

April 2, 2007

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

AND
IN THE MATTER OF
**THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS
AND
IN THE MATTER OF
SCHNEIDER ELECTRIC S.A. (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:

(i) trades in the units ("**Units**") of two compartments of a collective shareholding vehicle, the Schneider Electric International FCPE (the "**FCPE**"), the Schneider International Classic Compartment (the "**Classic Compartment**") and the Schneider International SAR 2007 Compartment (the "**SAR Compartment**" and, together with the Classic Compartment, the "**Compartments**" and each, a "**Compartment**") 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**");

(ii) trades of ordinary shares of the Filer (the "**Shares**") by the Compartments to Canadian Participants upon the redemption of Units by Canadian Participants, nor to the issuance of units of another compartment of the FCPE to holders of SAR Compartment Units upon the transfer of the assets of the SAR Compartment to such other compartment of the FCPE 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:

(i) trades in Units of the Compartments made pursuant to the Employee Share Offering to or with Canadian Participants;

(ii) trades of Shares by the Compartments to Canadian Participants upon the redemption of Units by Canadian Participants, nor to the issuance of Units of another compartment of the FCPE to holders of SAR Compartment Units upon the transfer of the assets of the SAR Compartment to such other compartment of the FCPE at the end of the Lock-Up Period;

3. an exemption from the adviser registration requirements and dealer registration requirements of the Legislation so that such requirements do not apply to the management company of the Compartments, Axa Investment Managers Paris (the "**Management Company**") to the extent that its activities described in paragraphs 19 and 20 hereof 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 Shares acquired by Canadian Participants under the Employee Share Offering (the "**First Trade Registration Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications

(a) the Ontario Securities Commission 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 or in Québec Commission Notice 14-101 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 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: Schneider Canada Inc., INDE Electronics Inc., Power Measurement Ltd., Juno Lighting Ltd. And MGE UPS Systems, Inc. (the "**Canadian Affiliates**", together with the Filer and other affiliates of the Filer, the "**Filer Group**"). Each of the Canadian Affiliates is a direct or indirect controlled subsidiary of the Filer and is not, and has no intention of becoming, a reporting issuer (or equivalent) under the Legislation.

3. The Filer has established a global share offering for employees of the Filer Group (the "**Employee Share Offering**") which is comprised of two subscription options: (i) an offering of Shares to be subscribed through the Classic Compartment (the "**Classic Plan**"); and (ii) an offering of Shares to be subscribed through the SAR Compartment (the "**SAR Plan**").

4. Only persons who are employees of a member of the Filer Group at the time of the end of the revocation period of the Employee Share Offering and who have a minimum seniority of three months (the "**Qualifying Employees**") will be invited to participate in the Employee Share Offering.

5. The Compartments were established for the purpose of implementing the Employee Share Offering. Only Qualifying Employees will be allowed to hold Units of the Compartments in an amount proportionate to their respective investments in each of the Compartments.

6. The FCPE is not and has no intention of becoming a reporting issuer under the Legislation.

7. The FCPE is a collective shareholding vehicle (fonds communs de placement d'entreprise) of a type commonly used in France for the conservation or custodianship of shares held by employee investors. The FCPE has been registered with and approved by the Autorité des marchés financiers in France (the "**French AMF**"). Only Qualifying Employees will be allowed to hold Units of the FCPE in an amount proportionate to their respective investments in the FCPE.

8. Under French law, all Units acquired in the Employee Share 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). At the end of the Lock-Up Period, a Canadian Participant invested in the Classic Compartment may (i) 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 (ii) continue to hold Units in the Classic Compartment and redeem those Units at a later date.

10. In the event of an early unwind resulting from the Canadian Participant satisfying one of the exceptions to the Lock-Up Period prescribed by French law, a Canadian Participant may redeem Units: (a) from the Classic Compartment in consideration for the underlying Shares or a cash payment equal to the last recorded Share price in the month of occurrence of the early unwind event, or (b) from the SAR Compartment in consideration for the underlying Shares or a cash payment equal to: (i) in the event of an early unwind prior to January 1, 2012, the closing Share price on the last date of the month in which the early unwind event occurred, or (ii) in the event of an early unwind on or after January 1, 2012, the average of the 120 closing prices of the Shares between January 1, 2012 and the date of the early unwind event (if this period has less than 120 closing prices the last actual closing price of the Shares shall be used for all remaining closing prices so as to have 120 closing prices).

11. Under the Classic Plan, Canadian Participants will be issued Units in the Classic Compartment, which will subscribe for Shares on behalf of the Canadian Participants, at a subscription price that is equal to the average of the opening price of the Shares on the 20 trading days preceding the first day of the revocation period to be fixed by the Filer (the "**Reference**

Price"), less a 15% discount (the "**Classic Plan Subscription Price**"). 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 (or fractions thereof) will be issued (however, the Classic Compartment may offer a dividend payment to Canadian Participants as an alternative and such possibility shall be communicated to them).

12. The Reference Price and Classic Plan Subscription Price will not be known to Canadian Participants until after the end of the subscription period. However, this information will be provided to Canadian Participants prior to the start of the revocation period, during which Canadian Participants may choose to revoke their subscription and thereby not participate in the Employee Share Offering.

