

Proposed acquisition of Areva Distribution

December 2, 2009



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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The next steps

An industry in
transformation



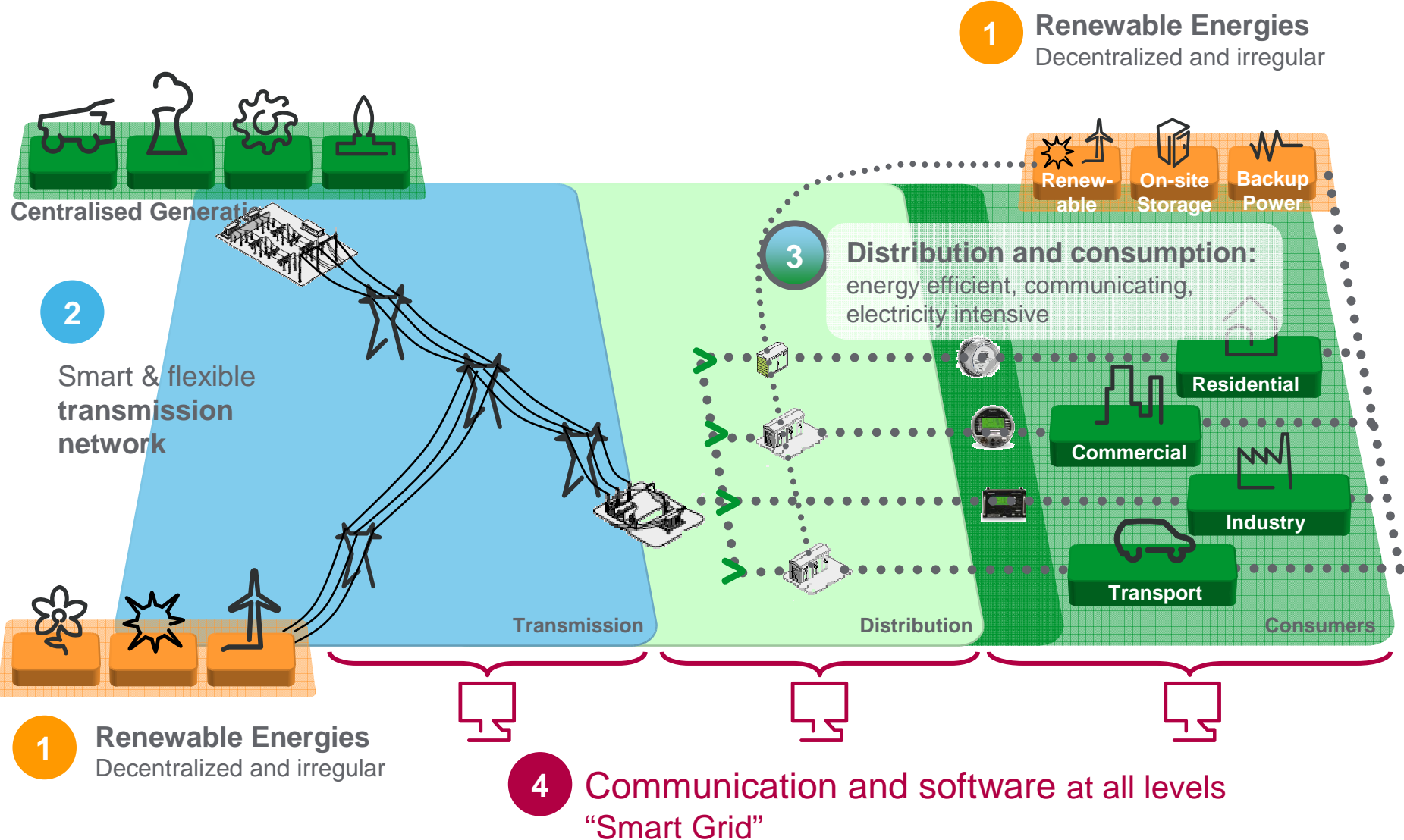
The electrical industry is transforming



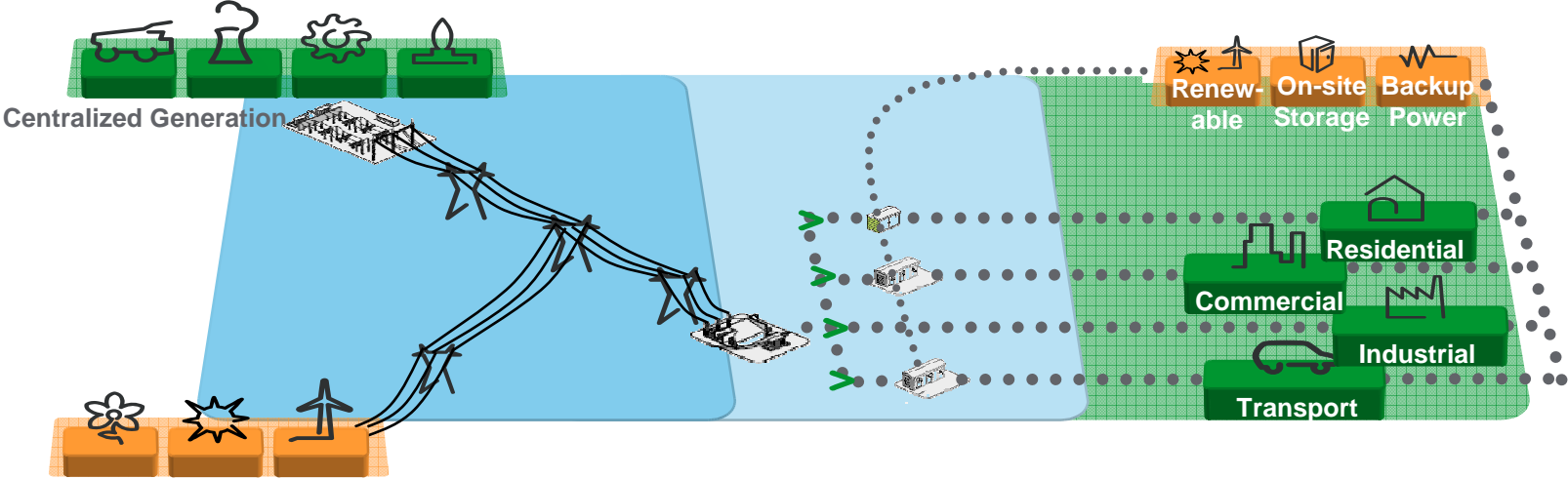
- ▶ Environmental pressure
- ▶ Decentralized renewable energies
- ▶ Deregulation
- ▶ Interconnections
- ▶ Supply demand response
- ▶ Energy efficiency
- ▶ Electric cars



