Consolidated financial statements

December 31, 2010

Consolidated statement of comprehensive income

Consolidated statement of income

(in millions of euros except for earnings per share)

		Full year 2010	Full year 2009 *
Revenue	*(note 3)*	**19,580**	**15,793**
Cost of sales		(11,842)	(9,572)
Gross profit		**7,738**	**6,221**
Research and development	*(note 4)*	(450)	(403)
Selling, general and administrative expenses		(4,269)	(3,770)
Other operating income and expenses	*(note 6)*	8	62
EBITAR**		**3,027**	**2,110**
Restructuring costs	*(note 7)*	(96)	(313)
EBITA***		**2,931**	**1,797**
Amortization and impairment of purchase accounting intangibles	*(note 8)*	(228)	(231)
Operating income		**2,703**	**1,566**
Interest income		24	26
Interest expense		(306)	(323)
Finance costs, net		**(282)**	**(297)**
Other financial income and expense	*(note 9)*	(65)	(87)
Net financial income/loss		**(347)**	**(384)**
Profit before tax		**2,356**	**1,182**
Income tax expense	*(note 10)*	(566)	(295)
Share of profit/(losses) of associates		6	(21)
Profit for the period		**1,796**	**866**
-Attributable to owners of the parent		1,720	824
-Attributable to non-controlling interests		76	42
Basic earnings per share (in euros)	*(note 21.3)*	6.59	3.32
Diluted earnings per share (in euros)		6.55	3.31

* The 2009 figures are restated for the items mentioned in note 1.2 (acquisition costs and CVAE).

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

EBITAR corresponds to operating profit before amortization and impairment of purchase accounting intangible assets, before goodwill impairment and before restructuring costs.

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

EBITA corresponds to operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.

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

Other comprehensive income

(in millions of euros)

	Full year 2010	**Full year 2009***
Profit for the period	**1,796**	**866**
Other comprehensive income:		
Translation adjustment	944	(2)
Cash-flow hedges	31	117
Available-for-sale financial assets	(32)	24
Actuarial gains (losses) on defined benefits	(6)	(15)
Income tax relating to components of other comprehensive income (note 21.7)	3	(37)
Other	-	14
Other comprehensive income for the period, net of tax	**940**	**101**
Total comprehensive income for the period	**2,736**	**967**
Attributable:		
-to owners of the parent	2,649	929
-to non-controlling interests	87	38

* The 2009 figures are restated for the items mentioned in note 1.2 (acquisition costs and CVAE).

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

Consolidated statement of cash flows

(in millions of euros)		**Full year 2010**	**Full year 2009***
I - Cash flows from operating activities:			
Profit for the period		1,796	866
Share of (profit)/losses of associates, net of dividends received		(6)	21
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation of property, plant and equipment		358	339
Amortization of intangible assets other than goodwill		387	257
Impairment losses on non-current assets		29	132
Increase/(decrease) in provisions		(51)	131
Change in deferred taxes		(50)	(114)
Losses/(gains) on disposals of assets		(21)	39
Other		26	37
Net cash provided by operating activities before changes in operating assets and liabilities		**2,468**	**1,708**
Decrease/(increase) in accounts receivable		(405)	543
Decrease/(increase) in inventories and work in process		(515)	450
(Decrease)/increase in accounts payable		487	(176)
Change in other current assets and liabilities		227	22
Change in working capital requirement		**(206)**	**839**
	Total I	**2,262**	**2,547**
II - Cash flows from investing activities:			
Purchases of property, plant and equipment		(376)	(337)
Proceeds from disposals of property, plant and equipment		84	27
Purchases of intangible assets		(239)	(268)
Proceeds from disposals of intangible assets		3	2
Net cash used by investment in operating assets		**(528)**	**(576)**
Net financial investments	*(note 2)*	(1,754)	(63)
Purchases of other long-term investments		5	(40)
Increase in long-term pension assets		-	-
Sub-total		**(1,749)**	**(103)**
	Total II	**(2,277)**	**(679)**
III - Cash flows from financing activities:			
Issuance of long-term debt	*(note 24)*	1,000	1,141
Repayment of long-term debt		(1,160)	(110)
Sale/(purchase) of own shares		249	22
Increase/(reduction) in other financial debt		(273)	(881)
Issuance of shares		305	158
Dividends paid: Schneider Electric SA **		(195)	(317)
Non-controlling interests		(46)	(34)
	Total III	**(120)**	**(21)**
IV - Net effect of exchange rate:	**Total IV**	**6**	**61**
Increase/(decrease) in cash and cash equivalents: I + II + III + IV		**(129)**	**1,908**
Cash and cash equivalents at beginning of period		3,425	1,517
Increase/(decrease) in cash and cash equivalents		(129)	1,908
Cash and cash equivalents at end of period	*(note 20)*	**3,296**	**3,425**

* The 2009 figures are restated for the items mentioned in note 1.2 (acquistion costs and CVAE).
** Dividends paid in 2010 totalled EUR525 million, of which EUR330 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, 2010	Dec. 31, 2009 *
Non-current assets			
Goodwill, net	*(note 11)*	10,213	8,611
Intangible assets, net	*(note 12)*	4,258	3,919
Property, plant and equipment, net	*(note 13)*	2,337	1,965
Total tangible and intangible assets		6,595	5,884
Investments in associates	*(note 14)*	447	75
Available-for-sale financial assets	*(note 15.1)*	410	245
Other non-current financial assets	*(note 15.2)*	144	102
Non-current financial assets		554	347
Deferred tax assets	*(note 16)*	1,023	1,010
Total non-current assets		**18,832**	**15,927**
Current assets			
Inventories and work in progress	*(note 17)*	3,139	2,174
Trade accounts receivable	*(note 18)*	4,441	3,071
Other receivables and prepaid expenses	*(note 19)*	1,212	871
Current financial assets	*(note 15.3)*	38	77
Cash and cash equivalents	*(note 20)*	3,389	3,512
Total current assets		**12,219**	**9,705**
Total assets		**31,051**	**25,632**

* The 2009 figures are restated for the items mentioned in note 1.2 (acquisition costs and CVAE).

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

Consolidated balance sheet

(in millions of euros)

LIABILITIES		Dec. 31, 2010	Dec. 31, 2009 *
Equity	*(note 21)*		
Share capital		2,176	2,102
Additional paid-in capital		6,495	5,934
Retained earnings		6,133	4,645
Translation reserve		(19)	(952)
Equity attributable to owners of the parent)		**14,785**	**11,729**
Non-controlling interests		204	131
Total equity		**14,989**	**11,860**
Total long-term provisions			
Pensions and other post-employment benefit obligations	*(note 22)*	1,504	1,378
Other long-term provisions	*(note 23)*	588	375
Total long-term provisions		2,092	1,753
Non-current financial liabilities			
Bonds	*(note 24)*	3,845	3,608
Other long-term debt	*(note 24)*	1,165	1,305
Non-current financial liabilities		5,010	4,913
Deferred tax liabilities	*(note 16)*	957	927
Other non-current liabilities	*(note 25)*	128	17
Total non-current liabilities		**8,187**	**7,610**
Current liabilities			
Trade accounts payable		3,432	2,203
Accrued taxes and payroll costs		1,760	1,266
Short-term provisions	*(note 23)*	876	773
Other current liabilities		692	509
Short-term debt	*(note 24)*	1,115	1,411
Total current liabilities		**7,875**	**6,162**
Total equity and liabilities		**31,051**	**25,632**

* The 2009 figures are restated for the items mentioned in note 1.2 (acquisition costs and CVAE).

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)	Capital	Additional paid-in capital	Treasury shares	Retained earnings	Translation reserve	**Equity attributable to owners of the parent**	**Non-controlling interests**	**TOTAL**
Dec. 31, 2008	**247,426**	**1,979**	**5,378**	**(352)**	**4,855**	**(954)**	**10,906**	**145**	**11,051**
Profit for the period					824		824	42	866
Other comprehensive income					103	2	105	(4)	101
Comprehensive income for the period					**927**	**2**	**929**	**38**	**967**
Capital increase	14,456	116	516				632		632
Exercise of stock options	870	7	40				47		47
Dividends					(837)		(837)	(35)	(872)
Change in treasury shares				25			25		25
Stock options					21		21		21
Other [1]				3	3		6	(17)	(11)
Dec. 31, 2009*	**262,752**	**2,102**	**5,934**	**(324)**	**4,969**	**(952)**	**11,729**	**131**	**11,860**
Profit for the period					1,720		1,720	76	1,796
Other comprehensive income					(4)	933	929	11	940
Comprehensive income for the period					1,716	933	**2,649**	**87**	**2,736**
Capital increase	6,497	52	422				474		474
Exercise of stock options	2,710	22	139				161		161
Dividends					(525)		(525)	(46)	(571)
Change in treasury shares [2]				249			249		249
Stock options					30		30		30
Other [3]				1	17		18	32	50
Dec. 31, 2010	**271,959**	**2,176**	**6,495**	**(74)**	**6,207**	**(19)**	**14,785**	**204**	**14,989**

* Data at December 31, 2009 restated for the items mentioned in note 1.2 (acquisition costs and CVAE).

[1] Of which EUR3 million from reclassification of capital gains on own shares, EUR3 million in connection with the employee share purchase plan and a negative EUR17 million for the JV East no longer consolidated in the Group perimeter.

[2] Disposal of Cofimines and Cofibel own shares.

[3] Of which of the Group's share, 3 millions euros tied to employee shareholder plans and 14 millions euros of capital gains from the South Africa disposal.

The accompanying notes are an 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 Schneider Electric Group's consolidated financial statements for the financial year ended December 31, 2010 were drawn up by the Management Board on February 14, 2011 and reviewed by the Supervisory Board on February 16, 2011. They will be submitted to shareholders for approval at the Annual General Meeting of April 21, 2011.

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

Note 1 - Accounting Policies

1.1 Accounting standards

The consolidated financial statements have been prepared in compliance with the international accounting standards (IFRS) as adopted by the European Union as of December 31, 2010. The same accounting methods were used as for the consolidated financial statements for the year ended December 31, 2009, with the exception, notably, of the first application of the revised IFRS 3 - *Business Combinations* and revised IAS 27 – *Consolidated and Seperate Financial Statements* norms

IAS 27 (revised) presents the consolidated financial statements of a group as those of a single economic entity with two categories of owners: firstly the equity holders of the parent (Schneider Electric SA shareholders) and secondly non-controlling interests (minority shareholders in the subsidiaries). A non-controlling interest is defined as the equity in a subsidiary not attributable, directly or indirectly, to a parent (hereinafter "minority interests"). Under this new approach, changes in a parent's ownership interest in a subsidiary not resulting in a loss of control are accounted for as equity transactions since there is no change in control within the economic entity. Thus, from January 1, 2010, when increasing its interest in a consolidated subsidiary, the Group recognizes the difference between the acquisition cost and the book value of the minority interests as a change in equity attributable to the shareholders of Schneider Electric SA. Conversely, the Group recognizes any gains or losses generated on share sales resulting in a loss of control of the subsidiary in the statement of income.

IFRS 3 (revised) introduced a series of changes to the acquisition method as defined in IFRS 3 prior to the revision, notably including:

- the option to measure the minority interests in the acquiree either as their proportionate interest in the identifiable net assets of the acquiree or at fair value. This option is available on a case by case basis for each acquisition;
- the recognition of any adjustment to the purchase price at fair value from the acquisition date;
- the recognition as an expense for the period of costs directly associated with the acquisition;
- in the case of a business combination achieved in stages (step acquisition), the fair value measurement on the acquisition date of the interest previously held in the acquiree and the recognition of any resulting gain or loss in the statement of income.

The impact on the statement of income of the application of IFRS 3 (revised) and IAS 27 (revised) is recognized under other operating income/(expense). EUR31 million in acquisition-related costs were recognized in the statement of income in 2010.

The main areas of impact of the adoption of IFRS 3 (revised) and IAS 27 (revised) on Schneider Electric's consolidated financial statements as of December 31, 2010 were as follows:

- the treatment of the sale of shares in Schneider Electric South Africa without a loss of control, recognized in equity and thus not resulting in any gain on disposal being recognized in the statement of income;
- the restatement in the 2009 comparative statement of income of the EUR25.8 million in acquisition costs incurred in 2009 on deals concluded in 2010; these costs were previously capitalized whereas they must be recognized as an expense for the period under the new standard (see below: reconciliation between the published 2009 statement of income and balance sheet as of December 31, 2009 and those presented for comparative purposes).

The following standards and interpretations that were applicable during the period did not have a material impact on the consolidated financial statements as of December 31, 2010:

- Amendment to IFRS 1 - *Additional Exemptions for First-time Adopters*
- Amendment to IFRS 2 - *Share-based Payment (Group cash-settled share-based payment transactions)*;
- Amendement of IAS 39 - *Financial instruments: Recognition and Measurement – Exposures Qualifying for Hedge Accounting,*
- *IFRS improvements (2008):* Amendment to IFRS 5;
- *IFRS improvements* (April 2009);
- 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*;

There are no differences in practice between the standards applied by Schneider Electric as of December 31, 2010 and the IFRSs issued by the International Accounting Standards Board (IASB), since the application of standards and interpretations that are mandatory for reporting periods beginning on or after January 1, 2010 but not yet adopted by the European Union would not have a material impact.

Lastly, the Group did not apply the following standards and interpretations that had not yet been adopted by the European Union as of December 31, 2010 or that are mandatory at some point subsequent to December 31, 2010:

- Standards adopted:
    - IAS 24 – *Related party disclosures;*
    - Amendment to IAS 32 – *Classification of rights issues;*
    - Amendment to IFRIC 14 – *Prepayments of a Minimum Funding Requirement*;
    - IFRIC 19 - *Extinguishing Financial Liabilities with Equity Instruments;*
- Standards not yet adopted:
    - Improvements to IFRSs (May 2010);
    - IFRS 9 - *Financial Instruments;*
    - Amendment to IFRS 7 – *Disclosures – Transfers of financial assets*;
    - Amendments to IFRS 1 – *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters;*
    - Amendments to IAS 12 – *Deferred Tax: Recovery of Underlying Assets.*

Schneider Electric is currently assessing their potential impact on the Group's consolidated financial statements. At this stage of analysis, the Group does not expect the impact on its consolidated financial statements to be material, except for IFRS 9 for which an impact analysis has not yet begun, due to its incomplete nature and uncertainties surrounding the adoption process in Europe.

The financial statements provide data prepared in accordance with IFRS for the years ended December 31, 2010 and December 31, 2009. The financial statements for the year ended December 31, 2008, presented in the Registration Document registered with Autorité des Marchés Financiers (AMF) under number D 09-0124 on March 17, 2009, are incorporated by reference.

1.2 Reconciliation between the published 2009 statement of income and balance sheet as of December 31, 2009 and those presented for comparative purposes

Treatment of acquisition costs

Following the first time application in 2010 of IFRS 3 (revised) (see above), the acquisition costs incurred in 2009 on deals that it was felt were highly likely to be concluded in 2010, capitalized in 2009 in accordance with IFRS 3 applicable at the reporting date, were restated under Other operating income/(expense) for EUR25.8 million.

<u>Presentation of the CVAE</u>

As of the reporting date (see note 30.3 to the 2009 consolidated financial statements), the Schneider Electric Group still hadn't taken a position regarding the press release by the CNC (France's national accounting board) on January 14, 2010 concerning the accounting treatment of the added value component (CVAE) of the CET levy introduced in France by the 2010 Finance Act of December 31, 2009.

Following an analysis of the implications for the Group and having regard to its characteristics, the Group elected to classify as income tax the CVAE added value component in order to be consistent with the classification as income tax of similar levies in Italy and Germany (*IRAP* and *Gewerbesteuer* respectively). This decision is also based on an IFRIC position from 2006, which notes that the term "taxable profit" implies a notion of a net rather than a gross amount, without necessarily being the same as the accounting profit.

Further to IAS 12, the chosen option gave rise to the recognition of deferred taxes at December 31, 2009 at a rate of 1.5% on the temporary differences comprised of:

- assets producing economic benefits that are subject to the CVAE whereas consumption of their book value isn't deductible from the added value: it relates to the net book value as of December 31, 2009 of the property, plant and equipment subject to depreciation and intangible assets subject to amortization;
- asset impairment or provisions that are not deductible from the CVAE but which relate to expenses that will be deductible from added value at a later date.

As the CVAE is a deductible tax for income tax purposes, deferred tax is recognized at the standard rate (34.43%) on the deferred tax assets and liabilities recognized with respect to the CVAE as described in the above section.

As it is a regulatory change, the deferred taxes recognized with respect to the CVAE are offset in the statement of income. The impact on the 2009 financial statements represented an EUR11 million tax expense.

	Published	Costs price	CVAE	**Restated**
Revenue	**15,793**			**15,793**
Gross profit	**6,221**			**6,221**
Research & development	(403)			(403)
Selling, general and administrative expenses	(3,770)			(3,770)
Other operating income and expenses	88	(26)		62
EBITAR	**2,136**	**(26)**		**2,110**
Operating income	**1,592**	**(26)**		**1,566**
Net financial income/loss	(384)			(384)
Profit before tax	**1,208**	**(26)**		**1,182**
Income tax expense	(293)	9	(11)	(295)
Share in net income of MEE associates	(21)			(21)
Profit for the period	**894**	**(17)**	**(11)**	**866**

ASSETS	**Published**	Costs price	CVAE	**Restated**
Goodwill on property, plant and equipment and intangible assets	14,495			14,495
Investments in associates	75			75
Non-current financial assets	347			347
Deferred tax assets	1,001	9		1,010
Total non-current assets	**15,918**	**9**		**15,927**
Inventory, trade accounts receivable	5,245			5,245
Other receivables and prepaid expenses	897	(26)		871
Current financial assets	77			77
Cash and cash equivalents	3,512			3,512
Total current assets	**9,731**	**(26)**		**9,705**
TOTAL ASSETS	**25,649**	**(17)**	**-**	**25,632**

LIABILITIES	Published	Costs price	CVAE	Restated
Share capital	2,102			2,102
Additional paid-in capital	5,934			5,934
Retained earnings	4,673	(17)	(11)	4,645
Translation reserve	(952)			(952)
Equity (share attributable to owners of the parent)	**11,757**	**(17)**	**(11)**	**11,729**
Non-controlling interests	131			131
Total equity	**11,888**	**(17)**	**(11)**	**11,860**
Total long-term provisions	1,753			1,753
Non-current financial liabilities	4,913			4,913
Deferred tax liabilities	916		11	927
Other non-current liabilities	17			17
Total non-current liabilities	**7,599**	-	**11**	**7,610**
Total current liabilities	**6,162**			**6,162**
TOTAL LIABILITIES	**25,649**	**(17)**	**-**	**25,632**

1.3 Basis of presentation

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

1.4 Use of estimates and assumptions

The preparation of financial statements requires Group and subsidiary management to make estimates and assumptions that are reflected in the amounts of assets and liabilities reported in the consolidated balance sheet, the revenues and expenses in the statement of income and the obligations created during the reporting period. Actual results may differ.

These assumptions mainly concern:

- the measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (note 1.11);
- the realizable value of inventories and work in process (note 1.13);
- the recoverable amount of accounts receivable (note 1.14);
- the valuation of share-based payments (note 1.20);
- the calculation of provisions for contingencies, in particular for warranties (note 1.21);
- the measurement of pension and other post-employment benefit obligations (note 22).

1.5 Consolidation principles

Subsidiaries 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.

Group investments in 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.*

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

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.

