



TEVA PHARMACEUTICAL INDUSTRIES LTD.

# CIBC World Markets 18th Annual Healthcare Conference

Dan Suesskind  
George S. Barrett  
Teva Pharmaceutical Industries Ltd.

November 7, 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.



# Overview

- Vertically-integrated global pharmaceutical company founded in 1901
- Three main business segments
  - Finished Dosage Generic Pharmaceuticals
  - Active Pharmaceutical Ingredients (API)
  - Specialty Branded Pharmaceuticals
- Presence in 60 countries; approximately 26,000 employees
- Rank among the top 20 in revenues among all pharmaceutical companies



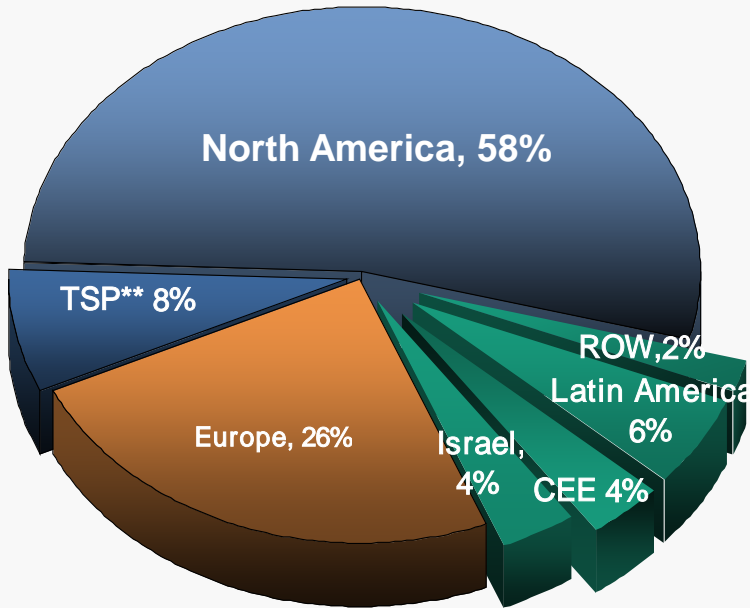
# Financial Results

	1-9/07	1-9/06	% Change
Sales (\$ Millions)	6,832	6,131	11%
Net Income (\$ Millions)	1,382	1,434	(4%)
Earnings per Share (diluted \$)	1.69	1.77	(5%)
Cash Flow from Operations	1,268	1,294	
P/E Ratio 2007 (F.C. Consensus \$2.32)	19.3		
Market Capitalization (as of Nov. 6, 2007: \$44.80)	\$35 B		

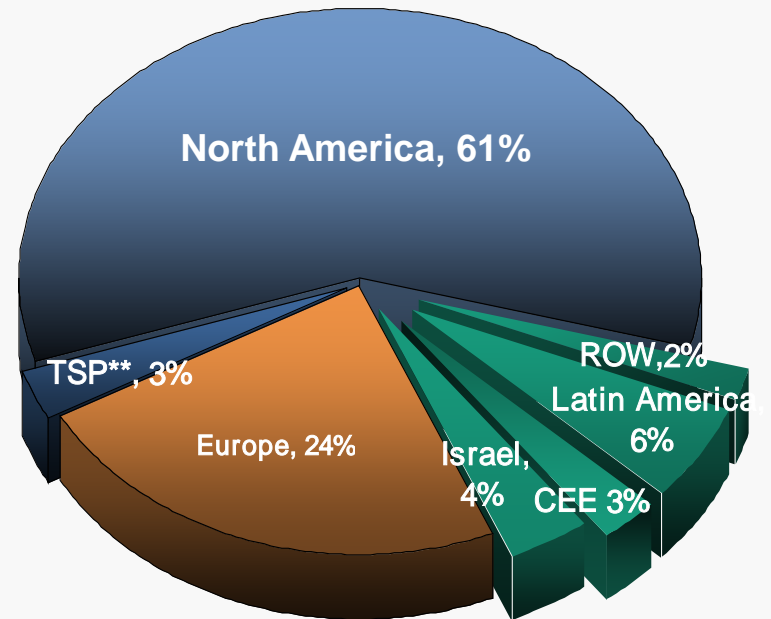


# Sales By Region

1-9/07: \$6,832 Million



1-9/06: \$6,131 Million

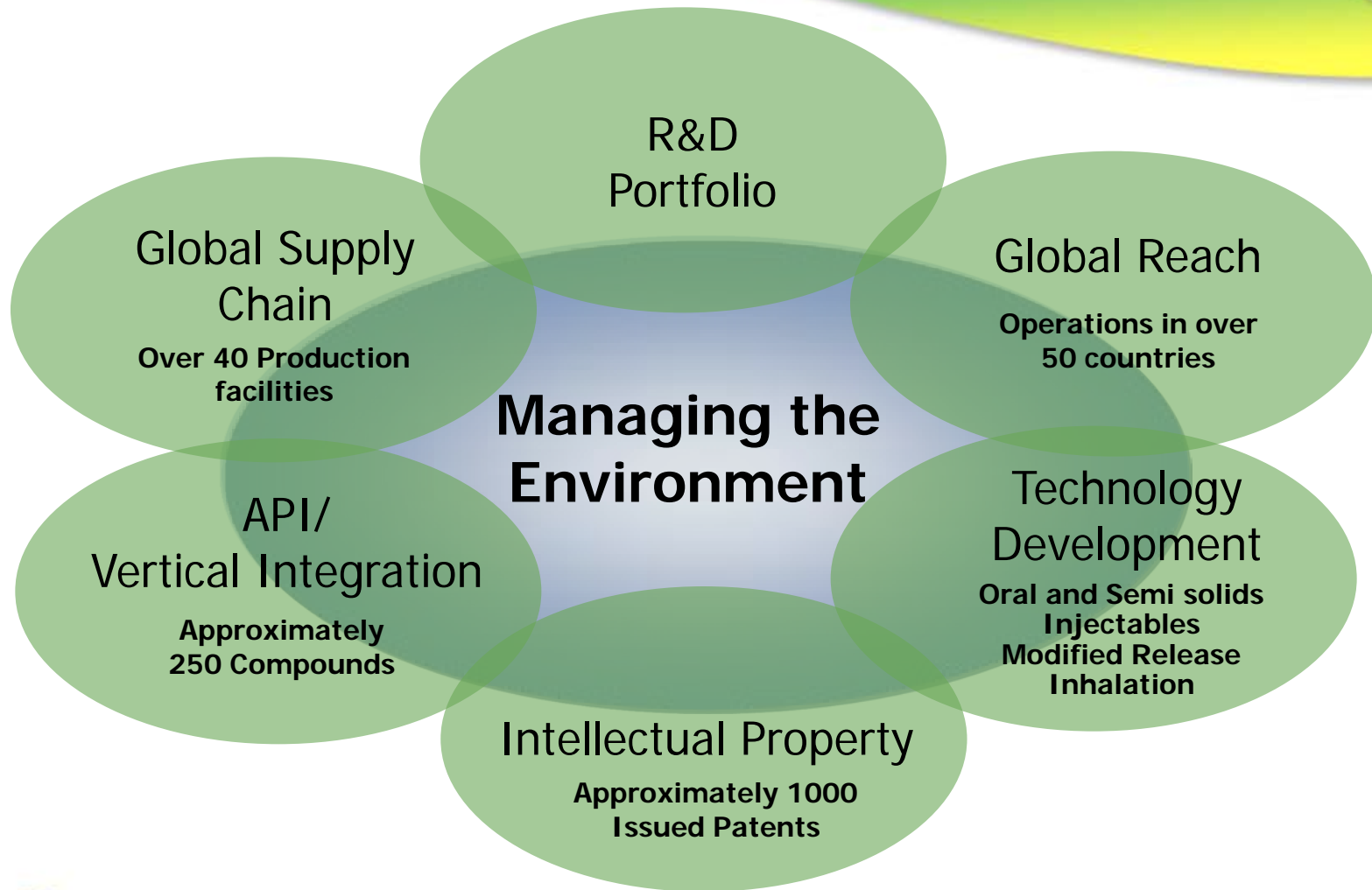


\* Western Europe and Hungary

\*\* TSP as % of North America



# Teva's Core Strengths in Generics



# Q3/2007 – North America Pharmaceutical Sales

(\$ Millions)

