

## **Teva/Barr Merger - Frequently Asked Questions for Former Barr Shareholders**

### **When did the merger become effective?**

Barr merged with a subsidiary of Teva on December 23, 2008.

### **I am a Barr shareholder. What will I receive for my Barr shares in the merger?**

You will receive, with respect to each share of Barr common stock you own, \$39.90 in cash and 0.6272 Teva American Depositary Shares (“ADSs”). You will not receive any fractional Teva ADSs. Instead, Teva will pay you cash for any fractional Teva ADSs you would otherwise receive.

### **What should I do with my Barr stock certificates?**

Shortly after the date of the merger, all Barr certificate holders will receive a Letter of Transmittal giving instructions for exchanging their Barr common stock for Teva ADSs and cash. You will be asked to send in your Barr stock certificate plus the completed Letter of Transmittal to The Bank of New York Mellon for exchange. Please do not send in your Barr stock certificates until you receive your Letter of Transmittal.

### **My Barr shares are held in a brokerage account. Do I need to notify my broker of the merger?**

Your broker has already been notified of the merger, and your Barr shares will be exchanged for Teva shares without any action on your part.

### **How many shares of Barr common stock did I own on the effective date of the merger?**

The number of shares of Barr that you owned in your own name are indicated on the Letter of Transmittal. If you also owned shares of Barr beneficially (through a bank or broker), please contact that holder for information on those shares.

### **What do I need to do with my Barr stock certificates?**

You must surrender all your Barr stock certificates to our exchange agent, The Bank of New York Mellon. Teva ADSs will be issued to you only after your Barr certificates and signed Letter of Transmittal have been received by our exchange agent.

### **Should I sign my certificate(s) before I send them to The Bank of New York Mellon for exchange?**

No. Please do not sign or otherwise endorse your certificates.

**What must I do if I can't locate all of my Barr stock certificates or if they have been lost?**

On the Letter of Transmittal, complete and sign Box 4, and return the Letter of Transmittal to The Bank of New York Mellon with a certified check or cashiers' check (payable to BNY Mellon Shareowner Services) for the amount of the replacement fee. The replacement fee is calculated by multiplying the number of shares lost by \$65.80 (the per-share insurance premium). The insurance is needed to protect Teva and other shareholders if the lost certificates are presented for exchange in the future. If your lost certificates are valued at \$100,000 or more, or if your lost certificates are part of an estate or trust, please call The Bank of New York Mellon for further instructions at 1-800-777-3674 or 1-201-680-6825 (outside the U.S.).

**Will I receive a Teva stock certificate after my Barr shares have been converted?**

You will not receive a Teva stock certificate. Instead, you will receive a Direct Registration System ("DRS") statement (or transaction advice) which evidences your ownership in Teva ADSs. You do have the ability to receive a Teva physical certificate in place of the DRS statement; in order to do so, please call BNY Mellon Shareowner Services at 800-777-3674.

**I already own Teva ADSs in addition to my shares of Barr stock. What should I do with my Teva ADSs?**

You do not need to do anything with your Teva ADSs. Teva shareholders will continue to hold the ADSs they held before the merger. Teva shareholders did not receive any additional ADSs in the merger. If you own Teva ADSs in certificate form, you should continue to keep those certificates in a safe and secure place, as they are still valid.

**Some of my Barr shares are in held in "street name" with a broker or bank. What do I need to do?**

You do not need to do anything with your "street name" shares. Shares held in "street name" at a broker or bank were automatically exchanged for Teva ADSs. However, any Barr stock certificates registered in your name and held on your behalf by your broker must be surrendered for exchange.

**What will happen if I hold Barr shares in certificate form and do not surrender the certificates for exchange?**

Until you surrender your Barr stock certificates, you will not receive, with respect to each share of Barr common stock you own, \$39.90 in cash and 0.6272 Teva ADSs.

**Will I be taxed on the Teva ADSs and cash that I receive as a result of the merger?**

The acquisition of Barr by Teva will be treated as a "reorganization" for U.S. federal income tax purposes. When a U.S. holder of Barr shares exchanges all of such holder's Barr shares for a combination of Teva ADSs and cash, the holder will generally recognize gain (but not loss) in an amount equal to the lesser of (1) the amount of gain realized and (2) the amount of cash received in the merger.

You should consult your own tax advisor to determine the U.S. federal income tax consequences of the merger to you in light of your own personal circumstances, as well as any other consequences under other U.S., state, local, and foreign tax laws, which are not addressed in this general summary.

**How do I calculate how much gain I will recognize as a result of the merger?**

The gain, if any, is determined by first calculating your gain realized. This number is the result of the fair market value of Teva ADSs and cash you receive in the exchange, minus the tax basis in your Barr shares. The gain recognized is determined by comparing which amount is less – the cash or the gain realized (see Examples 1 and 2 below).

For this purpose, the amount of gain you recognize must be calculated separately for each identifiable block of Barr shares you held, and a loss realized on one block may not be used to offset gain on another block of shares.

Your gain will generally be a capital gain, and will be long-term or short-term depending upon your holding period in your Barr shares. The examples on the following pages illustrate the calculation of gain in the merger for a Barr shareholder. However, your facts may be different and you should consult your own tax advisor to determine the U.S. federal income tax consequences of the merger to you in light of your own personal circumstances, as well as any other consequences under other U.S., state, local, and foreign tax laws.

