From: Richard Kahn [redacted]
Sent: Wednesday, August 24, 2016 7:35 PM
To: jeffrey E.
Subject: Fwd: TEVA...IPR Decision Coming By Thurs...I like the Risk/Reward (+10% vs -5%)

not a great call by Amanda..
news out and =tock down 4.5%

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cel

Begin forwarded message:

From: =/b>"Ens, Amanda" [redacted]

Subject: =/b>RE: TEVA...IPR =ecision Coming By Thurs...I like the Risk/Reward (+10% vs -5%)

Date: =/b>August 24, 2016 at 3:29:37 PM =DT

To: =/b>Richard Kahn [redacted]

Rich, right after I sent this, the =uling came in earlier and was in fact unfavorable. The stock is down =bout 5% as we expected.

From: Ens, Amanda
Sent: Wednesday, August 24, 2016 3:20 PM
To: 'Richard Kahn'
Subject: TEVA...IPR Decision Coming By Thurs...I like =he Risk/Reward (+10% vs -5%)

Rich, wanted to flag this for your attention. Our =iew is that there is good risk-reward for TEVA going into a patent =ecision expected tomorrow relating to its key drug Copaxone Copaxone US is ~16% of sales, ~21% globally)). If the decision =s unfavorable, we would likely look to add on any weakness. Our analyst =s already building in considerable Copaxone generics competition =tarting in 2017, as do most analysts, so our model is conservative vs. Teva's outook (company's outlook assumes =o generics through 2019.)

TEVA is awaiting an inter partes (IPR) =ecision (expected by 25-Aug / Thursday) for Teva's Copaxone 40mg =x/week (3TW) multiple sclerosis drug.

As a quick background, the IPR (filed by MYL/Amneal) =elates to 3 of the 5 outstanding patents for Copaxone 40mg ('250, =91413, '302). Note that PGR for patent '776 was rejected just =ast week (filed by MYL).

On their recent 2Q results call, TEVA mgmt was =ncrementally more confident around their defensibility of its IP & =ees any potential generic launch (which would still be at risk in their =iew until all 5 patents are invalidated) not happening until 2H18 (see litigation timeline below).

Note that our analyst =umant models generic competition in 2017 (as does most of Cons) - if he =ssumes 3TW generic entry in 2020 (vs base case of 2017), note his DCF =ould increase by $3/share (all else equal) – see note attached.

As for the relevant =atents – note that an IPR decision will be based on the various =laims within each patent (3 in total) & unless all arguments from =he generic filers on the claims are granted, TEVA will be viewed as the =inner (given burden of proof is on the generics).

Also note that the traditional P-IV challenge from =NTA/Sandoz/MYL/Amneal/Synthon/PFE/DRRD will kick off 26-Sep.

==> Net/net, a victory for TEVA likely sees a 10%+ move =igher in my view ($58ish) while a negative outcome likely sees 5% =ownside to around $50/sh (given a Cons already assumes generic competition coming next year).

Copaxone Litigation =imeline (from 2Q Results Slidedeck)

Scenario Analysis – BofAML

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