ANALYSIS OF AGREEMENT CONTAINING CONSENT ORDERS TO AID PUBLIC COMMENT

In the Matter of Teva Pharmaceutical Industries Ltd. and Allergan plc
File No. 151-0196, Docket No. C-4589

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 Allergan plc ("Allergan"), which is designed to remedy the anticompetitive effects resulting from Teva's proposed acquisition of Allergan's generic pharmaceutical business. The proposed Consent Agreement requires the parties (1) to divest rights and assets related to pharmaceutical markets for one or more strengths of seventy-nine pharmaceutical products and (2) provide certain Teva active pharmaceutical ingredient ("API") customers that market one or more of fifteen pharmaceutical products with the option to enter into long-term API supply contracts.

The proposed Consent Agreement has been placed on the public record for thirty days for receipt of comments from interested persons. Comments received during this period will become part of the public record. After thirty days, the Commission will again evaluate the proposed Consent Agreement, along with the comments received, to make a final decision as to whether it should withdraw from the proposed Consent Agreement or make final the Decision and Order ("Order").

On July 26, 2015, Teva proposed to acquire Allergan's generic pharmaceutical business for approximately $40.5 billion. The Commission alleges in its Complaint that the proposed acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, by lessening current or future competition in pharmaceutical markets for one or more strengths of ninety-four pharmaceutical products in the United States. The proposed Consent Agreement will remedy the alleged violations by preserving the competition that otherwise would be eliminated by the proposed acquisition.

I. The Products and Structure of the Markets

a. Horizontal Competition in Pharmaceutical Markets

Generic drugs are chemically and therapeutically equivalent to branded drugs. When a physician prescribes a particular branded drug, a pharmacy may only dispense that branded drug or its generic equivalent, which is "AB-rated" to the branded product. State laws permit or require pharmacies to automatically substitute the generic equivalent for the prescribed branded drug unless a physician expressly states not to do so.

The 1984 Hatch-Waxman Act provides the statutory framework for the Food and Drug Administration ("FDA") to approve generic drugs. Under Hatch-Waxman, a generic drug manufacturer can rely on an already-approved branded drug's safety and efficacy data in its own application—called an Abbreviated New Drug Application ("ANDA")—to the FDA, substantially lowering the research and development cost of the generic drug. Upon FDA

approval, a generic drug typically launches at a discount to the branded drug's price. When there is only one generic drug on the market, the branded drug usually competes with the generic drug on price, either directly or through an authorized generic version. As subsequent generic drugs launch, a generic-only market typically forms, with competition among generics driving pricing. When multiple generic drugs are available, customers usually substitute between the generics only—not the branded drug—and solicit bids exclusively from generic drug suppliers.

Teva's proposed acquisition of Allergan's generic pharmaceutical business will lessen current or future competition by reducing the number of current or future suppliers in the pharmaceutical markets for one or more strengths of seventy-nine pharmaceutical products. Those markets fall into three categories: (1) current competition between Teva and Allergan; (2) future competition between Teva and Allergan in an existing generic market; and (3) future competition between Teva and Allergan in a future generic market (*i.e.*, the generic market has not yet formed and only the branded drug is on the market). Absent a remedy, the proposed acquisition would reduce the number of suppliers in each market as indicated below.

- **Current Competition between Teva and Allergan, 2-to-1 Supplier Consolidation**
  - Armodafinil Oral Tablet, 200 mg
  - Desogestrel/Ethinyl Estradiol Oral Tablet, 0.025/0.1 mg then 0.025/0.125 mg then 0.025/0.15 mg (AB-rated to Cyclessa)
  - Estazolam Oral Tablet, 1 mg
  - Estazolam Oral Tablet, 2 mg
  - Ethinyl Estradiol/Ethynodiol Diacetate Oral Tablet, 0.035/1mg (AB-rated to Demulen 1/35)
  - Ethinyl Estradiol/Norethindrone Oral Tablet, 0.035/1mg (AB-rated to Tri-Norinyl 28-Day)
  - Ethinyl Estradiol/Norethindrone Acetate/Ferrous Fumarate Oral Tablet, 0.02/0.03/0.035/1/1/1 mg (AB-rated to Estrostep FE)
  - Metoclopramide HCl Oral Tablet, 5 mg
  - Trimipramine Maleate Oral Capsule, 25 mg
  - Trimipramine Maleate Oral Capsule, 50 mg
  - Trimipramine Maleate Oral Capsule, 100 mg
- **Current Competition between Teva and Allergan, 3-to-2 Supplier Consolidation**
  - Budesonide Inhalation Suspension, 0.25 mg/2 mL
  - Budesonide Inhalation Suspension, 0.5 mg/2 mL
  - Clarithromycin Extended Release Oral Tablet, 500 mg
  - Clonidine HCl Extended Release Transdermal Film, 0.1 mg/24 hr
  - Clonidine HCl Extended Release Transdermal Film, 0.2 mg/24 hr
  - Clonidine HCl Extended Release Transdermal Film, 0.3 mg/24 hr

