TEVA PHARMACEUTICAL INDUSTRIES LTD
Form 424B5
January 30, 2006
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Filed pursuant to Rule 424(b)(5)

Registration No. 333-130534

PROSPECTUS SUPPLEMENT

(To Prospectus dated December 20, 2005)

Teva Pharmaceutical Finance Company, LLC

$500,000,000 5.550% Senior Notes due 2016

$1,000,000,000 6.150% Senior Notes due 2036

Payment of principal and interest unconditionally guaranteed by

Teva Pharmaceutical Industries Limited

This is an offering by Teva Pharmaceutical Finance Company, LLC (Teva Finance) of $500,000,000 of its 5.550% Senior Notes due 2016 and $1,000,000,000 of its 6.150% Senior Notes due 2036. Teva Finance will pay interest on the notes on February 1 and August 1 of each year, beginning August 1, 2006 to the holders of record at the close of business on the preceding January 15 and July 15, respectively. Payment of all principal and interest payable on the notes is unconditionally guaranteed by Teva Pharmaceutical Industries Limited (Teva).

Teva Finance may redeem, in whole or in part, the notes of each series, at any time or from time to time, on at least 20 days , but not more than 60 days , prior notice. The notes will be redeemable at a redemption price equal to the greater of (1) 100% of the principal amount of the notes to be redeemed or (2) the sum of the present values of the Remaining Scheduled Payments discounted on a semi-annual basis, at a rate equal to the sum of the Treasury Rate and 20 basis points with respect to the 5.550% Senior Notes due 2016 and 30 basis points with respect to the 6.150% Senior Notes due 2036.

The notes will be unsecured senior obligations of Teva Finance, and the guarantee will be an unsecured senior obligation of Teva. Teva Finance is an indirect subsidiary of Teva. Teva Finance intends to use the proceeds from the offering to refinance short-term bridge financing incurred in order to facilitate the consummation of Teva s merger with IVAX Corporation (Ivax).

Concurrently with this offering we and one of our affiliates will offer, by means of a separate prospectus supplement, 0.25% Convertible Senior Debentures due 2026 in an aggregate principal amount of $500,000,000 and 1.75% Convertible Senior Debentures due 2026 in an aggregate principal amount of $750,000,000. The 0.25% Convertible Senior Debentures due 2026 will be our unsecured and senior obligation and the 1.75% Convertible Senior Debentures due 2026 will be the unsecured and senior obligations of Teva Pharmaceutical Finance Company B.V.,

another wholly owned indirect subsidiary of Teva, and will be guaranteed as to principal and interest by Teva.

Investing in the notes involves risks. See Risk Factors beginning on page S-17 of this prospectus supplement and page 3 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per 5.550% Senior Note due 2016	Total	Per 6.150% Senior Note due 2036	Total
Offering Price	99.856%	$ 499,280,000	99.986%	$ 999,860,000
Underwriting Discount(1)	0.450%	$ 2,250,000	0.875%	$ 8,750,000
Proceeds to Teva Finance (before expenses)	99.406%	$ 497,030,000	99.111%	$ 991,110,000

(1) The underwriters have agreed to reimburse Teva for certain expenses incurred in connection with this offering and the concurrent public offerings described above. See Underwriting.

Lehman Brothers, on behalf of the underwriters, expects to deliver the notes on or about January 31, 2006.

LEHMAN BROTHERS **CREDIT SUISSE** **CITIGROUP**

BANC OF AMERICA SECURITIES LLC **MERRILL LYNCH & CO.**

January 27, 2006

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement.

This prospectus supplement and accompanying prospectus are only being distributed to and are only directed at (1) persons who are outside the United Kingdom or (2) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (iii) high net worth entities, and other persons to whom they may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). The notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this prospectus supplement or the accompanying prospectus.