The smart grid is changing all stages of the electrical value chain



Two poles of specialization, with two different sets of dynamics



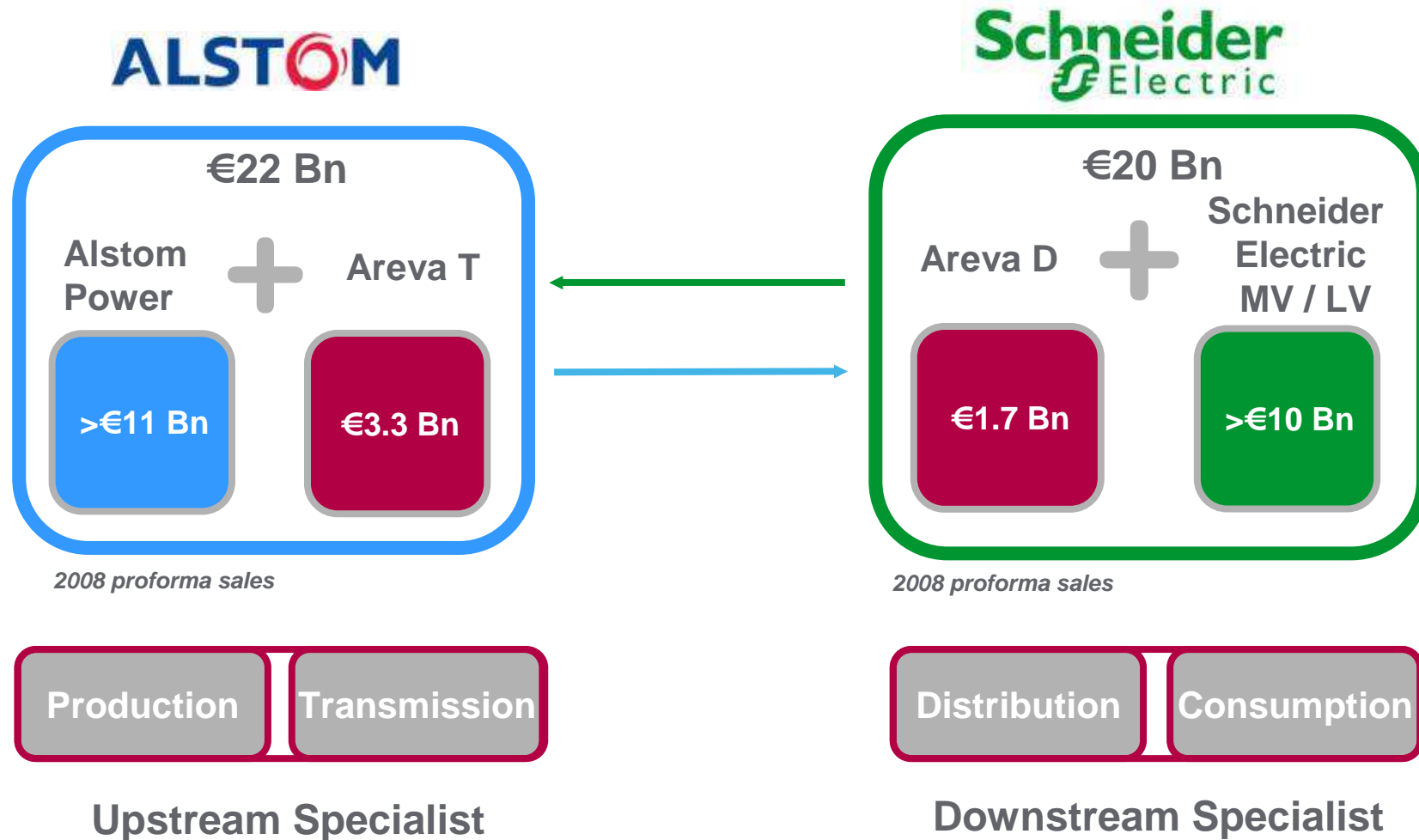
Production Transmission

- Major global players
- Large projects
- Focused on utilities

Distribution Consumption

- Global and regional players
- Equipment and product sale
- Multi-clients

The offer by the consortium would lead to the creation of two global specialists



We would maintain and develop the synergies between transmission and distribution

ALSTOM

Schneider
Electric

€22 Billion

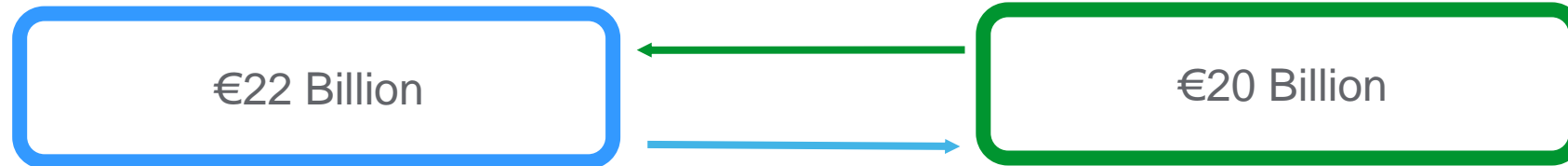
€20 Billion

- Commercial agreement between Alstom and Schneider Electric to develop the current flows (<€200M)
- Common smart grid communication and software standards
- Joint R&D program on smart grid

