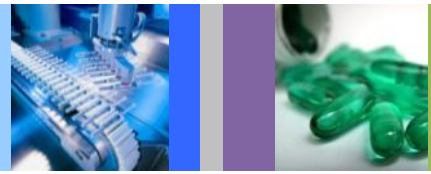




Strategy Review 2010-2015

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.





Strategy Review 2010-2015

Shlomo Yanai

President & CEO

January 7th 2010

Targets for **2015**



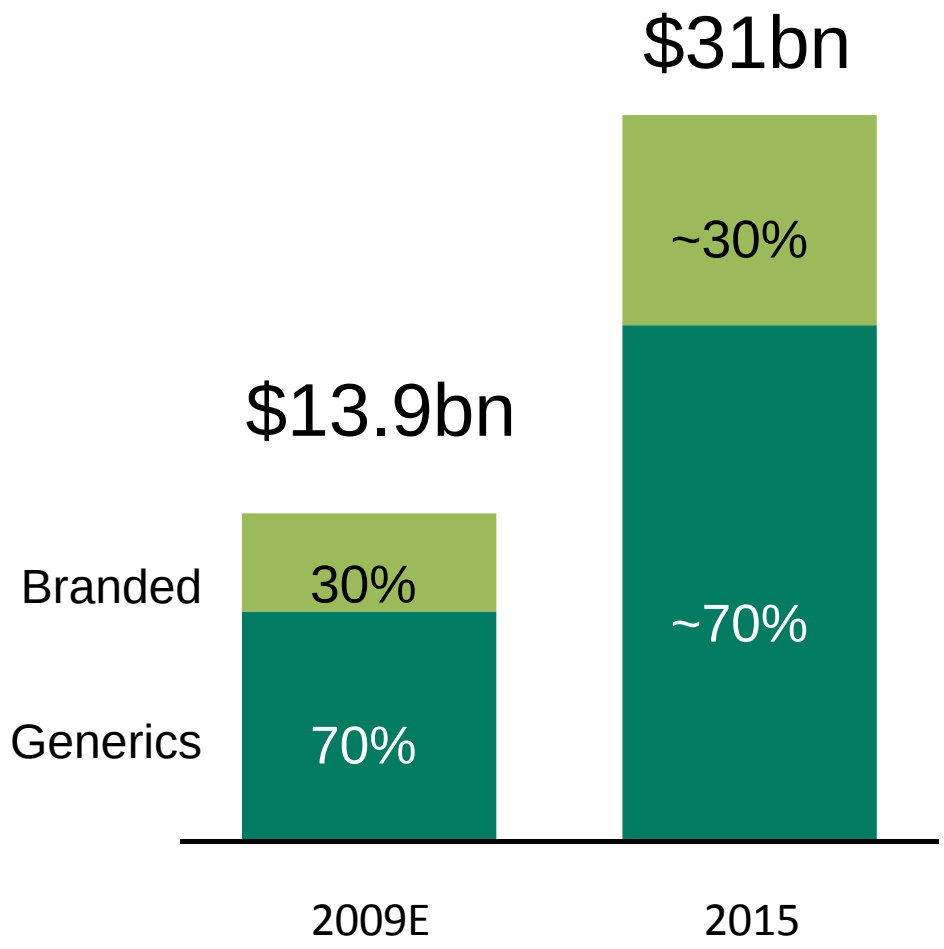
Revenues	**$31 bn**
Net income	**$6.8 bn**
Net profitability	**22%**

Growth through market share

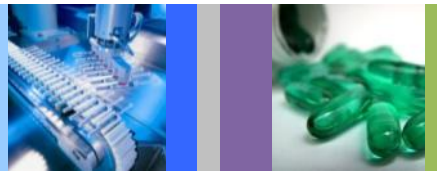


	2015 sales targets	2009-2015 CAGR
North America	$15bn	9.5%
Europe	$9bn	18.6%
International	$7bn	23.2%
Total	**$31bn**	14.3%

Maintaining Teva's mix of generics & branded

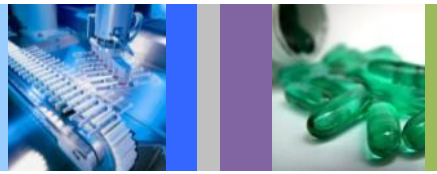


Two major topics



GENERICS GROWTH

COPAXONE & TEVA'S BRANDED BUSINESS



GENERICS GROWTH

COPAXONE & TEVA'S BRANDED BUSINESS

The external environment





Demand

- Demographic shifts and emerging market growth
- **Global generics ~$75b in 2007 to ~$120b in 2012**

Payors

- Decision-making shifting to payors
- **Growing pressure to lower costs**

Harmonization & Consolidation

- Global standards, common products, and global economies of scale create a few global leaders
- **Big-to-big opportunities**

Macro conditions are in Teva's favor

FROM OUR 2008 STRATEGY REVIEW

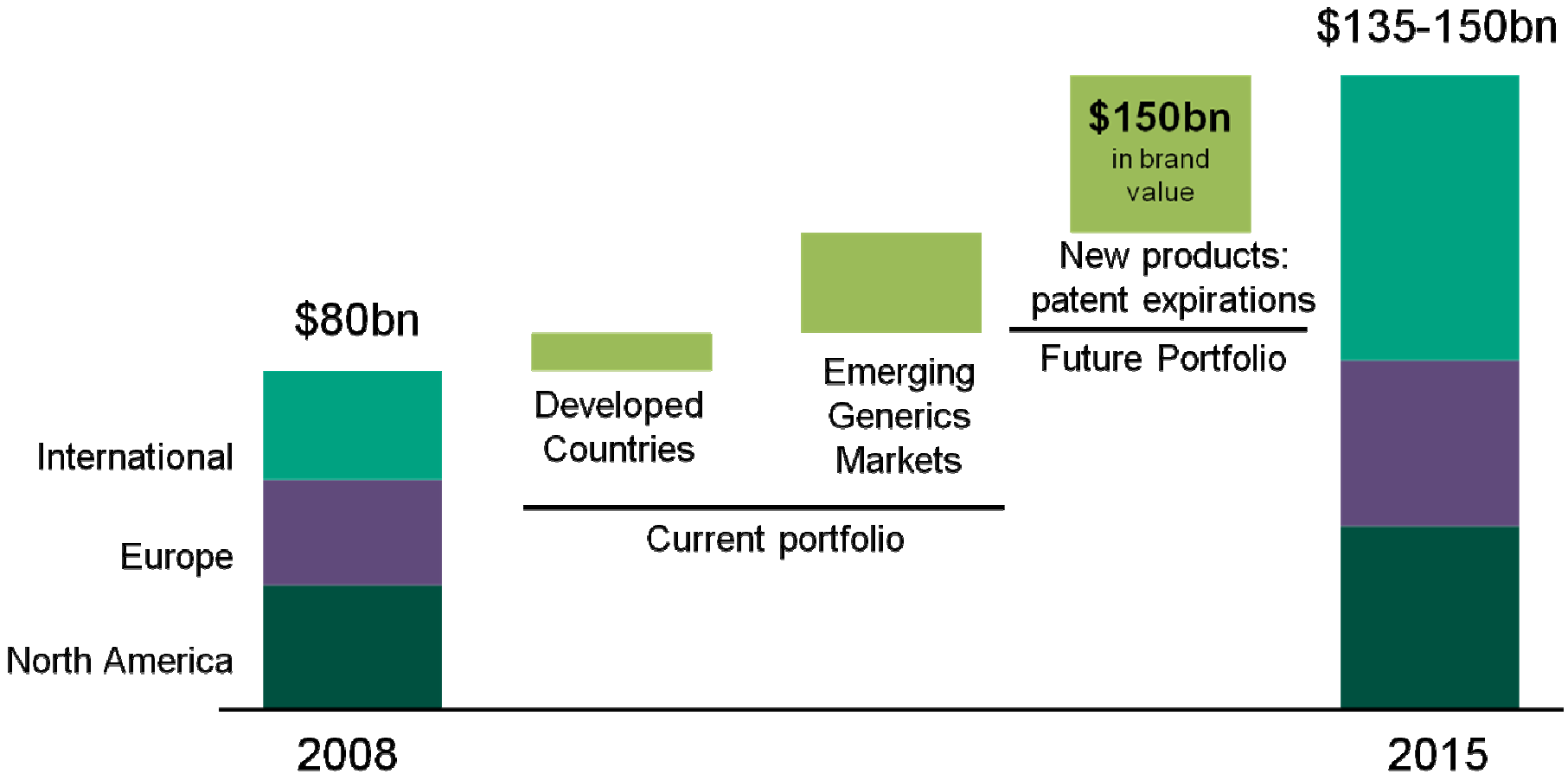
Is there still room to grow in generics? YES!



$135-150 bn in 2015

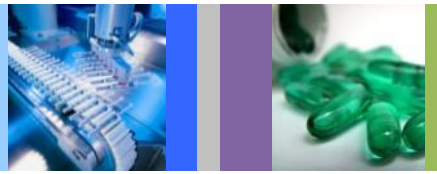
GROWTH	GROWTH	GROWTH	GROWTH
Increasing opportunities in **emerging generics markets**	People living **longer** and consuming **more** drugs	Healthcare **reforms** and cost saving initiatives	$150bn of brands going **off-patent** in the next 5 years

Growing demand for generics



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

Governments playing a greater role



Focus on **quality**

US healthcare reform

Initiatives in many EU/international markets

Increased **access**

Increased pace of **Gx penetration**

Higher **volume**

(outpacing potential pricing pressure)

Consolidation continues and intensifies



Acquisitions – Teva's approach



Acquisitions & licensing

Market share in attractive geographies

Niche specialty products

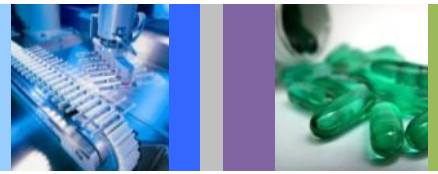
Strict criteria

Strategic fit

Compelling economics

Accretive within one year

Teva's competitive advantages



- Broadest portfolio
- Largest pipeline
- API leadership
- Global footprint

Scale & leadership

Competitive approach

- Commitment to global generics leadership
- Strategic relationships with customers
- Commercial innovation

TEVA

- R&D, legal, regulatory expertise
- Low-cost production
- Service excellence
- Proven M&A track record

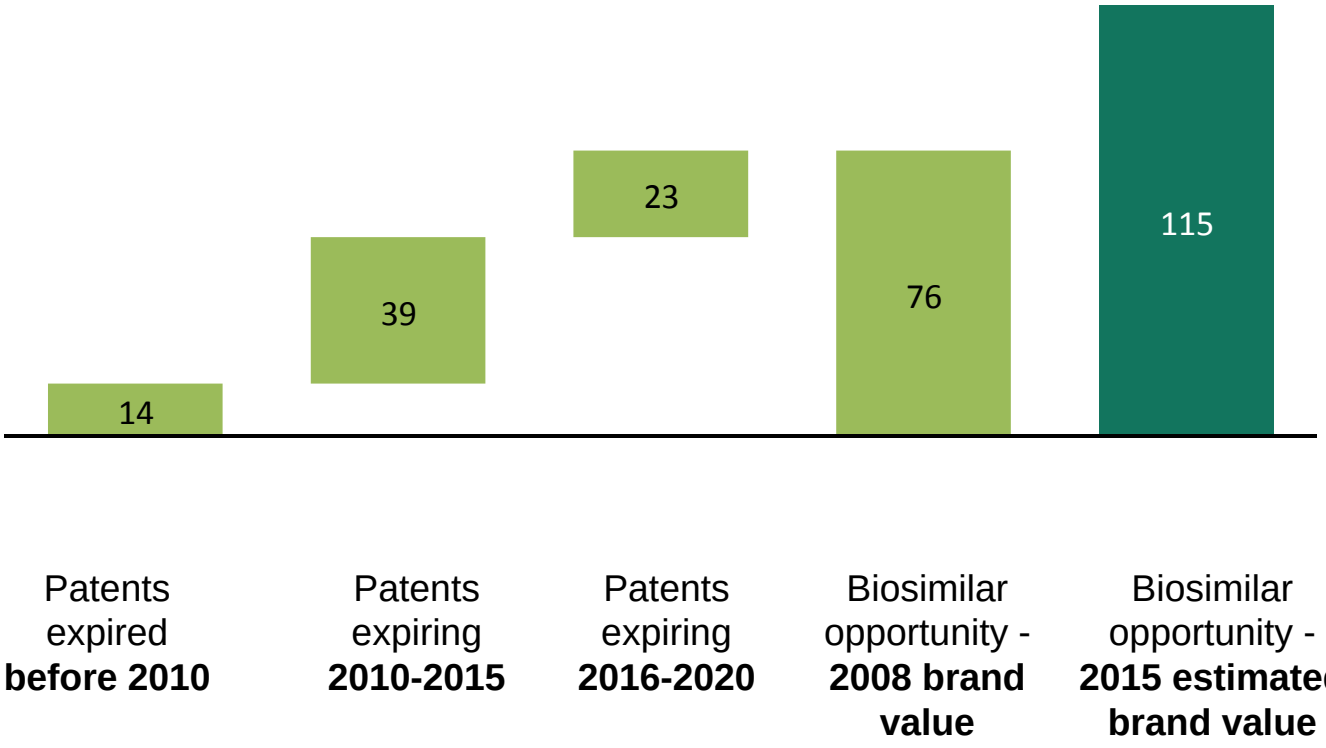
Execution excellence

Culture

- Lean & Agile
- Fast & responsive
- Proactive
- Willing to challenge

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





GENERICS GROWTH

COPAXONE & TEVA'S BRANDED BUSINESS

Copaxone®



- #1 global MS therapy
- Complex product – R&D & manufacturing
- Likely to require comprehensive clinical trials