To the extent that the offer of the notes is made in any Member State of the European Economic Area that has implemented the Prospectus Directive (each, a Relevant Member State) before the date of publication of a prospectus in relation to the notes that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State that has notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, the offer (including any offer pursuant to this prospectus) is only addressed to qualified investors in that Relevant Member State within the meaning of the Prospectus Directive or has been or will be made in circumstances that do not require us to publish a prospectus pursuant to Article 3 of the Prospectus Directive. For purposes of this provision, the expression Prospectus Directive means Directive 2003/71/EC together with any applicable implementing measures in each Relevant Member State.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This is not intended to be a complete description of the matters covered in this prospectus supplement and the accompanying prospectus and is subject to, and qualified in its entirety by, reference to the more detailed information and financial statements (including the notes thereto) included or incorporated by reference in this prospectus supplement and the accompanying prospectus. Unless otherwise indicated, all references to the Company , we , us , our or Teva refer to Teva Pharmaceutical Industries Limited and its subsidiaries. All references to Teva Finance refer to Teva Pharmaceutical Finance Company, LLC, an indirect subsidiary of Teva.

The Company

We are a global pharmaceutical company producing drugs in all major treatment categories, including both generic and proprietary pharmaceutical products. We are one of the world s largest global generic drug companies and have the leading position in the U.S. generic market. We have successfully utilized our production and research capabilities to establish a global pharmaceutical operation focused on supplying the growing demand for generic drugs and on opportunities for proprietary branded products for specific niche categories, with our leading branded drug being Copaxone® for multiple sclerosis. Our active pharmaceutical ingredients (API) business provides both significant revenues and profits from sales to third party manufacturers and strategic benefits to our own pharmaceutical production through its timely delivery of significant raw materials.

Our operations are conducted directly and through subsidiaries in North America, Europe, Israel and several other jurisdictions. During the first nine months of 2005, we generated approximately 60% of our sales in North America, 29% in Europe and 11% in the rest of the world, predominantly in Israel.

Generic Pharmaceutical Products. Teva Pharmaceuticals USA, Inc. (Teva USA), our principal subsidiary, is the leading generic drug company in the United States. Teva USA markets approximately 220 generic products representing approximately 600 dosage strengths and packaging sizes, which are distributed and sold in the United States.

We are also participating in the growth and development of the European market for generic products. Through our European subsidiaries, we manufacture approximately 450 generic products representing over 4,000 dosage strengths and packaging sizes, which are sold primarily in The Netherlands, the United Kingdom, Hungary, France and Italy.

The potential for future sales growth of our generic products lies in our pipeline of pending generic product registrations, as well as tentative approvals already granted. As of December 31, 2005, we had:

149 product applications, some significant, awaiting approval by the U.S. Food and Drug Administration, which we refer to as the FDA, including 32 applications for which tentative FDA approval has already been granted. Collectively, the products covered by these 149 applications have corresponding annual U.S. branded sales of approximately $87.4 billion. Of these 149 applications, 85 were submitted pursuant to a Paragraph IV procedure. We believe we are first-to-file on 41 of these applications, with annual U.S. branded sales of approximately $27.3 billion; and

818 applications pending in Europe for 127 compounds in 264 formulations.

Proprietary Pharmaceutical Products. In the area of proprietary drugs, we leverage our access to Israeli-based academic research in order to develop innovative compounds for use in selected therapeutic markets. Our

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proprietary research and development pipeline is currently focused mainly in the areas of neurological disorders and autoimmune diseases, primarily in the development of Copaxone® for the treatment of multiple sclerosis, which has been sold in the United States since 1997, and the development of Agilect®/Azilect® (rasagiline s brand name in the United States and Europe, respectively) for the treatment of Parkinson s disease.

Copaxone®, our leading product and our first major innovative drug, is the first non-interferon agent used in the treatment of relapsing-remitting multiple sclerosis. Multiple sclerosis, or MS, is a debilitating autoimmune disease of the central nervous system. We launched Copaxone® in Israel in December 1996 and in the United States in March 1997. According to IMS Health Inc. (IMS) data, in the third quarter of 2005, Copaxone® further augmented its position as the U.S. market leader in both new and total prescriptions, reaching a total prescription share of 32.9% in September 2005. The ongoing growth in sales of Copaxone® in the United States has been enhanced by the continued penetration of Copaxone® in most European countries, with the most significant being Germany. Copaxone® has been approved for marketing in 44 countries, including the United States, Mexico, Israel, Canada, twenty-two countries in the European Union, Switzerland, Australia, Russia, Brazil and Argentina.

