



Q4 2008 & FY2008 – Presentation to the Israeli Capital Market

Shlomo Yanai

President and CEO

Teva Pharmaceutical Industries Ltd.

17 February 2009

Forward Looking Statements





TODAY'S PRESENTATION CONTAINS FORWARD-LOOKING STATEMENTS, 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, 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 IMPACT OF CONSOLIDATION OF OUR DISTRIBUTORS AND CUSTOMERS, 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 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, OUR ABILITY TO SUCCESSFULLY IDENTIFY, CONSUMMATE AND INTEGRATE ACQUISITIONS, INCLUDING THE INTEGRATION OF BARR PHARMACEUTICALS INC., 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 THIS REPORT AND IN OUR OTHER FILINGS WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC").

Q4 – A Great End to A Great Year



	Q4 2007	Q4 2008*	Change
Sales $m	2,576	2,848	+11%
Net income $m	570	634	+11%
EPS $	0.69	0.76	+10%

* Net income and EPS are non GAAP results

2008 – An Extraordinary Year



	2007	2008*	Change
Sales $m	9,408	11,085	+18%
Net income $m	1,952	2,374	+22%
EPS $	2.38	2.86	+20%

* Net income and EPS are non GAAP results

2008 – An Extraordinary Year



Record Financial Results	Record Sales, Net Income & EPS Record cash flow from operations: $3.2bn Record free cash flow: $2.2bn
Extending Global Leadership	US: Increased market share International: Exceptional growth Europe: Improved market position in key countries
Copaxone®	Global No.1 Record sales: $2.3bn
Azilect®	Positive results of ADAGIO and Tyramine studies Record sales: $175m (Up 46%)

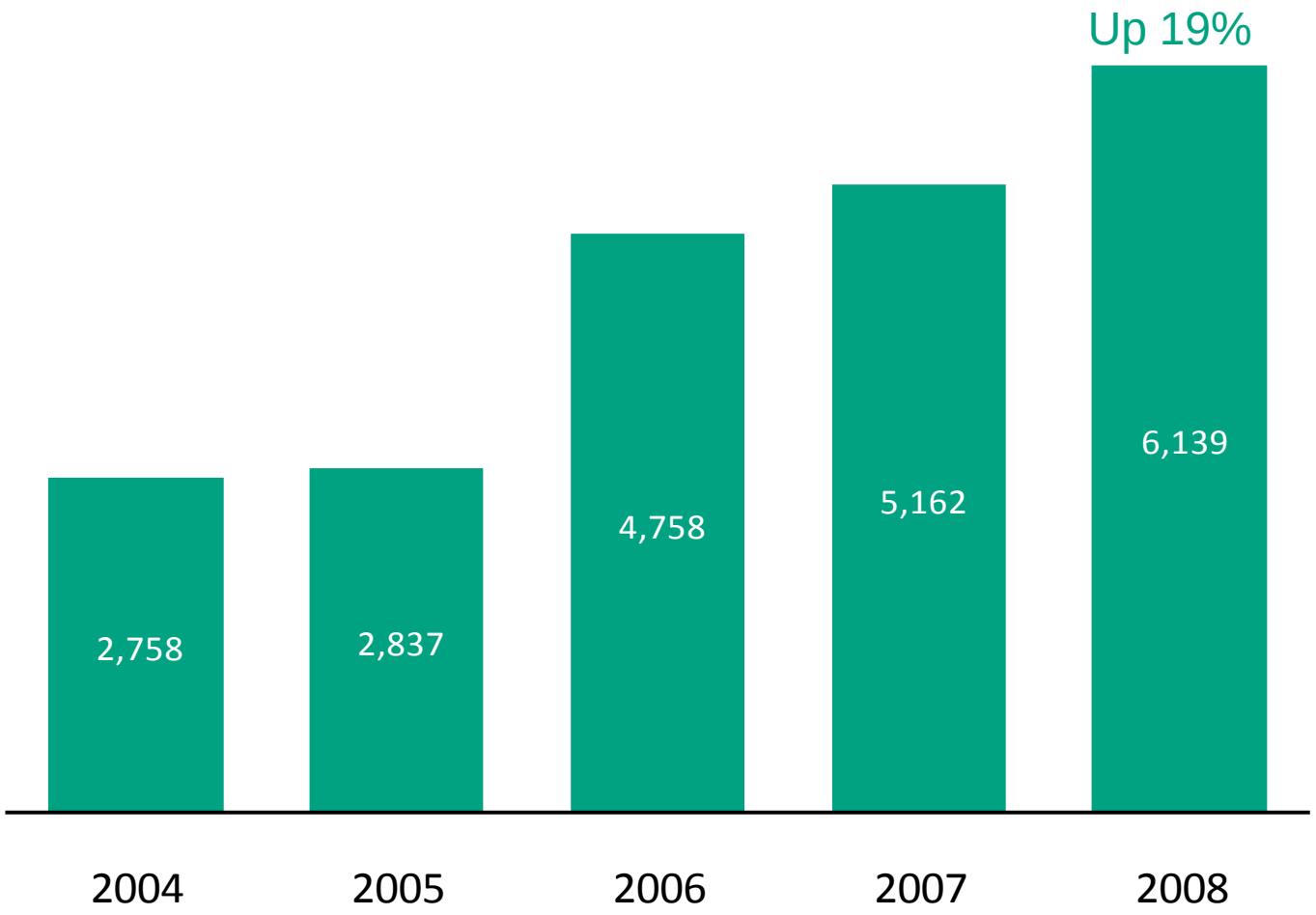
2008 – An Extraordinary Year



Major Strategic Achievements	Barr Acquisition Spain: Bentley Acquisition Japan: Strategic Alliance with Kowa
Biogenerics: Investing for Leadership	Lonza Joint Venture CoGenesys Acquisition Tevagrastim: 1st Biosimilar Launched in EU

Track Record of Continuous Growth
North America

Revenues
$ million



North America,
Pharmaceutical Sales

Leadership in U.S.
Overall market (Brand + Generics)



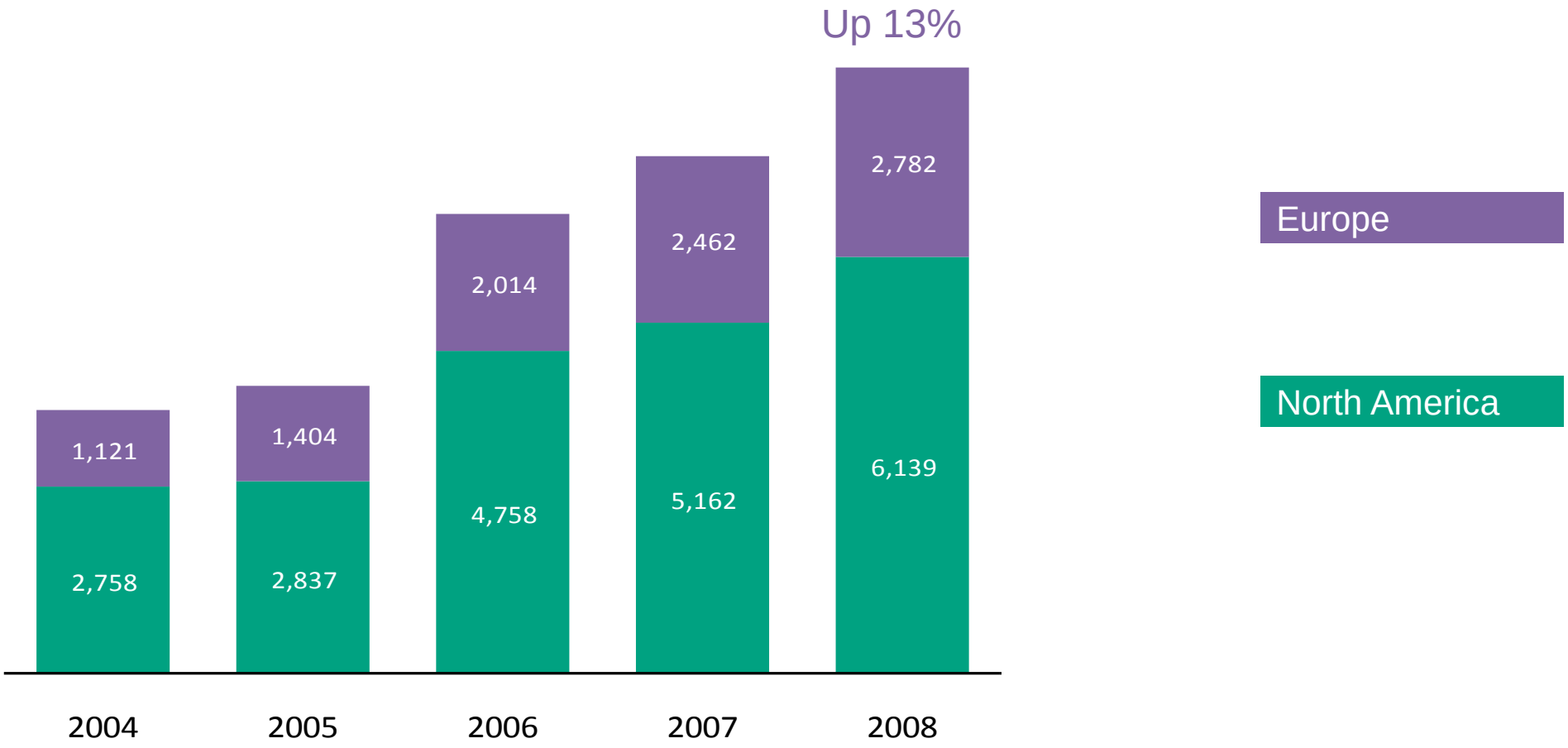
			Market Share (%)	
#	Company	Total Rx (000's)	2007	2008
1	Teva	620,129	15.7	16.4
2	Mylan	307,922	8	8.2
3	Novartis	250,014	7.1	6.6
4	Watson	223,265	6	5.9
5	Pfizer	215,026	7	5.7
6	Merck	97,953	3.3	3.3
7	Mallinckrodt	95,434	2.5	2.6
8	Apotex	93,499	1.7	2.5
9	Qualitest	90,352	2.3	2.5
10	GSK	87,615	2.8	2.4

