

**Translation**

**March 20, 2008**

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, ALBERTA, MANITOBA,  
ONTARIO, QUÉBEC AND NEW BRUNSWICK  
(the "Jurisdictions")**

**AND**

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

**AND**

**IN THE MATTER OF  
COMPAGNIE DE SAINT-GOBAIN  
(the "Filer")**

**MRRS DECISION DOCUMENT**

**Background**

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for:

1. an exemption from the prospectus requirements of the Legislation (the "**Prospectus Relief**") so that such requirements do not apply to:

(a) trades in units ("**Units**") of;

(i) a compartment named Saint-Gobain Avenir Monde (the "**Principal Classic Compartment**") of a permanent FCPE named Saint-Gobain PEG Monde, which is a fonds communs de placement d'entreprise or "**FCPE**"; a form of collective shareholding vehicle of a type commonly used in France for the conservation of shares held by employee-investors;

(ii) a temporary FCPE named Saint-Gobain Relais Adhésion 2008 Monde (the "**Temporary Classic**")

**FCPE**"), which will merge with the Principal Classic Compartment following the Employee Share Offering (as defined below) as further described in paragraph 10 of the Representations; and

(iii) a compartment named Développement 2008 Monde (the "**Leveraged Compartment**") of a permanent FCPE named Saint-Gobain PEG Monde,

(the Principal Classic Compartment, the Temporary Classic FCPE and the Leveraged Compartment, collectively, the "**Compartments**")

made pursuant to the Employee Share Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdictions who elect to participate in the Employee Share Offering (the "**Canadian Participants**");

(b) trades of ordinary shares of the Filer (the "Shares") by the Compartments to Canadian Participants upon the redemption of Units by Canadian Participants;

(c) the issuance of Units of the Principal Classic Compartment to holders of Leveraged Compartment Units upon the transfer of the Canadian Participants' assets in the Leveraged Compartment to the Principal Classic Compartment at the end of the Lock-Up Period (as defined below);

2. an exemption from the dealer registration requirements of the Legislation (the "**Registration Relief**") so that such requirements do not apply to:

(a) trades in Units of the Temporary Classic FCPE or the Principal Classic Compartment made pursuant to the Employee Share Offering to or with Canadian Participants;

(b) trades in Units of the Leveraged Compartment made pursuant to the Employee Share Offering to or with Canadian Participants not resident in Ontario or Manitoba;

(c) trades of Shares by the Compartments to Canadian Participants upon the redemption of Units by Canadian Participants; and

(d) the issuance of Units of the Principal Classic Compartment to holders of Leveraged Compartment Units upon the transfer of the Canadian Participants' assets in the Leveraged Compartment to the

Principal Classic Compartment at the end of the Lock-Up Period  
(as defined below);

3. an exemption from the adviser registration requirements and dealer registration requirements of the Legislation so that such requirements do not apply to the manager of the Compartments, AXA Investment Managers Paris (the "**Management Company**"), to the extent that its activities described in paragraphs 30 and 31 of the Representations require compliance with the adviser registration requirements and dealer registration requirements (collectively, with the Prospectus Relief and the Registration Relief, the "**Initial Requested Relief**"); and

4. an exemption from the dealer registration requirements of the Legislation so that such requirements do not apply to the first trade in any Units or Shares acquired by Canadian Participants under the Employee Share Offering (the "**First Trade Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications

(a) the Autorité des marchés financiers is the principal regulator for this application, and

(b) this MRRS decision document evidences the decision of each Decision Maker.

## **Interpretation**

Defined terms contained in National Instrument 14-101 Definitions have the same meaning in this decision unless they are defined in this decision.

## **Representations**

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation formed under the laws of France. It is not and has no current intention of becoming a reporting issuer (or equivalent) under the Legislation. The Shares are listed on Euronext Paris.

2. The Filer carries on business in Canada through the following affiliated companies: CertainTeed Gypsum Canada, Inc., CertainTeed Gypsum North American Services, Inc., Ceramics Hamilton Ltd., Saint-Gobain Ceramic Materials Canada Inc. and Saint-Gobain Technical Fabrics Canada, Ltd. (collectively, the "**Canadian Affiliates**", together with the Filer and other affiliates of the Filer, the "**Saint-Gobain Group**"). Each of the Canadian Affiliates is a direct or indirect controlled subsidiary of the Filer and is not, and

has no current intention of becoming, a reporting issuer (or equivalent) under the Legislation.

