2007
Half-Year Results
Aug. 1, 2007

Disclaimer

All forward-looking statements are Schneider Electric management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

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Highlights of the semester

- **On-time delivery to customer in a context of high demand**
  - Stringent management of the supply chain
- **Strong price realization offsetting raw material cost increases**
- **Sustained investments to deploy new businesses**
  - Growth* in Services: +25%, Energy Efficiency: +22%, Building Automation: +19%, Ultra Terminal: +12%
- **Fast progress of the integration of APC**
  - New organization up and running
  - Synergies well on track

* *Orders organic growth in H1 2007*

Highlights of the results

➔ **Excellent sales growth**

- Record organic growth
- Successful repositioning in terms of businesses and geographies

➔ **Strong earnings growth**

- 24% average operating earnings growth achieved over the past 8 semesters

➔ **Very promising start for APC-MGE**

- Solid sales growth coupled with Large Systems profitability improvement

	H1 2007 % change
Sales (Organic)	+14.0%
Sales (Current)	+25.3%
EBITA	**+23%**
Net income	**+21%**
APC-MGE Sales (Organic)	+17%*
APC-MGE EBITA	x2.5*

* *This figure indicates the underlying performance of the Critical Power & Cooling Services « business unit » on a proforma basis in H1 2007*

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Strategy and Business update

Excellent organic sales growth in first half 2007

Sales organic growth by region

	H1 2007
Europe	+12.4%
North America	+12.5%
Asia-Pacific	+15.5%
Rest of the World	+25.0%
Group	**+14.0%**
Inc. Emerging countries*	***+21%***

* *Emerging countries: Eastern Europe + Asia-Pacific + Rest of the World*

Highlights of H1's growth

	H1 2007
Organic growth	+14.0%
Perimeter effect	+14.9%
Currency effect	-3.6%
Current growth	**+25.3%**
APC-MGE organic growth*	***+17%***

* *This figure indicates the underlying performance of the Critical Power & Cooling Services « business unit » on a proforma basis in H1 2007*

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A unique positioning in a promising industry

→ Massive electrification needs worldwide	▪ #1 in Electrical Distribution (LV-MV) ▪ 31% exposure to emerging countries
→ Pervasion of automation	▪ Automation solutions for every segment ▪ Open web-enabled systems
→ Rising demand for energy savings	▪ Unique & comprehensive offering for energy usage efficiency ▪ #1 in Power Monitoring and Control
→ Power reliability and quality increasingly critical	▪ #1 in Critical Power ▪ Energy efficient solutions integrating cooling
→ Outsourcing of non core competencies	▪ In-house technical know-how ▪ Very large installed base

Energy efficiency
A high potential

Customers demand

- **World energy consumption to rise 70% by 2030**, with 75% of new demand driven by emerging markets
- **Increasing needs for reduction of:**
  - **energy costs**
  - **CO_2 emissions**

- 10% to - 30%
of energy savings for customers

Schneider Electric's unique offer

- **Energy savings products**
  Variable speed drive, motor control, sensors…
- **Measurement** - Metering
- **Automation everywhere**
  Supervisory systems
- **High value services**
  Audits and assessments, performance based services, energy management tools…

Potential annual market growth of +15% to +20%

An efficient growth model

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A sustained focus on efficiency in a context of fast-growing demand

EFFICIENCY INITIATIVES

- Rebalancing of production to low-cost countries
- Optimization of logistics
- Lean Manufacturing
- Monitoring of base costs
- Pricing management
- Integration of acquisitions

INVESTMENT IN GROWTH

- High-level of customer service
- Deployment of new businesses & change of mix

COST HEADWINDS

- Raw materials & components
- Currency imbalance

OPERATING LEVERAGE

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First half financial results

