

UBS Investment Research

Teva Pharmaceuticals

Things Should Get Better From Here

■ What we learned from the conference call

(1) Mgt. attributed the US generic miss to Irvine (~\$53M impact), a Jerusalem slowdown (~\$55M) and headwinds from high 1Q10 sales of Mirapex, Protonix, Lotrel, Eloxatin, Adderall XR (see Table 4); (2) US ProAir sales were impacted by some destocking and Qvar by managed market claims which rolled over from 4Q10; (3) Mgt. expects 2Q11 to be slightly seq. better than 1Q11; (4) \$500M (~10M shares at \$49) remains on the buyback program and mgt. expects the avg. share count to be ~897-895M in 2Q11; (5) German sales declined in the low teens.

■ Our takeaway: Quarterly progression makes sense to us

The weaker-than-normal performance in the US business is a reminder of how tough the generics business is overall and how dependent the business model is on manufacturing execution and new product launches. With key launches from 1Q10 a ~\$400M headwind and Irvine/Jerusalem an additional ~\$100M headwind, its not surprising that mgt. couldn't make up the difference given it had no sig. launches. We look for the US generics biz to continue to face headwinds in 2Q and return to growth in 2H and the EU biz to follow the same path as pricing cuts annualize.

■ Thoughts on the stock: TEVA should come back as yr progresses

It finally feels like a bottom is building in TEVA as mgt. has increased disclosure around the headwinds it is facing and the 2Q directional guidance should help keep consensus reasonable. We continue to like the risk/reward in TEVA.

■ Valuation: We maintain our Buy rating and PT of \$64

Our PT is based on a P/E multiple of 11x our 2012 cash EPS estimate of \$5.75.

Highlights (US\$m)	12/09	12/10	12/11E	12/12E	12/13E
Revenues	13,899	16,121	18,252	20,501	22,748
EBIT (UBS)	3,853	4,933	5,363	6,182	6,756
Net Income (UBS)	3,084	4,178	4,556	5,107	5,683
EPS (UBS, US\$)	3.38	4.54	5.10	5.75	6.37
Net DPS (UBS, US\$)	0.58	0.73	0.86	0.99	1.14

Profitability & Valuation	5-yr hist av.	12/10	12/11E	12/12E	12/13E
EBIT margin %	-	30.6	29.4	30.2	29.7
ROIC (EBIT) %	-	18.2	17.7	19.6	20.5
EV/EBITDA (core) x	-	9.7	8.2	7.0	6.2
PE (UBS) x	-	12.1	9.6	8.5	7.7
Net dividend yield %	-	1.3	1.8	2.0	2.3

Source: Company accounts, Thomson Reuters, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Valuations: based on an average share price that year, (E): based on a share price of US\$48.84 on 11 May 2011 20:34 EDT

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Pharmaceuticals

12-month rating **Buy**
Unchanged

12m price target **US\$64.00**
Unchanged

Price **US\$48.84**

RIC: TEVA.O BBG: TEVA US

11 May 2011

Trading data

52-wk range	US\$58.67-45.01
Market cap.	US\$45.3bn
Shares o/s	929m (ADR)
Free float	84%
Avg. daily volume ('000)	6,303
Avg. daily value (m)	US\$305.3

Balance sheet data 12/11E

Shareholders' equity	US\$24.2bn
P/BV (UBS)	1.8x
Net Cash (debt)	(US\$7.46bn)

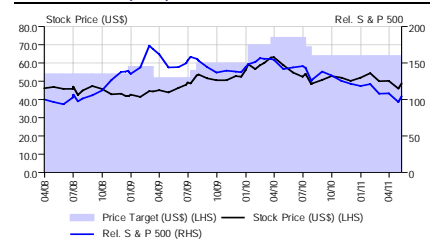
Forecast returns

Forecast price appreciation	+31.0%
Forecast dividend yield	4.4%
Forecast stock return	+35.4%
Market return assumption	5.5%
Forecast excess return	+29.9%

EPS (UBS, US\$)

	12/11E		12/10	
	From	To	Cons.	Actual
Q1	1.02	1.04	1.03	0.91
Q2E	1.16	1.08	1.19	1.08
Q3E	1.33	1.36	1.33	1.30
Q4E	1.53	1.62	1.52	1.25
12/11E	5.12	5.10	5.10	
12/12E	5.75	5.75	5.66	

Performance (US\$)



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Investment Thesis

Our Thesis Is Five-Fold

- (1) We like the generics sector as the macro tailwinds are still positive and Teva is well positioned to increase its market share in the global generics marketplace.
- (2) Teva has a very strong late-stage P-IV pipeline with multiple large visible opportunities that could drive strong earnings growth in 2011 and beyond.
- (3) We have unusually good visibility for solid 10-15% EPS growth for the 2011-2013 period.
- (4) Teva already has a strong presence in several markets outside the US and is well positioned to capture growth in Europe and emerging markets.
- (5) Teva's investment in longer duration assets like branded products (women's health, respiratory and innovative medicines) and biosimilars will position it for growth in the longer term.

Table 1: Teva Pharmaceuticals -- 2011 Guidance

	2011 Guidance	Comments
Revenues	18.5B - 19.0B	Sequential quarterly improvement
Gross Margin	57.5% - 60%	Includes higher quality costs, excludes \$600M of Amort.
S&M Ratio	18.0% - 19.0%	Includes royalties of \$900-950M
G&A Ratio	5.0% - 5.0%	
R&D Ratio	6.0% - 6.0%	Excludes JVs and other investments
Finance Expenses	\$120 - \$200M	
Tax Rate	11%	
Share in Assoc. Cos.	40M - 50M	Lonza JV Income; ~\$80M of R&D planned for JV
Shares	900 - 910	Includes convert buyout and share buyback
Adjusted EPS	\$4.90 - \$5.20	Sequential quarterly improvement; 2H>1H and 2Q>1Q

Source: Company reports

Table 2: Teva Pharmaceuticals -- Milestones

Date	Product	Indication	Milestone/Event
2011			
May 2011	Onaze	Allergic Rhinitis	File NDA
6/11/2011	Copaxone		FDA response to CP
3Q11	Laquinimod	Multiple Sclerosis	BRAVO Phase III data
2011	BFC Spiromax	Asthma	EU Filing
2011	FP HFA MDI	Asthma	EU Filing
11/14/2011	Bio-T-Gel	Men's Health	PDUFA Date
2H11	Laquinimod	Multiple Sclerosis	Filing?

