Report Date:
May 30, 2018

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com

Teva Pharmaceutical Industries Limited.
TEVA - $22.00 – NYSE

Recommendation: Sell Short

Reasons For Short Sale Recommendation

- **TEVA reported both revenue and earnings that were better than expected.**
- **Raised guidance for 2018.**
- **Warren Buffet buys.**
- **But revenue was down 10.4% year over year.**
- **Copaxone revenue continues to plunge, down 40% in North America.**
- **5th quarter in a row of sequential revenue declines.**
- **GAAP gross profit margin was 46.4% in the first quarter of 2018, compared to 50.2% in the first quarter of 2017.**
- **Operating income and net income and EPS benefited from a one time legal settlement of $1.3 billion and a 50% lower tax rate (4% vs 8%).**
- **Exchange rate** differences between the first quarter of 2018 and the first quarter of 2017 **positively impacted revenues by $240 million, GAAP operating income by $37 million** and non-GAAP operating income by $46 million.
- **Still highly leveraged.**
- **Still adverse market dynamics in the U.S. generics market.**
- **GAAP gross profit was $2.3 billion in the first quarter of 2018, down 17% compared to the first quarter of 2017.**
- Non-GAAP **operating income** in the first quarter of 2018 was $1.4 billion, a **decrease of 11%** compared to the first quarter of 2017.
- **EBITDA** (non-GAAP operating income, which excludes amortization and certain other items, as well as excluding depreciation expenses) was $1.6 billion in the first quarter of 2018, **down 10%** compared to $1.8 billion in the first quarter of 2017.
- Non-GAAP Net income and EPS both down, (13.3% & 11.3%), respectively.
- Total gross debt was $30.8 billion down from $32.5 billion YR/YR, **but total long term liabilities are $34.3 billion up from $33.9 billion at year end 2017.**

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com

Segment Results for the First Quarter 2018

Due to the organizational changes announced in November 2017, **financial results are now being reported under new segments.** The new reportable segments are:

a) **North America segment**, which includes the United States and Canada.
b) **Europe segment**, which includes the European Union and certain other European countries.
c) **Growth Markets segment**, which includes all countries other than those in North America and Europe segments.
In addition to these three segments, they have other activities, primarily their API third party manufacturing business and certain contract manufacturing services.
Reporting financial results under new segments makes it more difficult to compare apples to apples. We believe that this is deliberate.

North America Segment

The following table presents revenues, expenses and profit for the North America segment for the three months ended March 31, 2018 and 2017:

	Three months ended March 31, 2018			2017		
	(U.S.$ in millions / % of Segment Revenues)					
Revenues	$	**2,531**	100%	$	**3,240**	100%
Gross profit		1,432	**57%**		2,080	**64%**
R&D expenses		188	8%		267	8%
S&M expenses		305	12%		441	14%
G&A expenses		126	5%		139	4%
Other income		(102)	(4%)		(73)	(2%)
Segment profit*	$	**915**	36%	$	**1,306**	40%

* Segment profit does not include amortization and certain other items. The data presented for prior periods have been conformed to reflect the changes to their segment reporting commencing in the first quarter of 2018.

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com

Revenues from the North America segment in the first quarter of 2018 were $2.5 billion, a **decrease of $709 million, or 22%**, compared to the first quarter of 2017, **mainly due to adverse market dynamics in the U.S. generics market,** a **decline in COPAXONE revenues due to generic competition** and the loss of revenues from the sale of the women's health business, partially offset by higher revenues from AUSTEDO, BENDEKA and TREANDA, QVAR and the distribution business.
Revenues in the United States, their largest market, were $2.4 billion in the first quarter of 2018, **a decrease of $719 million, or 23%,** compared to the first quarter of 2017.

They cut expenses by $228 million in North America but segment profit still declined by $411 million!

Revenues by Major Products and Activities

The following table presents revenues for **North America** segment by major products and activities for the three months ended March 31, 2018 and 2017:

	Three months ended March 31,		**Percentage Change**
	2018	**2017**	**2017-2018**
	(U.S.$ in millions)		
Generic products	$ 1,088	$ 1,415	(23%)
COPAXONE	**476**	**797**	**(40%)**
BENDEKA / TREANDA	181	156	16%
ProAir	130	121	7%
QVAR	107	84	27%
AUSTEDO	30	-	N/A
Distribution	331	295	12%

Generic products revenues in the North America segment in the first quarter of 2018 **decreased by 23%** to $1.1 billion, compared to the first quarter of 2017, mainly due to **lower volumes and price erosion.**

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com

COPAXONE revenues in our North America segment in the first quarter of 2018 **decreased by 40% to $476 million** compared to the first quarter of 2017, mainly **due to generic competition in the United States.** COPAXONE revenues in the United States were $462 million in the first quarter of 2018.

North America Gross Profit

Gross profit from the North America segment in the first quarter of 2018 was $1.4 billion, a decrease of 31% compared to $2.1 billion in the first quarter of 2017. The decrease was mainly due to lower revenues from COPAXONE and generic products.

Gross profit margin for the North America segment in the first quarter of 2018 decreased to 56.6%, compared to 64.2% in the first quarter of 2017. This decrease was **mainly due to lower COPAXONE revenues and continued price erosion of generic products**.

North America Profit

Profit from the North America segment in the first quarter of 2018 was $915 million, a decrease of 30% compared to $1.3 billion in the first quarter of 2017. The decrease was **mainly due to lower revenues due to generic competition for COPAXONE** and **continued price erosion in the U.S. generics market**, partially offset by cost reduction and higher other income.

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com

Europe Segment

The following table presents revenues, expenses and profit for the Europe segment for the three months ended March 31, 2018 and 2017:

	Three months ended March 31,					
	2018			**2017**		
	(U.S.$ in millions / % of Segment Revenues)					
Revenues	$	1,442	100%	$	1,341	100%
Gross profit		797	55%		734	55%
R&D expenses		73	5%		106	8%
S&M expenses		255	18%		279	21%
G&A expenses		91	6%		79	6%
Other expenses		1	0%		2	0%
Segment profit*	$	**377**	26%		**268**	20%

* Segment profit does not include amortization and certain other items. The data presented for prior periods have been conformed to reflect the changes to our segment reporting commencing in the first quarter of 2018.

Revenues from the Europe segment in the first quarter of 2018 were $1.4 billion, an increase of $101 million or 8%, compared to the first quarter of 2017. In local currency terms, **revenues decreased by 6%,**

Revenues by Major Products and Activities

The following table presents revenues for the Europe segment by major products and activities for the three months ended March 31, 2018 and 2017:

	Three months ended March 31,		Percentage Change
	2018	2017	2017-2018
	(U.S.$ in millions)		
Generic products	$ 997	$ 850	17%
COPAXONE	153	152	1%
Respiratory products	113	84	35%

Generic products revenues in our Europe segment in the first quarter of 2018, including OTC products, increased by 17% to $997 million, compared to the first quarter of 2017. **In local currency terms, revenues increased by 2%**, mainly due to new product launches and volume growth in OTC, partially offset by price reductions.

