TEVA PHARMACEUTICAL INDUSTRIES LTD.





Analyst Meeting Presentation – Q2 2010 and First Half 2010 Results

Shlomo Yanai, President & CEO

Eyal Desheh, CFO

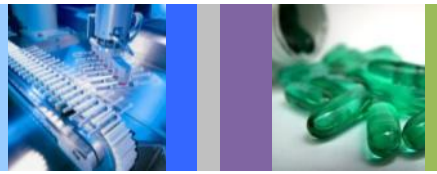
July 27, 2010

Forward looking statements



TODAY'S PRESENTATION CONTAINS FORWARD-LOOKING STATEMENTS, WHICH EXPRESS THE CURRENT BELIEFS AND EXPECTATIONS OF MANAGEMENT. 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 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, 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®, PROTONIX® AND YAZ®, CURRENT ECONOMIC CONDITIONS, THE EXTENT TO WHICH ANY MANUFACTURING OR QUALITY CONTROL PROBLEMS DAMAGE OUR REPUTATION FOR HIGH QUALITY PRODUCTION, THE EFFECTS OF COMPETITION ON OUR INNOVATIVE PRODUCTS, ESPECIALLY COPAXONE® SALES, DEPENDENCE ON THE EFFECTIVENESS OF OUR PATENTS AND OTHER PROTECTIONS FOR INNOVATIVE PRODUCTS, ESPECIALLY COPAXONE®, THE IMPACT OF CONSOLIDATION OF OUR DISTRIBUTORS AND CUSTOMERS, THE IMPACT OF PHARMACEUTICAL INDUSTRY REGULATION AND PENDING LEGISLATION THAT COULD AFFECT THE PHARMACEUTICAL INDUSTRY, OUR ABILITY TO ACHIEVE EXPECTED RESULTS THOUGH OUR INNOVATIVE R&D EFFORTS, THE DIFFICULTY OF PREDICTING U.S. FOOD AND DRUG ADMINISTRATION, EUROPEAN MEDICINES AGENCY AND OTHER REGULATORY AUTHORITY APPROVALS, THE UNCERTAINTY SURROUNDING THE LEGISLATIVE AND REGULATORY PATHWAY FOR THE REGISTRATION AND APPROVAL OF BIOTECHNOLOGY-BASED PRODUCTS, THE REGULATORY ENVIRONMENT AND CHANGES IN THE HEALTH POLICIES AND STRUCTURES OF VARIOUS COUNTRIES, ANY FAILURES TO COMPLY WITH THE COMPLEX MEDICARE AND MEDICAID REPORTING AND PAYMENT OBLIGATIONS, THE EFFECTS OF REFORMS IN HEALTHCARE REGULATION, SUPPLY INTERRUPTIONS OR DELAYS THAT COULD RESULT FROM THE COMPLEX MANUFACTURING OF OUR PRODUCTS AND OUR GLOBAL SUPPLY CHAIN, INTERRUPTIONS IN OUR SUPPLY CHAIN OR PROBLEMS WITH OUR INFORMATION TECHNOLOGY SYSTEMS THAT ADVERSELY AFFECT OUR COMPLEX MANUFACTURING PROCESSES, POTENTIAL TAX LIABILITIES THAT MAY ARISE SHOULD OUR AGREEMENTS (INCLUDING INTERCOMPANY ARRANGEMENTS), BE CHALLENGED SUCCESSFULLY BY TAX AUTHORITIES, OUR ABILITY TO SUCCESSFULLY IDENTIFY, CONSUMMATE AND INTEGRATE ACQUISITIONS AND OTHER BUSINESS COMBINATIONS (INCLUDING OUR PENDING ACQUISITION OF RATIOPHARM), THE POTENTIAL EXPOSURE TO PRODUCT LIABILITY CLAIMS TO THE EXTENT NOT COVERED BY INSURANCE, OUR EXPOSURE TO FLUCTUATIONS IN CURRENCY, EXCHANGE AND INTEREST RATES, AS WELL AS TO CREDIT RISK, SIGNIFICANT OPERATIONS WORLDWIDE THAT MAY BE ADVERSELY AFFECTED BY TERRORISM, POLITICAL OR ECONOMICAL INSTABILITY OR MAJOR HOSTILITIES, OUR ABILITY TO ENTER INTO PATENT LITIGATION SETTLEMENTS AND THE INCREASED GOVERNMENT SCRUTINY OF OUR AGREEMENTS WITH BRAND COMPANIES IN BOTH THE U.S. AND EUROPE, THE TERMINATION OR EXPIRATION OF GOVERNMENTAL PROGRAMS AND TAX BENEFITS, IMPAIRMENT OF INTANGIBLE ASSETS AND GOODWILL, ANY FAILURE TO RETAIN KEY PERSONNEL OR TO ATTRACT ADDITIONAL EXECUTIVE AND MANAGERIAL TALENT, ENVIRONMENTAL RISKS, AND OTHER FACTORS THAT ARE DISCUSSED IN OUR ANNUAL REPORT ON FORM 20-F FOR THE YEAR ENDED DECEMBER 31, 2009, IN THIS REPORT AND IN OUR OTHER FILINGS WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC").

