

Teva Pharmaceutical Industries Ltd

S&P Recommendation **STRONG BUY** ★★★★★

Price
\$50.48 (as of Oct 30, 2009)

12-Mo. Target Price
\$62.00

UPDATE: PLEASE SEE THE ANALYST'S LATEST RESEARCH NOTE IN THE COMPANY NEWS SECTION

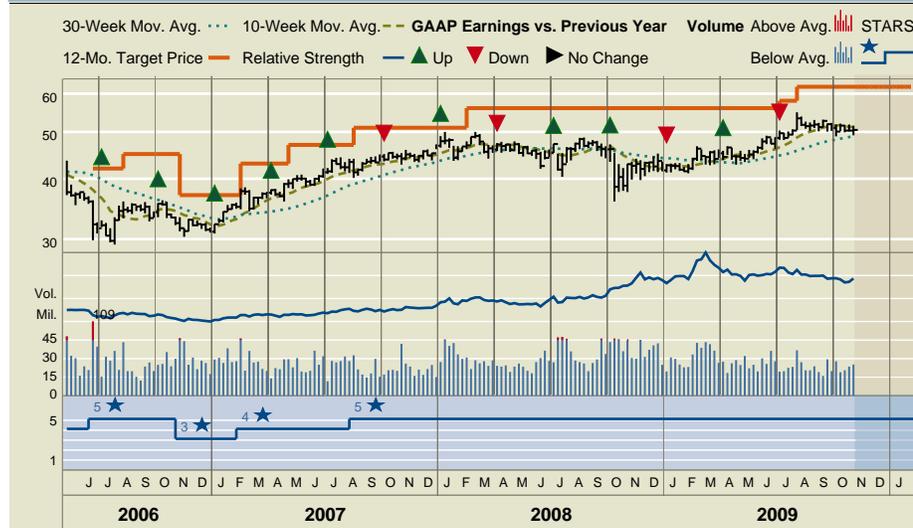
GICS Sector Health Care
Sub-Industry Pharmaceuticals

Summary This Israel-based maker of generic drugs and pharmaceutical raw materials ranks among the world's largest generic drug companies.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	\$54.95–39.75	S&P Oper. EPS 2009E	3.35	Market Capitalization(B)	\$44.120	Beta	0.21
Trailing 12-Month EPS	\$1.10	S&P Oper. EPS 2010E	4.45	Yield (%)	0.89	S&P 3-Yr. Proj. EPS CAGR(%)	18
Trailing 12-Month P/E	45.9	P/E on S&P Oper. EPS 2009E	15.1	Dividend Rate/Share	\$0.45	S&P Credit Rating	BBB+
\$10K Invested 5 Yrs Ago	\$20,382	Common Shares Outstg. (M)	874.0	Institutional Ownership (%)	67		

Price Performance



Options: ASE, CBOE, P

Analysis prepared by **Herman B. Saftlas** on August 07, 2009, when the stock traded at **\$52.01**.

Highlights

- ▶ We forecast a sales gain of over 25% in 2009, largely reflecting the acquisition of Barr Pharmaceuticals in late December 2008. Growth should also reflect greater penetration of emerging markets, and continued sales increases in Copaxone, Azilect and respiratory products. New products such as generic versions of Adderall XR and OrthoTri-Cyclen should also boost volume. However, we believe these gains will be tempered by negative foreign exchange and pricing pressures.
- ▶ We expect gross margins to widen in 2009 on a better product mix and improving manufacturing efficiencies. We see a slightly higher R&D cost ratio on TEVA's plan to boost investments, a higher sales and marketing cost ratio on the Copaxone accounting change, a lower G&A cost ratio and higher financing costs partly due to the Barr acquisition.
- ▶ We estimate operating earnings of \$3.35 per ADR in 2009, before amortization expense, versus 2008's \$3.03, and we project \$4.45 in 2010. Our outlook for 2010 assumes a rich year for generic launches, the elimination of Copaxone payments as of April, and greater Barr synergies.

