



TEVA PHARMACEUTICAL INDUSTRIES LTD.



**Teva Pharmaceutical Industries Ltd.  
Investor Lunch  
Tel- Aviv  
Dan Suesskind, CFO**

August 1 , 2007

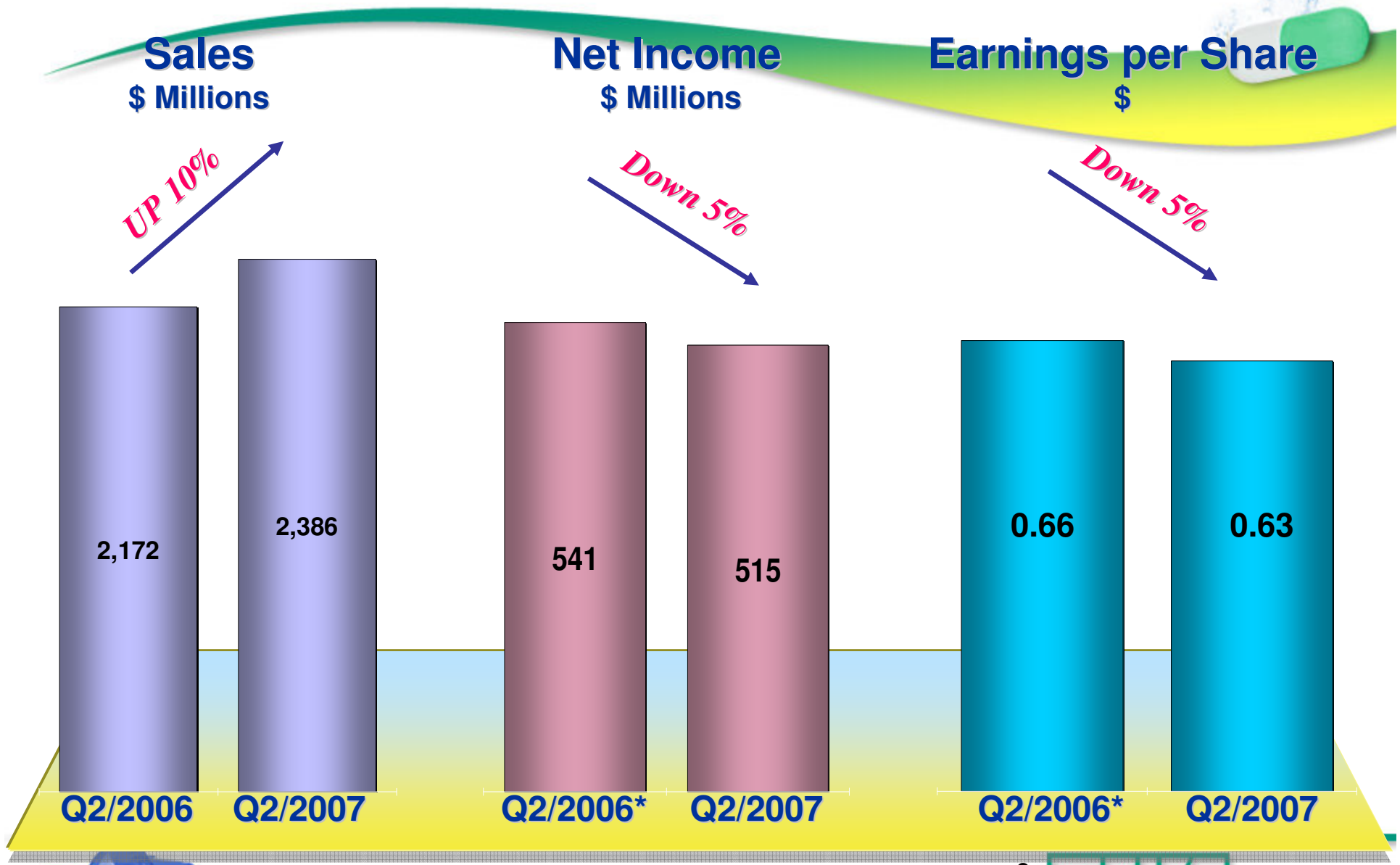


# Forward-Looking Statements

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.



# Development of Results (Q2)



\* Before non-recurring items, after tax : Q2/2006- \$52M

## Exchange Rates\* (Quarterly Average)

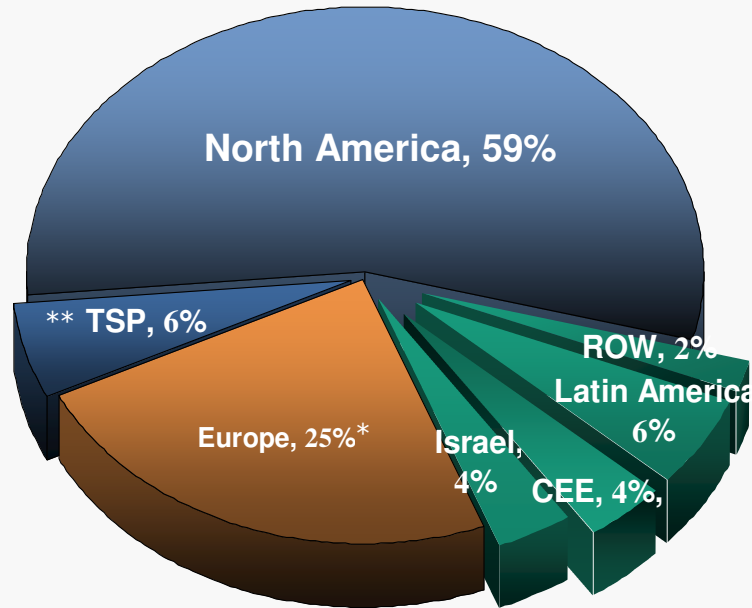
|          | Q2/07           | Q1/07           | Q4/06           | Q3/06            | Q2/06            |
|----------|-----------------|-----------------|-----------------|------------------|------------------|
| USD:NIS  | 91%<br>(4.08)   | 94%<br>(4.21)   | 95%<br>(4.26)   | 97%<br>(4.39)    | 100%<br>(4.50)   |
| USD:EURO | 94%<br>(0.74)   | 96%<br>(0.76)   | 96%<br>(0.76)   | 99%<br>(0.78)    | 100%<br>(0.79)   |
| USD:HUF  | 86%<br>(183.98) | 90%<br>(192.29) | 94%<br>(201.37) | 101%<br>(216.04) | 100%<br>(213.37) |
| USD:CAD  | 98%<br>(1.10)   | 105%<br>(1.17)  | 102%<br>(1.14)  | 100%<br>(1.12)   | 100%<br>(1.12)   |
| USD:GBP  | 92%<br>(0.50)   | 93%<br>(0.51)   | 95%<br>(0.52)   | 96%<br>(0.53)    | 100%<br>(0.55)   |



