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December 10, 2007

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - *Securities Act*, ss. 48, 76 – Employees & Consultants – exemption from registration and prospectus requirements for employees, consultants, past employees and similar persons - Trades by an issuer’s employees or officer in securities of a fund that was established as part of the issuer’s employee investment plan or in-house investment plan - Employee voluntarily enters into the issuer’s employee investment plan; under the plan the employee will receive units in the fund; the units are exchangeable for securities of the issuer; the fund’s sole purpose is to hold securities of the issuer for the benefit of plan participants; the employee will receive an information package which includes a summary of the terms of the offering and a notice containing a description of Canadian income tax consequences; upon request the employee can receive copies of the French reference document filed with the French AMF in respect of the issuer’s shares and a copy of the relevant fund’s rules; the issuer is not a reporting issuer anywhere in a Canada; the issuer has a *de minimis* connection to Canada; the securities will be resold on an exchange outside of Canada or to a person outside of Canada

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 34(1)(a), 48, 61 and 76

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Ontario, Québec, New Brunswick,
Nova Scotia 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
ALSTOM
(the “Filer”)

MRRS Decision Document

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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) ALSTOM Sharing Classic compartment (the “Principal Classic Compartment”), a compartment of ALSTOM FCPE (the “Fund”) which is a collective shareholding vehicle of a type commonly used in France for the conservation of shares held by employee-investors;
 - (ii) ALSTOM Relais 2007 International FCPE (the “Temporary Classic Fund” and, together with the Fund, the “Funds”), another collective shareholding vehicle which will merge with the Principal Classic Compartment following the Employee Share Offering (as defined below) as further described in paragraph 19; and
 - (iii) ALSTOM Sharing Plus 2007 International compartment (the “Leveraged Compartment”), a compartment of the Fund,

(the Principal Classic Compartment, the Temporary Classic Fund 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, nor to 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:

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- (a) trades in Units of the Temporary Classic Fund 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 (the “Registrant Jurisdiction”);
 - (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 Funds, BNP PARIBAS ASSET MANAGEMENT SAS (the “Management Company”), to the extent that its activities described in paragraphs 36 and 37 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 prospectus and 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”).
5. Under the Mutual Reliance Review System (“MRRS”) 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.

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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.
2. The Filer carries on business in Canada through the following affiliated companies: ALSTOM Canada Inc., ALSTOM Hydro Canada Inc., and Telecite Inc. (the “Canadian Affiliates”, together with the Filer and other affiliates of the Filer, the “ALSTOM Group”). Each of the Canadian Affiliates is an 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. The Filer’s authorized share capital consists of 1,950,009,082 Shares. As at October 18, 2007, there were 139,286,363 Shares of the Filer issued and outstanding.
4. The Filer’s Shares are listed on Eurolist by Euronext Paris and is subject to the rules and regulations of such foreign exchange. The Shares trade under the symbol “ALO”. 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.
5. There are approximately 787 employees resident in Canada eligible to participate in the Employee Share Offering (defined below), of which approximately 572 are resident in Québec, 108 are resident in Ontario, 10 are resident in British Columbia, 92 are resident in Alberta, 1 is resident in New Brunswick, 3 is resident in Nova Scotia and 1 is resident in Newfoundland and Labrador. Together, they represent in the aggregate less than 1.5% of the number of employees in the ALSTOM Group worldwide.
6. 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.
7. The Filer is a reporting issuer under the Legislation and has continuous disclosure obligations in all Jurisdictions. The Filer also has continuous disclosure obligations in Saskatchewan and Manitoba (together with the Jurisdictions, the “Reporting Jurisdictions”). The Filer has no current intention of becoming a reporting issuer in any other Canadian jurisdiction in which it is not currently a reporting issuer. The Filer is a designated foreign issuer within the meaning of Canadian National Instrument 71-102 - Continuous Disclosure

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and Other Exemptions Relating to Foreign Issuers (“NI 71-102”) and is subject to the foreign regulatory requirements of the Autorité des marchés financiers française (“French AMF”). Further to NI 71-102, the Filer satisfies its Canadian continuous disclosure requirements by filing the disclosure documents it is required to file under securities laws in France with the applicable Canadian securities regulatory authorities.

