TEVA PHARMACEUTICAL INDUSTRIES LTD
Form S-8
January 25, 2006
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**As filed with the Securities and Exchange Commission on January 25, 2006**

**Registration No. 333**

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# Form S-8

# REGISTRATION STATEMENT

***UNDER***

***THE SECURITIES ACT OF 1933***

# TEVA PHARMACEUTICAL INDUSTRIES LIMITED

**(Exact name of registrant as specified in its charter)**

| **Israel** | **Not Applicable** |
|---|---|
| **(State or other jurisdiction of incorporation)** | **(I.R.S. Employer Identification No.)** |

**5 Basel Street**

**P.O.B. 3190**

**Petach Tikva, 49131 Israel**

**(Address, including zip code, of registrant s principal executive offices)**

**SICOR Inc. Amended and Restated 1990 Stock Plan**

**Lemmon Company 1992 U.S. Stock Option Plan**

**Teva Pharmaceutical Industries 1994 Stock Option Plan (formerly the IVAX Corporation 1994 Stock Option Plan)**

**Teva Pharmaceuticals USA, Inc. 1996 Non-Qualified Stock Option Plan**

**SICOR Inc. Amended and Restated 1997 Long-Term Incentive Plan**

**Teva Pharmaceutical Industries 1997 Employee Stock Option Plan (formerly the IVAX Corp. 1997 Employee Stock Option Plan)**

**Teva Pharmaceuticals USA, Inc. Employee Stock Option Plan**

**Teva Pharmaceuticals USA, Inc. 1998 Non-Qualified Stock Option Plan**

**Teva Pharmaceutical Industries Limited Employee Stock Purchase Plan for U.S. Employees**

**Teva Pharmaceuticals USA, Inc. 1999 Non-Qualified Stock Option Plan**

**Teva Pharmaceuticals USA, Inc. 2000 Non-Qualified Stock Option Plan**

**Stock Option Plan for Novopharm Employees**

**Donald Panoz Non-Statutory Stock Option Agreement**

**Teva Pharmaceutical Industries Ltd., 2001 Centenary Global Stock Option Plan**

**Teva Pharmaceutical Industries Ltd., 2001 Stock Option Plan for Senior Employees in Israel**

**Teva Pharmaceutical Industries Ltd., 2002 Stock Option Plan for Employees in Israel**

**Teva Pharmaceutical Industries Ltd., 2003 Stock Option Plan for Employees in Israel**

**Teva Pharmaceutical Industries Ltd., 2004 Stock Option Plan for Employees in Israel**

**Teva Pharmaceutical Industries 2004 Incentive Compensation Plan (formerly the IVAX Corp. 2004 Incentive Compensation Plan)**

**Teva Pharmaceutical Industries Limited 2005 Omnibus Long-Term Share Incentive Plan**

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**(Full title of the plans)**

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**Teva Pharmaceuticals USA, Inc.**

**1090 Horsham Road**

**North Wales, Pennsylvania 19454**

**Attention: George S. Barrett**

**(215) 591-3000**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

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***copy to:***

**Peter H. Jakes, Esq.**

**Jeffrey S. Hochman, Esq.**

**Willkie Farr & Gallagher LLP**

**787 Seventh Avenue**

**New York, New York 10019-6099**

**(212) 728-8000**

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**CALCULATION OF REGISTRATION FEE**

| Title of Securities to be Registered (1) | Amount to be Registered (2) | Proposed Maximum Offering Price per Share | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee (5) |
|---|---|---|---|---|
| Ordinary Shares, NIS 0.1 par value, deposited as American Depositary Shares represented by American Depositary Receipts | 45,807,429 | $42.70 (3) | $1,955,977,218.30 | $209,289.56 |
| Ordinary Shares, NIS 0.1 par value, deposited as American Depositary Shares represented by American Depositary Receipts | 1,763,101 | $42.93 (4) | $75,689,925.93 | $8,098.82 |
| Ordinary Shares, NIS 0.1 par value, deposited as American Depositary Shares represented by American Depositary Receipts | 1,880,869 | $42.38 (4) | $79,711,228.22 | $8,529.10 |
| Ordinary Shares, NIS 0.1 par value, deposited as American Depositary Shares represented by American Depositary Receipts | 2,019,000 | $33.27 (4) | $67,172,130.00 | $7,187.42 |
| Ordinary Shares, NIS 0.1 par value, deposited as American Depositary Shares represented by American Depositary Receipts | 1,642,495 | $18.93 (4) | $31,092,430.35 | $3,326.89 |

| | | | | |
|---|---|---|---|---|
| Ordinary Shares, NIS 0.1 par value, deposited as American Depositary Shares represented by American Depositary Receipts | 6,420,645 | $19.92 (4) | $127,899,248.40 | $13,685.22 |
| Ordinary Shares, NIS 0.1 par value, deposited as American Depositary Shares represented by American Depositary Receipts | 8,340,778 | $18.21 (4) | $151,885,567.38 | $16,251.76 |
| Total | 67,874,317 | | $2,489,427,748.58 | $266,368.77 |

(1) American Depositary Shares ( ADSs ) evidenced by American Depositary Receipts ( ADRs ) issuable on deposit of ordinary shares have been registered under a separate registration statement.

