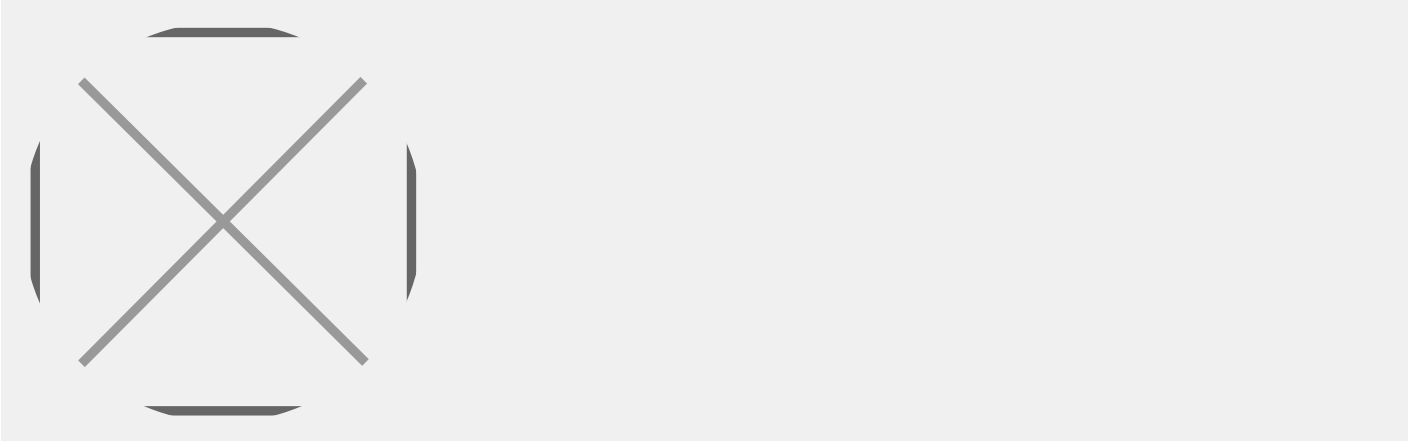
Interview with Walter Medda, Managing Director, Teva Italy



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Mr. Medda, Teva's Italian history is relatively young, could you describe the main facts that describe Teva presence in Italy?

Teva Italia was founded in 1996 and is currently the leading generic pharmaceutical company in Italy.
So, the company has experienced rapid growth in the emerging generic market over the last few years. This growth has been generated by a combination of good launches of new generic products and marketing activities, as well as the acquisition of Dorom S.r.l. At the time of the acquisition, Dorom was the first generic company in Italy but still a domestic structure without any clear future, indeed succeeding in the generic field requires a vertical integration and a critical mass that were lacking in Dorom's organizational model.The integration has been led by Teva's former General Manager in total respect of Dorom's workforce. Both sales forces, mainly focusing on visits to GPs, were easily combined into a single one. I entered Teva at this stage as Strategic Development Director, before being appointed COO and eventually Managing Director of the Italian activities.

After your appointment as Managing Director, how did you lead the company and which challenges did you have to face?

Since my appointment in January 2007, to take our leadership in the changing Italian environment, we introduced into our organization a strategic project called "Resources Optimization". Teva's business model has been completely re-invented and we added pharmacists and specialists to our

main target audience historically composed of GPs. A small pharmacy sales force was launched accordingly, as well as one dedicated to specialists.We have also invested on hospital business. Teva Italia has always been historically present in the hospital field with a small business unit composed of key account managers, serving private and public hospitals with a significant turnover. This unit is essential for the company, contributing to strengthen Teva's reputation but also helping the company to prepare for the future, as the new wave of generics will be based on bio-generics or other specialties.As you can imagine, it is not easy to prepare for the future for such a young company, in challenging market conditions that don't allow generics to be adequately perceived by the customers.

Despite such challenges, Teva Group maintained a strong foot in the Italian market. What is the relative importance of Italy for Teva from a global perspective, and to which extent is Italy a priority for the group?

The Italian pharmaceutical market has attractive dynamics for Teva Group:

* Italy represents the fourth largest pharmaceutical market in Europe, and generic penetration of the overall pharmaceutical market is expected to increase significantly over the next several years.

* The aging population will increase the demand for health care, which could represent an attractive opportunity for generics, considering the limited financial resources available to the National Health System.
* Regulatory changes and cost containment pressures support strong growth prospects for generic sales * A number of "blockbuster" products face patent expiration over the next years, providing opportunities for high-value new product introductions.

Unfortunately, due to the current market dynamics, the strategic development plan that was set up two years ago could not be completely achieved. However, the group will maintain its investment in Italy.In fact, we strongly believe it is the right moment for the company to consolidate its position, making the organization as effective as possible, strengthening its reputation and its relationship with key customers, and getting prepared to develop and leverage market growth in the coming years.

In this context, does the strategic project "Resources optimization" that you are leading since 2007 remain the main driver to achieve Teva's targets? Which specificities of the Italian generics markets is this strategy aiming to tackle, what have been the main actions- and the results so far?

Teva Italia's resources optimization process is still ongoing and the status of the operations is updated each quarter. The process is focused on specific key points:

* Assessment of situation, including analysis of the role of all stakeholdres.
* Design and evaluation of scenarios – opportunity & risk assessment.
* Definition of the best value proposition to match the exisisting/emerging needs of our customers.
* Definition of key performance indicators that will allow us to reach our goals.
* Design the best organization and set-up capabilities and competencies to implement the strategy.

