TEVA PHARMACEUTICAL INDUSTRIES LTD.





Introducing the world leader in generic pharmaceuticals

Eyal Desheh, CFO

Gerard Van Odijk, President and CEO, Teva Europe

Presentation at the Merrill Lynch Generics Conference

Monday, December 1, 2008

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 TEVA'S 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: TEVA'S ABILITY TO ACCURATELY PREDICT FUTURE MARKET CONDITIONS, TEVA'S ABILITY TO SUCCESSFULLY DEVELOP AND COMMERCIALIZE ADDITIONAL PHARMACEUTICAL PRODUCTS, THE INTRODUCTION OF COMPETING GENERIC EQUIVALENTS, THE EXTENT TO WHICH TEVA MAY OBTAIN U.S. MARKET EXCLUSIVITY FOR CERTAIN OF ITS NEW GENERIC PRODUCTS AND REGULATORY CHANGES THAT MAY PREVENT TEVA 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, 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®, FAMVIR®, AND PROTONIX®, THE IMPACT OF CONSOLIDATION OF OUR DISTRIBUTORS AND CUSTOMERS, 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, TEVA'S ABILITY TO SUCCESSFULLY IDENTIFY, CONSUMMATE AND INTEGRATE ACQUISITIONS, 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 TEVA'S ANNUAL REPORT ON FORM 20-F AND ITS 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 THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENT, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

