TEVA PHARMACEUTICAL INDUSTRIES LTD
Form 424B5
March 16, 2011
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The information in this supplement is not complete and may be changed. 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 March 16, 2011

PROSPECTUS SUPPLEMENT

(To Prospectus dated December 4, 2008)

Teva Pharmaceutical Finance III B.V.

$ % Senior Notes due 2014

$ Floating Rate Senior Notes due 2014

Payment of principal and interest unconditionally guaranteed by

Teva Pharmaceutical Industries Limited

This is an offering by Teva Pharmaceutical Finance III B.V. (Teva Finance) of $ of its % Senior Notes due 2014 (the fixed rate notes) and $ of its Floating Rate Senior Notes due 2014 (the floating rate notes and together with the fixed rate notes, the notes). The fixed rate notes will mature on March , 2014 and the floating rate notes will mature on March , 2014.

Teva Finance will pay interest on the fixed rate notes in arrears on March and September of each year, beginning September , 2011, to the holders of record at the close of business on the preceding March and September , respectively. Teva Finance will pay interest on the floating rate notes quarterly in arrears on the day of March, June, September and December of each year, beginning on June , 2011, to the holders of record at the close of business on the 15th calendar day immediately preceding such interest payment date (whether or not a business day). Payment of all principal and interest payable on the notes is unconditionally guaranteed by Teva Pharmaceutical Industries Limited (Teva).

Teva Finance may redeem the fixed rate 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. The fixed rate notes will be redeemable at a redemption price equal to the greater of (1) 100% of the principal amount of the fixed rate notes to be redeemed and (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 plus basis points, plus accrued and unpaid interest, if any, to the redemption date. The floating rate notes will not be subject to redemption at Teva Finance s option (other than as set forth below in Description of the Notes and the Guarantees Tax Redemption).

The notes will be unsecured senior obligations of Teva Finance, which is an indirect subsidiary of Teva, and the guarantees will be the unsecured senior obligations of Teva. Teva intends to use the $ of net proceeds from the offering to repay amounts outstanding under its unsecured credit facilities.

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 % Senior Note due 2014	**Total**	**Per Floating Rate Senior Note due 2014**	**Total**
Offering price(1)	%	$	%	$
Underwriting discount	%	$	%	$
Proceeds to Teva Finance (before expenses)	%	$	%	$

(1) Plus accrued interest, if any, from March , 2011, if settlement occurs after that date.

The underwriters expect to deliver the notes on or about March , 2011.

Active Joint Book-Running Managers

Barclays Capital **Goldman, Sachs & Co.** **Morgan Stanley**

Passive Book-Running Managers

BNP PARIBAS **Citi** **HSBC**

The date of this prospectus supplement is March , 2011.

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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.

This prospectus supplement and accompanying prospectus have been prepared on the basis that any offer of notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under Article 3, paragraph 2 of the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Relevant Member State of notes which are the subject of the offering contemplated in this prospectus supplement may only do so in circumstances in which no obligation arises for Teva Finance or any of the managers to publish a prospectus pursuant to Article 3, paragraph 1 of the Prospectus Directive, in each case, in relation to such offer. Neither Teva Finance nor the managers have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for Teva Finance or the managers to publish a prospectus for such offer. The expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

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 refer to Teva Pharmaceutical Finance III B.V., an indirect subsidiary of Teva.

The Company

We are a global pharmaceutical company that develops, produces and markets generic drugs in all major therapeutic categories. We are the leading generic drug company in the world with the leading position in the United States (in terms of both value and volume) as well as in Europe (in terms of value). While our core business is generic pharmaceuticals, approximately 30% of our sales is generated from innovative and branded drugs, which include Copaxone® for multiple sclerosis and Azilect® for Parkinson s disease as well as biosimilars, respiratory and women s health products. Our active pharmaceutical ingredient (API) manufacturing capabilities enable our own pharmaceutical production to be significantly vertically integrated.

Our global presence ranges from North and Latin America to Europe and Asia. We currently have direct operations in approximately 60 countries including 40 finished dosage pharmaceutical manufacturing sites in 19 countries, 28 pharmaceutical R&D centers and 21 API manufacturing sites.

