TEVA PHARMACEUTICAL INDUSTRIES LTD.





Presentation to Israeli Capital Market
Q4-09 and Full Year 2009 Results

Shlomo Yanai, President & CEO

Eyal Desheh, Chief Financial Officer

February 16, 2010

Forward looking statements



TODAY'S PRESENTATION CONTAINS FORWARD-LOOKING STATEMENTS, INCLUDING, AMONG OTHER THINGS, REGARDING OUR EXPECTED PROFITABLE GROWTH, REVENUES, NET INCOME, THE DRIVERS AND CONTRIBUTORS OF THIS GROWTH, STRATEGY AND COMPETITIVE ADVANTAGES, 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, 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 ELOXATIN®, THE CURRENT ECONOMIC CONDITIONS, 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 EFFECTS OF COMPETITION ON OUR INNOVATIVE PRODUCTS, ESPECIALLY COPAXONE® SALES, INCLUDING POTENTIAL ORAL AND GENERIC COMPETITION FOR COPAXONE®, DEPENDENCE ON THE EFFECTIVENESS OF OUR PATENTS AND OTHER PROTECTIONS FOR INNOVATIVE PRODUCTS, 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, SUPPLY INTERRUPTIONS OR DELAYS THAT COULD RESULT FROM THE COMPLEX MANUFACTURING OF OUR PRODUCTS AND OUR GLOBAL SUPPLY CHAIN, OUR ABILITY TO SUCCESSFULLY IDENTIFY, CONSUMMATE AND INTEGRATE ACQUISITIONS, THE POTENTIAL EXPOSURE TO PRODUCT LIABILITY CLAIMS TO THE EXTENT NOT COVERED BY INSURANCE, OUR EXPOSURE TO FLUCTUATIONS IN CURRENCY, EXCHANGE AND INTEREST RATES, 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 INTENSIFIED SCRUTINY BY THE U.S. GOVERNMENT, THE TERMINATION OR EXPIRATION OF GOVERNMENTAL PROGRAMS AND TAX BENEFITS, IMPAIRMENT OF INTANGIBLE ASSETS AND GOODWILL, ENVIRONMENTAL RISKS, AND OTHER FACTORS THAT ARE DISCUSSED IN THIS REPORT AND IN OUR OTHER FILINGS WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC").

Non-GAAP financial measures



TODAY'S PRESENTATIONS REFLECT NON-GAAP FINANCIAL MEASURES, INCLUDING OPERATING PROFIT, NET INCOME, EPS, OPERATING MARGIN, AND NET INCOME MARGIN, AND SHOULD NOT BE CONSIDERED REPLACEMENTS FOR GAAP RESULTS. WE PROVIDE SUCH NON-GAAP DATA BECAUSE MANAGEMENT BELIEVES THAT SUCH DATA PROVIDE USEFUL INFORMATION TO INVESTORS. HOWEVER, INVESTORS ARE CAUTIONED THAT, UNLIKE FINANCIAL MEASURES PREPARED IN ACCORDANCE WITH GAAP, NON-GAAP MEASURES MAY NOT BE COMPARABLE WITH THE CALCULATION OF SIMILAR MEASURES FOR OTHER COMPANIES. THE COMPARABLE GAAP MEASURES FOR 2008 AND RECONCILIATION BETWEEN OUR GAAP AND NON-GAAP RESULTS ARE AVAILABLE ON OUR WEBSITE AT WWW.TEVAPHARM.COM.

THE NON-GAAP MEASURES FOR YEARS 2009 – 2015 ARE FORWARD-LOOKING STATEMENTS FOR WHICH THE CORRESPONDING GAAP MEASURES ARE NOT AVAILABLE AND CANNOT BE PROVIDED WITHOUT UNDUE EFFORT BECAUSE WE ARE UNABLE TO ACCURATELY FORECAST INFORMATION RELATING TO NON-GAAP ADJUSTMENTS. WE BELIEVE THAT THE CORRESPONDING GAAP MEASURE IS NOT LIKELY TO BE SIGNIFICANT TO AN UNDERSTANDING OF OUR BUSINESS DUE TO THE VARIABILITY AND UNPREDICTABILITY OF OUR NON-GAAP ADJUSTMENTS. SUCH GAAP MEASURES MAY BE MATERIALLY DIFFERENT FROM SUCH FORWARD-LOOKING NON-GAAP MEASURES.

EXCEPT WHERE NOTED, THE 2009 DATA IN TODAY'S PRESENTATIONS ARE FIRST CALL CONSENSUS ESTIMATES OR OTHERWISE BASED ON ANALYST MODELS.

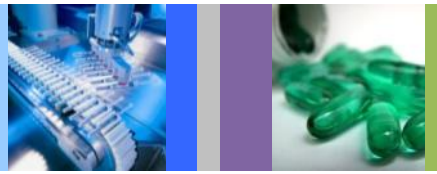


2009 HIGHLIGHTS

STRATEGIC UPDATE – HIGHLIGHTS

Q4 2009 AND FULL YEAR 2009 FINANCIAL RESULTS

Q4 2009 – strong results



	Q4/08*	Q4/09*	Change
Sales $m	2,848	3,802	+33%
Operating income $m	746	1,049	+41%
Net income $m	662	847	+28%
EPS $	0.80	0.94	+16%

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

2009 – strong results



	2008*	2009*	Change
Sales $m	11,085	13,899	+25%
Operating income $m	2,856	3,853	+35%
Net income $m	2,493	3,029	+22%
EPS $	3.03	3.37	+11%

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

2009 – an extraordinary year



Record Financial Results	Record sales Record profit levels: gross, operating and net
Balance Business Model	Record sales in all geographies Record sales in all business lines
Enhancing Branded Franchises	Copaxone® – solidify position as #1 MS treatment Azilect® – growing market share in Europe and U.S. Respiratory – ProAir™ #1; Qvar® - #2 in U.S.
Balance Sheet	Record cash flow of $3.4 Reduce debt by $2.8 billion Financial leverage below pre-Barr level

Enhancing leadership in the U.S. Pharma industry (brand and generic)





New Rx's

	NRxs (000s)	% Share
1 Teva	339,386	17.0
2 Mylan	143,651	7.2
3 Watson	133,821	6.7
4 Pfizer	123,112	6.2
5 Novartis	122,033	6.1
6 Mallinckrodt	76,368	3.8
7 Qualitest	63,687	3.2
8 Amneal	49,623	2.5
9 Apotex	44,166	2.2
10 Actavis	39,982	2.0

Total Rx's

	TRxs (000s)	% Share
1 Teva	629,199	16.3
2 Mylan	342,980	8.9
3 Pfizer	264,467	6.9
4 Novartis	241,866	6.3
5 Watson	219,542	5.7
6 Qualitest	99,431	2.6
7 Apotex	97,782	2.5
8 AstraZeneca	93,177	2.4
9 Lupin	92,735	2.4
10 Mallinckrodt	90,792	2.4