COPAXONE revenues in our Europe segment in the first quarter of 2018 increased by 1% to $153 million, compared to the first quarter of 2017. **In local currency terms, revenues decreased by 13%,** mainly **due to price reductions resulting from the entry of generic competition.**

Respiratory products revenues in our Europe segment in the first quarter of 2018 increased by 35% to $113 million, compared to the first quarter of 2017. In local currency terms, revenues increased by 18%, mainly due to the launch of BRALTUS® in 2017.

Europe Gross Profit

Gross profit from our Europe segment in the first quarter of 2018 was $797 million, an **increase of 9%** compared to $734 million in the first quarter of 2017. The increase was mainly due to the **positive impact of currency fluctuations**, partially offset by the loss of revenues from the sale of our women's health business.

Gross profit margin for our Europe segment in the first quarter of 2018 **increased to 55.3%, compared to 54.7%** in the first quarter of 2017. This increase was mainly due to the closure of our distribution business in Hungary, partially offset by other production costs.

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com

Europe Profit

Profit from our Europe segment in the first quarter of 2018 was $377 million, **an increase of 41%** compared to $268 million in the first quarter of 2017. The increase was mainly due to higher revenues as well as cost reductions and efficiency measures as part of the restructuring plan.

Growth Markets Segment

The Growth Markets segment includes all countries other than those in the North America and Europe segments. The key markets in this segment are Japan, Russia and Israel. The following table presents revenues, expenses and profit for our Growth Markets segment for the three months ended March 31, 2018 and 2017:

	Three months ended March 31,					
	2018			**2017**		
	(U.S.$ in millions / % of Segment Revenues)					
Revenues	$	750	100%	$	718	100%
Gross profit		313	42%		292	41%
R&D expenses		**24**	**4%**		47	7%
S&M expenses		**134**	**18%**		158	22%
G&A expenses		41	5%		48	7%
Other income		(8)	(1%)		(1)	(0%)
Segment profit*	$	**122**	16%	$	**40**	6%

* Segment profit does not include amortization and certain other items. The data presented for prior periods have been conformed to reflect the changes to our segment reporting commencing in the first quarter of 2018.

Revenues from our Growth Markets segment in the first quarter of 2018 were $750 million, an **increase of $32 million, or 4%,** compared to the first quarter of 2017. In local currency terms, **revenues were flat** compared to the first quarter of 2017, mainly due to higher sales in Israel, Japan and Russia, partially offset by the effect of the deconsolidation of our subsidiaries in Venezuela and the loss of revenues from the sale of our women's health business.

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com

Revenues by Major Products and Activities

The following table presents revenues for the Growth Markets segment by major products and activities for the three months ended March 31, 2018 and 2017:

	Three months ended March 31,		Percentage Change
	2018	2017	2017-2018
	(U.S.$ in millions)		
Generic products	$ 488	$ 486	0.5%
COPAXONE	16	21	**(24%)**
Distribution	153	125	22%

Generic products revenues in our Growth Markets segment in the first quarter of 2018, which includes OTC products, **were flat** compared to the first quarter of 2017. **In local currency terms, revenues decreased by 3%**, mainly due to the effect of the deconsolidation of our subsidiaries in Venezuela.

COPAXONE revenues in our Growth Markets segment in the first quarter of 2018 **decreased by 24%** to $16 million, compared to the first quarter of 2017. In local currency terms, **revenues decreased by 20%.**

Distribution revenues in our Growth Markets segment in the first quarter of 2018 **increased by 22%**, compared to the first quarter of 2017. In local currency terms, revenues **increased by 13%**.

Growth Markets Gross Profit

Gross profit from our Growth Markets segment in the first quarter of 2018 was $313 million, an increase of 7% compared to $292 million in the first quarter of 2017. The increase was mainly due to higher revenues in Japan, including Azilect approval payment from Takeda, and Israel, partially offset by the deconsolidation of our subsidiaries in Venezuela and the loss of revenues from the sale of our women's health business.

Gross profit margin for our Growth Markets segment in the first quarter of 2018 **increased to 41.7%, compared to 40.7%** in the first quarter of 2017. This increase was mainly due to higher gross profit in Japan, partially offset by the deconsolidation of our subsidiaries in Venezuela.

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com

Growth Markets Profit

Profit from the Growth Markets segment in the first quarter of 2018 was $122 million, compared to $40 million in the first quarter of 2017. The increase was mainly due to higher revenues, as well as cost reductions and efficiency measures as part of the restructuring plan.
During the fourth quarter of 2017, TEVA deconsolidated their subsidiaries in Venezuela from their financial results. Consequently, results of operations of their subsidiaries in Venezuela are not included in the financial results for the first quarter of 2018.

Copaxone performance in 1Q18

In fiscal1Q18, Teva reported sales of $645 million for its multiple sclerosis drug, Copaxone, **a sequential decline of ~21%, and a YR/YR decline of 33%**. In the North America region, Teva registered Copaxone sales of $476 million, representing a YR/YR **decline of 40%** due to increased competition from generics in the United States where the Copaxone sales were $462 million in fiscal 1Q18.

In Europe, Copaxone sales registered growth of ~1% to $153 million. However, on a currency adjusted basis, **Europe Copaxone sales fell ~13%**.

In the Growth Market segment, Copaxone sales came in at $16 million, a YR/YR **decline of 24%.**

TEVA expects Copaxone sales to be $1.8 billion in 2018. They did sales of $645 million in 1Q18, so that leaves $1.155B for last 3 quarters = $385M/qtr! **$385 million per quarter is a further 40 percent decline from the 2018 first quarter's $645 million! And in the first quarter of 2018, Copaxone sales were down 33% YR/YR.**
$385 million per quarter in Copaxone sales is an annual sales rate of $1.5 billion. In 2016, TEVA had sales of $4.2 billion in Copaxone, with an 84% gross margin. Next year Copaxone sales will be approaching $1 billion with gross margins at least half of 2016's!
Copaxone accounted for 48% of TEVA's EBITDA in 2017!

Competition from new launches

As per Teva, it has maintained its volume and market share even after the launch of Mylan's (MYL) 40-milligram dosage of the generic version of Copaxone in October 2017. **Pricing has been impacted to a large extent by higher discounts and rebates.** The company stated that **its 40-milligram US market share has remained at ~85%**. However, the company **expects to see some more competition from another generic** of Copaxone developed by Momenta (MNTA) and Novartis (NVS), which was approved for 40-milligram dosage by the FDA (U.S. Food and Drug Administration) in February 2018. Teva already has competition from Momenta and Mylan in the 20-milligram market for Copaxone and its generics. **Teva expects to see marginal pressure on volumes going forward in 2018.**

On May 14, 2018 Teva stock increased ~5.5% on the news of the expected delay in the FDA approval for rival Perrigo's (PRGO) generic version of Teva's asthma inhaler ProAir. Previously, Perrigo announced the expected launch of its ProAir generic by the fiscal fourth quarter of 2018. The FDA also rejected Perrigo's generic version of ProAir in 2016 and 2017.
ProAir is a common rescue inhaler used to treat asthma attacks. Cash prices for one asthma inhaler average around $85. Since 2016, cash prices for ProAir have increased by almost 70% — from $52 per inhaler to over $80 — and there's still no generic available.

