Investors presentation

September, 2009

Schneider Electric

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.

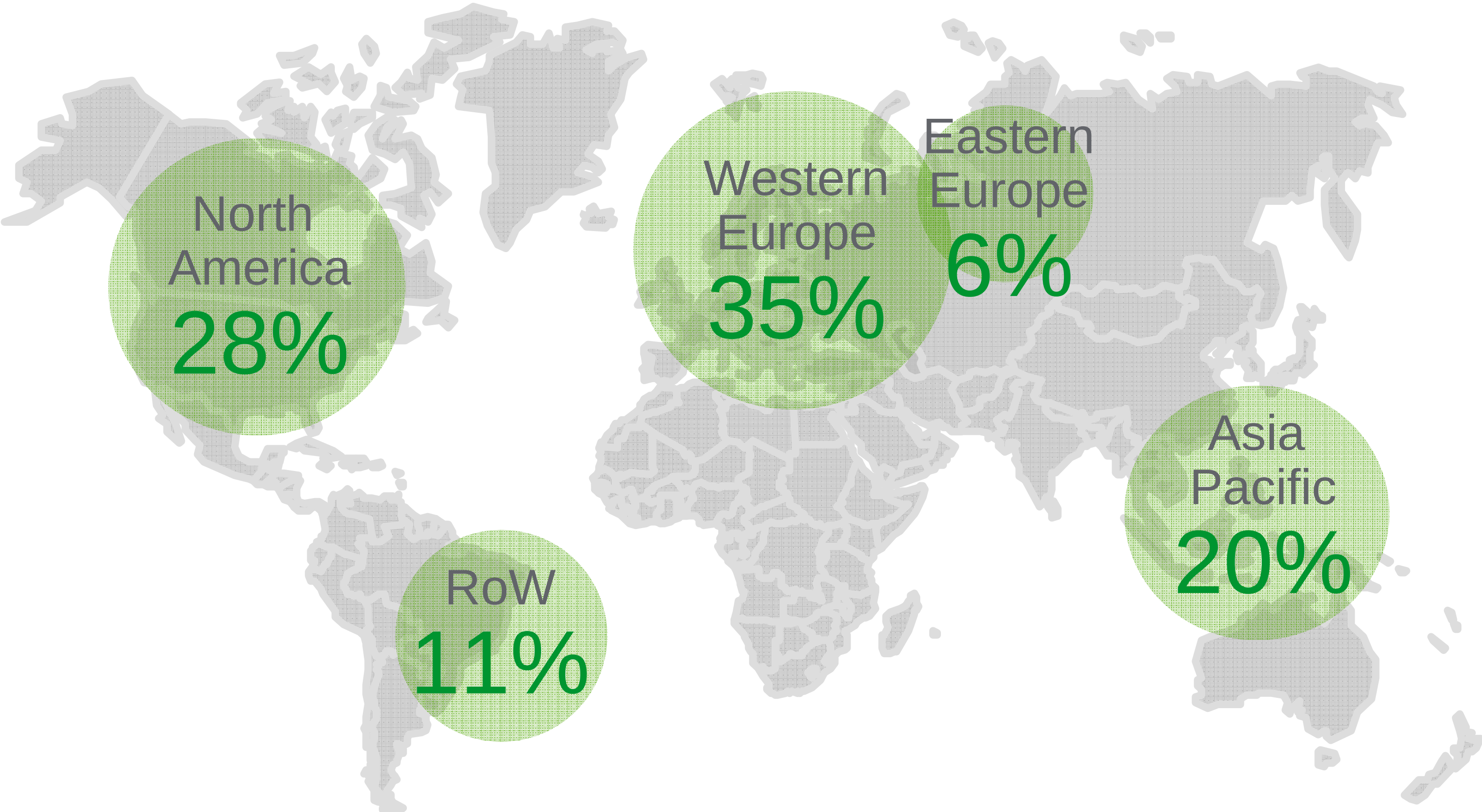
Overview

We are the global specialist in energy management

Energy production	Energy Management	Energy Usage
Thermal Nuclear Genset Hydro Solar Wind	Making energy: Safe Reliable Efficient Productive Green	Appliances HVAC Lifts Motors Machines Conveyors IT servers

We help our customers achieve more while using less of our common planet

… with a balanced global footprint



Presence in more than 100 countries

New economies sales 32% of Group

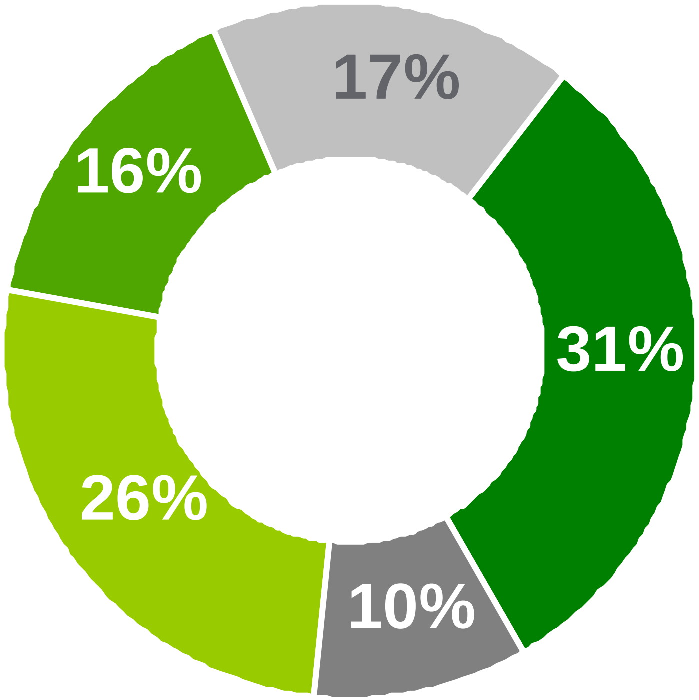
% of 2009 H1 Sales

… and diversified end-markets

Energy & Infrastructure

- Electrical energy
- Oil & Gas
- Marine
- Water

Data Centers



Buildings

- Hospitals/Public
- Offices
- Industrial
- Retail

Industry

- OEMs
- Mining, minerals & metals

Residential

% of 2008 Sales

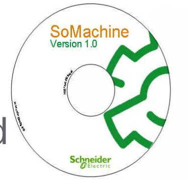
We are committed to innovation

For Buildings & Residential

Green power batteryless & wireless switch based on *Zigbee* technology

For Industry

SoMachine.
One single software to reduce time to market.
Time of design reduced from 18 to 4 months



For Power

Compact NSX, the first circuit breaker that combines protection and monitoring of power consumption

For IT

Surge protector with LCD Timer, enabling significant energy savings

- **Partnering with best-in-class public and private organizations** (IBM, Cisco, Microsoft, MIT, Shanghai University)
- **Committed to standardization** (Green grid, Zigbee, IEC)
- **Leading innovation projects** (Minalogic, Tenerrdis)

We are a socially responsible company committed to sustainable development

Our Foundation demonstrates our commitment

- Be an involved party to provide energy access to the 1.6 billion people currently without electricity
- Support the insertion of underprivileged young people through our businesses
- Contribute to start-up companies in our business
- Support the reconstruction for the victims of natural disasters

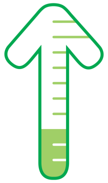
A recognised performance

We are in the main Socially Responsible Investment (SRI) indices

- ASPI, Dow Jones Sustainability World, Ethibel Sustainability Index

#95 in latest Covalence ethical ranking

A measured performance



Our Planet & Society Barometer

- Score / 10

Jan. 09	**Q2 2009**	Target 2011
3.0	**4.3**	8.0

- Our 2005-2008 performance: **from 3.6 to 8/10**

One: at work to contribute to resilience and prepare the future

Focused execution of One company program in tough business environment

- **1** solution provider
- 1 leader in new economies
- 1 global company

- Solutions' growth at **+11 pts** above group average
- Growth in new economies **+6 pts** above mature countries
- Support function cost reduction ahead of plan: **€310m**
- Productivity resisted to sharp volume fall and is **ramping up** fast

H1 results

EBITA margin: **11.6%** before restructuring costs
Free Cash Flow: **€726m** up 8% vs H1 2008