3. As of the date hereof and after giving effect to the Employee Share Offering, Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Compartments on behalf of Canadian Participants) more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of the Shares as shown on the books of the Filer.

4. The Filer has established a global employee share offering for employees of the Saint-Gobain Group (the "**Employee Share Offering**"). The Employee Share Offering is comprised of two subscription options:

(a) an offering of Shares to be subscribed through the Temporary Classic FCPE, which Compartment will be merged with the Principal Classic Compartment after completion of the Employee Share Offering (the "**Classic Plan**"); and

(b) an offering of Shares to be subscribed through the Leveraged Compartment (the "**Leveraged Plan**").

5. Only persons who are employees of a member of the Saint-Gobain Group during the subscription period for the Employee Share Offering and who meet other employment criteria (the "**Qualifying Employees**") will be allowed to participate in the Employee Share Offering.

6. The Compartments have been established for the purpose of implementing the Employee Share Offering. There is no current intention for the Compartments to become reporting issuers under the Legislation.

7. As set forth above, the Temporary Classic FCPE is, and the Principal Classic Compartment and the Leveraged Compartment are compartments of, an FCPE (a fonds communs de placement d'entreprise) which is a shareholding vehicle of a type commonly used in France for the conservation or custodianship of shares held by employee investors. The Compartments have been registered with the French Autorit es march s financiers (the "**French AMF**"). Only Qualifying Employees will be allowed to hold Units of the Compartments in an amount corresponding to their respective investments in each of the Compartments.

8. All Units acquired in the Employee Share Offering by Canadian Participants will be subject to a hold period of approximately five years (the "**Lock-Up Period**"), subject to certain exceptions prescribed by French law (such as a release on death or termination of employment).

9. Under the Classic Plan, Canadian Participants will subscribe for Units in the Temporary Classic FCPE, and the Temporary Classic FCPE will then subscribe for Shares using the Canadian Participants' contributions at a subscription price that is equal to the average of the opening price of the Shares on the 20 trading days preceding the date of fixing of the subscription price by the Chief Executive Officer of the Filer (the "**Reference Price**"), less a 20% discount.

10. Initially, the Shares will be held in the Temporary Classic FCPE and the Canadian Participant will receive Units in the Temporary Classic FCPE. After completion of the Employee Share Offering, the Temporary Classic FCPE will be merged with the Principal Classic Compartment (subject to the French AMF's approval). Units of the Temporary Classic Compartment held by Canadian Participants will be replaced with Units of the Principal Classic Compartment on a pro rata basis and the Shares subscribed for under the Employee Share Offering will be held in the Principal Classic Compartment (the "**Merger**").

11. The term "**Classic Compartment**" used herein means, prior to the Merger, the Temporary Classic FCPE, and following the Merger, the Principal Classic Compartment.

12. Under the Classic Plan, at the end of the Lock-Up Period or in the event of an early redemption resulting from the Canadian Participant exercising one of the exceptions to the Lock-Up Period prescribed by French law, a Canadian Participant may:

(a) redeem Units in the Classic Compartment in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares; or

(b) continue to hold Units in the Classic Compartment and redeem those Units at a later date.

13. Dividends paid on the Shares held in the Classic Compartment will be contributed to the Classic Compartment and used to purchase additional Shares. To reflect this reinvestment new Units of the Classic Compartment will be issued.

14. Under the Leveraged Plan, Canadian Participants will subscribe for Units in the Leveraged Compartment, and the Leveraged Compartment will then subscribe for Shares using the Employee Contribution (as described below) and certain financing made available by Calyon (the "**Bank**"), which is governed by the laws of France.

15. Canadian Participants in the Leveraged Plan receive a 15% discount on the Reference Price. Under the Leveraged Plan, the Canadian Participants effectively receive a share appreciation potential entitlement in the increase in value, if any, of the Shares financed by the Bank Contribution (described below).