Teva Branded – multifaceted approach & expertise

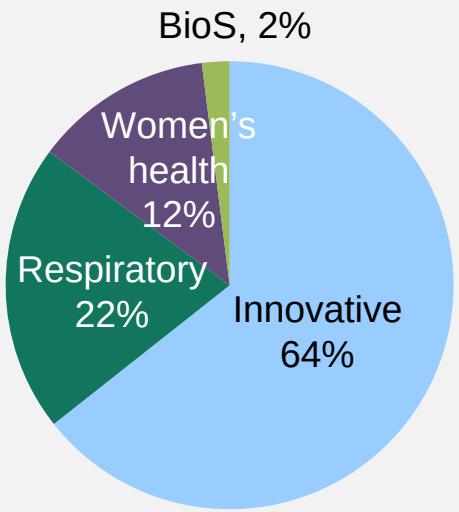


Teva Branded – multifaceted approach & expertise

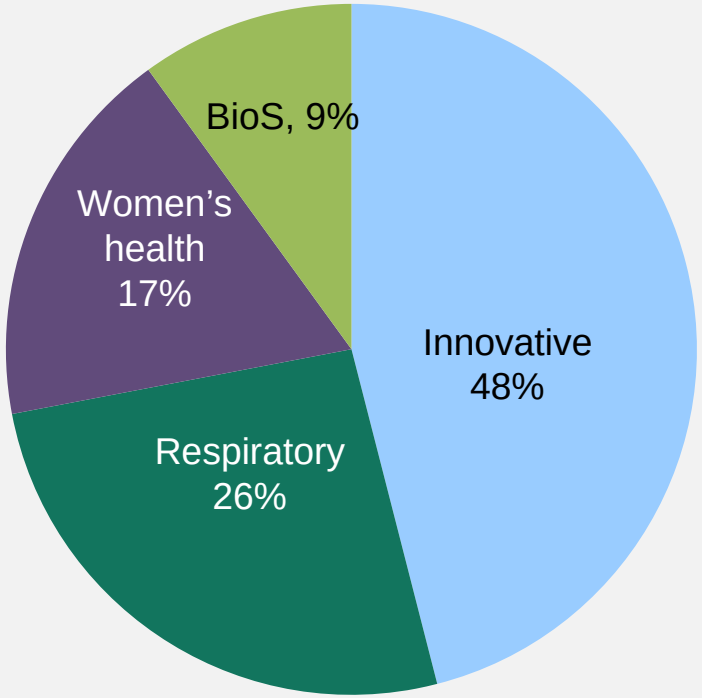


Balance within our branded business

Sales 2009E = $4.2 bn

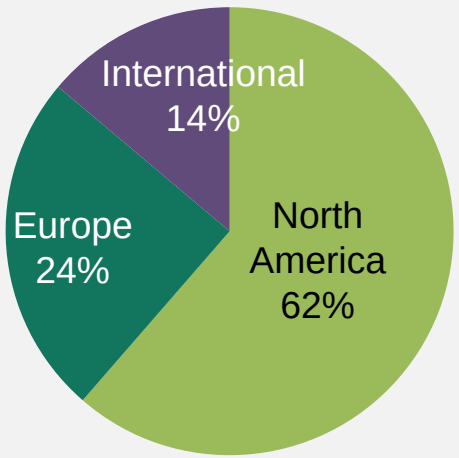


Sales 2015 = $9.2 bn

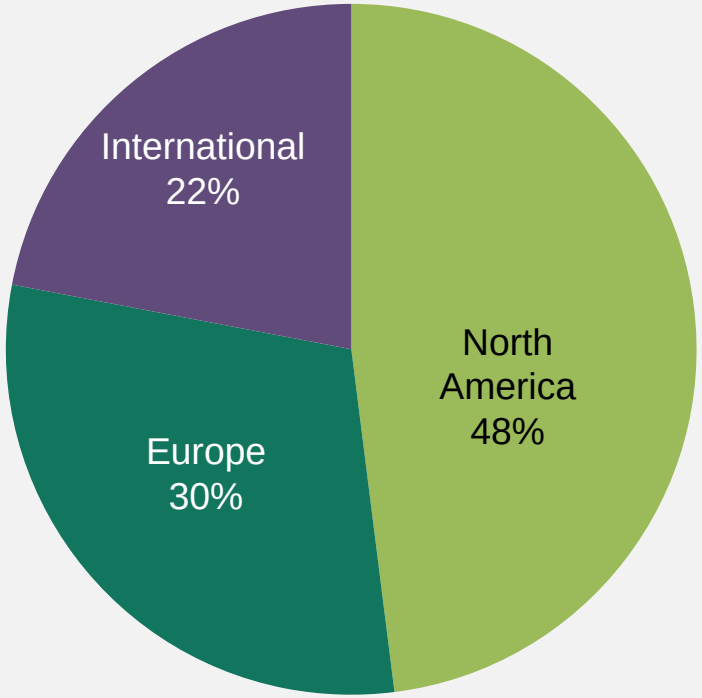


Balance through geographical spread

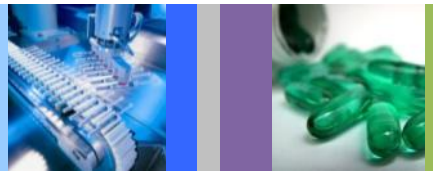
Sales 2009E = $13.9 bn

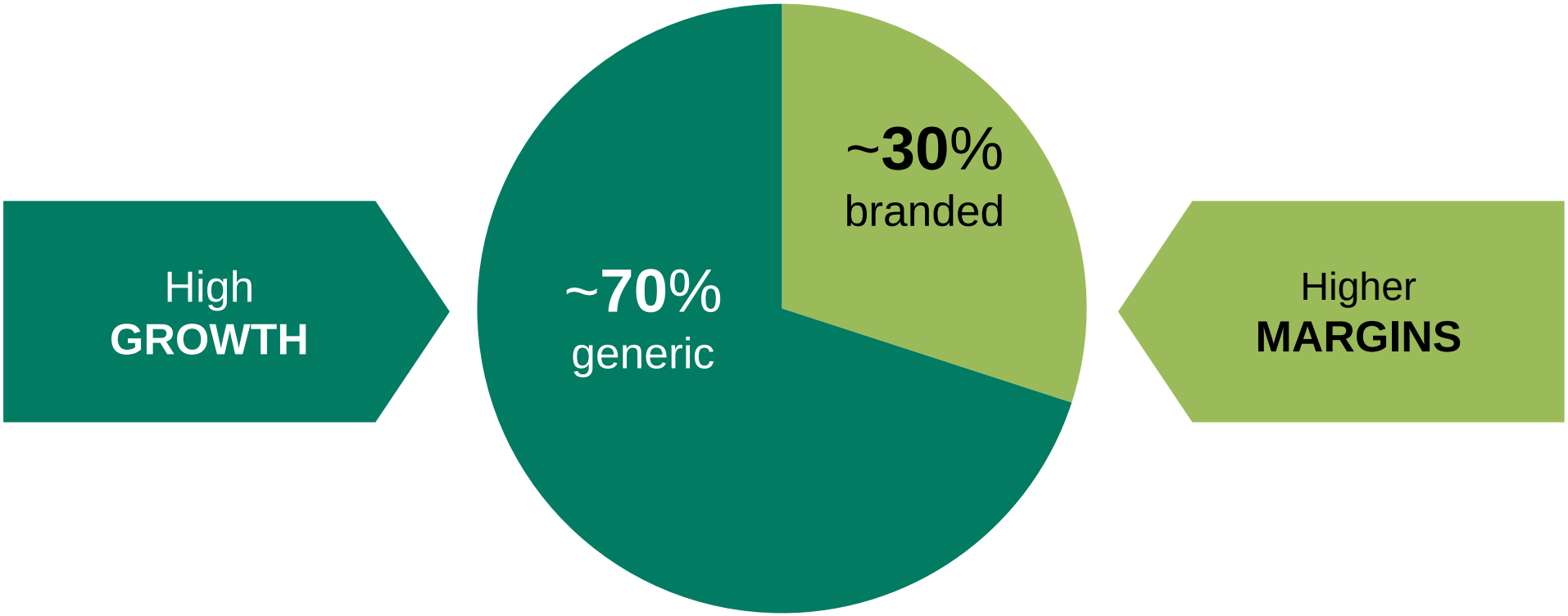


Sales 2015 = $31 bn



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





Diversity across: BUSINESS UNITS, PRODUCTS, GEOGRAPHIES

Teva 2010-2015: value creation



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





Strategy Review 2010-2015 – Innovative and Specialty

William S. Marth

President & CEO, Teva North America

January 7th 2010

Teva innovative and specialty business



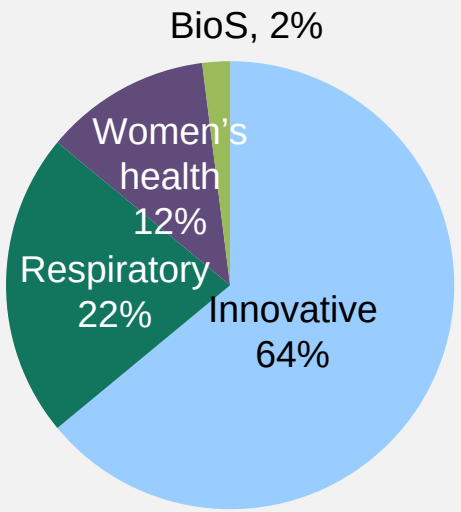
We will continue to succeed by keeping focus on therapeutic niches, where we can leverage existing business or create new opportunities

We leverage our “lean pharma” operating model, heritage and unique culture whenever possible

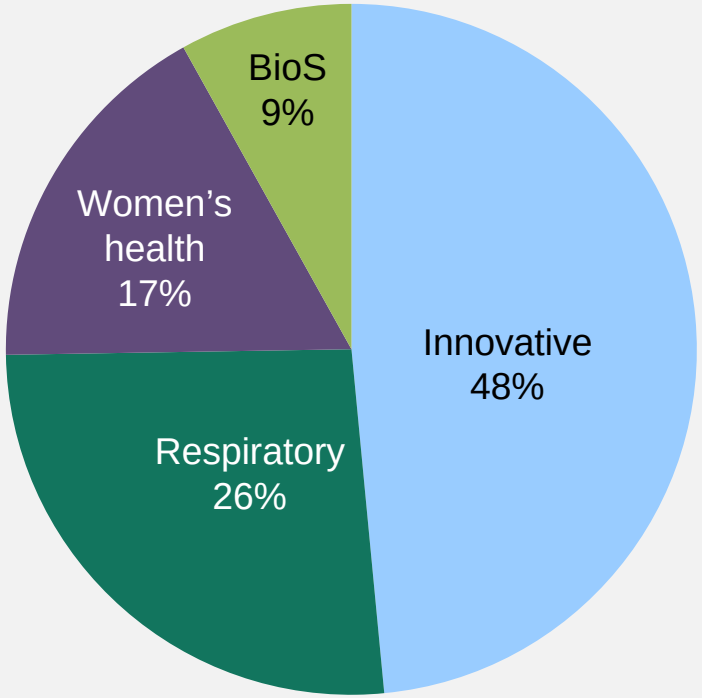
The innovative and specialty business is a key contributor to Teva’s sustainable and balanced business model