- Cyclosporine Oral Solution, 100 mg/mL
- Desmopressin Acetate Oral Tablet, 0.1 mg
- Desogestrel/Ethinyl Estradiol/Ethinyl Estradiol Oral Tablet, 0.15/0.02 mg/0.01 mg (AB-rated to Mircette)
- Disopyramide Phosphate Oral Capsule, 100 mg
- Disopyramide Phosphate Oral Capsule, 150 mg
- Estradiol Oral Tablet, 0.5 mg
- Estradiol Oral Tablet, 1 mg
- Estradiol Oral Tablet, 2 mg
- Ethinyl Estradiol/Levonorgestrel Oral Tablet, 0.02/0.1mg (AB-rated to Levlite-28)
- Ethinyl Estradiol/Levonorgestrel Oral Tablet 0.03/0.04/0.03/0.05/0.075/0.125 mg (AB-rated to Triphasil-28)
- Ethinyl Estradiol/Norethindrone Oral Tablet, 0.035/0.5mg (AB-rated to Modicon 28)
- Ethinyl Estradiol/Norgestrel Oral Tablet, 0.03/0.3mg (AB-rated to Lo/Ovral-28)
- Fludarabine Lyopholized Vial Injection, 50 mg
- Fluocinonide Topical Cream, 0.05%
- Flutamide Oral Capsule, 125 mg
- Griseofulvin Microcrystalline Oral Liquid Suspension, 125 mg/5 mL
- Metoclopramide HCl Oral Tablet, 10 mg
- Mirtazapine Oral Disintegrating Tab, 15 mg
- Mirtazapine Oral Disintegrating Tab, 30 mg
- Mirtazapine Oral Disintegrating Tab, 45 mg
- Nabumetone Oral Tablet, 500 mg
- Nabumetone Oral Tablet, 750 mg
- Nortriptyline HCl Oral Capsule, 10 mg
- Nortriptyline HCl Oral Capsule, 25 mg
- Nortriptyline HCl Oral Capsule, 50 mg
- Nortriptyline HCl Oral Capsule, 75 mg
- Tamoxifen Citrate Oral Tablet, 10 mg
- Tamoxifen Citrate Oral Tablet, 20 mg
- Trimethoprim Oral Tablet, 100 mg

- **Current Competition between Teva and Allergan, 4-to-3 Supplier Consolidation**
  - Acitretin Oral Capsule, 17.5 mg
  - Amphetamine Aspartate / Amphetamine Sulfate / Dextroamphetamine Saccharate / Dextroamphetamine Sulfate Oral Capsule, 5 mg
  - Amphetamine Aspartate / Amphetamine Sulfate / Dextroamphetamine Saccharate / Dextroamphetamine Sulfate Oral Capsule, 10 mg
  - Amphetamine Aspartate / Amphetamine Sulfate / Dextroamphetamine Saccharate / Dextroamphetamine Sulfate Oral Capsule, 15 mg
  - Amphetamine Aspartate / Amphetamine Sulfate / Dextroamphetamine Saccharate / Dextroamphetamine Sulfate Oral Capsule, 20 mg
  - Amphetamine Aspartate / Amphetamine Sulfate / Dextroamphetamine Saccharate / Dextroamphetamine Sulfate Oral Capsule, 25 mg
  - Amphetamine Aspartate / Amphetamine Sulfate / Dextroamphetamine Saccharate / Dextroamphetamine Sulfate Oral Capsule, 30 mg
  - Carbidopa/Levodopa Oral Tablet, 10/100 mg
  - Carbidopa/Levodopa Oral Tablet, 25/100 mg
  - Carbidopa/Levodopa Oral Tablet, 25/250 mg
  - Cyclosporine Oral Capsule, 25 mg
  - Cyclosporine Oral Capsule, 100 mg
  - Desmopressin Acetate Oral Tablet, 0.2 mg
  - Dexmethylphenidate HCl Extended Release Oral Capsule, 5 mg
  - Dexmethylphenidate HCl Extended Release Oral Capsule, 10 mg
  - Dexmethylphenidate HCl Extended Release Oral Capsule, 20 mg
  - Dextroamphetamine Sulfate Extended Release Oral Capsule, 5 mg
  - Dextroamphetamine Sulfate Extended Release Oral Capsule, 10 mg
  - Dextroamphetamine Sulfate Extended Release Oral Capsule, 15 mg
  - Diazepam Oral Tablet, 2 mg
  - Diazepam Oral Tablet, 5 mg
  - Diazepam Oral Tablet, 10 mg
  - Epirubicin Injection Vial 50 mg/25 mL
  - Epirubicin Injection Vial 200 mg/100 mL
  - Ethinyl Estradiol/Levonorgestrel Oral Tablet, 0.02/0.01/0.1mg (AB-rated to Lo Seasonique)
  - Ethinyl Estradiol/Norethindrone Acetate Oral Tablet, 0.02/1mg (AB-rated to Loestrin 21 1/20)