Teva market share in Generics: 24%

Source: IMS National Prescription Audit MAT December 2008

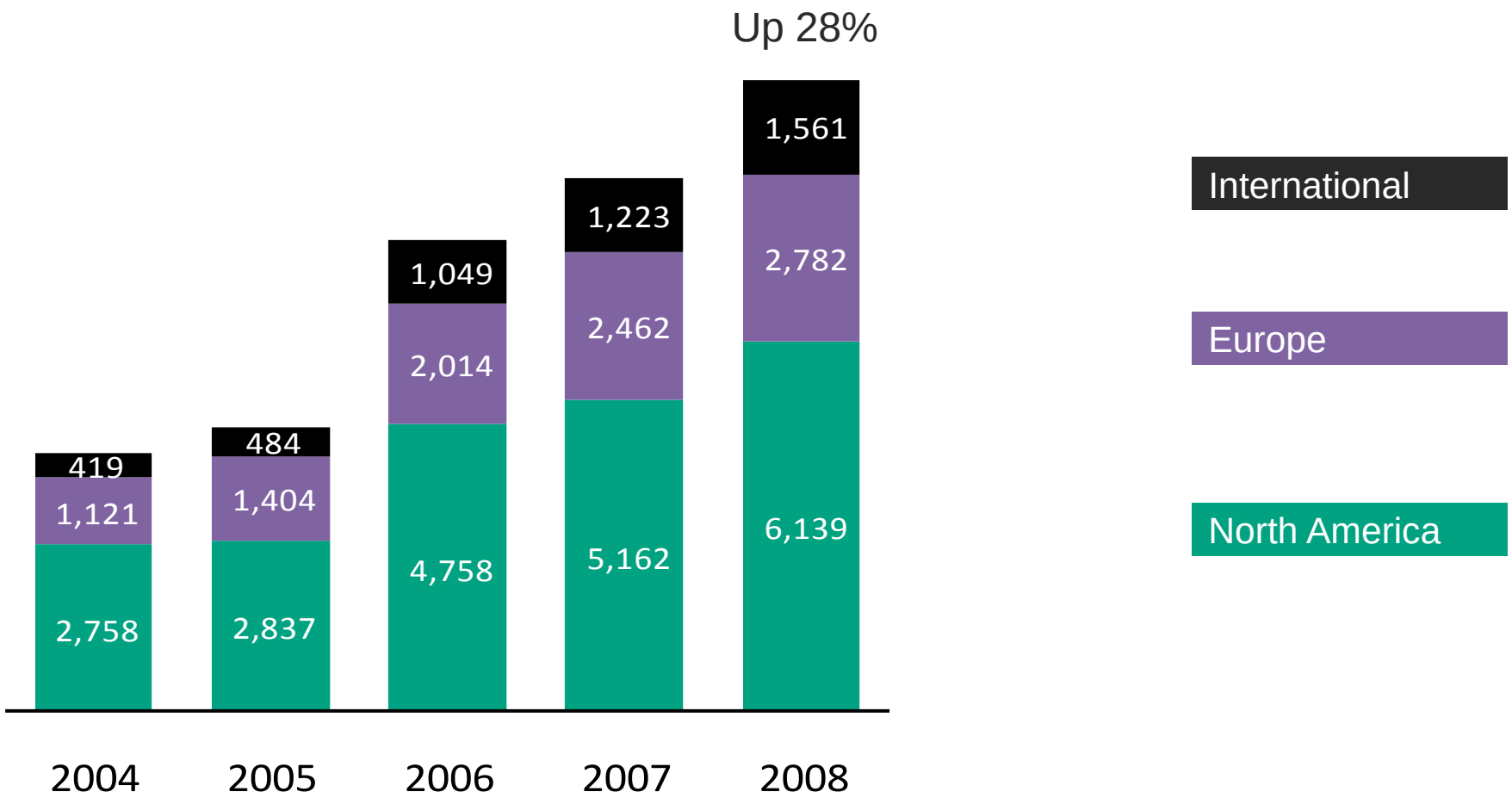
Track Record of Continuous Growth
Europe

Revenues
$ million



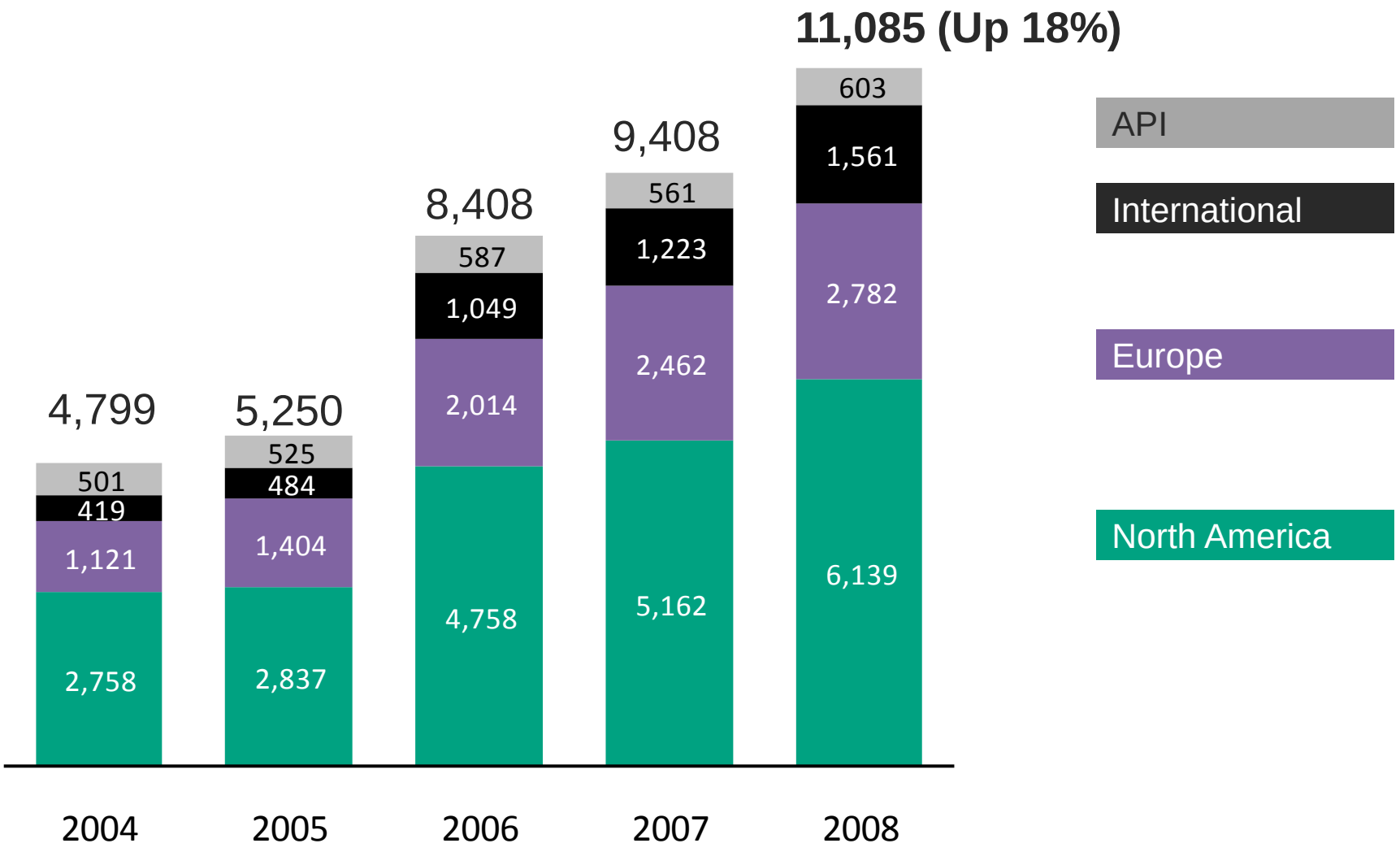
Track Record of Continuous Growth
International

Revenues
$ million



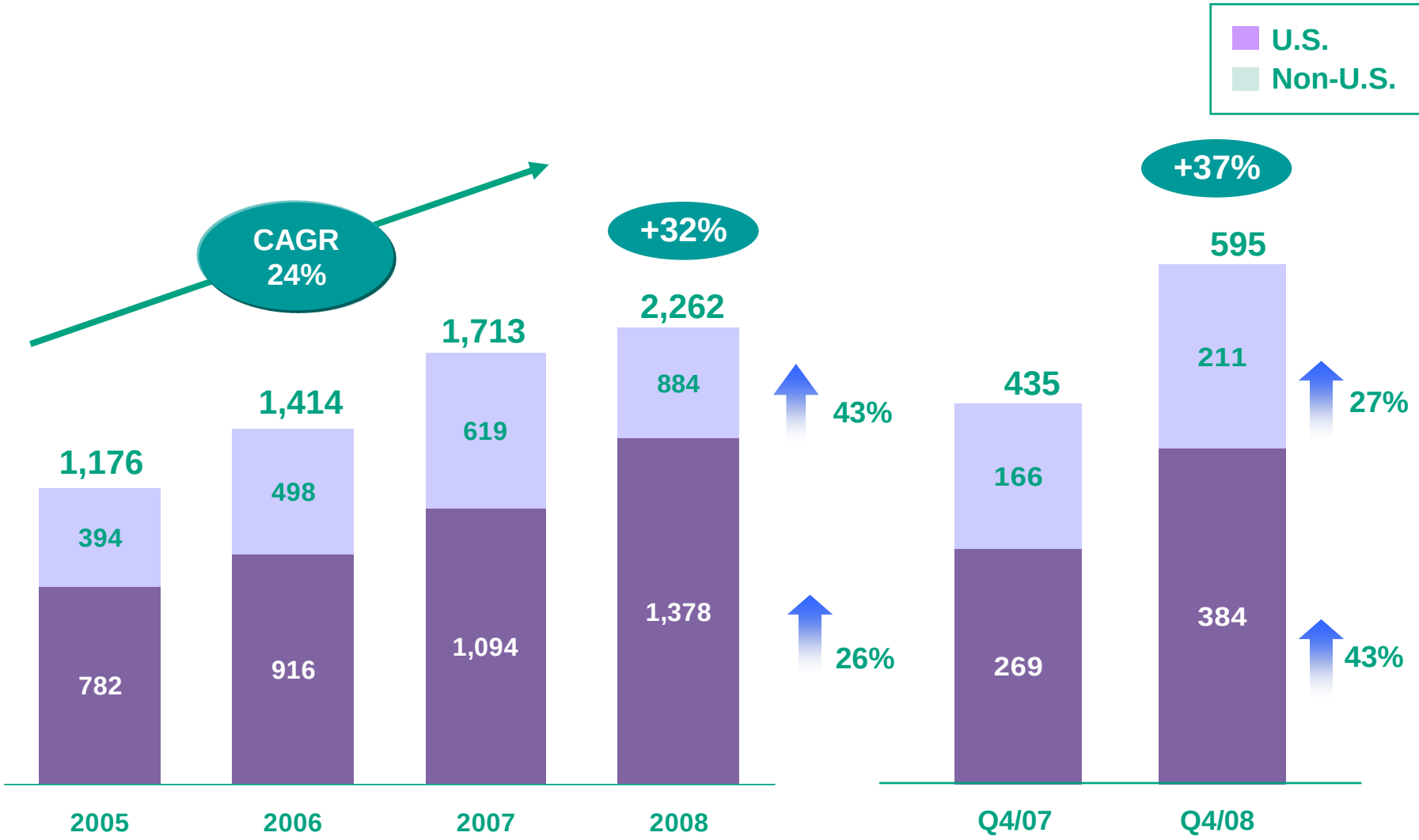
Track Record of Continuous Growth
Teva Group

Revenues
$ million



Copaxone® – Global In-Market Sales

$ million



Barr Integration



TEVA + barr Pharmaceuticals, Inc.