Growth and balance within our branded business

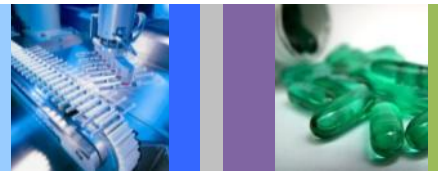
Sales 2009E = $4.2 bn



Sales 2015 = $9.2 bn



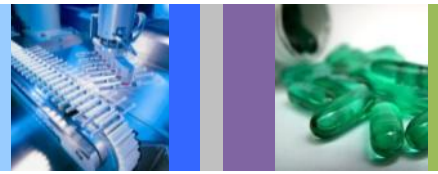
Evolution of Copaxone®



Commitment to improve Copaxone® through continuous innovation

- Expanding indication to treat early-stage MS symptoms
- Thin (29-gauge) needle
- Phase IIIb trial (“SONG”) of new formulation (20mg/0.5ml) to evaluate improvement in injection pain and tolerability
- Evaluating less frequent dosing schedule through clinical development (“GALA”)

Evolution of Copaxone®

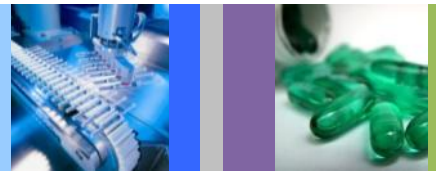


Continued growth	• Clear RRMS gold standard therapy • Unsurpassed efficacy with superior safety and tolerability • Continued expansion of dosage regimen • Multiple patents protecting product until 2014
Pure generic unlikely	• Very difficult product to characterize • Proprietary injection device • Generic equivalence difficult to establish without clinical trial
Limited competition	• Large patient support infrastructure required • Detailing sales force necessary in likely case of product registered under NDA • Slow penetration due to reluctance to switch existing patients in long term therapy

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)





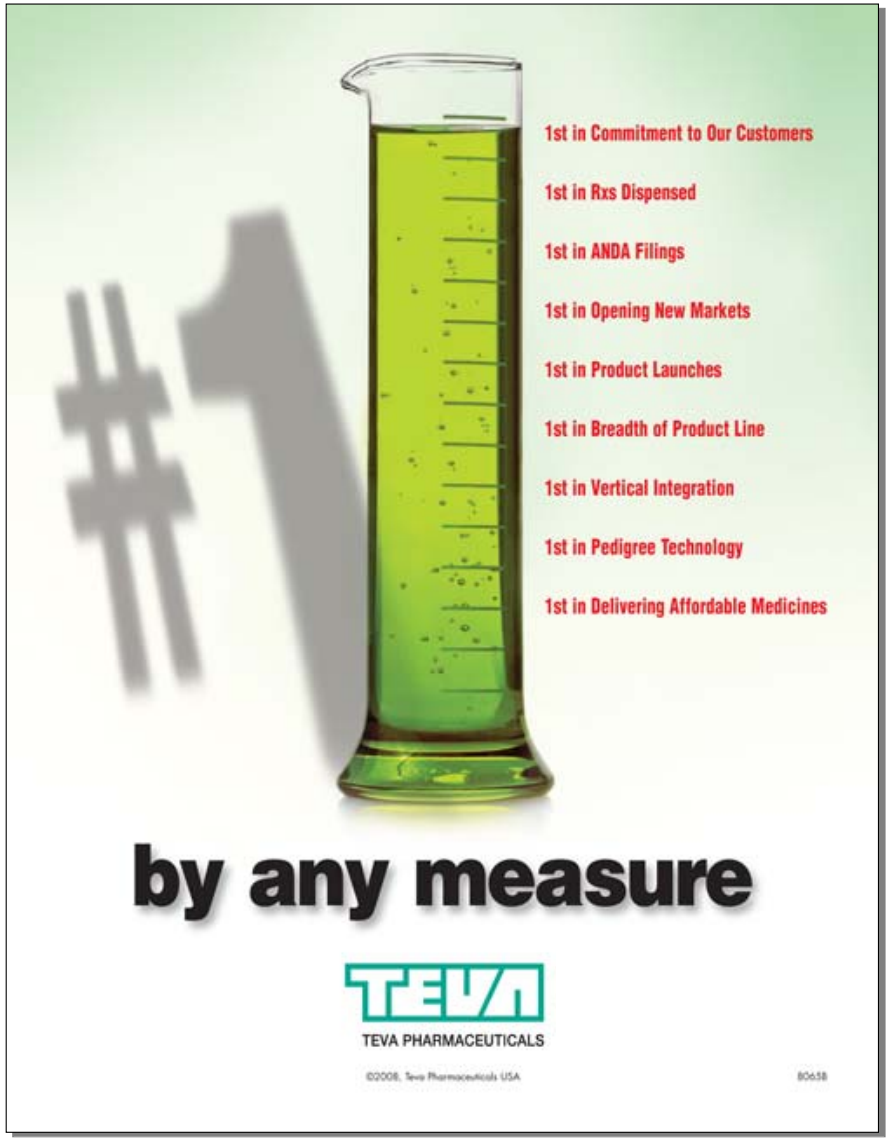
Strategy Review 2010-2015 – US Generics

William S. Marth

President & CEO, Teva North America

January 7th 2010

#1 by any measure



Leadership in the U.S. Pharmaceutical Industry

(000's)	Total Rx*	% Share
1 Teva	626,614	16.4
2 Mylan	331,807	8.7
3 Novartis	237,381	6.2
4 Watson	220,933	5.8
5 Pfizer	215,871	5.6
6 Apotex	107,384	2.8
7 Qualitest	95,968	2.5
8 Mallinckrodt	92,749	2.4
9 AstraZeneca	92,551	2.4
10 Lupin	86,611	2.3

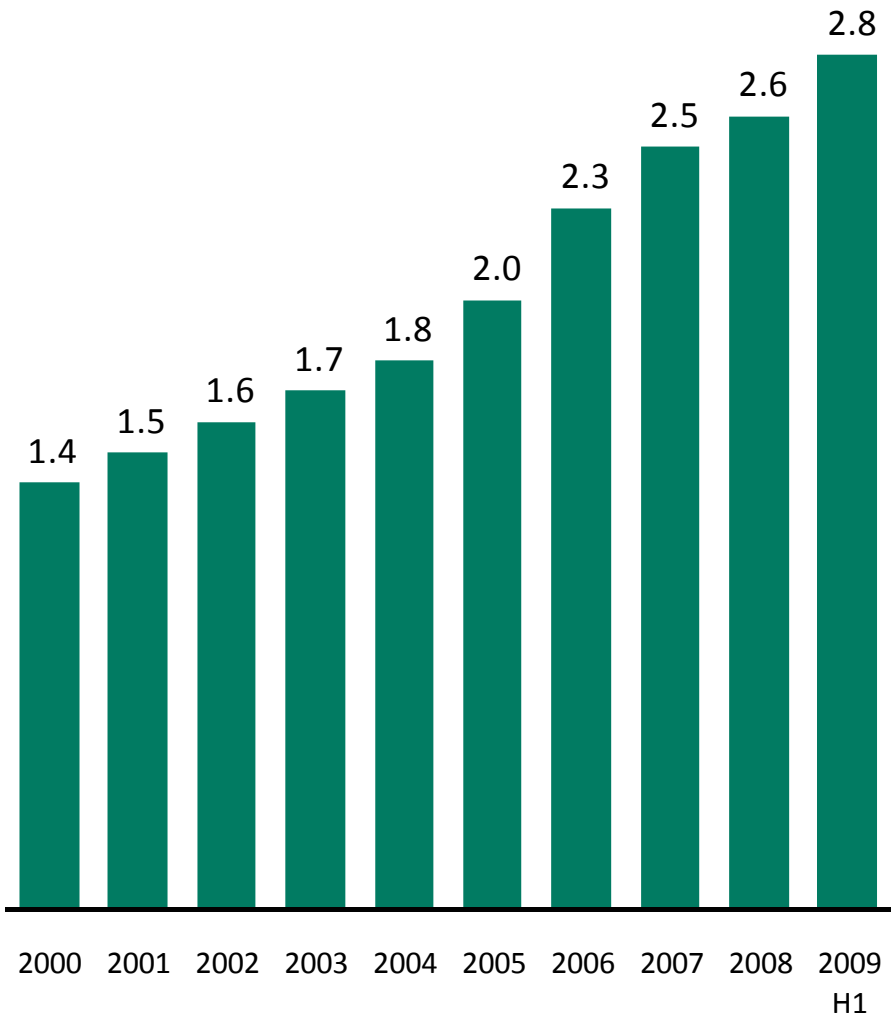
*12 months ended September 2009

- In MAT 3Q09, Teva continues to maintain its TRx and NRx market share lead within the industry
- Highest market share in the industry, with 16.4%, the next closest competitor (Mylan) at 8.7%.
- Teva continues to widen the gap between the competitors, growing from an 11.9% share in 2Q2007 to a 16.4% share in 3Q2009

Source: IMS Health September 2009 NPA

Market growth still healthy

US Generics Market
Rx volume, bn

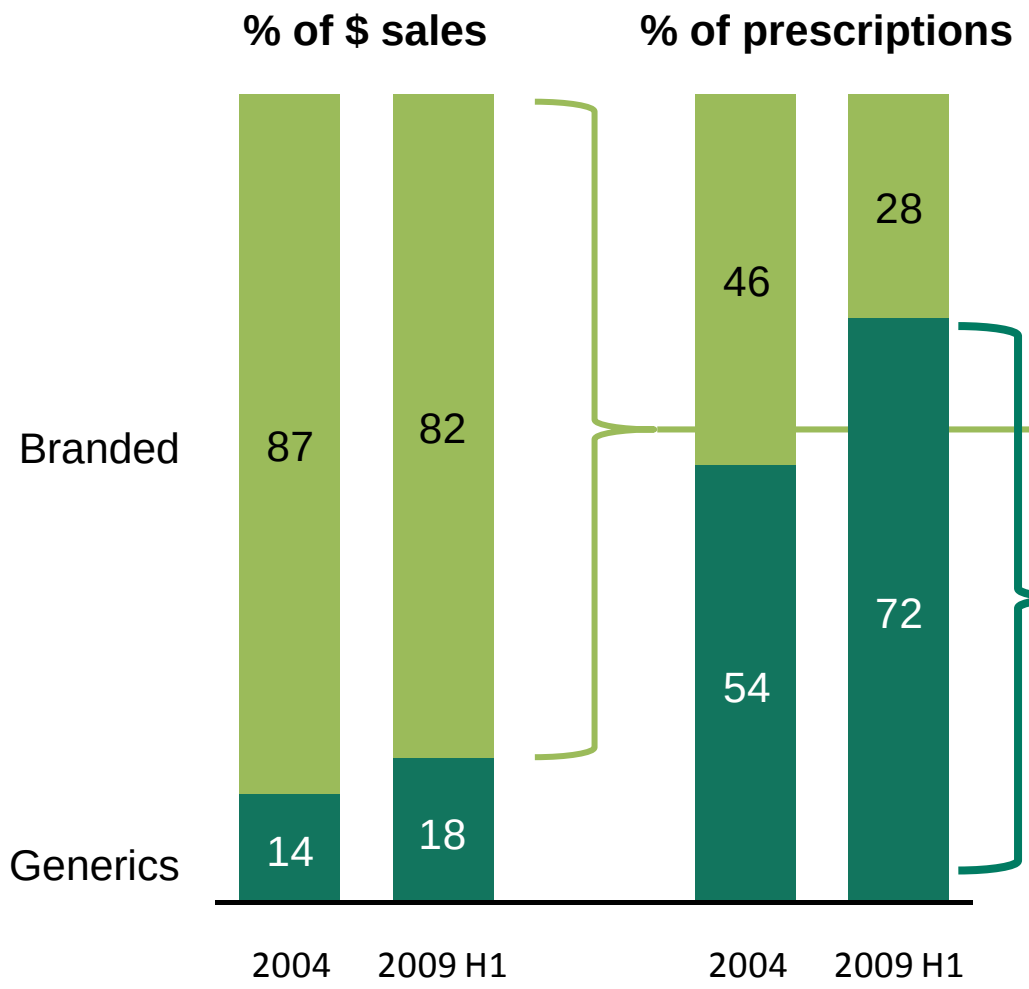


6.5% Growth

Source: IMS Health, National Prescription Audit, Dec. 2008, Branded generics disaggregated