ProAir is the second most popular short-acting beta-agonist, a class of drugs used for the quick relief of asthma and COPD symptoms. ProAir is considered a rescue inhaler, which means that it is used to relax muscles in the lungs and maintain open airways during an asthma attack.

Drug manufacturer Perrigo planned to launch a generic version of Proair in late 2018. Unfortunately, the Food and Drug Administration (FDA) just denied Perrigo's application for approval in May.
This is the third time that Perrigo has been denied approval for their generic version of Proair. At present, neither Perrigo nor the FDA has disclosed why the generic Proair application was denied, but Perrigo plans to address the FDA's concerns and re-apply.

Developing generic asthma inhalers is very difficult, mainly because the chemical components of inhalers like ProAir are so complex and need to be properly tweaked to fit a new inhalation device. Because of that, a generic for ProAir is difficult to manufacture.

ProAir had sales of about $500 million for TEVA in 2017. This does give them some temporary breathing room for another 6-18 months in our opinion. And then eventually prices and margins will decline.

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981
TomChanos@BadgerConsultantsLLC.com

Guidance

Fremanezumab - "We do not expect to receive FDA approval on our Biologics License Applications (BLA) for fremanezumab on the mid-June PDUFA date. We are engaged in a constructive dialogue with the FDA in close collaboration with our partner Celltrion, Inc. We expect an FDA pre-approval inspection to take place in the coming months and to receive FDA approval and launch before the end of 2018".

Updated 2018 Non-GAAP Results Outlook

	Updated Guidance May 2018	Original Guidance February 2018
Revenues	\$18.5-19.0 billion	\$18.3-18.8 billion
Non-GAAP Operating Income	\$4.2-4.5 billion	\$4.0-4.3 billion
EBITDA	\$4.9-5.2 billion	\$4.7-5.0 billion
Non-GAAP EPS	\$2.40-2.65	\$2.25-2.50
Weighted average number of shares	1,030 million	1,030 million
Free cash flow	\$3.0-3.2 billion	\$2.6-2.8 billion

TEVA raised guidance marginally for 2018, and the street went crazy. **But revenue would still be down 16%.** This company is shrinking, not growing. They are trying to cut their way to growth. That is very hard thing to do. There is no let up in the competition and price declines in the generic market arena.

In 2017 Copaxone had sales of \$4.2 billion, at an 84% margin, that **equals a pre-tax profit of \$3.5 billion alone.** Next year, Copaxone will have sales around \$1.2 billion with a 40% margin, that **equals about \$500 million pre-tax profit.** That is a \$3 billion shortfall that they will not be able to make up. Sooner or later, Perrigo, will get their generic inhaler approved by the FDA. President Trump is putting pressure on the FDA to speed up generic competitors. That will put a dent in another \$500 million of revenue.

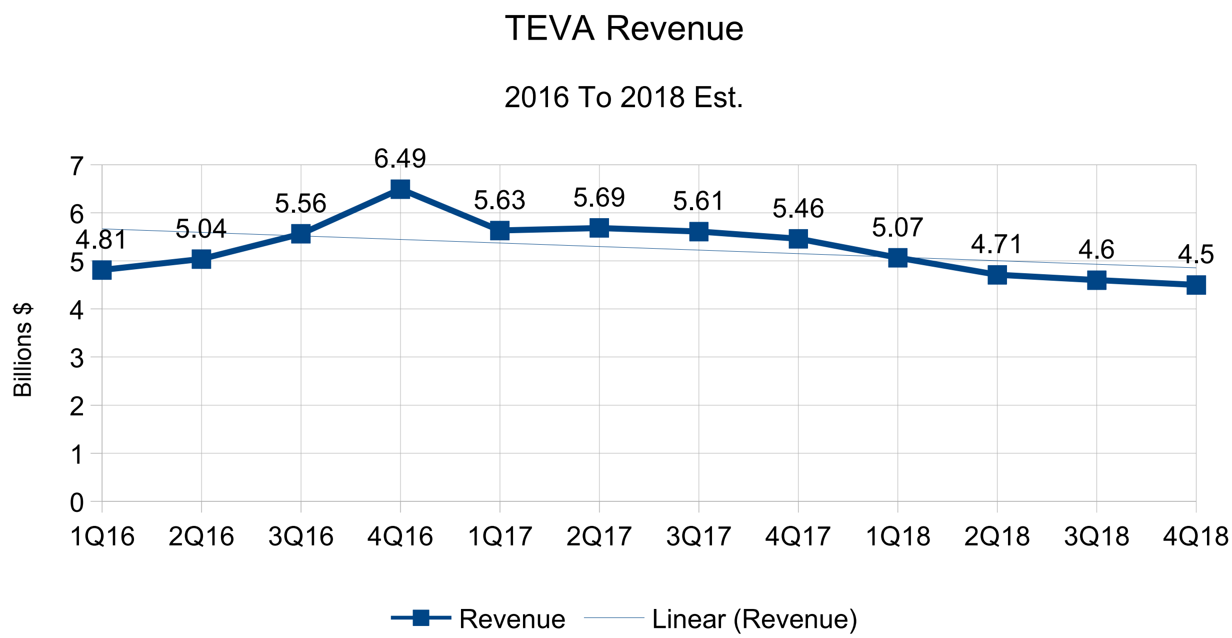
At the end of fiscal 2017, Teva had a net debt of \$31.5 billion on its balance sheet. During the first quarter, the company paid down ~\$2.2 billion of the net debt. The net debt was \$29.3 billion by the end of the first quarter. Teva has debt payments of \$3.5 billion due this fiscal year. The company is confident about paying down the debt.

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com

Teva plans to achieve a net debt-to-EBITDA ratio of less than 4.0x by the end of 2020. **Currently, Teva's net debt-to-EBITDA ratio stands at 4.68x**—down from that of 4.82 by the end of fiscal 2017.