Strong increase of earnings

Key profitability indicators in €m

	REPORTED FIGURES			COMPARABLE FIGURES		
	H1 2006	H1 2007	Change	H1 2006*	H1 2007	Change
	(1)	(2)	(2) / (1)	(3)	(2)	(2) / (3)
Sales	**6,586**	**8,254**	**+25%**	**7,278**	**8,254**	**+13%**
Gross profit	2,754	3,378	+23%	3,006	3,378	+12%
Margin %	*41.8%*	*40.9%*	*-0.9pt*	*41.3%*	*40.9%*	*-0.4pt*
EBITDA**	1,198	1,385	+16%	1,259	1,385	+10%
Margin %	*18.2%*	*16.8%*	*-1.4pt*	*17.3%*	*16.8%*	*-0.5pt*
EBITA* **	**954**	**1,175**	**+23%**	**997**	**1,175**	**+18%**
Margin %	***14.5%***	***14.2%***	***-0.3pt***	***13.7%***	***14.2%***	***+0.5pt***
Net financial expense	(58)	(107)				
Income tax	(264)	(293)				
Minority interest	(18)	(19)				
Net income	**604**	**729**	**+21%**			
Earnings per share	***2.75***	***3.16***	***+15%***			

** Including APC on a proforma basis since February 15, 2006*
*** EBIT before net depreciation and amortization*
**** EBIT before amortization of purchase accounting intangibles of €27m in H1 07 (€10m in H1 06) and including restructuring costs & impairment of €61m in H1 07 (€70m in H1 06)*

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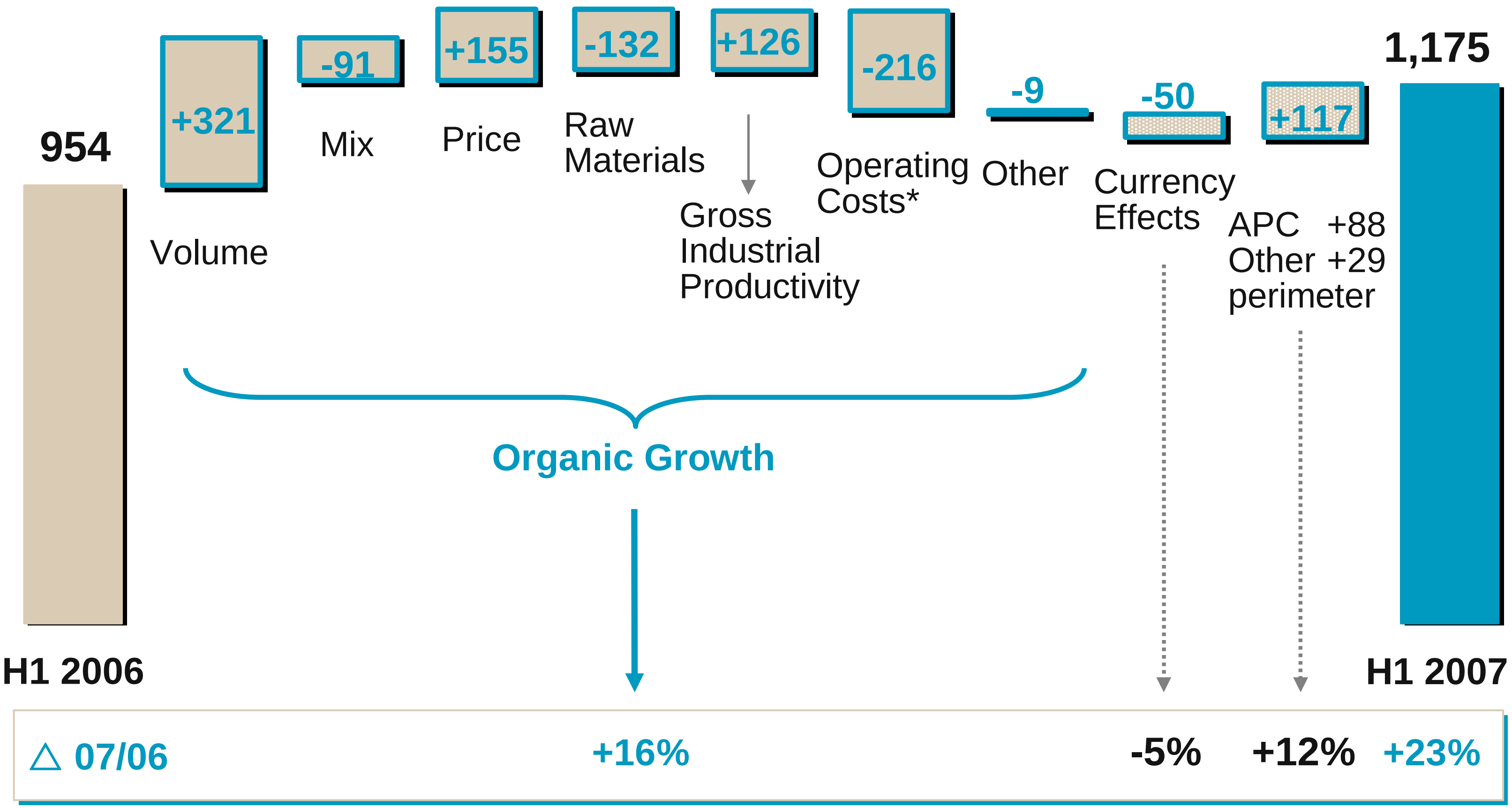
Reinvestment of higher growth benefits to deploy resources in promising areas