Creating value from a maturing market

U.S. data



- PIV FTF
- Complex delivery
- Device combinations
- Biologics

Significant value remains in the pipeline with sustainable value

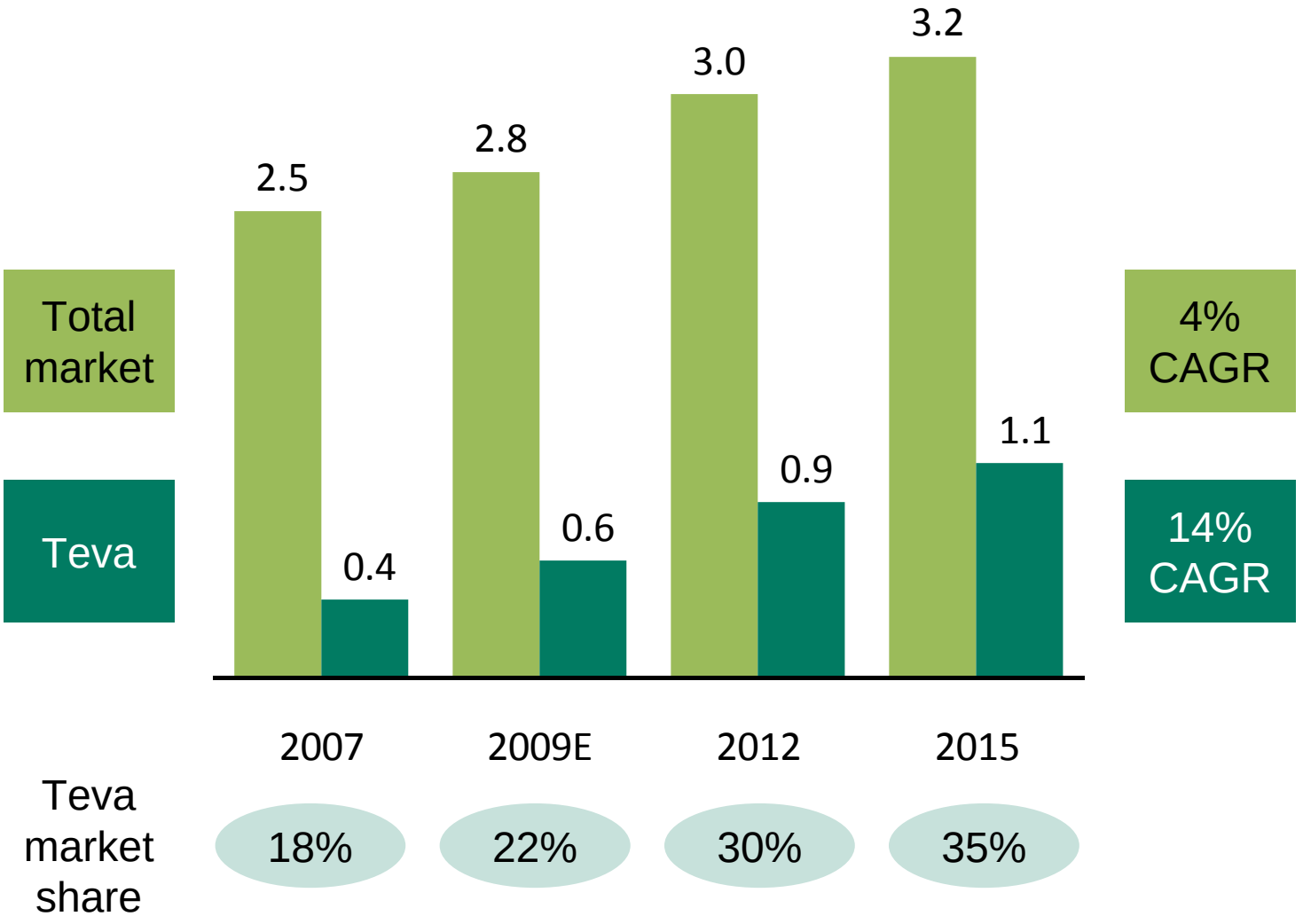
More value from the in-line portfolio

- Life cycle management
  - Price yield
  - Cost structure
  - Market share gains
- Customer engagement

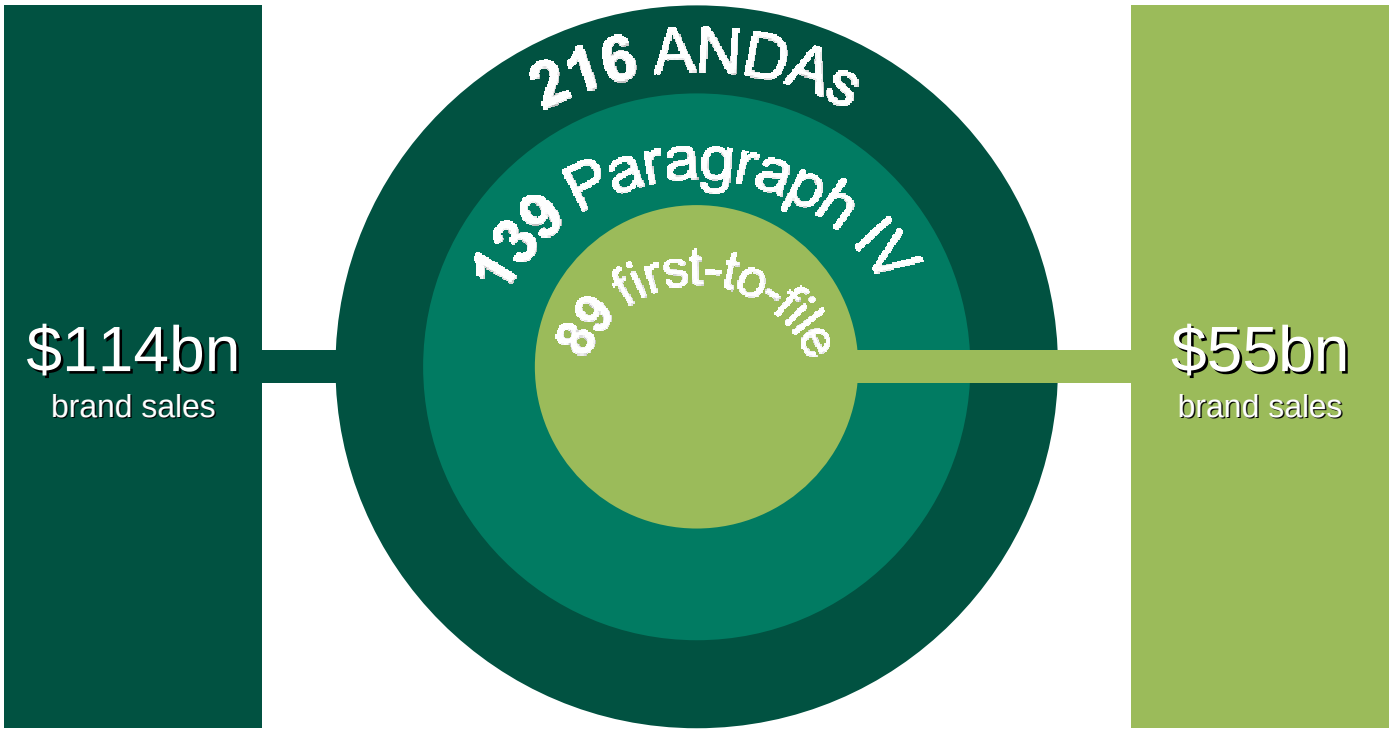
Source: IMS health, National Sales Perspectives, National Prescription Audit, June 2009, branded generics disaggregated

Extending U.S. leadership to 35% market share

Number of GGx prescriptions, bn



How we will get there: pipeline

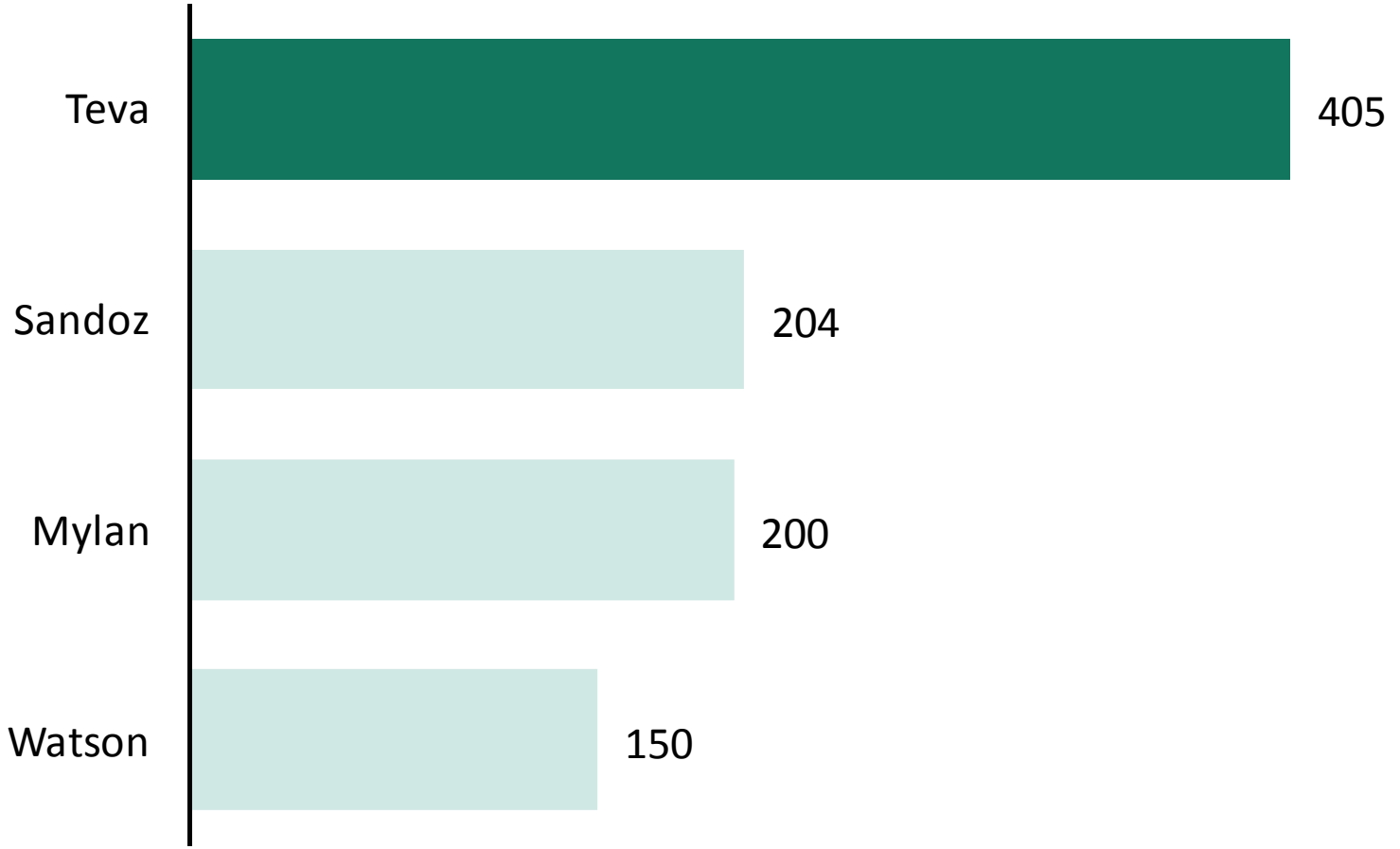


Teva's scale provides unparalleled leverage

- **$500m** R&D investment
- **1,000+** R&D staff
- Breadth of plants and technology

Teva has the broadest product portfolio

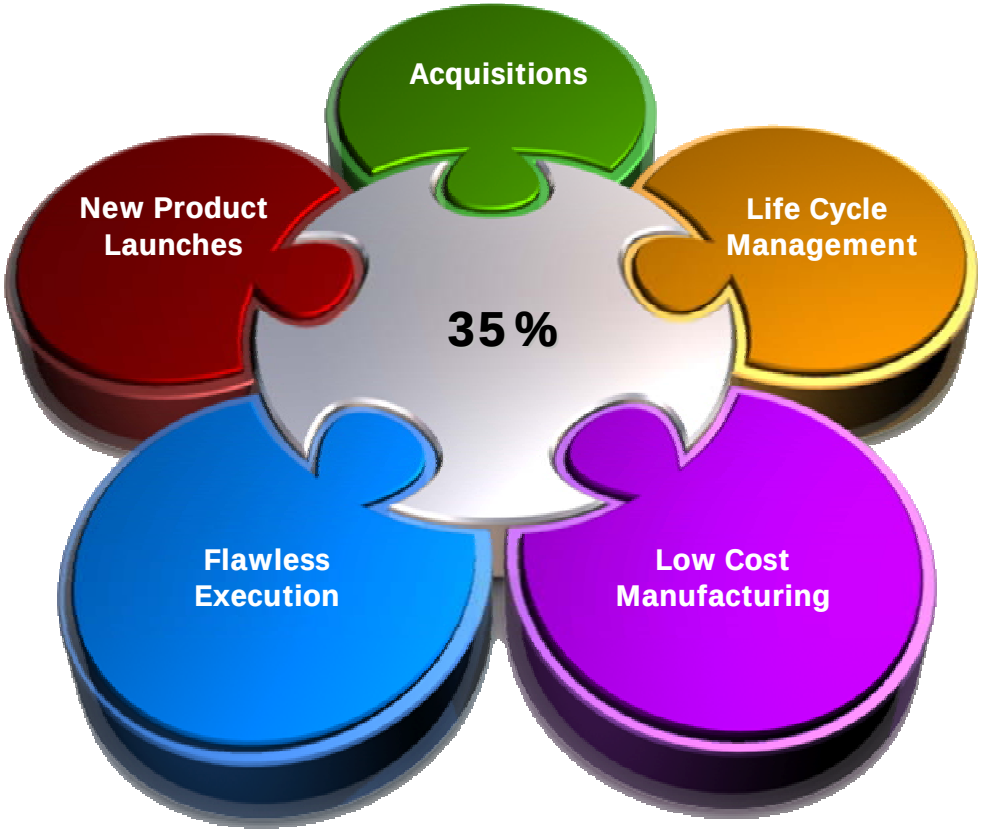
Number of products, U.S.