In September 2003, following the successful completion of two phase III clinical trials, we submitted to the FDA a New Drug Application for Agilect® for the treatment of Parkinson s disease. Final marketing authorization for Azilect® covering European Union countries was granted by the European Commission in February 2005. Azilect® was launched in the United Kingdom in June 2005, following its introduction into the Israeli market in March 2005, and is on track to be launched progressively in other European countries during 2006. In the United States, on August 5, 2005, we received a letter from the FDA regarding our NDA for Agilect®, reiterating the FDA s position that the application is approvable, although there remain a number of issues that we believed we had resolved with our submissions, but as to which the FDA continues to have concerns. We have subsequently had a follow-up meeting with the FDA to discuss issues raised in their letter, and we have then made additional submissions of information to the FDA. We intend to continue to work closely with the agency to resolve the open issues.

Pharmaceutical Production. We operate 20 finished dosage pharmaceutical plants in North America, Europe and Israel, including a new state of the art production facility recently opened in Jerusalem. The plants manufacture solid dosage forms, injectables, liquids and semi-solids. During 2005, our plants produced approximately 22 billion tablets and capsules and over 200 million injectable units.

Active Pharmaceutical Ingredients. We also possess significant manufacturing operations for the production of active pharmaceutical ingredients, and our active pharmaceutical ingredients division currently offers over 200 products to the market. With a leading global market share in certain major chemicals for generic pharmaceuticals, our active pharmaceutical ingredients business also facilitates our entry into new drug markets and offers a cost effective source of raw materials for our own pharmaceutical production.

We were incorporated in Israel on February 13, 1944 and are the successor to a number of Israeli corporations, the oldest of which was established in 1901. Our executive offices are located at 5 Basel Street, P.O. Box 3190, Petach Tikva 49131 Israel, telephone number 972-3-926-7267.

Teva Finance

Teva Finance is a Delaware limited liability company that was formed on December 16, 2005 to issue debt securities pursuant to the accompanying prospectus. Its address is 1090 Horsham Road, North Wales, Pennsylvania 19454, telephone number (215) 591-3000.

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Recent Developments

Ivax Acquisition

On January 26, 2006, we consummated the acquisition of IVAX Corporation (Ivax). The aggregate consideration for the Ivax acquisition was approximately $8.75 billion comprised of approximately $3.75 billion in cash and $5.0 billion in ADRs based on the value of our ADRs at the close of trading on January 26, 2006.

About Ivax. Ivax is a multinational company engaged in the research, development, manufacture and marketing of pharmaceutical products. Ivax manufactures and/or markets several brand name pharmaceutical products and a wide variety of brand equivalent and over-the-counter pharmaceutical products, primarily in the United States, Europe and Latin America. Ivax markets a number of proprietary and brand name products treating a variety of conditions. These products are marketed by its direct sales force to physicians, pharmacies, hospitals, managed care organizations, or MCOs, and government agencies.

Ivax has substantial expertise in the development, manufacture and marketing of respiratory drugs, primarily for bronchial asthma, in metered-dose and dry powder inhaler formulations. Its United Kingdom subsidiary is the third largest respiratory company in that market based on IMS sales data for 2004. At the core of Ivax s respiratory franchise are advanced delivery systems, which include a patented breath-actuated dose inhaler called Easi-Breathe and a patented dry-powder inhaler called Airmax , as well as conventional metered-dose inhalers. Ivax has pioneered the development of aerosol products that do not contain CFCs (chlorofluorocarbons), chemicals that are believed to be harmful to the environment, which are being phased out on a global basis.

Proprietary Pharmaceutical Products. Ivax has been committed to the cost-effective development of proprietary pharmaceuticals directed primarily towards indications having relatively large patient populations or for which it believes limited or inadequate treatments are available, with an emphasis on the development of products in the neurological, oncology and respiratory fields. As part of this strategy, from time to time, Ivax has entered into licensing and collaborative alliances, which allow it to exploit its drug development capabilities or provide it with valuable intellectual property and technologies.