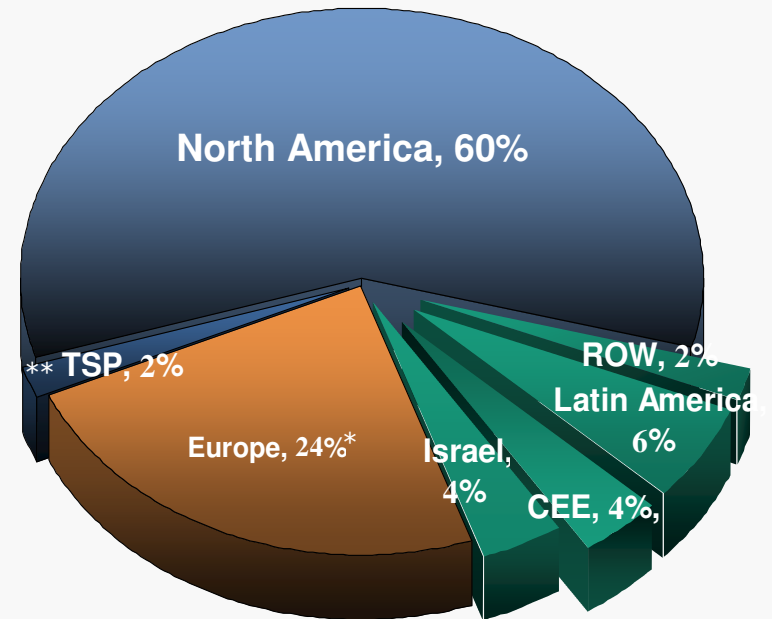
\*Q206= 100%

# Q2/2007 – Sales By Region

Q2/07: \$2,386 Million



Q2/06: \$2,172 Million



\* Western Europe and Hungary

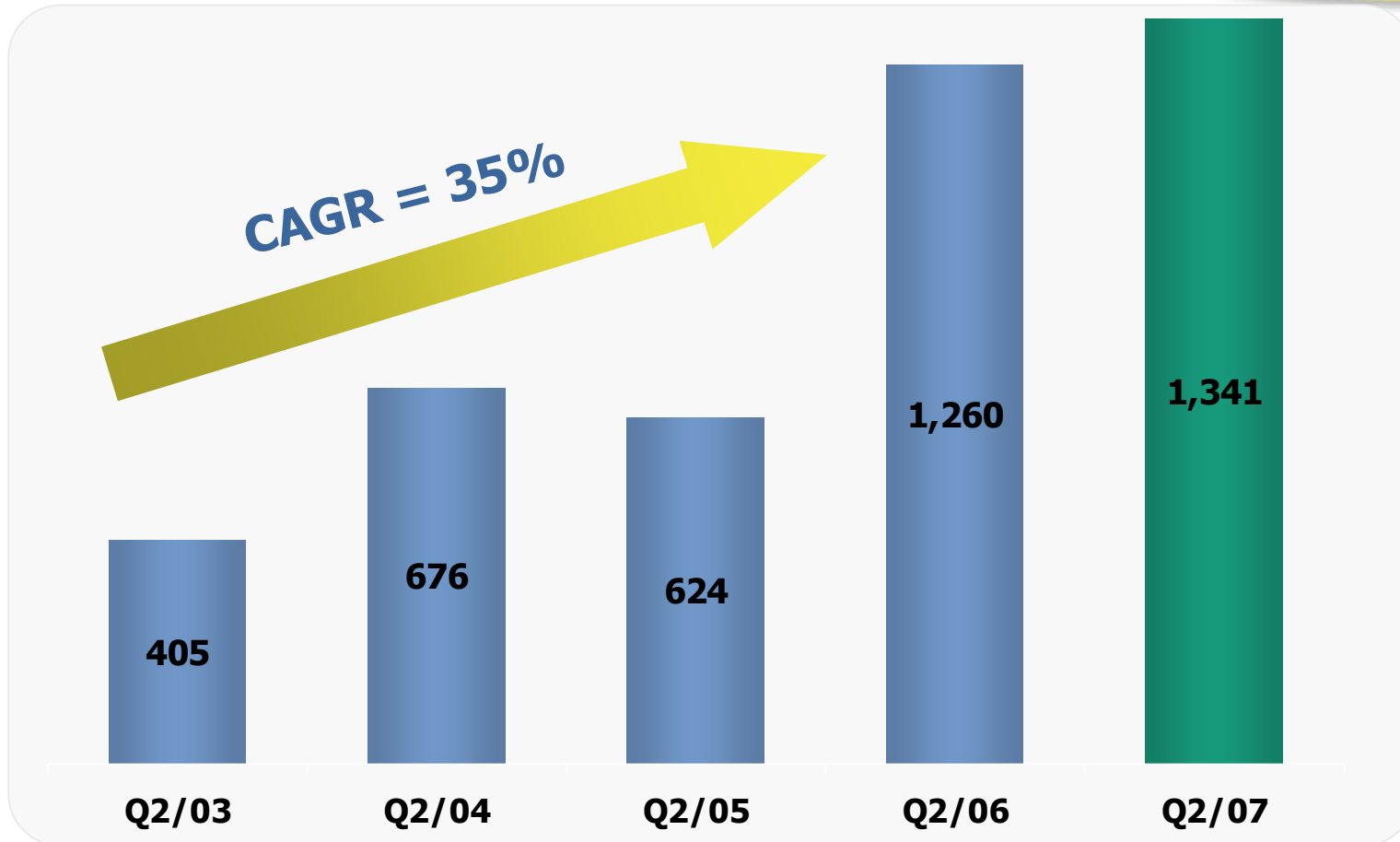
\*\* TSP is part of North America



# Q2/2007 – North America Pharmaceutical Sales

(\$ Millions)

Up 6%



TEVA PHARMACEUTICAL INDUSTRIES LTD.

# Teva's competitive positioning



## U.S. Generic Industry's Largest Pipeline



**153 ANDAs – over \$89 billion in total brand sales**

**80 Paragraph IV Filings**

**40 First-to-File – over \$37 billion in total brand sales**

As of July 30, 2007



TEVA PHARMACEUTICAL INDUSTRIES LTD.



# Top U.S. Pharmaceutical Companies

Generic companies only

All pharmaceutical companies

## Total Rx's

|    |              |         |
|----|--------------|---------|
| 1  | Teva USA     | 430,296 |
| 2  | Mylan        | 269,613 |
| 3  | Watson       | 221,845 |
| 4  | Sandoz       | 194,976 |
| 5  | Barr         | 137,680 |
| 6  | Mallinckrodt | 103,072 |
| 7  | Actavis      | 86,630  |
| 8  | Qualitest    | 78,076  |
| 9  | Greenstone   | 72,682  |
| 10 | Par          | 72,111  |

## Total Rx's

|    |                 |         |
|----|-----------------|---------|
| 1  | Teva USA        | 440,561 |
| 2  | Pfizer          | 280,222 |
| 3  | Novartis        | 274,201 |
| 4  | Mylan           | 271,611 |
| 5  | Watson          | 221,848 |
| 6  | Barr            | 137,780 |
| 7  | Merck           | 119,983 |
| 8  | AstraZeneca     | 117,484 |
| 9  | GlaxoSmithKline | 113,976 |
| 10 | Mallinckrodt    | 103,072 |



Source: IMS Health June 2007 NPA



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# Competitive Generic TRX share\*

## Simvastatin # of ANDA's: 9

|                |              |
|----------------|--------------|
| <b>Teva</b>    | <b>52.5%</b> |
| Dr. Reddy – AG | 22.5%        |
| Ranbaxy        | 6.9%         |
| Aurobindo      | 6.3%         |
| Sandoz         | 3.4%         |
| Zydus          | 2.5%         |
| Other          | 5.9%         |

## Pravastatin 10/20/40 # of ANDA's: 10

|             |              |
|-------------|--------------|
| <b>Teva</b> | <b>46.3%</b> |
| Apotex      | 24.3%        |
| Watson – AG | 12.4%        |
| Dr Reddy    | 9.4%         |
| Sandoz      | 4.5%         |
| Par         | 0.9%         |
| Other       | 2.2%         |

## Sertraline # of ANDA's: 19

|                 |              |
|-----------------|--------------|
| Greenstone – AG | 53.7%        |
| <b>Teva</b>     | <b>35.2%</b> |
| Apotex          | 4.6%         |
| Lupin           | 3.1%         |
| Sandoz          | 1.3%         |
| Aurobindo       | 0.7%         |
| Actavis         | 0.4%         |
| Cobolt          | 0.3%         |
| Other           | 0.7%         |

## Zolpidem # of ANDA's: 15

|             |              |
|-------------|--------------|
| <b>Teva</b> | <b>42.4%</b> |
| Prasco - AG | 14.9%        |
| Mylan       | 11.3%        |
| Dr Reddy    | 7.1%         |
| Apotex      | 5.2%         |
| Sandoz      | 5.8%         |
| Caraco      | 5.6%         |
| Other       | 7.7%         |