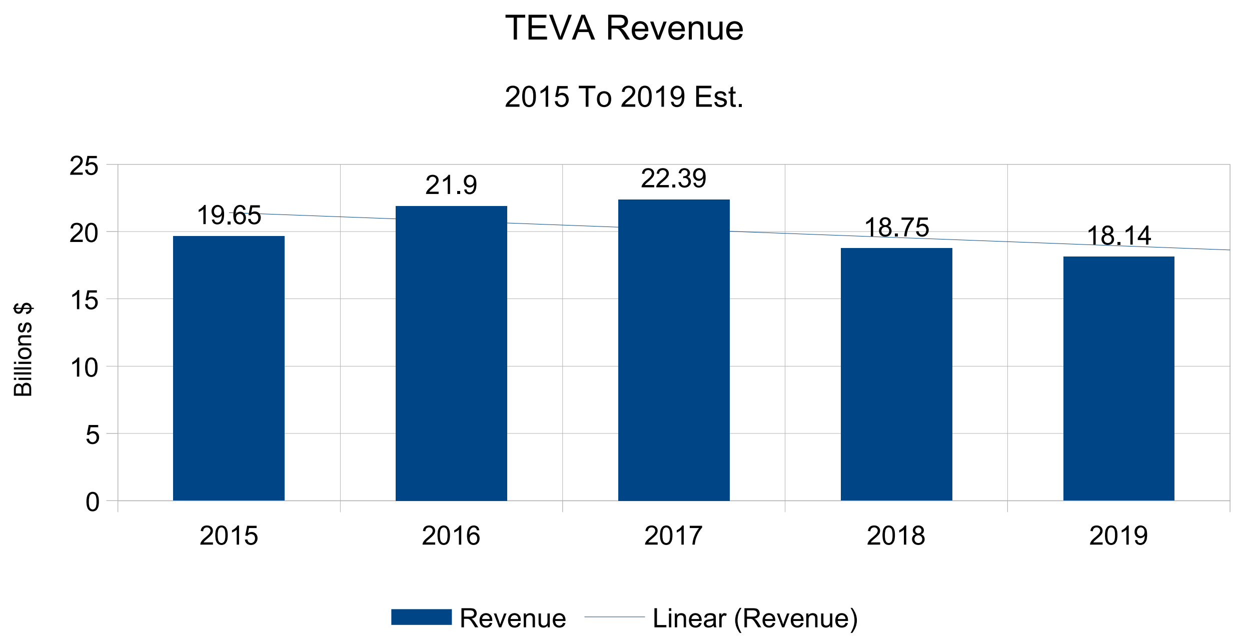
Total gross debt was $30.8 billion down from $32.5 billion YR/YR, **but total long term liabilities are $34.3 billion up from $33.9 billion at year end 2017.**



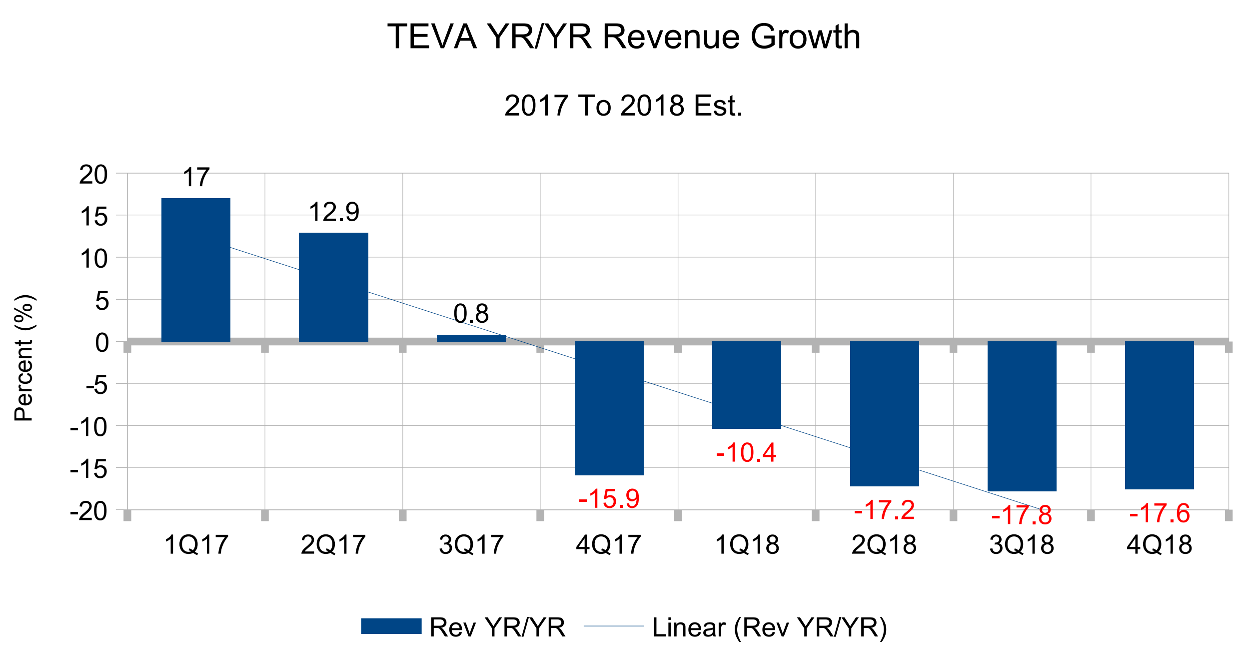
TEVA had revenue of $5.07 billion in the 2018 first quarter. **That was down 10.4% year over year, and 7.1% sequentially. The company is NOT growing.**

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com



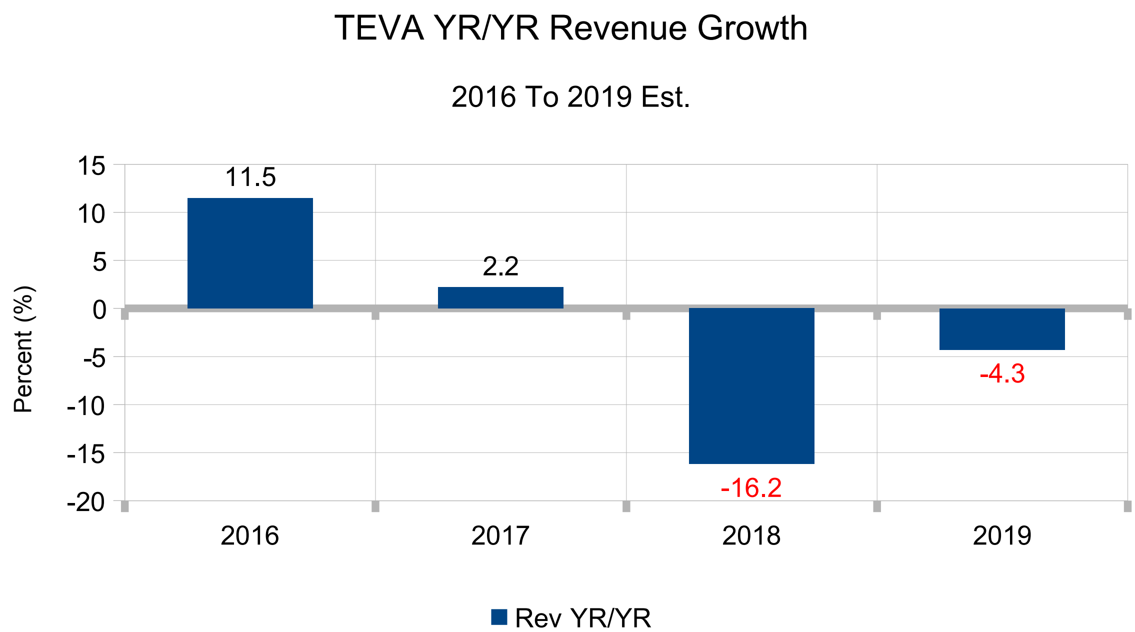
Even after bumping up revenue guidance for 2018, it will still be down about 16%.



