Teva sends hot letter to Mylan's board

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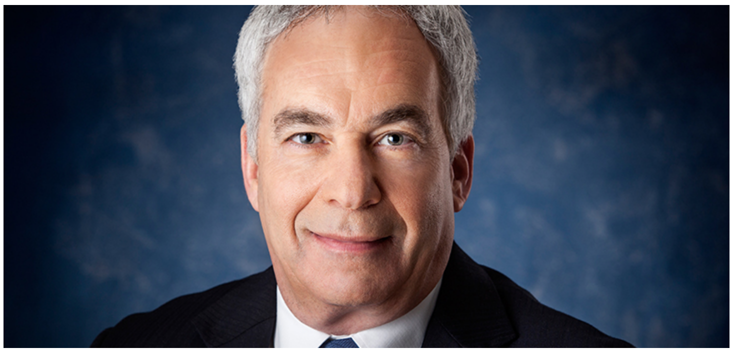

Teva Pharmaceutical Industries announced that it has sent a letter to Mr Robert J Coury, executive chairman of the board of directors of Mylan NV, in response to its rejection letter of Teva's $40 billion buyout offer. The full text of the letter reads as follows:

April 29, 2015

Robert J Coury	Robert J Coury
Executive Chairman	c/o Mylan Inc.
Mylan N.V.	Robert J Coury Global Center
Albany Gate, Darkes Lane	1000 Mylan Blvd.
Potters Bar, Herts	Canonsburg, PA 15317
EN6 1AG, United Kingdom	

Dear Robert:

Given the constructive tenor of our meeting last Friday and subsequent dialogue, it was disappointing that your letter of April 27 adopted such a vastly divergent tone. Your letter paints a fundamentally distorted picture of Teva and ignores its rich heritage, unique culture, industry-leading achievements and contributions that have benefited patients and healthcare systems worldwide, while for years creating substantial long-term value for our stockholders.

I firmly believe that our respective stakeholders do not support, or benefit from, mudslinging, mischaracterization, rehashing of history or selective presentation of facts. Instead, I would prefer to return the dialogue to the significant value creation opportunity that a combination of Teva and Mylan represents to the stockholders and other stakeholders of both our companies. My focus has been and will remain on Teva's deep commitment to consummating a transaction as soon as possible. To that end, we stand ready to engage with Mylan's Board of Directors in a constructive manner while continuing to pursue antitrust approvals and building upon the very positive interactions with Mylan and Teva stockholders to date.

With that objective in mind, I would like to take the opportunity to briefly address a number of the points that were raised in your letter, and provide you with clarity on these issues so as to help avoid any further misunderstandings.

Teva's proposal provides premium value for Mylan and its prospects

Our cash and stock offer of $82.00 per share implies a total equity value for Mylan of approximately $43 billion. This provides your stockholders with a 48.3% premium to the unaffected Mylan stock price of $55.31 on March 10, 2015, after which there was widespread speculation of a transaction between Teva and Mylan. This same view of your unaffected price, and the implied premium in our offer, was publicly shared repeatedly byPerrigo, a company with an independent, and highly relevant, perspective on Mylan's value.

Moreover, we note your willingness to cede substantial ownership of Mylan's equity toPerrigo stockholders at a substantial discount to our premium offer, let alone to your stated minimum price for engaging with us. Your increased offer for Perrigo today takes away even more economic value from your stockholders in attempting to pursue a transaction that is already challenged, financially and otherwise.

Based on market prices, Wall Street research estimates, and a wide range of accepted valuation methodologies, our $82.00 per share offer represents extremely attractive, immediate value for Mylan stockholders. Rather than being "value and growth destructive" as you suggest, the consensus is that the combination of our companies will allow the Mylan and Teva stockholders to share in the profound value creation arising from the significant synergies and strategic fit inherent in this transaction.

Summarily rejecting our offer which provides Mylan stockholders with such a significant premium is inconsistent with the responsibilities and obligations of your Board of Directors to Mylan's stakeholders.

Antitrust is not a barrier to completion

The characterizations of the antitrust issues in your letter considerably overstate the regulatory hurdles for a combination of Teva and Mylan, both in terms of scope and timing. As noted, Teva fully expects that the regulatory reviews of a Mylan acquisition can be completed in 2015.

Further, Teva is confident it can meet the very same seven-month timing window Mylan laid out for its Perrigo offer. To this end, Teva filed for premerger notification under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 on April 22, 2015, and has likewise started the pre-notification process with the European Commission.

Teva has a successful track record of timely clearances in similar situations. In each of our acquisitions of IVAX, Barr and Cephalon, we quickly agreed to necessary divestitures and other remedies and were able to close in less than six months.

Further, we are confident that any potential divestitures would be manageable. Most of Mylan's drug products do not overlap with Teva's, and the majority of those that do overlap have a number of other competitors and should not raise antitrust issues.