Investment Rationale/Risk

- ▶ We see demand for generic drugs continuing to advance, as countries worldwide seek to limit the rise in drug spending, particularly in light of the soft global economy. With the largest generic drug portfolio among peers, and close to 200 ANDAs awaiting FDA clearance, we think Teva will continue to gain market share by offering one-stop shopping. Meanwhile, we also see Barr strengthening Teva's presence in the U.S. and Central and Eastern Europe, and in women's health and biogenetics. Elsewhere, we are encouraged by its pending penetration of Japan. We also believe Teva is well positioned to benefit from anticipated Congressional enactment of a new regulatory pathway for generic equivalents for biological drugs.
- ▶ Risks to our recommendation and target price include brand-name drugmakers successfully obstructing generic drug launches, and unfavorable regulatory changes.
- ▶ Our 12-month target price of \$62 applies a premium-to-peers P/E of 13.9X our '10 EPS estimate, which we believe is reasonable in light of our forecast for a superior EPS CAGR of 18% over the 2008-2011 period.

Qualitative Risk Assessment

LOW **MEDIUM** **HIGH**

Our risk assessment reflects Teva's leadership in the highly fragmented generic drug market, and its expanding product and geographic diversity and low-cost production. However, although we see profit progress as strong, we believe it may be unsteady, given intense competition, as well as challenges by the branded drug industry.

Quantitative Evaluations

S&P Quality Ranking **NR**

D **C** **B-** **B** **B+** **A-** **A** **A+**

Relative Strength Rank **MODERATE**

52
LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million \$)	1Q	2Q	3Q	4Q	Year
2009	3,147	3,400	--	--	--
2008	2,527	2,823	2,842	2,848	11,085
2007	2,080	2,386	2,366	2,576	9,408
2006	1,673	2,172	2,286	2,277	8,408
2005	1,305	1,227	1,317	1,401	5,250
2004	1,052	1,176	1,247	1,323	4,799

Earnings Per ADR (\$)	1Q	2Q	3Q	4Q	Year
2009	0.50	0.58	E0.86	E0.95	E3.35
2008	0.18	0.65	0.77	-0.88	0.78
2007	0.42	0.63	0.64	0.71	2.38
2006	-1.40	0.59	0.74	0.56	0.69
2005	0.38	0.36	0.40	0.45	1.59
2004	-0.72	0.35	0.38	0.41	0.50

Fiscal year ended Dec. 31. Next earnings report expected: Early November. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.093	--	11/07	11/12	12/05/08
0.112	--	02/23	02/25	03/19/09
0.120	--	05/08	05/12	06/03/09
0.125	--	08/03	08/05	08/27/09

Dividends have been paid since 1984. Source: Company reports.

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Teva Pharmaceutical Industries Ltd**Business Summary** August 07, 2009

CORPORATE OVERVIEW. Through aggressive acquisition and product development programs, Israel-based Teva Pharmaceutical Industries Ltd. believes it has achieved a prominent position in the global generic drug industry. In addition to a broad line of generic drugs, Teva offers branded pharmaceutical products, including Copaxone (for multiple sclerosis), Agilect/Azilect (for Parkinson's disease), and branded and generic respiratory products, as well as bulk pharmaceutical chemicals.

Pharmaceuticals accounted for 95% of 2008 total sales, and active pharmaceutical ingredients 5%. Sales in 2008 by geographic markets broke down as follows: North America 58%, Europe (Western Europe and Hungary) 27%, and other areas 15%.

We believe that Teva is the largest generic drugmaker in the U.S. As of the end of 2008, Teva's generic line consisted of over 320 products (in more than 1,000 dosage strengths and packaging sizes) in therapeutic categories that include antibiotics, cardiovasculars, analgesics, gastrointestinal, fertility treatments, anti-cancers, central nervous system drugs, and anti-inflammatory and respiratory agents. Canadian operations are conducted through Novopharm Ltd.

The company is also one of the leading generic pharmaceutical producers in Europe, with direct operations in 26 EU member states, as well as in Norway and Switzerland. Teva's primary objective in Europe is to maintain or acquire a leadership position in each country where it operates. Through rough the acquisitions of Barr, Sicor and IVAX, the company had increased its penetration in Europe and Latin America. Israel accounted for 4% of Teva's total sales in 2008.

Through its Active Pharmaceutical Ingredients (API) division, the company produces some 290 different bulk chemicals or active ingredients for use in human pharmaceuticals.