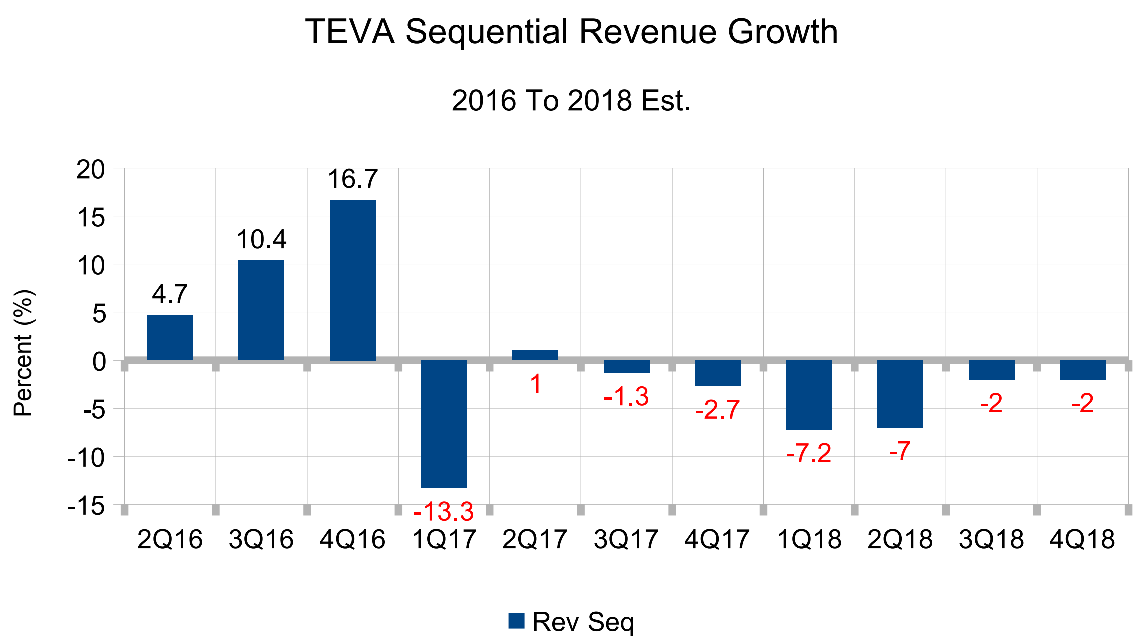
The second, third and fourth quarters of 2018 look to be worse.

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com



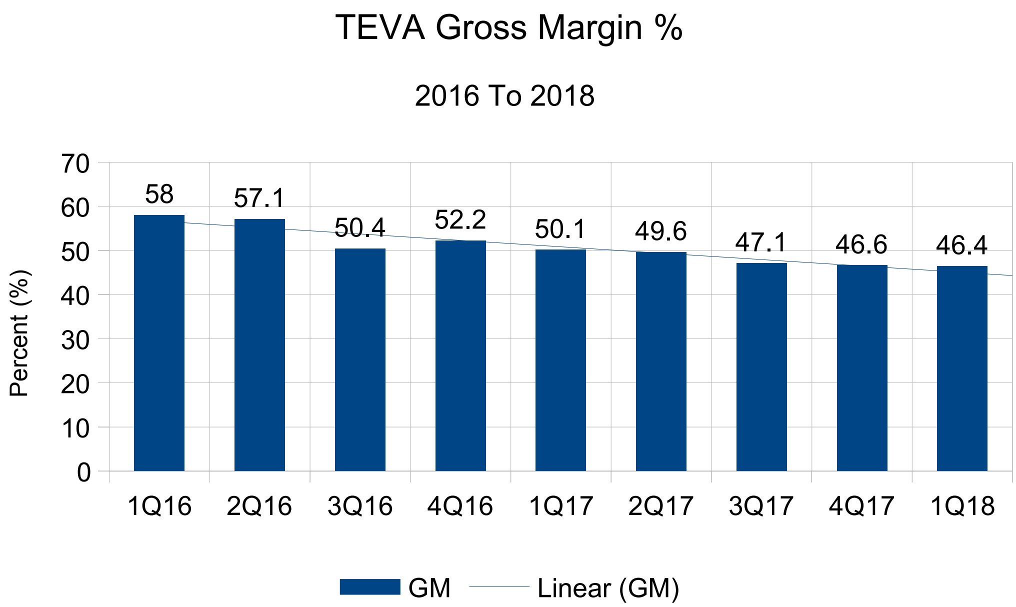
TEVA is looking at years of revenue declines.

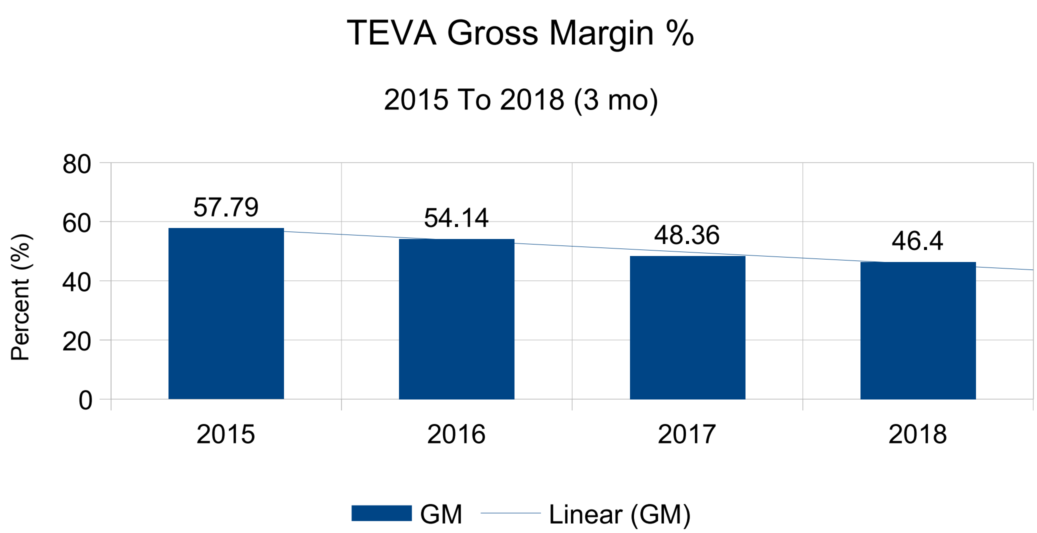


The 2018 first quarter was the 5th quarter in a row of sequential revenue declines. There looks to be another 3 more coming in 2018.

