

IN THE MATTER OF THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, MANITOBA, NOVA SCOTIA, ONTARIO, QUEBEC,
SASKATCHEWAN, PRINCE EDWARD ISLAND, NEW BRUNSWICK NEWFOUNDLAND
AND THE YUKON

AND

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

AND

IN THE MATTER OF
NOVARTIS AG

AND

IN THE MATTER OF
ASTRAZENECA PLC

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Manitoba, Newfoundland, New Brunswick, Nova Scotia, Ontario, Prince Edward Island, Quebec, Saskatchewan and the Yukon (the "Jurisdictions") has received an application from Novartis AG ("Novartis") and AstraZeneca PLC ("AstraZeneca") (collectively, the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation"):

a) that the prospectus and registration requirements as defined in National Instrument 14-101 *Definitions*, contained in the Legislation (respectively, the "Prospectus Requirement" and the "Registration Requirement") shall not apply to the following trades of securities (the "Trades") in connection with the demerger of the AstraZeneca agrochemicals business, the demerger of the Novartis agribusiness and the combination of such businesses with Syngenta AG (collectively, the "Transactions"): the distribution by Novartis as a dividend in kind to Novartis shareholders resident in the Jurisdictions of (i) purchase rights (the "Agri Purchase Rights") to acquire all of the shares in Novartis Agri Holding AG ("Novartis Agri Holding") from Novartis, and (ii) all of the shares in Novartis Agribusiness Holding Inc. ("Novartis Agribusiness"); the transfer by Novartis of shares in Novartis Agri Holding upon the exercise of the Agri Purchase Rights by Novartis shareholders resident in the Jurisdictions; and a distribution by AstraZeneca as a dividend in kind of all its shares of Syngenta AG ("Syngenta") or Syngenta ADSs to holders of AstraZeneca shares and AstraZeneca ADSs resident in the Jurisdictions, provided that the first trade in Syngenta Shares (as

defined below) or Syngenta ADSs by holders resident in the Jurisdictions is deemed to be a distribution under the Legislation, subject to certain conditions; and

(b) that The Bank of New York (the "Depository") is not subject to the Registration Requirement in relation to acts in furtherance of trades in respect of the exercise of the Agri Purchase Rights on behalf of Novartis ADS holders and the allocation to AstraZeneca ADS holders and Novartis ADS holders of Syngenta ADSs.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), Ontario is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Maker as follows:

1. Novartis is a corporation incorporated under the laws of Switzerland, is not a reporting issuer under the laws of any of the Jurisdictions and has no present intention of becoming a reporting issuer in any of the Jurisdictions.
2. The authorized share capital of Novartis is CHF 1,442,602,340 with a par value of CHF 20 per share. As of July 31, 2000, there were 72,130,117 common shares (the "Novartis Shares") issued and outstanding with 270 shareholders in Canada holding 7,310 Novartis Shares (approximately 0.0106% of the outstanding Novartis Shares) and approximately 5 registered shareholders with addresses in Alberta holding 145 Novartis Shares, 32 registered shareholders with addresses in British Columbia holding 1,217 Novartis Shares, 4 registered shareholders with addresses in Manitoba holding 8 Novartis Shares, 3 registered shareholders with addresses in Nova Scotia holding 75 Novartis Shares, 50 registered shareholders with addresses in Ontario holding 4,587 Novartis Shares, 30 registered shareholders with addresses in Quebec holding 1,177 Novartis Shares, 1 registered shareholder with an address in Saskatchewan holding 101 Novartis Shares, and no registered shareholders with addresses in New Brunswick, Newfoundland, Prince Edward Island or the Yukon.
3. As of July 31, 2000, there were 13 Novartis ADS holders in Canada holding 11,088 Novartis ADSs (less than 1% of the outstanding Novartis ADSs) and approximately 2 registered holders with addresses in Alberta holding 1,012 Novartis ADSs, 1 registered holder with an address in Manitoba holding 100 Novartis ADSs, 1 registered holder with an address in Nova Scotia holding 54 Novartis ADSs, 8 registered holders with addresses in Ontario holding 9,722 Novartis ADSs and 1 registered holder with an address in Quebec holding 200 Novartis ADSs.
4. The Novartis Shares are listed on the SWX Swiss Exchange and the Novartis ADSs are listed on the New York Stock Exchange; neither the Novartis Shares nor the Novartis ADSs are listed for trading on any Canadian stock exchange.
5. AstraZeneca is a corporation incorporated under the laws of the United Kingdom, is not a reporting issuer under the Legislation of any of the Jurisdictions and has no present intention of becoming a reporting issuer in any of the Jurisdictions.

