

TEVA PHARMACEUTICAL INDUSTRIES LTD
Form 424B5
June 15, 2010
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Registration No. 333-155927

The information in this supplement is not complete and may be changed. We may not deliver these securities until a final supplement is delivered. This preliminary prospectus supplement and the accompanying prospectus do not constitute an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated June 15, 2010

PROSPECTUS SUPPLEMENT

(To Prospectus dated December 4, 2008)

\$

Teva Pharmaceutical Finance III, LLC

\$ Floating Rate Senior Notes due 2011

\$ % Senior Notes due 2012

Teva Pharmaceutical Finance II B.V.

\$ % Senior Notes due 2015

Payment of principal and interest unconditionally guaranteed by

Teva Pharmaceutical Industries Limited

This is an offering by

Teva Pharmaceutical Finance III, LLC (Teva Finance LLC) of \$ of its Floating Rate Senior Notes due 2011 (the 2011 notes) and \$ of its % Senior Notes due 2012 (the 2012 notes); and

Teva Pharmaceutical Finance II B.V. (Teva Finance BV) and, together with Teva Finance LLC, the issuers) of \$ of its % Senior Notes due 2015 (the 2015 notes).

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Teva Finance LLC will pay interest on the 2011 notes quarterly in arrears on the _____ day of _____, _____, and _____ of each year, beginning _____, _____, to the holders of record at the close of business on the _____ calendar day prior to the relevant quarterly interest payment date. The issuers will pay interest on the 2012 notes and the 2015 notes on _____ and _____ of each year, beginning _____, _____, to the holders of record at the close of business on the preceding _____ and _____, respectively. Payment of all principal and interest payable on the notes is unconditionally guaranteed by Teva Pharmaceutical Industries Limited ("Teva").

The issuers may redeem, in whole or in part, the 2012 notes and/or the 2015 notes, at any time or from time to time, on at least 20 days _____, but not more than 60 days _____, prior notice. These 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 (as defined herein) discounted on a semi-annual basis, at a rate equal to the sum of the Treasury Rate and _____ basis points with respect to the 2012 notes and _____ basis points for the 2015 notes.

The notes will be unsecured senior obligations of the issuers, which are indirect subsidiaries of Teva, and the guarantees will be unsecured senior obligations of Teva. Teva intends to use the proceeds from the offering to repay approximately \$800 million of the approximately \$1.5 billion outstanding under its unsecured credit facility assumed in connection with the acquisition of Barr Pharmaceuticals, Inc. ("Barr") in 2008, pay a portion of the purchase price for its pending acquisition of Merckle-ratiopharm Group and/or for general corporate purposes.

Investing in the notes involves risks. See Risk Factors beginning on page S-7 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 Floating Rate Senior Note due 2011	%	Total	Per % Senior Note due 2012	%	Total	Per % Senior Note due 2015	%	Total
Offering price(1)		%	\$		%	\$		%	\$
Underwriting discount		%	\$		%	\$		%	\$
Proceeds to the issuers (before expenses)		%	\$		%	\$		%	\$

(1) Plus accrued interest, if any, from June _____, 2010, if settlement occurs after that date. The underwriters expect to deliver the notes on or about June _____, 2010.

<i>Active Joint Book-Running Managers</i>		
Credit Suisse	Goldman, Sachs & Co.	Morgan Stanley
<i>Passive Book-Running Managers</i>		
Barclays Capital		Citi

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We have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement and the accompanying prospectus is an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement and the accompanying prospectus is current only as of the respective dates of such documents.

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.

In relation to each Member State of the European Economic Area (EEA) which has implemented the Prospectus Directive (each, a Relevant Member State) an offer to the public of any notes which are the subject of the offering contemplated by this prospectus may not be made in that Relevant Member State except for an offer to qualified investors in that Member State within the meaning of the Prospectus Directive, provided that no such offer of notes shall result in a requirement for the publication by the issuers or the book-running managers of a prospectus pursuant to Article 3 of the Prospectus Directive.

This prospectus has been prepared on the basis that any offer of notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for the offer of these notes. Accordingly any person making or intending to make any offer within the EEA of notes which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for the issuers, or any of the book-running managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the issuers nor the book-running managers have authorized, nor do they authorize, the making of any offer (other than permitted public offers) of notes in circumstances in which an obligation arises for the issuers or the book-running managers to publish a prospectus for such offer.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any notes under, the offers contemplated in this prospectus will be deemed to have represented, warranted and agreed to and with each of the issuers and each book-running manager that:

it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

in the case of any notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the notes acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the book-running managers has been given to the offer or resale; or (ii) where notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those notes to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of the above, the expression an offer to the public in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any notes to be offered so as to enable an investor to decide to purchase or

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subscribe for the notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

In connection with the issue of the notes, the book-running managers (or persons acting on behalf of any of the book-running managers) may over-allot notes or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail. However, there is no assurance that the joint book-running managers (or persons acting on behalf of a book-running manager) will undertake stabilization action. Such stabilizing, if commenced, may be discontinued at any time and, if begun, must be brought to an end after a limited period. Any stabilization action or over-allotment must be conducted by the relevant book-running managers (or persons acting on behalf of any book-running manager) in accordance with all applicable laws and rules.

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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 LLC refer to Teva Pharmaceutical Finance III, LLC, an indirect subsidiary of Teva, to Teva Finance BV refer to Teva Pharmaceutical Finance II B.V., an indirect subsidiary of Teva, and to issuers refer to both Teva Finance LLC and Teva Finance BV.