Analysis of change in EBITA (in €m)



* *Of which Production Labour & Other Costs: -34, SG&A/R&D costs: -182*

Good level of productivity in a context of high volume growth

Breakdown of productivity gains (in €m)

	H1 2006	H1 2007
Purchasing	61	47
Lean Manufacturing	26	27
Rebalancing	30	33
Other plans	31	19
Gross industrial productivity	**148**	**126**
as % of products' cost of sales*	***4.6%***	***3.6%***

** Excluding cost of sales for services and related businesses*

Solid profit growth across regions and businesses
Investments in Asia Pacific and turnaround of Critical Power

	Breakdown by region				Breakdown by business		
	Europe	**North America**	**Asia-Pacific**	**Rest of world**	**Electrical Distribution**	**Automation & Control**	**Critical Power****
Sales breakdown	*46%*	*28%*	*18%*	*8%*	*57%*	*29%*	*14%*
EBITA* (€m)	585 *+23%*	325 *+14%*	162 *+5%*	103 *+24%*	739 *+15%*	313 *+11%*	123 *+76%*
EBITA Margin*	15.3% *+0.7pt*	14.2% *+1.0pt*	11.0% *-1.0pt*	15.3% *+1.0pt*	15.6% *-0.2pt*	13.0% *+0.1pt*	11.0% *+4.0pts*

* *Compared to H1 2006 EBITA including APC on a proforma basis since February 15, 2006*
** *Including MGE Small Systems business*

Solid cash generation

Uses and sources of cash in €m	H1 2007	LTM
Opening net debt	**(1,835)**	**(2,214)**
Operating cash flow	**1,033**	**2,030**
Capital expenditure – net	(298)*	(530)
Change in operating working capital	(454)	(481)
Change in non-operating working capital	(4)	75
Free cash flow	**277**	**1,094**
Dividends	(668)	(668)
Acquisitions	(4,322)	(4,853)
Capital increase	1,057	1,103
Other	(167)**	(120)
Increase in net debt	**(3,823)**	**(3,444)**
Net debt at June 30	**(5,658)**	**(5,658)**

* *Including R&D capitalization of €63m*
** *Including bridging investment for APC financing of -€189m*

