

IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO,
NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF
SCHNEIDER ELECTRIC S.A.

AND

IN THE MATTER OF
SCHNEIDER CANADA INC.

AND

IN THE MATTER OF
SCHNEIDER WORLDWIDE PRE-STOCK OWNERSHIP PLAN

AND

IN THE MATTER OF
SCHNEIDER WORLDWIDE STOCK OWNERSHIP PLAN

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Schneider Canada Inc. (the "Applicant") 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, to file a preliminary prospectus and a prospectus and receive receipts therefor (the "Registration and Prospectus Requirements") shall not apply to certain trades in units of the "Schneider Worldwide Pre-Stock Ownership Plan" and the "Schneider Worldwide Stock Ownership Plan" with employees of the Applicant and employees of certain other direct and indirect subsidiaries (collectively with the Applicant, the "Canadian Subsidiaries") of Schneider Electric S.A. ("Schneider").

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the Principal Regulator for this application;

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

1. The Applicant is a corporation governed by the laws of Canada and an indirect subsidiary of Schneider. The Applicant is not a reporting issuer or equivalent under the Legislation.
2. Schneider is a corporation governed by the laws of France, is not a reporting issuer or equivalent under the Legislation but is registered with the Commission des Opérations de Bourse (the "COB") in France. The common shares of Schneider are listed and posted for trading on the Paris Stock Exchange.
3. The authorized capital of Schneider consists of 365,000,000 common shares (the "Schneider Shares"), of which 153,417,118 Schneider Shares were issued and outstanding as at December 31, 1998.
4. In 1997, Schneider established the Schneider Worldwide Stock Ownership Plan (the "Plan") for the benefit of its employees and the employees of its subsidiaries, including the Canadian Subsidiaries (the "Plan Participants").
5. The Plan is an investment fund established and managed pursuant to the laws of France that was created to receive moneys from Plan Participants, to purchase shares of Schneider and issue units (the "Plan Units") to Plan Participants.
6. The Plan issued Plan Units to certain Plan Participants with respect to an equity issue (the "1997 Issue") of up to 3,000,000 common shares of Schneider that was completed in 1997.
7. Elys-Fonds is the manager of the Plan. Elys-Fonds is a corporation governed by the laws of France and is registered with the COB to manage French investment funds. Elys-Fonds manages other accounts and investment vehicles that have an aggregate of Euros 6,284,528,601 in assets.
8. The Plan sets out that Elys-Fonds is only authorized to buy and sell shares of Schneider and to hold cash for the benefit of Plan Participants.
9. The assets of the Plan are held by a custodian, Credit Commercial de France (the "Custodian"). The Custodian is a large French commercial bank subject to the banking legislation of France.
10. With respect to the 1997 Issue, Plan Participants could have contributed up to 25% of their gross 1997 annual remuneration to be used by the Plan to invest in common shares of Schneider. In return for their contributions, Plan Participants received Plan Units. Each Plan Unit represented such Plan Participant's proportionate ownership of the assets held by the Plan.

11. The purpose of the Plan is to promote and recognize employee commitment to Schneider and its subsidiaries, to enhance employee loyalty, involvement and teamwork, to attract and retain employees interested in long term commitment and to share Schneider's financial success with its employees.

12. The Plan is not a reporting issuer or equivalent under the Legislation and has no present intention of becoming a reporting issuer or equivalent under the Legislation.

13. In 1997, each of the Jurisdictions issued orders granting relief that certain trades made to or with employees of the Canadian Subsidiaries in Plan Units were exempt from the Registration and Prospectus Requirements.

14. Schneider is proposing to carry out a new equity issue of 1,534,171 Schneider Shares (the "New Issue") for the benefit of Plan Participants.

15. In order to utilize the current administrative structure of the Plan without affecting the tax and ownership status of the Plan Participants who were issued units by the Plan with respect to the 1997 Issue, Schneider has established the Schneider Worldwide Pre-Stock Ownership Plan (the "Intermediary Plan"). The Intermediary Plan was established for the sole purpose of providing Plan Participants with an opportunity to indirectly acquire an interest in the Schneider Shares. The Intermediary Plan will invest only in the New Issue except that the payments made to the Intermediary Plan will be invested in money market products until it subscribes for the New Issue. The Intermediary Plan and the Plan will not engage in any of the investment practices described in section 2.5 of National Policy No. 39.

16. The Intermediary Plan is an investment fund established and managed pursuant to the laws of France, is headquartered in France and is substantially similar to the Plan.