- Ethinyl Estradiol/Norethindrone Acetate Oral Tablet, 0.03/1.5mg (AB-rated to Loestrin 21 1.5/30)
- Glyburide/Metformin HCl Oral Tablet, 1.25/250 mg
- Glyburide/Metformin HCl Oral Tablet, 2.5/500 mg
- Glyburide/Metformin HCl Oral Tablet, 5/500 mg
- Hydroxyzine Pamoate Oral Capsule, 25 mg
- Hydroxyzine Pamoate Oral Capsule, 50 mg
- Levalbuterol HCl Inhalation Solution, 0.0103%
- Levalbuterol HCl Inhalation Solution, 0.0210%
- Levalbuterol HCl Inhalation Solution, 0.042%
- Minocycline HCl Oral Capsule, 50 mg
- Minocycline HCl Oral Capsule, 75 mg
- Minocycline HCl Oral Capsule, 100 mg
- Nitrofurantoin Oral Capsules, 50 mg
- Nitrofurantoin Oral Capsules, 100 mg
- Propofol Injection Emulsion, 10 mg/mL 20 mL vial
- Propofol Injection Emulsion, 10 mg/mL 50 mL vial
- Propofol Injection Emulsion, 10 mg/mL 100 mL vial
- Propranolol HCl Oral Tablet, 10 mg
- Propranolol HCl Oral Tablet, 20 mg
- Propranolol HCl Oral Tablet, 40 mg
- Propranolol HCl Oral Tablet, 80 mg

- **Current Competition between Teva and Allergan, 5-to-4 Supplier Consolidation**
  - Acitretin Oral Capsule, 10 mg
  - Acitretin Oral Capsule, 25 mg
  - Alendronate Sodium Oral Tablet, 35 mg
  - Buspirone HCl Oral Tablet, 15 mg
  - Clozapine Oral Tablet, 25 mg
  - Clozapine Oral Tablet, 100 mg
  - Drospirenone/Ethinyl Estradiol Oral Tablet, 3/0.03 mg (AB-rated to Yasmin-28)
  - Ethinyl Estradiol/Levonorgestrel Oral Tablet, 0.02/0.1 mg (AB-rated to Alesse-28)

- Ethinyl Estradiol/Levonorgestrel Oral Tablet, 0.03/0.15 mg (AB-rated to Nordette)
- Ethinyl Estradiol/Levonorgestrel Oral Tablet, 0.03/0.01/0.15 mg (AB-rated to Seasonique)
- Ethinyl Estradiol/Norethindrone Acetate/Ferrous Fumarate Oral Tablet, 0.02/1 mg (AB-rated to Loestrin FE 1/20)
- Ethinyl Estradiol/Norethindrone Acetate/Ferrous Fumarate Oral Tablet, 0.03/1.5 mg (AB-rated to Loestrin FE 1.5/30)
- Norethindrone Oral Tablet, 0.35 mg (AB-rated to Micronor 28)
- Norethindrone Oral Tablet, 0.35 mg (AB-rated to Nor-QD)

