



TEVA PHARMACEUTICAL INDUSTRIES LTD.

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**Corporate Vice President - Business  
Development**

**October 15, 2007**



## Forward-Looking Statements

TODAY'S PRESENTATION CONTAINS FORWARD LOOKING STATEMENTS WHICH EXPRESS THE CURRENT BELIEFS AND EXPECTATIONS OF MANAGEMENT. SUCH STATEMENTS ARE BASED ON CURRENT EXPECTATIONS AND 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 TEVA'S ABILITY TO SUCCESSFULLY DEVELOP AND COMMERCIALIZE ADDITIONAL PHARMACEUTICAL PRODUCTS, THE INTRODUCTION OF COMPETITIVE GENERIC PRODUCTS, THE IMPACT OF COMPETITION FROM BRAND-NAME COMPANIES THAT SELL THEIR OWN GENERIC PRODUCTS OR SUCCESSFULLY EXTEND THE EXCLUSIVITY PERIOD OF THEIR BRANDED PRODUCT, TEVA'S ABILITY TO RAPIDLY INTEGRATE THE OPERATIONS OF ACQUIRED BUSINESSES, THE AVAILABILITY OF PRODUCT LIABILITY COVERGE IN THE CURRENT INSURANCE MARKET, THE IMPACT OF PHARMACEUTICAL INDUSTRY REGULATION AND PENDING LEGISLATION THAT COULD AFFECT THE PHARMACEUTICAL INDUSTRY, THE DIFFICULTY OF PREDICTING U.S. FOOD AND DRUGS ADMINISTRATION ("FDA") AND OTHER REGULATORY AUTHORITY APPROVALS, THE REGULATORY ENVIRONMENT AND CHANGES IN THE HEALTH POLICIES AND STRUCTURE OF VARIOUS COUNTRIES, ACCEPTANCE AND DEMAND FOR NEW PHARMACEUTICAL PRODUCTS AND NEW THERAPIES, UNCERTAINTIES REGARDING MARKET ACCEPTANCE OF INNOVATIVE PRODUCTS NEWLY LAUNCHED, CURRENTLY BEING SOLD OR IN DEVELOPMENT, THE IMPACT OF RESTRUCTURING OF CLIENTS, RELIANCE ON STRATEGIC ALLIANCES, EXPOSURE TO PRODUCT LIABILITY CLAIMS, DEPENDENCE ON PATENT AND OTHER PROTECTIONS FOR INNOVATIVE PRODUCTS, FLUCTUATIONS IN CURRENCY, EXCHANGE AND INTEREST RATES, OPERATING RESULTS, 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 ("SEC"). FORWARD LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE ON WHICH THEY ARE MADE, AND THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE PUBLICLY OR REVISE ANY FORWARD LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE DEVELOPMENTS OR OTHERWISE.

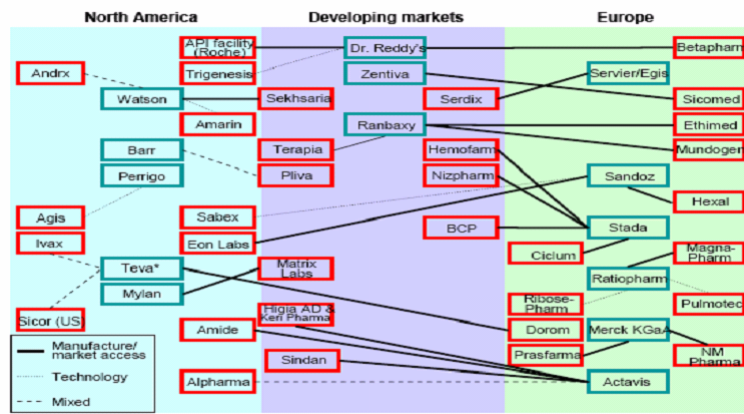


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## Business Development Arena

### Key Generic M&A by Region 2004-2006



Red denotes acquisition target, Green denotes acquiring company;



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## Business Development Arena

- Business Development is one of Teva's core competencies
  - Expertise in acquiring companies and extracting synergies
  - Skilled at identifying partners and negotiating strategic partnerships
- Business Development's mission is to enhance Teva's growth and improve its competitive position by leading processes of:
  - Expansion of existing activities
  - Entrance to new geographies / new businesses / new market segments
  - Entrance to new technologies / licensing in / acquisition of products / products lines / technologies
  - Divestment of non-core assets



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## Corporate Business Development Leads the Following Processes

- M&A's, equity investments and JV's at all level regardless of deal scale
- Transactions with implications across / beyond geographical groups
- Transactions concerning innovative products
- Transactions with scale beyond \$10 MM

All the above – while working closely with regional / local business units



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## Criteria for Level of Involvement by Corporate BD

- Financial exposure
- Acquisition or equity investment
- Strategic JVs
- Cross BU activity
- New geography
- New technology
- New market segment



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## What Defines a Viable Candidate?