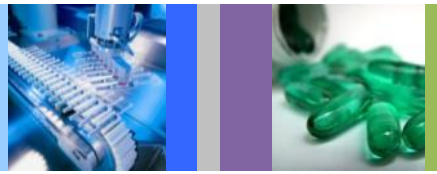
Q2 2010 – strong results



	Q2/09*	Q2/10*	Change
Sales $m	3,400	3,800	+12%
Operating income $m	981	1,201	+22%
Net income $m	742	981	+32%
EPS $	0.83	1.08	+30%
Free cash flow $m	376	700	+86%

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

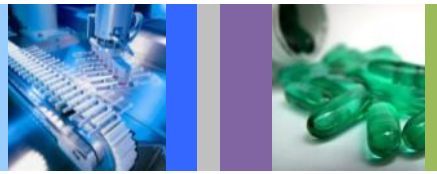
H1 2010 – strong results



	H1/09*	H1/10*	Change
Sales $m	6,547	7,453	+14%
Operating income $m	1,807	2,203	+22%
Net income $m	1,376	1,811	+32%
EPS $	1.54	1.99	+29%
Free cash flow $m	846	1,257	+49%

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

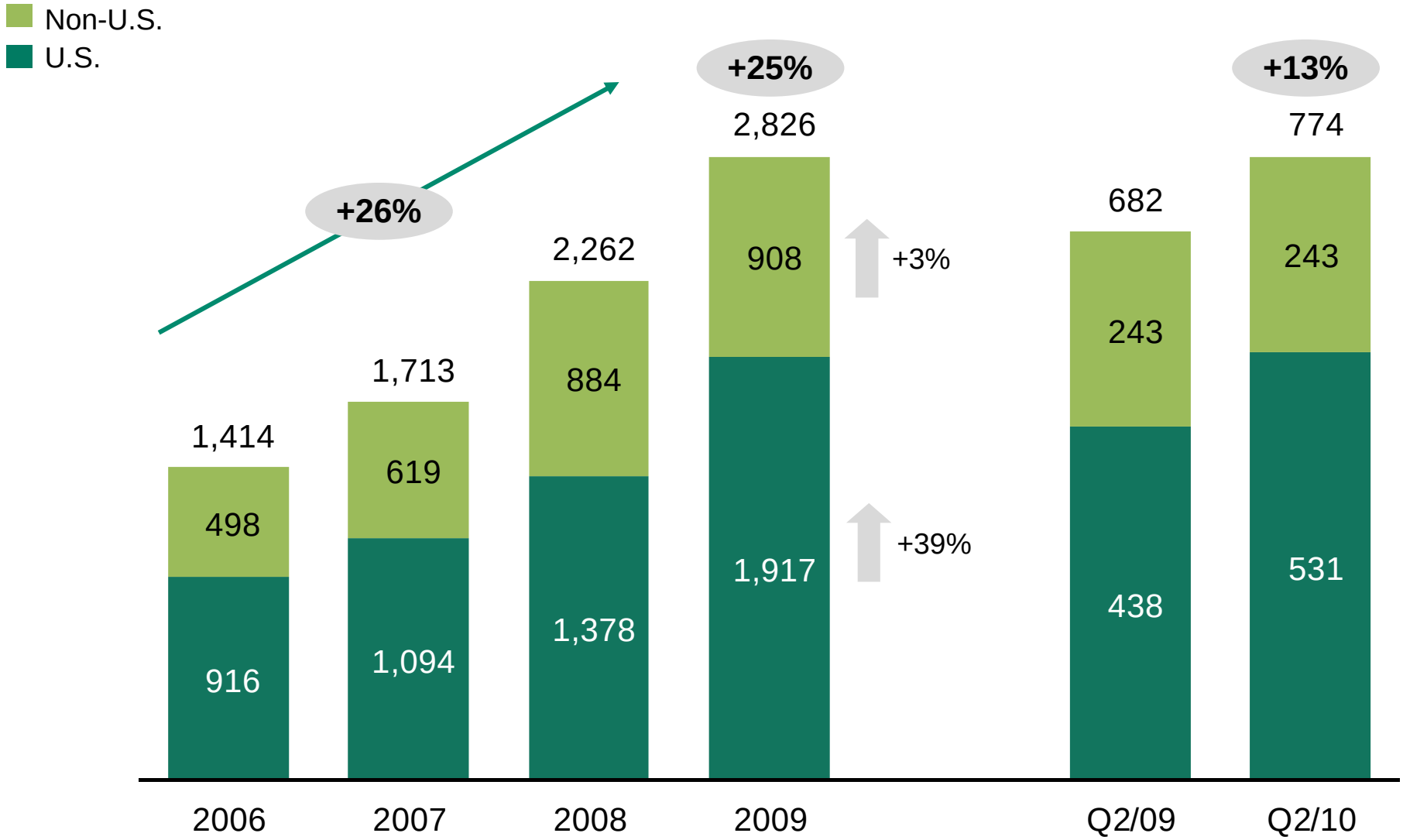
Q2 2010 highlights



Strong Financial Results	• Strong *organic* growth – 12% QoQ • EPS crossed the $1 mark – $1.08 • Strong Free Cash Flow – $700 million; 86% QoQ
Balanced Business Model	• U.S. – Strong growth; record generic sales (14% QoQ) • Europe – 10% growth in local currency • Growth in all branded franchises
ratiopharm	• Closing expected in Q3 2010 • Financing secured

Copaxone® – leading MS globally

Global in market sales, $ million



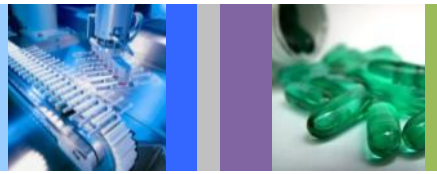
* Due to rounding, numbers may not add up.

Copaxone® and MS competitive landscape



Continued performance	Continued solid growth: 13% QoQ Record US share: 39.7% TRxs / 38.4% NRxs
Copaxone improvements	SONG - low dose Copaxone – FDA action date: 01.01.11 GALA - 3x / week 40 mg - began recruiting in Q2 2010
Oral therapies	Inferior safety profile 2nd line therapy / new potential patients
Laquinimod	2 global phase III trials; results expected in 2011 Immunomodulatory compound – best safety profile among orals