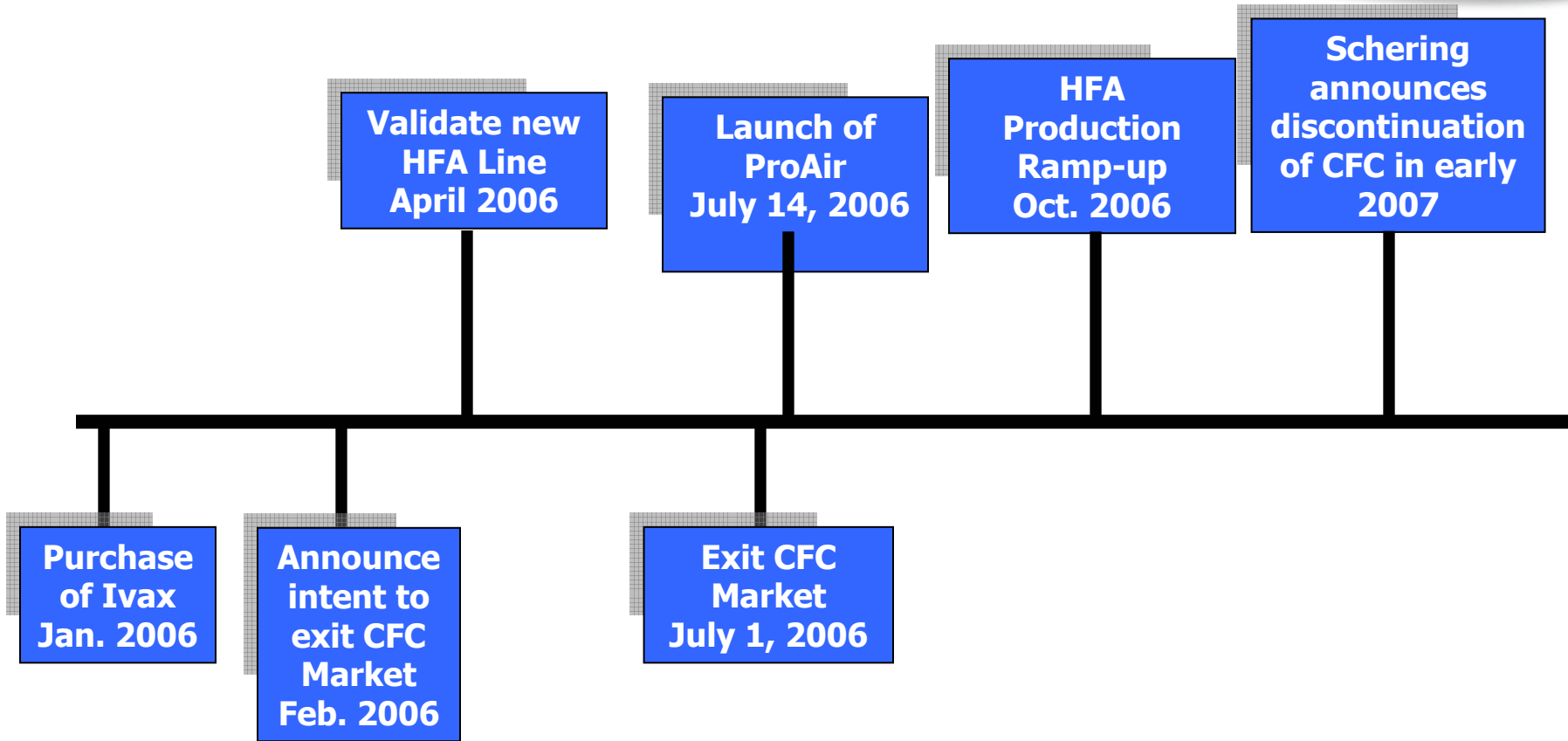


\*Week of July 13, 2007

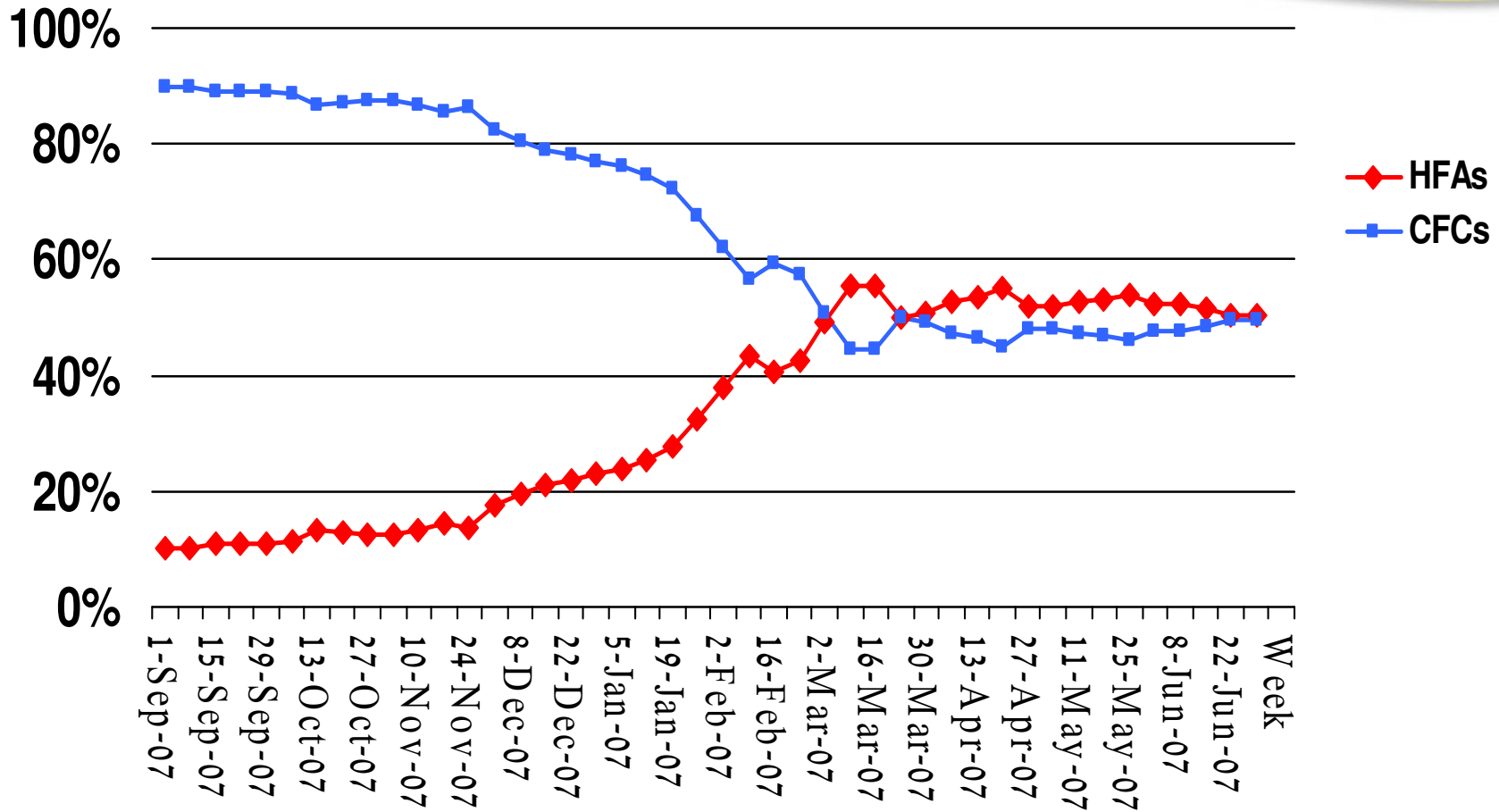


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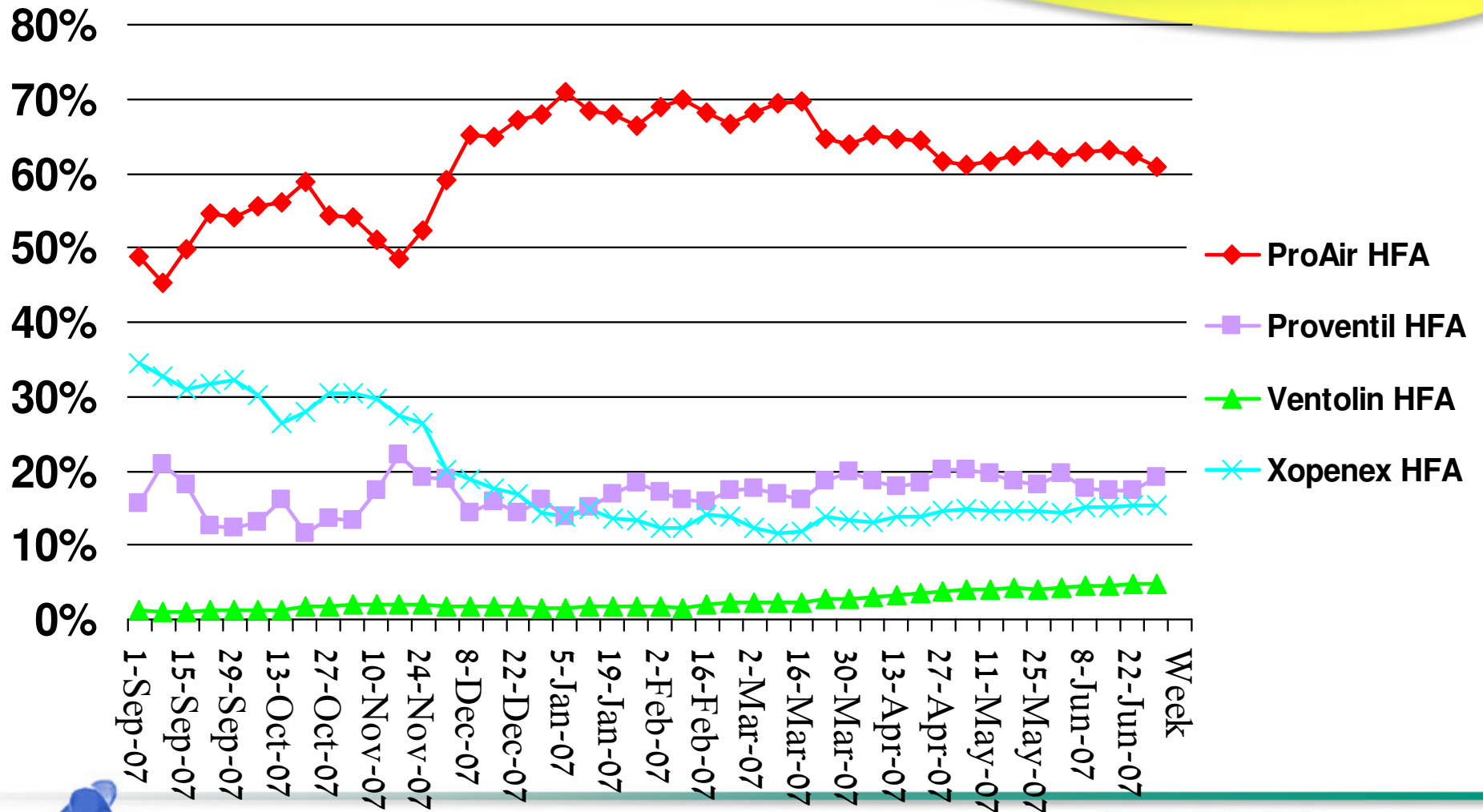
# ProAir HFA Timeline