Intra-group balances and transactions are eliminated.

The list of consolidated subsidiaries and associates can be found in note 32.

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 the latter however, financial statements up to September 30 of the financial year have been used (maximum difference of three months in line with the standards).

1.6 Business combinations

Business combinations are accounted for using the acquisition 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. Material acquisition costs are presented under “Other income and expenses” in the statement of income.

All acquired assets, liabilities and contingent liabilities of the acquiree are recognized at their fair value, following a measurement period that can last for up to twelve months from the date of acquisition.

The excess of the cost of acquisition over the Group's share in the fair value of assets and liabilities at the date of acquisition is recognized in goodwill. Where the cost of acquisition is lower than the fair value of the identified assets and liabilities acquired, the negative goodwill is immediately recognized in the statement of income.

Goodwill is not amortized, but tested for impairment at least annually and whenever there is an indication that it may be impaired (see note 1.11 below). Any impairment losses are recognized under “Amortization and impairment of intangible assets arising on acquisition”.

1.7 Translation of the financial statements of foreign subsidiaries

The consolidated financial statements are prepared in euros.

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

- assets and liabilities are translated at the official closing rates;
- income statement and cash flow items are translated at weighted-average annual exchange rates.

Gains or losses on translation are recorded in consolidated equity under “Cumulative translation adjustments”. 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 the balance sheet date, foreign currency payables and receivables are translated into the functional currency at the closing rates or the hedging rate. Gains or losses on translation of foreign currency transactions are recorded under “Net financial income/(loss)”. 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*.

Intangible assets (mainly trademarks and customer lists) acquired as part of business combinations are recognized in the balance sheet at fair value, appraised externally for the most significant assets and internally for the rest. The valuations are performed using generally accepted methods, based on future inflows. The assets are regularly tested for impairment.

Intangible assets are amortized on a straight-line basis over their useful life or, alternatively, over 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 such intangible assets are presented on a separate statement of income line item, "Amortization and impairment of intangible assets arising on acquisition".

Trademarks

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

The criteria used to determine whether or not such trademarks have indefinite lives and, as the case may be, their lifespan, are as follows:

- brand awareness;
- outlook for the brand in light of the Group's strategy for integrating the trademark into its existing portfolio.

Non-amortized trademarks are tested for impairment at least annually and whenever there is an indication they may be impaired. When necessary, an impairment loss is recorded.

➢ **Internally-generated intangible assets**

Research and development costs

Research costs are expensed in the statement of income 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 resulting products;
- the Group has allocated the necessary technical, financial and other resources to complete the development;
- 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 financial year in which they are incurred.

Capitalized development projects are amortized over the lifespan of the underlying technology, which generally ranges from 3 to 10 years. The amortization of such capitalized projects 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 relating to the implementation of enterprise resource planning (ERP) applications are capitalized when they relate to the programming, coding and testing phase. They are amortized over the applications' useful lives. In accordance with paragraph 98 of IAS 38, the SAP Bridge application currently being rolled out within the Group is amortized using the unit method to reflect the pattern in which the asset's future economic benefits are expected to be consumed. Said units of production correspond to the number of users of the rolled-out solution divided by the number of target users at the end of the roll-out.

1.10 Property, plant and equipment

Property, plant and equipment is primarily comprised of land, buildings and production equipment and is carried at cost, less accumulated depreciation and any accumulated impairment losses, in accordance with the recommended treatment in IAS 16 – *Property, plant and equipment.*

Each component of an item of property, plant and equipment with a useful life that differs 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
Machinery and equipment	:	3 to 10 years
Other	:	3 to 12 years

The useful life of property, plant and equipment used in operating activities, such as production lines, reflects the related products' estimated life cycles.

Useful lives of items of property, plant and equipment 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 expensed in the period or included in the production cost of inventory or the cost of internally-generated intangible assets. It is recognized in the statement of income under "Cost of sales","Research and development costs" or "Selling, general and administrative expenses", as the case may be.

Items of property, plant and equipment are tested for impairment whenever there is an indication they may have been impaired. Impairment losses are charged to the statement of income under "Other operating income/(expense)".

- **Leases**

The assets used under leases are recognized in the balance sheet, offset by a financial debt, where the leases transfer substantially all the risks and rewards of ownership to the Group.

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. 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 Group assesses the recoverable amount of its long-lived assets as follows:

- for all property, plant and equipment subject to depreciation and intangible assets subject to amortization, the Group carries out a review at each balance sheet date to assess whether there is any indication that they 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 minus costs to sell and value in use;

- non-amortizable intangible assets and goodwill are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Value in use is determined by discounting future cash flows that will be generated by the tested assets, generally over a period of not more than five years. These future cash flows are based on Group management's economic assumptions and operating forecasts. The discount rate corresponds to the Group's weighted average cost of capital (WACC) at the measurement date plus a risk premium depending on the region in question. The WACC stood at 8.4 % at December 31, 2010, a slight increase on the 8.1 % at December 31, 2009. This rate is based on (i) a long-term interest rate of 3.8%, 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 2010, and (iii) the weighted country risk premium for the Group's businesses in the countries in question.
The perpetuity growth rate was 2%, unchanged on the previous financial 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 the cash flows from other assets or groups of assets. The cash-generating units correspond to the Power, Industry, IT, Buildings, CST businesses, which have operated as divisions since the reorganization on January 1, 2010. Entities were reallocated to the new CGUs at the lowest possible level on the basis of their business activities; in the case of mixed entities, their assets were allocated to each business (Power and Industry mainly) pro-rata to their revenue in that business.
At end-2010, the Distribution business acquired from Areva on June 7, 2010 wasn't allocated to any specific CGU and hadn't yet been tested given the recent date of acquisition. Nevertheless, as 2010 results were slightly ahead of the forecasts in the business plan used for the purposes of the acquisition, the Group does not feel there that there are impairment risks with respect to these assets at the balance sheet date.
The WACC used to determine the value in use of each CGU was 9.0% for Power and Industry, 9.2% for IT, 8.6 % for Buildings and CST.

Goodwill is allocated when initially recognized. The CGU allocation is done on the same basis as used by Group management to monitor operations and assess synergies deriving from acquisitions. As a result of the organizational changes effective January 1, 2010, the allocation of goodwill has been changed to reflect the new operating segments defined in accordance with the newly issued IFRS 8. This modification did not have an impact on asset impairment.

Where the recoverable amount of an asset or CGU is lower than its book value, an impairment loss is recognized. Where the tested CGU comprises goodwill, any impairment losses are firstly deducted therefrom.

1.12 Non-current financial assets

Investments in non-consolidated companies are classified as available-for-sale financial assets. They are initially recorded their cost of acquisition 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 cannot be reliably determined (Level 3 inputs), the equity instruments are measured at net cost of any accumulated impairment losses. The recoverable amount is determined with reference to the Group's share in the entity's net assets along with its expected future profitability and outlook. This rule is applied in particular to unlisted equity instruments.

Changes in fair value are accumulated in equity under "Other reserves" up to the date of sale, at which time they are recognised in the income statement. Unrealised 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 non-current financial assets", are carried at amortized cost and tested for impairment if there is any indication that they may have been impaired. Long-term financial receivables are discounted when the impact of discounting is considered significant.

1.13 Inventories and work in process

Inventories and work in process are stated at the lower of their entry cost (acquisition cost or production cost generally determined by the weighted average price method) or of their estimated net realizable value.

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

Inventory impairment losses are recognized in “Cost of sales” for the material component and in “Selling, general and administrative expenses” for the finished products.

The cost of work in process, semi-finished and finished products, includes the cost of materials and direct labor, subcontracting costs, all 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

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

Accounts receivable are discounted in cases where they are due in over one year and the impact of adjustment is significant.

1.15 Assets held for sale

Assets held for sale are no longer amortized or 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 marketable securities traded on official exchanges. Generally, all marketable securities are short-term, highly-liquid investments that are readily convertible to known amounts of cash at maturity. They notably consist of commercial paper, mutual funds and equivalents. In light of their nature and maturities, these instruments represent insignificant risk of changes in value and are treated as cash equivalents.

1.18 Schneider Electric SA shares

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

Gains (losses) on the sale of own shares are added (deducted) from consolidated reserves, net of tax.

1.19 Pensions and other employee 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, which are accounted for as defined contribution plans.

- **Defined benefit plans**

Defined benefit plans are measured using the projected unit credit method.

Expenses recognized in the statement of income are split between operating income (for current service costs) and net financial income/(loss) (for financial costs and expected return on plan assets).

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

Where this is an asset, the recognized asset is limited to the present value of any economic benefit due in the form of plan refunds or reductions in future plan contributions.

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 balance sheet and as a separate component of equity in "Other reserves".

- **Other commitments**

Provisions are funded and expenses recognized to cover the cost of providing health-care benefits for certain Group retirees 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 funds provisions for all its subsidiaries to cover seniority-related benefits (primarily long service awards in its French subsidiaries). Actuarial gains and losses on these benefit obligations are fully recognized in profit or loss.

1.20 Share-based payments

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

- Schneider Electric SA stock options;
- Stock grants;
- Stock Appreciation Rights, based on the Schneider Electric SA stock price.

Only plans set up after November 7, 2002 that did not vest prior to January 1, 2005 are affected by the application of IFRS 2 – *Share-based payments*

Pursuant to this standard, these plans are measured on the date of grant and an employee benefits expense is recognized on a straight-line basis over the vesting period, in general three or four years depending on the country in which it is granted.

The Group uses the Cox, Ross, Rubinstein binomial model to measure these plans.

For stock grants and stock options, this expense is offset in the own share reserve. In the case of Stock Appreciation Rights, a liability is recorded corresponding to the amount of the benefit granted, re-measured at each balance sheet date.

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

1.21 Provisions for contingencies and pension accruals

A provision is recorded when the Group has an obligation to a third party prior to the balance sheet date, and where the loss or liability is likely and can be reliably measured. If the loss or liability is not likely and cannot be reliably estimated, but remains possible, the Group discloses it as a contingent liability. Provisions are calculated on a case-by-case or statistical basis and discounted when due in over a year. The discount rate used for long-term provisions was 2.75% at December 31, 2010 versus 3.6% at December 31, 2009.

Provisions are primarily set aside to cover:

- Economic risks :

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

- Customer risks :

  These provisions are primarily established to covers risks arising from products sold to third parties. This risk mainly consists of claims based on alleged product defects and product liability.

- Product risks :

  These provisions comprise:

  - statistical provisions for warranties: the Group funds provisions on a statistical basis for the residual cost of Schneider Electric product warranties not covered by insurance.
  - provisions to cover disputes concerning defective products and recalls of clearly identified products.

- Environmental risks :

  These provisions are primarily funded to cover cleanup costs.

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

1.22 Financial liabilities

Financial liabilities primarily comprise bonds and short and long-term bank borrowings. These liabilities are initially recorded at fair value, taking into account any direct transaction costs. Subsequently, they are 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. The Group never uses derivative financial instruments for speculative purposes. The Group accordingly uses instruments such as swaps, options and futures, depending on the nature of the exposure to be hedged.

- **Foreign currency hedges**

The Group periodically buys foreign currency derivatives to hedge the currency risk associated with foreign currency transactions. Some of these instruments hedge operating receivables and payables carried in the balance sheets of Group companies. The Group does not apply hedge accounting to these instruments because gains and losses on this hedging is immediately recognized. At year-end, the hedging derivatives are marked to market and foreign exchange gains or losses are recognized in "Net financial income/(loss)", offsetting the gains or losses resulting from the translation at end-of-year rates of foreign currency payables and receivables, in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates.*

The Group also hedges future cash flows, including recurring future transactions, intra-group foreign currency loans or planned acquisitions or disposals of investments. In accordance with IAS 39, these are treated as cash flow hedges. These hedging instruments are recognized in the balance sheet and are measured at fair value at the end of the year. 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 statement of income when the hedged item affects profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in "Net financial income/(loss)".

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

- **Interest rate swaps**

Interest rate swaps allow the Group to manage its exposure to interest rate risk. The derivative instruments used are financially adjusted to the schedules, rates and currencies of the borrowings they cover. They 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 re-measurement 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. These instruments are recognized in the balance sheet and are measured at fair value at the period-end. The effective portion of the hedge is recognized separately in equity (under "Other reserves") and then recognized in income (gross margin) when the hedged item affects consolidated income. The effect of this hedging is then incorporated in the cost price of the products sold. The ineffective portion of the gain or loss on the hedging instrument is recognized in "Net financial income/(loss)".

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

- **Put options granted to minority shareholders**

In line with the AMF's recommendation of November 2009 and in the absence of a specific IFRS rule, the Group elected to retain the accounting treatment for minority put options applied up to December 31, 2009 (involving puts granted to minority shareholders prior to this date, issued along with business combinations). In this case, the Group elected to recognize the difference between the purchase price of the minority interests and the share of the net assets acquired as goodwill, without re-measuring the assets and liabilities acquired. Subsequent changes in the fair value of the liability are recognized by adjusting goodwill.

In the absence of any new put options granted to minority shareholders since January 1, 2010, the Group hasn't had to decide on an accounting treatment for them.

1.24 Revenue recognition

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

- **Merchandise sales**

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

Provisions for the discounts offered to distributors are set aside when the products are sold to the distributor and recognized as a deduction from revenue.

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

Consolidated 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 attributable to equity holders of the parent 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. The opening and closing cash positions include cash and cash equivalents, comprised of marketable securities, (note 1.17) net of bank overdrafts and facilities.

Note 2 - Changes in the scope of consolidation

The Group's consolidated financial statements for the year ended December 31, 2010 include the accounts of the companies listed in note 32. The scope of consolidation at December 31, 2010 can be summarized as follows:

		Dec. 31, 2010		Dec. 31, 2009
Number of companies	**France**	**International**	**France**	**International**
Parent company and fully consolidated subsidiaries	57	492	60	477
Proportionally consolidated companies	-	1	-	1
Companies accounted for by the equity method	1	5	1	3
Sub-total by region	**58**	**498**	**61**	**481**
Total		**556**		**542**

2.1 Acquisition of Areva T&D's distribution business

On June 7, 2010 (closing date), a consortium comprising Alstom and Schneider Electric acquired all of Areva T&D's capital for EUR2.29 billion. The two consortium partners also financed the repayment of Areva T&D's debt towards the Areva Group. As the buyer of the Distribution business, Schneider Electric financed the equity value in the amount of EUR815 million and the debt refinancing in the amount of EUR323 million. The transaction agreements specify no liability guarantee clause or earn-out payments.

The Consortium agreement stipulates that, as of the closing date, Schneider Electric immediately became the sole owner, with exclusive control, of the Distribution business previously held by Areva (and within the limit of Areva's holding) and acquired through the Consortium. Consequently, the Distribution business was fully consolidated from June 7, 2010, whilst the Transmission business was entirely excluded from the scope of consolidation.

In accordance with standard IFRS 3 (revised), Schneider Electric valued the assets acquired and liabilities assumed at their fair value on the date of acquisition. This resulted in preliminary goodwill, which may be adjusted over a maximum period of 12 months starting from the acquisition date, according to new information relating to the facts and circumstances existing on the acquisition date. The provisional allocation of the acquisition price breaks down as follows:

Areva Distribution	Before allocation (provisional) of acquisition price	PPA	After allocation (provisional) of acquisition price
Acquisition price			**1,138**
Non-current assets	437	170	607
Current assets (excluding cash and cash equivalents)	992	-	992
Cash and cash equivalents	33	-	33
Total assets	**1,462**	**170**	**1,632**
Financial liabilities	45	-	45
Non-current liabilities excluding debt	167	121	288
Current liabilities excluding debt	799	54	853
Non-controlling interests	34	2	36
Total liabilities	**1,045**	**177**	**1,222**
Goodwill			**727**

The valuation of the assets acquired at their fair value led principally to the recognition of intangible assets in the amount of EUR164 million (technology, backlog, inventories and customer relationships) and to revaluations of property, plant and equipment in the amount of EUR54 million; these assets were valued by independent experts. Contingent liabilities were recognized for a total amount of EUR155 million. The goodwill is not tax-deductible.

The impact of the acquisition of Areva's Distribution business on the Group's 2010 consolidated statement of income is as follows:

	Group excluding Areva Distribution	Contribution of Areva D since acquisition	Group published	Areva D from 1st January to Jun. 7	Group including Areva D since 1st January
Revenue	18,350	1,230	19,580	648	20,228
EBITAR	2,942	85	3,027	14	3,041
EBITAR margin	*16.0%*	*6.9%*	*15.5%*	*2.2%*	*15.0%*
EBITA	2,846	85	2,931	9	2,940
EBITA margin	*15.5%*	*6.9%*	*15.0%*	*1.4%*	*14.5%*

2.2 Other acquisitions during the year

Over the period the Group finalized the acquisitions of SCADAgroup in Australia, CIMAC in the United Arab Emirates and Zicom in India. These entities are fully consolidated since their acquisition date. In addition, the acquisitions of Uniflair in Italy and Vizelia and D5X in France were finalized at end 2010 and will be consolidated in 2011. Consolidating these entities wouldn't have had a significant impact on the Group financial statements as of December 2010.
The Group also acquired 50% of shares in the Russian group Electroshield-TM Samara. This entity will be accounted for by the equity method with a delay of three months required to prepare its consolidated financial statements and ensure their compliance with IFRS standards.

The total amount of acquisitions during the year came to EUR1,762 million, net of cash and cash equivalents acquired, including EUR1,085 million for Areva's Distribution business and EUR201 million relating to Electroshield-TMSamara.

	2010	2009
Acquisition	(1,762)	(95)
Cash and cash equivalents paids	*(1,800)*	*(94)*
Cash and cash equivalents acquired	*38*	*(1)*
Disposals	8	24
Other operations	-	8
Net financial investments	**(1,754)**	**(63)**

The impact of changes in the scope of consolidation in 2009 and 2010, excluding Areva Distribution, on the Group's income statement as of December 31, 2010 is not material.

Note 3 - Segment information

The Group changed its internal structure with effect from January 1, 2010. The new divisions are organized by business (Power, Industry, IT, Buildings, CST). The comparative segment information relating to the 2009 financial year has been restated to take account of this organization, in accordance with paragraph 29 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.

Areva's Distribution business acquired on June 7, 2010 has not yet been allocated to an operating segment or to a Cash Generating Unit. It is therefore presented temporarily as a separate segment. With effect from January 1, 2011, the group's Medium Voltage businesses (currently presented under the Power business) will be combined with the aforementioned acquired businesses in order to form a new operating segment known as **Energy**.

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 used by the Management Board 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, 2010

	Power Business	Industry Business	IT Business	Buildings Business	CST	Holding	**Total excluding Areva Distribution**	Areva Distribution	**TOTAL**
Revenue	10,318	3,551	2,646	1,402	433	-	**18,350**	1,230	**19,580**
EBITAR	2,074	668	448	144	71	-463	**2,942**	85	**3,027**
%	20.1%	18.8%	16.9%	10.3%	16.4%	-	16.0%	6.9%	15.5%
EBITA	2,032	634	443	135	64	-462	**2,846**	85	**2,931**
%	19.7%	17.9%	16.7%	9.6%	14.8%	-	15.5%	6.9%	15.0%

Dec. 31, 2009

	Power Business	Industry Business	IT Business	Buildings Business	CST	Holding	**TOTAL**
Revenue	9,233	2,665	2,270	1,268	357	-	**15,793**
EBITAR*	1,683	275	363	132	20	-363	**2,110**
%	18.2%	10.3%	16.0%	10.4%	5.6%	-	13.4%
EBITA*	1,535	198	334	121	-4	-387	**1,797**
%	16.6%	7.4%	14.7%	9.5%	-1.1%	-	11.4%
including a non recurring gain on pension plan modification:	81	11					

The costs of the Holding company for 2009 that were previously published (EUR297 million without restructuring) were restated:
- with EUR40 million in costs included for the global IT function created with the new organization of the company effective January 1, 2010.
- with EUR26 million in previously-capitalized acquisition costs (see note 1).