8. To the Filer’s knowledge, it is not in default of the securities legislation of the Reporting Jurisdictions.
9. The Filer is a paper filer in accordance with National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) (“NI 13-101”).
10. The Filer has established a global employee share offering for employees of the ALSTOM Group (the “Employee Share Offering”). The Employee Share Offering is comprised of two subscription options: (i) an offering of Shares to be subscribed through the Temporary Classic Fund, which will be merged with the Principal Classic Compartment after completion of the Employee Share Offering (the “Classic Offer”); and (ii) an offering of Shares to be subscribed through the Leveraged Compartment, coupled with a grant of free shares by the Filer (the “Leveraged Offer”).
11. Only persons who are employees of a member of the ALSTOM Group during the subscription/revocation 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.
12. The Compartments were established for the purpose of implementing the Employee Share Offering.
13. The Compartments are not and have no current intention of becoming reporting issuers under the Legislation.
14. The Funds are collective shareholding vehicles (fonds communs de placement d'entreprise or “FCPEs”) of a type commonly used in France for the conservation or custodianship of shares held by employee investors. The Funds have been registered with 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.
15. 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”),

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subject to certain exceptions prescribed by French law (such as a release on death or termination of employment).

16. Under the Classic Offer, 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 (i) redeem Units in the Principal 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 Principal Classic Compartment and redeem those Units at a later date.
17. Under the Classic Offer, Canadian Participants will initially be issued Units in the Temporary Classic Fund, 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 date of fixing of the subscription price by the Chief Executive Officer of the Filer (the “Reference Price”), less a 20% discount (the “Subscription Price”).
18. The Shares will be held in the Temporary Classic Fund and the Canadian Participant will receive Units in the Temporary Classic Fund.
19. After completion of the Employee Share Offering, the Temporary Classic Fund will be merged with the Principal Classic Compartment (subject to the French AMF’s approval). Units of the Temporary Classic Fund 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”). The term “Classic Compartment” used herein means, prior to the Merger, the Temporary Classic Fund, and following the Merger, the Principal Classic Compartment.
20. 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 to participants.
21. Under the Leveraged Offer, 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.

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22. Canadian Participants in the Leveraged Offer receive a 20% discount on the Reference Price. Under the Leveraged Offer, 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).
23. Participation in the Leveraged Offer represents a potential opportunity for Qualifying Employees to obtain significantly higher gains than would be available through participation in the Classic Offer, 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 (the "Employee Contribution") under the Leveraged Offer at the Reference Price less the 20% 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 6 Shares (the "Bank Contribution") at the Reference Price less the 20% discount.
24. Under the terms of the Swap Agreement, at the end of the Lock-Up Period, the Leveraged Compartment will transfer to the Bank all Shares held in the Leveraged Compartment, less 100% of the Shares that were purchased with the Employee Contribution amounts, and the Bank will owe to the Leveraged Compartment, for every Unit, an amount equal to approximately four times the positive difference, if any, between (a) the average of the Share price on a specified date each month during the entire Lock-Up Period of such Shares and (b) the Reference Price (the "Appreciation Amount").
25. 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, the Bank will, pursuant to a guarantee agreement, make a cash contribution to the Leveraged Compartment to make up such shortfall (the "Guaranteed Amount").
26. In addition, the Filer will, for each Unit purchased under the Leveraged Offer, irrevocably grant the employee the right to receive one Share shortly after the end of the Lock-Up Period, subject to continued employment until June 30, 2013 subject to certain exceptions (the "Matching Contribution"). No dividends will be distributed for these free Shares during the Lock-Up period.
27. At the end of the Lock-Up Period, the Swap Agreement will terminate after the making of final swap payments and (i) a Canadian Participant may, within