Source: Investor earnings call transcripts and company statements

How we will get there: in-line products

Increase market share

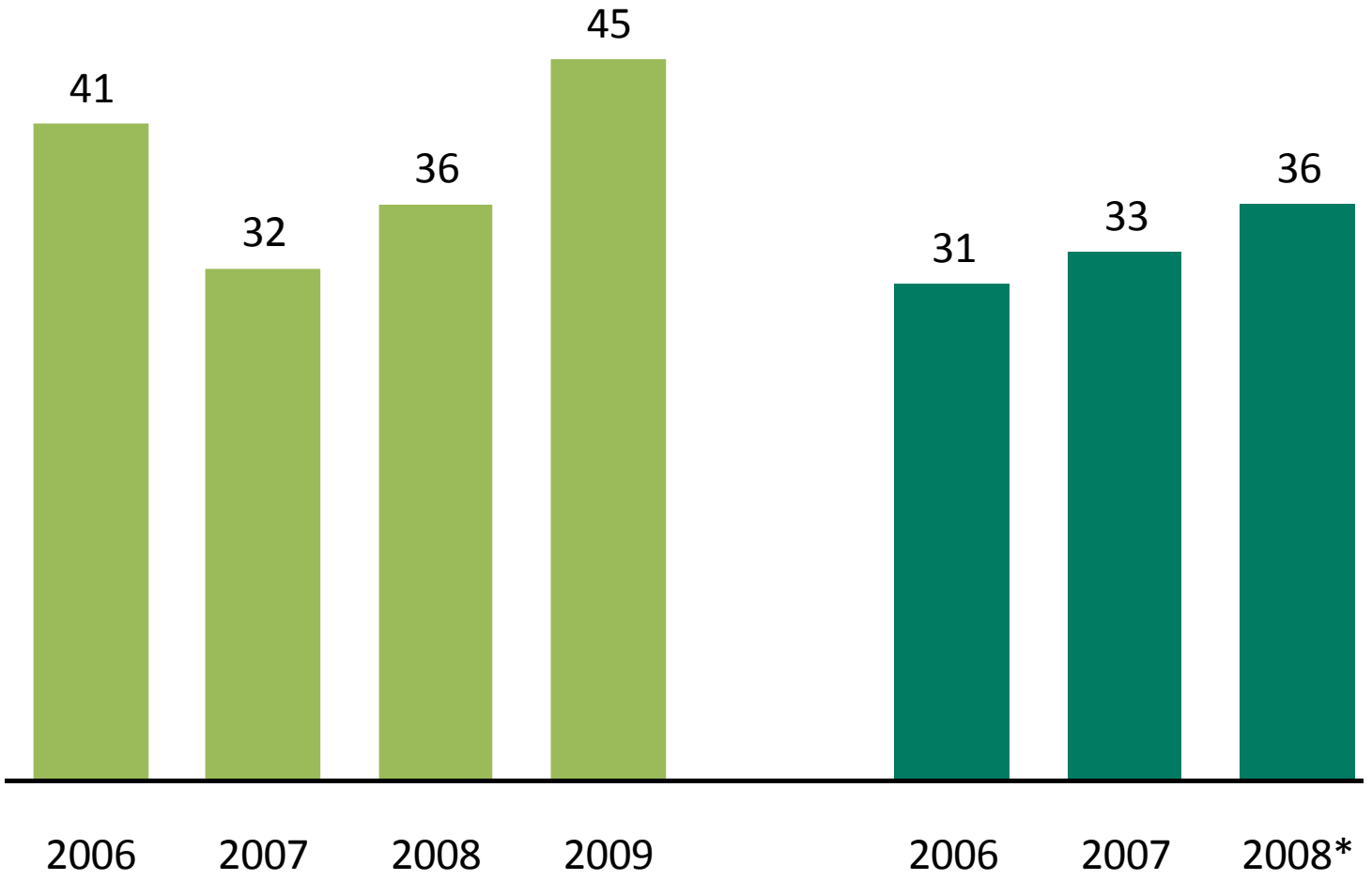


Increase margins

- Branding / differentiation
- Life cycle management
- Continuous improvement
- Capacity leverage

How we will get there: in-line products

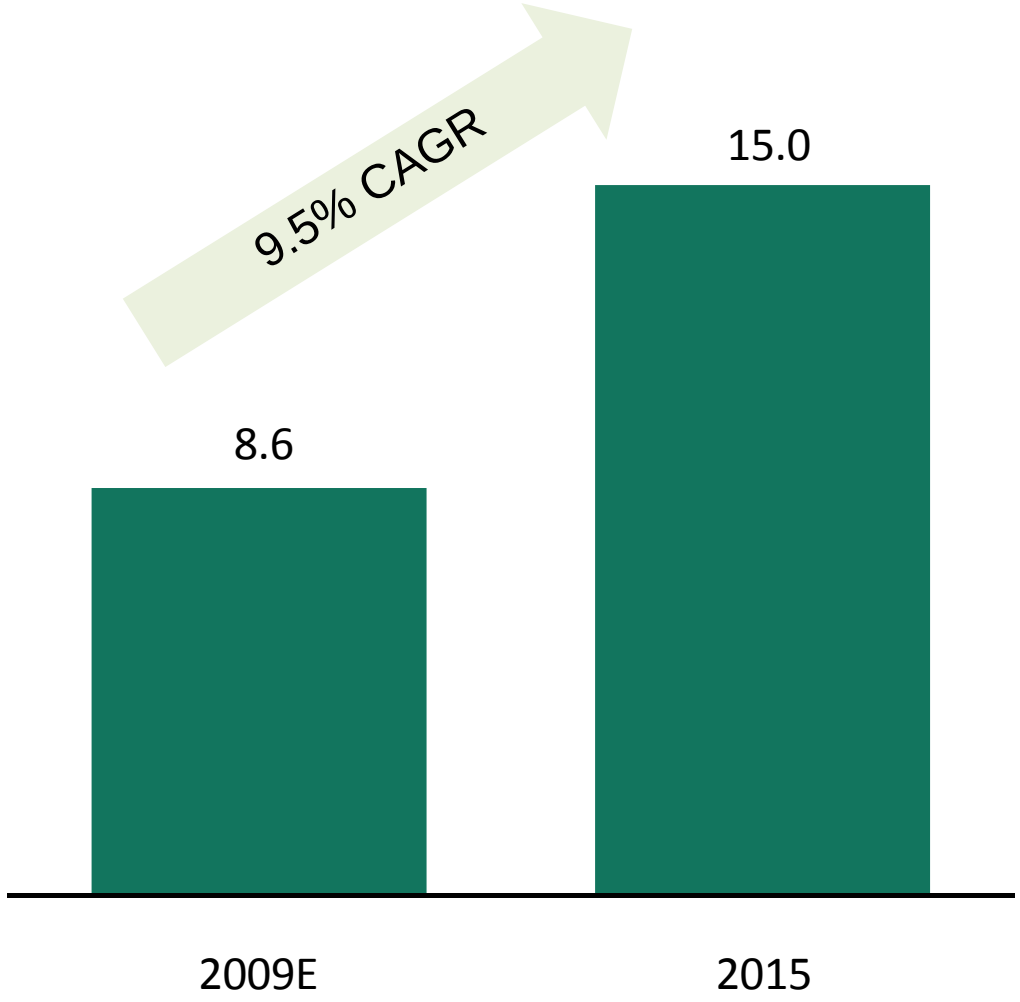
Market share, %, all launches included



** 2008 reflects 21 months*

Our North America goal

Sales targets, $bn



** includes all business Teva has in North America*





Strategy Review 2010-2015 – Europe

Gerard van Odijk

President & CEO, Teva Europe

January 7th 2010

Why Europe?