The amount of the 2010 financial year includes the impairment of EUR15 million on a SAP module (see note 5) and separation and integration costs of Areva Distribution in the amount of EUR25 million.

It should be noted that due to a change of responsibility in one of the units, full-year 2009 figures of the Power and IT businesses have been modified compared to the data set provided in the notes to the 2009 financial statements.

3.2 Information by region

The geographic regions covered by the group are:
- Western Europe;
- North America: United States, Canada and Mexico;
- Asia-Pacific;
- Rest of the World (Eastern Europe, Middle East, Africa, South America).

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

Dec. 31, 2010

	Western Europe	*of which France*	North America	*of which USA*	Asia-Pacific	*of which China*	Rest of the world	**TOTAL**
Revenue by country market	6,568	*1,777*	4,704	*3,952*	4,792	*2,269*	3,516	**19,580**
Non-current assets	6,022	*1,869*	6,391	*6,141*	3,590	*703*	805	**16,808**

Dec. 31, 2009

	Western Europe	*of which France*	North America	*of which USA*	Asia-Pacific	*of which China*	Rest of the world	**TOTAL**
Revenue by country market	5,546	*1,528*	4,190	*3,635*	3,306	*1,642*	2,751	**15,793**
Non-current assets	5,499	*1,707*	5,860	*5,592*	2,695	*530*	440	**14,494**

3.3 Degree of dependence in relation to main customers

No single customer accounts for more than 10% of consolidated revenue.

Note 4 - Research and development

Research and development costs break down as follows:

	2010	2009
Research and development costs in cost of sales	171	143
Research and development costs in commercial expenses	-	7
Research and development costs in R&D costs (1)	450	403
Capitalized development costs	197	211
Total research and development costs of the year	**818**	**764**

(1) of which EUR21 million research and development tax credit in December 2010 and EUR19 million in December 2009

Amortization of capitalized development costs amounted to EUR107 million for the 2010 financial year, compared with EUR85 million in 2009.
exceptional impairment losses of EUR6 million were recorded on capitalized development costs in 2010, compared with EUR4 million in 2009.

Note 5 - Depreciation, amortization and provision expense

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

	2010	2009
Included in cost of sales:		
Depreciation and amortization	(373)	(343)
Provisions	(44)	(10)
Included in selling, general and administrative expenses:		
Depreciation and amortization	(131)	(130)
Provisions	(13)	(90)
Depreciation, amortization and provision expense	**(561)**	**(573)**

In 2010, provisions in an amount of EUR30 million were recorded in other operating income/expense.

The net amount of impairment losses on non-current assets totaled EUR30 million, of which EUR15 million in impairment losses on intangible assets relating to acquisitions and goodwill (note 8), and EUR15 million in other operating income and expenses (note 6).

Note 6 - Other operating income and expenses

Other operating income and expenses break down as follows:

	2010	2009
Impairment losses on tangible and intangible assets	(34)	(12)
Gains on asset disposals	25	11
Losses on asset disposals	(5)	(17)
Costs of acquisitions	(31)	(26)
Pension plan curtailments	8	92
Others	45	14
Other operating income and expenses	**8**	**62**

Impairment losses on tangible and intangible assets:
- an SAP application module currently being replaced for EUR15 million,
- a property for EUR12 million,
- research and development projects for EUR5 million,

Costs relating to acquisitions refer to the acquisition of the Areva Distribution business totaling EUR25 million.

The balance sheet item “Others” includes mainly a reversal of provision for EUR22 million due to changes in paid vacation modalities in the US and an insurance claim for EUR17 million.

Note 7 - Restructuring costs

Restructuring costs totaled EUR96 million over the period. They mainly relate to industrial and support function reorganizations in Europe (approximately EUR54 million) and in North America (approximately EUR22 million).

Note 8 - Amortization and impairment of purchase accounting intangibles

	2010	2009
Amortization of purchase accounting intangibles	(213)	(109)
Impairment of purchase accounting intangibles	-	(32)
Goodwill impairment	(15)	(90)
Amortization and impairment of purchase accounting intangibles	**(228)**	**(231)**

The amortization of purchase accounting intangibles, which totaled EUR213 million over the period, includes EUR43 million that correspond to the Areva Distribution business.

The migration of the Group's brands towards the Schneider Electric brand (One Brand project) has led to the amortization from January 1, 2010 of the Xantrex, TAC and MGE brands over a six-year period. The corresponding amortization expense totaled EUR56 million over the year. Impairment losses totaling EUR15 million are recognized on goodwill relating to two small businesses in Europe currently being sold.

Impairment tests performed on all the Group's CGUs have not led to impairment losses being recognized. Analysis of the test's discount rate sensitivity shows impairment losses would not be recognized in the case of a 0.5 point increase in the discount rate.

Note 9 - Other financial income and expense

	2010	2009
Exchange gains and losses, net	25	(1)
Financial component of defined benefit plan costs	(49)	(56)
Dividends received	9	7
Net gains/(losses) on disposal of long-term investments	3	(3)
Other financial expense, net	(53)	(34)
Other financial income and expense	**(65)**	**(87)**

Dividends are mainly received on AXA shares.

In July 2010, Schneider Electric partially bought back its July 2013 bond. This transaction generated a one-off expense of EUR36 million, presented under "Other financial expense, net".

Note 10 - Income tax expense

Whenever possible, Group entities file consolidated tax returns. Schneider Electric SA has chosen this option for the French subsidiaries it controls directly or indirectly through Schneider Electric Industries SAS.

10.1 Analysis of income tax expense

	2010	2009
Current taxes		
France	(23)	(13)
International	(598)	(398)
Total	**(621)**	**(411)**
Deferred taxes		
France	6	151
International	49	(35)
Total	**55**	**116**
Income tax benefit/(expense)	**(566)**	**(295)**

10.2 Tax proof

	2010	2009
Profit attributable to owners of the parent	**1,720**	**824**
Income tax benefit/(expense)	(566)	(295)
Non-controlling interests	(76)	(42)
Share of profit of associates	6	(21)
Profit before tax	**2,356**	**1,182**
Statutory tax rate	34.43%	34.43%
Income tax expense calculated at the statutory rate	**(811)**	**(407)**
Reconciling items:		
Difference between French and foreign tax rates	196	122
Tax credits and other tax reductions	62	89
Impact of tax losses	1	(21)
Other permanent differences	(14)	(78)
Income tax (expense)/benefit	(566)	(295)
Effective tax rate	**24.0%**	**25.0%**

Note 11 - Goodwill

11.1 Main items of goodwill

As a result of the organizational changes effective January 1, 2010, the allocation of goodwill to Cash-Generating Units (CGU) has been changed to reflect the new operating segments defined in accordance with the newly issued IFRS 8.

Square D goodwill was allocated to each CGU in proportion to operating income:

	Power Business	Industry Business
Square D Company	82%	18%

The Group's goodwill is presented below.

	Year of acquisition	CGU (1)	Dec. 31, 2010 Net	Dec. 31, 2009 Net
APC	2007	IT	2,263	2,070
Square D Company	1991	POWER	1,026	951
Groupe Lexel	1999	POWER	876	842
Areva Distribution	2010	-	727	-
Telemecanique	1988	INDUSTRY	463	463
TAC/ Andover/ Abacus/ Applied Control Technology/Yamas/HGA	2003 to 2007	BUILDINGS	456	419
Pelco	2007	BUILDINGS	381	353
Clipsal	2004 to 2006	POWER	350	282
MGE UPS	2000 to 2007	IT	345	334
IBS	2006	BUILDINGS	320	299
Juno Lighting Inc.	2005	POWER	297	275
Xantrex	2008	POWER	214	198
Crouzet Automatismes	2000	CST	156	156
Power Measurement Inc.	2005	POWER	143	133
Delixi	2007	POWER	143	128
BEI Technologies	2005	CST	140	130
Scada Group	2010	INDUSTRY	134	-
Positec	2000	INDUSTRY	107	105
Digital Electronics	2002	INDUSTRY	103	84
ABS	2005	BUILDINGS	98	105
Merlin Gerin	1992	POWER	87	87
Kavlico	2004	CST	81	76
OVA	2006	POWER	80	80
Citect	2006	INDUSTRY	72	59
Federal Pioneer	1990	POWER	61	55
Ritto	2007	POWER	60	60
Elau	2004 & 2005	INDUSTRY	56	56
Crydom	2006	CST	51	48
RAM	2008	INDUSTRY	45	38
Wessen	2008	POWER	43	41
Infra +	2000 to 2004	POWER	43	43
PDL	2001	POWER	37	32
Cimac	2010	INDUSTRY	35	-
Zicom	2010	BUILDINGS	31	-
Marisio	2008	POWER	31	26
AEM	2006	POWER	30	30
ECP	2008	POWER	29	27
Mita Holding	1999	POWER	29	28
IMS	2008	INDUSTRY	27	25
GET	2006	POWER	27	27
Microsol	2009	IT	26	23
Conzerv	2009	POWER	22	20
Meher	2009	POWER	18	16
ITG	2010	BUILDINGS	16	-
Crockett	2009	BUILDINGS	11	10
Dataletta	2009	POWER	5	4
Grant	2007	BUILDINGS	2	2
Others			416	371
TOTAL			**10,213**	**8,611**

(1) Cash-Generating Unit to which goodwill has been allocated.
CST: Customized Sensors & Technologies

11.2 Movements during the year

The main movements during the year are summarized in the following table:

	2010	2009
Net goodwill at opening	**8,611**	**8,542**
Acquisitions*	938	66
Disposals	(1)	(2)
Impairment	(15)	(90)
Translation adjustment	675	(26)
Reclassifications	5	121
Net goodwill at year end	**10,213**	**8,611**
Cumulative impairment	**(172)**	**(157)**

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

Acquisitions

There is a 12-month period after the date of acquisition for the Group to finalize the allocation of goodwill to these entities. The corresponding goodwill is therefore provisional.

Goodwill generated by acquisitions made during the year totaled EUR938 million and correspond principally to Areva Distribution (EUR727 million), the Australian group Scada (EUR110 million) and the United Arab Emirates group Cimac (EUR33 million).

Impairment

Impairment recorded over the year totals EUR15 million and concerns two small businesses in Europe that are currently being sold.

Impairment tests performed on all the Group's CGUs have not led to impairment losses being recognized.

Other changes

Changes in exchange rates concern principally goodwill on US dollars.

Note 12 - Intangible assets

12.1 Change in intangible assets

	Trademarks	Software	Development projects (R&D)	Other	Total
GROSS VALUE					
Dec. 31, 2008	**2,452**	**559**	**637**	**1,384**	**5,032**
Acquisitions	-	24	211	32	267
Disposals	(1)	(15)	(3)	(5)	(24)
Translation adjustments	(27)	-	-	(40)	(67)
Reclassification	-	156	(4)	(170)	(18)
Changes in scope of consolidation and other	(4)	-	1	12	9
Dec. 31, 2009	**2,420**	**724**	**842**	**1,213**	**5,199**
Acquisitions	-	15	197	27	239
Disposals	(4)	(8)	(10)	(5)	(27)
Translation adjustments	205	20	39	95	359
Reclassification	-	20	8	(33)	(5)
Changes in scope of consolidation and other	-	29	9	213	251
Dec. 31, 2010	**2,621**	**800**	**1,085**	**1,510**	**6,016**
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
Dec. 31, 2008	**(121)**	**(444)**	**(159)**	**(317)**	**(1,041)**
Depreciation and impairment	(15)	(60)	(90)	(128)	(293)
Recapture	-	13	-	1	14
Translation adjustments	1	1	2	10	14
Reclassification	-	1	4	16	21
Changes in scope of consolidation and other	3	-	-	2	5
Dec. 31, 2009	**(132)**	**(489)**	**(243)**	**(416)**	**(1,280)**
Depreciation and impairment	(60)	(73)	(115)	(160)	(408)
Recapture	4	7	6	3	20
Translation adjustments	(7)	(14)	(20)	(35)	(76)
Reclassification	-	(1)	2	5	6
Changes in scope of consolidation and other	-	(23)	3	-	(20)
Dec. 31, 2010	**(195)**	**(593)**	**(367)**	**(603)**	**(1,758)**
NET VALUE					
Dec. 31, 2008	**2,331**	**115**	**478**	**1,067**	**3,991**
Dec. 31, 2009	**2,288**	**235**	**599**	**797**	**3,919**
Dec. 31, 2010	**2,426**	**207**	**718**	**907**	**4,258**

The allocation of the acquisition price of Areva Distribution has given rise to the recognition of several intangible items totalling EUR164 million (technology, backlog and inventories, customer relationship).

In addition, client portfolios relating to Cimac and Scada acquired at the beginning of 2010 were recognized for EUR30 million.

All these items are recognized in "Other intangible assets".

12.2 Trademarks

At December 31, 2010, the main trademarks recognized were as follows:

	Dec. 31, 2010	Dec. 31, 2009
APC	1,382	1,277
Pelco	370	343
Clipsal	194	159
MGE	167	200
TAC	101	108
Juno	86	79
Digital	50	41
Xantrex	21	25
Merten	18	18
Kavlico	12	11
BEI	9	8
Other	16	19
Net	**2,426**	**2,288**

The migration of the Group's brands towards the Schneider Electric brand (One Brand project) has led to the amortization from January 1, 2010 of the Xantrex, TAC and MGE brands over a six-year period. The corresponding amortization expense totaled EUR56 million over the year.

Note 13 - Property, plant and equipment

13.1 Change in tangible assets

	Land	Buildings	Machinery and equipment	Other	Total
GROSS VALUE					
Dec. 31, 2008	**155**	**1,182**	**3,162**	**724**	**5,223**
Acquisitions	5	42	139	158	344
Disposals	(4)	(24)	(154)	(86)	(268)
Translation adjustments	(2)	(2)	14	2	12
Reclassification	-	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**
Acquisitions	1	54	171	145	371
Disposals	(8)	(53)	(132)	(65)	(258)
Translation adjustments	11	61	144	47	263
Reclassification	2	35	91	(121)	7
Changes in scope of consolidation and other	69	149	196	91	505
Dec. 31, 2010	**231**	**1,480**	**3,678**	**832**	**6,221**
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
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 adjustments	-	1	(11)	(2)	(12)
Reclassification	-	(2)	4	(2)	-
Changes in scope of consolidation and other	1	2	3	1	7
Dec. 31, 2009	**(12)**	**(597)**	**(2,372)**	**(387)**	**(3,368)**
Depreciation and impairment	(1)	(65)	(240)	(55)	(361)
Recapture	1	41	140	36	218
Translation adjustments	(1)	(23)	(93)	(28)	(145)
Reclassification	-	3	(9)	5	(1)
Changes in scope of consolidation and other	(1)	(61)	(123)	(42)	(227)
Dec. 31, 2010	**(14)**	**(702)**	**(2,697)**	**(471)**	**(3,884)**
NET VALUE					
Dec. 31, 2008	**140**	**629**	**853**	**348**	**1,970**
Dec. 31, 2009	**144**	**637**	**836**	**348**	**1,965**
Dec. 31, 2010	**217**	**778**	**981**	**361**	**2,337**

Reclassifications primarily correspond to assets put into use.

13.2 Finance leases

Tangible assets primarily comprise the following finance leases:

	Dec. 31, 2010	Dec. 31, 2009
Land	3	3
Buildings	74	69
Machinery and equipment	32	32
Other tangible assets	3	2
Accumulated depreciation	(83)	(78)
Assets under finance lease, net	**29**	**28**

Future minimal rental commitments on finance lease properties at December 31, 2010 break down as follows:

	Minimum payments	Discounted minimum payments
Less than one year	12	12
Between one and five years	4	4
Five years and more	1	1
Total commitments	**17**	**17**
Discounting effect	-	
Discounted minimum payments	**17**	

13.3 Operating leases

Rental expense breaks down as follows:

	2010	2009
Minimum rentals	118	104
Conditional rentals	1	1
Sub-lease rentals	(4)	(4)
Total rental expense	**115**	**101**

Operating lease commitments break down as follows at December 31, 2010:

	Minimum payments	Discounted minimum payments
Less than one year	92	88
Between one and five years	204	183
Five years and more	104	80
Total commitments	**400**	**351**
Discounting effect	(49)	
Discounted minimum payments	**351**	

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	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Delta Dore Finance	20.0%	20.0%	13	12	1	1
Electroshield TM Samara	50.0%	N/A	266	-	-	-
Sunten Electric Equipment	50.0%	N/A	85	-	(1)	-
Fuji Electric FA Components & Systems	36.8%	36.8%	76	58	5	(22)
Other	N/A	N/A	7	5	1	-
Total	**-**	**-**	**447**	**75**	**6**	**(21)**

Sunten Electric Equipment is a joint venture set up by Areva Distribution.

Note 15 - Financial assets

15.1 Available-for-sale financial assets

Available-for-sale financial assets, primarily comprising investments, are detailed below:

	Dec. 31, 2010				Dec. 31, 2009
	% interest	**Gross value**	**Revaluation/ impairment**	**Fair value**	**Fair value**
I – Listed available-for-sale					
AXA	0.5%	111	21	132	175
Gold Peak Industries Holding Ltd	4.4%	6	(3)	3	4
Total listed AFS		**117**	**18**	**135**	**179**
II – Unlisted available-for-sale					
Uniflair, Vizelia, D5X, H'Dev [(1)]	100.0%	184	-	184	-
Venture Capital Fund SEV1	100.0%	34	24	58	49
Venture Capital Fund SESS	70.6%	10	-	10	-
Simak [(2)]	99.4%	6	(1)	5	5
Easy Plug SAS [(3)]	NA	-	-	-	-
SE Venture	100.0%	7	(7)	-	-
Other [(4)]		25	(7)	18	12
Total unlisted AFS		**266**	**9**	**275**	**66**
Total available-for-sale financial assets		**383**	**27**	**410**	**245**

[(1)] Companies purchased in 2010, consolidated in 2011
[(2)] Removed from the scope of consolidation – in liquidation
[(3)] Liquidated in 2010
[(4)] Gross unit value of less than EUR5 million

The fair value of investments listed in an active market corresponds to the price on the balance sheet date. The revaluation of listed investments over the year has had a negative impact on other equity reserves of EUR33 million.

15.2 Other non-current financial assets

The Clipsal acquisition contract stipulates retaining part of the acquisition price as a liability guarantee. This amount of EUR9 million appears on the balance sheet under "Other long-term debt". This amount has been placed in an escrow account by the Group and appears under "Other non-current financial assets".

15.3 Current financial assets

Current financial assets total EUR38 million at December 31, 2010 and comprise short-term investments.