The Company

We are a global pharmaceutical company that develops, produces and markets generic drugs covering all major treatment categories. We are the leading generic drug company in the world, as well as in the United States, in terms of both total and new prescriptions. We also have a significant and growing branded pharmaceutical portfolio, including Copaxone® for multiple sclerosis and Azilect® for Parkinson's disease, respiratory products and women's health products. Our active pharmaceutical ingredient (API) manufacturing capabilities provide significant vertical integration to our own pharmaceutical production.

Our global presence covers North America, Europe, Latin America, Asia and Israel. We currently have direct operations in more than 60 countries, including 38 finished dosage pharmaceutical manufacturing sites in 17 countries, 15 generic R&D centers operating mostly within certain manufacturing sites and 21 API manufacturing sites around the world. In 2009, we generated approximately 60% of our sales in North America (i.e., the United States and Canada only), approximately 25% in Europe (i.e., all European Union (EU) member states and other Western European countries) and approximately 15% in other regions (primarily Latin America, including Mexico, Israel and Central and Eastern European countries that are not members of the EU).

Teva was incorporated in Israel on February 13, 1944, and is 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 LLC

Teva Finance LLC is a Delaware limited liability company that was formed on December 5, 2003 to issue debt securities pursuant to the accompanying prospectus. Its address is 1090 Horsham Road, North Wales, Pennsylvania 19454, telephone number (215) 591-3000.

Teva Finance BV

Teva Finance BV is a Netherlands Antilles private limited liability company that was formed on June 30, 2003 to issue debt securities pursuant to the accompanying prospectus. Its address is Schottgatweg Oost 29D, Curacao, Netherlands Antilles, telephone number +5999-736-6066.

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Recent Developments

Ratiopharm Acquisition.

As previously announced, on March 18, 2010, we entered into a definitive agreement to acquire Merckle-ratiopharm Group (Ratiopharm), Germany's second-largest generic drug company and the sixth-largest generic drug company worldwide, for an enterprise value of 3.625 billion (or approximately \$5 billion). The closing of the transaction is subject to various conditions, including approval by antitrust authorities in Europe and in Canada. We expect that the closing of the transaction will take place by the end of 2010.

The acquisition of Ratiopharm is part of our strategic objective of strengthening our position in key European markets, and is expected to position us as the leading generic pharmaceutical company in Europe in terms of sales. It will also substantially increase our sales in Germany, Canada, Russia and Ukraine.

New Credit Facilities.

In addition to our existing credit facilities, we recently executed commitment letters from three banks, with each agreeing to provide us with up to \$500 million, or the Euro equivalent, to be used to pay a portion of the purchase price for the Ratiopharm acquisition. The credit facilities are unsecured, provide for a floating LIBOR-based interest rate and have a term of up to one-year from the drawing of the loan. Consummation of these loans remains subject to various closing conditions.

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The Offering

Issuers	Teva Pharmaceutical Finance III, LLC (Teva Finance LLC); and Teva Pharmaceutical Finance II B.V. (Teva Finance BV), each of which are indirect, wholly owned subsidiaries of Teva Pharmaceutical Industries Limited that have no assets or operations other than in connection with this offering.
Securities Offered	\$ million aggregate principal amount of Floating Rate Senior Notes due 2011 of Teva Finance LLC (the 2011 notes); \$ million aggregate principal amount of % Senior Notes due 2012 of Teva Finance LLC (the 2012 notes); and \$ aggregate principal amount of % Senior Notes due 2015 of Teva Finance BV (the 2015 notes).
Guarantees	Teva will irrevocably and unconditionally guarantee the punctual payment when due of the principal and interest, whether at maturity, upon redemption, by acceleration or otherwise (including any additional amounts in respect of taxes as described in Description of the Notes and the Guarantees Additional Tax Amounts), if any, on the notes of each series.
Ranking	As indebtedness of Teva, the guarantees 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 2011 notes will mature on , 2011, the 2012 notes will mature on , 2012 and the 2015 notes will mature on , 2015, unless earlier redeemed.

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Interest Payment Dates

, , and of each year, beginning
, , and at maturity, with respect to the 2011 notes. and
, beginning , , and at maturity, with respect to the 2012
notes and the 2015 notes.

Interest Rate

A rate equal to three-month LIBOR (calculated as set forth in the Description of the
Notes and the Guarantees Payment of Interest and Principal Interest on the 2011 Notes)
plus % in the case of the 2011 notes.

% per year in the case of the 2012 notes; and

% per year in the case of the 2015 notes.