We would create new synergies for transmission and distribution businesses

ALSTOM

Schneider
Electric



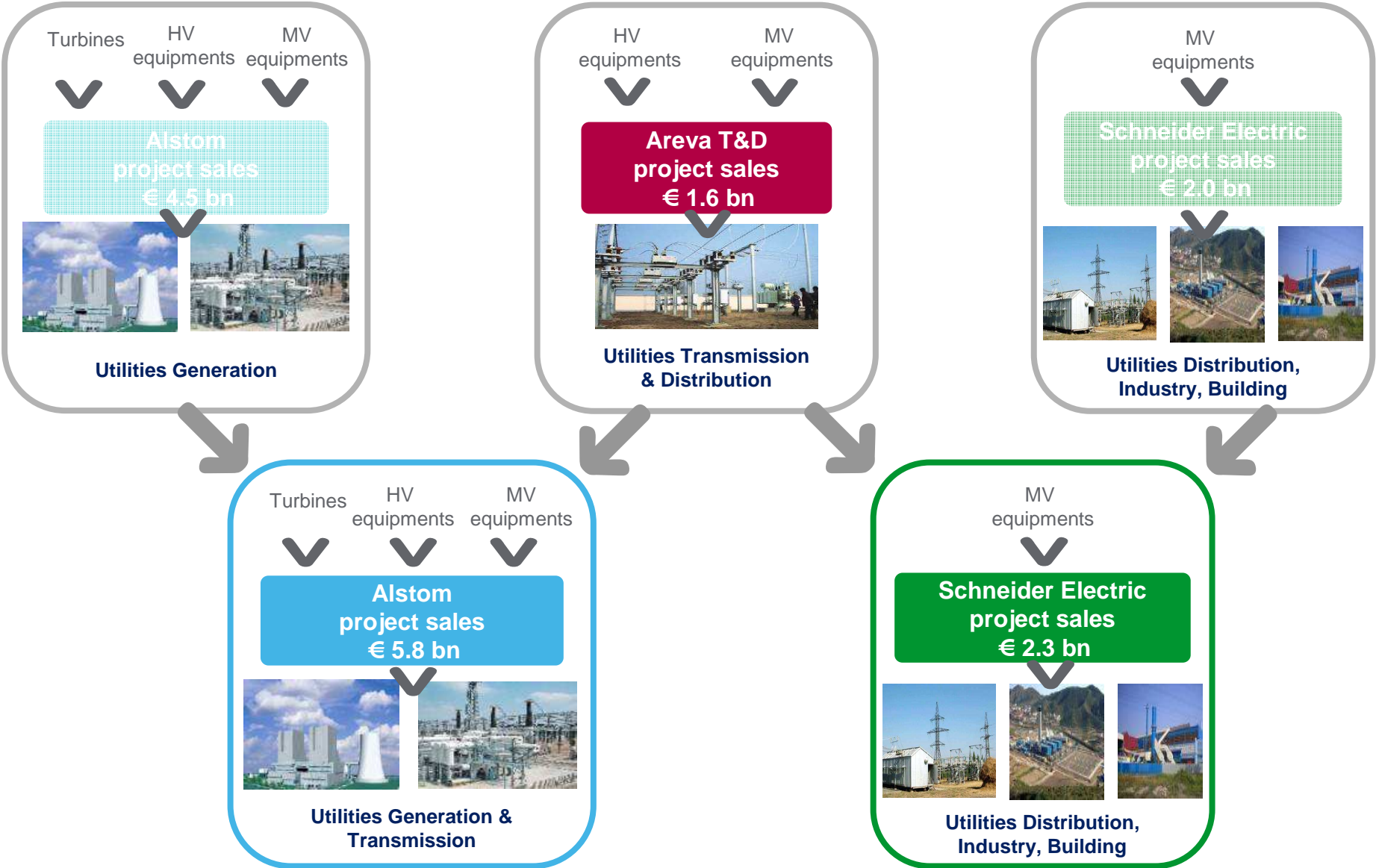
- Innovation by **connecting** generation and transmission
- **€500m** of transmission purchase by Alstom in 2008

- Innovation by **connecting** distribution and consumption in real time
- **€1bn** of medium-low voltage packages in 2008
- Access to diffuse markets
- Critical size in medium voltage



Strong capability for the smart grid

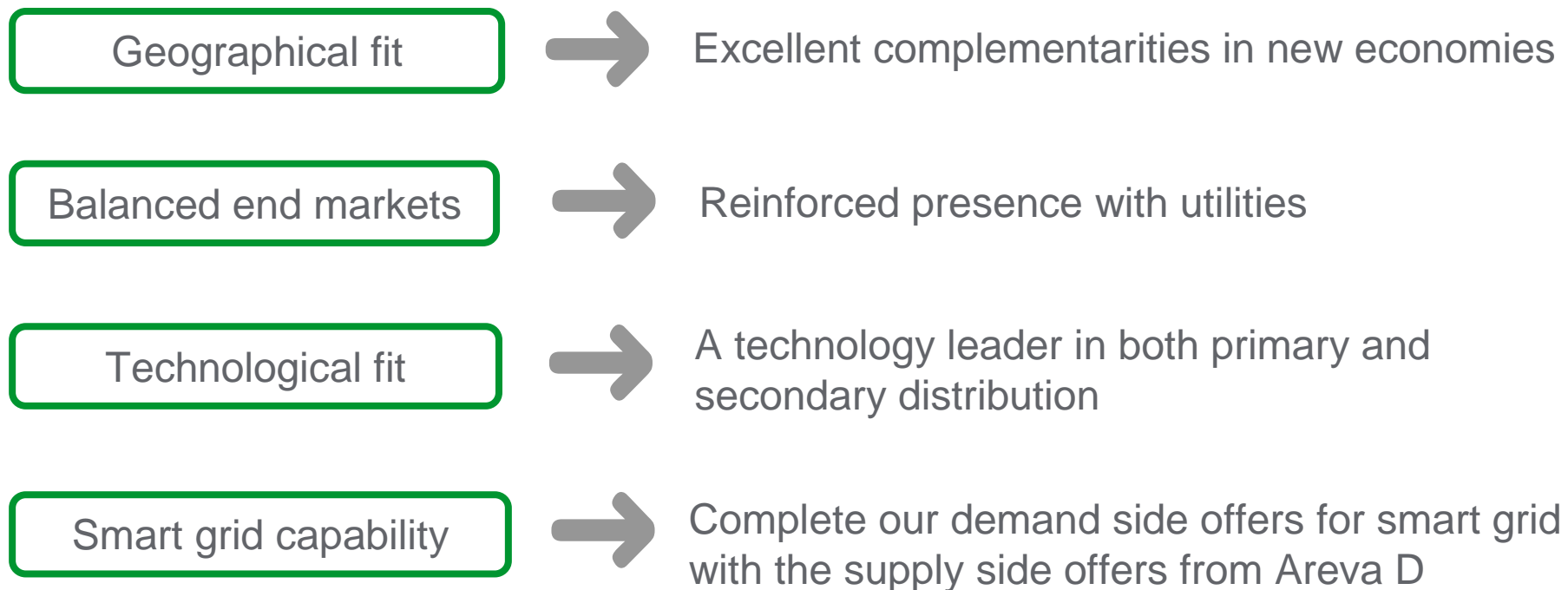
A drastic increase of turnkey project capabilities