Note 16 - Deferred taxes by type

Deferred taxes by type can be analyzed as follows:

	Dec. 31, 2010	Dec. 31, 2009
Deferred tax assets		
Tax credits and tax loss carryforwards	387	387
Provisions for pensions and other post-retirement benefit obligations	423	448
Impairment of receivables and inventory	183	123
Non-deductible provisions for contingencies and accruals	134	189
Other	392	269
Deferred tax assets set off against deferred tax liabilities	(496)	(406)
Total deferred tax assets	**1,023**	**1,010**
Deferred tax liabilities		
Differences between tax and accounting depreciation	(107)	(89)
Trademarks and other intangible assets	(897)	(861)
Capitalized development costs (R&D)	(56)	(46)
Other	(393)	(337)
Deferred tax assets set off against deferred tax liabilities	496	406
Total deferred tax liabilities	**(957)**	**(927)**

Deferred tax assets recorded in respect of tax loss carryforwards at December 31, 2010 essentially concern France (EUR207 million) and Belgium (EUR144 million).

Note 17 - Inventories and work in progress

Inventories and work in progress changed as follows:

	Dec. 31, 2010	Dec. 31, 2009
Cost:		
Raw materials	1,461	947
Work in progress	559	317
Semi-finished and finished products	1,384	1,124
Goods	84	67
Inventories and work in progress at cost	**3,488**	**2,455**
Impairment:		
Raw materials	(169)	(124)
Work in progress	(20)	(15)
Semi-finished and finished products	(147)	(131)
Goods	(13)	(11)
Impairment	**(349)**	**(281)**
Net:		
Raw materials	1,292	823
Work in progress	539	302
Semi-finished and finished products	1,237	993
Goods	71	56
Inventories and work in progress, net	**3,139**	**2,174**

Note 18 - Trade accounts receivable

	Dec. 31, 2010	Dec. 31, 2009
Accounts receivable	4,276	2,923
Notes receivable	265	231
Advances to suppliers	98	57
Accounts receivable at cost	**4,639**	**3,211**
Impairment	(198)	(140)
Accounts receivable, net	**4,441**	**3,071**
Of which:		
On time	3,658	2,499
Less than one month past due	326	257
One to two months past due	126	113
Two to three months past due	100	59
Three to four months past due	79	42
More than four months past due	152	101
Accounts receivable, net	**4,441**	**3,071**

Accounts receivable result from sales to end-customers, who are widely spread both geographically and economically. 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, 2010	Dec. 31, 2009
Provisions for impairment on January 1	**(140)**	**(120)**
Additions	(47)	(37)
Utilizations	23	18
Reversals of surplus provisions	3	2
Translation adjustments	(10)	1
Other	(27)	(4)
Provisions for impairment on December 31	**(198)**	**(140)**

Note 19 - Other receivables and prepaid expenses

	Dec. 31, 2010	Dec. 31, 2009
Other receivables	236	217
Other tax credits	698	438
Derivative instruments	118	57
Prepaid expenses	160	159
Total	**1,212**	**871**

Note 20 - Cash and cash equivalents

	Dec. 31, 2010	Dec. 31, 2009
Marketable securities	1,825	2,681
Negotiable debt securities and short-term deposits	115	23
Cash and cash equivalents	1,449	808
Total cash and cash equivalents	**3,389**	**3,512**
Bank overdrafts	(93)	(87)
Net cash and cash equivalents	**3,296**	**3,425**

Note 21 - Equity

21.1 Capital

- **Share capital**

The Company's share capital at December 31, 2010 amounted to EUR2,175,672,728, represented by 271,959,091 shares with a par value of EUR8, all fully paid up.

At December 31, 2010, a total of 287,955,220 voting rights were attached to the 271,959,091 shares outstanding. Schneider Electric's capital management strategy is designed to:

- ensure Group liquidity,
- optimise its financial structure,
- optimise the weighted average cost of capital.

The strategy must also ensure the Group has access to different capital markets under the best possible conditions. Factors taken into account for decision-making purposes include objectives expressed in terms of earnings per share, ratings or balance sheet stability. Finally, decisions may be implemented depending on specific market conditions.

- **Changes in share capital**

Changes in share capital since Dec. 31, 2009 were as follows:

	Cumulative number of shares	Total (in euros)
Capital at Dec. 31, 2009	**262,752,025**	**2,102,016,200**
Exercise of stock options	2,709,882	21,679,056
Payment of dividend in shares	4,345,794	34,766,352
Employee share issue	2,151,390	17,211,120
Capital at Dec. 31, 2010	**271,959,091**	**2,175,672,728**

The share premium account increased by EUR561,261,528 following the exercise of options, the increases in capital and the payment of dividend in shares.

21.2 Ownership structure

				Dec. 31, 2010		Dec. 31, 2009
	Capital	Number of shares	Voting rights	Number of voting rights	Capital	Voting rights
	%		%		%	%
Capital Research and Management Company [1]	8.2	22,227,572	7.7	22,227,572	5.1	4.8
CDC	4.2	11,514,008	5.1	14,689,008	4.3	5.2
Employees	4.1	11,170,161	6.1	17,683,757	4.3	6.3
Own shares [2]	-	529	-	-	0.9	-
Treasury shares	1.7	4,582,476	-	-	1.8	-
Public	81.8	222,464,345	79.4	228,771,878	83.6	81.2
TOTAL	100.0	271,959,091	100.0	287,955,220 [3]	100.0	100.0

(1) To the best of the Company's knowledge
(2) In October 2010, Cofibel and Cofimines sold all the own shares held by them. The remaining 529 shares held at December 31, 2010 are held by Electro Porcelaine SAS
(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, 2010.

21.3 Earnings per share

Determination of the share base used in calculation

(in thousands of shares)	Dec. 31, 2010		Dec. 31, 2009	
	Basic	Diluted	Basic	Diluted
Common shares*	260,893	260,893	248,616	248,616
Stock options		1,090		203
Stock grants		592		
Average weighted number of shares	**260,893**	**262,575**	**248,616**	**248,819**

***** net of treasury shares and own shares

Earnings per share

(in euros)	Dec. 31, 2010		Dec. 31, 2009	
	Basic	Diluted	Basic	Diluted
Profit before tax	9.03	8.97	4.76	4.75
Earnings per share	**6.59**	**6.55**	**3.32**	**3.31**

21.4 Dividends paid and proposed

In 2010, the Group paid out the 2009 dividend of EUR2.05 per share, for a total of EUR525 million. In 2009, the Group paid out the 2008 dividend of EUR3.45 per share, for a total of EUR837 million.
At the Shareholders' Meeting of April 21, 2011 shareholders will be asked to approve a dividend of EUR3.20 per share for 2010. At December 31, 2010 Schneider Electric SA had distributable reserves in an amount of EUR257 million (versus EUR322 million at the previous year-end), not including profit for the year.

21.5 Share-based payments

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 of the Group. The main features of these plans were as follows at December 31, 2010:

- Stock option plans:

Plan no.	Date of Board Meeting	Type of plan [1]	Starting date of exercise period	Expiration date	Price (in euros)	Number of options initially granted	Options cancelled because targets not met
18	March 24, 2000	P	March 24, 2003	March 23, 2008	65.24	1,421,200	686,600
19	April 4, 2001	S	April 4, 2005	April 3, 2009	68.13	1,557,850	NA[2]
20	December 12, 2001	S	December 12, 2005	December 11, 2009	51.26	1,600,000	166,800
21	February 5, 2003	S	February 5, 2007	February 4, 2011	45.21	2,000,000	141,900
22	February 5, 2003	S	June 5, 2003	February 4, 2011	45.21	111,000	NA[2]
23	May 6, 2004	S	October 1, 2004	May 5, 2012	55.55	107,000	NA[2]
24	May 6, 2004	S	May 6, 2008	May 5, 2012	55.55	2,060,700	94,300
25	May 12, 2005	S	October 1, 2005	May 11, 2013	56.47	138,500	NA[2]
26	June 28, 2005	S	June 28, 2009	June 27, 2013	60.19	2,003,800	-
27	December 1, 2005	S	December 1, 2009	November 30, 2013	71.40	1,614,900	-
28	December 21, 2006	S or P	December 21, 2010	December 20, 2016	81.34	1,257,120	-
29	April 23, 2007	S or P	April 23, 2011	April 22, 2017	97.05	83,150	-
30	December 19, 2007	S or P	December 19, 2011	December 18, 2017	92.00	944,926	490,463
31	January 5, 2009	S or P	January 5, 2013	January 4, 2019	52.12	679,000	-
32	August 21, 2009	S or P	August 21, 2013	August 20, 2019	62.61	5,000	-
33	December 21, 2009	S or P	December 21, 2013	December 20, 2019	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. Vesting 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 granted originally	Grants cancelled due to not met of targets
1	December 21, 2006	December 21, 2009	December 21, 2011	52,006	-
2	April 23, 2007	April 23, 2010	April 23, 2012	2,214	-
3	December 19, 2007	December 19, 2010	December 19, 2012	66,394	34,717
4	December 19, 2007	December 19, 2011	December 19, 2011	57,250	29,088
5	January 5, 2009	January 5, 2012	January 5, 2014	143,715	-
6	January 5, 2009	January 5, 2013	January 5, 2013	212,351	-
7	August 21, 2009	August 21, 2012	August 21, 2014	1,250	-
8	December 21, 2009	December 21, 2011	December 21, 2013	159,753	-
9	December 21, 2009	December 21, 2013	December 21, 2013	390,095	-
10	December 17, 2010	March 17, 2013	March 17, 2015	332,762	-
11	December 17, 2010	December 17, 2014	December 17, 2014	580,848	-
Total				**1,998,638**	**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 two to four years,
- the lock up period is zero to two years.

Outstanding options and grants

- Change in the number of options:

Plan no.	Number of options outstanding Dec. 31, 2009	Number of options exercised and/or created 2010	Number of options cancelled 2010 (1)	Number of options outstanding Dec. 31, 2010
21	427,781	(383,555)		44,226
22	18,570	(12,100)		6,470
23	39,598	(24,432)		15,166
24	1,321,048	(898,226)		422,822
25	45,316	(15,846)		29,470
26	1,742,754	(793,009)	(4,646)	945,099
27	1,548,404	(456,128)	(8,080)	1,084,196
28	1,191,661	(126,586)	(12,252)	1,052,823
29	76,150			76,150
30	445,853		(4,633)	441,220
31	645,700		(2,250)	643,450
32	5,000			5,000
33	826,343		(3,300)	823,043
Total	**8,334,178**	**(2,709,882)**	**(35,161)**	**5,589,135**

(1) Including potential cancellations due to targets not being met or options being granted to employees 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 respect of subscription vesting conditions for current stock option plans, Schneider Electric SA has created 2,709,882 shares in 2010.

- Change in the number of stock grants:

Plan no.	Grant of shares free Dec. 31, 2009	Grant of shares existing free shares or new	Number of shares cancelled in 2010	Number of shares outstanding Dec. 31, 2010
2	2,214	(2,214)		
3	31,115	(30,860)	(255)	
4	27,740		(697)	27,043
5	137,590		(250)	137,340
6	208,401		(2,888)	205,513
7	1,250			1,250
8	159,753			159,753
9	390,095		(4,000)	386,095
10		332,762		332,762
11		580,848		580,848
Total	**958,158**	**880,536**	**(8,090)**	**1,830,604**

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 option valuation:

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 grant plans set up after November 7, 2002 breaks down as follows:

	2010	**2009**
Plan 26	-	2
Plan 27	-	5
Plan 28	5	6
Plan 29	1	1
Plan 30	2	-
Plan 31	2	2
Plan 32	-	-
Plan 33	4	-
	14	**16**

- Valuation of 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:

	2010	2009
Plan 1	-	1
Plan 2	-	-
Plan 3	-	-
Plan 4	-	1
Plan 5	2	2
Plan 6	2	2
Plan 7	-	-
Plan 8	5	-
Plan 9	6	-
Plan 10	1	-
Plan 11	-	-
	16	**6**

21.5.2 Worldwide Employee Stock Purchase Plan

Schneider Electric gives its employees the opportunity to participate in employee share issues reserved for them. 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 non-leveraged 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, these plans offer 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 (by a factor of 3.4 in 2010) on a leveraged number of directly subscribed shares.

As with the non-leveraged plan, the IFRS 2 expense, like 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 2010, as part of its commitment to employee share ownership, Schneider Electric gave its employees the opportunity to purchase on June 8 shares at a price of EUR65.85 or EUR67.44 per share, depending on the country. This represented a discount of 15% to 17% to the average opening price of EUR79.34 quoted for the share during the 20 days preceding the Management Board's decision to launch the employee share issue.

In all, 2.2 million shares were subscribed, increasing the Company's capital by EUR143 million as of July 8, 2010. The issue represented a total cost of EUR3.4 million, taking into account the five year lockup period.

The tables below summarize the main characteristics of the plans, the amounts subscribed, the valuation assumptions and the cost of the plans for 2010 and 2009.

			2010		2009	
	Nonleveraged plans		%	Value	%	Value
	Plan characteristics					
	Maturity (years)			5		5
	Reference price (euros)			79.34		53.59
	Subscription price (euros): between			67.44		45.55
		and		65.86		44.48
	Discount:	between	15.0%		15.0%	
		and	17.0%		17.0%	
	Amount subscribed by employees			37.8		28.6
	Total amount subscribed			37.8		28.6
	Total number of shares subscribed (millions of shares)			0.6		0.6
	Valuation assumptions					
	Interest rate available to market participant (bullet loan) [1]		4.1%		5.0%	
	Five year risk-free interest rate (euro zone)		2.1%		3.0%	
	Annual interest rate (repo)		1.0%		1.0%	
(a)	Value of discount:	between	15.0%	6.2	15.0%	4.8
		and	17.0%	0.6	17.0%	0.3
(b)	Value of the lock-up period for market participant		15.0%	6.7	14.9%	5.0
	Total expense for the Group (a-b)		**0.01% to 2.01%**	**0.1**	**0.15% to 2.15%**	**0.1**
	Sensitivity					
	- decrease in interest rate for market participant [2]		(0.5%)	1.2	(0.5%)	0.9

Amounts in millions of euros, unless otherwise stated.

[1] *Average interest rate charged on an ordinary, non-revolving personal loan, with a five-year maturity 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 plans	2010		2009	
		%	Value	%	Value
	Plan characteristics				
	Maturity (years)		5		5
	Reference price (euros)		79.34		53.59
	Subscription price (euros): between		67.44		45.55
	and		65.86		44.48
	Discount [5]: between	15.0%		15.0%	
	and	17.0%		17.0%	
	Amount subscribed by employees		9.9		8.5
	Total amount subscribed		105.4		85.7
	Total number of shares subscribed (millions of shares)		1.6		1.9
	Valuation assumptions				
	Interest rate available to market participant (bullet loan) [1]	4.1%		5.0%	
	Five year risk-free interest rate (euro zone)	2.1%		3.0%	
	Annual dividend rate	3.0%		3.0%	
	Annual interest rate (repo)	1.0%		1.0%	
	Retail/institutional volatility spread	5.0%		5.0%	
(a)	Value of discount: between	15.0%	11.7	15.0%	9.4
	and	17.0%	8.0	17.0%	5.9
(b)	Value of the lock-up period for market participant	15.0%	18.8	14.9%	14.4
(c)	Value of the opportunity gain [2]	1.9%	2.4	1.7%	1.7
	Total expense for the Group (a-b+c)	**1.89% to 3.89%**	**3.3**	**1.85% to 3.85%**	**2.5**
	Sensitivity				
	- decrease in interest rate for market participant [3]	(0.5%)	3.3	(0.5%)	2.5
	- increase in retail/institutional volatility spread [4]	0.5%	0.2	0.5%	0.2

Amounts in millions of euros, unless otherwise stated.

[1] Average interest rate charged on an ordinary, non-revolving personal loan, with a five-year maturity 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.
[5] In some countries, due to local law, employees subscribe for undiscounted sums while the bank subscribes at a discount to provide the leverage.

21.6 Schneider Electric SA shares

At December 31, 2010, the Group held 4,583,005 Schneider Electric shares in treasury stock, which have been recorded as a deduction from retained earnings.

21.7 Tax on equity

Total income tax recorded in Equity amounts to EUR200 million as of December 31, 2010 and can be analyzed as follows:

	Dec. 31, 2010	Dec. 31, 2009	Change in tax
Cash-flow hedges	69	72	(3)
Available-for-sale financial assets	(14)	(19)	5
Actuarial gains (losses) on defined benefits	146	145	1
Other	(1)	(1)	-
Total	**200**	**197**	**3**

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 long service awards and similar benefits, mainly 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***	
	2010	**2009**	**2010**	**2009**
Discount rate	5.0%	5.2%	*5.5%*	*5.8%*
Rate of compensation increases	2.0%	3.1%	*NA*	*4.5%*
Expected return on plan assets (1)	7.0%	7.1%	*8.3%*	*8.3%*

(1) corresponding to the 2009 and 2010 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.

The discount rate currently stands at 4.33% in the euro zone, 5.5% 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 EUR130 million and the service cost by EUR1 million. A 0.5 point decrease would increase pension and termination benefit obligations by EUR146 million and the service cost by EUR1 million.

The post-employment healthcare obligation mainly concerns the United States. A one point increase in the healthcare costs rate would increase the post-employment healthcare obligation by EUR45 million and the sum of the service cost and interest cost by EUR3 million. A one point decrease in healthcare costs rate would decrease the post-employment healthcare obligation by EUR38 million and the sum of the service cost and interest cost by EUR2 million.

In 2010, the rate of healthcare cost increases in the United States is based on a decreasing trend from 9% in 2011 to 5% in 2015. This compares with the previous year’s forecast of 9% in 2010 to 5% in 2014. The rate in France was estimated at 4% in 2010 as in 2009.

Pensions and termination benefits

Pension 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 78% of the Group's total commitment or EUR1,828 million at December 31, 2010, 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 51%), bonds (around 35%) and real estate or cash (around 14%).

Contributions amounted to EUR21 million in 2010 and are estimated at EUR12 million for 2011.

At December 31, 2010, provisions for pensions and termination benefits totaled EUR1,032 million, compared with EUR944 million in 2009. 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 totalled EUR59 million in 2010 and EUR39 million in 2009. The increase is primarily attributable to the transformation of plans in the United States in 2009 from a defined benefit to a defined contribution basis.

Other post-employment and long-term benefits: including healthcare, life insurance and long service awards

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 90% 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 long-term benefit obligations include healthcare coverage plans in Europe, for EUR44 million, and long-service awards due by subsidiaries in France, for EUR9 million.

At December 31, 2010 provisions for these benefit obligations totaled EUR472 million, compared with EUR435 million at December 31, 2009. 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 SE USA*	Other post-employment and long-term benefits	*Of which SE USA*	**Provisions for pensions & other post-employment benefits.**
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)	-	(25)	*(21)*	(89)
Plan participants' contributions	(18)	*(1)*	-	-	(18)
Actuarial items recognized in equity *	5	*(31)*	11	*2*	16
Translation adjustment	(2)	*(11)*	(9)	*(12)*	(11)
Changes in the scope of consolidation	-	-	-	-	-
Other changes	(2)	*1*	-	*1*	(2)
Dec. 31, 2009	**944**	***293***	**435**	***358***	**1,379**
Net cost recognized in the statement of income	63	*2*	25	*18*	88
Benefits paid	(58)	*(1)*	(26)	*(21)*	(84)
Plan participants' contributions	(21)	*(1)*	2	*2*	(19)
Actuarial items recognized in equity	4	*(18)*	-	*4*	4
Translation adjustment	40	*23*	29	*26*	69
Changes in the scope of consolidation	58	-	5	-	63
Other changes	2	*1*	2	-	4
Dec. 31, 2010	**1,032**	***299***	**472**	***387***	**1,504**

* of which in 2009, a EUR2 million asset ceiling effect.