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Optional Redemptions by the Issuers	<p>The 2011 notes will not be subject to redemption at Teva Finance LLC's option (other than as set forth below in Description of the Notes and the Guarantees Tax Redemption). The applicable issuers may, however, redeem the 2012 notes or the 2015 notes, in whole or in part, at any time or from time to time, on at least 20 days , but not more than 60 days , prior notice. These 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 (as defined under Description of the Notes and the Guarantees Optional Redemption by the Applicable Issuer) discounted, on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), at a rate equal to the sum of the Treasury Rate (as defined in Description of the Notes and the Guarantees Optional Redemption by the Applicable Issuer) and basis points in the case of the 2012 notes or basis points in the case of the 2015 notes, plus accrued and unpaid interest, if any, to the redemption date.</p>
Use of Proceeds	<p>Teva intends to use the proceeds from the offering to repay approximately \$800 million of the approximately \$1.5 billion outstanding under its unsecured credit facility assumed in connection with the acquisition of Barr in 2008, pay a portion of the purchase price for its pending acquisition of Ratiopharm and/or for general corporate purposes. See Use of Proceeds.</p>
Form, Denomination and Registration	<p>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 Depository Trust Company (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.</p>
Absence of a Public Market for the Notes	<p>The notes are new securities for which no market currently exists. While one or more of 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.</p>

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The summary selected financial data set forth below for each of the years in the three-year period ended December 31, 2009 and at December 31, 2009 and 2008 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, 2006 and at December 31, 2007 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 three month periods ended March 31, 2010 and 2009 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, and you should read the summary selected historical financial data together with Teva's audited and unaudited 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 three months ended		For the year ended December 31,				
	March 31, 2010	2009	2009	2008	2007	2006	2005
	(unaudited)		U.S. dollars in millions (except per share amounts)				
Net sales	3,653	3,147	13,899	11,085	9,408	8,408	5,250
Cost of sales	1,640	1,576	6,532	5,117	4,531	4,149	2,770
Gross profit	2,013	1,571	7,367	5,968	4,877	4,259	2,480
Research and development expenses - net	207	219	802	786	581	495	369
Selling and marketing expenses	752	604	2,676	1,842	1,264	1,024	533
General and administrative expenses	182	196	823	669	637	548	266
Legal settlements, acquisition and restructuring expenses and impairment	34	14	638	124		96	
Acquisition of research and development in process	4		23	1,402		1,295	
Operating income	834	538	2,405	1,145	2,395	801	1,312
Financial expenses - net	27	63	202	345*	91*	137*	4
Income before income taxes	807	475	2,203	800	2,304	664	1,308
Provision for income taxes	85	25	166	184*	386*	145*	236
	722	450	2,037	616	1,918	519	1,072

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	For the three months ended			For the year ended December 31,			
	March 31, 2010 (unaudited)	2009	2009	2008	2007	2006	2005
	U.S. dollars in millions (except per share amounts)						
Share in profit (losses) of associated companies net	(8)	1	(33)	(1)	(3)	(3)	2
Net income	714	451	2,004	615	1,915	516	1,074
Net income attributable to non-controlling interests	1	***	4	6**	1**	2**	2**
Net income attributable to Teva	713	451	2,000	609	1,914	514	1,072
Earnings per share attributable to Teva:							
Basic (\$)	0.80	0.53	2.29	0.78	2.49	0.68	1.73
Diluted (\$)	0.79	0.51	2.23	0.75	2.36	0.65	1.59
Weighted average number of shares (in millions):							
Basic (\$)	892	857	872	780	768	756	618
Diluted (\$)	921	894	896	820	830	805	681

* After giving retroactive effect to the adoption of an accounting pronouncement which requires issuers to account separately for the liability and equity components of convertible debt instruments that may be settled in cash (including partial cash settlement).

** After giving retroactive effect to non-controlling interests reclassification.

*** Represents an amount of less than \$0.5 million.

Balance Sheet Data

	As of March 31,		As of December 31,		
	2010 (unaudited)	2009	2009	2008	2007
	U.S. dollars in millions				
Working capital (current assets net of current liabilities)	4,268	2,570	4,539	2,945	4,492*
Total assets	34,051	32,243	33,810	32,920*	23,423*
Short-term debt, including current maturities:					
Short-term debt	1,974	3,356	1,301	2,906	1,837*
Long-term debt, net of current maturities:					
Convertible senior debentures	47	1,208	817	1,821*	1,345*
Senior notes and loans	3,416	3,855	3,494	3,654	1,914
Total long-term debt	3,463	5,063	4,311	5,475	3,259
Non-controlling interests	33	58	37	60	36
Total equity	19,683	16,137	19,259	16,438*	13,864*

* After giving retroactive effect to the adoption of an accounting pronouncement which requires issuers to account separately for the liability and equity components of convertible debt instruments that may be settled in cash (including partial cash settlement).

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RISK FACTORS

Before you invest in the notes, you should carefully consider the risks involved. Accordingly, you should carefully consider the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus, including the risk factors listed below and in the accompanying prospectus. See Forward-Looking Statements.

Risks Related to Our Business

Investment in our securities involve various risks. In making an investment decision, you should carefully consider the risks and uncertainties described under the heading **Risk Factors** in our Annual Report on Form 20-F for the year ended December 31, 2009, our Reports of Foreign Private Issuer on Form 6-K that are incorporated herein by reference and any future filings made by Teva pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the **Exchange Act**), prior to the termination of this offering as well as the risk factors below.

Risks Related to the Notes

There may not be a liquid market for the notes, and you may not be able to sell your notes at attractive prices or at all.

The notes are a new issue of securities for which there is currently no trading market. Although one or more of the underwriters have advised us that they currently intend to make a market in the notes, they are not obligated to do so and may discontinue their market-making activities at any time without notice. We do not intend to apply for listing of the notes on any exchange or any automated quotation system. If an active market for the notes fails to develop or be sustained, the trading price of the notes could fall, and even if an active trading market were to develop, the notes could trade at prices that may be lower than the initial offering price. The trading price of the notes will depend on many factors, including:

prevailing interest rates and interest rate volatility;

the markets for similar securities;

our financial condition, results of operations and prospects;

the publication of earnings estimates or other research reports and speculation in the press or investment community;

changes in our industry and competition; and

general market and economic conditions.

