EPG conference

May 2011
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.
We have built a leader in a promising industry
Schneider Electric – the global specialist in energy management

20 billion € sales in 2010

37% of sales in new economies

110 000+ people in 100+ countries

4–5% of sales devoted to R&D

Balanced geographies – FY 2010 sales
Year-end 2010 employees

North America 24%
26,000

Western Europe 34%
41,700

Asia Pacific 24%
31,900

Rest of World 18%
19,200

Diversified end markets – FY 2010 sales¹

- Utilities & Infrastructure 20%
- Industrial & machines 24%
- Data centres 17%
- Non-residential buildings 30%
- Residential 9%

¹ Proforma with Areva D integrated on 12-month basis
We have built worldwide leadership in most of our businesses

<table>
<thead>
<tr>
<th>Key technology</th>
<th>Power</th>
<th>Energy</th>
<th>Industry</th>
<th>IT</th>
<th>Buildings</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of 2010 sales pro-forma</td>
<td>38%</td>
<td>21%</td>
<td>20%</td>
<td>14%</td>
<td>7%</td>
</tr>
<tr>
<td>Schneider Electric worldwide rank</td>
<td>#1</td>
<td>#1</td>
<td>#2</td>
<td>#1</td>
<td>#4</td>
</tr>
<tr>
<td>Global competitors</td>
<td>ABB Siemens Eaton Legrand</td>
<td>ABB Siemens</td>
<td>Siemens Rockwell</td>
<td>Emerson Eaton</td>
<td>Siemens JCI Honeywell</td>
</tr>
</tbody>
</table>

90% of group sales as world #1 or 2 player vs. 50% in 2000

1 Proforma with Areva D integrated on 12-month basis

Schneider Electric - Investor Relations – EPG presentation – 16 May 2011
Commitment to innovation and R&D in products and solutions to support future growth

R&D budget

€m and % of sales

Roombox
power protection, metering, KNX, Zigbee, IP-ready

EcoBreeze
data center cooling efficiency, offers PUE approaching unity

Acti 9
the new reference in the field of LV final distribution

Odace
a new innovative range for LifeSpace

Motion control
adapted for new economies

542 723 818
2005 2006 2007 2008 2009 2010

4%-5%
A responsible commitment
supporting Schneider Electric’s sustainable growth

Sustainable and responsible business

- Engage all our people
  - UN Global Compact

Environmental protection

- Measure our commitment
  - Planet & Society Barometer
  - 7.62/10

Access to energy

- Gain recognition
  - In 2 ethical stock indexes:
    - Dow Jones Sustainability Stoxx (Europe) Index
    - Aspi Eurozone Index

People & communities development

- Health & Safety and engagement
- Schneider Electric Foundation
We have transformed our company

<table>
<thead>
<tr>
<th>Accessible markets</th>
<th>Leadership positions</th>
<th>Geographies</th>
</tr>
</thead>
<tbody>
<tr>
<td>€200bn</td>
<td>90% of sales with #1 or 2 ww position</td>
<td>4 balanced geographies</td>
</tr>
<tr>
<td>€60bn</td>
<td>50%</td>
<td>80% of sales Western Europe + North America</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New economies exposure</th>
<th>End markets</th>
<th>Products &amp; Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>37% of sales</td>
<td>5 diversified end-markets</td>
</tr>
<tr>
<td>~20%</td>
<td>78% of sales Non-residential buildings + Industrial &amp; machines</td>
<td>33% of sales*</td>
</tr>
<tr>
<td>2000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Before consolidation impact of Areva Distribution
We see favorable trends in our environment…

- Energy efficiency is mainstream
- Smart grid is emerging
- New economies are driving world growth

…that create a world of opportunities for us
Our transformation continues with One

*Deliver solutions for energy efficiency*
Energy efficiency is a powerful engine to fuel our business

Incremental market opportunity on annual basis by 2020 ($bn)

+18
Mature countries

+27
BRICs

~$45bn incremental opportunity for the sector
40% in mature countries
60% in new economies
Mature countries: large buildings opportunity
New economies: large industry opportunity

Energy efficiency opportunity in the non-residential, industrial, residential and data-center markets driven by 1/ regulations introduced in connection with carbon abatement pledges by governments and 2/ NPV-positive energy saving measures

Source: Schneider Electric estimates based on McKinsey Climate Change Special Initiative research
From products to products & solutions

**Products**
- Best-in-class technology
- Strong channel access
- Optimized quality & cost

**Solutions**
- Customized Systems
- Installed base services
- Advanced energy management services

**Differentiation through technologies that can be combined and integrated**

**Scale & pricing power**

**Customer intimacy feeding continuous innovation and differentiation**

**Distributors and direct partners**
Provide us the reach to small and medium size customers

**End-users and direct partners**
Extend access to large end-users for our distributors and partners
An organization is put in place with increased end-market focus.