Generic Pharmaceutical Products. Ivax also markets a broad line of brand equivalent pharmaceutical products, both prescription and over-the-counter. In the United States, Ivax manufactures and markets approximately 81 brand equivalent prescription drugs in an aggregate of approximately 183 dosage strengths. In the United States, Ivax distributes approximately 190 additional brand equivalent prescription and over-the-counter drugs as well as vitamin supplements. In the United Kingdom, Ivax is a leading provider of brand equivalent pharmaceutical products, marketing approximately 438 brand equivalent drugs, about half of which it manufactures. As of December 31, 2005, Ivax had:

- 61abbreviated new drug applications awaiting approval by the FDA. Ivax believes it is first-to-file on twelve of these applications, with annual U.S. branded sales of approximately $11.6 billion during the twelve months ended September 30, 2005; and
- over 300 generic applications pending with agencies in 14 countries outside of the United States.

Ivax was incorporated in Florida in 1993, as successor to a Delaware corporation formed in 1985. Its executive offices are located at 4400 Biscayne Boulevard, Miami, FL 33137, telephone number (305) 575-6500.

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Strategic Rationale. We believe that a business combination with Ivax provides a unique opportunity to advance our strategic goal of being a world leader in supplying the growing global demand for generic drugs, while simultaneously pursuing opportunities for proprietary branded products for specific niche categories. The merger will provide us with an ability to respond, on a global scale, to a wider range of requirements of patients, customers and healthcare providers, both therapeutically and economically. Key elements of this unique strategic fit include:

Complementary Geographies. The acquisition of Ivax will provide us with both complementary and added geographic coverage in a large variety of markets for generic drugs. The merger will strengthen our leadership in the U.S. generics market in terms of the breadth of our product offerings, a further deepening of our already rich generic product pipeline and an expansion of the technologies available to us for both current and future products. In European markets for generic drugs, the merger will enhance our current leadership position in the United Kingdom, enable us to obtain a leadership position in France, Russia and the Czech Republic, and provide us with a strong base in Poland. The merger will also allow us to significantly accelerate and expand our presence in Latin America a region considered to be among the fastest growing pharmaceutical markets in the world where, in addition to complementing our existing position in Mexico and Argentina, the addition of Ivax operations will extend our reach into new Latin American markets including Venezuela, Chile and Peru. As a result of the merger, we will have a direct presence in more than 50 countries and indirect sales in numerous others, giving us an industry-leading global reach.

Global Generic Research and Development. We believe that the merger will enhance our generic research and development capabilities. We believe an increase in the number of filings at the FDA, complementary therapeutic areas and an increased likelihood of first-to-file status, will enhance the value of the combined pipeline of Teva and Ivax. The combined entity will have additional scientific capabilities and technologies across a broad range of markets and geographies, and will thus provide us a greater opportunity to leverage development across markets.

Expanded Therapeutic Proprietary Portfolio. The merger will give us a targeted presence in Ivax s key branded areas, specifically Ivax s presence in respiratory products, including its unique breath-actuated inhaler technology and its line of environmentally friendly inhalers. Respiratory products are one of the largest product categories that were missing from our otherwise broad line of pharmaceutical products. In addition, we will benefit from Ivax s extensive proprietary drug research pipeline that includes products in various stages of clinical and pre-clinical development and that, in many respects, complements our existing proprietary drug focus on multiple sclerosis, other central nervous system diseases and oncology.

Expanded Opportunities for Vertical Integration. The addition of Ivax operations to the Teva family of companies will provide us with an opportunity to expand the vertical integration between our active pharmaceutical ingredient business and Ivax s finished dose manufacturing operations in both existing and new geographic markets.

Animal Health Business. Through the merger we will acquire Ivax s animal health business. Ivax is a leading provider of generic drugs for companion and farm animals in the United States. Throughout much of our history, we have also been engaged in the veterinary business, primarily as a developer of products, especially vaccines for the care of livestock, albeit on a scale which is minor relative to the scope of our other operations. We believe that the combination of the two companies may provide potential product and technology synergies, and the potential for geographic expansion in the field of veterinary pharmaceuticals.