Teva is prepared to make the divestitures needed to secure clearances and is actively identifying both potential divestitures and potential acquirers for divested assets. More broadly, a combination of our two companies will leave over a dozen significant sellers of generic prescription drugs, in the face of a customer base that continues to consolidate and gain in power.

Additionally, there are very few products sold by both Mylan and Teva that are on the FDA's "drug shortage" list, and where these overlaps do exist, we do not foresee meaningful regulatory issues given differences in dosage strengths and/or the number of other sellers that exist.

In summary, Teva does not see regulatory clearances as a meaningful barrier to a transaction with Mylan, and we expect that the proposed transaction can be completed by year-end 2015. We are prepared to engage with you and your advisors to discuss our solutions and provide you with any clarity that you seek on this subject.

Teva and Mylan's obviously strong cultural and strategic fit

Your repeated references to an absence of "cultural fit" between our organizations are puzzling.

Teva has a history of over 100 years and is widely-recognized as a leading global pioneer that literally created the generics market in the United States and brought this model to other markets, significantly benefiting patients and healthcare systems worldwide. We continue to be at the forefront of industry evolution having created a unique business model and culture combining robust generics and specialty capabilities.

We have set the industry standards for others to follow. Leadership, innovation, entrepreneurship and modest conduct are in our DNA. We will continue to leverage them to further shape the industry in the future. This has translated into a total stockholder return (TSR)1 of over 1,600% over the last two decades, which is well in excess of three times that of the S&P 500 Index and underscores Teva's history of long-term value creation.

We have over 43,000 employees and operate in 100 markets, as well as over 60 manufacturing sites around the world, including six sites and thousands of dedicated employees in India. For decades, this has included a substantial presence in the Netherlands, where our European and specialty business headquarters are based, with almost 1,000 employees in management, R&D and production positions. We are proud of our heritage as a global company with historical roots in Israel.

We also have a rich history of successfully integrating large, global and diverse organizations from an operational, geographic and cultural perspective. Our leadership team is respectful of an acquired company's heritage and is focused on preserving each organization's core strengths, competencies and talent.

We appreciate the value and importance of Mylan's heritage and intend to preserve it. Through our extensive interactions with Mylan and its people over the years, we believe that Mylan and Teva employees fundamentally share a devotion and deep passion to improve patients' lives by delivering to the world's population access to the broadest range of affordable, high-quality medicines.

We are determined to capture the full potential value resulting from this transaction by having the best people from both companies working for a much stronger combined entity. Teva is meritocratic, fair and committed to identifying the best people and best assets across each company.
The strategic fit is likewise compelling. The proposed combination of Teva and Mylan is fully consistent with our clearly articulated strategy to advance both our generics and specialty pharmaceutical businesses.

The proposed combination will create an industry-leading company, well positioned to transform the global generics space and create a unique and differentiated business model, leveraging on its significant assets and capabilities in generics and specialty. The transaction is not about size for size's sake, but rather about the unparalleled strategic and financial fit of the two companies for the benefit of all stakeholders.

The two companies' capabilities in product portfolios, complex technologies and marketing are highly complementary. Together, we will become more efficient, allowing us to generate significant value, penetrate new markets and develop new capabilities.

The opportunities for substantial achievable cost synergies and tax savings are estimated to be approximately $2 billion annually and are expected to be largely achieved by the third anniversary of the closing of the transaction.

In addition, the combination will position the combined company to be a world leader in positively impacting the patients and communities we serve by providing many more people around the world with affordable and more accessible treatments.

Proven leadership team committed to creating value for all stakeholders

Our Board of Directors and management team are fully aligned and are unanimously supportive of this transaction.

Our leadership team, beginning with our executives and extending throughout our business, operations and scientific ranks, is among the best and well-respected in the industry. It is a truly global team, highly diverse and rich in experience in generics, specialty and other relevant industries. We are an organization that is committed to cost control and restraint at all levels of our organization. This includes our approach to executive pay and perquisites, which favors restraint and a pay-for-performance philosophy, a reflection of our fidelity to the interests of all stakeholders, and not just a select few.

Teva has demonstrated recently that it is highly attentive to its stockholders' views on matters of business strategy and corporate governance and has made decisive and rapid changes to the composition and conduct of our Board of Directors. Headed by our new Chairman of the Board, Professor Yitzhak Peterburg, the Teva Board of Directors has been significantly transformed, adding experienced industry participants as truly independent directors, and enhancing the diversity, global perspective and breadth of experience of its membership.

The Teva Board brings to the table a shared commitment to our company, our strategy and our stockholders, and a highly collaborative working relationship with the management team.