Teva Branded – multifaceted approach & expertise





Teva Branded – multifaceted approach & expertise



Loaded innovative pipeline



	Marketed Products	End phase III 2010-2012	End phase III 2013-2015
Innovative	Copaxone® Multiple Sclerosis		TV-1101 (OGX-011) (Phase III) Prostate Cancer 1st line
	Azilect® Parkinson's		TV-1101 (OGX-011) (Phase III) Prostate Cancer 2nd line
Respiratory	QVAR® Inhaled Steroid	Laquinimod – Oral Multiple Sclerosis (Phase III)	TV-1101 (OGX-011) Lung Cancer (Phase III)
	ProAir™ Inhaled short acting beta-mimetic	StemEx® – Hemato-oncological (Phase III)	DiaPep-277 – Type I Diabetes (Phase III)
	Easi-Breathe products Asthma & COPD	Debrase – Burns (Phase III)	Laquinimod – Crohn's disease (Phase II)
Women's health	Seasonique® / LoSeasonique™ Extended Regimen Contraception	BDP HFA Nasal – Respiratory (Phase III)	CT-011 – Hemato-Oncological (Phase II)
	Plan B® One-Step Emergency Contraception	4 Respiratory projects (undisclosed)	CT-011 – Solid Tumor Oncology (Phase II)
	ParaGard® Intrauterine Contraception	DR-103 – Contraception (Phase III)	Laquinimod – Lupus (Phase II)
	Enjuvia™ Hormone Therapy	Oxybutynin Vaginal Ring – Overactive Bladder (Phase III)	TV-1390 – Multiple Sclerosis (Phase I)
Biologics	TEV-TROPIN® Growth Hormone Deficiency	Progesterone Vaginal Ring - Infertility (Phase III)	2 Respiratory projects (undisclosed)
	TevaGrastim®/Neutroval* Hematology	DR-102 – Contraception (Phase III)	3 Biosimilars projects (undisclosed)
		Neugranin – Hematology (Phase III)	