(2) The aggregate number of ordinary shares being registered represents the sum of 49,451,399 ordinary shares being registered under the Teva Pharmaceutical Industries Limited 2005 Omnibus Long-Term Share Incentive Plan, 2,019,000 ordinary shares being registered under the Teva Pharmaceutical Industries Ltd. 2004 Stock Option Plan for Employees in Israel, 1,642,495 ordinary shares being registered under the Teva Pharmaceutical Industries 2004 Incentive Compensation Plan (formerly the IVAX Corporation 2004 Incentive Compensation Plan), 6,420,645 ordinary shares being registered under the Teva Pharmaceutical Industries 1997 Employee Stock Option Plan (formerly the IVAX Corporation 1997 Employee Stock Option Plan), and 8,340,778 ordinary shares being registered under the Teva Pharmaceutical Industries 1994 Stock Option Plan (formerly the IVAX Corporation 1994 Stock Option Plan). The ordinary shares are represented by a like number of American Depositary Shares. This Registration Statement covers an indeterminate number of additional ordinary shares as may be offered or issued from time to time as a result of the antidilution protections of these incentive plans. The number of ordinary shares to be registered under the plans referenced in this footnote (2) and the number of shares previously registered under the Forms S-8 referenced in footnote (5) have been revised to reflect the stock splits effected in February 2000, December 2002 and June 2004.

(3) Based upon the average of the high and low price of an American Depositary Receipt on January 20, 2006 on the Nasdaq National Market, pursuant to Rule 457(h) under the Securities Act of 1933, as amended, for the purpose of calculation of the registration fee. One American Depositary Share equals one ordinary share.

(4) Based upon the price at which the options may be exercised, pursuant to Rule 457(h) under the Securities Act of 1933, as amended, for the purpose of calculation of the registration fee. One American Depositary Share equals one ordinary share.

(5) Pursuant to Rule 429(a) of the rules and regulations under the Securities Act of 1933, as amended, the prospectuses prepared under Part I of Form S-8 also relate to (1) the 6,800,000 ordinary shares included in the Registration Statement on Form S-8, File No. 333-13108, relating to the Teva Pharmaceuticals USA, Inc. 1999 Non-Qualified Stock Option Plan, the 2000 Non-Qualified Stock Option Plan and the Stock Option Plan for Novopharm Employees, (2) the 2,472,000 ordinary shares included in the Registration Statement on Form S-8, File No. 333-09784, relating to the Teva Pharmaceuticals USA, Inc. 1996 Non-Qualified Stock Option Plan, the Teva Pharmaceuticals USA, Inc. Employee Stock Option Plan, the Teva Pharmaceuticals USA, Inc. 1998 Non-Qualified Stock Option Plan and the Teva Pharmaceutical Industries Limited Employee Stock Purchase Plan for U.S. Employees, (3) the 80,000 ordinary shares included in the Registration Statement on Form S-8, File No. 33-76594, remaining available for issuance under the Lemmon Company 1992 U.S. Stock Option Plan, (4) 1,640,800 ordinary shares included in the Registration Statement on Form S-8, File No. 333-96725, relating to the 2001 Centenary Global Stock Option Plan (with respect to 840,800 ordinary shares that may be sold under the Global Stock Option Plan to employee participants working in the United States and Canada) and the 2000 Non-Qualified Stock Option Plan (with respect to 800,000 ordinary shares), (5) 2,200,000 ordinary shares included in the Registration Statement on Form S-8, File No. 333-112930 (1,803,876 ordinary shares under the Teva Pharmaceuticals USA, Inc. 2000 Non-Qualified Stock Option Plan, and 396,124 ordinary shares under the Stock Option Plan for Novopharm Employees), (6) 4,335,772 ordinary shares included in the Registration Statement on Form S-8, File No. 333-112115, relating to the Donald Panoz Non-Statutory Stock Option Agreement, the SICOR Inc. Amended and Restated 1990 Stock Plan and the SICOR Inc. Amended and Restated 1997 Long-Term Incentive Plan, (7) 8,219,896 ordinary shares included in the Registration Statement on Form S-8, File No. 33-118978, relating to the Teva Pharmaceutical Industries Ltd., 2001 Centenary Global Stock Option Plan (reflecting 436,000 ordinary shares under the Global Stock Option Plan available for employee participants working in Israel), the Teva Pharmaceutical Industries Ltd., 2001 Stock Option Plan for Senior Employees in Israel (with respect to 3,151,296 ordinary shares), the Teva Pharmaceutical Industries Ltd., 2002 Stock Option Plan for Employees in Israel (with respect to 3,200,000 ordinary shares), the Teva Pharmaceuticals USA, Inc. 2000 Non-Qualified Stock Option Plan (with respect to 1,250,000 ordinary shares), and the Stock Option Plan for Novopharm Employees (with respect to 182,600 ordinary shares), and (8) 4,200,000 ordinary shares included in the Registration Statement on Form S-8, File No. 333-126264, relating to the Teva Pharmaceutical Industries Ltd., 2003 Stock Option Plan for Employees in Israel (with respect to 4,000,000 ordinary shares) and the Teva Pharmaceuticals USA, Inc. 2000 Non-Qualified Stock Option Plan (with respect to 200,000 ordinary shares). The ordinary shares are represented by a like number of American Depositary Shares. The 2000 Non-Qualified Stock Option Plan was amended effective as of May 12, 2003, to increase the number of ordinary shares available under the 2000 Non-Qualified Stock Option Plan to 5,600,000 and again effective August 5, 2004, to increase the number of shares available under the 2000 Non-Qualified Stock Option Plan to 6,850,000. The filing fees previously paid in connection with the registration of such ordinary shares were $23,122.66, $3,495.14, $3,133.00, $2,167.79, $6,719.25, $10,278.26, $18,613.36, and $10,242.72 respectively, based on the then applicable filing fees.

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**EXPLANATORY NOTES**

This Registration Statement on Form S-8 incorporates by reference the Registrant s previous Registration Statements on Form S-8 (Nos. 333-13108, 333-09784, 33-76594, 333-96725, 333-112930, 333-112115, 333-118978 and 333-126264). Any items included with these previous Registration Statements not expressly changed hereby shall be as set forth in such previous Registration Statements.

