



Consolidated Statements of Income

(Unaudited, U.S Dollars in millions, except earnings per share)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	2006	2007	2006
	NET SALES	2,576	2,277	9,408
COST OF SALES	1,229	1,174	4,531	4,149
GROSS PROFIT	1,347	1,103	4,877	4,259
RESEARCH AND DEVELOPMENT EXPENSES – net	168	137	581	495
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	518	478	1,901	1,572
ACQUISITION OF R&D IN PROCESS	-	47	-	1,295
LITIGATION SETTLEMENT, IMPAIRMENT AND RESTRUCTURING EXPENSES	-	66	-	96
OPERATING INCOME	661	375	2,395	801
FINANCIAL EXPENSES (INCOME) – net	3	(4)	42	95
INCOME BEFORE INCOME TAXES	658	379	2,353	706
PROVISION FOR INCOME TAXES	84	(78)	397	155
	574	457	1,956	551
SHARE IN PROFITS (LOSSES) OF ASSOCIATED COMPANIES– net	(5)	2	(3)	(3)
MINORITY INTERESTS – net	1	1	(1)	(2)
NET INCOME	570	460	1,952	546
EARNINGS PER SHARE:				
Basic (\$)	0.74	0.60	2.54	0.72
Diluted (\$)	0.69	0.56	2.38	0.69
WEIGHTED AVERAGE NUMBER OF SHARES:				
Basic	774	768	768	756
Diluted	834	832	830	805
ADJUSTED NET INCOME:*	570	433	1,952	1,867
ADJUSTED EARNINGS PER SHARE:*				
Basic (\$)	0.74	0.56	2.54	2.47
Diluted (\$)	0.69	0.53	2.38	2.30
WEIGHTED AVERAGE NUMBER OF SHARES:				
Basic	774	768	768	756
Diluted	834	832	830	822

*See reconciliation attached

**Reconciliation Between Reported and adjusted Net Income**

(Unaudited, U.S Dollars in millions, except earnings per share)

	Three Months Ended December 31,		Twelve Months Ended December 31,			
	2007	2006	2007	2006		
REPORTED NET INCOME	570	460	1,952	546		
ACQUISITION OF R&D IN PROCESS		29		1,277		
INVENTORY STEP - UP		-		95		
IMPAIRMENT AND RESTRUCTURING EXPENSES		16		46		
ACQUISITION OF R&D IN PROCESS IN ASSOCIATED COMPANIES		19		25		
LITIGATION SETTLEMENT		50		50		
RELEASE OF PRIOR YEARS' INCOME TAX PROVISIONS AND TAX APPLICABLE TO THE ABOVE ITEMS		(141)		(172)		
ADJUSTED NET INCOME	<u>570</u>	<u>433</u>	<u>1,952</u>	<u>1,867</u>		
DILUTED EARNINGS PER SHARE:						
	REPORTED	(\$)	<u>0.69</u>	<u>0.56</u>	<u>2.38</u>	<u>0.69</u>
	ADJUSTED	(\$)	<u>0.69</u>	<u>0.53</u>	<u>2.38</u>	<u>2.30</u>



TEVA PHARMACEUTICAL INDUSTRIES LTD.

Condensed Balance Sheet
(U.S Dollars in millions)

	<u>December 31,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
ASSETS		
CURRENT ASSETS	9,859	7,640
INVESTMENTS & OTHER ASSETS	712	613
FIXED ASSETS – net	2,515	2,193
INTANGIBLE ASSETS - net	1,919	1,987
GOODWILL	8,407	8,038
TOTAL ASSETS	<u>23,412</u>	<u>20,471</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES	5,371	4,071
LONG-TERM LIABILITIES	4,281	5,223
MINORITY INTERESTS	36	35
SHAREHOLDERS' EQUITY	13,724	11,142
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	<u>23,412</u>	<u>20,471</u>



	Three Months Ended December 31,		% Change	% of Total 2007
	2007	2006		
Sales by Geographical Areas				
North America	1,501	1,336	12%	58%
Europe*	643	557	15%	25%
International	432	384	13%	17%
Total	2,576	2,277	13%	100%
Sales by Business Segments				
Pharmaceutical	2,436	2,125	15%	95%
A.P.I.**	140	152	(8%)	5%
Total	2,576	2,277	13%	100%
Pharmaceutical Sales				
North America	1,435	1,252	15%	59%
Europe*	601	513	17%	25%
International	400	360	11%	16%
Total	2,436	2,125	15%	100%

* Western Europe and Hungary

** Sales to third parties only



**Twelve Months Ended
December 31,**

2007

2006

% Change

% of Total

2007

(U.S Dollars in millions)

Sales by Geographical Areas

North America	5,428	5,065	7%	58%
Europe*	2,403	2,036	18%	25%
International	1,577	1,307	21%	17%
Total	9,408	8,408	12%	100%

Sales by Business Segments

Pharmaceutical	8,847	7,821	13%	94%
A.P.I.**	561	587	(4%)	6%
Total	9,408	8,408	12%	100%

Pharmaceutical Sales

North America	5,162	4,759	8%	58%
Europe*	2,245	1,850	21%	25%
International	1,440	1,212	19%	17%
Total	8,847	7,821	13%	100%

* Western Europe and Hungary

** Sales to third parties only