



Teva Pharmaceutical Industries Ltd.

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FOR IMMEDIATE RELEASE

**TEVA REPORTS RECORD 2001 Q4 SALES OF \$ 567 MILLION;
OVER \$ 2 BILLION SALES FOR 2001;
EARNINGS PER ADR FOR Q4 (before one-time charges) OF \$0.66;**

Highlights:

- Fourth Quarter Revenues Increased 9% to \$567 Million and Full-Year Revenues Grew 19% to \$2.08 Billion
- Fourth Quarter Net Income Increased 54% to \$89 Million or \$0.66* per Fully Diluted Share and Full Year Net Income Grew 56% to \$288* Million or 50% to \$2.11* per Fully Diluted Share
- Fourth Quarter In-Market Sales of Copaxone® Increased 42% to \$102 Million and Full-Year Sales Grew 47% to \$363 Million

* Before one-time charges

Jerusalem, Israel, February 14, 2002 – Teva Pharmaceutical Industries Ltd. (Nasdaq: TEVA) today reported net income, excluding one-time charges, for the fourth quarter ended December 31, 2001 of \$89 million or \$0.66 per fully diluted share, an increase of approximately 54%. Including a one-time restructuring expense of \$16 million (\$10 million after tax), recorded in the fourth quarter, net income amounted to \$80 million or \$0.59 per fully diluted share.

Net sales for the fourth quarter of 2001 were \$567 million, an increase of 9% over the comparable quarter of 2000. North America accounted for 64% of these sales, and Europe for 21%.

For the full year ended December 31, 2001, net income, excluding the one-time charges, amounted to \$288 million, or \$2.11 per fully diluted share, an increase of 56% and 50%, respectively. Net income, after the one-time charges, amounted to \$278 million or \$2.04 per fully diluted share, compared with \$148 million and \$ 1.14 respectively, in 2000.

Net sales for the year amounted to \$2.08 billion, an increase of 19% over the prior year.

Net income for the reported year of \$288 million excluded one-time restructuring expenses of \$16 million before tax (\$10 million after tax), recorded in the fourth quarter, attributable mainly to the closure and sale of facilities as part of the Company's rationalization program. The comparative figures for the year 2000 excluded one-time charges of \$36 million (before and after tax) and related to the purchase of in-process R&D, mainly through the Company's acquisition of Novopharm in April 2000.

Cash flow provided by operating activities for the year ended December 31, 2001 was \$ 273 million compared with \$ 166 million in 2000.

Commenting on the Company's performance, Israel Makov, Teva's Chief Operating Officer, said: "2001's results were driven by organic growth, primarily new generic launches in the U.S. and increased sales of Copaxone[®]. We believe that our pipeline, which is the best in the industry, together with our global spread and our commitment to cost efficiency, provide a solid foundation for Teva's future growth."

North American pharmaceutical sales increased in the reported quarter by 8% over the same quarter of 2000. Sales for the region reflect record sales of Copaxone[®] as well as contributions made by the launch of new products in the U.S., including Nabumetone, Calcitriol and Lovastatin in the third and fourth quarters. The fourth quarter of both 2001 and 2000 reflect strong new product launches.

Teva's U.S. generic pipeline currently includes 58 ANDAs including 13 tentative approvals. Total annual branded sales of this pipeline exceed \$20 billion. During the fourth quarter of 2001, Teva received final approval and launched 2 new products. Since December 31, 2001 Teva has received final approval and launched the generic version of Prozac[®] capsules and tablets, and the generic version of Glucophage[®] and also received tentative approval for 3 additional generic products.

Pharmaceutical sales in Europe for the fourth quarter of 2001 increased by 18%, which was mainly attributable to higher sales in Holland and Hungary as well as increased Copaxone[®] sales. Teva's European pipeline currently includes 260 applications awaiting regulatory approval.

In-market global sales of Copaxone[®], Teva's product for the treatment of multiple sclerosis and its largest product, totaled \$102 million, an increase of 42% from the same quarter of 2000, reflecting increased market share in North America. In-market global sales of Copaxone[®] for the year amounted to \$363 million, an increase of 47% over the year 2000. Copaxone[®] is now approved in 39 countries worldwide, including the U.S., Canada, all the European countries, Australia and Israel. Since receiving approval last August, European launches of Copaxone[®] have included Germany, Austria, Sweden, the Netherlands, Denmark, Norway and Finland.

Teva's gross profit margin of 42.3% for the fourth quarter was substantially higher than both the 39.7% gross margin experienced in the fourth quarter of 2000 and the 40.8% gross margin for the full year of 2001, a reflection of an improved product mix as well as synergies achieved throughout the Company.

Gross R&D spending for the fourth quarter of 2001 was \$49 million, 13% more than in the comparable quarter of 2000, while net R&D was 4% lower than the comparable quarter due to higher participations from strategic partners.

While Selling, General and Administrative expenses (SG&A) as a percentage of sales were 17.4% in the reported quarter compared to 18.1% for last year's fourth quarter, SG&A in absolute terms increased by 5% over the fourth quarter of 2000. The increase in SG&A was mainly attributable to the initial launch activities of Copaxone® in Europe and provision for doubtful debts in Argentina.