0.5 bn people
Aging population

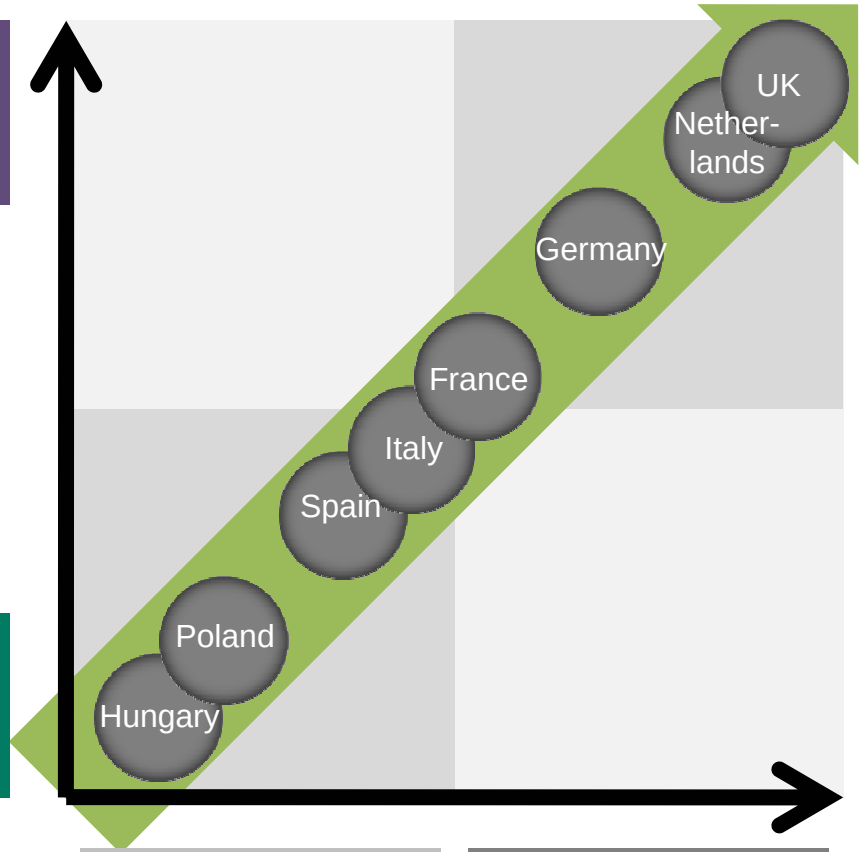


Low generics penetration,
but rapid generics penetration growth



Governments and payors
are driving generics growth

Pharmacies and chains gaining importance



Substitution generics model

Broad portfolio

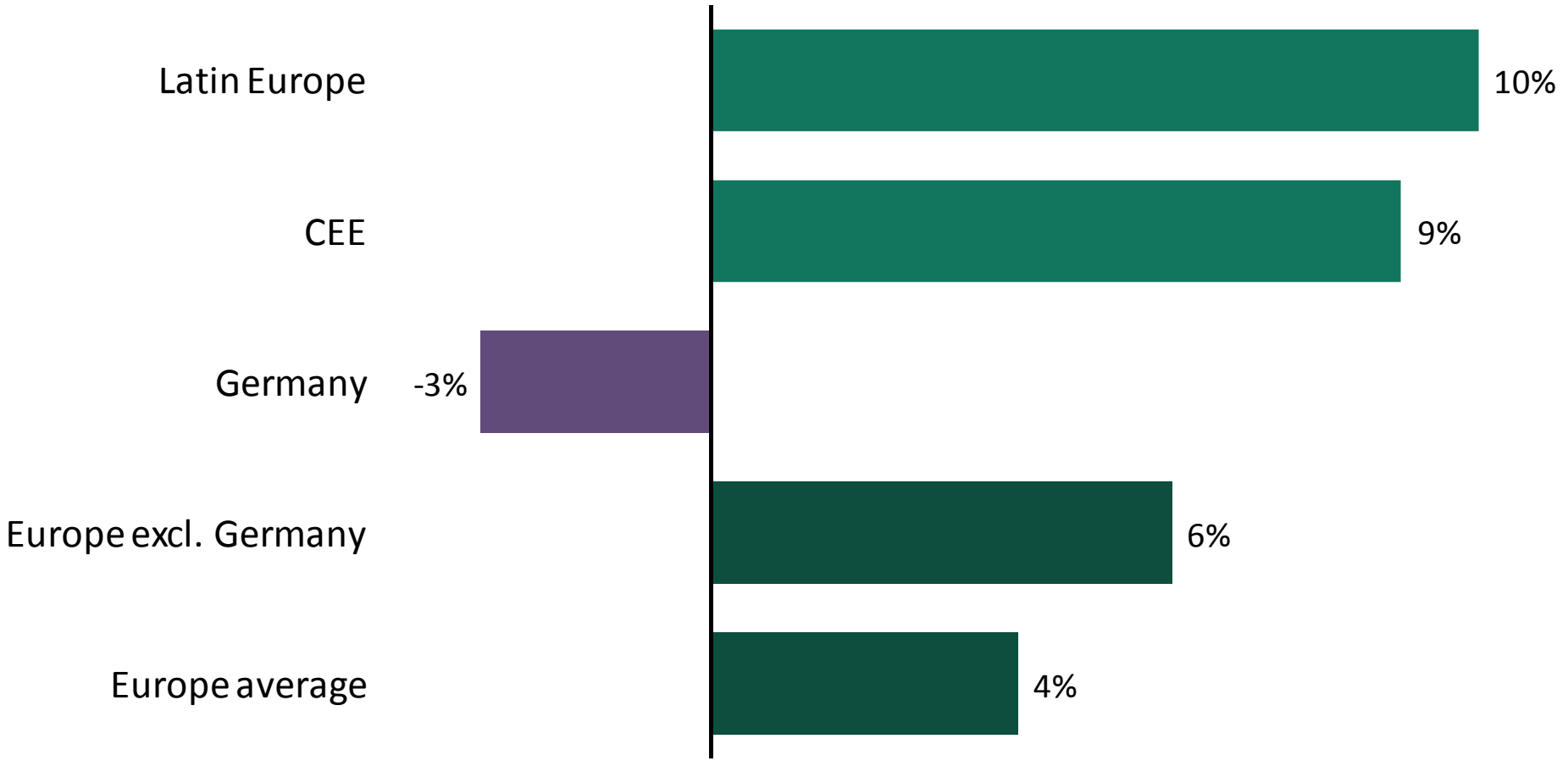
Transition

Branded generics model

Selective portfolio

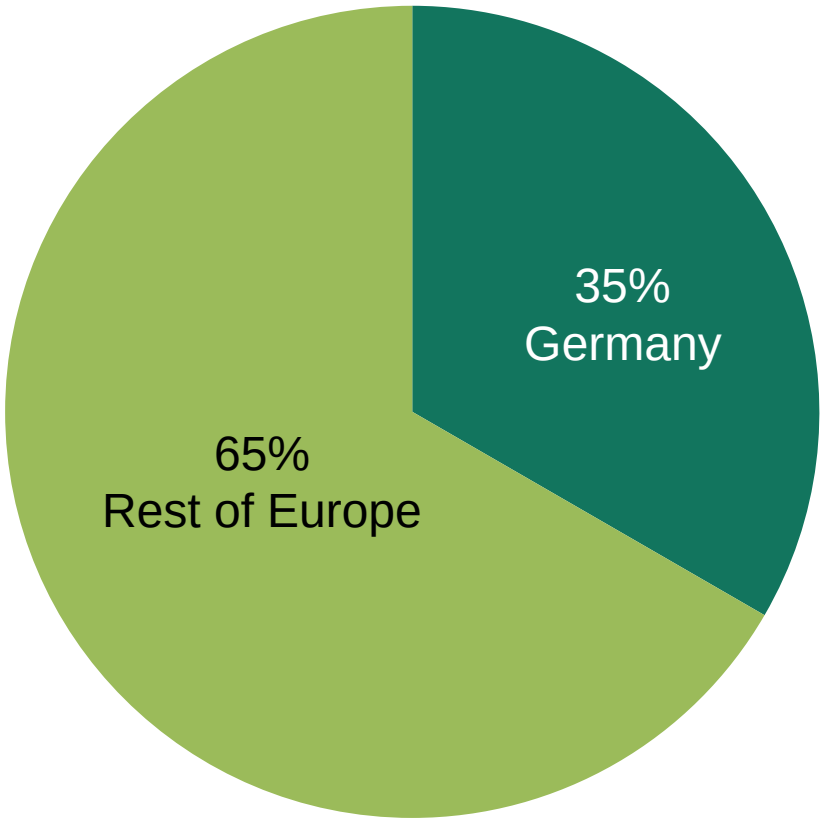
With pockets of high growth

CAGR, %, 2009-2015



Germany: the 2nd largest generics market in the world

% of net sales, 2009



#1 in Europe, #2 in the world

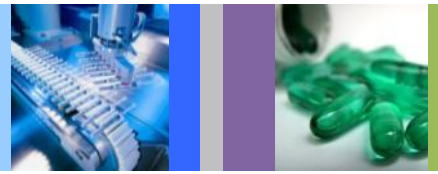
Mature market

Tenders

But…

Non-tender segment still larger than the #2 market, France

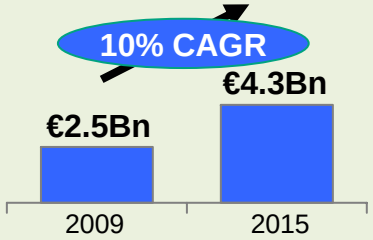
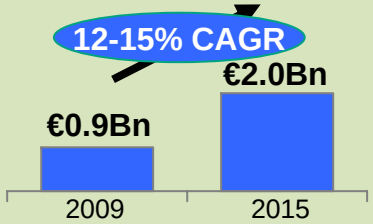
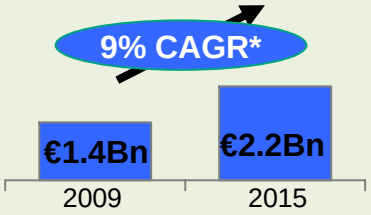
On track to deliver our strategic targets



		2007	2008	2009	
Mature markets	UK	No.1	No.1	No.1	Extended leadership
	Netherlands	No.1	No.1	No.1	
	Germany			Top 5	
Emerging markets "Latin Europe"	Italy	No.1	No.1	No.1	
	France	Top 10	Top 10	Top 3	
	Spain		Top 10	Top 3	
Emerging markets "CEE"	Hungary	Top 10	Top 10	Top 3	
	Poland			Top 3	
	Czech Republic	Top 3	Top 3	Top 3	

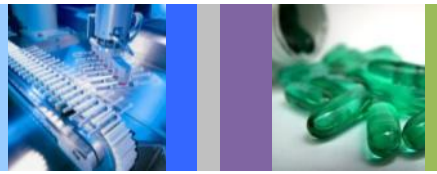
Market highlights

€m

	Generic Market sizing	Key trends
France		• Population 64M • Teva no.3 with 10-11% share • Teva grows its share organically
Spain		• Population 46M • Teva no.3 with 10% share • Combined organic and acquisitive growth – Bentley
Poland		• Population 38M • Teva no.3 with 7% share • Teva growth through the Barr-Pliva acquisition

Source: IMS analyses
** Excluding OTC*

Core elements of Teva's European strategy



1

Extend lead in UK, Italy and Netherlands

- Expand 'big-to-big' relations
- Drive profitability through scale

2

Secure leadership market by market

- Build leadership in "Latin" and CEE markets
- Leverage Teva's assets in the largest EU market - Germany

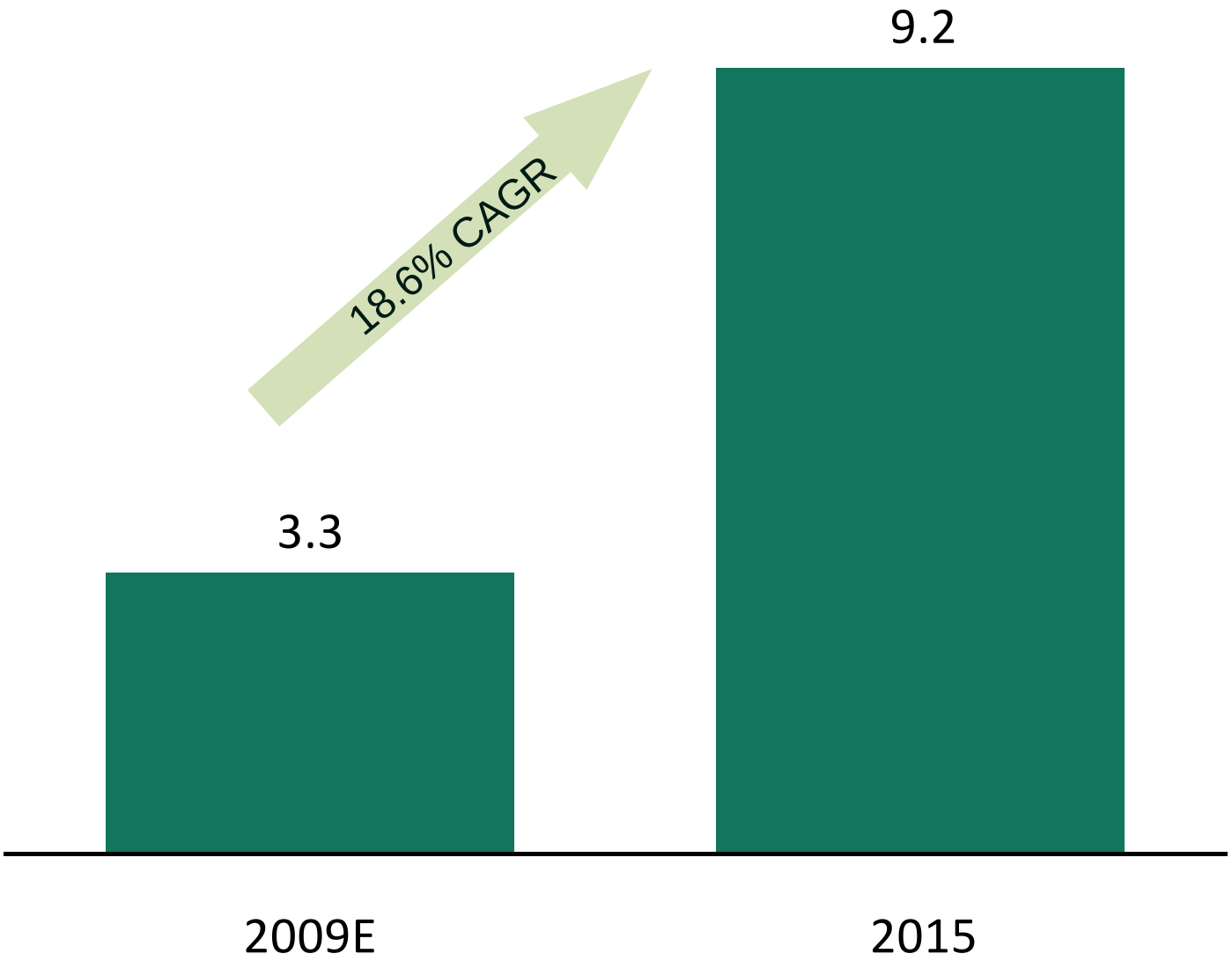
3

Invest to enhance our leadership

- Expand backward integration across portfolio
- Expand through acquisition where appropriate
- Further develop our BioGenerics platform for future growth

Our European goal

Sales targets, $bn



** includes all business Teva has in Europe*





Strategy Review 2010-2015 – International Markets

Chaim Hurvitz

President, Teva International Group

January 7th 2010

Strong International market growth

Pharma Market (CAGRs 2009-2015)