Teva's Copaxone drug for relapsing-remitting multiple sclerosis is the company's most important proprietary product. The product is marketed in the U.S., Canada, Europe, Latin America, Israel and Australia. In-market sales totaled about \$2.3 billion in 2008, \$1.7 billion in 2007, and \$1.4 billion in 2006.

Each ADR represents one ordinary share.

CORPORATE STRATEGY. We think the company's large and fast-expanding portfolio of products provides one-stop shopping and package deals, which should enable them to gain market share. As of April 27, 2009, Teva had 197 ANDAs (Abbreviated New Drug Applications; generic drug filings) before the FDA, including 84 potential first-to-file applications. R&D pipeline compounds also include laquinimod, an oral MS drug, and experimental proprietary treatments for Parkinson's disease, Alzheimer's disease, epilepsy, diabetes, and other conditions. Acquisitions, including the late 2008 purchase of Barr, have helped expand market shares, while adding new products and capabilities and broadening geographic reach. Meanwhile, we see Teva continuing to aim to be a low-cost generic drug producer by expanding production and diversity of APIs and building economies of scale.

COMPETITIVE LANDSCAPE. Teva is subject to intense competition in the generic drug market from other generic drug manufacturers, brand-name drug companies through authorized generics, manufacturers of branded drugs that continue to produce those drugs after patent expirations, and manufacturers of therapeutically similar drugs. Other than the advantage of having the largest and most diverse portfolio of generic drugs, we believe Teva's position as one of the largest suppliers of APIs provides it with the competitive advantage of being vertically integrated.

FINANCIAL TRENDS. In the five years through 2008, Teva's revenue compound annual growth rate (CAGR) was 28%, and the operating earnings per ADR CAGR was 22%. The operating margin widened from 20.8% in 2002 to 25.5% in 2007, before declining to 24.1% in 2008, partly due to the assumption of North American sales of Copaxone. We see revenue growth rising over 25% in 2009 from 2008's 18%, on the Barr Pharmaceuticals acquisition, Teva's assumption of North American distribution of Copaxone in April 2008, and rapid sales growth of other branded drugs. We expect growth in the mid-teens in 2010, mainly on that year being a rich year in generic drug launches, including first-to-file opportunities that could give it 180 days of marketing exclusivity, partly offset by the lapping of the Barr acquisition.

Corporate Information**Investor Contact**

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CFO

E. Desheh

Pres & CEO

S. Yanai

Treas

E. Ezra

Vice Chrmn

P. Frost

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M. Many

L. Meridor

J. Nitzani

Y. Peterburg

D. Propper

O. Slonim

E. Vigodman

Domicile

Israel

Founded

1944

Employees

38,307

Stockholders

1,022

Teva Pharmaceutical Industries Ltd

Quantitative Evaluations

S&P Fair Value Rank	4-	1	2	3	4	5
		LOWEST				HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation	\$56.00	Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that TEVA is slightly undervalued by \$5.52 or 10.9%.
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Investability Quotient Percentile	93
	LOWEST = 1 HIGHEST = 100
	TEVA scored higher than 93% of all companies for which an S&P Report is available.

Volatility	LOW	AVERAGE	HIGH
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Technical Evaluation	BEARISH	Since October, 2009, the technical indicators for TEVA have been BEARISH.
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Insider Activity	NA	UNFAVORABLE	NEUTRAL	FAVORABLE
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Expanded Ratio Analysis

	2008	2007	2006	2005
Price/Sales	3.15	4.10	2.98	5.58
Price/EBITDA	11.03	13.35	9.54	18.83
Price/Pretax Income	42.26	16.42	35.59	22.35
P/E Ratio	54.97	19.76	45.82	27.31
Avg. Diluted Shares Outstg (M)	820.0	830.0	805.0	680.8

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	17.83	26.54	27.80	28.02
Net Income	-67.47	-2.93	12.81	26.44

Ratio Analysis (Annual Avg.)

