Financial Information

Q2 sales up double-digit, led by Industry, IT and new economies
Strong margin improvement in first half, up 3.6pts at 15.2%[1]
Net profit doubled and reached €735 M
Margin target raised to around 15.5%[1] in 2010

Rueil-Malmaison (France), July 30, 2010 – Schneider Electric announced today its second quarter sales and first half results for the period ending June 30, 2010.

Key figures (€ million)	First-half 2009	First-half 2010	% change
Sales ***Organic growth***	**7,755**	**8,571**	**+10.5%** ***+6.4%***
EBITA[2] before restructuring costs and Areva Distribution integration costs ***% of sales***	**903** ***11.6%***	**1,301** ***15.2%***	**+44%** ***+3.6 pts***
Net income (Group share)	**346**	**735**	**+112%**

Jean-Pascal Tricoire, President and CEO, comments: *"Our businesses gained traction in the past months. We benefited clearly from our diversified end-market exposure, with the industrial market and data-centers the first to rebound. Robust momentum in the new economies continued with double-digit growth. And we captured new market opportunities, notably in the fields of energy efficiency and renewable energy.*

We also delivered strong profitability improvement. The cost structure further improves as a result of the focused execution of our One program. Given the significant industrial productivity and operational efficiency already attained, we are well positioned to achieve the 3-year cost reduction target of € 1.6 billion by 2011. In parallel, we have already restarted investment for growth in new economies.

We therefore raise our full year guidance and now expect the second half organic sales progression to be broadly in line with the level of the first half, and target a full year EBITA margin of around 15.5% before restructuring costs and consolidation impact of Areva Distribution.

The integration of the Areva Distribution, a clear step-change for our medium voltage business, is well on track and will be a strong focus of the second half."

[1] *EBITA before restructuring costs and integration impact of Areva Distribution*
[2] *EBITA: EBIT before amortization and impairment of purchase accounting intangibles and impairment of goodwill.*

Investor Relations :
Schneider Electric
Carina Ho

Phone : +33 (0) 1 41 29 83 29
Fax : +33 (0) 1 41 29 71 42
www.schneider-electric.com
ISIN : FR0000121972

Press Contact :
Schneider Electric
Véronique Roquet-Montégon

Phone : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 71 95

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse
Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46

Financial Information (p. 2)

I. Q2 SALES UP DOUBLE-DIGIT, ALL BUSINESSES AND REGIONS BACK TO GROWTH

Second quarter **2010 sales** reached **€4,661 million**, up **18.5%** on a current structure and exchange rate basis. Like-for-like sales were up **10.2%**.

Growth by businesses in the second quarter

€ million	Sales First Half 2010	% change First Half (organic)	Sales Q2 2010	% change Q2 (organic)
Power	4,826	+1.7%	2,615	+5.8%
Industry	1,678	+23.1%	914	+27.1%
IT	1,209	+8.4%	667	+10.0%
Buildings	654	-0.5%	351	+2.4%
CST	204	+18.5%	114	+30.2%
Total	**8,571**	**+6.4%**	**4,661**	**+10.2%**

Power (56% of Group sales) renewed with growth in the second quarter with sales up **5.8%** like-for-like. Medium voltage, despite on-going weakness of the construction market and lower utility spending, stabilised sequentially. Low voltage growth accelerated in Q2, supported by the rebound of industrial demand and robust new economies, offsetting the still sluggish power demand in mature markets, especially in Western Europe. Solution and services saw strong sequential improvement driven by solid growth in projects in Asia-Pacific and successes of solutions for renewable energy projects in Europe. All regions were back to growth with Asia-Pacific well ahead and Western Europe and North America progressing.

Industry (20% of Group) sales growth accelerated in Q2, up **27.1%** like-for-like versus same period last year. As in previous quarter, the business continued to benefit from the global recovery of end-market demand, especially with the OEMs, and investment in infrastructure in new economies, amplified by some anticipated customer orders to mitigate certain components shortage. The successful launches of new offers for OEMs generated strong growth for solutions business. Trends were strong across all regions, with Asia Pacific ahead of the rest.

IT (14% of Group) sales were up **10.0%** compared to prior year quarter. Small systems continued to benefit from sustained demand on business networks and new product launches. Momentum of large systems accelerated in most regions reflecting the improving demand for datacenters. Services continued to provide support to growth. By region, Eastern Europe, led by Russia, saw the biggest rebound in Q2. Asia-Pacific faced some raw material shortage against strong underlying demand. While North America led the rebound, Western Europe was lagging in its recovery.