Solutions and services approach reduces impact of market slowdown

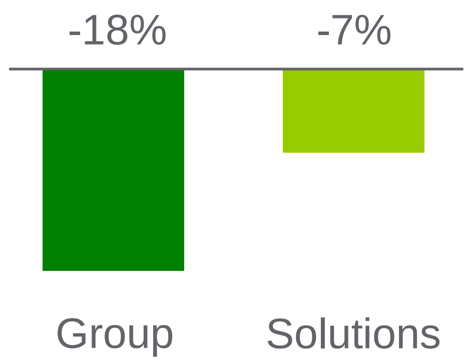
Growing need for energy efficiency

Strong demand in services

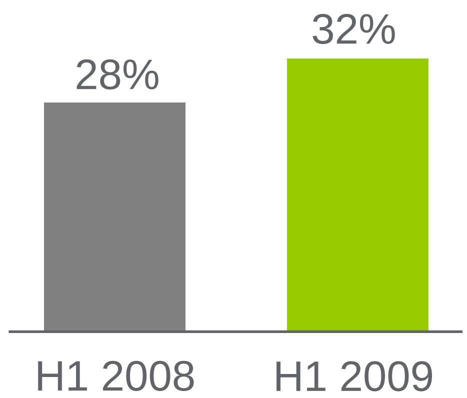
Deployment of complete solutions for renewable

Acceleration of our solutions capability
- Gearing up EcoStruxure
- Trained 900 to date

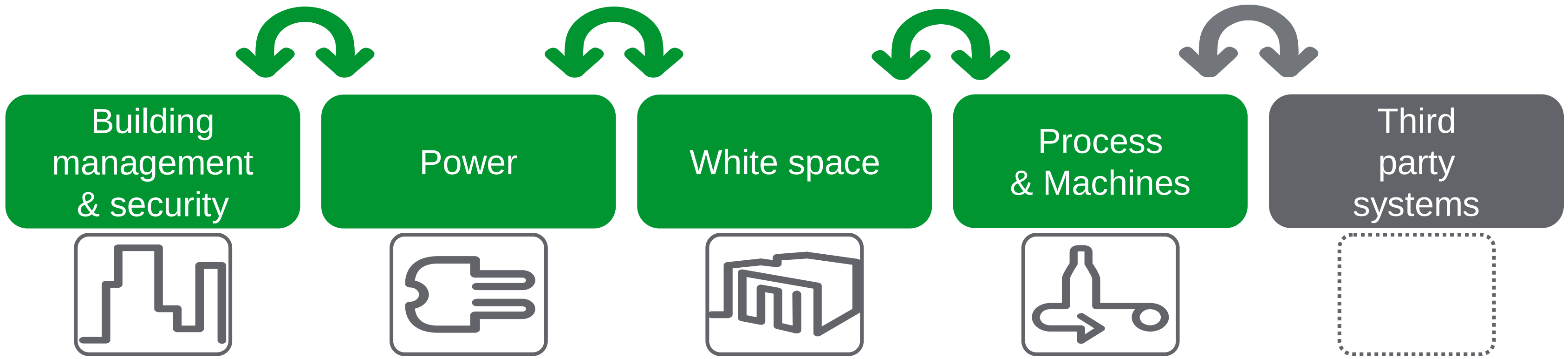
Sales
organic growth



Solutions
Share in Group sales



Gearing up EcoStruxure™ to support our move in solutions



Key enabler to complete solution approach

- Guaranteed compatibility of different offerings of Schneider business portfolio to generate synergy for customers
- Up to 30% energy efficiency
- Capex & Opex reduction
- Enabled by the right connecting technologies (IP as common highway, Web services)

Some quick wins already on the market

- Power monitoring integrated with building management system
- Integration of remote video control within the industrial process software
- Consolidation of power monitoring with manufacturing execution system (MES) at enterprise level

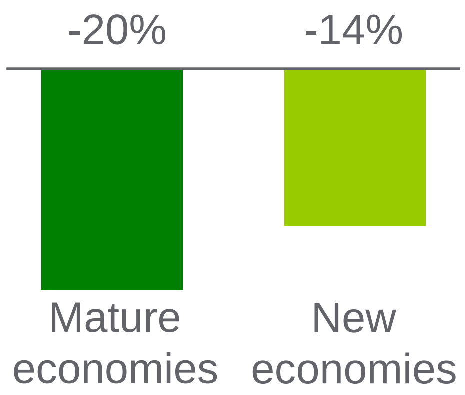
New economies held up better than mature countries

32% of group sales
- China gaining momentum
- Growing Africa
- Hard hit Eastern Europe

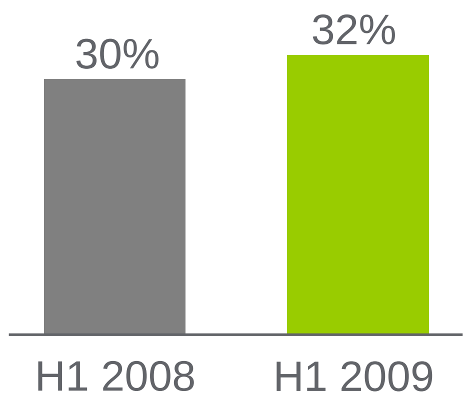
Progressive recovery of their structurally higher growth potential

Acceleration of penetration
- With bolt-on acquisitions: Conzerv (India), Microsol (Brazil)
- Specific attention on talents

Sales
organic growth

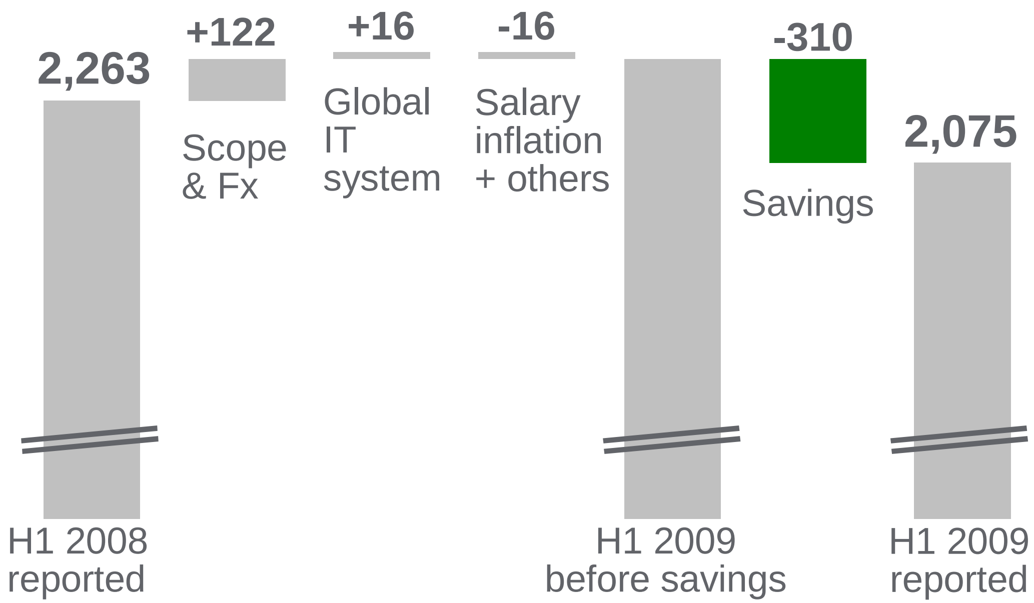


New economies
Share in Group sales

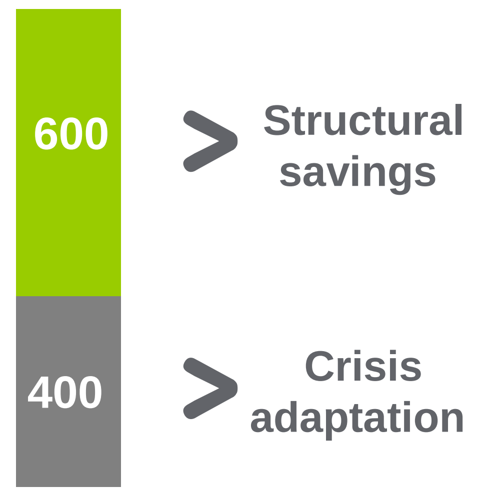


SFC reduction ahead of plan thanks to mobilization at all levels

Support function costs analysis (in €m)