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a specified time, elect to redeem his or her Leveraged Compartment Units in consideration for Shares with the value equal to the Shares purchased with the Canadian Participant's Employee Contribution and the Canadian Participant's portion of the Guaranteed Amount and the Appreciation Amount, if any, to be settled, at the choice of the Canadian Participant, by delivery of such number of Shares equal to such amount or the cash equivalent of such amount to the Canadian Participant (the "Redemption Formula"); or (ii) 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. 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.

28. Under no circumstances will a Canadian Participant in the Leveraged Compartment be entitled to receive less than 100% of his or her Employee Contribution at the end of the Lock-Up Period, nor be liable for any other amounts.
29. Under French law, each Fund, as a FCPE is a limited liability entity. Each Compartment's portfolio will consist exclusively of Shares of the Filer and, in the case of the Classic Compartment, from time to time, 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. The offering documents provided to Canadian Participants will confirm that, under no circumstances, will a Canadian Participant in the Leveraged Offer 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 Offer.
30. During the term of the Swap Agreement, an amount equivalent 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.
31. For Canadian federal income tax purposes, the Canadian Participants in the Leveraged Compartment should be deemed to receive all dividends paid on

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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.

32. The declaration of dividends on the Shares is determined by the Filer's shareholders. The Filer has not made any commitment to the Bank as to any minimum payment in respect of dividends.
33. To respond to the fact that, at the time of the initial investment decision relating to participation in the Leveraged Offer, 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 Offer 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 Offer.
34. 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).
35. 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

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French AMF. The Management Company is not and has no current intention of becoming a reporting issuer under the Legislation.

36. The Management Company's portfolio management activities in connection with the Employee Share Offering and the Funds 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.
37. 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.
38. 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.
39. 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 Fund to exercise the rights relating to the securities held in its respective portfolio.
40. 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.
41. The total amount invested by a Canadian Participant in the Employee Share Offering cannot exceed 25% of his or her estimated gross annual remuneration for the 2007 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.
42. 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.

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43. 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 the Euronext Paris.
44. The Filer will retain a securities dealer registered as a broker/investment dealer under the Legislation of Ontario (the "Registrant") to provide advisory services to Canadian Participants resident in Ontario who express interest in the Leveraged Offer and to make a determination, in accordance with industry practices, as to whether an investment in the Leveraged Offer 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 solely through the Registrant.
45. Units of the Leveraged Compartment will be evidenced by account statements issued by the Leveraged Compartment.
46. 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 Offer will include all the necessary information for general inquiry and support with respect to the Leveraged Offer and will also include a risk statement which will describe certain risks associated with an investment in Units pursuant to the Leveraged Offer, and a tax calculation document which will illustrate the general Canadian federal income tax consequences of participating in the Leveraged Offer.
47. 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 Fund'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 the Filer's shareholders generally.

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48. Canadian Participants will receive an initial statement of their holdings under the Classic Offer and/or Leveraged Offer, together with an updated statement twice a year.
49. As the Funds are not "related entities" of the Filer for securities law purposes, they are unable to rely upon the registration and prospectus exemption provided in section 2.24 of NI 45-106 in respect of the issuance of the Units and the subsequent trade of Shares on redemption. Moreover, exemptions from the prospectus and registration requirements which might otherwise apply to first trades in Shares acquired by Canadian Participants upon redemption are unavailable.

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) 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 % of the outstanding securities of the class or series, and
 - (ii) did not represent in number more than 10 % of the total number of owners directly or indirectly of securities of the class or series; and
 - (b) 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;

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2. in Québec, the required fees are paid in accordance with Section 271.6 (1.1) of the *Securities Regulation* (Québec); and
3. 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) and (b) under this decision granting the Initial Requested Relief are satisfied.

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