The strategic intent
of the acquisition



Areva Distribution business is a perfect fit to our medium voltage business



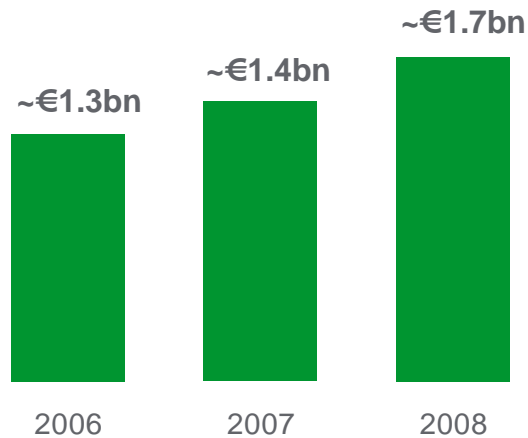
Highly synergetic and accretive transaction

- Full synergy potential: ~ €120M/year on EBITA
- EPS accretive from 2010*

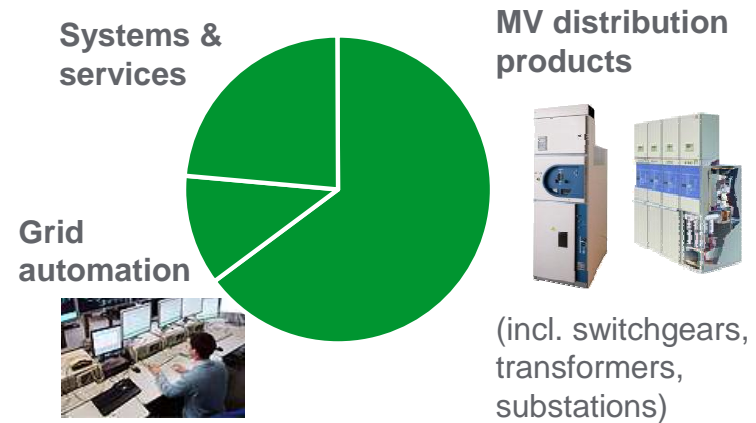
* Excluding one-off items

Areva Distribution: world #4 in medium voltage

Sales



2008 sales breakdown

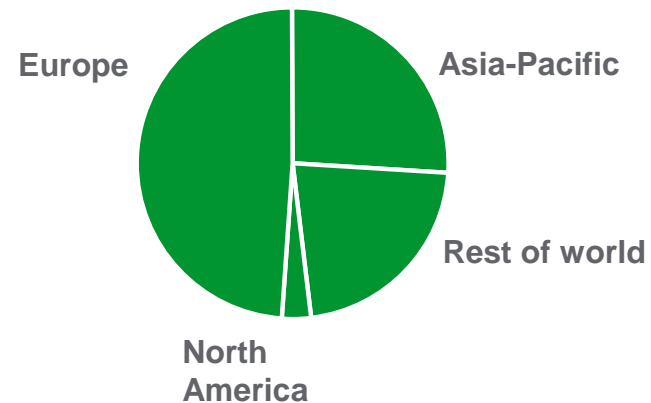


Industrial and employee data

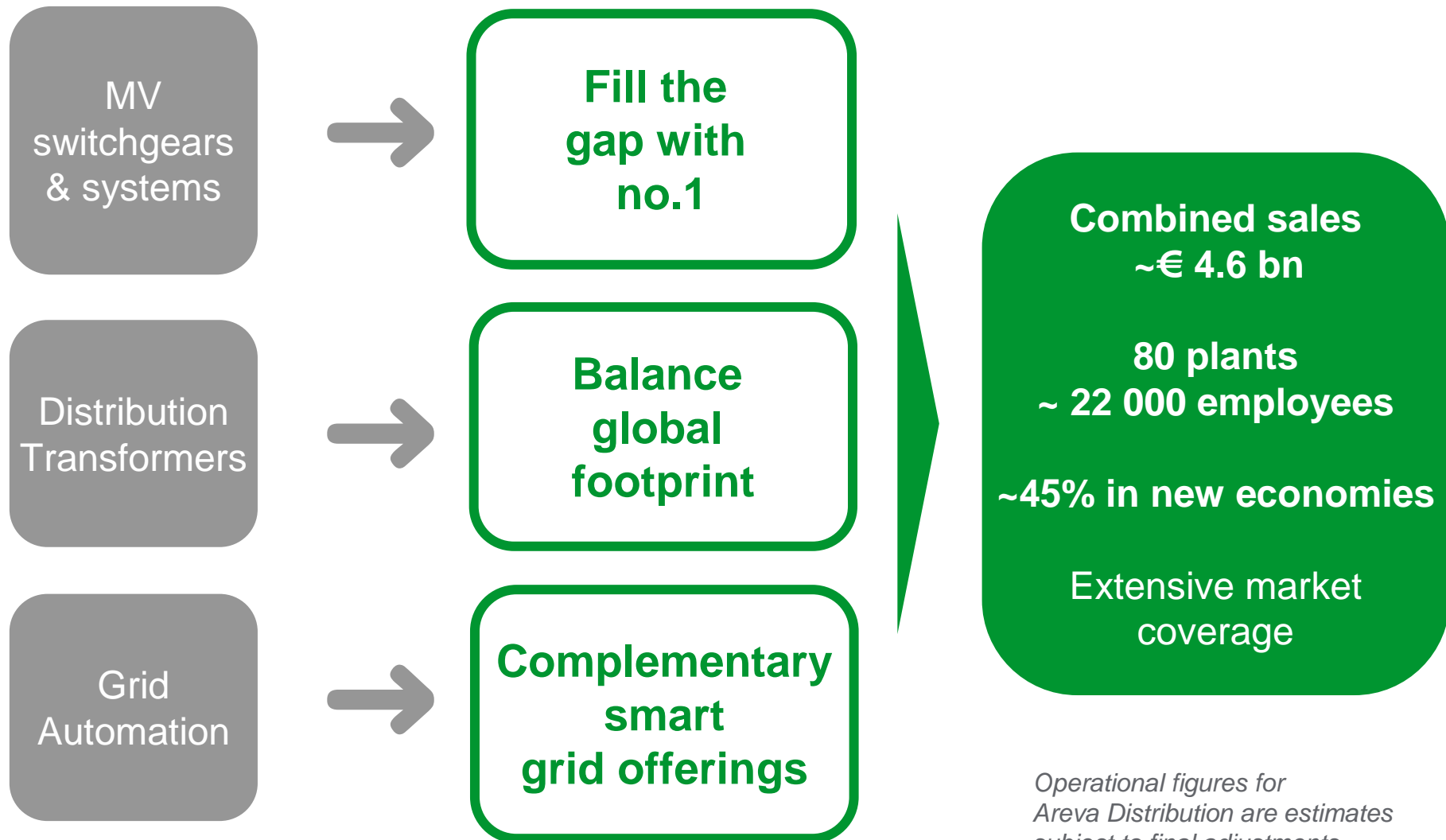
~11,000 employees

~40 plants

Operational figures for Areva Distribution are estimates subject to final adjustments



We would consolidate two complementary players in medium voltage...



Operational figures for Areva Distribution are estimates subject to final adjustments

...with geographical fit in key markets and exceptional presence in new economies

Promising market trends in new economies

Strong complementarities in new economies