*12 months ended December 2009

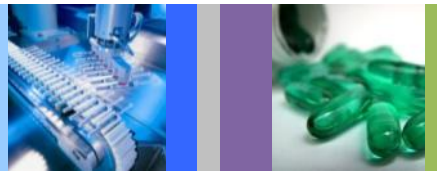


2009 HIGHLIGHTS

STRATEGIC UPDATE – HIGHLIGHTS

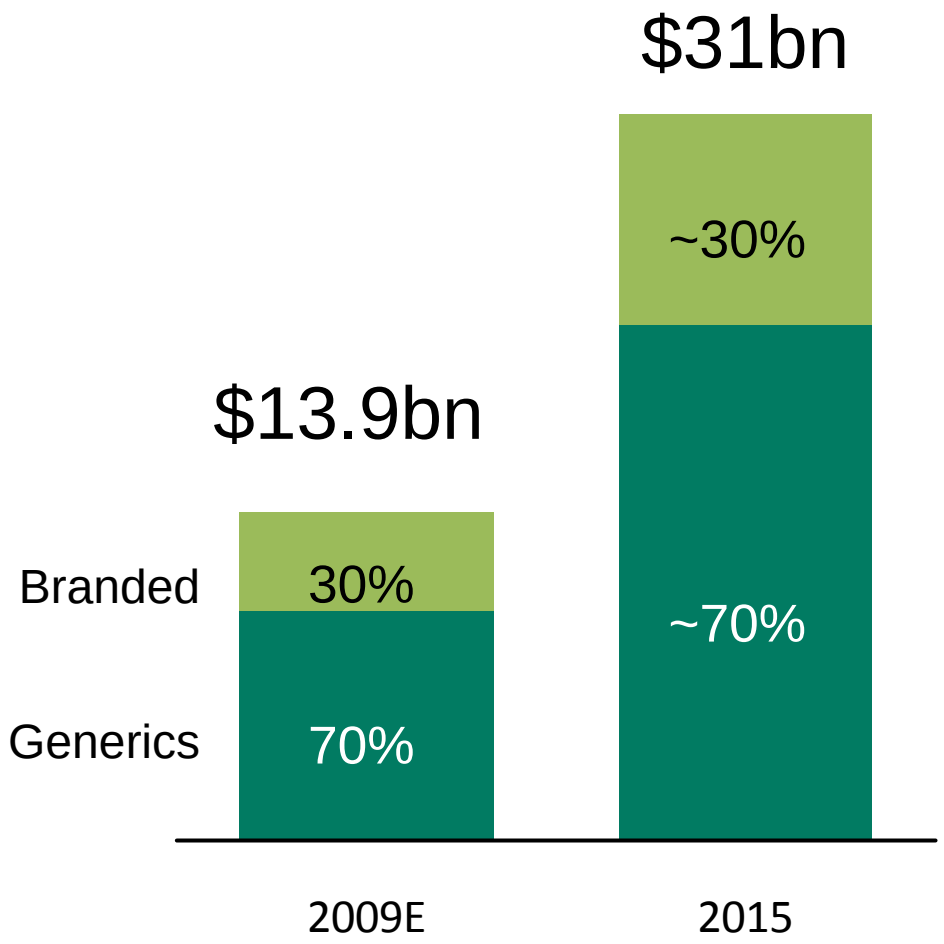
Q4 2009 AND FULL YEAR 2009 FINANCIAL RESULTS

Teva strategy update: Targets for 2015



Revenues	**$31 bn**
Net income	**$6.8 bn**
Net profitability	**22%**

Maintaining Teva's mix of generics & branded

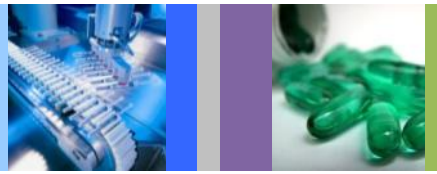


Growth through market share



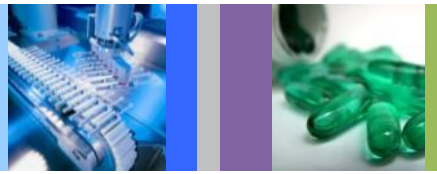
	2015 sales targets	2009-2015 CAGR
North America	$15bn	9.5%
Europe	$9bn	18.6%
International	$7bn	23.2%
Total	**$31bn**	14.3%