* BLA file submitted to FDA in October 2009

MegaPack Plant in Debrecen, Hungary





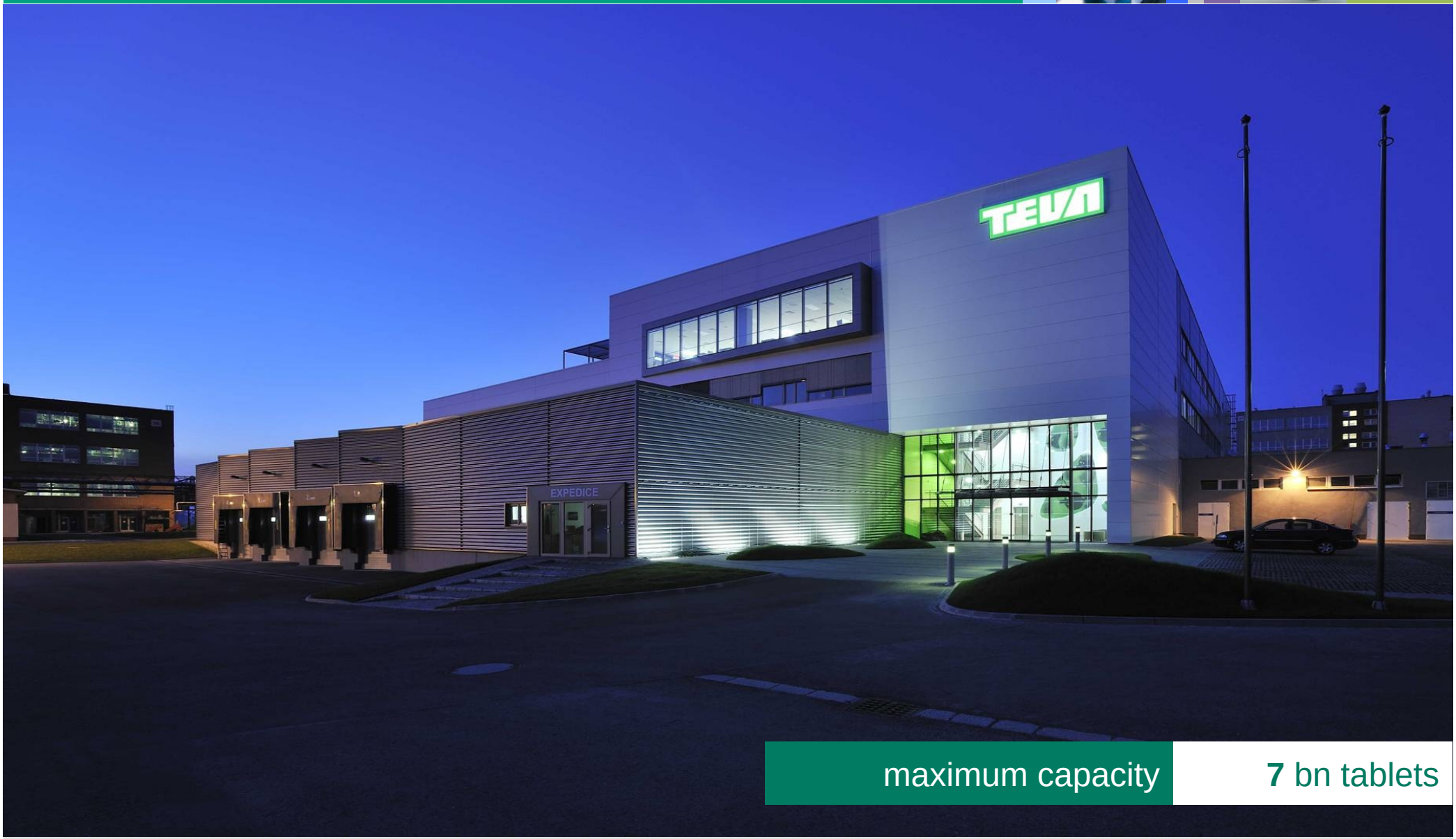




maximum packaging

10 bn tablets

Opava, Czech Republic



maximum capacity **7** bn tablets

New logistics center, Shoham, Israel



Inauguration **December 2010**

Q2 2010 – strong financial results & margins



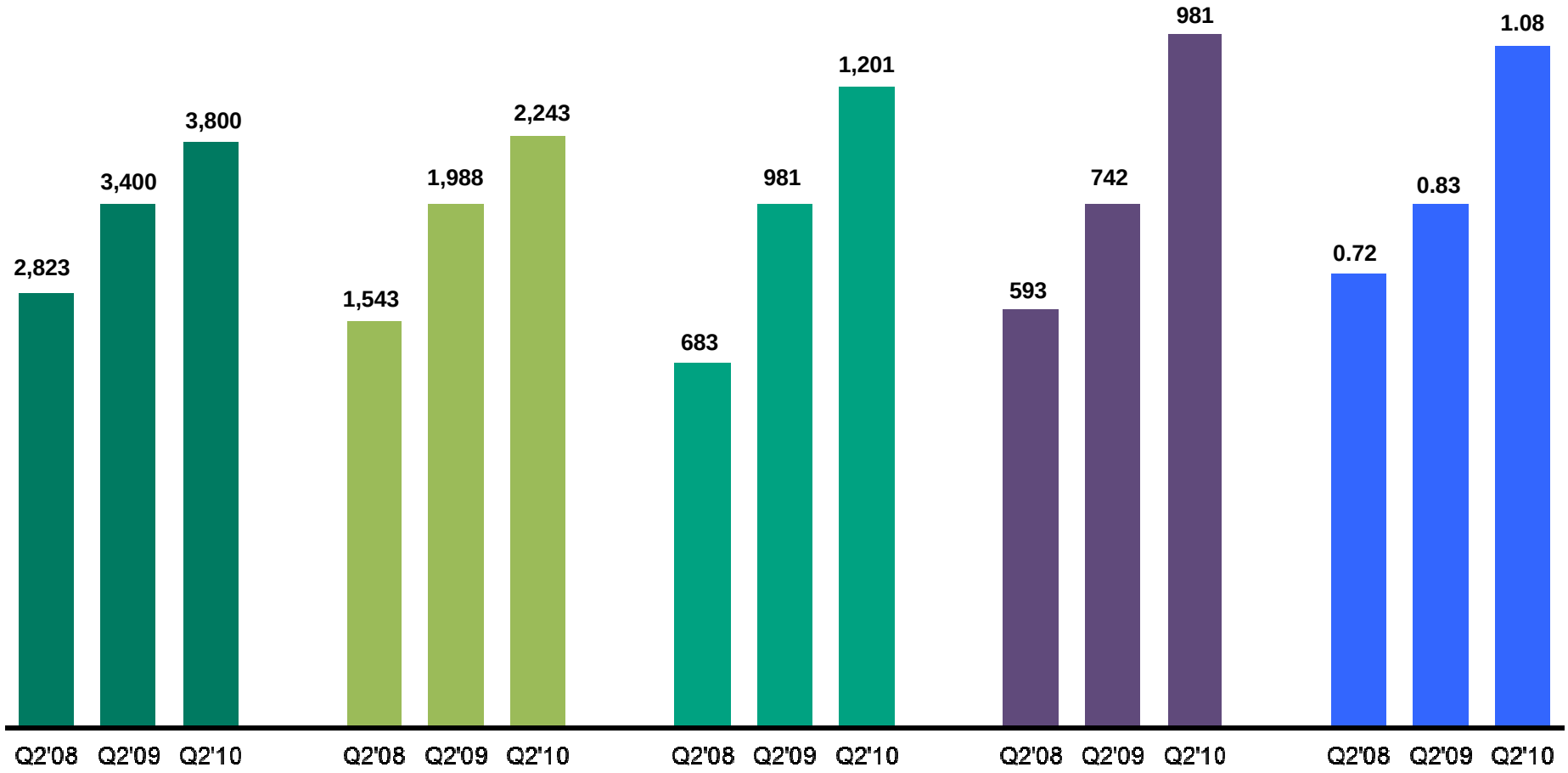
	Q2/09*	Q2/10*	Change
Sales ($m)	3,400	3,800	+12%
Operating income ($m)	981	1,201	+22%
Net income ($m)	742	981	+32%
EPS ($)	0.83	1.08	+30%
Cash flow from operations ($m)	658	954	+45%
Gross margin (%)	58.5	59.0	
Operating margin (%)	28.9	31.6	
Net margin (%)	21.8	25.8	

* Operating income, net income, EPS, gross margin, operating margin and net margin are non GAAP results