	2008	2007	2006	2005
Net Margin (%)	5.73	10.99	12.06	13.28
% LT Debt to Capitalization	24.39	20.28	19.99	25.41
Return on Equity (%)	4.23	8.76	10.54	15.87

Company Financials Fiscal Year Ended Dec. 31

Per ADR Data (\$)	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Tangible Book Value	NM	4.67	1.47	4.53	3.32	4.26	2.08	1.55	1.05	0.90
Cash Flow	1.38	2.95	1.21	1.93	0.80	1.39	0.90	0.69	0.46	0.37
Earnings	0.78	2.38	0.69	1.59	0.50	1.19	0.76	0.51	0.29	0.24
Dividends	0.41	0.33	0.25	0.22	0.16	0.13	0.07	0.05	0.04	0.03
Payout Ratio	53%	14%	37%	14%	32%	11%	10%	10%	14%	11%
Prices:High	50.00	47.14	44.71	45.91	34.67	31.18	20.09	18.59	19.69	9.06
Prices:Low	35.89	30.81	29.22	26.78	22.82	17.25	12.92	12.13	7.98	4.92
P/E Ratio:High	64	20	65	29	69	26	26	36	69	39
P/E Ratio:Low	46	13	42	17	46	14	17	24	28	21

Income Statement Analysis (Million \$)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenue	11,085	9,408	8,408	5,250	4,799	3,276	2,519	2,077	1,750	1,282
Operating Income	3,164	2,889	2,623	1,555	1,425	912	524	486	375	267
Depreciation	493	494	431	243	220	128	96.8	109	95.0	68.4
Interest Expense	174	200	179	33.8	41.7	5.00	24.6	46.9	53.0	34.6
Pretax Income	826	2,350	703	1,310	602	874	494	343	209	161
Effective Tax Rate	22.4%	16.9%	22.0%	18.0%	44.3%	20.8%	17.2%	18.6%	28.5%	27.5%
Net Income	635	1,952	546	1,072	332	691	410	278	148	118

Balance Sheet & Other Financial Data (Million \$)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Cash	1,907	2,875	1,332	1,276	784	1,057	810	769	421	77.2
Current Assets	11,426	9,859	7,640	5,505	4,202	3,716	2,901	2,178	1,609	910
Total Assets	32,904	23,412	20,471	10,387	9,632	5,916	4,627	3,460	2,856	1,714
Current Liabilities	8,481	5,371	4,071	2,260	2,204	1,695	1,524	738	784	538
Long Term Debt	5,537	3,347	2,458	1,314	1,513	450	810	1,247	814	391
Common Equity	16,300	13,724	11,142	6,042	5,389	3,289	1,829	1,381	1,151	742
Total Capital	22,706	17,566	14,121	7,364	7,126	3,781	2,688	2,669	2,032	1,165
Capital Expenditures	681	542	390	310	311	208	160	115	89.4	67.1
Cash Flow	1,128	2,446	977	1,315	552	819	507	387	243	186
Current Ratio	1.4	1.8	1.9	2.4	1.9	2.2	1.9	3.0	2.1	1.7
% Long Term Debt of Capitalization	24.4	19.1	17.4	17.8	21.2	11.9	30.1	46.7	40.1	33.6
% Net Income of Revenue	5.7	20.8	6.5	20.4	6.9	21.1	16.3	13.4	8.5	9.2
% Return on Assets	2.3	8.9	3.5	10.7	4.3	13.1	10.1	8.8	6.4	7.5
% Return on Equity	4.2	15.7	6.4	18.8	7.6	27.0	25.6	22.0	15.6	16.8

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Teva Pharmaceutical Industries Ltd

S&P Analyst Research Notes and other Company News

September 24, 2009

11:57 am ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF TEVA PHARMACEUTICAL INDUSTRIES (TEVA 50.46*****): New clinical trial results on Azilect Parkinson's drug support the possibility that early treatment may slow the development of the disease (no presently marketed Parkinson's drugs have disease-modifying labels). We project Azilect sales expanding from \$175M last year, to over \$500M by '12. Despite a recent negative patent ruling on generic Evista, we still see significant potential in Teva's ANDA pipeline. We believe Teva is uniquely situated to benefit from long-term growth of the generics market. We reiterate our target price of \$62, based on forward P/E and DCF metrics. /H. Saftlas

Teva Pharmaceutical Industries Ltd



Of the total 28 companies following TEVA, 23 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	11	48	10	11
Buy/Hold	11	48	11	9
Hold	1	4	1	2
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	23	100	22	22