Strong strategic fit

Extends global market leadership

Expands product portfolio and pipeline

Creating even more synergies than anticipated!

2008 At A Glance



Record Performance

Major Strategic Achievements

Barr Integration Well Underway

Balanced Business Model





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Bill Marth

President and CEO - Teva North America

Teva Pharmaceutical Industries Ltd.

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Key elements of the U.S. strategy

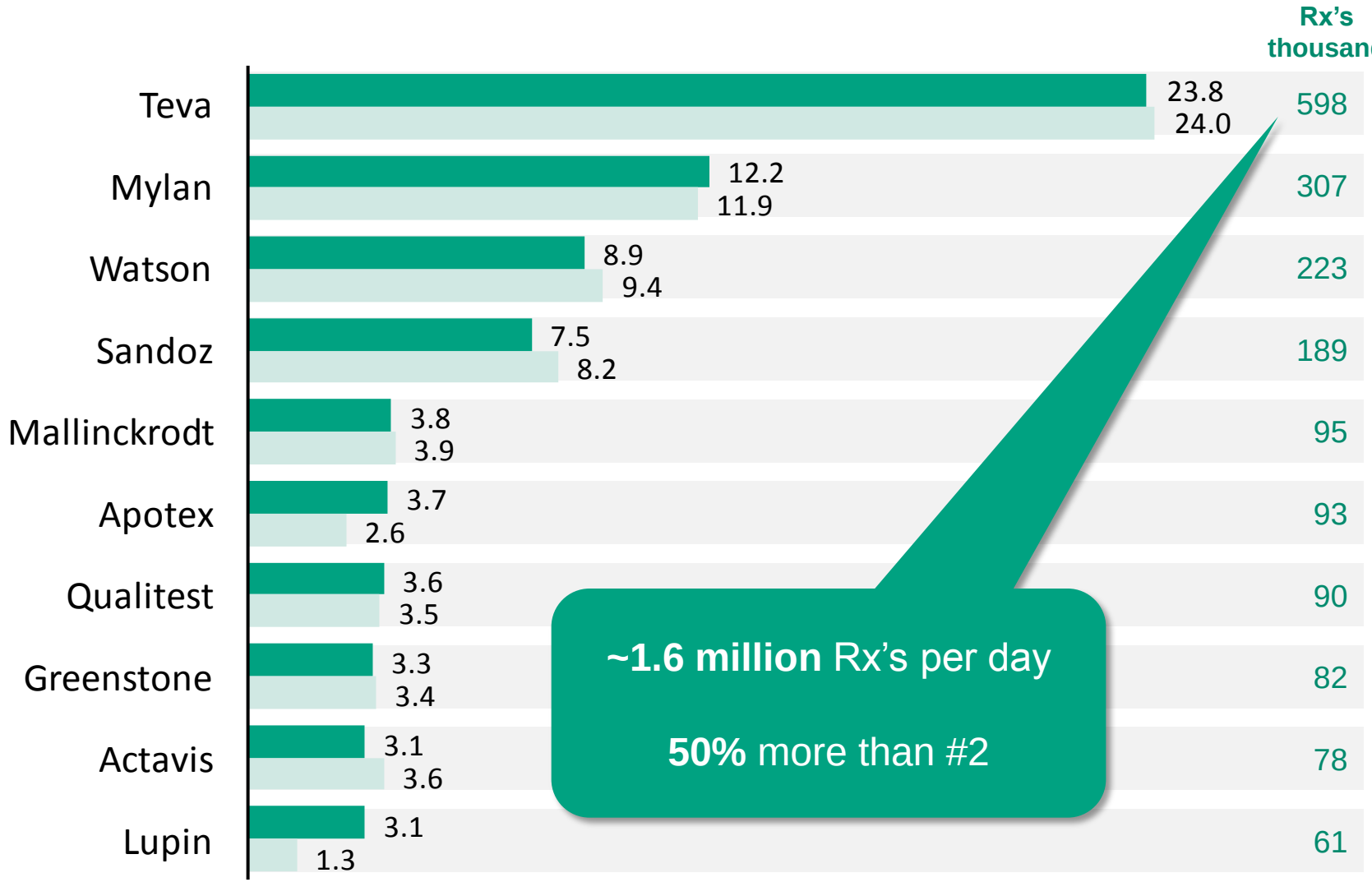


Product portfolio	• Significantly greater investment in R&D • Expand portfolio – new product launches • Heavy emphasis on Para IV filings
Leadership and scale	• Leverage our scale for strategic and competitive advantage • Supply chain preeminence
Go-to-market initiatives	• Innovate our commercial model – expand relationship with market leaders • Redefine service

Leadership in U.S. generics



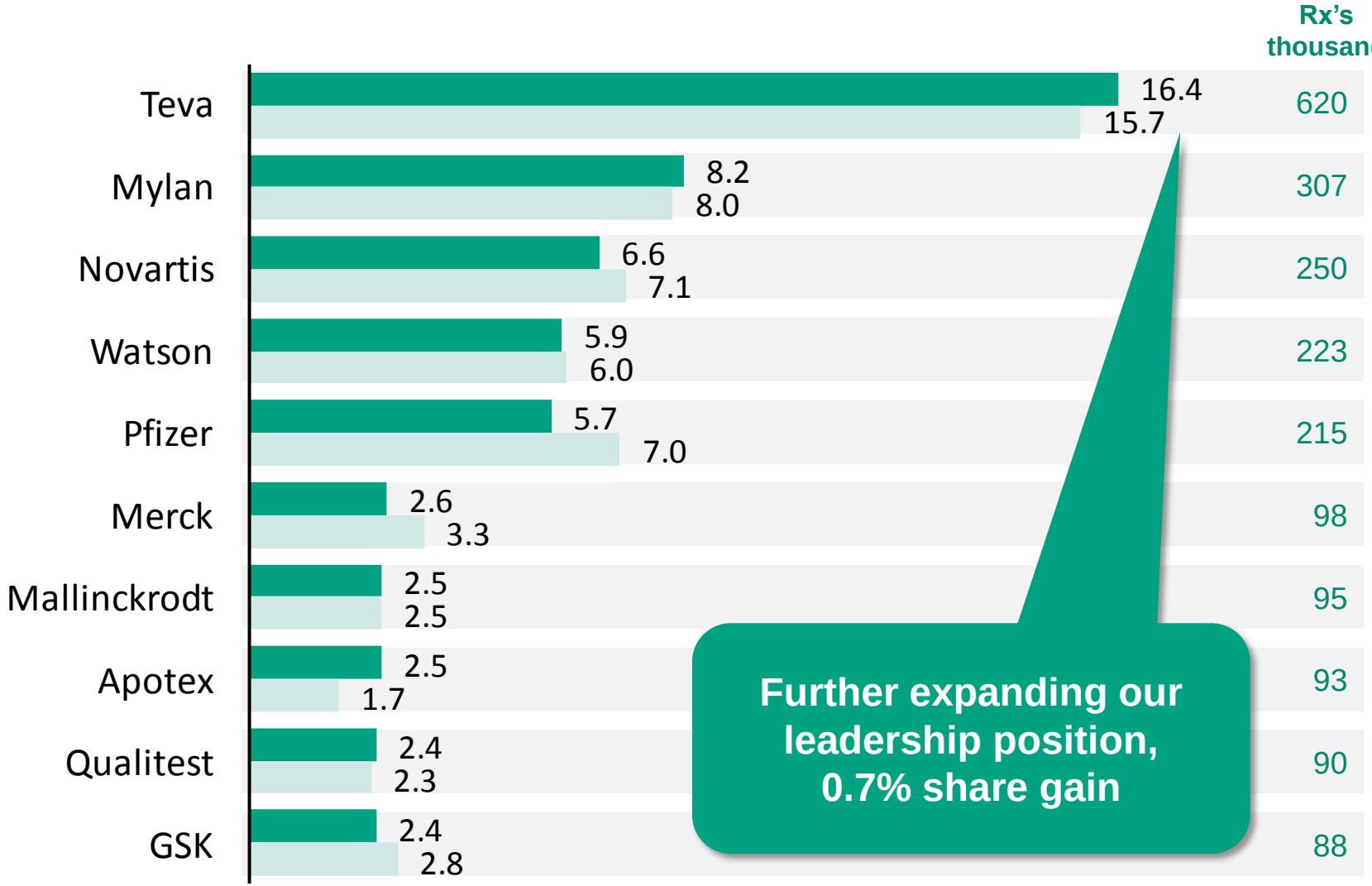
% of total Rx's, full year, generics only