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com

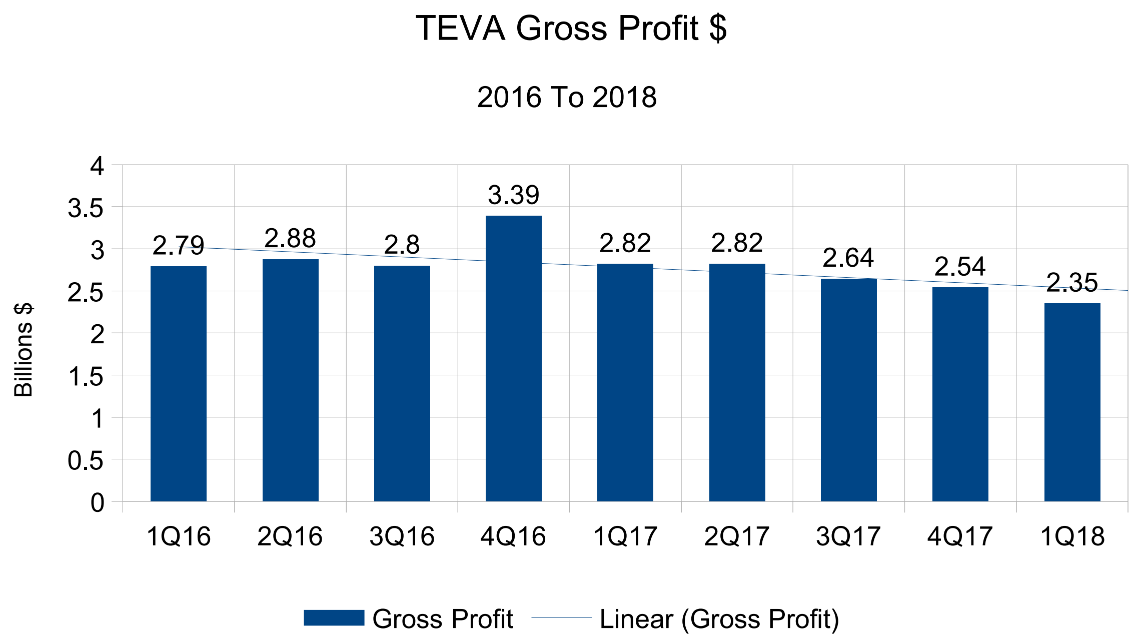


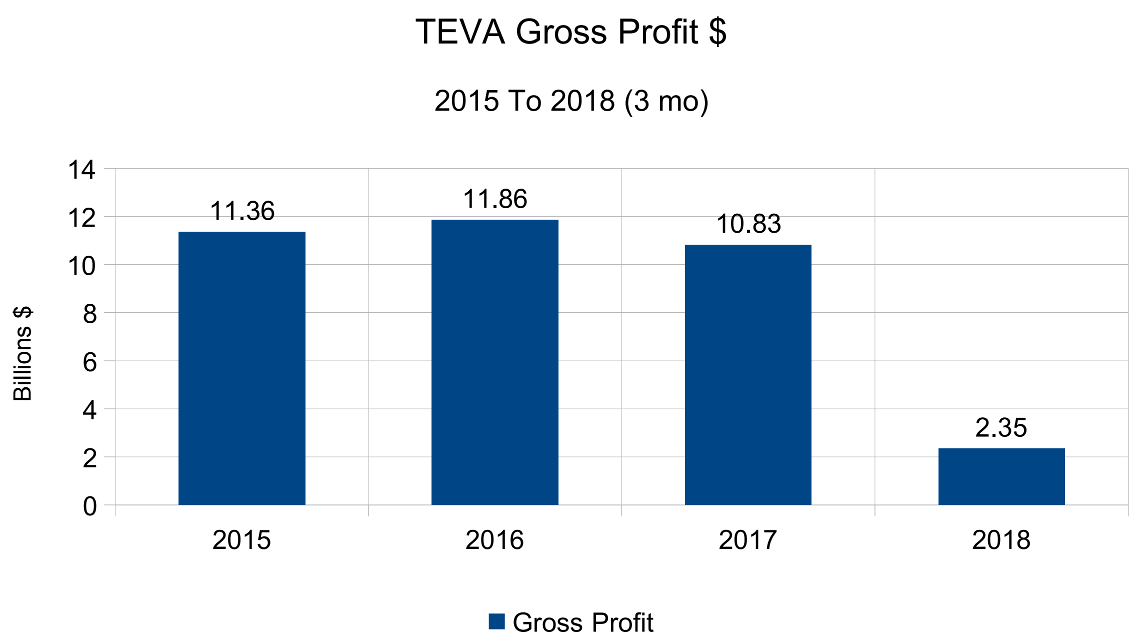


Gross margin is declining at a 150 basis points per quarter rate. With the rapid decline in Copaxone, gross margin should decline sharper going forward.

