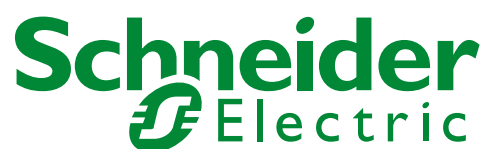


Consolidated Financial Statements

For the year ended December 31, 2009



Consolidated statement of comprehensive income

Consolidated statement of income

(in millions of euros except for earnings per share)

		Full year 2009	Full year 2008 *
Revenue	(note 3)	15,793	18,311
Cost of sales		(9,572)	(10,879)
Gross profit		6,221	7,432
Research and development expenses	(note 4)	(403)	(402)
Selling, general and administrative expenses		(3,770)	(4,120)
Other operating income and expenses	(note 6)	88	27
EBITAR**		2,136	2,937
Restructuring costs	(note 7)	(313)	(164)
EBITA***		1,823	2,773
Amortization and impairment of purchase accounting intangibles	(note 8)	(231)	(174)
Operating profit		1,592	2,599
Interest income		26	48
Interest expense		(323)	(294)
Finance costs, net		(297)	(246)
Other financial income and expense	(note 9)	(87)	(87)
Finance costs and other financial income and expense, net		(384)	(333)
Profit before tax		1,208	2,266
Income tax expense	(note 10)	(293)	(555)
Share of profit/(losses) of associates		(21)	12
Profit for the period		894	1,723
-Attributable to equity holders of the parent		852	1,682
-Attributable to minority interests		42	41
Basic earnings per share (in euros)	(note 21.3)	3.43	7.02
Diluted earnings per share (in euros)		3.43	7.00

* Columns 2008 restated to reflect the change in presentation of the interest component of defined benefit plan costs, as described in Note 1.2

** EBITAR : Earnings Before Interests, Taxes, Amortization of purchase accounting intangibles and Restructuring costs

*** EBITA : Earnings Before Interests, Taxes and Amortization of purchase accounting intangibles

The accompanying notes are an integral part of the consolidated financial statements.

Other comprehensive income

(in millions of euros)

	Full year 2009	Full year 2008
Profit for the period	894	1,723
Other comprehensive income:		
Translation reserve	(2)	18
Cash-flow hedges	117	(88)
Available-for-sale financial assets	24	(116)
Actuarial gains (losses) on defined benefits	(15)	(425)
Income tax relating to components of other comprehensive income	(37)	215
Other	14	(10)
Other comprehensive income for the period, net of tax	101	(406)
Total comprehensive income for the period	995	1,317
Attributable:		
-to owners of the parent	957	1,266
-to minority interests	38	51

The accompanying notes are in integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

<i>(in millions of euros)</i>	Full year 2009	Full year 2008
I - Cash flows from operating activities:		
Profit for the period	894	1,723
Share of (profit)/ losses of associates, net of dividends received	21	(12)
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation of property, plant and equipment	339	328
Amortization of intangible assets other than goodwill	257	220
Losses on non current assets	132	72
Increase/(decrease) in provisions	131	93
Change in deferred taxes	(116)	(23)
Losses/(gains) on disposals of assets	39	18
Other	37	81
Net cash provided by operating activities before changes in operating assets and liabilities	1,734	2,500
(Increase)/decrease in accounts receivable	543	(31)
(Increase)/decrease in inventories and work in process	450	(50)
Increase/(decrease) in accounts payable	(176)	(5)
Change in other current assets and liabilities	(4)	14
Change in working capital requirement	813	(72)
Total I	2,547	2,428
II - Cash flows from investing activities:		
Purchases of property, plant and equipment	(337)	(416)
Proceeds from disposals of property, plant and equipment	27	14
Purchases of intangible assets	(268)	(298)
Proceeds from disposals of intangible assets	2	7
Net cash used by investment in operating assets	(576)	(693)
Purchases of financial investments, net	(63)	(598)
Purchases of other long-term investments	(40)	(17)
Increase in long-term pension assets	-	28
Sub-total	(103)	(587)
Total II	(679)	(1,280)
III - Cash flows from financing activities:		
Issuance of long-term debt	1,141	435
Repayment of long-term debt	(110)	(749)
Sale/(purchase) of treasury shares	22	(70)
Increase/(reduction) in other financial debt	(881)	366
Issuance of shares	158	144
Dividends paid: Schneider Electric SA *	(317)	(796)
Minority interests	(34)	(36)
Total III	(21)	(706)
IV - Net effect of exchange rate :	Total IV	(83)
Net increase/(decrease) in cash and cash equivalents: I + II + III + IV	1,908	359
Cash and cash equivalents at beginning of period	1,517	1,158
Increase/(decrease) in cash and cash equivalents	1,908	359
Cash and cash equivalents at end of period	3,425	1,517

* Dividends paid in 2009 totaled €837 million, of which €520 million were returned by shareholders who decided to reinvest their dividend.

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Balance Sheet

(in millions of euros)

ASSETS		Dec. 31, 2009	Dec. 31, 2008
Non-current assets			
Goodwill, net	<i>(note 11)</i>	8,611	8,542
Intangible assets, net	<i>(note 12)</i>	3,919	3,991
Property, plant and equipment, net	<i>(note 13)</i>	1,965	1,970
Total tangible and intangible assets		5,884	5,961
Investments in associates	<i>(note 14)</i>	75	281
Available-for-sale financial assets	<i>(note 15.1)</i>	245	200
Other financial assets	<i>(note 15.2)</i>	102	113
Total non current financial assets		347	313
Deferred tax assets	<i>(note 16)</i>	1,001	932
Total non-current assets		15,918	16,029
Current assets			
Inventories and work in process	<i>(note 17)</i>	2,174	2,584
Trade accounts receivable	<i>(note 18)</i>	3,071	3,537
Other receivables and prepaid expenses	<i>(note 19)</i>	897	925
Assets held for sale		-	2
Current financial assets	<i>(note 15.3)</i>	77	78
Cash and cash equivalents	<i>(note 20)</i>	3,512	1,652
Total current assets		9,731	8,778
Total assets		25,649	24,807

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Balance Sheet

(in millions of euros)

LIABILITIES		Dec. 31, 2009	Dec. 31, 2008
Equity	<i>(note 21)</i>		
Share capital		2,102	1,979
Share premium account		5,934	5,378
Retained earnings		4,673	4,503
Translation reserve		(952)	(954)
Equity attributable to equity holders of the parent		11,757	10,906
Minority interests		131	145
Total equity		11,888	11,051
Long-term provisions			
Provisions for pensions and other post-employment benefits	<i>(note 22)</i>	1,378	1,463
Provisions for contingencies	<i>(note 23)</i>	375	302
Total long-term provisions		1,753	1,765
Non-current liabilities			
Ordinary and convertible bonds	<i>(note 24)</i>	3,608	3,367
Other long-term debt	<i>(note 24)</i>	1,305	1,272
Total non-current financial liabilities		4,913	4,639
Deferred tax liabilities	<i>(note 16)</i>	916	888
Other non-current liabilities	<i>(note 25)</i>	17	20
Total non-current liabilities		7,599	7,312
Current liabilities			
Trade accounts payable		2,203	2,312
Accrued taxes and payroll costs		1,266	1,320
Short-term provisions	<i>(note 23)</i>	773	538
Other current liabilities		509	708
Short-term debt	<i>(note 24)</i>	1,411	1,566
Total current liabilities		6,162	6,444
Total equity and liabilities		25,649	24,807

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Statement of Changes in Equity

(in millions of euros except for number of shares)

	Number of shares (thousands)	Share capital	Share premium account	Treasury stock	Retained earnings	Translation reserve	Equity attributable to owners of the parent	Minority interests	TOTAL
December 31, 2007	245,299	1,962	5,254	(279)	4,211	(962)	10,185	129	10,314
Profit for the period					1,682		1,682	41	1,723
Other comprehensive income					(424)	8	(416)	10	(406)
Comprehensive income for the period					1,258	8	1,266	51	1,317
Issuance of shares	2,000	16	118				134		134
Exercise of stock options	127	1	6				7		7
Dividends					(796)		(796)	(36)	(832)
Change in treasury stock				(70)			(70)		(70)
Stock options					26		26		26
Other (1)				(3)	156		154	1	155
December 31, 2008	247,426	1,979	5,378	(352)	4,855	(954)	10,906	145	11,051
Profit for the period					852		852	42	894
Other comprehensive income					103	2	105	(4)	101
Comprehensive income for the period					955	2	957	38	995
Issuance of shares	14,456	116	516				632		632
Exercise of stock options	870	7	40				47		47
Dividends					(837)		(837)	(35)	(872)
Change in treasury stock				25			25		25
Stock options					21		21		21
Other (2)				3	3		6	(17)	(11)
December 31, 2009	262,752	2,102	5,934	(324)	4,997	(952)	11,757	131	11,888

(1) Of which €152 million in long term receivable on tax authorities, €5 million in connection with the employee share purchase plan and a negative €2 million from reclassification of capital gains on own shares.

(2) Of which €3 million from reclassification of capital gains on own shares. €3 million in connection with the employee share purchase plan and a negative €17 million for the JV East no longer consolidated in the group perimeter.

The accompanying notes are in integral part of the consolidated financial statements.

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Notes to the Consolidated Financial Statements

All amounts in millions of euros unless otherwise indicated.

The following notes are an integral part of the consolidated financial statements.

The consolidated financial statements for the year ended December 31, 2009 were reviewed by the Management Board of Schneider Electric on February 12, 2010 and by the Supervisory Board on February 17, 2010. They will be submitted to shareholders for approval at the Annual General Meeting of April 22, 2010.

The Group's main businesses are described in Chapter 1 of the Registration Document.

Note 1 - Summary of significant accounting policies

1.1 Accounting standards

Schneider Electric's consolidated financial statements have been prepared in compliance with the international accounting standards adopted by the European Union as of December 31, 2009. The same accounting methods were used as for the consolidated financial statements for the year ended December 31, 2008, with the exception of the changes in method described in paragraph 1.2 and the adoption of the revised version of IAS 1 - *Presentation of Financial Statements*. The main differences with the previous version of IAS 1 are as follows:

- (i) All changes in equity arising from transactions with owners of the parent are segregated from those arising from transactions with minority owners of subsidiaries.
- (ii) Income and expenses are presented in two statements (a separate income statement and a statement of comprehensive income).
- (iii) Comprehensive income is disclosed in the financial statements.

As concerns segment information, Schneider Electric has been gradually deploying a new organization by business that became fully operational as of January 1, 2010. As a result, segment information for 2009 reflects this new organization, in accordance with the requirements of IFRS 8 – *Operating Segments*, which is being applied for the first time. However, because information on the new basis of segmentation is not available for the year ended December 31, 2008, segment information is provided on the old basis for 2009 and 2008 for purposes of comparison, in accordance with paragraph 30 of IFRS 8.

The following standards and interpretations that were applicable during the period did not have a material impact on the consolidated financial statements for the year ended December 31, 2009:

- IAS 23 R - *Borrowing Costs* (requires capitalization of borrowing costs).
- Amendment to IFRS 2 – *Share-based Payment* (vesting conditions and cancellations).
- IAS 32 R - *Financial Instruments: Presentation* and IAS 1 R - *Presentation of Financial Statements* (puttable instruments and obligations arising on liquidation).
- IFRS 1 R - *First-time Adoption of International Financial Reporting Standards* and IAS 27 - *Consolidated and Separate Financial Statements* (cost of a subsidiary, jointly controlled entity or associate).
- *IFRS improvements (May 2008)*.
- IFRS 7 A - *Financial Instruments: Disclosures* (enhancing disclosures about financial instruments).
- IFRIC 9 and IAS 39 A - *Embedded Derivatives*.
- IFRIC 13 – *Customer Loyalty Programs*.

There are no differences in practice between the standards applied by the Group as of December 31, 2009 and the IFRSs issued by the International Accounting Standards Board (IASB), as the application from January 1, 2009 of the standards and interpretations not yet adopted by the European Union would not have a material impact on the Group's accounts.

Lastly, the Group did not apply the following standards and interpretations that have not yet been adopted by the European Union or that are applicable after December 31, 2009:

- IFRS 3 R - *Business Combinations*.
- IAS 27 R - *Consolidated and Separate Financial Statements*.
- IFRIC 14 R - *Prepayments of a Minimum Funding Requirement*.

- IFRIC 12 - *Service Concession Arrangements*.
- IFRIC 15 - *Agreements for the Construction of Real Estate*.
- IFRIC 16 - *Hedges of a Net Investment in a Foreign Operation*.
- IFRIC 17 - *Distributions of Non-cash Assets to Owners*.
- IFRIC 18 - *Transfers of Assets from Customers*.
- IFRIC 19 - *Extinguishing Financial Liabilities with Equity Instruments*.
- IAS 39 A - *Financial Instruments: Recognition and Measurement – Exposures Qualifying for Hedge Accounting*.
- IFRS 1 R - *First-time Adoption of International Financial Reporting Standards*.
- IFRS 1 A - *First-time Adoption of International Financial Reporting Standards* (additional exemptions for first-time adopters).
- IFRS 2 A - *Share-based Payment* (group cash-settled share-based payment transactions).
- *IFRS improvements (April 2009)*.
- IAS 32 A - *Financial Instruments: Presentation* (classification of rights issues).
- IAS 24 R - *Related Party Disclosures*.
- IFRS 9 - *Financial Instruments*.

The potential impact of these standards and interpretations on the consolidated financial statements is currently being assessed. At this stage of analysis, the Group does not expect their impact to be material, except for IFRS 3 (revised), which will modify prospectively the accounting treatment of business combinations and IFRS 9, for which an impact analysis has not yet begun due to the standard's date of publication and incomplete nature.

The financial statements provide data prepared in accordance with IFRS for the years ended December 31, 2009 and December 31, 2008. The financial statements for the year ended December 31, 2007, presented in the Registration Document registered with *Autorité des Marchés Financiers* (AMF) under number 08-0112 on March 17, 2008, are incorporated by reference.

1.2 Changes in accounting method

Consolidation of jointly controlled entities

As from January 1, 2009, investments in operating entities controlled jointly with a limited number of partners, such as joint ventures and alliances, are proportionally consolidated in accordance with the recommended treatment under IAS 31 - *Interests in Joint Ventures*. Before January 1, 2009, the Group accounted for jointly controlled entities by the equity method in accordance with the alternative treatment allowed under IAS 31. This change is designed to provide more meaningful information on the strategic nature of jointly controlled entities and the way in which their operations are tracked by Schneider Electric management. The impact on the 2008 comparative statements is not material.

Presentation of the interest component of defined benefit pension plan costs

Until now, all costs related to defined benefit pension plans, termination benefits and other post-retirement benefit obligations were recognized in operating profit. To provide a more meaningful picture of operating profit by excluding all financial income and expense, the Group has decided to present the interest component of these costs and the expected return on plan assets in finance costs and other financial income and expense, net as from January 1, 2009. As a result of this change, €19 million recorded under operating profit in 2008 and €56 million in 2009 have been reclassified under other finance costs and financial income and expense, net. The comparative financial statements reflect this impact.

1.3 Basis of presentation

The financial statements have been prepared on a historical cost basis, with the exception of derivatives and available-for-sale financial assets, which are measured at fair value. Financial liabilities are measured using the cost model. The carrying amount of hedged assets and liabilities and the related hedging instruments corresponds to their fair value.

1.4 Use of estimates

The preparation of financial statements requires Group and subsidiary management to make estimates and assumptions that are reflected in the reported amounts of assets and liabilities at the date of the financial statements, revenues and expenses for the reporting period and related disclosures. Actual results could differ from those estimates.

These estimates mainly concern:

- The recoverable amount of goodwill, property, plant and equipment and intangible assets (described in Note 1.10).
- The net realizable value of inventories and work in process (described in Note 1.13).
- The recoverable amount of accounts receivable (described in Note 1.14).
- The valuation of share-based payments (described in Note 1.20).
- The calculation of provisions for contingencies, in particular for warranties (described in Note 1.21).
- Pension and other post-employment benefit obligations (described in Note 1.19).

1.5 Consolidation principles

Companies over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated. Exclusive control is control by all means, including ownership of a majority voting interest, significant minority ownership, and contracts or agreements with other shareholders.

As of January 1, 2009, investments in operating entities controlled jointly with a limited number of partners, such as joint ventures and alliances, are proportionally consolidated in accordance with the recommended treatment under IAS 31 - *Interests in Joint Ventures*. These investments were previously accounted for by the equity method.

Companies over which the Group has significant influence ("associates") are accounted for by the equity method. Significant influence is presumed to exist when more than 20% of outstanding voting rights are held.

Companies acquired or sold during the year are included in or removed from the consolidated financial statements as of the date when effective control is acquired or relinquished.

Intragroup balances and transactions are eliminated in consolidation.

The list of consolidated subsidiaries and associates is provided in Note 30.

The reporting date for all companies included in the scope of consolidation is December 31, with the exception of certain associates accounted for by the equity method, for which financial statements up to September 30 have been used due to the time required for them to produce IFRS-compliant statements.

1.6 Business combinations

Business combinations are accounted for using the purchase method, in accordance with IFRS 3 - *Business Combinations*. In accordance with the option provided by IFRS 1 – *First-Time Adoption of IFRS* – business combinations recorded before January 1, 2004 have not been restated. In accordance with the IFRS 3 standard applicable at year-end, acquisition costs incurred in 2009 related to transactions which are highly likely to be finalized in 2010 have been capitalized for €25 million as of December 31, 2009.

All identified acquired assets, liabilities and contingent liabilities are recognized at their fair value as of the date of acquisition. Provisional fair values are adjusted within a maximum of twelve months following the date of acquisition.

If the cost of acquisition is higher than the fair value of assets acquired and liabilities assumed at the date of acquisition, the excess is recorded under goodwill. If the cost of acquisition is lower than the fair value of assets acquired and liabilities assumed at the date of acquisition, the negative goodwill is immediately recognized in the income statement.

Goodwill is not amortized, but tested for impairment at least annually and when there is an indication that it may be impaired (see Note 1.11 below). Any impairment losses are recognized under "Amortization and impairment of purchase accounting intangibles".

1.7 Translation of the financial statements of foreign subsidiaries

The consolidated financial statements are drawn up in euros.

The financial statements of subsidiaries that use another functional currency are translated into euros as follows:

- Assets and liabilities are translated at official year-end exchange rates.
- Income statement and cash flow items are translated at weighted-average annual exchange rates.

Differences arising on translation are recorded in equity under "Translation reserve". In accordance with IFRS 1 – *First Time Adoption of IFRS* – cumulative translation adjustments were reset to zero at January 1, 2004 by adjusting opening retained earnings, without any impact on total equity.

1.8 Foreign currency transactions

Foreign currency transactions are recorded using the official exchange rate in effect at the date the transaction is recorded or the hedging rate. At year-end, foreign currency payables and receivables are translated into the reporting currency at year-end exchange rates or the hedging rate. Gains or losses on foreign currency conversion are recorded in the income statement under "Other financial income and expense, net". Foreign currency hedging is described below, in Note 1.23.

1.9 Intangible assets

➤ Intangible assets acquired separately or as part of a business combination

Intangible assets acquired separately are initially recognized in the balance sheet at historical cost. They are subsequently measured using the cost model, in accordance with IAS 38 – *Intangible Assets*.

Trademarks, customer lists and other identifiable assets of acquired companies are recognized in the balance sheet at fair value, determined by qualified experts for the most significant assets and internally for the rest. The valuations are performed using generally accepted methods, based on expected future cash flows. The assets are regularly tested for impairment.

Intangible assets other than trademarks are amortized on a straight-line basis over their useful life or the period of legal protection. Amortized intangible assets are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Amortization and impairment losses on intangible assets recognized on business combinations are presented under "Amortization and impairment of purchase accounting intangibles" in the income statement.

Trademarks

Trademarks acquired as part of a business combination are not amortized when they are considered to have an indefinite life.

This is determined on the basis of:

- Brand awareness.
- The Group's strategy for integrating the trademark into its existing portfolio.

Non-amortized trademarks are tested for impairment at least annually and when there is any indication that their recoverable amount may be less than their carrying amount. When necessary, an impairment loss is recorded.

➤ **Internally-generated intangible assets**

Research and development costs

Research costs are recognized in the income statement when incurred.

Systems were set up to track and capitalize development costs in 2004. As a result, only development costs for new products launched since 2004 are capitalized in the IFRS accounts.

Development costs for new projects are capitalized if, and only if:

- The project is clearly identified and the related costs are separately identified and reliably tracked.
- The project's technical feasibility has been demonstrated and the Group has the intention and financial resources to complete the project and to use or sell the related products.
- The Group has allocated the necessary technical, financial and other resources to complete the project.
- It is probable that the future economic benefits attributable to the project will flow to the Group.

Development costs that do not meet these criteria are expensed in the year in which they are incurred.

Capitalized development costs are amortized over the estimated life of the underlying technology, which generally ranges from 3 to 10 years. The amortization charge is included in the cost of the related products and classified into "Cost of sales" when the products are sold.

Software implementation

External and internal costs for the programming, coding and testing of enterprise resource planning (ERP) applications are capitalized and amortized over the applications' useful lives. In accordance with paragraph 98 of IAS 38, the Bridge SAP system currently being deployed throughout the Group is amortized using the unit of production method to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. The units of production correspond to the number of actual users divided by the number of target users on completion.

1.10 Property, plant and equipment

Land, buildings, plant and equipment are carried at cost, less accumulated depreciation and any accumulated impairment losses, in accordance with the cost model provided for in IAS 16 – *Property, plant and equipment*.

Each part of an item of property, plant and equipment with a useful life that is different from that of the item as a whole is depreciated separately on a straight-line basis. The main useful lives are as follows:

Buildings	:	20 to 40 years
Plant and equipment	:	3 to 10 years
Other	:	3 to 12 years

The useful life of operating assets, such as production lines, reflects the related products' estimated life cycles.

Useful lives are reviewed periodically and may be adjusted prospectively if appropriate.