Source: IMS National Prescription Audit MAT December 2008

But also leading the total pharma market

% of total Rx's, full year, branded and generics



Source: IMS National Prescription Audit MAT December 2008

The U.S. generic industry's largest pipeline





U.S., February 5, 2009, Teva + Barr

$110bn
brand sales

201 ANDAs

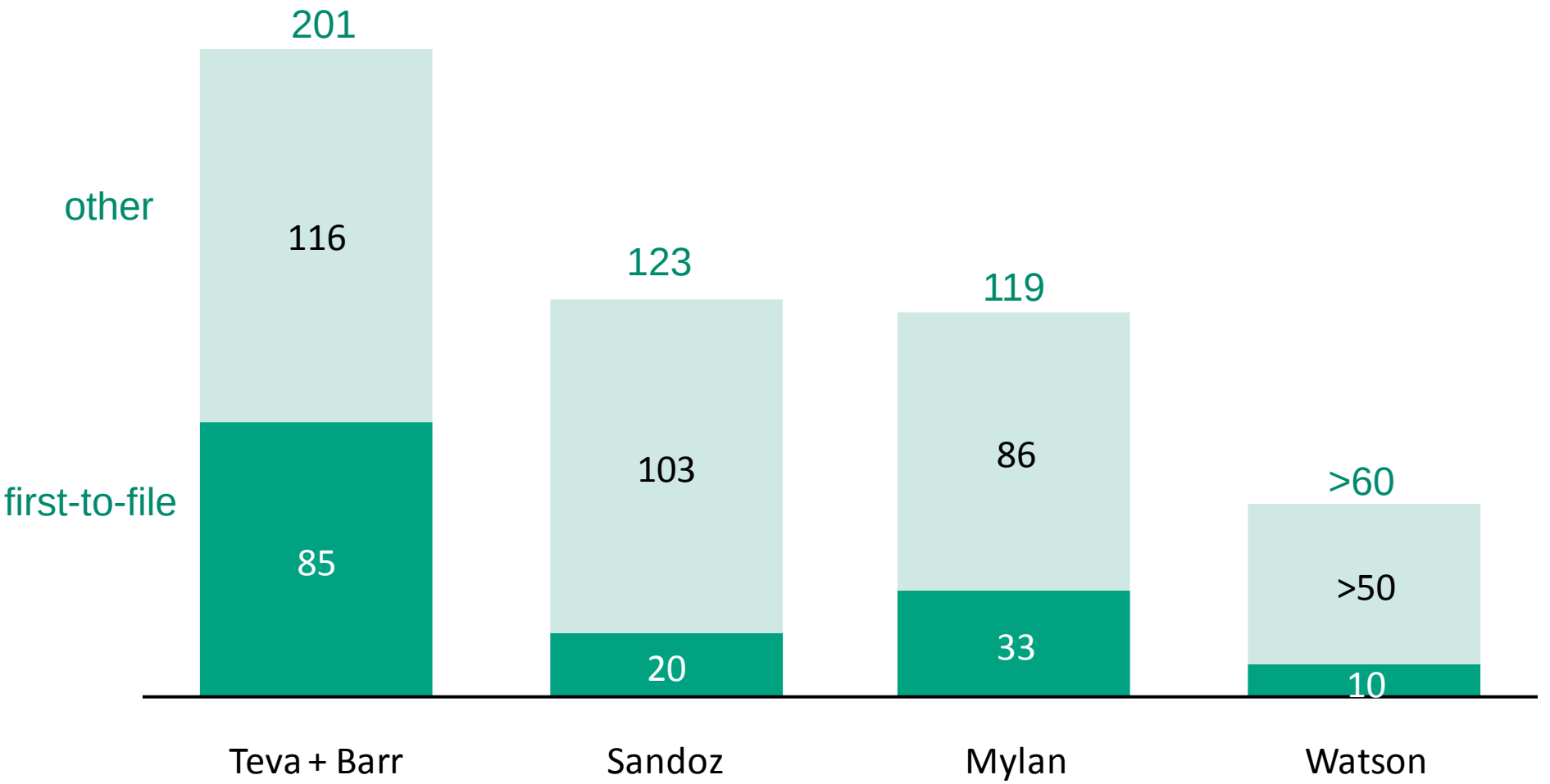
128 Paragraph IV

85 first-to-file

$53bn
brand sales

Teva has the most valuable pipeline

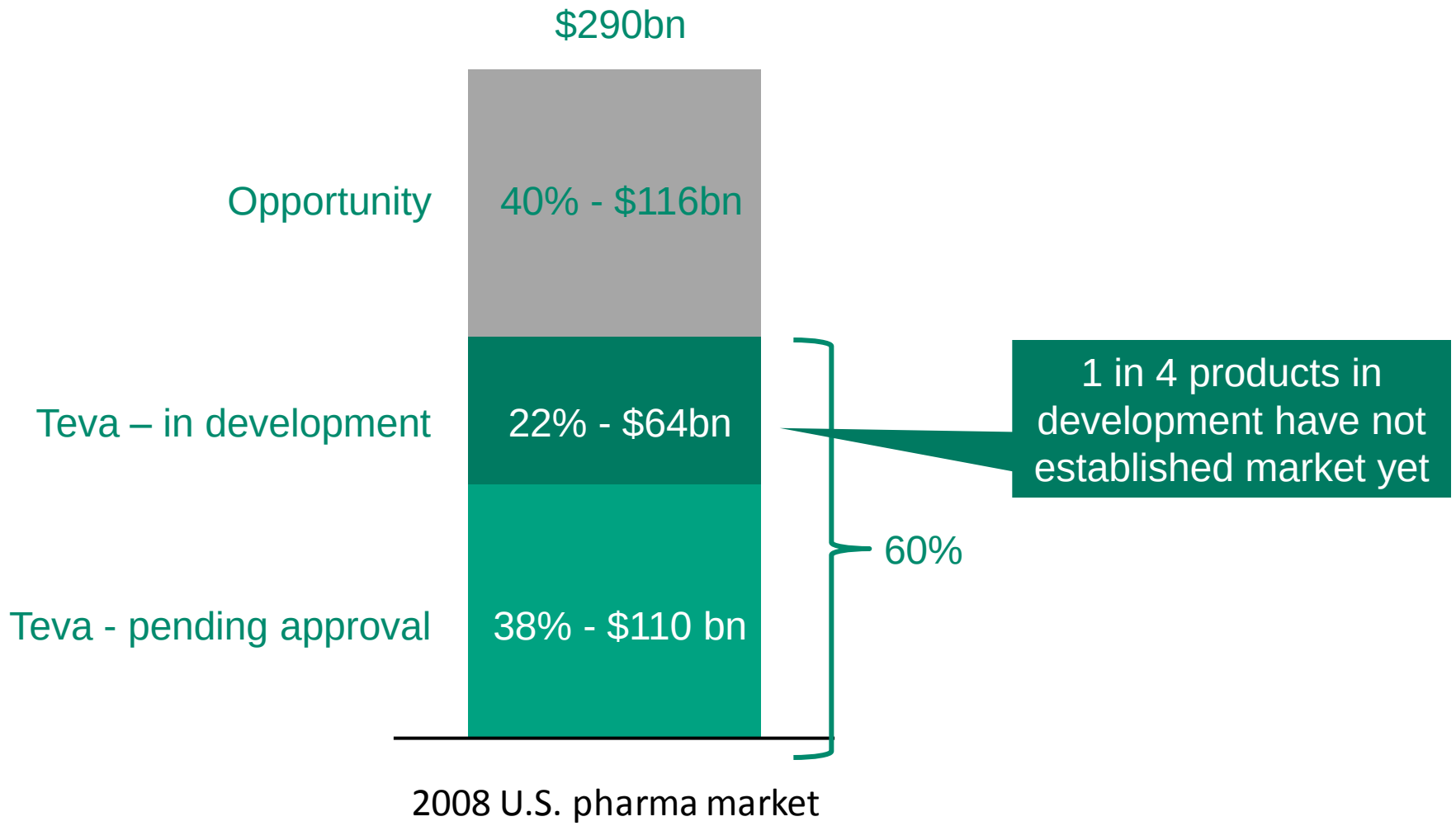
Number of ANDAs pending, U.S., February 5, 2009



