



Teva Pharmaceutical Industries Ltd.

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FOR IMMEDIATE RELEASE

**TEVA REPORTS 75% INCREASE IN THIRD QUARTER NET INCOME
 EPS REACHES \$0.58, UP 71%**

Jerusalem, Israel, October 31, 2001 - Teva Pharmaceutical Industries Ltd. (Nasdaq: TEVA) today reported **net income** for the **third quarter** ended September 30, 2001 of \$79 million or \$0.58 per ADR fully diluted, an increase over last year of 75% and 71% respectively. **Sales** for the quarter amounted to \$506 million, up 12%.

Net income for the first **nine months** of 2001 reached \$199 million or \$1.45 per ADR, fully diluted. Total **sales** for the nine months exceeded \$1.5 billion.

“We are pleased with the good results of the quarter. We see the trends affecting our business continuing, in particular the impact of our generic pipeline and newly launched products,” stated Eli Hurvitz, President and CEO.

Sales of new generic products in the U.S., the most significant of which was Nabumetone, as well as increased Copaxone[®] sales, were the main profit drivers during the quarter. Teva launched 4 new products in the U.S. and received tentative and final approvals from the FDA for 3 other products. After the end of the quarter Teva received an approval for Calcitriol capsules, the generic equivalent of Rocaltrol[®] – the first, and so far the only, generic available for this product.

Teva’s US generic pipeline currently includes 55 ANDAs of which 11 are tentative approvals. Total annual branded sales of this pipeline are estimated at \$22 billion.

Global in-market sales of Copaxone[®] continue to grow, totaling \$95 million in the third quarter. This represents an increase of 44% from the comparable quarter in 2000. North America accounted for 89% of the total in-market sales of Copaxone[®].

During the quarter, 15 European countries approved Copaxone[®] through the Mutual Recognition Procedure. Country marketing authorizations for Copaxone[®] have been granted so far in Germany, which has the largest MS population in Europe, as well as Ireland, Sweden, Iceland, Finland, Spain, Denmark, the Netherlands, Norway, Austria, Portugal and Belgium. During the quarter, the FDA issued an approvable letter for Copaxone[®] in a pre-filled syringe formulation. Copaxone[®] is now expected to become the first relapsing-remitting MS drug therapy in the U.S. to offer improved patient convenience through this delivery method.

Overall gross margin increased to 40.7% (Q3/00: 40.1%). The significant growth in Teva's net income resulted from the higher gross margin on one hand, and lower expenses, on the other hand. The lower tax rate in the third quarter and the nine months ended September 30 reflect a change in the geographic sources of Teva's income.

Cash flow generated from operations in the reported quarter, amounted to \$66 million and totaled \$223 million during the first nine months of 2001 compared with \$166 million generated during all of calendar 2000.

“We remain committed to our extensive global generic R&D program. We expect Copaxone[®] sales to continue to grow in North America and look forward to its launch in Europe. These factors, together with our commitment to realizing all possible operational synergies and controlling expenses, reinforce our confidence that our profitability will continue to increase” said Israel Makov, Chief Operating Officer.

It has been recommended that the Board of Directors at their meeting on November 11, 2001 declare a regular cash dividend of NIS 0.27 (approx. 6.3 ¢) per ADR with respect to the third quarter of 2001.

Teva Pharmaceutical Industries Ltd., headquartered in Israel, is among the top 40 pharmaceutical companies and among the largest generic pharmaceutical companies in the world. Over 80% of Teva's sales are in North America and Europe. The company develops, manufactures and markets generic and branded human pharmaceuticals and active pharmaceutical ingredients.

Safe Harbor Statement under the U. S. Private Securities Litigation Reform Act of 1995: This release contains forward-looking statements, which express the beliefs and expectations of management. Such statements are based on current plans, estimates and expectations and involve a number of known and unknown risks and uncertainties that could cause the Company's 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 regulatory environment and changes in the health policies and structure of various countries, acceptance and demand for new pharmaceutical products and new therapies, the impact of competitive products and pricing, the availability and pricing of ingredients used in the manufacture of pharmaceutical products, uncertainties regarding market acceptance of innovative products newly launched, currently being sold or in development, the impact of restructuring of clients, reliance on a strategy of acquiring companies and on strategic alliances, exposure to product liability claims, dependence on patent and other protections for our innovative products, fluctuations in currency, exchange and interest rates, operating results, and other factors that are discussed in the Company's Annual Report on Form 20-F and the Company's other filings with the U. S. Securities and Exchange Commission. Forward-looking statements speak only as of the date on which they are made, and the Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.