CAGR = 31%

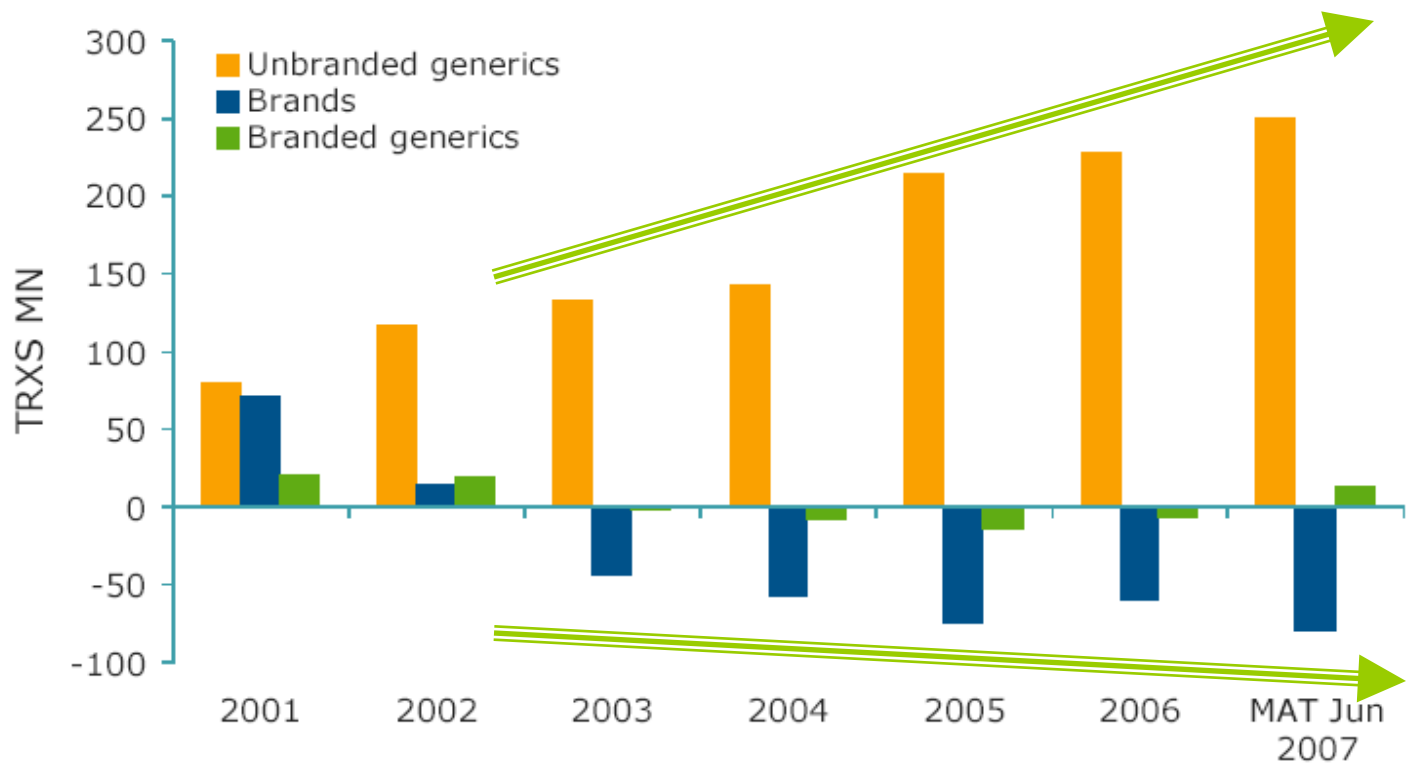
			1,365	1,315
	452	719	708	
Q3/03	Q3/04	Q3/05	Q3/06	Q3/07



# Absolute growth of generics takes off in the last four years; brands decline



## Absolute growth of prescriptions



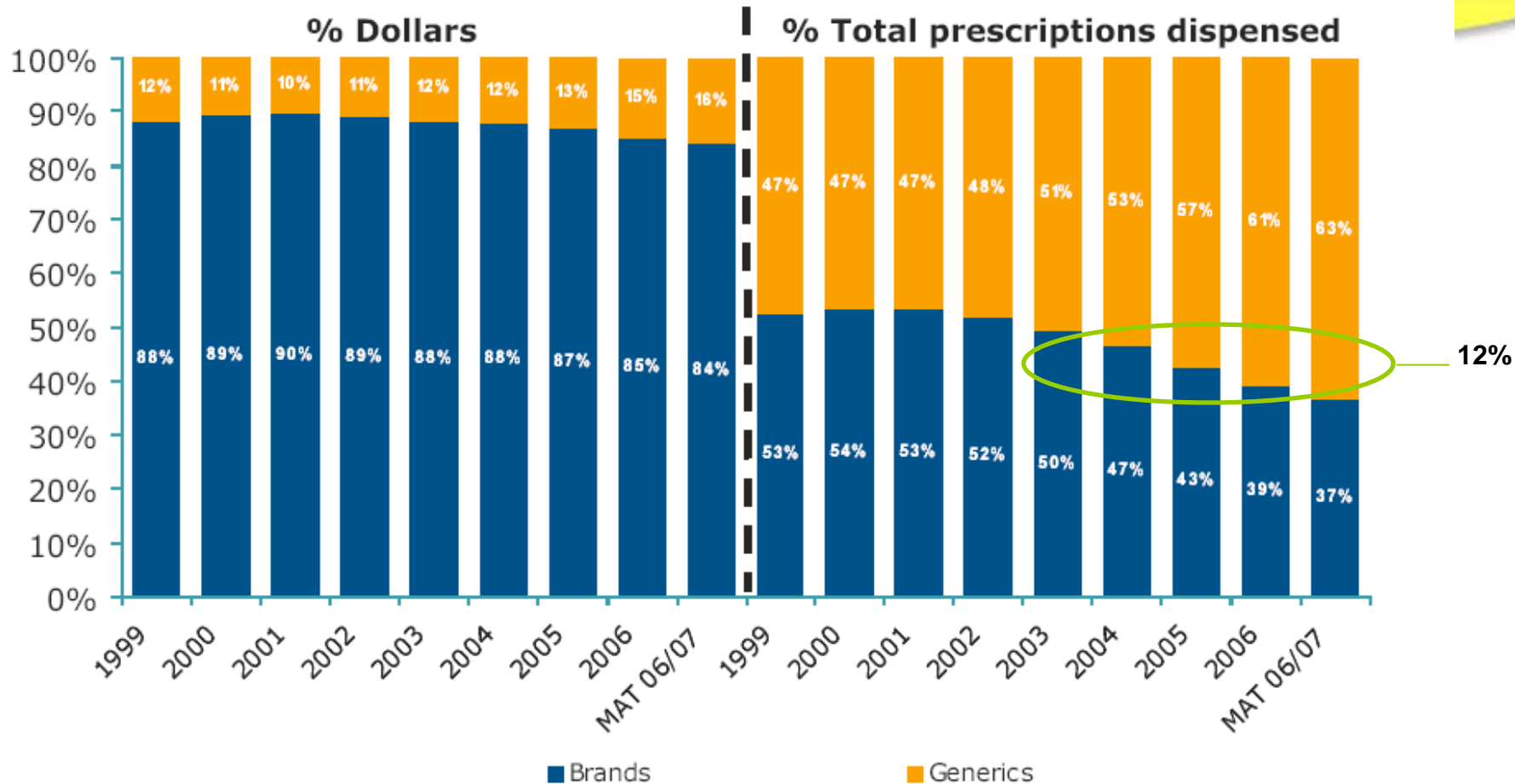
Source: IMS Health, National Prescription Audit, Jun 2007



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# Generic TRx continue to gain traction



Source: IMS Health, National Prescription Audit Plus, National Sales Perspectives, Jun 2007



# Top U.S. Pharmaceutical Companies

(In thousands)

## Generic companies only

### Total Rx's

1	Teva USA	431,054
2	Mylan	276,753
3	Watson	223,671
4	Sandoz	192,609
5	Barr	137,581
6	Mallinckrodt	97,291
7	Actavis	84,689
8	Qualitest	81,167
9	Greenstone	77,598
10	Par	71,370

## All pharmaceutical companies

### Total Rx's

1	Teva USA	443,824
2	Mylan	278,627
3	Pfizer	269,682
4	Novartis	267,918
5	Watson	223,674
6	Barr	137,671
7	Merck	120,555
8	AstraZeneca	111,617
9	GlaxoSmithKline	109,903
10	Mallinckrodt	97,291