We, like every company - including yours - have had issues and front-page "black-eyes" in the past. Our current leadership team has fully addressed these challenges and transformed Teva and it is now stronger than ever. For either of us to rehash incidents of bygone periods relating to organizations or individuals hardly does justice to our collective work improving the reputation of the generics industry and its high-quality products, nor does it advance the interests of either of our organizations as we evaluate this current and rare opportunity for future growth and value-creation as a combined company.

Teva is well-positioned to maintain its leadership, drive growth and continue superior financial performance

When I became CEO in 2014, I promised that our first order of business would be to strengthen our global leadership in generics while improving profitability, driving organic growth and delivering on the promise in our specialty pipeline. We have been successful in doing so, as was illustrated by our strong 2014 results.

Our 2014 results demonstrated strong performance in our industry-leading generics business with significant growth in profitability and multiple product launches delivering$1.0 billion in incremental net revenues, and we expect even stronger results in 2015.

In addition to our robust generics business, our specialty pipeline is poised to deliver significant value to stockholders and patients and diversify Teva's future revenues. Our pipeline currently includes 20 late-stage products. In 2019, we expect to generate $4.5 billion in incremental annual risk-adjusted revenues from new specialty product launches (excluding COPAXONE®) that have successfully started in 2014 and are on track in 2015 and onwards.

We recently augmented our pipeline with the 2014 acquisition of Labrys which we believe will position Teva as the leader in addressing the vast unmet need for chronic and episodic migraine medicines, with therapies expected to reach patients starting in 2019. In March 2015, we also announced an agreement to acquire Auspex, which is expected to further enhance Teva's revenues by up to $800 million in 2019, strengthening our core central nervous system franchise with the addition of a portfolio of innovative treatments for movement disorders.

We continue to manage the lifecycle of our COPAXONE® franchise, including the successful launch in the U.S. of COPAXONE® 40mg which has already achieved a 67% conversion rate, clearly highlighting the patient need and demand for this improved product offering, and successful and further upcoming launches in various EU countries and elsewhere.

Through a combination of the strong growth outlook for our generics business, our ongoing cost optimization programs and our specialty pipeline, Teva will generate significant growth offsetting the anticipated decline of certain of our mature specialty franchises.

Teva also has a strong track-record of achieving cost savings and operational improvements. We delivered $600 million in net cost reductions in 2014 and we are on track to generate$500 million and $250 million in net cost reductions in 2015 and 2016, respectively, for a total of over $1.35 billion in recurring net cost reductions.

The market has recognized these achievements, with Teva's one and three-year total stockholder return (TSR), comprised of share price appreciation and our regular dividend, standing at 27% and 44%, respectively. Notably, since January 8, 2014, when my appointment as CEO was announced following which we began executing our current strategy, Teva's TSR was 53%, significantly outperforming the S&P 500 Index's 18% andS&P 500 - Pharmaceuticals Index's 29% returns during that period.

Pathway forward

I fully agree with you that it would have been preferable to have engaged in a private discussion to explore this transaction. However, you left us no choice but to make our proposal public after you publicly rejected a potential offer before it had even been made. It is hard to reconcile that preemptive rejection, your announcement of a firm offer for Perrigobefore your Board of Directors even responded to the Teva proposal and the tone of your letter to me with the proper exercise of fiduciary responsibilities under any legal or business framework.

We are fully committed to pursuing this transaction and we believe the best path forward is constructive, good faith dialogue between our respective teams. We encourage you to put the best interests of your stakeholders first by engaging in productive negotiations with us.

As I said when we met last Friday, we are prepared to present to your Board of Directors an overview of Teva and to address any questions your Board might have.

We certainly hope that the Mylan Board of Directors chooses to engage constructively with us as soon as possible in order to reach agreement on a combination that offers an unparalleled opportunity for value-creation and many other benefits for our respective stockholders, customers, patients and employees. This is a message we are hearing from more and more stockholders of Teva and Mylan.

Sincerely,

/s/ Erez Vigodman

Erez Vigodman
President & CEO

As previously announced on April 21, 2015, Teva has proposed to acquire Mylan for $82.00 per share, with the consideration to be comprised of approximately 50 percent cash and 50 percent stock. Teva's proposal for Mylan implies a total equity value of approximately $43 billion.
The transaction would not be subject to a financing condition or require a Teva stockholder vote.

Teva's proposal is contingent on Mylan not completing its proposed acquisition of Perrigo or any alternative transactions.

Barclays and Greenhill & Co. are serving as financial advisors to Teva. Kirkland & Ellis LLPand Tulchinsky Stern Marciano Cohen Levitski & Co are serving as legal counsel to Teva, with De Brauw Blackstone Westbroek and Loyens & Loeff N.V. acting as legal advisors in the Netherlands.

Reference/s:

[1] All TSR data from Factset; dividends received are assumed to be reinvested