Achievements in those main fields are considerable. They are part of the business support to the sales force and marketing operations, and I am personally committed in building up an effective work plan.
Therefore, the optimization strategy's next stage will be fully focused on strengthening the new pharmacy sales force by transforming the historical marketing model, traditionally based on product management, into a new trade marketing and customer satisfaction approach.Succeeding in this field requires changing the company's mindset and lead the workforce in a new direction- which is not easy for managers and implies an increased leadership within the company.
In spite of all difficulties, looking strictly at the rankings, Teva Italia now is the 11th pharmaceutical companies in the country in terms of units sold monthly and a leading company for some products, like Ticlopidine, Lorazepam, Gabapentin. Moreover a considerable percentage of oncology patients in Italy are using at least one Teva product.But the paradox is that while Teva Italia is one of the most important players, nobody is really aware of the company's exact value in the country. For this reason, it is critical to invest more in "Corporate Communication" and introduce Teva as one of the most reliable pharmaceutical companies, not only at the Health Institutions or at the hospital level, but also in the mind of pharmacists, patients and physicians.

Teva also being an important player for API production, in a country that managed to maintain its worldwide leadership in the field despite the fierce competition coming from emerging markets, how are the two main business lines evolving and interacting?

Teva has a strong presence in producing Active Product Ingredients (API) in Italy. In fact there are 6 plants, located in the North (Lombardia and Piemonte), that are producing API for many companies, in different therapeutic areas for a lot of different markets in the world.Till now, this two main strengths at national level – generic business and API – ave not always been adequately leveraged.
The two sides of Teva business are run independently, each of them going into a very specific direction following different priorities: the API division has an international scope, while generics focus on winning the local competition, which makes it difficult to create efficient synergies between them and operate a common action plan.Now Corporate Headquarter is pushing management to establish the best synergies across all Functions and I am sure that we will leverage API knowledge and experience to better compete in the market.

Teva proved its long term commitment to the country also by the development of R&D activities, with a steady focus on clinical trials. How would you describe the environment for R&D in Italy?

Teva historically chose to base an R&D department in Italy that has been maintained thanks to the good work of extremely skilled and reliable people.Italy, being one of the most important pharmaceutical markets worldwide, has to be considered as a land of strategic opportunities. Among the many factors creating a favorable environment are the quality of hospitals and physicians, the attitude towards the use of innovative drugs, available infrastructure to invest in R&D. The only challenge is to ensure Teva's ability to compensate the high level of investments for research activities.

As discussed with Giorgio Foresti, president of Assogenerici, part of the generics industry's success in the Italian market will depend on the evolutions of the legal framework and the government's ability to perceive the benefits of generics in order to implement long term policies to promote them, but it is equally crucial for companies to change their mindset and adapt their business model. Are you confident that the "generics time" will finally come in Italy, like it did in many other European countries?

I think that mistakes have been made in the past by both generics and originators in Italy.Instead of starting a fierce war, it would have been much more reasonable for both to work together in defending the market value by defining clear rules and actions to make the pharmaceutical costs sustainable.In few words, in my opinion, the best strategy would be a win – win action plan, agreed on all stakeholders, allowing the National Health System to efficiently defend the population's access to healthcare.I am sure that this option, to be pursued, needs the generics market development.

In this environment of "war" between generics and originators, does the recent trend of big pharma expanding their generic activities to cushion the pressure on patented drugs represents a threat or an opportunity? How will Teva face this increasing competition of other companies that are more and more aware of the generics Italian market's unexploited potential?

Teva has in his hands all the components to compete in the market.The company's first strength is its vertical integration worldwide. From generic R&D to API production and finished good, the scope and the scale of the whole organization can be leveraged.Then looking specifically at Italy, fighting the competitors relies on our understanding the customer's role evolution. Until 2005, the most strategic customers for the development of generics were GPs; specialists and pharmacists were not crucial yet. Then pharmacists became progressively more important in terms of competition. And in the future, we will see the role of patients and specialists growing.Looking at

this picture of the market, Teva appears to be a well organized generic player in Italy. The company already developed an effective activity with Institutions, the right mindset and infrastructure to meet the specialist's expectations, and is strengthening its activities in the pharmacy field.In the future, the key success factor will be to establish generics as the gold standard therapy in prescriptions; also considering that in five years from now, the whole Italian primary care system shall be based on off-patent drugs. So, in my opinion, making innovation accessible and the NHS sustainable, needs a bigger and stable generics market.Reaching that goal depends on the commitment of generic companies, Health Authorities, Physicians, Pharmacists and the patients' acceptance.We defined the key success factors for Teva: profitable market share as driving factor for develpment, excellent customer service, portfolio management, value proposition. A specific strategy has been defined to reach each one of these important milestones.

You started as a sales representative at Glaxo, then leaded a successful career in the Italian pharmaceutical industry for the past 20 years. How would you describe the particularities of your own personal management stile, and how has it been influenced by your diverse experiences?

All my experiences in all Companies have given me strong opportunities to learn from different markets, organizations, management stiles, issues and opportunities. But , thanks to the experience in the generic field, I had the possibility to add to my experience different skills.In fact I think that acting in the generic business is a perfect way to improve entrepreneurial spirit. Considering the market dynamics that we are facing, Companies and Managers have to take under consideration that flexibility, effectiveness, reliability are more important than in the past.Also due to my experience in the generic field my management stile is now a combination of market knowledge, business innovation and strong focus on execution.

What would you say is the secret to succed in this industry?

Being successful in the market requires energy, commitment, courage, creativity, innovation, leadership.Instead of managing blockbusters products, we have to look at a wide portfolio, understanding how we can manage the different lifecycles, trends and profitability.For these reasons, to meet the customers' needs we have to highly guarantee an excellent execution, an organizational effectiveness and a good return of investments.Finally, I would like to highlight that I have the privilege to work for one of the most important pharmaceutical companies. I believe in a very promising future for Teva and I am strongly convinced that it will offer great opportunities to me and my staff.

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