6. The authorized share capital of AstraZeneca is 2,400,000,000 with a par value of US\$0.25 per Ordinary Share. As of 31 July 2000, there were 1,766,037,325 common shares issued and outstanding (the "AstraZeneca Shares") with 547 shareholders in Canada holding approximately 159,570 AstraZeneca Shares (approximately 0.009035% of the outstanding AstraZeneca Shares) and approximately 55 registered shareholders with addresses in Alberta holding 16,682 AstraZeneca Shares, 138 registered shareholders with addresses in British Columbia holding 39,928 AstraZeneca Shares, 13 registered shareholders with addresses in Manitoba holding 2,368 AstraZeneca Shares, 2 registered shareholders with addresses in New Brunswick holding 103 AstraZeneca Shares, 4 registered shareholders with addresses in Newfoundland holding 6,508 AstraZeneca Shares, 21 registered shareholders with addresses in Nova Scotia holding 6,052 AstraZeneca Shares, 255 registered shareholders with addresses in Ontario holding 69,517 AstraZeneca Shares, 2 registered shareholders with addresses in Prince Edward Island holding 1,230 AstraZeneca Shares, 43 registered shareholders with addresses in Quebec holding 13,768 AstraZeneca Shares, 13 registered shareholders with addresses in Saskatchewan holding 3,099 AstraZeneca Shares, and 1 registered shareholder with an address in the Yukon holding 315 AstraZeneca Shares.

7. As of 31 July 2000, there were 21 registered holders in Canada holding approximately 8,175 AstraZeneca ADSs (less than 1% of the outstanding AstraZeneca ADSs) and 2 registered holders with addresses in Alberta holding 205 AstraZeneca ADSs, 1 registered holder with an address in British Columbia holding approximately 53 AstraZeneca ADSs, 1 registered holder with an address in Manitoba holding 129 AstraZeneca ADSs, 1 registered holder with an address in Nova Scotia holding approximately 6 AstraZeneca ADSs, 12 registered holders with addresses in Ontario holding approximately 5,400 AstraZeneca ADSs, 3 registered holders with addresses in Quebec holding 2,340 AstraZeneca ADSs, and 1 registered holder with an address in Saskatchewan holding 42 AstraZeneca ADSs.

8. The AstraZeneca Shares are listed on the London and Stockholm stock exchanges and the AstraZeneca ADSs are listed on the New York Stock Exchange; neither the AstraZeneca Shares nor the AstraZeneca ADSs are listed for trading on any Canadian stock exchange.

9. Novartis Agri Holding is a corporation incorporated under the laws of Switzerland, is a wholly owned subsidiary of Novartis, is not a reporting issuer under the laws of any of the Jurisdictions and has no present intention of becoming a reporting issuer in any of the Jurisdictions.

10. Novartis Agribusiness is a corporation incorporated under the laws of the state of Delaware, is a wholly owned subsidiary of Novartis, is not a reporting issuer under the laws of any of the Jurisdictions and has no present intention of becoming a reporting issuer in any of the Jurisdictions.