Electrification and equipment needs
> 80% of global market growth in next ten years

	Schneider Electric MV	Areva D
China	+++	+
India	+	+++
Brazil	++	++
Russia	++	+
Middle East	++	++
New economies % of MV sales	~43%	~47%

Industrial sites in new economies
 Areva D (~20) + SE (~20) = ~40

Further reinforce our footprint in New Economies

Operational figures for Areva Distribution are estimates subject to final adjustments

... as well as important complementarities of customer bases and technologies

Strong fit of customer bases

Strong complementarities in technologies

	Schneider Electric MV	Areva D
Electrical utilities	+	+++
Electro-intensive*	++	+++
Industries	+++	++
Buildings	+++	+

MV switchgear

Schneider Electric stronger in secondary MV
Areva D stronger in primary MV

Transformers

Complementary footprint

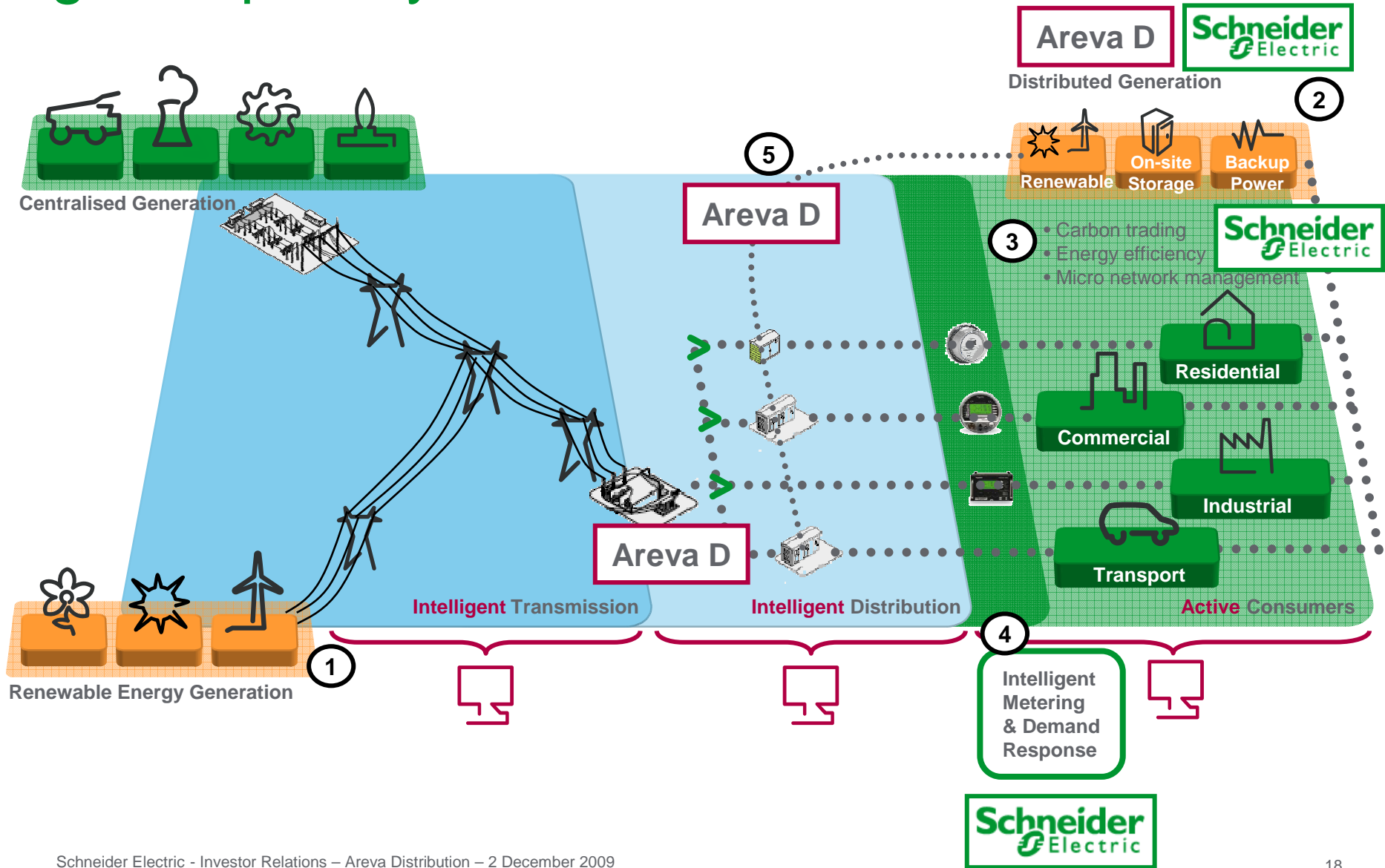
Grid automation

Areva D substation automation complements **Schneider Electric** offers in smart grid