Source: Company Reports

Table 3: Teva Pharmaceuticals -- Variance Analysis (\$ in Millions)

	1Q11E		1Q11A		Variance	Comments
	Amount	% Chg.	Amount	% Chg.		
Sales						
Total NA	2,312	0.1%	2,064	-10.6%	-247.8	Consensus: \$2.39B, +4% YoY
Total Europe	1,274	56.9%	1,344	65.5%	69.6	Consensus: \$1.27B, -4% CC
Total ROW	606	14.0%	672	26.3%	65.7	Consensus: \$609M, +0.3% CC
Total Sales	4,192	14.8%	4,080	11.7%	-112.5	Consensus: \$4.27B, +17% YoY
COGS	1,672	10.2%	1,681	10.7%	-8.7	
Gross Profit	2,520	18.0%	2,399	12.4%	-121.2	
SG&A	1,105	19.3%	1,046	13.0%	59.0	
R&D	290	40.1%	239	15.5%	51.0	
Operating Income	1,125	12.3%	1,114	11.2%	-11.2	
Non-Operating Items	-54	98.2%	-38	40.7%	15.5	
Pre-tax Income	1,072	9.9%	1,076	10.4%	4.3	
Tax Rate	13.0%	NM	11.2%	NM	1.8%	
Taxes	139	2.4%	121	-11.0%	18.3	
Share in Assoc. Cos.	-10	NM	-15	87.5%	5.0	
Minority Interests	-2	NM	-4	300.0%	2.0	
Net Income	920	10.9%	936	12.8%	15.6	
Adj.	8		0		-8.0	
Adj. Net Income	928	10.4%	936	11.3%	7.6	
Avg. Shares	909	-1.3%	902	-2.1%	-7.0	
Operating EPS	\$1.02	12.2%	\$1.04	14.0%	\$0.02	Consensus: \$1.04
Margin Analysis						
Sales	100.0%		100.0%			
COGS	39.9%		41.2%		-1.3%	
Gross Margin	60.1%		58.8%		-1.3%	
SG&A	26.4%		25.6%		0.7%	
R&D	6.9%		5.9%		1.1%	
Operating Margin	26.8%		27.3%		0.5%	
Pre-tax Margin	25.6%		26.4%		0.8%	
Net Margin	22.0%		22.9%		1.0%	

Source: Company reports, UBS estimates and FactSet

What we learned on the conference call

Overall

- **2011 quarterly progression:** Management reaffirmed its EPS guidance range of \$4.90-5.20 and indicated that there should be a slight sequential improve in 2Q over 1Q (i.e., a few pennies or ~\$1.05-1.08 vs the \$1.04 in 1Q).
- **Tax rate:** Management lowered its tax rate guidance to 11% from 13% to the year due to an improving mix and larger percentage of exUS sales. However, management continued to indicate that the tax rate will rise in 2012 as Irvine comes back on line, Lovenox is approved and the mix shifts back to the US.
- **Share buyback:** Management bought back 7.9M shares during the quarter (average price of \$54.41 for a cost of \$400M) and have bought back 9.8M shares since the program started in December. Management expects the share count to be ~897M in 2Q11 and has ~\$500M more left on the buyback program.

Key Geographies and Products

- **North America:** Sales declined -11% Y/Y
 - **Generics:** US generic sales were \$952, down -32% Y/Y while Canadian sales were ~\$155M, up +54% Y/Y (included ~\$50-70M of Ratiopharm) for total North American generics of ~\$1.1B, down -25% Y/Y.
 - **~\$500M of headwinds in 1Q11:** Specifically, lower sales of Mirapex, Protonix, Lotrel, Eloxatin, Adderall XR, plus the impact of Irvine and Jerusalem manufacturing issues were headwinds in 1Q11. Additionally, the switch of Allegra from Rx to OTC will impact 2Q11-4Q11 with 2010 sales of ~\$80M and 1Q11 sales of ~\$15M with the rest of the year zero.

Table 4: 1Q11 vs 1Q10 Sales Delta

(\$ in millions)	1Q10	1Q11	Delta
Mirapex	128	15	-113
Protonix	93	0	-93
Lotrel	63	18	-45
Eloxatin	44	0	-44
Adderall XR	127	30	-97
Irvine	53	0	-53
Jerusalem	N/A		-58
Total			-503

Source: Company reports

- Management launched three new products in 1Q11: generic Phentermine, Femhrt and Femcon Fe.
- Teva has 197 ANDAs pending at the FDA, 46 of which have tentative approval. 130 are P-IV applications with 80 (branded sales of \$52B) that are first to file.

- Management indicated that there have been no settlement discussions with Momenta/Sandoz which makes sense to us. We don't see a settlement anytime soon if at all.
- Key launches in 2H include Levaquin, Aricept, Nasacort and Zyprexa.
- Management indicated that Irvine should reach a ~\$100M run rate by 4Q11 (i.e., ~\$25M of sales in 4Q11).
- **Europe:** Sales grew 3% Y/Y organically (+7% excluding Germany, 33% of total sales).
 - Management has cut the delta between it and the number one European player in terms of market share from 10% to 4% since 1Q10.
 - Sales in Germany declined in the low teens due to price reforms. However, management expects Germany to rebound in 2H as the reforms annualize and return to growth. Management also pointed to tender progress with it realizing ~20%+ share of the most recent AOK tender.
 - During 1Q11 Teva received approval for 79 new compounds in 162 formulations and had 286 compounds pending marketing authorization.
 - Management believes a LT organic growth rate of 7-9% is still a good forecast.
 - Importantly, management indicated that profits quadrupled in Europe.
- **Emerging Markets:** Sales grew 26% Y/Y (23% CC) with 31% of sales coming from Russia/Eastern EU, 27% from Latin America, 23% from Israel and 19% from Asia.
 - Y/Y growth for key markets was: Russia (+25%), Mexico (+20%), Argentina (+29%), Japan (+29%), Israel (+6%). Overall Latin America grew 16% (9% CC). Additionally, Japan sales are now consolidated (~50% of the JV) and accounted for an incremental ~\$30M of sales.
 - Management still believes a double digit organic growth rate is a good forecast.
- **Copaxone:** Total end-market sales were \$907M (+14% Y/Y) with \$624M in the US (+22% Y/Y) and \$283M ROW (flat Y/Y). Copaxone continued to outpace the market growing 14% vs 9% for the market.
 - As Copaxone is returned to Teva from Sanofi, management indicated that the full year sales impact will be ~\$150M of additional sales (this would be for 2013) with a 50% operating margin and Teva would be required to pay a 6% royalty back to Sanofi for two years following the return of Copaxone. The UK, the Czech Republic and Poland have already been returned, Germany will be returned in 4Q11 and then Spain, France and Italy will be returned over the course of 2012.
 - Generics Limited (UK) filed a revocation against a UK Copaxone patent on March 1, 2011. A case management conference was held on May 6, 2011 and no trial date has been set.

- **Azilect:** Total end-market sales were \$90M (+16% Y/Y) primarily due to volume growth.
- **Respiratory:** Total sales were \$229M (+19% Y/Y) with US sales of \$127M. US sales were impacted by destocking in ProAir (we estimate ~\$10M) and 4Q10 rebates/claims from managed markets spilling into 1Q11 for Qvar (we estimate ~ -\$34M impact).
- **Women's Health:** Total sales were \$103M (+30% Y/Y). We estimate US sales were up ~5% with the majority of the impact from EU sales due to the additional of Theramex.
- **API:** Total sales were \$184M (+32% Y/Y) with the majority of sales coming from outside the US.