<table>
<thead>
<tr>
<th>Key technology</th>
<th>Low Voltage &amp; Renewable</th>
<th>Medium Voltage</th>
<th>Industry Automation</th>
<th>Critical Power &amp; Cooling</th>
<th>Building Automation &amp; Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>End-market responsibility for integrated solutions</td>
<td>- Residential&lt;br&gt;- Marine</td>
<td>- Oil &amp; gas&lt;br&gt;- Utilities</td>
<td>- OEMs&lt;br&gt;- Water&lt;br&gt;- Mining, Minerals &amp; Metals</td>
<td>- IT / Telco&lt;br&gt;- Bank / Insurance</td>
<td>- Retail&lt;br&gt;- Hotels&lt;br&gt;- Hospitals&lt;br&gt;- Life Sciences&lt;br&gt;- Green</td>
</tr>
</tbody>
</table>

- Power
- Energy
- Industry
- IT
- Buildings
EcoStruxure: the architecture of efficiency

**Industry**
Cement plant, Colombia
- Global supervision > SCADA

**Power**
Photovoltaic plant, Italy
- Global Supervision
- Remote monitoring

**Buildings**
Green University of North Texas, USA
- Global supervision > TAC Vista BMS

**IT**
Data center for Financial Technologies, India
- Global Supervision Scalable, standardized architecture
- Building & Security

+ multi-year service contract
Our transformation continues with One

Deliver solutions for the smart grid
Interactive Smart Grid: 5 fields of opportunities for Schneider Electric

- Centralized generation
- Transmission
- Flexible Distribution
- Demand-Response
- Distribution
- Commercial and industrial
- Renewable energy plants > 1MW
- Renewables integration & connection
- Renewable energy plants <1MW
- Decentralized distributed generation
- Residential
- Efficient home
- Efficient enterprise
- +EV charging infrastructure
- Buildings
- Data centers
- Industries
Huge investments planned in development & deployment of associated infrastructure

**Solar PV solutions**
- **Installed Capacity GW**
  - 2009: 7 GW
  - 2015: 25 GW

**Grid automation**
- **Annual capex $bn**
  - 2009: 31
  - 2015: 65

**Electrical vehicles**
- **No. of EV/PHEV cars (% of total car production)**
  - 2009: 10k (0.01%)
  - 2020: 5m (10%)

**Demand Response**
- **Power Consumption GW / DR Potential**
  - 2009: 1.7%
  - 2020: 18

**Example: USA**
- **DR Market Size $bn**
  - 2009: 2
  - 2020: 8

Source: IMS

Source: Pike Research

(1): Substation & Distribution Automation

- **Grid Automation Market Size $bn**
  - 2009: 4
  - 2015: 11

- **Average scenario**
  - €5bn of charging infrastructure market in 2020

Including spending on real estate & PV panels not accessible to SE.
Lead the development of the smart grid

**Renewables**

- +600 solar photovoltaic projects in 2010
- Capturing business also in wind and hydro markets
- ~2% of sales

**Flexible Distribution**

- Optimize network assets & increase energy efficiency
- Improve network reliability
- +150 PACiS substation automation systems delivered in 2010

**Electric Vehicle Infrastructure**

- 1st installations in Brussels and Strasbourg
- Partner with Parkeon (joint payment system for parking and charging)
- 1st large contracts in 2011

**Demand-Response management**

- Leveraging our edge in energy efficiency
- Partner with Energy Pool in Europe
- Pilot projects in the US
- Kicked off in the US and Europe

100,000 points of consumption connected
Our transformation continues with One

*Capturing growth in new economies*
A two-speed world necessitating different answers to different markets

Capex at Purchasing Power Parity

- Mature
- New Economies

**New economies**

- 70% of GDP growth opportunity
- 80% of capex growth opportunity

### Source: Oxford Economics
A robust business model in new economies

Sales in new economies
37% of Group (32% in 2008)

Organic growth in new economies

New economies
- +17%
- +20%
- +12%
- +15%

Mature countries
- +8%
- +11%
- +3%
- -9%
- +6%

2006 2007 2008 2009 2010

Strong and deep-rooted presence established to fully benefit from the strong market potential in these regions

* Excluding Elektroshield TM Samara consolidated with the equity method (2010 sales: €0.4bn)
Highlights of 2010 and business update
Deployment of strategy roadmap drove the rapid rebound

Group organic growth

Businesses organic growth

Industry: +24%
IT: +10%
Power: +6%
Buildings: +3%

Strong organic growth of +9% in 2010
Right positioning and exposure of our business portfolio
## Strong margin recovery in 2010 led to record EBITA before restructuring at €3bn

