
Press release

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Schneider Electric SA launches a €1 billion share capital increase with preferential subscription rights

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- **A parity of 1 new share for 17 existing shares and a subscription price of €73 per new share**
 - **This share capital increase preserves the interests of Schneider Electric SA shareholders and associates them in priority with a new decisive step in the company's development**
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Rueil-Malmaison, March 8, 2007 - The acquisition of American Power Conversion (APC) by Schneider Electric, announced on October 30, 2006 and completed on February 14, 2007, creates a global leader in the very attractive critical power and cooling services market.

At the time of the announcement, Schneider Electric indicated that the acquisition would be partly financed through a rights issue of approximately €1.2 billion. Given the high free cash flow generated in 2006, it was decided to limit this amount to €1 billion.

Each shareholder will receive one preferential subscription right (a "Right") for every share held as of the closing of the stock market trading session on March 9, 2007. 17 Rights will entitle their holder to subscribe for 1 new share on an irreducible basis, at a subscription price of €73 per new share.

The new shares possibly unsubscribed through the exercise of Rights on an irreducible basis will be allotted to subscribers on a reducible basis. Reducible subscriptions will be made at the same subscription price of €73 per new share, but without the need for Rights to be exercised. Contrary to subscribers on an irreducible basis, subscribers on a reducible basis have no assurance of a full allotment. They will be allotted new shares, subject to the maximum size of their demand, pro rata to the number of Rights exercised and the number of shares requested on a reducible basis.

Effective January 1, 2007, the new shares will confer entitlement to any dividend paid in respect of the fiscal year 2007 and thereafter, but not to the dividend paid on May 2, 2007 in respect of the fiscal year 2006.

The new shares will be listed on the Eurolist market of Euronext Paris on a separate quotation line (ISIN FR0010418046) until payment of the dividend in respect of Schneider Electric's 2006 fiscal year,



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which is expected on May 2, 2007. After such date, the new shares will be fungible with existing shares already negotiated on the Eurolist market of Euronext Paris.

The offer will be open to the public in France only.

The subscription period will last from March 12, 2007 to March 23, 2007 inclusive. During such period, the Rights will be listed and negotiable on the Eurolist market of Euronext Paris under the ISIN code FR0010447045.

The settlement and listing of the 13,410,604 new shares are expected to take place on April 5, 2007.

The rights issue is underwritten by a syndicate of banks lead-managed by BNP Paribas as Global Coordinator, Joint Lead Manager and Joint Bookrunner and by Merrill Lynch International and Société Générale as Joint Lead Managers and Joint Bookrunners, and ABN AMRO Rothschild, CALYON and Deutsche Bank as Co-Lead Managers.

Public information

Société Générale, 32 rue du Champ de Tir, BP 81236 - 44312 Nantes Cedex 3, is responsible for the financial service in respect of the shares.

A toll-free number is available to the public in France: 0 800 2055 14, from Monday to Friday, from 9:00 am to 6:00 pm Paris time. Advisers will respond to all queries relating to the terms and conditions of the share capital increase. Full information regarding the subscription's terms and conditions are also available on the Internet: www.schneider-electric.com.

About Schneider Electric

Schneider Electric is the world's power and control specialist. Through its world-class brands, Merlin Gerin, Square D and Telemecanique, Schneider Electric anticipates and satisfies its customers' requirements in the residential, building, industry and energy and infrastructure markets. With 105,000 employees and operations in 190 countries, Schneider Electric generated sales of €13.7 billion in 2006 through 13,000 distributor outlets.

www.schneider-electric.com

Schneider Electric: Giving the best of the New Electric World to everyone, everywhere, at any time



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A prospectus approved by the French Securities Regulator (the "Autorité des marchés financiers", or "AMF") under visa n°07-078 on March 7, 2007 is available free of charge at the head office of Schneider Electric S.A., 43-45 boulevard Franklin-Roosevelt 92500 Rueil-Malmaison, through financial intermediaries, as well as on the Internet websites of Schneider Electric (www.schneider-electric.com) and the AMF (www.amf-france.org).

The prospectus consists of:

- the *document de référence* of Schneider Electric S.A. filed with the AMF on March 27, 2006 under n° D.06 0158 (the "Registration Document");
- the consolidated financial statements for fiscal year 2004 and the report of the statutory auditors on such financial statements as included in the *document de référence* filed with the AMF on March 31, 2005 under n° D.05-0309;
- the offering memorandum containing the update of the Registration Document and the summary of the prospectus.

Schneider Electric S.A. draws the investors' attention to the risk factors sections in the prospectus approved by the AMF.

A legal notice will be published in the Bulletin des Annonces Légales Obligatoires on March 9, 2007.

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