Target savings by end 2011



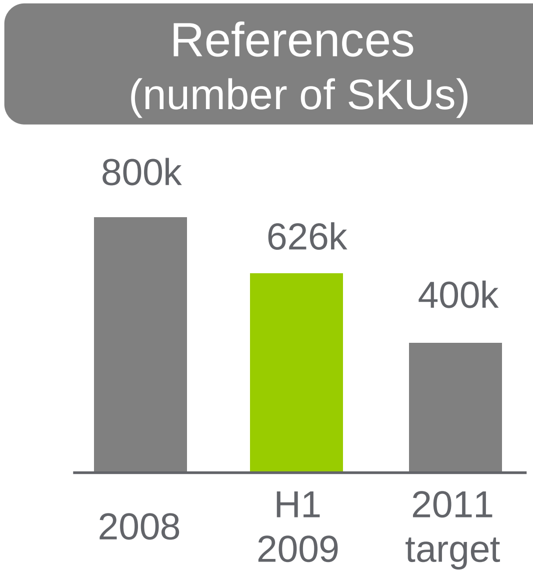
Benefits from initiatives launched as early as Q4 2008

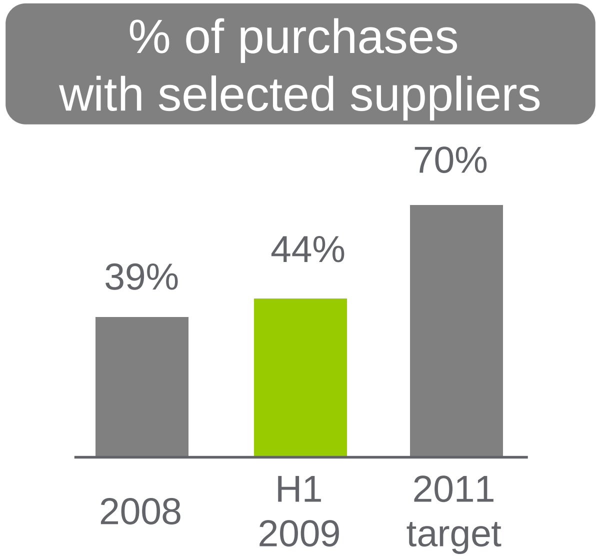
Accelerated execution to reach savings target faster than planned

Key actions taken to reduce SFC

Simplification streams	Actions undertaken	Progress vs. plan
Finance & HR optimization	• On-going deployment of global shared services • Expertise globalization (tax, legal, finance, HR)	++
Marketing simplification	• Audit of overlap business unit/zone and levers of efficiency • Marketing globalization • Launch of One Web in 85 countries	+
Sales Force Effectiveness	• Alignment on best practices on sales efficiency	+++
Other actions	• Co-location • IT globalization • Commercial sites rationalization • Brand migration	+++

In progress to boost productivity in the supply chain





Rapid start for the optimization of offerings (-170k SKUs)

Good progress of supplier concentration

Strong effort to absorb manufacturing base costs despite sharply lower volume

H1 industrial productivity performance (in €m)

Purchasing	53
Lean Manufacturing	15
Rebalancing	27
Productivity before fixed manufacturing costs	**95**
(Under) absorption of fixed manufacturing costs	(95)

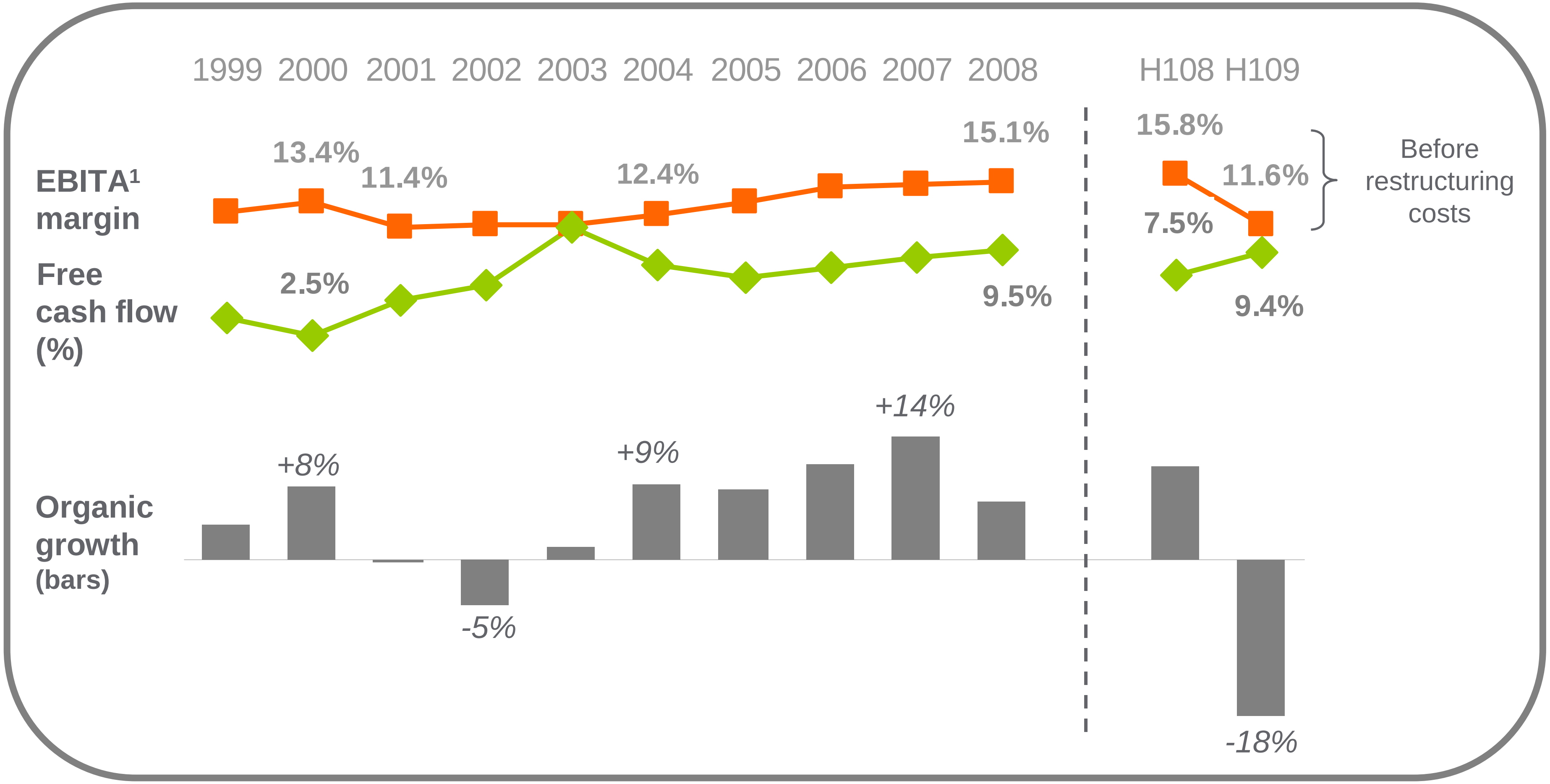
Target savings by end 2011

600 > **Industrial productivity**

First benefits of initiatives pushed productivity to positive territory in Q2

Continued ramp-up of productivity into the year

Resilience demonstrated despite unprecedented market downturn



[1] 1999-2005: EBIT, 2006-2009: EBITA

Finance presentation

H1 topline affected by weak end-markets

Sales organic growth by division

	H1 2009
Electrical Distribution	-13.0%
Automation & Control	-26.7%
Critical Power	-17.7%
Group	**-17.9%**

Sales organic growth by region

	H1 2009
Europe	-19.1%
North America	-22.6%
Asia-Pacific	-15.3%
Rest of the World	-2.1%
Group	**-17.9%**

Margin supported by cost reduction benefit

In m€	H1 2008	H1 2009	Change
Sales	8,946	7,755	-13.3%
Organic growth			*-17.9%*
Gross profit	3,681	2,974	-19%
Margin %	*41.1%*	*38.3%*	*-2.8pt*
R&D expenses	(199)	(180)	-10%[3]
SG&A expenses	(2,064)	(1,895)	-8%
EBITA[1,2] before restructuring	1,411	903	-36%
Margin %	*15.8%*	*11.6%*	*-4.2pt*

