

## 2 QUALITY ANALYSIS

Company TEVA PHARM-11-05-10

(TEVA)

04/09/10

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	5 YEAR AVG.	TREND UP/DOWN
<b>A</b> % Pre-Tax Profit on Sales	14.7	17.2	19.7	23.8	35.4	24.9	29.2	25.0	8.5	20.2	21.6	DOWN
<b>B</b> % ROE (Beginning Yr)	NMF	23.0	27.2	29.6	23.2	18.3	25.5	16.7	5.3	15.8	16.3	DOWN
<b>C</b> % Debt to Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	EVEN

## 3 PRICE, PRICE/EARNINGS RATIO and DIVIDEND ANALYSIS

CURRENT PRICE 50.360 52-WEEK HIGH 64.950 52-WEEK LOW 42.770

Fiscal Year	High Price	Low Price	EPS	High P/E	Low P/E	Dividend	% Payout	% High Yield
1 2005	34.3	23.7	1.58	21.8	15.0	0.260	16.5	1.1
2 2006	45.5	26.9	2.38	19.1	11.3	0.290	12.2	1.1
3 2007	44.1	29.8	2.35	18.7	12.7	0.350	14.9	1.2
4 2008	46.8	31.3	0.89	52.5	35.1	0.300	33.6	1.0
5 2009	49.7	37.8	2.89	17.2	13.1	0.480	16.6	1.3
6 AVERAGE		29.9		25.9	17.4		18.8	
AVERAGE P/E RATIO		21.6	PROJECTED P/E RATIO		15.9	TTM EPS		2.82
CURRENT P/E RATIO		17.9	PEG RATIO		1.3	FTM EPS		3.17
RELATIVE VALUE		82.9%	PROJ. RELATIVE VALUE		73.5%			

## 4 EVALUATING REWARD and RISK over the next 5 years

### A FUTURE HIGH PRICE ANALYSIS -- NEXT 5 YEARS

Selected High P/E ~~25.9~~ 22.6 X Estimated High Earnings/Share 5.21 = Forecast High Price \$ 117.7

### B FUTURE LOW PRICE ANALYSIS -- NEXT 5 YEARS

(a) Sel. Low P/E ~~17.4~~ 14.6 X Estimated Low Earnings/Share ~~2.89~~ 2.34 = \$ 34.2

(b) Average 5-Year Low Price = 29.9

(c) Recent Severe Low Price = 31.3

(d) Price Dividend Will Support = Present Div. + High Yield = 0.660 + 0.013 = 52.0

Selected Estimated Low Price = \$ 40.3

### C PRICE RANGES

Forecast High Price 117.7 - Estimated Low Price 40.3 = Range 77.4 25% of Range = 19.4

BUY (Lower 25% of Range) = 40.3 to 59.7

MAYBE (Middle 50% of Range) = 59.7 to 98.3

SELL (Upper 25% of Range) = 98.3 to 117.7

Current Price 50.360 is in the Buy Range

### D REWARD/RISK ANALYSIS (Potential Gain vs. Risk of Loss)

(Forecast High Price 117.7 - Current Price 50.360) + (Current Price 50.360 - Estimated Low Price 40.3) = 6.7 To 1

## 5 TOTAL RETURN ANALYSIS

### A CURRENT YIELD

Present Full Year's Dividend \$ 0.660 + Current Price of Stock \$ 50.360 = 1.3 % Present Yield or % Returned on Purchase Price

### B AVERAGE YIELD OVER NEXT 5 YEARS

(Avg. EPS Next 5 Years 4.11 X Avg. % Payout ~~18.8~~ 16.1) + Current Price \$ 50.360 = 1.3 %

### C % COMPOUND ANNUAL TOTAL RETURN

Average Yield 0.7 % + Annual Appreciation 18.5 % = Compound Annual Total Return 19.2 %

### D % PROJECTED AVERAGE RETURN

Average Yield 0.9 % + Annual Appreciation 14.0 % = Projected Average Total Return 14.9 %