Teva Pharmaceutical Industries Limited

Condensed Consolidated Statements of Income

(in millions, except earnings per ADR)
(unaudited)

	<u>July – September</u>		<u>Change</u>	<u>January - September</u>		<u>Change</u>
	<u>2001</u>	<u>2000</u>	<u>%</u>	<u>2001</u>	<u>2000</u>	<u>%</u>
U.S. Dollars						
SALES	505.7	450.1	12	1,510.3	1,231.4	23
COST OF SALES	300.0	269.7	11	902.9	745.2	21
GROSS PROFIT	205.7	180.4	14	607.4	486.2	25
R&D EXPENSES - gross	41.2	36.3	13	119.5	88.6	35
LESS GRANTS & PARTICIPATIONS	18.7	8.6	117	41.8	14.8	182
R&D EXPENSES – net	22.5	27.7	-19	77.7	73.8	5
SG&A EXPENSES	84.2	78.3	8	265.0	213.1	24
	99.0	74.4	33	264.7	199.3	33
ACQUISITION OF R&D IN PROCESS	-	-	-	-	35.7	-
OPERATING INCOME	99.0	74.4	33	264.7	163.6	62
FINANCIAL EXPENSES – net	5.2	12.0	-57	21.7	37.1	-42
OTHER INCOME – net	2.5	0.2	-	6.6	7.5	-12
INCOME BEFORE TAXES	96.3	62.6	54	249.6	134.0	86
PROVISION FOR INCOME TAXES	17.5	16.1	9	50.9	42.3	20
	78.8	46.5	69	198.7	91.7	117
PROFIT FROM EQUITY INVESTMENTS	0.7	(0.7)	-	0.7	(0.1)	-
MINORITY INTERESTS	(0.1)	(0.5)	-	(0.8)	(1.1)	-
NET INCOME	79.4	45.3	75	198.6	90.5	119
EARNINGS PER ADR: Basic (\$)	0.60	0.35	71	1.50	0.70	114
Diluted (\$)	0.58	0.34	71	1.45	0.70	107

NET ADJUSTED INCOME BEFORE DEDUCTING NON-RECURRING EXPENSES:

NET INCOME	79.4	45.3	75	198.6	126.2	57
EARNINGS PER ADRs: Basic (\$)	0.60	0.35	71	1.50	0.98	53
Diluted (\$)	0.58	0.34	71	1.45	0.97	49

WEIGHTED AVERAGE ADRs

(in millions):

Basic:	132.3	130.8	132.2	128.4
Diluted:	140.7	133.0	140.3	130.1



Teva Pharmaceutical Industries Limited

Condensed Consolidated Balance Sheet Data

(in millions)

(unaudited)

	<u>September 30</u> <u>2001</u>	<u>December 31</u> <u>2000</u>
	<u>U.S. Dollars</u>	
ASSETS		
CURRENT ASSETS	2,138.7	1,608.8
INVESTMENTS & OTHER ASSETS	110.0	100.1
FIXED ASSETS – net	548.6	534.1
INTANGIBLE ASSETS – net	598.2	612.6
TOTAL ASSETS	<u><u>3,395.5</u></u>	<u><u>2,855.6</u></u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES	731.2	783.8
LONG-TERM LIABILITIES	431.0	368.9
MINORITY INTERESTS	2.5	1.6
CONVERTIBLE SENIOR DEBENTURES	910.0	550.0
SHAREHOLDERS' EQUITY	1,320.8	1,151.3
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	<u><u>3,395.5</u></u>	<u><u>2,855.6</u></u>



Teva Pharmaceutical Industries Limited

Sales for the Quarter July – September 2001 (US \$ millions)

Sales by Geographical Areas

Sales For the Period	2001	2000	% Change	% of Total
Israel	60.9	62.8	-3.0%	12.0%
North America	312.5	264.5	18.1%	61.8%
Europe	111.3	101.1	10.1%	22.0%
Rest of the World	21.0	21.7	-3.2%	4.2%
Total	505.7	450.1	12.4%	100.0%

Sales by Business Segments

Sales For the Period	2001	2000	% Change	% of Total
Pharmaceutical	444.8	401.2	10.9%	88.0%
A.P.I.	56.0	43.7	28.1%	11.0%
Veterinary and Other	4.9	5.2	-5.8%	1.0%
Total	505.7	450.1	12.4%	100.0%

Sales for the Nine Months ended September 30, 2001 (US \$ millions)

Sales by Geographical Areas

Sales For the Period	2001	2000	% Change	% of Total
Israel	180.1	183.5	-1.9%	11.9%
North America	926.7	700.1	32.4%	61.4%
Europe	335.9	295.0	13.9%	22.2%
Rest of the World	67.6	52.8	28.0%	4.5%
Total	1,510.3	1,231.4	22.6%	100.0%

Sales by Business Segments

Sales For the Period	2001	2000	% Change	% of Total
Pharmaceutical	1,337.8	1,087.8	23.0%	88.6%
A.P.I.	157.5	127.7	23.3%	10.4%
Veterinary and Other	15.0	15.9	-5.7%	1.0%
Total	1,510.3	1,231.4	22.6%	100.0%