Investor Relations :
Schneider Electric
Carina Ho

Phone : +33 (0) 1 41 29 83 29
Fax : +33 (0) 1 41 29 71 42
www.schneider-electric.com
ISIN : FR0000121972

Press Contact :
Schneider Electric
Véronique Roquet-Montégon

Phone : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 71 95

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse
Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46

Financial Information (p. 3)

Buildings (8% of Group) business was also back to growth with organic sales up **2.4%** year-on-year. Improving demand for security products in new economies offset somewhat the on-going weakness in construction related activities. In the field of solutions, installed base service and advanced services maintained the good momentum as in previous quarter, thanks to energy efficiency projects in North America and Western Europe.

CST (2% of Group) sales, up **30.2%,** like-for-like from a record low Q2 last year, were lifted by the strong recovery of demand from automotive and truck customers, but also the global rebound of general industrial demand, which is now the primary end-market of this business.

Growth by geography[1] in the second quarter

€ million	Sales First Half 2010	% change First Half (organic)	Sales Q2 2010	% change Q2 (organic)
Western Europe	2,884	+1%	1,480	+6%
North America	2,197	+2%	1,224	+6%
Asia-Pacific	2,042	+24%	1,154	+24%
Rest of the World[2]	1,448	+4%	803	+8%
Total	**8,571**	**+6.4%**	**4,661**	**+10.2%**

Western Europe (32% of Group sales in Q2) saw positive development and was up **6%** compared to prior year quarter. Good demand momentum from OEM customers in Germany and Italy and the recovery in France offset the construction downturn in Spain and Scandinavia.

North America (26% of Group) also recovered, with sales up **6%** year-on-year, thanks to sustained demand from data centers and rebound of the industrial end-market, making up for the negative impact of the construction-related activity.

Asia Pacific (25% of Group) sales were up **24%**, similar to Q1 level. Momentum was robust across the region as the rebound in mature countries was as strong as in the new economies.

Rest of the World (17% of Group) posted a strong quarter with sales up **8%**. While most of the regions, Russia and Latin America in particular, posted double-digit growth, Africa was in decline against still demanding base of comparison.

Sales of new economies were up **17%** in the second quarter and represented **35%** of reported sales in first half of 2010.

1 *Starting from 2010, the geographical reporting is based on sales by destination as opposed to sales by country of invoicing. This explains why some reporting differences can exist compared to 2009 financial reports.*

2 *Note that compared to 2009 reporting, the Rest of the World region includes Eastern Europe, in addition to Middle East, Africa and South America, consistently with Schneider Electric's new organization.*

Investor Relations :
Schneider Electric
Carina Ho

Phone : +33 (0) 1 41 29 83 29
Fax : +33 (0) 1 41 29 71 42
www.schneider-electric.com
ISIN : FR0000121972

Press Contact :
Schneider Electric
Véronique Roquet-Montégon

Phone : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 71 95

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse
Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46

Financial Information (p. 4)

Consolidation and foreign exchange impacts

Acquisitions contributed +1.2% or €49 million.

Foreign exchange fluctuations added €254 million, primarily the result of the appreciation of most currencies against the Euro, notably US dollar, the Chinese yuan, the Australian dollar, the Canadian dollar and the Brazilian real.

II. FIRST HALF 2010 KEY RESULTS

€ million	**First Half 2009**	**First Half 2010**	**% Change**
EBITA before restructuring cost and Areva Distribution integration costs	**903**	**1,301**	**+44%**
% of sales	***11.6%***	***15.2%***	***+3.6pts***
Areva Distribution integration costs		(15)	
Restructuring costs	(112)	(61)	
EBITA	**791**	**1,225**	**+55%**
Net income (Group share)	**346**	**735**	**112%**
Earnings per share (€)	***1.43***	***2.86***	
Free cash flow	**726**	**457**	**-37%**

- **EBITA MARGIN REACHED 15.2% BEFORE RESTRUCTURING COSTS AND AREVA DISTRIBUTION INTEGRATION COSTS**

  EBITA before restructuring costs and non-recurring costs related to Areva Distribution acquisition reached **€1,301 million** in the first half, up **44%** year-on-year, or at **15.2%** of sales, up **3.6 points**. The strong improvement in profitability reflects the success of the implementation of the One company program launched in 2009.