As a result, we cannot assure you that you will be able to sell the notes at attractive prices or at all.

A downgrade, suspension or withdrawal of the rating assigned by a rating agency to the notes, if any, could cause the liquidity or market value of the notes to decline significantly.

We cannot assure you what rating, if any, will be assigned to the notes. In addition, we cannot assure you that any rating so assigned will remain for any given period of time or that the rating will not be lowered or withdrawn entirely by the rating agency if in that rating agency's judgment future circumstances relating to the basis of the rating, such as adverse changes in our business, so warrant.

We will significantly increase our total indebtedness as a result of the sale of the notes and our expected new credit facilities.

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As a result of the sales of the notes and our expected use of new credit facilities in connection with the Ratiopharm acquisition, net of the expected repayment of \$800 million of the Barr credit facility, we will incur

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an additional \$3.2 billion of indebtedness. As a result of this indebtedness, our principal and interest payment obligations will increase substantially. The degree to which we will be leveraged could affect our ability to obtain additional financing for working capital, acquisitions or other purposes and could make us more vulnerable to industry downturns and competitive pressures. Our ability to meet our debt service obligations will be dependent upon our future performance and access to financing, which will be subject to financial, business and other factors affecting our operations, many of which are beyond our control.

Because Teva and Teva Finance BV are foreign entities, you may have difficulties enforcing your rights under the guarantees and under the notes offered by Teva Finance BV.

Teva is an Israeli company. In addition, most of Teva's officers, directors or persons of equivalent position reside outside of the United States. As a result, service of process on them may be difficult or impossible to effect in the United States. Furthermore, due to the fact that a substantial portion of our assets are located outside of the United States, it may be difficult to enforce judgments obtained against us or any of our directors and officers in a United States Court.

An Israeli court may declare a judgment rendered by a foreign court in a civil matter, including judgments awarding monetary or other damages, enforceable if it finds that:

- (1) the judgment was rendered by a court which was, according to the foreign country's law, competent to render it;
- (2) the judgment is no longer appealable;
- (3) the judgment is enforceable according to the rules relating to the enforceability of judgments in Israel and the substance of the judgment is not contrary to public policy in Israel; and
- (4) the judgment can be executed in the state in which it was given.

A foreign judgment will not be declared enforceable by Israeli courts if it was given in a state, the laws of which do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases) or if its enforcement is likely to prejudice the sovereignty or security of Israel. An Israeli court also will not declare a foreign judgment enforceable if it is proved to the Israeli court that:

- (1) the judgment was obtained by fraud;
- (2) there was no due process;
- (3) the judgment was given by a court not competent to render it according to the laws of private international law in Israel;
- (4) the judgment is at conflict with another judgment that was given in the same matter between the same parties and which is still valid;
or
- (5) at the time the action was brought to the foreign court a claim in the same matter and between the same parties was pending before a court or tribunal in Israel.

Teva Finance BV is organized under the laws of the Netherlands Antilles and its managing directors reside outside the United States, and all or a significant portion of the assets of such person may be, and substantially all of the assets of Teva Finance BV are, located outside the United

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States. As a result, it may not be possible to effect service of process within the United States upon Teva Finance BV or any such person or to enforce against Teva Finance BV or any such person judgments obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States.

The United States and the Netherlands Antilles do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or

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not predicated solely upon the federal securities laws of the United States, would not be directly enforceable in the Netherlands Antilles.

If the party in whose favor such a final judgment is rendered brings a new suit in a competent court in the Netherlands Antilles, that party may submit to the Netherlands Antilles court the final judgment that has been rendered in the United States. A foreign judgment would be enforceable in the Netherlands Antilles generally, without any re-examination of the merits of the original judgment provided that:

- (1) the judgment is final in the jurisdiction where rendered and was issued by a competent court;
- (2) the judgment is valid in the jurisdiction where rendered;
- (3) the judgment was issued following personal service of the summons upon the defendant or its agent and, in accordance with due process of law, an opportunity for the defendant to defend against the foreign action;
- (4) the judgment does not violate natural justice or any compulsory provisions of Netherlands Antilles law or principles of public policy;
- (5) the terms and conditions governing the indentures do not violate any compulsory provisions of Netherlands Antilles law or principles of public policy;
- (6) the judgment is not contrary to a prior or simultaneous judgment of a competent Netherlands Antilles court; and
- (7) the judgment has not been rendered in proceedings of a penal, revenue or other public law nature.

The notes will be subordinated to some of our existing and future indebtedness.

Teva will irrevocably and unconditionally guarantee the punctual payment when due of the principal of and interest, if any, on the notes. As indebtedness of Teva, the notes will be Teva's general, unsecured obligations and will rank equally in right of payment with all of Teva's existing and future unsubordinated, unsecured indebtedness. The notes will be effectively subordinated to any existing and future secured indebtedness Teva may have up to the value of the collateral securing that indebtedness and structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiaries with respect to the assets of those subsidiaries. These liabilities may include debt securities, credit facilities, trade payables, guarantees, lease obligations, letter of credit obligations and other indebtedness. See Description of the Notes and the Guarantees Description of the Guarantees. The indenture does not restrict us or our subsidiaries from incurring debt in the future, nor does it limit the amount of indebtedness we can issue that is equal in right of payment. At March 31, 2010, Teva's subsidiaries, other than finance subsidiaries, had \$2,519 million of indebtedness outstanding.