# SABA TRx Weekly Market (Share)

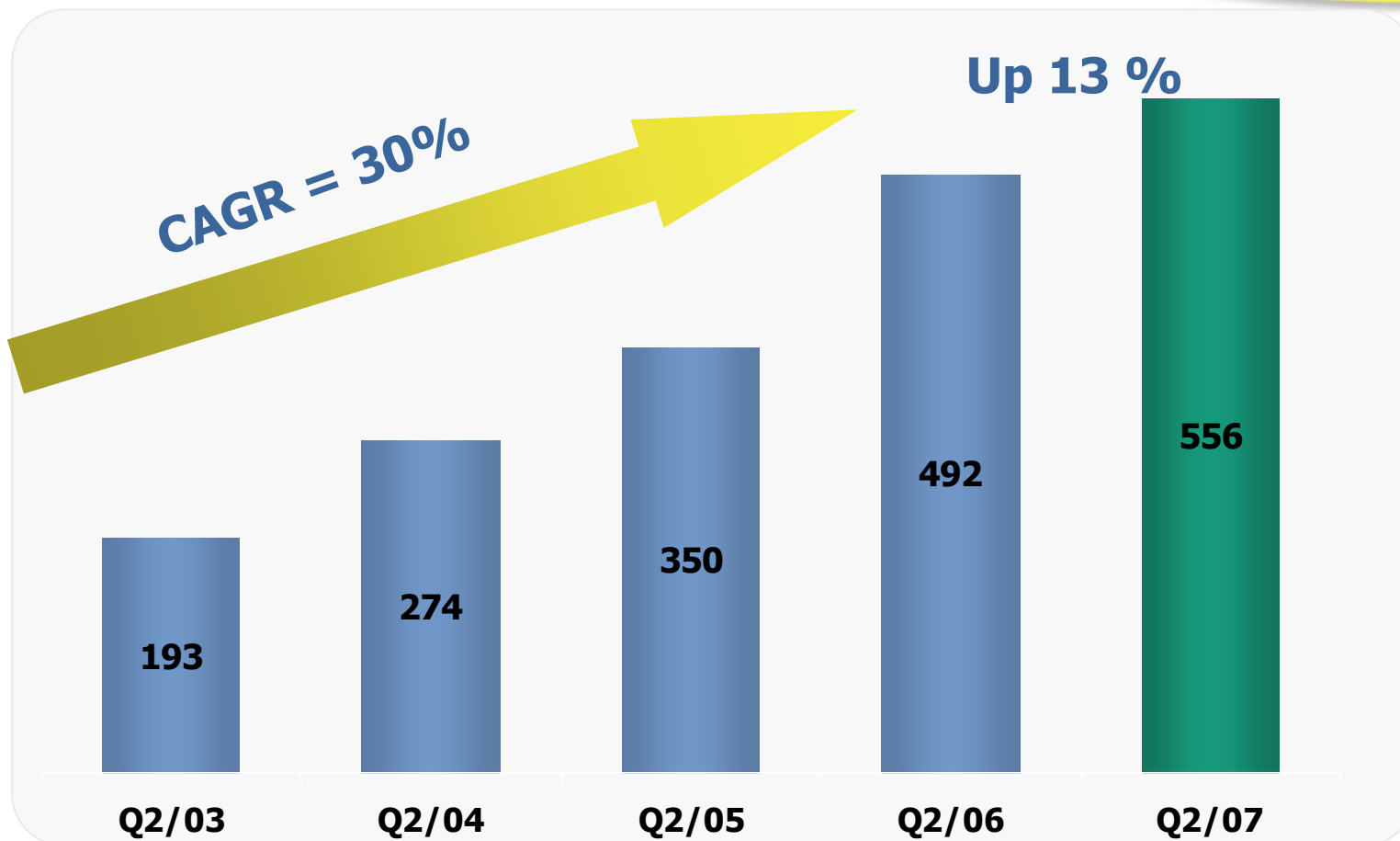


# SABA-HFA TRx Market (Share)



# Q2/2007 – Europe\* Pharmaceutical Sales

(\$ Millions)



\* Western Europe and Hungary



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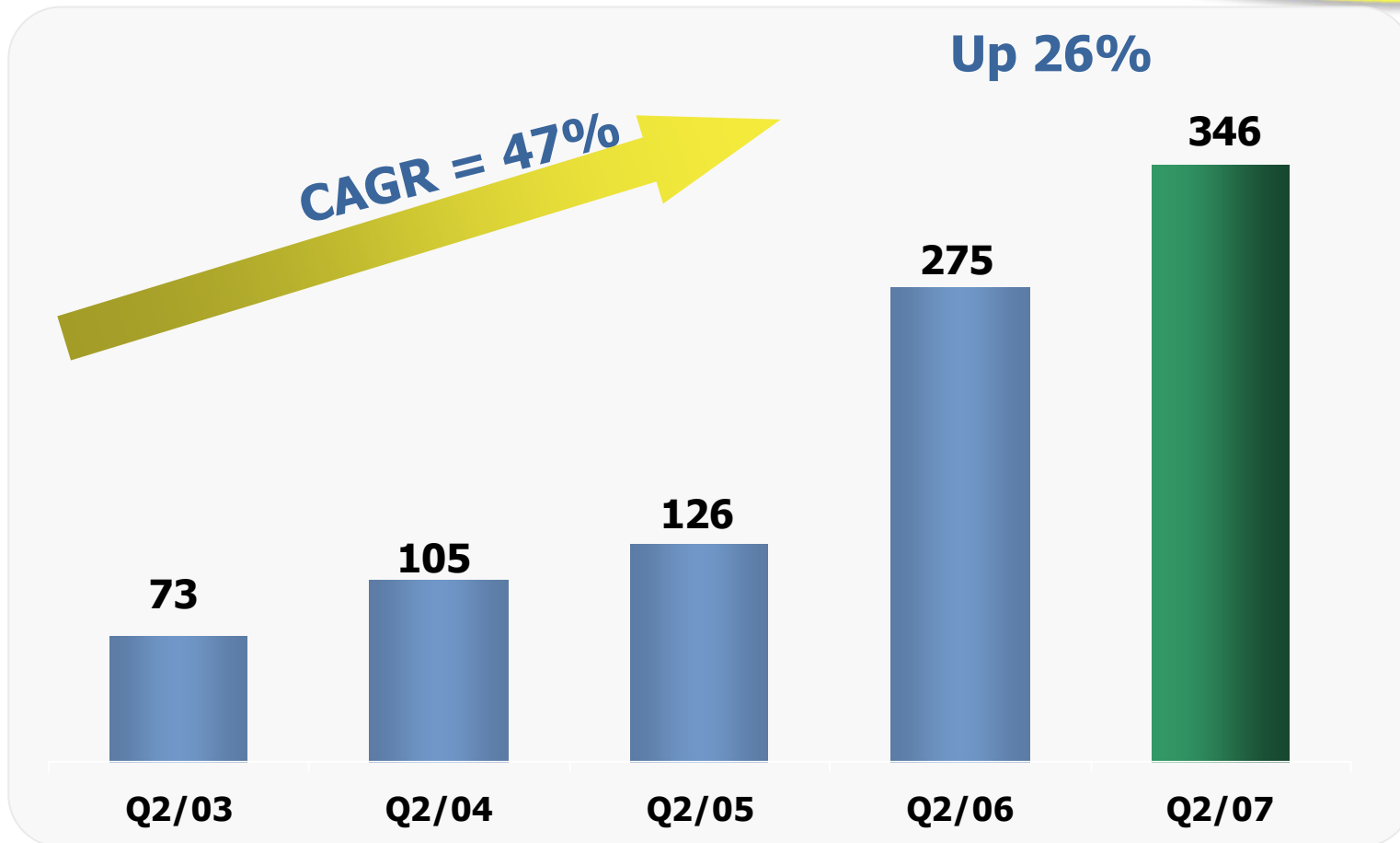
## Registration Status – Europe

(As of June 30, 2007)

| Country      | 2005       | 2006       | 2007       |              |
|--------------|------------|------------|------------|--------------|
|              | Approved   | Approved   | Approved   | Pending      |
| Hungary      | 36         | 22         | 5          | 94           |
| U.K.         | 19         | 19         | 15         | 101          |
| France       | 18         | 30         | 20         | 103          |
| Germany      | 26         | 16         | 21         | 71           |
| Netherlands  | 15         | 30         | 10         | 97           |
| Others       | 255        | 181        | 162        | 1,580        |
| <b>TOTAL</b> | <b>369</b> | <b>298</b> | <b>233</b> | <b>2,046</b> |