This Registration Statement registers ordinary shares in connection with the offering of ordinary share-based awards to employees of Teva and its subsidiaries and affiliates under the Teva Pharmaceutical Industries Limited 2005 Omnibus Long-Term Share Incentive Plan and the Teva Pharmaceutical Industries Ltd. 2004 Stock Option Plan for Employees in Israel. This Registration Statement also registers ordinary shares to be issued to employees of IVAX Corporation under the Teva Pharmaceutical Industries 2004 Incentive Compensation Plan (formerly the IVAX Corporation 2004 Incentive Compensation Plan), the Teva Pharmaceutical Industries 1997 Employee Stock Option Plan (formerly the IVAX Corporation 1997 Employee Stock Option Plan), and the Teva Pharmaceutical Industries 1994 Stock Option Plan (formerly the IVAX Corporation 1994 Stock Option Plan). The options granted under such IVAX Corporation plans will be converted to options to purchase Teva s ADSs, subject to the closing of the transaction described in that certain Agreement and Plan of Merger, by and among IVAX Corporation, Teva Pharmaceutical Industries Limited, Ivory Acquisition Sub, Inc. and Ivory Acquisition Sub II, Inc, dated July, 25, 2005, as filed with the Securities and Exchange Commission on Form F-4 filed on September 2, 2005, as amended (Registration Statement No. 333-128095).

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**REOFFER PROSPECTUS**

**TEVA PHARMACEUTICAL INDUSTRIES LIMITED**

**1,825,633 AMERICAN DEPOSITARY SHARES**

(each representing one ordinary share, par value NIS 0.10)

This prospectus relates to the resale of up to 1,825,633 American Depositary Shares, or ADSs, of Teva Pharmaceutical Industries Limited, evidenced by American Depositary Receipts, or ADRs, each representing one ordinary share of Teva, that have been issued, or may be issued in the future, upon the exercise of options or other equity-based awards granted under Teva s equity-based incentive plans. The ADSs may be offered for sale from time to time by certain of our stockholders, as described under the caption Selling Stockholders.

We will not receive any proceeds from the sale of the ADSs by the selling stockholders pursuant to this prospectus, other than the exercise price that will be paid to us upon the exercise of the awards. The selling stockholders may acquire the ADSs pursuant to grants under our equity-based incentive plans, and these stockholders may resell all, a portion, or none of the ADSs from time to time. We have paid the expenses incurred in registering the ADSs, but all selling and other expenses incurred by each of the selling stockholders will be borne by that stockholder.

The selling stockholders and participating brokers and dealers may be deemed to be underwriters within the meaning of the Securities Act of 1933, as amended, in which event any profit on the sale of shares by the selling stockholders and any commissions or discounts received by those brokers or dealers may be deemed to be underwriting compensation under the Securities Act.

Our ordinary shares are traded on the Tel-Aviv Stock Exchange, and our ADSs are quoted on the Nasdaq National Market under the symbol TEVA. On January 24, 2006, the last reported sale price of our ADSs on the Nasdaq National Market was $40.95 per ADS.

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**Investing in our securities involves risks. See Risk Factors beginning on page 3 of this prospectus. You should read this prospectus and any accompanying prospectus supplement carefully before you make your investment decision.**

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is January 25, 2006

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**YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS. INCORPORATED BY REFERENCE MEANS THAT WE CAN DISCLOSE IMPORTANT INFORMATION TO YOU BY REFERRING YOU TO ANOTHER DOCUMENT FILED SEPARATELY WITH THE SEC. NEITHER WE NOR THE SELLING STOCKHOLDERS HAVE AUTHORIZED ANY OTHER PERSON TO PROVIDE YOU WITH DIFFERENT INFORMATION. IF ANYONE PROVIDES YOU WITH DIFFERENT OR INCONSISTENT INFORMATION, YOU SHOULD NOT RELY ON IT. WE ARE NOT MAKING, NOR WILL WE MAKE, AN OFFER TO SELL SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED. YOU SHOULD ASSUME THAT THE INFORMATION APPEARING IN THIS PROSPECTUS AND ANY SUPPLEMENT TO THIS PROSPECTUS IS CURRENT ONLY AS OF THE DATES ON THEIR RESPECTIVE COVERS. OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS MAY HAVE CHANGED SINCE THAT DATE. UNLESS OTHERWISE INDICATED, ALL REFERENCES TO TEVA, WE, US AND OUR REFER TO TEVA PHARMACEUTICAL INDUSTRIES LIMITED AND ITS SUBSIDIARIES, COLLECTIVELY.**

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## TEVA PHARMACEUTICAL INDUSTRIES LIMITED

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 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.

On July 25, 2005, Teva and Ivax Corporation ( Ivax ) jointly announced that they had signed a definitive agreement providing for the acquisition of Ivax by Teva. Under the terms of the agreement, each share of Ivax common stock will be exchanged for either $26.00 in cash or 0.8471 Teva ordinary shares (subject to proration), which trade in the United States in the form of ADSs, evidenced by American Depositary Receipts, or ADRs. Under the terms and subject to the conditions of the definitive agreement, it is anticipated that the closing of the acquisition will take place on January 26, 2006.

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.

## WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement that we filed with the SEC. The registration statement, including the attached exhibits, contains additional relevant information about us. The rules and regulations of the SEC allow us to omit some of the information included in the registration statement from this prospectus. In addition, we file annual and special reports and other information with the SEC. You may read and copy such material at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, as well as at the SEC s regional offices. You may also obtain copies of such material from the SEC at prescribed rates by writing to the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms.