The depreciable amount of an asset is determined after deducting its residual value, when the residual value is material.

Depreciation is charged to the income statement or included in the production cost of inventory or the cost of internally-generated intangible assets. It is recognized under "Cost of sales," "Research expenses" or "Selling, general and administrative expenses", depending on the case.

Property, plant and equipment are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount. Impairment losses are charged to the income statement under "Other operating income/(expense).

➤ **Leases**

Finance leases, defined as leases that transfer substantially all the risks and rewards of ownership to the lessee, are recognized as an asset and a liability.

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases and the related payments are recognized as an expense on a straight-line basis over the lease term.

➤ **Borrowing costs**

In accordance with IAS 23 R – *Borrowing Costs* (applied as of January 1, 2009), borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognized as an expense for the period. Prior to January 1, 2009, borrowing costs were systematically expensed when incurred.

1.11 Impairment of assets

In accordance with IAS 36 – *Impairment of Assets* – the recoverable amount of long-lived assets is assessed as follows:

- All depreciable and amortizable property, plant and equipment and intangible assets are reviewed at each balance sheet date to determine whether there is any indication that the asset may be impaired. Indications of impairment are identified on the basis of external or internal information. If such an indication exists, the Group tests the asset for impairment by comparing its carrying amount to the higher of fair value less costs to sell and value in use.
- Non-amortizable intangible assets and goodwill are tested for impairment at least annually and when there is any indication that the asset may be impaired.

Value in use is determined by discounting estimated future cash flows that will be generated by the tested assets, generally over a period of not more than five years. Estimated future cash flows are based on management's economic assumptions and operating forecasts. The discount rate corresponds to Schneider Electric's weighted average cost of capital (WACC) at the measurement date plus a risk premium depending on the region in question. The Group's WACC stood at 8.1% at December 31, 2009 compared with 8.2% at December 31, 2008. This rate is based on (i) a long-term risk-free interest rate of 3.9%, corresponding to the average interest rate for 10-year OAT treasury bonds over the past few years, (ii) the average premium applied to financing obtained by the Group in the fourth quarter of 2009, and (iii) the weighted country risk premium for the Group's businesses in the countries in question. The perpetuity growth rate was 2% in 2009, unchanged from the previous year.

Impairment tests are performed at the level of the cash-generating unit (CGU) to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are largely independent of those cash flows from other assets or groups of assets. At Schneider Electric, CGUs generally correspond to the Operating Divisions (Europe, North America, International and Asia-Pacific) and Business Units (Renewable Energy (RE), Customized Sensors & Technologies (CST), Building Automation (BA) and Critical Power & Cooling Services (CPCS)). The CGUs' value in use has been determined on the basis of the following WACC: 8.1% for Europe, 8.5% for North America, 8.3% for Building Automation, 9.1% for Critical Power & Cooling Services and 8.2% for Customized Sensors & Technologies.

Goodwill is allocated to a CGU when initially recognized. The allocation is made on the basis used to track the performance of Group operations and to assess the benefits derived from the synergies of the business combination. As a result of the organizational changes effective January 1, 2010, the

allocation of goodwill has been modified to reflect the new operating segments defined in accordance with IFRS 8. This modification will not have any impact on asset impairment.

If the recoverable amount of an asset or CGU is lower than its carrying amount, an impairment loss is recognized. To the extent possible, impairment losses on CGUs comprising goodwill are recorded as a deduction from goodwill.

1.12 Non-current financial assets

Investments in non-consolidated companies are classified in available-for-sale financial assets. They are initially recorded at cost and subsequently measured at fair value, when fair value can be reliably determined.

The fair value of equity instruments quoted in an active market may be determined reliably and corresponds to the quoted price on the balance sheet date (Level 1 input as described in the amendment to IFRS 7 - *Improving Disclosures about Financial Instruments*).

In cases where fair value can not be reliably determined (Level 3 inputs), the instruments are measured at cost net of any accumulated impairment losses. The recoverable amount is determined by reference to the Group's equity in the entity's underlying net assets and the entity's expected future profitability and business outlook. This rule is applied in particular to equity instruments that do not have a quoted market price in an active market.

Changes in fair value are accumulated in equity under "Other reserves" up to the date of sale, at which time they are recognized in the income statement. Unrealized losses on assets that are considered to be permanently impaired are recorded under "Finance costs and other financial income and expense, net".

Loans, recorded under "Other financial assets", are carried at amortized cost and tested for impairment if there is any indication that their recoverable amount may be less than their carrying amount. Long-term financial receivables are discounted when the impact of discounting is material.

1.13 Inventories and work in process

Inventories and work in process are stated at the lower of cost (generally determined by the weighted-average cost method) and estimated net realizable value.

Net realizable value corresponds to the estimated selling price net of remaining expenses to complete and/or sell the products.

Impairment losses on materials are recognized in "Cost of sales" and on finished products in "Selling, general and administrative expenses".

The cost of work in process, semi-finished and finished products includes direct materials and labor costs, subcontracting costs, production overheads based on normal capacity utilization rates and the portion of research and development costs related to the production process (corresponding to the amortization of capitalized projects in production and product and range maintenance costs).

1.14 Trade accounts receivable

An allowance for doubtful accounts is recorded when it is probable that receivables will not be collected and the amount of the loss can be reasonably estimated. Doubtful accounts and the related allowances are identified and determined based on historical loss experience, the age of the receivables and a detailed assessment of related credit risks. Once it is known with certainty that a doubtful account will not be collected, the doubtful account and the related allowance are written off to the income statement.

Accounts receivable in more than one year are discounted in cases where the discounting adjustment is material.

1.15 Assets held for sale

Assets held for sale are no longer depreciated and are recorded separately in the balance sheet under "Assets held for sale" at the lower of amortized cost and net realizable value.

1.16 Deferred taxes

Deferred taxes, corresponding to temporary differences between the tax basis and reporting basis of consolidated assets and liabilities, are recorded using the liability method. Deferred tax assets are recognized when it is probable that they will be recovered at a reasonably determinable date.

Future tax benefits arising from the utilization of tax loss carryforwards (including amounts available for carryforward without time limit) are recognized only when they can reasonably be expected to be realized.

Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities that concern the same unit and are expected to reverse in the same period are netted off.

1.17 Cash and cash equivalents

Cash and cash equivalents presented in the balance sheet consist of cash, bank accounts, term deposits of three months or less and other liquid marketable securities. Substantially all marketable securities represent short-term instruments that can be easily converted into a determinable cash amount, such as commercial paper, mutual funds and equivalents. In light of their nature and maturities, these instruments carry virtually no risk of impairment. The Group treats them as cash equivalents.

1.18 Schneider Electric SA shares

Schneider Electric shares held by the parent company or by fully consolidated companies are measured at cost and deducted from equity. They are held at their acquisition price until sold.

Gains and losses on the sale of treasury stock are recognized in equity, net of tax.

1.19 Pensions and other post-employment benefit obligations

Depending on local practices and laws, the Group's subsidiaries participate in pension, termination benefit and other long-term benefit plans. Benefits paid under these plans depend on such factors as seniority, compensation levels and payments into mandatory retirement programs.

➤ Defined contribution plans

Payments made under defined contribution plans are recorded in the income statement, in the year of payment and are in full settlement of the Group's liability. In most countries, the Group participates in mandatory general plans that are accounted for as defined contribution plans.

➤ Defined benefit plans

The present value of defined benefit obligations is determined using the projected unit credit method.

Charges recognized in profit or loss are recorded as a deduction from operating profit.

The amount recognized in the balance sheet corresponds to the present value of the obligation, adjusted for unrecognized past service cost and reduced by the fair value of plan assets at the balance sheet date.

If the plan has a surplus (i.e. the fair value of plan assets is greater than the present value of the obligation, as adjusted for unrecognized past service cost), the recognized asset is limited to the present value of available refunds and reductions in future contributions to the plan.

Changes resulting from periodic adjustments to actuarial assumptions regarding general financial and business conditions or demographics (i.e., changes in the discount rate, annual salary increases, return on plan assets, years of service, etc.) as well as experience adjustments are immediately recognized in the Group's balance sheet and as a separate component of equity in "Other reserves".

➤ Other commitments

Provisions are booked to cover the cost of providing healthcare benefits for certain retired employees in Europe and the United States. The accounting policies applied to these plans are similar to those used to account for defined benefit pension plans.

The Group also records for all its subsidiaries an obligation for seniority-related benefits (primarily long service awards in its French subsidiaries). Actuarial gains and losses on these benefit obligations are recognized directly in profit or loss.

1.20 Share-based payments

The Group grants different types of share-based payment to senior executives and certain employees. These include:

- Stock options.
- Stock grants.
- Stock Appreciation Rights ("SARs").

IFRS 2 – *Share-based Payment* – applies only to plans set up after November 7, 2002 that did not vest prior to January 1, 2005.

In accordance with IFRS 2, these plans are valued on the date of grant, using the Cox, Ross, Rubinstein binomial option pricing model, and are recognized as an expense over the vesting period, generally three or four years depending on the country.

A contra entry is posted to the treasury stock reserve for stock grants and stock options. In the case of SARs, a liability is recorded corresponding to the amount of the remeasured benefit at the closing date.

As part of its commitment to employee share ownership, Schneider Electric gave its employees the opportunity to purchase shares at a discount during the year (see Note 21.5).

1.21 Provisions for contingencies

A provision is recorded when the Group has a present obligation as a result of a past event, and a reliable estimate can be made of the amount of the obligation. If the obligation is not probable and cannot be reliably estimated, but remains possible, it is classified as a contingent liability and disclosed in the notes to the consolidated financial statements. Provisions are calculated on a case-by-case or statistical basis. Long-term provisions (greater than one year) are discounted. Discounting adjustments to long-term provisions were calculated at a rate of 3.6% at December 31, 2009 versus 3.8% at December 31, 2008.

Provisions are primarily set aside to cover:

- Economic risks.

These include tax risks arising from tax audits performed by various local tax administrations and financial risks arising primarily on guarantees given to third parties in relation to certain assets and liabilities.

- Customer risks.

These provisions primarily concern liability claims arising from alleged defects in products sold to customers and other third parties and are determined on a case-by-case basis.

- Product risks.

These provisions comprise:

- Provisions recorded on a statistical basis for the residual cost of product warranties not covered by insurance. Such warranties may run up to 18 months.
- Provisions to cover disputes concerning defective products and recalls of clearly identified products.

- Environmental risks.

These provisions are primarily set aside to cover potential reclamation costs.

- Restructuring costs, when the Group has prepared a detailed formal plan for the restructuring and has either announced or started to implement the plan at year-end.

1.22 Financial liabilities

Financial liabilities primarily comprise bonds and short and long-term bank debt. These liabilities are initially recorded at fair value, taking into account any direct transaction costs, and subsequently measured at amortized cost based on their effective interest rate.

1.23 Financial instruments and derivatives

Risk hedging management is centralized. The Group's policy is to use derivative financial instruments exclusively to manage and hedge changes in exchange rates, interest rates or prices of certain raw materials. Derivative financial instruments are never used for speculative purposes. These risks are managed and hedged primarily through the use of swaps, options and futures, depending upon the nature of the Group's exposure.

➤ Foreign currency hedges

The Group periodically enters into foreign currency contracts to hedge foreign currency transactions. Some of these contracts are designated as hedges of operating receivables and payables carried in the balance sheets of Group companies. The Group does not apply hedge accounting to these instruments because at year-end, foreign currency contracts are marked to market and gains or losses are recorded in "Other financial income and expense". These gains or losses offset the losses or gains arising from converting foreign currency payables and receivables into the reporting currency at year-end rates, in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates*.

The Group may also hedge recurring future transactions, intragroup foreign currency loans or planned acquisitions or disposals of investments. In accordance with IAS 39, these are treated as cash flow hedges. The hedging instruments are recognized in the balance sheet and are measured at fair value at the period-end. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is accumulated in equity, under "Other reserves", and recognized in the income statement when the hedged transaction affects profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in "Other financial income and expense".

In addition, certain long-term receivables and loans to subsidiaries are considered to be part of the Group's net investment in the companies concerned, as defined by IAS 21 – *The Effects of Changes in Foreign Exchange Rates*. In accordance with the rules governing hedges of net investments in foreign operations, the impact of exchange rate fluctuations is recorded in equity and recognized in the income statement when the investment is sold.

➤ Interest rate swaps

Interest rate swaps, which synthetically adjust interest rates on certain indebtedness, involve the exchange of fixed and floating-rate interest payments. The differential to be paid (or received) is accrued (or deferred) as an adjustment to interest income or expense over the life of the agreement. The Group applies hedge accounting as described in IAS 39 for interest rate swaps. Gains and losses on remeasurement of interest rate swaps at fair value are recognized in equity (for cash flow hedges) or in profit or loss (for fair value hedges).

➤ Commodity contracts

The Group also purchases commodity derivatives including forward purchase contracts, swaps and options to hedge price risks on all or part of its forecast future purchases. Under IAS 39, these qualify as cash flow hedges. The hedging instruments are recognized in the balance sheet and are measured at fair value at the period-end. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is accumulated in equity, under "Other reserves", and reclassified into the income statement under "Cost of sales" when the hedged transaction affects profit or loss, leading to an

adjustment of gross profit. The ineffective portion of the gain or loss on the hedging instrument is recognized in "Other financial income and expense".

Cash flows from derivative financial instruments are recognized in the statement of cash flows in a manner consistent with the underlying transactions.

➤ **Put options granted to minority shareholders**

Under IAS 32 – *Financial Instruments: Disclosure and Presentation* – commitments to buy out minority shareholders (e.g. put options) must be recognized as a liability, in an amount corresponding to the exercise price of the put options.

In the absence of established accounting practice, the difference between the put options' exercise price and the share in the underlying net assets is posted to goodwill without remeasuring the acquired assets and liabilities at fair value. Subsequent changes in the fair value of the liability are recognized by adjusting goodwill.

1.24 Revenue recognition

The Group's revenues primarily include merchandise sales and revenues from service and project contracts.

➤ **Merchandise sales**

Revenue from sales is recognized when the product is shipped and title transferred (standard shipping terms are FOB).

Discounts offered to distributors are accrued when the products are sold to the distributor and recognized as a deduction from revenue.

Certain subsidiaries also offer cash discounts to distributors. These discounts are deducted from sales.

Total revenue is presented net of these discounts and rebates.

➤ **Service contracts**

Revenue from service contracts is recorded over the contractual period of service. It is recognized when the result of the transaction can be reliably determined, by the percentage of completion method.

➤ **Long-term contracts**

Income from long-term contracts is recognized using the percentage-of-completion method, based either on the percentage of costs incurred in relation to total estimated costs of the entire contract, or on the contract's technical milestones, notably proof of installation or delivery of equipment. When a contract includes performance clauses in the Group's favor, the related revenue is recognized at each project milestone and a provision is set aside if targets are not met.

Losses at completion for a given contract are provided for in full as soon as they become probable. The cost of work-in-process includes direct and indirect costs relating to the contracts.

1.25 Earnings per share

Earnings per share are calculated in accordance with IAS 33 – *Earnings Per Share*.

Diluted earnings per share are calculated by adjusting profit and the weighted average number of shares outstanding for the dilutive effect of the exercise of stock options outstanding at the balance sheet date. The dilutive effect of stock options is determined by applying the "treasury stock" method, which consists of taking into account the number of shares that could be purchased, based on the average share price for the year, using the proceeds from the exercise of the rights attached to the options.

1.26 Statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method, which consists of reconciling net profit to net cash provided by operations. Net cash and cash equivalents represent cash and cash equivalents as presented in the balance sheet (see Note 1.17) net of bank overdrafts.

Note 2 - Changes in the scope of consolidation

2.1 Additions and removals

The consolidated financial statements for the year ended December 31, 2009 include the accounts of the companies listed in note 32. The scope of consolidation at December 31, 2009 is summarized as follows:

Number of companies	Dec. 31, 2009		Dec. 31, 2008	
	France	Abroad	France	Abroad
Parent company and fully consolidated subsidiaries	60	477	69	506
Proportionally consolidated companies	-	1	-	-
Companies accounted for by the equity method	1	3	1	5
Sub-total by region	61	481	70	511
Total	542		581	

The main changes in 2009 were as follows:

➤ Acquisitions

The Group finalized the acquisitions of Conzerv Systems and Meher Capacitors in India, and Microsol in Brazil.

Acquisitions during the period totalled €63 million, net of cash acquired.

These entities are fully consolidated since their acquisition date.

➤ Changes in consolidation method

As indicated in Note 1, Delixi Electric, a jointly controlled entity, has been proportionally consolidated since January 1, 2009. It was previously accounted for by the equity method.

2.2 Impact of changes in the scope of consolidation

The impact of changes in the scope of consolidation in 2008 and 2009 on the Group's income statement as of December 31, 2009 is not material.

➤ Impact on cash

Changes in the scope of consolidation reduced the Group's cash position by a net €63 million, as described below:

	2009
Acquisitions	(95)
Cash and cash equivalents paid	(94)
Cash and cash equivalents acquired	(1)
Disposals	24
Other operations	8
Net financial investments	(63)

Note 3 - Segment information

Effective January 1, 2010, the Group has re-organized into five Businesses (Power, Industry, IT, Buildings and Customized Sensors & Technologies).

Because this new organization was gradually deployed during 2009 and was effective on the reporting date, segment information for 2009 reflects the changes in accordance with IFRS 8 – *Operating Segments*.

However, because information on the new basis of segmentation is not available for the year ended December 31, 2008, segment information is provided on the old basis for 2009 and 2008 for purposes of comparison, in accordance with paragraph 30 of IFRS 8.

The five Businesses are:

- **Power**, which includes Medium and Low Voltage, Installation Systems and Control, Renewable Energies and four end-customer segments: Utilities, Marine, Residential and Oil & Gas.
- **Industry**, which includes Automation & Control and three end-customer segments: OEMs, Water Treatment and Mining, Minerals & Metals.
- **IT**, which covers Critical Power & Cooling Services and two end-customer segments: Data Centers and Financial Services.
- **Buildings**, which includes Building Automation and Security and four end-customer segments: Hotels, Hospitals, Office Buildings and Retail Buildings.
- **Custom Sensors & Technologies**, a mainly technological business focused on customers in the Automotive, Aeronautic and Manufacturing industries.

Data concerning General Management that cannot be allocated to a particular segment are presented under "Holding Company".

Operating segment data is identical to that presented to the Management Board, which has been identified as the main decision-making body for allocating resources and evaluating segment performance. Performance assessments are notably based on Earnings Before Interest, Taxes, Amortization of purchase accounting intangibles and Restructuring costs (EBITAR). Share-based payment is presented under "Holding Company". The Management Board does not review assets and liabilities by Business.

The same accounting principles governing the consolidated financial statements apply to segment data.

Details are provided in Chapter 4 of the Registration Document (Business Review).

3.1 Information by operating segment

Dec. 31, 2009

	Power Business	Industry Business	IT Business	Buildings Business	CST	Holding	TOTAL
Sales	9,137	2,665	2,366	1,268	357	0	15,793
EBITAR*	1,639	266	375	132	20	(297)	2,136
%	17.9%	10.0%	15.8%	10.4%	5.6%	-	13.5%
EBITA*	1,493	189	346	121	(4)	(321)	1,823
%	16.3%	7.1%	14.6%	9.5%	(1.1%)	-	11.5%
* including a non recurring gain on pension plan modification:							
	81	11					

3.2 Comparative information

Dec. 31, 2009

	Europe	North America	Asia Pacific	Rest of the world	Holding	TOTAL
Sales	6,423	4,356	3,278	1,736	-	15,793
EBITAR*	967	656	526	284	(297)	2,136
%	15.1%	15.1%	16.0%	16.4%	-	13.5%
EBITA*	776	595	500	273	(321)	1,823
%	12.1%	13.7%	15.3%	15.7%	-	11.5%

* including a non recurring gain on pension plan modification:

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	Electrical Distribution	Automation & Control	Critical Power	Holding	TOTAL
Sales	9,175	4,252	2,366	-	15,793
EBITAR*	1,631	427	375	(297)	2,136
%	17.8%	10.0%	15.8%	-	13.5%
EBITA*	1,490	308	346	(321)	1,823
%	16.2%	7.2%	14.6%	-	11.5%

* including a non recurring gain on pension plan modification:

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Dec. 31, 2008

	Europe	North America	Asia Pacific	Rest of the world	Holding	TOTAL
Sales	8,101	5,053	3,395	1,762	-	18,311
EBITAR	1,550	856	555	293	(317)	2,937
%	19.1%	16.9%	16.3%	16.6%	-	16.0%
EBITA	1,423	821	539	291	(301)	2,773
%	17.6%	16.2%	15.9%	16.5%	-	15.1%

	Electrical Distribution	Automation & Control	Critical Power	Holding	TOTAL
Sales	10,343	5,313	2,655	-	18,311
EBITAR	2,043	818	393	(317)	2,937
%	19.8%	15.4%	14.8%	-	16.0%
EBITA	1,925	771	378	(301)	2,773
%	18.6%	14.5%	14.2%	-	15.1%

3.3 Information by region

The geographic regions covered by the Group are:

- EMEAS: Europe, Middle East, Africa and South America,
- North America: United States, Canada and Mexico,
- Asia-Pacific.

Non-current assets include net goodwill, net intangible assets and net property, plant and equipment.

Dec. 31, 2009

	EMEAS	of which France	North America	of which USA	Asia Pacific	of which China	TOTAL
Sales by country market	8,297	1,528	4,190	3,635	3,306	1,642	15,793
Non current assets	5,939	1,707	5,860	5,592	2,695	934	14,494

Dec. 31, 2008

	EMEAS	of which France	North America	of which USA	Asia-Pacific	of which China	TOTAL
Sales by country market	10,032	1,713	4,883	4,200	3,396	1,411	18,311
Non current assets	5,816	1,679	6,240	5,877	2,447	967	14,503

Note 4 - Research and Development

Research and development costs break down as follows:

	2009	2008
Research and development costs in cost of sales	143	161
Research and development costs in commercial expenses	7	16
Research and development costs in R&D costs ⁽¹⁾	403	402
Capitalized development costs	211	195
Total Research and Development costs of the year	764	774

(1) Of which, € 19 million research and development tax credit in December, 2009 and €26 million research and development tax credit in December, 2008.