1 After reclassification of the interest component of defined benefit plan costs (see appendices for details) Reclassification impact on H1 2009 margin is +0.4pt vs. +0.2pt in H1 2008

2 EBIT before amortization and impairment of purchase accounting intangibles

3 R&D budget (including charges in Cost of Goods Sold) down 2% in H1 to €374m or 4.8% of sales

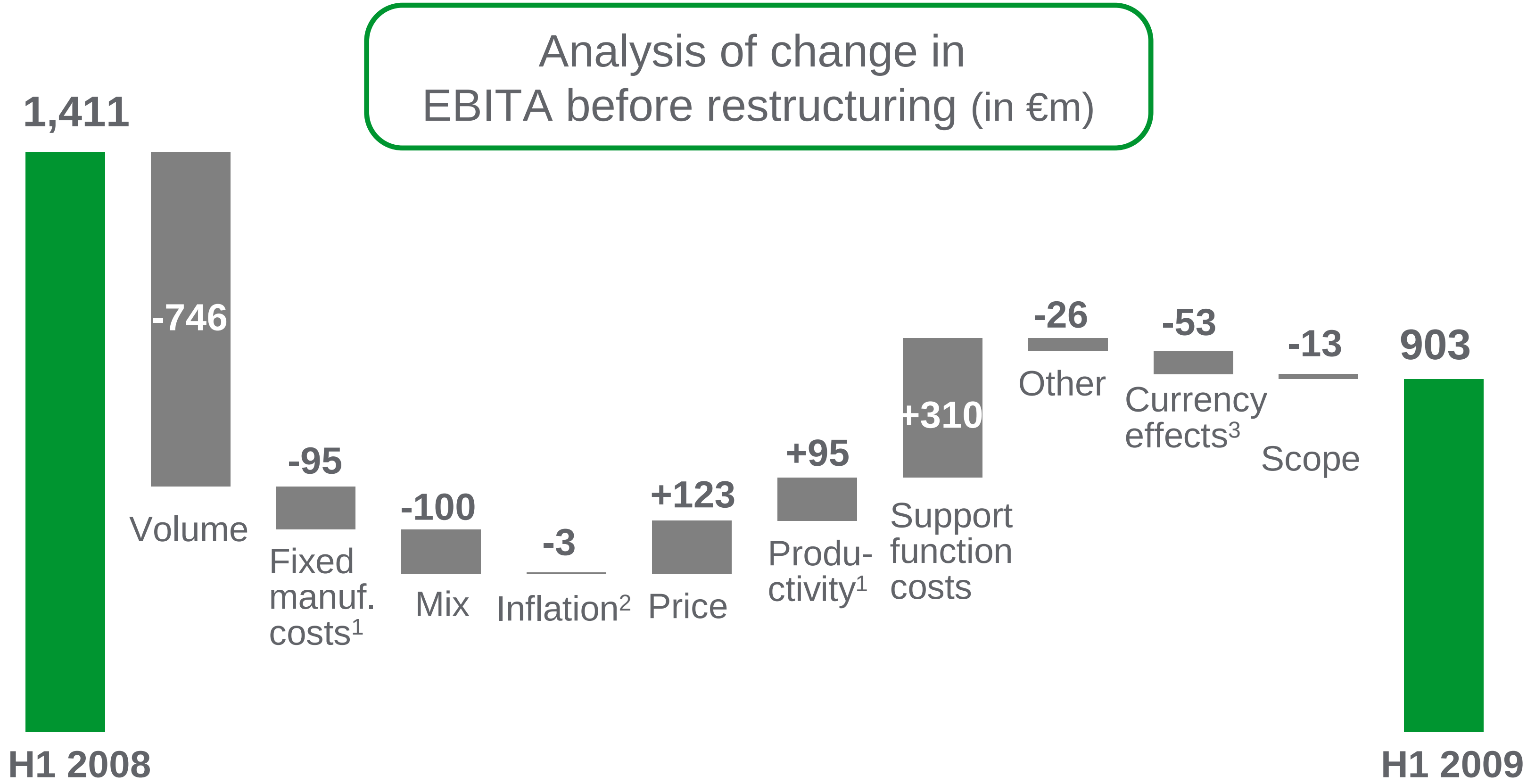
Net income impacted by exceptional items

In m€	H1 2008	H1 2009
EBITA before restructuring[1]	1,411	903
Margin %	*15.8%*	*11.6%*
Restructuring costs	(52)	(112)
EBITA	1,359	791
Amortization & impairment of purchase accounting intangibles	(49)	(108)
EBIT	1,310	683
Net financial expense[1]	(132)	(198)
Income tax	(313)	(114)
Equity investments	6	(8)
Minority interests	(20)	(17)
Net income (group share)	851	346
Earnings per share	*3.56*	*1.43*
Adjusted net income[2]	925	514

- Step-up in restructuring charges to support cost initiatives
- Including €50m impairment for Customized Sensors business unit in 2009
- Net financial expense increase detailed in slide 31
- Effective tax rate remains attractive at 23.5%
- Adjusted net income down 44%

1 After reclassification of the interest component of defined benefit plan costs (see appendices for details)
2 Adjusted for restructuring costs and purchase accounting related charges, at the period's effective tax rate

Volume effect partially offset by cost actions and prices



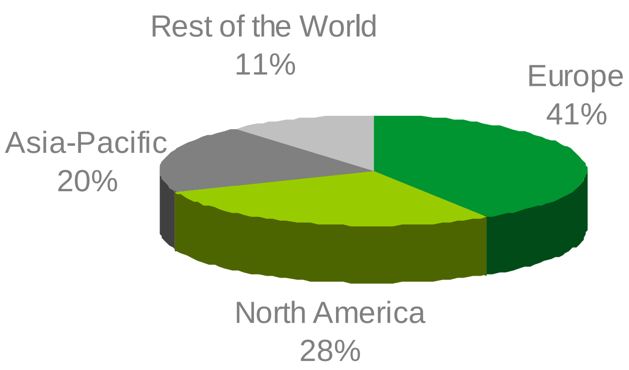
€528m brought by prices and cost savings

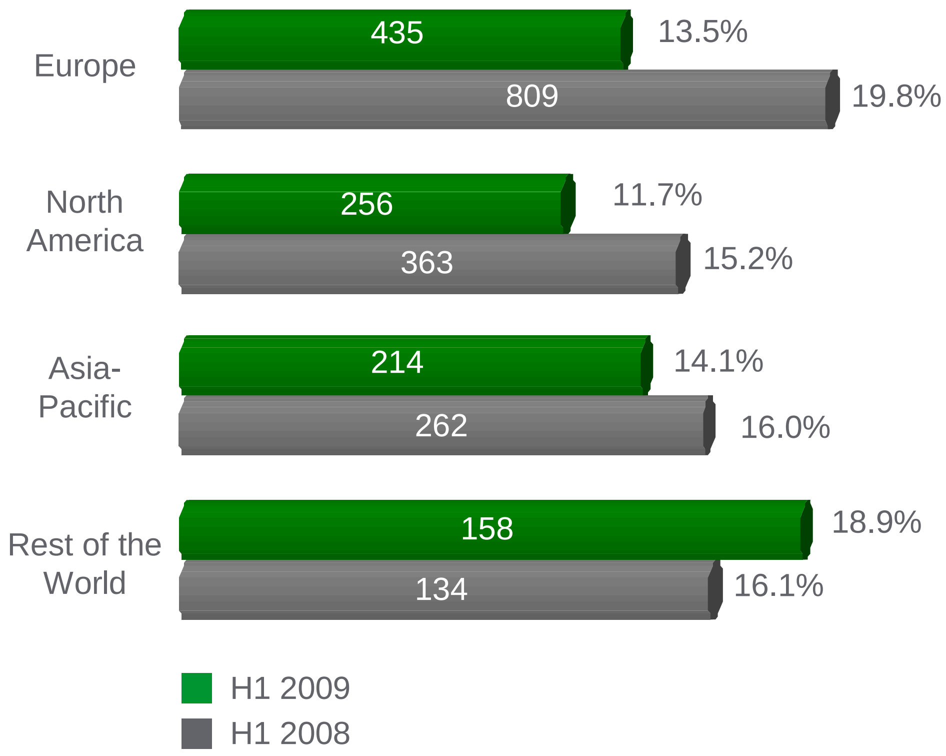
1 Industrial productivity of +95 before -95 of under-absorption of fixed manufacturing costs
2 Of which Raw materials: +23, Production labour & other Costs: -26
3 Of which translation: +71, transaction: -124