Teva is, and may in the future be, subject to restrictions on receiving dividends and other payments from its subsidiaries.

Teva's income is derived in large part from its subsidiaries. Accordingly, Teva's ability to pay its obligations under the guarantees depends in part on the earnings of its subsidiaries and the payment of those earnings to Teva, whether in the form of dividends, loans or advances. Such payment by Teva's subsidiaries to Teva may be subject to restrictions. For example, the Barr credit facilities restrict the payment of dividends to Teva by the Barr subsidiaries covered under such agreement. The indenture does not restrict Teva or its subsidiaries from entering into additional agreements that contain similar restrictions.

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FORWARD LOOKING STATEMENTS

Our disclosure and analysis in this prospectus supplement contain or incorporate by reference some forward-looking statements.

Forward-looking statements describe our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. Such statements may include words such as anticipate, estimate, expect, project, intend, plan, believe and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. In particular, these statements include, among other things, statements relating to:

our business strategy;

the development of our products;

our projected capital expenditures; and

our liquidity.

This prospectus supplement contains or incorporates by reference forward-looking statements which express the beliefs and expectations of management. Such statements are based on management's current beliefs and expectations and involve a number of known and unknown risks and uncertainties that could cause our future results, performance or achievements to differ significantly from the results, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause or contribute to such differences include risks relating to: our ability to successfully develop and commercialize additional pharmaceutical products, the introduction of competing generic equivalents, the extent to which we may obtain U.S. market exclusivity for certain of our new generic products and regulatory changes that may prevent us from utilizing exclusivity periods, potential liability for sales of generic products prior to a final resolution of outstanding patent litigation, including that relating to the generic versions of Neurontin[®], Lotrel[®] and Protonix[®], current economic conditions, the extent to which any manufacturing or quality control problems damage our reputation for high quality production, the effects of competition on our innovative products, especially Copaxone[®] sales, dependence on the effectiveness of our patents and other protections for innovative products, especially Copaxone[®], the impact of consolidation of our distributors and customers, the impact of pharmaceutical industry regulation and pending legislation that could affect the pharmaceutical industry, our ability to achieve expected results through our innovative R&D efforts, the difficulty of predicting U.S. Food and Drug Administration, European Medicines Agency and other regulatory authority approvals, the uncertainty surrounding the legislative and regulatory pathway for the registration and approval of biotechnology-based products, the regulatory environment and changes in the health policies and structures of various countries, any failures to comply with the complex Medicare and Medicaid reporting and payment obligations, the effects of reforms in healthcare regulation, supply interruptions or delays that could result from the complex manufacturing of our products and our global supply chain, interruptions in our supply chain or problems with our information technology systems that adversely affect our complex manufacturing processes, potential tax liabilities that may arise should our agreements (including intercompany arrangements) be challenged successfully by tax authorities, our ability to successfully identify, consummate and integrate acquisitions and other business combinations (including our pending acquisition of Ratiopharm), the potential exposure to product liability claims to the extent not covered by insurance, our exposure to fluctuations in currency, exchange and interest rates, as well as to credit risk, significant operations worldwide that may be adversely affected by terrorism, political or economical instability or major hostilities, our ability to enter into patent litigation settlements and the increased government scrutiny of our agreements with brand companies in both the U.S. and Europe, the termination or expiration of governmental programs and tax benefits, impairment of intangible assets and goodwill, any failure to retain key personnel or to attract additional executive and managerial talent, environmental risks, and other factors that are discussed in this prospectus, our Annual Report on Form 20-F for the year ended December 31, 2009, and in our other filings with the SEC.

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Forward looking statements speak only as of the date on which they are made, and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any additional disclosures we make in our Annual Reports on Form 20-F and our Reports of Foreign Private Issuer on Form 6-K that are filed with the SEC. Also note that we provide a cautionary discussion of risks and uncertainties under "Risk Factors" above and in the accompanying prospectus. These are factors that we think could cause our actual results to differ materially from expected results. Other factors besides those listed here or in the accompanying prospectus could also adversely affect us. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

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RATIO OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges in accordance with U.S. GAAP for the periods presented are as follows:

	Three Months Ended March 31, 2010 (Unaudited)	Year Ended December 31,				
		2009	2008	2007	2006	2005
Ratio of earnings to fixed charges	16.9	9.4	4.5	9.5	4.1	30.4

The issuers did not have any operations for the relevant periods.

Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization as of March 31, 2010:

On a historical basis; and

On an as adjusted basis to give further effect to the issuance and sale of the notes and the application of the net proceeds to repay approximately \$800 million of the approximately \$1.5 billion outstanding under our unsecured credit facility assumed in connection with the acquisition of Barr in 2008 (but without giving effect to our expected use of \$1.5 billion in new credit facilities in connection with the Ratiopharm acquisition).

We or our affiliates expect to enter into swap agreements or related hedging transactions in connection with the sale of the notes offered hereby (1) to swap the fixed interest rate with respect to the 2012 notes to a floating rate and (2) to convert the dollar denominated 2015 notes to a Euro denomination.

You should read this table together with the unaudited consolidated financial statements and the notes thereto and our supplemental financial data incorporated by reference in this prospectus supplement.