Table 5: Teva Pharmaceuticals -- Income Statement and Margin Analysis 2009-2016E - (\$ in millions, except EPS)

	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11A	2Q11E	3Q11E	4Q11E	2011E	2012E	2013E	2014E	2015E	2016E	
Sales	13,899	3,653	3,800	4,250	4,418	16,121	4,080	4,282	4,670	5,220	18,252	20,501	22,748	25,153	26,397	27,798	
<i>Consensus Sales</i>							<i>\$4,270</i>	<i>\$4,516</i>	<i>\$4,752</i>	<i>\$5,136</i>	<i>\$18,700</i>	<i>\$20,597</i>	<i>\$21,792</i>	<i>\$22,648</i>			
									Co. Guidance	18.5-19.0B	21.0-23.2B				31,000		
COGS	5,780	1,518	1,557	1,594	1,783	6,452	1,681	1,801	1,960	2,131	7,573	8,511	9,563	10,914	11,690	12,392	
Gross Profit	8,119	2,135	2,243	2,656	2,635	9,669	2,399	2,481	2,709	3,089	10,678	11,989	13,185	14,239	14,707	15,406	
Sales & Marketing	2,641	744	636	742	816	2,938	825	837	802	867	3,331	3,507	3,923	3,806	4,171	4,663	
G&A	823	182	189	236	258	865	221	235	215	249	920	1,000	1,050	1,075	1,125	1,175	
Total SG&A	3,464	926	825	978	1,074	3,803	1,046	1,072	1,017	1,116	4,251	4,507	4,973	4,881	5,296	5,838	
R&D	802	207	217	239	270	933	239	265	270	290	1,064	1,300	1,456	1,602	1,762	1,903	
									Co. Guidance	1.7-1.9B					2.2-2.4B		
Operating Income	3,853	1,002	1,201	1,439	1,291	4,933	1,114	1,144	1,422	1,683	5,353	6,182	6,756	7,756	7,649	7,665	
									Co. Guidance	6.4-7.0B		6.4-7.0B			8.2-9.0		
Non-Operating Items	-202	-27	-25	-48	-54	-154	-38	-50	-50	-50	-188	-118	-20	209	210	455	
									Co. Guidance	-160-200							
Pre-tax Income	3,651	975	1,176	1,391	1,237	4,779	1,076	1,094	1,373	1,633	5,175	6,065	6,736	7,965	7,859	8,120	
Tax Rate	15.8%	13.9%	15.6%	14.9%	7.0%	12.8%	11.2%	11.0%	11.0%	11.0%	11.1%	15.0%	15.0%	15.0%	15.0%	15.0%	
									Co. Guidance	11.0%							
Taxes	577	136	183	207	87	613	121	120	151	180	572	910	1,010	1,195	1,179	1,218	
Share in Assoc. Cos.Lonza JV Incom	-33	-8	-9	0	-7	-24	-15	-8	-8	-9	-40	-40	-34	14	14	101	
									Co. Guidance	-40-45							
Minority Interests	-4	-1	-3	-2	-2	-8	-4	-1	-2	-1	-8	-8	-8	-8	-8	-8	
Net Income	3,037	830	981	1,182	1,141	4,134	936	965	1,212	1,443	4,556	5,107	5,683	6,777	6,686	6,995	
									Co. Guidance	4.9-5.5B		4.9-5.5B			6,800		
Adj.	47	11	11	11	11	44	0	0	0	0	0	0	0	0	0	0	
Adj. Net Income	3,084	841	992	1,193	1,152	4,178	936	965	1,212	1,443	4,556	5,107	5,683	6,777	6,686	6,995	
Avg. Shares	913	921	921	921	921	921	902	896	893	888	895	888	892	896	900	904	
									Co. Guidance	900-910		940			955		
Co. Adjusted EPS	\$3.37	\$0.91	\$1.08	\$1.30	\$1.25	\$4.54	\$1.04	\$1.08	\$1.36	\$1.62	\$5.10	\$5.75	\$6.37	\$7.56	\$7.43	\$7.74	
<i>Consensus EPS</i>							<i>\$1.04</i>	<i>\$1.19</i>	<i>\$1.33</i>	<i>\$1.52</i>	<i>\$5.10</i>	<i>\$5.66</i>	<i>\$6.02</i>	<i>\$6.29</i>			
									Co. Guidance	\$4.90-5.20		\$5.30-5.86			\$6.80-7.52		
Margin Analysis	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11A	2Q11E	3Q11E	4Q11E	2011E	2012E	2013E	2014E	2015E	2016E	
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
COGS	41.6%	41.6%	41.0%	37.5%	40.4%	40.0%	41.2%	42.1%	42.0%	40.8%	41.5%	41.5%	42.0%	43.4%	44.3%	44.6%	
Gross Margin	58.4%	58.4%	59.0%	62.5%	59.6%	60.0%	58.8%	57.9%	58.0%	59.2%	58.5%	58.5%	58.0%	56.6%	55.7%	55.4%	
									Co. Guidance	57.5-59.5%		>50%					
Sales & Marketing	19.0%	20.4%	16.7%	17.5%	18.5%	18.2%	20.2%	19.5%	17.2%	16.6%	18.3%	17.1%	17.2%	15.1%	15.8%	16.8%	
									Co. Guidance	18-19%							
G&A	5.9%	5.0%	5.0%	5.6%	5.8%	5.4%	5.4%	5.5%	4.6%	4.8%	5.0%	4.9%	4.6%	4.3%	4.3%	4.2%	
									Co. Guidance	5.0%							
SG&A	24.9%	25.3%	21.7%	23.0%	24.3%	23.6%	25.6%	25.0%	21.8%	21.4%	23.3%	22.0%	21.9%	19.4%	20.1%	21.0%	
R&D	5.8%	5.7%	5.7%	5.6%	6.1%	5.8%	5.9%	6.2%	5.8%	5.6%	5.8%	6.3%	6.4%	6.4%	6.7%	6.8%	
									Co. Guidance	6.0%		8.0%			7.0%		
Operating Margin	27.7%	27.4%	31.6%	33.9%	29.2%	30.6%	27.3%	26.7%	30.5%	32.2%	29.4%	30.2%	29.7%	30.8%	29.0%	27.6%	
Pre-tax Margin	26.3%	26.7%	30.9%	32.7%	28.0%	29.6%	26.4%	25.6%	29.4%	31.3%	28.4%	29.6%	29.6%	31.7%	29.8%	29.2%	
Net Margin	21.9%	22.7%	25.8%	27.8%	25.8%	25.6%	22.9%	22.5%	25.9%	27.6%	25.0%	24.9%	25.0%	26.9%	25.3%	25.2%	
									Co. Guidance	22.0%							
% Change	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11A	2Q11E	3Q11E	4Q11E	2011E	2012E	2013E	2014E	2015E	2016E	5-Yr CAGR 2009-2013
Sales	25%	16%	12%	20%	16%	16%	12%	13%	10%	18%	13%	12%	11%	11%	5%	5%	15.5
COGS	17%	16%	10%	7%	13%	12%	11%	16%	23%	20%	17%	12%	12%	14%	7%	6%	
Gross Profit	33%	16%	13%	29%	18%	19%	12%	11%	2%	17%	10%	12%	10%	8%	3%	5%	
SG&A	39%	17%	-2%	12%	12%	10%	13%	30%	4%	4%	12%	6%	10%	-2%	9%	10%	
R&D	2%	-5%	28%	23%	23%	16%	15%	22%	13%	7%	14%	22%	12%	10%	10%	8%	
Operating Income	35%	21%	22%	44%	23%	28%	11%	-5%	-1%	30%	9%	15%	9%	15%	-1%	0%	18.8
Pre-tax Income	30%	28%	28%	46%	22%	31%	10%	-7%	-1%	32%	8%	17%	11%	18%	-1%	3%	
Net Income	21%	31%	32%	45%	35%	36%	13%	-2%	3%	26%	10%	12%	11%	19%	-1%	5%	
Operating EPS	11%	28%	30%	46%	34%	35%	14%	0%	4%	30%	12%	13%	11%	19%	-2%	4%	16.0