# Q2/2007 – International (ROW) Pharmaceutical Sales

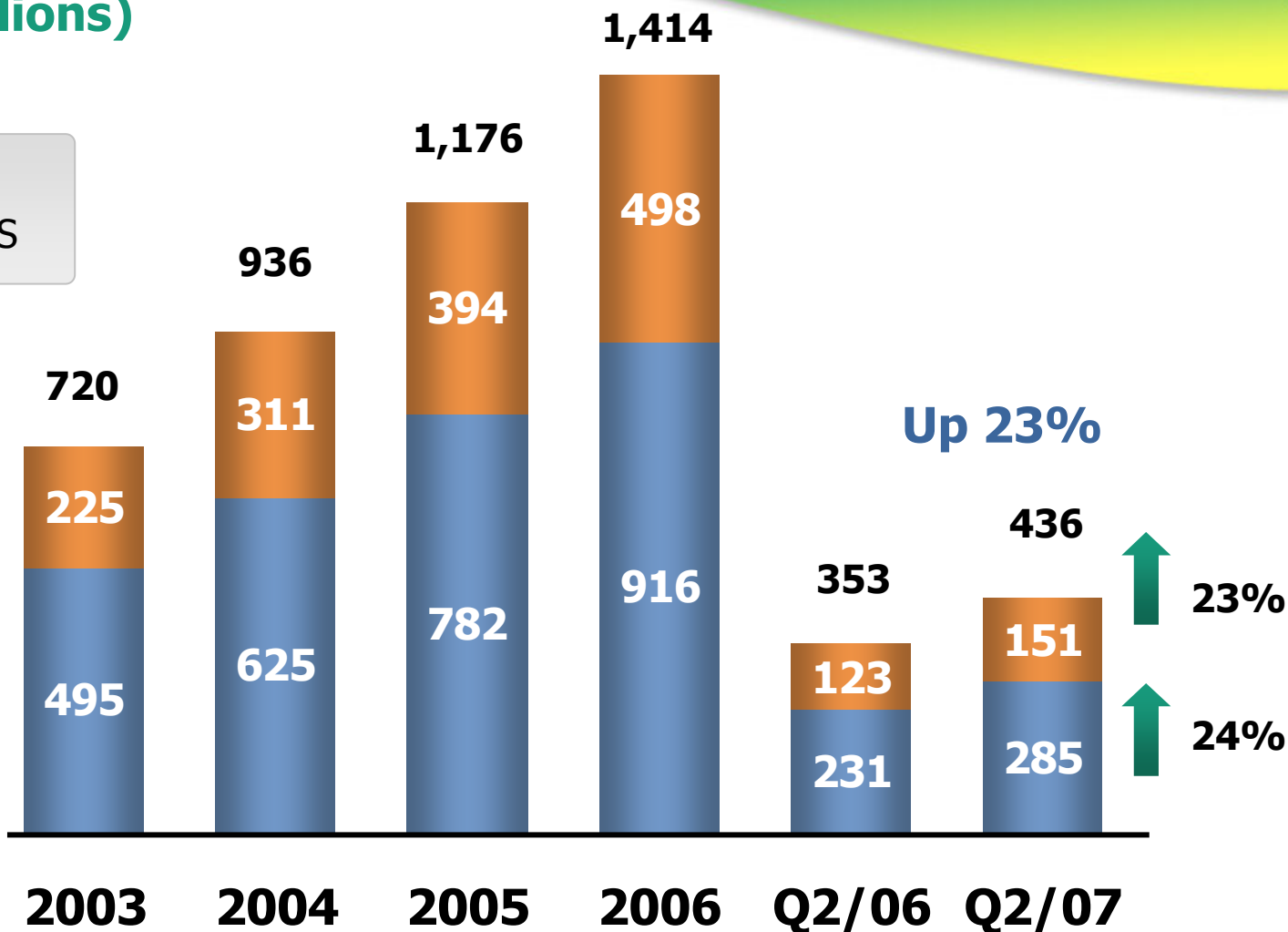
(\$ Millions)





# Q2/2007 – Copaxone® In-Market Global Sales

(\$ Millions)

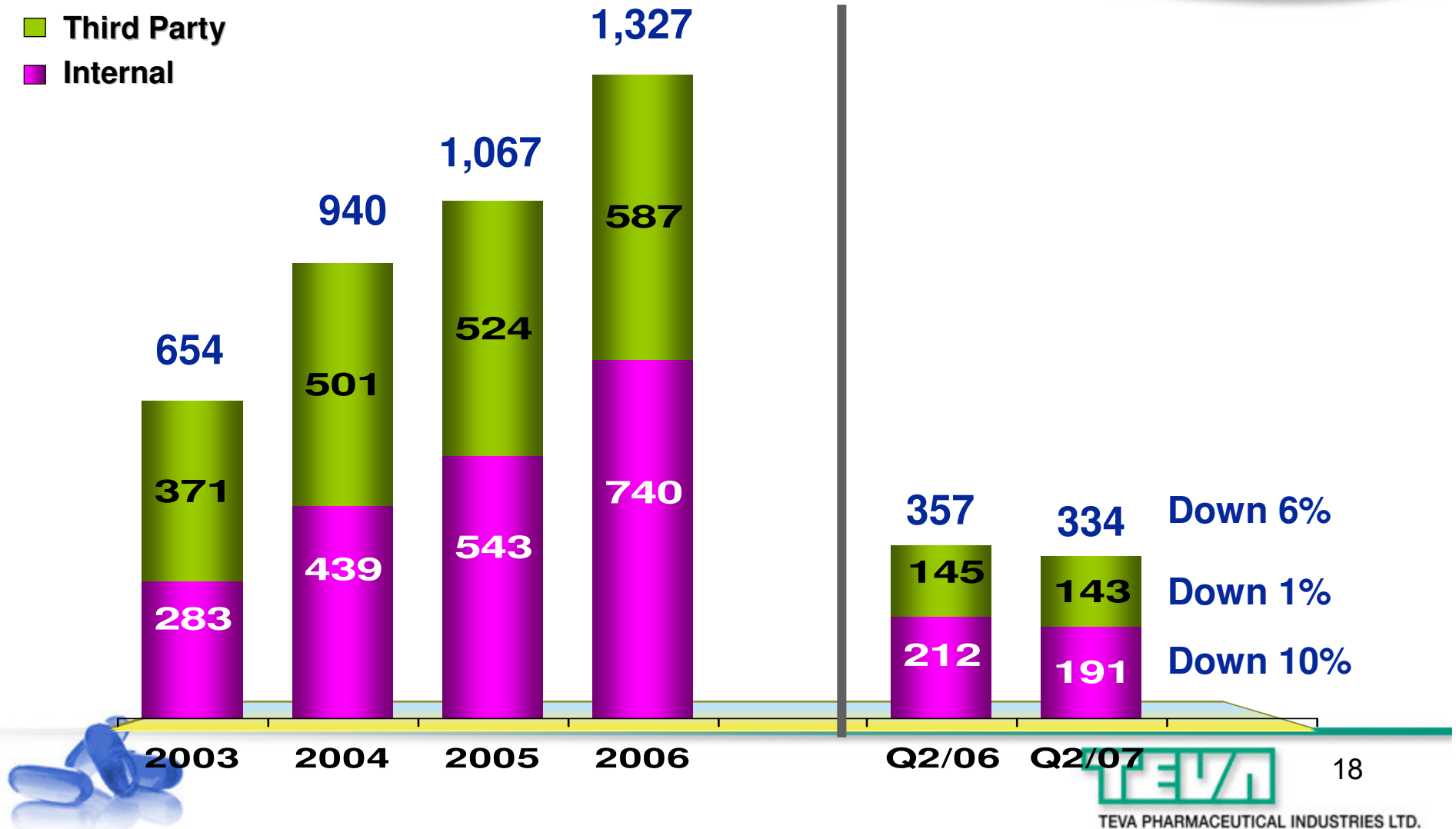


# API - Overview

(\$ Millions)

Internal / third party sales

- Third Party
- Internal



## Q2 2007 – Consolidated Statements of Income

(\$ Millions)

|                                     | Q2/07       | Q2/06(*)    | %<br>Change | % of Sales   |              |
|-------------------------------------|-------------|-------------|-------------|--------------|--------------|
|                                     |             |             |             | Q2/07        | Q2/06(*)     |
| Sales                               | 2,386       | 2,172       | 10%         | 100 %        | 100 %        |
| Gross profit                        | 1,243       | 1,202       | 3%          | 52.1%        | 55.3%        |
| R&D – net                           | 137         | 120         | 14%         | 5.7%         | 5.5%         |
| SG&A expenses                       | 469         | 375         | 25%         | 19.7%        | 17.3%        |
| Operating income                    | 637         | 707         | -10%        | 26.7%        | 32.6%        |
| Financial expenses - net            | 8           | 57          | -86%        | 0.3%         | 2.6%         |
| Income before taxes                 | 629         | 650         | -3%         | 26.4%        | 29.9%        |
| <b>Net income</b>                   | <b>515</b>  | <b>541</b>  | <b>-5%</b>  | <b>21.6%</b> | <b>24.9%</b> |
| <b>Earnings per share (Diluted)</b> | <b>0.63</b> | <b>0.66</b> | <b>-5%</b>  |              |              |
| Tax Rate                            | 18%         | 17%         |             |              |              |