	March 31, 2010 (Unaudited)	
	Actual	As adjusted
	U.S. Dollars in Millions	
Short-term debt, including current maturities excluding convertible debentures	\$ 613	\$ 613
0.25% Convertible Senior Debentures due 2026	575	575
1.75% Convertible Senior Debentures due 2026	786	786
Total short-term debt	1,974	1,974
0.50% Series A Convertible Senior Debentures due 2024(1)	6	6
0.25% Series B Convertible Senior Debentures due 2024(1)	41	41
5.550% Senior Notes due 2016	493	493
6.150% Senior Notes due 2036	987	987
Floating Rate Senior Notes due 2011		
% Senior Notes due 2012		
% Senior Notes due 2015		
Other long-term debt, net of current maturities	1,936	1,136
Total long-term debt	3,463	
Equity:		
Teva shareholders' equity:		
Ordinary shares of NIS 0.10 par value: authorized 1,500 million shares; issued and outstanding actual 931 million shares	49	49
Additional paid-in capital	13,035	13,035
Retained earnings	7,210	7,210
Accumulated other comprehensive income	280	280
Treasury shares 38 million ordinary shares	(924)	(924)
	19,650	19,650
Non-controlling interests	33	33

Total equity	19,683	19,683
Total capitalization	\$ 25,120	\$

- (1) See Note 11 of the notes to our consolidated financial statements for the year ended December 31, 2009 incorporated by reference in this prospectus supplement for a discussion of these securities.

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USE OF PROCEEDS

The issuers estimate that they will receive net proceeds of approximately \$. Teva intends to, either directly or through affiliates, on-lend the net proceeds from this offering to repay approximately \$800 million of the \$1.5 billion outstanding under Teva's unsecured credit facility assumed in connection with the Barr acquisition in 2008. Such facilities bear a floating rate of interest based on USD LIBOR plus 1.25%, and the portion that Teva will repay matures in October 2011. The balance of the proceeds is expected to be used to pay a portion of the purchase price of the acquisition of Ratiopharm, which we currently expect to consummate by the end of 2010. If we are unable to consummate the acquisition, we will use the balance of the net proceeds of this offering for general corporate purposes.

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DESCRIPTION OF THE NOTES AND THE GUARANTEES

Teva Finance LLC will issue the Floating Rate Senior Notes due 2011 (the 2011 notes) and the % Senior Notes due 2012 (the 2012 notes) under a senior indenture, to be dated as of June , 2010, by and among Teva Finance LLC, Teva and The Bank of New York Mellon, as trustee, as supplemented by a supplemental indenture to be dated as of June , 2010. Teva Finance BV will issue the % Senior Notes due 2015 (the 2015 notes) under a senior indenture, to be dated as of June , 2010, by and among Teva Finance BV, Teva and The Bank of New York Mellon, as trustee, as supplemented by a supplemental indenture to be dated as of June , 2010. The terms of the notes of each series include those provided in the applicable indenture. Teva will irrevocably and unconditionally guarantee the punctual payment by the applicable issuer of the principal of and interest, if any, on the notes of each series by the applicable issuer.

The following description is only a summary of the material provisions of the notes of each series and the related indentures and guarantees. We urge you to read these documents in their entirety because they, and not this description, define your rights as holders of the notes. You may request copies of these documents at our address set forth in the section titled Incorporation of Certain Documents by Reference.

When we refer to Teva in this section, we refer only to Teva Pharmaceutical Industries Limited. When we refer to Teva Finance LLC in this section, we refer to Teva Pharmaceutical Finance III, LLC, an indirect, wholly owned subsidiary of Teva organized under the laws of the State of Delaware. When we refer to Teva Finance BV in this section, we refer to Teva Pharmaceutical Finance II BV, an indirect, wholly owned subsidiary of Teva organized as a Netherlands Antilles private limited liability company.

We refer to each of the two indentures referenced in the first paragraph of this section, as supplemented, as an indenture; we refer to each of Teva Finance LLC and Teva Finance BV as an issuer, and together, the issuers; and we refer to the 2011 notes, the 2012 notes and the 2015 notes each, respectively, as a series of notes.

Brief Description of the Notes

The notes will:

be limited to:

\$ million aggregate principal amount with respect to the 2011 notes;

\$ million aggregate principal amount with respect to the 2012 notes; and

\$ million aggregate principal amount with respect to the 2015 notes,

subject to reopening of any series of notes at the discretion of its respective issuer; accrue interest:

at a rate equal to three-month LIBOR (calculated as set forth below under Payment of Interest and Principal Interest on the 2011 Notes) plus % on the 2011 notes, payable quarterly in arrears on the day of , , and , beginning , to the holders of record at the close of business on the fifteenth calendar day prior to the relevant quarterly interest payment date; and

at a rate of % on the 2012 notes and % on the 2015 notes, payable semiannually in arrears on and of each year, beginning , to the holders of record at the close of business on the preceding and , respectively.