Two major topics



GENERICS GROWTH

COPAXONE & TEVA'S BRANDED BUSINESS

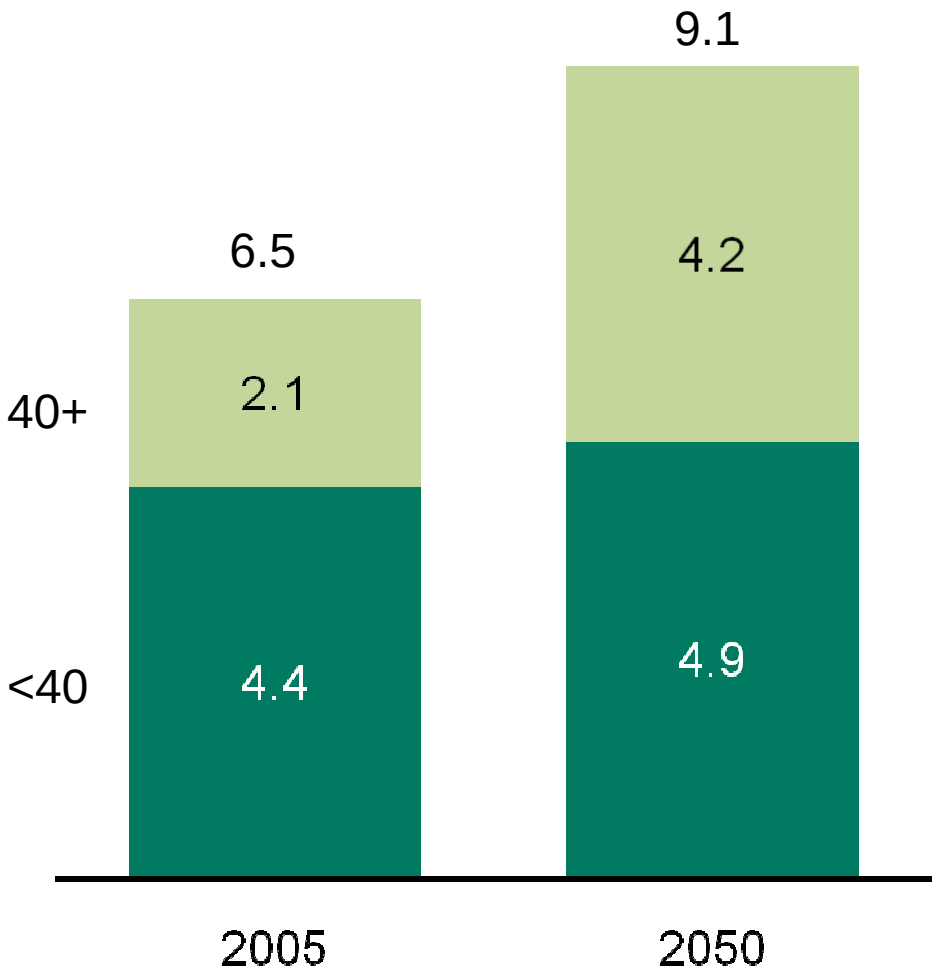


GENERICS GROWTH

COPAXONE & TEVA'S BRANDED BUSINESS

World population growing and aging

World population, bn

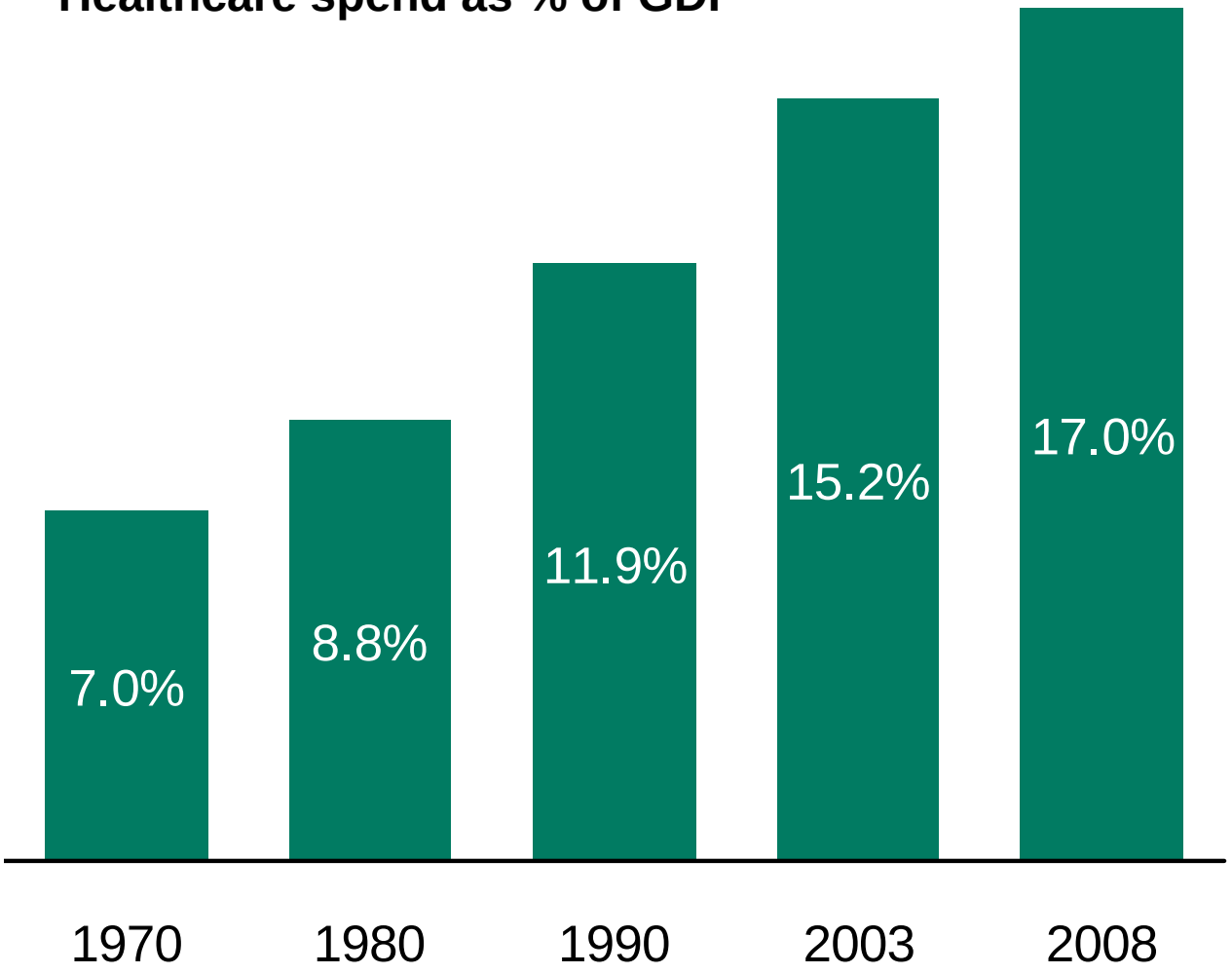


- World population is growing
- Life expectancy is increasing
- People are consuming more drugs

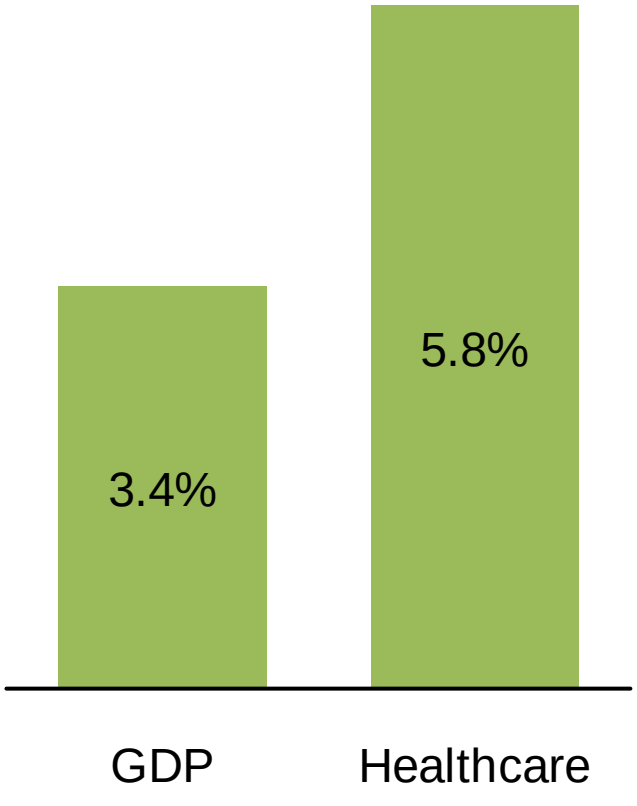
Healthcare costs growing faster than GDP