Amortization of capitalized development costs came to €85 million in 2009 and €61 million in 2008. In addition, exceptional impairment losses of €4 million were recorded on capitalized development costs in 2009, compared with €2 million in 2008

Note 5 - Depreciation, amortization and provision expense

Depreciation, amortization and provision expenses recognized in operating expenses were as follows:

	2009	2008
Included in cost of sales:		
Depreciation and amortization	(343)	(305)
Provisions	(10)	(38)
Included in selling, general and administrative expenses:		
Depreciation and amortization	(130)	(147)
Provisions	(90)	(18)
Depreciation, amortization and provision expense	(573)	(508)

In 2009, provisions in an amount of €17 million were recorded in other operating income/expense. Impairment of other non-current assets represented a net charge of €134 million, of which €122 million were recorded as goodwill impairment and impairment of purchase accounting intangibles (note 8), and €12 million were recorded in other operating income and expenses (note 6).

Note 6 - Other operating income and expenses

Other operating income and expenses break down as follows:

	2009	2008
Impairment losses on non-current assets	(12)	(9)
Gains on asset disposals	11	17
Losses on asset disposals	(17)	(7)
US pension plan curtailment	92	-
Others	14	26
Other operating income and expenses	88	27

Gains on asset disposals mainly reflect the gain on the disposal of Selectron assets for €8 million.

Losses on asset disposals and asset write-offs are primarily related to the loss on disposal of a Wibe business for €6 million and to an R&D project being terminated for €6 million.

The gain of €92 million on the US pension plan curtailment is commented on note 22.

Note 7 - Restructuring costs

Restructuring expenses totaled €313 million and mainly concerned measures taken in response to the economic and financial crisis. These expenses were primarily recorded in Europe (€240 million) and North America (€55 million).

Note 8 - Amortization and impairment of purchase accounting intangibles

	2009	2008
Amortization of purchase accounting intangibles	(109)	(93)
Impairment of purchase accounting intangibles	(32)	(22)
Goodwill impairment	(90)	(59)
Amortization and impairment of purchase accounting intangibles	(231)	(174)

Impairment of purchase accounting intangibles amounted to €32 million. As in 2008, the carrying amount of the assets of Systron Donner Automotive (SDA) —a business that CST has decided to discontinue— has been aligned with their value in use. This led to the recognition of an additional €28 million loss in 2009.

In addition, an impairment test on the CST CGU led to the recognition of an impairment loss of €90 million during the year.

For all CGUs, the sensitivity analysis to the discount rate used for impairment testing is as follows:

- a 0.5 point increase in the discount rate would have increased the loss by €106 million,
- a 0.5 point decrease in the discount rate would have reduced the loss by €50 million.

Note 9 - Other financial income and expense

	2009	2008
Exchange gains and losses, net	(1)	(87)
Financial component of defined benefit plan costs	(56)	(19)
Dividend income	7	18
Net gains/(losses) on disposal of long-term investments	(3)	11
Other financial expense, net	(34)	(10)
Other financial income and expense	(87)	(87)

Other financial expenses – net amounted to €34 million and primarily included bank facility arrangement fees.

Note 10 - Income tax

Whenever possible, Group entities file consolidated tax returns. Schneider Electric SA files a consolidated tax return with its French subsidiaries held directly or indirectly through Schneider Electric Industries SAS.

10.1 Analysis of income tax expense for the year

	2009	2008
Current taxes		
France	(13)	2
International	(398)	(569)
Total	(411)	(567)
Deferred taxes		
France	153	53
International	(35)	(41)
Total	118	12
Income tax (expense)/benefit	(293)	(555)

10.2 Tax proof

	2009	2008
Profit attributable to equity holders of the parent	852	1,682
Income tax (expense)/benefit	(293)	(555)
Minority interests	(42)	(41)
Share of profit of associates	(21)	12
Profit before tax	1,208	2,266
Statutory tax rate	34.43%	34.43%
Income tax expense calculated at the statutory rate	(416)	(780)
Reconciling items:		
Difference between French and foreign tax rates	122	149
Tax credits and other tax reductions	89	131
Impact of tax losses	(21)	(6)
Other permanent differences	(67)	(49)
Income tax (expense)/benefit	(293)	(555)
Effective tax rate	24.3%	24.5%

Note 11 - Goodwill

11.1 Breakdown of goodwill

The following table presents goodwill by company and the Cash Generating Unit (CGU) to which it is allocated:

	Year of acquisition	CGU (1)	Dec. 31, 2009 Net	Dec. 31, 2008 Net
APC	2007	CPCS	2,070	2,131
Square D Company	1991	(A)	951	986
Groupe LEXEL	1999	EOD	842	810
Telemecanique	1988	(A)	463	463
TAC/ Andover/ Abacus/ Applied Control Technology/Yamas/HGA	2003 to 2007	BA	419	417
Pelco	2007	BA	353	366
MGE UPS	2000 to 2007	CPCS	334	344
IBS	2006	BA	299	310
Clipsal	2004 to 2006	APOD	282	230
Juno Lighting Inc.	2005	NAOD	275	285
Xantrex	2008	NAOD	198	193
Crouzet Automatismes	2000	CST	156	156
Power Measurement Inc.	2005	NAOD	133	136
BEI Technologies	2005	CST	130	224
Delixi	2007	APOD	128	-
ABS	2005	BA	105	104
Positec	2000	EOD	105	106
Merlin Gerin	1992	(A)	87	87
Digital Electronics	2002	APOD	84	89
OVA	2006	EOD	80	80
Kavlico	2004	CST	76	78
Ritto	2007	EOD	60	60
Citect	2006	APOD	59	46
Elau	2004 & 2005	EOD	56	56
Federal Pioneer	1990	NAOD	55	49
Crydom	2006	CST	48	49
Infra +	2000 to 2004	EOD	43	43
Wessen	2008	IOD	41	58
RAM	2008	NAOD	38	54
PDL	2001	APOD	32	26
AEM	2006	EOD	30	30
Mita Holding	1999	EOD	28	25
ECP	2008	NAOD	27	28
GET	2006	EOD	27	25
Marisio	2008	IOD	26	22
IMS	2008	EOD	25	24
Microsol	2009	CPCS	23	-
Conzerv	2009	APOD	20	-
Meher	2009	APOD	16	-
Crockett	2009	BA	10	-
Dataletta	2009	APOD	4	-
Grant	2007	EOD	2	2
Others			371	350
TOTAL			8,611	8,542

(1) Cash Generating Unit to which goodwill has been mainly allocated.

EOD: European Operating Division ; NAOD: North American Operating Division ; APOD: Asia-Pacific Operating Division ; IOD: International Operating Division
CST: Customized Sensors & Technologies, BA: Building Automation, CPCS: Critical Power & Cooling System

(A) Square D, Telemecanique and Merlin Gerin's goodwill have been allocated on the basis of operating profit by region as of the acquisition date.

	Europe	North America	Asia Pacific	Rest of the world
Square D	9%	80%	10%	1%
Télemécanique	71%	0%	20%	9%
Merlin Gerin	62%	10%	20%	8%

11.2 Changes in goodwill

The main movements between December 31, 2008 and December 31, 2009 are summarized in the following table:

	Full year 2009	Full year 2008
Net goodwill at opening	8,542	8,141
Acquisitions*	66	415
Disposals	(2)	-
Impairment	(90)	(59)
Translation adjustment	(26)	97
Reclassifications	121	(52)
Net goodwill at year end	8,611	8,542
Cumulative impairment	(157)	(67)

* On the basis of the exchange rate on the acquisition date

Acquisitions

The Group has a period of 12 months from the acquisition date to finalize the purchase accounting. As a result, goodwill figures for 2009 acquisitions are provisional.

Acquisitions during the year primarily concerned Meher Capacitors and Conzerv Systems in India, and Microsol in Brazil.

Impairment

Impairment losses recognized during the year totaled €90 million, for CST (note 8).

Other changes

Other changes, in an amount of €121 million, reflected the reclassification of Delixi Electric goodwill, for €136 million (proportionally consolidated as from January 1, 2009), and a €29 million reduction in RAM and Wessen's goodwill following adjustments to the provisional accounting. RAM and Wessen were acquired at the end of 2008.

The main exchange rate changes concerned goodwill in US dollars.

Note 12 - Intangible assets

12.1 Change in intangible assets

	Trademarks	Software	Development projects (R&D)	Other	Total
GROSS VALUE					
Dec. 31, 2007	2,353	519	429	1,184	4,485
Acquisitions/Capitalization	1	31	192	71	295
Disposals	0	(6)	(1)	(4)	(11)
Translation adjustment	75	1	12	70	158
Reclassification	0	16	3	(19)	0
Changes in the scope of consolidation and other	23	(2)	2	82	105
Dec. 31, 2008	2,452	559	637	1,384	5,032
Acquisitions/Capitalization	0	24	211	32	267
Disposals	(1)	(15)	(3)	(5)	(24)
Translation adjustment	(27)	0	0	(40)	(67)
Reclassification	0	156	(4)	(170)	(18)
Changes in the scope of consolidation and other	(4)	0	1	12	9
Dec. 31, 2009	2,420	724	842	1,213	5,199
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
Dec. 31, 2007	(106)	(388)	(89)	(188)	(771)
Allocation and impairment	(17)	(62)	(63)	(114)	(256)
Recapture	0	7	(1)	1	7
Translation adjustment	(1)	(3)	(7)	(18)	(29)
Reclassification	1	1	0	3	5
Changes in the scope of consolidation and other	2	1	1	(1)	3
Dec. 31, 2008	(121)	(444)	(159)	(317)	(1,041)
Allocation and impairment	(15)	(60)	(90)	(128)	(293)
Recapture	0	13	0	1	14
Translation adjustment	1	1	2	10	14
Reclassification	0	1	4	16	21
Changes in the scope of consolidation and other	3	0	0	2	5
Dec. 31, 2009	(132)	(489)	(243)	(416)	(1,280)
NET VALUE					
Dec. 31, 2007	2,247	131	340	996	3,714
Dec. 31, 2008	2,331	115	478	1,067	3,991
Dec. 31, 2009	2,288	235	599	797	3,919

The contractual customer relationships of RAM and Wessen, acquired in late 2008, were recognized under "Other intangible assets" in an amount of €29 million in 2009.

As in 2008, the carrying amount of the assets of Systron Donner Automotive (SDA)—a business that CST has decided to discontinue—has been aligned with their value in use. This led to the recognition of an additional impairment loss on the trademark, in an amount of €10 million, and on other intangible assets related to the business, in an amount of €18 million.

12.2 Trademarks

Main trademarks recognized as of December 31, 2009 include:

	Dec. 31, 2009	Dec. 31, 2008
APC	1,277	1,321
PELCO	343	369
MGE	200	200
Clipsal	159	126
TAC/ANDOVER	108	104
Juno	79	82
Digital	41	43
Xantrex	25	26
BEI	8	19
Merten	18	18
Kavlico	11	11
Autres	19	12
Total Net	2,288	2,331

Trademarks are not amortized as they are considered to have indefinite lives.

Note 13 - Property, plant and equipment

13.1 Change in property, plant and equipment

	Land	Buildings	Machinery and equipment	Other	Total
GROSS VALUE					
Dec. 31, 2007	119	1,157	2,993	675	4,944
Acquisitions	4	42	182	208	436
Disposals	(1)	(20)	(91)	(75)	(187)
Translation adjustment	4	8	(9)	(5)	(2)
Reclassification	29	(11)	66	(92)	(8)
Changes in scope of consolidation and other	0	6	21	13	40
Dec. 31, 2008	155	1,182	3,162	724	5,223
Acquisitions	5	42	139	158	344
Disposals	(4)	(24)	(154)	(86)	(268)
Translation adjustment	(2)	(2)	14	2	12
Reclassification	0	34	44	(66)	12
Changes in scope of consolidation and other	2	2	3	3	10
Dec. 31, 2009	156	1,234	3,208	735	5,333
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
Dec. 31, 2007	(14)	(515)	(2,211)	(348)	(3,088)
Depreciation and impairment	(1)	(50)	(221)	(57)	(329)
Recapture	0	17	122	32	171
Translation adjustment	(1)	(3)	8	7	11
Reclassification	0	(1)	2	(1)	0
Changes in scope of consolidation and other	1	(1)	(9)	(9)	(18)
Dec. 31, 2008	(15)	(553)	(2,309)	(376)	(3,253)
Depreciation and impairment	(1)	(57)	(225)	(60)	(343)
Recapture	3	12	166	52	233
Translation adjustment	0	1	(11)	(2)	(12)
Reclassification	0	(2)	4	(2)	0
Changes in scope of consolidation and other	1	2	3	1	7
Dec. 31, 2009	(12)	(597)	(2,372)	(387)	(3,368)
NET VALUE					
Dec. 31, 2007	105	642	782	327	1,856
Dec. 31, 2008	140	629	853	348	1,970
Dec. 31, 2009	144	637	836	348	1,965

Reclassifications primarily correspond to assets put into use.

13.2 Finance leases

Property, plant and equipment include the following assets held under finance leases:

	Dec. 31, 2009	Dec. 31, 2008
Land	3	3
Buildings	69	69
Machinery and equipment	32	32
Other tangible assets	2	2
Accumulated depreciation	(78)	(76)
Assets under finance lease, net	28	30

Future minimum lease payments under finance leases as of December 31, 2009 are as follows:

	Minimum payments	Discounted minimum payments
Less than one year	6	6
Between one year and five years	6	5
Five years and more	7	5
Total commitments	19	16
Discounting effect	(3)	-
Discounted minimum payments	16	-

13.3 Operating leases

Rental expenses for operating leases in 2009 and 2008 were as follows:

	2009	2008
Minimum rentals	104	104
Contingent rentals	1	1
Sub-lease rentals	(4)	(2)
Total rental expense	101	103

Future minimum lease payments under non-cancelable operating leases break down as follows at December 31, 2009:

	Minimum payments	Discounted minimum payments
Less than one year	93	93
Between one and five years	205	189
Five years and more	107	85
Total rental commitments	405	367
Discounting effect	(38)	-
Discounted minimum payments	367	-

Note 14 - Investments in associates

Investments in associates can be analyzed as follows:

	% interest at Dec. 31		Share net assets at Dec. 31		Share in net profit at Dec. 31	
	2009	2008	2009	2008	2009	2008
Delta Dore Finance	20.0%	20.0%	12	11	1	1
Delixi Electric	N/A	50.0%	0	182	0	11
Fuji Electric FA Components & Systems	36.8%	37.0%	58	84	(22)	-
Others	N/A	N/A	5	4	0	0
Total	-	-	75	281	(21)	12

Note 15 - Financial assets

15.1 Available-for-sale financial assets

Available-for-sale financial assets, corresponding mainly to investments in non-consolidated companies, break down as follows:

	% interest	Gross value	Dec. 31, 2009		Dec. 31, 2008	
			Revaluation / Impairment	Fair value	Fair value	Fair value
I – Listed available for sale financial						
AXA	0.5%	111	64	175	155	
Gold Peak Industries Holding Ltd	6.3%	7	(3)	4	2	
Total listed AFS	-	118	61	179	157	
II – Unlisted available for sale financial						
Polam BV ⁽¹⁾	N/A	-	-	-	26	
FCPR SEV1	100.0%	35	14	49	-	
Simak ⁽²⁾	99.2%	6	(1)	5	5	
Easy Plug SAS ⁽³⁾	50.0%	9	(9)	0	0	
SE Venture	100.0%	7	(7)	0	0	
Other unlisted AFS ⁽⁴⁾		19	(7)	12	12	
Total unlisted AFS	-	76	(10)	66	43	
Financial assets available for sale	-	194	51	245	200	

(1) Liquidated in 2009

(2) Removed from the scope of consolidation – in liquidation

(3) Dormant company

(4) Valued at less than €5 million each

Fair value corresponds to the quoted price on the last trading day of the period for investments listed on an active market. Net gains arising from remeasurement at fair value of listed investments, recorded in equity under "Other Comprehensive Income" totaled €11 million.

The investment in the SEV1 venture capital fund was previously classified under "Other non-current financial assets".

15.2 Other non-current financial assets

The agreement for the acquisition of Clipsal includes a seller's warranty providing for part of the acquisition price to be withheld (see Note 25). This amount has been placed in escrow and amounts to €8 million as of December 31, 2009.

15.3 Current financial assets

Current financial assets, corresponding to short-term investments, totaled €77 million as of December 31, 2009.

Note 16 - Deferred taxes by type

	Dec. 31, 2009	Dec. 31, 2008
<i>Deferred tax assets</i>		
Tax credits and tax loss carryforwards	387	282
Provisions for pensions and other post-retirement benefit obligations	448	486
Impairment of receivables and inventory	123	143
Non deductible provisions for contingencies and accruals	189	164
Other deferred tax assets	260	257
Deferred tax assets set off against deferred tax liabilities	(406)	(400)
Deferred tax assets	1,001	932
<i>Deferred tax liabilities</i>		
Differences between tax and accounting depreciation	(89)	(95)
Trademarks and other intangible assets	(861)	(933)
Capitalized development costs (R&D)	(46)	(36)
Other deferred tax liabilities	(326)	(224)
Deferred tax assets set off against deferred tax liabilities	406	400
Total deferred tax liabilities	(916)	(888)

Deferred tax assets recorded in respect of tax loss carryforwards at December 31, 2009 essentially concern France (€219 million) and Belgium (€140 million).

Note 17 - Inventories and work in process

Inventories and work in process changed as follows:

	Dec. 31, 2009	Dec. 31, 2008
Cost:		
Raw materials	947	1,041
Work in process	317	344
Semi-finished and finished products	1,124	1,376
Goods	67	87
Inventories and work in process at cost	2,455	2,848
Impairment:		
Raw materials	(124)	(112)
Work in process	(15)	(15)
Semi-finished and finished products	(131)	(128)
Goods	(11)	(9)
Impairment loss	(281)	(264)
Net:		
Raw materials	823	929
Work in process	302	329
Semi-finished and finished products	993	1,248
Goods	56	78
Inventories and work in process, net	2,174	2,584

Note 18 - Trade accounts receivable

	Dec. 31, 2009	Dec. 31, 2008
Accounts receivable	2,923	3,203
Notes receivable	231	391
Advances to suppliers	57	63
Accounts receivable at cost	3,211	3,657
Impairment	(140)	(120)
Accounts receivable, net	3,071	3,537
Of which:		
On time	2,499	2,915
Less than one month past due	257	307
One to two months past due	113	119
Two to three months past due	59	62
Three to four months past due	42	48
More than four months past due	101	86
Accounts receivable, net	3,071	3,537

The Group's accounts receivable are generated from sales to customers operating in a wide range of businesses and geographic regions. Consequently, the Group believes that there is no significant concentration of credit risk.

In addition, the Group takes out substantial credit insurance and uses other types of guarantees to limit the risk of losses on trade accounts receivable.

Changes in provisions for impairment of short and long-term trade accounts receivable were as follows:

	Dec. 31, 2009	Dec. 31, 2008
Provisions for impairment on January 1	(120)	(93)
Additions	(37)	(50)
Utilizations	18	27
Reversals of surplus provisions	2	3
Translation adjustment	1	0
Other	(4)	(7)
Provisions for impairment on December 31	(140)	(120)

Note 19 - Other receivables and prepaid expenses

	Dec. 31, 2009	Dec. 31, 2008
Other tax credits	438	448
Derivative instruments	57	95
Prepaid expenses	185	178
Other receivables	217	204
Total	897	925

Note 20 - Cash and cash equivalents

	Dec. 31, 2009	Dec. 31, 2008
Marketable securities	2,681	997
Negotiable debt securities and short term deposits	23	13
Cash	808	642
Total cash and cash equivalents	3,512	1,652
Bank overdrafts	(87)	(135)
Net cash and cash equivalents	3,425	1,517

Note 21 - Equity

21.1 Capital➤ **Share capital**

The Company's share capital at December 31, 2009 amounted to €2,102,016,200, represented by 262,752,025 shares with a par value of €8, all fully paid up.

At December 31, 2009, a total of 280,369,861 voting rights were attached to the 262,752,025 shares outstanding.

Schneider Electric's capital management strategy is designed to ensure liquidity, optimize the balance sheet and the weighted average cost of capital, and ensure access to capital markets under the best possible conditions. Decisions may be implemented depending on specific market conditions.

➤ **Changes in share capital**

Changes in share capital since December 31, 2008 were as follows:

	Cumulative number of shares	Total (in euros)
Capital at Dec. 31, 2008	247,425,629	1,979,405,032
Exercise of stock options	870,491	6,963,928
Dividend payment in shares	11,967,608	95,740,864
Capital increase	-	-
Employee share issue	2,488,297	19,906,376
Capital at Dec. 31, 2009	262,752,025	2,102,016,200

The share premium account increased by €555,380,523, following the exercise of options, the increases in capital and the payment of dividend in shares.

21.2 Ownership structure

	Dec. 31, 2009			Dec. 31, 2008		
	Capital %	Number of shares	Voting rights %	Number of voting rights	Capital %	Voting rights %
Capital Research and Management Company ⁽¹⁾	5.1	13,331,346	4.8	13,331,346	10.7	10.0
CDC Group	4.3	11,355,354	5.2	14,530,354	4.4	5.3
Employees	4.3	11,190,680	6.3	17,733,434	3.6	5.3
Own shares ⁽²⁾	0.9	2,412,648	-	-	0.9	-
Treasury stock	1.8	4,615,550	-	-	2.1	-
Public	83.6	219,846,447	81.2	227,746,529	78.3	76.5
Total	100.0	262,752,025	100.0	280,369,861⁽³⁾	100.0	100.0

(1) As of January 1st, 2010, Capital Research & Management Co. held 21 055 211 shares, representing 8,02% of share capital and 7,55% of voting rights.