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be general unsecured obligations of Teva Finance LLC in the case of the 2011 notes and the 2012 notes and general unsecured obligations of Teva Finance BV in the case of the 2015 notes;

in the case of the 2011 notes, not be subject to redemption at Teva Finance LLC's option (other than as set forth below under "Tax Redemption") and, in the case of the 2012 notes and the 2015 notes, be

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redeemable at the option of the applicable issuer at any time at 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 (as defined below) discounted, on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), at a rate equal to the sum of the Treasury Rate (as defined below) and _____ basis points in the case of the 2012 notes or _____ basis points in the case of the 2015 notes, plus accrued and unpaid interest, if any, to the date of redemption (in addition to being redeemable as set forth below under "Tax Redemption"); and

be due on:

_____, 2011 in the case of the 2011 notes;

_____, 2012 in the case of the 2012 notes; and

_____, 2015 in the case of the 2015 notes;

in each case unless earlier redeemed by the relevant issuer.

Each indenture restricts the issuer that it governs from paying dividends, repurchasing its or Teva's securities other than notes of the series it is issuing, or incurring other indebtedness except with respect to the issuance of additional securities that have the same ranking, interest rate and other terms as the notes it is issuing. The indentures do not, however, contain any financial covenants or restrictions on the amount of additional indebtedness that Teva or any of its other subsidiaries may incur except as described in "Certain Covenants" below. The indentures do not protect you in the event of a highly leveraged transaction or change of control of Teva or either issuer. The notes do not contain any sinking fund provisions.

You may present definitive notes for registration of transfer and exchange, without service charge, at our office or agency in New York City, which shall initially be the office or agency of the trustee in New York City. For information regarding registration of transfer and exchange of global notes, see "Form, Denomination and Registration" below.

Description of the Guarantees

Teva will irrevocably and unconditionally guarantee the punctual payment when due, whether at maturity, upon redemption, by acceleration or otherwise, of the principal of and interest (including any additional amounts in respect of taxes as provided herein), if any, on the notes of each series. The respective guarantees will be enforceable by the trustee, the holders and their successors, transferees and assigns, in each case of the applicable series of notes.

Each guarantee will be an unsecured senior obligation of Teva. As indebtedness of Teva, after giving effect to the offerings contemplated hereby, each guarantee will rank:

senior to the rights of creditors under debt expressly subordinated to the notes (at March 31, 2010, Teva had no subordinated debt outstanding);

equally with other unsecured debt of Teva from time to time outstanding other than any that is subordinated to the notes (at March 31, 2010, Teva had \$5,437 million of senior unsecured debt outstanding);

effectively junior to Teva's secured indebtedness up to the value of the collateral securing that indebtedness (at March 31, 2010, Teva had no secured debt outstanding); and

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effectively junior to the indebtedness of Teva's subsidiaries (at March 31, 2010, Teva's subsidiaries, other than finance subsidiaries, had \$2,519 million of indebtedness outstanding).

Except as described in "Certain Covenants" below, the indentures do not contain any financial covenants or restrictions on the amount of additional indebtedness that Teva or any of its subsidiaries (other than the applicable issuer) may incur.

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Payment of Interest and Principal

Interest on the 2011 Notes

The 2011 notes will bear interest from June , 2010, payable quarterly in arrears on the day of , and (each, a Quarterly Interest Payment Date) to the holders of record at the close of business on the calendar day prior to such payment date, whether or not a Business Day. However, interest payable on the maturity date or on a redemption date of a 2011 note will be paid to the person to whom principal is payable.

The initial Quarterly Interest Payment Date for the 2011 notes is , . The amount of interest payable on the 2011 notes will be computed on the basis of the actual number of days elapsed over a 360-day year. If any Quarterly Interest Payment Date (other than the maturity date or a redemption date) would otherwise be a day that is not a Business Day, the Quarterly Interest Payment Date will be the next succeeding Business Day. If the maturity date or a redemption date for the 2011 notes is not a Business Day, the principal and interest due on that date will be payable on the next succeeding Business Day, and no interest shall accrue for the intervening period.

The 2011 notes will bear interest for each quarterly Interest Period at a per annum rate determined by the Calculation Agent, subject to the maximum interest rate permitted by New York or other applicable state law, as such law may be modified by United States law of general application. The interest rate applicable to the 2011 notes during each quarterly Interest Period will be equal to LIBOR on the Interest Determination Date for such Interest Period plus %. Promptly upon such determination, the Calculation Agent will notify Teva Finance LLC and the trustee, if the trustee is not then serving as the Calculation Agent, of the interest rate for the new Interest Period. The interest rate determined by the Calculation Agent, absent manifest error, shall be binding and conclusive upon the beneficial owners and holders of the 2011 notes, Teva Finance LLC and the trustee.

Upon the request of a holder of the 2011 notes, the Calculation Agent will provide to such holder the interest rate in effect on the date of such request and, if determined, the interest rate for the next Interest Period.

The accrued interest for any period is calculated by multiplying the principal amount of a 2011 note by an accrued interest factor. The accrued interest factor is computed by adding the interest factor calculated for each day in the period for which accrued interest is being calculated. The interest factor (expressed as a decimal rounded upwards if necessary) is computed by dividing the interest rate (expressed as a decimal rounded upwards if necessary) applicable to such date by 360.

All percentages resulting from any calculation of the interest rate on the 2011 notes will be rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655) and 9.876544% (or .09876544) being rounded to 9.87654% (or .0987654)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upwards).

Business Day means a day other than (i) a Saturday or Sunday, (ii) a day on which banks in New York, New York are authorized or obligated by law or executive order to remain closed, or (iii) a day on which the trustee's corporate trust office is closed for business.

Calculation Agent means The Bank of New York Mellon, or its successor appointed by Teva Finance LLC, acting as calculation agent.