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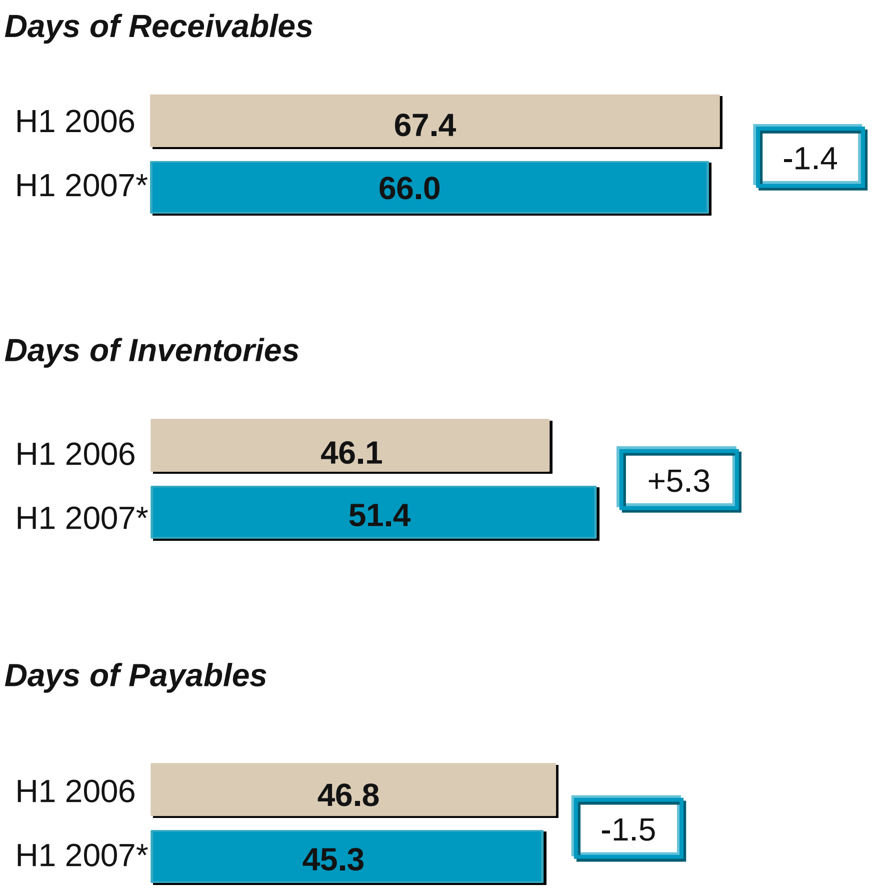
Increase of working capital requirements in a context of strong demand and with the impact of APC

WCR components in days of sales



WCR in % of sales

** Including APC consolidation on a 4.5 months period*

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Improvement of ROCE on a comparable basis

Analysis of change in return on capital employed (in €m)

EBITDA (LTM)

H1 2006*	2,402	+12%
H1 2007	2,693	

EBITA (LTM)

H1 2006*	1,892	+18%
H1 2007	2,240	

Capital Employed*

H1 2006*	13,676	+8%
H1 2007	14,725	

Cash ROCE
After tax EBITDA / Capital Employed*

H1 2006*	12.5%	+0.6pt
H1 2007	13.1%	

ROCE
After tax EBITA / Capital Employed*

H1 2006*	9.9%	+1.0pt
H1 2007	10.9%	

Cash ROE
Operating cash flow / Shareholders' equity

H1 2006*	19.8%	+0.7pt
H1 2007	20.5%	

*   *Including APC on a proforma basis since February 15, 2006*

** *Capital employed = shareholders' equity + net debt + provisions*

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Releveraged balance sheet supported by solid cash generation

Financial ratios in €m

	2006	2006 Including APC*	H1 2007
Consolidated shareholders' equity	8,838	9,816	9,881
Net debt	1,835	5,109	5,658
Net debt-to-equity ratio	21%	52%	57%
Interest coverage (EBITDA / Debt costs)	24x	Na	12x
Operating cash flow / net debt	105%	38%	36%
Funds from operations / net debt**	66%	31%	31%

* *Including APC acquisition at December 31, 2006 and after capital increase on a pro forma basis*
** *S&P definition*

Progress of APC integration

Key priorities of the business unit since APC acquisition

➔ **Growth: Ensure customers loyalty and create enthusiasm**

- Customer information every week from Day 1
- Sales conferences combining APC and MGE forces in Weeks 8 & 14
- IBM Green Data Center alliance