\* Before non-recurring items, after tax : Q2/2006- \$52M

## Q2 2007 – Consolidated Statements of Income

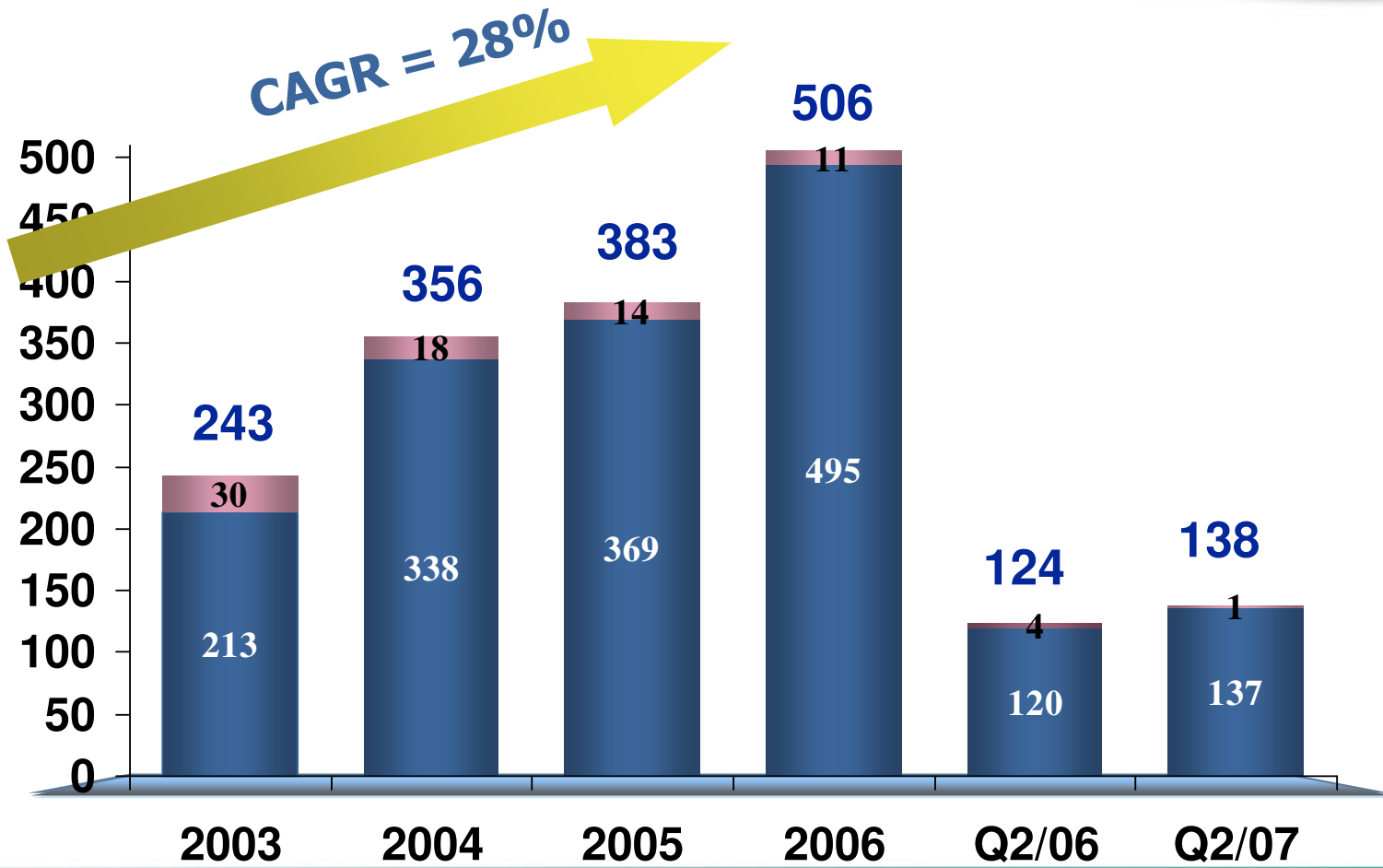
(\$ Millions)

|                                     | Q2/07       | Q1/07       | %<br>Change | % of Sales   |              |
|-------------------------------------|-------------|-------------|-------------|--------------|--------------|
|                                     |             |             |             | Q2/07        | Q1/07        |
| Sales                               | 2,386       | 2,080       | 15%         | 100 %        | 100 %        |
| Gross profit                        | 1,243       | 1,037       | 20%         | 52.1%        | 49.9%        |
| R&D – net                           | 137         | 135         | 1%          | 5.7%         | 6.5%         |
| SG&A expenses                       | 469         | 456         | 3%          | 19.7%        | 21.9%        |
| Operating income                    | 637         | 446         | 43%         | 26.7%        | 21.4%        |
| Financial expenses - net            | 8           | 28          | -71%        | 0.3%         | 1.3%         |
| Income before taxes                 | 629         | 418         | 50%         | 26.4%        | 20.1%        |
| <b>Net income</b>                   | <b>515</b>  | <b>342</b>  | <b>51%</b>  | <b>21.6%</b> | <b>16.4%</b> |
| <b>Earnings per share (Diluted)</b> | <b>0.63</b> | <b>0.42</b> | <b>50%</b>  |              |              |
| Tax Rate                            | 18%         | 18%         |             |              |              |



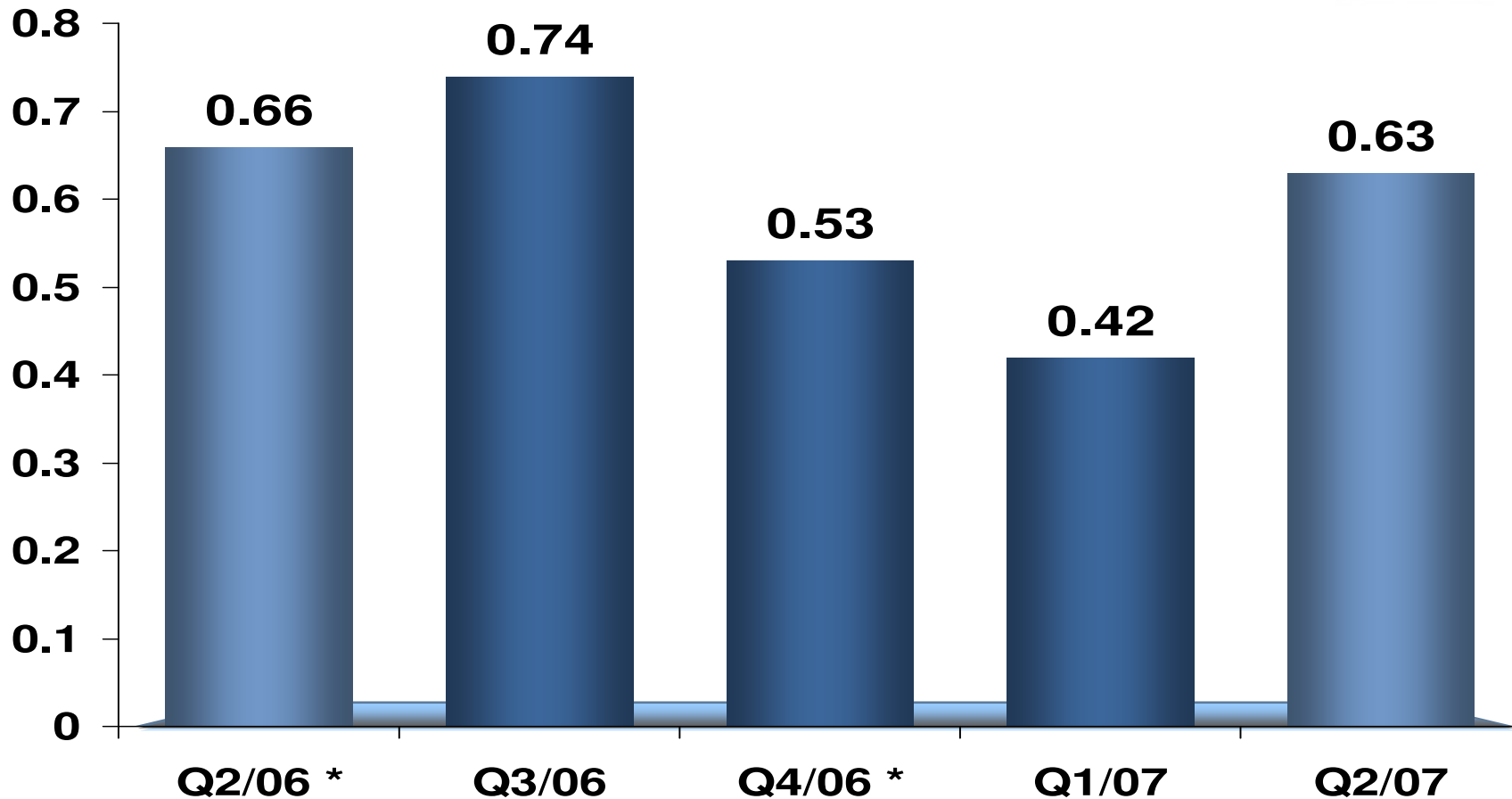
# R&D Expenses (\$ Millions)

- Gross R&D
- Grants & Participations
- R&D - Net



## Earnings per Share (diluted, in \$)

Up 50%



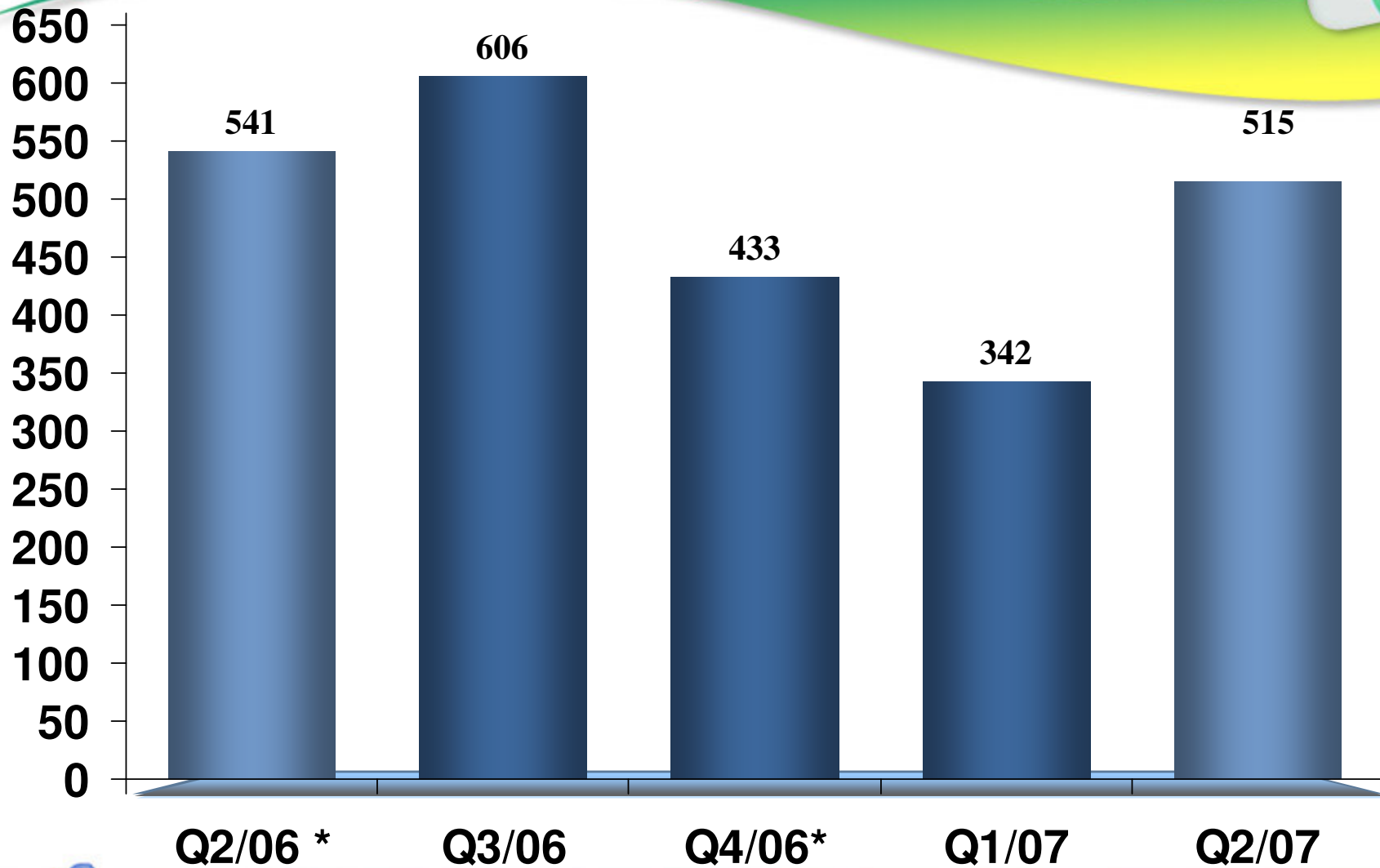
\* Before non-recurring items, after tax : Q2/2006 52M\$, Q4/2006 (27M\$)

