

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

AND

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

AND

IN THE MATTER OF
SCHNEIDER ELECTRIC S.A.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, Nova Scotia, New Brunswick and Newfoundland and Labrador (collectively, the "Jurisdictions") has received an application from Schneider Electric S.A. (the "Filer") for a decision under the securities legislation (the "Legislation") of the Jurisdictions that:

- (i) the prospectus requirements contained in the Legislation shall not apply to certain trades in units ("Units") of the Schneider Relais 2004 Monde FCPE (the "Initial Fund") and the Schneider International 2003 FCPE (the "Fund") made pursuant to the Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdictions who elect to participate in the Offering (the "Canadian Participants");
- (ii) the registration requirements contained in the Legislation shall not apply to trades in Units of the Initial Fund and the Fund made pursuant to the Offering to or with Canadian Participants; and
- (iii) the manager of the Fund, AXA Investment Managers Paris (the "Manager") is exempt from the requirements contained in the Legislation to be registered as an adviser (the "Adviser Registration Requirements") to the extent that its activities in relation to the Offering require compliance with the Adviser Registration Requirements.

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

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions* or in Québec Commission Notice 14-101;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. The Filer is a corporation formed under the laws of France. It is not and has no intention of becoming a reporting issuer (or equivalent) under the Legislation. The ordinary shares of the Filer (the "Shares") are listed on Euronext Paris.
2. The Filer carries on business in Canada through its affiliates, Schneider Canada Inc. and INDE Electronics, Inc. (the "Canadian Affiliates" and, together with the Filer and other affiliates of the Filer, the "Schneider Group"). The Canadian Affiliates are direct or indirect controlled subsidiaries of the Filer and are not, and have no intention of becoming, reporting issuers under the Legislation.
3. The Filer has established "2004 WESOP", a worldwide stock purchase plan for employees of the Schneider Group (the "Offering").
4. The Offering is subject to regulatory oversight by the French Autorité des marchés financiers.
5. Only persons who have been employees of a member of the Schneider Group for a minimum of three months prior to the close of the subscription/revocation period for the Offering (the "Qualifying Employees") will be invited to participate in the Offering.
6. The Initial Fund and the Fund (collectively, the "Funds") are fonds communs de placement d'entreprise ("FCPEs"), a collective employee shareholding vehicle of a type commonly used in France for the conservation or custodianship of shares held by employee investors. The Funds are established for the purpose of providing Qualifying Employees who choose to participate in the Offering ("Participants") with the opportunity to indirectly hold an investment in the Shares (in particular, the Initial Fund is created in order to receive subscriptions from the Qualifying Employees in respect of the Offering). The Funds are not and have no intention of becoming reporting issuers. Only Qualifying Employees will be allowed to hold Units of the Funds in amounts proportionate to their respective investments in the Funds.
7. Under the Offering:
 - (a) The "Subscription Price" for the Shares shall be calculated using the average of the opening price of the Shares on 20 trading days preceding the date of approval of the Offering by the board of directors of the Issuer or the president acting on behalf of the board (the "Reference Price"), less a 15% discount.
 - (b) The Initial Fund will apply the amount of the Subscription Price contributed by Participants to subscribe for Shares.

(c) The Participants will receive Units in the Initial Fund representing the Subscription Price of the Shares. They will receive one Unit for each Share subscribed for.

(d) After completion of the Offering, the Initial Fund will be merged with the existing Fund and Units of the Initial Fund held by Participants will be replaced with Units of the Fund. Units of the Initial Fund will be exchanged for Units of the Fund on a pro rata basis.

(e) Any dividends paid on the Shares held in a Fund will be received by the Fund and reinvested in additional Shares to be held in the Fund. The value of the Units will be increased to reflect such reinvestment.

(f) The Units in the Fund issued pursuant to the Offering 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).