Changes in gross items recognized in equity were as follows:

	Pensions and termination benefits	Other post-employment and long-term benefits	**Provisions for pensions & other post-employment benefits.**
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**
Actuarial (gains)/losses on projected benefit obligation	42	-	42
Actuarial (gains)/losses on plan assets	(38)	-	(38)
Effect of the asset ceiling	-	-	-
Dec. 31, 2010	**462**	**(53)**	**409**

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, 2010		Dec. 31, 2009	
		Of which SE USA		*Of which SE USA*
1. Reconciliation of balance sheet items				
Pension assets	-	-	-	-
Provisions for pensions and other post-employment benefit	(1,032)	*(299)*	(944)	(293)
Net Asset/(Liability) recognized in the balance sheet	**(1,032)**	***(299)***	**(944)**	***(293)***

	Dec. 31, 2010		Dec. 31, 2009	
		Of which SE USA		*Of which SE USA*
2. Components of net cost recognized in the statement of income				
Service cost	43	*2*	55	*18*
Interest cost (effect of discounting)	109	*56*	109	*57*
Expected return on plan assets	(82)	*(56)*	(74)	*(50)*
Past service cost	-	-	-	-
Curtailments and settlements	(7)	-	(92)	*(91)*
Net cost recognized in the statement of income	**63**	***2***	**(2)**	***(66)***

	Dec. 31, 2010		Dec. 31, 2009	
		Of which SE USA		*Of which SE USA*
3. Change in projected benefit obligation				
Projected benefit obligation at beginning of year	2,055	*937*	2,036	*1,013*
Service cost	43	*2*	55	*18*
Interest cost (effect of discounting)	109	*56*	109	*57*
Plan participants' contributions	4	-	3	-
Benefits paid	(134)	*(48)*	(132)	*(43)*
Actuarial (gains)/losses recognized in equity	42	*14*	75	*16*
Past service cost	5	-	1	-
Changes in the scope of consolidation	87	-	-	-
Translation adjustments	130	*73*	1	*(33)*
Curtailments and settlements	(7)	-	(92)	*(92)*
Other	6	-	(1)	*1*
Projected benefit obligation at end of year	**2,340**	***1,034***	**2,055**	***937***

Actuarial gains and losses have been fully recognized in other reserves.

These gains and losses 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.

At December 31, 2010, actuarial gains relative to the effects of experience on pension and termination benefit obligations totaled EUR49 million for the Group.
At December 31, 2009, actuarial gains relative to the effects of experience totaled EUR64 million for the Group. At December 31, 2008, actuarial losses relative to the effects of experience totaled EUR445 million. At December 31, 2007, actuarial losses relative to the effects of experience totaled EUR2 million.

	Dec. 31, 2010		Dec. 31, 2009	
		Of which SE USA		*Of which SE USA*
4. Change in fair value of plan assets				
Fair value of plan assets at beginning of year	1,112	*643*	1,010	*611*
Expected return on plan assets	82	*56*	74	*50*
Plan participants' contribution	4	-	4	-
Employer contributions	21	*1*	18	*1*
Benefits paid	(76)	*(47)*	(68)	*(43)*
Actuarial gains/(losses) recognized in equity	38	*32*	71	*47*
Changes in the scope of consolidation	29	-	-	-
Translation adjustments	90	*50*	3	*(22)*
Curtailments and settlements	-	-	-	-
Other	4	-	-	*(1)*
Fair value of plan assets at end of year	**1,304**	***735***	**1,112**	***643***

The actual return on plan assets was EUR120 million.

Actuarial gains and losses have been fully recognized in other reserves.
These gains and losses stem mainly from the differential between the effective and expected return on plan assets in the US, UK and Canada.

	Dec. 31, 2010		Dec. 31, 2009	
		Of which SE USA		*Of which SE USA*
5. Funded status				
Projected benefit obligation	(2,340)	*(1,034)*	(2,055)	*(937)*
Fair value on plan assets	1,304	*735*	1,112	*643*
Surplus/(Deficit)	(1,036)	*(299)*	(943)	*(294)*
Effect of the asset ceiling	-	-	(1)	-
Deferred items:				
Unrecognized past service cost	4	-	-	*1*
(Liabilities)/Net Asset recognized in the balance sheet	**(1,032)**	***(299)***	**(944)**	***(293)***

Amounts related to pensions and termination benefit obligations as of 2010 and the four previous periods are as follows:

	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
6. Historical data					
Projected benefit obligation	(2,340)	(2,055)	(2,036)	(1,958)	(2,035)
Fair value on plan assets	1,304	1,112	1,010	1,402	1,418
Surplus/(Deficit)	(1,036)	(943)	(1,026)	(556)	(617)
Effect of the asset ceiling	-	(1)	(2)	(10)	
Deferred items:					
Unrecognized past service cost	4	-	1	1	1
(Liabilities)/Net Asset recognized in the balance sheet	**(1,032)**	**(944)**	**(1,027)**	**(565)**	**(616)**

22.3 Provisions for healthcare costs, life insurance benefits and other post-employment benefits

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

	Dec. 31, 2010	Dec. 31, 2009
1. Components of net cost recognized in the statement of income		
Service cost	7	4
Interest cost (effect of discounting)	22	22
Expected return on plan assets	-	-
Past service cost	(4)	(4)
Curtailments and settlements	-	-
Amortization of actuarial gains & losses	-	-
Net cost recognized in the statement of income	**25**	**22**

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

	Dec. 31, 2010	Dec. 31, 2009
2. Change in projected benefit obligation		
Projected benefit obligation at beginning of year	406	401
Service cost	7	4
Interest cost (effect of discounting)	22	21
Plan participants' contribution	2	2
Benefits paid	(26)	(25)
Actuarial (gains)/losses recognized in equity	-	11
Past service cost	-	-
Changes in the scope of consolidation	5	-
Translation adjustments	29	(9)
Other (including curtailments and settlements)	-	1
Projected benefit obligation at end of year	**445**	**406**

Actuarial gains and losses have been fully recognized in other reserves except for long-term benefits for active employees, notably long service awards in France, for which all actuarial gains and losses are recognized in the income statement. Actuarial gains and losses stem from changes in actuarial assumptions (primarily discount rates).

At December 31, 2010, actuarial gains relative to the effects of experience on healthcare costs, life insurance and other post-employment benefits totaled EUR26 million for the Group.
At December 31, 2009, actuarial losses relative to the effects of experience totaled EUR18 million for the Group. Actuarial losses totaled EUR10 million at December 31, 2008. And at December 31, 2007, actuarial gains relative to the effects of experience totaled EUR59 million.

	Dec. 31, 2010	Dec. 31, 2009
3. Funded status		
Projected benefit obligation	(445)	(406)
Deferred items:		
Unrecognized past service cost	(27)	(29)
Provision recognized in balance sheet	**(472)**	**(435)**

Amounts related to healthcare costs and other post-employment obligations as of 2010 and the four previous periods are as follows:

	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
4. Historical data					
Projected benefit obligation	(445)	(406)	(401)	(366)	(477)
Deferred items:					
Unrecognized past service cost	(27)	(29)	(35)	(33)	(40)
Provision recognized in balance sheet	**(472)**	**(435)**	**(436)**	**(399)**	**(517)**

Note 23 - Provisions

	Economic risks	Customer risks	Products risks	Environmental risks	Restructuring	Other risks	**Provisions**
Dec 31, 2008	**324**	**28**	**207**	**43**	**132**	**106**	**840**
Long-term portion	*121*	*24*	*49*	*30*	*11*	*67*	*302*
Additions	64	63	109	2	182	48	468
Discounting effect	-	-	(1)	-	-	-	(1)
Utilizations	(21)	(2)	(41)	(2)	(96)	(11)	(173)
Reversals of surplus provisions	(31)	(8)	(22)	-	(7)	(12)	(80)
Translation adjustments	(3)	(1)	(1)	1	2	(1)	(3)
Changes in the scope of consolidation and other	85	-	13	-	(3)	2	97
Dec 31, 2009	**418**	**80**	**264**	**44**	**210**	**132**	**1 148**
Long-term portion	*131*	*31*	*79*	*27*	*28*	*80*	*375*
Additions	117	18	150	3	39	75	402
Discounting effect	-	-	1	-	-	(4)	(3)
Utilizations	(36)	(9)	(95)	(2)	(124)	(34)	(300)
Reversals of surplus provisions	(75)	(9)	(17)	-	(19)	(8)	(128)
Translation adjustments	16	4	16	2	5	3	46
Changes in the scope of consolidation and other	174	2	90	8	13	12	299
Dec 31, 2010	**614**	**86**	**409**	**55**	**124**	**176**	**1 464**
Long-term portion	*275*	*35*	*104*	*26*	*21*	*127*	*588*

(a) Economic risks

These provisions cover, in particular, tax risks arising from audits performed by local tax authorities 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 others amount to EUR174 million and are principally related to the introduction of Areva Distribution into the Group.

(b) Customer risks

These provisions are primarily established to covers risks arising from products sold to third parties. This risk mainly consists of claims based on alleged product defects and product liability.
Provisions for customer risks also integrate the provisions for losses at completion for a number of long term contracts, for EUR17 million.

(c) Product risks

These provisions comprise:
- statistical provisions for warranties: the Group funds provisions on a statistical basis for the residual cost of Schneider Electric product warranties not covered by insurance. Such warranties may run for up to 18 months.
- provisions for disputes over defective products,
- provisions to cover disputes related to recalls of clearly identified products.

Changes in the scope of consolidation amount to EUR90 million and are principally related to the acquisition of Areva Distribution.

(d) Environmental risks

These provisions are primarily funded to cover cleanup costs.

Note 24 - Total (current and non-current) financial liabilities

Non-current financial liabilities break down as follows:

	Dec. 31, 2010	Dec. 31, 2009
Bonds	4,348	4,508
Bank and other borrowings	1,379	1,386
Lease liabilities	15	16
Employees profit sharing	10	7
Short-term portion of convertible and non-convertible bonds	(503)	(900)
Short-term portion of long-term debt	(239)	(104)
Non-current financial liabilities	**5,010**	**4,913**

Current financial liabilities break down as follows:

	Dec. 31, 2010	Dec. 31, 2009
Commercial paper	-	46
Accrued interest	110	116
Other short-term borrowings	170	158
Drawdown of funds from lines of credit	-	-
Bank overdrafts	93	87
Short-term portion of convertible and non-convertible bonds	503	900
Short-term portion of long-term debt	239	104
Short-term debt	**1,115**	**1,411**
Total current and non-current financial liabilities	**6,125**	**6,324**

24.1 Breakdown by maturity

	Dec. 31, 2010			Dec. 31, 2009
	Nominal	Interests	Swaps	Nominal
2010				1,411
2011	1,115	246	45	734
2012	104	237	35	60
2013	1,085	210	19	1,316
2014	767	134	3	748
2015	980	85	3	971
2016 and beyond	2,074	164	-	1,084
Total	**6,125**	**1,076**	**105**	**6,324**

24.2 Breakdown by currency

	Dec. 31, 2010	Dec. 31, 2009
Euro	5,182	5,450
US dollar	521	500
Indian rupee	22	73
Japanese yen	153	141
Brazilian real	75	43
Russian rouble	34	20
Columbian peso	23	-
Other	115	97
Total	**6,125**	**6,324**

24.3 Bonds

	Dec 31, 2010	Dec 31, 2009	Effective interest rate	Maturity
Schneider Electric SA 2010		900	3.125% fixed	August 2010
Schneider Electric SA 2011	500	500	Euribor +0.200% variable	July 2011
Schneider Electric SA 2013	608	866	CMS 10+1.000% variable and 6.750% fixed	July 2013
Schneider Electric SA 2014	498	498	4.500% fixed	January 2014
Schneider Electric SA 2015	748	748	5.375% fixed	January 2015
Schneider Electric SA 2016	519	22	Euribor +0.600% variable and 2.875% fixed	July 2016
Schneider Electric SA 2017	981	974	4.000% fixed	August 2017
Schneider Electric SA 2020	494	-	3.625% fixed	July 2020
Total	**4,348**	**4,508**		

Schneider Electric SA has made several bond issues as part of its *Euro Medium Term Notes* (EMTN) programme over the past few years. Issues that were not yet due as of December 31, 2010 were as follows:

- EUR300 and EUR200 million worth of bonds issued successively in July and October 2010, at a rate of 2.875%, due on July 20, 2016;
- EUR500 million worth of bonds issued in July 2010, at a rate of 3.625%, due on July 20, 2020;
- EUR150 million worth of bonds issued in May 2009 to top up the EUR600 million twelve-year tranche, due January 8, 2015, at a rate of 5.375% issued on October 2007, raising the total issue to EUR750 million;
- EUR250 million worth of bonds issued in March 2009 to top up the EUR780 million twelve-year tranche, at a rate of 4%, issued in August 2005, raising the total issue to EUR1.03 billion;
- EUR750 million worth of bonds issued in January 2009 at a rate of 6.75%, due on July 16, 2013; in July 2010, this borrowing was partially repayed with EUR263 million;
- EUR100 million worth of bonds issued in July 2008 indexed to the 10-year *Constant Maturity Swap* (CMS) rate, due July 31, 2013;
- EUR26 million corresponding to the discounted present value of future interest payments on a EUR177 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 recognised in debt because the bond holder has waived its right to repayment of the principal in exchange for the transfer, on a no-recourse basis, of the future cash flows corresponding to the requested refund of a tax receivable;
- EUR180 million worth of bonds issued in April 2008 to top up the EUR600 million twelve-year tranche, at a rate of 4%, issued in August 2005, raising the total issue to EUR780 million;
- EUR600 million worth of bonds issued in October 2007, at a rate of 5.375%, due on January 8, 2015;
- EUR1 billion worth of bonds issued in July 2006, comprising a EUR500 million 5-year variable rate tranche indexed to the 3 month Euribor and a EUR500 million 7 1/2-year tranche at 4.5%.
- EUR600 million worth of bonds issued in August 2005, at a rate of 4%, due on August 2017.

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

Finally, the company brought back its EUR900 million, August 2005 bond, due on August 11, 2010.

24.4 Other information

At December 31, 2010, Schneider Electric had confirmed credit lines of EUR2.7 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, 2010	Dec. 31, 2009
Clipsal acquisition debt	9	8
Debt related to 2010 acquisitions*	53	-
Electroshield TM Samara acquisition debt	50	-
Other	16	9
Other non-current liabilities	**128**	**17**

* Acquisition of Cimac, ITG, D5X, Vizelia and H'Dev

The Clipsal acquisition contract stipulates retaining part of the acquisition price as a liability guarantee. This amount has been placed in an escrow account (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, 2009				Dec 31, 2010	Dec 31, 2010	
			Change over the period				Nominal amount	
		Carrying amount	Statement of income [1]	Equity [2]	Other	Carrying amount	Sale	Purchase
Foreign exchange								
Futures - cash flow hedges	CFH*	(6)	(82)	(7)	-	(95)		(1,158)
Futures - net investment hedges	NIH*	(1)	-	10	-	9	627	
Futures - hedges of balance sheet items	Trading/FVH*	(27)	2	(1)	2	(24)	1,849	(1,583)
Metal prices								
Futures and options	CFH*	9	-	5	-	14		(51)
Share-based payment								
Call options	CFH*	-	13	12	28	53		(79) [3]
Interest rates								
Swaps on credit lines	CFH*/FVH*	(41)	3	14	-	(24)		(1,399)
Derivatives financial instruments		**(66)**	**(64)**	**33**	**30**	**(67)**		

** Cash flow hedge / Fair value hedge / Net investment 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 recognised in net result.
[2] Reported in equity under « Other Comprehensive Income ».
[3] 1,121,990 Schneider Electric stocks are hedged in relation to Stock Appreciation Rights granted to US employees.

The market value of financial instruments, which their carrying amount reflects, 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, 2010		Dec. 31, 2009	
	Notional amount [1]	Fair value	Notional amount [1]	Fair value
Available-for-sale financial assets	410	410	245	245
Other non-current financial assets	144	144	102	102
Marketable securities	1,825	1,825	2,681	2,681
Bonds	(4,348)	(4,614)	(4,508)	(4,746)
Other short and long-term debt	(1,777)	(1,777)	(1,816)	(1,816)
Financial instruments excluding derivatives	**(3,746)**	**(4,012)**	**(3,296)**	**(3,534)**

[1] The notional amount corresponds to either amortized cost or fair value.

26.3 Currency risk

Forward hedging positions by currency

	Dec. 31, 2010		
	Sales	**Purchases**	**Net**
AED	63	(46)	17
AUD	187	(14)	173
CHF	19	(7)	12
CZK	1	(14)	(13)
DKK	54	(1)	53
GBP	131	(113)	18
HKD	57	(87)	(30)
HUF	28	(2)	26
JPY	-	(70)	(70)
NOK	5	(43)	(38)
RUB	58	-	58
SEK	6	(154)	(148)
SGD	89	(2)	87
USD	1,732	(973)	759
Other	46	(57)	(11)
Total	**2,476**	**(1,583)**	**893**

Forward currency hedging positions include EUR502 million in hedges of loans and borrowings of a financial nature (net sales) and EUR391 million in hedges of operating cash flows (net sales).

26.4 Impact of financial instruments

Dec. 31, 2010	Impact on financial income and expense	Impact on Equity		
		Fair value	**Translation adjustment**	**Other**
Available-for-sale financial assets	12	(32)	6	-
Loans and accounts receivable	24	-	372	-
Financial liabilities measured at amortized cost	(306)	-	(561)	-
Derivative instruments	(64)	31	2	-
Total	**(334)**	**(1)**	**(181)**	**-**

Dec. 31, 2009	Impact on financial income and expense	Impact on Equity		
		Fair value	**Translation adjustment**	**Other**
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)**	**142**	**4**	**-**

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
Financial liabilities	(1,115)	(2,936)	(2,074)
Financial assets	3,389	135	-
Net position before hedging	**2,274**	**(2,801)**	**(2,074)**

26.6 Balance sheet amounts for financial instruments by category

ASSETS	Dec. 31, 2010		Breakdown by category			
	Carrying amount	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	410	410	-	410	-	-
Other non-current financial assets	144	144	-	-	144	-
Total non-current assets	**554**	**554**	**-**	**410**	**144**	**-**
Current assets:						
Trade accounts receivable	4,441	4,441	-	-	4,441	-
Other receivables	118	118	-	-	-	118
Current financial assets	38	38	38	-	-	-
Marketable securities	1,825	1,825	1,825	-	-	-
Total current assets	**6,422**	**6,422**	**1,863**	**-**	**4,441**	**118**
LIABILITIES						
Non-current liabilities:						
Other long-term debt	5,010	5,276	-	-	5,276	-
Total non-current liabilities	**5,010**	**5,276**	**-**	**-**	**5,276**	**-**
Current liabilities						
Trade accounts payable	3,432	3,432	-	-	3,432	-
Other	204	204	-	-	19	185
Short-term debt	1,115	1,115	-	-	1,115	-
Total current liabilities	**4,751**	**4,751**	**-**	**-**	**4,566**	**185**

ASSETS	Dec. 31, 2009		Breakdown by category			
	Carrying amount	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	143	143	-	-	20	123
Short-term debt	1,411	1,411	-	-	1,411	-
Total current liabilities	**3,757**	**3,757**	**-**	**-**	**3,634**	**123**

26.7 Fair value hierarchy

The split of financial instruments by fair value level is as follows:

	Dec. 31, 2010			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	135	-	275	410
Net derivative instruments	-	(67)	-	(67)
Marketable securities	1,825	-	-	1,825
Net assets at fair value	**1,960**	**(67)**	**275**	**2,168**

	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 Employees

The average number of permanent and temporary employees was as follows in 2010 and 2009:

(number of employees)	**2010**	**2009**
Production	61,911	55,125
Administration	61,571	60,940
Total average number of employees	**123,482**	**116,065**
By region:		
EMEAS*	60,937	57,360
North America	26,324	26,510
Asia-Pacific	36,221	32,195

* Europe, Middle East, Africa, South America

The change in the average number of employees is primarily linked to the acquisition of the Areva Distribution businesses.