**What is the fair market value of the Teva ADSs received?**

The fair market value of the Teva ADSs received is the average of the high and low sale prices of Teva ADSs on NASDAQ on the effective date of the merger (December 23, 2008). The high was \$42.83. The low was \$41.94. Thus, the average of the high and low sale prices is \$42.39.

**What will my tax basis be for any Teva ADSs that I receive as a result of the merger?**

The aggregate tax basis of Teva ADSs received in the merger by a U.S. holder of Barr shares (including fractional Teva ADSs for which cash is received) will be equal to the aggregate tax basis of the Barr shares surrendered in the merger, reduced by the amount of any cash received by the shareholder in the merger (excluding any cash received instead of fractional Teva ADSs) and increased by the amount of any gain recognized by the shareholder on the exchange (excluding any gain resulting from the receipt of cash instead of a fractional share).

To determine the per ADS tax basis of the Teva ADSs you receive, divide the aggregate tax basis by the total number of Teva ADSs you received (including any fractional ADS which you will be deemed to receive).

**How do I calculate my gain with respect to fractional ADSs that were cashed out?**

A U.S. holder of Barr shares who receives cash instead of a fractional Teva ADS will generally be treated as having received a fractional Teva ADS and then as having received cash in redemption of the fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received in redemption of the fractional Teva ADS and the portion of the shareholder's aggregate adjusted tax basis allocable to the fractional Teva ADS. This gain or loss generally will be long-term capital gain or loss if the holding period for the holder's Barr shares is more than one year at the effective time of the merger.

**Please see examples on the following pages.**

## Examples

### Example 1

Assume a holder of 100 BRL shares with a tax basis of \$4,000.

The holder receives 0.6272 Teva ADSs plus \$39.90 cash for each Barr share he held.

In this example, the holder receives:

- 62.72 Teva ADSs (0.6272 per share x 100 ADSs)
- \$3,990 in cash (100 shares x \$39.90 per ADS)

The fair market value of each Teva ADS received is \$42.39. This is the average of the high and low sale prices of Teva ADSs on the date of the closing of the merger (December 23, 2008). In this example, the fair market value of the Teva ADSs is \$2,658.70 (62.72 ADSs x \$42.39 per ADS).

| Gain Realized: | Fair Market Value of ADS |           | Cash |        | Barr Basis |        |   | Gain Realized |           |
|----------------|--------------------------|-----------|------|--------|------------|--------|---|---------------|-----------|
|                |                          | \$2658.70 | +    | \$3990 | -          | \$4000 | = |               | \$2648.70 |

| Gain Recognized:<br>(use whichever amount is smaller, cash received or gain realized) | Cash Received |        | Gain Realized |           | Gain Recognized |           |
|---|---------------|--------|---------------|-----------|-----------------|-----------|
|   |               | \$3990 |               | \$2648.70 |                 | \$2648.70 |

| Aggregate Basis: | Barr Basis |        | Gain Recognized |           | Cash Received |        | Aggregate Basis |           |
|------------------|------------|--------|-----------------|-----------|---------------|--------|-----------------|-----------|
|                  |            | \$4000 | +               | \$2648.70 | -             | \$3990 | =               | \$2658.70 |

| Per ADS Basis: | Aggregate Basis/Number of ADS |                 |  |  | Per ADS Basis |   |
|----------------|-------------------------------|-----------------|--|--|---------------|---|
|                |                               | \$2658.70/62.72 |  |  |               | = |

The holder's tax basis in his 0.72 fractional ADS is \$30.52 (\$42.39 x 0.72)

## Example 2

Assume a holder of 100 BRL shares with a tax basis of \$1000.

The holder receives 0.6272 Teva ADSs plus \$39.90 cash for each Barr share he held.

In this example, the holder receives:

- 62.72 Teva ADSs (0.6272 per share x 100 ADSs)
- \$3,990 in cash (100 shares x \$39.90 per ADS)

The fair market value of each Teva ADS received is \$42.39. This is the average of the high and low sale prices of Teva ADSs on the date of the closing of the merger (December 23, 2008). In this example, the fair market value of the Teva ADSs is \$2,658.70 (62.72 ADSs x \$42.39 per ADS).

| Gain Realized: | Fair Market Value of ADS |   | Cash   | Barr Basis |        |   | Gain Realized |
|----------------|--------------------------|---|--------|------------|--------|---|---------------|
|                | \$2658.70                | + | \$3990 | -          | \$1000 | = | \$5648.70     |

| Gain Recognized:<br>(use whichever amount is smaller, cash received or gain realized) | Cash Received |  | Gain Realized |  |           | Gain Recognized |
|---|---------------|--|---------------|--|-----------|-----------------|
|   |               |  | \$3990        |  | \$5749.68 |                 |

| Aggregate Basis: | Barr Basis |   | Gain Recognized |   | Cash Received |   | Aggregate Basis |
|------------------|------------|---|-----------------|---|---------------|---|-----------------|
|                  | \$1000     | + | \$3990          | - | \$3990        | = | \$1000          |

| Per ADS Basis: | Aggregate Basis/Number of ADS |  |              |   | Per ADS Basis |
|----------------|-------------------------------|--|--------------|---|---------------|
|                |                               |  | \$1000/62.72 | = | \$15.94       |

The holder's tax basis in his 0.72 fractional ADS is \$11.48 (\$15.94 x 0.72)