\*Increase over MAT 09/2006

Source: IMS Health September 2007 NPA

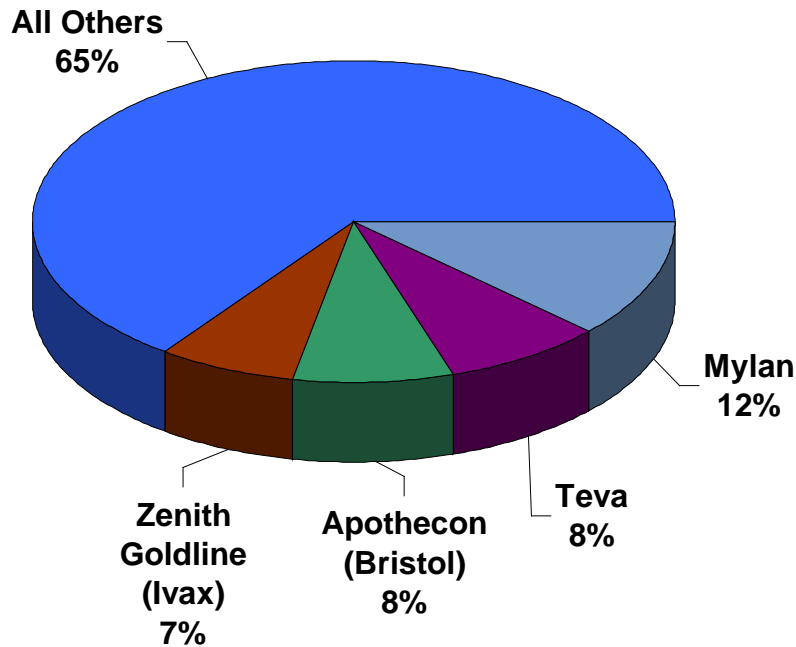


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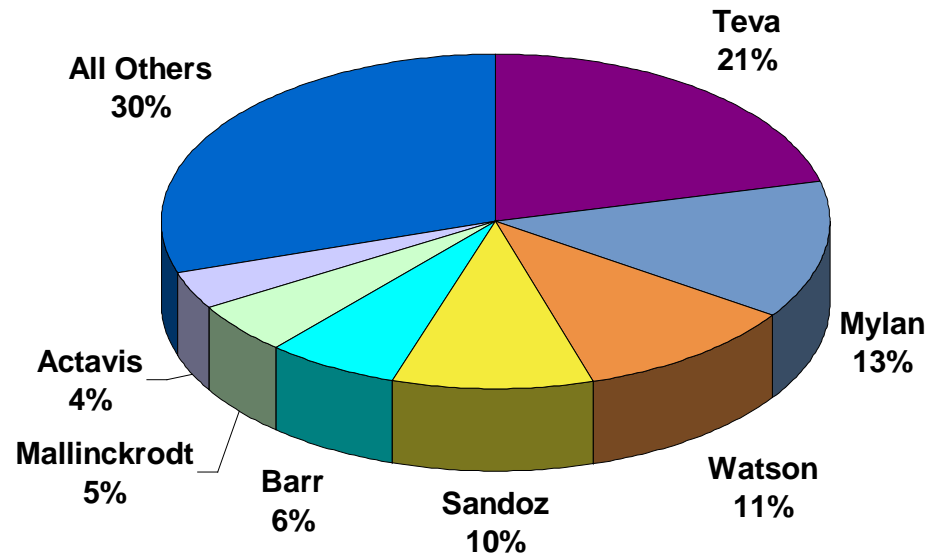
# Generic Industry Consolidation

*Top 4 have 55% market share combined*

IMS TRx MAT Jun-97  
(Top 4 = 35%)



IMS TRx MAT Jun-07  
(Top 4 = 55%)



# Competitive Generic TRX share\*



Simvastatin # of ANDA's: 12	
Teva	51.9%
Dr. Reddy – AG	23.9%
Aurobindo	7.1%
Ranbaxy	6.5%
Lupin	4.1%
Sandoz	2.6%
Zydus	2.2%
Other	1.7%

Pravastatin 10/20/40 # of ANDA's: 10	
Teva	46.9%
Apotex	28.1%
Watson – AG	9.4%
Dr Reddy	9.4%
Sandoz	4.2%
Par	0.7%
Other	1.3%

Sertraline # of ANDA's: 16	
Greenstone – AG	53.9%
Teva	33.7%
Apotex	4.7%
Lupin	3.7%
Sandoz	1.4%
Aurobindo	0.6%
Westward	0.4%
Other	1.6%

Zolpidem # of ANDA's: 14	
Teva	41.9%
Prasco – AG	14.3%
Mylan <sup>1</sup>	11.8%
Dr Reddy	7.4%
Sandoz	6.5%
Caraco	5.7%
Apotex	5.0%
Other	7.4%



\* Week of October 12, 2007

<sup>1</sup> Includes Genpharm



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# U.S. Generic Industry's Largest Pipeline



**151 ANDAs – over \$88 billion in total brand sales**

**82 Paragraph IV Filings**

**43 First-to-File – over \$38 billion in total brand sales**

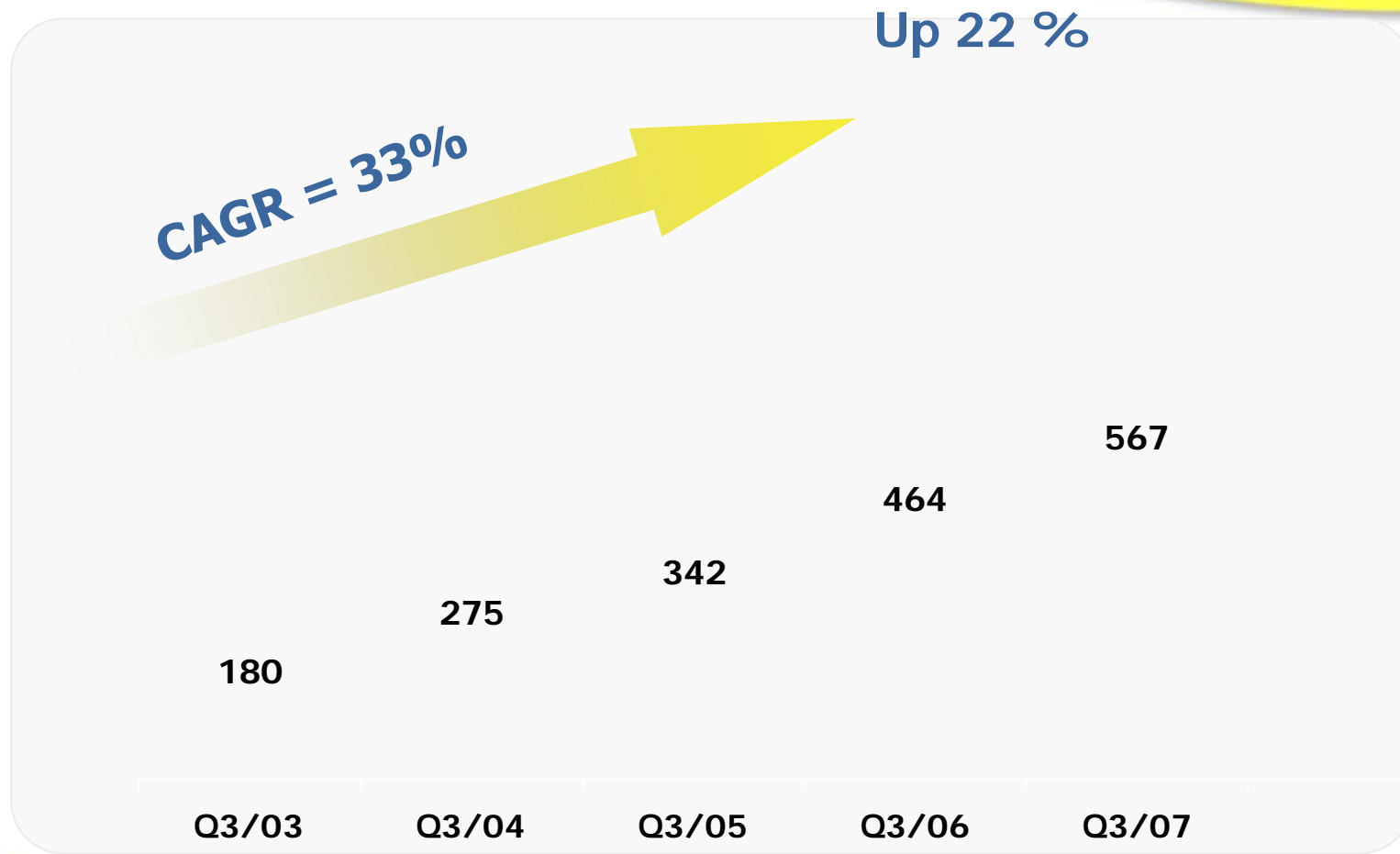
As of October 26, 2007



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# Q3/2007 – Europe\* Pharmaceutical Sales