Q2 – three year trend

All figures in millions $, except EPS

Sales +12%	Gross profit +13%	Operating profit +22%	Net income +32%	EPS +30%



Q2 2010 – exchange rate effect

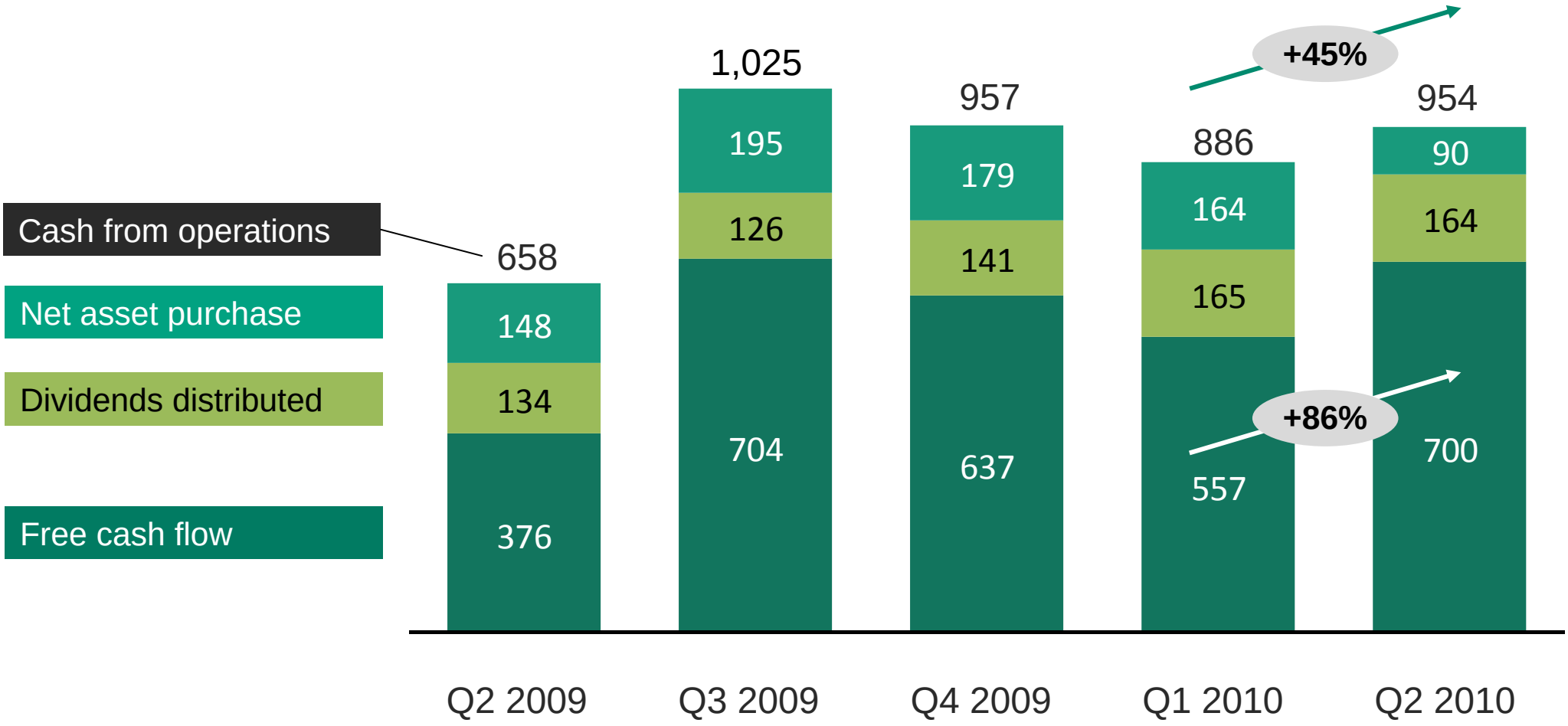


$ million

	Q2 2010	Q2 2009	Growth	FX effect	Real growth
Total sales	**3,800**	**3,400**	**+12%**	**-52**	**+13%**
Operating profit	**1,201**	**981**	**+22%**	**+8**	**+23%**
North America	2,467	2,108	**17%**	+15	**16%**
Europe	811	777	**4%**	-45	**10%**
International	522	515	**1%**	-22	**6%**