11. Syngenta is a corporation incorporated under the laws of Switzerland, is not a reporting issuer in any of the Jurisdictions and has no present intention of becoming a reporting issuer in any of the Jurisdictions.

12. The common shares of Syngenta (the "Syngenta Shares") will be listed on the SWX Swiss, Stockholm, and London Stock Exchanges and the Syngenta ADSs on the New York Stock Exchange; no published market exists for the Syngenta Shares in Canada.

13. The Transactions consist of the following principal steps:

(a) AstraZeneca has acquired from Novartis all 10,000 shares in Syngenta, which has become a wholly-owned subsidiary of AstraZeneca.

(b) AstraZeneca has separated its agrochemicals business from its pharmaceuticals business such that its agrochemicals business is held under a separate legal structure.

(c) Through a series of transactions, AstraZeneca will contribute its agrochemicals business to Syngenta. In consideration, Syngenta will increase its share capital and issue 43,890,186 Syngenta Shares to AstraZeneca.

(d) Shortly before the listing of Syngenta Shares and Syngenta ADSs, the AstraZeneca directors will resolve to, and will, distribute an interim dividend in kind to its shareholders consisting of all the 43,900,186 Syngenta Shares then held by AstraZeneca. Each shareholder of AstraZeneca will receive one Syngenta Share or 5 Syngenta ADSs for approximately every 40.2 AstraZeneca shares held; each AstraZeneca ADS holder will receive 5 Syngenta ADSs for approximately every 40.2 AstraZeneca ADSs held; as a result, 39% of the share capital of Syngenta will be directly held by AstraZeneca shareholders.

(e) Novartis will contribute its non-U.S. agribusiness to Novartis Agri Holding.

(f) Novartis will contribute its U.S. agribusiness to Novartis Agribusiness.

(g) After these two contributions against issuance of new shares, Novartis will hold all of the 68,664,398 shares in both Novartis Agri Holding and Novartis Agribusiness.

(h) Novartis Agri Holding and Syngenta will enter into the Swiss merger agreement pursuant to which Novartis Agri Holding will merge into Syngenta (the "Swiss Merger").

(i) Syngenta, Syngenta MergerSub Inc. and Novartis Agribusiness will enter into the U.S. merger agreement pursuant to which Syngenta MergerSub Inc. will merge with and into Novartis Agribusiness (the "US Merger");

(j) Prior to the consummation of the Swiss Merger and the U.S. Merger, Novartis will distribute units to its shareholders, as a dividend in a kind, with the shareholders receiving one Agri Purchase Right and one share in Novartis Agribusiness for each Novartis Share held.

(k) During the exercise period, the Novartis shareholders will be able to exercise the Agri Purchase Rights to acquire shares in Novartis Agri Holding against payment to Novartis of CHF 10 per Agri Purchase Right; Novartis will keep the shares in Novartis Agri Holding as to which the Agri Purchase Rights have not been exercised.

(l) Pursuant to the terms of an amended deposit agreement between Novartis and Morgan Guaranty Trust Company of New York, the shares in Novartis Agribusiness and the Agri Purchase Rights to be allocated to Novartis ADS holders will be allocated to the Depositary; the Depositary will exercise the Agri Purchase Rights, selling a sufficient number of the Syngenta Shares or Syngenta ADSs that it holds as depositary in order to cover the exercise price.

(m) Following AstraZeneca's contribution of its agrochemicals business to Syngenta and the distribution by AstraZeneca of all its Syngenta Shares to its shareholders, the U.S. Merger and the Swiss Merger will be consummated.

(n) Pursuant to the Swiss merger agreement, Syngenta will merge with Novartis Agri Holding, with Syngenta continuing as the surviving corporation.

(o) Syngenta will issue 51,498,299 Syngenta Shares as consideration for the Swiss Merger; assuming all Agri Purchase Rights will have been exercised, these 51,498,299 Syngenta Shares will be delivered to Novartis shareholders; each Novartis shareholder will receive 0.75 of a Syngenta Share for each share in Novartis Agri Holding received upon exercise of the Agri Purchase Right.

