Stock Selection Guide ®

The most widely used aid to good investment judgment

Company	TEVA PHARMACEUTICAL INDUS	Date	04/08/05

Prepared by	MG	Data taken from	NAIC Data

Where traded	NASDAQ	Major product/service	Pharmaceuti

CAPITALIZATION --- Outstanding Amounts   Reference _____

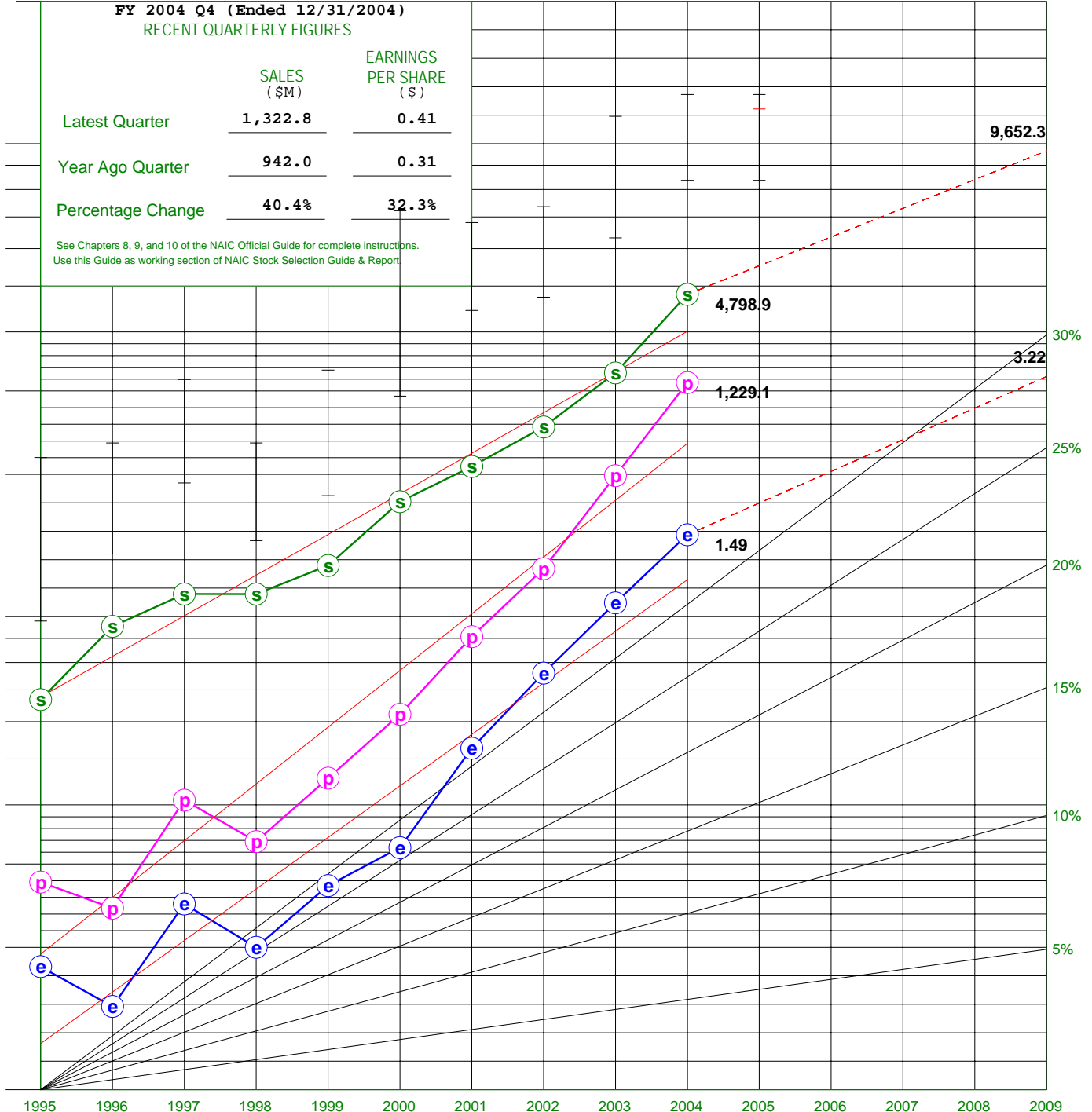|		% Insiders	% Institution
Preferred ($M)	0.0		
Common (M Shares)	611.4	12.0	12.3
Debt ($M)	2,288.8	% to Tot.Cap. **29.8**	% Potential Dil. **None**