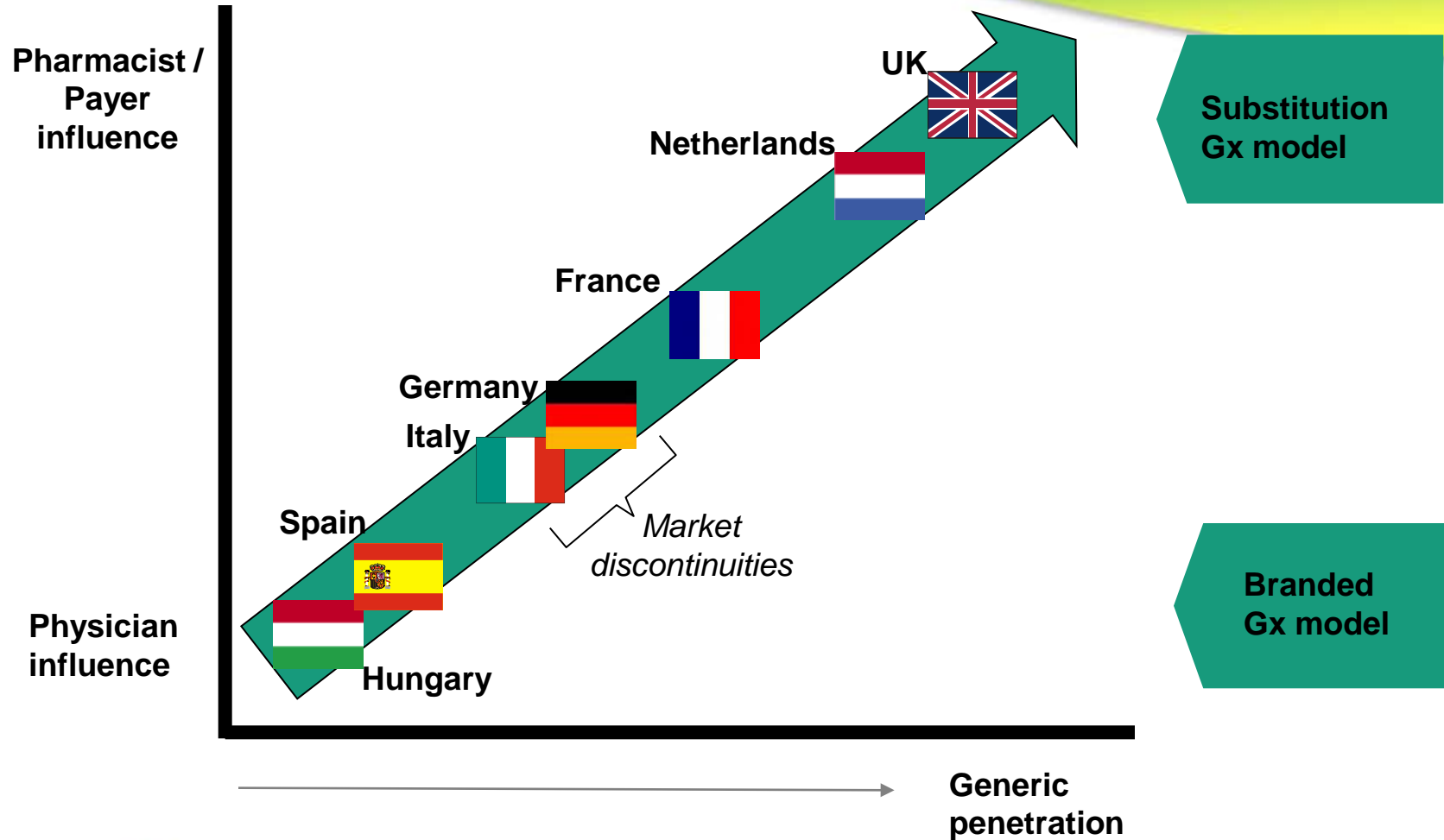
(\$ Millions)













\* Western Europe and Hungary



# Western Europe is emerging as a pharmacy-focused region, facilitating higher penetration



# Progress implementation - room for generic penetration

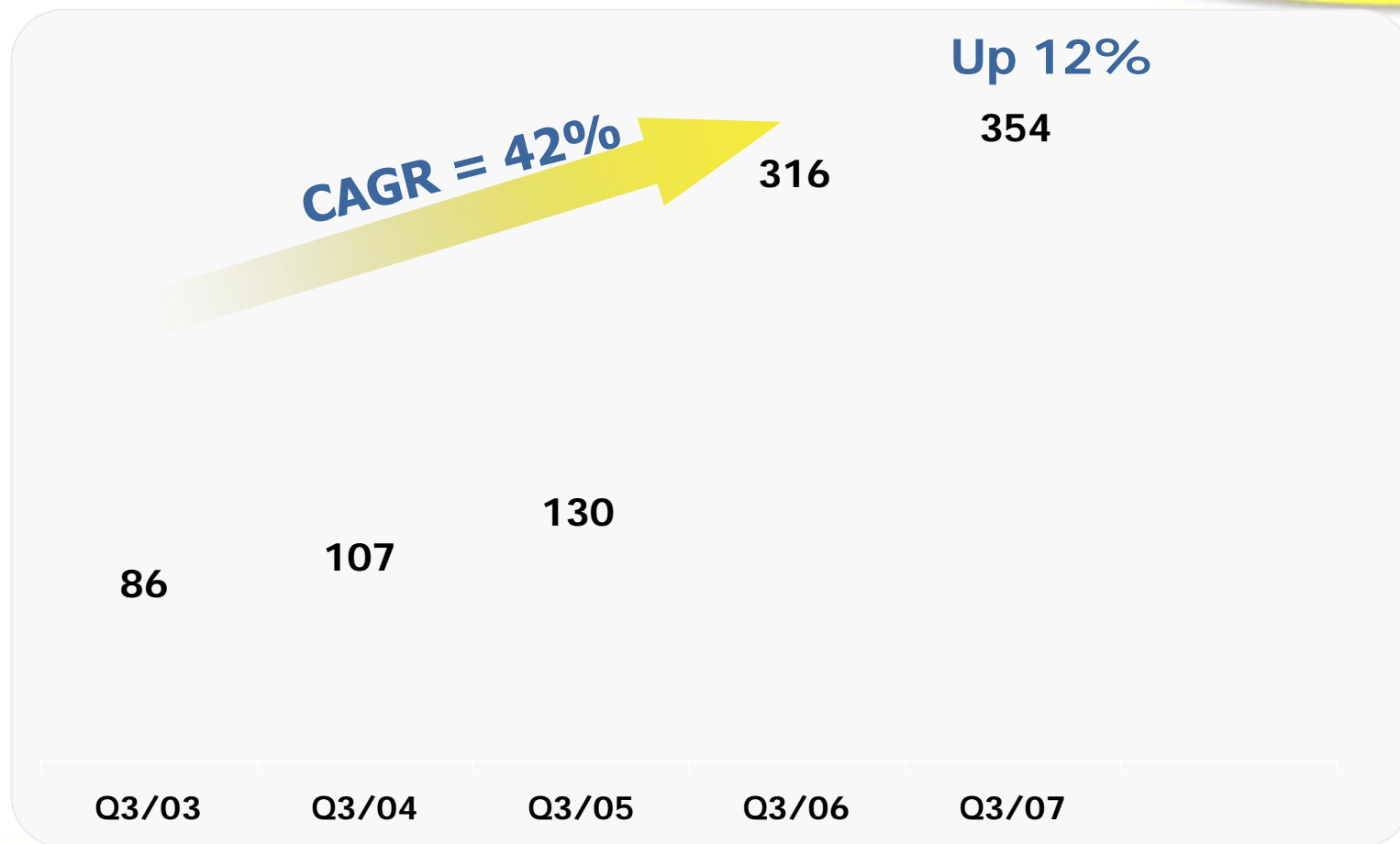
										
Introduce a coherent generic medicine policy		✓							✓	✓
Encourage price differentiation / competition in current regulatory framework	✓	✓			✓		✓	✓	✓	✓
Disseminate price information to actors	✓		✓				✓	✓	✓	✓
Increase confidence of actors in generic medicines		✓	✓		✓	✓	✓	✓	✓	✓
Provide incentives to physicians to prescribe generic medicines				✓	✓	✓			✓	✓
Remove financial disincentives for pharmacists to dispense generic medicines	✓	✓	✓	✓					✓	✓
Provide incentives for patients to demand generic medicines	✓	✓		✓	✓	✓		✓	✓	