(p) Pursuant to the U.S. merger agreement, Syngenta MergerSub Inc. will merge with and into Novartis Agribusiness, with Novartis Agribusiness continuing as the surviving corporation. Novartis Agribusiness will become a wholly-owned subsidiary of Syngenta.

(q) In consideration of Novartis Agribusiness becoming a wholly-owned subsidiary of Syngenta, Syngenta will increase its share capital to CHF 1,125,645,840 by issuing 17,166,099 newly issued shares of CHF 10 nominal value to the former shareholders of Novartis Agribusiness, i.e. the Novartis shareholders; each former shareholder of Novartis Agribusiness will therefore receive 0.25 of a Syngenta Share for each share in Novartis Agribusiness.

(r) Assuming the exercise of the Agri Purchase Rights, each Novartis shareholder will, as a result of the U.S. merger and the Swiss merger, receive an aggregate consideration of one Syngenta Share for each Novartis Share held.

(s) Each Novartis ADS holder will receive five Syngenta ADSs for every 40 Novartis ADSs held, reduced pro rata to account for Syngenta Shares or Syngenta ADSs sold by the Depositary to cover the exercise price.

(t) Consequently, the Novartis shareholders (excluding Novartis) will receive up to 68,664,398 Syngenta Shares (including Syngenta Shares representing Syngenta ADSs received by Novartis ADS holders); as a result, up to 61% of the share capital of Syngenta will be held by Novartis shareholders.

(u) Following the completion of the Transactions, each of AstraZeneca, Novartis and Syngenta will operate as separate publicly listed companies.

14. The Transactions, including the Trades, will be effected in compliance with all applicable laws of Switzerland, the United Kingdom and the United States and the rules and regulations made thereunder.

15. Residents in the Jurisdictions holding Novartis Shares received, in connection with the Transactions, the same disclosure documentation as that received by holders of Novartis Shares with addresses in Switzerland.

16. Residents in the Jurisdictions holding AstraZeneca Shares received, in connection with the Transactions, the same disclosure documentation as that received by holders of AstraZeneca Shares with addresses in the United Kingdom.

17. Residents in the Jurisdictions holding Novartis ADSs and AstraZeneca ADSs received, in connection with the Transactions, the same disclosure documentation as that received by holders of Novartis ADSs and AstraZeneca ADSs, respectively, with addresses in the United States.

18. The resolutions approving the Transactions were passed by the shareholders of AstraZeneca and Novartis at extraordinary shareholders' meetings held on October 11, 2000.

19. Following the Transactions, holders of Syngenta Shares and holders of Syngenta ADSs with addresses in the Jurisdictions will receive the same disclosure materials that are sent to holders of Syngenta Shares and Syngenta ADSs resident in Switzerland and the United States, respectively.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS the Decision Maker is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

IT IS HEREBY DECIDED by the Decision Makers pursuant to the Legislation that:

(a) the Trades are not subject to the Prospectus Requirement and the Registration Requirement;

(b) the first trade in either of Syngenta Shares or Syngenta ADSs acquired in connection with the Transactions shall be deemed a distribution or (primary distribution to the public) unless such first trade is executed through the facilities of a stock exchange outside of Canada; and

(c) the Registration Requirement shall not apply to any trades by the Depositary in connection with the Transactions.

DATED at Toronto this 27th day of October, 2000.

"Howard I. Wetson" "Robert W. Davis"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from prospectus and registration requirements - public Swiss company and public U.K. company each spinning off respective chemical business into a third company - third company to be publicly traded and directly owned by shareholders of Swiss company and U.K. company - reorganization exemptions not available for technical reasons - no policy issues.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am.ss. 25, 35(1)12(ii), 35(1)15, 38(3), 53
72(1)(f)(ii), 72(1)(i), 74(1)