Eastern Europe: 10%

CIS: 14%

Asia: 16%

Japan: 3%

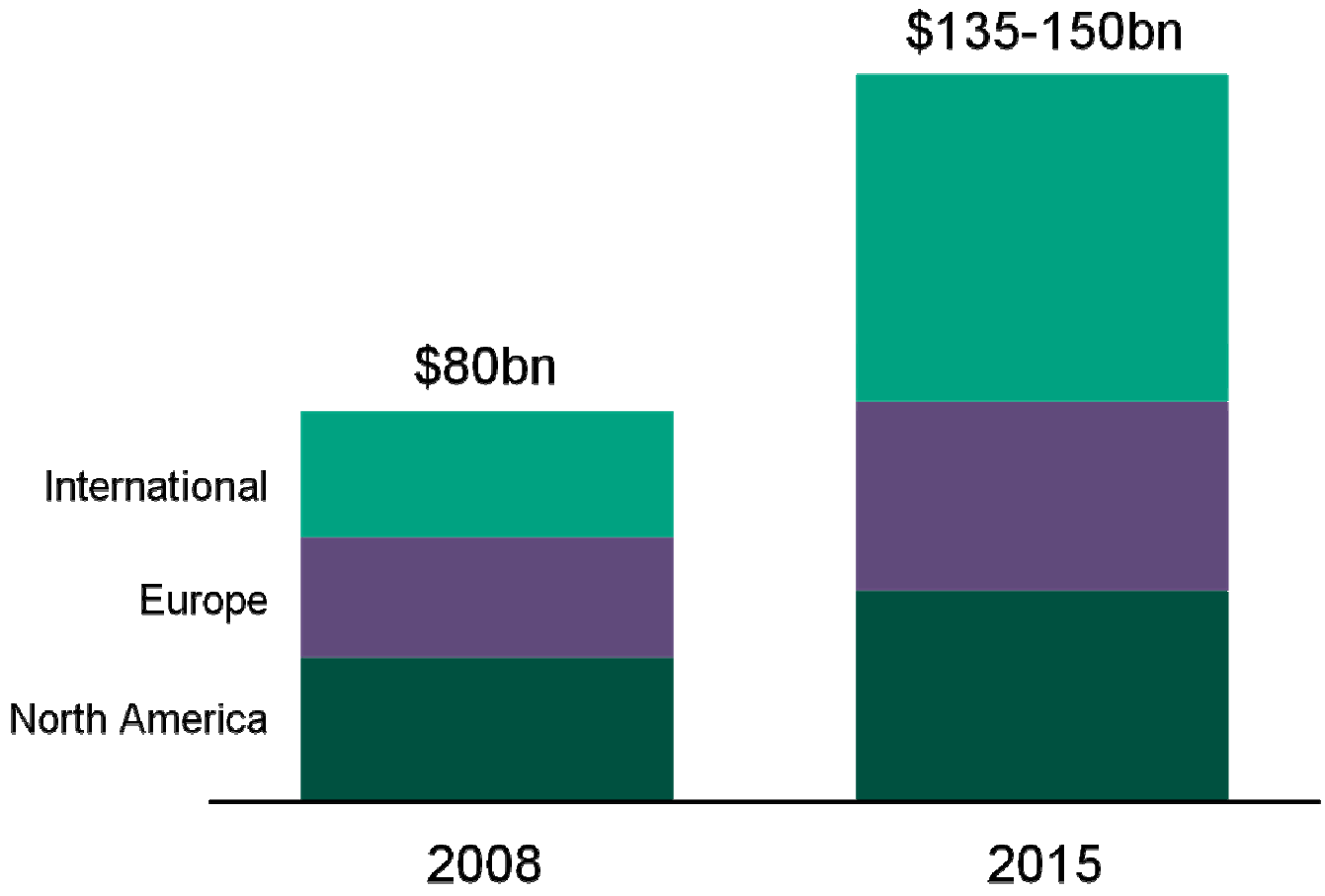
Latin America: 12%

International markets:
2009 : $ 241bn
2015: $ 473bn

Source: 2009 – 2013 IMS Market Prognosis – Constant fx, Teva

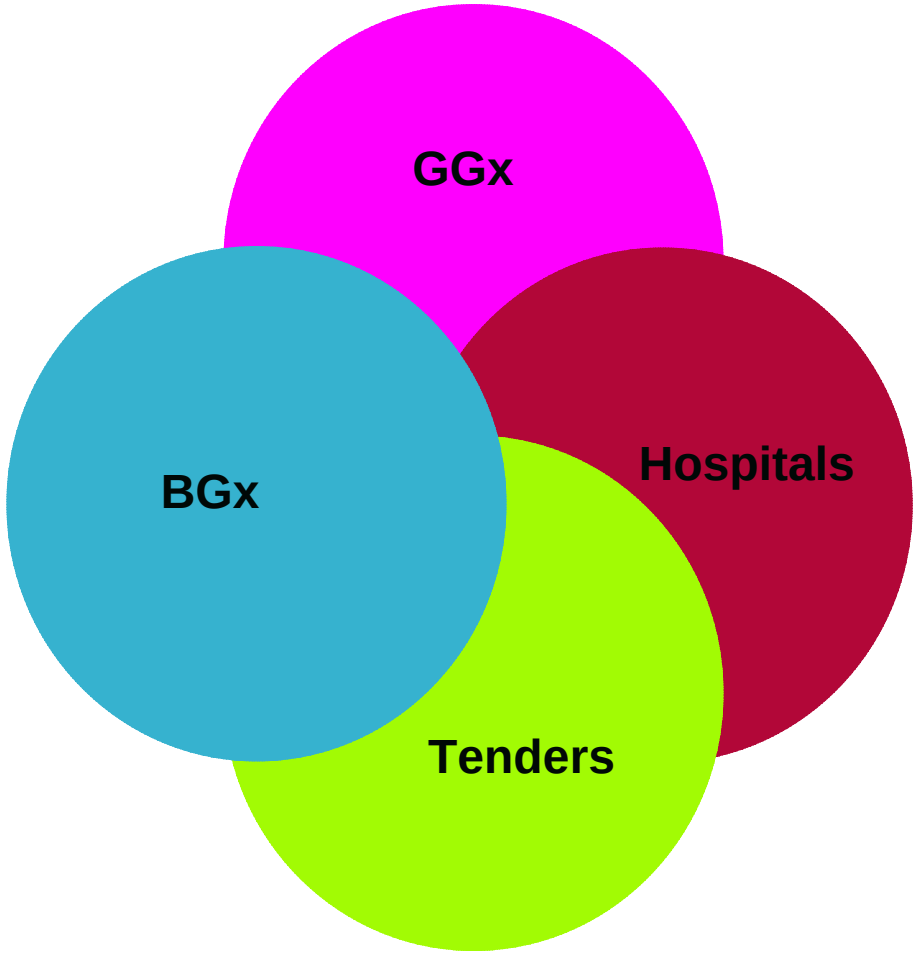
International markets - a main growth driver

World-wide generics sales, $bn



The Teva Advantage crosses all models

Multiple Generics Models

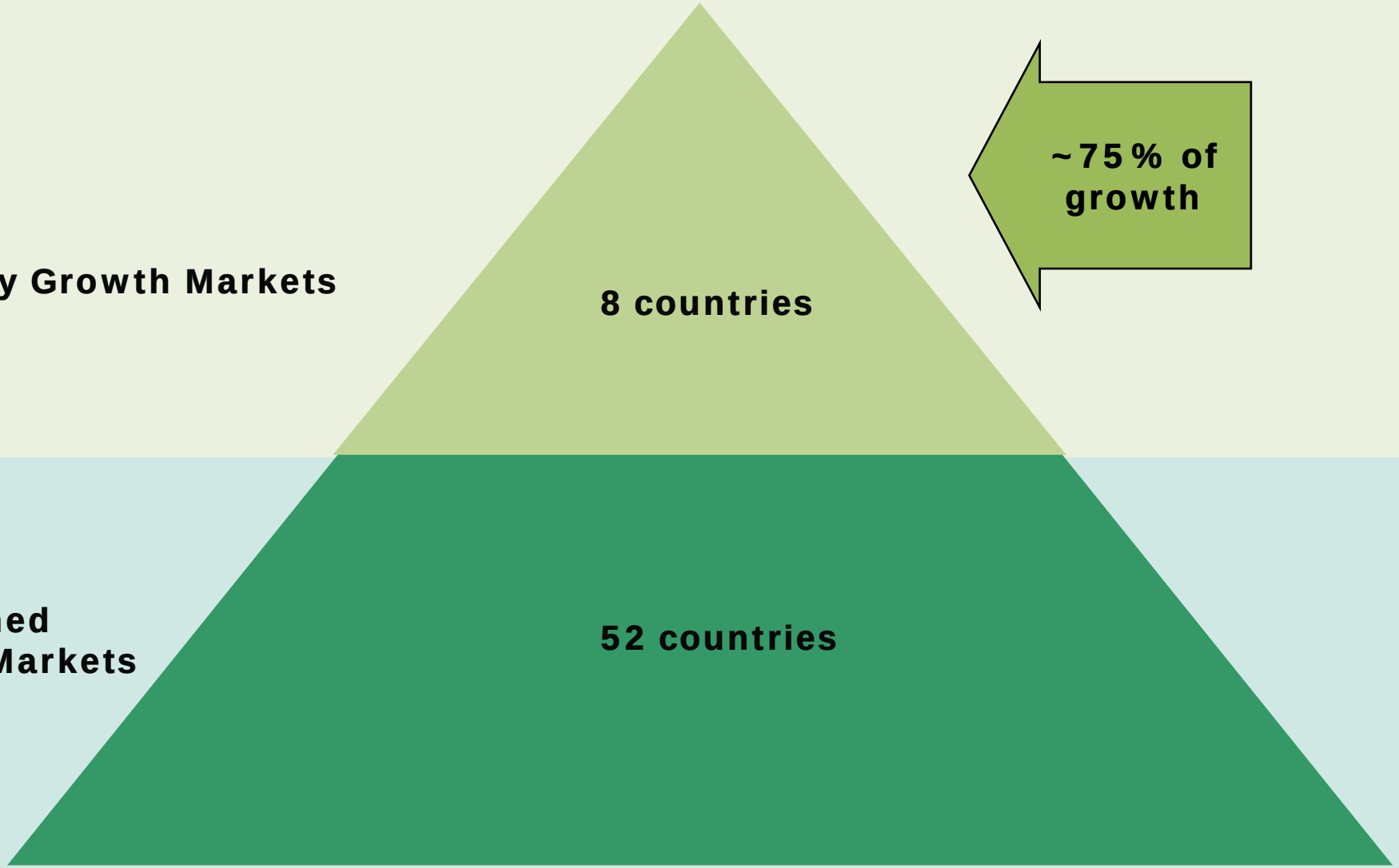


Teva's Advantage

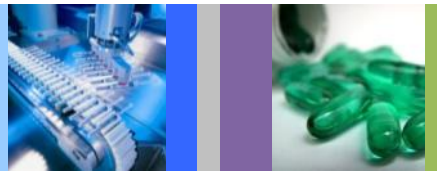
- >1,000 molecules
- Local market knowledge
- Government relationships
- Speed and agility
- High quality products
- Low cost manufacturing

Teva continues to focus on high priority markets



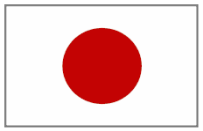


Government health initiatives supporting growth





Russia Pharmaceutical 2020



Japan Enhancing generics – 30% MS by 2012



China Healthcare reform

Continued growth through partnerships/M&A

Japan

September 2008	December 2009	More to come…
Teva-Kowa JV formed	Taisho acquisition	Achieving **leadership** position in Japan
Market Position	**#5**	**#1-3**

Acquisition of a majority stake in Taisho



Portfolio	• Portfolio >200 products • Broad generics pipeline
Presence and know-how	• 50 years of Japanese operating history
Infrastructure	• Local R&D capacity and know-how • Sales & distribution network • Production capabilities