Today's discussion



Introducing Teva

Financial and strategy update

Q&A

Introducing Teva



Established 1901

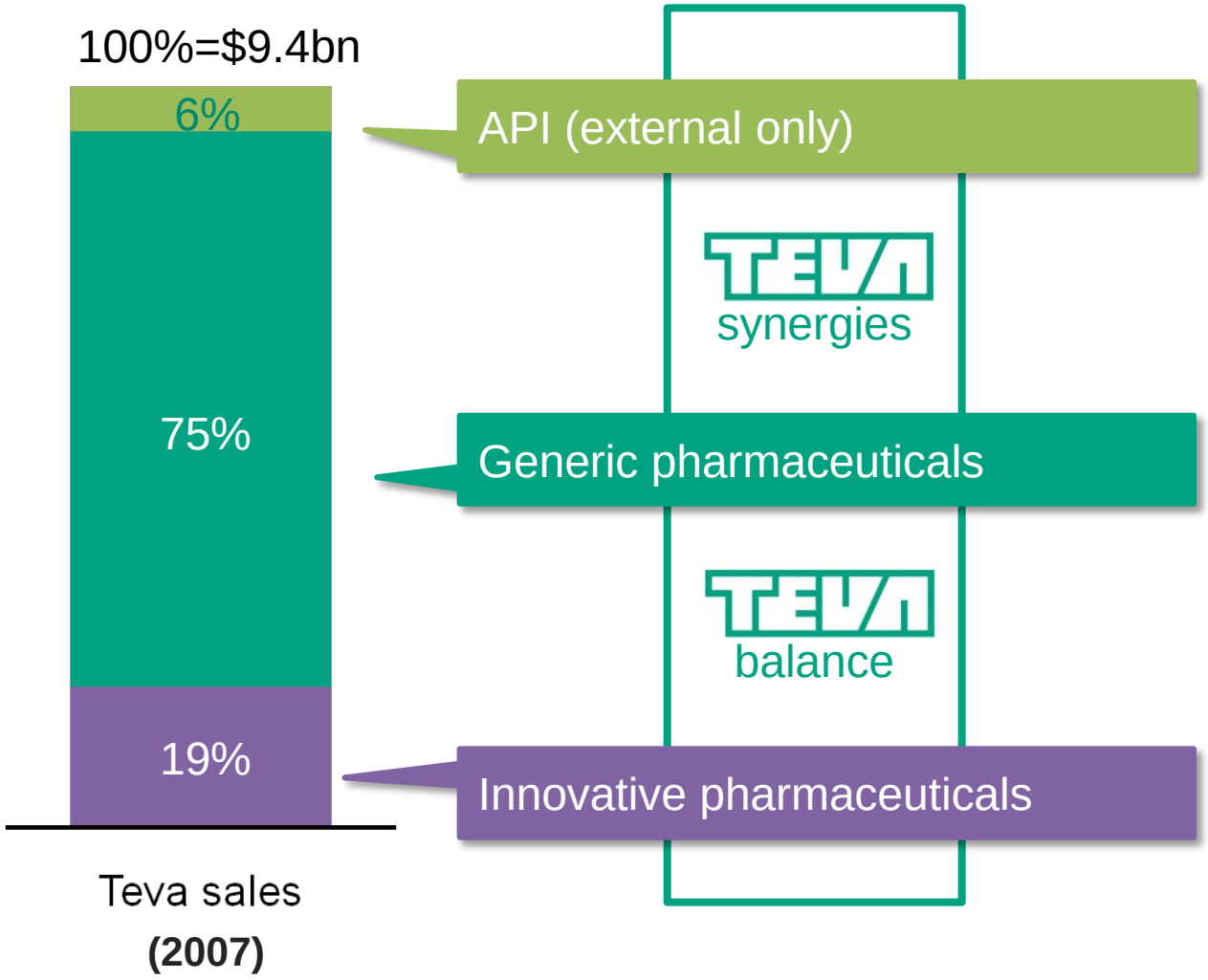
$9.4bn 2007 sales

~60 countries

~29,000 employees

Three lines of business

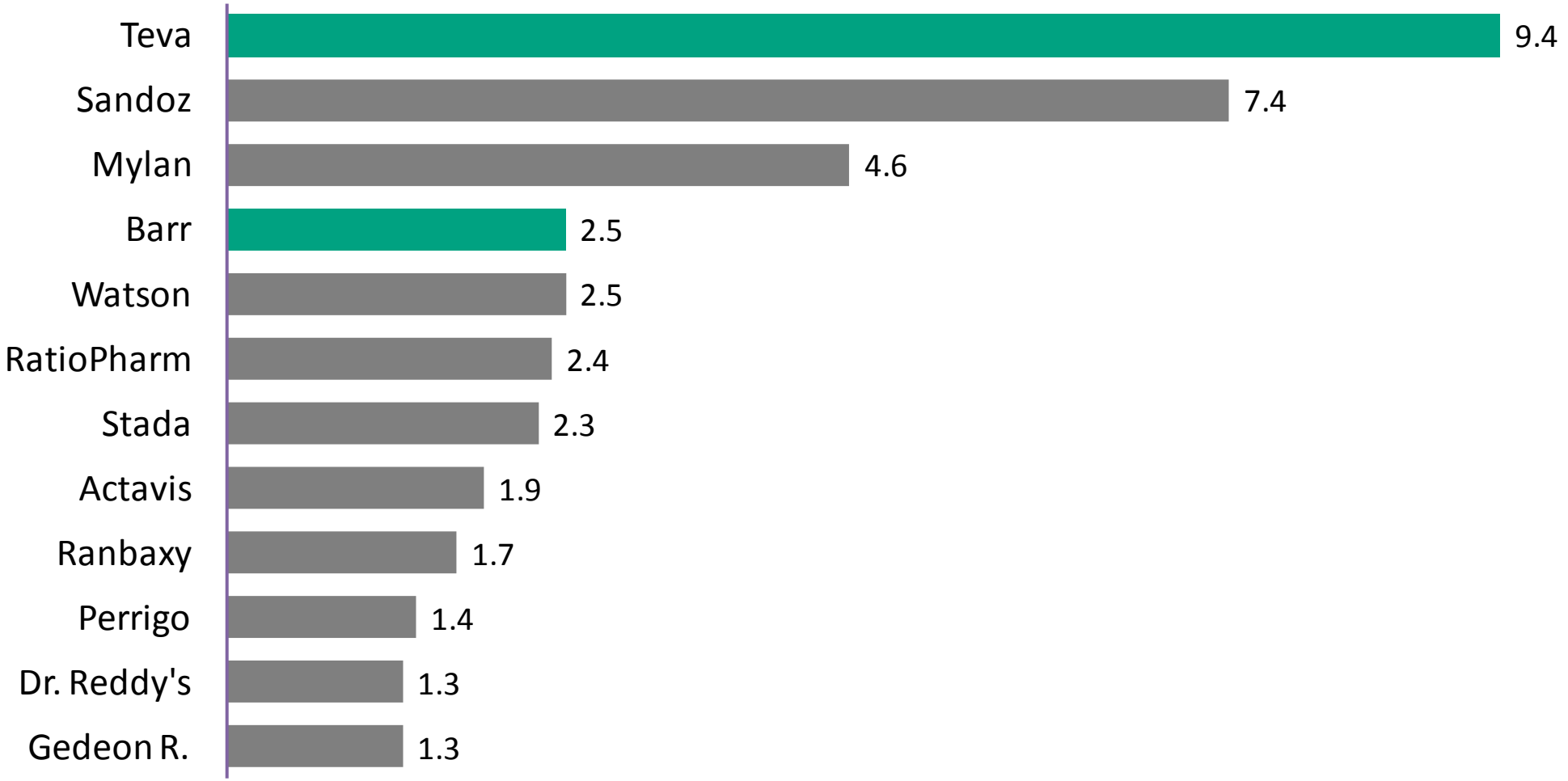




The world's number 1 generics player



Revenues, $ bn, 2007



Source: company publications

With a strong branded operation





Multiple sclerosis



Parkinson's



Respiratory



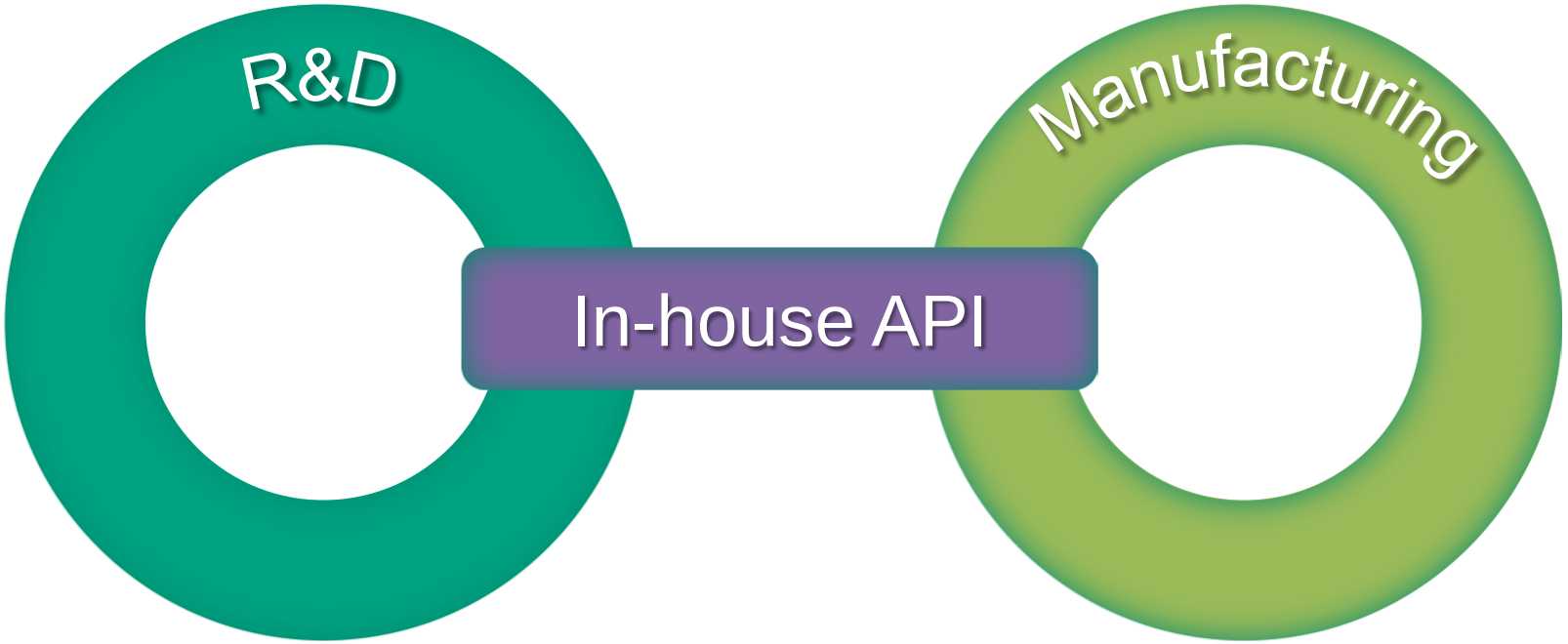
Supports balanced business model

Marketing/branding skills for branded generics

Highly profitable business

Vertical integration through in-house Teva API



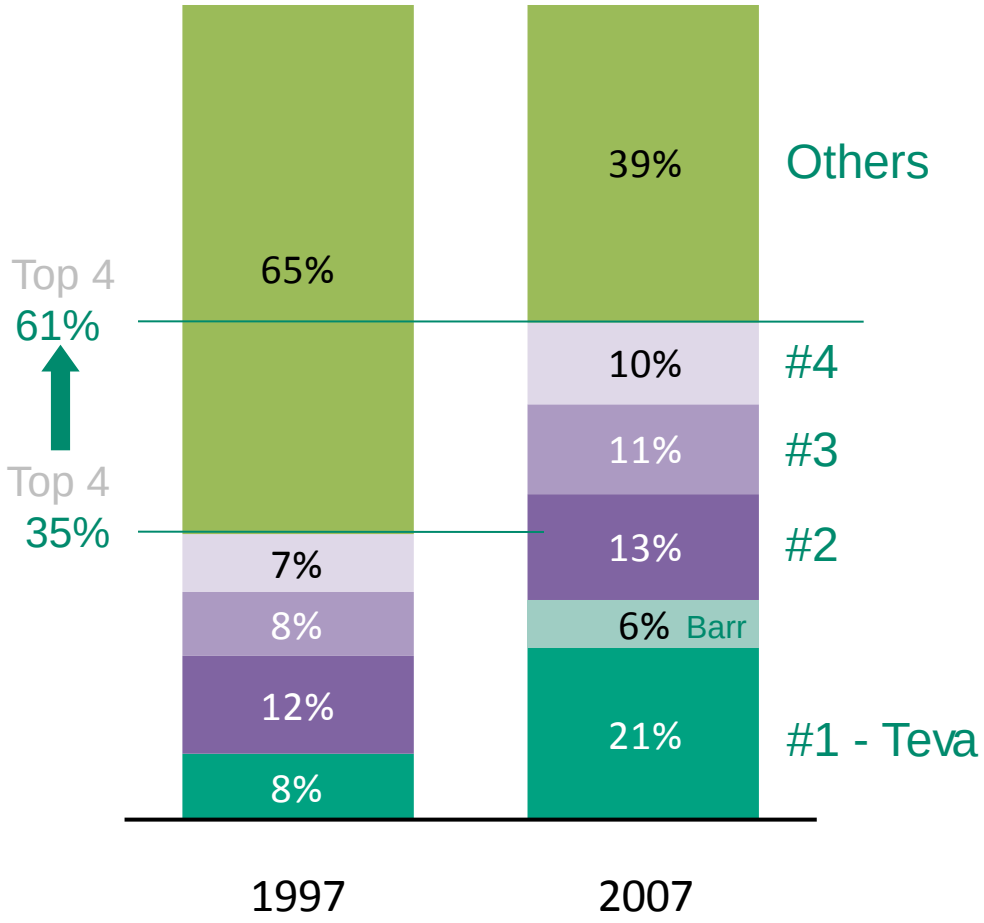


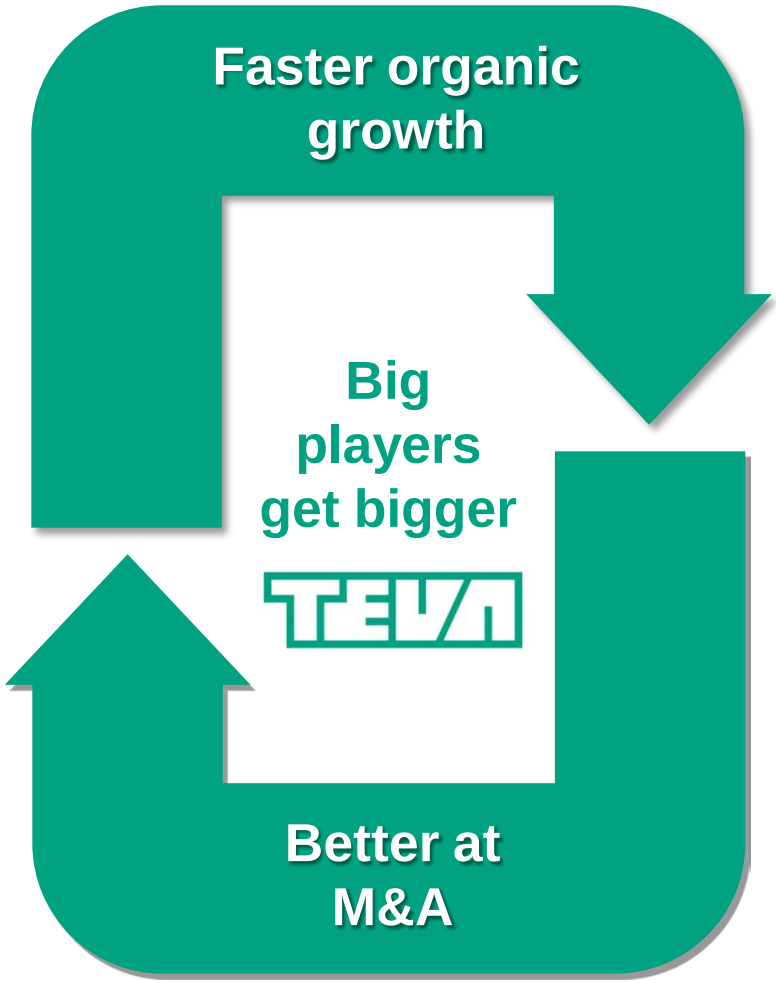
Generic & API R&D to maximizes first-to-file pipeline