In 2010, we generated approximately 60% of our sales in North America, approximately 25% in Europe (which includes all European Union (EU) member states and other Western European countries) and approximately 15% in other regions (primarily Latin America, Israel, Russia and other 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, and our telephone number is +972-3-926-7267.

Teva Finance

Teva Finance is a Curaçao private limited liability company that was formed on December 9, 2003 to issue debt securities pursuant to the accompanying prospectus. Its address is Schottegatweg Oost 29D, Curaçao, telephone number +5999-736-6066.

Recent Developments

The following updates relate to litigation previously disclosed in the Company s 2010 Annual Report on Form 20-F, which was filed with the United States Securities and Exchange Commission on February 15, 2011.

On March 1, 2011, the United States District Court for the Southern District of New York scheduled a trial date of September 7, 2011 in the Company s consolidated patent infringement litigation against Momenta Pharmaceuticals, Inc./Sandoz Inc. and Mylan Pharmaceuticals, Inc./Mylan Inc./Natco Pharma Ltd. relating to the Company s leading innovative product, Copaxone® (glatiramer acetate injection).

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On March 3, 2011, the United States District Court for the District of New Jersey granted Wyeth s motion to strike the Company s patent misuse and unclean hands defenses in the Company s patent litigation relating to sales of its 20 mg and 40 mg pantoprazole sodium tablets. In its decision, the District Court dismissed the Company s unclean hands defenses with prejudice. However, the District Court dismissed the Company s patent misuse defenses without prejudice and with leave to replead such defenses by March 25, 2011. The Company intends to do so by such deadline.

On March 4, 2011, the United States District Court for the District of New Jersey scheduled a trial date of November 14, 2011 in the patent infringement litigation brought by Novartis relating to the Company s amlodipine besylate/benazepril products, which are the generic versions of Novartis Lotrel®.

On March 7, 2011, a hearing was held before an en banc panel of the Nevada Supreme Court relating to evidence that the Company sought to introduce at trials in the District Court of Clark County, Nevada, in which the Company is a defendant, concerning the Company s propofol product. In May 2010, a jury in the first trial returned a verdict in favor of plaintiffs for $5.1 million in compensatory damages and awarded $356 million in punitive damages against Teva and $144 million in punitive damages against Baxter, the distributor of the product. Two pending trials have been stayed pending resolution by the Supreme Court of the evidentiary questions that were the subject of the hearing. A number of additional trials are scheduled to begin throughout 2011.

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The Offering

Issuer	Teva Pharmaceutical Finance III B.V. (Teva Finance), which is an indirect, wholly owned subsidiary of Teva Pharmaceutical Industries Limited (Teva) that has no assets or operations other than in connection with this offering.
Securities Offered	$ aggregate principal amount of % Senior Notes due 2014 of Teva Finance (the fixed rate notes) and
	$ aggregate principal amount of the Floating Rate Senior Notes due 2014 of Teva Finance (the floating rate notes and, together with the fixed rate notes, the 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.
Ranking	As indebtedness of Teva, the guarantees will rank:
	senior to the rights of creditors under debt expressly subordinated to the guarantees;
	equally with other unsecured debt of Teva from time to time outstanding other than any that is subordinated to the guarantees;
	effectively junior to Teva s secured indebtedness up to the value of the collateral securing that indebtedness; and
	effectively junior to the indebtedness and other liabilities of Teva s subsidiaries.
Maturity	The fixed rate notes will mature on March , 2014 and the floating rate notes will mature on March , 2014.
Interest Payment Dates	March and September of each year, beginning September , 2011, and at maturity, with respect to the fixed rate notes; and
	March , June , September and December of each year, beginning June , 2011, with respect to the floating rate notes.

Interest Rate	% per year in the case of the fixed rate notes; and
	A rate equal to three-month LIBOR (calculated as set forth in Description of the Notes and the Guarantees Interest on the Floating Rate Notes) plus %, in the case of the floating rate notes.