Complementary Technologies. The merger will increase our current technology coverage, such that the technologies which the combined companies could utilize and deploy will include tablets, capsules, controlled release products, ointments, creams, liquids, suspensions, soft gels, lyophilized products, injectibles, metered dose inhalers, nasal sprays and breath-actuated inhalers.

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Financial Benefits. We anticipate that the merger will become accretive to earnings within the first year after the effective time of the merger, and that substantial opportunities exist for both revenue and cost synergies in the combination of these two businesses. Such synergies could be expected to come from efficiencies in manufacturing and the integration of Ivax s manufacturing operations into our global supply chain, savings in sales, general and administrative expenditures and research and development expenses due to a consolidation of operations, and opportunities for significant reductions in cost of goods sold due to vertical integration and economies of scale in raw materials sourcing. The expansion of customer bases and geographic markets, complementary systems of distribution and the offering of a broader portfolio of products to existing customers could also be expected to result in enhanced opportunities for revenue growth.

Concurrent Convertible Senior Debentures Offering

Concurrently with this offering, we will offer, by means of separate prospectus supplements, our 1.75% Convertible Senior Debentures due 2026 in an aggregate principal amount of $750 million and our 0.25% Convertible Senior Debentures due 2026 in an aggregate principal amount of $500 million. The 0.25% Convertible Senior Debentures due 2026 will be our unsecured senior obligations and the 1.75% Convertible Senior Debentures due 2026 will be the unsecured senior obligations of Teva Pharmaceutical Finance Company B.V., another wholly-owned indirect subsidiary of Teva, and will be guaranteed as to principal and interest by Teva.

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The Offering

Issuer	Teva Pharmaceutical Finance Company, LLC, an indirect, wholly owned subsidiary of Teva Pharmaceutical Industries Limited which has no assets or operations other than in connection with this offering.
Securities Offered	$500 million in aggregate principal amount of 5.550% Senior Notes due 2016 and $1,000 million in aggregate principal amount of 6.150% Senior Notes due 2036.
Guarantee	Teva will irrevocably and unconditionally guarantee the punctual payment when due of the principal of and interest and additional tax amounts as described in Description of the Notes and the Guarantee Additional Tax Amounts, if any, on the notes.
Ranking	As indebtedness of Teva, the guarantee will rank: senior to the rights of creditors under debt expressly subordinated to the notes; equally with other unsecured debt of Teva from time to time outstanding other than any that is subordinated to the notes; effectively junior to Teva s secured indebtedness up to the value of the collateral securing that indebtedness; and effectively junior to the indebtedness of Teva s subsidiaries.
Maturity	The 5.550% Senior Notes due 2016 will mature on February 1, 2016 and the 6.150% Senior Notes due 2036 will mature on February 1, 2036, unless earlier redeemed.
Interest Payment Dates	February 1 and August 1, beginning August 1, 2006, and at maturity, for both notes.
Interest Rate	5.550% per year in the case of the 5.550% Senior Notes due 2016 and 6.150% per year in the case of the 6.150% Senior Notes due 2036. See Description of the Notes and the Guarantee Payment of Interest and Principal.
Optional Redemption by Teva Finance	Teva Finance may redeem, in whole or in part, the notes of each series, at any time or from time to time, on at least 20 days , but not more than 60 days , prior notice. The notes will be redeemable at a redemption price equal to the greater of (1) 100% of the principal amount of the notes to be redeemed or (2) the sum of the present values of the Remaining Scheduled Payments discounted on a semi-annual basis, at a rate equal to the sum of the Treasury Rate and 20 basis points with respect to the 5.550% Senior Notes due 2016 and 30 basis points with respect to the 6.150% Senior Notes due 2036. See Description of the Notes and the Guarantee Optional Redemption by Teva Finance.