Interest Determination Date means the second London Business Day immediately preceding the first day of the relevant Interest Period.

Interest Period means the period commencing on a Quarterly Interest Payment Date for the 2011 notes (or, with respect to the initial Interest Period only, commencing on the issue date for the 2011 notes) and ending on the day before the next succeeding Quarterly Interest Payment Date for the 2011 notes.

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LIBOR means, with respect to any Interest Period, the rate (expressed as a percentage per annum) for deposits in U.S. dollars for a three-month period commencing on the first day of that Interest Period and ending on the next Quarterly Interest Payment Date that appears on Reuters LIBOR01 Page as of 11:00 a.m. (London time) on the Interest Determination Date for that Interest Period. If such rate does not appear on the Reuters LIBOR01 Page as of 11:00 a.m. (London time) on the Interest Determination Date for that Interest Period, LIBOR will be determined on the basis of the rates at which deposits in U.S. dollars for the Interest Period and in a principal amount of not less than \$1,000,000 are offered to prime banks in the London interbank market by four major banks in the London interbank market, which may include affiliates of one or more of the underwriters, selected by Teva Finance LLC, at approximately 11:00 a.m., London time, on the Interest Determination Date for that Interest Period. Teva Finance LLC will request the principal London office of each such bank to provide a quotation of its rate. If at least two quotations are provided, LIBOR with respect to that Interest Period will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR with respect to that Interest Period will be the arithmetic mean of the rates quoted by three major banks in New York City, which may include affiliates of one or more of the underwriters, selected by Teva Finance LLC, at approximately 11:00 a.m., New York City time, on the first day of that Interest Period for loans in U.S. dollars to leading European banks for that Interest Period and in a principal amount of not less than \$1,000,000. However, if fewer than three banks selected by Teva Finance LLC to provide quotations are quoting as described above, LIBOR for that Interest Period will be the same as LIBOR as determined for the previous Interest Period.

London Business Day means a day that is a Business Day and a day on which dealings in deposits in U.S. dollars are transacted, or with respect to any future date are expected to be transacted, in the London interbank market.

Reuters LIBOR01 Page means the display designated as Reuters LIBOR01 on the Reuters 3000 Xtra (or such other page as may replace the Reuters LIBOR01 Page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to the London Interbank Offered Rate for U.S. dollar deposits).

Interest on the 2012 Notes and the 2015 Notes

The 2012 notes and the 2015 notes will bear interest at the rate of % per year and % per year, respectively, payable semiannually in arrears on and of each year, beginning , to the holders of record at the close of business on the preceding and , respectively, whether or not a Business Day. If an interest payment date for the 2012 notes or the 2015 notes falls on a day that is not a Business Day (as defined below), interest will be payable on the next succeeding Business Day with the same force and effect as if made on such interest payment date. Interest on the 2012 notes and the 2015 notes generally will be computed on the basis of a 360-day year comprised of twelve 30-day months, and will accrue from June , 2010 or from the most recent interest payment date to which interest has been paid.

Mechanics of Payment

Except as provided below, the applicable issuer will pay interest on:

the global notes to DTC in immediately available funds;

any definitive notes having an aggregate principal amount of \$5,000,000 or less by check mailed to the holders of these notes; and

any definitive notes having an aggregate principal amount of more than \$5,000,000 by wire transfer in immediately available funds at the election of the holders of these notes.

At maturity, the applicable issuer will pay interest on the definitive notes at our office or agency in New York City, which initially will be the office or agency of the trustee in New York City.

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The applicable issuer will pay principal on:

the global notes to DTC in immediately available funds; and

any definitive notes at our office or agency in New York City, which initially will be the office or agency of the trustee in New York City.

Reference to payments of interest in this section, unless the context otherwise requires, refer to the payment of interest and additional amounts in respect to taxes, if any.

Optional Redemption by the Applicable Issuer

The 2011 notes will not be subject to redemption at Teva Finance LLC's option (other than as set forth below under "Tax Redemption"). The applicable issuer may, however, redeem the 2012 notes or the 2015 notes, in whole or in part, at any time or from time to time, on at least 20 days, but not more than 60 days, prior notice mailed to the registered address of each holder of the relevant series of notes. The redemption prices will be 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 (as defined below) discounted, on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), at a rate equal to the sum of the Treasury Rate (as defined below) and basis points in the case of the 2012 notes or basis points in the case of the 2015 notes, plus accrued and unpaid interest, if any, to the redemption date.

Comparable Treasury Issue means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the relevant series of notes.

Comparable Treasury Price means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date after excluding the highest and lowest of such Reference Treasury Dealer Quotations or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

Independent Investment Banker means one of the Reference Treasury Dealers appointed by us.

Reference Treasury Dealer means each of Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co. and Morgan Stanley & Co. Incorporated and their respective successors and two other primary U.S. Government securities dealers (each a Primary Treasury Dealer) selected by us. If any of the foregoing shall cease to be a Primary Treasury Dealer, we will substitute another nationally recognized investment banking firm that is a Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding such redemption date.

Remaining Scheduled Payments means, with respect to each note to be redeemed, the remaining scheduled payments of principal of and interest on such note that would be due after the related redemption date but for such redemption. If such redemption date is not an interest payment date with respect to such note, the amount of the next succeeding scheduled interest payment on such note will be reduced by the amount of interest accrued on such note to such redemption date.

Treasury Rate means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity (computed as of the second Business Day immediately preceding such redemption