Source: Company reports and UBS estimates

Table 6: Teva Pharmaceuticals – North America Generics Sales - 2009-2016E (\$ in millions)

	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11A	2Q11E	3Q11E	4Q11E	2011E	2012E	2013E	2014E	2015E	2016E
North America Revenues																
Generics Sales																
US Generics Sales																
Effexor XR (Venlafaxine)	0	0	0	447	257	704	170	43	37	30	280	84	30	25	20	15
Pulmicort (Budesonide Inhalation)	200	138	114	101	145	498	130	118	111	125	484	224	175	144	120	25
Adderall XR	196	127	81	105	28	341	30	45	36	39	150	115	20	15	10	8
Generic OCs	365	87	87	87	87	347	78	78	78	78	312	281	253	228	205	184
Pliva USA	225	56	56	56	56	225	56	56	56	56	225	225	225	225	225	225
Mirapex (Pramipexole)	0	128	50	14	15	207	15	16	17	17	65	10	5	4	4	4
Yaz (Drospirenone)	0	0	112	53	16	181	31	26	24	24	105	87	85	81	74	74
Lotrel (Amlodipine/Benazepril Combo)	440	62	46	41	39	188	18	17	12	11	58	45	32	22	16	11
Cozaar (Losartan)	0	0	100	35	12	147	13	11	11	11	46	43	3	3	2	2
Yasmin	215	43	40	38	23	145	18	18	15	15	66	49	33	20	20	20
Prevacid (Lansoprazole)	45	42	33	33	33	140	27	25	24	23	99	76	53	43	34	27
Eloxatin (Oxaliplatin)	125	44	40	0	0	84	0	0	0	0	0	35	20	15	12	10
Pantoprazole (Protonix)	168	93	31	0	0	125	0	0	0	0	0	0	0	20	15	10
Hyzaar (Losartan HCTZ)	0	0	60	16	7	83	8	8	8	9	33	36	2	2	2	2
Bupropion HCL (Wellbutrin XL)	182	20	20	20	19	79	15	9	7	7	39	31	25	20	16	13
Gemzar (Gemcitabine)	0	0	0	0	0	0	6	6	6	6	25	20	15	12	10	8
Budeprion SR (Wellbutrin SR)	76	18	18	18	18	72	17	17	17	17	69	65	62	59	56	53
Amox Tr/Pot Clavul	71	17	17	17	17	67	16	16	16	16	64	61	58	55	52	50
Actiq	102	21	17	14	12	64	8	9	8	7	32	29	25	45	40	35
Claravis	55	14	14	14	14	55	14	14	14	14	55	55	55	55	55	55
Zocor (Simvastatin)	65	13	13	13	13	52	10	10	10	10	42	34	27	21	17	14
Allegra (Fexofenadine)	61	20	20	20	20	80	15	0	0	0	15	12	10	8	6	5
Prevacid SoluTAB (Lansoprazole)	0	0	0	0	52	52	13	9	10	10	40	36	30	20	17	13
Tri-Lo Sprintec/Ortho Tri-Cyclen Lo	50	0	0	0	0	0	0	0	0	0	0	0	0	0	50	50
Solodyn	50	0	0	0	0	0	4	4	4	4	15	10	8	6	5	5
Oxycodone ER (Oxycontin)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	2,410	452	532	486	443	1,912	243	415	485	559	1,702	1,658	1,485	1,306	1,257	1,143
New Generics - 2011								25	50	75	150	135	122	109	98	89
New Generics - 2012								0	0	0	0	200	180	162	146	131
New Generics - 2013								0	0	0	0	0	200	180	162	146
New Generics - 2014								0	0	0	0	0	0	200	180	162
New Generics - 2015								0	0	0	0	0	0	0	200	180
New Generics - 2016								0	0	0	0	0	0	0	0	200
Paragraph IV Pipeline								0	162	465	627	1,388	1,041	1,183	1,415	1,365
Lovenox (2011 launch assumed)								0	112	56	168	295	328	318	297	268
Zyprexa (4Q11 launch)								0	0	344	344	126	73	59	49	40
Actos (8/17/12 launch)								0	0	0	0	93	47	24	22	18
Avalide (3/30/12 launch)								0	0	0	0	55	10	5	4	4
Avapro (3/30/12 launch)								0	0	0	0	22	10	5	5	5
Lipitor (2012 launch)								0	0	0	0	75	60	50	40	30
Provigil (4/1/12 launch)								0	0	0	0	97	129	118	105	95
Lexapro (2012 launch)								0	0	0	0	179	0	0	0	0
Tricor (2012 launch)								0	0	0	0	245	38	25	20	15
Temodar (2013 launch)								0	0	0	0	0	61	97	69	40
Nexium (5/27/14 launch)								0	0	0	0	0	0	99	69	50
Avodart (4Q15 launch)								0	0	0	0	0	0	0	25	20
Aggrenox (7/1/15 launch)								0	0	0	0	0	0	0	40	20
Other								0	50	65	115	201	285	383	670	761
US Generics	5,000	1,396	1,501	1,626	1,290	5,813	952	992	1,216	1,623	4,783	5,033	4,270	4,280	4,486	4,279
	24.1%	24.9%	14.2%	33.9%	-4.7%	16.3%	-31.8%	-33.9%	-25.2%	25.8%	-17.7%	5.2%	-15.2%	0.2%	4.8%	-4.6%
Canada	312	100	89	131	141	461	155	160	162	163	640	679	727	778	832	890
	0.7%	53.2%	29.2%	40.5%	65.8%	47.6%	54.5%	79.4%	23.9%	16.0%	38.9%	6.1%	7.0%	7.0%	7.0%	7.0%
Total North America Generics	5,312	1,496	1,590	1,757	1,431	6,274	1,107	1,152	1,378	1,786	5,423	5,713	4,997	5,058	5,318	5,169
	22.4%	26.4%	15.0%	34.4%	-0.6%	18.1%	-26.0%	-21.5%	-21.6%	24.9%	-13.6%	5.3%	-12.5%	1.2%	5.1%	-2.8%