Optional Redemption by Teva Finance	Teva Finance may redeem the fixed rate 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. The fixed rate notes will be redeemable at a redemption price equal to the greater of (1) 100% of the principal amount of the fixed rate 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 Teva Finance) 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 Teva Finance) plus basis points, plus accrued and unpaid interest, if any, to the redemption date. The floating rate notes will not be subject to redemption at Teva Finance s option (other than as set forth below in Description of the Notes and the Guarantees Tax Redemption).
Use of Proceeds	Teva intends to use the $ of net proceeds from this offering to repay amounts outstanding under its unsecured credit facilities. See Use of Proceeds.
Conflicts of Interest	Certain underwriters of this offering or their affiliates are lenders under Teva s unsecured credit facilities. Because more than 5% of the proceeds of this offering will be used to repay a portion of the amounts outstanding under such credit facilities, a conflict of interest under FINRA Rule 5121 is deemed to exist, and this offering will be conducted in accordance with that rule.
Form, Denomination and Registration	The notes will be issued only in fully registered form without coupons and in minimum denominations of $2,000 principal amount and whole multiples of $1,000 in excess of $2,000. The notes will be evidenced by one or more global registered notes deposited with the trustee of the notes, as custodian for The Depository Trust Company (DTC). Beneficial interests in the global registered notes will be shown on, and transfers will be effected through, records maintained by DTC and its direct and indirect participants.
Absence of a Public Market for the Notes	The notes are new securities for which no market currently exists. The underwriters have advised us that they intend to make a market in the notes as permitted by applicable laws and regulations. The underwriters are not obligated, however, to make a market in the notes, and they may discontinue this market making at any time in their sole discretion. The notes will not be listed on any securities exchange or included in any automated quotation system. We cannot assure you that any active or liquid market will develop in the notes.

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Summary Selected Historical Financial Data of Teva

The following summary selected operating data for each of the years in the three-year period ended December 31, 2010 and summary selected balance sheet data at December 31, 2010 and 2009 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 summary selected operating data for each of the years in the two-year period ended December 31, 2007 and summary selected balance sheet data at December 31, 2008, 2007 and 2006 are derived from other audited consolidated financial statements of Teva, which have been prepared in accordance with U.S. GAAP.

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 consolidated financial statements and related notes and Operating and Financial Review and Prospects included in Teva s Annual Report on Form 20-F incorporated into this prospectus supplement by reference. See the section entitled Where You Can Find More Information for information on where you can obtain a copy of this document.

Operating Data

	For the year ended December 31,				
	2010	2009	2008	2007	2006
	U.S. dollars in millions (except per share amounts)				
Net sales	16,121	13,899	11,085	9,408	8,408
Cost of sales	7,056	6,532	5,117	4,531	4,149
Gross profit	9,065	7,367	5,968	4,877	4,259
Research and development expenses net	933	802	786	581	495
Selling and marketing expenses	2,968	2,676	1,842	1,264	1,024
General and administrative expenses	865	823	669	637	548
Legal settlements, acquisition, restructuring and other expenses and impairment	410	638	124		96
Purchase of research and development in process	18	23	1,402		1,295
Operating income	3,871	2,405	1,145	2,395	801
Financial expenses net	225	202	345*	91*	137*
Income before income taxes	3,646	2,203	800	2,304	664
Provision for income taxes	283	166	184*	386*	145*
	3,363	2,037	616	1,918	519
Share in losses of associated companies net	24	33	1	3	3
Net income	3,339	2,004	615	1,915	516
Net income attributable to non-controlling interests	8	4	6**	1**	2**
Net income attributable to Teva	3,331	2,000	609	1,914	514
Earnings per share attributable to Teva:					
Basic ($)	3.72	2.29	0.78	2.49	0.68
Diluted ($)	3.67	2.23	0.75	2.36	0.65
Weighted average number of shares (in millions):					
Basic	896	872	780	768	756
Diluted	921	896	820	830	805

* After giving retroactive effect to the adoption of an accounting pronouncement that 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.