U.S. example

Healthcare spend as % of GDP

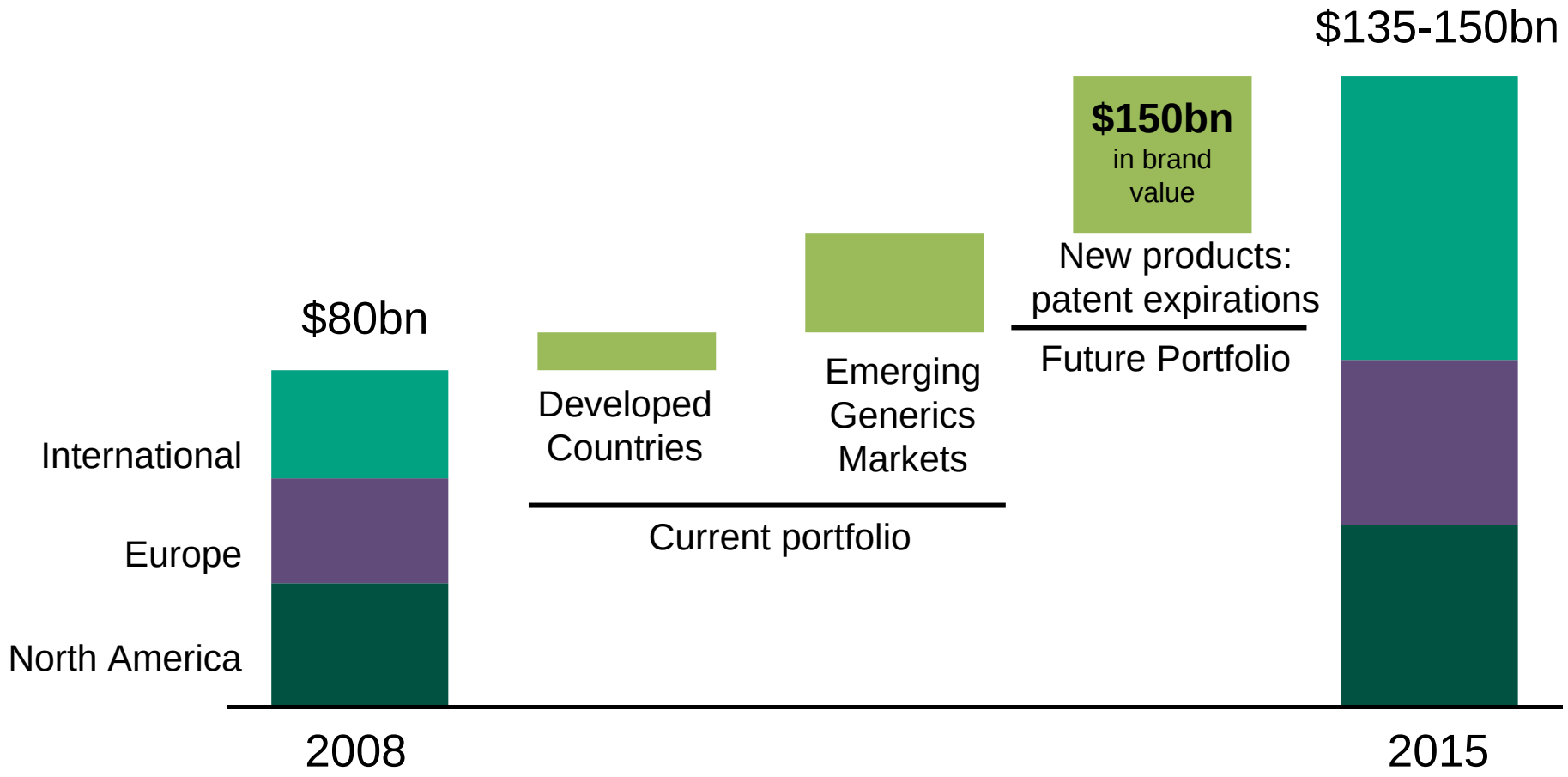


Average annual growth
1970-2008



Source: NCHC; OECD, US Department of Commerce

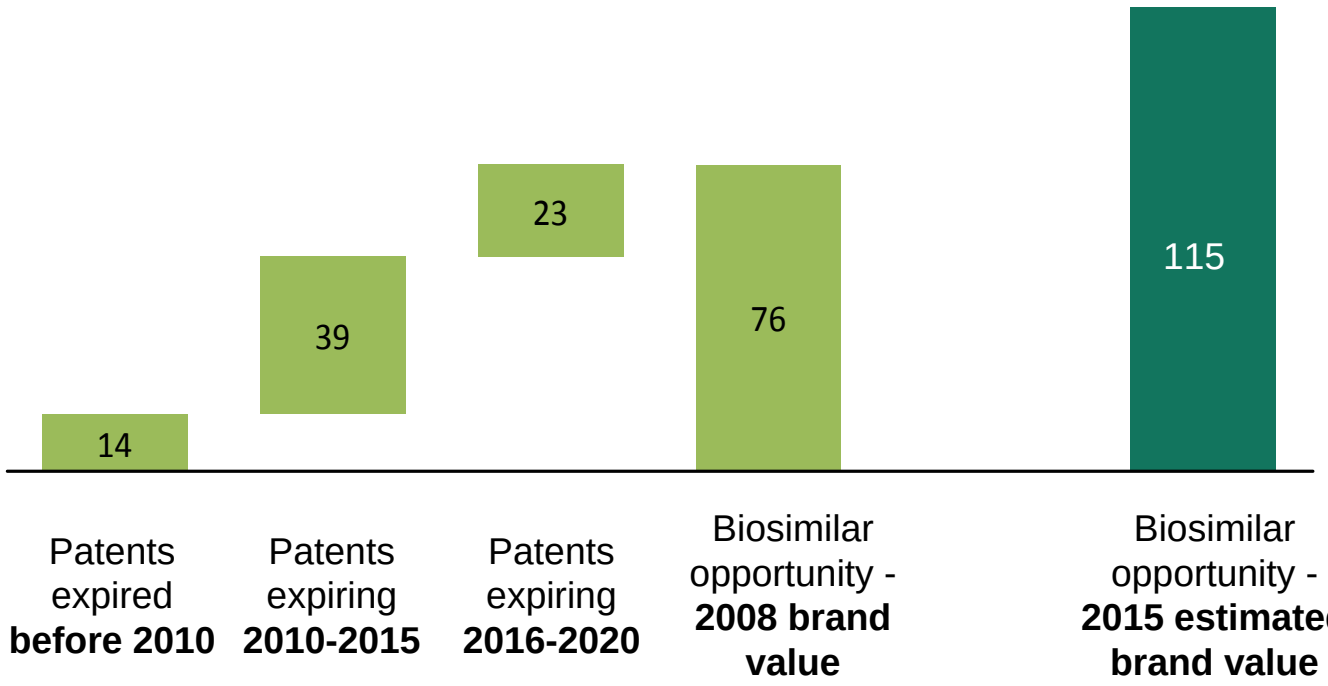
Growing demand for generics



Source: Exane BNP Paribas, IMS, Espicom, Teva estimates

Biosimilars: the future

2008 worldwide sales of biologics, $bn



Strategic Alliances
Lonza

Teva's Bio infrastructure
Sicor, IBR&D, CoGenesys

* Not including vaccines and blood products ♦Source: IMS, annual reports, Teva analysis

Consolidation continues and intensifies

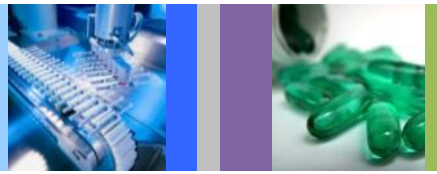


Is there still room to grow in generics? YES!



$135-150 bn in 2015

GROWTH	GROWTH	GROWTH	GROWTH
Increasing opportunities in **emerging generics markets**	People living **longer** and consuming **more** drugs	Healthcare **reforms** and cost saving initiatives	$150bn of brands going **off-patent** in the next 5 years



GENERICS GROWTH

COPAXONE & TEVA'S BRANDED BUSINESS

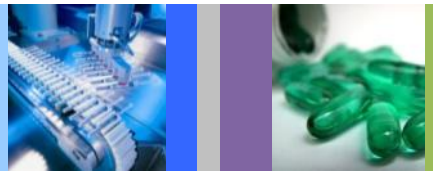
Teva Branded – multifaceted approach & expertise



Teva Branded – multifaceted approach & expertise

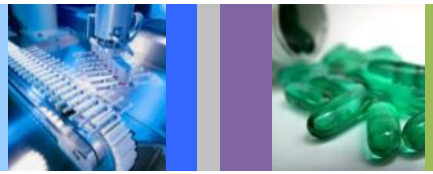


Branded products and growth opportunities

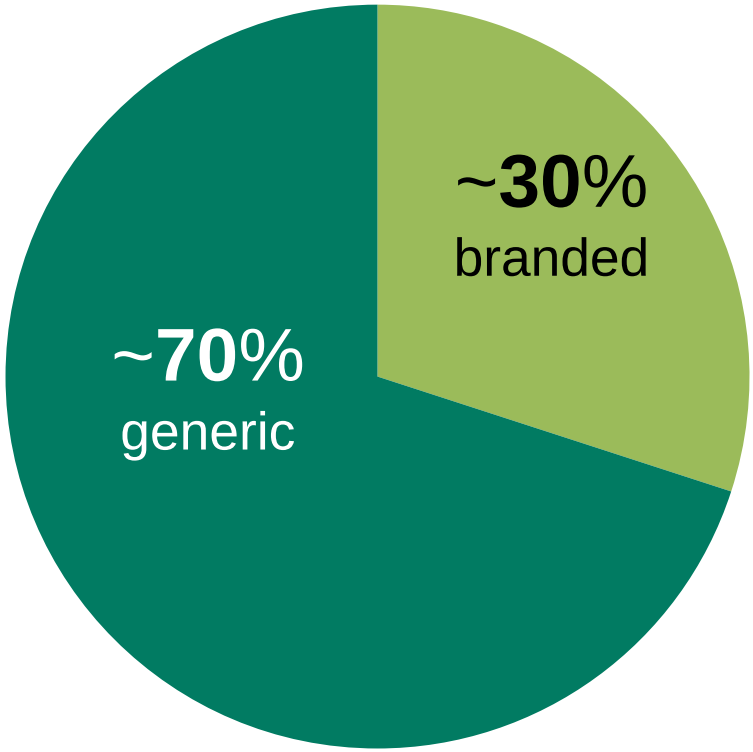


	Marketed	End phase III 2009-2012	End phase III 2012-2015
Innovative	Copaxone® Multiple Sclerosis	Laquinimod – Oral Multiple Sclerosis (Phase III)	TV-1101 (OGX-011) Solid Tumors (Phase III)
	Azilect® Parkinson's	StemEx® – Hemato-oncological (Phase III)	DiaPep-277 – Type I Diabetes (Phase III)
Respiratory	QVAR® Inhaled Steroid	Debrase – Burns (Phase III)	Talampanel – Glioblastoma (Phase II)
	ProAir™ Inhaled short acting beta-mimetic	Pagoclone – Stuttering (Phase II)	Laquinimod – Crohn's disease (Phase II)
	Easi-Breathe products Asthma & COPD	Talampanel – ALS (Phase II)	CT-011 – Hemato-Oncological (Phase II)
Women's health	Seasonique® / LoSeasonique™ Contraception	2 Respiratory projects (undisclosed)	CT-011 – Solid Tumor Oncology (Phase II)
	Plan B® One-Step Emergency Contraception	BDP HFA Nasal – Respiratory (Phase III)	Laquinimod – Lupus (Phase I)
	ParaGard® Intrauterine Contraception	DR-103 – Contraception (Phase III)	TV-1390 – Multiple Sclerosis (Phase I)
	Enjuvia™ Hormone Therapy	Oxybutynin Vaginal Ring – Overactive Bladder (Phase III)	2 Respiratory projects (undisclosed)
Biologics	TEV-TROPIN® Growth Hormone Deficiency	Progesterone Vaginal Ring - Infertility (Phase III)	DR-1021 – Contraception (Phase III)
	TevaGrastim® Hematology	Neugranin – Hematology (Phase II)	2 MAbs (undisclosed)