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com

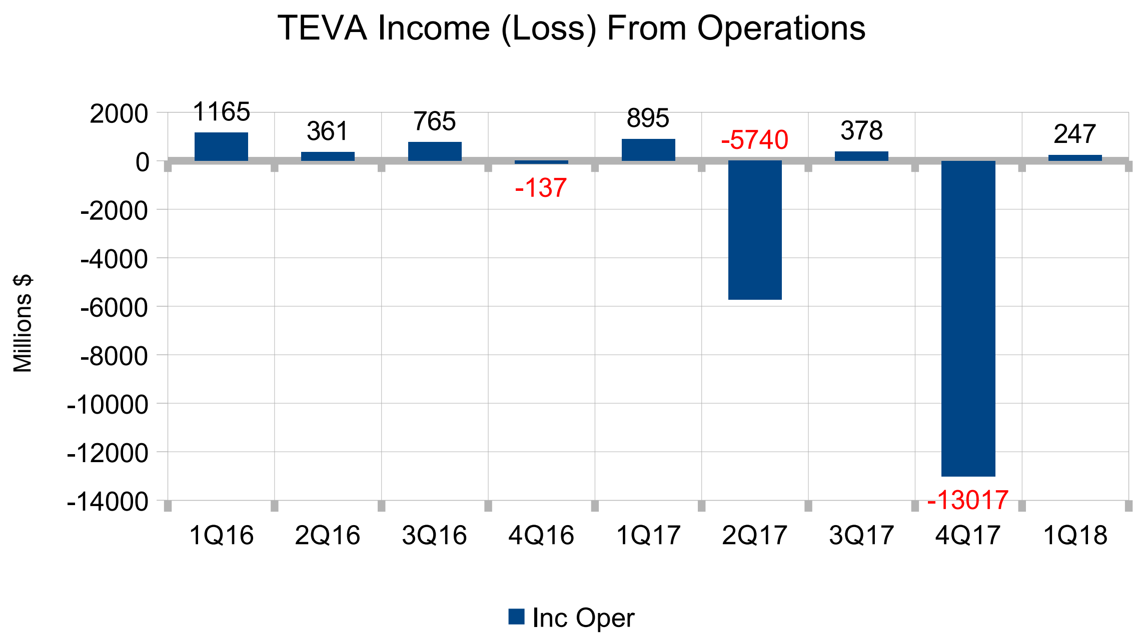




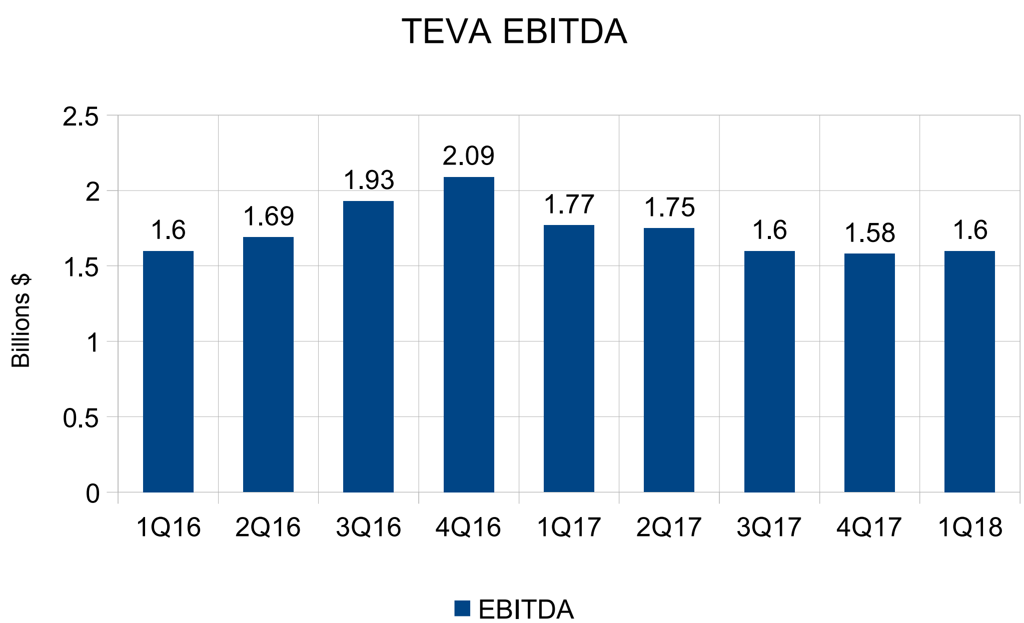
Revenue declining, margins declining, gross profit declining, but they are increasing guidance?

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com



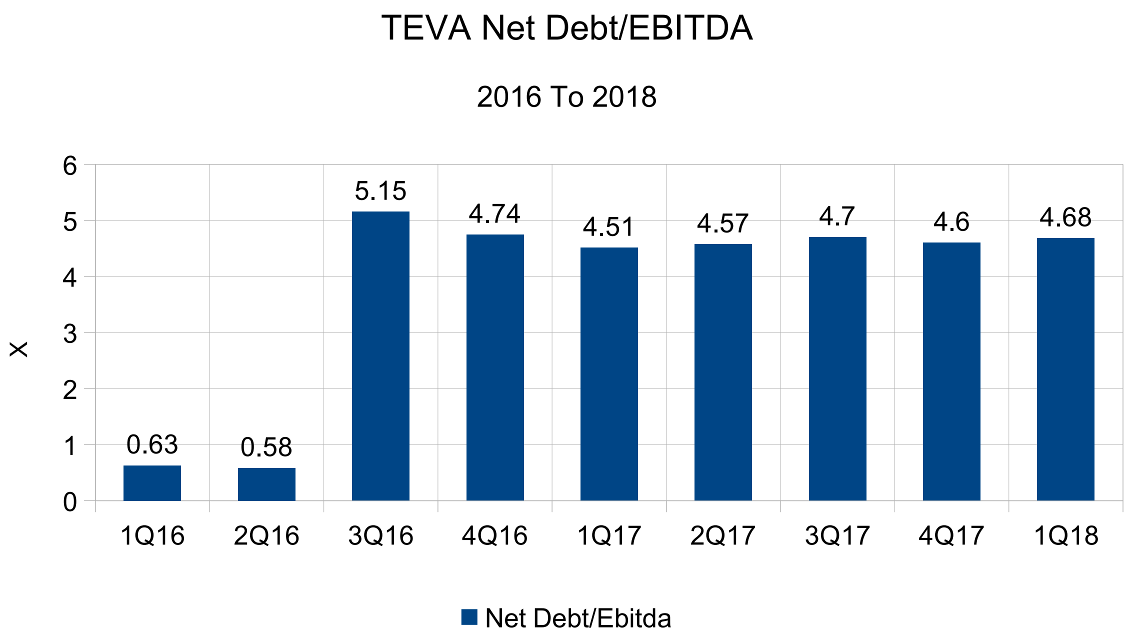
Income from operations was $1.525 billion, but after removing a $1.278 billion one time legal settlement, it declined down to $247 million. That is a decline of 72%!!!

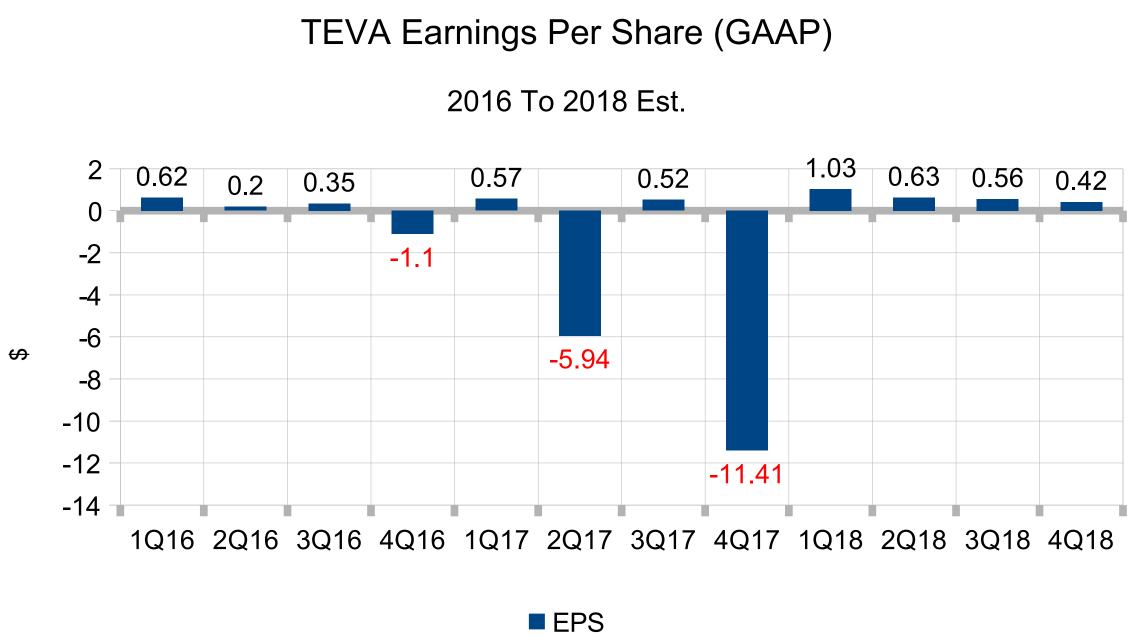


EBITDA is also not growing.