Source: Company reports and UBS estimates

Table 7: Teva Pharmaceuticals – North America Other Sales - 2009-2016E (\$ in millions)

	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11A	2Q11E	3Q11E	4Q11E	2011E	2012E	2013E	2014E	2015E	2016E
North America Revenues (Conti)																
Innovative																
Copaxone	1,999	535	553	611	678	2,377	647	681	704	682	2,714	2,894	3,067	2,082	1,375	1,062
% Change	54.5%	18.9%	20.7%	8.9%	27.9%	18.9%	20.9%	23.2%	15.2%	0.6%	14.2%	6.6%	6.0%	-32.1%	-34.0%	-22.7%
Azilect	98	30	32	33	37	133	40	45	47	48	180	227	267	312	364	411
% Change	48.3%	33.9%	34.8%	33.3%	42.6%	36.3%	30.9%	39.7%	40.9%	28.3%	35.1%	26.2%	17.4%	17.0%	16.7%	12.8%
Other Innovative	0	0	0	0	0	0	0	0	0	0	0	69	470	1,095	1,469	1,893
% Change														133.0%	34.1%	28.9%
Total Innovative	2,097	565	585	644	715	2,510	686	726	751	730	2,894	3,189	3,804	3,489	3,208	3,366
% Change	54.2%	19.6%	21.4%	9.9%	28.6%	19.7%	21.4%	24.1%	16.5%	2.0%	15.3%	10.2%	19.3%	-8.3%	-8.1%	4.9%
Respiratory																
ProAir	425	83	96	73	102	354	97	106	105	117	426	488	540	556	572	601
% Change	26.9%	4.5%	22.2%	-43.5%	-26.2%	-16.7%	16.4%	10.8%	45.1%	14.7%	20.3%	14.7%	10.5%	3.0%	3.0%	5.0%
Qvar	139	40	46	52	60	198	29	61	57	69	217	238	260	282	305	327
% Change	52.1%	49.6%	70.9%	43.1%	23.0%	42.6%	-26.9%	33.3%	9.3%	14.6%	9.3%	9.7%	9.3%	8.7%	8.2%	7.0%
Other Respiratory	4	1	1	1	0	4	1	1	1	0	4	66	129	191	216	279
% Change	-55.9%	31.9%	89.5%	16.6%	-70.8%	0.3%	1.9%	-6.3%	8.8%	-10.2%	0.0%	1643.5%	94.3%	48.5%	13.1%	28.9%
Total Respiratory	568	124	143	126	163	556	127	169	164	187	646	792	928	1,029	1,094	1,206
% Change	30.6%	15.9%	34.9%	-24.1%	-13.8%	-2.1%	2.4%	17.9%	29.9%	14.6%	16.2%	22.6%	17.1%	10.9%	6.3%	10.3%
Women's Health	357	80	82	116	96	374	80	90	115	131	415	488	556	625	667	755
% Change		-17.5%	2.5%	12.6%	24.7%	4.8%	-0.5%	9.8%	-0.9%	36.3%	11.1%	17.4%	14.0%	12.4%	6.8%	13.2%
Biosimilars	7	8	8	9	10	34	9	14	15	12	50	71	87	204	263	350
% Change	40.0%	650.0%	650.0%	350.0%	233.3%	385.7%	20.0%	86.7%	66.7%	16.0%	45.9%	42.4%	23.2%	134.0%	29.2%	33.2%
API	244	36	59	72	73	240	55	60	65	60	240	252	265	278	292	306
% Change	-10.9%	-43.8%	5.4%	12.5%	21.7%	-1.6%	52.8%	1.7%	-9.7%	-17.8%	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Total North America Revenues	8,585	2,309	2,467	2,724	2,488	9,988	2,064	2,211	2,487	2,906	9,668	10,505	10,636	10,683	10,842	11,154
% Change	33.9%	19.9%	17.0%	22.3%	7.1%	16.3%	-10.6%	-10.4%	-8.7%	16.8%	-3.2%	8.7%	Co. Guidance	15,000		2.9%
													1.2%	0.4%	1.5%	

Source: Company reports and UBS estimates

Table 8: Teva Pharmaceuticals – Europe & International Sales - 2009-2016E (\$ in millions)

	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11A	2Q11E	3Q11E	4Q11E	2011E	2012E	2013E	2014E	2015E	2016E
Europe Revenues																
Generics	2,411	601	601	760	1,037	2,999	1,039	1,075	1,125	1,217	4,455	5,122	6,307	7,102	7,830	8,458
% Change	12.8%	11.8%	9.1%	23.9%	46.3%	24.4%	72.7%	78.8%	48.1%	17.4%	48.6%	15.0%	23.1%	12.6%	10.3%	8.0%
Innovative	351	100	87	112	124	423	119	120	120	121	481	584	866	877	668	548
% Change	5.8%	36.0%	-7.7%	11.6%	49.5%	20.5%	19.3%	38.7%	7.1%	-2.7%	13.7%	21.5%	48.2%	1.3%	-23.8%	-18.0%
Respiratory	290	55	60	72	82	269	78	75	80	90	323	371	408	441	476	514
% Change		-23.6%	-22.1%	14.3%	5.1%	-7.2%	41.8%	25.0%	11.1%	9.5%	20.0%	15.0%	10.0%	8.0%	8.0%	8.0%
Women's Health	0	0	0	0	0	0	23	40	40	52	155	180	190	200	211	223
% Change											16.1%	5.5%	5.5%	5.5%	5.5%	5.5%
Biosimilars	39	10	10	11	14	45	14	17	19	22	72	86	104	140	175	219
% Change	680.0%	11.1%	0.0%	10.0%	40.0%	15.4%	40.0%	70.0%	72.7%	57.1%	60.0%	20.0%	20.0%	35.0%	25.0%	25.0%
API	180	46	53	46	66	211	71	65	65	63	264	277	291	305	321	337
% Change	-7.2%	-2.1%	17.8%	7.0%	46.7%	17.2%	54.3%	22.6%	41.3%	-4.9%	25.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Total Europe Revenues	3,271	812	811	1,001	1,323	3,947	1,344	1,392	1,449	1,564	5,749	6,621	8,166	9,065	9,681	10,299
% Change	9.9%	9.9%	4.4%	20.6%	43.0%	20.7%	65.5%	71.7%	44.8%	18.2%	45.7%	15.2%	Co. Guidance 23.3%	11.0%	6.8%	6.4%