Source: Investor earnings call transcripts and company statements

Large market coverage of pipeline

Market coverage of Teva development pipeline



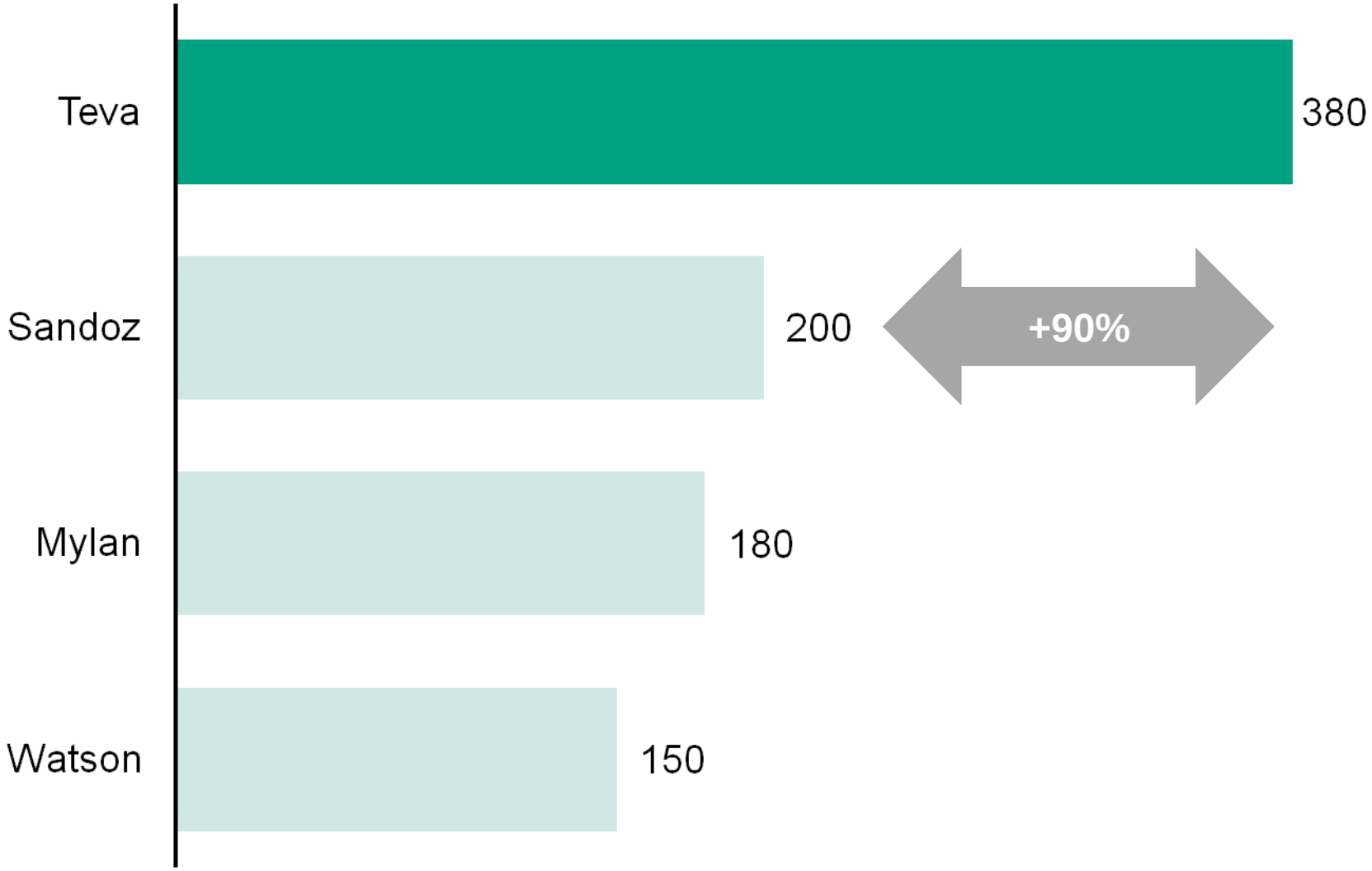
Source: IMS, Teva estimates

Broadest product portfolio





Number of products



Source: Investor earnings call transcripts and company statements

Benefits from a world-class supply chain



TEVA SUPPLY CHAIN

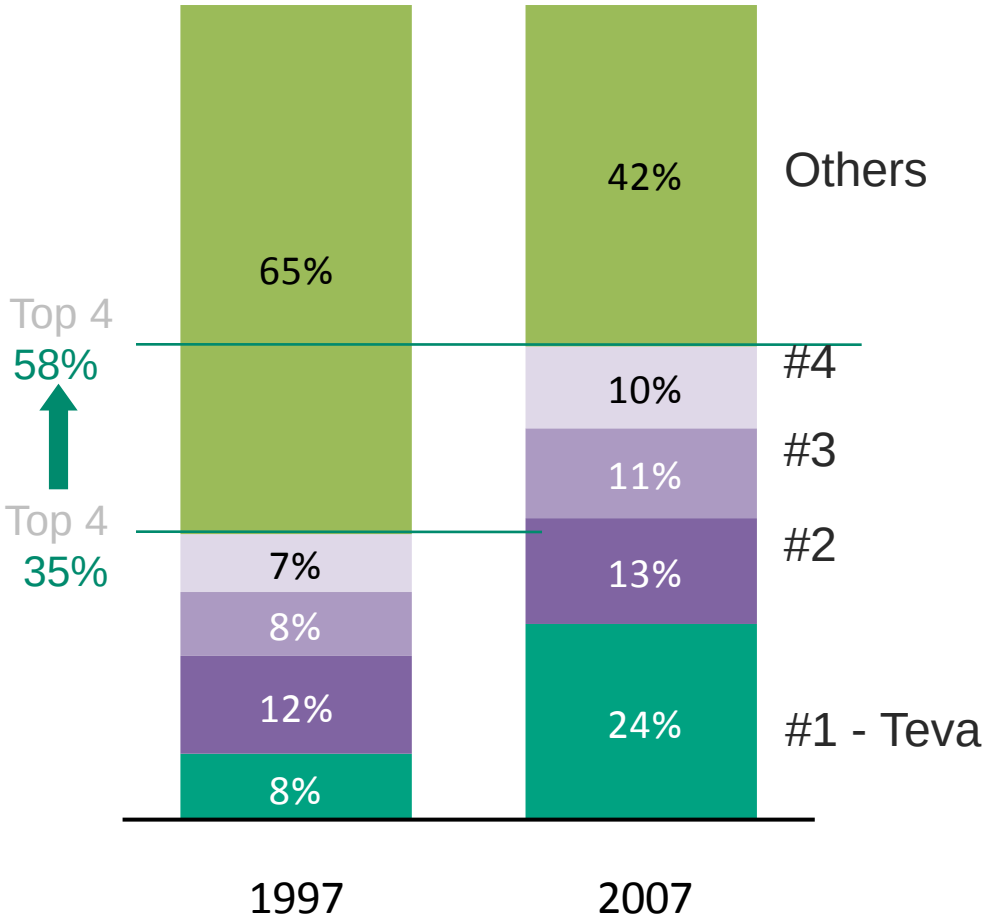
- Complex global coordination:
  - manufacturing sites
  - distribution centers
- Tight integration with customer demand information

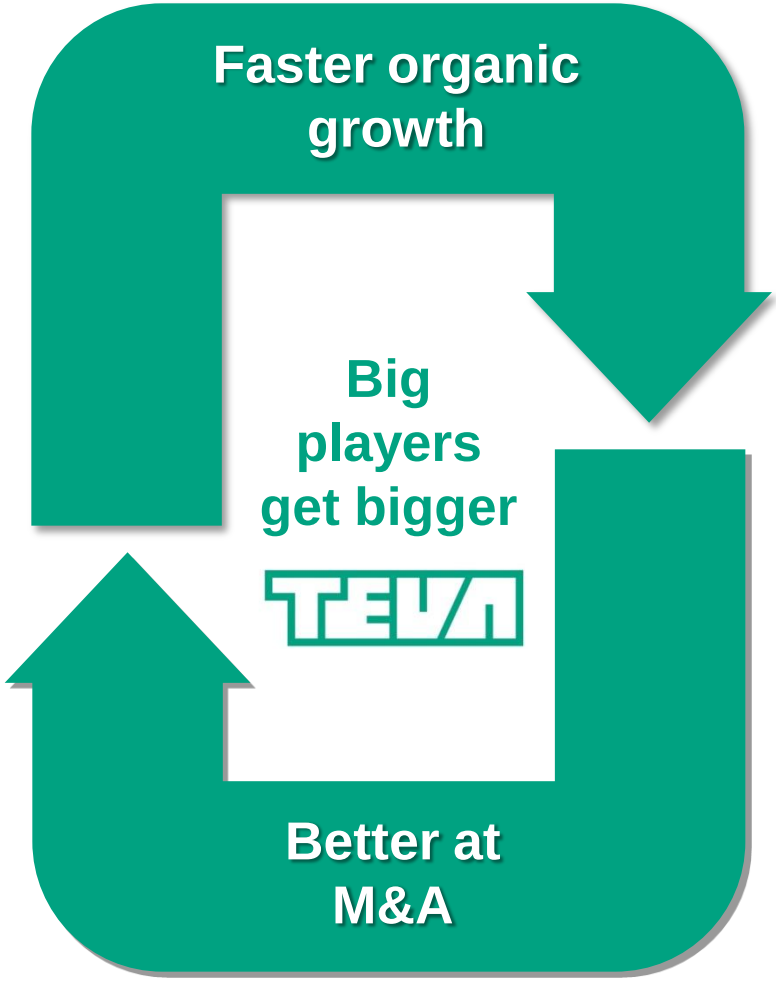
COMPETITIVE EDGE

- Low **cost**
- High **service** level
- **Scale** to support large launches (Pantoprazole, Simvastatin)
  - Presence at multiple sites
  - Multiple product configurations

The generics industry is consolidating

IMS TRx MAT 2008, % of total

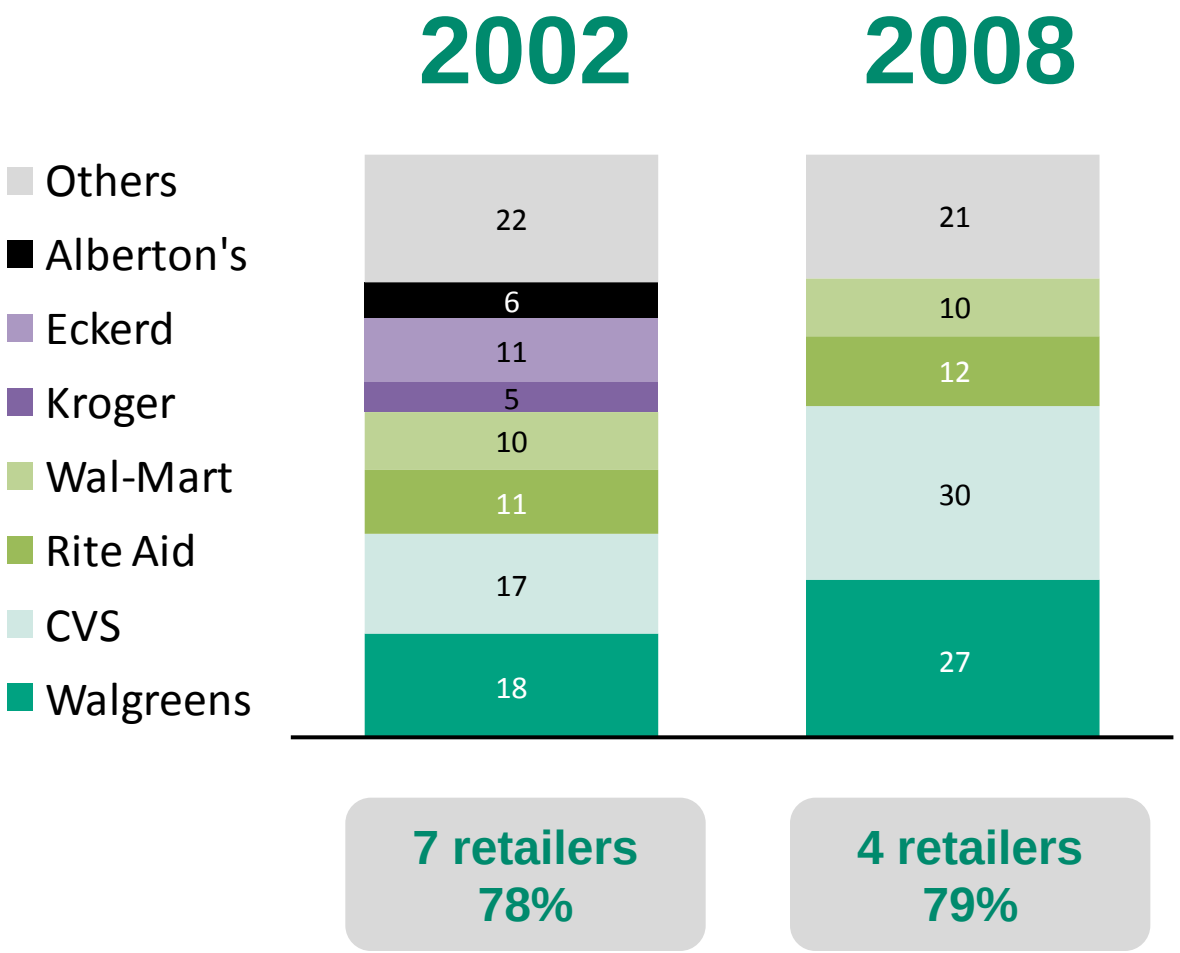




Customers are consolidating



Market share, %



Major mergers since 2006

CVS CAREMARK

Walgreens Happy Harry's

RITE AID ECKERD PHARMACY

CVS OscoDrug

Count on people who care.

Savon drugs

Our big-to-big value proposition



Broadest product line:
- All therapeutic areas
- Most valuable products

Capacity to delivery any order,
even the largest ones

Resources to co-invest:
- Revenue initiatives (e.g., packaging)
- Supply chain integration to save cost

Barr extends and accelerates 2012 strategy for North America



- **Increase Teva's market share in key markets**
- **Double our product portfolio**
- **Redefine customer service**
- **Biotechnology: Next growth wave in generics**
- **Innovative business**

- **Expands portfolio and pipeline leadership**
  - Widens gap versus next largest competitor
  - Broadens our portfolio (e.g., hormones, high-potency), accelerating us to our 2X goal
- **Strengthens our Big-to-Big value proposition**
  - Increases Supply Chain capacity *and* flexibility
  - Financial flexibility to invest in joint programs
  - Broadest product line
- **Doubles and diversifies our specialty business with Barr's strong Women's Health franchise**
  - Novel pharmaceuticals and devices
- **Significantly advances our efforts in Biogenerics**