Investor Relations :
Schneider Electric
Carina Ho

Phone : +33 (0) 1 41 29 83 29
Fax : +33 (0) 1 41 29 71 42
www.schneider-electric.com
ISIN : FR0000121972

Press Contact :
Schneider Electric
Véronique Roquet-Montégon

Phone : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 71 95

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse
Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46

Financial Information (p. 5)

The key drivers contributing to the improvement were the following:

- The strong rebound in volume added a positive effect of **€192 million** to profitability.
- Productivity and structural adaptation drove cost down by **€343 million**. Support function costs were reduced by **€50 million,** which was the combined effect of continued cost-cutting in mature countries and reinvestment in some selected new economies in light of the strong rebound. Volume rebound and excellent control of fixed manufacturing costs led to significant increase in industrial productivity in the first half 2010, generating **€293 million** of savings from purchasing, rebalancing and lean manufacturing. Cumulative cost savings since the launch of the One program in 2009 reached € 1 billion, or 62% of the 3-year target.
- The first half result also benefited from positive currency impact of **€61 million** partly attributable to transaction impact related to the appreciation of the Australian dollar, Russian ruble, and Brazilian real against the Euro.

The benefits of the above items were somewhat offset by the following key impacts:

- Mix impact was **-€26 million**, substantially better than same period last year.
- Pricing impact was close to neutral at -**€19 million**, in line with expectations.
- Raw material headwind reduced profit by **€35 million**, while production labor inflation was contained at **€18 million**. Support function cost inflation and other costs (including global IT system costs) were significant at **€77 million**, the increase was primarily in new economies following the strong rebound in activity.

Lastly, acquisitions net of divestments had a positive **€6 million** impact.

A non-recurring charge of **€15 million** related to the Areva Distribution acquisition was included in the EBITA before restructuring costs of €1,286 million, but was restated in the operating figures mentioned here for better comparability.

By business, Power posted 2.1 point margin improvement over prior year, at **19.7%** of sales. Profitability of Industry jumped by 11.0 points and reached **19.1%** of sales, similar to Power. IT continued its margin improvement, up 1.6 points, at **14.7%** of sales. Volume rebound and restructuring effort lifted CST margin up by 12.9 points, at **12.3%** of sales. However, profitability of Building was still affected by the on-going downturn in construction and was down 1.2 points at **9.5%** of sales.

Certain functions reported at the businesses level in 2009 are now part of the Group global shared services and were consequently booked as corporate costs, in line with the new organization put in place under the One company program. Therefore, the total corporate costs in first half 2010 amounted to **€238 million** or 2.8% of sales (excluding the non-recurring charge on Areva Distribution), same as 2009 on comparable basis.

Investor Relations :
Schneider Electric
Carina Ho

Phone : +33 (0) 1 41 29 83 29
Fax : +33 (0) 1 41 29 71 42
www.schneider-electric.com
ISIN : FR0000121972

Press Contact :
Schneider Electric
Véronique Roquet-Montégon

Phone : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 71 95

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse
Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46

Financial Information (p. 6)

- **NET INCOME UP 112%, EARNINGS PER SHARE DOUBLED, AT 2.86 EUROS PER SHARE**

  The net income reached **€735 million**, up **112%** from prior year period. It includes the amortization and depreciation of intangibles for **€90 million**, out of which **€29 million** were related to the amortization of certain brands following the brand migration.

  Financial expenses amounted to **€132 million**, including the interest component of defined benefit plan costs (for €22 million) and a positive currency impact of €37million.

  Income tax amounted to **€241 million** corresponding to an effective tax rate of 24.0%.

- **STRONG OPERATING CASH FLOW, UP 51.6%, WHILE FREE CASH FLOW TEMPORARILY LIMITED BY WORKING CAPITAL CONSUMPTION**

  Operating cash flow was strong and reached **€1,167 million**, up 52% from prior year period.

  Free cash flow amounted to **€457 million**, or **5.3%** of sales, temporarily limited by the increase in working capital (€492 million), reflecting the strong rebound in volume and an increase in inventory in order to manage components shortages and ensure customer deliveries.

  Net investment was €218 million, down €70 million compared to prior year.

- **SOLID BALANCE SHEET POST AREVA DISTRIBUTION ACQUISITION**

  Schneider Electric's net debt amounted to **€4,013 million** (€4,142 million in June 2009) after the payment of the Areva Distribution acquisition. The net debt-to-equity ratio remains low at **28.7%** at June 30, 2010 and the Group's net debt to EBITDA ratio was solid at **1.4x**.