Wider range of technologies
Wider range of end-users

* Notably Oil & Gas customers, Mining Metal & Minerals

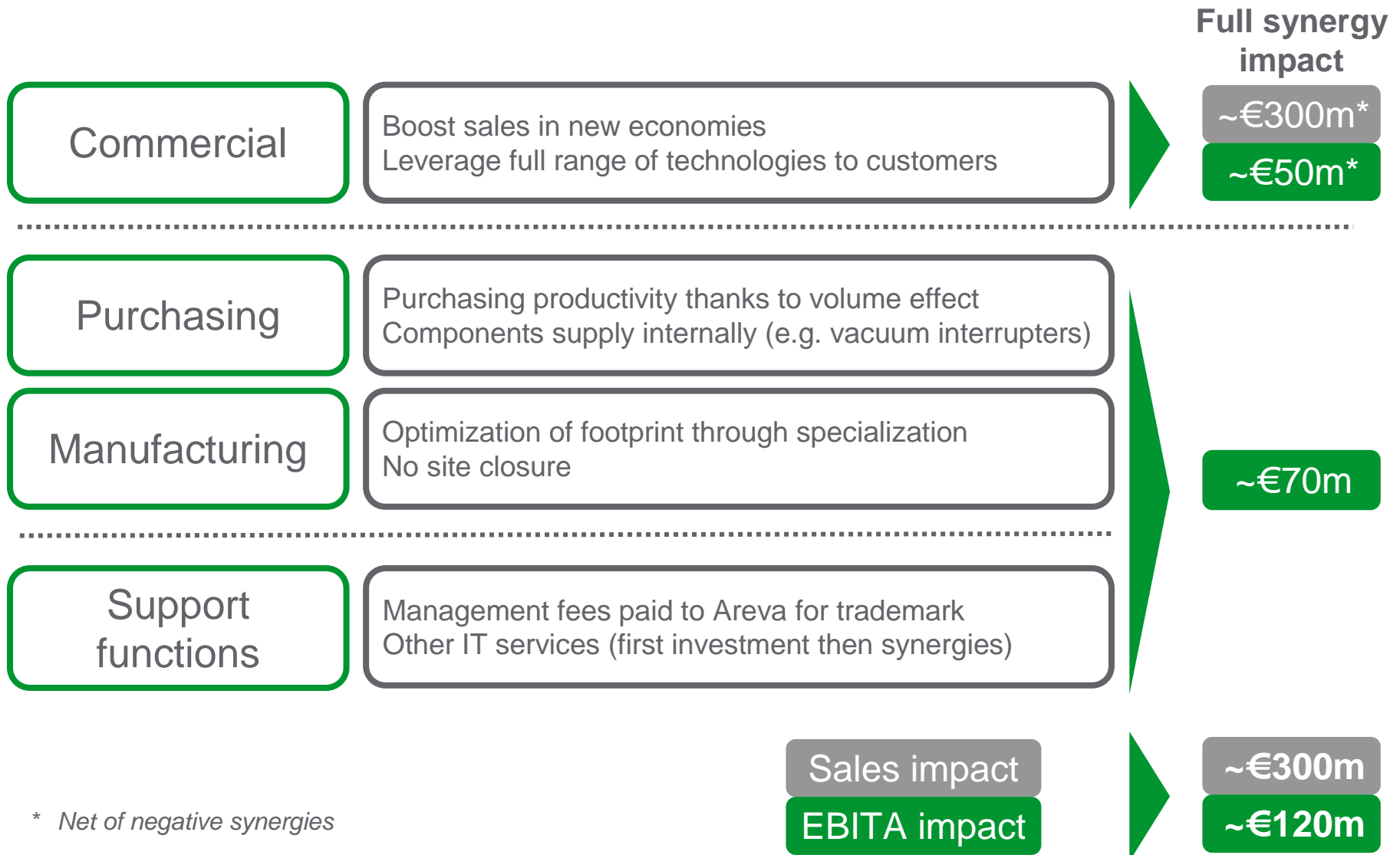
Areva Distribution would complete our smart grid capability