March to generics market leadership in Russia

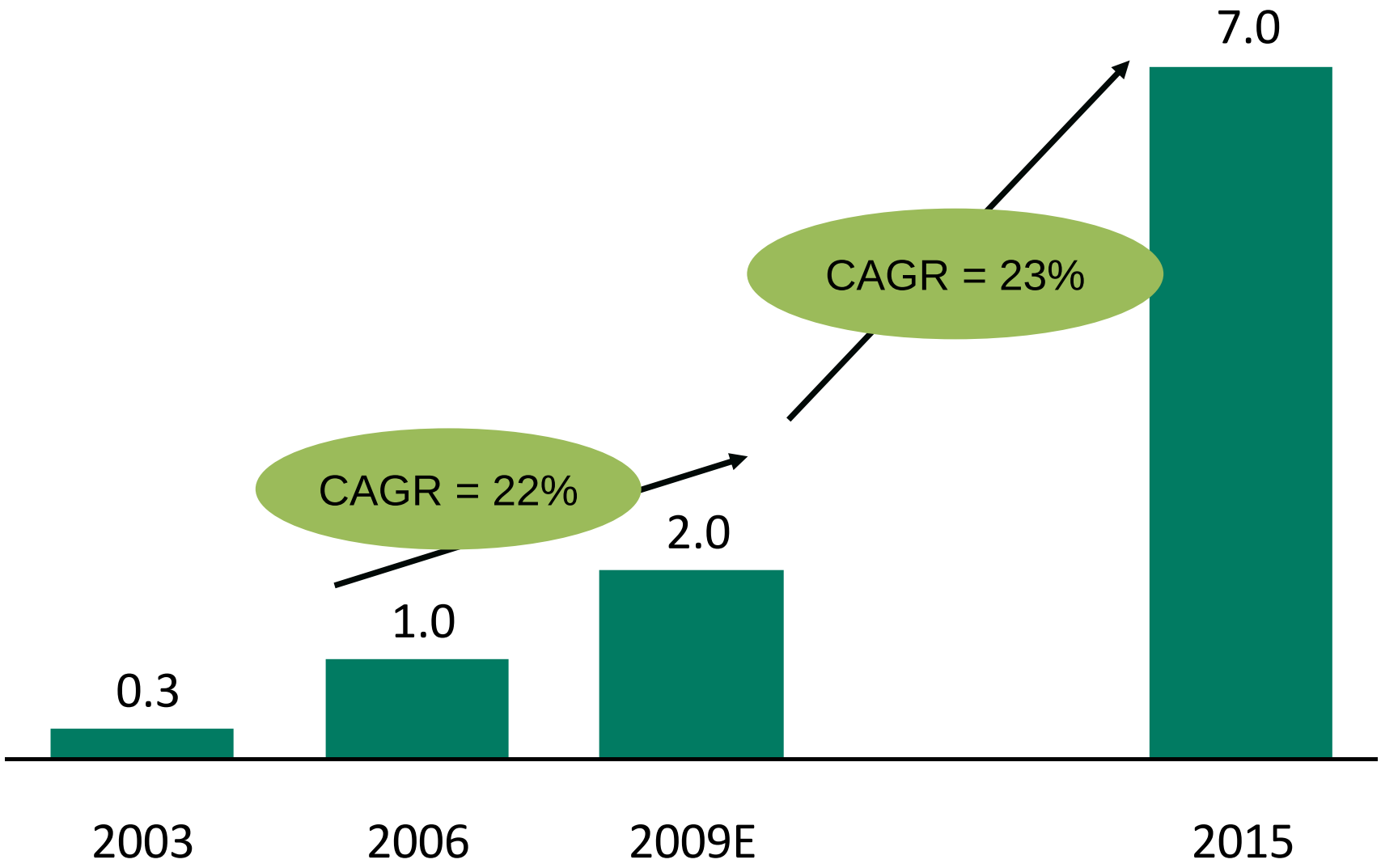


Russia

2004	2007	2009
Market Position		
< #20	# 5	# 2

Our International markets goal

International sales, $bn



** includes all business Teva has in International markets*





Strategy Review 2010-2015 – Financial Model

Eyal Desheh

Chief Financial Officer

January 7th 2010

Assumptions behind the model



Base year	**2009: $13.9bn sales, $3bn net income, $3.37 EPS (2009 Data are First Call consensus or based on analyst models)**
Accounting	**All figures are non-GAAP**
Tax rate	**2012 and 2015 – ~20-21% (non-GAAP rate)**
Major FX rates	**Euro/$ 1.38; Pound/$ 1.60; $/NIS 3.89; $/Ruble 33; $/HUF 205**
Share count	**2009 – 915m; 2012 – 940m; 2015 – 955m**

Strategy update: financial highlights



Sales and profits more than double	**Sales CAGR – 14.3%; EPS CAGR – 13.4%**
Financial strength	**$22 billion in cumulative cash flow**
Controlling costs	**Expense growth kept in check**
External factors	**FX environment – volatile and unpredictable**

Financial model highlights



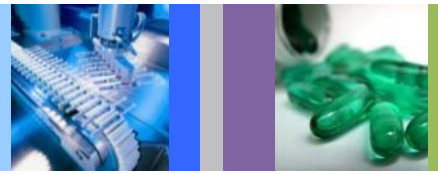


All figures $bn, except EPS in $

	2009E*	2012 PRESENTED 2008	2012	2015	CAGR 2009-2015
Sales	13.9	19.0 - 21.5	21.0 - 23.2	29.5 - 32.6	14.3%
Operating profit	3.9		6.4 - 7.0	8.2 - 9.0	14.1%
Net income	3.0	4.0 - 5.1	4.9 - 5.5	6.5 - 7.1	14.6%
EPS	3.37	4.59 - 5.86	5.30 - 5.86	6.80 - 7.52	13.4%
Free cash flow	2.0		3.1 - 3.5	4.5 - 4.9	15.3%

**Free cash flow is based on company's best estimate*

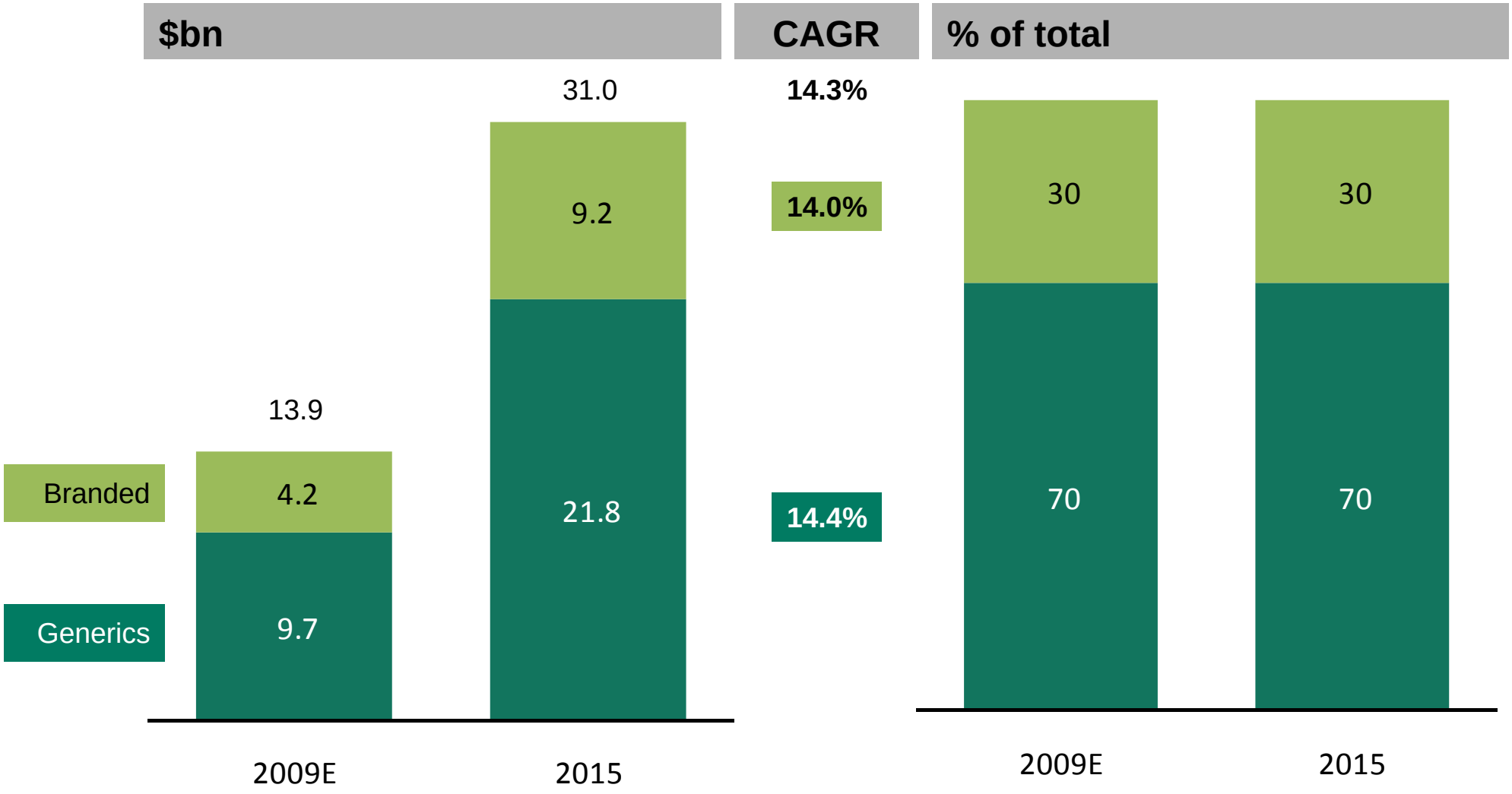
Net income to reach ~$6.8bn by 2015



		2008	2009E	2012	2015	CAGR '09-'15
$bn	Sales	11.1	13.9	21.0 - 23.2	29.5 - 32.6	14.3%
	R&D	0.8	0.8	1.7 - 1.9	2.2 - 2.4	18.5%
	Operating profit	2.9	3.9	6.4 - 7.0	8.2 - 9.0	14.1%
	Net income	2.5	3.0	4.9 - 5.5	6.5 - 7.1	14.6%
	EPS	3.03	3.37	5.30 - 5.86	6.80 - 7.52	13.4%
% of sales	R&D	7%	6%	8%	7%	
	Operating profit	26%	28%	30%	28%	
	Net income	23%	22%	24%	22%	

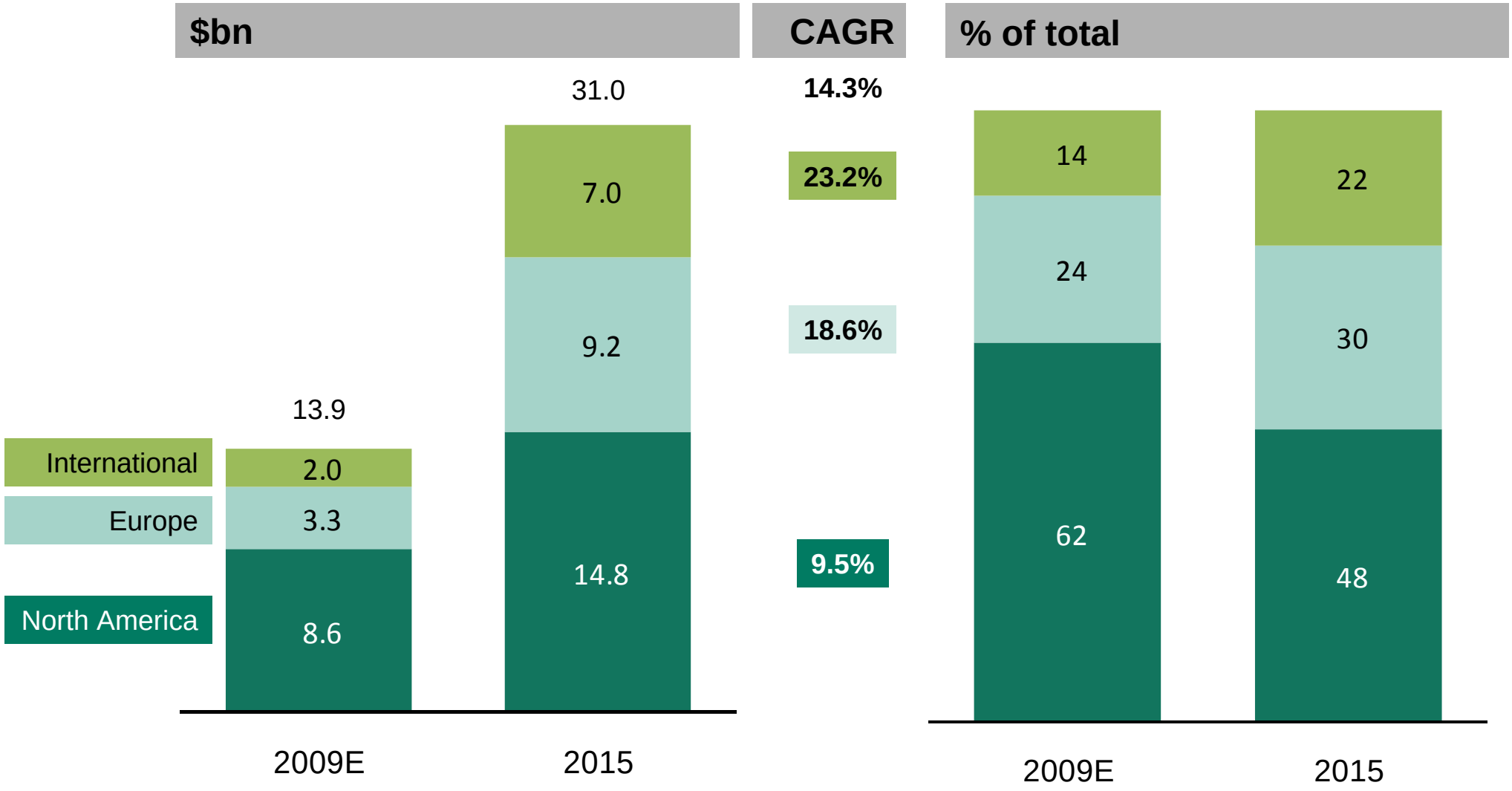
Mix of generics and branded remains constant

Sales

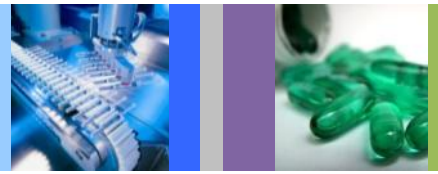


Geographic diversification of sales mix

Sales by geography



Closing remarks



Continued strong and profitable sales and EPS growth

Solid financials with strong cash generation

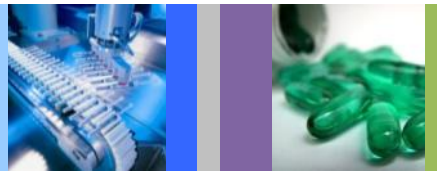
Teva in 2015 will be more diversified and less dependent on a single product or geography





Strategy Review 2010-2015 – Q&A

Teva 2010-2015: value creation



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





Thank you