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## Net Income (\$ Millions)



\* Before non-recurring items, after tax : Q2/2006- \$52M and Q4/2006-\$(27M)



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## Q2/2007 – Cash Flow Highlights (\$ Millions)

|   | Q2/07 | Q1/07 | Q4/06 | Q3/06 | Q2/06 | Q1/06   | Yr 2006 |
|---|-------|-------|-------|-------|-------|---------|---------|
| Net Income (loss)                                       | 515   | 342   | 461   | 606   | 488   | (1,009) | 546     |
| Cash flow from operating Activities**                   | 437   | 499   | 765   | 793   | 212   | 288     | 2,058   |
| Acquisition of companies                                | -     | -     | 5     | 2     | 24    | 3,556   | 3,587   |
| Purchase of fixed assets<br>(net of proceeds from sale) | 106   | 149   | 129   | 76    | 90    | 71      | 366     |
| Dividends*  | 75    | 72    | 58    | 59    | 57    | 55      | 229     |
| Free cash flow  | 256   | 278   | 578   | 658   | 65    | 162     | 1,463   |

\* Actually distributed

\*\* Net cash provided by operating activities less purchase of property, plant and equipment (net), and dividends paid





# Q2/2007 – Consolidated Balance Sheet

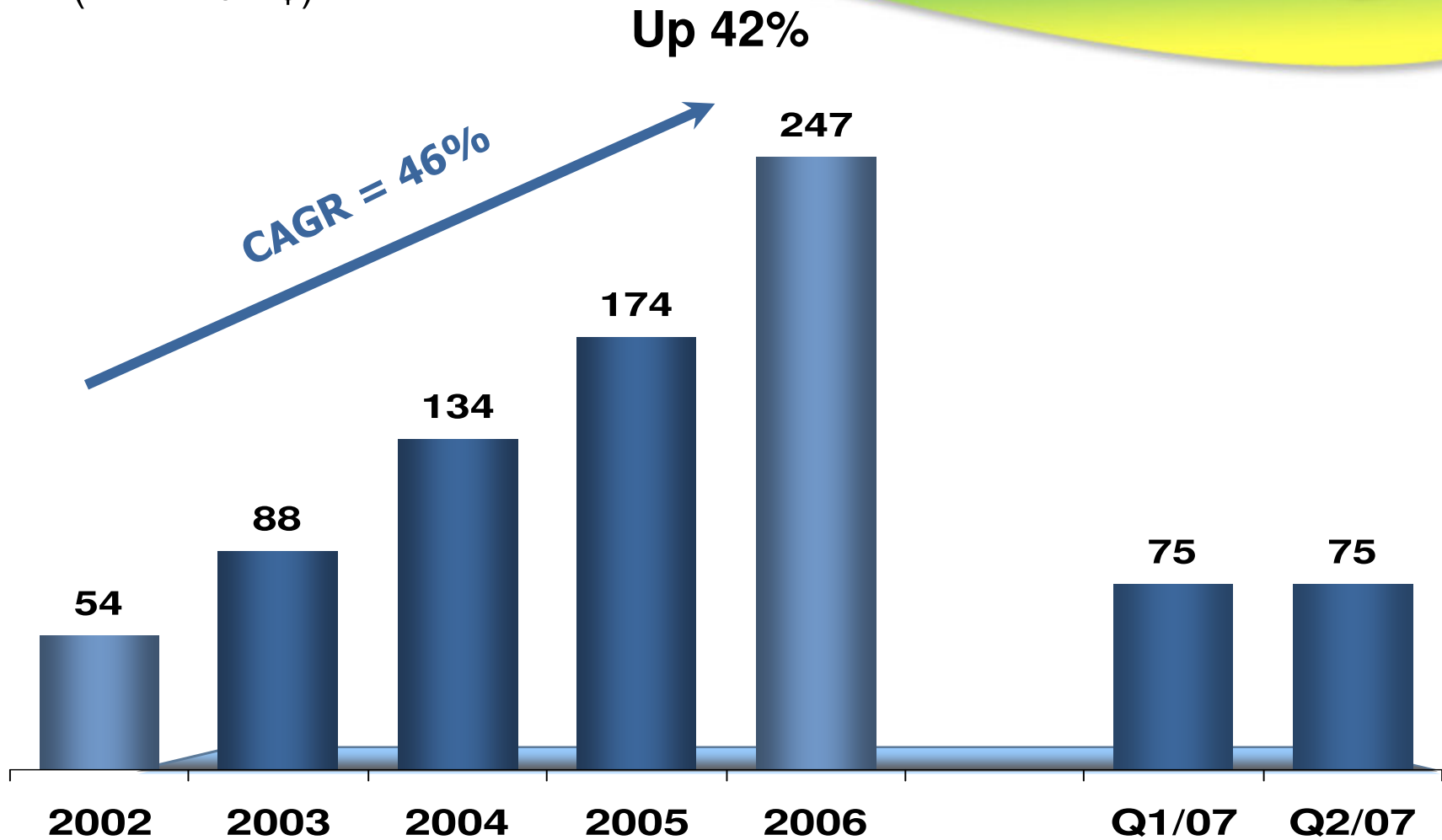
(\$ Millions)

|                                       | Jun 30,<br>2007 | Mar 31,<br>2007 | %<br>Change | Jun 30,<br>2006 |
|---------------------------------------|-----------------|-----------------|-------------|-----------------|
| Current Assets                        | 8,672           | 8,021           | 8%          | 6,667           |
| of which: Inventory                   | 2,147           | 2,084           | 3%          | 1,772           |
| Investments And Other Assets          | 731             | 686             | 7%          | 690             |
| Property, Plant & Eqmt-net            | 2,341           | 2,288           | 2%          | 2,119           |
| Intangible Assets                     | 1,901           | 1,958           | -3%         | 2,010           |
| Goodwill                              | 8,101           | 8,074           | 0%          | 7,883           |
| <b>Total Assets</b>                   | <b>21,746</b>   | <b>21,027</b>   | 3%          | <b>19,369</b>   |
| Current Liabilities                   | 4,737           | 4,641           | 2%          | 3,994           |
| of which: Short Term Debt             | 1,524           | 1,521           | 0%          | 1,056           |
| Long Term Liabilities                 | 3,031           | 3,079           | -2%         | 2,869           |
| Minority Interests                    | 37              | 36              | 3%          | 33              |
| Convertible Senior Debentures         | 1,883           | 1,883           | 0%          | 2,572           |
| Shareholders' Equity                  | 12,058          | 11,388          | 6%          | 9,901           |
| <b>Total Liabilities &amp; Equity</b> | <b>21,746</b>   | <b>21,027</b>   | 3%          | <b>19,369</b>   |



# Dividend 2002-2006

(In Million \$)



## Q2/2007 – Financial Strength

(\$ Billions)

|              | Jun 30,<br>2007 | Mar 31,<br>2007 |
|--------------|-----------------|-----------------|
| Total Equity | 12.06B          | 11.39B          |
| Total Debt   | 5.51B           | 5.53B           |
| of which:    |                 |                 |
| short-term   | 1.52B           | 1.52B           |
| long-term    | 3.98B*          | 4.01B*          |
| Leverage*    | 0.31            | 0.33            |

\* [DEBT/(Debt+Equity)]