Balance between high-growth generics & higher-margin branded business



High **GROWTH**



Higher **MARGINS**

Diversity across: BUSINESS UNITS, PRODUCTS, GEOGRAPHIES

Teva 2010-2015: Value creation



- ✓ Growth
- ✓ High profitability
- ✓ Sustainable, balanced business model
- ✓ Financial Strength



2009 HIGHLIGHTS

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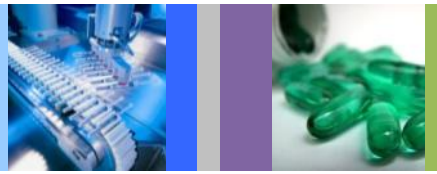
Q4 2009 – strong results



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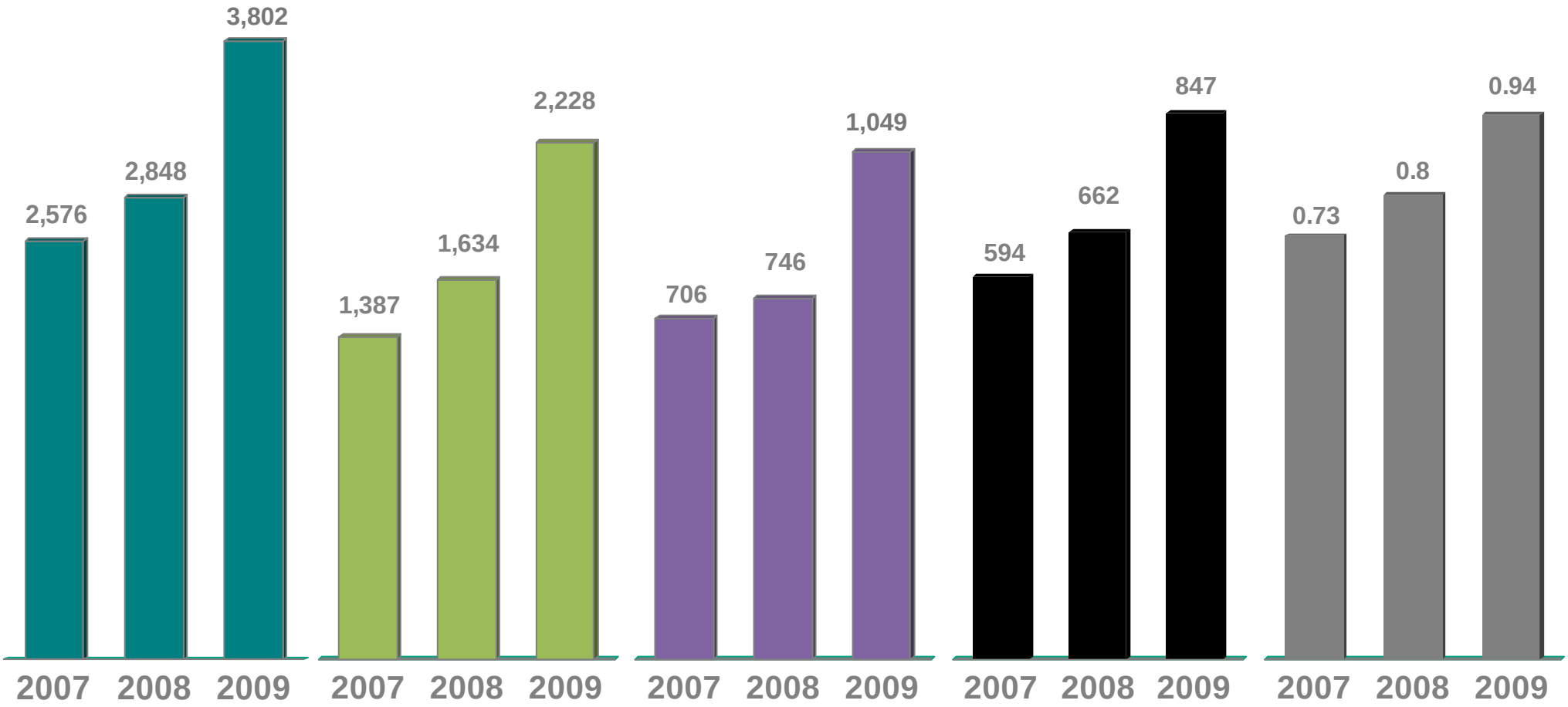
Sales $m	2,848	3,802	+33%
Operating income $m	746	1,049	+41%
Net income $m	662	847	+28%
EPS $	0.80	0.94	+18%
Cash flow from operations $m	969	957	-1%

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

Q4 – three year trend

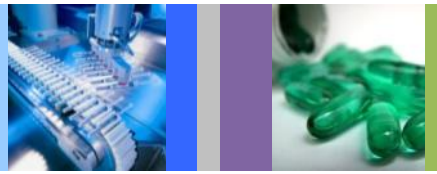
All figures in millions $, except EPS

Sales +33%	Gross profit +36%	Operating profit +41%	Net income +28%	EPS +18%



* Gross profit, operating profit, net income and EPS are non GAAP results

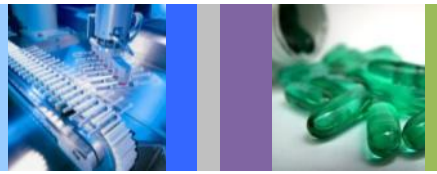
2009 – strong results



	2008*	2009*	Change
Sales $m	11,085	13,899	+25%
Operating income $m	2,856	3,853	+35%
Net income $m	2,493	3,029	+22%
EPS $	3.03	3.37	+11%
Cash flow from operations $m	3,231	3,373	+4%

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

Excellent margins



	2008*	2009*	Change
Sales $m	11,085	13,899	+25%
Operating income $m	2,856	3,853	+35%
Net income $m	2,493	3,029	+22%
Gross margin %	55.3	58.4	
Operating margin %	25.8	27.7	
Net margin %	22.1	21.8	