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Balance Sheet Data

	As of December 31,		
	2010	2009	2008
	U.S. dollars in millions		
Financial assets (cash, cash equivalents and marketable securities)	1,549	2,465	2,065
Working capital (operating assets and liabilities)	3,835	3,592	3,944
Total assets	38,152	33,210	32,520*
Short-term debt, including current maturities	2,771	1,301	2,906
Long-term debt, net of current maturities	4,110	4,311	5,475
Total debt	6,881	5,612	8,381
Total equity	22,002	19,259	16,438*

* 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).

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 involves 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, 2010, 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 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 may incur additional indebtedness that may adversely affect our ability to meet our financial obligations under the notes.

The terms of the notes do not impose any limitation the ability of Teva, Teva Finance or any of Teva s other subsidiaries to incur additional unsecured debt. We may incur additional unsecured indebtedness in the future,

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which could have important consequences to holders of the notes, including that we could have insufficient cash to meet our financial obligations, including our obligations under the notes, and that our ability to obtain additional financing could be impaired.

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

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.

Subject to various time limitations, 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 is organized under the laws of Curaçao and its managing and supervisory directors reside outside the United States, and all or a significant portion of the assets of such persons may be, and substantially all of the assets of Teva Finance are, located outside the United States. As a result, it may not be possible to effect service of process within the United States upon Teva Finance or any such person or to enforce against Teva Finance 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 Curaçao 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 not predicated solely upon the federal securities laws of the United States, would not be directly enforceable in Curaçao.

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If the party in whose favor such a final judgment is rendered brings a new suit in a competent court in Curaçao, that party may submit to the Curaçao court the final judgment that has been rendered in the United States. A foreign judgment would be enforceable in Curaçao 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 Curaçao law or principles of public policy;

(5) the terms and conditions governing the indenture does not violate any compulsory provisions of Curaçao law or principles of public policy;

(6) the judgment is not contrary to a prior or simultaneous judgment of a competent Curaçao court; and

(7) the judgment has not been rendered in proceedings of a penal, revenue or other public law nature.

The guarantees 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 guarantees 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 guarantees 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 December 31, 2010, Teva s subsidiaries, other than finance subsidiaries, had $742 million of indebtedness outstanding.

Teva may 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. The indenture does not restrict Teva, Teva Finance or Teva s other subsidiaries from entering into agreements that contain such 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 and launch of our products, including product approvals and results of clinical trials;
- projected markets and market size;
- anticipated results of litigation;
- our projected revenues, market share, expenses, net income margins and 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®, Protonix® and Gemzar®, the extent to which any manufacturing or quality control problems damage our reputation for high quality production, the effects of competition on sales of our innovative products, especially Copaxone® (including potential generic and oral competition for Copaxone®), the impact of continuing consolidation of our distributors and customers, our ability to identify, consummate and successfully integrate acquisitions (including the acquisition of ratiopharm), interruptions in our supply chain or problems with our information technology systems that adversely affect our complex manufacturing processes, intense competition in our specialty pharmaceutical businesses, any failures to comply with the complex Medicare and Medicaid reporting and payment obligations, our exposure to currency fluctuations and restrictions as well as credit risks, the effects of reforms in healthcare regulation, adverse effects of political or economical instability, major hostilities or acts of terrorism on our significant worldwide operations, increased government scrutiny in both the U.S. and Europe of our agreements with brand companies, dependence on the effectiveness of our patents and other protections for innovative products, 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, uncertainties surrounding the legislative and regulatory pathway for the registration and approval of biotechnology-based products, potentially significant impairments of intangible assets and goodwill, potential increases in tax liabilities resulting from challenges to our intercompany arrangements, our potential exposure to product liability claims to the extent not covered by insurance, the termination or expiration of governmental programs or tax benefits, current economic conditions, 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, 2010, and in our other filings with the United States Securities and Exchange Commission (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 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 each of the periods presented below was as follows:

	Year Ended December 31,				
	2010	2009	2008	2007	2006
Ratio of earnings to fixed charges	16.5	9.4	4.5	9.5	4.1

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CAPITALIZATION

The following table sets forth Teva s capitalization as of December 31, 2010:

On a historical basis; and

On an as adjusted basis to give effect to the issuance and sale of the notes and the application of the $ of net proceeds therefrom to repay amounts outstanding under our unsecured credit facilities (see Use of Proceeds).