(2) Held through Cofibel/Cofimines

(3) Number of voting rights as defined in Article 223-11 of the AMF general regulations, which includes shares stripped of voting rights.

No shareholders' pact was in effect as of December 31, 2009.

21.3 Earnings per share

Determination of the share base used in calculation

(in millions of shares)	Dec. 31, 2009		Dec. 31, 2008	
	Basic	Diluted	Basic	Diluted
Common shares*	248,616	248,616	239,444	239,444
Stock options	-	203	-	727
Average weighted number of shares	248,616	248,819	239,444	240,171

* net of treasury stock and own shares

Earnings per share

(in euros)	Dec. 31, 2009		Dec. 31, 2008	
	Basic	Diluted	Basic	Diluted
Profit before tax	4.86	4.86	9.47	9.44
Earnings per share	3.43	3.43	7.02	7.00

21.4 Dividends

In 2009, the Group paid out the 2008 dividend of €3.45 per share, for a total of €837 million. In 2008, the Group paid out the 2007 dividend of €3.30 per share, for a total of €796 million.

At the Annual Meeting of April 22, 2010, shareholders will be asked to approve a dividend of €2.05 per share for 2009. At December 31, 2009, Schneider Electric SA had distributable reserves in an amount of €322 million (versus €14 million at the previous year-end), not including profit for the year.

21.5 Share-based payment

Current stock option and stock grant plans

The Board of Directors of Schneider Electric SA and later the Management Board have set up stock option and stock grant plans for senior executives and certain employees. The main features of these plans were as follows at December 31, 2009:

- Stock option plans

Plan no.	Date of Board Meeting	Type (1)	Starting date of exercise period	Expiration date	Price (in euros) before adjustment	Number of options initially granted	Options cancelled because targets not met
18	24-Mar-00	A	24-Mar-03	23-Mar-08	65.24	1,421,200	686,600
19	04-Apr-01	S	04-Apr-05	03-Apr-09	68.13	1,557,850	NA (2)
20	12-Dec-01	S	12-Dec-05	11-Dec-09	51.26	1,600,000	166,800
21	05-Feb-03	S	05-Feb-07	04-Feb-11	45.21	2,000,000	141,900
22	05-Feb-03	S	05-Jun-03	04-Feb-11	45.21	111,000	NA (2)
23	06-May-04	S	01-Oct-04	05-May-12	55.55	107,000	NA (2)
24	06-May-04	S	06-May-08	05-May-12	55.55	2,060,700	94,300
25	12-May-05	S	01-Oct-05	11-May-13	56.47	138,500	NA (2)
26	28-Jun-05	S	28-Jun-09	27-Jun-13	60.19	2,003,800	-
27	01-Dec-05	S	01-Dec-09	30-Nov-13	71.40	1,614,900	-
28	21-Dec-06	S ou A	21-Dec-10	20-Dec-16	81.34	1,257,120	-
29	23-Apr-07	S ou A	23-Apr-11	22-Apr-17	97.05	83,150	-
30	19-Dec-07	S ou A	19-Dec-11	18-Dec-17	92.00	944,926	490,463
31	05-Jan-09	S ou A	05-Jan-13	04-Jan-19	52.12	679,000	-
32	21-Aug-09	S ou A	21-Aug-13	20-Aug-19	62.61	5,000	-
33	21-Dec-09	S ou A	21-Dec-13	20-Dec-19	75.84	826,343	-
Total						16,410,489	1,580,063

(1) S = Options to subscribe new shares. P = Options to purchase existing shares.

(2) Not applicable because no vesting conditions were set.

Rules governing the stock option plans are as follows:

- To exercise the option, the grantee must be an employee or corporate officer of the Group. Exercise is also conditional on the achievement of performance criteria.
- The options expire after eight to ten years.
- The vesting period is three or four years in the United States and four years in the rest of the world.

- Stock grants

Plan no.	Date of Board Meeting	Vesting date	End of lock-up period	Number of shares initially granted	Grants cancelled because targets not met
1	21-Dec-06	21-Dec-09	21-Dec-11	52,006	-
2	23-Apr-07	23-Apr-10	23-Apr-12	2,214	-
3	19-Dec-07	19-Dec-10	19-Dec-12	66,394	34,717
4	19-Dec-07	19-Dec-11	19-Dec-11	57,250	29,088
5	05-Jan-09	05-Jan-12	05-Jan-14	143,715	-
6	05-Jan-09	05-Jan-13	05-Jan-13	212,351	-
7	21-Aug-09	21-Aug-12	21-Aug-14	1,250	-
8	21-Dec-09	21-Dec-12	21-Dec-14	159,753	-
9	21-Dec-09	21-Dec-13	21-Dec-13	390,095	-
Total				1,085,028	63,805

Rules governing the stock grant plans are as follows:

- To receive the stock, the grantee must be an employee or corporate officer of the Group. Vesting is also conditional on the achievement of performance criteria.
- The vesting period is three to four years.
- The lock-up period is zero to two years.

Outstanding options and grants as of December 31, 2009

- Change in the number of options:

Plan no.	Number of options outstanding at Dec. 31, 2008	Options exercised and/or created in 2009	Options cancelled in 2009 (1)	Number of options outstanding at Dec. 31, 2009
19	561,430		(561,430)	
20	345,769	(322,340)	(23,429)	
21	521,906	(94,125)		427,781
22	23,311	(4,741)		18,570
23	42,454	(2,856)		39,598
24	1,622,713	(293,889)	(7,776)	1,321,048
25	46,656	(1,340)		45,316
26	1,944,649	(143,726)	(58,169)	1,742,754
27	1,600,313	(7,474)	(44,435)	1,548,404
28	1,249,722		(58,061)	1,191,661
29	76,150			76,150
30	936,316		(490,463)	445,853
31		679,000	(33,300)	645,700
32		5,000		5,000
33		826,343		826,343
Total	8,971,389	639,852	(1,277,063)	8,334,178

(1) Including potential cancellations due to targets not being met or options being allowed to lapse without being exercised.

To exercise the options granted under plans 26 to 33, and the SARs, the grantee must be an employee or corporate officer of the Group. In addition, exercise of some options is generally conditional on the achievement of annual objectives based on financial indicators.

In 2009, 870,491 new Schneider Electric SA shares were issued on the exercise of currently vested stock options.

- Change in number of stock grants:

Plan no.	Number of stock grants at Dec. 31, 2008	Number of existing or new shares granted in 2009	Stocks cancelled in 2009	Number of grants outstanding at Dec. 31, 2009
1	51,946	(51,759)	(187)	
2	2,214			2,214
3	65,831		(34,716)	31,115
4	56,827		(29,087)	27,740
5		143,715	(6,125)	137,590
6		212,351	(3,950)	208,401
7		1,250		1,250
8		159,753		159,753
9		390,095		390,095
Total	176,818	855,405	(74,065)	958,158

For stock grants to vest, the grantee must be an employee or corporate officer of the Group. In addition, vesting of some stock grants is conditional on the achievement of annual objectives based on financial indicators.

21.5.1 Valuation of share-based payments

- Stock options:

In accordance with the accounting policies described in note 1.20, the stock option plans have been valued on the basis of an average estimated life of between seven and ten years using the following assumptions:

- Expected volatility of between 20% and 28%, corresponding to capped historical volatility.
- A payout rate of between 3.0% and 4.5%.
- A discount rate of between 2.9% and 4.5%, corresponding to a risk-free rate over the life of the plans (source: Bloomberg).

Based on these assumptions, the amount recorded under "Selling, general and administrative expenses" for stock option plans set up after November 7, 2002 breaks down as follows:

	2009	2008
Plan 24	-	(1)
Plan 25	-	-
Plan 26	2	5
Plan 27	5	6
Plan 28	6	7
Plan 29	1	1
Plan 30	-	4
Plan 31	2	-
Plan 32	-	-
Plan 33	-	-
	16	22

- Stock grants:

In accordance with the accounting policies described in note 1.20, the stock grant plans have been valued on the basis of an average estimated life of between four and five years using the following assumptions:

- A payout rate of between 3.0% and 4.5%.
- A discount rate of between 2.4% and 4.5%, corresponding to a risk-free rate over the life of the plans (source: Bloomberg).

Based on these assumptions, the amount recorded under "Selling, general and administrative expenses" for stock grant plans set up after November 7, 2002 breaks down as follows:

	2009	2008
Plan 1	1	1
Plan 2	-	-
Plan 3	-	2
Plan 4	1	1
Plan 5	2	-
Plan 6	2	-
Plan 7	-	-
Plan 8	-	-
Plan 9	-	-
	6	4

21.5.2 Worldwide Employee Stock Purchase Plan

Schneider Electric gives its employees the opportunity to participate in employee share issues. Employees in countries that meet legal and fiscal requirements have the choice between a nonleveraged and a leveraged plan.

Under the nonleveraged plan, employees may purchase Schneider Electric shares at a 15% to 17% discount (depending on the country) to the price quoted for the shares on the stock market. Employees must then hold their shares for five years, except in certain cases provided for by law. The share-based payment expense recorded in accordance with IFRS 2 is measured by reference to the fair value of the discount on the locked-up shares. The lock-up cost is defined as the cost of a two-step strategy that involves first selling the locked-up shares on the forward market and then purchasing the same number of shares on the spot market (i.e., shares that may be sold at any time) using a bullet loan.

This strategy is designed to reflect the cost the employee would incur during the lock-up period to avoid the risk of carrying the shares subscribed under the nonleveraged plan. The borrowing cost corresponds to the cost of borrowing for the employees concerned, as they are the sole potential buyers in this market. It is based on the average interest rate charged by banks for an ordinary, non-revolving personal loan with a maximum maturity of five years granted to an individual with an average credit rating.

Under the leveraged plan, employees may also purchase Schneider Electric shares at a 15% to 17% discount (depending on the country) to the price quoted on the stock market. However, the leveraged plan offers a different yield profile as a third-party bank tops up the employee's initial investment, essentially multiplying the amount paid by the employee. The total is invested in Schneider Electric shares at a preferential price. The bank converts the discount transferred by the employee into funds with a view to securing the yield for the employee and increasing the indexation on a leveraged number of directly subscribed shares.

As with the nonleveraged plan, the share-based payment expense is determined by reference to the fair value of the discount on the locked-up shares (see above). In addition, it includes the value of the benefit corresponding to the issuer's involvement in the plan, which means that employees have access to share prices with a volatility profile adapted to institutional investors rather than to the prices and volatility profile they would have been offered if they had purchased the shares through their retail banks. The volatility differential is treated as a discount equivalent that reflects the opportunity gain offered to employees under the leveraged plan.

In 2009, as part of its commitment to employee share ownership, Schneider Electric gave its employees the opportunity to purchase on June 2nd shares at a price of €45.55 or €44.48 per share, depending on the country. This represented a discount of 15% to 17% to the average opening price of €53.59 quoted for the share during the 20 days preceding the Management Board's decision to launch the employee share issue.

In all, 2.5 million shares were subscribed, increasing the Company's capital by €114 million as of July 10, 2009. The issue represented a total cost of €2.6 million, taking into account the five-year lock-up period.

The tables below summarize the main characteristics of the plans, the amounts subscribed, the valuation assumptions and the plans' cost for 2009 and 2008.

Classic plan	2009		2008	
	%	€	%	€
Plan characteristics				
Maturity (years)		5		5
Reference price (euros)		53.59		78.82
Subscription price (euros)	between	45.55		67.00
	and	44.48		
Discount :	between	15.00%	15.00%	
	and	17.00%		
Amount subscribed by employees		28.6		45.8
Total amount subscribed		28.6		45.8
Total number of shares subscribed (millions of shares)		0.6		0.7
Valuation assumptions				
Interest rate available to market participant (bullet loan) (1)		5.00%		6.90%
Five-year risk-free interest rate (euro zone)		3.00%		5.20%
Annual interest rate (repo)		1.00%		1.15%
(a) Value of discount :	between	15.00%	15.00%	8.1
	and	17.00%		0.3
(b) Value of lock-up period for market participant		14.85%	13.70%	7.4
Total expense for the Group (a-b)		0.15% to 2.15%		1.30% 0.7
Sensitivity				
- Decrease in interest rate for market participant (2)		(0.50%)	(0.50%)	1.4

Amounts in millions of euros, unless otherwise stated.

(1) Average interest rate charged by banks for an ordinary, non-revolving personal loan with a maximum maturity of five years granted to an individual with an average credit rating.

(2) A decline in the interest rate for market participants reduces the lock-up cost and increases the expense booked by the issuer.

Leveraged plan	2009		2008	
	%	€	%	€
Plan characteristics				
Maturity (years)		5		5
Reference price (euros)		53.59		78.82
Subscription price (euros)	between	45.55		67.00
	and	44.48		
Discount :	between	15.00%	15.00%	
	and	17.00%		
Amount subscribed by employees		8.5		8.9
Total amount subscribed		85.7		88.6
Total number of shares subscribed (millions of shares)		1.9		1.3
Valuation assumptions				
Interest rate available to market participant (bullet loan) (1)		5.00%		6.90%
Five-year risk-free interest rate (euro zone)		3.00%		5.20%
Annual dividend rate		3.00%		4.50%
Annual interest rate (repo)		1.00%		1.15%
Retail/institutional volatility spread		5.00%		5.00%
(a) Value of discount :	between	15.00%	9.4	15.00%
	and	17.00%	5.9	
(b) Value of lock-up period for market participant		14.85%	14.4	13.70%
(c) Value of the opportunity gain (2)		1.71%	1.7	2.69%
				2.8
Total expense for the Group (a-b+c)		1.85% to 3.85%	2.5	3.99%
				4.1
Sensitivity				
- Decrease in interest rate for market participant (3)		(0.50%)	2.5	(0.50%)
- Increase in retail/institutional volatility (4)		0.50%	0.2	0.50%

Amounts in millions of euros, unless otherwise stated.

(1) Average interest rate charged by banks for an ordinary, non-revolving personal loan with a maximum maturity of five years granted to an individual with an average credit rating.

(2) Calculated using a binomial model.

(3) A decline in the interest rate for market participants reduces the lock-up cost and increases the expense booked by the issuer.

(4) An increase in the retail/institutional volatility spread increases the opportunity gain for the employee and increases the expense booked by the issuer.

21.6 Treasury stock

The liquidity contract set up with a broker to purchase and sell Schneider Electric SA shares was terminated on December 31, 2009.

At December 31, 2009, the Group held 7,028,198 Schneider Electric shares in treasury stock, acquired at a cost of €324 million, which has been recorded as a deduction from retained earnings.

21.7 Income tax related to components of Other Comprehensive Income

Total income tax recorded in Other Comprehensive Income amounts to €197 million as of December 31, 2009 and can be analysed as follows:

	Dec. 31, 2009	Dec. 31, 2008	Change in tax
Cash-flow hedges	72	96	(24)
Available-for-sale financial assets	(19)	(11)	(8)
Actuarial gains (losses) on defined benefits	145	143	2
Other	(1)	6	(7)
Total	197	234	(37)

Note 22 - Pensions and other post-employment benefit obligations

The Group has set up various post-employment benefit plans for employees covering pensions, termination benefits, healthcare, life insurance and other benefits, as well as long-term benefit plans for active employees, primarily in France.

Actuarial valuations are generally performed each year. The assumptions used vary according to the economic conditions prevailing in the country concerned, as follows:

	Weighted average rate		Of which US plans	
	2009	2008	2009	2008
Discount rate	5.2%	5.4%	5.8%	5.8%
Rate of compensation increases	3.1%	3.9%	4.5%	4.5%
Expected return on plan assets (1)	7.1%	7.8%	8.3%	9.0%

(1) corresponding to the 2008 and 2009 rates

The discount rate is determined on the basis of the interest rate for investment-grade (AA) corporate bonds or, in the event a liquid market does not exist, government bonds with a maturity that matches the duration of the benefit obligation (reference: Bloomberg). In the United States, the average discount rate is determined on the basis of a yield curve for investment-grade (AA and AAA) corporate bonds. These benchmarks, which are the same as those used in previous years, comply with IAS 19.

The expected return on plan assets is determined on the basis of the weighted average expected return of the total asset value. In the United States, the expected return on plan assets for 2010 is 8.3%.

The discount rate currently stands at 4.6% in the euro zone, 5.8% in the United States and 5.4% in the United Kingdom.

A 0.5-point increase in the discount rate would reduce pension and termination benefit obligations by around €108 million and the service cost by €1 million. A 0.5-point decrease would increase pension and termination benefit obligations by €116 million and the service cost by €1 million.

The post-employment healthcare obligation mainly concerns the United States. A one-point increase in healthcare costs rate would increase the post-employment healthcare obligation by €39 million and the sum of the service cost and interest cost by €3 million. A one-point decrease in healthcare costs rate would decrease the post-employment healthcare obligation by €34 million and the sum of the service cost and interest cost by €2 million.

In 2009, the rate of healthcare cost increases in the United States is based on a decreasing trend from 9% in 2010 to 5% in 2014. This compares with the previous year's forecast of 9% in 2009 to 5% in 2013. The rate in France was estimated at 4.0% in 2009 and was 4.5% in 2008.

On December 31, 2009, the US defined benefit plans were converted into defined contribution plans. The resulting curtailment gain of around €92 million was recognized in full in the income statement.

Pension and termination benefit obligations

Pension and termination benefit obligations primarily concern the Group's North American and European subsidiaries. These plans feature either a lump-sum payment on the employee's retirement or regular pension payments after retirement. The amount is based on years of service, grade and end-of-career salary. They also include top-hat payments granted to certain senior executives guaranteeing supplementary retirement income beyond that provided by general, mandatory pension schemes.

The majority of benefit obligations under these plans, which represent 76% of the Group's total commitment or €1,571 million at December 31, 2009, are partially or fully funded through payments to external funds. These funds are not invested in Group assets.

External funds are invested in equities (around 52%), bonds (around 35%) and real estate or cash (around 13%).

Contributions amounted to €18 million in 2009 and are estimated at €16 million for 2010.

At December 31, 2009, provisions for pensions and termination benefits totaled €944 million, compared with €1,027 million in 2008. These provisions have been included in non-current liabilities, as the current portion was not considered material in relation to the total liability.

Payments made under defined contribution plans are recorded in the income statement in the year of payment and are in full settlement of the Group's liability. Defined contribution plan payments totaled €39 million in 2009 and €42 million in 2008.

Other post-employment benefits, including healthcare and life insurance, and other long-term benefits

The North American subsidiaries pay certain healthcare costs and provide life insurance benefits to retired employees who fulfill certain criteria in terms of age and years of service. These post-employment benefit obligations are unfunded.

Healthcare coverage for North American employees represents 82% of this obligation.

The assumptions used to determine post-employment benefit obligations related to healthcare and life insurance are the same as those used to estimate pension benefit obligations in the country concerned.

Other benefit obligations include healthcare coverage plans in Europe, for €47 million, and long-service awards due by subsidiaries in France, for €10 million.

At December 31, 2009, provisions for these benefit obligations totaled €435 million, compared with €436 million in 2008. These provisions have been included in non-current liabilities, as the current portion was not considered material in relation to the total liability.

22.1 Changes in provisions for pensions and other post-employment benefit obligations

Changes in provisions for pensions and other post-employment benefit obligations (net of plan assets) were as follows:

	Pensions and termination benefits	Of which US plans	Other post- employment and long-term benefits	Of which US plans	Provisions for pensions and other post- employment
Dec. 31, 2007 *	565	58	399	343	964
Net cost recognized in the statement of income	55	1	21	15	76
Benefits paid	(35)	0	(24)	(19)	(59)
Plan participants' contributions	28	(1)	0	0	28
Actuarial items recognized in equity	415	321	21	10	436
Translation adjustment	7	21	17	18	24
Changes in the scope of consolidation	-	-	-	-	-
Other changes	(8)	1	2	3	(6)
Dec. 31, 2008	1,027	401	436	370	1,463
Net cost recognized in the statement of income	(2)	(66)	22	18	20
Benefits paid	(64)	0	(25)	(21)	(89)
Plan participants' contributions	(18)	(1)	0	-	(18)
Actuarial items recognized in equity **	5	(31)	11	2	16
Translation adjustment	(2)	(11)	(9)	(12)	(11)
Changes in the scope of consolidation	-	-	0	-	-
Other changes	(2)	1	0	1	(2)
Dec. 31, 2009	944	293	435	358	1,379

* Including €32 million in pension assets recognized under "Other financial assets" in 2007.

** Including a negative €7 million and a positive €2 million of asset ceiling in 2008 and 2009.

Changes in gross items recognized in equity were as follows:

	Pensions and termination benefits	Other post- employment and long-term benefits	Provisions for pensions and other post- employment benefits
Dec. 31, 2007	40	(85)	(45)
Actuarial (gains)/losses on projected benefit obligation	28	21	49
Actuarial (gains)/losses on plan assets	385		385
Effect of the asset ceiling	2		2
Dec. 31, 2008	455	(64)	391
Actuarial (gains)/losses on projected benefit obligation	75	11	86
Actuarial (gains)/losses on plan assets	(71)		(71)
Effect of the asset ceiling	(1)		(1)
Dec. 31, 2009	458	(53)	405

22.2 Provisions for pensions and termination benefit obligations

Annual changes in obligations, the market value of plan assets and the corresponding assets and provisions recognized in the consolidated financial statements can be analyzed as follows:

	Dec. 31, 2009		Dec. 31, 2008	
	o/w US plans		o/w US plans	
1. Reconciliation of balance sheet items				
Pension assets	-	-	-	-
Provisions for pensions and other post-employment benefit	(944)	(293)	(1,027)	(401)
Net Asset/(Liability) recognized in the balance sheet	(944)	(293)	(1,027)	(401)

	Dec. 31, 2009		Dec. 31, 2008	
	o/w US plans		o/w US plans	
2. Components of net cost recognized in the statement of income				
Service cost	55	18	54	17
Interest cost (impact of discounting)	109	57	102	52
Expected return on plan assets	(74)	(50)	(104)	(73)
Past service cost	-	-	5	5
Curtailments and settlements	(92)	(91)	(2)	-
Net cost recognized in the statement of income	(2)	(66)	55	1

	Dec. 31, 2009		Dec. 31, 2008	
	o/w US plans		o/w US plans	
3. Change in projected benefit obligation				
Projected benefit obligation at beginning of year	2,036	1,013	1,958	879
Service cost	55	18	54	17
Interest cost (impact of discounting)	109	57	102	52
Plan participants' contributions	3	0	3	-
Benefits paid	(132)	(43)	(94)	(38)
Actuarial (gains)/losses recognized in equity	75	16	28	42
Modification of pension plan	1	0	6	5
Changes in the scope of consolidation	0	0	-	-
Translation adjustments	1	(33)	(28)	55
Curtailments and settlements	(92)	(92)	(3)	-
Other	(1)	1	10	1
Projected benefit obligation at end of year	2,055	937	2,036	1,013

Actuarial gains and losses have been fully recognized in Other Comprehensive Income.