	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11A	2Q11E	3Q11E	4Q11E	2011E	2012E	2013E	2014E	2015E	2016E
International Revenues																
Generics	1,617	350	360	452	483	1,646	493	500	540	534	2,068	2,503	2,982	4,338	4,912	5,416
% Change	30.2%	-6.7%	-10.2%	17.4%	5.8%	1.8%	41.1%	39.0%	19.6%	10.7%	25.6%	21.1%	19.1%	45.5%	13.2%	10.3%
Innovative	217	104	86	14	66	269	99	102	102	99	401	461	507	557	393	297
% Change	-5.9%	116.3%	24.4%	-77.7%	64.8%	23.7%	-5.3%	18.1%	651.9%	51.1%	49.1%	14.9%	10.0%	9.9%	-29.5%	-24.4%
Respiratory	40	14	18	9	9	50	24	15	20	25	84	101	116	133	153	176
% Change	14.3%	133.3%	200.0%	-35.7%	-35.7%	25.0%	71.4%	-16.7%	122.2%	177.8%	68.0%	20.0%	15.0%	15.0%	15.0%	15.0%
Women's Health	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% Change																
Biosimilars	28	8	8	10	8	31	7	12	12	14	45	54	65	78	93	107
% Change	-47.2%	7.1%	50.0%	150.0%	-33.3%	10.0%	-6.7%	60.0%	20.0%	75.0%	46.1%	20.0%	20.0%	20.0%	20.0%	15.0%
API	141	57	51	41	42	190	49	50	60	79	238	257	277	299	323	349
% Change	4.4%	20.6%	49.1%	41.4%	35.5%	35.0%	-13.6%	-1.4%	46.3%	86.9%	24.7%	8.0%	8.0%	8.0%	8.0%	8.0%
Total International Revenues	2,043	532	522	525	607	2,186	672	679	734	751	2,835	3,375	3,946	5,405	5,874	6,345
% Change	20.5%	10.1%	1.4%	6.7%	9.8%	7.0%	26.3%	30.0%	39.7%	23.6%	29.6%	19.1%	Co. Guidance 16.9%	37.0%	8.7%	8.0%

Source: Company reports and UBS estimates

Table 9: Teva Pharmaceuticals – Global Sales - 2009-2016E (\$ in millions)

	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11A	2Q11E	3Q11E	4Q11E	2011E	2012E	2013E	2014E	2015E	2016E
Total Revenues																
Generics																
US Generics	5,000	1,396	1,501	1,626	1,290	5,813	952	992	1,216	1,623	4,783	5,033	4,270	4,280	4,486	4,279
% Change		24.9%	14.2%	33.9%	-4.7%	16.3%	-31.8%	-33.9%	-25.2%	25.8%	-17.7%	5.2%	-15.2%	0.2%	4.8%	-4.6%
OUS Generics	4,340	1,052	1,050	1,342	1,660	5,104	1,678	1,735	1,827	1,914	7,163	8,304	10,015	12,218	13,574	14,765
% Change		7.6%	2.8%	23.0%	32.8%	17.6%	59.5%	65.2%	36.1%	15.3%	40.3%	15.9%	20.6%	22.0%	11.1%	8.8%
Total Generics	9,340	2,448	2,551	2,968	2,950	10,917	2,630	2,727	3,043	3,537	11,946	13,338	14,285	16,498	18,060	19,043
% Change	21.0%	16.8%	9.3%	28.8%	13.3%	16.9%	7.4%	6.9%	2.5%	19.9%	9.4%	11.6%	7.1%	15.5%	9.5%	5.4%
Innovative																
Copaxone	2,519	717	705	716	840	2,978	838	874	897	872	3,482	3,808	4,296	3,361	2,270	1,734
% Change	39.3%	28.2%	16.8%	2.5%	27.7%	18.2%	17.0%	23.9%	25.3%	3.9%	16.9%	9.4%	12.8%	-21.8%	-32.5%	-23.6%
Azilect	146	52	53	54	65	225	66	74	76	77	294	357	410	467	530	584
% Change	27.8%	48.9%	28.4%	11.5%	206.0%	53.5%	25.4%	40.5%	39.2%	18.8%	30.8%	21.7%	14.7%	13.8%	13.5%	10.4%
Total Innovative	2,665	769	758	770	905	3,202	904	948	972	950	3,774	4,235	5,176	4,923	4,268	4,211
% Change	38.7%	29.5%	17.5%	3.1%	33.3%	20.2%	17.6%	25.1%	26.3%	4.9%	17.9%	12.2%	22.2%	-4.9%	-13.3%	-1.3%
Respiratory	898	193	221	207	254	875	229	259	264	302	1,053	1,264	1,452	1,604	1,723	1,897
% Change	15.4%	4.3%	16.9%	-14.8%	-9.9%	-2.6%	18.7%	17.0%	27.4%	18.8%	20.3%	20.1%	14.9%	10.4%	7.5%	10.1%
Women's Health	357	80	82	116	96	374	103	130	155	182	570	668	746	825	878	978
% Change		-17.5%	2.5%	12.6%	24.7%	4.8%	28.8%	58.5%	33.6%	90.1%	52.5%	17.1%	11.7%	10.6%	6.5%	11.4%
Biosimilars	74	25	25	30	32	112	30	43	46	48	167	211	256	421	531	676
% Change	17.5%	47.1%	56.3%	87.5%	28.0%	51.4%	20.0%	72.0%	53.3%	48.8%	48.8%	26.7%	21.1%	64.9%	26.1%	27.3%
API	565	139	163	159	181	641	184	175	190	201	750	785	832	882	935	992
% Change	-6.3%	-12.2%	20.5%	16.9%	33.1%	13.5%	32.7%	7.6%	19.5%	11.2%	17.0%	4.7%	6.0%	6.0%	6.0%	6.0%
Total Company Revenues	13,899	3,654	3,800	4,250	4,418	16,121	4,080	4,282	4,670	5,220	18,252	20,501	22,748	25,153	26,397	27,798
% Change	25.4%	16.1%	11.8%	19.7%	16.2%	16.0%	11.7%	12.7%	9.9%	18.2%	13.2%	12.3%	Co. Guidance	31,000		5.3%
													11.0%	10.6%	4.9%	

Source: Company reports and UBS estimates

Table 10: Teva Pharmaceuticals -- Copaxone Income Statement 2009-2016E (\$ in millions, except EPS)