Source: Generics bulletin June 2007; EGA view of implementation Simoens Report Recommendations



# Q3/2007 – International (ROW) Pharmaceutical Sales

(\$ Millions)



# TAPI – Teva Active Pharmaceutical Ingredients

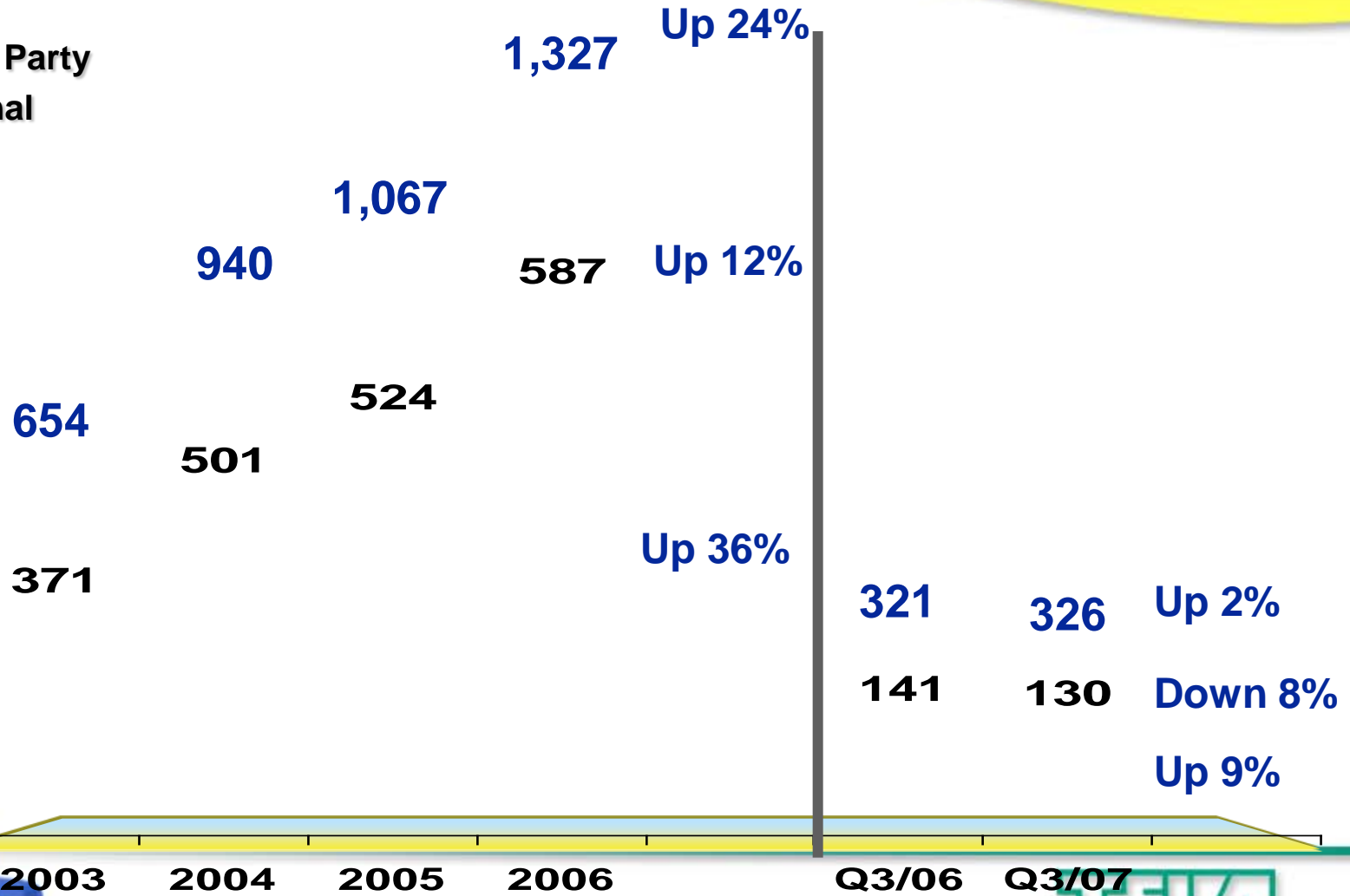
- Teva's API division is the Industry leader for active pharmaceutical ingredients (API) for generics
- Manufactures and sells approx. 250 products to Teva's finished pharmaceutical product businesses and to third parties
- Be First – Stay Last
- Provides Teva with strategic advantages through vertical integration
  - A major source for Teva's R&D and finished products
  - Provides Teva a strong competitive advantage – capital expenditures, strong IP and leading worldwide expertise make Teva's API capabilities hard to replicate
- 18 production sites located in Israel, U.S., Mexico, Switzerland, Hungary, Italy and India



# Teva API Sales

(\$ Millions)

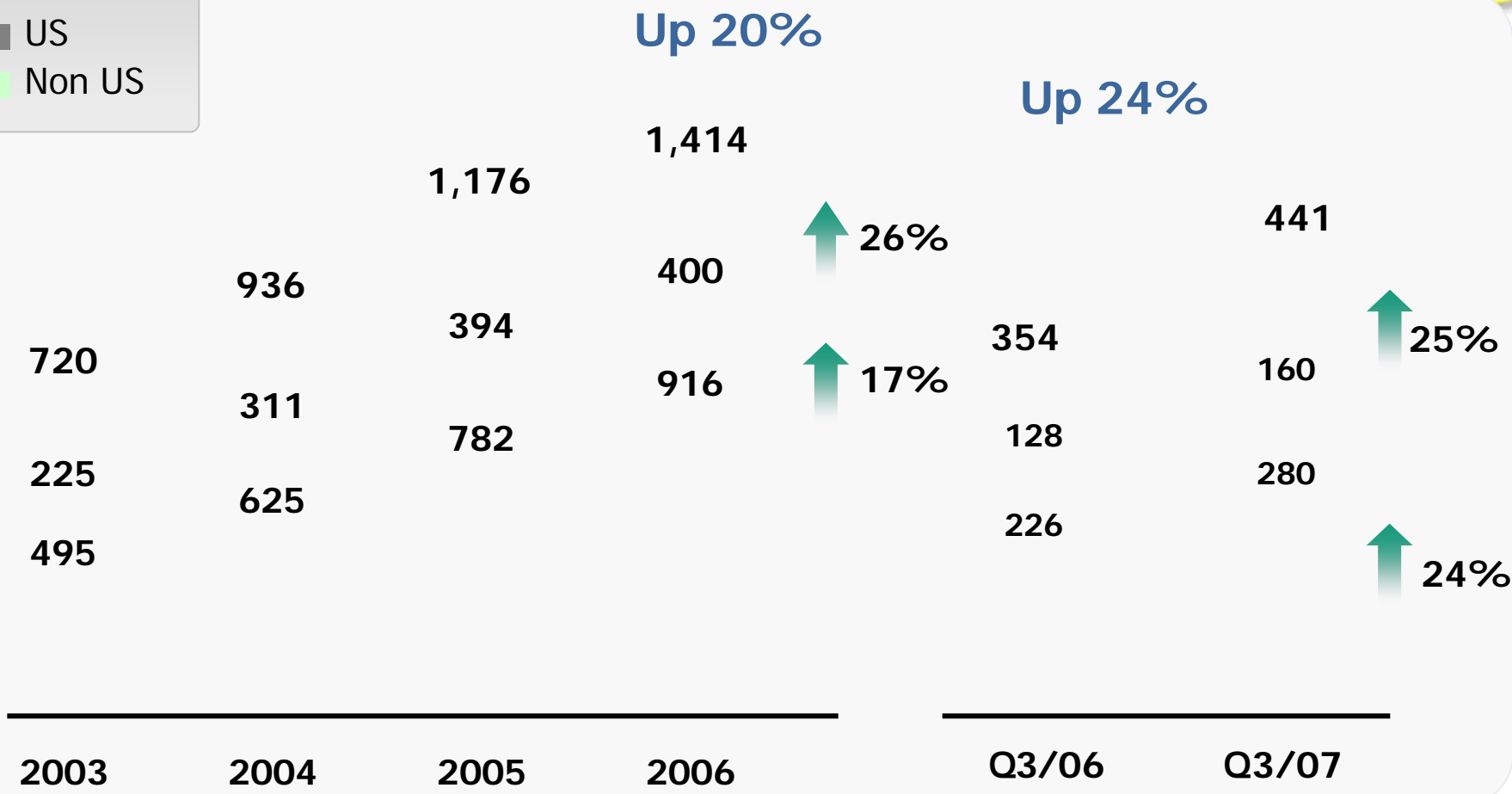
- Third Party
- Internal



# Q3/2007 – Copaxone® In-Market Global Sales

(\$ Millions)