13. Under the SAR Plan, Canadian Participants will subscribe for Units in the SAR Compartment using the Reference Price (the "**Employee Contribution**"), and the SAR Compartment will then subscribe for Shares using the Employee Contribution.

14. Under the SAR Plan, Canadian Participants will be issued Units in the SAR Compartment, which will subscribe for Shares on behalf of Canadian Participants, at a subscription price that is equal to the Reference Price. In addition, the Canadian Affiliate that employs such Canadian Participant will provide a promissory note (the "**SAR Note**") to such Canadian Participant who invests in the SAR Plan which pays to such Canadian Participant a stock appreciation right bonus payable at the end of the Lock-up Period (a "**SAR**") in an amount equal to (i) the increase of the average of the last 120 closing share prices preceding the end of the Lock-Up Period, if any, above the Reference Price, multiplied by four, or (ii) if the average calculated under (i) above is below the Reference Price, the amount of any diminution in value of the Canadian Participants' Employee Contribution calculated using the market value of the Shares on June 28, 2012 (the "**SAR Amount**").¹

14. Dividends paid on the Shares held in the SAR Compartment will be contributed to the SAR Compartment and used to purchase additional Shares. To reflect this reinvestment, new Units (or fractions thereof) will be issued (however, the SAR Compartment may offer a dividend payment to Canadian Participants as an alternative and such possibility shall be communicated to them).

15. At the end of the Lock-Up Period, a Canadian Participant invested in the SAR Compartment may (i) redeem his or her SAR Compartment Units in consideration for a payment of an amount equal to the value of the Shares subscribed on behalf of the Canadian Participant in the SAR Compartment, to be settled by delivery of such number of Shares equal to such amount or the cash equivalent of such amount (the "**Redemption Formula**"); or (ii) continue to hold Units in the SAR Compartment (or through another compartment of the FCPE, such option to be approved by the supervisory board of the FCPE prior to the end of the Lock-Up Period) and redeem those units at a later date in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares.

16. The Canadian Participant participating in the SAR Plan will be entitled to receive not less than 100% of his or her Employee Contribution in the SAR Plan at the end of the Lock-Up Period pursuant to the terms of the SAR Note, and will not be liable for any other amounts.

17. Under French law, the FCPE is a limited liability entity. Each Compartment's portfolio will consist exclusively of Shares of the Filer and, from time to time, cash in respect of dividends paid on the Shares which will be reinvested in Shares. From time to time, either Compartment's portfolio may include cash or cash equivalents that the Compartments may hold pending investments in Shares and for purposes of Unit redemptions.

18. The Management Company is an asset 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 intention of becoming a reporting issuer under the Legislation.

19. 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.

20. 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.

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

22. 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 portfolio.

23. The Unit value of each Compartment will be calculated and reported to the French AMF on a regular basis, based on the net assets of the relevant Compartment divided by the number of Units outstanding. The number of Units in the Classic Plan and in the SAR Plan will be adjusted on the basis of the market price of the Shares and other assets (cash, in exceptional circumstances) held by the relevant Compartment, effective from the first date on which the net asset value is calculated and whenever Shares or other assets are contributed to the Compartment, as applicable. Upon such adjustments being made under the Classic Plan or SAR Plan, the amounts so re-employed shall increase the total value of the Units.

24. All management charges relating to a Compartment will be paid from the Compartment's assets or by the Filer, as provided by the FCPE's regulations.

25. The Canadian resident Qualifying Employees will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.

26. The total amount invested by a Qualifying Employee in the Employee Share Offering cannot exceed 25% of his or her gross annual compensation for 2006. In addition, the total amount invested by a Canadian Participant in the SAR Plan cannot exceed 5% of his or her gross annual compensation for 2006.

27. 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.

28. The Canadian Participants will receive an information package which will include a summary of the terms of the Employee Share Offering, a tax notice relating to the relevant Compartment 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, an information notice approved by the French AMF for the Compartments describing their main characteristics, a reservation form and a revocation form. These documents will be available in both English and French.

29. 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 the continuous disclosure materials relating to the Filer furnished to Filer shareholders generally.

30. Canadian Participants will receive an initial statement of their holdings under the Classic Plan and/or SAR Plan, together with an updated statement twice a year.

31. There are approximately 1,300 Qualifying Employees resident in Canada, in the provinces of Ontario (556), British Columbia (438), Québec (153), Alberta (116), Manitoba (12), Saskatchewan (9), Nova Scotia (9), New Brunswick (6), and Newfoundland and Labrador (1), who represent in the aggregate less than 2% of the number of employees in the Filer Group worldwide.

32. The Units will not be listed on any exchange.

33. 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.

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 trade is made

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

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

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

It is the further decision of the Decision Makers under the Legislation that the First Trade Registration 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.

"Wendell S. Wigle"
Commissioner
Ontario Securities Commission

"Suresh Thakrar"
Commissioner
Ontario Securities Commission

1. The Filer will hedge its financial obligations resulting from the SARs by entering into a hedge agreement with a bank.