The increase in gross profit coupled with relatively lower net R&D, SG&A and finance expenses as well as a lower tax rate, contributed to the improvement in Teva's quarterly net profit margin, which increased to 15.8% from 11.2% in the comparable quarter of 2000, before restructuring expenses.

Eli Hurvitz, President and CEO said: "I congratulate Israel Makov and Teva management and employees for the excellent results that we have achieved in 2001. This outcome is even more impressive in light of the unstable world economy that we have witnessed this year. I am confident that Teva will continue its growth and strong performance record in the future", concluded Eli Hurvitz.

The Board of Directors declared a cash dividend for the fourth quarter of 2001 of NIS 0.43 (approximately \$0.09 per ADR) compared with NIS 0.27 (approximately \$0.06) for each of the last four quarters. The record date will be February 20, 2002, and the payment date will be March 7, 2002. Tax at a rate of 16% will be withheld.

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 innovative 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)

	<u>Quarter Ended</u>		<u>Year Ended</u>	
			<u>December 31</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	<u>U.S. Dollars</u>			
SALES	567.1	518.5	2,077.4	1,749.9
COST OF SALES	327.2	312.8	1,230.1	1,058.0
GROSS PROFIT	239.9	205.7	847.3	691.9
R&D EXPENSES - gross	49.2	43.6	168.6	132.3
LESS GRANTS & PARTICIPATIONS	19.6	12.9	61.4	27.7
R&D EXPENSES – net	29.6	30.7	107.2	104.6
SG&A EXPENSES	98.6	94.0	363.6	307.1
	111.7	81.0	376.5	280.2
RESTRUCTURING EXPENSES	15.7	-	15.7	
ACQUISITION OF R&D IN PROCESS	-	-	-	35.7
OPERATING INCOME	96.0	81.0	360.8	244.5
FINANCIAL EXPENSES – net	5.8	8.9	27.6	46.0
OTHER INCOME – net	0.6	2.3	7.1	9.9
INCOME BEFORE TAXES	90.8	74.4	340.3	208.4
PROVISION FOR INCOME TAXES	12.7	17.3	63.6	59.6
	78.1	57.1	276.7	148.8
PROFIT FROM EQUITY INVESTMENTS	0.1	0.4	0.8	0.4
MINORITY INTERESTS	1.5	0.4	0.7	(0.8)
NET INCOME (after non-recurring expenses)	79.7	57.9	278.2	148.4
EARNINGS PER ADR: Basic (\$)	0.60	0.44	2.10	1.15
Diluted (\$)	0.59	0.43	2.04	1.14

BEFORE DEDUCTING NON-RECURRING EXPENSES:

NET INCOME	89.3	57.9	287.9	184.1
EARNINGS PER ADRs: Basic (\$)	0.68	0.44	2.18	1.43
Diluted (\$)	0.66	0.43	2.11	1.41

WEIGHTED AVERAGE ADRs: Basic	132.3	130.9	132.3	129.0
Diluted	140.4	138.4	140.5	131.8



Teva Pharmaceutical Industries Limited

Condensed Consolidated Balance Sheet Data

(in millions)

ASSETS	December 31	
	2001	2000
	U.S. Dollars	
CURRENT ASSETS	2,177.9	1,608.8
INVESTMENTS & OTHER ASSETS	141.9	100.1
FIXED ASSETS – net	554.2	534.1
INTANGIBLE ASSETS – net	586.2	612.6
TOTAL ASSETS	<u>3,460.2</u>	<u>2,855.6</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES	738.1	783.8
LONG-TERM LIABILITIES	429.2	368.9
MINORITY INTERESTS	2.2	1.6
CONVERTIBLE SENIOR DEBENTURES	910.0	550.0
SHAREHOLDERS' EQUITY	1,380.7	1,151.3
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	<u>3,460.2</u>	<u>2,855.6</u>



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Sales for the **Quarter** October - December 2001 (US \$ millions)

Sales by Geographical Areas

Sales For the Period	2001	2000	% Change	% of Total
North America	361.9	330.6	9.5%	63.8%
Europe	120.9	103.9	16.4%	21.3%
Rest of the World	84.3	84.0	0.4%	14.9%
Total	567.1	518.5	9.4%	100.0%

Sales by Business Segments

Sales For the Period	2001	2000	% Change	% of Total
Pharmaceutical	500.3	460.4	8.7%	88.2%
A.P.I.	61.7	52.9	16.6%	10.9%
Veterinary and Other	5.1	5.2	-1.9%	0.9%
Total	567.1	518.5	9.4%	100.0%

Sales for the **Year** 2001 (US \$ millions)

Sales by Geographical Areas

Sales For the Period	2001	2000	% Change	% of Total
North America	1,288.6	1,030.6	25.0%	62.0%
Europe	456.9	399.0	14.5%	22.0%
Rest of the World	331.9	320.3	3.6%	16.0%
Total	2,077.4	1,749.9	18.7%	100.0%

Sales by Business Segments

Sales For the Period	2001	2000	% Change	% of Total
Pharmaceutical	1,838.0	1,548.2	18.7%	88.5%
A.P.I.	219.2	180.7	21.3%	10.5%
Veterinary and Other	20.2	21.0	-4.0%	1.0%
Total	2,077.4	1,749.9	18.7%	100.0%