Europe profits hard hit by downturn while new economies posted better resistance

EBITA before restructuring by region
(before corporate costs[1])

Sales
€7,755m





-6.3 pts

-3.5 pts

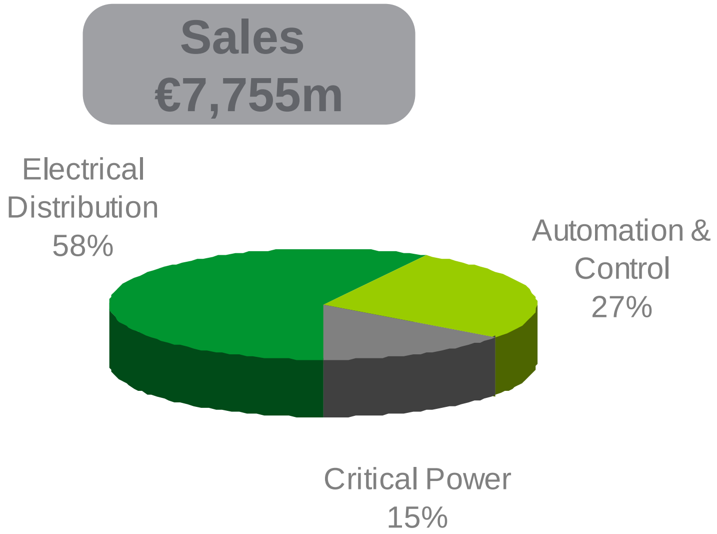
-1.9 pt

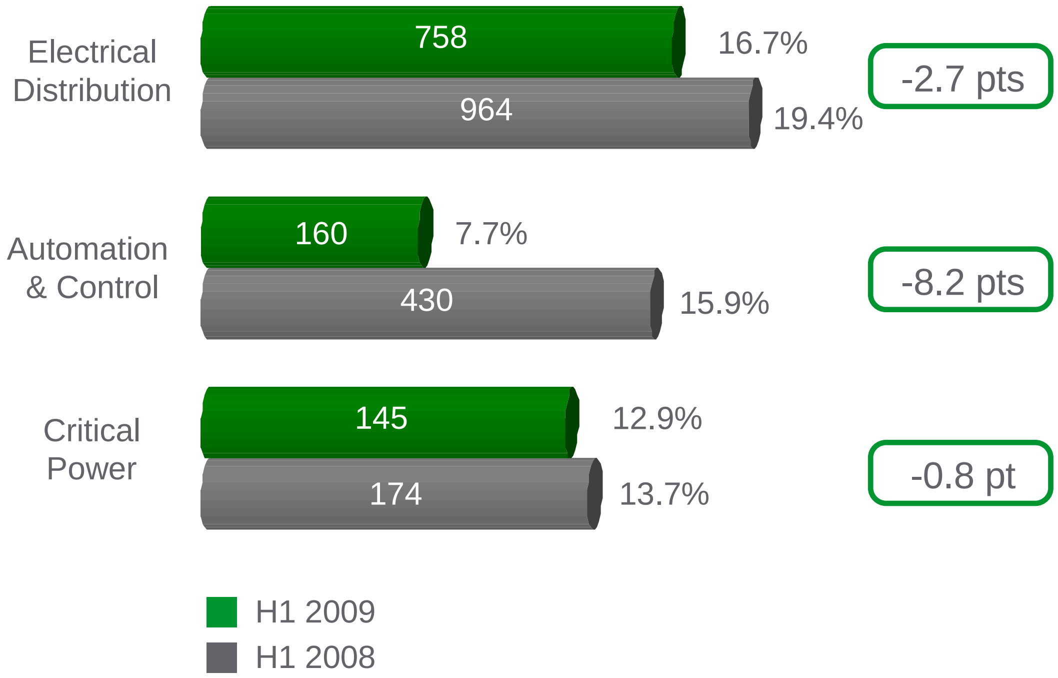
+2.8 pts

[1] Corporate costs of €160m in H1 2009 (€157m in H1 2008)

Automation & Control impacted by weak industry markets, Critical Power margin almost stable

EBITA before restructuring by business
(before corporate costs[1])





[1] Corporate costs of €160m in H1 2009 (€157m in H1 2008)

Net debt reduced by over €1bn over the past 12 months thanks to robust free cash flow

Analysis of debt change in €m	H1 2008	H1 2009	LTM
Net debt at opening	(4,936)	(4,553)	(5,220)
Operating cash flow	1,199	770	2,071
Capital expenditure – net[1]	(314)	(288)	(667)
Change in operating working capital	(260)	296	470
Change in non-operating working capital	50	(52)	(88)
Free cash flow	675	726	1,786
Dividends[2]	(796)	(315)	(315)
Acquisitions	(170)	(41)	(469)
Capital increase	5	0	139
Other	2	41	(63)
Increase (decrease) in net debt	(284)	411	1,078
Net debt at June 30	(5,220)	(4,142)	(4,142)

1 Including R&D capitalization of €112m (€212m in LTM)
2 Dividends paid in 2009 amount to €837m, of which €522m have been paid in shares (at shareholders' option)

Tight inventories and receivables control limits variation in working capital requirement ratio