US  
 Non US



# Copaxone® 40 mg



- Copaxone®, at a 40 mg/day dose, has the potential to provide better efficacy compared to all approved first-line treatments
- Results of 9-month Phase II study, which compared to Copaxone® 20 mg/day
  - Patients taking the higher dose showed a 38% greater reduction in inflammatory disease activity as measured by MRI
  - Reduced mean on-trial relapse rate of 77% vs. 62%
- Phase III study (“FORTE”) initiated in July 2006

**Next Milestone  
Submission To FDA – H2 /2008**



# Laquinimod



- A novel, oral product for relapsing MS
- Licensed from Sweden's Active Biotech
- Positive results of Phase IIb study
  - Demonstrated that an oral 0.6 mg dose of laquinimod given daily significantly reduced MRI disease activity by 38 percent in RRMS patients
  - Favorable trend towards reducing annual relapse rates, the number of relapse-free patients and time to first relapse compared with placebo
  - Confirmed favorable safety profile

**Next Milestone  
Initiation of Phase III studies**



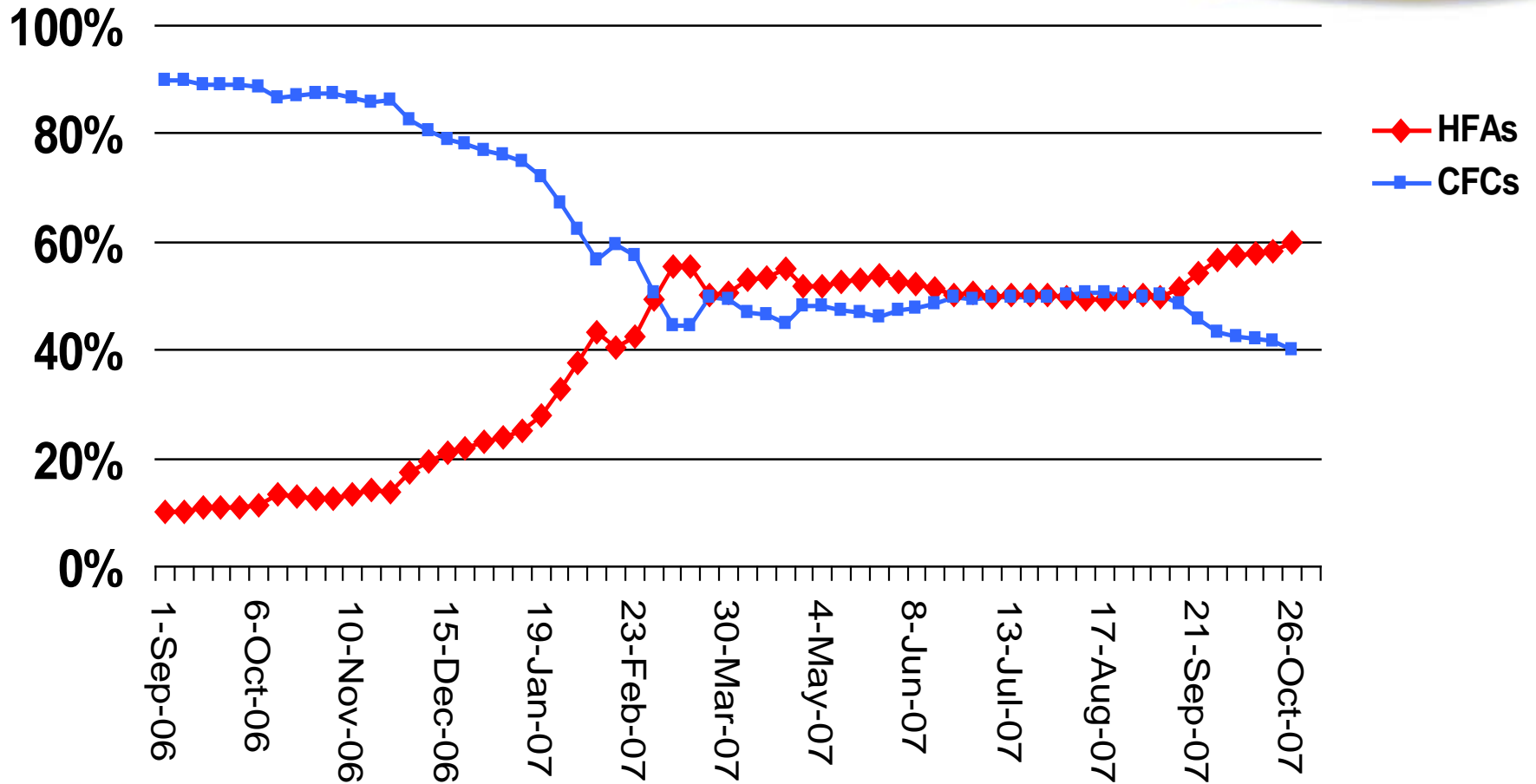
# Azilect® for Parkinson's



- First once-daily medication for PD; Only MAO-B inhibitor with an indication for both monotherapy and adjunct therapy
- Launched in 28 countries since initial launch in Israel in early 2005
- Patients are responding positively to the convenient once daily dosing and the good tolerability
- Continue to study AZILECT as a symptomatic therapy (LEGATO) and as a possible disease modifying therapy (ADAGIO) study