- **Future Competition between Teva and Allergan in an Existing Generic Market, 3-to-2 Supplier Consolidation**
  - Budesonide Inhalation Suspension, 1 mg/2 mL
  - Fluocinonide Cream Emulsified Base 0.05%
  - Methylphenidate HCl Extended Release Capsule, 20 mg
  - Methylphenidate HCl Extended Release Capsule, 30 mg
  - Methylphenidate HCl Extended Release Capsule, 40 mg
- **Future Competition between Teva and Allergan in an Existing Generic Market, 4-to-3 Supplier Consolidation**
  - Aspirin/Dipyridamole Extended Release Oral Capsule 25/200 mg
- **Future Competition between Teva and Allergan in an Existing Generic Market, 5-to-4 Supplier Consolidation**
  - Benzoyl Peroxide/Clindamycin Phosphate Gel, 5%/1%
  - Clozapine Oral Tablet, 200 mg
  - Methotrexate Injection, 25 mg/mL in 2 mL vial
  - Methotrexate Injection, 25 mg/mL in 10 mL vial
  - Methylphenidate HCl Extended Release Tablet, 18 mg
  - Methylphenidate HCl Extended Release Tablet, 27 mg
  - Methylphenidate HCl Extended Release Tablet, 36 mg
  - Methylphenidate HCl Extended Release Tablet, 54 mg
  - Tobramycin Inhalant Solution, 300 mg/5 mL
- **Future Competition between Teva and Allergan in a Future Generic Market, 2-to-1 Supplier Consolidation**
  - Methylphenidate HCl Extended Release Capsule, 10 mg
  - Ramelteon Tablet, 8 mg

- **Future Competition between Teva and Allergan in a Future Generic Market, 3-to-2 Supplier Consolidation**
  - Buprenorphine/Naloxone Buccal Film, 12/3 mg
  - Buprenorphine/Naloxone Buccal Film, 4/1 mg
  - Ethinyl Estradiol/Etonogestrel Vaginal Ring 0.015mg/24hr; 0.012mg/24hr
  - NAB Paclitaxel Injectable Suspension, 100 mg/vial
  - Phentermine HCl/Topiramate Extended Release Capsule, 11.25/69 mg
  - Phentermine HCl/Topiramate Extended Release Capsule, 15/92 mg
  - Phentermine HCl/Topiramate Extended Release Capsule, 3.75/23 mg
  - Phentermine HCl/Topiramate Extended Release Capsule, 7.5/46 mg
  - Rotigotine Transdermal Patch, 1 mg
  - Rotigotine Transdermal Patch, 2 mg
  - Rotigotine Transdermal Patch, 3 mg
  - Rotigotine Transdermal Patch, 4 mg
  - Rotigotine Transdermal Patch, 6 mg
  - Rotigotine Transdermal Patch, 8 mg
- **Future Competition between Teva and Allergan in a Future Generic Market, 4-to-3 Supplier Consolidation**
  - Buprenorphine/Naloxone Buccal Film, 2/0.5 mg
  - Buprenorphine/Naloxone Buccal Film, 8/2 mg
  - Dienogest/Estradiol Valerate and Estradiol Valerate Oral Tablet, 3 mg, 2/2 mg, 3/2 mg, 1 mg (AB-rated to Natazia)
  - Ethinyl Estradiol/Levonorgestrel Oral Tablet, 0.02/0.15 mg; 0.025/0.15 mg; 0.03 mg/0.15 mg; 0.01 mg (AB-rated to Quartette)
  - Ezetimibe/Simvastatin Tablets, 10/10 mg
  - Ezetimibe/Simvastatin Tablets, 10/20 mg
  - Ezetimibe/Simvastatin Tablets, 10/40 mg
  - Ezetimibe/Simvastatin Tablets, 10/80 mg
  - Imiquimod Topical Cream, 3.75%
  - Four pipeline products[1]

[1] Teva's and Allergan's independent development projects for two overlapping pharmaceutical products are not public, and their existence is confidential business information. But for the proposed acquisition, certain strengths of the Teva and Allergan products would likely compete in four future markets. To preserve the confidentiality of these development programs, the specific future markets in which these products would compete are not identified in this document, and references to these products have been redacted from the public version of the Complaint.