They stem mainly from changes in actuarial assumptions (primarily discount rates) used to measure obligations in the United States, the United Kingdom and the euro zone.

Actuarial gains related to experience adjustments amounted to €64 million for the Group at December 31, 2009. Actuarial losses amounted to €445 million at December 31, 2008 and to €2 million at December 31, 2007. At December 31, 2006, actuarial gains amounted to €6 million.

	Dec. 31, 2009		Dec. 31, 2008	
	o/w US plans		o/w US plans	
4. Change in fair value of plan assets				
Fair value of plan assets at beginning of year	1,010	611	1,402	820
Expected return on plan assets	74	50	104	73
Plan participants' contributions	4	0	3	-
Employer contributions	18	1	(28)	1
Benefits paid	(68)	(43)	(59)	(38)
Actuarial gains/(losses) recognized in equity	71	47	(385)	(279)
Changes in the scope of consolidation	0	0	(1)	-
Translation adjustments	3	(22)	(35)	34
Curtailements and settlements	0	0	0	-
Other	0	(1)	9	-
Fair value of plan assets at end of year	1,112	643	1,010	611

The actual return on plan assets was €145 million.

Actuarial gains and losses have been fully recognized in Other Comprehensive Income. They stem primarily from differences between the actual and expected return on plan assets in the United States, the United Kingdom and Canada.

	Dec. 31, 2009		Dec. 31, 2008	
	o/w US plans		o/w US plans	
5. Funded status				
Projected benefit obligation	(2,055)	(937)	(2,036)	(1,013)
Fair value of plan assets	1,112	643	1,010	611
Surplus/ (Deficit)	(943)	(294)	(1,026)	(402)
Effect of the asset ceiling	(1)	-	(2)	-
<i>Deferred items:</i>				
Unrecognized past service cost	0	1	1	1
Net Asset/(Liability) recognized in the balance sheet	(944)	(293)	(1,027)	(401)

Amounts related to pensions and termination benefit obligations as of 2009 and the four previous periods are as follows:

	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
6. Historical data					
Projected benefit obligation	(2,055)	(2,036)	(1,958)	(2,035)	(1,994)
Fair value on plan assets	1,112	1,010	1,402	1,418	1,395
Surplus/ (Deficit)	(943)	(1,026)	(556)	(618)	(598)
Effect of the asset ceiling	(1)	(2)	(10)		
<i>Deferred items:</i>					
Unrecognized past service cost	0	1	1	1	(2)
(Liabilities) /Net Asset recognised in the balance sheet	(944)	(1,027)	(565)	(617)	(600)

22.3 Provisions for other post-employment benefits

Changes in provisions for other post-employment and long-term benefits were as follows:

	Dec. 31, 2009	Dec. 31, 2008
1. Components of net cost recognized in the statement of income		
Service cost	4	6
Interest cost (impact of discounting)	22	21
Expected return on plan assets	-	-
Past service cost	(4)	(5)
Curtailments and settlements	-	-
Amortization of actuarial gains & losses	-	(1)
Net cost recognized in the statement of income	22	21

Amortization of actuarial gains and losses concern long-term benefits for active employees, notably long service awards in France.

	Dec. 31, 2009	Dec. 31, 2008
2. Change in projected benefit obligation		
Projected benefit obligation at beginning of year	401	366
Service cost	4	5
Interest cost (effect of discounting)	21	21
Plan participants' contribution	2	1
Benefits paid	(25)	(24)
Actuarial (gains)/losses recognized in equity	11	21
Past service cost	-	(6)
Changes in the scope of consolidation	-	-
Translation adjustments	(9)	17
Other (including curtailments and settlements)	1	-
Projected benefit obligation at end of year	406	401

Actuarial gains and losses have been fully recognized in Other Comprehensive Income. The only exception concerns long-term benefits for active employees (notably long service awards in France), for which the actuarial gain or loss is recognized in the income statement. Actuarial gains and losses stem from changes in actuarial assumptions (primarily discount rates).

Actuarial losses related to experience adjustments amounted to €18 million at December 31, 2009 for the Group, compared with €10 million at December 31, 2008. At December 31, 2007, actuarial gains related to experience adjustments amounted to €59 million and to €23 million at December 31, 2006.

	Dec. 31, 2009	Dec. 31, 2008
3. Funded status		
Projected benefit obligation	(406)	(401)
<i>Deferred items:</i>		
Unrecognized past service cost	(29)	(35)
Provision recognized in the balance sheet	(435)	(436)

Amounts related to other post-employment obligations as of 2009 and the four previous periods are as follows:

	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
4. Historical data					
Projected benefit obligation	(406)	(401)	(366)	(477)	(544)
<i>Deferred items:</i>					
Unrecognized past service cost	(29)	(35)	(33)	(40)	(50)
Provision recognized in the balance sheet	(435)	(436)	(399)	(517)	(594)

Note 23 - Provisions for contingencies

	Economic risks	Customer risks	Product risks	Environmental risks	Restructuring	Other risks	Provisions
Dec. 31, 2007	309	53	165	43	56	84	710
<i>Long-term portion</i>	<i>85</i>	<i>45</i>	<i>25</i>	<i>30</i>	<i>7</i>	<i>72</i>	<i>264</i>
Additions	64	10	68	1	122	40	305
Discounting effect	0	-	0	0	0	1	1
Utilizations	(52)	(10)	(40)	(2)	(41)	(18)	(163)
Reversals of surplus provisions	(31)	(10)	(10)	-	(8)	(5)	(64)
Translation adjustments	2	1	2	(1)	(3)	1	2
Changes in the scope of consolidation and other	32	(16)	22	2	6	3	49
Dec. 31, 2008	324	28	207	43	132	106	840
<i>Long-term portion</i>	<i>121</i>	<i>24</i>	<i>49</i>	<i>30</i>	<i>11</i>	<i>67</i>	<i>302</i>
Additions	64	63	109	2	182	48	468
Discounting effect	0	0	(1)	0	0	0	(1)
Utilizations	(21)	(2)	(41)	(2)	(96)	(11)	(173)
Reversals of surplus provisions	(31)	(8)	(22)	0	(7)	(12)	(80)
Translation adjustments	(3)	(1)	(1)	1	2	(1)	(3)
Changes in the scope of consolidation and other	85	0	13	0	(3)	2	97
Dec. 31, 2009	418	80	264	44	210	132	1,148
<i>Long-term portion</i>	<i>131</i>	<i>31</i>	<i>79</i>	<i>27</i>	<i>28</i>	<i>80</i>	<i>375</i>

(a) Economic risks

These include tax risks arising from tax audits performed by various local tax administrations and financial risks arising primarily on guarantees given to third parties in relation to certain assets and liabilities.

Changes in the scope of consolidation and other amounted to €85 million and corresponded primarily to the reclassification of tax provisions that were previously recorded under current tax liabilities.

(b) Customer risks

These provisions primarily concern liability claims arising from alleged defects in products sold to customers and other third parties and are determined on a case-by-case basis. They also cover projected losses on various long-term contracts in an amount of €11 million.

(c) Product risks

These provisions comprise:

- Provisions recorded on a statistical basis for the residual cost of product warranties not covered by insurance. Such warranties may run up to 18 months.
- Provisions to cover disputes concerning defective products.
- Provisions to cover recalls of clearly identified products.

(d) Environmental risks

These provisions are primarily set aside to cover potential reclamation costs.

(e) Restructuring

New provisions were set aside during the year to cover the costs of restructuring plans in Europe and the United States (note 7).

Note 24 - Long and short-term debt

Non current financial liabilities break down as follows:

	Dec. 31, 2009	Dec. 31, 2008
Convertible and non-convertible bonds	4,508	3,477
Bank and other borrowings	1,386	1,318
Lease liabilities	16	19
Employees profit sharing	7	6
Short-term portion of convertible and non-convertible bonds	(900)	(110)
Short-term portion of long-term debt	(104)	(71)
Non current financial liabilities	4,913	4,639

Current financial liabilities break down as follows:

	Dec. 31, 2009	Dec. 31, 2008
Commercial papers	46	190
Accrued interests	116	106
Drawdown of funds from lines of credit	0	752
Bank overdrafts	87	135
Other short-term borrowings	158	202
Short-term portion of convertible and non-convertible bonds	900	110
Short-term portion of long-term debt	104	71
Current financial liabilities	1,411	1,566
Total current and non current financial liabilities	6,324	6,205

24.1 Breakdown by maturity

	Dec. 31, 2009			Dec. 31, 2008
	Nominal	Interests	Swaps	Nominal
2009				1,566
2010	1,411	229	61	1,016
2011	734	214	41	778
2012	60	204	32	60
2013	1,316	177	17	548
2014	748	109	-	537
2015 and beyond	2,055	143	3	1,700
Total	6,324	1,076	154	6,205

24.2 Breakdown by currency

	Dec. 31, 2009	Dec. 31, 2008
Euro	5,450	4,749
US dollar	500	1,084
Indian rupee	73	53
New Zealand dollar	0	1
Japanese yen	141	159
Other	160	159
Total	6,324	6,205

24.3 Ordinary bonds

	Dec. 31, 2009	Dec. 31, 2008	Effective interest rate	Maturity
Schneider Electric SA 2009		110	3,375% TF	Jan 2009
Schneider Electric SA 2010	900	899	3,125% TF	Aug 2010
Schneider Electric SA 2011	500	499	EUR + 0,200% TV	Jul 2011
Schneider Electric SA 2013	866	100	CMS 10+1,000% and 6,750%	Jul 2013
Schneider Electric SA 2014	498	498	4,500% TF	Jan 2014
Schneider Electric SA 2015	748	593	5,375% TF	Jan 2015
Schneider Electric SA 2016	22	26	EUR + 0,600% TV	Jul 2016
Schneider Electric SA 2017	974	752	4,000% TF	Aug 2017
Total	4,508	3,477		

Schneider Electric SA has made several bond issues as part of its Euro Medium Term notes (EMTN) program over the past few years. Issues that were not yet due as of December 31, 2009 were as follows:

- €750 million worth of 6.75% bonds issued in January 2009 and due July 16, 2013.
- €150 million worth of bonds issued in May 2009 to top up the €600 million at 5.375% due January 8, 2015 and issued in October 2007, raising the total issue to €750 million.
- €250 million worth of bonds issued in March 2009 to top up the €780 million twelve-year tranche at 4% issued in August 2005, raising the total issue to €1.03 billion.
- €100 million worth of bonds indexed to the Constant Maturity Swap (CMS 10-Year) rate, issued in July 2008 and due July 31, 2013.
- €180 million worth of bonds issued in April 2008 to top up the €600 million twelve-year tranche at 4% issued in August 2005, raising the total issue to €780 million.
- €26 million corresponding to the discounted present value of future interest payments on a €177 million 8-year bond issue (July 25, 2008 to July 25, 2016) indexed to the 3-month Euribor. The nominal value of the bonds is not recognized in debt because the bond holder has waived its right to repayment of the principal in exchange for the transfer by Schneider Electric, on a no-recourse basis, of the future cash flows corresponding to the requested refund of a tax receivable.
- €600 million worth of 5.375% bonds issued in October 2007 and due January 8, 2015.
- €1 billion worth of bonds issued in July 2006, comprising a €500 million 5-year variable rate tranche and a €500 million 7 ½-year 4.5% tranche.
- €1.5 billion worth of bonds issued in August 2005, comprising a €900 million 5-year tranche at 3.125% and a €600 million 12-year tranche at 4%.

These bonds are traded on the Luxembourg stock exchange. The issue premium and issue costs are amortized according to the effective interest method.

Lastly, the Group redeemed €110 million worth of January 2007 bonds at maturity on January 26, 2009.

24.4 Other information

At December 31, 2009, Schneider Electric had confirmed credit lines of €2.8 billion, all unused.

Loan agreements and committed credit lines do not include any financial covenants nor credit rating triggers.

Note 25 - Other non-current liabilities

	Dec. 31, 2009	Dec. 31, 2008
Clipsal acquisition debt	8	12
Other	9	8
Other non-current liabilities	17	20

The agreement for the acquisition of Clipsal includes a seller's warranty providing for part of the acquisition price to be withheld. This amount has been placed in escrow (note 15.2).

Note 26 - Financial instruments

The Group uses financial instruments to manage its exposure to fluctuations in interest rates, exchange rates and metal prices. Exposure to these risks is described in the chapter on Risk Factors in the Registration Document.

26.1 Carrying amount and nominal amount of derivative financial instruments

	IFRS designation	Dec. 31, 2008	Dec. 31, 2009		Carrying amount	Dec. 31, 2009	
		Carrying amount	Other financial income and expense (1)	Equity (2)		Nominal amount Purchase	Sale
Foreign exchange							
Futures - cash flow hedges	CFH*	(39)	17	16	(6)	1,007	-
Futures - net investment hedges	NIH*	-	-	(1)	(1)	-	777
Futures - hedges of balance sheet items	Trading/FHV*	25	(52)	-	(27)	2,176	1,496
Metal prices							
Futures and options	CFH*	(98)	-	107	9	85	-
Interest rates							
Swaps on credit lines	CFH*/FVH*	(55)	19	(5)	(41)	1,399	-
Derivatives financial instruments		(167)	(16)	117	(66)		

* Cash flow hedge / Net investment hedge / Fair value hedge

(1) Gains and losses on hedging instruments for the period are offset by changes in the fair value of the underlying, which are also recognized in "Other financial income and expense".

(2) Reported in equity under "Other Comprehensive Income".

The market value of financial instruments, which corresponds to their carrying amount, is estimated either internally by discounting future differential cash flows at current market interest rates or by third party banks.

26.2 Carrying amount and fair value of financial instruments other than derivatives

	Dec. 31, 2009		Dec. 31, 2008	
	Notional amount ⁽¹⁾	Fair value	Notional amount ⁽¹⁾	Fair value
Available-for-sale financial assets	245	245	200	200
Other non-current financial assets	102	102	113	113
Marketable securities	2,681	2,681	997	997
Bonds	(4,508)	(4,746)	(3,477)	(3,414)
Other short and long-term debt	(1,816)	(1,816)	(2,728)	(2,728)
Financial instruments excluding derivatives	(3,296)	(3,534)	(4,895)	(4,832)

(1) the notional amount corresponds to either amortized cost or fair value.

26.3 Currency risk

Forward hedging positions by currency

Dec. 31, 2009			
	Sales	Purchases	Net
USD	1,390	(1,332)	58
SEK	10	(30)	(20)
DKK	123	(138)	(15)
CHF	394	(390)	4
HUF	53	(10)	43
AUD	36	(32)	4
CZK	24	(16)	8
JPY	3	(28)	(25)
AED	5	(26)	(21)
GBP	58	(88)	(30)
HKD	62	(5)	57
SGD	32	-	32
Other	69	(60)	9
Total	2,259	(2,155)	104

Forward currency hedging positions include €158 million in hedges of intragroup loans and borrowings (net purchases) and €262 million in hedges of operating cash flows (net sales).

26.4 Impact of financial instruments

Dec. 31, 2009	Impact on financial income and expense	Impact on Equity		
		Fair value	Translation adjustment	Others
Available-for-sale financial assets	5	25	(2)	-
Loans and accounts receivable	26	-	52	-
Financial liabilities measured at amortized cost	(323)	-	(55)	-
Derivative instruments	(16)	117	9	-
Total	(308)	128	4	-

Dec. 31, 2008	Impact on financial income and expense	Impact on Equity		
		Fair value	Translation adjustment	Others
Available-for-sale financial assets	33	(113)	5	-
Loans and accounts receivable	59	-	(39)	-
Financial liabilities measured at amortized cost	(321)	-	(20)	-
Derivative instruments	(12)	(136)	(4)	-
Total	(241)	(249)	(58)	-

The impact of financial instruments, by category, on profit and equity was as follows:

- The main impact on profit concerned interest income and expense.
- The impact on equity primarily stemmed from the measurement of available-for-sale financial assets and derivative instruments at fair value and from translation adjustments to foreign currency loans, receivables and liabilities.

26.5 Maturities of financial assets and liabilities

	Up to 1 year	1 to 5 years	> 5 years	Total
Financial liabilities	(1,411)	(2,858)	(2,055)	(6,324)
Financial assets	3,512	179		3,691
Net position before hedging	2,101	(2,679)	(2,055)	(2,633)

26.6 Balance sheet amounts for financial instruments by category

ASSETS	Dec. 31, 2009		Breakdown by category			
	Carrying value	Fair value	Fair value through P&L	Available-for-sale financial assets	Loans, receivables and financial liabilities at amortized cost	Derivative instruments
Available-for-sale financial assets	245	245		245		
Other non-current financial assets	102	102			102	
Total non-current assets	347	347		245	102	
Current assets:						
Trade accounts receivable	3,071	3,071			3,071	
Other receivables	57	57				57
Current financial assets	77	77	77			
Marketable securities	2,681	2,681	2,681			
Total current assets	5,886	5,886	2,758		3,071	57
LIABILITIES						
Non-current liabilities						
Other long-term debt	4,913	5,151			4,913	
Total non-current liabilities	4,913	5,151			4,913	
Current liabilities						
Trade accounts payable	2,203	2,203			2,203	
Other current liabilities	143	143			20	123
Short-term debt	1,411	1,411			1,411	
Total current liabilities	3,757	3,757			3,634	123
ASSETS						
	Dec. 31, 2008		Breakdown by category			
	Carrying value	Fair value	Fair value through P&L	Available-for-sale financial assets	Loans, receivables and financial liabilities at amortized cost	Derivative instruments
Available-for-sale financial assets	200	200		200		
Other non-current financial assets	113	113			113	
Total non-current assets	313	313		200	113	
Current assets:						
Trade accounts receivable	3,537	3,537			3,537	
Other receivables	95	95				95
Current financial assets	78	78	78			
Marketable securities	997	997	997			
Total current assets	4,707	4,707	1,075		3,537	95
LIABILITIES						
Non-current liabilities						
Other long-term debt	4,639	4,576			4,639	
Total non-current liabilities	4,639	4,576			4,639	
Current liabilities						
Trade accounts payable	2,312	2,312			2,312	
Other current liabilities	271	271			14	257
Short-term debt	1,566	1,566			1,566	
Total current liabilities	4,149	4,149			3,892	257

26.7 Fair value hierarchy

The split of financial instruments by fair value level as stated in the amendments to IFRS 7 released on March 5, 2009, is as follows:

	Dec. 31, 2009			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	179	-	66	245
Net derivative instruments	-	(66)	-	(66)
Marketable securities	2,681	-	-	2,681
Net assets at fair value	2,860	(66)	66	2,860

Note 27 - Employees

27.1 Number of employees

The average number of permanent and temporary employees was as follows in 2009 and 2008:

(number of employees)	2009	2008
Production	55 125	59 963
Administration	60 940	66 518
Total average number of employees	116 065	126 481

By region:

EMEAS	57 360	62 053
North America	26 510	29 909
Asia-Pacific	32 195	34 519

The change in average number of employees primarily reflects the effect of restructuring plans in 2009.

27.2 Employee benefits expense

	2009	2008
Payroll costs ⁽¹⁾	(4,330)	(4,814)
Profit-sharing and incentive bonuses	(46)	(86)
Stock options	(22)	(26)
WESOP	(3)	(5)
Total employee benefits expense	(4,401)	(4,931)

(1) Of which €3 million for pension and other post-employment benefit obligations and €22 million for other employee benefit obligations (note 22).

27.3 Management compensation and benefits

In 2009, directors' fees of €0.7 million were paid to the members of the Board of Directors.

Total gross compensation paid to members of senior management (excluding corporate officers) amounted to €6.7 million, of which €2.5 million invariable bonuses.

During the last three periods, 465,700 stock options and 111,451 stock grants have been granted to members of senior management

Pension obligations with respect to members of senior management amounted to €68 million at December 31, 2009 versus €62 million at December 31, 2008.

More detailed information on senior management is provided in Chapter 3, Paragraph 8 of the Registration Document.

Note 28 - Related party transactions

28.1 Associates

These are primarily companies over which the Group has significant influence. They are accounted for by the equity method. Transactions with these related parties are carried out on arm's length terms. Related party transactions were not material in 2009.

28.2 Related parties with significant influence

No transactions were carried out during the year with members of the Supervisory Board or Management Board.

Compensation and benefits paid to the Group's top senior executives are described in note 27.3.

Note 29 - Commitments and contingent liabilities

29.1 Guarantees given and received

	Dec. 31, 2009	Dec. 31 2008
Contract counterguarantees (1)	469	303
Mortgages and collateral (2)	16	23
Guarantees	10	0
Other commitments given (3)	176	123
Guarantees given	671	449
Other guarantees received	64	53
Guarantees received	64	53

(1) On certain contracts, customers require a guarantee from a bank that the contract will be fully executed by the Group. For these contracts, the Group gives a counterguarantee to the bank. If a claim occurs, the risk linked to the commitment is assessed and a provision for contingencies is recorded when the risk is considered probable and can be reasonably estimated.

