From: Richard Kahn <[redacted]>
To: "jeffrey E." <jeevacation@gmail.com>
Subject: Fwd: TEVA...IPR Decision Coming By Thurs...I like the Risk/Reward (+10% vs -5%)
Date: Wed, 24 Aug 2016 19:23:20 +0000
Attachments: Teva_8.4.2016.pdf; TEVA.pdf
Inline-Images: image004.png; image001.png; image003.jpg

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we currently own the following:

YOU BOUGHT 1,000 TEVA PHARMACEUTICAL IND 7% MANDATORY CONV PFD STK

SEDOL: BYWKW32
PRICE:
PRINCIPAL:
STAMP TAX OR LOCAL CHARGES: ML COMMISSION:

ACCRUED INTEREST: INTEREST DAYS:
NET CONSIDERATION: TRADE DATE: AUG-15-2016

CUSIP: M8769Q136 901.75000000 USD

901,750.00 USD USD USD USD 0 **901,750.00 USD**

SETTLEMENT DATE: AUG-18-2016

ML SECURITY: 73BN7

ISIN: IL0062905489

Richard Kahn
HBRK Associates Inc.
[redacted]
tel [redacted]
fax [redacted]
cel [redacted]

Begin forwarded message:

From: "Ens, Amanda" <[redacted]>
Subject: TEVA...IPR Decision Coming By Thurs...I like the Risk/Reward (+10% vs -5%)
Date: August 24, 2016 at 3:20:12 PM EDT
To: Richard Kahn <[redacted]>

Rich, wanted to flag this for your attention. Our view is that there is good risk-reward for TEVA going into a patent decision expected tomorrow relating to its key drug Copaxone Copaxone US is ~16% of sales, ~21% globally)). If the decision is unfavorable, we would likely look to add on any weakness. Our analyst is already building in considerable Copaxone generics competition starting in 2017, as do most analysts, so our model is conservative vs. Teva's outook (company's outlook assumes no generics through 2019.)

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

As a quick background, the IPR (filed by MYL/Amneal) relates to 3 of the 5 outstanding patents for Copaxone 40mg ('250, '413, '302). Note that PGR for patent '776 was rejected just last week (filed by MYL).

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

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

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

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

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

Copaxone Litigation Timeline (from 2Q Results Slidedeck)

Scenario Analysis – BofAML

Daniel Lundquist
Healthcare Specialist Sales
Global Equities
Bank of America Merrill Lynch
[redacted]

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