Synergies powered
by the combination

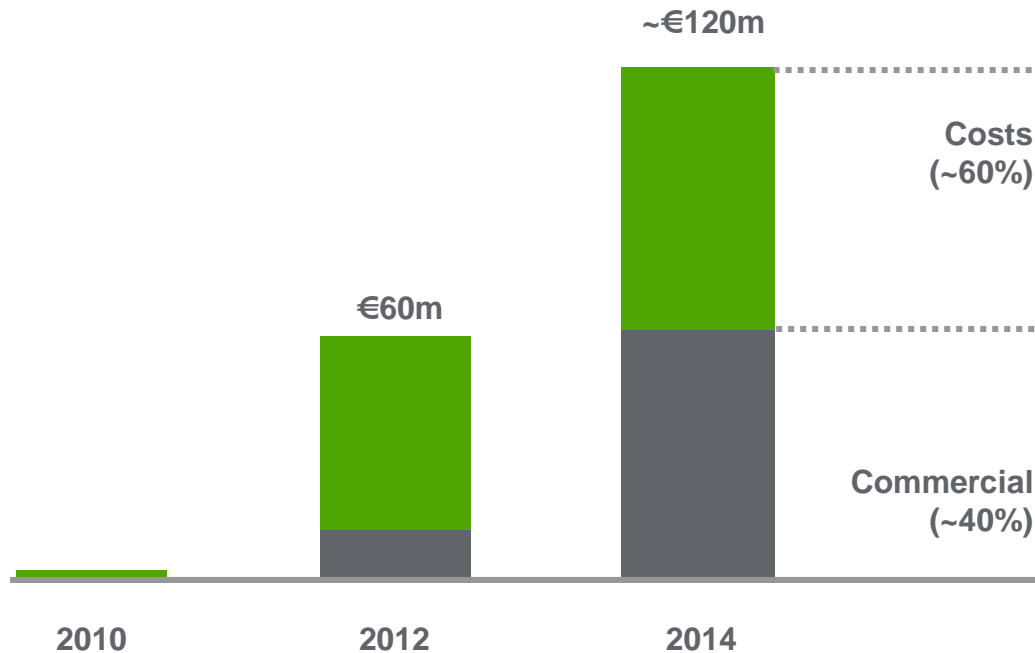


The business case is supported by strong synergies and solid social/industrial commitments



Approximately 50% of the synergies are expected to be delivered by 2012 (year 3)

Synergies profile *



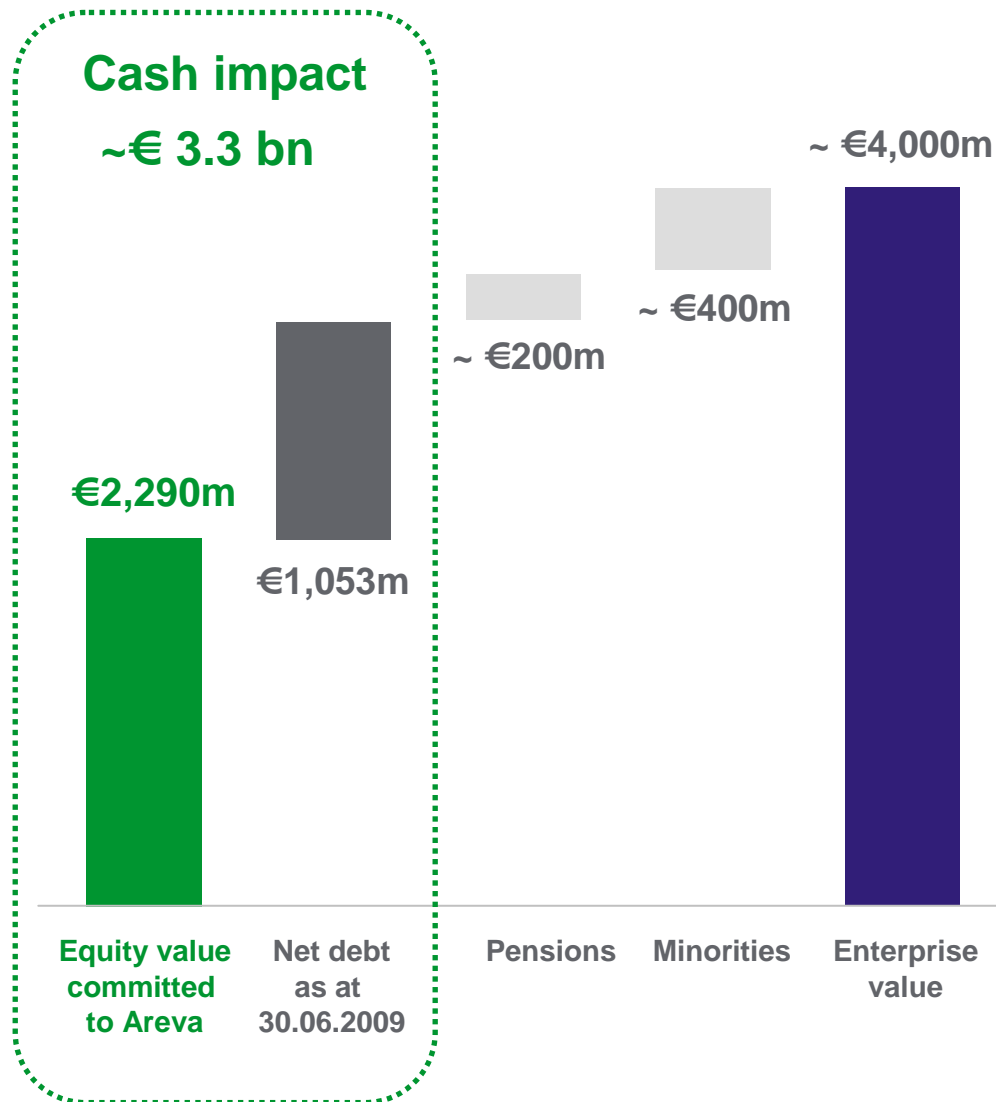
- Full cost synergies expected to be delivered by 2013 (year 4)

- Purchasing synergies can be realized rapidly

- Full revenue synergies expected to be delivered by 2014 (year 5)

* Net of negative synergies and before implementation costs of ~€ 10-15m (annually) to be booked in 2011 and 2012

Value of the transaction



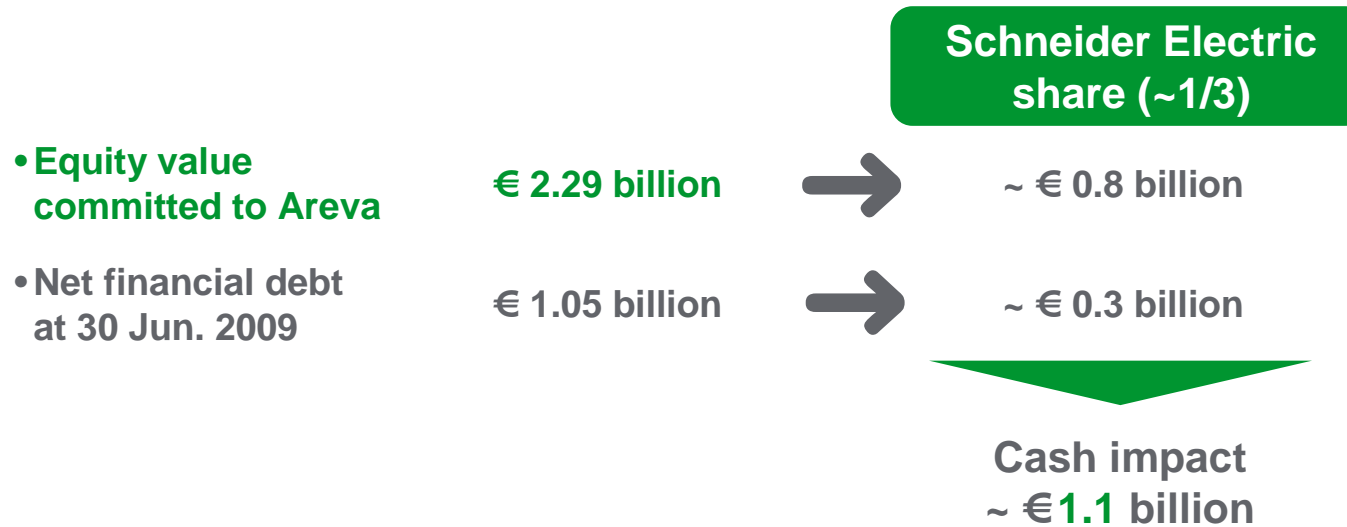
- 2008 EBITDA of €587m of which minorities of ~€50m (8%)

