
Financial Information

Acquisition project of Areva Distribution: Excellent complementarity and strong industrial rationale

- **Complementarities for geographies, end-markets and technologies**
 - **Strengthened innovation capacity for the smart grid**
 - **Highly synergetic transaction (impact on EBITA of ~ €120 million)**
 - **Transaction fully financed with available cash**
 - **Return on Capital Employed above the average cost of capital in year 3**
 - **Accretive on EPS from year 1⁽¹⁾**
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Rueil-Malmaison (France), December 2, 2009 – The Supervisory Board of Areva has announced on 30 November 2009 its decision to enter into exclusive negotiations with Alstom and Schneider Electric for the acquisition of its transmission and distribution business, Areva T&D. Additionally, the proposed disposal agreement of Areva T&D shares has also been finalized yesterday.

Schneider Electric and Alstom are satisfied with the decision of Areva to retain their offer for exclusive negotiations. The proposed disposal agreement will ultimately need (1) the view of employee representatives, (2) the approval of the “Commission des Participations et des Transferts” and (3) the agreement of the competition authorities. The two partners restate that they propose a project which maximises the value of the company and creates a coherent framework to develop Areva T&D’s activities, supported by strong commitments to Areva T&D’s employees.

Schneider Electric describes hereunder the financial elements of the offer.

Areva Distribution: perfect fit to Schneider Electric’s medium voltage business

The combination of the two entities would create a specialist with global reach in the field of medium voltage. It would also accelerate the strategy of Schneider Electric in better capturing the market opportunities offered by the booming energy market.

- Excellent geographical fit with our footprint in new economies
- Complementary end-markets exposure, including a stronger presence at the utilities and a broader range of offers to electro-intensive customers
- Technological fit in both primary distribution and secondary distribution
- Significantly improved development potential in the smart grid

(1) Excluding one-off items

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A highly synergetic transaction

Areva Distribution generated in 2008 sales of around €1.7 billion⁽¹⁾. Nearly half of its business was in fast-growing new economies. The combination with the medium voltage business of Schneider Electric will give birth to an activity of about €4.6 billion of sales, with 80 factories worldwide and approximately 22,000 employees. A new business, called "Energy" will be created within the Group, along with 4 other activities (Power, IT, Industry & CST, and Buildings).

Revenue synergies

The Group targets potential revenue synergies of €300 million⁽²⁾ thanks to geographical complementarity, especially in new economies, and to its ability to offer customers an enlarged range of technologies. The expected impact on EBITA is of approximately €50 million.

Cost synergies

Consistently with its ambitions and strong industrial and social commitments, Schneider Electric has no plan to close any site. However, purchasing synergies, optimization of the industrial footprint (specialisation of some sites) and of support functions (including savings on costs charged today by Areva to Areva Distribution) should represent approximately 70 million euros.

In total, the new entity therefore targets full revenue and cost synergies potential of approximately €120 million by 2014. About 50% of these benefits, particularly the cost synergies, are expected by 2012.

Schneider Electric targets this acquisition to be Earnings Per Share accretive from the first year, increasing to an accretion of between 5% and 10% thereafter. Return on Capital Employed will be above the average cost of capital in year 3, in line with Group's acquisition criteria.

Transaction financing

Alstom and Schneider Electric have submitted a bid which maximises the value of Areva T&D. They propose to jointly acquire Areva T&D for an equity value of €2.29 billion. As of June 30, 2009, the net debt of Areva T&D was about €1.05 billion. Minority interests and pensions related liabilities are estimated at about €0.6 billion.

Under the terms of the consortium agreement, Schneider Electric will assume approximately one third of the equity value and of the acquired debt. This ratio reflects the share of Areva T&D EBITDA attributable to Schneider Electric. In 2008, Areva T&D reported EBITDA of €587 million. The final share of Schneider Electric will be subject to adjustments depending on the finalization of the allocation of activities between the two partners.

The financing need of the transaction would be limited to €1.1 billion. Given the strong cash flow generation expected in the second half of 2009 which should bring the Group's cash position to

(1) Operational figures for Areva Distribution are estimates subject to final adjustments

(2) Net of negative synergies

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approximately €3 billion at year-end, this transaction will be fully financed with available cash. Post acquisition, the proforma net debt to EBITDA ratio should be around 1.5x⁽¹⁾.

Next steps

The proposed disposal agreement will ultimately need (1) the view of employee representatives, (2) the approval of the "Commission des Participations et des Transferts" and (3) the agreement of the competition authorities.

At the close of the transaction, Schneider Electric and Alstom will offer to buy the shares in Areva T&D through a joint acquisition vehicle, from which activities will be progressively transferred to Alstom (Transmission) and Schneider Electric (Distribution).

The two partners intend to undertake, in close association with management of Areva T&D, an integration that would be smooth and respectful of the teams.

About Schneider Electric

As a global specialist in energy management with operations in more than 100 countries, Schneider Electric offers integrated solutions across multiple market segments, including leadership positions in energy and infrastructure, industrial processes, building automation, and data centres/networks, as well as a broad presence in residential applications. Focused on making energy safe, reliable, and efficient, the company's 114,000 employees achieved sales of more than 18.3 billion euros in 2008, through an active commitment to help individuals and organisations "Make the most of their energy".

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(1) Before restructuring charges

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