27.2 Employee benefits expense

	2010	**2009**
Payroll costs (1)	(4,649)	(4,330)
Profit-sharing and incentive bonuses	(65)	(46)
Stock options	(31)	(22)
WESOP	(3)	(3)
Employee benefits expense	**(4,748)**	**(4,401)**

(1) of which EUR63 million relating to pensions and post-retirement obligations and EUR25 million relating to employee benefit obligations (note 22).

27.3 Benefits granted to senior executives

In 2010, the Group paid EUR0.64 million in attendance fees to the members of its Supervisory Board. The total amount of gross remuneration, including fringe benefits, paid in 2010 by the Group to the members of Senior Management excluding members of the Management Board totaled EUR9 million, of which EUR3.9 million corresponded to the variable portion.

During the last three periods, 279,500 stock options and 185,000 stock grants have been allocated to members of Senior Management.

Pension obligations with respect to members of Senior Management amounted to EUR73 million at December 31, 2010 versus EUR68 million at December 31, 2009.

Please refer to Chapter 3 section 8 of the Registration Document for more information regarding the members of Senior Management.

Note 28 - Related party transactions

28.1 Associates

These are primarily companies over which the Group has significant influence, accounted for by the equity consolidation method.
Transactions with these related parties are carried out on arm's length terms.

Related party transactions were not material in 2010.

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 and similar undertakings

	12/31/2010	12/31/2009
Market counter guarantees (1)	880	469
Pledges, mortages and sureties (2)	17	16
Endorsements and guarantees	6	10
Other commitments given (3)	175	176
Guarantees given	**1,078**	**671**
Endorsements and guarantees received	80	64
Guarantees received	**80**	**64**

(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 given in rental payments.

In 2010, the consolidation of Areva Distribution assets contributed to an increase in commitments given to EUR256 million.

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, 2010.

- **Information technology services**

The Group is party to an agreement with Capgemini providing for outsourcing (facilities management) of certain of its information technology functions in Europe and deployment of a system of shared SAP management applications. The first pilot version of the global system was implemented in India in April 2007 and the second version was deployed in mid-2008 in several European pilot countries. At the end of 2010, Schneider Electric had capitalised total costs (net of impairment) of EUR142 million. The costs are progressively amortised with effect from 2009, over a 7-year rolling calendar and based on the number of users connected worldwide as the system is deployed.

For 2010, the contractual facilities management costs amount to EUR103 million including the volume and indexing factors provided for by the contract (EUR119 million for 2009).

29.3 Contingent liabilities

Senior Management believes that provisions recognized in the balance sheet, in respect of the known claims and litigation to which the Group is a party, should be adequate to ensure that such claims and litigations will not have any substantial impact on the Group's financial position or results. 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 entered into a company-wide agreement in respect of individual training entitlement. It has applied the French accounting treatment recommended by opinion 2004-F issued by the CNC's urgent issues committee. Expenditure on individual training is written off as an expense during the period and therefore no provision is made for it. As of December 31, 2010, rights accrued but not used by employees of French entities of the Group corresponded to around 1,417,000 hours.

Note 30 - Subsequent events

Acquisition of APW in India

On January 7, 2011 the Group announced the signature of an agreement for the acquisition of the majority of the share capital of APW President Systems Limited, a company specializing in the design and manufacture of standard or custom-built electric bays and cabinets for use in particular by telecom and information technology end customers in India. APW President Systems Limited employs around 380 people and achieved estimated revenue of INR1.08 billion (about EUR17 million) for the twelve month period to end September 2010. The company has manufacturing facilities in Bangalore and Pune, a large customer portfolio and a network of sales offices in India.

Note 31 - Statutory Auditors' fees

Fees paid by the Group to the Statutory Auditors and their networks:

(in thousands of euros)	2010				
	Ernst & Young	%	Mazars	%	TOTAL
Audit					
Statutory auditing	8,463	*87%*	6,578	*99%*	15,041
o/w Schneider Electric SA	*100*		*100*		
o/w subsidiaries	*8,363*		*6,478*		
Related services	1,046	*11%*	80	*1%*	1,126
o/w Schneider Electric SA	*0*		*-*		
o/w subsidiaries	*1,046*		*80*		
Audit sub-total	**9,509**	***98%***	**6,658**	***100%***	16,167
Other services					
Legal, tax	211	*2%*	*3*	*0%*	214
TOTAL FEES	**9,720**	***100%***	**6,661**	***100%***	**16,381**

(in thousands of euros)	2009				
	Ernst & Young	%	Mazars	%	TOTAL
Audit					
Statutory auditing	8,208	*89%*	4,980	*97%*	13,188
o/w Schneider Electric SA	*100*		*100*		
o/w subsidiaries	*8,108*		*4,880*		
Related services	670	*7%*	129	*3%*	799
o/w Schneider Electric SA	*0*		*0*		
o/w subsidiaries	*670*		*129*		
Audit sub-total	**8,878**	***97%***	**5,109**	***99%***	13,987
Other services					
Legal, tax	299	*3%*	*34*	*1%*	333
TOTAL FEES	**9,177**	***100%***	**5,143**	***100%***	**14,320**

Note 32 - Consolidated companies

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

		% interest Dec. 31, 2010	% interest Dec. 31, 2009
Europe			
Fully consolidated			
Areva T&D Austria AG (Distribution business only)	Austria	100.0	-
Berger Lahr Positec Ges. m.b.H. & Co. KG	Austria	-	51.0
Merten Ges. m.b.H. & Co. KG	Austria	-	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 SA	Belgium	100.0	100.0
Compagnie Financière, Minière et Industrielle SA - Cofimines	Belgium	100.0	100.0
Etablissements Crouzet NV	Belgium	100.0	100.0
Schneider Electric Energy Belgium SA	Belgium	100.0	-
Schneider Electric SA	Belgium	100.0	100.0
Schneider Electric Services International SPRL	Belgium	100.0	100.0
Delixi Electric SEE EOOD	Bulgaria	100.0	100.0
Schneider Electric Bulgaria EOOD	Bulgaria	100.0	100.0
Schneider Electric d.o.o.	Croatia	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
JO-EL Electric A/S	Denmark	100.0	100.0
Ørbaekvej 280 A/S	Denmark	100.0	100.0
Schneider Electric Buildings Denmark A/S	Denmark	100.0	100.0
Schneider Electric Danmark 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
Schneider Electric EESTI A.S.	Estonia	100.0	100.0
Elari Oy	Finland	100.0	100.0
Elko Suomi Oy	Finland	100.0	100.0
I-Valo Oy	Finland	100.0	100.0
JO-EL Electric Oy	Finland	100.0	100.0
Oy Lexel Finland Ab	Finland	100.0	100.0
Pelco Finland 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
Vamp OY	Finland	100.0	-
Alombard SAS	France	100.0	100.0
American Power Conversion Europe SARL	France	-	100.0
American Power Conversion France SARL	France	-	100.0
Areva T&D Holding SA (Distribution business only)	France	100.0	-
Areva T&D SAS (Distribution business only)	France	100.0	-
Areva T&D Protection & Contrôle SA (Distribution business only)	France	100.0	-
Ateliers de Constructions Electriques de Grenoble SA - ACEG	France	-	100.0
BCV Technologies SAS	France	100.0	100.0
Behar-Sécurité SARL	France	100.0	100.0
BEI Ideacod SAS	France	100.0	100.0
Berger Lahr Positec SAS	France	-	100.0
Boissière Finance SNC	France	100.0	100.0
Construction Electrique du Vivarais SAS	France	100.0	100.0
Crouzet Automatismes SAS	France	100.0	100.0
Dinel SAS	France	100.0	100.0
Distrelec SA	France	100.0	100.0
Elau SARL	France	100.0	100.0
Electro Porcelaine SAS	France	100.0	100.0
Epsys SAS	France	100.0	100.0
France Transfo SAS	France	100.0	100.0
Infraplus SAS	France	100.0	100.0
Machines Assemblage Automatique SAS	France	100.0	100.0
Merlin Gerin Alès SAS	France	100.0	100.0

		% interest Dec. 31, 2010	% interest Dec. 31, 2009
Merlin Gerin Alpes SAS	France	100,0	100,0
Merlin Gerin Loire SAS	France	100,0	100,0
MGE Finances SAS	France	100,0	100,0
MGE UPS Systems SAS	France	100,0	100,0
Muller & Cie SA	France	100,0	100,0
Newlog SAS	France	100,0	100,0
Normabarre SAS	France	100,0	100,0
Prodipact SAS	France	100,0	100,0
Rectiphase SAS	France	100,0	100,0
Sarel - Appareillage Electrique SAS	France	99,0	99,0
SCI Auxibati	France	100,0	100,0
SCI Usibati	France	100,0	100,0
Scanelec SAS	France	100,0	100,0
Schneider Automation SAS	France	100,0	100,0
Schneider Electric Consulting SAS	France	100,0	100,0
Schneider Electric Energy France SAS	France	100,0	-
Schneider Electric Foncière SAS - S.E.L.F.	France	100,0	100,0
Schneider Electric France SAS	France	100,0	100,0
Schneider Electric Holding Amérique du Nord SAS	France	100,0	100,0
Schneider Electric Holding Asie Pacifique SAS	France	100,0	100,0
Schneider Electric Holding Europe SAS	France	100,0	100,0
Schneider Electric Industries SAS	France	100,0	100,0
Schneider Electric International SAS	France	100,0	100,0
Schneider Electric Manufacturing Bourguebus SAS	France	100,0	100,0
Schneider Electric SA (Holding Company)	France	100,0	100,0
Schneider Electric Telecontrol SAS	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
Société d'Application Electrique et Electronique SAS - SA2E	France	-	100,0
Société d'Appareillage Electrique Gardy SAS	France	100,0	100,0
Société d'Application et d'Ingenierie Industrielle et Informatique SAS - SA3I	France	100,0	100,0
Société du Rebauchet SAS	France	-	100,0
Société Electrique d'Aubenas SAS	France	100,0	100,0
Société Française de Construction Mécanique et Electrique SA	France	100,0	100,0
Société Française Gardy SA	France	100,0	100,0
Société pour l'équipement des industries chimiques SA	France	100,0	100,0
Société Rhodanienne d'Etudes et de Participations SAS	France	100,0	100,0
Spie Capag SA	France	100,0	100,0
Systèmes Equipements Tableaux Basse Tension SAS	France	100,0	100,0
Transfo Services SAS	France	100,0	100,0
APC Deutschland GmbH	Germany	100,0	100,0
Berger Lahr Positec GmbH	Germany	100,0	100,0
Crouzet GmbH	Germany	100,0	100,0
Elau GmbH	Germany	100,0	100,0
Elso GmbH	Germany	100,0	100,0
Kavlico GmbH	Germany	-	100,0
Kavlico GmbH (formerly Kavlico Technology GmbH)	Germany	100,0	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 Energy GmbH	Germany	100,0	-
Schneider Electric Deutschland GmbH	Germany	100,0	100,0
Schneider Electric Energy GmbH	Germany	100,0	-
Schneider Electric GmbH	Germany	100,0	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 Sachsenwerk GmbH	Germany	100,0	-
Svea Building Control System GmbH & Co. KG	Germany	-	100,0
Verwaltung SVEA Building Control Systems GmbH	Germany	100,0	100,0
Vitrum Beteiligungs GmbH	Germany	-	100,0
Xantrex Technology GmbH	Germany	-	100,0
Schneider Electric AE	Greece	100,0	100,0
Schneider Electric IT Greece ABEE	Greece	100,0	100,0
BEI Automative Hungary Manufacturing Inc	Hungary	100,0	100,0
CEE Schneider Electric Közep-Kelet Europai Korlatolt Felelösségü Tarsasag	Hungary	100,0	100,0
Schneider Electric Energy Hungary LTD	Hungary	100,0	-
Schneider Electric IT Hungary Kft	Hungary	100,0	100,0
Schneider Electric Hungaria Villamassagi ZRT	Hungary	100,0	100,0
APC (EMEA) Ltd	Ireland	100,0	100,0
APC Dublin Ltd	Ireland	-	100,0
Schneider Electric Buildings Ireland Ltd	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

		% interest Dec. 31, 2010	% interest Dec. 31, 2009
Controlli Srl	Italy	100,0	100,0
Crouzet Componenti Srl	Italy	100,0	100,0
Elau Systems Italia Srl	Italy	-	100,0
Schneider Electric IT Italia Srl	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 Energy Manufacturing Italia Srl	Italy	100,0	-
Schneider Electric Industrie Italia Spa	Italy	100,0	100,0
Schneider Electric Spa	Italy	100,0	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	Lithuania	100,0	100,0
COC Luxembourg S.à r.l.	Luxembourg	100,0	-
Comodot S.à r.l.	Luxembourg	100,0	100,0
Industrielle de Réassurance SA	Luxembourg	100,0	100,0
SGBT European Major Investments SA	Luxembourg	100,0	100,0
SHL Luxembourg S.à r.l.	Luxembourg	100,0	-
American Power Conversion Corp (A.P.C.) BV	Netherlands	100,0	100,0
APC Benelux BV	Netherlands	100,0	100,0
APC Europe BV	Netherlands	100,0	100,0
APC Holdings BV	Netherlands	100,0	100,0
APC International Corporation BV	Netherlands	100,0	100,0
APC International Holdings BV	Netherlands	100,0	100,0
Citect BV	Netherlands	100,0	100,0
Control Microsystems BV	Netherlands	100,0	-
Crouzet BV	Netherlands	100,0	100,0
Elau BV	Netherlands	100,0	100,0
Pelco Europe BV	Netherlands	100,0	100,0
Pro-Face HMI BV (sub-group)	Netherlands	99,9	99,9
Sandas Montage BV	Netherlands	100,0	100,0
Schneider Electric BV	Netherlands	100,0	100,0
Schneider Electric Energy Netherlands BV	Netherlands	100,0	-
Schneider Electric Logistic Centre BV	Netherlands	100,0	100,0
Schneider Electric Manufacturing The Netherlands BV	Netherlands	100,0	100,0
U.P.S. Systems MGE BV	Netherlands	100,0	100,0
ELKO AS	Norway	100,0	100,0
JO-EL Electric AS	Norway	100,0	100,0
Lexel Holding Norgue AS	Norway	100,0	100,0
Schneider Electric IT Norway AS	Norway	100,0	100,0
Schneider Electric Norge AS	Norway	100,0	100,0
Schneider Electric Buildings Norway AS	Norway	100,0	100,0
APC Poland Sp. Zoo	Poland	-	100,0
Elda Eltra S.A. (ex Eltra SA)	Poland	100,0	100,0
Schneider Electric Buildings Polska Sp. Z. o.o.	Poland	100,0	100,0
Schneider Electric Energy Poland Sp. Z.o.o.	Poland	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, LDA	Portugal	-	100,0
Schneider Electric II IT Portugal LDA	Portugal	100,0	100,0
Schneider Electric Portugal LDA	Portugal	100,0	100,0
Schneider Electric Romania SRL	Romania	100,0	100,0
DIN Elektro Kraft OOO	Russia	100,0	100,0
LLC Merten Russland OOO	Russia	-	100,0
LLC Schneider Electric Zavod ElectroMonoblock	Russia	100,0	75,0
OOO schneider Electric Buildings (Russia)	Russia	100,0	100,0
OOO Lexel Elektromaterialy (SPB)	Russia	100,0	100,0
OOO RusEl	Russia	100,0	100,0
OOO Schneider Electric Kaliningrad	Russia	100,0	100,0
OOO UralElektroKontaktor	Russia	100,0	100,0
OOO Wessen	Russia	100,0	100,0
OOO Wextro	Russia	100,0	100,0
Relay Protection Vamp CJSC	Russia	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 Beograd	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
APC Spain SL	Spain	-	100,0
EFI Electronics Europe SL	Spain	100,0	100,0
Hispano Mecano-Electrica SA	Spain	100,0	100,0
Manufacturas Electricas SA	Spain	100,0	100,0
Schneider Electric IT, Spain SL	Spain	100,0	100,0
Schneider Electric Energy Spain, SL	Spain	100,0	-
Schneider Electric Espana SA	Spain	100,0	100,0
Telemantenimiento de Alta Tension, SL	Spain	100,0	-
Xantrex Technology SL	Spain	100,0	100,0

		% interest Dec. 31, 2010	% interest Dec. 31, 2009
AB Crahftere 1	Sweden	100,0	100,0
AB Wibe	Sweden	100,0	100,0
AB Wibe Telescopic Masts	Sweden	100,0	100,0
Elau AB	Sweden	100,0	100,0
Elektriska AB Delta	Sweden	100,0	100,0
Elko AB	Sweden	100,0	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
Schneider Electric Buildings AB	Sweden	100,0	100,0
Schneider Electric Buildings Sweden AB	Sweden	100,0	100,0
Schneider Electric Distribution Centre 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
Areva T&D AG (Distribution business only)	Switzerland	100,0	-
Crouzet AG	Switzerland	100,0	100,0
Elau AG	Switzerland	-	100,0
Feller AG	Switzerland	83,7	83,7
Gutor Electronic GmbH	Switzerland	100,0	100,0
Schneider Electric IT Switzerland AG	Switzerland	100,0	100,0
Sarel AG	Switzerland	-	97,8
Schneider Electric Finances SA	Switzerland	100,0	100,0
Schneider Electric Motion AG	Switzerland	-	100,0
Schneider Electric (Schweitz) AG	Switzerland	100,0	100,0
Schneider Electric Ukraine	Ukraine	100,0	100,0
Smart Electric	Ukraine	-	100,0
Advance Cayson Ltd	United Kingdom	-	100,0
Advance Dormant No. 1 Ltd	United Kingdom	-	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 Ltd	United Kingdom	100,0	100,0
Areva T&D UK Ltd (Distribution business only)	United Kingdom	100,0	-
Berger Lahr Positec Ltd	United Kingdom	100,0	100,0
Capacitors Ltd	United Kingdom	100,0	100,0
CBS Group Ltd	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 Ltd	United Kingdom	100,0	100,0
Elau Ltd	United Kingdom	100,0	100,0
Electric City Ltd	United Kingdom	100,0	100,0
GET Group PLC	United Kingdom	100,0	100,0
GET Pension Scheme Ltd	United Kingdom	100,0	100,0
GET PLC	United Kingdom	100,0	100,0
Grawater Ltd	United Kingdom	-	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) Ltd	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 Ltd	United Kingdom	100,0	100,0
Newall Measurement Systems Ltd	United Kingdom	100,0	100,0
Pelco UK Ltd	United Kingdom	100,0	100,0
Powerman Ltd (formerly Grawater of Wakefield Ltd)	United Kingdom	100,0	100,0
Sarel Ltd	United Kingdom	100,0	100,0
Satchwell Controls Systems Ltd	United Kingdom	-	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 Energy Holdings UK Ltd	United Kingdom	100,0	-
Schneider Electric Energy UK Ltd	United Kingdom	100,0	-
Schneider Electric IT UK Ltd	United Kingdom	100,0	100,0
Schneider Electric Ltd	United Kingdom	100,0	100,0
Serck Control and Safety Ltd	United Kingdom	100,0	-
Serck Controls Ltd	United Kingdom	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
Yorkshire Switchgear Group Ltd	United Kingdom	100,0	100,0
Accounted for by equity method			
Delta Dore Finance SA (sub-group)	France	20,0	20,0
Möre Electric Group A/S	Norway	34,0	34,0
Electroshield TM Samara (sub-group)	Russia	50,0	-