Guaranteed quality ingredient supply for generics business

Generics is all about scale – Teva is #1

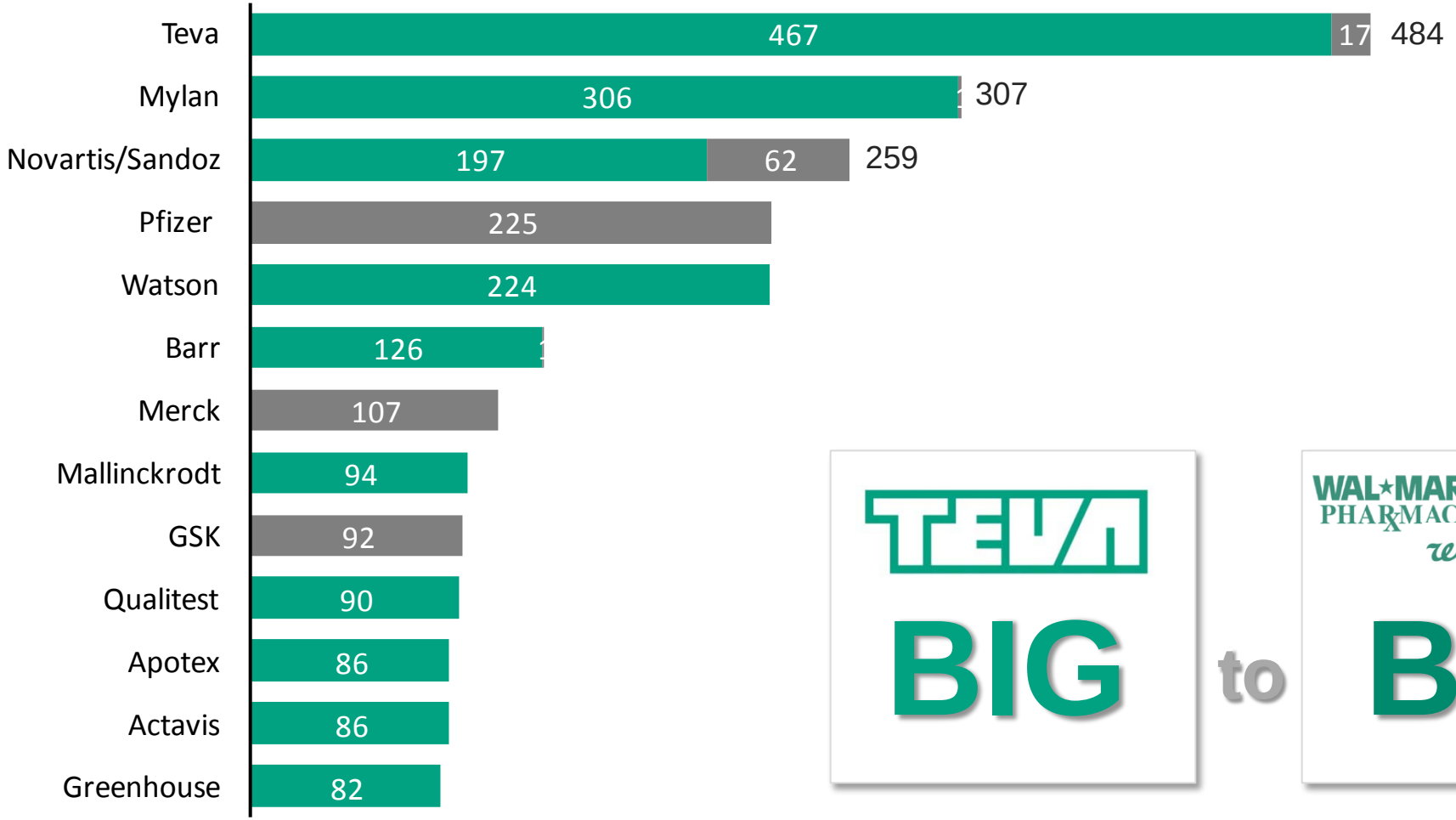
IMS TRx MAT June, % of total





Strategic partnership with customers

Ranking of prescription volume, total Rx's, millions, U.S. market



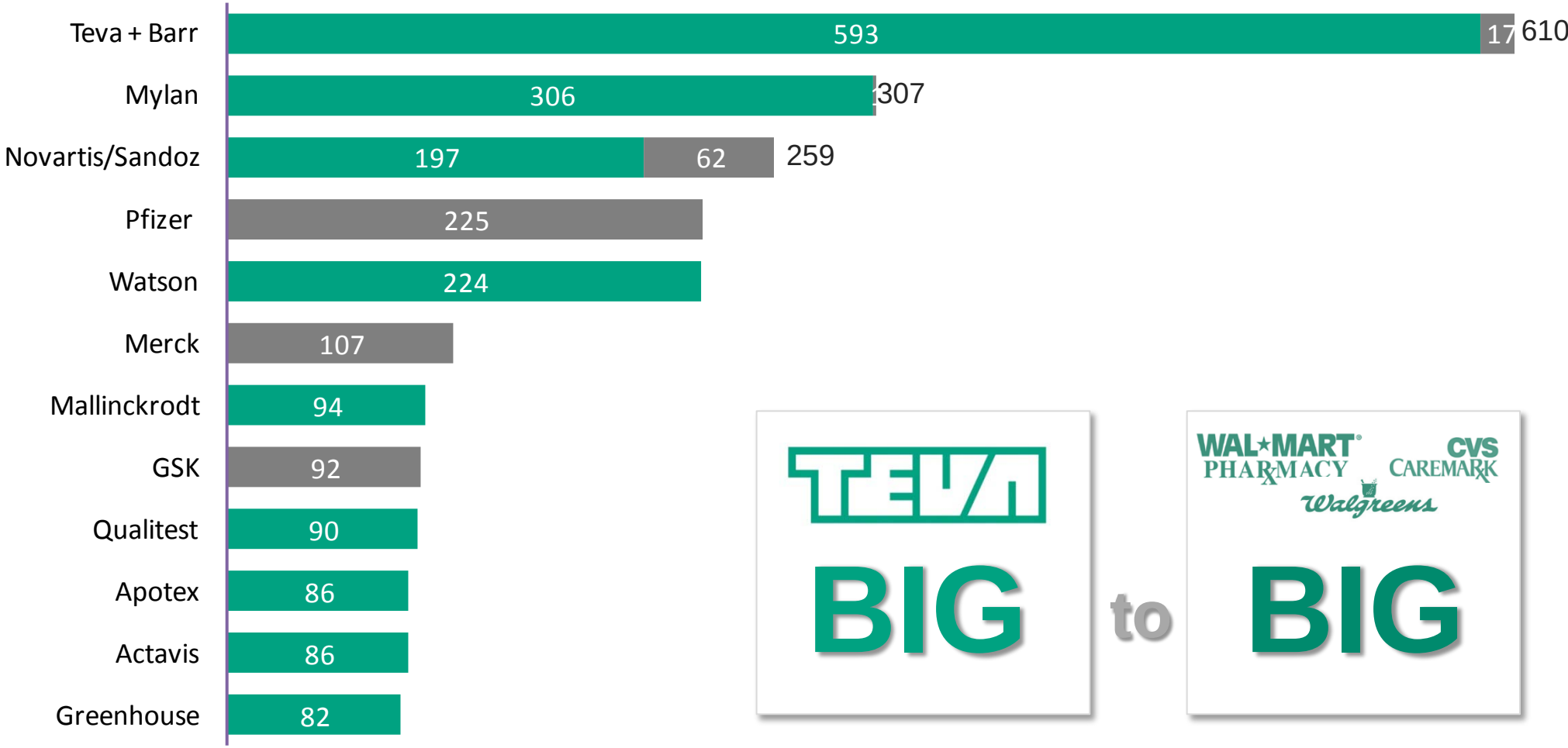
TEVA BIG to BIG

WAL★MART PHARMACY CVS CAREMARK Walgreens

Source: IMS Health, September 2008, NPA

Big gets bigger – with Barr

Ranking of prescription volume, total Rx's, millions, U.S. market



TEVA BIG to WAL★MART PHARMACY CVS CAREMARK Walgreens BIG

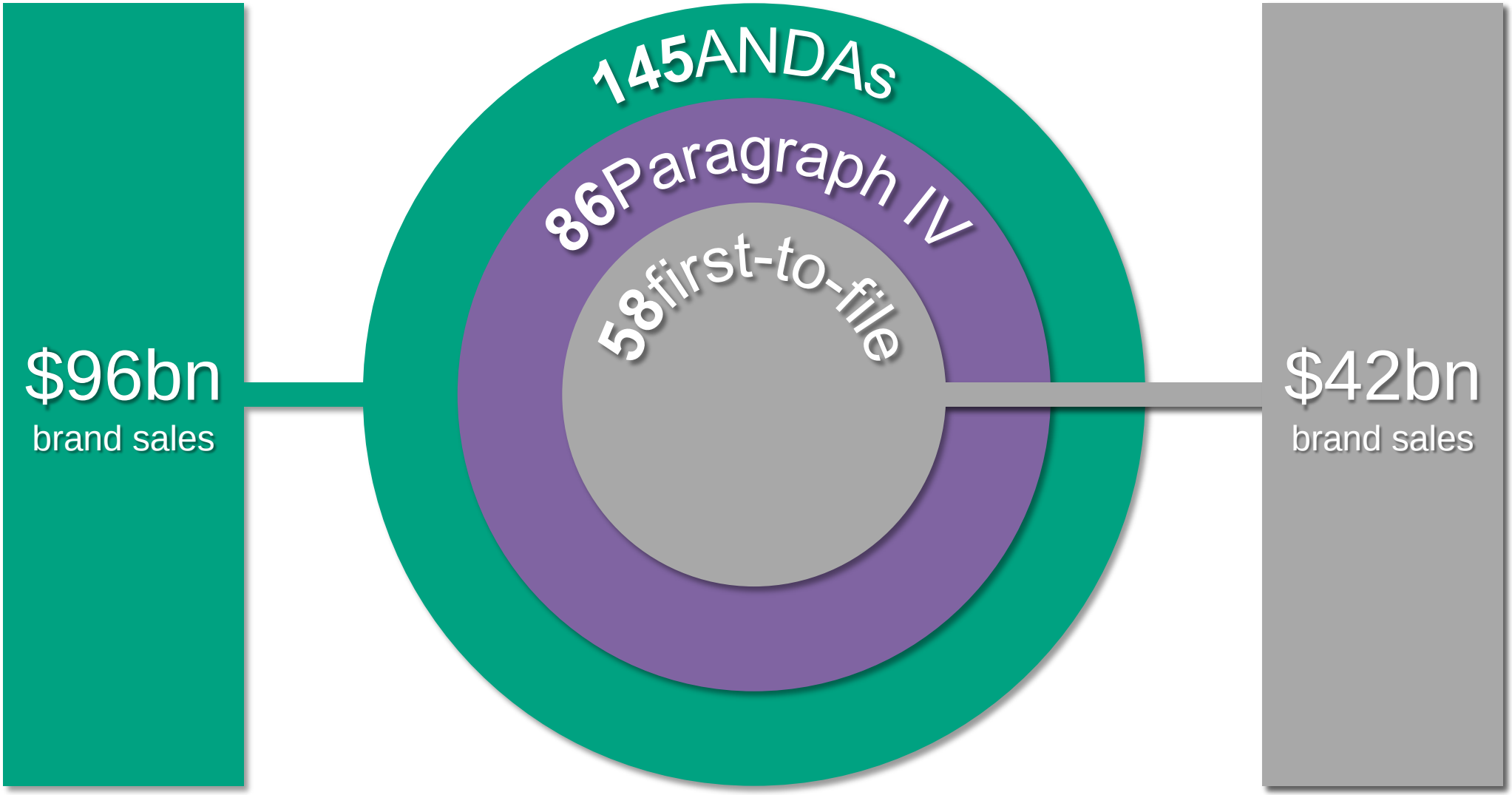
Source: IMS Health, September 2008, NPA

R&D to feed the industry's largest pipeline



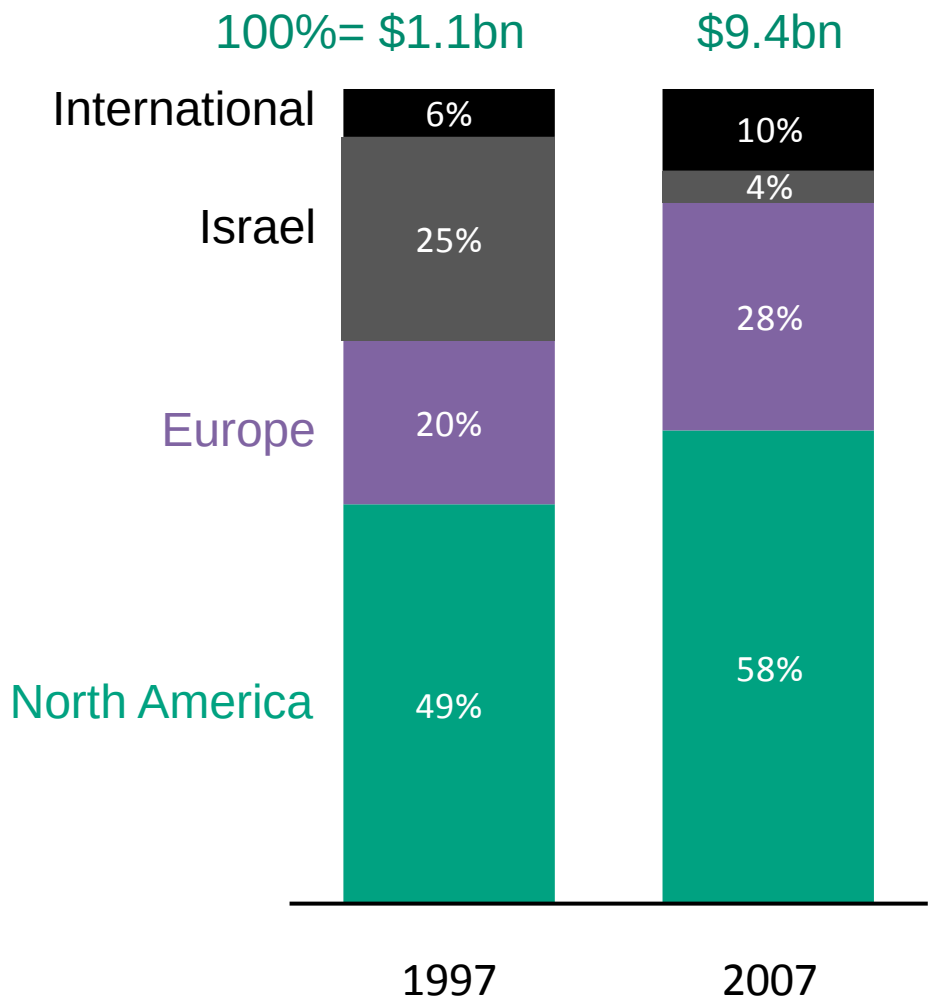


U.S., 28 October 2008



Globally diversified business





Focused geographical expansion strategy



Teva markets

- **Mature economies, aging population**
  - **Increased generics use** — Japan, Southern Europe
    - M&A
    - Partnerships
    - Portfolio expansion
  - **Stable generics use** — US, Western Europe
    - Market share
    - Portfolio expansion
    - Big to Big
- **Growing economies, healthcare expenditures**
  - **Branded generics** — Brazil, Mexico, Russia
    - M&A
    - Partnerships
    - Portfolio expansion
    - More focus and resources
  - **API** — China, India
    - Sourcing

The Japan opportunity

- The world's 2nd pharmaceutical market, with a relatively low generics share
- Government aims to double generics use in 5 years



Our strategic partnership in Japan



50%
Global expertise

50%
Local expertise

Teva-KOWA Pharma Co., Ltd.
“テバ・コーワ株式会社”

$1bn
sales in 2015

A platform for growth in Japan

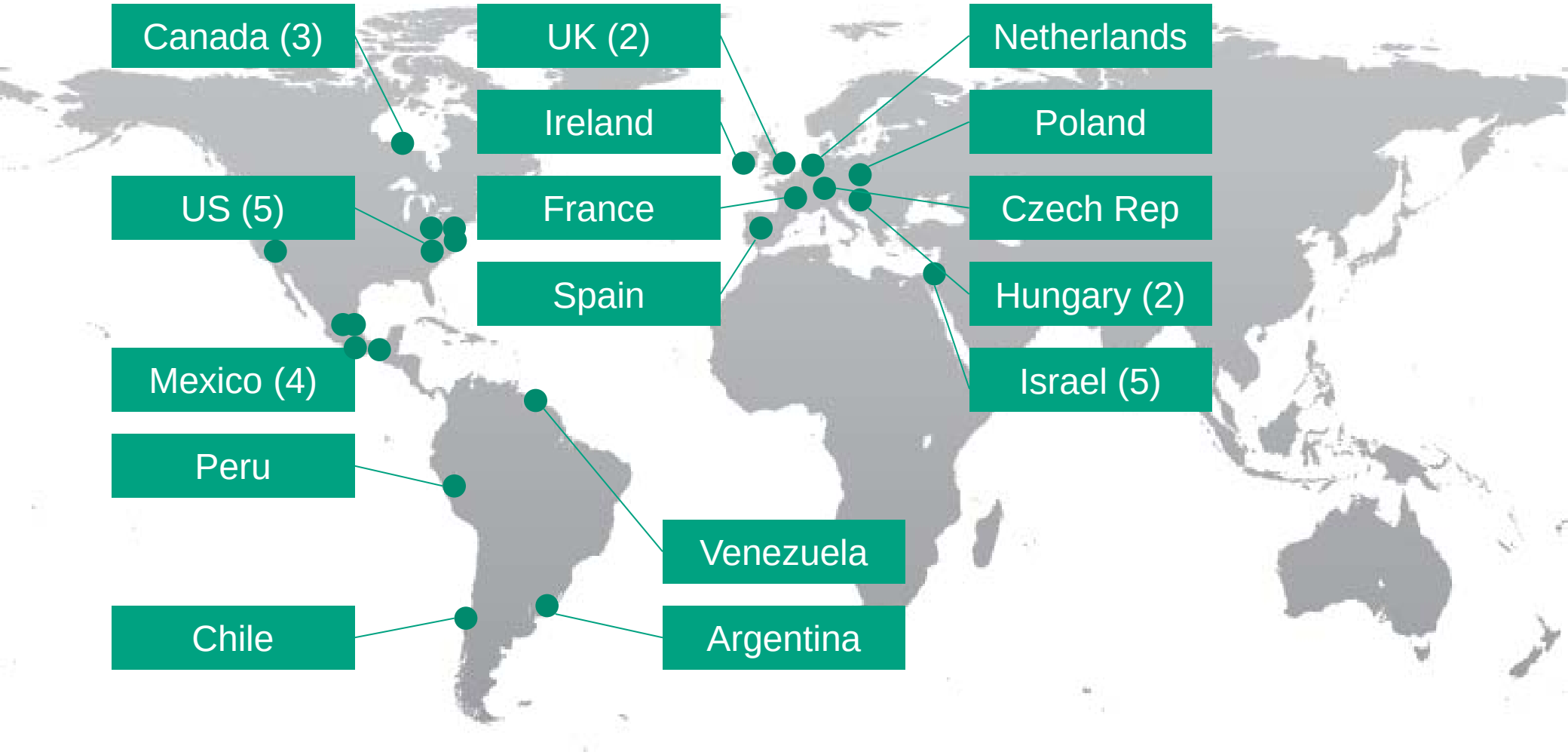


- Global generics expertise
- Quality product supply
- Quality API supply
- Patent challenge expertise

- Japan expertise
- Innovation track record
- Marketing expertise: Rx/OTC
- Distribution channels