Days of receivables[1]	
56 days	-1 d

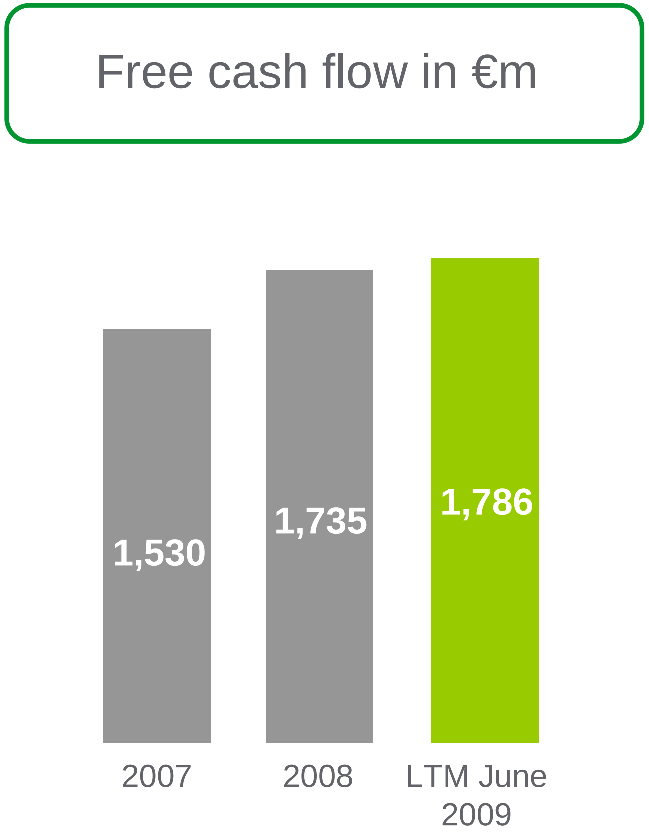
Days of inventories[2]	
88 days	+4 d

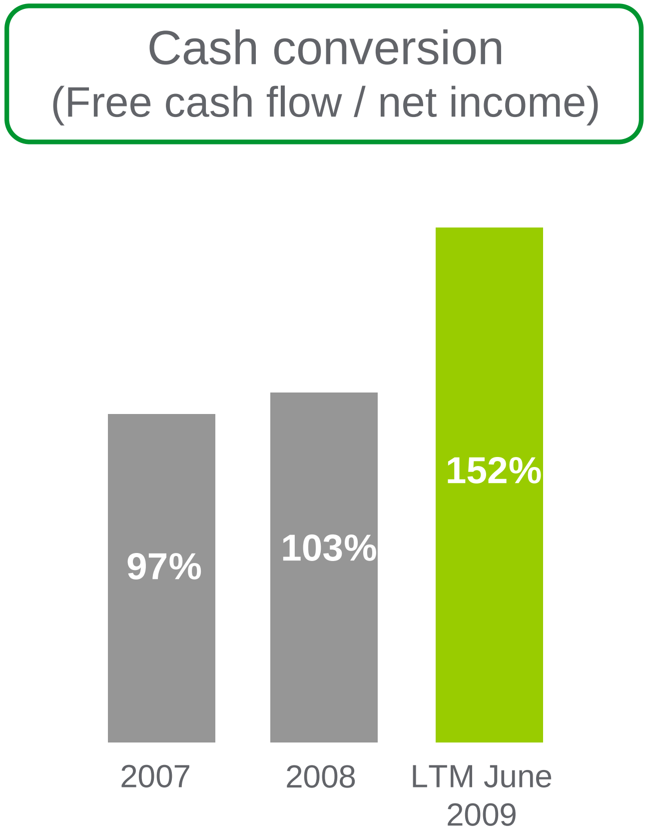
Days of payables[3]	
56 days	-2 d

WCR[4]	
22.1%	**+0.8pt**

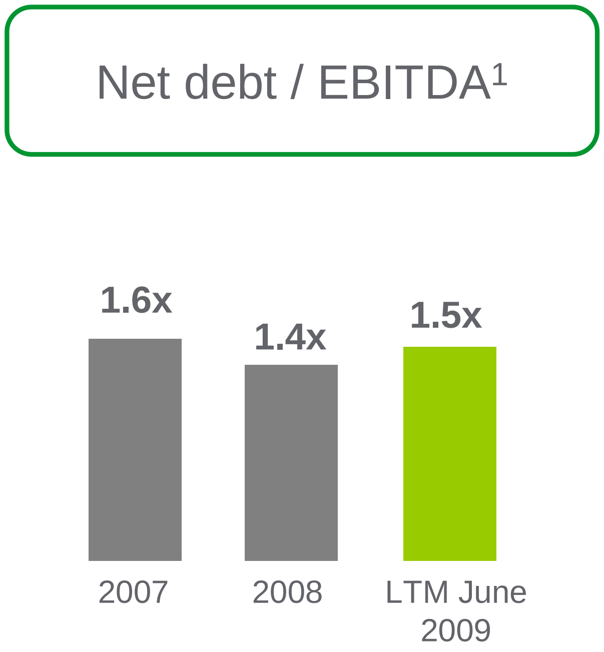
[1] Days of sales
[2] Days of COGS (cost of goods sold)
[3] Days of purchases
[4] % of sales

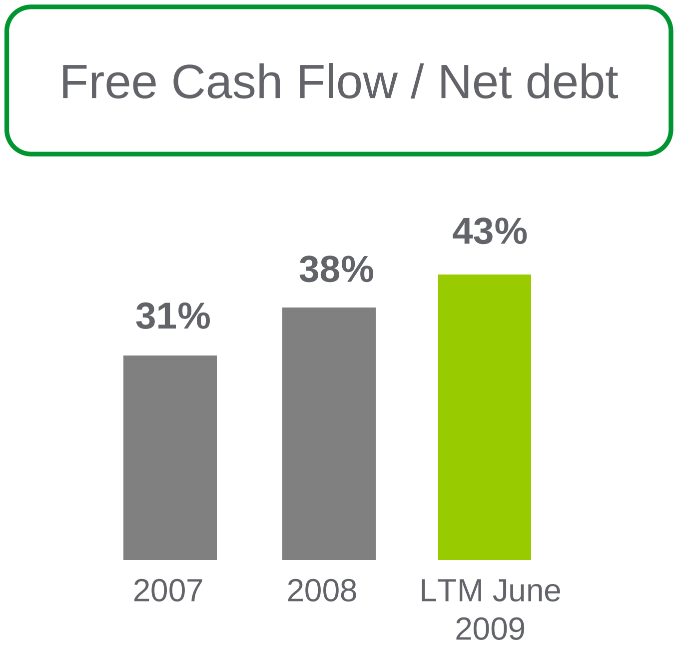
Cash generation remains robust





Net debt / EBITDA credit ratio remains low at 1.5x only



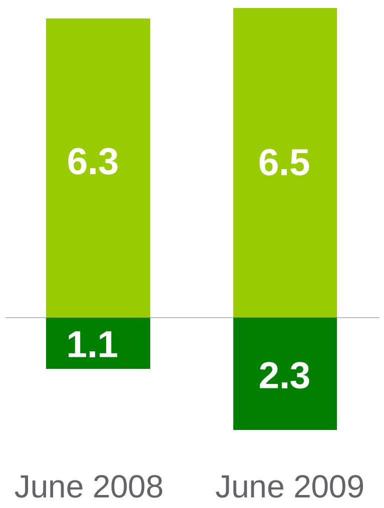


[1] EBITDA of €1,064m in H1 2009 (€1,619m in H1 2008)

Strong liquidity, reinforced throughout the crisis

Breakdown of net debt

(in €bn)



Increase in net financial expense of €66m, of which:

Increase in interest expense	+15
Decrease in interest income	+6
Higher pension and retirement charges	+17
Lower dividends received, capital gain not repeated	+23

Cash balance increased by €1.2 billion

Undrawn credit facilities of €3.0 billion

Outlook

Full year outlook

Business trends

End markets to remain soft

Exposure to more resilient new economies

Early signs of sequential improvement in some business segments

Profitability

Productivity ramping-up

Continue our effort on cost reduction

Lower raw material prices to offset price effect in H2

More restructuring charges in H2 to support 2010 savings

H2 organic sales trend to be in line with the level of H1

12% EBITA margin before restructuring costs

Working towards long term resilience

Energy management: a promising business

Unique business portfolio with leadership position

Strong footprint in new economies

Laying a strong base for long term growth and profitability

One: an ambitious program to guide us through to 2011

Leaner cost structure

Focus on cash management

Capture growth opportunities

Appendix I

One: our new company program for 2009-2011

The Case for Change: 4 radical transformations

From power and control…	… to energy management
From a product play …	… to a product and solution play
From leader in mature …	… to leader in mature and new economies
From multi local & complex	… to global and simple organisation

Strategic initiatives supported by 2 strong fundamentals and 3 key transformations…

… leading to :