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Eyal Desheh

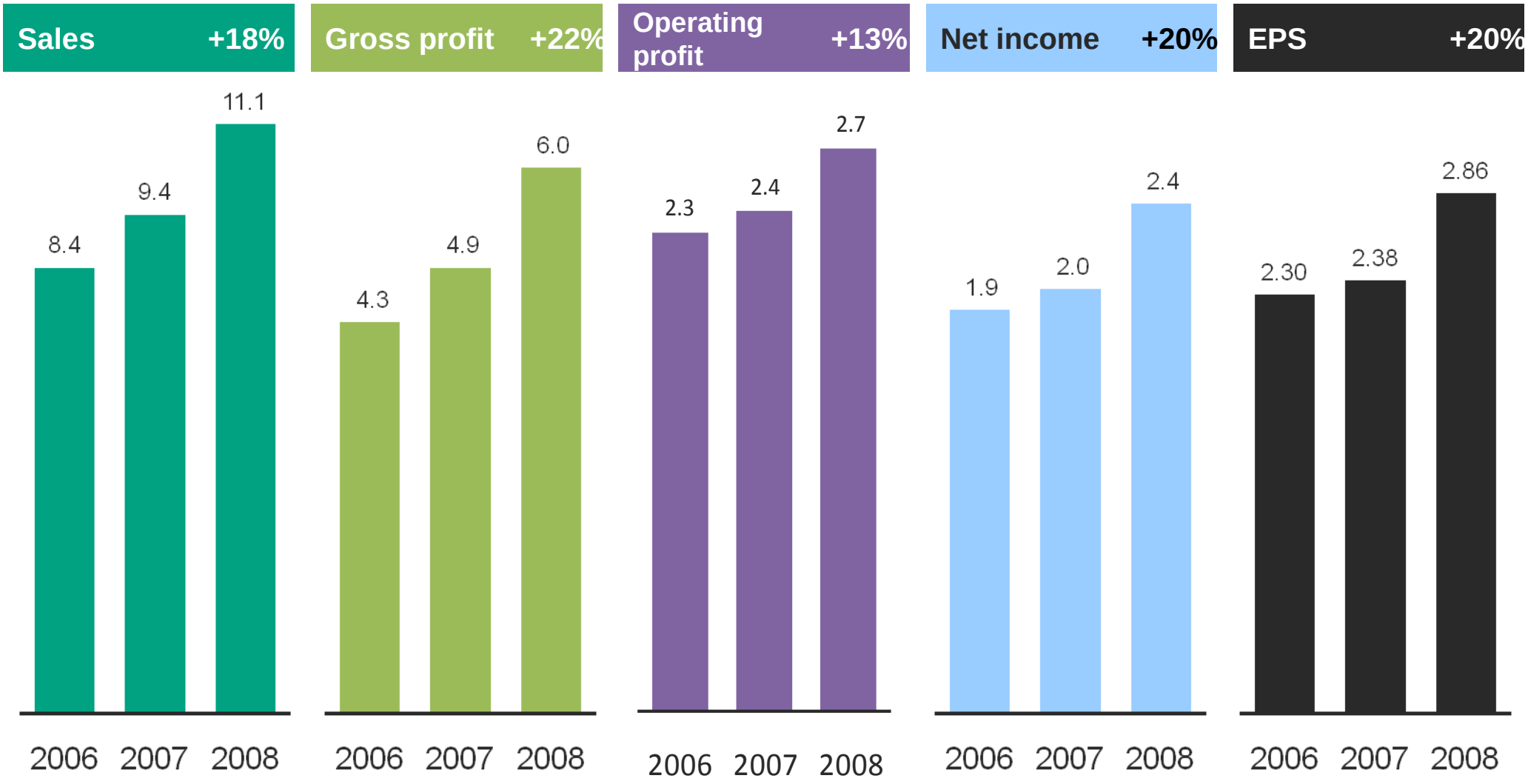
CFO

Teva Pharmaceutical Industries Ltd.

17 February 2009

Key figures

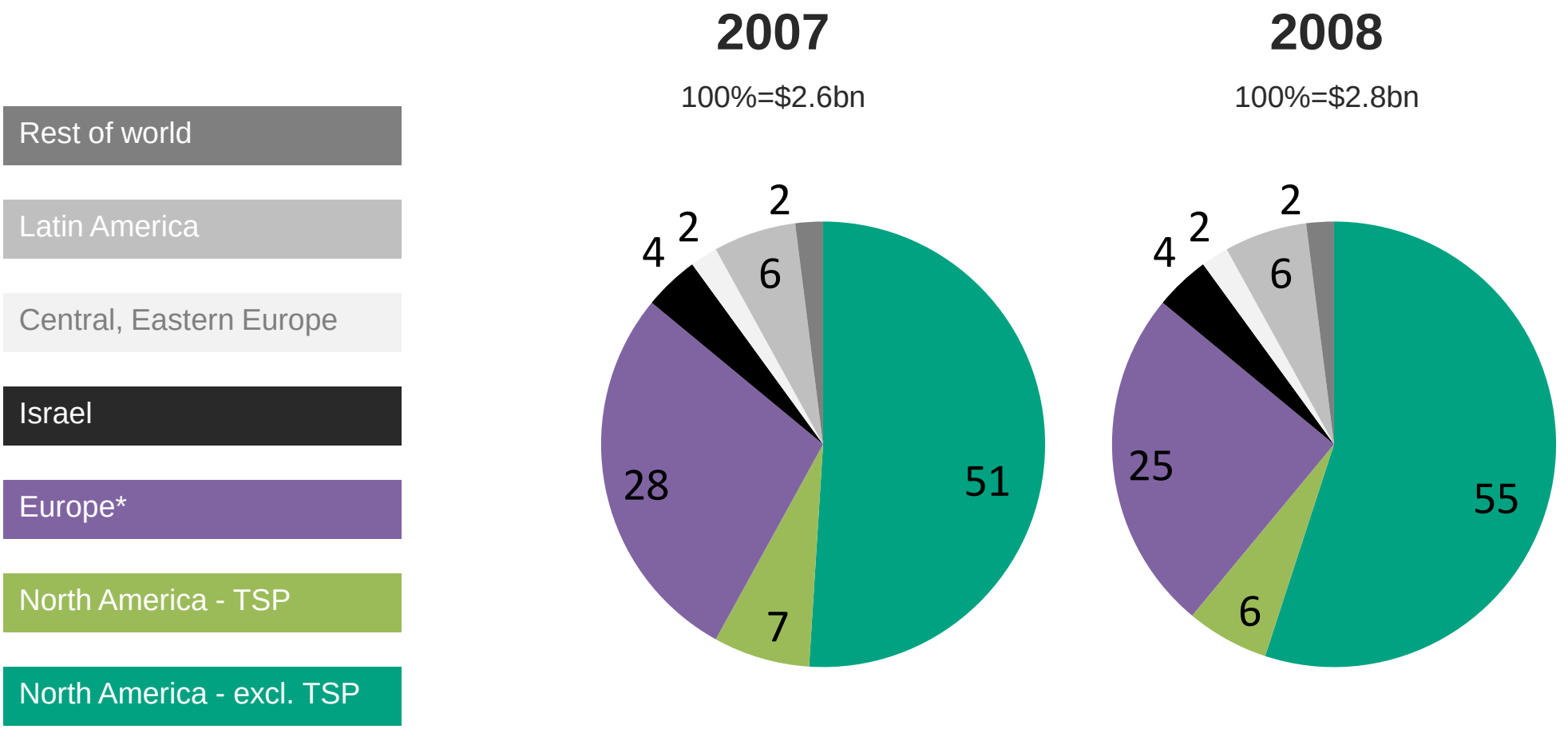
All figures $bn, except EPS, $



* Operating income, Net income and EPS are non GAAP results for 2006 and 2008

Q4 sales by region

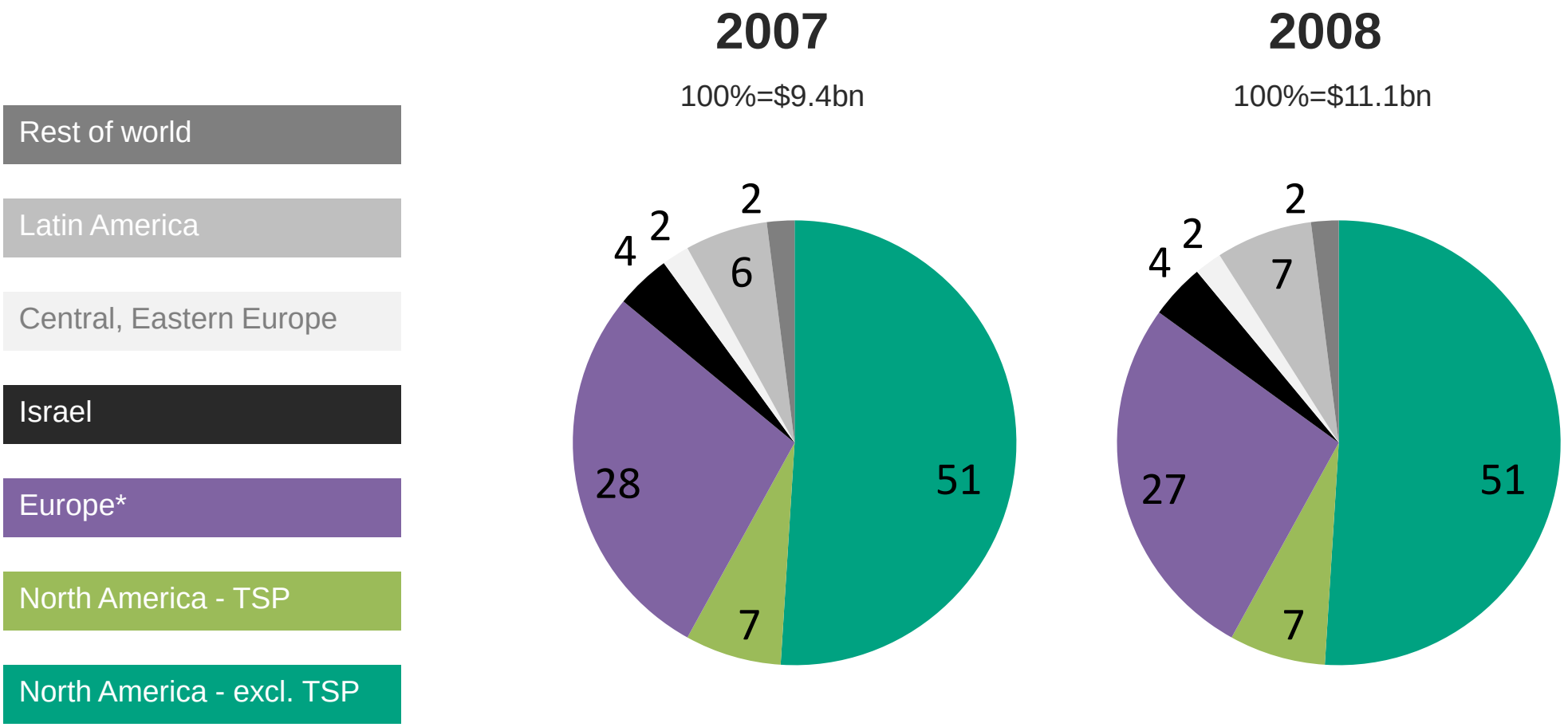
Percent



* EU members states, Norway and Switzerland

Full year sales by region

Percent



* EU members states, Norway and Switzerland

Foreign exchange rate effect – quarterly



$ million unless stated otherwise

	Q4 2008	Q4 2007	growth	FX effect	FX effect	real growth
Total sales	**2,848**	**2,576**	**+11%**	**-130**	**-5%**	**+16%**
Operating profit	**704**	**661**	**+7%**	**-28**	**-4%**	**+11%**
North America	1,652	1,435	+15%	-17	-1%	+16%
Europe	668	664	+1%	-88	-13%	+14%
International	382	337	+13%	-21	-6%	+19%
API	146	140	+4%	-7	-3%	+7%