# NASDAQ Top 20 Companies

As of July 27, 2007



|    |             |   |                            |
|----|-------------|---|----------------------------|
| 1  | MSFT        | Microsoft Corporation                         | \$281,169,443,801          |
| 2  | CSCO        | Cisco Systems, Inc.                           | \$175,883,650,225          |
| 3  | INTC        | Intel Corporation                             | \$136,767,400,000          |
| 4  | AAPL        | Apple Inc.                                    | \$124,422,769,800          |
| 5  | GOOG        | Google Inc.                                   | \$118,488,202,080          |
| 6  | ORCL        | Oracle Corporation                            | \$100,863,732,060          |
| 7  | QCOM        | QUALCOMM Incorporated                         | \$ 69,453,972,543          |
| 8  | AMGN        | Amgen Inc.                                    | \$ 64,499,454,900          |
| 9  | DELL        | Dell Inc.                                     | \$ 63,196,528,641          |
| 10 | ERIC        | LM Ericsson Telephone Company                 | \$ 55,187,809,599          |
| 11 | CMCSA       | Comcast Corporation                           | \$ 55,149,195,920          |
| 12 | EBAY        | eBay Inc.                                     | \$ 44,420,340,044          |
| 13 | RIMM        | Research in Motion Limited                    | \$ 40,119,364,740          |
| 14 | GILD        | Gilead Sciences, Inc.                         | \$ 34,514,504,640          |
| 15 | AMZN        | Amazon.com, Inc.                              | \$ 34,430,978,950          |
| 16 | <b>TEVA</b> | <b>Teva Pharmaceutical Industries Limited</b> | <b>\$ 33,881,998,011</b> * |
| 17 | YHOO        | Yahoo! Inc.                                   | \$ 31,566,996,075          |
| 18 | AMAT        | Applied Materials, Inc.                       | \$ 29,795,208,520          |
| 19 | INFY        | Infosys Technologies Limited                  | \$ 28,851,752,706          |
| 20 | COST        | Costco Wholesale Corporation                  | \$ 25,650,087,230          |



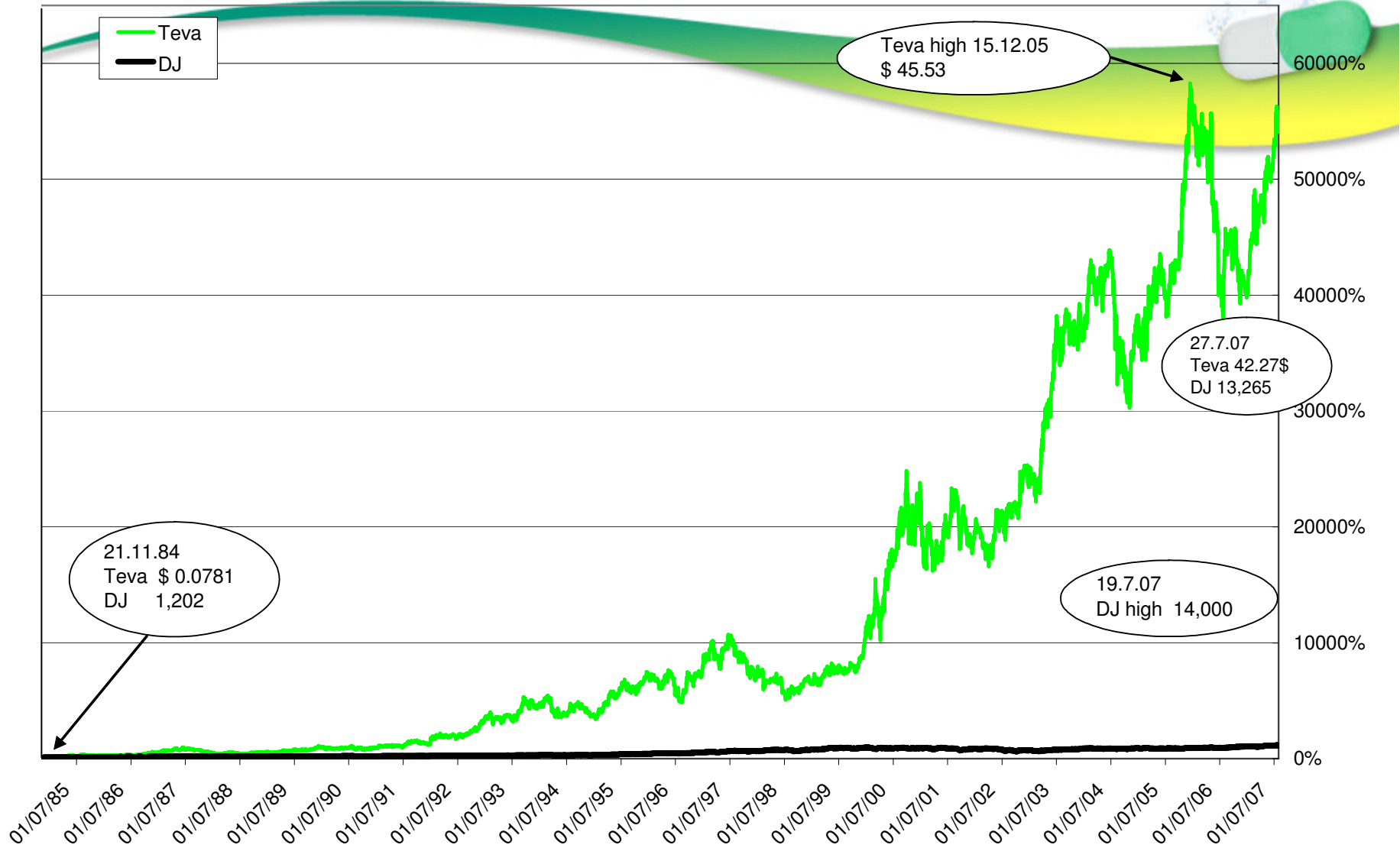
\* Share Price: \$42.27

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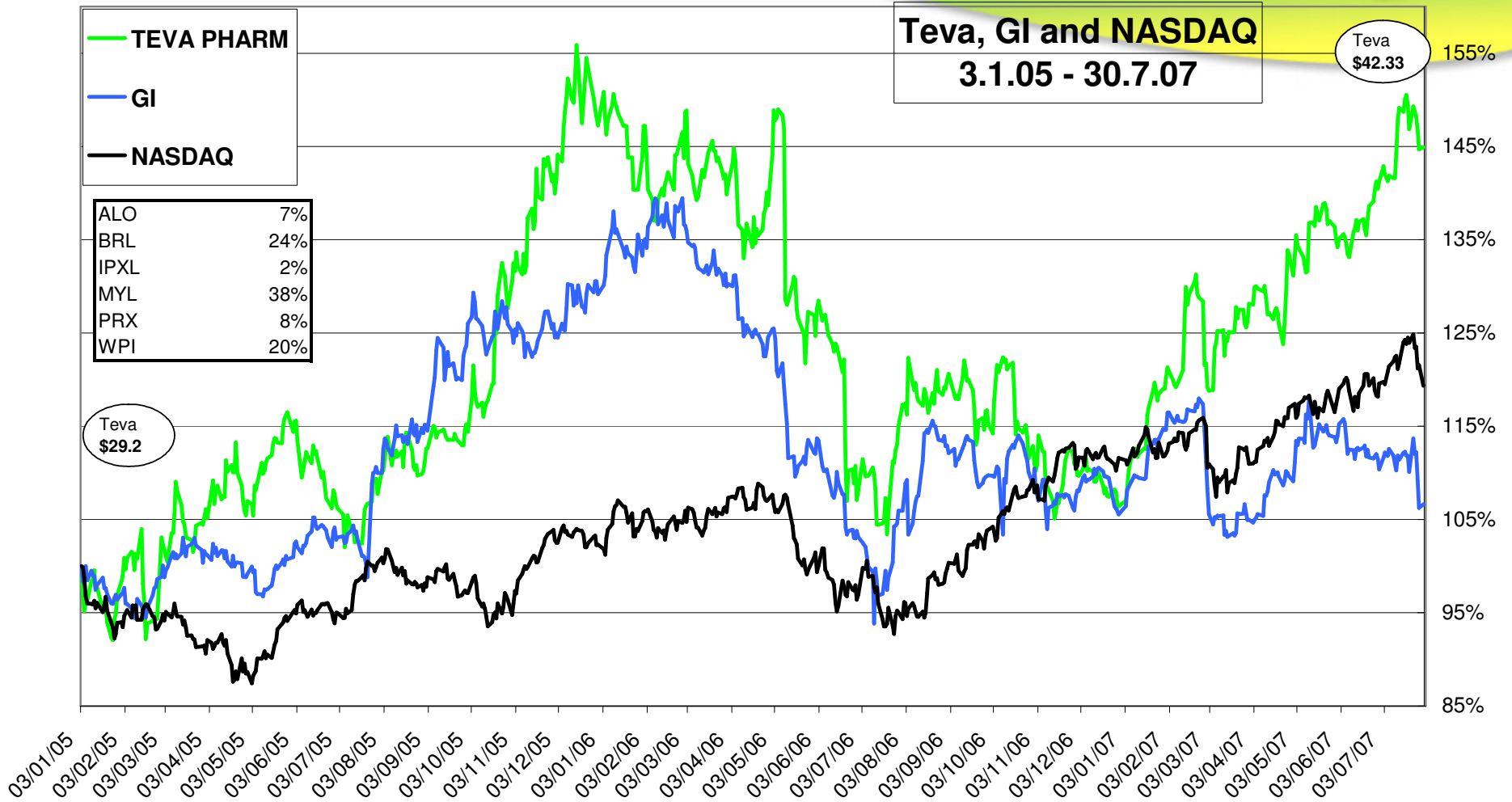


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# Teva Vs. Dow Jones 1984-2007



# Teva Vs. Generic Index and NASDAQ 2005-2007





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**Dan Suesskind, CFO**  
August 1 , 2007