The SEC maintains an Internet website at http://www.sec.gov that contains reports, proxies, information statements and other material that are filed through the SEC s Electronic Data Gathering, Analysis and Retrieval (EDGAR) system and filed electronically with the SEC. We began filing through the EDGAR system beginning on October 31, 2002.

Our ADSs are quoted on the Nasdaq National Market under the symbol TEVA. You may inspect certain reports and other information concerning us at the offices of the National Association of Securities Dealers, Inc., 1735 K Street, N.W., Washington, D.C. 20006.

Information about us is also available on our website at http://www.tevapharm.com. Such information on our website is not part of this prospectus.

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## INCORPORATION BY REFERENCE

The rules of the SEC allow us to incorporate by reference information into this prospectus. The information incorporated by reference is considered to be a part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information.

The following documents filed with the SEC are incorporated in this prospectus by reference:

(a) Our Annual Report on Form 20-F for the year ended December 31, 2004 (File No. 0-16174);

(b) All Reports of Foreign Private Issuer on Form 6-K filed by the Registrant with the SEC since December 31, 2004, including its Reports on Form 6-K filed on January 4, 2005; January 18, 2005; January 26, 2005; January 31, 2005 (two reports); February 3, 2005; February 14, 2005 (three reports); February 15, 2005; February 17, 2005 (two reports); February 24, 2005; March 22, 2005; March 28, 2005; March 29, 2005; April 13, 2005; May 2, 2005; May 3, 2005; May 11, 2005; May 17, 2005, May 23, 2005, May 31, 2005, June 6, 2005 (two reports), June 16, 2005, June 22, 2005, June 27, 2005, June 28, 2005 (two reports), June 30, 2005, July 6, 2005, July 19, 2005, July 20, 2005 (two reports), July 25, 2005 (two reports), July 28, 2005, August 1, 2005, August 10, 2005, August 16, 2005 (two reports), August 18, 2005, August 25, 2005, September 6, 2005, September 14, 2005, September 20, 2005, October 6, 2005, October 11, 2005, October 12, 2005, October 19, 2005 (three reports), October 26, 2005, October 27, 2005, October 31, 2005 (two reports), November 8, 2005, November 9, 2005, November 15, 2005, November 28, 2005 (two reports), December 1, 2005, December 5, 2005, December 6, 2005, December 7, 2005 (two reports), December 13, 2005 (two reports), December 16, 2005, December 20, 2005, December 23, 2005, January 3, 2006, January 4, 2006, January 10, 2006, January 17, 2006 and January 23, 2006; and

(c) The description of Teva s ordinary shares, par value NIS 0.10 per share and the American Depositary Shares representing the ordinary shares, contained in the registration statement on Form F-4, filed on September 2, 2005, as amended (Registration Statement No. 333-128095).

All reports and other documents filed by Teva pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act ) subsequent to the date hereof and prior to the filing of a post-effective amendment which indicates that all the securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this prospectus and to be part of this prospectus from the date of filing of such reports and documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference shall be deemed to be modified or superseded for purposes of this registration statement to the extent that a statement contained in this prospectus or in any other subsequently filed document which is incorporated or deemed to be incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this registration statement.

You may also obtain copies of these documents free of charge by contacting us at our address or telephone number set forth below:

Teva Pharmaceutical Industries Limited

5 Basel Street

P.O. Box 3190

Petach Tikva 49131 Israel

972-3-926-7267

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## RISK FACTORS

*Before you invest in our securities, you should carefully consider the risks involved. In addition, we may include additional risk factors in a prospectus supplement to the extent there are additional risks related to the securities offered by that prospectus supplement. Accordingly, you should carefully consider the following factors, other information in this prospectus or in the documents incorporated by reference and any additional risk factors included in the relevant prospectus supplement:*

### Risks Associated with Teva and the Pharmaceutical Industry

***Our success depends on our ability to successfully develop and commercialize additional pharmaceutical products.***

Our future results of operations depend, to a significant degree, upon our ability to successfully commercialize additional generic and innovative branded pharmaceutical products. We must develop, test and manufacture generic products as well as prove that our generic products are the bio-equivalent of their branded counterparts. All of our products must meet and continue to comply with regulatory and safety standards and receive regulatory approvals; we may be forced to withdraw a product from the market if health or safety concerns arise with respect to such product. The development and commercialization process, particularly with respect to innovative products, is both time consuming and costly and involves a high degree of business risk. Our products currently under development, if and when fully developed and tested, may not perform as we expect, necessary regulatory approvals may not be obtained in a timely manner, if at all, and we may not be able to successfully and profitably produce and market such products. Delays in any part of the process or our inability to obtain regulatory approval of our products (including certain products filed by Andrx Corporation, IMPAX Laboratories Inc. and Biovail Corporation, for which we have exclusive marketing rights) could adversely affect our operating results by restricting or delaying our introduction of new products. The continuous introduction of new generic products is critical to our business.

***Our revenues and profits from any particular generic pharmaceutical products decline as our competitors introduce their own generic equivalents.***

Selling prices of generic drugs typically decline, sometimes dramatically, as additional companies receive approvals for a given product and competition intensifies. To the extent that we succeed in being the first to market a generic version of a significant product, and particularly if we obtain the 180-day period of market exclusivity for the U.S. market provided under the Hatch-Waxman Act, our sales, profit and profitability can be substantially increased in the period following the introduction of such product and prior to a competitor s introduction of the equivalent product or the launch of an authorized generic. Our ability to sustain our sales and profitability on any product over time is dependent on both the number of new competitors for such product and the timing of their approvals. Our overall profitability depends, among other things, on our ability to continuously and timely introduce new products.