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

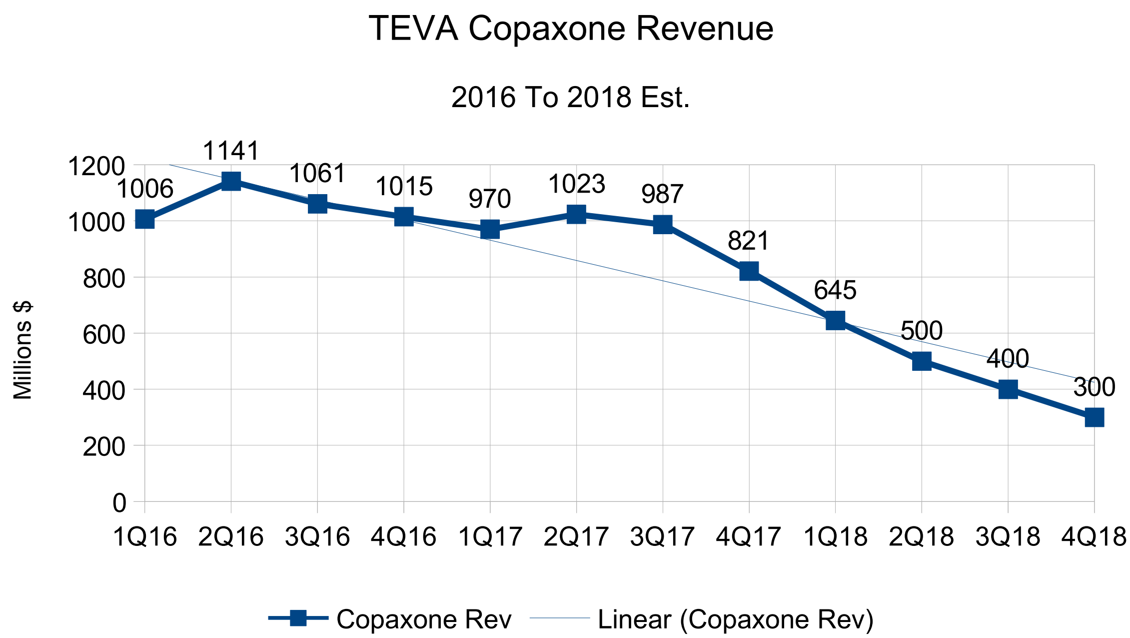
TomChanos@BadgerConsultantsLLC.com





Nothing to get excited about here.

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981
TomChanos@BadgerConsultantsLLC.com



Copaxone accounted for 17% of total revenue in 2017, but 48% of EBITDA because it had an 84% gross margin. TEVA used to have sales of over $1 billion per quarter of Copaxone, which equalled **a $840 million pre-tax profit per quarter.**

By the end of this year, 2018, Copaxone sales will be near $300 million per quarter. TEVA said that Copaxone sales would be $1.8 billion in 2018. If we take out the $645 million in revenue from the first quarter, that leaves $1.154 billion for the last three quarters of 2018. This means that by 4Q18, Copaxone sales will be near only $300 million. The gross margin is going to get cut in half at least. The generic average gross margin is 23%. **$300 million at a 40% margin is only $120 million in pre-tax profit**, a far cry from the $840 million that they were earning a little over one year ago.

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com

Consolidated Statements of Income
(Unaudited, U.S. dollars in millions, except share and per share data)

		Three months ended March 31, 2018	Three months ended March 31, 2017
		(Unaudited)	(Unaudited)
Net revenues		5,065	5,650
Cost of sales		2,717	2,811
Gross profit		2,348	2,839
Research and development expenses		317	432
Selling and marketing expenses		771	958
General and administrative expenses		329	366
Other asset impairments, restructuring and other items		707	240
Goodwill impairment		180	-
Legal settlements and loss contingencies		(1,278)	20
Other income		(203)	(72)
Operating income		1,525	895
Financial expenses – net		271	207
Income before income taxes		1,254	688
Income taxes		46	54
Share in (profits) losses of associated companies, net		74	(7)
Net income		1,134	641
Net income (loss) attributable to non-controlling interests		14	(4)
Net income attributable to Teva		1,120	645
Dividends on preferred shares		65	65
Net income attributable to Teva's ordinary shareholders		1,055	580
Earnings per share attributable to ordinary shareholders:	Basic ($)	1.04	0.57
	Diluted ($)	1.03	0.57
Weighted average number of shares (in millions):	Basic	1,017	1,016
	Diluted	1,020	1,017

Note the $1.278 billion one time legal settlement and 50% reduction in their tax rate.

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com

Condensed Consolidated Balance Sheets
(U.S. dollars in millions)

	(Unaudited) March 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	1,418	963
Trade receivables	6,289	7,128
Inventories	5,113	4,924
Prepaid expenses	1,138	1,100
Other current assets	712	701
Assets held for sale	17	566
Total current assets	14,687	15,382
Deferred income taxes	463	574
Other non-current assets	832	932
Property, plant and equipment, net	7,420	7,673
Identifiable intangible assets, net	17,314	17,640
Goodwill	28,465	28,414
Total assets	69,181	70,615
LIABILITIES & EQUITY		
Current liabilities:		
Short-term debt	1,302	3,646
Sales reserves and allowances	7,410	7,881
Trade payables	1,929	2,069
Employee-related obligations	607	549
Accrued expenses	2,632	3,014
Other current liabilities	876	724
Liabilities held for sale	-	38
Total current liabilities	14,756	17,921
Long-term liabilities:		
Deferred income taxes	2,998	3,277
Other taxes and long-term liabilities	1,875	1,843
Senior notes and loans	29,450	28,829
Total long-term liabilities	34,323	33,949
Equity:		
Teva shareholders' equity	18,621	17,359
Non-contolling interests	1,481	1,386
Total equity	20,102	18,745
Total liabilities and equity	69,181	70,615

Badger Consultants, LLC
Thomas S. Chanos
(608) 669-0981

TomChanos@BadgerConsultantsLLC.com

Despite paying down $2.2 billion in debt during the 2018 first quarter, Total long term liabilities increased to $34.323 billion from $33.949 million during the quarter.

Conclusion

TEVA's stock has rallied from the $17 area to the $22 area on the assumption that the turnaround is progressing well. The company beat lowered revenue and EPS estimates, but the business is still declining. The results were helped by one time factors (legal settlement and lower tax rate). Revenue and margins are declining. Debt is increasing. Competition is increasing. They got a temporary boost from a competitor being turned down for a generic competitor to ProAir. The street got excited when Warren Buffet increased his stake. People who bought because he did, do not know what they own. They now own a declining business at a premium price.

We are sticking with our short term price target of $14-15, and our medium price target of $10-$12. Sell.