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

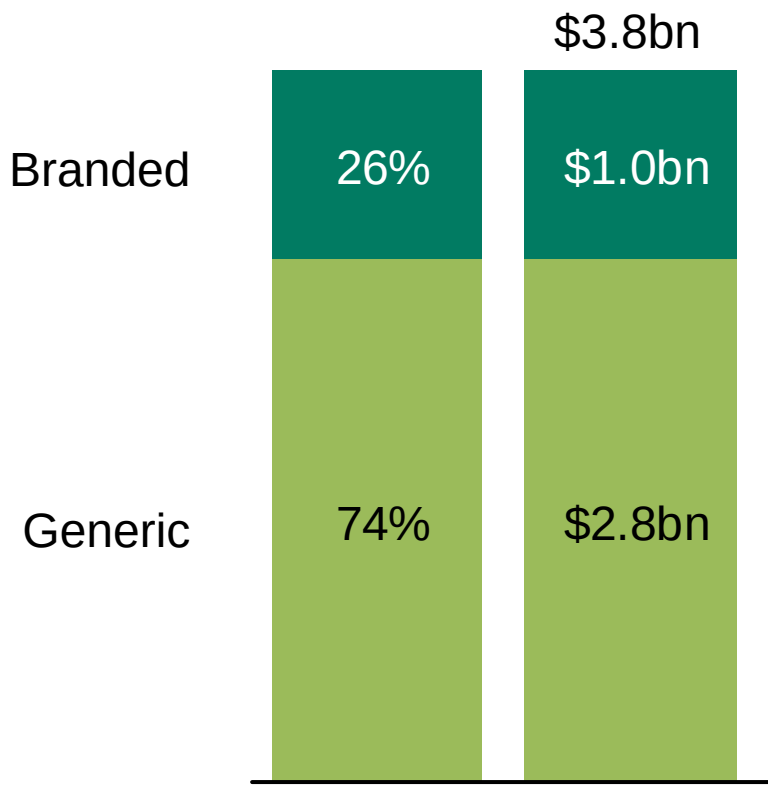
Continuous growth track record

Revenues, $ million

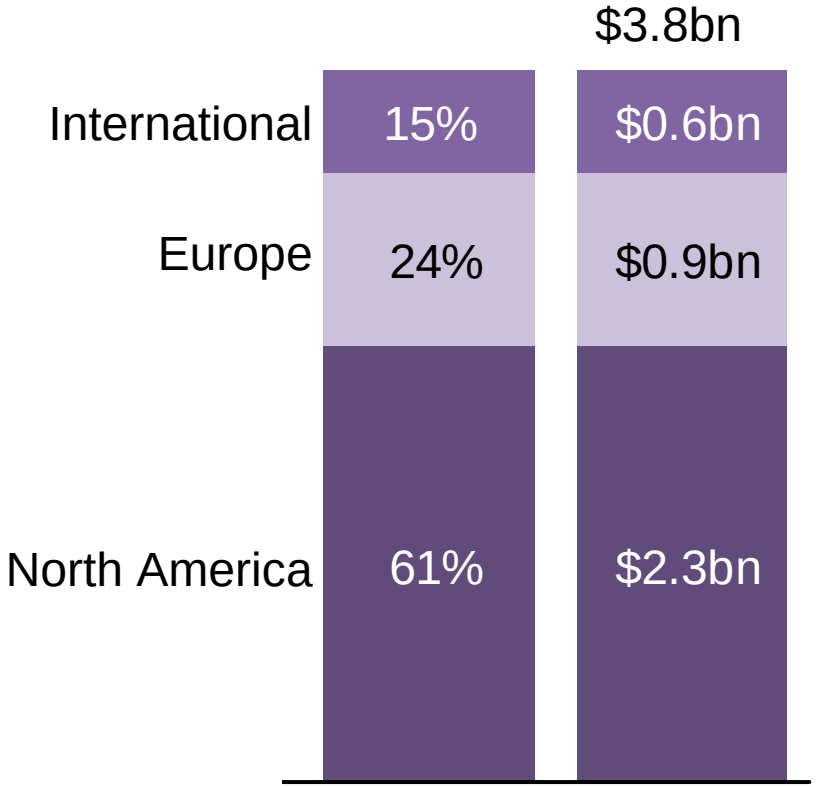


Q4 2009 – balanced business model

By business line

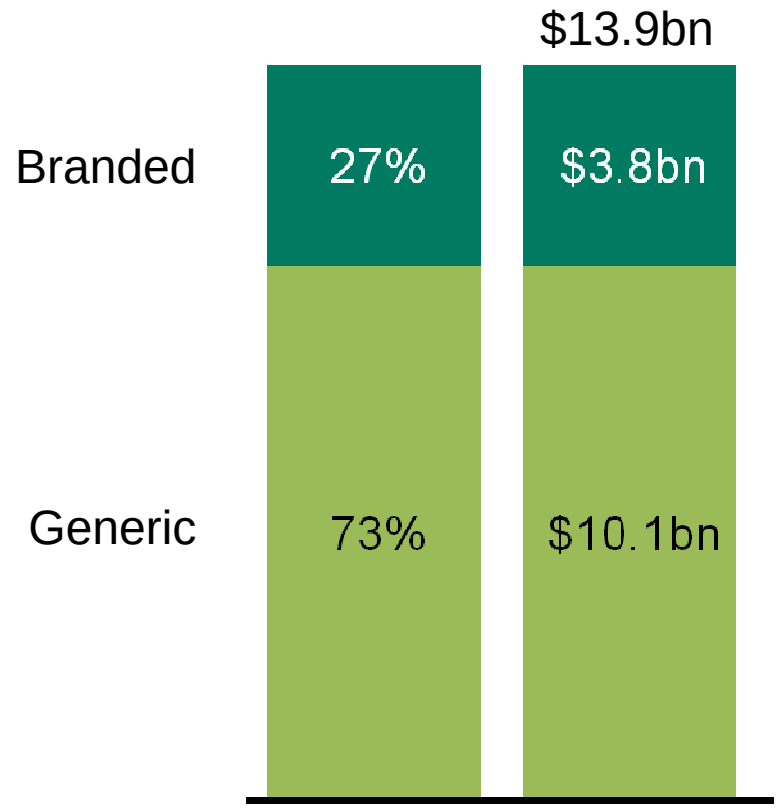


By geography

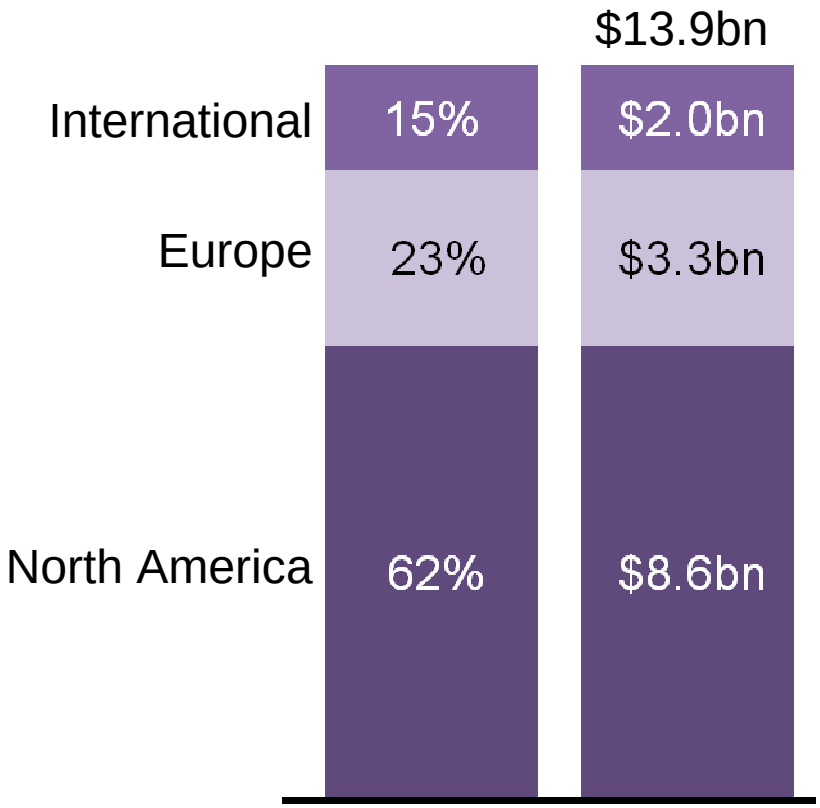


2009 – balanced business model

By business line



By geography



Q4 2009 – exchange rate effect





$ million

	Q4 2009	Q4 2008	Growth	FX effect	Real growth
Total sales	**3,802**	**2,848**	**+33%**	**+98**	**+30%**
Operating profit	**1,049**	**746**	**+41%**	**+1**	**+40%**
North America	2,324	1,727	+35%	+15	**+34%**
Europe	925	710	+30%	+75	**+20%**
International	553	411	+35%	+8	**+33%**

