

IN THE MATTER OF THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, ALBERTA,  
ONTARIO, QUÉBEC AND MANITOBA

AND

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

AND

IN THE MATTER OF  
THOMSON MULTIMEDIA S.A.  
AND THOMSON S.A.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Ontario, Québec and Manitoba (the "Jurisdictions") has received an application from Thomson multimedia S.A. (the "Issuer") and its controlling shareholder, Thomson S.A. (the "Controlling Shareholder"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

(i) the requirements contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Registration and Prospectus Requirements") shall not apply to certain trades by the Controlling Shareholder of ordinary shares of the Issuer (the "Shares") made in connection with the Controlling Shareholder's global employee offering (the "Employee Share Offering") to Qualifying Employees (defined in paragraph 4 below) who choose to participate in the Employee Share Offering and who are resident in the Jurisdictions (the "Canadian Participants"); and

(ii) the Registration and Prospectus Requirements shall not apply to the resale of the Shares by the Canadian Participants through the facilities of a stock exchange outside of Canada;

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 the Issuer and the Controlling Shareholder have represented to the Decision Makers as follows:

1. The Issuer is a corporation formed under the laws of France. The ordinary shares of the Issuer are listed on the Paris Bourse and on the New York Stock Exchange (in the form of American

Depository Shares). The Issuer is not and has no current intention of becoming a reporting issuer under the Legislation.

2. Thomson Consumer Electronics Inc. (the "Canadian Affiliate", together with the issuer, the Controlling Shareholder and other affiliates of the Issuer, the "Thomson Multimedia Group") is a wholly owned subsidiary of the Issuer. The Canadian Affiliate is not and has no current intention of becoming a reporting issuer under the Legislation.

3. The Controlling Shareholder is a corporation formed under the laws of France and is wholly owned by the French state. The Controlling Shareholder is not and has no current intention of becoming a reporting issuer under the Legislation.

4. Under the Employee Share Offering, two subscription options ("Option 1" and "Option 2") will be available to current employees of the Thomson Multimedia Group and former employees of the Thomson Multimedia Group who have retired after having been employed for at least five years, as required by French privatization law (the "Former Employees", and together with the current employees of the Thomson Multimedia Group, the "Qualifying Employees"). Under Option 1, (i) the purchase price for the Shares will be equal to the average stock market price of the Shares over a specified number of trading days prior to the commencement of the Employee Share Offering (the "Reference Price", which will be established by French Minister of the Economy, Finance and Industry shortly after the subscription period), (ii) payment for the Shares must be made immediately, and (iii) the Shares are not subject to contractual resale restrictions. Under Option 2, (i) the purchase price is the Reference Price, less a 20% discount, (ii) payment for the Shares can be made immediately or in three instalments over a two year period and (iii) the Shares purchased cannot be resold for two years (the "Lock-Up Period").

5. Under the Employee Share Offering, Qualifying Employees may acquire a certain number of free Shares to be delivered by the Controlling Shareholder based on the number of Shares purchased and the length of time the Shares are held.

6. Canadian Participants will hold the Shares purchased under the Employee Share Offering in a registered account opened in the books of the Issuer and held by Bank Cr dit Agricole Indosuez (the "Custodian"). A Canadian Participant may instruct the Custodian to sell Shares held in his or her account (subject to the expiry of the Lock-up Period, if applicable), but cannot otherwise use the account for securities trading activities. Once all the Shares held in the account have been sold, the account will be closed. At the end of the Lock-Up Period (if applicable), a Canadian Participant may (i) sell or dispose of his or her Shares held in the account with the Custodian, or (ii) continue to hold the Shares and dispose of the Shares at a later date.

7. The Shares acquired under Option 2 may not be sold during the Lock-Up Period. After the Lock-Up Period has expired, if the Shares continue to be listed on a stock exchange, the Shares may be sold by a Canadian Participant freely through such exchange.

8. There are approximately 69 Qualifying Employees resident in Canada in the provinces of British Columbia (7), Alberta (2), Ontario (54), Qu bec (5) and Manitoba (1), all of whom

together account for less than 1% of the Qualifying Employees. Six of the Qualifying Employees resident in Canada are former employees of the Issuer or its affiliates.

9. The Canadian-resident Qualifying Employees are not induced to subscribe for Shares by expectation of employment or continued employment.

10. The total amount invested by a Qualifying Employee cannot exceed euro 134,460 (approximately C\$177,979.44), although a lower limit may be established for Canadian Participants by the Canadian Affiliate.

11. None of the Issuer, the Controlling Shareholder or any of their employees, agents or representatives have provided or will provide investment advice to the Qualifying Employees with respect to an investment in the Shares.

12. The Canadian-resident Qualifying Employees will receive an information package in the French or English language which will include a letter from the president of the Issuer, a summary of the terms of the Employee Share Offering and a description of relevant Canadian income tax consequences. Upon request, Canadian-resident Qualifying Employees may receive copies of a prospectus filed with the United States Securities and Exchange Commission (the "SEC") and/or the French *Document de Référence* filed with the COB in respect of the Shares.

13. Canadian-resident Qualifying Employees will also receive copies of the continuous disclosure materials relating to the Issuer furnished to shareholders resident in the United States by virtue of the registration of the Shares with the SEC.

14. There will be no market for the Shares in Canada. Holders of Shares (including Qualifying Employees) resident in Canada do not hold or beneficially own more than 10% of the total outstanding Shares and do not represent in number more than 10% of the total number of holders of Shares.

15. In certain Jurisdictions, the Controlling Shareholder will not be able to rely on exemptions from the Registration and Prospectus Requirements contained in the Legislation that relate to the issuance of securities to employees (the "Employee Exemptions") because it is not the issuer of the Shares and because there is no employment relationship between the Controlling Shareholder and certain of the Qualifying Employees.

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 the Registration and Prospectus Requirements shall not apply to trades of Shares by the Controlling Shareholder to a Canadian Participant in connection with the Employee Share Offering, provided that, the first

trade by a Canadian Participant in such Shares shall be deemed a distribution, or a primary distribution to the public, under the Legislation, unless it is executed through the facilities of a stock exchange outside of Canada in accordance with all of the rules and laws applicable to such stock exchange.

DATED at Toronto on this "10<sup>th</sup>" day of "November" 2000.

#### Headnote

MRRS - relief from the registration and prospectus requirements with respect to trades in shares by a controlling shareholder to employees and former employees of an issuer and its affiliates

#### Applicable Ontario Statutes

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

#### Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am.,

#### Applicable Ontario Rules

Ontario Securities Commission Rule 45-503 - *Trades to Employees, Executives and Consultants*

Ontario Securities Commission Rule 72-501 - *Prospectus Exemption for First Trade Over a Market Outside Ontario*