	2009	1Q10	2Q10	3Q10	4Q10	2010	1Q11A	2Q11E	3Q11E	4Q11E	2011E	2012E	2013E	2014E	2015E	2016E
Copaxone Revenues																
End-Market Sales																
US	1,917	513	531	588	655	2,287	624	658	680	658	2,620	2,794	2,961	1,970	1,301	1,005
<i>Growth Rate</i>	39.0%	19.3%	21.2%	8.9%	28.7%	19.3%	21.6%	24.0%	15.6%	0.5%	14.6%	6.6%	6.0%	-33.5%	-34.0%	-22.7%
Canada	82	22	22	23	23	90	23	23	24	24	94	100	106	112	74	57
<i>Growth Rate</i>	17.1%	10.0%	10.0%	9.5%	9.5%	9.8%	4.0%	4.0%	4.0%	4.0%	4.0%	6.6%	6.0%	6.0%	-34.0%	-22.7%
North America	1,999	535	553	611	678	2,377	647	681	704	682	2,714	2,894	3,067	2,082	1,375	1,062
<i>Growth Rate</i>	38.0%	18.9%	20.7%	8.9%	27.9%	18.9%	20.9%	23.2%	15.2%	0.6%	14.2%	6.6%	6.0%	-32.1%	-34.0%	-22.7%
Europe	615	158	136	185	196	675	163	175	175	175	689	709	730	730	511	383
<i>Growth Rate</i>	7.1%	27.7%	-13.2%	18.8%	9.8%	9.8%	2.9%	29.1%	-5.4%	-10.5%	2.0%	3.0%	3.0%	0.0%	-30.0%	-25.0%
ROW	212	103	84	12	64	263	97	100	100	97	395	454	499	549	384	288
<i>Growth Rate</i>	-11.1%	118.8%	24.5%	-79.7%	66.2%	23.8%	-5.4%	18.4%	733.3%	52.3%	50.0%	15.0%	10.0%	10.0%	-30.0%	-25.0%
Total Sales	2,826	796	773	808	938	3,315	907	956	979	955	3,797	4,056	4,296	3,361	2,270	1,734
<i>Growth Rate</i>	24.9%	28.2%	13.3%	4.1%	25.6%	17.3%	13.9%	23.7%	21.1%	1.8%	14.5%	6.8%	5.9%	-21.8%	-32.5%	-23.6%
Impact to Teva's Income Statement																
Revenues	2,519	717	705	716	840	2,978	838	874	897	872	3,482	3,808	4,296	3,361	2,270	1,734
COGS	378	108	106	107	126	447	126	131	134	131	522	571	644	504	341	260
Gross Profit	2,141	609	599	608	714	2,531	713	743	762	742	2,959	3,237	3,652	2,857	1,930	1,474
SG&A - Base	650	191	191	191	191	762	200	200	200	200	800	840	924	462	416	374
Royalties to Sanofi	500	134	0	0	0	134	0	0	0	3	3	64	74	38	0	0
Total SG&A	1,150	324	191	191	191	896	200	200	200	203	803	904	998	500	416	374
R&D	75	19	19	19	19	75	19	19	19	19	75	75	50	25	25	25
Operating Income	916	266	390	399	505	1,560	494	524	543	519	2,081	2,258	2,604	2,332	1,489	1,075
Tax Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Taxes	46	13	20	20	25	78	25	26	27	26	104	113	130	117	74	54
Net Income	870	253	371	379	479	1,482	469	498	516	494	1,977	2,145	2,474	2,215	1,414	1,021
Shares	913	921	921	921	921	921	902	896	893	888	895	888	892	896	900	904
EPS	\$0.95	\$0.27	\$0.40	\$0.41	\$0.52	\$1.61	\$0.52	\$0.56	\$0.58	\$0.56	\$2.21	\$2.42	\$2.77	\$2.47	\$1.57	\$1.13
Teva's Total EPS	\$3.37	\$0.91	\$1.08	\$1.30	\$1.25	\$4.54	\$1.04	\$1.08	\$1.36	\$1.62	\$5.10	\$5.75	\$6.37	\$7.56	\$7.43	\$7.74
Copaxone as % of Total Earnings	28.3%	30.2%	37.3%	31.6%	41.6%	35.4%	50.0%	51.6%	42.6%	34.2%	43.3%	42.0%	43.5%	32.7%	21.2%	14.6%

Source: Company reports and UBS estimates

Table 11: Teva Pharmaceuticals -- Balance Sheet 2009-2016E (\$ in millions)

	2009	2010	2011E	2012E	2013E	2014E	2015E	2016E
Assets								
Cash & Cash Equivalents	1,995	1,248	2,120	3,061	6,044	5,771	8,342	12,083
Short-term investments	253	36	36	36	36	36	36	36
Accounts Receivable	5,019	5,476	5,268	5,243	5,195	5,124	5,016	4,901
Deferred Taxes and Other Current Assets	1,442	1,416	1,458	1,502	1,547	1,594	1,642	1,691
Inventories, net	3,332	3,866	3,752	3,796	3,873	3,971	3,933	3,898
Total Current Assets	12,041	12,042	12,635	13,639	16,695	16,496	18,969	22,609
PPE, net	3,766	4,357	4,675	5,056	5,509	6,090	6,818	7,718
Investments and other	676	770	770	770	770	770	770	770
Intangible assets and debt issuance costs	4,053	5,751	5,138	4,543	3,969	3,426	2,966	2,566
Goodwill	12,674	15,232	15,982	16,982	18,287	22,907	23,747	24,287
Total Assets	33,210	38,152	39,199	40,990	45,230	49,689	53,270	57,950
Liabilities and Shareholder's Equity								
Short-term credit	659	1,432	1,341	1,341	1,341	1,341	1,341	1,341
Accounts payable and accruals	6,201	6,923	6,923	6,992	7,062	7,133	7,204	7,276
Convertible Senior Debentures	642	1,339	536	536	536	536	536	536
Total Current Liabilities	7,502	9,694	8,800	8,869	8,939	9,010	9,081	9,153
Deferred income taxes	1,968	2,125	2,125	2,125	2,125	2,125	2,125	2,125
Employee related obligations	170	221	221	221	221	221	221	221
Loans and Other LT Liabilities	3,494	4,097	3,790	1,803	1,803	1,053	-380	-873
Convertible Senior Debentures	817	13	7	7	7	7	7	7
Total Liabilities	13,951	16,150	14,943	13,025	13,095	12,416	11,054	10,633
Common Stock	49	49	49	49	49	49	49	49
Additional Paid in Capital	12,880	13,246	13,246	13,246	13,246	13,246	13,246	13,246
Deffered Compensation	0	0	0	0	0	0	0	0
Retained Earnings	6,662	9,325	12,487	16,204	20,382	25,528	30,478	35,587
Accumulated Other Comprehensive Income	555	350	350	350	350	350	350	350
Treasury shares	-924	-1,023	-1,923	-1,923	-1,923	-1,923	-1,923	-1,923
Non-Controlling Interests	37	55	47	39	31	23	15	7
Total Shareholder's Equity	19,259	22,002	24,256	27,965	32,135	37,273	42,215	47,316
Total Liabilities and Shareholder's Equity	33,210	38,152	39,199	40,990	45,230	49,689	53,270	57,950

Source: Company reports and UBS estimates

Table 12: Teva Pharmaceuticals -- Cash Flow Statement 2009-2016E (\$ in millions)