***Our generic pharmaceutical products face intense competition from brand-name companies that sell or license their own generic products or seek to delay the introduction of generic products.***

Brand-name pharmaceutical companies have taken aggressive steps to thwart competition from generic companies. In particular, brand-name companies continue to sell or license their products directly or through licensing arrangements or strategic alliances with generic pharmaceutical companies (so-called authorized generics ). No significant regulatory approvals are required for a brand-name company to sell directly or through

a third party to the generic market. Brand-name companies do not face any other significant barriers to entry into such market. In addition, such companies continually seek new ways to delay generic introduction and decrease the impact of generic competition, such as

- filing new patent applications on drugs whose original patent protection is about to expire;
- filing an increasing number of patent applications that are more complex and costly to challenge;
- filing suits for patent infringement that automatically delay FDA approval;

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filing citizens petitions with the FDA contesting approval of the generic version of the product due to alleged health and safety issues;

developing controlled-release or other next-generation products, which often reduces demand for the generic version of the existing product for which we are seeking approval;

changing product claims and product labeling; or

developing and marketing as over-the-counter products those branded products which are about to face generic competition.

These strategies may increase the costs and risks associated with our efforts to introduce generic products and may delay or prevent such introduction altogether.

***Changes in the regulatory environment may prevent us from utilizing the exclusivity periods that are important to the success of our generic products.***

The FDA s policy regarding the award of 180-days market exclusivity to generic manufacturers who challenge patents relating to specific products continues to be the subject of extensive litigation in the United States. The FDA s current interpretation of the Hatch-Waxman Act is to award 180 days of exclusivity to the first generic manufacturer who files a Paragraph IV certification under the Act challenging the patent of the branded product, regardless of whether the generic manufacturer was sued for patent infringement. Although the FDA s interpretation may benefit some of the products in our pipeline, it may adversely affect others.

The Medicare Prescription Drug Act provides that the 180-day market exclusivity period provided under the Hatch-Waxman Act is only triggered by the commercial marketing of the product. However, the Medicare Act also contains forfeiture provisions which, if met, will deprive the first Paragraph IV filer of exclusivity. As a result, under certain circumstances, we may not be able to exploit our 180-day exclusivity period since it may be forfeited prior to our being able to market the product.

In addition, legal and administrative battles over triggering dates and shared exclusivities may also prevent us from fully utilizing the exclusivity periods.

***If we elect to sell a generic product prior to any court decision or prior to the completion of all appellate level patent litigation, we could be subject to liabilities for damages.***

At times we or our partners seek approval to market generic products before the expiration of patents for those products, based upon our belief that such patents are invalid, unenforceable, or would not be infringed by our products. As a result, we are involved in a number of patent litigations the outcome of which could materially adversely affect our business. Based upon a complex analysis of a variety of legal and commercial factors, we may, in certain circumstances, elect to market a generic product even though litigation is still pending. This could be before any court decision is rendered or while an appeal of a lower court decision is pending. To the extent we elect to proceed in this manner, we could face substantial liability for patent infringement if the final court decision is adverse to us and could be required to cease the sale of certain products. For example, we launched, and continue to sell, generic versions of Allegra®, Neurontin®, Oxycontin® and Zithromax® tablets

and capsules despite the fact that appellate litigation with the branded companies was still pending. Our ability to introduce new products may depend upon our ability to successfully challenge patent rights held by branded companies.

***Our sales of Copaxone® could be adversely affected by competition.***

Copaxone® is our leading innovative product, from which we derive substantial revenues and profits. To date, we and our marketing partners have been successful in our efforts to establish Copaxone® as a leading therapy for multiple sclerosis and have increased our global market share among the currently available major therapies for multiple sclerosis. However, Copaxone® faces intense competition from existing products, such as Avonex®, Betaseron® and Rebif®. We may also face competition from additional products in development or a product which may be re-introduced into the market. In addition, the exclusivity protections afforded us in the United States through orphan drug status for Copaxone® expired on December 20, 2003. If our patents on Copaxone® are successfully challenged, we may also face generic competition for this product.

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***We are subject to government regulation that increases our costs and could prevent us from marketing or selling our products.***

We are subject to extensive pharmaceutical industry regulations in the United States, Canada, the European Union, and its member states including England, Hungary, The Netherlands, France and Italy, in Israel and in other jurisdictions. We cannot predict the extent to which we may be affected by legislative and other regulatory developments concerning our products. We are also subject to various environmental laws and regulations in the jurisdictions where we have manufacturing operations.

We are dependent on obtaining timely approvals before marketing most of our products. In the United States, any manufacturer failing to comply with FDA or other applicable regulatory agency requirements may be unable to obtain approvals for the introduction of new products and, even after approval, initial product shipments may be delayed. The FDA also has the authority to revoke drug approvals previously granted and remove from the market previously approved drug products containing ingredients no longer approved by the FDA. Our major facilities, both in the United States and outside the United States, and products are periodically inspected by the FDA, which has extensive enforcement powers over the activities of pharmaceutical manufacturers, including the power to seize, force to recall and prohibit the sale or import of non-complying products, and halt operations of and criminally prosecute non-complying manufacturers.

In Europe and Israel, the manufacture and sale of pharmaceutical products is regulated in a manner substantially similar to that in the United States. Legal requirements generally prohibit the handling, manufacture, marketing and importation of any pharmaceutical product unless it is properly registered in accordance with applicable law. The registration file relating to any particular product must contain medical data related to product efficacy and safety, including results of clinical testing and references to medical publications, as well as detailed information regarding production methods and quality control. Health ministries are authorized to cancel the registration of a product if it is found to be harmful or ineffective or manufactured and marketed other than in accordance with registration conditions.

