

ANALYSIS OF AGREEMENT CONTAINING CONSENT ORDERS
TO AID PUBLIC COMMENT

In the Matter of Teva Pharmaceutical Industries Ltd. and Cephalon, Inc.

File No. 111-0166

The Federal Trade Commission ("Commission") has accepted, subject to final approval, an Agreement Containing Consent Orders ("Consent Agreement") from Teva Pharmaceutical Industries Ltd. ("Teva") and Cephalon, Inc. ("Cephalon") that is designed to remedy the anticompetitive effects of Teva's acquisition of Cephalon. Under the terms of the proposed Consent Agreement, Teva would be required to divest to Par Pharmaceutical, Inc. ("Par") all of Teva's rights and assets relating to its generic transdermal patches ("patches") (including, but not limited to, the rights to the patents for the patches) and the right to sell generic modafinil tablets ("modafinil") for a period of at least one year; Par has the option to extend that supply agreement for up to one additional year if it chooses.

The proposed Consent Agreement has been placed on the public record for thirty days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty days, the Commission will again review the proposed Consent Agreement and the comments received, and will decide whether it should withdraw from the proposed Consent Agreement, modify it, or make final the Decision.

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Effects

The Proposed Acquisition would cause significant anticompetitive harm to consumers in the U.S. markets for fentanyl citrate, cyclobenzaprine hydrochloride, and modafinil. In pharmaceuticals markets with generic competition, prices generally decrease as the second, third, fourth, and even fifth competitors enter. Although generic versions of cyclobenzaprine hydrochloride and modafinil are not yet available in the United States, the FDA approval process provides information about the timeliness and likelihood of entry by generic products. In addition, substantial experiences of cyclobenzaprine

The proposed Consent Agreement contains several provisions to help ensure that the divestitures are successful.