We or our affiliates expect to enter into swap agreements or related hedging transactions in connection with the sale of the fixed rate notes offered hereby to swap the fixed interest rate of the fixed rate notes to a floating interest rate.

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

	December 31, 2010 (Unaudited)	
	Actual	As adjusted
	U.S. Dollars in Millions	
Short-term debt, including current maturities excluding convertible debentures	$ 1,432	$
0.25% Convertible Senior Debentures due 2026	530	530
1.75% Convertible Senior Debentures due 2026(1)	809	809
Total short-term debt	2,771	
1.500% Senior Notes due 2012	1,000	1,000
% Senior Notes due 2014		
Floating Rate Senior Notes due 2014		
3.000% Senior Notes due 2015	1,000	1,000
5.550% Senior Notes due 2016	493	493
6.150% Senior Notes due 2036	987	987
Other long-term debt, net of current maturities	630	630
Total long-term debt	4,110	
Equity:		
Teva shareholders equity:		
Ordinary shares of NIS 0.10 par value: authorized 2,500 million shares; issued and outstanding actual 937 million shares	49	49
Additional paid-in capital	13,246	13,246
Retained earnings	9,325	9,325
Accumulated other comprehensive income	350	350
Treasury shares 40 million ordinary shares	(1,023)	(1,023)
	21,947	21,947
Non-controlling interests	55	55
Total equity	22,002	22,002
Total capitalization	$ 28,883	$

(1) On February 1, 2011, all of the outstanding 1.75% Convertible Senior Debentures due 2026 were redeemed or converted into the right to receive cash and our ADSs.

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USE OF PROCEEDS

Teva estimates that it will receive net proceeds of approximately $ from this offering. Teva intends to use such net proceeds to repay (i) a portion of the amount outstanding under a syndicated credit facility, which matures in January 2014 and was used to finance the redemption and conversion in February 2011 of its 1.75% Convertible Senior Debentures due 2026, and (ii) a portion of the amounts outstanding under certain other unsecured credit facilities, which mature in July 2011 and were used to finance the acquisition of ratiopharm in August 2010. The indebtedness under these facilities bears interest at floating rates based on USD LIBOR plus a margin ranging from 0.95% to 1.0%.

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DESCRIPTION OF THE NOTES AND THE GUARANTEES

Teva Finance will issue the % Senior Notes due 2014 (the fixed rate notes) and the Floating Rate Senior Notes due 2014 (the floating rate notes and, together with the fixed rate notes, the notes) under a senior indenture, to be dated as of March , 2011, by and among Teva Finance, Teva and The Bank of New York Mellon, as trustee, as supplemented by a supplemental indenture to be dated as of March , 2011. The terms of the notes include those provided in the indenture. Teva will irrevocably and unconditionally guarantee the punctual payment by Teva Finance of the principal of and interest, if any, on the notes of each series.

The following description is only a summary of the material provisions of the notes of each series and the related indenture 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 in this section, we refer to Teva Pharmaceutical Finance III B.V., an indirect, wholly owned subsidiary of Teva organized as a Curaçao private limited liability company.

We refer to the indenture referenced in the first paragraph of this section, as supplemented, as the indenture.