III. UPDATE ON AREVA DISTRIBUTION ACQUISITION

Further to the agreement signed by Alstom and Schneider Electric on January 20, 2010 with Areva for the acquisition of Areva T&D, its transmission and distribution business, Schneider Electric completed the transaction and acquired the distribution business of Areva T&D on June 7, 2010. The cash impact of the transaction amounted to € 1,024 million, still subject to adjustments.

The business will be consolidated in the second half of this year for the period from June to December, and will be reported under the "Energy" business next year. It is expected to add approximately €1.1 billion to Group sales for the period consolidated in 2010 and deliver a corresponding EBITA margin of about 5%, before integration and separation costs, or ~0.5 point dilution of Group 2010 margin. The transaction will be EPS accretive in 2010, before integration and separation costs.

The integration and separation costs are estimated to be about €50 million for the full year. Additional tax costs related to the separation are currently being quantified.

Investor Relations :
Schneider Electric
Carina Ho

Phone : +33 (0) 1 41 29 83 29
Fax : +33 (0) 1 41 29 71 42
www.schneider-electric.com
ISIN : FR0000121972

Press Contact :
Schneider Electric
Véronique Roquet-Montégon

Phone : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 71 95

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse
Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46

Financial Information (p. 7)

Pursuant to the acquisition, and in compliance with local regulations, a mandatory offer was launched by Alstom and Schneider to acquire an additional 20% share of the listed subsidiary of Areva T&D in India.

IV. HIGHLIGHTS ON KEY EVENTS

- **The Supervisory Board of Schneider Electric SA has appointed Mrs. Dominique Senequier as a non-voting member**

  On July 1, 2010, the Supervisory Board of Schneider Electric SA has appointed Mrs. Dominique Senequier as a non-voting member. Her nomination as board member will be proposed at the Annual Shareholder's Meeting in 2011.

- **Successful bond refinancing and partial buy-back of the 2013 bond**

  On July 9, 2010, Schneider Electric announced the launch of two bond issues for a total of €800 million and the partial buy-back of its July 2013 bond.

  The intent of these transactions was to refinance part of the Group's debt, notably the upcoming €900 million bond maturing in August, and to extend the average debt duration. The partial buy-back of the July 2013 bond will also lead to a reduction of the cost of financing from 2011 onwards.

  - The €300 million bond maturing in July 2016 was priced at mid-swap +73bp, leading to a fixed coupon of 2.875%.
  - The €500 million bond maturing in July 2020 was priced at mid-swap +88bp, leading to a fixed coupon of 3.625%.
  - The buy-back of the bond maturing in July 2013 reached €263 million. The one-off financial charge related to this transaction is close to €40 million and will be booked in the second half of 2010.

V. 2010 OUTLOOK

Schneider Electric expects the second half organic sales progression to be broadly in line with the level of the first half. The recovery of the Industry and IT businesses is expected to continue but the basis of comparison will become more demanding. The later-cycle Buildings and medium voltage exposure may start to show sequential recovery. The robust momentum in new economies should continue to provide support to growth in the second half while mature markets are likely to be back on the path of a slow recovery.

Consequently, Schneider Electric now targets a full year EBITA margin of around 15.5% before restructuring cost and consolidation impact of Areva Distribution.

Investor Relations :
Schneider Electric
Carina Ho

Phone : +33 (0) 1 41 29 83 29
Fax : +33 (0) 1 41 29 71 42
www.schneider-electric.com
ISIN : FR0000121972

Press Contact :
Schneider Electric
Véronique Roquet-Montégon

Phone : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 71 95

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse
Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46

The financial statements of the year ending June 30, 2010 were established by Management Board on July 26, 2010, reviewed by the Supervisory Board of Schneider Electric and certified by the Group auditors on July 29, 2010.

The half year 2010 consolidated financial statements and the interim result presentation are available at www.schneider-electric.com

Third-quarter 2010 sales will be released on October 20, 2010.

About Schneider Electric

As a global specialist in energy management with operations in more than 100 countries, Schneider Electric offers integrated solutions across multiple market segments, including leadership positions in energy and infrastructure, industrial processes, building automation, and data centres/networks, as well as a broad presence in residential applications. Focused on making energy safe, reliable, and efficient, the company's 100,000 plus employees achieved sales of 15.8 billion euros in 2009, through an active commitment to help individuals and organizations "Make the most of their energy."

www.schneider-electric.com

Investor Relations :
Schneider Electric
Carina Ho

Phone : +33 (0) 1 41 29 83 29
Fax : +33 (0) 1 41 29 71 42
www.schneider-electric.com
ISIN : FR0000121972