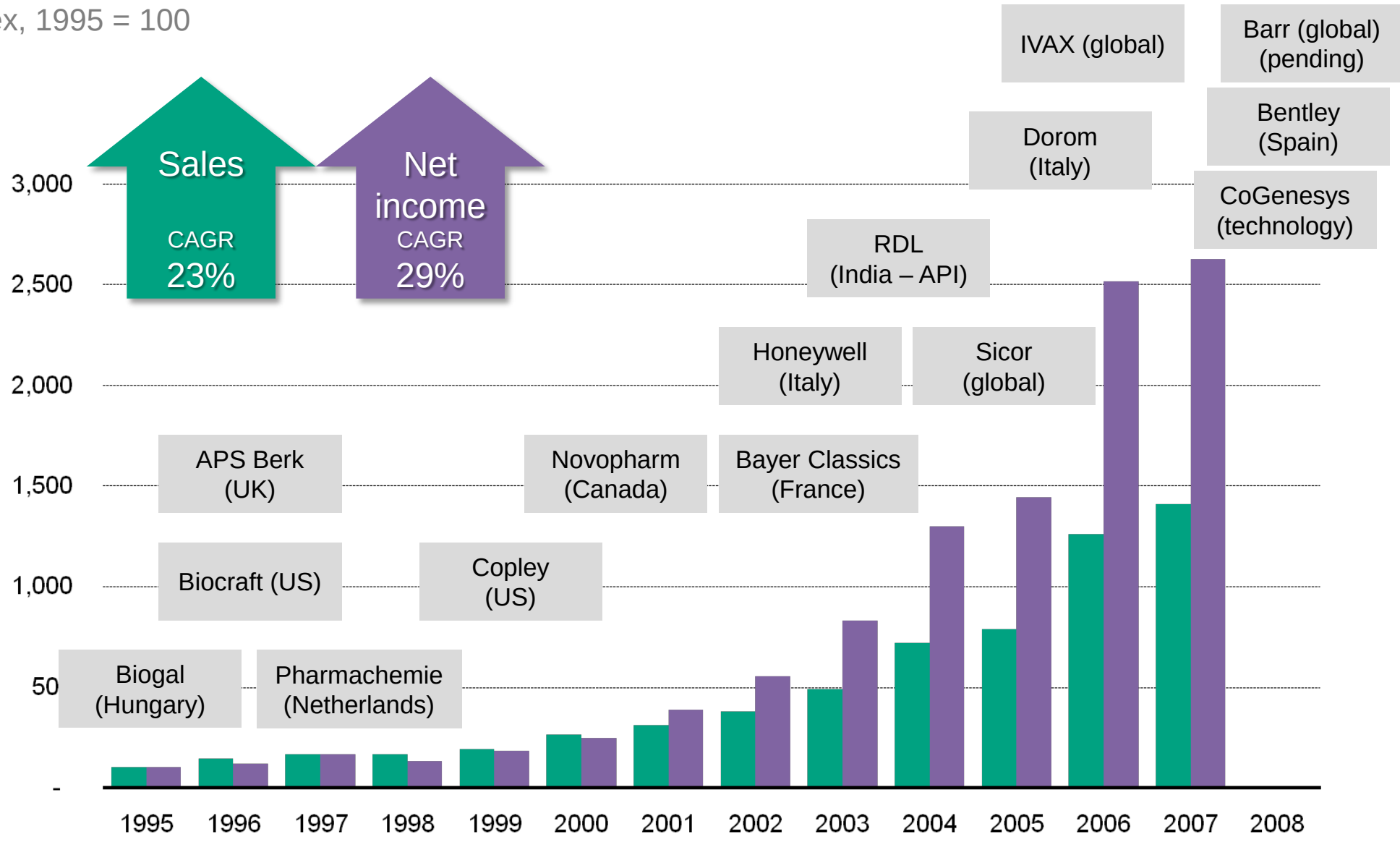
Global pharmaceutical supply chain

Manufacturing facilities



Successful M&A track record

Index, 1995 = 100



2012 target

REACH

$20

billion

sales



EXCEED

20%

net income

margin

Pioneering biogenerics beyond 2012

Attractive market

- > $200bn by 2015
- Patent expirations – 40% of total value
- R&D, marketing investments limit number of competitors



Unique Teva assets

- Israeli and CoGenesys R&D capabilities
- Financial resources
- Early on ex-US activities (biosimilar GCS-F - TevaGrastim®)

Barr acquisition – compelling value creation



TEVA + barr Pharmaceuticals, Inc.

Strong **strategic fit**

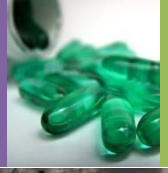
Attractive **economics**

Extend **global leadership**

Expand **portfolio / pipeline**

Exceed **20/20 target**





Growing market

Growing market share

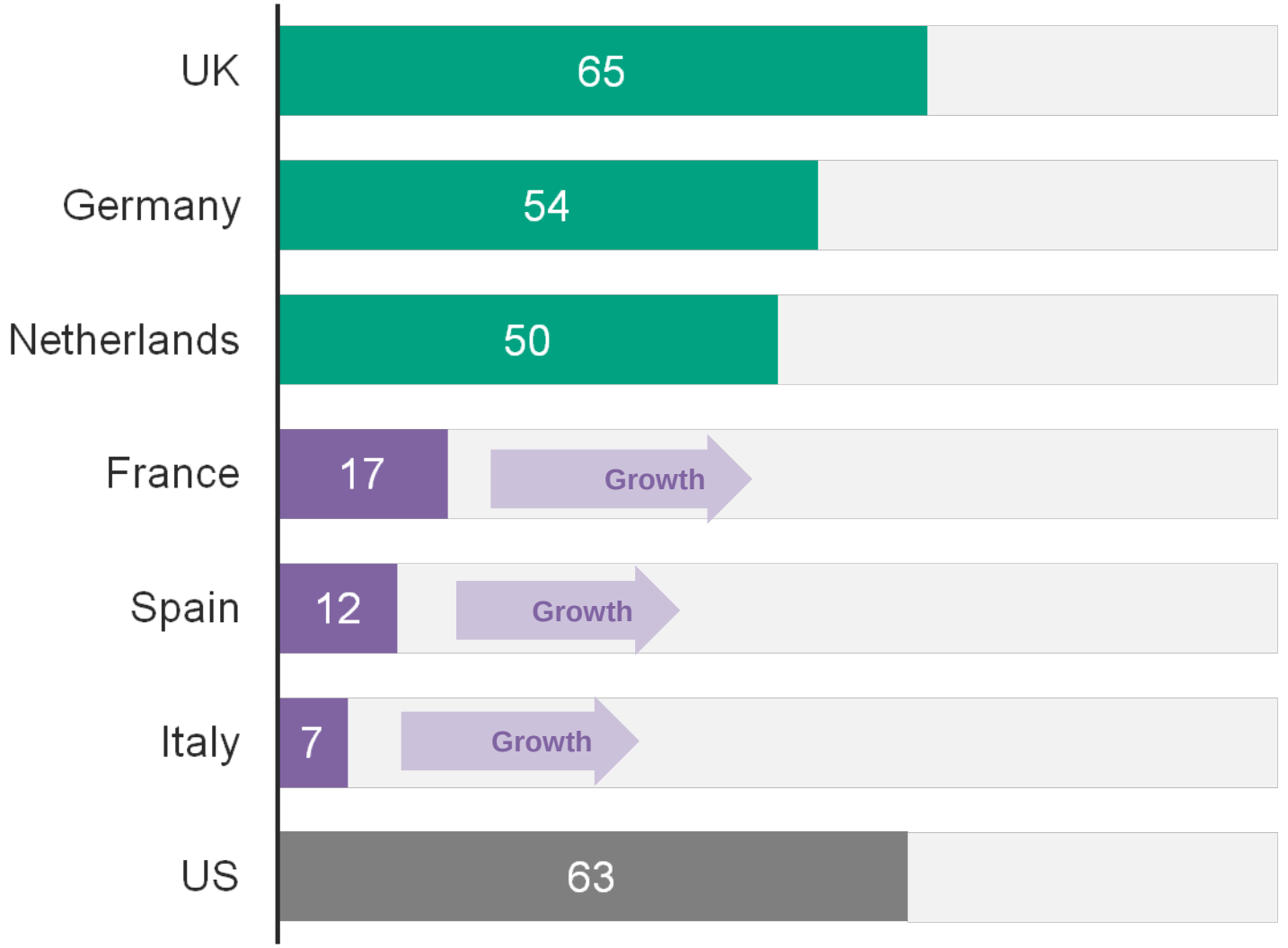
Two market clusters

Generics volume market share, %

Mature generics markets

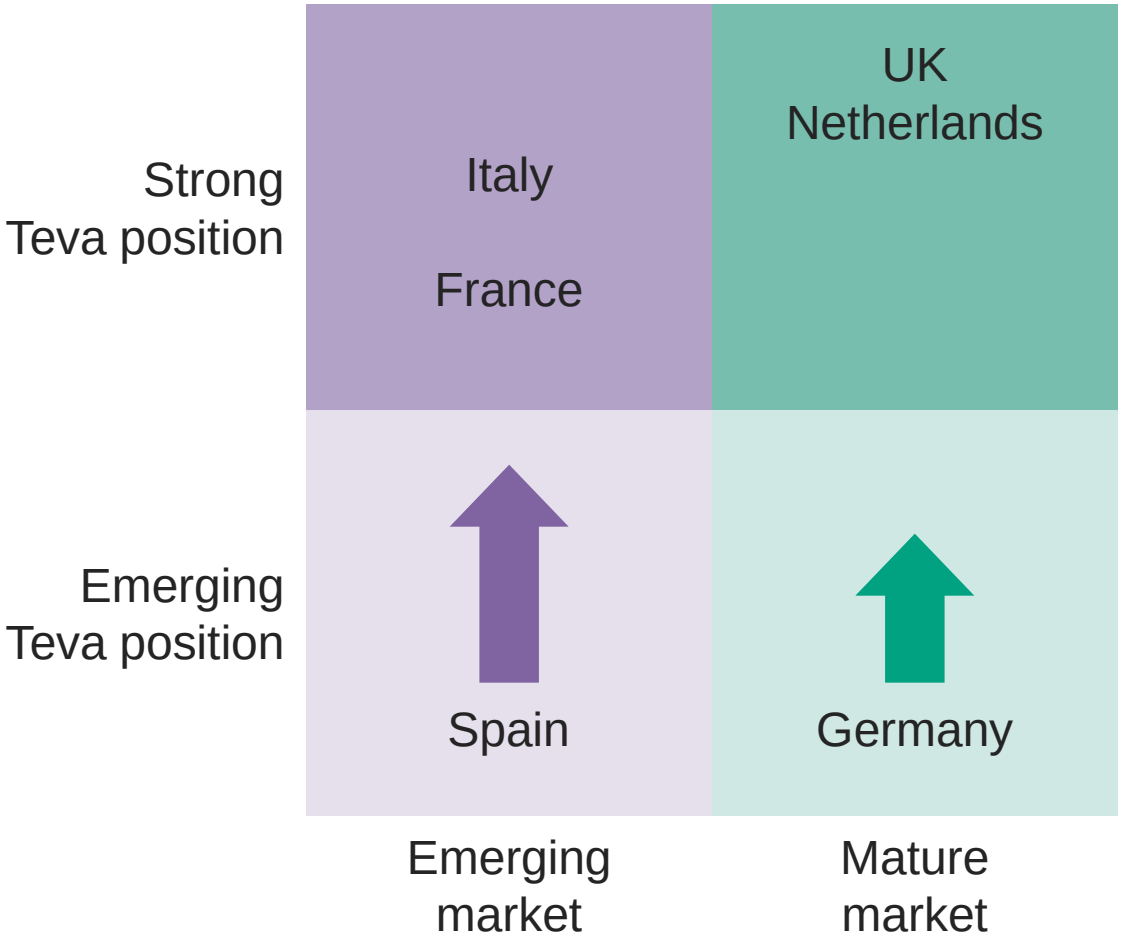
Emerging generics markets

"Latin Europe"