1 VISUAL ANALYSIS of Sales, Earnings and Price

TEVA

FY 2004 Q4 (Ended 12/31/2004)
RECENT QUARTERLY FIGURES

	SALES ($M)	EARNINGS PER SHARE ($)
Latest Quarter	1,322.8	0.41
Year Ago Quarter	942.0	0.31
Percentage Change	40.4%	32.3%

See Chapters 8, 9, and 10 of the NAIC Official Guide for complete instructions.
Use this Guide as working section of NAIC Stock Selection Guide & Report.

9,652.3
4,798.9
1,229.1
1.49
3.22

30%
25%
20%
15%
10%
5%

1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

(1) Historical Sales Growth	**21.9** %	(3) Historical Earnings Per Share Growth	**28.5** %
(2) Estimated Future Sales Growth	**15.0** %	(4) Estimated Future Earnings Per Share Growth	**16.7** %

Printed: 04/13/05 07:34 AM Prepared by: MG Using The NAIC Investor's Toolkit

2 EVALUATING MANAGEMENT

Company **TEVA PHARMACEUTICAL INDUS   (TEVA)**   04/08/05

		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	LAST 5 YEAR AVG.	TREND UP	TREND DOWN
A	% Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	16.2	10.0	14.4	11.8	14.0	14.0	17.2	19.7	23.8	25.6	20.1	UP	
B	% Earned on Equity (E/S ÷ Book Value)	20.0	13.9	20.1	15.1	18.2	14.2	19.2	21.5	17.8	16.9	17.9		DOWN

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

PRESENT PRICE ____**32.300**____   HIGH THIS YEAR ____**34.665**____   LOW THIS YEAR ____**22.820**____

	Year	A PRICE HIGH	B PRICE LOW	C Earnings Per Share	D Price Earnings Ratio HIGH A ÷ C	E Price Earnings Ratio LOW B ÷ C	F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100
1	2000	19.7	8.0	0.33	60.6	24.6	0.055	16.9	0.7
2	2001	18.6	12.1	0.53	35.3	23.0	0.064	12.1	0.5
3	2002	20.1	12.9	0.76	26.4	17.0	0.090	11.8	0.7
4	2003	31.2	17.3	1.07	29.1	16.1	0.143	13.4	0.8
5	2004	34.7	22.8	1.49	23.3	15.3	0.198	13.3	0.9
6	TOTAL		73.1		114.1	71.4		67.5	
7	AVERAGE		14.6		28.5	17.9		13.5	
8	AVERAGE PRICE EARNINGS RATIO		23.2	9	CURRENT PRICE EARNINGS RATIO			24.7	

Proj. P/E [21.13] Based on Next 4 qtr. EPS [1.53]   Current P/E Based on Last 4 qtr. EPS [1.31]

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~28.5~~ **24.8** X Estimate High Earnings/Share ____**3.22**____ = Forecast High Price $ ____**79.9**____
(3D7 as adj.)   (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~17.9~~ **16.1** X Estimated Low Earnings/Share ____**1.49**____ = $ ____**24.0**____
(3E7 as adj.)

(b) Avg. Low Price of Last 5 Years = ____**14.6**____
(3B7)

(c) Recent Severe Market Low Price = ____**17.3**____

(d) Price Dividend Will Support   Present Divd. = **0.217** = **25.0**
High Yield (H)   **0.009**

Selected Estimate Low Price _____ = $ ____**24.0**____
(4B1)

C ZONING

____**79.9**____ High Forecast Price Minus ____**24.0**____ Low Forecast Price Equals ____**55.9**____ Range. 1/3 of Range = ____**14.0**____
(4A1)   (4B1)   (C)   (4CD)

(4C2) Lower 1/3 = (4B1) ____**24.0**____ to ____**38.0**____   (Buy)   **Note: Ranges changed to 25%/50%/25%**

(4C3) Middle 1/3 = ____**38.0**____ to ____**65.9**____   (Maybe)

