
Financial Information

Schneider Electric launches a capital increase reserved for employees

Rueil Malmaison, March 31, 2011 – Schneider Electric SA announces today the launch of a capital increase reserved for employees under the Group employee savings plan (*plan d'épargne salariale*).

This offering, which is in line with the Group's policy to develop employee shareholding, is proposed to Group employees in fourteen countries, including France. This plan covers around 80% of the employees of the Group. The subscription-revocation period is expected to take place from June 7 to June 10, 2010.

The payment and delivery of shares is expected in mid July, 2011.

The terms of this offering are described below.

Issuer

Schneider Electric SA

Euronext Paris – Compartment A

Ordinary share ISIN code: FR0000121972

Security eligible to the Deferred Settlement Service (*Service de Règlement Différé* or SRD)

Purpose of the transaction – Reasons for the offering

As per the decision made during the Annual General Meeting held on 22 April 2010, the Supervisory Board has approved the Management Board to issue (i) shares reserved for employees participating in the Schneider Electric Group Savings Plan (pursuant to article L.225-129-2, L.225-129-6, and L.225-138-1 of the French Commercial Code and article L.3332-18 and seq. of the French Labour Code) and (ii) shares reserved for employees and entities created for the benefit of employees, of companies of the Group located outside France (pursuant to article L.225-129-2 and L.225-138 of the French Commercial Code)..

In this framework, subscription of shares is proposed to employees of the Group in fourteen countries, including France. Two subscription plans are proposed to beneficiaries of this employee share plan:

- a "classic" plan in which the subscriber is fully exposed to variations in the share price; and
- in certain countries, a "leveraged" plan (implemented through agreement with a sponsor bank) in which the subscriber benefits from the guarantee of receiving, on maturity, the amount of his or her personal contribution and a multiple of the performance of Schneider Electric SA shares based on an average of the closing share price calculated at maturity.

This offering reinforces the link between the Group and its employees by giving them the opportunity to be more involved in the developments and future performance of the Group.

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Shares to be offered

The shareholders of Schneider Electric SA authorized the Management Board at the Annual General Meeting held on April 22, 2010 (i) pursuant to the 18th resolution to increase the share capital within the limit of 2% of the capital by issuance of new shares or other securities giving access to the company's share capital reserved for Group employees taking part in the savings plan and (ii) pursuant to the 19th resolution, to increase the share capital within the maximum limit of 1% of the capital by issuing new shares reserved for employees and entities created for the benefit of the employees, of companies of the Group located outside France.

The Supervisory Board authorized the Management Board to use these authorizations within the limit of 3,000,000 shares (approximately 1.1% of the share capital as of December 31, 2010).

It is expected that the Management Board will fix on June 6, 2011 the conditions of these capital increases and in particular the subscription price of the new shares, based on the average of the opening share prices quoted on the Eurolist market of Euronext Paris S.A of the twenty trading days proceeding the day of such decision ("Reference price"). The shares created will bear right to dividends as of January 1, 2011.

For the classic plan, the beneficiaries will be able to subscribe shares either directly, or by the intermediary of a *fonds commun de placement d'entreprise* ("FCPE"), at a price equal to 80% or 85% of the Reference Price, depending on their country of residence.

For the leveraged plan, the beneficiaries will be able to subscribe shares, either directly, or by the intermediary of an FCPE, at a price equal to 80% or 85% of the Reference Price, depending on their country of residence.

Conditions relating to subscription

The beneficiaries of the employee share plan are the employees (as well as retirees and pre-retirees in certain countries, having kept their investment in the Company Savings Plan) and officers of the companies of the Group where the head office is located in one of the fourteen countries participating in the offering, who have at least three-month seniority in one of the companies of the Group on the last day of the subscription period, i.e., June 10, 2011,

The present offering is undertaken without preferential subscription right.

For the shares that are not part of securities loan made by the FCPE in the framework of the leveraged plan, the unit holders of the FCPE will exercise their rights to vote in the Schneider Electric SA Shareholders' Meetings indirectly, by the Supervisory Board of the FCPE.

The subscribers of this offering will hold the subscribed shares or the units of the FCPE at least until June 30, 2016 (inclusive), except in the occurrence of an early exit event.

Tentative timetable for the offering

Subscription-revocation period: expected for June 7 until June 10, 2011 (inclusive).

Capital increase: mid-July, 2011.

The above dates are indicative and are subject to change. They will be finalized by an upcoming decision by the Management Board (expected on June 6, 2011) or by one of its members, acting by delegation.

Listing

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The admission of new Schneider Electric SA shares to trading on the Euronext Paris market (Code ISIN: FR0000121972) will be effective, at the latest, on the day of the capital increase, i.e., mid-July, 2011. The new shares will be assimilated with the existing shares.

Hedging transactions

The implementation of the leverage plan may generate, on behalf of the financial establishment counterparty of the exchange transaction, hedging transactions, prior to the implementation of the offering, beginning from the publication date of the present release and throughout the duration of the plan.

Special note regarding the international offering

This press release does not constitute an offer to sell or a solicitation to subscribe Schneider Electric SA shares. The offering of Schneider Electric SA shares reserved for employees will be conducted only in countries where such an offering has been registered with the competent local authorities and/or following the approval of a prospectus by the competent local authorities or in consideration of an exemption from the requirement to prepare a prospectus or register the offering. More generally, the offering will only be conducted in countries where all required filing procedures and/or notifications have been completed and the authorizations have been obtained. This press release is not destined for, and copies thereof should not be sent to, countries in which such a prospectus has not been approved or such an exemption is not available or where all of the required filing procedures and/or notifications have not been completed or where the authorizations have not been obtained.

The securities described herein have not been and will not be registered with the U.S. Securities and Exchange Commission and may only be offered or sold in the United States in transactions that are exempt from the registration requirements of the U.S. Securities Act of 1933.

Employee Contact

The beneficiaries may address all questions regarding this offering to their contact person whose name is indicated in the brochure included in the subscription materials that were provided to them.

The present document constitutes the press release required by the AMF in accordance with article 14 of circular n° 2005-11 of December 13, 2005, and the press release required by the AMF in accordance with article 223-2 of the AMF General Regulations.

About Schneider Electric

As a global specialist in energy management with operations in more than 100 countries, Schneider Electric offers integrated solutions across multiple market segments, including leadership positions in energy and infrastructure, industrial processes, building automation, and data centers/networks, as well as a broad presence in residential applications. Focused on making energy safe, reliable, and efficient, the company's 110,000 plus employees achieved sales of 19.6 billion euros in 2010, through an active commitment to help individuals and organizations "Make the most of their energy."

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