	Product	Indication	Launch Year	2010A sales
CNS	PROVIGIL® (MODAFINIL) C-IV Tablets	Excessive sleepiness associated with treated obstructive sleep apnea (OSA), shift work disorder and narcolepsy	1998	$1,124
	Nuvigil® armodafinil tablets C-IV	Excessive sleepiness associated with treated obstructive sleep apnea (OSA), shift work disorder and narcolepsy	2009	$186
	GABITRIL® tiagabine HCl	Partial seizures in epileptic patients	2000	$44
Pain	FENTORA® fentanyl buccal tablet C-II	Break-through cancer pain	2006	$182
	Actiq® (oral transmucosal fentanyl citrate) C-II	Break-through cancer pain	2000	$131
	AMRIX® Cyclobenzaprine Hydrochloride Extended-Release Capsules	Muscle spasm associated with acute, painful musculoskeletal conditions	2007	$109
Oncology	TREANDA® (bendamustine HCl) for Injection	Chronic Lymphocytic Leukemia (CLL) Relapsed NHL	2008	$393
	Trisenox® (arsenic trioxide) injection	Refractory Acute Promyelocytic Leukemia (APL)	2005	NA

Combination Enhances and Diversifies Teva's Branded Business

($mm)	Leading brands: Teva	Leading brands: Cephalon	2010A PF sales
CNS	Azilect (rasagiline tablets); Copaxone (glatiramer acetate injection)	Provigil (modafinil); Nuvigil (armodafinil); Gabitril (tiagabine HCl)	$4,568
Women's Health	Plan B One-Step (levonorgestrel tablet, 1.5 mg); Seasonique; Enjuvia (synthetic conjugated estrogens, B) Tablets; ParaGard (intrauterine copper contraceptive)		$374
Respiratory	QVAR (beclomethasone dipropionate HFA) Inhalation Aerosol	ProAir HFA (albuterol sulfate) Inhalation Aerosol	$875
Pain		Actiq (oral transmucosal fentanyl citrate); Amrix (cyclobenzaprine hydrochloride extended-release capsules); Fentora (fentanyl buccal tablet)	$422
Oncology		Treanda (bendamustine HCl) for Injection; Trisenox (arsenic trioxide) injection	$491

Attractive, Late-stage Pipeline



Milestones
Phase III complete; NDA submission H2 2011
Complete Phase III by YE 2011
sNDA submission expected in 2011; Phase III study expected to complete in early 2012
First two Phase III studies expected to complete in early 2012; NDA filing in Q1 2012
Phase III program underway, first readout in Q4 2012
Phase III program to start 2012
End-of-Phase II meeting with FDA in 2011
CHF Phase III to start in early 2012, acute myocardial infarction to begin Phase II in 2011
Phase II study underway, interim data in Q3 2011
Additional Phase II study to start in 2011, interim readout in Q4 2012
Phase I/II underway, readout in Q2 2012

The Combined Branded Pipeline

Franchise	Marketed Products	End of Phase III 2010-2012	End of Phase III 2013-2015
CNS	Copaxone – MS	Laquinimod - MS	
	Azilect – Parkinson's	Azilect – MSA	
	Provigil	Nuvigil - bipolar	
	Nuvigil - wakefulness		
	Gabitril		
Oncology	Treanda – NHL relapse / CLL	StemEx	TV-1101 – 3 indications
	Trisenox	Treanda – NHL 1st line	CT-011 – 2 indications
		Omapro - CML	Obatoclax - SCLC
			Cord Blood Expansion
Respiratory	QVAR	BDP Nasal	FP and FSC Spiromax
	ProAir	BFC and Albuterol Spiromax	Cinquil – eosenophilic asthma
	EasiBreath Products	FP and FSC HFA MDI	
Pain	Actiq	TD hydrocodone	CEP 37247 - Sciatica
	Fentora		
	Amrix		
Women's Health	Seasonique / LoSeasonique	NOMAC/E2	Vaginal Ring
	Plan B One-Step	LeCette / Qartette	Menopause product
	ParaGard / Enjuvia	Oxy and Prog. Rings	
Biologics	Tev-Tropin	FSH	Rituximab
	XM02	Glyco-PEG-G-CSF / Neugranin	2 undisclosed
	Eporatio / Biopoin		
Other	PolyHeal	NexoBrid	Diapep-277 - Diabetes
			MultiGene Angio
			Revascor - CHF
			Lupuzor - Lupus
			Larazotide - Celiac

Complementary Generic Presence

- Broad geographic presence in niche markets
  - CEE, Africa and LatAm
- Switzerland:
  - #1 generic company
  - #4 in total pharma market
- Development & formulation unit (GMP)
- Strong brand recognition



Eyal Desheh

CFO, Teva Pharmaceutical Industries Ltd.

Financial Aspects of the Transaction

Key Transaction Terms

Purchase Price	▪ $81.50 per share in cash ▪ Enterprise value of $6.8 billion including $1.3 billion in cash and marketable securities
Synergies	▪ At least $500 million from the combined organization in annual cost synergies within three years
Accretion	▪ Accretive to GAAP earnings within four quarters ▪ Immediately accretive to non-GAAP earnings
Premium	▪ 39% premium to Cephalon's stock price of $58.75, as of 3/29/11(1) ▪ 44% premium to Cephalon's 30-day trading average, prior to 3/29/11(1)
Roadmap to Completion	▪ Customary closing conditions: HSR and EC Clearance ▪ Approval of Cephalon stockholders ▪ Expected to close in Q3 2011

(1) Last day before unsolicited proposal

Highly Attractive Financial Outcome

- Scale and growth
  - 2010A PF revenue base of $18.9 billion, of which $7 billion is branded
- Strengthens and diversifies our revenue base
  - Branded sales contributed 36% of 2010A PF revenues vs. 28% standalone
- Accretive
  - Based on non-GAAP EPS, accretive immediately
  - Accretive to GAAP earnings within four quarters

Significant Synergy Opportunity

- At least $500 in cost synergies per annum within three years
- Potential additional upsides including:
  - Expanded commercial opportunities
  - Additional long-term operational and vertical integration opportunities
  - Gradual reduction of blended tax rate

Maintaining Strong Balance Sheet and Credit Profile

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

	12/31/10 actual	Post closing estimate
Total Debt	$ 6.9 B	$12.7 B
Equity	$ 22 B	$ 24 B
Debt / LTM EBITDA	1.28x	~2.0X
Debt / (Debt + Equity)	24%	~34%

Compelling Value Creation

Strong Strategic Fit

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- **Pipeline:** Highly complementary, late-stage pipeline enhances Teva's oncology, CNS and respiratory programs
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Attractive Economics

- **Synergies:** Significant opportunities
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- **Balance Sheet:** Maintains strong balance sheet and credit profile

Strong Strategic Fit & Compelling Economics



Thank you!