Foreign exchange rate effect – full year

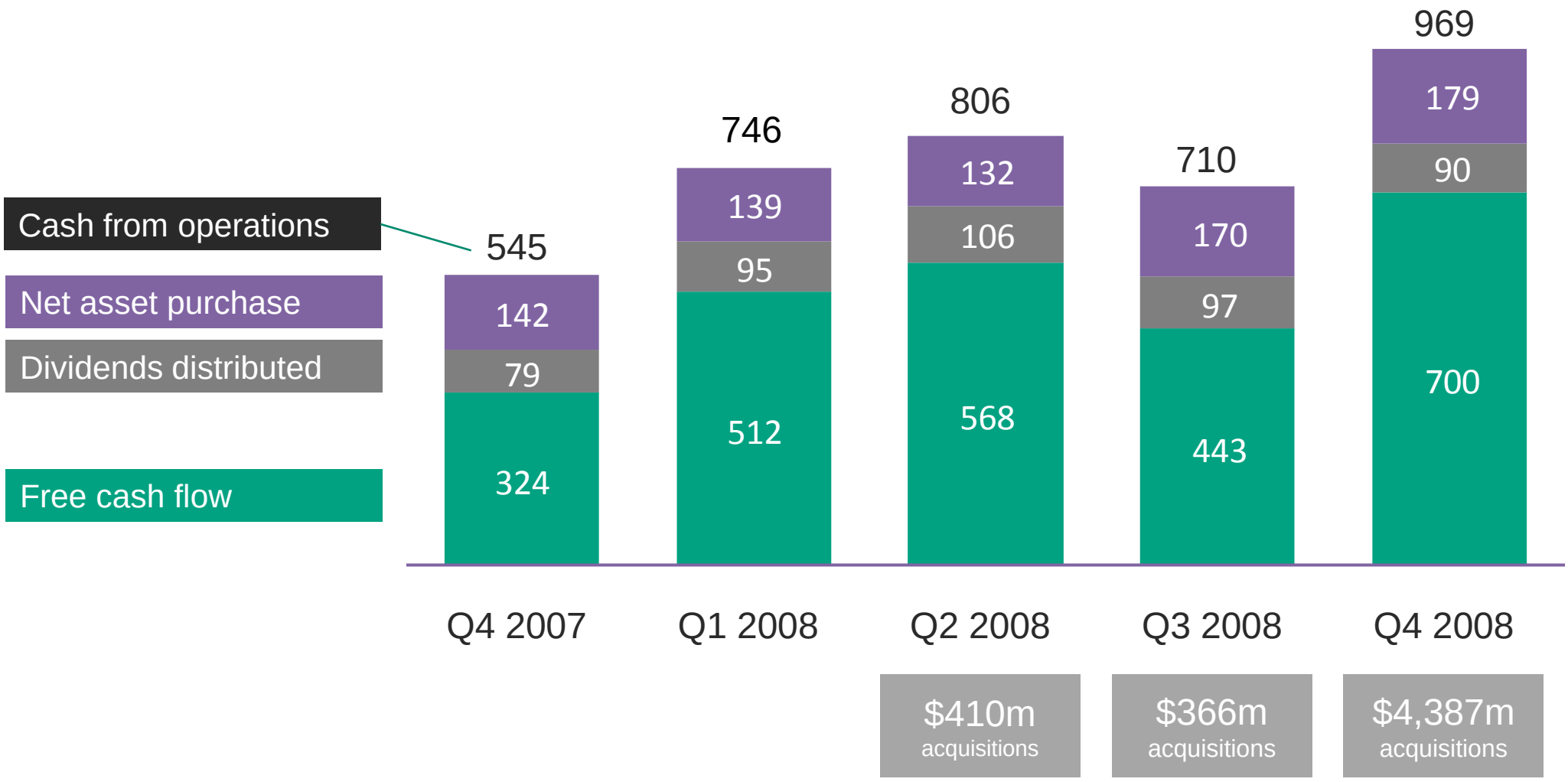


$ million unless stated otherwise

	2008	2007	growth	FX effect	FX effect	real growth
Total sales	**11,085**	**9,408**	**+18%**	**+227**	**2%**	**+15%**
Operating profit	**2,675**	**2,395**	**12%**	**-65**	**-3%**	**14%**
North America	6,139	5,162	+19%	+7	0%	+19%
Europe	2,782	2,462	+13%	+146	+6%	+7%
International	1,561	1,223	+28%	+60	+5%	+23%
API	603	561	+7%	+14	+3%	+5%

Cash generation





Balance sheet



$ bn

ASSETS

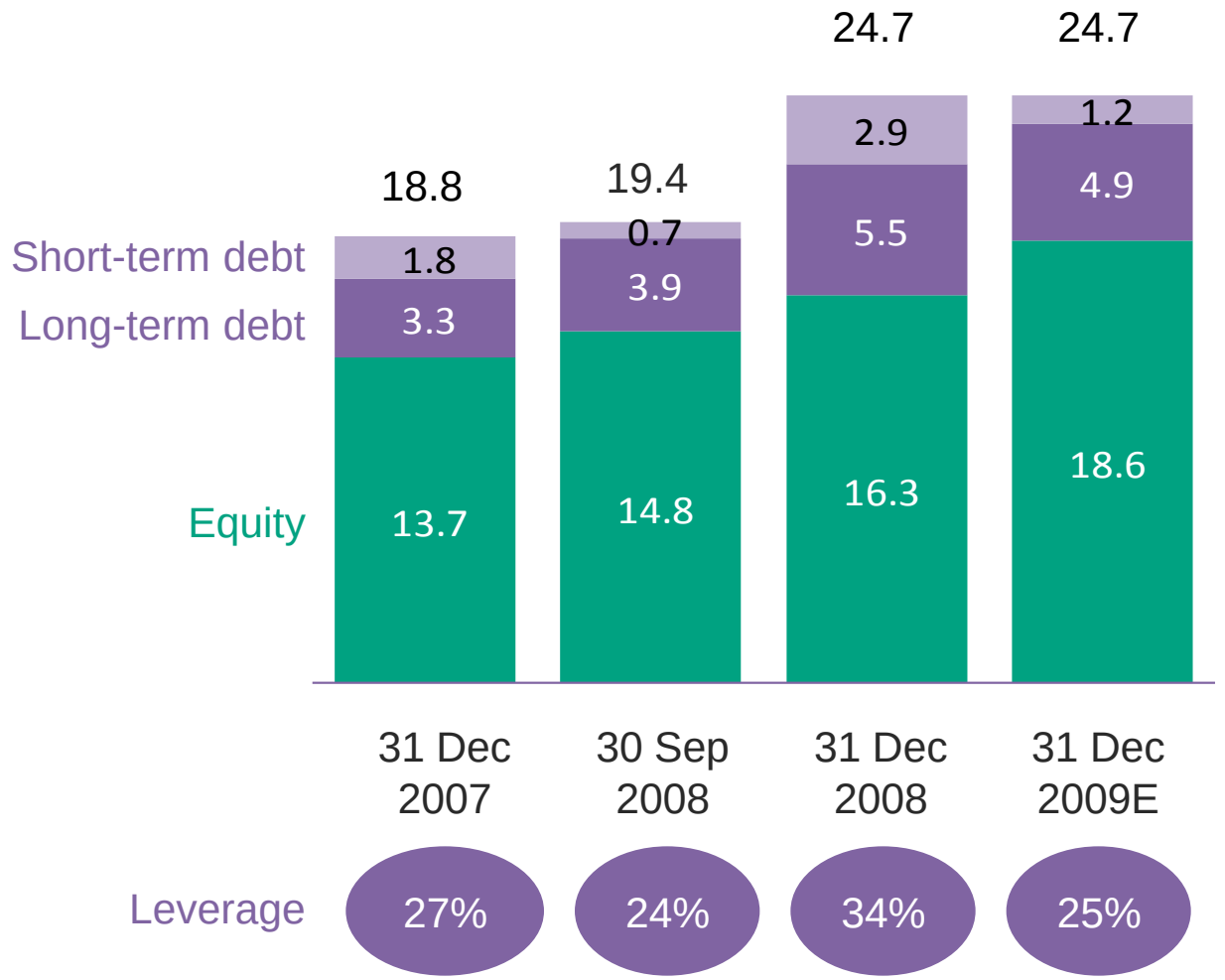
	31/12/2007	31/12/2008
Cash and investments	2.9	1.9
Inventory, receivables	6.0	8.1
Other short-term assets	1.0	1.5
Short-term assets	**9.9**	**11.5**
Long-term investments	0.6	0.4
Net fixed assets	2.5	3.7
Other long-term assets	10.4	17.3
Long-term assets	**13.6**	**21.4**
Total assets	**23.4**	**32.9**

LIABILITIES

	31/12/2007	31/12/2008
Short-term debt	1.8	2.3
Convertible debentures	1.4	0.6
Other short-term liab.	2.1	5.6
Short-term liabilities	**5.4**	**8.5**
Long-term debt	**4.3**	**8.1**
Equity	13.8	**16.3**
Total liabilities	23.4	**32.9**