16. Participation in the Leveraged Plan represents a potential opportunity for Qualifying Employees to obtain significantly higher gains than would be available through participation in the Classic Plan by virtue of the Qualifying Employee's indirect participation in a financing arrangement involving a swap agreement (the "**Swap Agreement**") between the Leveraged Compartment and the Bank. In economic terms, the Swap Agreement effectively involves the following exchange of payments: for each Share which may be subscribed for by the Qualifying Employee's contribution (expressed in euros) (the "**Employee Contribution**") under the Leveraged Plan at the Reference Price less the 15% discount, the Bank will lend to the Leveraged Compartment (on behalf of the Canadian Participant) an amount sufficient to enable the Leveraged Compartment (on behalf of the Canadian Participant) to subscribe for an additional nine Shares (the "**Bank Contribution**") at the Reference Price less the 15% discount.

17. Under the terms of the Swap Agreement, at the end of the Lock-Up Period, the Leveraged Compartment will owe to the Bank an amount equal to  $A - [B+C+D]$ , where:

(a) "A" is the market value of all the Shares at the end of the Lock-Up Period that are held in the Leveraged Compartment (as determined pursuant to the terms of the Swap Agreement),

(b) "B" is the aggregate amount of all Employee Contributions;

(c) "C" is an amount equal to a 2% annual compounded return on the aggregate amount of all Employee Contributions (the "**2% Return**"); and

(d) "D" is an amount (the "**Appreciation Amount**") equal to:

(i) 53% of the positive difference, if any, between:

(1) the monthly average of the price of the Shares taken on a specified calendar day of each month during the entire Lock-up Period (i.e. a total of 63 readings) (in the event this Share price is lower than the Reference Price, the Reference Price will be used instead),

and

(2) the Reference Price,

multiplied by

(ii) the number of Shares held in the Leveraged Compartment.

18. If, at the end of the Lock-Up Period, the market value of the Shares held in the Leveraged Compartment is less than 100% of the Employee Contributions plus the 2% Return, the Bank will, pursuant to a guarantee agreement, make a cash contribution to the Leveraged Compartment to make up such shortfall.

19. At the end of the Lock-Up Period, the Swap Agreement will terminate after the final swap payments are made and a Canadian Participant may, elect to redeem his or her Leveraged Compartment Units in consideration for cash or Shares equivalent to:

- (a) a Canadian Participant's Employee Contribution;
- (b) the Canadian Participant's portion of the 2% Return; and
- (c) the Canadian Participant's portion of the Appreciation Amount, if any.

(the "**Redemption Formula**").

20. If a Canadian Participant does not redeem his or her Units in the Leveraged Compartment, his or her investment in the Leveraged Compartment will be transferred to the Principal Classic Compartment upon the decision of the supervisory board of the permanent FCPE Saint-Gobain PEG Monde and the approval of the French AMF. New Units of the Principal Classic Compartment will be issued to the applicable Canadian Participants in recognition of the assets transferred to the Principal Classic Compartment. The Canadian Participants may redeem the new Units whenever they wish. However, following a transfer to the Principal Classic Compartment, the Employee Contribution and the Appreciation Amount will not be covered by the Swap Agreement or the guarantee agreement.

21. Pursuant to the guarantee agreement, at the end of the Lock-Up Period or in the event of an early unwind resulting from the Canadian Participant exercising one of the exceptions to the Lock-Up Period, under no circumstances will a Canadian Participant in the Leveraged Plan be entitled to receive less than an amount equal to 100% of his or her Employee Contribution and his or her portion of the 2% Return. The Management Company is permitted to cancel the Swap Agreement (which will have the effect of cancelling the guarantee) in certain strictly defined conditions where it is in the best interests of the holders of Units of the Leveraged Compartment. The Management Company is required under French law to act in the best interests of holders of Units of the Leveraged Compartment. In the event that the Management Company cancelled the Swap Agreement and this was not in the best interests of the holders of Units of the

Leveraged Compartment, then, such holders would have a right of action under French law against the Management Company.