- Alstom share ~2/3
- **Schneider Electric share ~1/3**
- Final share of each partner to be adjusted on the basis of the respective EBITDA of the T and D businesses

- Multiple of ~8x 2009(e) EBITDA *

* Alstom and Schneider Electric estimate

A transaction fully financed with available cash



- Strong **cash flow** generation expected in H2 2009
- Cash on balance sheet to be ~€3bn at December 31, 2009
- Proforma **net debt / EBITDA*** at year-end at ~1.5x after payment
- **EPS accretive** from 2010** - then mid to high-single digit % accretion



Return On Capital Employed above WACC in 2012

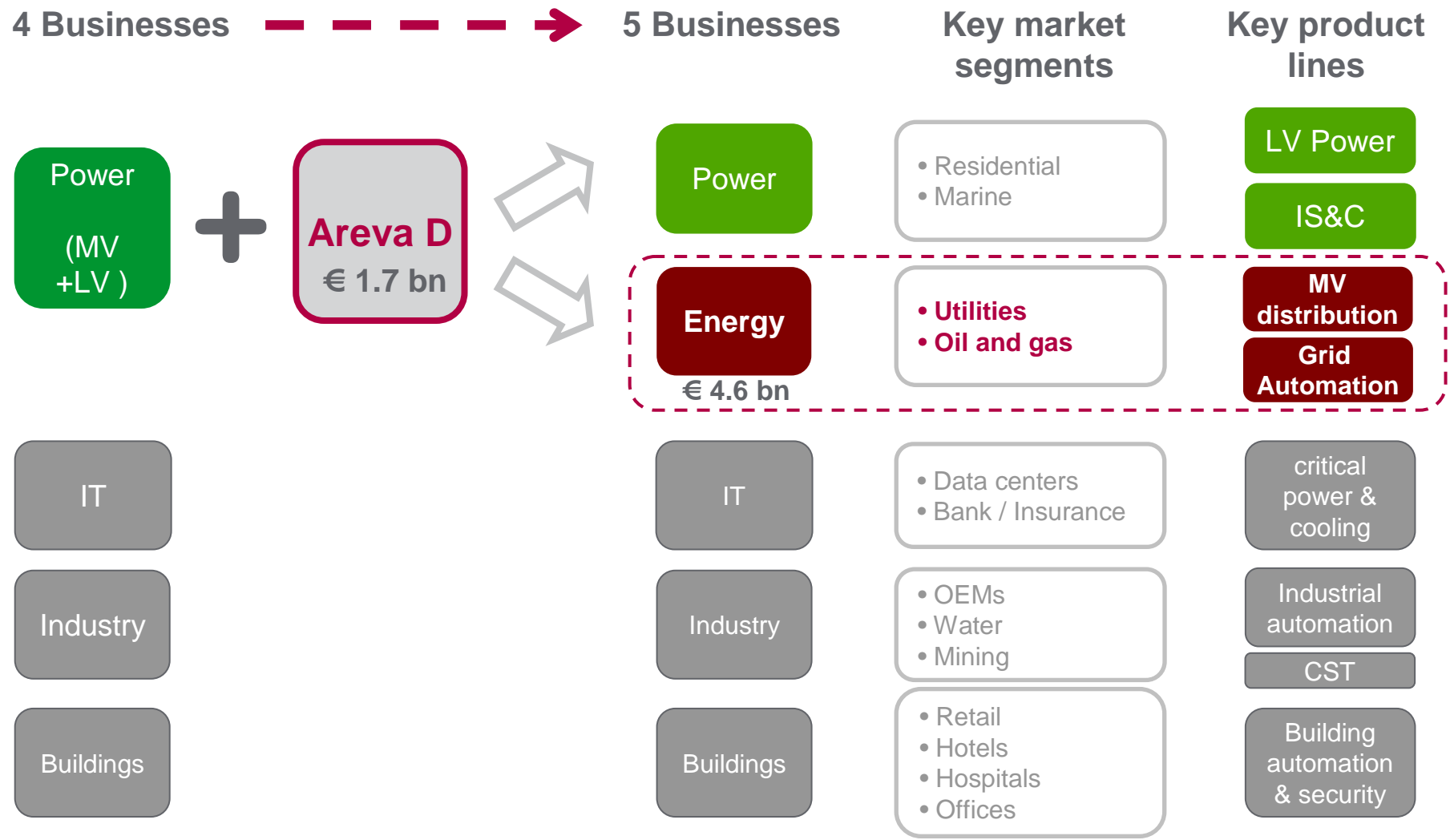
* Before restructuring charges

** Excluding one-off items

A new business
created



Creation of Energy: a new business with proforma sales of ~€4.6bn and 22,000 employees



The transaction timeline



The transaction timeline



Conclusion

Strong industrial rationale

A perfect fit to our medium voltage business

A move supporting our solution approach
to utilities and electro-intensive customers

Strong presence in fast growing new economies



**Schneider Electric
accelerates its development
in energy management**

Make the most of
your energy™