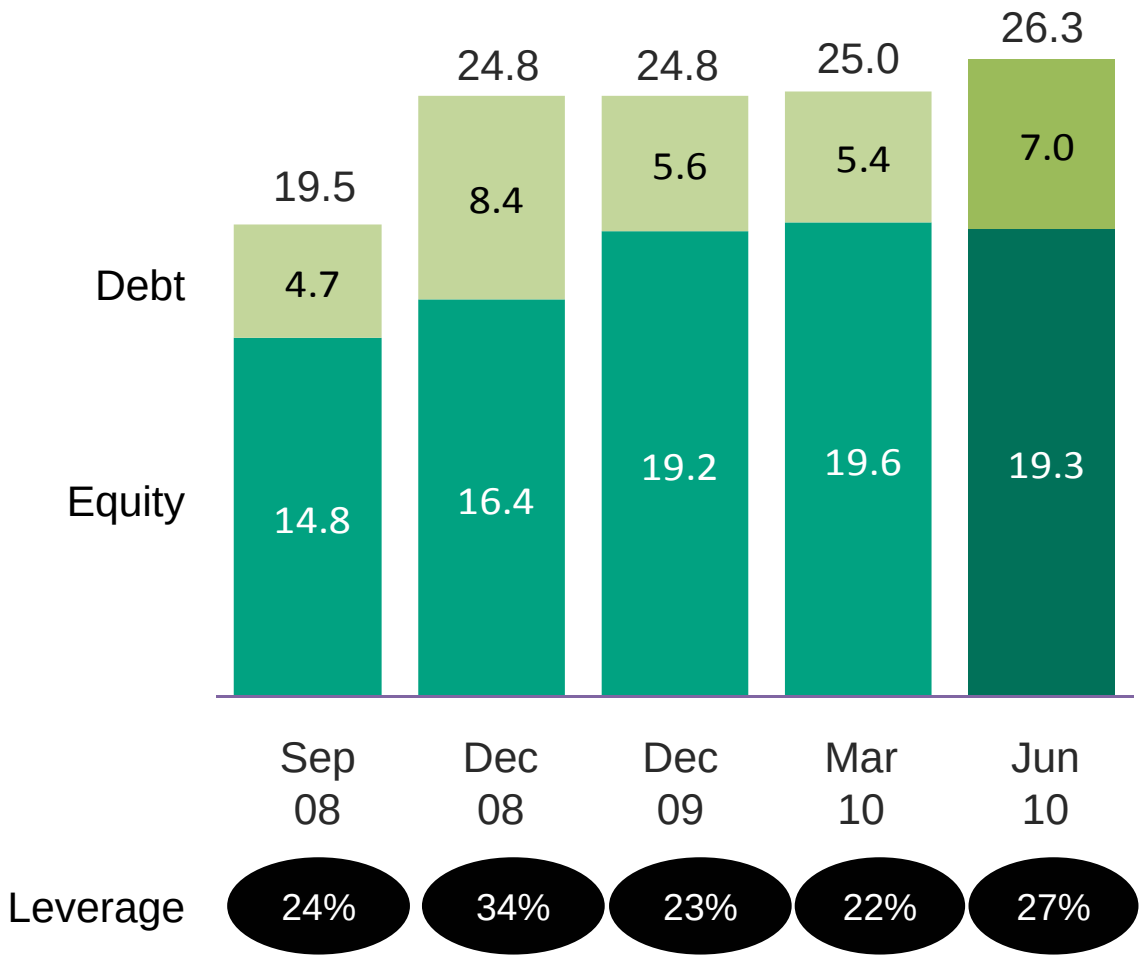
Quarterly cash flow

$ million



Financial leverage

$ bn

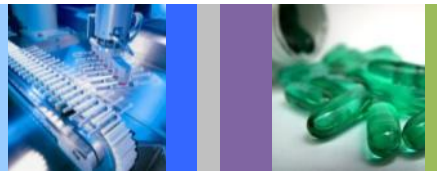


Consolidated balance sheet



June 30, 2010 , $bn

ASSETS	12/09	06/10	LIABILITIES	12/09	06/10
Cash & marketable securities	2.5	5.2	ST & LT financial debt	5.6	7.0
Inventories, A/R & other assets	9.9	9.5	SR&A, A/P & other accruals	6.3	6.2
Long-term assets	4.7	4.7	Long-term liabilities	2.6	2.7
Intangible assets	4.0	3.6	Total equity	19.3	19.3
Goodwill	12.7	12.2			
Total assets	**33.8**	**35.2**	**Total liabilities & equity**	**33.8**	**35.2**



Q&A