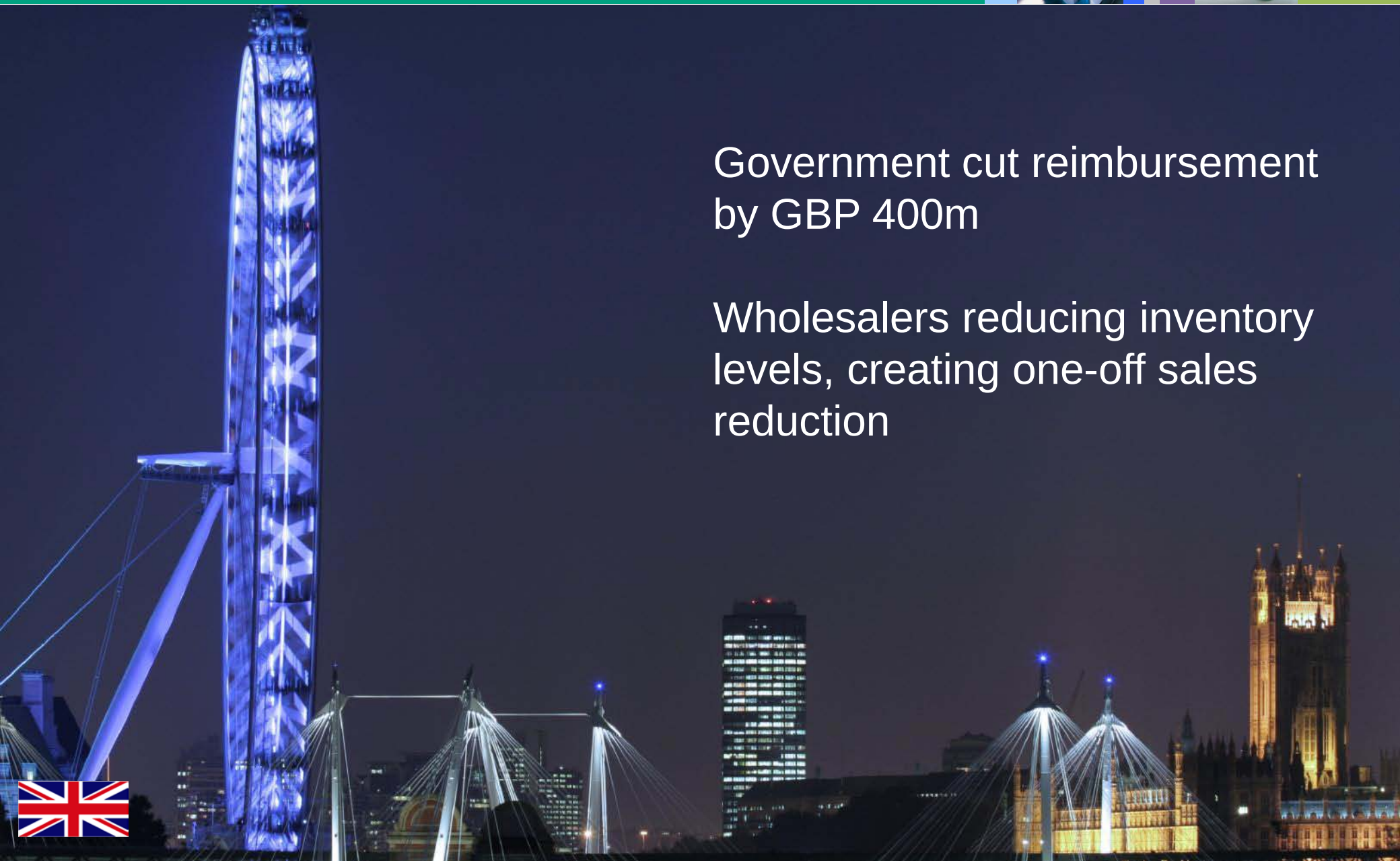


Source: EGA 2007 Market Survey; US based on IMS estimates June 2007

Different competitive situations - 2008



The UK generics market in 2008

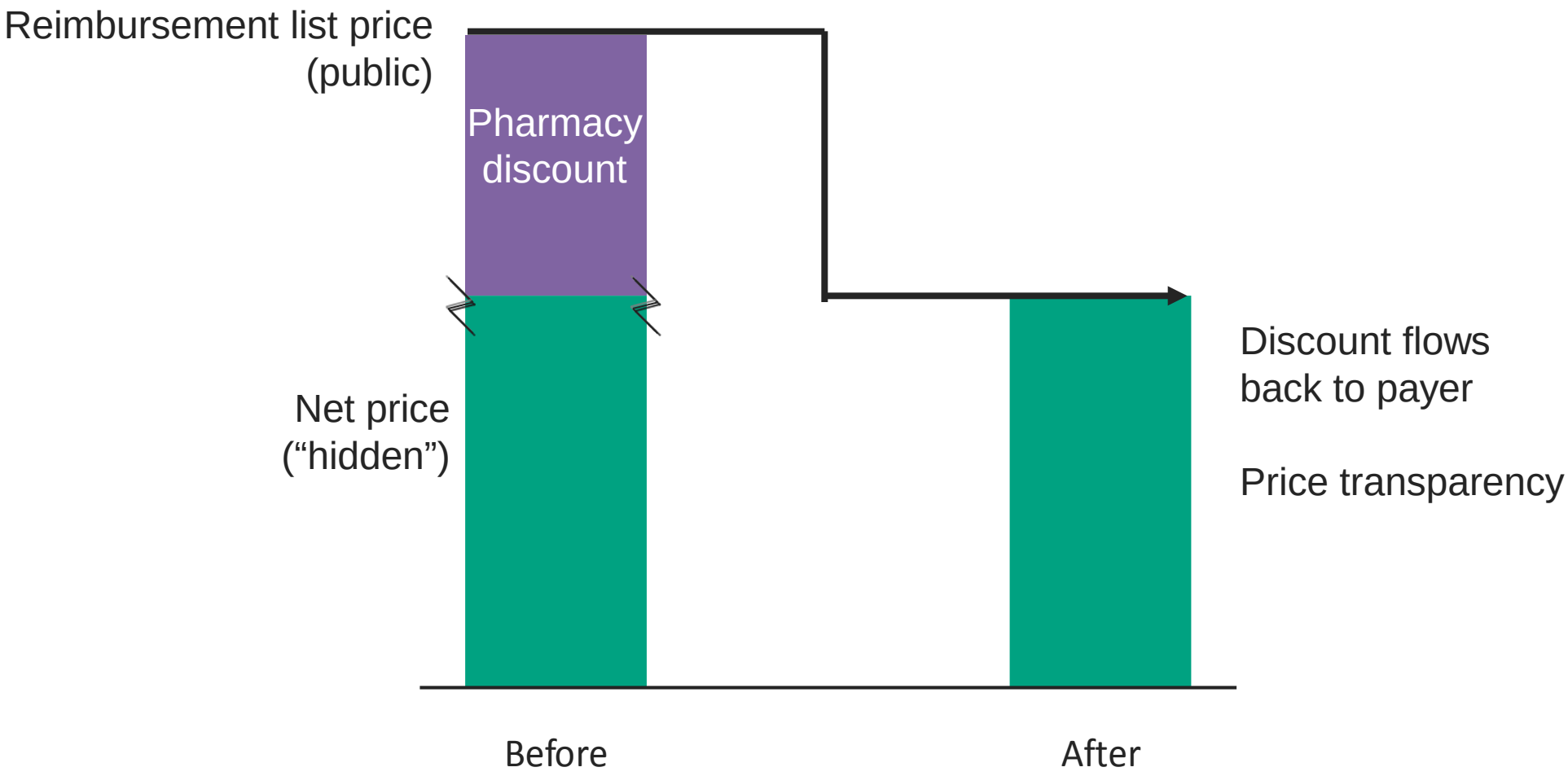


Government cut reimbursement by GBP 400m

Wholesalers reducing inventory levels, creating one-off sales reduction

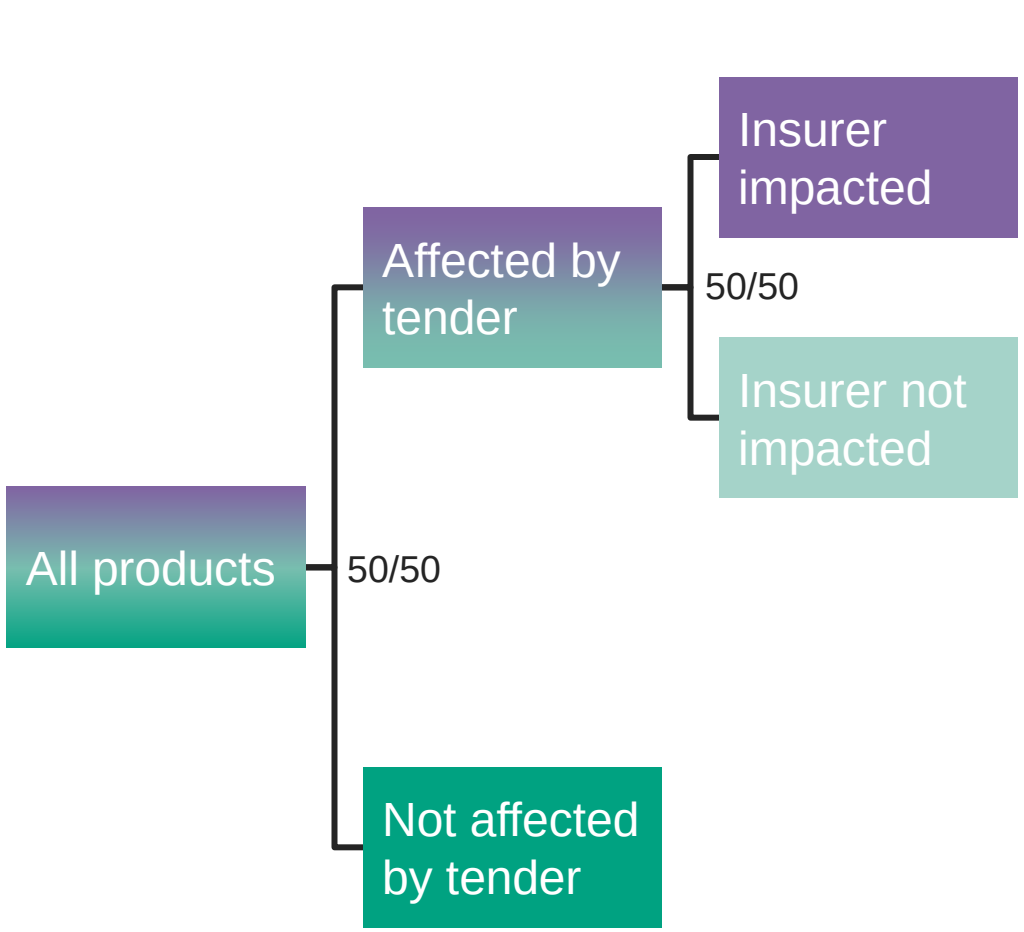
Dutch government implemented tender system

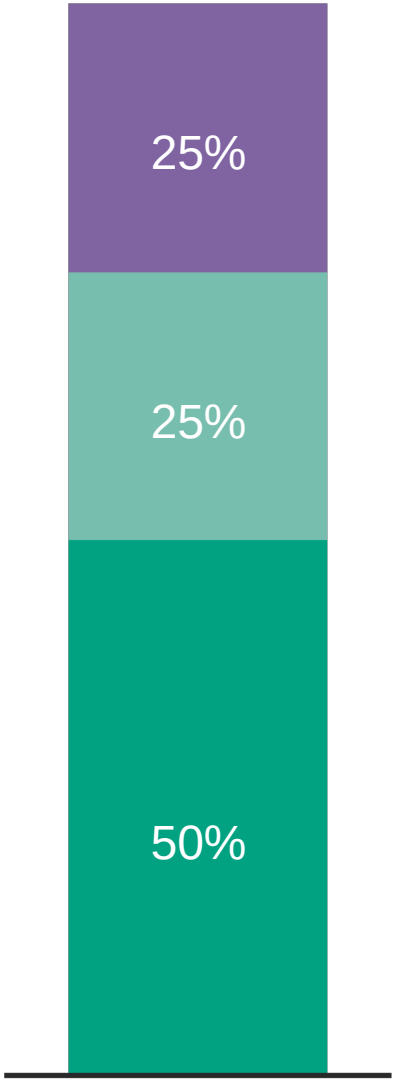


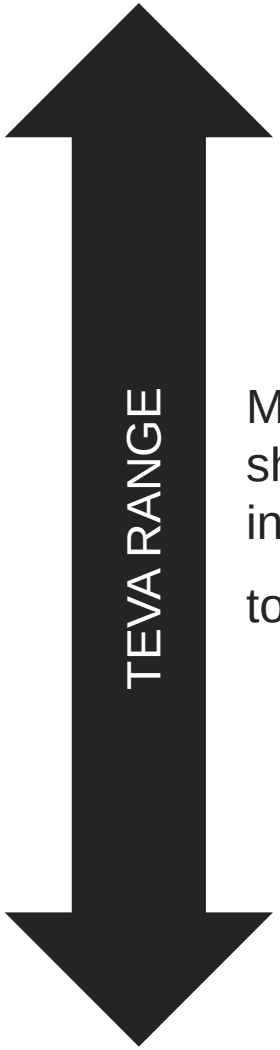


Teva benefits from its broad product range







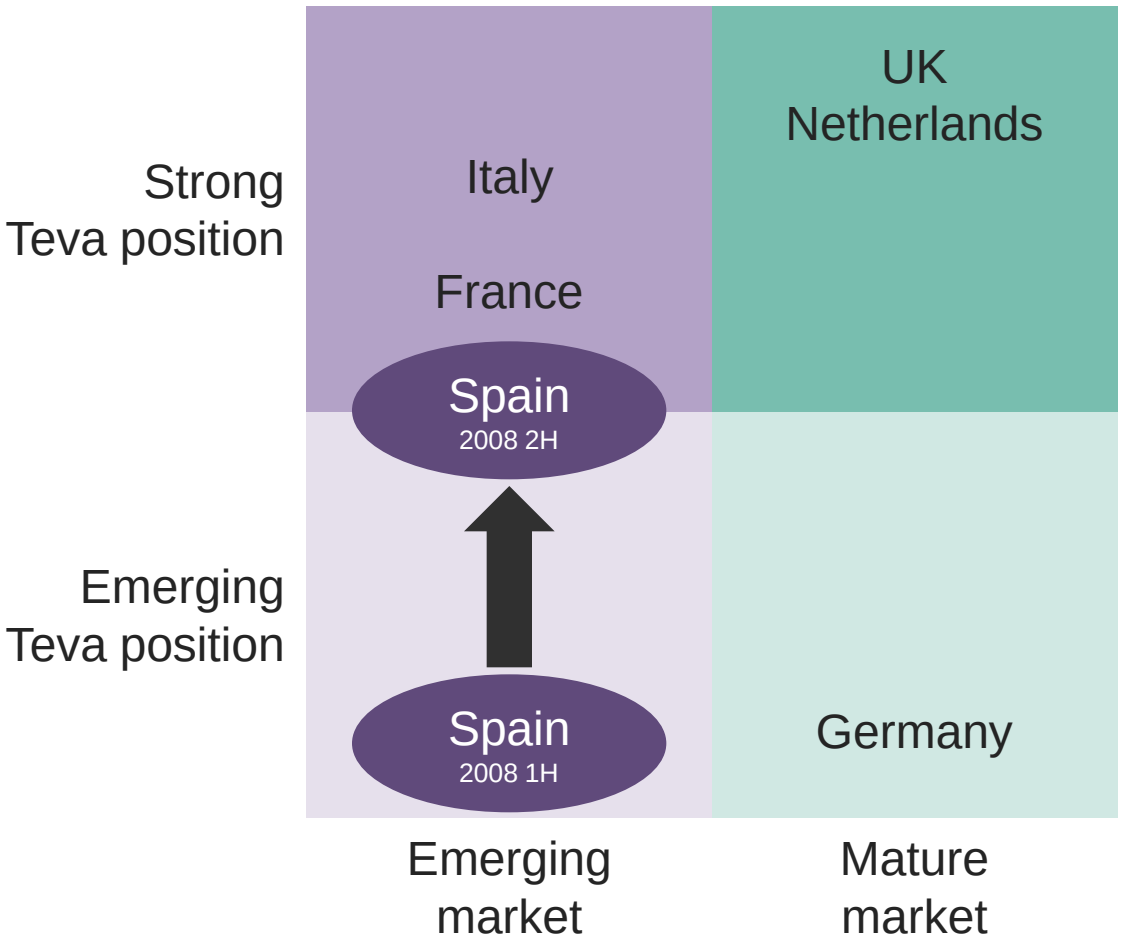


Market share increases to 34%



Bentley creates Teva's Spanish growth platform





Bentley Pharmaceuticals, Inc.