Data exclusivity provisions exist in many countries worldwide, although their application is not uniform. Similar provisions may be adopted or modified by additional countries. Data exclusivity provisions were recently modified in the European Union and adopted in Israel. In general, these exclusivity provisions prevent the approval and/or submission of generic drug applications to the health authorities for a fixed period of time following the first approval of a novel brand name product in that country. As these exclusivity provisions operate independently of patent exclusivity, they may prevent the approval and/or submission of generic drug applications for some products even after the patent protection has expired.

***We may not be able to successfully identify, consummate and integrate future acquisitions, including our pending acquisition of Ivax.***

In the past, we have grown, in part, through a number of significant acquisitions, including our recent acquisition of Sicor Inc. We continue to be engaged in various stages of evaluating or pursuing potential acquisitions and may in the future acquire other pharmaceutical and active pharmaceutical ingredients businesses and seek to integrate them into our own operations. In particular, we have entered into an agreement to acquire Ivax for an aggregate of approximately $7.8 billion in cash and ADSs, based on the value of our ADSs at the time of the agreement. For a more detailed discussion regarding our acquisition of Ivax, read carefully the section below entitled Risks Associated with our Pending Merger with Ivax.

Future acquisitions involve known and unknown risks that could adversely affect our future revenues and operating results. For example:

We compete with others to acquire companies. We believe that this competition has intensified and may result in decreased availability or increased prices for suitable acquisition candidates.

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We may not be able to obtain the necessary regulatory approvals, including the approval of anti-competition regulatory bodies, in any countries in which we may seek to consummate potential acquisitions.

We may ultimately fail to consummate an acquisition even if we announce that we plan to acquire a company.

We may fail to successfully integrate our acquisitions in accordance with our business strategy.

Potential acquisitions may divert management s attention away from our primary product offerings, resulting in the loss of key customers and/or personnel and expose us to unanticipated liabilities.

We may not be able to retain the skilled employees and experienced management that may be necessary to operate the businesses we may acquire and, if we cannot retain such personnel, we may not be able to locate or hire new skilled employees and experienced management to replace them.

We may purchase a company that has contingent liabilities that include, among others, known or unknown patent or product liability claims.

***As a pharmaceutical company, we are susceptible to product liability claims that may not be covered by insurance, including potential claims relating to products that we previously sold or currently sell and that are not covered by insurance.***

Our business inherently exposes us to claims relating to the use of our products. We sell, and will continue to sell, pharmaceutical products for which product liability insurance coverage is not available, and accordingly, we may be subject to claims that are not covered by insurance as well as claims that exceed our policy limits. Additional products for which we currently have coverage may be excluded in the future. In addition, product liability coverage for pharmaceutical companies is becoming more expensive and increasingly difficult to obtain. As a result, we may not be able to obtain the type and amount of coverage we desire. Because of the nature of these claims, we are generally not permitted under U.S. GAAP to establish reserves in our accounts for such contingencies.

***Reforms in the health care industry and the uncertainty associated with pharmaceutical pricing, reimbursement and related matters could adversely affect the marketing, pricing and demand for our products.***

Increasing expenditures for health care have been the subject of considerable public attention in Israel, North America and many European countries. Both private and governmental entities are seeking ways to reduce or contain health care costs. In many countries in which we currently operate, including Israel, pharmaceutical prices are subject to regulation. In the United States, numerous proposals that would effect changes in the United States health care system have been introduced or proposed in Congress and in some state legislatures. Similar activities are taking place throughout Europe. We cannot predict the nature of the measures that may be adopted or their impact on the marketing, pricing and demand for our products.

***The success of our innovative products depends on the effectiveness of our patents and confidentiality agreements to defend our intellectual property rights.***

Our success with our innovative products depends, in part, on our ability to protect our current and future innovative products and to defend our intellectual property rights. If we fail to adequately protect our intellectual property, competitors may manufacture and market products identical or similar to ours. We have been issued numerous patents covering our innovative products, and have filed, and expect to continue to file, patent applications seeking to protect newly developed technologies and products in various countries, including the United States. Any existing or future patents issued to or licensed by us may not provide us with any competitive advantages for our products or may even be challenged, invalidated or circumvented by competitors. In addition, such patent rights may not prevent our competitors from developing, using or commercializing products that are similar or functionally equivalent to our products.

We also rely on trade secrets, unpatented proprietary know-how, trademarks, data exclusivity and continuing technological innovation that we seek to protect, in part, by confidentiality agreements with licensees,

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suppliers, employees and consultants. It is possible that these agreements will be breached and we will not have adequate remedies for any such breach. Disputes may arise concerning the ownership of intellectual property or the applicability of confidentiality agreements. Furthermore, our trade secrets and proprietary technology may otherwise become known or be independently developed by our competitors or, if patents are not issued with respect to products arising from research, we may not be able to maintain the confidentiality of information relating to such products.

***We have significant international operations, including in Israel, which may be adversely affected by acts of terrorism, major hostilities or adverse legislation or litigation.***

Significant portions of our operations are conducted outside of the United States, and we import a substantial number of products into the United States. We may, therefore, be directly affected and denied access to our customers by a closure of the borders of the United States for any reason or as a result of other economic, political and military conditions in the countries in which our businesses are located. We may also be affected by currency exchange rate fluctuations and the exchange control regulations of such countries or other political crisis or disturbances, which impede access to our suppliers.

Our executive offices and a substantial number of our manufacturing facilities are located in Israel. Our Israeli operations are dependent upon materials imported from outside of Israel. We also export significant amounts of products from Israel. Accordingly, our operations could be materially and adversely affected by acts of terrorism or if major hostilities should occur in the Middle East or trade between Israel and its present trading partners should be curtailed, including as a result of acts of terrorism in the United States. Any such effects may not be covered by insurance.