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2010	4.47	4.63	4.30	21	11.3
2009	3.35	3.40	3.31	22	15.1
2010 vs. 2009	▲ 33%	▲ 36%	▲ 30%	▼ -5%	▼ -25%
Q3'10	1.17	1.21	1.12	3	43.1
Q3'09	0.88	0.91	0.85	20	57.4
Q3'10 vs. Q3'09	▲ 33%	▲ 33%	▲ 32%	▼ -85%	▼ -25%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

- Barclays Capital
- Buckingham Research Group, Inc.
- C. E. Unterberg, Towbin
- CLAL Finance Batucha
- Cowen & Co.
- Credit Suisse First Boston
- Deutsche Bank
- FTN Midwest Research
- First Global Stockbroking Ltd.
- Gabelli & Company
- Goldman Sachs & Co.
- Hapoalim Securities USA INC
- Israel Brokerage Investment
- JP Morgan Securities
- Jefferies & Company
- Merrill Lynch Research
- Merrill Lynch (International Research)
- Miller Tabak & Co., LLC
- Needham & Co.
- Nomura Securities Intl (america)
- Oppenheimer
- RBC Capital Markets (US)
- Sanford C Bernstein & Co., Inc.
- Smith Barney
- UBS Warburg
- Virtua Research
- Wachovia Securities
- Wall Street Strategies

Wall Street Consensus vs. Performance

For fiscal year 2009, analysts estimate that TEVA will earn \$3.35. For the 2nd quarter of fiscal year 2009, TEVA announced earnings per share of \$0.58, representing 17% of the total annual estimate. For fiscal year 2010, analysts estimate that TEVA's earnings per share will grow by 33% to \$4.47.

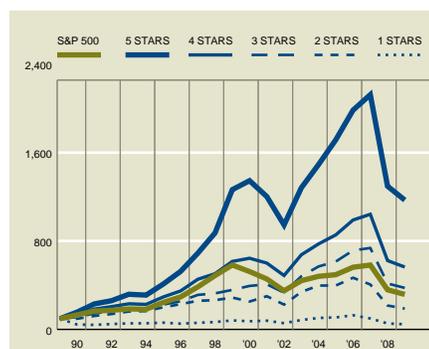
Teva Pharmaceutical Industries Ltd

Glossary

S&P STARS

Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (Stock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective.

STARS Average Annual Performance



S&P 12-Month Target Price

The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics.

Investment Style Classification

Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

Qualitative Risk Assessment

The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale: Teva Pharm Indus ADR

	Raw Score	Max Value
Proprietary S&P Measures	66	115
Technical Indicators	38	40
Liquidity/Volatility Measures	17	20
Quantitative Measures	23	75
IQ Total	144	250

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating

A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type

ASE - American Stock Exchange; NNM - Nasdaq National Market; NSC - Nasdaq SmallCap; NYSE - New York Stock Exchange; BB - OTC Bulletin Board; OT - Over-the-Counter; TO - Toronto Stock Exchange.

S&P Equity Research Services

Standard & Poor's Equity Research Services U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes Standard & Poor's LLC-London; Standard & Poor's Equity Research Services Asia includes Standard & Poor's LLC's offices in Hong Kong, Singapore and Tokyo, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

Abbreviations Used in S&P Equity Research Reports

CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Teva Pharmaceutical Industries Ltd

Required Disclosures

S&P Global STARS Distribution

In North America: As of September 30, 2009, research analysts at Standard & Poor's Equity Research Services U.S. have recommended 28.6% of issuers with buy recommendations, 57.6% with hold recommendations and 13.8% with sell recommendations.

In Europe: As of September 30, 2009, research analysts at Standard & Poor's Equity Research Services Europe have recommended 33.8% of issuers with buy recommendations, 45.3% with hold recommendations and 20.9% with sell recommendations.

In Asia: As of September 30, 2009, research analysts at Standard & Poor's Equity Research Services Asia have recommended 32.2% of issuers with buy recommendations, 52.5% with hold recommendations and 15.3% with sell recommendations.

Globally: As of September 30, 2009, research analysts at Standard & Poor's Equity Research Services globally have recommended 29.7% of issuers with buy recommendations, 55.2% with hold recommendations and 15.1% with sell recommendations.

★★★★★ **5-STARS (Strong Buy):** Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):** Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold):** Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell):** Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell):** Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

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