- **Future Competition between Teva and Allergan in a Future Generic Market, 5-to-4 Supplier Consolidation**
  - Dexmethylphenidate HCl Extended Release Oral Capsule, 25 mg
  - Dexmethylphenidate HCl Extended Release Oral Capsule, 35 mg
  - Fentanyl Buccal Tablet, 100 mcg
  - Fentanyl Buccal Tablet, 200 mcg
  - Fentanyl Buccal Tablet, 400 mcg
  - Fentanyl Buccal Tablet, 600 mcg
  - Fentanyl Buccal Tablet, 800 mcg
  - Metformin HCl/Saxagliptin Extended Release Tablet, 500/5 mg
  - Metformin HCl/Saxagliptin Extended Release Tablet, 1000/2.5 mg
  - Metformin HCl/Saxagliptin Extended Release Tablet, 1000/5 mg

b. API Supply and Competition in Pharmaceutical Markets

APIs are central inputs in the manufacture of finished dose form pharmaceutical products. API supply sources must be designated in a drug's FDA marketing authorization. Switching to a non-designated API source requires a drug maker to supplement its New Drug Application or ANDA, a process that can take as long as two years or even more. Consequently, a generic drug manufacturer's API supply options are limited to the sources qualified under its ANDA. If only one API supplier is qualified under an ANDA, the ANDA holder has no immediate recourse if its designated API supplier elects to raise its prices or refuse to supply.

Teva is world's largest API supplier and supplies API to Allergan's competitors in a number of generic markets. The proposed acquisition may lessen current or future competition in fifteen pharmaceutical products markets by creating the incentive and ability for Teva to foreclose rival suppliers of fifteen newly acquired Allergan pharmaceutical products by withholding supply of the following eight Teva API products:

- Betamethasone dipropionate API;
- Betamethasone valerate API;
- Clobetasol propionate API;
- Desonide API;
- Fluocinolone API;
- Fluorouracil API;
- Probenecid API; and
- Triamcinolone acetonide API.

The fifteen downstream pharmaceutical markets in which competition would be lessened as a result of the acquisition are:

- Betamethasone dipropionate augmented ointment, 0.05%;
- Betamethasone dipropionate cream, 0.05%;
- Betamethasone dipropionate lotion, 0.05%;
- Betamethasone dipropionate ointment, 0.05%;
- Betamethasone valerate cream, 0.1%;
- Betamethasone valerate ointment, 0.1%;
- Clobetasol propionate shampoo, 0.05%;
- Clobetasol propionate ointment, 0.05%;
- Desonide cream, 0.05%;
- Probenecid tablets, 500 mg;
- Probenecid/colchicine tablets, 500 mg/0.5 mg;
- Nystatin/triamcinolone acetonide cream, 100,000 units/gm/0.1%;
- Nystatin/triamcinolone acetonide ointment, 100,000 units/gm/0.1%; and
- Two pipeline products.[2]

II. Entry

Entry into these pharmaceutical markets would not be timely, likely, or sufficient in magnitude, character, and scope to deter or counteract the anticompetitive effects of the proposed acquisition. Introducing generic pharmaceutical products is costly and lengthy due to drug development times and regulatory requirements, including approval by the FDA. Additionally, it can take up to two years for an API manufacturer to qualify as a new API supplier for a generic pharmaceutical product, leaving the generic pharmaceutical product with no alternative to its existing qualified API supplier or suppliers.

III. Effects

The proposed acquisition likely would cause significant anticompetitive harm by eliminating current or future competition in markets for one or more strengths of seventy-nine pharmaceutical products where the parties currently sell or are developing generic drugs. In each of these markets, Teva and Allergan are two of a limited number of current or likely future suppliers in the United States. Customers and competitors have observed that the price of generic pharmaceutical products decreases with new entry even after several suppliers have

[2] Allergan has not yet made public the development of two pharmaceutical products that would likely compete with products for which Teva supplies API. To preserve the confidentiality of these Allergan development programs, the specific markets in which these likely future products would compete are not identified in this document, and references to these products have been redacted from the public version of the Complaint.

entered the market. Removal of an independent generic pharmaceutical supplier from the relevant markets in which Teva and Allergan currently compete would result in significantly higher prices post-acquisition. Similarly, the elimination of a future independent competitor would prevent the price decreases that are likely to result from the firm's entry. Thus, absent a remedy, the proposed acquisition would likely result in significantly higher prices for these generic drugs.