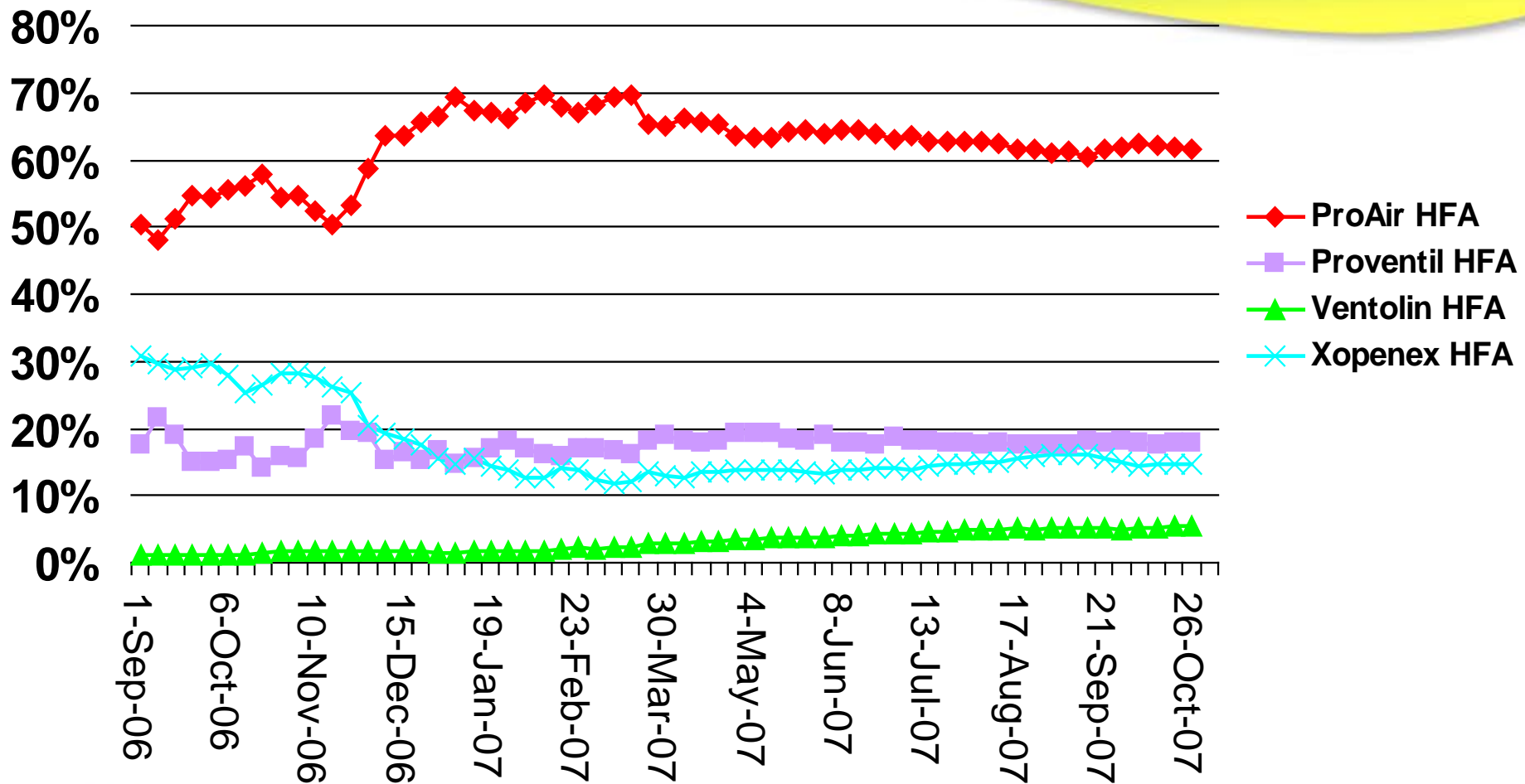


# SABA TRx Weekly Market (Share)





# SABA-HFA TRx Market (Share)



# Cash Flow Highlights



(\$ Millions)	Q3/07	Q2/07	Q1/07	Q4/06	Q3/06	Q2/06	YR2006
Net Income	525	515	342	461	606	488	546
Cash flow from operating activities	332	437	499	765	793	212	2,058
Acquisition of companies	17	-	-	5	2	24	3,587
Purchase of fixed assets (net of proceeds from sale)	104	106	149	129	76	90	366
Dividends *	73	75	72	58	59	57	229
Free cash flow **	155	256	278	578	658	65	1,463

\* Actually distributed

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



# Financial Strength



(\$ Billions)	30-Sep-2007	30-Jun-2007
<b>Total Equity</b>	<b>12.92 B</b>	<b>12.06 B</b>
<b>Total Debt</b>	<b>5.31 B</b>	<b>5.51 B</b>
<b>of which:</b>		
<b>short-term</b>	<b>1.95 B</b>	<b>1.52 B</b>
<b>long-term *</b>	<b>3.36 B</b>	<b>3.98 B</b>
<b>Leverage **</b>	<b>29%</b>	<b>31%</b>

\* Includes both converts of \$1.4 bn and straight debt of \$1.5 mn issued on Q1/06

\*\* [DEBT/(Debt+Equity)]



# Consolidated Statement of Income

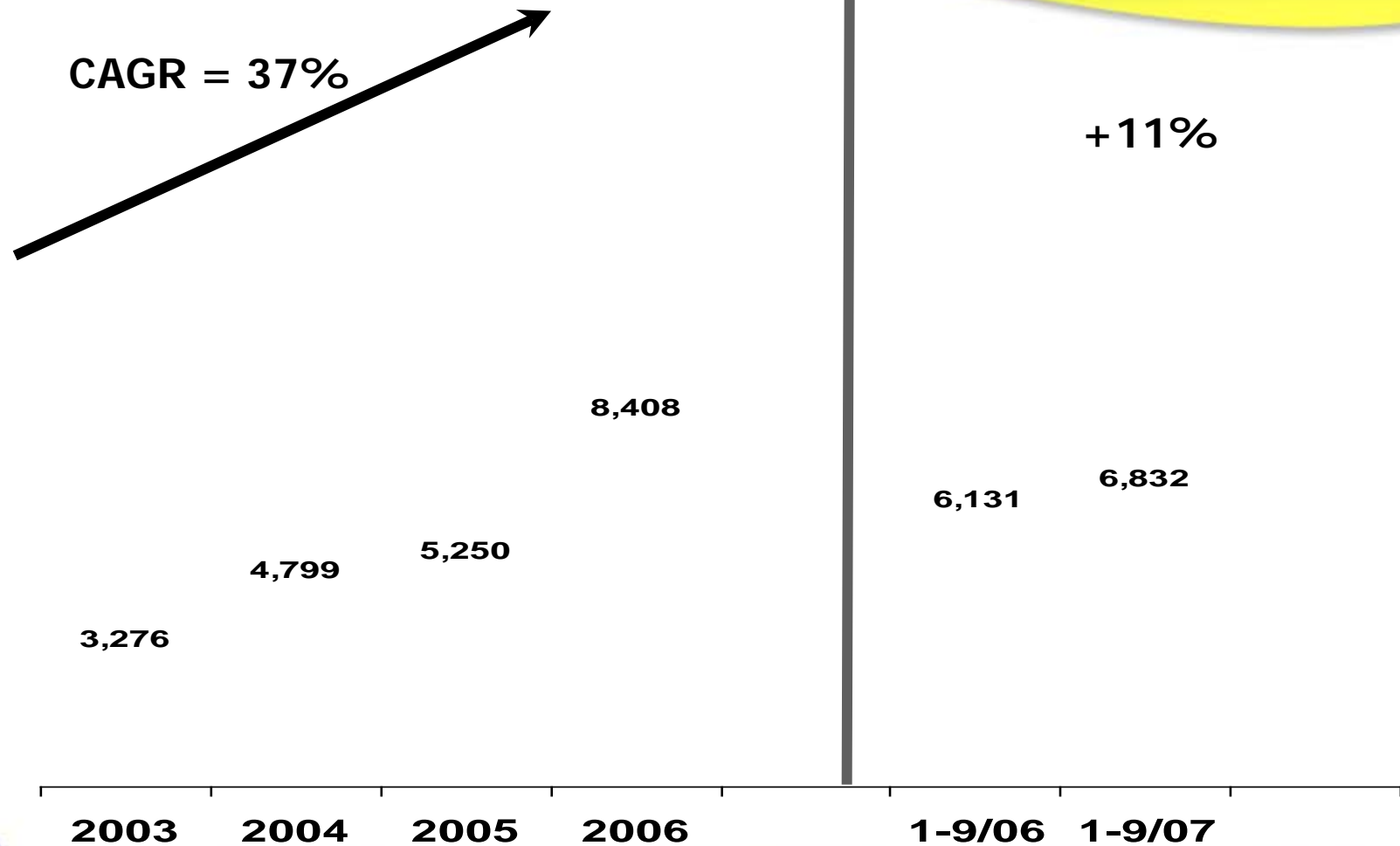


(\$ Millions)	(\$ Millions)				
	Q3/07	Q2/07	Q1/07	Q4/06	Q3/06
Sales	2,366	2,386	2,080	2,277	2,286
Gross profit	1,250	1,243	1,037	1,103	1,262
R&D – net	141	137	135	137	135
SG&A expenses	458	469	456	478	404
Operating income	651	637	446	488	723
Financial expenses - net	3	8	28	(4)	28
Income before taxes	648	629	418	492	695
<b>Net income</b>	525	515	342	433	606
<b>Earnings per share (Diluted)</b>	0.64	0.63	0.42	0.53	0.74
Tax rate	19.2%	18.0%	18.0%	(15.7%)	12.5%

% of Sales				
Q3/07	Q2/07	Q1/07	Q4/06	Q3/06
100%	100%	100%	100%	100%
53%	52%	50%	48%	55%
6%	6%	6%	6%	6%
19%	20%	22%	21%	18%
28%	27%	21%	21%	32%
0%	0%	1%	0%	1%
27%	26%	20%	22%	30%
22%	22%	16%	19%	27%
19.2%	18.0%	18.0%	(15.7%)	12.5%