(g) At the end of the Lock-Up Period, a Canadian Participant may choose to redeem his or her Units in consideration for a payment of an amount in cash equal to the value of the Shares represented by each Unit or continue to hold the Units and redeem them at a later date.

(h) A Canadian Participant may not redeem Units for Shares.

8. The Manager is a portfolio management company governed by the laws of France. The Manager is registered with the French Autorité des marchés financiers (the "French AMF") to manage French investment funds, employee plans and other investment products, and complies with the rules of the French AMF. The Manager is not and has no intention of becoming a reporting issuer under the Legislation.

9. The Manager may, for each Fund's account, acquire, sell or exchange all securities in the portfolio of the Funds. A Fund's portfolio will consist of Shares and may include cash in respect of dividends paid on the Shares and cash equivalents that the Fund may hold pending investments in Shares and for purposes of Unit redemptions. The Manager's portfolio management activities in connection with the Offering and the Funds are limited to purchasing Shares from the Filer and selling such Shares as necessary in order to fund redemption requests.

10. The Manager is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of each

Fund. The Manager's activities in no way affect the underlying value of the Shares. None of the Filer, the Manager, the Canadian Affiliates or any of their employees, agents or representatives will provide investment advice to the Qualifying Employees in Canada with respect to an investment in the Units.

11. Shares issued in the Offering will be deposited in the Fund through BNP Paribas Securities Service (the "Depository"), a large French commercial bank subject to French banking legislation.

12. Under French law, the Depository must be selected by the Manager from among a limited number of companies identified on a list by the French Minister of the Economy, 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 the Fund to exercise the rights relating to the securities held in its portfolio.

13. Canadian Participants will not be induced to participate in the Offering by expectation of employment or continued employment.

14. The total amount invested by a Canadian Participant through the Offering cannot exceed 25% of his or her estimated gross annual compensation for 2004, although a lower limit may be established by the Canadian Affiliates.

15. The Units will be evidenced by account statements issued by the Fund.

16. 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 Offering and a tax notice containing a description of Canadian income tax consequences of subscribing to and holding the Units and redeeming Units at the end of the Lock-Up Period.

17. Upon request, Canadian Participants may receive copies of the French *Document de Référence* filed with the French AMF in respect of the Shares and a copy of the relevant Fund's rules (which are analogous to company by-laws). The Canadian Participants will also receive upon request copies of the continuous disclosure materials relating to the Filer furnished to Schneider Electric shareholders generally.

18. There are approximately 1,029 Qualifying Employees resident in Canada, in the provinces of British Columbia (112), Alberta (103), Saskatchewan (6), Manitoba (11), Ontario (642), Québec (138), Nova Scotia (11), Newfoundland and Labrador (1) and New Brunswick (6) who represent in the aggregate less than 3% of the number of Qualifying Employees worldwide.

19. There will be no market for the Shares or the Units in Canada.

20. As of the date hereof and after giving effect to the 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 Fund 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.

AND WHEREAS under 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 under the Legislation is that:

(a) the registration and prospectus requirements shall not apply to trades in Units of the Initial Fund or the Fund to or with the Canadian Participants pursuant to the Offering, provided that the first trade in such Units acquired by Canadian Participants pursuant to this Decision, in a Jurisdiction, shall be deemed a distribution or a primary distribution to the public under the Legislation of such Jurisdiction; and

(b) other than in Quebec, the Manager shall be exempt from the adviser registration requirements, where applicable, in order to carry out the activities described in paragraphs 9 and 10 hereof.

June 7, 2004.

"Paul M. Moore"

"Suresh Thakrar"

Headnote

MRRS for Exemptive Relief Applications -- relief from prospectus and registration requirements in respect of certain trades in units of two fonds communs de placement d'entreprise made pursuant to an employee share offering by a French issuer and held through a collective shareholding vehicle analogous to a French "classic plan" employee savings fund -- relief granted to the manager of the collective shareholding vehicle from the adviser registration requirement.

Statutes Cited

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