(2) Certain loans are secured by property, plant and equipment and securities lodged as collateral.

(3) Other guarantees given comprise guarantees to certain lessors that rental payments will be made until the end of the lease.

29.2 Purchase commitments

- **Shares in subsidiaries and affiliates**

Commitments to purchase equity investments correspond to put options given to minority shareholders in consolidated companies or relate to earn-out payments. The amount of these commitments was not material at December 31, 2009.

- **Information technology services**

The Group signed a facilities management contract with CAPGEMINI in 2004. The reciprocal commitments between CAPGEMINI and Schneider Electric run until 2016.

The 2009 expense related to this outsourcing agreement amounted to €119 million, including volume and indexation effects provided for in the contract. This compares with €133 million in 2008.

29.3 Contingent liabilities

Management is confident that balance sheet provisions for known disputes in which the Group is involved are sufficient to ensure that these disputes do not have a material impact on its financial position or profit. This is notably the case for the potential consequences of a current dispute in Belgium involving former senior executives and managers of the Group.

The Group has signed an agreement concerning statutory employee training rights in France (DIF). In accordance with French national accounting board (CNC) opinion 2004-F, the related costs are treated as an expense for the period when the training is received and no provision is set aside in the periods when the training rights accrue. As of December 31, 2009, accrued rights corresponded to around 1,200,000 hours.

Note 30 - Subsequent events

30.1 Signature of an agreement to acquire Areva T&D in partnership with Alstom

On January 20, 2010, Alstom and Schneider Electric announced the signature of an agreement with Areva concerning the acquisition of Areva T&D. The transaction must still be approved by the appropriate anti-trust authorities and France's Holdings & Transfers Committee (CPT). The deal could be closed in the spring of 2010.

Once the acquisition is completed, Schneider Electric intends to combine the highly synergistic medium-voltage teams to create a new Energy Business with revenue of around €4.6 billion and 22,000 employees.

30.2 Acquisition of Cimac

On January 21, 2010, Schneider Electric announced the signature of an agreement to acquire Cimac, the leading systems integrator for industrial automation solutions in the Persian Gulf region. Cimac has more than 400 employees and generates revenue of more than €40 million.

30.3 Press release issued by France's national accounting board (CNC) on January 14, 2010

On January 14, 2010, France's national accounting board issued a press release concerning the accounting treatment of the CET tax introduced in the French law of December 31, 2009 reforming the country's local business tax. The press release explains that the CET is assessed in part on value added (CVAE) and notes that there is no clear guidance in IAS 12 and the related IFRIC interpretations as to whether this component should be treated as income tax or an operating expense. In the press release, the CNC asks companies to justify, in the notes to the 2009 financial statements, the accounting treatment used and the amount of deferred taxes recorded if the company chooses to treat the CVAE as income tax.

Because both the new law and the CNC press release were issued very close to the date when the Group's financial statements were due to be drawn up and published, Schneider Electric has not finalized the impact study for the new CVAE.

Note 31 - Auditors' Fees

Fees paid to the Auditors and members of their networks in 2009 and 2008 were as follows:

(€ thousand)			2009		TOTAL
	Ernst & Young	%	Mazars	%	
Audit					
Statutory auditing	8,208	89%	4,980	97%	13,188
<i>o/w Schneider Electric SA</i>	100		100		
<i>o/w subsidiaries</i>	8,108		4,880		
Related engagements	670	7%	129	3%	799
<i>o/w Schneider Electric SA</i>	0		0		
<i>o/w subsidiaries</i>	670		129		
Sub-total	8,878	97%	5,109	99%	13,987
Other services					
Legal and tax	299	3%	34	1%	333
Total Fees	9,177	100%	5,143	100%	14,320
(€ thousand)			2008		
	Ernst & Young	%	Mazars	%	TOTAL
Audit					
Statutory auditing	9,463	85%	5,534	99%	14,997
<i>o/w Schneider Electric SA</i>	100		100		
<i>o/w subsidiaries</i>	9,363		5,434		
Related engagements	1,230	11%	28	1%	1,258
<i>o/w Schneider Electric SA</i>	0		0		
<i>o/w subsidiaries</i>	1,230		28		
Sub-total	10,693	96%	5,562	100%	16,255
Other services					
Legal and tax	401	4%	0	0%	401
Total Fees	11,094	100%	5,562	100%	16,656

Note 32 - Consolidated companies

The companies included in the Schneider Electric Group scope of consolidation are listed below.

		% interest Dec. 31, 2009	% interest Dec. 31, 2008
Europe			
<i>Fully consolidated</i>			
APC Deutschland GmbH	Germany	100.0	100.0
Berger Lahr Positec GmbH	Germany	100.0	100.0
Citect GmbH	Germany	-	100.0
Crouzet GmbH	Germany	100.0	100.0
Elau GmbH	Germany	100.0	100.0
Eiso GmbH	Germany	100.0	100.0
Kavlico GmbH	Germany	100.0	100.0
Kavlico Technology GmbH	Germany	100.0	-
Merten GmbH	Germany	100.0	100.0
MERTEN Holding GmbH	Germany	100.0	100.0
MGE USV-Systeme GmbH	Germany	100.0	100.0
Ritto GmbH	Germany	100.0	100.0
Schneider Electric Automation Deutschland GmbH	Germany	100.0	100.0
Schneider Electric Automation GmbH	Germany	100.0	100.0
Schneider Electric Buildings Germany GmbH	Germany	100.0	100.0
Schneider Electric Deutschland GmbH	Germany	100.0	100.0
Schneider Electric GmbH	Germany	100.0	100.0
Schneider Electric Motion Deutschland GmbH & Co KG	Germany	-	100.0
Schneider Electric Motion Deutschland GmbH	Germany	100.0	100.0
Schneider Electric Motion Real Estate GmbH	Germany	100.0	100.0
Schneider Electric Motion Services GmbH	Germany	-	100.0
Stago Deutschland GmbH	Germany	-	100.0
Svea Building Control System GmbH & Co. KG	Germany	100.0	100.0
Tac GmbH	Germany	-	100.0
Verwaltung SVEA Building Control Systems GmbH	Germany	100.0	100.0
Vitrum Beteiligungs GmbH	Germany	100.0	100.0
Xantrex Technology GmbH	Germany	100.0	100.0
Berger Lahr Positec Ges. m.b.H. & Co. KG	Austria	51.0	51.0
Merten Ges. m.b.H. & Co. KG	Austria	100.0	100.0
MGE UPS Systems Vertriebs GmbH	Austria	100.0	100.0
Schneider Electric Austria GmbH	Austria	100.0	100.0
Schneider Electric Buildings Austria GmbH	Austria	100.0	100.0
Schneider Electric Power Drives GmbH	Austria	100.0	100.0
STI Power Drives GmbH	Austria	60.0	60.0
Cofibel	Belgium	100.0	100.0
Cofimines	Belgium	100.0	100.0
Etablissements Crouzet NV	Belgium	100.0	100.0
Schneider Electric NV/SA	Belgium	100.0	100.0
Schneider Electric Services International	Belgium	100.0	100.0
Delixi Electric SEE EOOD	Bulgaria	100.0	100.0
Schneider Electric Bulgaria	Bulgaria	100.0	100.0
Schneider Electric d.o.o	Croatia	100.0	100.0
JO-EL Electric A/S	Denmark	100.0	100.0
Orbaekvej 280 A/S	Denmark	100.0	-
Schneider Electric Buildings Denmark A/S	Denmark	100.0	100.0
Schneider Electric Denmark A/S	Denmark	100.0	100.0
Schneider Electric IT Denmark ApS	Denmark	100.0	100.0
Schneider Nordic Baltic A/S	Denmark	100.0	100.0
APC Spain S.L.	Spain	100.0	100.0
EFI Electronics Europe SL	Spain	100.0	100.0
Hispano Mecano-Elctrica SA	Spain	100.0	100.0
Manufacturas Electricas SA	Spain	100.0	100.0
MGE UPS Systems Espana SA	Spain	100.0	100.0
Schneider Electric Espana SA	Spain	100.0	100.0
Xantrex Technology SL	Spain	100.0	100.0
Schneider Electric EESTI AS	Estonia	100.0	100.0
Elari Oy	Finland	100.0	100.0
I-Valo Oy	Finland	100.0	100.0
JO-EL Electric Oy	Finland	100.0	100.0
Pelco Finland Oy	Finland	100.0	100.0
Oy Lexel Finland AB	Finland	100.0	100.0
Elko Suomi Oy	Finland	100.0	100.0
Schneider Electric Buildings Finland OY	Finland	100.0	100.0
Schneider Electric Finland Oy	Finland	100.0	100.0
Strömfors Electric Oy	Finland	100.0	100.0

		% interest	
		Dec. 31, 2009	Dec. 31, 2008
Alombard	France	100.0	100.0
Analyse et Energie	France	-	100.0
APC Europe SARL	France	100.0	100.0
APC France SARL	France	100.0	100.0
Ateliers de Constructions Electriques de Grenoble - ACEG	France	100.0	100.0
Auxibati SCI	France	100.0	100.0
BCV Technologies	France	100.0	100.0
Behar-Sécurité Sarl	France	100.0	100.0
BEI Ideacod	France	100.0	100.0
Berger Lahr Positec	France	100.0	100.0
Boissière Finance	France	100.0	100.0
Citect Sarl	France	-	100.0
Construction Electrique du Vivarais	France	100.0	100.0
Crouzet Automatismes	France	100.0	100.0
DINEL	France	100.0	100.0
Distrelec	France	100.0	100.0
Elau SARL	France	100.0	100.0
Electro Porcelaine	France	100.0	100.0
Elkron France	France	-	100.0
Epsys	France	100.0	100.0
Euromatel	France	-	100.0
France Transfo	France	100.0	100.0
Infraplus	France	100.0	100.0
Machines Assemblage Automatique	France	100.0	100.0
Materlignes	France	-	100.0
Merlin Gerin Alès	France	100.0	100.0
Merlin Gerin Loire	France	100.0	100.0
Merlin Gerin Alpes SAS	France	100.0	100.0
MGE Finances SAS	France	100.0	100.0
MGE UPS Systems	France	100.0	100.0
Muller & Cie	France	100.0	100.0
Newlog	France	100.0	100.0
Normabarre	France	100.0	100.0
Prodipact	France	100.0	100.0
Rectiphase	France	-	100.0
Rectiphase SAS	France	100.0	-
SA2E	France	100.0	100.0
SAE Gardy	France	100.0	100.0
Sarel Appareillage Electrique	France	99.0	99.0
Scanelec	France	100.0	100.0
Schneider Automation	France	100.0	100.0
Schneider Electric Consulting	France	100.0	100.0
Schneider Electric Foncière	France	100.0	100.0
Schneider Electric France	France	100.0	100.0
Schneider Electric Holding Amérique du Nord	France	100.0	100.0
Schneider Electric Holding Asie Pacifique	France	100.0	100.0
Schneider Electric Holding Europe	France	100.0	100.0
Schneider Electric Industries SAS	France	100.0	100.0
Schneider Electric International	France	100.0	100.0
Schneider Electric Manufacturing Bourguebus	France	100.0	100.0
Schneider Electric SA (Société mère)	France	100.0	100.0
Schneider Electric Telecontrol	France	100.0	100.0
Schneider Toshiba Inverter Europe SAS	France	60.0	60.0
Schneider Toshiba Inverter SAS	France	60.0	60.0
SCI du Pré Blanc	France	100.0	100.0
SEP Le Guavio	France	-	100.0
Septra Tecame	France	-	100.0
Société d'Application et d'Ingenierie Industrielle et Informatique SA3I	France	100.0	100.0
Société du Rebauchet	France	100.0	100.0
Société Electrique d'Aubenas SA - SEA	France	100.0	100.0
Société Française Gardy SA	France	100.0	100.0
Société pour l'équipement des industries chimiques (SPEI)	France	100.0	100.0
Spie-Capag	France	100.0	100.0
Sté Française de Constructions Mécaniques et Electriques - SFCME	France	100.0	100.0
Sté Rhodanienne d'Etudes et de Participations - SREP	France	100.0	100.0
Systèmes Equipements Tableaux Basse Tension - SETBT	France	100.0	100.0
Tecame Nord Est	France	-	100.0
Transfo Services	France	100.0	100.0
Usibati SCI	France	100.0	100.0
Varilec	France	-	100.0
Schneider Electric AE	Greece	100.0	100.0
Schneider Electric IT Greece ABEE	Greece	100.0	100.0
Advance Power Elektronikai KFT	Hungary	-	100.0

		% interest	
		Dec. 31, 2009	Dec. 31, 2008
BEI Automative Hungary Manufacturing Inc	Hungary	100.0	100.0
Schneider Electric Hungaria Villamassagi ZRT	Hungary	100.0	100.0
Schneider Electric IT Hungary Kft	Hungary	100.0	100.0
SE-CEE Schneider Electric Közép-Kelet Europai Korlatolt Felelősségű Tarsasag	Hungary	100.0	100.0
APC (EMEA) Limited	Ireland	100.0	100.0
APC Dublin Limited	Ireland	100.0	100.0
Schneider Electric Buildings Ireland Limited	Ireland	100.0	100.0
Schneider Electric Ireland	Ireland	100.0	100.0
Schneider Electric IT Logistics Europe Ltd	Ireland	100.0	100.0
Square D Company Ireland Ltd	Ireland	100.0	100.0
Thorsman Sales Ireland Ltd	Ireland	100.0	100.0
APC Italia S.r.l.	Italy	-	100.0
Controlli Srl	Italy	100.0	100.0
Crouzet Componenti Srl	Italy	100.0	100.0
Elau Systems Italia Srl	Italy	100.0	100.0
Et.Ts. Entreprise Technologies Srl	Italy	-	70.0
MGE Italia SpA	Italy	100.0	100.0
Motion SRL In Liquidazione	Italy	100.0	100.0
OVA Bargellini SpA	Italy	100.0	100.0
SAIP & Schyller SpA	Italy	100.0	100.0
Schneider Electric Industrie Italia Spa	Italy	100.0	100.0
Schneider Electric Spa	Italy	100.0	100.0
Schneider Italia Spa	Italy	-	100.0
Lexel Fabrika SIA	Latvia	100.0	100.0
Schneider Electric Baltic Distribution Center	Latvia	100.0	100.0
Schneider Electric Latvija SIA	Latvia	100.0	100.0
UAB Schneider Electric Lietuva	Lituania	100.0	100.0
Comodot	Luxembourg	100.0	100.0
SGBT European Major Investments SA	Luxembourg	100.0	100.0
Sté industrielle de réassurance (SIRR)	Luxembourg	100.0	100.0
ELKO A/S	Norway	100.0	100.0
JO-EL Electric AS	Norway	100.0	100.0
Lexel Holding Norway AS	Norway	100.0	100.0
Schneider Electric Buildings Norway AS	Norway	100.0	100.0
Schneider Electric IT Norway AS	Norway	100.0	100.0
Schneider Electric Norge A/S	Norway	100.0	100.0
American Power Conversion Corp (A.P.C.) B.V.	Netherlands	100.0	100.0
APC Benelux B.V.	Netherlands	100.0	100.0
APC Europe BV	Netherlands	100.0	100.0
APC Holdings B.V.	Netherlands	100.0	100.0
APC International Corporation B.V.	Netherlands	100.0	100.0
APC International Holdings BV	Netherlands	100.0	100.0
Citect BV	Netherlands	100.0	100.0
Crouzet BV	Netherlands	100.0	100.0
ELAU BV	Netherlands	100.0	100.0
Pelco Europe B.V	Netherlands	100.0	100.0
Pro Face HMI (sous-groupe)	Netherlands	99.9	99.9
Sandas Montage BV	Netherlands	100.0	100.0
Schneider Electric BV	Netherlands	100.0	100.0
Schneider Electric Logistic Centre BV	Netherlands	100.0	100.0
Stago BV	Netherlands	100.0	100.0
UPS Systems MGE B.V.	Netherlands	100.0	100.0
APC Poland Sp. Zoo	Poland	100.0	100.0
Elda Eltra S.A. (ex Eltra SA)	Poland	100.0	100.0
Merten Polska Sp. z o.o.	Poland	-	100.0
Schneider Electric Buildings Polska Sp. z o.o.	Poland	100.0	100.0
Schneider Electric Industries Polska SP	Poland	100.0	100.0
Schneider Electric IT Poland Sp. z.o.o	Poland	100.0	100.0
Schneider Electric Polska SP	Poland	100.0	100.0
APC Portugal, LTDA	Portugal	100.0	100.0
MGE Portugal Ondulatores LDA	Portugal	100.0	100.0
Schneider Electric Portugal LDA	Portugal	100.0	100.0
Merten Czech s.r.o.	Czech Republic	100.0	100.0
Schneider Electric AS	Czech Republic	98.3	98.3
Schneider Electric CZ sro	Czech Republic	100.0	100.0
Schneider Electric Romania SRL	Romania	100.0	100.0
Advance Cayson Limited	United Kingdom	100.0	100.0
Advance Dormant No. 1 Ltd.	United Kingdom	100.0	100.0
Ajax Electrical Ltd	United Kingdom	100.0	100.0
APC DC Network Solutions UK Limited	United Kingdom	100.0	100.0
APC Holdings (UK) Limited	United Kingdom	100.0	100.0
APC Power and Cooling, UK Limited	United Kingdom	100.0	100.0
APC UK Limited	United Kingdom	100.0	100.0

		% interest	
		Dec. 31, 2009	Dec. 31, 2008
Berger Lahr Positec Ltd	United Kingdom	100.0	100.0
Capacitors Ltd	United Kingdom	100.0	100.0
CBS Group Limited	United Kingdom	100.0	100.0
Citect Ltd	United Kingdom	100.0	100.0
Crouzet Ltd	United Kingdom	100.0	100.0
Crydom SSR Ltd	United Kingdom	100.0	100.0
E-GETIT Limited	United Kingdom	100.0	100.0
Elau Ltd	United Kingdom	100.0	100.0
Electric City Limited	United Kingdom	100.0	100.0
GET Group PLC	United Kingdom	100.0	100.0
GET Pension Scheme Limited	United Kingdom	100.0	100.0
GET PLC	United Kingdom	100.0	100.0
Grawater Ltd	United Kingdom	100.0	100.0
Grawater of Wakefield Ltd	United Kingdom	100.0	100.0
Intelligent Motion Systems UK Ltd	United Kingdom	90.0	90.0
JO EL Electric Ltd	United Kingdom	100.0	100.0
JO JO (UK) Ltd	United Kingdom	100.0	100.0
Lexel Holdings (UK) Limited	United Kingdom	100.0	100.0
MITA (NW) Ltd	United Kingdom	100.0	100.0
MITA (UK) Ltd	United Kingdom	100.0	100.0
Nestfarm Limited	United Kingdom	100.0	100.0
Newall Measurement Systems Ltd	United Kingdom	100.0	100.0
Pelco UK Limited	United Kingdom	100.0	100.0
Sarel Ltd	United Kingdom	100.0	100.0
Satchwell Controls Systems Ltd	United Kingdom	100.0	100.0
Schneider Electric (UK) Ltd	United Kingdom	100.0	100.0
Schneider Electric Buildings UK Ltd	United Kingdom	100.0	100.0
Schneider Electric IT UK Ltd	United Kingdom	100.0	100.0
Schneider Electric Ltd	United Kingdom	100.0	100.0
Tac Satchwell Northern Ireland Ltd	United Kingdom	100.0	100.0
Thorsman Ltd	United Kingdom	100.0	100.0
Tower Forged Products Ltd	United Kingdom	100.0	100.0
Tower Manufacturing Ltd	United Kingdom	100.0	100.0
Xantrex Technology Ltd.	United Kingdom	-	100.0
Yorkshire Switchgear Group Ltd	United Kingdom	100.0	100.0
DIN Elektro Kraft OOO	Russia	100.0	100.0
LLC Merten Russland OOO	Russia	100.0	100.0
LLC Schneider Electric Zavod ElectroMonoblock	Russia	75.0	75.0
OOO "TAC"	Russia	100.0	100.0
OOO Lexel Elektromaterialy (SPB)	Russia	100.0	100.0
OOO RusEI	Russia	100.0	100.0
OOO Schneider Electric Kaliningrad	Russia	100.0	100.0
OOO UralElektroKontaktör	Russia	100.0	100.0
OOO Wessen	Russia	100.0	100.0
OOO Wextro	Russia	100.0	100.0
Schneider Electric Equipment Kazan Ltd	Russia	100.0	100.0
ZAO Potential	Russia	100.0	100.0
ZAO Schneider Electric	Russia	100.0	100.0
Schneider Electric Srbija doo	Serbia	100.0	100.0
Schneider Electric Slovakia Spol SRO	Slovakia	100.0	100.0
Schneider Electric d.o.o.	Slovenia	100.0	100.0
AB Crahftere 1	Sweden	100.0	100.0
AB Wibe	Sweden	100.0	100.0
AB Wibe Telescopic Masts	Sweden	100.0	-
APC Sweden AB	Sweden	-	100.0
Elektriska Aktiefbolaget Delta	Sweden	100.0	100.0
Elko AB	Sweden	100.0	100.0
Elau AB	Sweden	100.0	100.0
Informations System AB	Sweden	-	100.0
JO - EL ELECTRIC AB	Sweden	100.0	100.0
Lexel AB	Sweden	100.0	100.0
Pelco Sweden AB	Sweden	100.0	100.0
Pisara AB	Sweden	100.0	100.0
ProAxess AB	Sweden	-	100.0
Schneider Electric Buildings AB	Sweden	100.0	100.0
Schneider Electric Buildings Sweden AB	Sweden	100.0	100.0
Schneider Electric Distribution Center AB	Sweden	100.0	100.0
Schneider Electric IT Sweden AB	Sweden	100.0	100.0
Schneider Electric Powerline Communications AB	Sweden	100.0	100.0
Schneider Electric Sverige AB	Sweden	100.0	100.0
Thorsman & Co AB	Sweden	100.0	100.0
Crouzet AG	Switzerland	100.0	100.0
Elau AG	Switzerland	100.0	100.0

