

Addendum
to the notice of meeting for the Schneider Electric SA shareholders'
combined ordinary and extraordinary annual meeting to be held on April 26th 2007 (1)

Shareholders are informed that, on request from a certain number of shareholders, including Proxinvest Active Investors, representing over 0.5 % of equity, the following resolution has been added to the agenda:

Resolution A
(suppression of the statutory clause limiting voting rights)

"The Shareholders' General Assembly suppresses, in Article 19 of the Company Articles of Association, derogation n°2 of indent 2, which limits recognition of shareholders' voting rights in the General Assembly as from 10% of voting rights."

This resolution is accompanied by the following argument put forward notably by Proxy Active Investors:

"The Schneider Electric board of directors believes that the effect of the clause limiting voting rights is to avoid any minority shareholder being able to control the meeting artificially in the event of low participation or representation at the Annual General Meeting. However, the company's articles of association and the company's executive officers should guarantee that all shareholders may legitimately exercise their voting rights at the General Meeting, no matter what the rate of participation may be.

The relevance of strategy, the quality of management and the reliability of communications must succeed in convincing shareholders to reject any possible attempts to make creeping take-overs contrary to the company's interests. Most of the companies in the CAC 40 do not possess this type of restriction and they have not undergone any creeping take-over or dismissals of members of the board, contrary to shareholders' interests.

Furthermore, any such measures do not prevent a TOB, but they limit, de facto, the presence of reference shareholders in equity capital, who give long-term support to the Schneider Electric board of directors' strategy.

References:

A - AFG – ASSOCIATION FRANCAISE DE LA GESTION (FRENCH ASSOCIATION OF MANAGEMENT (Recommendations on corporate governance – 2004) : In favour of the "one share, one vote" principle, the AFG believes that all practises giving access to control over a company's equity, when holding a minimum number of securities are liable to lead to abuse. The "one share, one vote" principle leads to rejecting any limits to voting rights created on a threshold principle, or by special action, or issuing any securities that do not offer voting rights.

B- INTERNATIONAL CORPORATE GOVERNANCE NETWORK: The ICGN confirms that any divergence from the "one share–one right to vote" principle, likely to provide any shareholder with influence that is out of proportion to the capital he or she may hold, is not to be desired. Any divergence from this principle must be indicated and justified.

C – ETHOS FOUNDATION: In their articles of association, certain companies limit the number of voting rights that a shareholder may hold, independently of the number of shares he or she holds. These limits are generally implemented as an anti-TOB device. This type of limit is contrary to the "one share–one vote" principle.

D - OECD: Principles recommend equitable treatment between foreign and national shareholders in the way powers are organised within the company. Putting a ceiling on voting rights limits the number of votes a shareholder may hold, independently of the number of shares he or she may possess. Consequently, this system of limitation redistributes the control of the company and may have repercussions on the shareholders' interest in taking part in Annual General Meetings."

The management board position

The management board that met on March 26th 2007 was informed of the exposition of motives presented above, which accompanied the request to have the resolution aimed at suppressing the clause limiting voting rights included on the agenda of the annual general meeting.

The management board wishes to point out that the clause limiting voting rights must be analysed in the context of French regulations on compulsory public bids and the rates of participation of shareholders' at the annual general meeting. Recent current events show that it is in fact possible for one or more shareholders to cooperate together and take control of a quoted company or have a determining influence in the company without having to present a public bid (See HAVAS...).

Under French law, the limit for a compulsory public bid is situated at one third of equity or voting rights. Moreover, despite wide requests for proxy powers and votes by mail, the quorum at Schneider Electric general meetings is situated around 40 %. Therefore, a shareholder in possession of more than 20% of equity would be in a position to exercise control over the company without having to make any public bid. In this context, the clause limiting voting rights at the General Assembly is a way to prevent any creeping takeover. It is a guarantee for shareholders that any acquisition of the company must necessarily pass via a public bid.

Moreover, it also provides the guarantee that the price offered in any public bid would be a fair price. Indeed any initiator of a public bid would have to make an offer that would enable him to obtain at least 66% of Schneider Electric's equity, to reach the limit from which the clause limiting voting rights would become null and void.

The management board points out that the clause limiting voting rights as it appears in Schneider Electric SA's articles of association is not incompatible with the recommendations quoted:

- The recommendations given by the AFG which is opposed to all practises liable to give access to control over a company's equity, when holding a minimum number of securities, inasmuch as its effect is to prevent any such takeover;
- The recommendations of the ICGN which is opposed to any divergence from the "one share – one right to vote" principle, liable to grant a small number of shareholders influence that is out of proportion with the capital they hold, inasmuch as its effect, when the rate of participation at general assemblies is taken into account, is to prevent any shareholder from having any influence out of proportion to his or her weight in the company's equity;
- The recommendations of the ETHOS Foundation, which is opposed to any limits being set up as anti-TOB devices, inasmuch as these limits to voting rights force any shareholder who wishes to take control of the company to make a public bid.

The management board also points out that, for Schneider Electric SA, limits on voting rights do not have the negative effects noted by the OECD. The rate of participation of shareholders at the annual general meeting is on the same level as that of other companies in the CAC 40 with an identical shareholder structure and which do not have any clause limiting voting rights.

The management board has therefore decided not to approve this resolution which it considers contrary to the shareholders' interests, as it may deprive them of the benefits of a public bid.

As a result, the management board invites you to vote against this resolution. The chairman of the annual general meeting will issue a vote that is against its adoption for all shareholders' proxy votes where no proxy has been named.

The Management Board

(1) The shareholders of Schneider Electric SA are convened to the Combined Ordinary and Extraordinary Annual Meeting, which will held on April 26th 2007 at 3 pm at the Méri dien Etoile - 81 boulevard Gouvion Saint-Cyr - 75017 Paris