Press Contact :
Schneider Electric
Véronique Roquet-Montégon

Phone : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 71 95

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse
Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46

Appendix – Sales breakdown by business

Second-quarter 2010 sales by business were as follows:

€ million	**Sales Q2 2010**	**% change Q2 constant**	**Changes in scope of consolidation**	**Currency effect**	**% change Q2 current**
Power	2,615	+5.8%	+0.2%	+6.9%	+12.9%
Industry	914	+27.1%	+4.5%	+7.3%	+38.9%
IT	667	+10.0%	+1.7%	+7.6%	+19.3%
Buildings	351	+2.4%	+1.4%	+7.1%	+10.9%
CST	114	+30.2%	+0.0%	+6.2%	+36.4%
Total	**4,661**	**+10.2%**	**+1.2%**	**+7.1%**	**+18.5%**

First-half 2010 sales by business were as follows:

€ million	**Sales H1 2010**	**% change H1 constant**	**Changes in scope of consolidation**	**Currency effect**	**% change H1 current**
Power	4,826	+1.7%	+0.2%	+3.6%	+5.5%
Industry	1,678	+23.1%	+2.1%	+3.7%	+28.9%
IT	1,209	+8.4%	+1.5%	+2.4%	+12.3%
Buildings	654	-0.5%	+0.7%	+3.0%	+3.2%
CST	204	+18.5%	+0.0%	+0.6%	+19.1%
Total	**8,571**	**+6.4%**	**+0.7%**	**+3.4%**	**+10.5%**

Investor Relations :
Schneider Electric
Carina Ho

Phone : +33 (0) 1 41 29 83 29
Fax : +33 (0) 1 41 29 71 42
www.schneider-electric.com
ISIN : FR0000121972

Press Contact :
Schneider Electric
Véronique Roquet-Montégon

Phone : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 71 95

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse
Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46

Financial Information (p. 10)

Appendix - Results breakdown by division

€ million	Sales	EBITA[1] before restructuring and Areva D integration charges	Margin in % of sales	EBITA[1]	Margin in % of sales
H1 2010					
Power	4,826	953	19.7%	923	19.1%
Industry	1,678	321	19.1%	299	17.8%
IT	1,209	178	14.7%	177	14.6%
Buildings	654	62	9.5%	57	8.7%
CST	204	25	12.3%	23	11.3%
Holding	-	(238)	-	(254)	-
Total	**8,571**	**1,301**	**15.2%**	**1,225**	**14.3%**
H1 2009					
Power	4,572	805	17.6%	756	16.5%
Industry	1,302	106	8.1%	92	7.1%
IT	1,076	141	13.1%	131	12.2%
Buildings	634	68	10.7%	59	9.3%
CST	171	(1)	(0.6%)	(17)	(9.9%)
Holding	-	(216)	-	(230)	-
Total	**7,755**	**903**	**11.6%**	**791**	**10.2%**

NB: Excluding Areva Distribution integration charges of €15m in H1 2010 booked in Holding

FY 2009 Group figures have been restated to take into account the first-time adoption of IFRS 3 (revised) and the new tax treatment for the portion of the CET tax assessed on value added (CVAE) – please refer to note 1 of accounts.

FY 2009 segment information has been restated according to the new organization of the Group, with the creation of a global IT function (IPO: Information, Process and Organization). The related costs are now included in the "Holding" line.

€ million	Sales	EBITA[1] before restructuring and one-off gain[2]	Margin in % of sales	EBITA[1]	Margin in % of sales
FY 2009					
Power	9,233	1,602	17.4%	1,535	16.6%
Industry	2,665	264	9.9%	198	7.4%
IT	2,270	363	16.0%	334	14.7%
Buildings	1,268	132	10.4%	121	9.5%
CST	357	20	5.6%	(4)	(1.1%)
Holding	-	(363)	-	(387)	-
Total	**15,793**	**2,018**	**12.8%**	**1,797**	**11.4%**

[1] *EBITA: EBIT before amortization and impairment of purchase accounting intangibles and impairment of goodwill.*

[2] *Before a one-off profit from pension curtailment of €92 million, of which €81 million in Power and €11 million in Industry*

Investor Relations :
Schneider Electric
Carina Ho

Phone : +33 (0) 1 41 29 83 29
Fax : +33 (0) 1 41 29 71 42
www.schneider-electric.com
ISIN : FR0000121972

Press Contact :
Schneider Electric
Véronique Roquet-Montégon

Phone : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 71 95

Press Contact :
DGM
Michel Calzaroni
Olivier Labesse
Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46