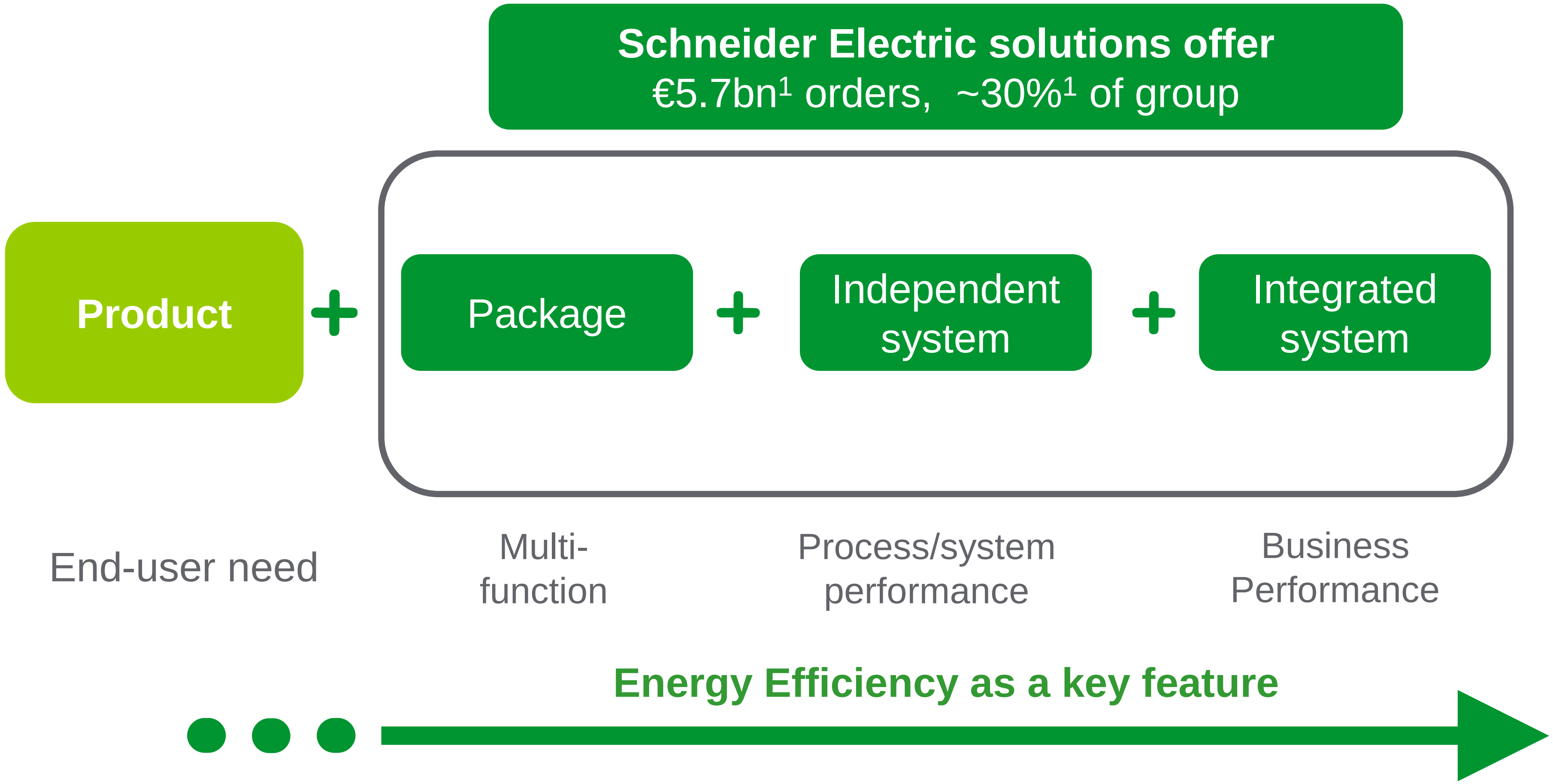
- superior organic growth across the cycles
- lower cost structure in the near term & beyond

1 solution provider

1 leader
in new economies

1 global company

We aim to leverage our solution capability to capture a bigger part of the value chain



[1] Figures in 2008

We bring value all along the energy efficiency lifecycle with standardized approach

up to 30% energy saving

Measure

1. Energy audit and metering

Fix the basics

2. Low consumption devices

   Power quality

   Power reliability

Automate

3. Solutions in :

- building management,
- power management,
- motor control,
- lighting control

Monitor

4. Monitoring and consulting services

Increased presence to end-user will further boost our service business

Build solutions

Improve solutions

- Performance audit
- Energy audit
- Consulting support

lifecycle of customer's installation

Operate solutions

- Operations and maintenance
- Audit and diagnosis
- 24/7 operational support

SERVICES

~ €2bn sales, growing +20%

10% of Group

We are one solution provider with enhanced growth profile

- Common architecture that bridges our fields of expertise, with open interoperable systems
- End-users focused front offices
- Energy efficiency as the key enabler for the implementation of solutions
- Virtuous circle leading to increased service revenues

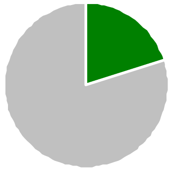
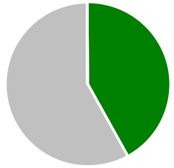
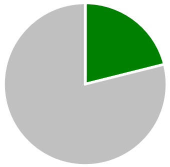
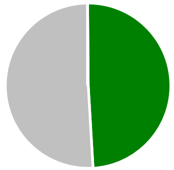
Solutions grow at GDP + 5pts
across the cycles

1 solution provider

1 leader
in new economies

1 global company

We have established strong market presence and industrial base in new economies

	2004	2008
Sales in new economies*	×2.2	€6bn (32% of Group)
Production costs (% of Group)	 18%	 41%
Purchasing	 21%	 48%
Employees	26,500	46,500 (40% of Group)

*Asian countries excluding Japan, Africa, Middle East, Latin America & Mexico, Eastern Europe including Russia

Our ambition is to become the champion in new economies by 2011

	2008	2011	
Boost R&D and marketing to be as local as possible • R&D and support function rebalancing Local sales to be supported by local skills • Invest in SE Brand notoriety for clear and long term recognition	19%	33%	Grow at GDP + 6pts across the cycles
Capture productivity opportunity • Continued industrial rebalancing through sourcing and manufacturing	41% of COGS	50% of COGS	

1 solution provider

1 leader
in new economies

1 global company

Simplification is a pre-requisite for many of our strategic initiatives

Reduce complexity	2008	2011	vs.2008
Product references (SKUs)	800 000	400 000	÷ 2
Production suppliers	20,000	10,000	÷ 2
Active brands	120	10	÷ 12
Operating sites (industrial & commercial)	1,400	1,000	-30%
Reporting entities	560	350	-40%
Complexity Index	100 → Reference base	1	

One simple way of doing business across the board

We have launched initiatives leading to expected savings of €1.6 billion by 2011

€m savings*

Total savings by 2011

One
simple way

(support function costs)

→ **Structural savings**

→ **Crisis adaptation**

One
lean supply chain

* Before restructuring costs of €660m over 3 years

1 solution provider

1 leader
in new economies

1 global company

- **One** **simple way**

Our ambition is to generate support function cost savings of €1bn annually from 2011

Simplification streams	Savings ambition (in €m)
Finance & HR optimization	~170
Marketing simplification	~160
Sales Force effectiveness	~370
Other actions (R&D and IT for up to 130, reduction of management entities, support for industry…)	~300

* Before restructuring costs

1 solution provider

1 leader
in new economies

1 global company

- **One simple way**
- **One supply chain**

Our objective is to boost productivity in our supply chain

- Continue to simplify our supply chain to drive improved services for our customers at lower cost

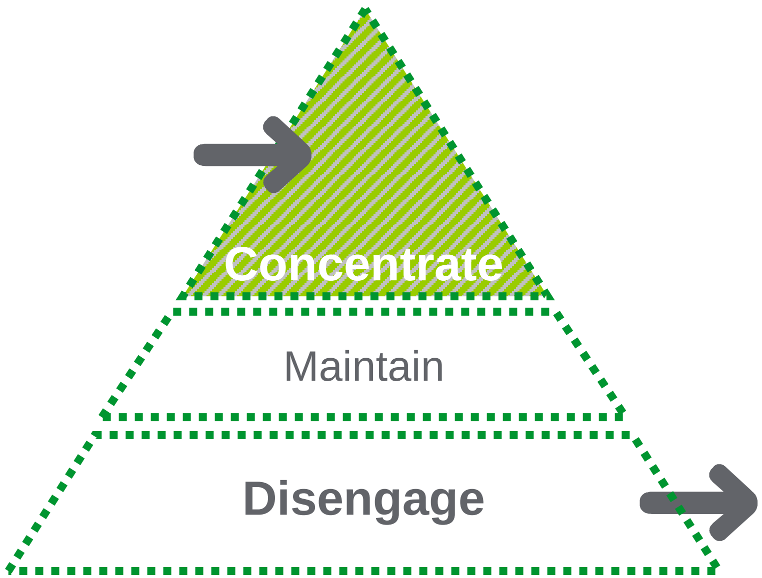
	2008	2011
Product references (SKUs)	**800,000**	**400,000**
Production suppliers	**20,000**	**10,000**
Distribution centers	**140**	**80**

