

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
SASKATCHEWAN, MANITOBA, QUÉBEC,  
NEW BRUNSWICK AND NEWFOUNDLAND**

**AND**

**IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS**

**AND**

**IN THE MATTER OF  
TEVA PHARMACEUTICAL INDUSTRIES LTD.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the Canadian securities regulatory authority or regulator (the “Decision Maker”) in each of Saskatchewan, Manitoba, Québec, New Brunswick and Newfoundland (the “Jurisdictions”) received an application from Teva Pharmaceutical Industries Ltd. (“Teva”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that the requirements contained in the Legislation to be registered to trade in a security (the “Registration Requirement”) and to file and obtain a receipt for a preliminary prospectus and a prospectus (the “Prospectus Requirement”) (collectively, the “Registration and Prospectus Requirements”) shall not apply to certain trades of options and shares of Teva in connection with the proposed Teva 2001 Centenary Global Stock Option Plan (the “Plan”);

**AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the “System”), the Commission des valeurs mobilières du Québec is the principal regulator for this application;

**AND WHEREAS** it has been represented by Teva to the Decision Makers that:

1. The Applicant is a company existing under the laws of the State of Israel.
2. As at September 30, 2001, the authorized share capital of the Applicant consisted of 498,586,000 ordinary shares (the “Shares”), of which 128,081,000 Shares were issued and outstanding.
3. Shareholders of the Applicant may receive American Depositary Shares (“ADSs”) on the basis of one ADS for one Share. Each ADS is represented by an American Depositary Receipt.
4. The Applicant is not, and has no present intention of becoming, a reporting issuer under the applicable legislation of any of the Jurisdictions.

5. The Applicant is subject to the reporting requirements applicable to foreign private issuers under the United States *Securities Exchange Act of 1934* (the “**Exchange Act**”) and is not exempt therefrom. The Applicant is not exempt from Rule 12g 3-2 of the Exchange Act. The Applicant is current in its reporting obligations under such legislation.
6. The ADSs are quoted on the NASDAQ National Market (“**NASDAQ**”) in the United States, SEAQ International in London and on the exchanges in Frankfurt and Berlin. The Shares are listed and posted for trading on the Tel Aviv Stock Exchange in Israel. Neither the Shares nor the ADSs nor any other securities of the Applicant are quoted or listed and posted for trading on any securities exchange or over-the-counter market in Canada.
7. Under the Plan, the Applicant grants options (“**Options**”) to purchase Shares or ADSs at the applicable exercise price to eligible employees of the Applicant and the Applicant’s subsidiaries (collectively, the “**Participants**”).
8. At the time Participants were granted Options, the Applicant provided the Participants with an agreement (“**Option Agreement**”) setting out additional details in respect of the Options. The Option Agreement included the number of Options granted to the Participant and the price (determined by the Applicant’s board of directors) at which the Options may be exercised to purchase Shares/ADSs (the “**Exercise Price**”).
9. The Options may not be transferred during the Optionee’s lifetime and, upon the Optionee’s death, are only transferable by will or the laws of descent and distribution.
10. Under the Plan, Participants are able to elect a “cashless exercise” of their Options by concurrently providing: (i) the Applicant with a notice to exercise the Options and to deliver the applicable certificates to the Applicant’s designated broker (the “**Broker**”) to enable the Broker to effect a sale of the Shares/ADSs; and (ii) the Broker with irrevocable instructions to effect an immediate sale of the Shares/ADSs and to remit to the Applicant, out of the sale proceeds, the applicable amount to cover the aggregate Exercise Price for the purchased Shares/ADSs.
11. The Applicant will use the Broker to carry out certain functions with respect to the Participants’ exercise of Options and sale of Shares/ADSs, including the cashless exercise of Options described above. The Applicant has not yet selected the Broker. The Broker will be registered under applicable U.S. and/or Israeli securities legislation to carry out such activities but will likely not be a registered broker under the applicable legislation of any of the Jurisdictions.
12. The Broker’s sale of the Shares/ADS’s on behalf of the Optionees will be carried out in accordance with the applicable rules and requirements of NASDAQ or the Tel Aviv Stock Exchange, as the case may be.

13. The Shares delivered to Participants in respect of the Options will be authorized and newly issued Shares unless otherwise determined by the Applicant.
14. In the United States, the Shares/ADSs distributed under the Plan will be registered under registration statements filed by the Applicant with the SEC as required by applicable securities legislation in the United States.
15. Currently, the maximum number of Shares/ADSs that may be issued pursuant to the Plan is 870,000, representing approximately .68% of the number of issued and outstanding Shares as of June 30, 2001.
16. Participants have not been, and will not be, induced to participate in the Plan or to acquire Shares/ADSs under the Plan by expectation of employment or continued employment.
17. As of October 31, 2001, the Applicant and the Applicant's subsidiaries have in the aggregate approximately 960 employees in Canada, approximately 76 of whom are resident in the Jurisdictions and are eligible to participate in the Plan. At the present time, all 59 employees in Quebec are full-time employees.
18. As of the date of this Application, the residents of each of the Jurisdictions hold less than 10% of the number of issued and outstanding Shares, as shown on the Applicant's books and records.
19. The Applicant will provide the Participants resident in each of the Jurisdictions with the same level of disclosure in respect of the Plan as provided to all other Participants. In addition, Participants residing in Québec will be provided with an offering notice in the French and English languages that contains all the information required by section 107 and 109 of the Regulation respecting securities (Québec). On becoming a holder of Shares/ADSs, as the case may be under the Plan, the Participants residing in each of the Jurisdictions will be provided with the same level of disclosure in respect of the Applicant as the Applicant provides to all other holders of Shares/ADSs, as the case may be.

**AND WHEREAS** pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker;

**AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make this Decision has been met.

**THE DECISION** of the Decision Makers under the Legislation is that:

The grant of Options and the issue of Shares and ADSs on the exercise of Options under the Plan is exempt from the Registration and Prospectus Requirements, provided that except in Québec, the first trade in Shares and ADSs acquired under the Plan under this Decision will be deemed a distribution or a primary distribution to the public under the

Legislation unless the conditions in subsection 2.14(1) of Multilateral Instrument 45-102 *Resale of Securities* (“MI 45-102”) are satisfied and provided that, in Québec, the first trade in Shares and ADSs acquired under the Plan under this Decision will be deemed a distribution unless the alienation (resale) is made outside Québec.

**DATED** at Montreal, Quebec on July 8, 2002.

“Josée Deslauriers”  
Le chef du service du financement des sociétés

**THE DECISION** of the Decision Makers under the Legislation is that:

The First trades by the Broker in Shares and ADSs carried out through the Broker under the Plan are not subject to the Registration Requirement.

**DATED** at Montreal, Quebec on July 8, 2002.

“Jean Lorain ”  
Directeur de la conformité et de l’application