17. All Plan Participants will be eligible to participate in the New Issue through the Intermediary Plan. Plan Participants will be given a one-time opportunity to purchase units (the "Intermediary Units") of the Intermediary Plan, with a minimum purchase of the Canadian dollar equivalent of Euros 20 and a maximum purchase of 25% of their gross 1999 annual remuneration.

18. With the money received from the worldwide employees of Schneider, the Intermediary Plan will purchase the New Issue at Euros 42.78 per share. The closing price of the shares of Schneider on September 14, 1999 on the Paris Stock Exchange was Euros 68.70.

19. If the total amount of subscriptions from Plan Participants would permit the Intermediary Plan to purchase Schneider Shares in excess of the New Issue, the highest subscriptions will be reduced to a maximum in order to eliminate the excess.

20. Within two months following the purchase of the New Issue, the assets of the Intermediary Plan will be transferred to the Plan (the "Transfer"), and the Intermediary Units will be exchanged (the "Exchange Trade") for units (the "1999 Units") of the Plan. Following the Transfer and Exchange Trade, the Intermediary Plan will be dissolved.

21. Elys-Fond will be the manager of the Intermediary Plan and the assets of the Intermediary Plan will be held by the Custodian.

22. Participation in the New Issue through the Intermediary Plan will be voluntary and Plan Participants will not be induced to participate by expectation of employment or continued employment.

23. Prior to any purchase of Intermediary Units, employees will be provided with an information memorandum (the Information Memorandum) disclosing, among other things, the objectives of the Plan, the method of valuation of an Intermediary Unit, the fees payable by Plan Participants and the Intermediary Plan, Canadian tax considerations and risk factors. The Information Memorandum will also contain a statement that as a consequence of this decision, certain protections, rights and remedies provided by the Legislation, including statutory rights of rescission and damages, will not be available in respect of the purchase of Intermediary Units and 1999 Units.

24. A subscription fee of 0.15% of the amount invested will be charged to each Plan Participant under the Intermediary Plan and the Plan. Fund management fees of 0.10% and administrative fees of the Canadian dollar equivalent of 23 French Francs per employee account will be paid by Schneider.

25. The value of each 1999 Unit will be calculated 3 times a month, and will be directly related to the value of shares of Schneider as quoted on the Paris Stock Exchange.

26. After the Transfer, the amounts invested in the Intermediary Plan will remain in the Plan subject to a 5-year holding period. Early redemption of the Intermediary Units and, after the Transfer, the 1999 Units will be permitted upon the occurrence of certain events including retirement of the employee, disability of the employee, death of the employee and termination of the employee's employment.

27. The Intermediary Units and the 1999 Units will not be transferrable. As no public market exists or will exist for either the Intermediary Units or the 1999 Units, Plan Participants will only be able to resell their Intermediary Units or 1999 Units by way of redemption to the respective plan.

28. It is expected that the offering of Schneider Shares indirectly through the Plan will be beneficial to the employees by allowing employees the opportunity to indirectly acquire the Schneider Shares at a significant discount to the market value. In addition, although there is a 5-year hold period, upon expiry of such hold period, the Plan, due to board lot sizes, will be able to liquidate positions in the Schneider Shares more readily and at a better price than an individual investor.

29. The exemption from the Registration and Prospectus requirements for trades by an issuer to its employees does not apply to a trade in Intermediary Units or 1999 Units with Plan Participants because the securities being offered are not securities of Schneider.

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

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 the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that:

A. Trades of Intermediary Units and 1999 Units by the Schneider Worldwide Pre-Stock Ownership Plan and the Schneider Worldwide Stock Ownership Plan to Plan Participants shall not be subject to the Registration and Prospectus Requirements; and

B. The first trade and any subsequent trade in Intermediary Units or 1999 Units shall be subject to the Registration and Prospectus Requirements unless such trades are redemptions with the respective plan or trades made pursuant to the Exchange Trade.

DATED at Toronto this 5th day of November, 1999.

Sd/ HI Wetston Sd/ RW Korthals

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - corporation governed by the laws of France establishing an investment fund as part of an employee stock ownership program - sole objective of fund is to acquire shares of the corporation issued to the fund as part of the program - distribution of units of the fund to employees exempt from sections 25 and 53 of the Act subject to certain conditions

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c.S.5 as am., ss. 25, 53, 74(1).

Policies Cited

National Policy Statement No. 39