$360m cash acquisition

July 2008

Basis for Spain platform

-Product (pipeline)

-Channel synergies
  Bentley: doctors
  Teva: pharmacies



Growing our German market position

2nd largest generics market - $5bn

Branded generic => generic-generic

Tenders provide entry ticket

New AOK tender based on “winner takes all”

Opportunities for attackers

Teva backward integrative model is key strength



Executing Teva's 20/20 strategy - Barr acquisition*



Teva strategy

- Market share in key markets
- Double product portfolio
- Redefine customer service
- Generic biotechnology
- Strong innovative business

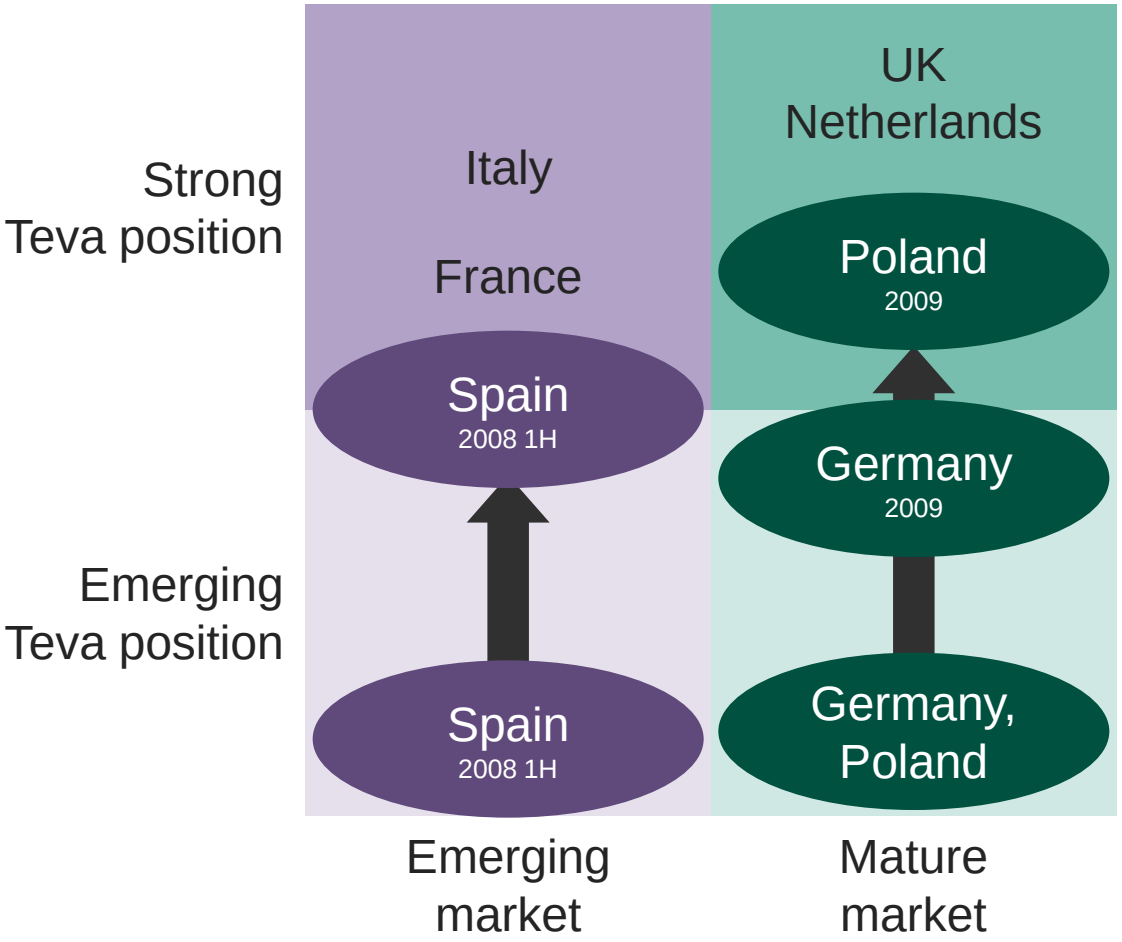
TEVA + barr Pharmaceuticals, Inc. + PLIVA

- **Enhances our geographic footprint in Europe**
  - Enters top 5 in Germany
  - Top 3 player in Poland
  - Doubled position in a range of emerging CEE countries
- **Strengthens our portfolio in key countries**
  - Doubles number of products (Germany and Poland)
  - Broadens our portfolio (e.g. OTC, hospital, proprietary products, pain & antibiotics)
- **Creates greater customer access and provides more comprehensive 'Big-to-Big' value**
  - Access to pharmacists and physicians
  - Stronger position for tenders
  - Geographic alignment with pan-European customers

** Subject to closing*

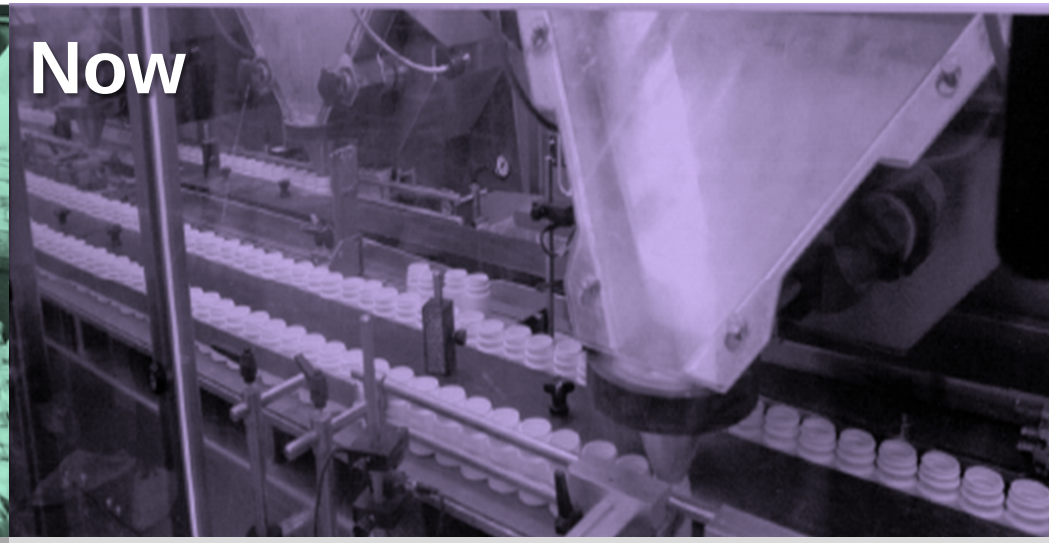
Teva will enter 2009 with improved competitive strength in key markets





In addition, Teva continues its back-end investment as foundation for growth





Doubling manufacturing capacity in 5 years to reach service levels unparalleled in the industry

Recent investments ($200m)

8bn units in Hungary
4bn units in Czech Republic
4bn units in Israel
Packaging line in UK
MDI, MDPI capacity in Ireland

Recapping



- European generics market is attractive
- Growth strategy focused on achieving leadership
  - Increasing market share
  - Securing market leadership
  - Investing in core functions
- Teva is uniquely positioned to succeed in Europe

Today's discussion



Introducing Teva

Financial and strategy update

Q&A

Overall results for Q3 2008



	Q3 2007	Q3 2008	Change
Sales $m	2,366	2,842	+20%
Net income $m	527	599	+14%
EPS $	0.64	0.72	+13%

Sources of sales growth

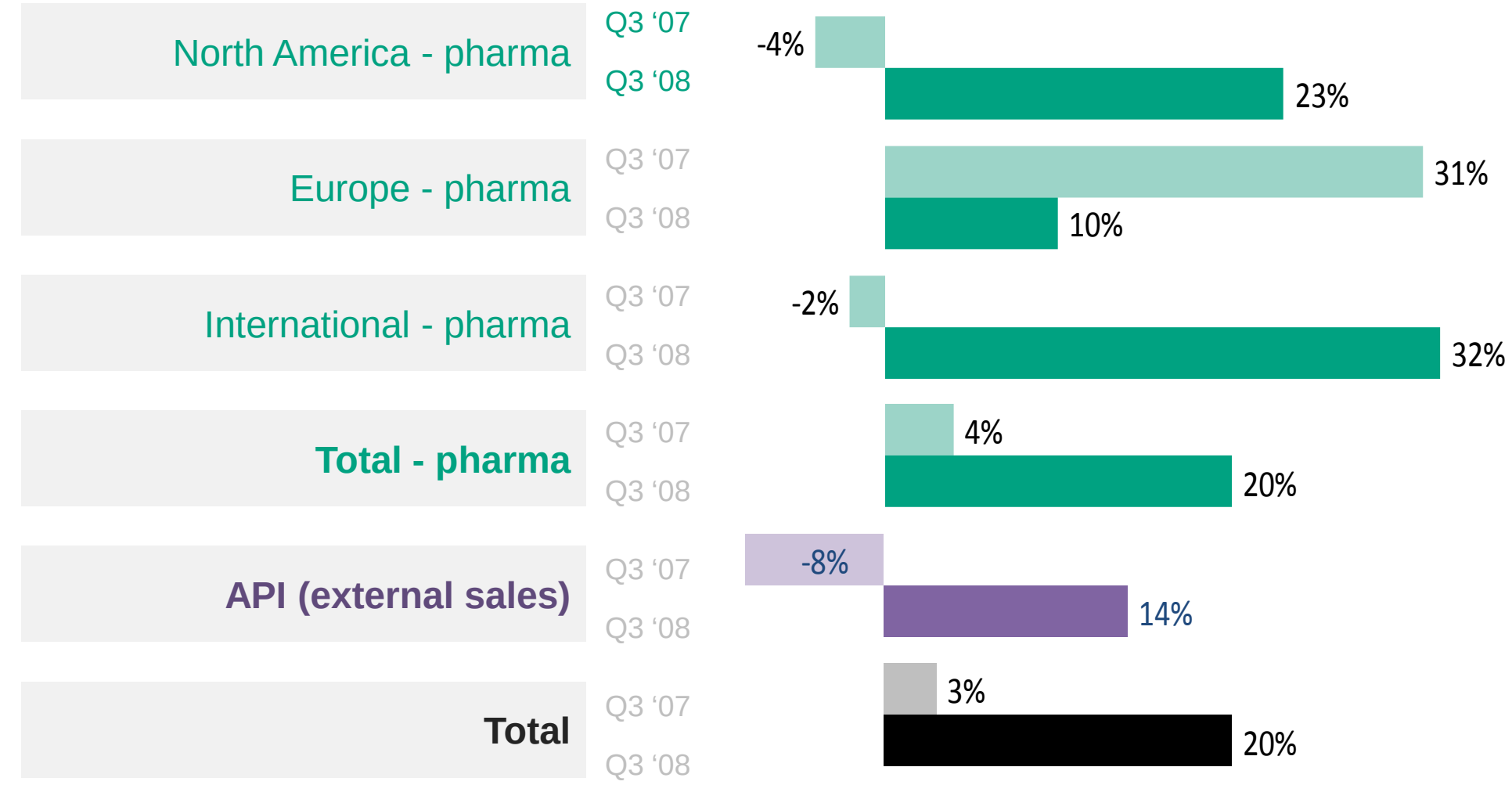


Q3 sales, $ million

	2007	2008	Change
North America - pharma	1,315	1,614	23%
Europe - pharma	621	685	10%
International - pharma	300	395	32%
Total - pharma	**2,366**	**2,694**	20%
API (external sales)	**130**	**148**	14%
Total	**2,366**	**2,842**	20%