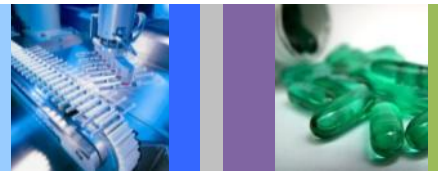
2009 – exchange rate effect



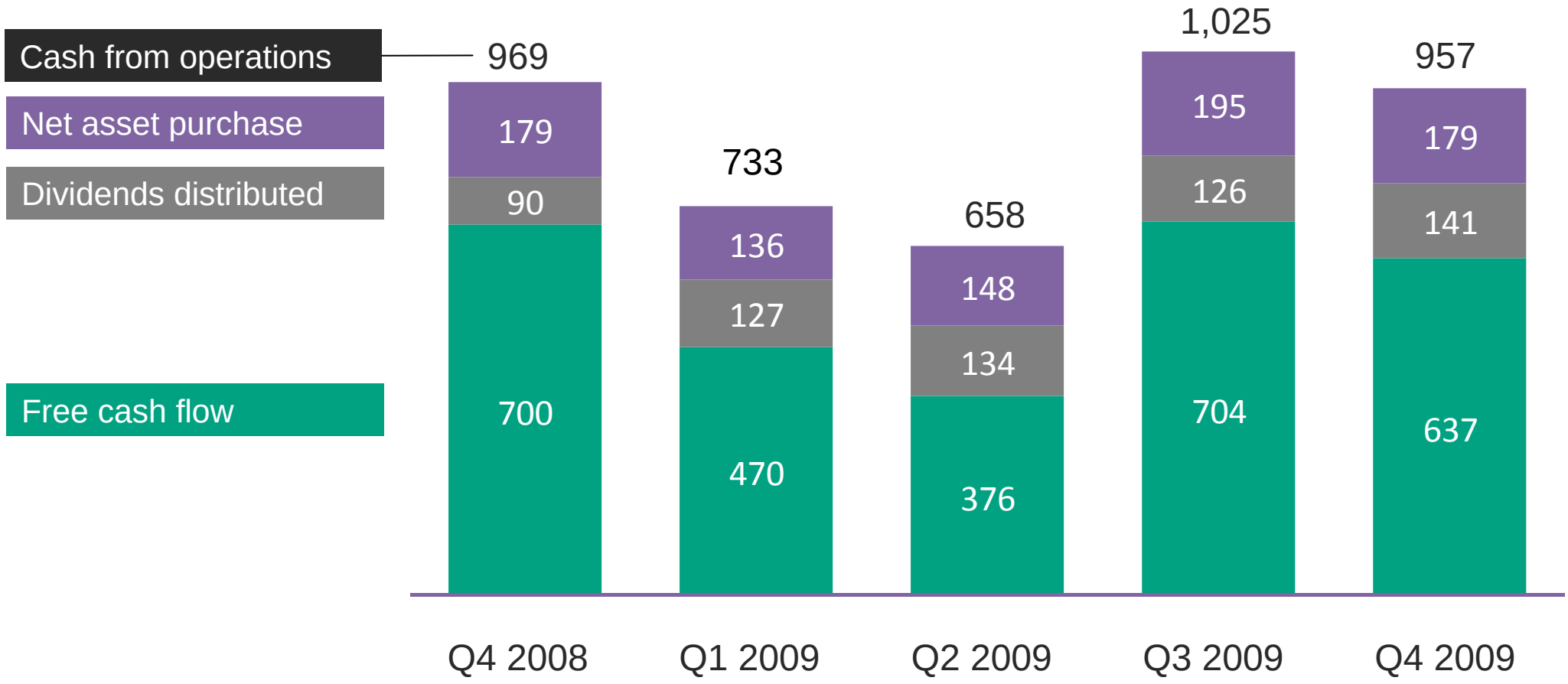
$ million

	2009	2008	Growth	FX effect	Real growth
Total sales	**13,899**	**11,085**	**+25%**	**-572**	**+31%**
Operating profit	**3,853**	**2,856**	**+35%**	**-37**	**+36%**
North America	8,585	6,413	+34%	-24	**+34%**
Europe	3,271	2,976	+10%	-352	**+22%**
International	2,043	1,696	+20%	-196	**+32%**