➔ **People: Set-up a unified organization on a common vision**

- Executive team appointed on Day 5
- Combined organization rolled-out in ~60 days
- Leverage of APC and MGE specific skills, cross-training on offers

➔ **Efficiency: Launch and monitor integration plans**

- Action plans defined around key value drivers
- Turnaround of Large Systems in progress
- Quick wins identified and secured: commercial terms & conditions, administrative costs, IT infrastructure, consolidation of commercial offices, …

Main action plans in progress along key value drivers

	Leverage Home & Distributed	Turnaround Enterprise & Systems	Deploy Projects & Services	Boost Management Software
	Accelerated product roadmap	Unprofitable products lines	Installed base maintenance	A new line of business
	BRIC countries presence	Common R&D program	Projects delivery	A key differentiator
Deliver full data center solution	Total data center solution with Schneider Electric			
Ensure customer satisfaction	Commercial coverage	Quality & processes	On-Time delivery	Customer centric
Improve supply chain	Stranded capacity	Distribution centers optimization	SKUs reduction	Supply/Demand optimization
Capture synergies	Purchasing productivity	R&D optimization	Administrative expenses	Commercial alignment

Strong increase in Critical Power & Cooling Services results

APC-MGE results

(in $m)	H1 2006 Proforma*	H1 2007 Proforma*	% chg
Sales	**1,337**	**1,659**	**+24%**
Organic growth			*+17%*
Gross Profit	**464**	**618**	**+33%**
Gross Margin %	*34.7%*	*37.3%*	*+2.6pts*
Operating Expenses	**392**	**438**	
EBITA before restructuring**	**72**	**180**	**x2.5**
Margin %	*5.4%*	*10.9%*	*+5.5pts*
EBITA***	**71**	**156**	
Margin %	*5.3%*	*9.4%*	

* *On a 6-month basis without MGE Small Systems business*
** *Excluding restructuring costs ($24m in H1 2007)*
*** *Operating income before amortization of purchase accounting intangibles*

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Strong growth prospects

➔ Solid growth for all lines of business in H1

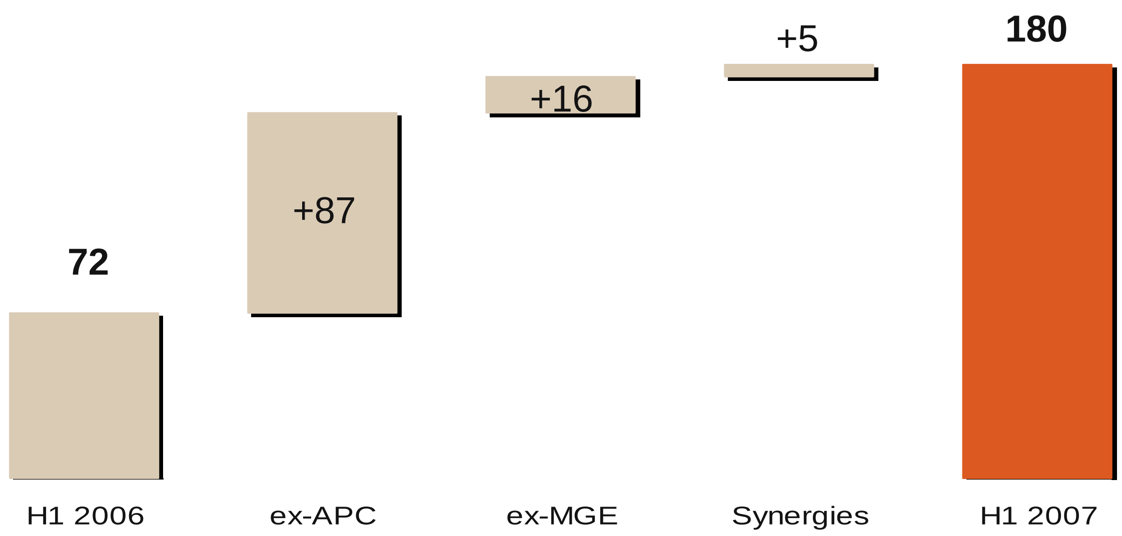
	% of sales	Organic Growth	Trend	Comments
"Home & Distributed"	45%	5%	⇨	US Channels restructuring Termination of unprofitable products lines
"Enterprise" + "Services"	52%	27%	⇗	Strong demand for both APC and MGE value propositions
"Management Software"	3%	21%	⇗	A key differentiator with strong growth potential