(4C4) Upper 1/3 = ____**65.9**____ to ____**79.9**____ (4A1) (Sell)

Present Market Price of ____**32.300**____ is in the ____**Buy**____ Range
(4C5)

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) **79.9** Minus Present Price **32.300** = **47.6** = **5.7** To 1

Present Price **32.300** Minus Low Price (4B1) **24.0**   **8.3**   (4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) **79.9** = (**2.474**) X 100 = (**247.4**) - 100 = **147.4** % Appreciation

Present Market Price **32.300**   (4E)

Relative Value: 106.5%   Proj. Relative Value: 91.1%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A Present Full Year's Dividend $ ____**0.217**____   Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

Present Price of Stock $ ____**32.300**____ = **0.007** X 100 = **0.7** Present Yield or % Returned on Purchase Price
(5A)

B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years ____**2.37**____ X Avg. % Payout (3G7) **13.5** = **32.0** = **1.0** %
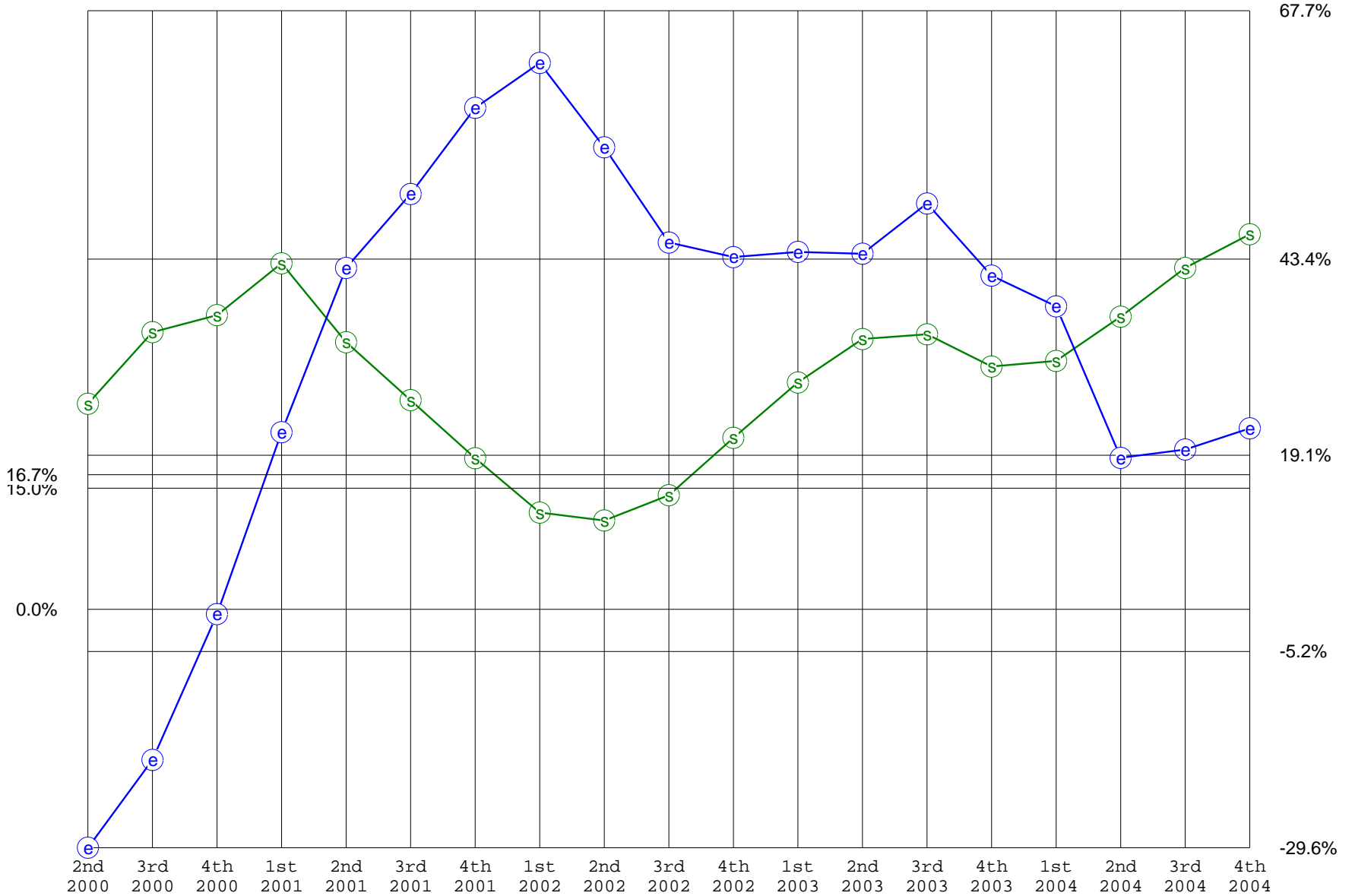   Present Price $ **32.300**   (5B)