		% interest	
		Dec. 31, 2009	Dec. 31, 2008
Feller AG	Switzerland	83.7	83.7
Gutor Electronic GmbH	Switzerland	100.0	100.0
MGE UPS Systems AG	Switzerland	100.0	100.0
Sarel AG	Switzerland	97.8	97.8
Schneider Electric Finances	Switzerland	100.0	100.0
Schneider Electric Motion AG	Switzerland	100.0	100.0
Schneider Electric Suisse AG	Switzerland	100.0	100.0
Selectron Systems AG	Switzerland	-	100.0
Schneider Electric Ukraine	Ukraine	100.0	100.0
Smart Electric	Ukraine	100.0	100.0
<i>Accounted for by the equity method</i>			
Delta Dore Finance SA (sous-groupe)	France	20.0	20.0
Møre Electric Group A/S	Norway	34.0	34.0
North America			
<i>Fully consolidated</i>			
Cofimines Overseas Corporation	Canada	100.0	100.0
Inde Electronics Inc.	Canada	99.9	99.9
Juno Lighting Ltd	Canada	100.0	100.0
Novasena 1 ULC	Canada	100.0	-
Novasena 2 ULC	Canada	100.0	-
Power Measurement Ltd	Canada	100.0	100.0
Schneider Canada Inc.	Canada	100.0	100.0
Xantrex Technology Inc.	Canada	100.0	100.0
APC Mexico, S.A. de C.V.	Mexico	100.0	100.0
Automatismo Crouzet De Mexico, SA de CV	Mexico	100.0	100.0
Custom Sensors & Technologies Aerospace de México, S.A. de C.V.	Mexico	100.0	100.0
Custom Sensors & Technologies Mexico S.A de C.V	Mexico	100.0	100.0
Custom Sensors & Technologies Transportation de México, S.A. de C.V.	Mexico	100.0	100.0
Industrias Electronicas Pacifico SA de CV	Mexico	100.0	100.0
MGE Systems Mexico SA de CV	Mexico	100.0	100.0
Ram Tech Manufacturing de Mexico S. de R.L. de C.V.	Mexico	100.0	100.0
Ram Tech Services de Mexico S. de R.L. de C.V.	Mexico	100.0	100.0
Schneider Electric Administracion S.A. de C.V.	Mexico	100.0	100.0
Schneider Electric Mexico SA de CV	Mexico	100.0	100.0
Schneider Industrial Tlaxcala SA de CV	Mexico	100.0	100.0
Schneider Mexico SA de CV	Mexico	100.0	100.0
Schneider R&D, S.A. de C.V.	Mexico	100.0	100.0
Schneider Recursos Humanos S.A. de C.V.	Mexico	100.0	100.0
Square D Company Mexico SA de CV	Mexico	100.0	100.0
American Power Conversion Federal Systems, Inc.	USA	100.0	-
APC America Inc.	USA	100.0	100.0
APC Corporation	USA	100.0	100.0
APC Holdings Inc.	USA	100.0	100.0
APC Sales & Service Corp.	USA	100.0	100.0
BEI Precisions Systems & Space Co. Inc	USA	100.0	100.0
BEI Sensors & Systems Company, Inc.	USA	100.0	100.0
Citect, Inc	USA	-	100.0
Crydom, Inc	USA	100.0	100.0
Custom Sensors & Technologies, Inc	USA	100.0	100.0
Delsena 1, LLC	USA	100.0	-
Delsena 2, LLC	USA	100.0	-
EFI Electronics Inc	USA	-	100.0
Elau Inc.	USA	-	100.0
Electrical South Inc	USA	-	100.0
Hyde Park Electronics LLC	USA	-	100.0
Indy Lighting Inc.	USA	-	100.0
Juno Lighting LLC	USA	100.0	100.0
Juno Manufacturing Inc.	USA	100.0	100.0
Kavlico Corp	USA	100.0	100.0
MGE UPS Systems Inc	USA	-	100.0
Neovasys Inc	USA	100.0	100.0
Netbotz, Inc	USA	100.0	100.0
Newall Electronics Inc	USA	100.0	100.0
Nu Lec LLC	USA	100.0	100.0
P.H.L. Four, Inc.	USA	80.0	80.0
P.H.L. One, Inc.	USA	80.0	80.0
P.H.L. Three, Inc.	USA	80.0	80.0
Pacsena LP	USA	100.0	100.0

		% interest Dec. 31, 2009	% interest Dec. 31, 2008
Palatine Hills Leasing Inc.	USA	80.0	80.0
Pelco, Inc	USA	100.0	100.0
Power Measurement Inc.	USA	100.0	100.0
Pro-face America, LLC	USA	100.0	100.0
Schneider Electric Buildings Americas, Inc.	USA	100.0	100.0
Schneider Electric Buildings Critical Systems, Inc.	USA	100.0	100.0
Schneider Electric Buildings, LLC	USA	100.0	100.0
Schneider Electric Engineering Services, LLC	USA	100.0	100.0
Schneider Electric Holdings Inc.	USA	100.0	100.0
Schneider Electric Motion USA, Inc.	USA	100.0	90.0
Schneider Electric Relays LLC	USA	-	100.0
Schneider Electric USA, Inc.	USA	100.0	100.0
Schneider Electric Vermont Ltd	USA	100.0	100.0
SNA Holdings Inc.	USA	100.0	100.0
Square D Holdings One, Inc.	USA	-	100.0
Square D Investment Company	USA	100.0	100.0
ST Inverter Americas Inc	USA	-	60.0
Veris Industries LLC	USA	100.0	100.0
Xantrex Technology Inc.	USA	100.0	100.0
Asia-Pacific			
<i>Fully consolidated</i>			
APC Australia Pty Limited	Australia	100.0	100.0
Australian Electrical Supplies Pty Ltd	Australia	100.0	100.0
Citect Corporation Ltd	Australia	100.0	100.0
Citect Pty Ltd	Australia	100.0	100.0
Clipsal Australia Holdings Pty Ltd	Australia	100.0	100.0
Clipsal Australia Pty Ltd	Australia	100.0	100.0
Clipsal Integrated Systems Pty Ltd	Australia	100.0	100.0
Clipsal Pacific Holdings Pty Ltd	Australia	100.0	100.0
Clipsal Technologies Australia Pty Ltd	Australia	100.0	100.0
CSI Control Systems International Pty Ltd	Australia	100.0	100.0
CSI Pacific (Australia) Pty Ltd	Australia	100.0	100.0
Dataletta Pty Ltd	Australia	100.0	-
Efficient Energy Systems Pty Ltd	Australia	100.0	100.0
MGE UPS Systems Australia Pty Ltd	Australia	100.0	100.0
Moduline Holdings	Australia	100.0	100.0
Moduline Pty Ltd	Australia	100.0	100.0
Nu-Lec Industries Pty Ltd	Australia	100.0	100.0
Parkside Laboratories Australia Pty Ltd	Australia	-	100.0
PDL Holdings Australia Pty Ltd	Australia	100.0	100.0
PDL Industries Australia Pty Ltd	Australia	100.0	100.0
Pelco Australia Pty. Limited	Australia	100.0	100.0
Proface Australia Pty Ltd	Australia	100.0	100.0
Schneider Electric (Australia) Pty Ltd	Australia	100.0	100.0
Schneider Electric Australia Holdings Pty Ltd	Australia	100.0	100.0
Schneider Electric Buildings Australia Pty Ltd	Australia	100.0	100.0
TAC (IBS) Australia Pty Ltd	Australia	100.0	100.0
Tarway Pty Ltd	Australia	100.0	100.0
Three Products Pty Ltd	Australia	100.0	100.0
Two Plastics Pty Ltd	Australia	100.0	100.0
APC (Suzhou) Uninterrupted Power Supply Co., Ltd.	China	100.0	100.0
APC (Xiamen) Power Infrastructure Co., Ltd.	China	100.0	100.0
APC Gutor Power & Cooling Shanghai Co., Ltd	China	100.0	100.0
Beijing Merlin Great Wall Computer Room Equipment & Engineering Co. Ltd	China	75.0	75.0
Citect Controls Systems (Shanghai) Ltd	China	100.0	100.0
Clipsal China Company Limited	China	100.0	100.0
Clipsal Manufacturing (Huizhou) Ltd	China	100.0	100.0
Custom Sensors & Technologies Asia (Shanghai) Ltd	China	100.0	100.0
East Electric System Technology Co. Ltd	China	-	60.0
Foshan Gaoming TAC Electronic & Electrical Products Company Ltd	China	100.0	100.0
Foshan Wilco Electrical Trading Co Ltd	China	100.0	100.0
MERTEN Shanghai Electric Technology Co. Ltd	China	100.0	100.0
Schneider Electric IT (China) Co., Ltd	China	100.0	100.0
MGE Manufacturing Shanghai Co. Ltd	China	100.0	100.0
Pro-face China International Trading (Shanghai) Co. Ltd	China	99.9	99.9
RAM Electronic Technology and Control (Wuxi) Co., Ltd	China	100.0	-
Schneider (Beijing) Medium & Low Voltage Co., Ltd	China	95.0	95.0
Schneider (Shaanxi) Baoguang Electrical Apparatus Co. Ltd	China	70.0	70.0
Schneider (Shanghai) Supply Co. Ltd	China	100.0	100.0
Schneider (Suzhou) Drives Company Ltd	China	90.0	90.0
Schneider (Suzhou) Transformers Co. Ltd	China	100.0	100.0
Schneider Beijing Medium Voltage Co. Ltd	China	95.0	95.0

		% interest	
		Dec. 31, 2009	Dec. 31, 2008
Schneider Busway (Guangzhou) Ltd	China	95.0	95.0
Schneider Electric (China) Investment Co. Ltd	China	100.0	100.0
Schneider Automation Solutions (Shanghai) Co., Ltd.	China	100.0	100.0
Schneider Electric International Trading (Shanghai) Co., Ltd.	China	100.0	100.0
Schneider Electric Low Voltage (Tianjin) Co. Ltd	China	75.0	75.0
Schneider Electric Supply Beijing Co Ltd	China	-	100.0
Schneider Electric Devices (Dong Guan) Co.Ltd	China	100.0	100.0
Schneider Shanghai Apparatus Parts Manufacturing Co. Ltd	China	100.0	100.0
Schneider Shanghai Industrial Control Co. Ltd	China	80.0	80.0
Schneider Shanghai Low Voltage Term. Apparatus Co. Ltd	China	75.0	75.0
Schneider Shanghai Power Distribution Electric Apparatus Co. Ltd	China	80.0	80.0
Schneider Suzhou Enclosure Systems Co Ltd	China	100.0	100.0
Schneider Wingoal (Tianjin) Electric Equipment Co. Ltd	China	100.0	100.0
Tianjin Merlin Gerin Co. Ltd	China	75.0	75.0
Wuxi Proface Electronic Co.Ltd	China	99.9	99.9
Clipsal Korea Co. Ltd	South Korea	-	100.0
MGE UPS Systems Korea Co. Ltd	South Korea	-	100.0
Pro Face Korea Co. Ltd	South Korea	99.9	99.9
Samwha EOCR Co. Ltd	South Korea	100.0	100.0
Schneider Electric IT Korea	South Korea	100.0	100.0
Schneider Electric Korea Ltd	South Korea	100.0	100.0
APC Hong Kong Limited	Hong Kong	100.0	100.0
Clipsal Asia Holdings Limited	Hong Kong	100.0	100.0
Clipsal Asia Limited	Hong Kong	100.0	100.0
Clipsal Electrical Limited	Hong Kong	-	100.0
Clipsal Hong Kong Limited	Hong Kong	100.0	100.0
Clipsal Industries HK Ltd	Hong Kong	100.0	100.0
Clipsal Integrated Systems (HK) Limited	Hong Kong	-	100.0
Custom Sensors & Technologies Asia (Hong Kong) Limited	Hong Kong	100.0	100.0
CVH Industries Ltd	Hong Kong	100.0	100.0
Full Excel (Hong Kong) Ltd	Hong Kong	100.0	100.0
GET Asia Limited	Hong Kong	100.0	100.0
GET Santai Limited	Hong Kong	100.0	100.0
Invensys Building System Hong Kong Ltd	Hong Kong	100.0	100.0
Jansweet Ltd	Hong Kong	-	100.0
Schneider Busway Limited	Hong Kong	-	100.0
Schneider Electric (Hong Kong) Ltd	Hong Kong	100.0	100.0
Schneider Electric Asia Pacific Limited	Hong Kong	100.0	100.0
Schneider Electric IT Hong Kong LTD	Hong Kong	100.0	100.0
APC India Private Limited	India	100.0	100.0
CST Sensors India Private Limited	India	100.0	100.0
LK India Private Ltd	India	100.0	100.0
MGE UPS Systems India PVT. LTD	India	100.0	100.0
Schneider Electric Conzerv India PTE LTD	India	100.0	-
Schneider Electric India Private Ltd	India	100.0	100.0
PT Bowden Industries Indonesia	Indonesia	100.0	100.0
PT Clipsal Manufacturing Jakarta	Indonesia	100.0	100.0
PT Mega Gelar Elektronil Ometraco	Indonesia	100.0	100.0
PT Merten Intec Indonesia	Indonesia	100.0	100.0
PT Schneider Electric Indonesia	Indonesia	100.0	100.0
PT Schneider Electric Manufacturing Batam	Indonesia	100.0	100.0
APC Japan, Inc.	Japan	100.0	100.0
Arrow Co., Ltd	Japan	100.0	100.0
Digital Electronics Corporation	Japan	99.9	99.9
Schneider Electric Japan Holdings Ltd	Japan	100.0	100.0
Toshiba Schneider Inverter Corp.	Japan	60.0	60.0
Clipsal (Malaysia) Sdn Bhd	Malaysia	100.0	100.0
Clipsal Integrated Systems (M) Sdn Bhd	Malaysia	100.0	100.0
Clipsal Manufacturing (M) Sdn Bhd	Malaysia	100.0	100.0
DESEA SDN. BHD.	Malaysia	100.0	100.0
Gutor Electronic Asia Pacific Sdn Bhd	Malaysia	100.0	100.0
Huge Eastern Sdn Bhd	Malaysia	100.0	100.0
KSLA Energy & Power Solutions (M) Sdn Bhd	Malaysia	100.0	100.0
PDL Electric (M) Sdn Bhd	Malaysia	100.0	100.0
PDL Electronics (Malaysia) Sdn Bhd	Malaysia	-	100.0
Schneider Electric IT MALAYSIA SDN BHD	Malaysia	100.0	100.0
Schneider Electric Manufacturing (M) Sdn Bhd	Malaysia	100.0	100.0
PDL Switchgear (Asia) Sdn Bhd	Malaysia	-	100.0
Schneider Electric (Malaysia) Sdn Bhd	Malaysia	30.0	30.0
Schneider Electric Industries (M) Sdn Bhd	Malaysia	100.0	100.0
Citect NZ 2005 Ltd	New-Zealand	100.0	100.0
Schneider Electric (NZ) Limited	New-Zealand	100.0	100.0

		% interest	% interest
		Dec. 31, 2009	Dec. 31, 2008
American Power Conversion Land Holdings Inc.	Philippines	100.0	100.0
American Power Conversion, Inc	Philippines	-	100.0
Clipsal Philippines	Philippines	100.0	100.0
MGE UPS Systems Philippines Inc.	Philippines	100.0	100.0
Schneider Electric (Philippines) Inc.	Philippines	100.0	100.0
Citect Pte	Singapore	-	100.0
Clipsal International PTE Ltd	Singapore	100.0	100.0
Clipsal Singapore Technology Pte Ltd	Singapore	-	100.0
TAC (IBS) PTE LTD	Singapore	100.0	100.0
KSLA Energy & Power Solution Pte Ltd	Singapore	100.0	100.0
Merten Asia Pte Ltd	Singapore	100.0	100.0
Schneider Electric IT Singapore Pte Ltd	Singapore	100.0	100.0
MGE Logistics South East Asia pacific Pte Ltd	Singapore	100.0	100.0
PDL Electric (S) Pte Ltd	Singapore	-	100.0
Pelco Asia Pacific PTE Ltd	Singapore	100.0	100.0
Schneider Electric Buildings Singapore Pte Ltd	Singapore	100.0	100.0
Schneider Electric Export Services Pte Ltd	Singapore	100.0	100.0
Schneider Electric Industrial Development Singapore Pte Ltd	Singapore	-	100.0
Schneider Electric IT Logistics Asia Pacific Pte. Ltd.	Singapore	100.0	100.0
Schneider Electric ISC Pte. Ltd.	Singapore	100.0	100.0
Schneider Electric Logistics Asia Pte Ltd	Singapore	100.0	100.0
Schneider Electric Overseas Asia Pte Ltd	Singapore	100.0	100.0
Schneider Electric Services Singapore Pte Ltd	Singapore	-	100.0
Schneider Electric Singapore Pte Ltd	Singapore	100.0	100.0
Schneider Electric South East Asia (HQ) Pte Ltd	Singapore	100.0	100.0
TAC Control Asia Pte Ltd	Singapore	100.0	100.0
Schneider Electric Lanka (Private) Limited	Sri Lanka	100.0	100.0
Clipsal (Taiwan) Co., Ltd	Taiwan	-	82.0
Pro Face Taiwan Co. Ltd	Taiwan	99.9	99.9
Schneider Electric Taiwan Co Ltd	Taiwan	100.0	100.0
Clipsal (Thailand) Co. Ltd	Thailand	95.1	95.1
MGE UPS Systems S.A. (Thailand) Co. Ltd	Thailand	100.0	100.0
Pinnacle Supplier Company Limited	Thailand	100.0	100.0
Pro Face South East Asia Pacific Co. Ltd	Thailand	99.9	99.9
Schneider (Thailand) Ltd	Thailand	100.0	100.0
Schneider Electric CPCS (Thailand) Co. Ltd.	Thailand	100.0	-
Square D Company (Thailand) Ltd	Thailand	100.0	100.0
Clipsal Vietnam Co. Ltd	Vietnam	100.0	100.0
Schneider Electric Vietnam Co. Ltd	Vietnam	100.0	100.0
<i>Accounted for by proportionate method</i>			
Delixi Electric Ltd	China	50.0	-
<i>Accounted for by equity method</i>			
Delixi Electric Ltd	China	-	50.0
Fuji Electric FA Components & Systems Co., LTD.	Japan	36.8	37.0
Schneider Electric Engineering Ltd	Japan	40.0	40.0
Shanghai Electric Xantrex Power Electronics Co. Ltd.	China	-	49.0
Rest of the world			
<i>Fully consolidated</i>			
Alight Investment Holding Pty Ltd	South Africa	100.0	100.0
Citect (PTY) Ltd	South Africa	100.0	100.0
Clipsal Industries Pty Ltd	South Africa	100.0	100.0
Clipsal Manufacturing (Pty) Ltd	South Africa	100.0	100.0
Clipsal South Africa (Pty) Ltd	South Africa	100.0	100.0
Clipsal Electronics Systems (Pty) Ltd	South Africa	100.0	100.0
Delixi Electric South Africa (Pty) Ltd	South Africa	100.0	-
Hoist-Tec (Pty) Ltd	South Africa	100.0	100.0
Merlin Gerin SA (Pty) Ltd	South Africa	80.0	80.0
MGE UPS Systems (SA) Pty Ltd	South Africa	100.0	100.0
Nu-Lec Africa (Pty) Ltd	South Africa	49.0	49.0
Pelco Video Security South Africa Ltd	South Africa	100.0	100.0
RBF Technology (Pty) Ltd.	South Africa	74.0	74.0
Schneider Electric South Africa Pty Ltd	South Africa	100.0	100.0
Schneider Investment Holding (Pty) Ltd	South Africa	100.0	-
Valortrade 27 (Pty) Ltd trading as SMSVend	South Africa	80.0	52.0
Schneider Electric Algeria	Algeria	100.0	100.0
EPS Electrical Power Distribution Board & Switchgear Ltd	Saudi Arabia	51.0	51.0
MGE UPS Systems Argentina S.A	Argentina	100.0	100.0

		% interest	
		Dec. 31, 2009	Dec. 31, 2008
Schneider Electric Argentina SA	Argentina	100.0	100.0
Clipsal Middle East	Bahrain	80.0	80.0
Xantrex Holding Ltd.	Barbados	-	100.0
Xantrex International Partnership	Barbados	-	100.0
Xantrex International SRL	Barbados	100.0	100.0
Palatine Ridge Insurance Company Ltd	Bermuda	100.0	100.0
Standard Holdings Ltd	Bermuda	100.0	100.0
APC Brasil Ltda.	Brazil	100.0	100.0
CDI Power - Sistemas De Automacao Ltda	Brazil	-	100.0
CST Latino America Comercio E Representacao de Produtos Electricos E Eletronicos Ltda	Brazil	99.8	99.8
MGE UPS Systems Do Brasil Ltda	Brazil	100.0	100.0
Microsol Tecnologia S.A.	Brazil	100.0	-
Ram Do Brasil, Ltda	Brazil	100.0	100.0
Schneider Electric Brasil LTDA	Brazil	100.0	100.0
Schneider Electric Participações Ltda.	Brazil	100.0	-
Inversiones Schneider Electric Uno Limitada	Chile	100.0	100.0
Marisio SA	Chile	100.0	100.0
Schneider Electric Chile SA	Chile	100.0	100.0
Schneider de Colombia SA	Colombia	80.0	80.0
Schneider Centroamerica SA	Costa Rica	100.0	100.0
Delixi Electric Egypt s.a.e	Egypt	98.0	-
Schneider Electric Distribution Company	Egypt	87.4	87.4
Schneider Electric Egypt SA	Egypt	91.0	91.0
Clipsal Middle East FZC	United Arab Emirates	80.0	80.0
Clipsal Middle East FZCO	United Arab Emirates	100.0	100.0
Delixi Electric FZE	United Arab Emirates	100.0	100.0
Schneider Electric FZE	United Arab Emirates	100.0	100.0
Schneider Electric RAK FZE	United Arab Emirates	100.0	100.0
Xantrex Technology (BVI) Inc.	Virgin Islands	100.0	100.0
Schneider Electric Industries Iran	Iran	89.0	89.0
Telemecanique Iran	Iran	100.0	100.0
Schneider Electric LLP	Kazakhstan	100.0	100.0
Schneider Electric East Mediterranean SAL	Lebanon	96.0	96.0
Crouzet SA	Morocco	100.0	100.0
Delixi Electric Maroc SARL AU	Morocco	100.0	100.0
Schneider Electric IT Morocco, SA	Morocco	100.0	100.0
Schneider Electric Maroc	Morocco	100.0	100.0
Delixi Electric West Africa Ltd	Nigeria	100.0	100.0
Schneider Electric Nigeria Ltd	Nigeria	100.0	100.0
Schneider Electric Peru SA	Peru	100.0	100.0
DMR Demirbag Elektrik Malzemeleri Ticaret Anonim Sirketi	Turkey	100.0	-
Metesan Elektrik Malzemeleri Ticaret Ve Pazarlama A.S	Turkey	100.0	100.0
MGE UPS Systems Bilgisayar Sistemleri Ticaret A.S	Turkey	100.0	100.0
Profiluks Plastik ve Elektrik San. Tic. A.S	Turkey	-	100.0
Schneider Elektrik Sanayi Ve Ticaret A.S.	Turkey	100.0	100.0
APC Uruguay S.A.	Uruguay	100.0	100.0
Schneider Electric Venezuela SA	Venezuela	91.9	91.9

Review of the consolidated financial statements

Business and Statement of Income highlights

Changes in the scope of consolidation

Acquisitions¹

On June 4, 2009, Schneider Electric announced the signature of an agreement to acquire Conzerv Systems, the recognized leader in the Indian energy efficiency market, notably among industrial and commercial end users. As the market leader with proven technologies and solutions for energy audits and energy management systems, the company generates sales in excess of €10 million and employs 337 people.