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Use of Proceeds	Teva Finance intends to, indirectly through affiliates, use these funds to refinance short term bridge financing incurred to pay a portion of the purchase price paid in the Ivax acquisition. More than 10% of the net proceeds of the offering will be paid to affiliates of some of the underwriters to repay the bridge facility used in connection with our acquisition of Ivax. See Underwriting.
Form, Denomination and Registration	The notes will be issued only in fully registered form without coupons and in minimum denominations of $2,000 principal amount and whole multiples of $1,000 in excess of $2,000. The notes will be evidenced by one or more global notes deposited with the trustee of the notes, as custodian for DTC. Beneficial interests in the global notes will be shown on, and transfers will be effected through, records maintained by DTC and its direct and indirect participants.
Absence of a Public Market for the Notes	The notes are new securities for which no market currently exists. While the underwriters have informed us that they intend to make a market in the notes, they are under no obligation to do so and may discontinue such activities at any time without notice. The notes will not be listed on any securities exchange or included in any automated quotation system. We cannot assure you that any active or liquid market will develop in the notes.

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Summary Selected Historical Financial Data of Teva

The summary selected financial data set forth below for each of the years in the three-year period ended December 31, 2004 and at December 31, 2004 and 2003 are derived from Teva s audited consolidated financial statements and related notes incorporated by reference into this prospectus supplement, which have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The selected financial data for each of the years in the two-year period ended December 31, 2001 and at December 31, 2002 are derived from other audited consolidated financial statements of Teva, which have been prepared in accordance with U.S. GAAP.

The summary selected unaudited financial data as of and for each of the nine month periods ended September 30, 2005 and 2004 are derived from unaudited consolidated financial statements incorporated by reference into this prospectus supplement. Such financial statements include, in Teva s opinion, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results for the unaudited periods. You should not rely on these interim results as being indicative of results Teva may expect for the full year or any other interim period.

The information set forth below is only a summary and is not necessarily indicative of the results of future operations of Teva or the combined company, and you should read the summary selected historical financial data together with Teva s audited consolidated financial statements and related notes and Operating and Financial Review and Prospects included in Teva s Annual Report on Form 20-F and Reports of Foreign Private Issuer on Form 6-K incorporated into this prospectus supplement by reference. See the section entitled Where You Can Find More Information for information on where you can obtain copies of these documents.

Operating Data

	For the nine months ended September 30		For the year ended December 31				
	2005	2004	2004	2003	2002	2001	2000
	(unaudited)		U.S. dollars in millions (except per ADR amounts)				
Net sales	3,849.4	3,476.1	4,798.9	3,276.4	2,518.6	2,077.4	1,749.9
Cost of sales	2,045.3	1,852.8	2,559.6	1,757.5	1,423.2	1,230.1	1,058.0
Gross profit	1,804.1	1,623.3	2,239.3	1,518.9	1,095.4	847.3	691.9
Research and development expenses:							
Total expenses	281.3	258.4	356.1	243.4	192.6	168.6	132.3
Less participations and grants	10.2	12.7	17.7	29.9	27.6	61.4	27.7
Research and development net	271.1	245.7	338.4	213.5	165.0	107.2	104.6
Selling, general and administrative expenses	581.3	508.6	696.5	520.6	406.4	358.1	301.0
Acquisition of in-process research and development		596.6	596.6				35.7
Income from GSK litigation settlement				100.0			
Impairment of product rights		30.0	30.0				
Restructuring expenses				7.4		15.7	
Operating income	951.7	242.4	577.8	877.4	524.0	366.3	250.6

Financial income (expenses) net	5.5	9.3	25.9	(5.0)	(24.6)	(26.0)	(42.2)
Income before income taxes	957.2	251.7	603.7	872.4	499.4	340.3	208.4
Income taxes	188.1	196.7	267.2	181.5	84.8	63.6	59.6
	769.1	55.0	336.5	690.9	414.6	276.7	148.8