North America
Fully consolidated

		% interest Dec. 31, 2010	% interest Dec. 31, 2009
Cofimines Overseas Corp.	Canada	-	100,0
Control Microsystems Inc.	Canada	100,0	-
Inde Electronics Inc.	Canada	-	99,9
Juno Lighting Ltd	Canada	100,0	100,0
Novasena 1 ULC	Canada	100,0	100,0
Novasena 2 ULC	Canada	100,0	100,0
Power Measurement Ltd	Canada	100,0	100,0
Schneider Electric Canada Inc.	Canada	100,0	100,0
Trio Datacom Inc.	Canada	100,0	-
Xantrex Technology Inc.	Canada	-	100,0
APC Mexico, SA de CV	Mexico	100,0	100,0
Automatismo Crouzet de Mexico, SA de CV	Mexico	100,0	100,0
Custom Sensors & Technologies Aerospace de México, SA de CV	Mexico	100,0	100,0
Custom Sensors & Technologies Mexico, SA de CV	Mexico	100,0	100,0
Custom Sensors & Technologies Transportation de México, SA de CV	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 RL de CV	Mexico	100,0	100,0
Ram Tech Services de Mexico S de RL de CV	Mexico	100,0	100,0
Schneider Electric Administracion, SA de CV	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, SA de CV	Mexico	100,0	100,0
Schneider Recursos Humanos, SA de CV	Mexico	100,0	100,0
Square D Company Mexico, SA de CV	Mexico	100,0	100,0
Adaptive Instruments Corp.	USA	100,0	-
American Power Conversion Federal Systems, Inc.	USA	100,0	100,0
APC America Inc.	USA	100,0	100,0
APC Corp.	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
Control Microsystems U.S. 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	100,0
Delsena 2, LLC	USA	100,0	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
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
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
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 Investments 2, Inc.	USA	100,0	-
Schneider Electric Motion USA, Inc.	USA	100,0	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 Investment Company	USA	100,0	100,0
Veris Industries LLC	USA	100,0	100,0
Xantrex Technology Inc.	USA	100,0	100,0
Xantrex Technology USA Inc.	USA	100,0	-

Asia-Pacific

Fully consolidated

		% interest Dec. 31, 2010	% interest Dec. 31, 2009
APC Australia Pty Limited	Australia	100,0	100,0
Australian Electrical Supplies Pty Limited	Australia	-	100,0
Citect Corporation Limited	Australia	100,0	100,0
Citect Pty Limited	Australia	100,0	100,0
Clipsal Australia Holdings Pty Limited	Australia	-	100,0
Clipsal Australia Pty Limited	Australia	100,0	100,0
Clipsal Integrated Systems Pty Limited	Australia	100,0	100,0
Clipsal Pacific Holdings Pty Limited	Australia	-	100,0
Clipsal Technologies Australia Pty Limited	Australia	100,0	100,0
Control Microsystems Asia Pacific Pty Ltd	Australia	100,0	-
CSI Control Systems International Pty Limited	Australia	100,0	100,0
CSI Pacific (Australia) Pty Limited	Australia	100,0	100,0
Dataletta Pty Limited	Australia	100,0	100,0
Efficient Energy Systems Pty Limited	Australia	100,0	100,0
Invensys Building Systems Pty Limited	Australia	100,0	100,0
MGE-UPS Systems Australia Pty Limited	Australia	100,0	100,0
Moduline Holdings Pty Limited	Australia	-	100,0
Moduline Pty Limited	Australia	-	100,0
Nu-Lec Industries Pty Limited	Australia	100,0	100,0
PDL Holdings Australia Pty Limited	Australia	-	100,0
PDL Industries Australia Pty Limited	Australia	-	100,0
Pelco Australia Pty Limited	Australia	100,0	100,0
Pro-face Australia Pty Limited	Australia	100,0	100,0
Scadagroup Pty Ltd	Australia	100,0	-
Schneider Electric (Australia) Pty Limited	Australia	100,0	100,0
Schneider Electric Australia Holdings Pty Limited	Australia	100,0	100,0
Schneider Electric Buildings Australia Pty Limited	Australia	100,0	100,0
Serck Controls Pty Ltd	Australia	100,0	-
Tarway Pty Limited	Australia	-	100,0
Three Products Pty Limited	Australia	-	100,0
Trio Datacom Pty Ltd	Australia	100,0	-
Two Plastics Pty Limited	Australia	-	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
Areva T&D (Guangdong) Switchgear Co. Ltd. (Distribution business only)	China	51,0	-
Areva T&D (Xiamen) Switchgear Co. Ltd (Distribution business only)	China	100,0	-
Areva T&D Beijing Switchgear Co. Ltd (Distribution business only)	China	100,0	-
Areva T&D Huadian Switchgear (Xiamen) Co. Ltd (Distribution business only)	China	55,0	-
Areva T&D Shanghai Power Automation Co. Ltd (Distribution business only)	China	58,0	-
Areva T&D Suzhou High Voltage Switchgear Co. Ltd (Distribution business only)	China	80,0	-
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
Clipsal Manufacturing (Huizhou) Ltd	China	100,0	100,0
Custom Sensors & Technologies Asia (Shangai) Ltd	China	100,0	100,0
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
MGE Manufacturing Shanghai Co. Ltd	China	100,0	100,0
Proface China International Trading (Shanghaï) Co. Ltd	China	99,9	99,9
RAM Electronic Technology and Control (Wuxi) Co., Ltd	China	100,0	100,0
Schneider (Beijing) Medium & Low Voltage Co., Ltd	China	95,0	95,0
Schneider (Beijing) Medium Voltage Co. Ltd	China	95,0	95,0
Schneider (Shaanxi) Baoguang Electrical Apparatus Co. Ltd	China	70,0	70,0
Schneider (Shanghaï) Supply Co. Ltd	China	100,0	100,0
Schneider (Suzhou) Drives Company Ltd	China	90,0	90,0
Schneider (Suzhou) Enclosure Systems Co Ltd	China	100,0	100,0
Schneider (Suzhou) Transformers Co. Ltd	China	100,0	100,0
Schneider Automation Solutions (Shanghai) Co., Ltd	China	100,0	100,0
Schneider Busway (Guangzhou) Ltd	China	95,0	95,0
Schneider Electric (China) Investment Co. Ltd	China	100,0	100,0
Schneider Electric Devices (Dong Guan) Co. Ltd	China	-	100,0
Schneider Electric International Trading (Shanghai) Co., Ltd	China	100,0	100,0
Schneider Electric IT (China) Co., Ltd	China	100,0	100,0
Schneider Electric Low Voltage (Tianjin) Co. Ltd	China	75,0	75,0
Schneider Shanghaï Apparatus Parts Manufacturing Co. Ltd	China	100,0	100,0
Schneider Shanghaï Industrial Control Co. Ltd	China	80,0	80,0
Schneider Shanghaï Low Voltage Term. Apparatus Co. Ltd	China	75,0	75,0
Schneider Shanghaï Power Distribution Electric Apparatus Co. Ltd	China	80,0	80,0
Schneider Wingoal (Tianjin) Electric Equipment Co. Ltd	China	100,0	100,0
Suzhou Areva T&D Switchgear Ltd (Distribution business only)	China	58,0	-
Tianjin Merlin Gerin Co. Ltd	China	75,0	75,0
Wuxi Proface Electronic Co. Ltd	China	99,9	99,9

		% interest Dec. 31, 2010	% interest Dec. 31, 2009
APC Hong Kong Limited	Hong Kong	-	100,0
Clipsal Asia Holdings Limited	Hong Kong	100,0	100,0
Clipsal Asia Limited	Hong Kong	100,0	100,0
Clipsal Hong Kong Limited	Hong Kong	-	100,0
Clipsal Industries Hong Kong Limited	Hong Kong	100,0	100,0
Custom Sensors & Technologies Asia (Hong Kong) Limited	Hong Kong	100,0	100,0
CVH Industries Limited	Hong Kong	100,0	100,0
Full Excel (Hong Kong) Limited	Hong Kong	100,0	100,0
GET Asia Limited	Hong Kong	-	100,0
GET Santai Limited	Hong Kong	-	100,0
Invensys Building Systems (Hong Kong) Limited	Hong Kong	100,0	100,0
Schneider Electric IT Hong Kong Limited	Hong Kong	100,0	100,0
Schneider Electric (Hong Kong) Limited	Hong Kong	100,0	100,0
Schneider Electric Asia Pacific Limited	Hong Kong	100,0	100,0
SWC Technology Limited	Hong Kong	100,0	-
APC India Private Ltd	India	100,0	100,0
Areva T&D India Ltd (Distribution business only)	India	72,2	-
Cimac Automation Private Ltd	India	85,0	-
Cimac Software Systems Private Ltd	India	85,0	-
Schneider Electric Conzerv India PTE Ltd	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 Private Ltd	India	-	100,0
Schneider Electric India Private Ltd	India	100,0	100,0
PT Areva T&D (Distribution business only)	Indonesia	67,7	-
PT Bowden Industries Indonesia	Indonesia	100,0	100,0
PT Clipsal Manufacturing Jakarta	Indonesia	100,0	100,0
PT Schneider Electric IT Indonesia	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
PT Unelec Indonesia (Distribution business only)	Indonesia	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
Schneider Electric (Malaysia) Sdn Bhd	Malaysia	30,0	30,0
Schneider Electric Energy Malaysia Sdn Bhd	Malaysia	100,0	-
Schneider Electric Industries (M) Sdn Bhd	Malaysia	100,0	100,0
Schneider Electric IT Malaysia Sdn Bhd	Malaysia	100,0	100,0
Schneider Electric Manufacturing (M) Sdn Bhd	Malaysia	100,0	100,0
Citect NZ 2005 Ltd	New Zealand	100,0	100,0
Schneider Electric (NZ) Ltd	New Zealand	100,0	100,0
American Power Conversion Land Holdings Inc.	Philippines	100,0	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
Clipsal International 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
MGE Logistic South Asia Pacific Pte. Ltd	Singapore	100,0	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 ISC (S) Pte. Ltd	Singapore	100,0	100,0
Schneider Electric IT Logistics Asia Pacific Pte. Ltd	Singapore	100,0	100,0
Schneider Electric IT Singapore 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 Singapore Pte. Ltd	Singapore	100,0	100,0
Schneider Electric South East Asia (HQ) Pte. Ltd	Singapore	100,0	100,0
TAC (IBS) Pte. Ltd	Singapore	100,0	100,0
TAC Control Asia Pte. Ltd	Singapore	100,0	100,0
Pro Face Korea Co. Ltd	South Korea	99,9	99,9
Schneider Electric Korea Ltd (ex Samwha EOCR Co. Ltd)	South Korea	100,0	100,0
Schneider Electric IT Korea	South Korea	-	100,0
Schneider Electric Korea Ltd	South Korea	-	100,0
Schneider Electric Lanka (Private) Limited	Sri Lanka	100,0	100,0
Pro Face Taiwan Co. Ltd	Taiwan	99,9	99,9
Schneider Electric Taiwan Co. Ltd	Taiwan	100,0	100,0

		% interest Dec. 31, 2010	% interest Dec. 31, 2009
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
Pro Face South East Asia Pacific Co. Ltd	Thailand	100,0	99,9
Schneider (Thaïland) Ltd	Thailand	100,0	100,0
Schneider Electric CPCS (Thailand) Co. Ltd	Thailand	100,0	100,0
Square D Company (Thaïland) Ltd	Thailand	100,0	100,0
Clipsal Vietnam Co. Ltd	Vietnam	100,0	100,0
MGE UPS Systems Viet Nam Limited	Vietnam	100,0	-
Schneider Electric Vietnam Co. Ltd	Vietnam	100,0	100,0
Accounted for by proportionate method			
Delixi Electric Ltd (sub-group)	China	50,0	50,0
Accounted for by equity method			
Sunten Electric Equipment	China	50,0	-
Fuji Electric FA Components & Systems Co., Ltd (sub-group)	Japan	37,0	37,0
Schneider Electric Engineering Ltd	Japan	40,0	40,0
Rest of the world			
Fully consolidated			
Delixi Electric Algerie	Algeria	100,0	-
SARL Schneider Electric Algerie	Algeria	100,0	100,0
MGE UPS Systems Argentina SA	Argentina	100,0	100,0
Schneider Electric Argentina SA	Argentina	100,0	100,0
Clipsal Middle East	Bahrain	80,0	80,0
Xantrex International SRL	Barbados	-	100,0
Palatine Ridge Insurance Company Ltd	Bermuda	-	100,0
Standard Holdings Ltd	Bermuda	-	100,0
APC Brasil Ltda	Brazil	100,0	100,0
Areva Transmissao & Distribuiçao de Energia Ltda (Distribution business only)	Brazil	100,0	-
CST Latino America Comercio E Representacao de Produtos Electricos E Elestronicos Ltda	Brazil	99,8	99,8
MGE UPS Systems Do Brasil Ltda	Brazil	100,0	100,0
Microsol Tecnologia SA	Brazil	100,0	100,0
Ram Do Brasil, Ltda.	Brazil	100,0	100,0
SB Soluções Tecnológicas Ltda	Brazil	100,0	-
Schneider Electric Brasil Ltda	Brazil	100,0	100,0
Schneider Electric Participaçoes Ltda	Brazil	-	100,0
Softbrasil Automaçäo Ltda	Brazil	100,0	-
Waltec Equipamentos Electricos Ltda	Brazil	100,0	-
Xantrex Technology (BVI) Inc.	Bristish Virgin Islands	-	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
Areva T&D S.A. (Distribution business only)	Colombia	100,0	-
Dexson Electric SA	Colombia	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	98,0
Schneider Electric Distribution Company	Egypt	87,4	87,4
Schneider Electric Egypt SA	Egypt	91,0	91,0
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 Oman LLC	Oman	100,0	-
Areva T&D Pakistan Privated Limited (Distribution business only)	Pakistan	80,0	-
Schneider Electric Peru SA	Peru	100,0	100,0
Cimac Electrical and Automation W.L.L	Qatar	75,0	-
Areva T&D Saudi Arabia (Distribution business only)	Saudi Arabia	100,0	-
EPS Electrical Power Distribution Board & Switchgear Ltd	Saudi Arabia	51,0	51,0
Alight Investment Holdings (Pty) Ltd	South Africa	74,9	100,0
Citect (Pty) Ltd	South Africa	74,9	100,0
Clipsal Industries (Pty) Ltd	South Africa	74,9	100,0
Clipsal Manufacturing (Pty) Ltd	South Africa	74,9	100,0
Clipsal South Africa (Pty) Ltd	South Africa	74,9	100,0
Clipsal Electronic Systems (Pty) Ltd	South Africa	74,9	100,0
Delixi Electric South Africa (Pty) Ltd	South Africa	100,0	100,0
Hoist-Tec (Pty) Ltd	South Africa	74,9	100,0

		% interest Dec. 31, 2010	% interest Dec. 31, 2009
Merlin Gerin SA (Pty) Ltd	South Africa	80,0	80,0
Nu-Lec Africa (Pty) Ltd	South Africa	74,9	49,0
Pelco Video Security South Africa (Pty) Ltd	South Africa	100,0	100,0
RBF Technology (Pty) Ltd.	South Africa	74,9	74,0
Schneider Electric IT South Africa (Pty) Ltd	South Africa	100,0	100,0
Schneider Electric South Africa (Pty) Ltd	South Africa	74,9	100,0
Schneider Investment Holdings (Pty) Ltd	South Africa	100,0	100,0
Valortrade 27 (Pty) Ltd trading as SMSVend	South Africa	80,0	80,0
Areva T&D Enerji Endustrisi A.S. (Distribution business only)	Turkey	100,0	-
DMR Demirbag Elektrik Malzemeleri Ticaret Anonim Sirketi	Turkey	100,0	100,0
Metesan Elektric Malzemeleri Ticaret Ve Pazarlama A.S.	Turkey	100,0	100,0
Schneider Electric Bilgi Teknolojileri Ticaret Ve Pazarlama A.S	Turkey	100,0	100,0
Schneider Elektrik Sanayi Ve Ticaret A.S.	Turkey	100,0	100,0
Cimac Electrical and Control Systems LLC	United Arab Emirates	80,0	-
Cimac FZCO	United Arab Emirates	100,0	-
Cimac LLC	United Arab Emirates	49,0	-
Clipsal Middle East FZC	United Arab Emirates	100,0	80,0
Clipsal Middle East FZCO	United Arab Emirates	100,0	100,0
CLS Systems FZCO	United Arab Emirates	100,0	-
Delixi Electric FZE	United Arab Emirates	100,0	100,0
Hunter Watertech Middle East FZE	United Arab Emirates	100,0	-
Schneider Electric DC MEA FZCO	United Arab Emirates	100,0	-
Schneider Electric FZE	United Arab Emirates	100,0	100,0
Schneider Electric RAK FZE	United Arab Emirates	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

Review of business and consolidated statement of income

Changes in the scope of consolidation

Acquisitions[1]

On January 21, 2010, Schneider Electric announced the signature of an agreement for the acquisition of Cimac, a leader in systems integration for industrial automation solutions in the Middle East Gulf region. Cimac implements complete automation, control and electrical distribution solutions, primarily for Water-Waste Water and Oil & Gas customers. As Gulf market leader with proven technologies and know-how in implementing solutions, it employs over 400 people and generates sales in excess of EUR40 million. With this acquisition, Schneider Electric will be able to capture new opportunities in the fast-growing automation market in UAE and across the Gulf countries, while offering geographical complementarities in other Middle East countries.

On March 5, 2010, Schneider Electric announced the signature of an agreement with Zicom Electronic Security Systems Limited to acquire the assets of their electronic security systems integration business, namely the Building Solutions Group and the Special Projects Group. The business recorded revenues of approximately EUR30 million in fiscal 2009 and has a headcount of about 200. The transaction excludes Zicom's other group companies, such as the retail business and Dubai-based joint-venture. Zicom is the largest independent electronic security systems integrator in India. It has completed to date more than 1,000 projects in infrastructure (city surveillance, railways, airports etc.), government facilities, commercial buildings and high-end hotels where it enjoys strong market positions.

On April 13, 2010, Schneider Electric announced the signature of an agreement to acquire SCADAgroup, an Australian based leading provider of telemetry products and solutions for the water and waste-water, oil & gas and electric power end-market segments. Telemetry is a key technology that allows the remote measurement, monitoring, control and data transfer of infrastructures scattered over a wide area or that are hard to access. SCADAgroup has operations throughout North America, the UK and Australia and employs over 500 staff. Its revenue for the financial year on June 30, 2010 was AUD102 million, or about EUR68 million. Through this acquisition, Schneider Electric further reinforces its presence in the water, waste-water, and oil & gas segments. With SCADAgroup, it acquires technologies and product offers to be pushed through its channels, and execution and service capabilities that are complementary to its own in these segments. The acquisition price, expressed in terms of enterprise value, is AUD200 million (around EUR140 million), or 11 times the estimated EBITA for financial year 2010. This transaction should be accretive on earnings per share within the first year.