<table>
<thead>
<tr>
<th></th>
<th>2009 m€</th>
<th>2010 excl. Areva Distribution m€</th>
<th>2010 reported m€</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>15,793</td>
<td>18,350</td>
<td>19,580</td>
</tr>
<tr>
<td>Organic growth</td>
<td></td>
<td>+9.3%</td>
<td>+9.3%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>39.4%</td>
<td>40.5%</td>
<td>39.5%</td>
</tr>
<tr>
<td>EBITA(^1) before restructuring and Areva D integration costs</td>
<td>2,018</td>
<td>2,967</td>
<td>3,052</td>
</tr>
<tr>
<td>Margin %</td>
<td>12.8%</td>
<td>16.2%</td>
<td>15.6%</td>
</tr>
<tr>
<td>EBITA(^1) margin</td>
<td>11.4%</td>
<td></td>
<td>15.0%</td>
</tr>
</tbody>
</table>

\(^1\) EBIT before amortization and impairment of purchase accounting intangibles

+3.4 pts

+3.6 pts
Excellent free cash flow in 2010, net debt down, including Areva Distribution acquisition

<table>
<thead>
<tr>
<th>Analysis of debt change in €m</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt at January 1</td>
<td>(4,553)</td>
<td>(2,812)</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>1,708</td>
<td>2,468</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>839</td>
<td>(206)</td>
</tr>
<tr>
<td>Capital expenditure – net</td>
<td>(576)</td>
<td>(528)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>1,971</td>
<td>1,734</td>
</tr>
<tr>
<td>Dividends</td>
<td>(317)</td>
<td>(195)¹</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>(103)</td>
<td>(1,749)</td>
</tr>
<tr>
<td>Capital increase</td>
<td>158</td>
<td>305</td>
</tr>
<tr>
<td>Other</td>
<td>32</td>
<td>(19)²</td>
</tr>
<tr>
<td>(Increase) Decrease in net debt</td>
<td>1,741</td>
<td>76</td>
</tr>
<tr>
<td>Net debt at December 31</td>
<td>(2,812)</td>
<td>(2,736)</td>
</tr>
</tbody>
</table>

¹ Dividends distributed in 2010 amount to €525m, of which ~63% have been paid in shares (at shareholders’ option)
² Of which sale of shares held through Cofibel/Cofimines +€249m, dividend for minorities of -€46m, FX impact of approx. -€100m (53% of net debt is USD-denominated, after swaps)
Continued strong sales growth in first-quarter 2011

<table>
<thead>
<tr>
<th>€ m</th>
<th>Q1 2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>1,909</td>
<td>+10.1%</td>
</tr>
<tr>
<td>Energy</td>
<td>908</td>
<td>+1.4%</td>
</tr>
<tr>
<td>Industry</td>
<td>1,105</td>
<td>+21.9%</td>
</tr>
<tr>
<td>IT</td>
<td>663</td>
<td>+11.1%</td>
</tr>
<tr>
<td>Buildings</td>
<td>359</td>
<td>+11.2%</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>4,944</strong></td>
<td><strong>+11.8%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>€ m</th>
<th>Q1 2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>1,708</td>
<td>+6%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>1,235</td>
<td>+18%</td>
</tr>
<tr>
<td>North America</td>
<td>1,163</td>
<td>+15%</td>
</tr>
<tr>
<td>Rest of World</td>
<td>838</td>
<td>+10%</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td><strong>4,944</strong></td>
<td><strong>+11.8%</strong></td>
</tr>
</tbody>
</table>
2011 outlook

Confirmed full-year outlook for each business:
- ‘new’ Power to show more improvement
- Energy to continue its slow recovery
- Industry and IT on still strong underlying trends but face tougher comparison
- Buildings supported by energy efficiency, services and improving mature markets

Japan-related supply chain disruption: potential impact on some components. No material impact expected on sales short term. Intensive mitigation efforts are deployed to limit the impact in H2

Limited impact of political unrest in North Africa

Schneider Electric confirms its targets for 2011:

Strong organic growth of 6% to 9%

EBITA margin of 15.0% to 15.5%
(vs 2010 proforma* of 14.5%)

Raw material inflation ~€350m

Accelerate price actions to largely offset raw material input costs and target price increases above the initial ~1%

Industrial productivity of at least ~€400m

Reduce support function costs to sales ratio

* Proforma including Areva Distribution activities on a 12-month basis
We deliver strong and profitable growth

Group sales (in €bn)
- 2004: 10.3
- 2005: 11.7
- 2006: 13.7
- 2007: 17.3
- 2008: 18.3
- 2009: 15.8
- 2010: 19.6

Combination of strong organic growth and successful acquisitions

Group EBITA (in €bn)
- 2004: 1.29
- 2005: 1.57
- 2006: 2.02
- 2007: 2.56
- 2008: 2.77
- 2009: 1.80
- 2010: 2.93

Strong business model delivering attractive returns

Group targeted organic growth at world GDP +3 points

Group targeted EBITA margin between 13% and 16%
Help people make the most of their energy