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	For the nine months ended September 30		For the year ended December 31				
	2005	2004	2004	2003	2002	2001	2000
	(unaudited)						
	U.S. dollars in millions (except per ADR amounts)						
Share in profits (losses) of associated companies net	(0.1)	0.4	(1.2)	1.5	(2.7)	0.8	0.4
Minority interests in (profits) losses of subsidiaries net	(1.6)	(2.4)	(3.5)	(1.4)	(1.6)	0.7	(0.8)
Net income	767.4	53.0	331.8	691.0	410.3	278.2	148.4
Earnings per ADR:[1][2]							
Basic ($)	1.24	0.09	0.54	1.29	0.78	0.53	0.29
Diluted ($)	1.14	0.08	0.50	1.16	0.74	0.51	0.29
Weighted average number of ADRs (in millions):							
Basic	617.5	608.1	612.7	536.8	529.0	528.9	515.8
Diluted	679.9	626.1	688.0	608.8	580.9	567.8	527.4
Before one-time items[3]							
Operating income	951.7	882.9	1,218.3	784.8	524.0	382.0	286.3
Net income	767.4	685.8	964.6	617.8	410.3	287.9	184.1
Earnings per ADR[1] Basic ($)	1.24	1.13	1.57	1.15	0.78	0.55	0.36
Earnings per ADR[1][2] Diluted ($)	1.14	1.01	1.42	1.04	0.74	0.53	0.36

(1) Historical figures have been adjusted to reflect the two for one stock splits effected in June 2004, December 2002 and February 2000. Each ADR represents one ordinary share.

(2) Diluted Earnings per ADR for the years 2003, 2002 and 2001 has been restated to reflect the potential dilution of convertible senior debentures, pursuant to the adoption of EITF No. 04-8, which requires that the shares issuable upon conversion of such debentures be included in the computation of diluted Earnings per ADR, regardless of the contingent features included in the instrument. Diluted Earnings per ADR for the nine months ended September 30, 2004, before one-time items, has also been restated, to reflect the potential dilution of convertible senior debentures due 2024, pursuant to the adoption of EITF No. 04-8. In computing earnings per ADR for the nine months period ended September 30, 2004, no account was taken of potential dilution that could occur upon the conversion of all convertible senior debentures, since such debentures would have had an antidilutive effect on earnings per ADR.

(3) See the reconciliation set forth below.

Teva believes that excluding the following one-time items, which primarily relate to purchase accounting adjustments in connection with the acquisition of Sicor in January 2004 (mainly in-process R&D) and to certain product rights acquired as part of a litigation settlement, from its results of operations represents a better indicator of the underlying trends in its business. The results, after these exclusions and inclusions, are the primary results used by management and Teva s board of directors to evaluate Teva s operational performance, to compare against Teva s annual work plans and budgets, and ultimately to evaluate the performance of management.

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	For the nine months ended September 30		For the year ended December 31				
	2005	2004	2004	2003	2002	2001	2000
	(unaudited)		U.S. dollars in millions				
Total income before taxes as reported*	955.5	249.7	599.0	872.5	495.1	341.8	208.0
Deduct gain:							
Income from GSK litigation settlement				100.0			
Add back charges:							
Sicor purchase accounting adjustments:							
In-process R&D		583.6	583.6				
Acquired inventory step up		13.9	13.9				
Acquisition of in-process R&D		13.0	13.0				35.7
Impairment of product rights		30.0	30.0				
Restructuring expenses				7.4		15.7	
Total normalized income before taxes	955.5	890.2	1,239.5	779.9	495.1	357.5	243.7
Taxes on normalized income	188.1	204.4	274.9	162.1	84.8	69.6	59.6
Net normalized income	767.4	685.8	964.6	617.8	410.3	287.9	184.1
Net income as reported	767.4	53.0	331.8	691.0	410.3	278.2	148.4

* Includes share of profits (losses) of associated companies-net and minority interest in losses (profits) of subsidiaries-net.