On June 7, 2010 (closing date), a consortium comprising Alstom and Schneider Electric acquired all of Areva T&D's capital for EUR2.29 billion. The two consortium partners also financed the repayment of Areva T&D's debt towards the Areva Group. As the buyer of the Distribution business, Schneider Electric financed the equity value in the amount of EUR815 million and the debt refinancing in the amount of EUR323 million. The transaction agreements specify no liability guarantee clause or earn-out payments. The Consortium agreement stipulates that, as of the transaction date, Schneider Electric immediately became the sole owner, with exclusive control, of the Distribution business previously held by Areva (and within the limit of Areva's holding) and acquired through the Consortium. Consequently, the Distribution business was fully consolidated as of June 7, 2010, whilst the Transmission business was entirely excluded from the scope of consolidation.

[1] The dates correspond to when control is acquired in purchased companies.

On November 23, 2010, Schneider Electric announced it had signed an agreement for the acquisition of Uniflair S.p.A., the world number 3 manufacturer of in-room precision cooling systems and modular access floors primarily for data centers and telecommunications applications. Uniflair S.p.A. is strong in Europe and has a good presence in new economies, in particular China and India. It employs approximately 500 people on a global basis and is expected to generate revenues in excess of EUR80 million for the current year. It has manufacturing facilities in Italy, India and China.

December 9, 2010 - Schneider Electric announced its acquisition of two French companies, pioneers in building management software: Vizelia, provider of software for real-time monitoring of building energy consumption and D5X, a company specializing in commercial space optimization solutions. Vizelia has 12 employees and should generate EUR4 million in revenue for 2010. Its innovative software gives clients real-time data on their business' energy consumption, and on both maintenance and property management. It is designed both for new buildings and existing structures, particularly those in the education, commercial real estate and public administration building sectors. D5X has 27 employees and offers complete solutions in three areas: real-time building traffic and occupancy, environmental controls at room level (lighting, blinds and ventilation) and data network management. The company should generate revenue of EUR4 million for 2010.

The Group also acquired 50% of shares in the Russian group Electroshield-TM Samara. This entity is accounted for by the equity method with a delay of three months required to prepare its consolidated financial statements and ensure their compliance with IFRS standards.

Acquisitions and disposals that took place in 2009 and that had an impact on the 2010 financial statements [1]

The following entities were acquired during financial year 2009 and their consolidation on a full-year basis for financial year 2010 had a scope effect compared to financial year 2009:

- Conzerv Systems, consolidated as of June 4, 2009,
- Microsol Tecnologia, consolidated as of June 19, 2009,
- Meher Capacitors, consolidated as of August 6, 2009.

Changes in foreign exchange rates

Changes in foreign exchange rates relative to the euro had a material impact over the year. Indeed, there was a positive effect of EUR869 million on consolidated revenue and EUR103 million on EBITA[2] (effect of conversions only).

Revenue

On December 31, 2010, the consolidated revenue of Schneider Electric totaled EUR19,580 million, an increase of 24.0% at current scope and exchange rates compared to December 31, 2009.
This growth breaks down into 9.3% organic, a contribution of acquisitions net of disposals of 8.7% and a positive exchange rate effect of 6.0%.

Changes in revenue by operating segment

Power revenue (53% of Group revenue), totaled EUR10,318 million on December 31, 2010, an increase of 11.7% on an actual basis et de 5.7 % at constant scope and exchange rates. Medium Voltage business decreased from previous year; business was adversely impacted by a slow construction market and decreased spending by electrical contractors. Low Voltage growth was very strong for the financial year, carried by the rise in industrial demand and dynamic new economies. Solutions and services are seeing growth again thanks to renewable energy solutions.

Industry revenue (18% of Group revenue), totaled EUR3,551 million on December 31, 2010, an increase of 33.3% on an actual basis et de 23.6% at constant scope and exchange rates. Growth continued in all regions, particularly in the Asia-Pacific region. Business was boosted by a strong global rise in industrial demand, specifically equipment manufacture, as well as building and infrastructure investment in new economies. The successful launch of new offers for equipment makers and the return to growth in the HVAC market in the United States contributed to solutions growth.

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[2] EBITA (Earnings Before Interests, Taxes and Amortization of purchase accounting intangibles) corresponds to operating profit before amortization and impairment of purchase accounting intangible assets from acquisitions, and before goodwill impairment.

IT revenue (14% of Group revenue), totaled EUR2,646 million on December 31, 2010, an increase of 16.6% on an actual basis et de 9.6% at constant scope and exchange rates. Small systems saw continued demand in business networks and in new offer launches. Large systems also saw growth, carried by both the data center and service markets.

Buildings revenue (7% of Group revenue), totaled EUR1,402 million on December 31, 2010, an increase of 10.6% on an actual basis and 3.3% at constant scope and exchange rates. The solutions businesses are seeing growth thanks to services tied to energy efficiency in North America and in Western Europe.

CST revenue (2% of Group revenue), totaled EUR433 million on December 31, 2010, an increase of 21.2% on an actual basis and 6.9% at constant scope and exchange rates. The business saw strong growth on the industrial markets, as well as the automotive and tractor trailer markets.

The Distribution business acquired from Areva on June 7, 2010 brought EUR1,230 million to Group revenue.

Operating income

Treatment of acquisition costs

Following the first time application in 2010 of IFRS 3 (revised), the acquisition costs incurred in 2009 on deals that it was felt were highly likely to be concluded in 2010, capitalized in 2009 in accordance with IFRS 3 applicable at the reporting date, were restated under Other operating income/(expense) for EUR26 million.

The comparative income statements reflect the impact of this change of accounting policy which is further commented on below.

EBITAR[3] totaled EUR3,027 million over the 2010 financial year, compared to EUR2,110 million in 2009, up 43.5% on an actual basis. The 2010 EBITAR includes a contribution of EUR85 million in the Areva Distribution business and non-recurring separation and integration expenses relating to this acquisition for EUR25 million. Excluding Areva Distribution and after adjustment for these non-recurring items, the Group's EBITAR operating margin amounts to 16.2% against 12.8% (also restated for non-recurring items bound to United States pensions for EUR92 million) in 2009, i.e. an increase of 3.4 points.

The increase in EBITAR can be explained mainly due to an increase in volumes (EUR630 million) and to industrial productivity (EUR505 million before the impact of the cost of materials). Raw material inflation has had a negative impact on EBITAR of EUR184 million, in addition to price effects (EUR41 million) and geographical and product mix (EUR 34 million). Finally, exchange rate effects (conversion and transaction) have had a positive effect of EUR192 million.

At December 31, 2010, the capitalization of costs relating to development projects net of amortization expenses had a positive impact of EUR90 million on the operating income, down compared to 2009 (EUR126 million).

EBIT (Operating income after amortization and impairment of intangible assets and acquisitions) comprises EUR96 million of restructuring costs (compared to EUR313 million in 2009) and EUR228 million of amortization and impairment of purchase accounting intangibles relating to business combinations (compared to EUR231 million in 2009), of which EUR43 million correspond to the acquisition of Areva Distribution.

[3] EBITAR (Earnings Before Interests, Taxes and Amortization of purchase accounting intangibles and Restructuring costs) corresponds to operating profit before amortization and impairment of purchase accounting intangible assets from acquisitions, and before goodwill impairment and restructuring expenses.

EBITAR per operating segment

Power achieved an EBITAR margin of 20.1%; excluding the non-recurring impact of the US pension plan modification in 2009, this rate is up 2.7 points compared to December 31, 2009.
Industry achieved an EBITAR margin of 18.8 %; excluding the non-recurring impact of the US pension plan modification in 2009, this rate is up 8.9 points compared to December 31, 2009.
IT business achieved an EBITAR margin of 16.9%, up 0.9% compared to December 31, 2009.
Buildings achieved an EBITAR margin of 10.3%, stable compared to December 31, 2009 (10.4%).
CST achieved an EBITAR margin of 16.4%, compared with 5.6% 2009, thanks notably to a very strong volume impact from the automotive and industrial markets.
Distribution, bought from Areva on June 7, 2010, achieved an EBITAR margin of 6.9% over the seven-month period since its acquisition and 5.3% over the whole 2010 financial year.

Net financial income/loss

Net financial income/loss is a net loss of EUR347 million at December 31, 2010, compared to EUR384 million at December 31, 2009.
Net finance costs totaled EUR282 million, down EUR15 million compared to 2009. This decrease is mainly due to a drop in average Group interest rates on debt (especially regarding bonds).
Exchange gains and losses, including the impact of the Group's foreign currency hedges, was a positive effect of EUR25 million in 2010, compared to an expense of EUR1 million in 2009.
The financial component of pension plan and other post-employment benefit costs represents a net expense of EUR49 million compared to EUR56 million in 2009.
Finally, other net financial expense, in the amount of EUR53 million, can mainly be explained by a non-recurring expense of EUR36 million relating to the partial buyback of the 2013 bond bearing fixed-rate interest of 6.75%.

Tax

The effective tax rate at December 31, 2010 was 24.0% compared to 25.0% at December 31, 2009. It is worth remembering that the statement of income for 2009 presented for comparative purposes includes an EUR11 million income tax expense reflecting the recognition of deferred tax on the added value component of the territorial economic contribution (TEC) introduced in France by the 2010 Finance Act dated December 31, 2009 (see note 1.2 to the consolidated financial statements).

Share of profit/(losses) of associates

The share of profit/losses of associates represents income of EUR6 million at December 31, 2010. It principally comprises the share in net income of the Fuji Electric joint venture in Japan (EUR5 million).

Non-controlling interests

Minority interests in net income for financial year 2010 totaled EUR76 million, compared to EUR42 million in 2009. This represents the share in net income attributable mainly to the minority interests of certain Chinese companies.

Profit for the period

Net income for the period attributable to the equity holders of the parent company amounted to EUR1,720 million, a steep increase over 2009 (EUR824 million).

Earnings per share

Earnings per share amounted to EUR6.59 in 2010 compared with EUR3.32 in 2009.

Review of balance sheet and cash flow statement items

Total consolidated balance sheet amounted to EUR31,051 million as at December 31, 2010, up 21% compared with December 31, 2009. Non-current assets amounted to EUR18,832 million or 61% of total assets.

Goodwill

Goodwill amounted to EUR10,213 million or 33% of total assets, up by EUR1,602 million compared with December 31, 2009.
The Group's acquisitions – mainly comprising Areva Distribution – in 2010 accounted for EUR938 million of the increase. Changes in foreign exchange rates accounted for EUR675 million of the increase.
EUR15 million of impairment losses have been recognized against two small businesses in the process of sale. The Group's impairment tests did not lead to the recognition of any additional impairment losses during the period.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets amounted to EUR6,595 million or 21% of total assets, up 12% compared with December 31, 2009.

- **Intangible assets**

Trademarks amounted to EUR2,426 million at December 31, 2010, an increase of EUR138 million compared with December 31, 2009 mainly as a result of foreign exchange differences.
Gross capitalized development costs totaled EUR1,085 million (EUR718 million net), including the capitalization of costs for current projects in an amount of EUR197 million.
Other intangible assets, net, consisting primarily of customer lists recognized on acquisition, software and patents, increased by EUR110 million over the year primarily due to the EUR164 million of intangible assets recognized in the balance sheet following the acquisition of Areva Distribution.

- **Property, plant and equipment**

Net property, plant and equipment came to EUR2,337 million, an increase of EUR372 million compared with December 31, 2009.

Investments in associates

Investments in associates amounted to EUR447 million, a steep rise compared to the balance of EUR75 million as at December 31, 2009. The increase reflects:

- the acquisition of the 50% interest in Electroshield-TM Samara Group, in Russia, recognized for EUR266 million at the year-end,
- Areva Distribution's investment in Sunten Electric Equipment, in China, valued at EUR85 million at the year-end.

Non-current financial assets

Non-current financial assets totaled EUR554 million compared with EUR347million as at December 31, 2009. They mainly comprised listed equity investments (Axa shares) for EUR132 million and shares from acquired companies at the end of the year and that will be consolidated at the begining of 2011, for EUR 184 million.

Cash and net debt

Net cash provided by operating activities before changes in operating assets and liabilities came to EUR2,468 million versus EUR1,708 million in 2009, and represented 12.6% of revenue compared with 10.8% the year before.
Change in working capital requirement consumed EUR206 million in cash, reflecting the large increase in trade receivables and inventories generated by the corresponding rise in revenue.
In all, net cash provided by operating activities totalled EUR2,262 million in 2010 compared with EUR2,547 million in 2009.
Net capital expenditure, which includes capitalized development projects, represented an outlay of EUR528 million, or 2.7% of revenue, compared with EUR576 million, or 3.6% in 2009.

The year's acquisitions, negligible in 2009, represented a cash outflow of EUR1,754 million in 2010 net of cash acquired; the main acquisition of the period was Areva Distribution for EUR1,138 million.
The sale of treasury stock generated a net cash inflow of EUR249 million (EUR22 million in 2009), mainly relating to the sale of the Schneider Electric SA shares previously held by the Group's Cofibel and Cofimines subsidiaries. Dividends paid totaled EUR245 million, of which EUR46 million to minority interests, less than the EUR351 million paid in 2009, of which EUR34 million to minority interests, as a result of a reduction in the dividend per share.

Net debt at December 31, 2010 totaled EUR2,736 million or 18.2% of equity attributable to equity holders of the parent. This represents a small decrease of EUR76 million from the year before.

The Group ended the year with cash and cash equivalents of EUR3,389 million, of which EUR1,449 million in cash, EUR1,825 million in marketable securities and EUR115 million in short-term negotiable instruments such as commercial paper, money market mutual funds and equivalents.
Total current and non-current financial liabilities amounted to EUR6,125 million. Of this, bonds represented EUR4,348 million and bank loans EUR1,379 million. Three new bond issues, in an aggregate amount of EUR1,000 million, were launched in 2010, while EUR900 million worth of bonds were redeemed and EUR263 million worth of bonds were redeemed early.

Equity

As at December 31, 2010 equity attributable to equity holders of the parent company came to EUR14,785 million, or 48% of the balance sheet total. The EUR3,056 million increase over the period was the net result of the following:

- profit for the year of EUR1,720 million,
- payment of the 2009 dividend in an amount of EUR525 million,
- foreign exchange differences in an amount of EUR933 million,
- share issues for EUR474 million, of which EUR330 million in connection with the dividend reinvestment program,
- the exercise of stock options for EUR161 million,
- disposal of own shares for EUR249 million,

Minority interests amounted to EUR204 million, up EUR73 million compared with December 31, 2009 given the EUR76 million profit for the year, the minority interest in Areva Distribution (EUR36 million) and dividend payments of EUR46 million.

Provisions

Current and non-current provisions totaled EUR2,968 million, or 10% of the balance sheet total, of which EUR1,031 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 EUR1,504 million. The EUR125 million increase over the year principally corresponds to conversion differences (EUR69 million) and the acquisitions of the period (EUR63 million) including Areva Distribution.
Other provisions excluding employee benefits totaled EUR1,464 million at December 31, 2010. These provisions cover economic risks (tax risks, financial risks generally corresponding to seller's warranties) for EUR614 million, product risks (warranties, disputes over identified defective products) for EUR409 million, restructuring for EUR124 million, customer risks (customer disputes and losses on long-term contracts) for EUR86 million and environmental risks for EUR55 million. The EUR316 million increase over the year principally corresponds to the acquisitions of the period (EUR299 million), the most important of which was Areva Distribution.

Deferred taxes

Deferred tax assets came to EUR1,023 million as at December 31, 2010, reflecting unused tax losses of an amount of EUR387 million, future tax savings on provisions for pensions of an amount of EUR423 million, and non-deductible provisions and accruals of an amount of EUR317 million.
Deferred tax liabilities totaled EUR957 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 EUR691 million in 2010 compared with EUR541 million the previous year. Schneider Electric Industries SAS, the main subsidiary, paid dividends of EUR672 million in 2010 compared with EUR527 million in 2009. Interest income amounted to EUR143 million versus EUR183 million the year before and interest expense came to EUR320 million compared with EUR321 million in 2009. Profit before tax amounted to EUR497 million versus EUR386 million in 2009.
Net profit stood at EUR703 million compared with EUR476 million in 2009.

Equity before appropriation of net profit amounted to EUR9,738 million at December 31, 2010 versus EUR8,930 million at the previous year-end, after taking into account 2010 profit, dividend payments of EUR199 million and share issues in an amount of EUR304 million.

All trade payables are due before end-January.

Review of subsidiaries

Schneider Electric Industries SAS

Revenue totaled EUR3.4 billion versus EUR2.8 billion in 2009.
The subsidiary posted an operating profit of EUR22 million compared with an operating loss of EUR58 million in 2009.
Net profit came to EUR1,502 million compared with EUR672 million in 2009.

Cofibel

The company's portfolio historically comprised shares in Schneider Electric SA; they were sold in 2010, producing a capital gain of EUR152 million.
Cofibel posted a net profit of EUR154 million, compared with EUR6.7 million in 2009.

Cofimines

The company also disposed of its Schneider Electric SA shares, making a capital gain of EUR29 million.
Cofimines posted a net profit of EUR34.4 million, compared with EUR1.4 million in 2009.

Remuneration and benefits of corporate officers

The remuneration and other benefits paid to corporate officers are disclosed in chapter 3, "Corporate Governance", § 8, "Management interests and compensation", of the Registration Document.

Outlook

Schneider Electric expects the overall conditions of its end-markets to improve in 2011. Momentum of shorter cycle Industry and IT businesses is expected to stay solid, but will face more demanding year-on-year comparison. Power should continue to see progressive improvement. On the longer-cycle businesses, Energy is expected to grow in 2011 aided by gradually improving utility end-market while energy efficiency and better trends in mature markets should be a support to the Buildings business.

The Group will continue to drive strong industrial productivity which is expected to deliver about €400 million of savings. It will also invest for growth in areas related to energy efficiency, the smart grid and in the new economies, but at the same time keep support function costs increase at a rate below the organic sales growth. The Group expects raw material input cost headwind of about €250 million, to be partly offset by price increases of ~1% in 2011.

Consequently, Schneider Electric targets for 2011 a solid organic sales growth of 6% to 9% and an EBITA margin of 15.0% to 15.5% of sales, a raise from the 14.5% level in 2010 on pro-forma basis.

This is a free translation into English of the statutory auditors' report on the 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 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 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 management report and in the documents addressed to shareholders.

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.

Year ended December 31, 2010

Statutory Auditors' Report on the consolidated financial statements

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61, rue Henri-Regnault
92075 Paris La Défense Cedex
S.A. au capital de € 8.320.000

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

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S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Schneider Electric S.A.

Year ended December 31, 2010

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Statutory auditors' report on the consolidated financial statements

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, 2010, on:

- the audit of the accompanying consolidated financial statements of Schneider Electric S.A.;
- the justification of our assessments;
- the specific verification required by French 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 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, 2010 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 note 1 “Accounting Policies” to the consolidated financial statements referring to the presentation of the consolidated financial statements and the new applicable accounting standards.

II. Justification of assessments

In accordance with the requirements of article L. 823-9 of 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 projects 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 analyzed, on a test basis, the indicators of a loss of value and the other information evidencing the absence of any loss of value. 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 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 2010. We verified that, based on currently available information, these costs concern restructuring measures initiated or announced before December 31, 2010, 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 matter to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, February 16, 2011

The statutory auditors
French original signed by

MAZARS ERNST & YOUNG et Autres

David Chaudat Yvon Salaün