We may be subject to legislation in Israel, primarily relating to patents and data exclusivity provisions, that would prevent us from exporting Israeli-manufactured products in a timely fashion. Additionally, the existence of third party patents in Israel, with the attendant risk of litigation, may cause us to move production outside of Israel or otherwise adversely affect our ability to export certain products from Israel. Although legislation addressing some of these problems has been proposed, we can not assure you that it will be enacted.

***Because we are a foreign entity, you may have difficulties enforcing your rights under the securities offered by this prospectus.***

We are an Israeli company, and most of our officers, directors or persons of equivalent position reside outside 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.

**Risks Associated with our Pending Merger with Ivax**

***We may experience difficulties in integrating Ivax s business with our existing businesses.***

The merger involves the integration of two companies that have previously operated independently. The difficulties of combining the companies operations include:

1. the necessity of coordinating and consolidating geographically separated organizations, systems and facilities; and

2. integrating our management and personnel with that of Ivax, maintaining employee morale and retaining key employees.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of the combined company s businesses and the loss of key personnel. The diversion of management s attention and any delays or difficulties encountered in connection with the merger and the integration of the two companies operations could have an adverse effect on the business, results of operations, financial conditions or prospects of the combined company after the merger.

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Achieving the anticipated benefits of the merger will depend in part upon whether we can integrate Ivax s businesses in an efficient and effective manner. We may not accomplish this integration process smoothly or successfully. If management is unable to successfully integrate the operations of the two companies, the anticipated benefits of the pending merger may not be realized.

***We may not achieve the revenue and cost synergies we have anticipated for the combined company.***

Our rationale for the merger is, in part, predicated on the projected ability of the combined company to realize certain revenue and cost synergies. Achieving these synergies is dependent upon a number of factors, some of which are beyond our control. These synergies may not be realized in the amount or time frame that we currently anticipate.

***Charges to earnings resulting from the merger could have a material adverse impact on the combined company s results of operations.***

In accordance with United States generally accepted accounting principles, the combined company will allocate the total purchase price of the merger to Ivax s net tangible assets, amortizable intangible assets, intangible assets with indefinite lives and in-process research and development, based on their fair values as of the date of completion of the merger. The combined company will record the excess of the purchase price over those fair values as goodwill. The portion of the estimated purchase price allocated to in-process research and development will be expensed by the combined company in the quarter in which the merger is completed. The preliminary estimate of the amount to be expensed in the quarter in which the merger is completed related to in-process research and development is $1,300 million. The combined company will incur additional depreciation and amortization expense over the useful lives of certain of the net tangible and intangible assets acquired in connection with the merger. Annual amortization of intangible assets of Ivax, currently estimated at $28.4 million for 2006, will result in an estimated increase in amortization expense of $71.6 million on an annual basis. In addition, to the extent the value of goodwill or intangible assets becomes impaired in the future, the combined company may be required to incur material charges relating to the impairment of those assets. These amortization and in-process research and development and potential impairment charges could have a material impact on the combined company s results of operations.

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## FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this prospectus 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 ot 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:

1. our business strategy;
2. the development of our products;
3. our projected capital expenditures;
4. our liquidity; and
5. the results of our pending acquisition of Ivax.

This prospectus contains or incorporates 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 our ability to successfully develop and commercialize additional pharmaceutical products, the introduction of competing generic products, the impact of competition from brand-name companies that sell or license their own brand products under generic trade dress and at generic prices (so-called authorized generics ) or seek to delay the introduction of generic products, regulatory changes that may prevent us from exploiting exclusivity periods, potential liability for sales of generic products prior to a final court decision, including that relating to the generic versions of Allegra®, Neurontin®, Oxycontin® and Zithromax®, the effects of competition on Copaxone® sales, the impact of pharmaceutical industry regulation and pending legislation that could affect the pharmaceutical industry, the difficulty of predicting U.S. Food and Drug Administration ( FDA ), European Medicines Agency ( EMEA ) and other regulatory authority approvals, the regulatory environment and changes in the health policies and structures of various countries, our ability to successfully identify, consummate and integrate acquisitions, including risks related to our pending acquisition of Ivax, our potential exposure to product liability claims, our dependence on patent and other protections for innovative products, the fact that we have significant operations outside the United States that may be adversely affected by terrorism or major hostilities, fluctuations in currency, exchange and interest rates, operating results and other factors that are discussed in this prospectus and in our other filings made with the SEC.

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 6-K reports to the SEC. Also note that we provide a cautionary discussion of risks and uncertainties under Risk Factors above. These are factors that we think could cause our actual results to differ materially from expected results. Other factors besides those listed here could also adversely affect us. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

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## USE OF PROCEEDS

We will not receive any of the proceeds from the sale of ADSs by the selling stockholders, which may be sold under this prospectus, although the ADSs issuable upon exercise of options granted under Teva s equity-based incentive plans will be subject to the payment to us of the option exercise price. All expenses of registration incurred in connection with this registration statement will be borne by us, but all selling and other expenses incurred by a selling stockholder will be borne by the selling stockholder.

## SELLING STOCKHOLDERS

This prospectus relates to 1,825,633 ADSs issuable upon exercise of options or payment of other equity-based awards, which may be offered for sale from time to time by certain of our present officers noted below, who acquired or will acquire the ADSs pursuant to our equity-based incentive plans. The selling stockholders may resell all, a portion, or none of the ADSs from time to time.