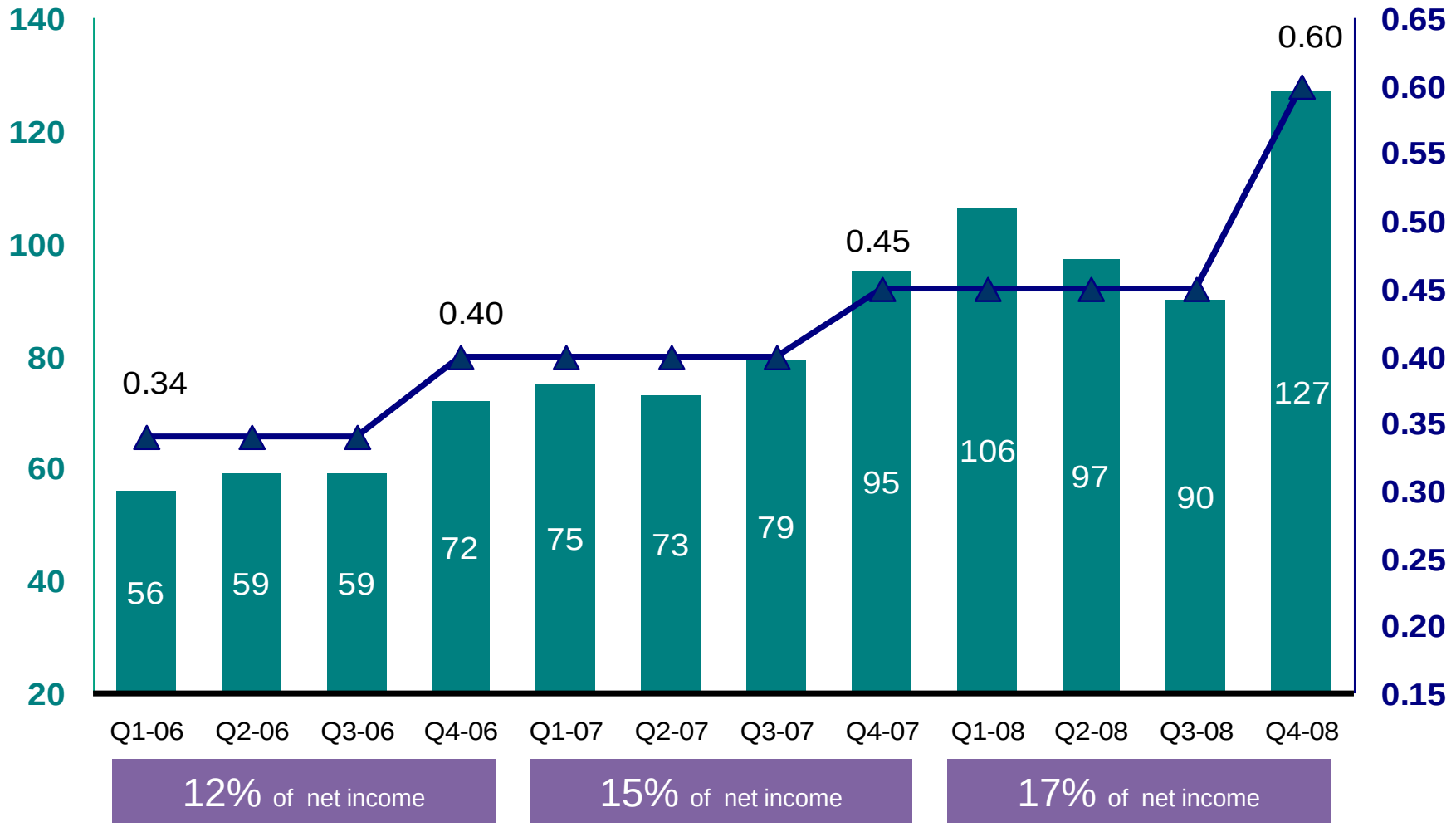
Leverage	**27%**	**34%**

Leverage – back to where we started!



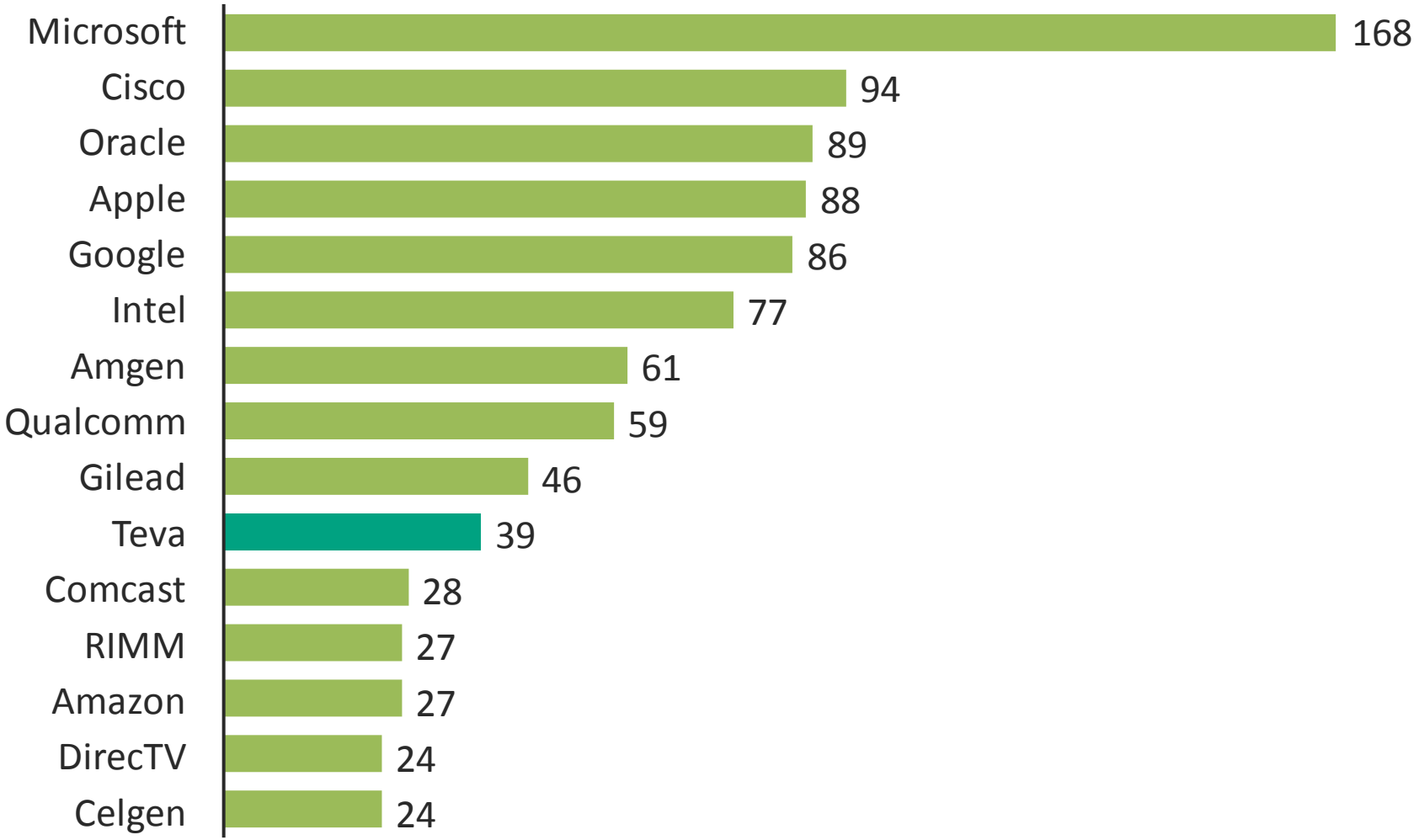
Dividend – 33% increase





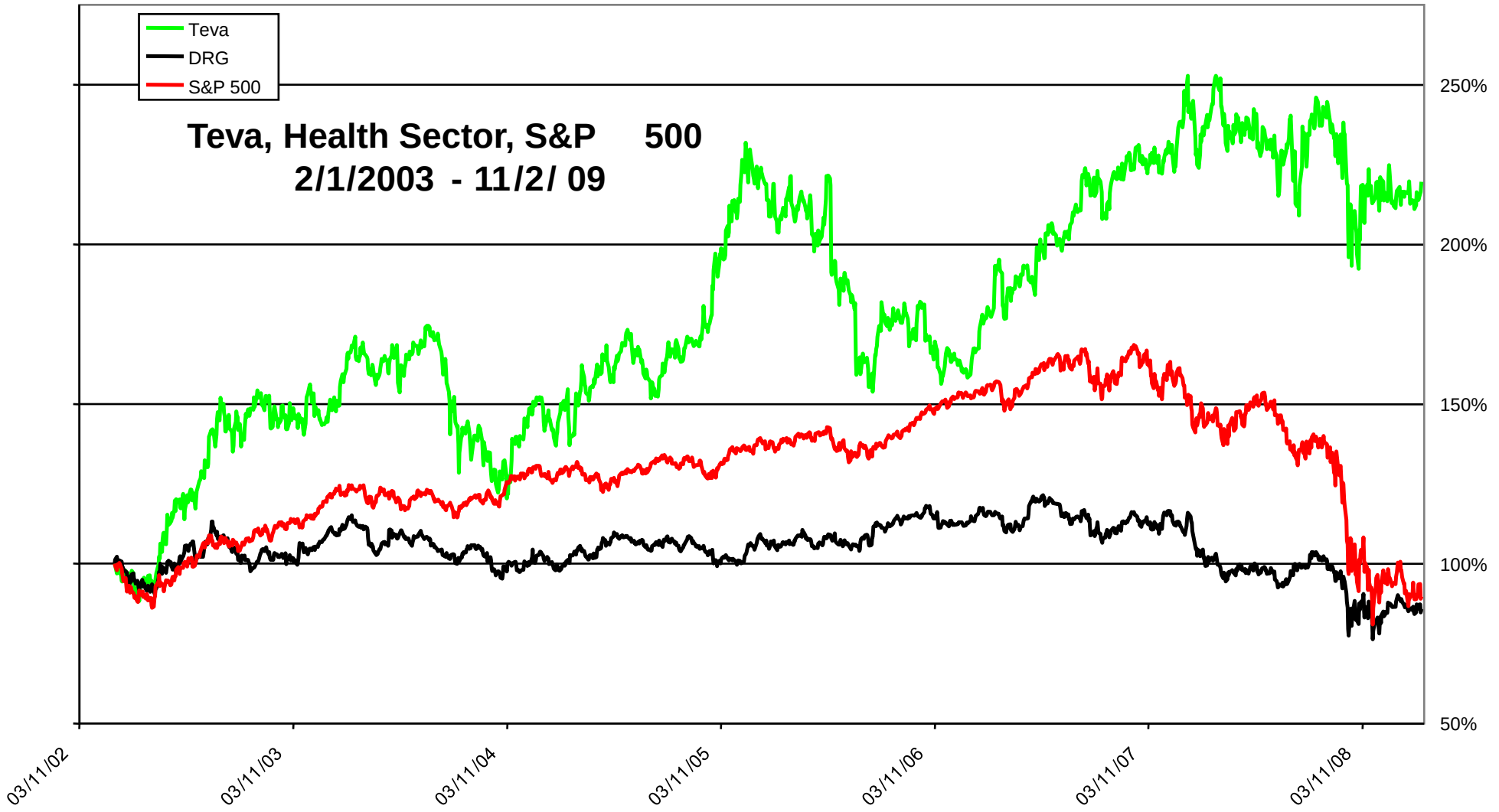
Number 10 on NASDAQ

Market capitalization, $ bn, 13 February 2009



Outperforming peers and broader U.S. stock market





Summary



- A very strong ending to a better then forecasted year
- Foreign exchange impact:
  - Sales for the year up, for the quarter down
  - Reduced operating profit
- Very strong cash generation
- Low effective tax rate
- Solid balance sheet, better than planned leverage
- Increased dividend by 33%
- And last but not least – a very active year on all strategic fronts (Barr, Bentley, CoGenesys, Kowa JV, Lonza JV, divestitures)