- Strategic fit
- Support leadership position
- Profitable growth
- Significant synergies with existing Teva organization
- Financially justified on a DCF basis, ROIC, etc.
- Accretive to EPS within a reasonable time



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## The Acquisition Process

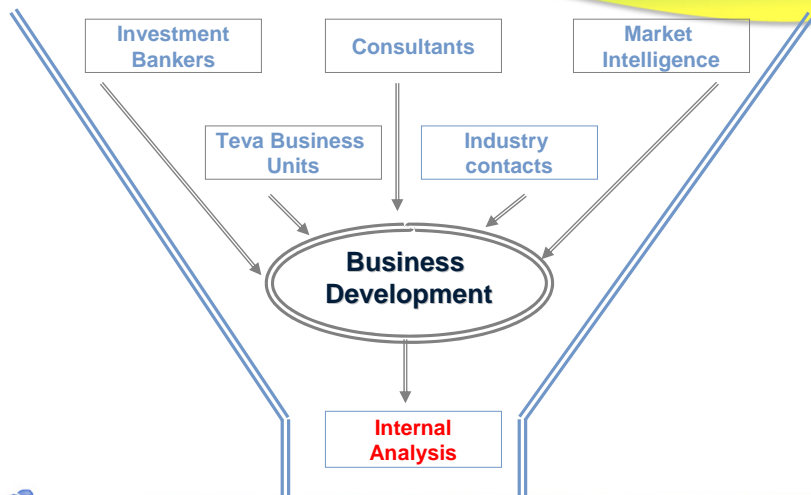
- I. Targeting
- II. Evaluation: go/no go decision
- III. Negotiation & closing
- IV. Integration & on-going management



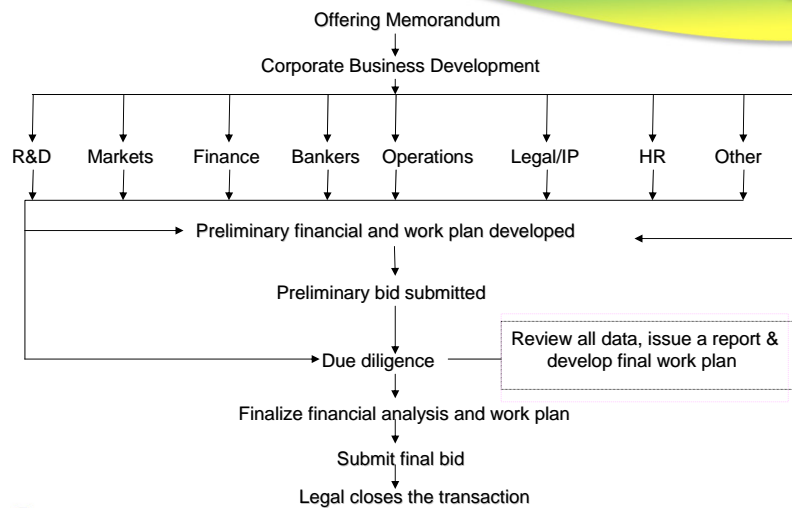
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## The Acquisition Process: Phase I



## The Acquisition Process: Phase II-III



## The Acquisition Process: Phase IV

- Business units are responsible for integration and on-going management
- Create management commitment through acquisition model
- Adaptation of integration plan by acquired unit – make it “their plan”



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## The Acquisition Process: Phase IV (Cont')

- Clear leadership and accountability
- Well defined process and goals
- Synergy and growth – functional / country integration teams
- Trust – transparency, culture
- Organization and personnel



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## Tips for Acquirers

- Robust analysis of synergy and performance targets
- Identify and investigate post deal issues prior to completion- these can be deal breakers
- Use regulatory period to start post deal management work
- Set up dedicated management team to manage the post deal work
- Obtain control over the financial & reporting systems ASAP
- Identify cultural differences early and plan to overcome them
- Anticipate and plan for management and leadership issues early and monitor closely after completion
- Track the value being delivered from the deal and honestly assess the success or otherwise post-deal work



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## Some Key Lessons of Business Development

- You must view BD as a core function and one of the keys to your company's success
- BD must be integrated throughout the company
- You must be proactive and seek out opportunities
- Most potential deals do not happen - Don't get discouraged or give up
- Don't be afraid to walk away from a deal
- If there are not significant synergies, it is doubtful that an acquisition makes strategic sense
- The post-closing plan has to be tight with commitment from management in order for effective integration to occur



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