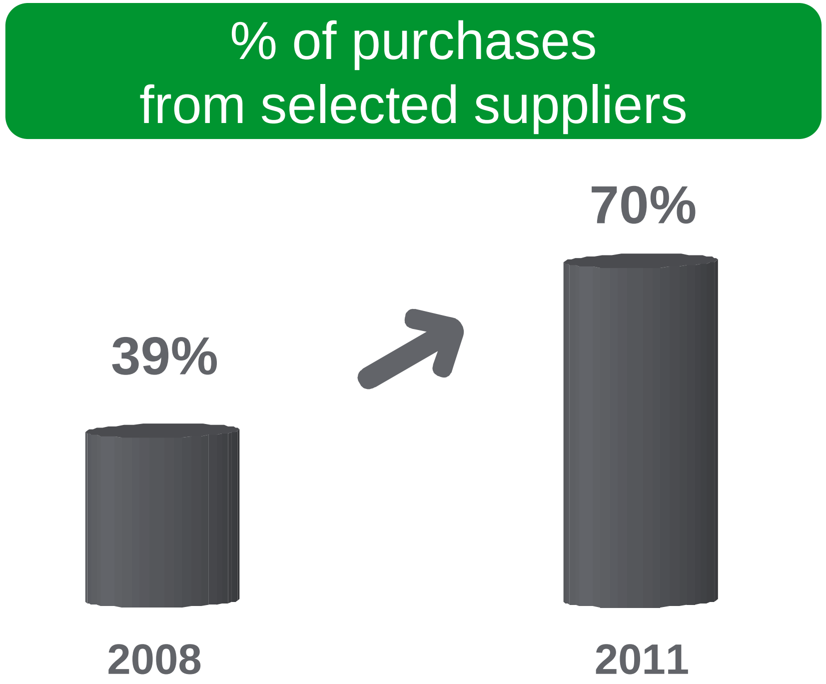
2x **more efficient**

- Reduction of product cost by reinforcing the quality and value engineering
- Continue the rebalancing of our industrial footprint with suppliers and manufacturing sites

Cumulative gross savings of **€600m** by 2011

Large savings are expected from supplier concentration

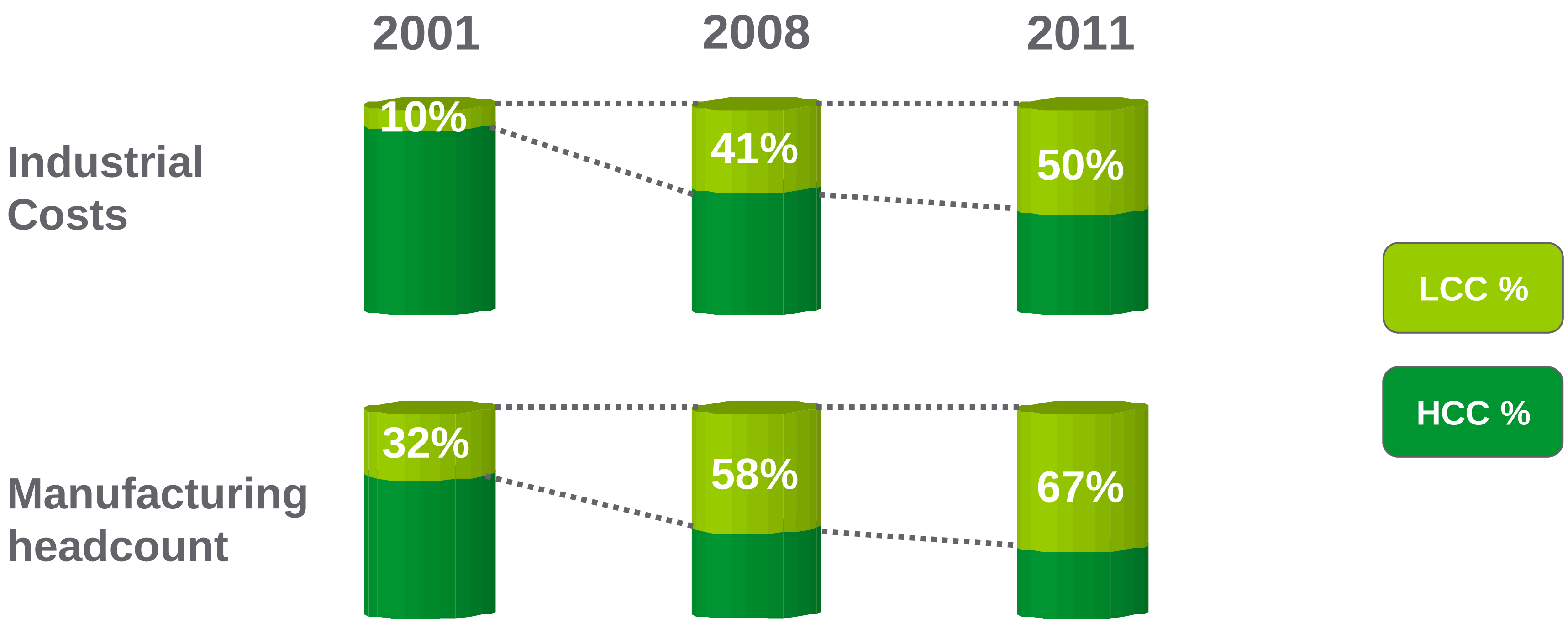




- Select a limited number of suppliers demonstrating best-in-class quality, delivery and cost and co-development competencies

- Massify purchasing with 1,000 to 1,200 selected suppliers
- Start immediately at new product development level

Continuing rebalancing of industrial costs and headcount to low cost countries



The target is to rebalance ~€240m per year to low cost countries

One Finance Presentation

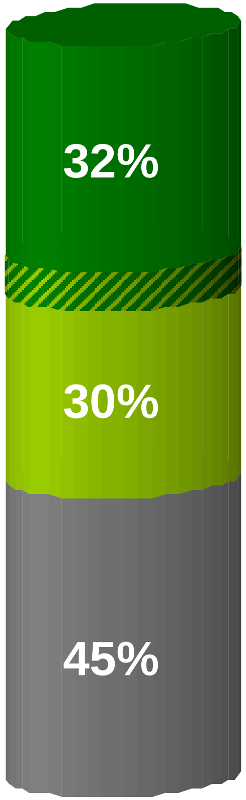
Across the cycle, Schneider Electric's profile is a growth rate at GDP +3 points

Expected growth profile

New economies → GDP + 6 pts

Solutions with EE features → GDP + 5 pts

Mature business → GDP



2008 sales

Overlap (7%)

Average growth profile
GDP +3 pts

Across the cycle, earnings drivers should support a continued improvement of profitability

new² target: EBITA range 13%-15%
2008 upcycle achievement: 15% margin

+	-
One solution provider	Global IT system Deployment (€150m)
Leader in new economies	Salary and general cost inflation
One simple way Structural savings of €600m	Mix effect
One lean supply chain productivity	

In a normal cycle, Schneider Electric is able to generate an EBITA margin range of 13%-16%

In the short term we are managing a global economic downturn

Environment	Management Response	Outcome
Global downturn	**Flexibility**	**Resilience**
2009 H1 organic sales down 17.9% **Outlook:** 2009 H2 organic sales trend to be in line with the level of H1	We are well prepared to manage the downturn: - **Intensification** of support function costs reduction by adding up to €400m over three years - **Conservative cash management** (capex reduction, active working capital management) – Restructuring costs **€660m** over 3 years	Under these conditions, we want to deliver: - Support function costs savings of **€1.0bn** - **EBITA margin floor at 12%** before restructuring costs - a cash conversion of **100%** of net income

Appendix II

Details on the pension reclassification

	H1 2007	H2 2007	H1 2008	H2 2008	H1 2009
Interest cost	-56	-64	-57	-66	-66
Expected return on assets	51	56	44	60	36
Net charge reclassified	**-6**	**-8**	**-13**	**-6**	**-30**

- **Change in presentation for the interest component of defined benefits plan costs**
- **Reclassification of the net charge from operating expenses to net financial costs**
- **Consistent with IFRS rules and in line with best practices**
- **Applied from H1 2009 onwards with 2008 restated accordingly**

			H1 2008		H2 2008	H1 2009
Initial P&L reported	EBITA before restructuring		1,398		1,520	
	% of sales		15.6%		16.2%	
	Finance costs	**+ 13m**	-119		-195	
	Profit for the period	**+0.2pt**	851		831	
After reclassification	EBITA before restructuring		1,411	**- 13m**	1,526	903
	% of sales		15.8%		16.3%	11.6%
	Finance costs		-132		-201	-198
	Profit for the period		851		831	346

Definitions

• EBITDA:	EBIT before net depreciation and amortization
• EBITA:	EBIT before amortization and impairment of purchase accounting intangibles and impairment of goodwill
• Cash conversion:	Free cash flow / net income
• Free cash flow:	Operating cash flow – change in working capital – net capital expenditures

Contacts & agenda

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22 October	Q3 2009 Sales	Conference call 9:00am

Help people make the most of their energy