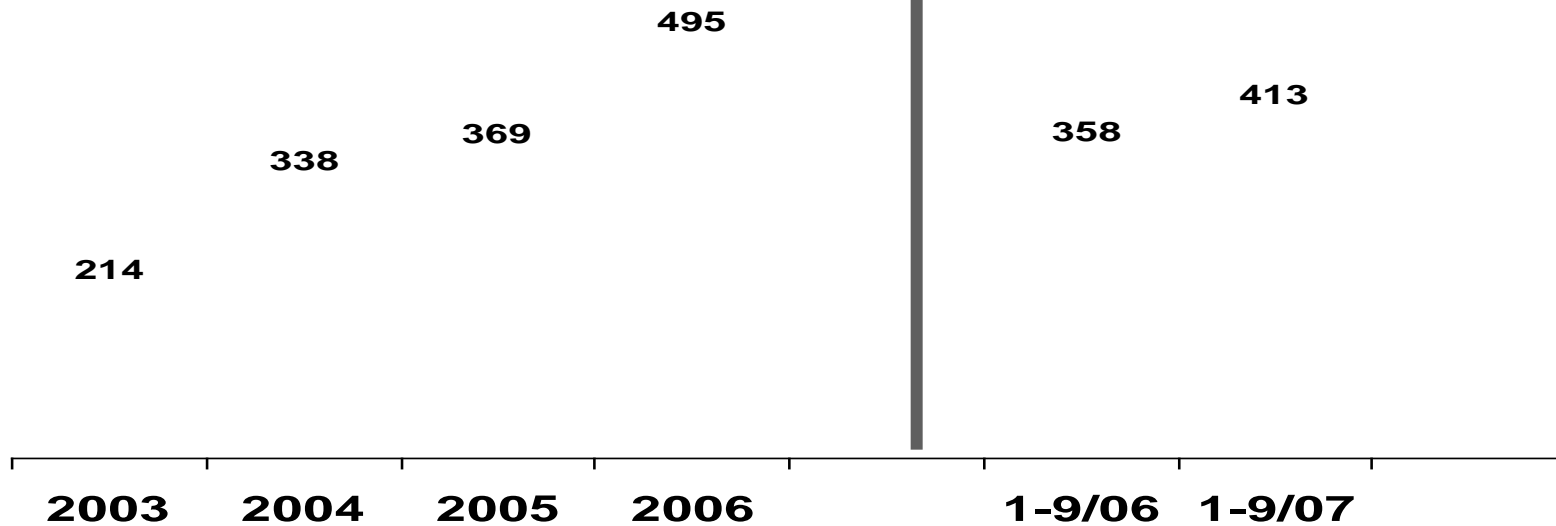
# Sales (in \$ Millions)



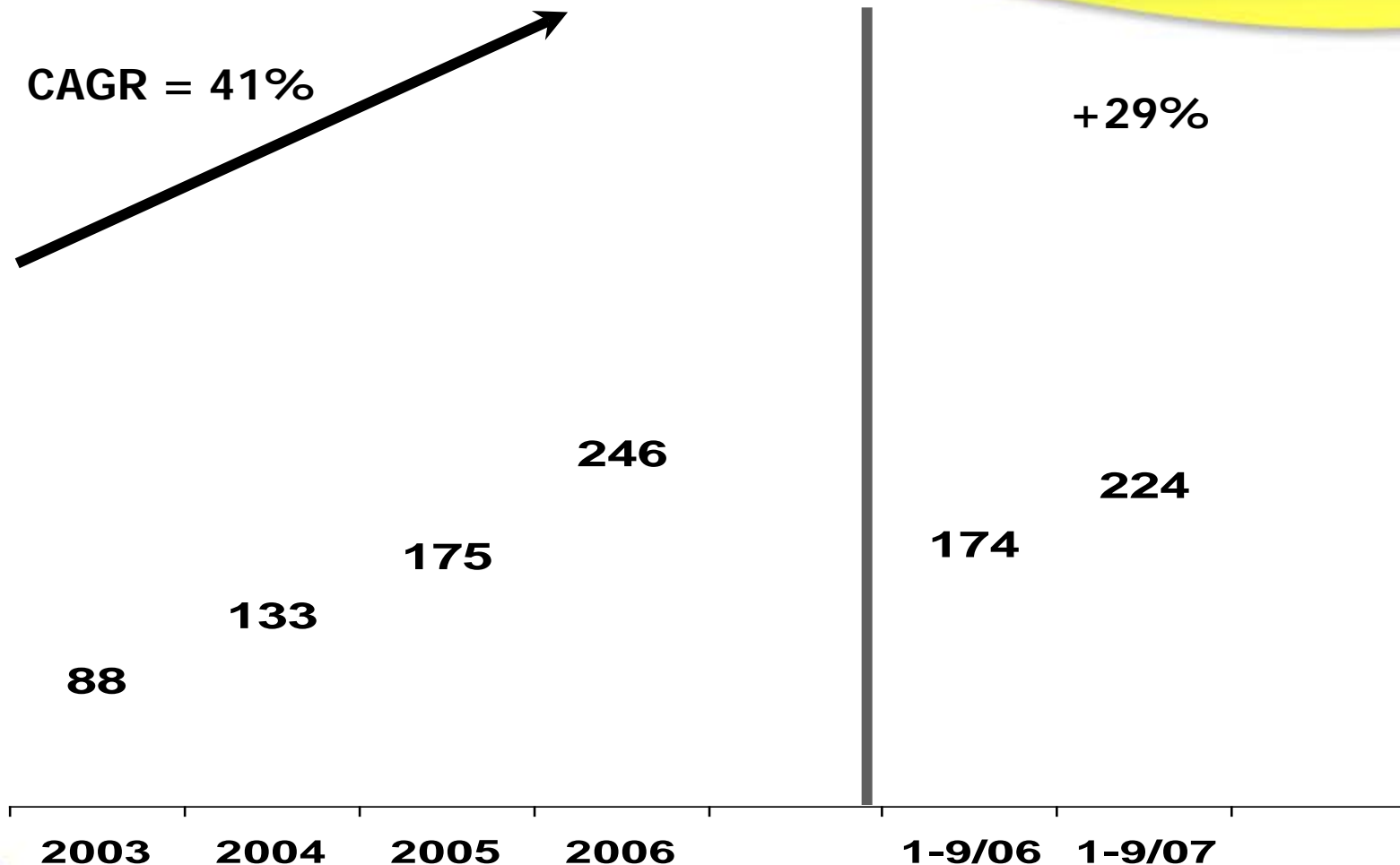
# R&D (in \$ Millions)

CAGR = 32%

+15%



# Dividends (in \$ Millions)



# NASDAQ Top 20 Companies

As of Nov. 1, 2007

1	MSFT	Microsoft Corporation	\$ 329,343,372,560
2	CSCO	Cisco Systems, Inc.	\$ 194,564,065,300
3	INTC	Intel Corporation	\$ 151,489,600,000
4	AAPL	Apple Inc.	\$ 160,622,692,700
5	GOOG	Google Inc.	\$ 157,115,014,600
6	ORCL	Oracle Corporation	\$ 109,339,968,500
7	QCOM	QUALCOMM Incorporated	\$ 69,196,049,890
8	AMGN	Amgen Inc.	\$ 62,139,907,560
9	DELL	Dell Inc.	\$ 65,831,373,720
10	ERIC	LM Ericsson Telephone Company	\$ 44,677,963,506
11	CMCSA	Comcast Corporation	\$ 44,021,763,720
12	EBAY	eBay Inc.	\$ 49,773,717,920
13	RIMM	Research in Motion Limited	\$ 67,072,034,200
14	GILD	Gilead Sciences, Inc.	\$ 42,955,266,830
15	AMZN	Amazon.com, Inc.	\$ 37,205,910,000
16	YHOO	Yahoo! Inc.	\$ 45,305,596,140
17	<b>TEVA</b>	<b>Teva Pharmaceutical Industries Limited</b>	<b>\$ 35,818,574,853</b>
18	AMAT	Applied Materials, Inc.	\$ 25,991,060,300
19	INFY	Infosys Technologies Limited	\$ 28,114,949,112
20	COST	Costco Wholesale Corporation	\$ 28,698,142,670

\*

\* Share Price: \$44.54



TEVA PHARMACEUTICAL INDUSTRIES LTD.



# Driving Growth, Expanding Leadership

## Teva's growth is fueled by:

- Increasing demand globally for generics
- Expanding global market reach
- The generic industry's leading product offering
- Unmatched vertical integration
- The industry's most robust generic pipeline
- Growing specialty pharmaceutical business / pipeline
- Promising Biogenerics opportunities





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