Balance Sheet Data

	As of September 30		As of December 31		
	2005	2004	2004	2003	2002
	(unaudited)		U.S. dollars in millions		
Working capital	2,233.7	2,188.7	1,997.6	2,021.5	1,377.2
Total assets	9,667.1	9,098.9	9,632.0	5,915.9	4,626.8
Short-term credit, including current maturities:					
Convertible senior debentures (short-term)				352.5	562.4
Other	390.0	445.2	560.4	291.7	176.1
Total short-term debt	390.0	445.2	560.4	644.2	738.5
Long-term debt, net of current maturities:					
Convertible senior debentures	1,513.3	1,518.5	1,513.4	449.9	810.0
Other	108.1	211.3	215.0	365.5	351.4
Total long-term debt	1,621.4	1,729.8	1,728.4	815.4	1,161.4
Minority interests	11.0	9.4	10.9	6.7	4.9
Shareholders equity	5,567.1	5,097.4	5,388.9	3,289.4	1,829.4

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Summary Selected Historical Financial Data of Ivax

The summary selected financial data set forth below for each of the years in the three-year period ended December 31, 2004 and at December 31, 2004 and 2003, and are derived from Ivax s audited consolidated financial statements and related notes incorporated by reference into this prospectus supplement, which have been prepared in accordance with U.S. GAAP. The selected financial data for each of the years in the two-year period ended December 31, 2001 and at December 31, 2002 are derived from other audited consolidated financial statements of Ivax, which have been prepared in accordance with U.S. GAAP.

The summary selected unaudited financial data as of and for each of the nine month periods ended September 30, 2005 and 2004 are derived from unaudited consolidated financial statements incorporated by reference into this prospectus supplement. Such financial statements include, in Ivax s opinion, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the financial position and operating results for the unaudited periods. You should not rely on these interim results as being indicative of results Ivax may expect for the full year or any other interim period.

The information set forth below is only a summary and is not necessarily indicative of the results of future operations of Ivax or the combined company, and you should read the summary selected historical financial data together with the audited and unaudited consolidated financial statements and related notes of Ivax included in Teva s Report of Foreign Private Issuer filed on December 16, 2005 (Form 6-K), incorporated into this prospectus supplement by reference. See the section entitled Where You Can Find More Information for information on where you can obtain copies of these documents.

Operating Data

	For the nine months ended September 30		For the year ended December 31				
	2005[1]	2004	2004[2]	2003[3]	2002	2001[6]	2000
	(unaudited)		U.S. dollars in millions (except per share data)				
Net revenues	1,686.6	1,328.2	1,837.4	1,420.3	1,197.2	1,215.4	793.4
Cost of sales (excluding amortization, which is presented below)	986.1	713.7	985.1	781.4	663.7	583.6	409.9
Gross profit	700.5	614.5	852.3	638.9	533.5	631.8	383.5
Selling	235.7	194.3	272.6	212.2	169.0	143.6	92.0
General and administrative	134.8	120.5	162.3	122.4	118.4	110.5	84.9
Research and development	104.5	104.7	141.6	108.3	76.0	88.0	65.3
Amortization	22.1	16.4	22.5	19.7	16.2	19.4	9.0
Restructuring costs (reversal of accrual)	4.5	1.1	1.4	3.7	4.2	2.4	(4.5)
Merger expense	10.2						
Operating income	188.7	177.5	251.9	172.6	149.7	267.9	136.8
Interest income	10.6	3.9	5.5	3.7	8.1	21.2	14.0
Interest expense	(28.4)	(40.3)	(41.4)	(43.6)	(48.6)	(41.8)	(14.6)

Other income, net	18.1	10.8	5.8	11.7	60.3	49.6	15.2
Income taxes	54.5	17.1	23.8	45.6	51.7	54.0	13.2
Minority interest				0.2	0.8	0.4	(0.6)
Income from continuing operations	134.5	134.8	198.0	99.0	118.6	243.3	137.6
Income from discontinued operations[4]				22.3			
Cumulative effect of accounting change[5]					4.2		(6.6)
Net income	134.5	134.8	198.0	121.3	122.8	243.3	131.0

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	For the nine months ended September 30		For the year ended December 31				
	2005[1]	2004	2004[2]	2003[3]	2002	2001[6]	2000
	(unaudited)		U.S. dollars in millions (except per share data)				
Basic earnings per common share:							
Continuing operations	0.51	0.54	0.79	0.41	0.49	0.98	0.56
Discontinued operations[4]				0.09			
Cumulative effect of accounting change[5]					0.02		