Brief Description of the Notes

The notes will:

- be limited to
  - $ million aggregate principal amount with respect to the fixed rate notes and
  - $ million aggregate principal amount with respect to the floating rate notes,

subject to reopening of the notes at the discretion of Teva Finance;

- accrue interest
  - at a rate of % on the fixed rate notes, payable semiannually in arrears on March and September of each year, beginning September , 2011 to the holders of record at the close of business on the preceding March and September , respectively; and
  - at a rate equal to three-month LIBOR (calculated as set forth under Payment of Interest and Principal Interest on the Floating Rate Notes) plus % on the floating rate notes, payable quarterly in arrears on the day of March, June, September and December, beginning June , 2011, to the holders of record at the close of business on the 15th calendar day immediately preceding such interest payment date (whether or not a business day);
- be general unsecured obligations of Teva Finance;

in the case of the fixed rate notes, be redeemable at the option of Teva Finance at any time at the greater of (1) 100% of the principal amount of the fixed rate 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, 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 in the case of the floating rate notes, not be subject to redemption at Teva Finance s option (other than as set forth below under Tax Redemption ; and

be due on March , 2014, in the case of the fixed rate notes, and March , 2014, in the case of the floating rate notes.

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The indenture does not contain any financial covenants or restrictions on the amount of additional indebtedness that Teva, Teva Finance or any of Teva s other subsidiaries may incur except as described in Certain Covenants below. The indenture does not protect you in the event of a highly leveraged transaction or change of control of Teva or Teva Finance. The notes do not contain any sinking fund provisions.

Teva Finance may, without the consent of the holders, issue additional notes under the indenture with the same terms and with the same CUSIP number as the notes offered hereby in an unlimited aggregate principal amount; provided that such notes must be part of the same issue as the notes offered hereby for U.S. federal income tax purposes. We may also from time to time repurchase notes in open market purchased or negotiated transactions without giving prior notice to holders.

You may present definitive registered 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 registered 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 guarantees will be enforceable by the trustee, the holders of the applicable series of the notes 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 guarantee (at December 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 guarantee (at December 31, 2010, Teva had $3,978 million of senior unsecured debt outstanding);

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

- effectively junior to the indebtedness and other liabilities of Teva s subsidiaries (at December 31, 2010, Teva s subsidiaries, other than finance subsidiaries, had $742 million of indebtedness outstanding).

Except as described in Certain Covenants below, the indenture does not contain any financial covenants or restrictions on the amount of additional indebtedness that Teva, Teva Finance or any of Teva s other subsidiaries may incur.

Payment of Interest and Principal

Interest on the Fixed Rate Notes

The fixed rate notes will bear interest at the rate of % per year, payable semiannually in arrears on March and September of each year, beginning September , 2011, to the holders of record at the close of business on the preceding March and September , respectively, whether or not a Business Day. If an interest payment date 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 notes generally will be computed on the basis of a 360-day year comprised of twelve 30-day months, and will accrue from March , 2011 or from the most recent interest payment date to which interest has been paid.

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.

Interest on the Floating Rate Notes

The floating rate notes will bear interest from March , 2011, payable quarterly in arrears on the day of March, June, September and December (each, a Quarterly Interest Payment Date) to the holders of record at the close of business on the 15th calendar day immediately preceding such Quarterly Interest Payment Date (whether or not a Business Day). However, interest payable on the maturity date of a floating rate note will be paid to the person to whom principal is payable.

The initial Quarterly Interest Payment Date for the floating rate notes is June , 2011. The amount of interest payable on the floating rate 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) 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 for the floating rate 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 floating rate 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, as determined by Teva Finance. The interest rate applicable to the floating rate 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 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 floating rate notes, Teva Finance and the trustee.

Upon the request of a holder of the floating rate 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 floating rate 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 floating rate 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).

Calculation Agent means The Bank of New York Mellon, or its successor appointed by Teva Finance, 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 floating rate notes (or, with respect to the initial Interest Period only, commencing on the issue date for the floating rate notes) and ending on the day before the next succeeding Quarterly Interest Payment Date for the floating rate 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, at approximately 11:00 a.m., London time, on the Interest Determination Date for that Interest Period. Teva Finance will request the principal London office of each such bank to provide a quotation of its rate. If at least two such 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, 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 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 page 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).

Mechanics of Payment

Except as provided below, Teva Finance will pay interest on:

- the global registered notes to DTC in immediately available funds;
- any definitive registered notes having an aggregate principal amount of $5,000,000 or less by check mailed to the holders of these notes; and
- any definitive registered 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, Teva Finance will pay interest on the definitive registered 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.