Additionally, the proposed acquisition likely would cause competitive harm in markets for fifteen pharmaceutical products in which Teva supplies API for a generic pharmaceutical product that currently competes or will compete in the near future with an Allergan generic pharmaceutical product. Those generic pharmaceutical markets already have or will have a limited number of competitors, some of which are supplied API by Teva. Teva has the ability to foreclose these competitors by denying them API from their only approved source. Post-acquisition, Teva would have the incentive to foreclose one or more competitors because the lost API sales would be less than the recouped profits on additional sales gained from the foreclosed competitor(s) and the increased prices. Such foreclosure would harm consumers because market concentration and price would result in significantly higher prices.

IV. The Consent Agreement

The remedy reflected in the proposed Consent Agreement would eliminate the likely anticompetitive effects of the proposed acquisition by requiring the parties to divest rights and assets related to the pharmaceutical products in each relevant market. The acquirers are: Mayne Pharma Group Ltd. ("Mayne"), Impax Laboratories, Inc. ("Impax"), Dr. Reddy's Laboratories Ltd. ("Dr. Reddy's"), Sagent Pharmaceuticals, Inc. ("Sagent"), Cipla Limited ("Cipla"), Zydus Worldwide DMCC ("Zydus"), Mikah Pharma LLC ("Mikah"), Perrigo Pharma International D.A.C. ("Perrigo"), Aurobindo Pharma USA, Inc. ("Aurobindo"), Prasco LLC ("Prasco"), and 3M Company ("3M") (collectively, the "Acquirers"). The parties must divest the products no later than ten days after the acquisition.

The Commission's goal in evaluating possible acquirers of divested assets is to maintain the competitive environment that existed prior to the acquisition. The Commission thoroughly reviewed the assets to be divested, the transitional services to be provided by Teva, and the capabilities and plans of each Acquirer. The interim monitors, who will oversee the divestiture process, have worked closely with Commission staff to ensure the viability of the divestiture and anticipate logistical and technical challenges. Additionally, Teva—in conjunction with the Acquirers, Allergan, and interim monitors—has prepared a comprehensive divestiture plan to guide the process of transferring the divested products to their new proposed owners. If the Commission determines that an Acquirer is not acceptable, or that the manner of the divestitures is not acceptable, the parties must unwind the sale or release of rights to that Acquirer and divest the products to a Commission-approved acquirer within six months of the date the Order becomes final. In that circumstance, the Commission may appoint a trustee to divest the products if the parties fail to divest the products as required.

The proposed Consent Agreement contains provisions to help ensure the divestitures are successful. The parties must take all action to maintain the economic viability, marketability,

and competitiveness of the divestiture products until they are divested. The parties must provide transitional services to the Acquirers to assist them in establishing independent manufacturing capabilities. These transitional services include technical assistance to manufacture the divestiture products in substantially the same manner and quality employed or achieved by the parties, as well as advice and training from knowledgeable employees. The goal of the transitional services is to ensure that the acquirers will be able to operate independently of the parties in the manufacture and sale of the divested products. The proposed Consent Agreement also requires the parties to supply product to the Acquirers so that the Acquirers can market them independently while the parties transfer the associated technology to the production facilities of the Acquirer or its chosen third-party manufacturer(s). The Consent Agreement allows sufficient time to complete the manufacturing transfers, and for products in development, to gain FDA approval before completing manufacturing transfers. To ensure that the buyers of divestiture products for which Teva or Allergan supply API will have access to adequate supplies of reasonably priced API until they are able to qualify alternative suppliers, the proposed Consent Agreement requires Teva to supply API for up to four years after closing at prices not to exceed those set forth in binding letters of intent, recently executed by Teva and the buyers. Nothing in the Consent Agreement precludes the buyers from sourcing other divestiture product inputs from Teva on a negotiated basis.

In addition, to address the anticompetitive effects likely to arise in the fifteen pharmaceutical markets where Teva supplies API to Allergan competitors, the Consent Agreement requires Teva to give API customers in those markets the option of entering into long-term API supply contracts. Teva must notify each affected API customer of the option to enter a contract within ten days of consummating the proposed acquisition, and such customers may exercise their options at any point up to three years after the date of the Consent Agreement. Any such API supply contracts executed pursuant to the option shall be renewable for up three years after the date of the Consent Agreement, which will give the customers sufficient time to qualify alternative API suppliers if they wish to do so.

The purpose of this analysis is to facilitate public comment on the proposed Consent Agreement, and it is not intended to constitute an official interpretation of the proposed Order or to modify its terms in any way.