	2009	2010	2011E	2012E	2013E	2014E	2015E	2016E
From Operating Activities								
Net Income	2,004	3,339	3,931	4,601	5,195	6,315	6,295	6,655
Depreciation/Amortization	908	977	1,077	1,072	1,066	1,049	982	937
Deferred Income Taxes - Net	-140	-199	0	0	0	0	0	0
Impairment of Product Rights	110	124	0	0	0	0	0	0
Acquisition of In Process R&D	23	18	0	0	0	0	0	0
Compensation Related to Employee Stock Option Plans	54	80	0	0	0	0	0	0
Minority Interests in Profits (Losses) of Subsidiaries	0	0	-8	-8	-8	-8	-8	-8
Other	-31	50	0	0	0	0	0	0
Net Change in Working Capital	445	-253	280	5	-3	-4	170	173
Net Cash From Operations	\$3,373	\$4,136	\$5,279	\$5,671	\$6,250	\$7,353	\$7,439	\$7,758
From Investing Activities								
Capital Expenditures	-719	-710	-781	-859	-945	-1,087	-1,250	-1,437
Acquisition of Companies	0	-4,951	-750	-1,000	-1,305	-4,620	-840	-540
Acquisition of Product Rights/Patents/Intangible	0	0	0	0	0	0	0	0
Proceeds from Sales of Fixed Assets	0	0	0	0	0	0	0	0
Proceeds from sale of Long-Term Investments	236	613	0	0	0	0	0	0
Acquisition of Long Term Investments and Other Assets	-433	-436	0	0	0	0	0	0
Other	0	29	0	0	0	0	0	0
Net Cash from Investing	-\$916	-\$5,455	-\$1,531	-\$1,859	-\$2,250	-\$5,707	-\$2,090	-\$1,977
From Financing Activities								
Change in Shares (Exercise of Options/Share Repurchases)	169	81	-900	0	0	0	0	0
Proceeds for issuance of shares for acquisition	0	0	0	0	0	0	0	0
Cost of Acquis./Proceeds from Sale of Shrs. Held by Sub	-42	0	0	0	0	0	0	0
Change in Convertible Debt	0	-45	-809	0	0	0	0	0
Change in LT Debt	120	565	-307	-1,987	0	-750	-1,433	-493
Change in ST Debt	-2,002	626	-91	0	0	0	0	0
Dividends paid	-529	-668	-768	-883	-1,016	-1,168	-1,344	-1,545
Other	19	14	0	0	0	0	0	0
Net Cash from Financing	-\$2,265	\$573	-\$2,875	-\$2,870	-\$1,016	-\$1,918	-\$2,777	-\$2,038
Translation Differences on Cash Balance of Subs.	-51	-1	-1	-1	-1	-1	-1	-1
Cash/Equiv. Balance (BOY)	\$1,854	\$1,995	\$1,248	\$2,120	\$3,061	\$6,044	\$5,771	\$8,342
Net Cash Flow	\$141	-\$747	\$872	\$941	\$2,983	-\$273	\$2,571	\$3,741
Cash/Equiv. Balance (EOY)	\$1,995	\$1,248	\$2,120	\$3,061	\$6,044	\$5,771	\$8,342	\$12,083

Source: Company reports and UBS estimates

■ Teva Pharmaceuticals

Teva is the largest global generics company, with a 24% share of generics and a 16.4% share of the US total market. The company has a branded portfolio focusing on CNS and Respiratory therapeutic areas, with key products Copaxone for Multiple Sclerosis and ProAir albuterol inhaler for asthma and COPD. Teva recently acquired competitor Barr Pharmaceuticals and is in the process of integrating the business while working to develop capabilities in developing biogenerics.

■ **Statement of Risk**

Risks to Teva include 1) competitive pressure on sales of Copaxone; 2) unsuccessful execution on Paragraph IV filings; 3) generic price deterioration for overall basket of products, 4) inability to integrate the recently completed Barr acquisition, 5) inability to execute on biosimilar, and 6) inability to identify and integrate future acquisitions.

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UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	52%	41%
Neutral	Hold/Neutral	40%	37%
Sell	Sell	8%	20%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	30%
Sell	Sell	less than 1%	17%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 31 March 2011.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

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Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

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Equity Price Targets have an investment horizon of 12 months.

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UBS Securities LLC: Marc Goodman; Ami Fadia; Matthew Harrison.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Teva Pharmaceuticals ¹⁶	TEVA.O	Buy	N/A	US\$48.84	11 May 2011

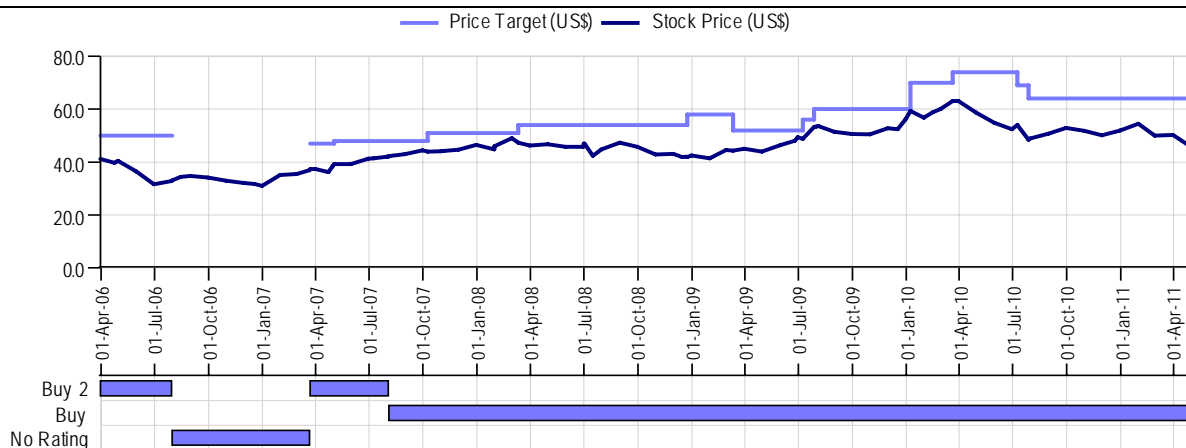
Source: UBS. All prices as of local market close.

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Teva Pharmaceuticals (US\$)



Source: UBS; as of 11 May 2011

Note: On August 4, 2007 UBS revised its rating system. (See 'UBS Investment Research: Global Equity Rating Definitions' table for details). From September 9, 2006 through August 3, 2007 the UBS ratings and their definitions were: Buy 1 = FSR is > 6% above the MRA, higher degree of predictability; Buy 2 = FSR is > 6% above the MRA, lower degree of predictability; Neutral 1 = FSR is between -6% and 6% of the MRA, higher degree of predictability; Neutral 2 = FSR is between -6% and 6% of the MRA, lower degree of predictability; Reduce 1 = FSR is > 6% below the MRA, higher degree of predictability; Reduce 2 = FSR is > 6% below the MRA, lower degree of predictability. The predictability level indicates an analyst's conviction in the FSR. A predictability level of '1' means that the analyst's estimate of FSR is in the middle of a narrower, or smaller, range of possibilities. A predictability level of '2' means that the analyst's estimate of FSR is in the middle of a broader, or larger, range of possibilities. From October 13, 2003 through September 8, 2006 the percentage band criteria used in the rating system was 10%.

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