➔ Very attractive long-term growth drivers

- Gartner Research: 70% of data centers managers recently said power and/or cooling issues are now their single largest problem
- Energy Efficiency is common issue across applications and businesses

Strong improvement of APC performance and first effects from synergies

Analysis of Critical Power & Cooling Services EBITA increase (in $m)



- **Strong improvement for ex-APC: Large Systems turnaround**
- **Solid performance for ex-MGE after carve out of 0-10 KVA business**
- **$5m synergies “in the bank” after 3.5 months**

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APC performance improvement driven by a few key factors

➔ Pricing / Mix

- Strong price management
- Stringent project selection
- Mix impact (Enterprise vs H&D)
- Unprofitable product line termination

➔ Productivity / Raw materials

- Improved productivity / logistics
- Transfer to low cost countries
- Impact of lead cost increase

➔ Support function costs

- Headcount reduction
- G&A synergies (shared services, IT infrastructure, insurance, etc.)

APC results

$m	H1 2007 Proforma	% chg
Sales	**1,245**	**+20%**
Organic growth		*+14%*
EBITA before restructuring*	**132**	**x3.3**
Margin %	*10.6%*	*+6.7pts*
EBITA	**122**	
Margin %	*9.8%*	

* *Excluding restructuring costs of $10m in H1 2007*

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Update on synergies

➔ **Definition of key action plans along:**

4 value drivers

- Leverage Home & Distributed
- Turnaround Enterprise & Systems
- Improve supply chain
- Deliver full data center solution

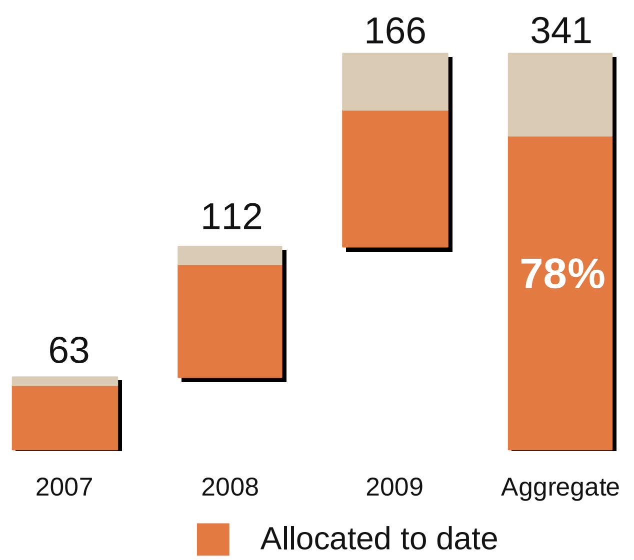
3 transversal work streams

- Set-up Integration backbone
- Optimize commercial & marketing
- Optimize support functions

➔ **Synergy targets on track**

- 44 detailed roadmaps launched
- 19 additional roadmaps to be finalized by September
- 78% of 2007-2009 cumulated synergies of 341m$ allocated
- Confirmation of 2011 annual synergy target of 220m$

Synergies ramp-up (in $m)



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Outlook

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Outlook

Assuming current economic conditions,

Schneider Electric revises upwards its target

and anticipates a 2007 organic sales growth above 10%

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October 23	**3rd Quarter 2007 Sales**	**9:30 Conference Call**

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Building
a New Electric World

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