Quarterly cash flow

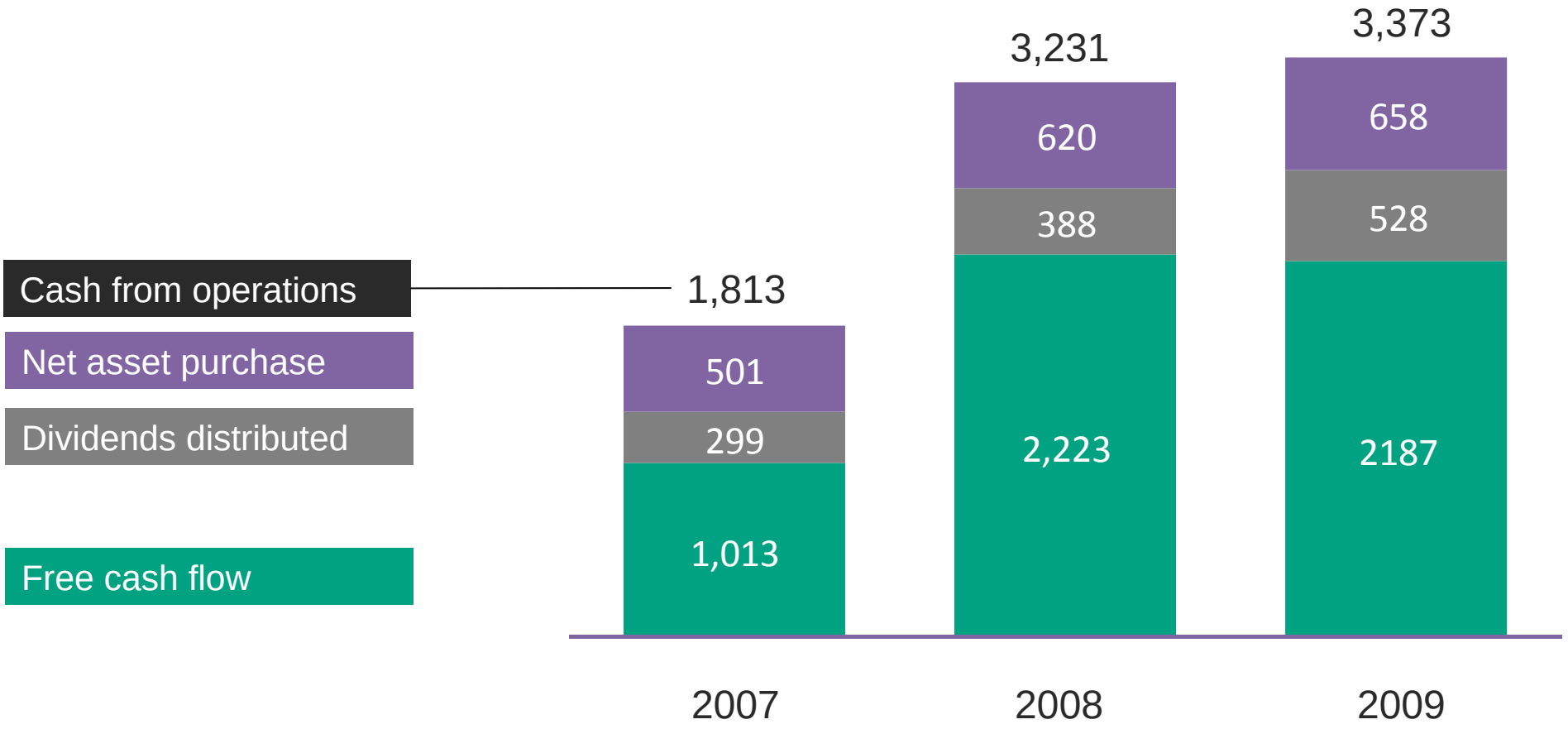


$ million



Annual cash flow

$ million



Consolidated balance sheet

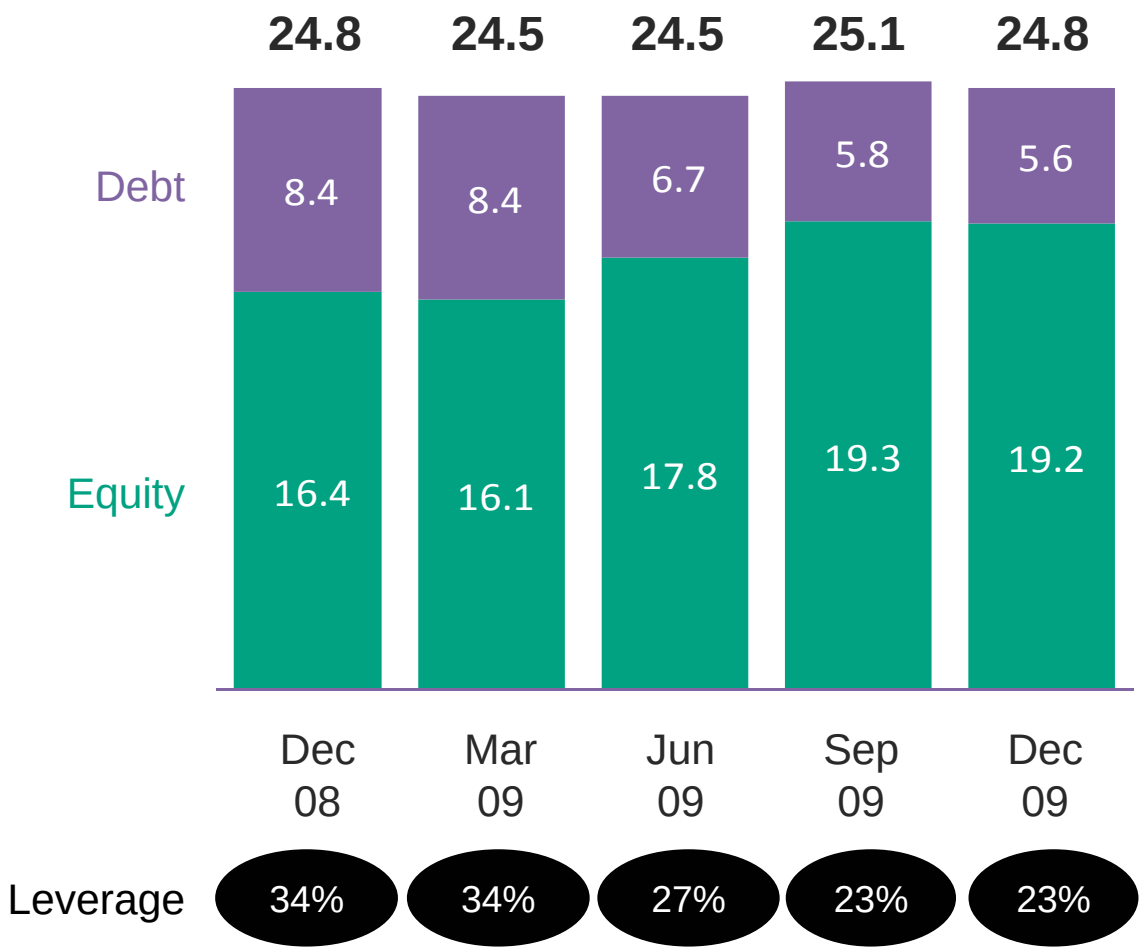


31 December, FY, $bn

ASSETS	2008	2009	LIABILITIES	2008	2009
Cash & marketable securities	2.0	2.5	ST & LT financial debt	8.4	5.6
Inventories, A/R & other assets	9.5	9.9	SR&A, A/P & other accruals	5.6	6.3
Long-term assets	4.5	4.7	Long-term liabilities	2.5	2.6
Intangible assets	4.6	4.0	Total equity	16.4	19.3
Goodwill	12.3	12.7			
Total assets	**32.9**	**33.8**	**Total liabilities & equity**	**32.9**	**33.8**

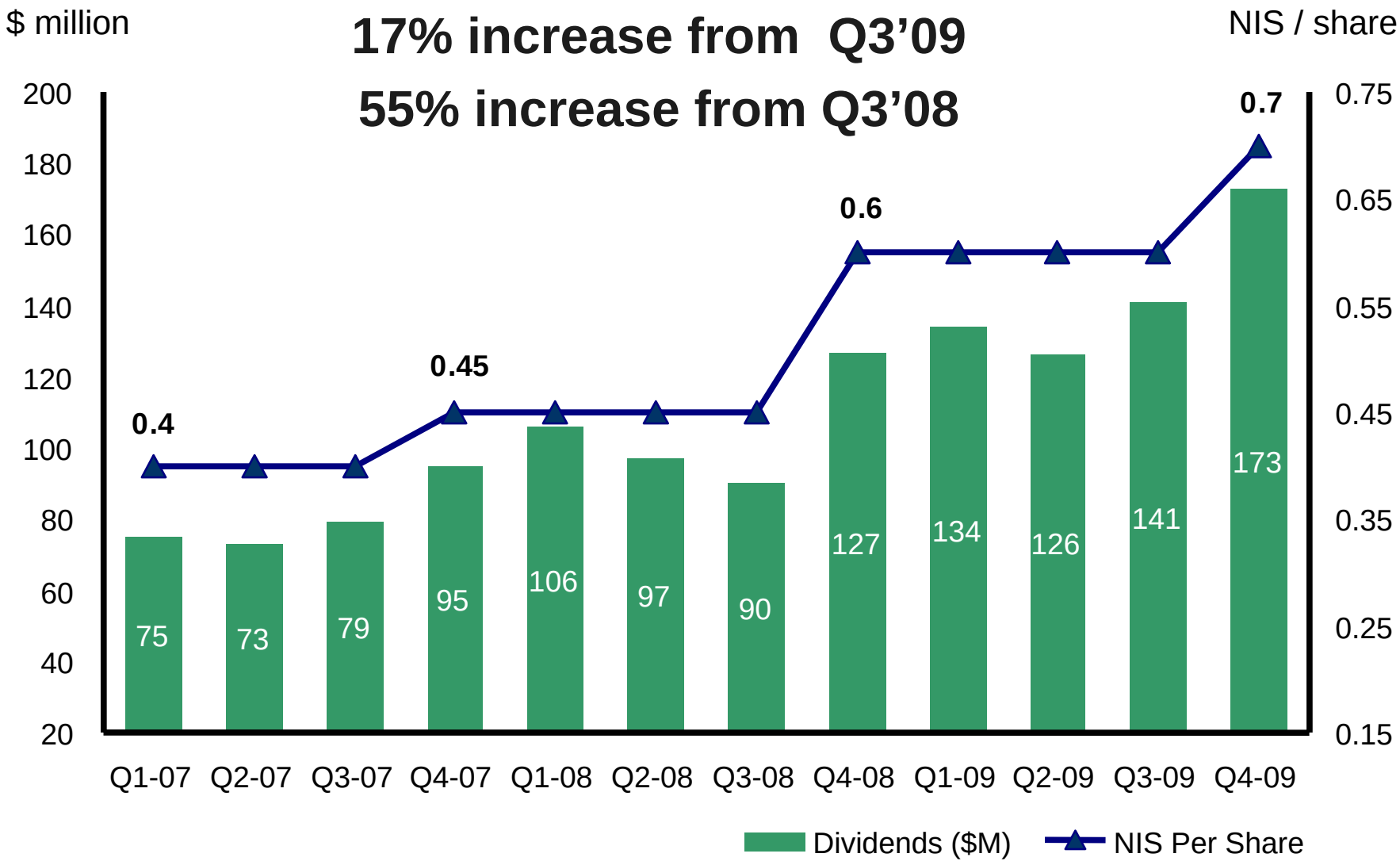
Improved financial leverage

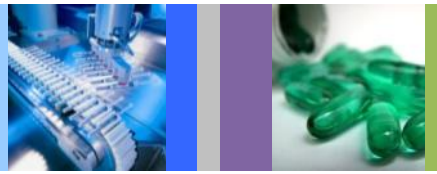
$ bn



Teva's dividend history







Q&A