C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	P.A.R.	Tot. Ret.
5 Year Appreciation Potential (4E) **147.4** / 5 = **29.5** %		
Average Yield (5B) **1.0** %	Average Yield 0.7%	0.5%
Average Total Annual Return Over the Next 5 Years (5C) **30.5** %	Annual Appreciation 15.3%	19.9%
	% Compd Ann Rate of Ret 16.0%	20.4%

© 1996. National Association of Investors Corporation; 711 West Thirteen Mile Road, Madison Hgts., Michigan 48071

Printed: 04/13/05 07:34 AM Prepared by: MG Using The NAIC Investor's Toolkit

Trailing 4 quarters

PERT Worksheet-A Graph

Company <u>TEVA PHARMACEUTICAL INDUS</u>   (TEVA)

67.7%

43.4%

16.7%
15.0%

19.1%

0.0%

-5.2%

-29.6%

| 2nd | 3rd | 4th | 1st | 2nd | 3rd | 4th | 1st | 2nd | 3rd | 4th | 1st | 2nd | 3rd | 4th | 1st | 2nd | 3rd | 4th |
| 2000 | 2000 | 2000 | 2001 | 2001 | 2001 | 2001 | 2002 | 2002 | 2002 | 2002 | 2003 | 2003 | 2003 | 2003 | 2004 | 2004 | 2004 | 2004 |

TEVA PHARM. (ADR) NDQ-TEVA

RECENT PRICE	29.08	P/E RATIO	19.0	(Trailing: 21.1 / Median: NMF)	RELATIVE P/E RATIO	1.02	DIV'D YLD	0.7%	VALUE LINE

TIMELINESS	2	Raised 1/14/05
SAFETY	3	New 10/22/04
TECHNICAL	4	Raised 12/31/04

BETA .80 (1.00 = Market)

2007-09 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+90%)	18%
Low	35	(+20%)	6%

Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	1Q2004	2Q2004	3Q2004
to Buy	238	295	227
to Sell	245	155	251
Hld's(000)	327814	357789	305556

Percent shares traded 30 / 20 / 10

High: 19.7 18.6 20.1 31.2 34.7
Low: 8.0 12.1 12.9 17.3 22.8

Target Price Range 2007 2008 2009

LEGENDS
— 17.0 x "Cash Flow" p sh
.... Relative Price Strength
67% Div 4/93
2-for-1 split 2/00
2-for-1 split 12/02
2-for-1 split 7/04
Options: Yes
Shaded area indicates recession

2-for-1 (multiple split markers on chart)