Teva Finance will pay principal on:

- the global registered notes to DTC in immediately available funds; and
- any definitive registered 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 Teva Finance

The floating rate notes will not be subject to redemption at Teva Finance s option (other than as set forth under Tax Redemption). Teva Finance may, however, redeem the fixed rate 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 fixed rate notes. The redemption prices will be equal to the greater of (1) 100% of the principal amount of the fixed rate 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, 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 fixed rate notes 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 fixed rate 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 Barclays Capital Inc., 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 fixed rate note to be redeemed, the remaining scheduled payments of principal of and interest on such fixed rate 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 fixed rate note, the amount of the next succeeding scheduled interest payment on such fixed rate note will be reduced by the amount of interest accrued on such fixed rate 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 date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

On and after the redemption date, interest will cease to accrue on the fixed rate notes or any portion of the fixed rate notes as is called for redemption (unless we default in the payment of the redemption price and accrued interest). On or before the redemption date, we will deposit with a paying agent (or the trustee) money sufficient to pay the redemption price of and accrued interest on the fixed rate notes to be redeemed on such date. If less than all of the fixed rate notes are to be redeemed, the fixed rate notes to be redeemed shall be selected by the trustee on a pro rata basis, by lot or by such method as the trustee shall deem fair and appropriate.

The terms of the notes do not prevent us from purchasing notes on the open market.

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Certain Covenants

Limitations on Secured Debt. If Teva or any of its subsidiaries creates, incurs, assumes or suffers to exist any lien on any of its property (including a subsidiary s stock or debt) to secure other debt, Teva will secure the notes on the same basis for so long as such other debt is so secured, unless, after giving effect to such lien, the aggregate amount of the secured debt then outstanding (not including debt secured by liens permitted below) plus the value of all sale and leaseback transactions described in paragraph (3) of Limitations on Sales and Leasebacks below would not exceed 10% of Teva s consolidated net worth. The restrictions do not apply to the following liens:

liens existing as of the date when Teva Finance first issues the notes pursuant to the indenture;

liens on property created prior to, at the time of or within 120 days after the date of acquisition, completion of construction or completion of improvement of such property to secure all or part of the cost of acquiring, constructing or improving all or any part of such property;

landlord s, material men s, carriers , workmen s, repairmen s or other like liens which are not overdue or which are being contested in good faith in appropriate proceedings;

liens existing on any property of a corporation or other entity at the time it became or becomes a subsidiary of Teva (provided that the lien has not been created or assumed in contemplation of that corporation or other entity becoming a subsidiary of Teva);

liens securing debt owing by a subsidiary to Teva or to one or more of its subsidiaries;

liens in favor of any governmental authority of any jurisdiction securing the obligation of Teva or any of its subsidiaries pursuant to any contract or payment owed to that entity pursuant to applicable laws, regulations or statutes; and

any extension, renewal, substitution or replacement of the foregoing, provided that the principal amount is not increased and that such lien is not extended to other property.

Limitations on Sales and Leasebacks. Teva will not, and will not permit any subsidiary to, enter into any sale and leaseback transaction covering any property after the date when Teva Finance first issues the notes pursuant to the indenture unless:

(1) the sale and leaseback transaction:

A. involves a lease for a period, including renewals, of not more than five years;

B. occurs within 270 days after the date of acquisition, completion of construction or completion of improvement of such property; or

C. is with Teva or one of its subsidiaries; or

(2) Teva or any subsidiary, within 270 days after the sale and leaseback transaction shall have occurred, applies or causes to be applied an amount equal to the value of the property so sold and leased back at the time of entering into such arrangement to the prepayment, repayment, redemption, reduction or retirement of any indebtedness of Teva or any subsidiary that is not subordinated to the notes and that has a stated maturity of more than twelve months; or

(3) Teva or any subsidiary would be entitled pursuant to the exceptions under Limitations on Secured Debt above to create, incur, issue or assume indebtedness secured by a lien in the property without equally and ratably securing the notes.

Certain Other Covenants

The indenture will contain certain other covenants regarding, among other matters, corporate existence and reports to holders of notes.