22. The offering documents provided to Canadian Participants will confirm that, under no circumstances, will a Canadian Participant in the Leveraged Plan be liable to any of the Leveraged Compartment, the Bank or the Filer for any amounts in excess of his or her Employee Contribution under the Leveraged Plan.

23. Under French law, the Temporary Classic FCPE is, and the Principal classic Compartment and the Leveraged Compartment are compartments of, an FCPE which is a limited liability entity. Each Compartment's portfolio will consist almost entirely of Shares of the Filer. The Classic Compartment's portfolio, may, from time to time, include cash in respect of dividends paid on the Shares which will be reinvested in Shares. The Leveraged Compartment's portfolio will also include the Swap Agreement. From time to time, either portfolio may include cash or cash equivalents that the Compartments may hold pending investments in Shares and for the purposes of Unit redemptions.

24. During the term of the Swap Agreement, an amount equal to the net amounts of any dividends paid on the Shares held in the Leveraged Compartment will be remitted by the Leveraged Compartment to the Bank as partial consideration for the obligations assumed by the Bank under the Swap Agreement.

25. For Canadian federal income tax purposes, the Canadian Participants in the Leveraged Compartment should be deemed to receive all dividends paid on the Shares financed by either the Employee Contribution or the Bank Contribution, at the time such dividends are paid to the Leveraged Compartment, notwithstanding the actual non-receipt of the dividends by the Canadian Participants by virtue of the terms of the Swap Agreement. Consequently, Canadian Participants will be required to fund the tax liabilities associated with the dividends without recourse to the actual dividends.

26. The declaration of dividends on the Shares is determined by the board of directors of the Filer. The Filer has not made any commitment to the Bank as to any minimum payment in respect of dividends.

27. To respond to the fact that, at the time of the initial investment decision relating to participation in the Leveraged Plan, Canadian Participants will be unable to quantify their potential income tax liability resulting from such participation, the Filer or the Canadian Affiliates will indemnify each Canadian Participant in the Leveraged Plan for all tax costs to the Canadian Participants associated with the payment of dividends in excess of a specified amount of euros per Share during the Lock-Up Period such that, in all cases, a Canadian Participant will, at the time of the original investment decision, be able to determine his or her maximum tax liability in connection with dividends received by the Leveraged Compartment on his or her behalf under the Leveraged Plan.



28. At the time the Canadian Participant's obligations under the Swap Agreement are settled, the Canadian Participant should realize a capital gain (or capital loss) by virtue of having participated in the Swap Agreement to the extent that amounts received by the Leveraged Compartment, on behalf of the Canadian Participant, from the Bank exceed (or are less than) amounts paid by the Leveraged Compartment, on behalf of the Canadian Participant to the Bank. To the extent that an amount equal to the value of the dividends on Shares that are deemed to have been received by a Canadian Participant are paid by the Leveraged Compartment on behalf of the Canadian Participant to the Bank, such payments will reduce the amount of any capital gain (or increase the amount of any capital loss) to the Canadian Participant under the Swap Agreement. Capital losses (gains) realized by a Canadian Participant under the Swap Agreement may be offset against (reduced by) any capital gains (losses) realized by the Canadian Participant on a disposition of the Shares, in accordance with the rules and conditions under the Income Tax Act (Canada) or comparable provincial legislation (as applicable).

29. The Management Company is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF to manage French investment funds and complies with the rules of the French AMF. The Management Company is not and has no current intention of becoming a reporting issuer under the Legislation.

30. The Management Company's portfolio management activities in connection with the Employee Share Offering and the Compartments are limited to subscribing for Shares from the Filer, selling such Shares as necessary in order to fund redemption requests, and such activities as may be necessary to give effect to the Swap Agreement.

31. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of each Compartment. The Management Company's activities in no way affect the underlying value of the Shares and the Management Company will not be involved in providing advice to any Canadian Participants.

32. Shares issued in the Employee Share Offering will be deposited in the relevant Compartment through BNP Paribas Securities Services (the "**Depository**"), a large French commercial bank subject to French banking legislation.

33. Under French law, the Depository must be selected by the Management Company from among a limited number of companies identified on a list by the French Minister of the Economy, Finance and Industry and its appointment must be approved by the French AMF. The Depository carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow each Compartment to exercise the rights relating to the securities held in its respective portfolio.