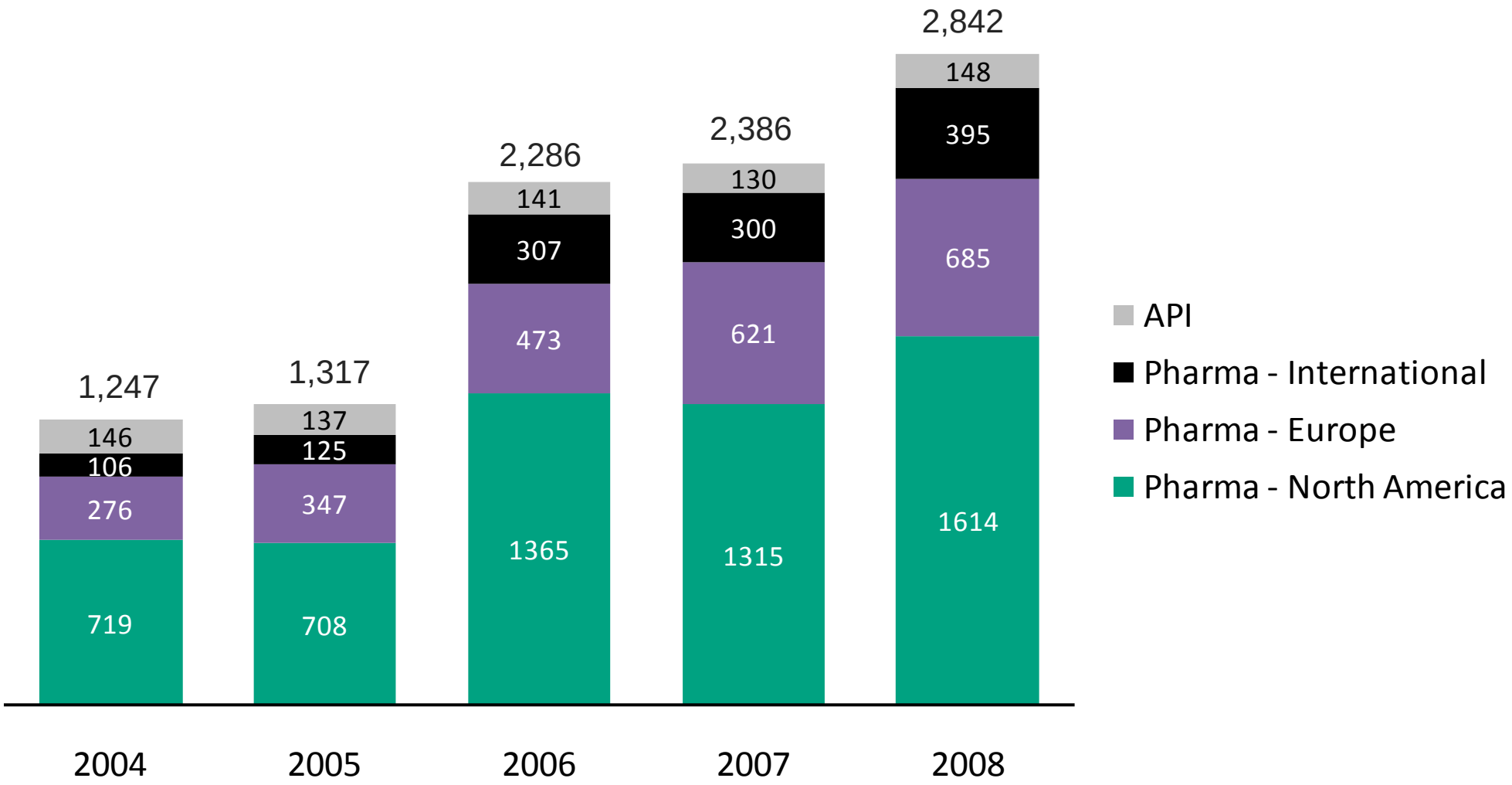
Growth picking up in all businesses

Q3 year-on-year sales growth



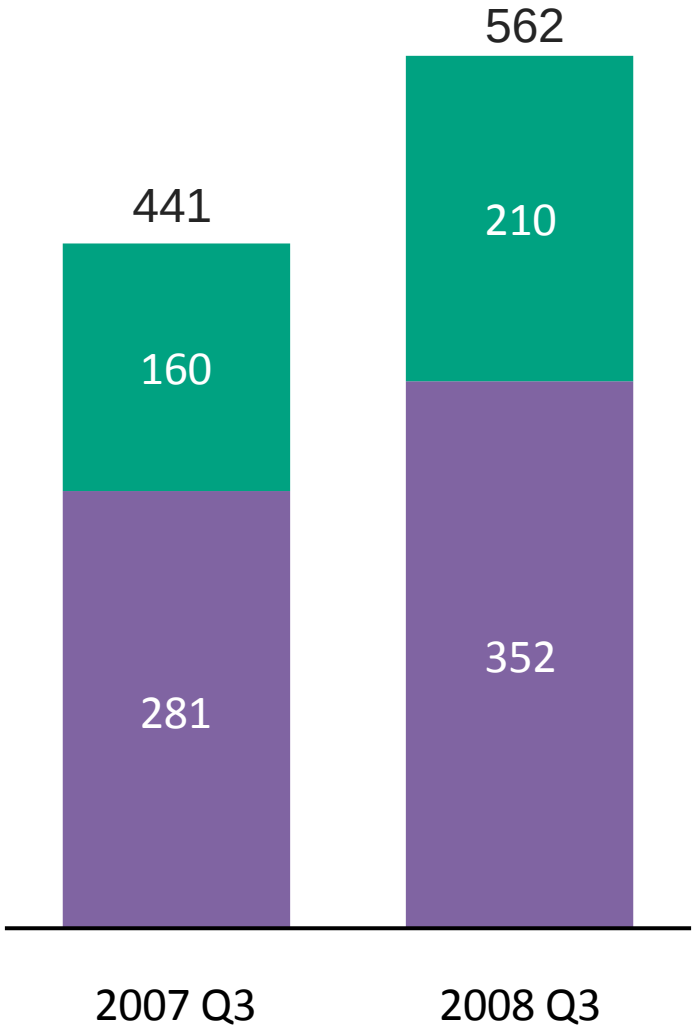
Continued track record of growth – Q3

Q3 sales, $ million

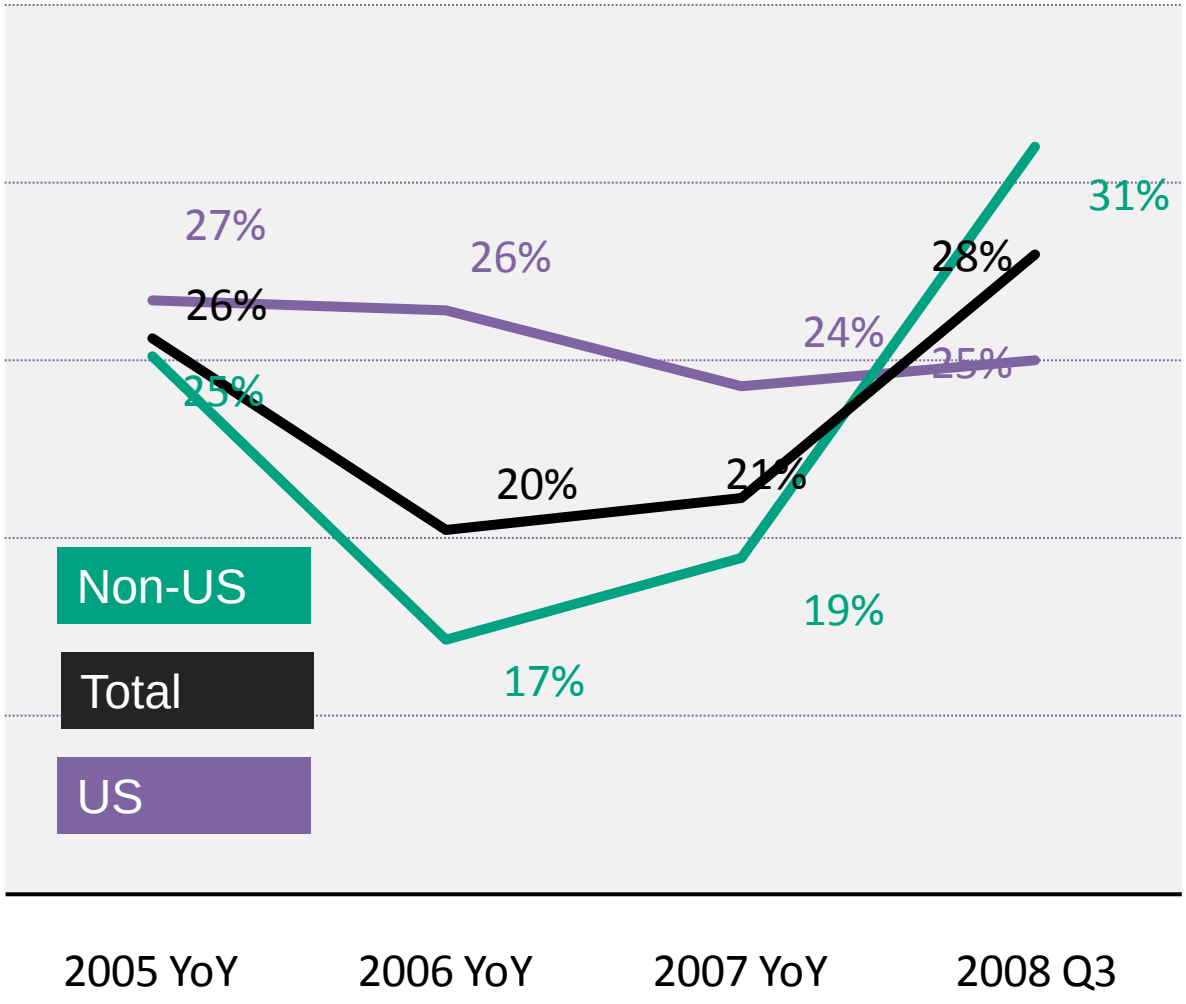


Copaxone® growth up in non-US markets

In market sales
$ million

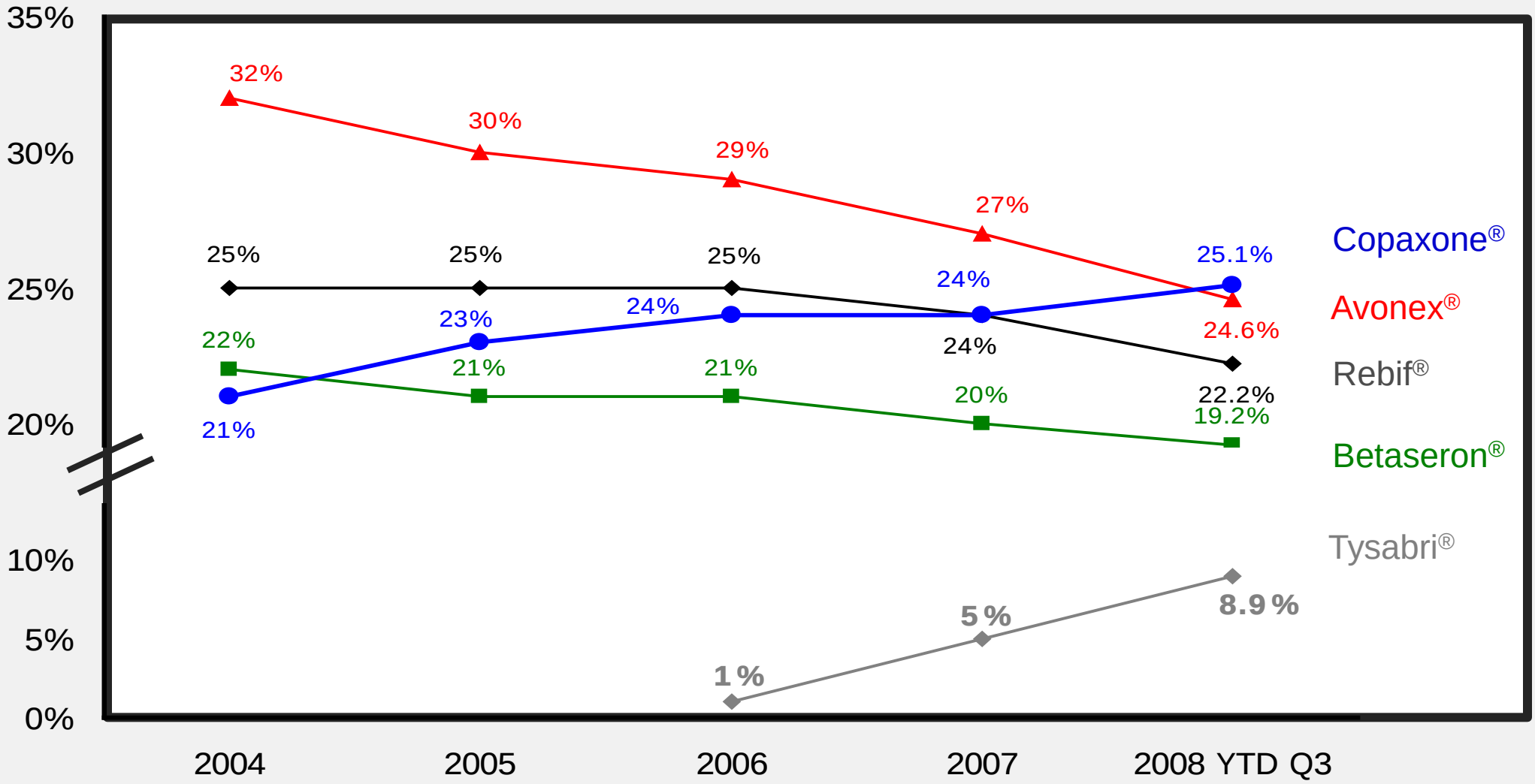


Sales growth versus previous period



Copaxone® is the U.S. market leader

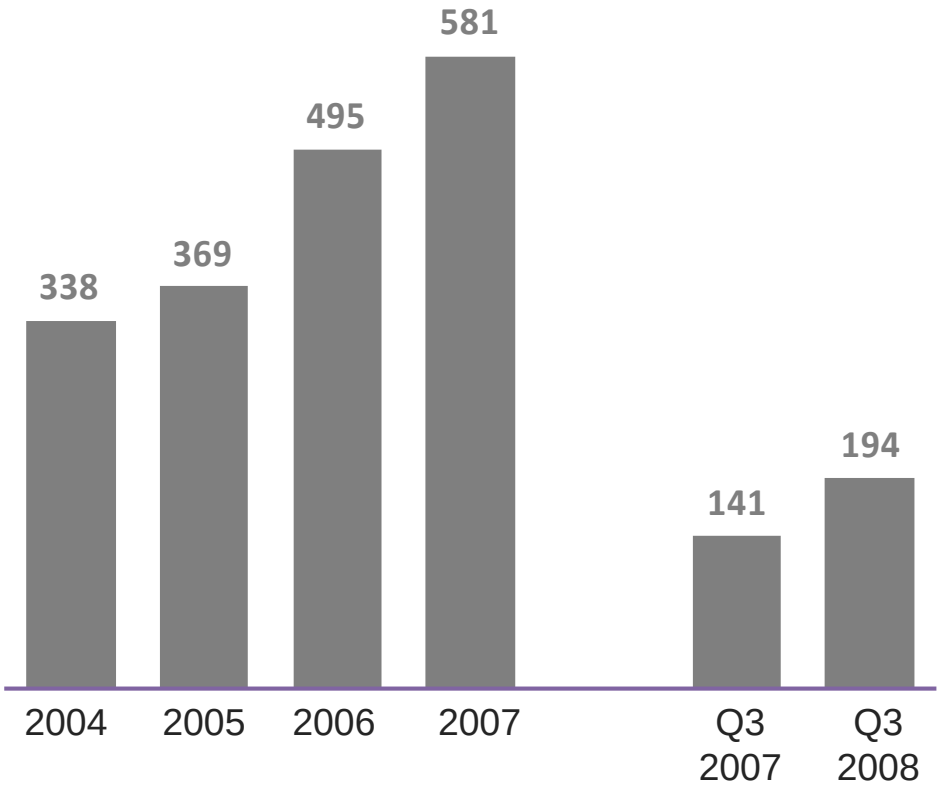
Market share, value, %



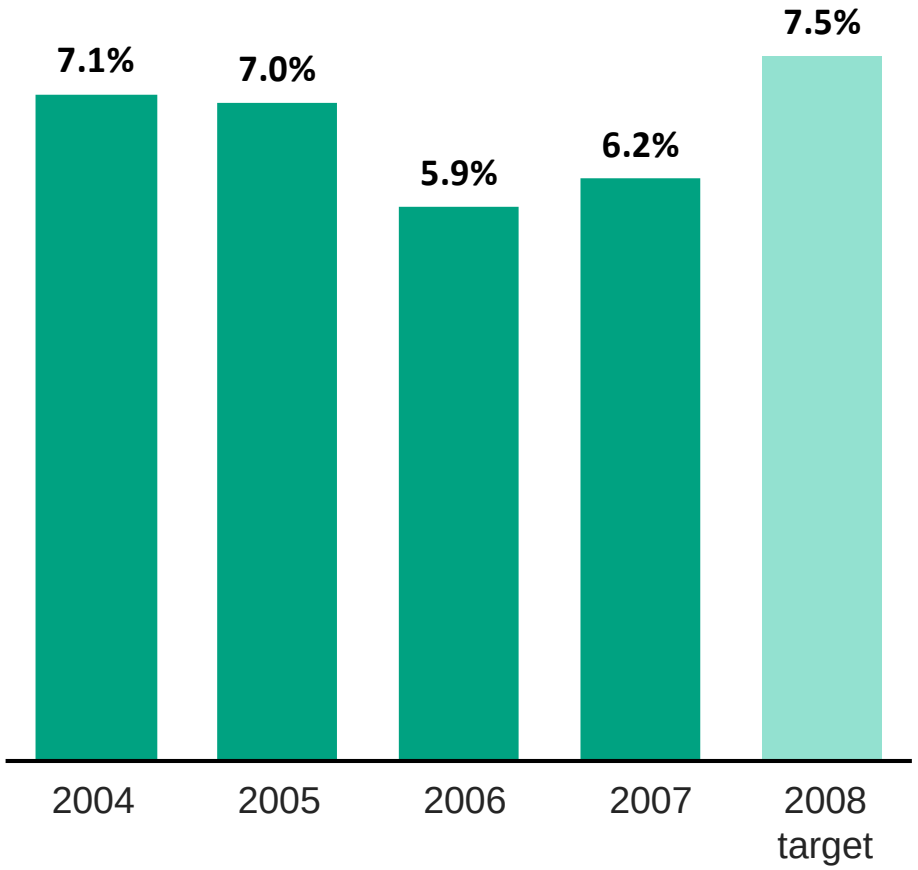
Note: based on Q3'08 releases of all companies

Increasing R&D spend

R&D, in $ millions

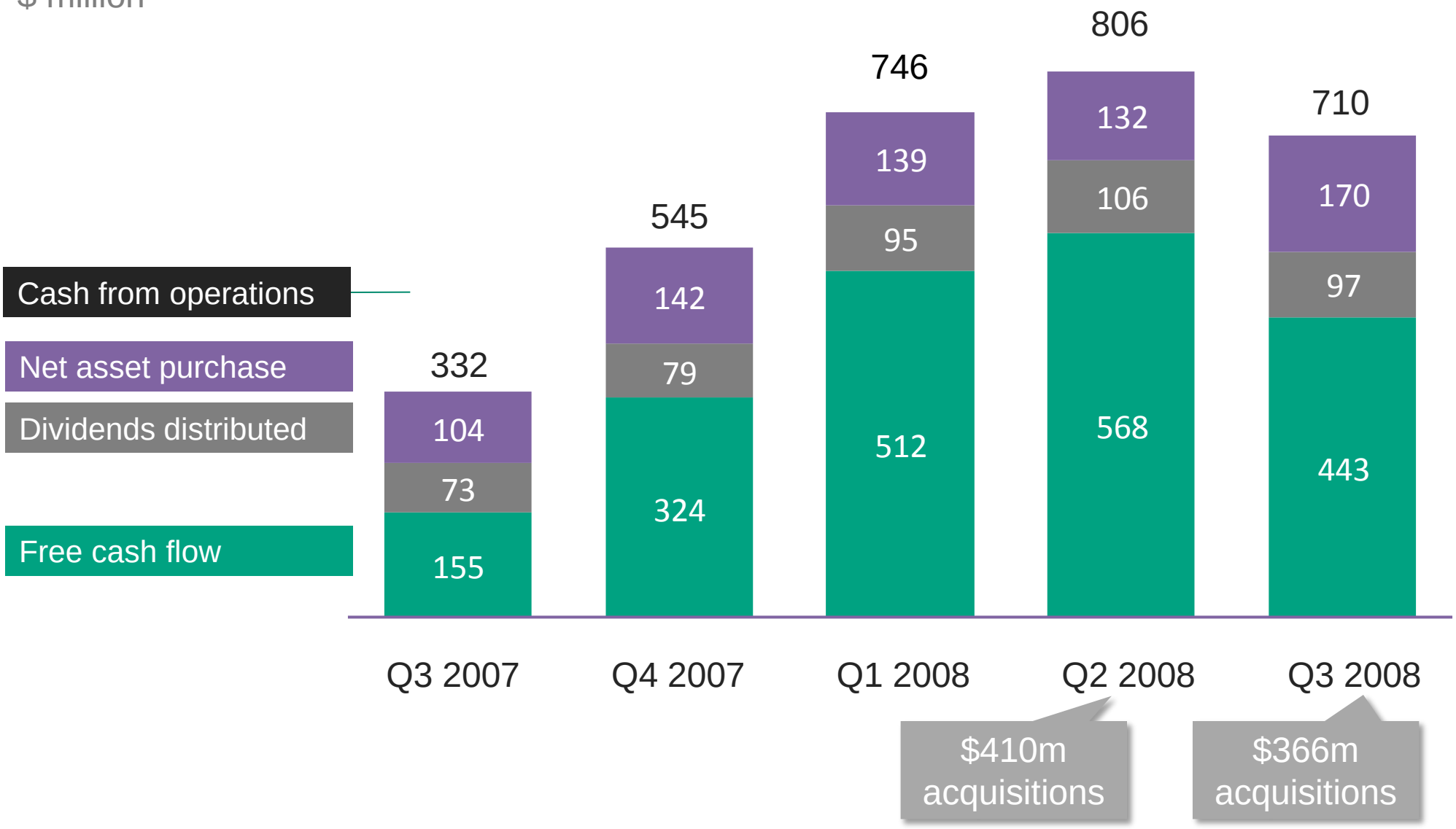


R&D, as % of sales



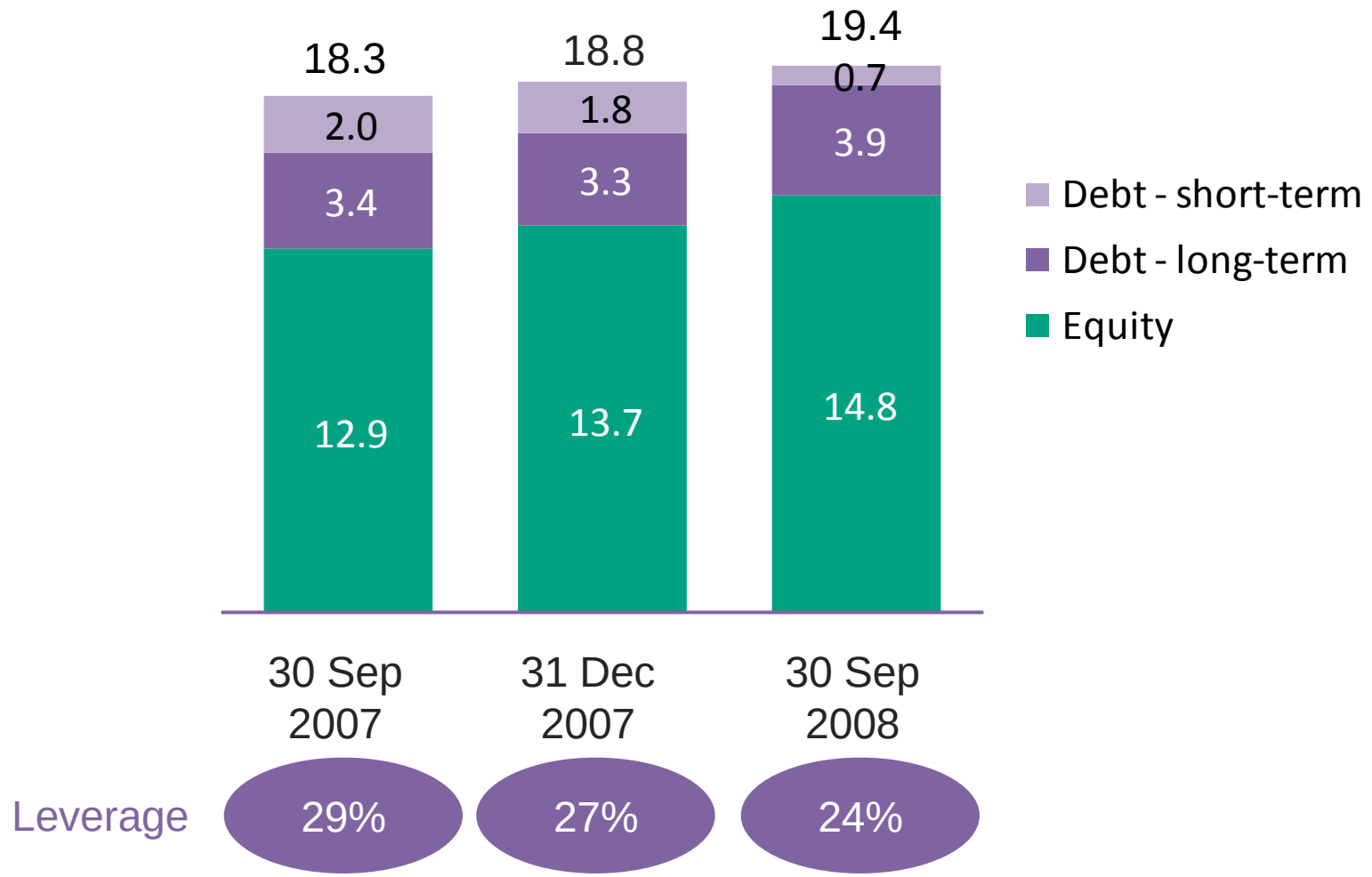
Cash generation

$ million

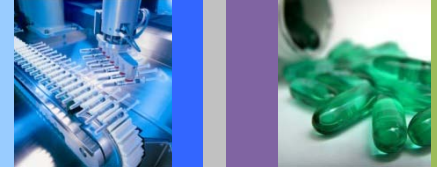


Leverage going down

Selected balance sheet items, $ billion



Summary – or what did we learn?



- That Teva is the world's largest Generic company and it is widening the gap from the rest of the pack
- That we have a vertically integrated, balanced business model which combines generics and innovative products
- That we have a truly global geographic presence and that we focus on the growing markets
- That we will continue to drive our business using a robust combination of organic growth and acquisitions
- That we are among the best in acquiring, integrating and creating value
- And that it is all about strategy, innovation, scale and market share

Today's discussion



Introducing Teva

Financial and strategy update

Q&A