On June 19, 2009, Schneider Electric acquired Microsol Tecnologia, a Brazilian manufacturer of UPSs, voltage regulators and accessories for power protection. Founded in 1982, Microsol is the number three player in the field of critical power in Brazil. In 2008, Microsol generated net sales of BRL65 million (approximately €24 million) and employed 500 people.

On August 6, 2009, Schneider Electric announced the acquisition of Meher Capacitors, leader in the Indian power factor correction market, from Meher Group.

Acquisitions made in 2008 having an impact on the financial statements of 2009¹

The following companies acquired in 2008 and consolidated over the full year in 2009 had an impact on the scope of consolidation in relation to 2008:

- Arrow, consolidated as from February 1, 2008.
- ECP Tech Services, consolidated as from April 13, 2008.
- Marisio, consolidated as from May 7, 2008.
- Wessen, consolidated as from June 15, 2008.
- RAM Industries, consolidated as from August 12, 2008.
- Xantrex, consolidated as from September 29, 2008.

On September 30, 2008, Schneider Electric contributed its electrical distribution and industrial control operations in Japan and €60 million in cash to its new Fuji Electric FA Components & Systems joint venture with Fuji Electric, for a stake of 37%. Fuji Electric FA Components & Systems is accounted for by the equity method.

Given that Schneider Electric no longer had operational control over the East joint venture in China, the company was removed from the scope of consolidation on January 1, 2009. The company was sold in December 2009.

Consolidation of jointly controlled entities

As from January 1, 2009, investments in operating entities controlled jointly with a limited number of partners, such as joint ventures and alliances, are proportionally consolidated in accordance with the recommended treatment under IAS 31 - *Interests in Joint Ventures*. Before January 1, 2009, the Group accounted for jointly controlled entities by the equity method in accordance with the alternative treatment allowed under IAS 31. This change is designed to provide more meaningful information on the strategic nature of jointly controlled entities and the way in which their operations are tracked by Schneider Electric management.

This new treatment of Delixi Electric's 2009 revenue is reflected in changes in the scope of consolidation.

¹ The dates given correspond to the dates on which the Group gained control of the acquired companies.

The changes in the scope of consolidation described above did not have a material impact on the consolidated financial statements for the period ended December 31, 2009, as the net impact of additions and removals on EBITAR was virtually nil².

Exchange rate changes

Changes in the euro exchange rate had a small impact in 2009, increasing consolidated revenue by €144 million and EBITA³ by €47 million (impact of conversions only). The impact on EBITA margin was 0.2 points.

Revenue

Consolidated revenue totaled €15,793 million for the year ended December 31, 2009, down 13.8% on a current structure and currency basis from the year before. Negative organic growth reduced revenue by 15.7%, while acquisitions net of disposals added 1.3% and the positive currency effect 0.6%.

Segment information

As concerns segment information, Schneider Electric has been gradually deploying a new organization that became fully operational as of January 1, 2010. As a result, segment information for 2009 reflects this new organization, in accordance with the requirements of IFRS 8 - *Operating Segments*, which is being applied for the first time. However, because information on the new basis of segmentation is not available for the year ended December 31, 2008, segment information is provided on the old basis for 2009 and 2008 for purposes of comparison, in accordance with paragraph 30 of IFRS 8. Trends from this last comparison are described below.

Breakdown by region

Revenue from Europe declined 20.7% to €6,423 million on a reported basis. On a constant structure and currency basis, the decrease came to 18.5%. Operations in France showed the greatest resilience. The countries with a heavy focus on the industry market (Germany and Italy) were harder hit. Spain also suffered due to low demand in construction. Revenue from Eastern Europe reflected weak industrial demand and a dearth of financing for building projects, despite a more resilient infrastructure market.

In North America, revenue totaled €4,356 million, a decrease of 13.8% including negative organic growth of 19.9%. Demand was particularly anemic in the industrial and building markets, but held firmer in the data center market, thanks notably to an upturn in the last quarter.

Revenue from the Asia-Pacific region totaled €3,278 million, down 3.4% on a current basis and 9.7% on a constant structure and currency basis. Full-year revenue from China edged up slightly thanks to a strong recovery in the second half of the year. Revenue from India declined less than the regional average. The other countries, however, showed double-digit decreases, with particularly large declines in the industry and data center markets.

Revenue from the Rest of the World edged back 1.5% on a current basis, to €1,736 million, and 2.4% on a constant basis. Operations in Africa again recorded growth, thanks to energy and infrastructure projects, whereas business contracted in the Middle East and South America, in tandem with the overall economy.

² EBITAR (Earnings Before Interest, Taxes, Amortization of purchase accounting intangibles and Restructuring Costs) is the main operating margin indicator used by the Group. EBITAR corresponds to operating profit before amortization and impairment of purchase accounting intangible assets, before goodwill impairment and before restructuring costs.

³ EBIT (Earnings Before Interest, Taxes and Amortization of purchase accounting intangibles) corresponds to operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.

Breakdown by business

Electrical Distribution generated revenue of €9,175 million, or 58% of the consolidated total. This represents a decrease of 11.3% on a current basis and 13.4% like-for-like.

Automation & Control revenue fell 20.0% on a reported basis to €4,252 million. Like-for-like, the decline came to 21.3%.

Revenue from Critical Power and Cooling Services totaled €2,366 million, down 10.9% on a current basis and 13.6% on a constant basis.

Operating profit and EBITAR

Presentation of the interest component of defined benefit pension plan costs

Through 2008, all costs related to defined benefit pension plans, termination benefits and other post-retirement benefit obligations were recognized in operating profit (EBITA). To provide a more meaningful picture of operating profit by excluding all financial income and expense, the Group decided to present the interest component of these costs and the expected return on plan assets in "Finance costs and other financial income and expense, net" as from January 1, 2009. As a result of this change, €19 million recorded under operating profit in 2008 has been reclassified under other "Finance costs and financial income and expense, net". The comparative financial statements reflect this impact and are the basis of the discussion below.

EBITAR (Earnings Before Interest, Taxes, Amortization of purchase accounting intangibles and Restructuring costs) declined a reported 27.3% to €2,136 million from €2,937 million in 2008. In 2009, EBITAR included an exceptional €92 million pension curtailment gain in the United States. Restated for this gain, EBITAR margin came to 12.9% versus 16.0% in 2008.

The negative impacts of volume (€1,305 million), geographic and product mix (€244 million) and currency effect (€88 million) were partially offset by positive impacts from pricing (€152 million), productivity (€105 million), production cost savings (€94 million, stemming in part from a slight decrease in raw material costs net of hedging) and a significant reduction in support function costs (€541 million excluding €80 million in salary inflation and global information system deployment costs).

In 2009, capitalization of development costs had a positive net impact on operating profit of €126 million, on a par with €133 million in 2008.

EBITAR margin by region

The ratio of EBITAR to revenue does not include general management and global function expenses that cannot be allocated to a particular segment. Europe reported an EBITAR margin of 15.1% in 2009, down 4.0 points from the previous year. North America reported an EBITAR margin of 15.1% that includes the exceptional €92 million pension curtailment gain in the United States. Excluding this non-recurring item, EBITAR margin came to 12.9%, down 4.0 points from December 31, 2008. EBITAR margin in the Asia-Pacific region narrowed by 0.3 points to end the year at 16.0%. EBITAR margin in the Rest of the World edged back by 0.2 points to 16.4%.

EBITAR margin by business

The Electrical Distribution business reported an EBITAR margin of 17.8%. Excluding the exceptional pension curtailment gain, EBITAR margin declined by 2.8 points to 17.0%. The Automation & Control business reported an EBITAR margin of 10.0%. Excluding the exceptional pension curtailment gain, EBITAR margin contracted by 5.8 points to 9.6%. Lastly, in Critical Power and Cooling Services, EBITAR margin widened by one point to 15.8%.

Other operating expenses

Restructuring expenses

Non-recurring restructuring expenses totaled €313 million and mainly concerned measures taken in response to the economic and financial crisis. These expenses were primarily recorded in Europe (€240 million) and North America (€55 million).

Impairment of goodwill

In 2009, operating profit (EBIT) included a €231 million charge for amortization and impairment of purchase accounting intangibles, compared with €174 million in the year-earlier period. The increase primarily reflects a €118 million charge for the CST CGU (including its SDA business, which is currently being discontinued), compared with €70 million in 2008.

Finance costs and other financial income and expense, net

Finance costs and other financial income and expense, net represented a net expense of €384 million compared with a €333 million net expense in 2008. Net finance costs rose by €51 million from the previous year to €297 million. The increase reflects two factors: (i) in 2008, the Group recorded non-recurring interest income of €25 million corresponding to interest on a tax receivable and, (ii) interest income on cash and cash equivalents declined to €26 million in 2009 from €48 million in 2008.

Changes in exchange rates after hedging, which added €87 million to financial expense in 2008, had virtually no impact in 2009. The 2008 figure reflected the exceptional volatility of exchange rates in the last months of the year and the reimbursement of long-term internal financing, which had a non-recurring negative impact of €13 million.

The interest component of pension and other post-employment benefit plan costs represented a net charge of €56 million versus €19 million in 2008, primarily due to a lower expected return on plan assets.

Other financial expenses, net totaled €34 million and primarily included bank facility arrangement fees.

Income tax

The effective tax rate stood at 24.3% compared with 24.5% in 2008.

Share of profit/(losses) of associates

The Group's share of profits and losses of associates came to a net loss of €21 million at December 31, 2009. This item primarily comprises the Group's share in the profits and losses of the Fuji Electric joint venture in Japan, which was accounted for by the equity method from September 30, 2008. In 2008, this item showed a net profit of €12 million stemming primarily from the Delixi Electric joint venture, which was accounted for by the equity method. Since January 1, 2009, Delixi Electric and been proportionally consolidated.

Minority interests

Minority interests totaled €42 million in 2009 versus €41 million in 2008. Minority interests mainly correspond to the share of profit attributable to minority shareholders of a number of Chinese companies and of Feller in Switzerland.

Profit attributable to equity holders of the parent

Profit attributable to equity holders of the parent amounted to €852 million. This represents a 49% decrease from 2008, primarily attributable to the decline in operating profit.

Earnings per share

Earning per share came to €3.43 versus €7.02 in 2008.

Change in financial situation

Review of balance sheet and cash flow statement items

Total assets stood at €25,649 million at December 31, 2009, up 3% from the previous year-end. Non current assets amounted to €15,917 million and represented 62% of total assets.

Goodwill

Goodwill rose by €69 million over the period to €8611 million, or 34% of total assets. Acquisitions added €66 million, while the proportional consolidation of Delixi Electric led to the reclassification of €136 million in goodwill previously accounted for by the equity method. Changes in exchange rates reduced goodwill by €26 million. An impairment test on CST led to a €90 million write-down of the related goodwill at December 31, 2009.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets came to €5,883 million, or 23% of total assets, down 1% from end-2008.

➤ **Intangible assets**

Trademarks amounted to €2,288 million as of December 31, 2009, on a par with €2,331 million at end-2008. Gross capitalized development costs totaled €842 million (€599 million net), reflecting the capitalization of costs related to current projects in an amount of €211 million. Other intangible assets, net, consisting primarily of customer lists recognized on acquisition, software and patents, decreased by €150 million over the year primarily due to amortization and impairment charges in an amount of €188 million.

➤ **Property, plant and equipment**

Property, plant and equipment came to €1,964 million, compared with €1,970 million at December 31, 2008.

Investments in associates

Investments in associates declined by €206 million over the year to €75 million. The decrease reflects:

- The loss posted by Fuji Electric FA Components & Systems, corresponding to €22 million for the Group's 37% share.
- The removal of jointly controlled Delixi Electric (€182 million), which is now proportionally consolidated.

Non-current financial assets

Non-current financial assets, primarily listed and unlisted equity instruments and loans and receivables related to investments, totaled €347 million at December 31, 2008, up from €313 million at end-2008. The increase primarily reflects the increase in value of AXA shares, in an amount of €20 million, and of unlisted shares, in an amount of €14 million.

Cash and net debt

Net cash provided by operating activities before changes in operating assets and liabilities came to €1,734 million versus €2,500 million in 2008, and represented 11.0% of revenue compared with 13.7% the year before.

Changes in operating working capital generated €813 million in cash, reflecting a contraction in trade receivables in line with the decline in revenue and good inventory management.

In all, net cash provided by operating activities totaled €2,547 million compared with €2,428 million in 2008, demonstrating the Group's ability to generate cash despite a significant decline in net profit.

Net capital expenditure, which includes capitalized development projects, represented an outlay of €576 million, or 3.6% of revenue, compared with €693 million (or 3.8%) in 2008.

The year's few acquisitions used only €63 million compared with €598 million in 2008, net of the cash acquired.

The sale of treasury stock on exercise of stock options represented a net inflow of €22 million compared with a net outflow of €70 million in 2008 related to net purchases. Dividends paid totaled €351 million, of which €34 million to minority interests, compared with €832 million in 2008, of which €36 million to minority interests. This sharp decline was attributable to the dividend reinvestment program, which attracted the vast majority of shareholders over payment in cash.

At December 31, 2009, net debt totaled €2,812 million or 23.7% of equity attributable to equity holders of the parent. This represents a decrease of €1,741 million from the year before.

The Group ended the year with cash and cash equivalents of €3,512 million, of which €808 million in cash, €2,681 million in marketable securities and €3 million in short-term instruments such as commercial paper, money market mutual funds and equivalents.

Total current and non-current financial liabilities amounted to €6,324 million. Of this, bonds represented €4,508 million and bank loans €1,386 million. Three new bond issues, in an aggregate amount of €1,150 million, were launched in 2009 and €110 million worth of bonds were redeemed.

Equity

Equity attributable to equity holders of the parent came to €11,757 million, or 46% of the balance sheet total. The €851 million increase over the period was the net result of the following:

- Profit for the year of €852 million.
- Payment of the 2008 dividend, in an amount of €837 million.
- Share issues, for €633 million, of which €520 million in connection with the dividend reinvestment program.
- The exercise of stock options, for €46 million.
- Changes in treasury stock, for €25 million.
- Fair value adjustments to hedging instruments and available-for-sale financial assets, in an amount of €141 million.
- Changes in actuarial gains and losses on employee benefit obligations, which reduced equity by €14 million.

Minority interests amounted to €131 million, virtually on a par with 2008, reflecting the €42 million profit for the year and dividend payments of €35 million.

Provisions for contingencies

Current and non-current provisions totaled €2,526 million, or 10% of the balance sheet total. Of this, €773 million covered items that are expected to be paid out in less than one year. This item primarily comprises provisions for pensions and healthcare costs in an amount of €1,378 million. The €223 million increase over the year corresponds to higher provisions for restructuring (up €78 million) and reclassification of tax provisions that were previously recorded under tax liabilities (€85 million).

Other provisions excluding employee benefits totaled €1,148 million at December 31, 2009. These provisions cover product risks (warranties, disputes over identified defective products), for €264 million, economic risks (tax risks, financial risks generally corresponding to seller's warranties), for €418 million, customer risks (customer disputes and losses on long-term contracts), for €80 million, and restructuring, for €210 million.

Deferred taxes

Deferred tax assets came to €1,001 million, reflecting unused tax losses, in an amount of €387 million, future tax savings on provisions for pensions, in an amount of €448 million, and non-deductible provisions and accruals in an amount of €312 million.

Deferred tax liabilities totaled €916 million and primarily comprised deferred taxes recognized on trademarks, customer lists and patents acquired in connection with business combinations.

Review of the parent company financial statements

Schneider Electric SA posted total portfolio revenues of €541 million in 2009 compared with €952 million the previous year. Schneider Electric Industries SAS, the main subsidiary, paid dividends of €527 million in 2009 compared with €902 million in 2008. Interest income amounted to €183 million versus €431 million the year before and interest expense came to €321 million compared with €286 million in 2008. Profit before tax amounted to €386 million versus €1,080 million in 2008. Net profit stood at €476 million compared with €1,148 million in 2008.

Equity before appropriation of net profit amounted to €8,930 million at December 31, 2009 versus €8,613 million at the previous year-end, after taking into account 2009 profit, dividend payments of €317 million, and share issues in an amount of €158 million.

All trade payables are due before the end of January.

Review of subsidiaries

Schneider Electric Industries SAS

Revenue totaled €2.8 billion versus €3.5 billion in 2008.

The subsidiary posted an operating loss of €58 million compared with an operating profit of €124 million in 2008.

Net profit came to €672 million compared with €550 million in 2008.

Cofibel

Cofibel's portfolio consists entirely of Schneider Electric SA shares.

Cofibel posted an after-tax profit of €6.7 million, compared with an after-tax profit of €5.2 million in 2008.

Cofimines

The after-tax profit came to €1.4 million compared with €1.6 million in 2008.

Compensation and benefits paid to corporate officers

Details on compensation and benefits paid to corporate officers are provided in paragraph 8 of Chapter 3 (Corporate Governance).

OUTLOOK

Business trends

The industry and data center end markets should be the first to return to growth, while firmer demand in the renovation market should partially offset the slowdown in non-residential buildings. The new economies should have a very positive impact on sales as the more mature markets remain sluggish.

Profitability

The Group should continue to achieve industrial productivity gains and reduce overheads. Raw material prices are likely to increase. Restructuring costs should amount to €150 to €200 million for the year.

Outlook for 2010

Assuming current economic and business conditions, Schneider Electric anticipates for full-year 2010:

- A return to low single digit organic growth,
- An improvement in the EBITAR margin to around 14% (before Areva Distribution integration impact).

This is a free translation in English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Schneider Electric S.A.

For the year ended December 31, 2009

Statutory auditors' report on the consolidated financial statements

MAZARS
Tour Exaltis
61, rue Henri-Regnault
92400 Courbevoie
S.A. au capital de € 8.320.000
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres
41, rue Ybry
92576 Neuilly-sur-Seine Cedex
S.A.S. à capital variable
Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Schneider Electric S.A.

For the year ended December 31, 2009

Statutory auditors' report on the consolidated financial statements (*Free translation of the French Language*)

To the Shareholders,

In compliance with the assignment entrusted to us by your annual shareholders' meeting, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying consolidated financial statements of Schneider Electric S.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the executive board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2009 and of the results of its operations for the year then ended in accordance with IFRS, as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in notes 1.1 "Accounting standards" – paragraph 2 to the consolidated financial statements which relates to the presentation of operating segments and 1.2 "Changes in accounting method".

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Note 1.9 to the consolidated financial statements explains the method for recognizing research and development costs and describes the criteria under which development costs may be capitalized. We reviewed the data and assumptions used to identify development costs that qualify for capitalization, as well as the group's calculations, and verified that adequate disclosure is made in the notes to the consolidated financial statements.
- As explained in notes 1.11 and 8 to the consolidated financial statements, intangible assets and goodwill are tested for impairment at least once a year and when factors exist indicating that the related assets may have suffered a loss of value. We reviewed, on a test basis, the indicators of a loss of value and the other information evidencing the absence of any loss of value other than those indicated in note 8. We reviewed the data, assumptions used, and calculations made, and verified that adequate disclosure is made in the notes to the consolidated financial statements.
- As indicated in notes 1.16 and 16 to the consolidated financial statements, future tax benefits arising from the utilization of tax loss carry forwards are recognized only when they can reasonably be expected to be realized. We verified the reasonableness of the assumptions used to produce the estimate of future taxable income used to support assessments of the recoverability of these deferred tax assets.
- Notes 1.19 and 22 describe the method for valuing pensions and other post-employment obligations. Actuarial valuations were performed for these commitments. We reviewed the data, assumptions used, and calculations made, and verified that adequate disclosure is made in the notes to the consolidated financial statements.
- Note 7 "Restructuring costs" states the amount of restructuring costs recorded in 2009. We verified that, based on currently available information, these costs concern restructuring measures initiated or announced before December 31, 2009, for which provisions have been recorded based on an estimate of the costs to be incurred. We also reviewed the data and assumptions used by the group to make these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, February 17, 2010

The Statutory Auditors
French original signed by

MAZARS

ERNST & YOUNG et Autres

Pierre Sardet

Yvon Salaün