Information regarding the selling stockholders, including the number of ADSs offered for sale, may change from time to time and any changed information will be set forth in a prospectus supplement to the extent required.

| Name of Selling Stockholder | Position | Number of ADSs beneficially owned(1) | Number of ADSs covered by this prospectus(2) | Number of ADSs to be beneficially owned if all ADSs offered hereby are sold |
|---|---|---|---|---|
| George S. Barrett | Group Vice President - North America, and President and CEO - Teva North America | 552,888 | 552,888 | 0 |
| William A. Fletcher | Chairman - Teva North America | 610,190 | 610,190 | 0 |
| Marvin Samson | Group Vice President Worldwide Injectables | 158,410 | 158,410 | 0 |
| William S. Marth | President and CEO - Teva Pharmaceuticals USA, Inc. | 386,412 | 386,412 | 0 |
| Christopher Pelloni | Vice President - Global Generic R&D | 117,733 | 117,733 | 0 |

(1) Based on information furnished by the respective selling stockholder as of January 9, 2006. Under applicable rules, ADSs are deemed to be beneficially owned by a person if he directly or indirectly has or shares the power to vote or dispose of the ADSs, whether or not he has any economic interest with respect to the ADSs. Includes ADSs beneficially owned by members of the immediate families of the selling stockholders residing in their homes and also includes all ADSs issuable upon the exercise or distribution of options or awards granted under Teva s equity-based incentive plans, whether or not exercisable or vested as of, or within 60 days of, the date of this prospectus. For purposes of the number of ADSs beneficially owned by William S. Marth, such number includes 59,541 ADSs subject to options or acquired under our Employee Stock Purchase Plan, and beneficially owned by his wife, Judith M. Marth (a/k/a Judith Milford), as to which Mr. Marth disclaims any beneficial ownership.

(2) Includes all ADSs issuable upon the exercise of options or payment of awards granted under Teva s equity-based incentive plans, including the employee stock purchase plan, whether or not exercisable or vested as of, or within 60 days of, the date of this prospectus.

Any selling stockholder may from time to time sell under this prospectus any or all of the ADSs owned by him. Because the selling stockholder is not obligated to sell any or all of the ADSs held by him, we cannot estimate the number of ADSs that the selling stockholder will beneficially own after this offering.

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## PLAN OF DISTRIBUTION

The selling stockholders may sell the ADSs covered by this prospectus on the Nasdaq National Market, on any stock exchange on which the ADSs may be listed at the time of sale or otherwise, at prevailing market prices at the time of sale, at prices related to the prevailing market prices, at varying prices determined at the time of sale, or at negotiated prices.

The selling stockholders and any underwriters, broker-dealers or agents that participate in the sale of the ADSs may be underwriters within the meaning of Section 2(11) of the Securities Act of 1933, as amended (the Securities Act ). Any discounts, commissions, concessions or profit they make on any resale of the ADSs may be underwriting discounts and commissions under the Securities Act. Selling stockholders who are underwriters within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act. The selling stockholders have acknowledged that they understand their obligations to comply with the provisions of the Exchange Act and the rules thereunder relating to stock manipulation, particularly Regulation M.

In addition, any ADSs covered by this prospectus which qualify for sale pursuant to Rule 144 of the Securities Act may be sold under those rules rather than pursuant to this prospectus. Additional information related to the selling stockholders and the Plan of Distribution may be provided in one or more supplemental prospectuses.

## DESCRIPTION OF ORDINARY SHARES

### Description of Ordinary Shares

The par value of Teva ordinary shares is NIS 0.10 per share, and all issued and outstanding ordinary shares are fully paid and non-assessable. Holders of paid-up ordinary shares are entitled to participate equally in the payment of dividends and other distributions and, in the event of liquidation, in all distributions after the discharge of liabilities to creditors.

Teva s board of directors may declare interim dividends and propose the final dividend with respect to any fiscal year out of profits available for dividends after statutory appropriation to capital reserves. Declaration of a final dividend (not exceeding the amount proposed by the board) requires shareholder approval through the adoption of an ordinary resolution. Dividends are declared in NIS. All ordinary shares represented by the ADRs will be issued in registered form only. Ordinary shares do not entitle their holders to preemptive rights.

Voting is on the basis of one vote per share. An ordinary resolution (for example, resolutions for the approval of final dividends and the appointment of auditors) requires the affirmative vote of a majority of the shares voting in person or by proxy. Certain resolutions (for example, resolutions amending the articles of association and authorizing changes in the rights of shareholders) require the affirmative vote of at least 75% of the shares voting in person or by proxy, and certain amendments of the articles of association require the affirmative vote of at least 85% of the shares voting in person or by proxy, unless a lower percentage shall have been established by the board of directors, approved by three-quarters of those persons voting, at a meeting of the board of directors which shall have taken place prior to that general meeting.

**Meetings of Shareholders**

Under the Israeli Companies Law, Teva is required to hold an annual meeting every year no later than fifteen months after the previous annual meeting. In addition, Teva is required to hold a special meeting:

- at the direction of the board of directors;
- if so requested by two directors or one-fourth of the serving directors; or
- upon the request of one or more shareholders who have at least 5% of the voting rights.

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If the board of directors receives a demand to convene a special meeting, it must publicly announce the scheduling of the meeting within 21 days after the demand was delivered. The meeting must then be held no later than 35 days after the notice was made public.

The agenda at an annual meeting is determined by the board of directors. The agenda must also include proposals for which the convening of a special meeting was demanded, as well as any proposal requested by one or more shareholders who hold no less than 1% of the voting rights, as long as the proposal is one suitable for discussion at an annual meeting.

A notice of an annual meeting must be made public and delivered to every shareholder registered in the shareholders register at least 30 days before the meeting is convened. The shareholders entitled to participate and vote at the meeting are the shareholders as of the record date set in the decision to convene the meeting, provided that the record date is not more than 40 days, and not less than 28 days, before the date of the meeting, provided that notice of the general meeting was published prior to the record date.