34. Participation in the Employee Share Offering is voluntary, and the Canadian resident Qualifying Employees will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.

35. The total amount invested by a Canadian Participant in the Employee Share Offering cannot exceed the greater of: (a) 25% of his or her gross annual remuneration for the 2007 calendar year; or (b) 25% of his or her base compensation for the 2008 calendar year. For the purposes of calculating this limit, a Canadian Participant's maximum "investment" in the Leveraged Compartment will include the additional Bank Contribution. In addition, the total amount invested by a Canadian Participant in the Leveraged Plan cannot exceed the lesser of: (a) €2,500; or (b) the greater of (i) 2.5% of his or her gross annual remuneration for 2007, or, (ii) 2.5% of his or her base compensation for the 2008 calendar year.

36. None of the Filer, the Management Company, the Canadian Affiliates or any of their employees, agents or representatives will provide investment advice to the Canadian Participants with respect to an investment in the Shares or the Units.

37. The Shares are not currently listed for trading on any stock exchange in Canada and there is no intention to have the Shares so listed. As there is no market for the Shares in Canada, and as none is expected to develop, first trades of Shares by Canadian Participants will be effected through the facilities of, and in accordance with, the rules and regulations of Euronext Paris.

38. The Filer will retain a securities dealer registered as a broker/investment dealer (the "**Registrant**") under the Legislation of Ontario and Manitoba to provide advisory services to Canadian Participants resident in Ontario and Manitoba who express interest in the Leveraged Plan and to make a determination, in accordance with industry practices, as to whether an investment in the Leveraged Plan is suitable for each such Canadian Participant based on his or her particular financial circumstances. The Registrant will establish accounts for, and will receive the initial account statements from the Leveraged Compartment on behalf of, such Canadian Participants. The Units of the Leveraged Compartment will be issued by the Leveraged Compartment to Canadian Participants resident in Ontario or Manitoba solely through the Registrant.

39. Canadian Participants who participate in the Employee Share Offering will receive a statement indicating the number of Units they hold and the value of each Unit at least once per year.

40. The Canadian Participants will receive an information package in the French or English language, as applicable, which will include a summary of the terms of the Employee Share Offering, a tax notice containing a description of Canadian income tax consequences of subscribing to and holding the Units in the

Compartments and redeeming Units for cash or Shares at the end of the Lock-Up Period. The information package for Canadian Participants in the Leveraged Plan will include all the necessary information for general inquiry and support with respect to the Leveraged Plan and will also include a risk statement which will describe certain risks associated with an investment in Units pursuant to the Leveraged Plan, and a tax calculation document which will illustrate the general Canadian federal income tax consequences of participating in the Leveraged Plan.

41. Upon request, Canadian Participants may receive copies of the Filer's French Document de Référence filed with the French AMF in respect of the Shares and a copy of the relevant Compartment's rules (which are analogous to company by-laws). The Canadian Participants will also have access to copies of the continuous disclosure materials relating to the Filer that are furnished to holders of the Shares.

## **Decision**

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Initial Requested Relief is granted provided that:

1. the first trade in any Units or Shares acquired by Canadian Participants pursuant to this Decision in a Jurisdiction is deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction unless the following conditions are met:

(a) the issuer of the security

(i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or

(ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;

(b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada

(i) did not own directly or indirectly more than 10 percent of the outstanding securities of the class or series, and

(ii) did not represent in number more than 10 percent of the total number of owners directly or indirectly of securities of the class or series; and

(c) the first trade is made

(i) through the facilities of an exchange, or a market, outside of Canada, or

(ii) to a person or company outside of Canada;

2. in Québec, the required fees are paid in accordance with Section 271.6(1.1) of the *Securities Regulation* (Québec).

It is further the decision of the Decision Makers under the Legislation that the First Trade Relief is granted provided that the conditions set out in paragraphs 1(a), (b) and (c) under this decision granting the Initial Requested Relief are satisfied.

"Josée Deslauriers"  
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"Claude Lessard"  
Manager, Supervision of Intermediaries