% TOT. RETURN 12/04

	THIS STOCK	VL ARITH. INDEX
1 yr.	6.0	17.2
3 yr.	97.6	43.9
5 yr.	237.9	76.6

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	© VALUE LINE PUB., INC.	07-09
	--	--	--	--	--	--	--	--	--	--	--	--	3.42	4.05	4.78	5.90	8.05	9.15	Sales per ADR	11.35
	--	--	--	--	--	--	--	--	--	--	--	--	.48	.76	.94	1.36	2.00	2.20	"Cash Flow" per ADR	2.65
	--	--	--	--	--	--	--	--	--	--	--	--	.29	.53	.76	1.09	1.40	1.60	Earnings per ADR A	2.00
	--	--	--	--	--	--	--	--	--	--	--	--	.07	.06	.09	.14	.20	.20	Div'ds Decl'd per ADR B	.40
	--	--	--	--	--	--	--	--	--	--	--	--	.17	.22	.30	.37	.35	.40	Cap'l Spending per ADR	.50
	--	--	--	--	--	--	--	--	--	--	--	--	2.25	2.69	3.48	5.92	8.35	9.85	Book Value per ADR C	14.35
	--	--	--	--	--	--	--	--	--	--	--	--	511.67	512.34	526.40	555.40	600.00	600.00	Equiv ADRs Outst'g D	600.00
	--	--	--	--	--	--	--	--	--	--	--	--	46.5	28.9	21.4	22.5	21.5		Avg Ann'l P/E Ratio	22.0
	--	--	--	--	--	--	--	--	--	--	--	--	3.02	1.48	1.17	1.28	1.10		Relative P/E Ratio	1.45
	--	--	--	--	--	--	--	--	--	--	--	--	.4%	.5%	.6%	.6%	.7%		Avg Ann'l Div'd Yield	.9%
	--	--	--	--	--	--	--	--	--	--	--	--	1749.9	2077.4	2518.6	3276.4	4825	5500	Sales ($mill)	6800
	--	--	--	--	--	--	--	--	--	--	--	--	19.4%	23.4%	24.3%	27.9%	30.5%	30.0%	Operating Margin	30.0%
	--	--	--	--	--	--	--	--	--	--	--	--	95.0	109.1	86.8	127.7	220	220	Depreciation ($mill)	250
	--	--	--	--	--	--	--	--	--	--	--	--	148.4	278.2	410.3	626.0	960	1105	Net Profit ($mill)	1350
	--	--	--	--	--	--	--	--	--	--	--	--	28.6%	18.7%	17.0%	19.0%	23.0%	23.0%	Income Tax Rate	23.0%
	--	--	--	--	--	--	--	--	--	--	--	--	8.5%	13.4%	16.3%	19.1%	19.9%	20.0%	Net Profit Margin	20.0%
	--	--	--	--	--	--	--	--	--	--	--	--	825.1	1439.8	1377.2	2021.5	2100	3000	Working Cap'l ($mill)	5500
	--	--	--	--	--	--	--	--	--	--	--	--	813.9	1246.9	1152.2	815.4	1730	1730	Long-Term Debt ($mill)	1730
	--	--	--	--	--	--	--	--	--	--	--	--	1151.3	1380.7	1829.4	3289.4	5000	5900	Shr. Equity ($mill)	8600
	--	--	--	--	--	--	--	--	--	--	--	--	8.6%	11.4%	14.6%	15.7%	14.5%	14.5%	Return on Total Cap'l	13.5%
	--	--	--	--	--	--	--	--	--	--	--	--	12.9%	20.2%	22.4%	19.0%	19.0%	18.5%	Return on Shr. Equity	15.5%
	--	--	--	--	--	--	--	--	--	--	--	--	10.5%	17.8%	19.9%	16.7%	17.0%	16.5%	Retained to Com Eq	13.0%
	--	--	--	--	--	--	--	--	--	--	--	--	19%	12%	11%	12%	12%	11%	All Div'ds to Net Prof	18%

CAPITAL STRUCTURE as of 12/31/03

Total Debt $1,460 mill. Due in 5 Yrs $985 mill.
LT Debt $815 mill. LT Interest $35.0 mill.
(20% of Cap'l)

Leases, Uncapitalized Annual rentals $16.5 mill.
Pension Assets $52.7 mill.
Pension Liabilities $86.6 mill.

Pfd Stock None

Common Stock 555,400,024 shs. (80% of Cap'l)
(each ADR is equivalent to one common share)
MARKET CAP: $16.2 billion (Large Cap)

CURRENT POSITION

($MILL.)	2001	2002	12/31/03
Cash Assets	790.1	1045.6	1379.4
Receivables	651.2	855.8	1031.8
Inventory	570.1	781.1	1004.6
Other	166.5	218.9	300.6
Current Assets	2177.9	2901.4	3716.4
Accts Payable	531.6	408.4	533.1
Debt Due	206.5	738.5	645.0
Other	--	377.3	516.8
Current Liab.	738.1	1524.2	1694.9

ANNUAL RATES

of change (per ADR)	Past 10 Yrs.	Past 5 Yrs.	Est'd '01-'03 to '07-'09
Sales	--	--	15.0%
"Cash Flow"	--	--	18.0%
Earnings	--	--	17.0%
Dividends	--	--	24.0%
Book Value	--	--	24.0%

QUARTERLY SALES ($ mill.)

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	490.9	513.6	505.7	567.2	2077.4
2002	545.1	572.0	631.3	770.2	2518.6
2003	757.4	764.4	812.6	942.0	3276.4
2004	1052.4	1176.4	1247.3	1348.9	4825
2005	1300	1350	1400	1450	5500

EARNINGS PER ADR A

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.10	.12	.15	.16	.53
2002	.16	.17	.18	.25	.76
2003	.25	.25	.27	.33	1.09
2004	.32	.35	.38	.38	1.40
2005	.37	.40	.40	.43	1.60

QUARTERLY DIVIDENDS PAID B

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.016	.016	.016	.016	.06
2002	.023	.022	.023	.023	.09
2003	.034	.036	.037	.037	.14
2004	.049	.049	.049	.051	.20
2005					

BUSINESS: Teva Pharmaceutical Industries Limited, based in Israel, is a global pharmaceutical company that develops, manufactures, and markets generic and proprietary branded drugs and active pharmaceutical ingredients. Nearly 90% of sales are derived from North America and Europe. Teva's largest product is *Copaxone*, a proprietary branded drug, which is used to treat multiple sclerosis. Acquired Sicor in January, 2004. Has about 13,000 employees worldwide. Officers and directors own approximately 7% of common stock. Chairman: Eli Hurvitz. President and CEO: Israel Makov. Incorporated: Israel. Address: 5 Basel Street, P.O. Box 3190, Petach Tikva 49131 Israel. Telephone: 972-3-926-7267. Internet: www.tevapharm.com.

Teva Pharmaceutical likely closed 2004 on a positive note. The top line probably benefited from sturdy sales generated by Teva's key drug product, *Copaxone*, for the treatment of multiple sclerosis (MS), the acquisition of Sicor (a manufacturer of injectable generic drugs), and the launch of several new generic drugs. Notably, we think *Gabapentin*, Teva's generic version of Pfizer's epilepsy drug, *Neurontin*, contributed meaningfully to total sales since receiving FDA approval last quarter. Assuming the company held R&D and other operating expenses in line, profits probably rose substantially for the year. We figure per-share earnings in 2004 reached $1.40. (Note that our share-net estimates are based on a higher diluted share count, which, as per new FASB accounting rules that went into effect recently, include the potential dilution resulting from the hypothetical conversion of convertible debentures. We've added about 30 million shares to the estimated diluted share count to reflect this, which adversely impacts share earnings by roughly a nickel. Teva indicated that it will likely restate quarterly share net figures for 2004.)

Share-net growth may well moderate this year, in spite of prescription trend data of late suggesting that market share has been expanding for *Copaxone*, and several newly launched generics, namely *Gabapentin*. Indeed, competition continues to intensify, and pricing volatility has yet to abate. Although the launch of a new drug, *Agilect*, for Parkinson's Disease, appears to be imminent (probably sometime in the first half of 2005), the sales potential likely won't be sizable enough to compensate for the deceleration of growth of *Copaxone* and *Gabapentin*.

Profit advances over the 3- to 5-year haul will depend on the rollout of additional generics. Considering the vast opportunities available in the generic pharmaceutical market, we believe Teva is well positioned to introduce new drugs and, hence, bolster top- and bottom-line growth. We're keeping our long-term projections on the conservative side, however.

In all, Teva stock continues be an attractive choice, based on its favorable Timeliness rank and worthwhile capital gains potential for the pull to 2007-2009.
J. Susan Ferrara *January 21, 2005*

(A) Based on U.S. GAAP. Diluted earnings. Qtly. EPS may not add to total due to rounding. '04 EPS may not add to total due to pending restatement related to new FASB rule discussed in text. Next earnings report due early February.
(B) Dividends historically paid late March, early June, early September, and mid-December.
(C) Incl. intangibles. At 12/31/03: $927 mill., $1.67/ADR.
(D) In millions, adjusted for stock splits. Each ADR equals one common share.

Company's Financial Strength	A
Stock's Price Stability	60
Price Growth Persistence	85
Earnings Predictability	55

To subscribe call 1-800-833-0046.