



SCHNEIDER ELECTRIC SA

Euro 7,500,000,000

Euro Medium Term Note Programme

Due from seven days from the date of original issue

Under the Euro Medium Term Note Programme described in this Base Prospectus (the "**Programme**"), Schneider Electric SA (the "**Company**" or the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro medium term notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 7,500,000,000 (or the equivalent in other currencies).

This Base Prospectus supersedes and replaces the Base Prospectus dated 24 June 2010.

Application has been made (i) to the Commission de Surveillance du Secteur Financier as competent authority in Luxembourg (the "**CSSF**") for approval of this Base Prospectus and (ii) to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market (as defined below) of the Luxembourg Stock Exchange during a period of twelve months after the date of this Base Prospectus and application may be made to the competent authority of any other Member State of the European Economic Area ("**EEA**") for Notes issued under the Programme to be listed and admitted to trading on a Regulated Market in such Member State. The Luxembourg Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC (a "**Regulated Market**"). However, Notes may be issued pursuant to the Programme which are not listed and admitted to trading on a Regulated Market. The relevant final terms (the "**Final Terms**") (forms of which are contained herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading, and, if so, the relevant Regulated Market in the EEA. Application has been made to the CSSF for approval of this Base Prospectus in its capacity as competent authority under the loi relative aux prospectus pour valeurs mobilières dated 10 July 2005 which implements the Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading (the "**Prospectus Directive**"), for the approval of this Base Prospectus as a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. References in this Base Prospectus to the "**Prospectus Directive**" shall include the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area.

Notes issued under the Programme will be governed by French law and may be issued either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**") as more fully described herein. Dematerialised Notes will at all times be in book-entry form in compliance with Articles L.211-3 and R.211-1 of the French Code monétaire et financier. No physical documents of title will be issued in respect of the Dematerialised Notes.

Dematerialised Notes may, at the option of the Issuer, be (a) in bearer dematerialised form (au porteur) inscribed as from the issue date in the books of Euroclear France ("**Euroclear France**") (acting as central depository) which shall credit the accounts of Account Holders (as defined in "Terms and Conditions of the Notes - Form, Denomination and Title") including Euroclear Bank S.A./N.V. ("**Euroclear**") and the depository bank for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or (b) in registered dematerialised form (au nominatif) and, in such latter case, at the option of the relevant Noteholder (as defined in Condition 1(c)(iv)), in either fully registered form (nominatif pur), in which case they will be inscribed with the registration agent (designated in the relevant Final Terms) for the Issuer, or in administered registered form (nominatif administré) in which case they will be inscribed in the accounts of the Account Holders designated by the relevant Noteholders.

Materialised Notes will be in bearer materialised form only and may only be issued outside France. A temporary global certificate in bearer form without interest coupons attached (a "**Temporary Global Certificate**") will initially be issued in connection with Materialised Notes. Such Temporary Global Certificate will be exchanged for definitive Materialised Notes in bearer form with, where applicable, coupons for interest attached on or after a date expected to be on or about the 40th day after the issue date of the Notes (subject to postponement as described in "Temporary Global Certificates issued in respect of Materialised Notes") upon certification as to non-US beneficial ownership as more fully described herein.

Temporary Global Certificates will (a) in the case of a Tranche (as defined in "Summary" below) intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depository on behalf of Euroclear and Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer(s) (as defined below).

The final terms of the relevant Notes will be determined at the time of the offering of each Tranche and will be set out in the relevant Final Terms.

Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as ratings assigned to the Programme. The credit ratings included or referred to in this Base Prospectus will be treated for the purposes of the Regulation (EC) No. 1060/2009 on credit ratings agencies (the "**CRA Regulation**") as having been issued by Standard & Poor's and Moody's upon registration pursuant to the CRA Regulation, although the result of such application has not yet been determined. The relevant Final Terms will specify whether or not credit ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arranger for the Programme
BNP PARIBAS

Dealers

BARCLAYS CAPITAL

BNP PARIBAS

CRÉDIT AGRICOLE CIB

DEUTSCHE BANK

NATIXIS

SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING

THE ROYAL BANK OF SCOTLAND

This Base Prospectus (together with any Supplements hereto (each a “**Supplement**” and together the “**Supplements**”) comprises a Base Prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purposes of giving information with regard to the Issuer, the Issuer and its subsidiaries taken as a whole (the “**Group**”) and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

This Base Prospectus is to be read in conjunction with any document and/or information which is or may be incorporated herein by reference in accordance with Article 11 of the Prospectus Directive.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference” below).

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (each as defined in “**Summary**”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”) or with any securities commission or regulatory authority of any state or other jurisdiction of the United States and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or, in the case of Notes in bearer form, delivered within the United States or its possessions or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “Subscription and Sale”.

This Base Prospectus does not constitute an offer of, an offer to sell, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche, one of the Dealers may act as a stabilising manager (the “**Stabilising Manager**”). The identity of such Stabilising Manager will be disclosed in the relevant Final Terms.

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or person(s) acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the Final Terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “**EURO**” or “**Euro**” are to the single currency of the participating Member States of the European Union, references to “**Yen**” or “**JPY**” are to the lawful currency of Japan and references to “**£**”, “**pounds sterling**” or “**Sterling**” are to the lawful currency of the United Kingdom.

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PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS

To the best knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility accordingly.

SUMMARY

The following paragraph is to be read as an introduction to the Summary if the relevant Member State has not implemented the changes to the Summary requirements under the Directive 2010/73/EU (the “**2010 PD Amending Directive**”).

*This summary is provided for purposes of the issue of Notes with a denomination of less than Euro 50,000. Investors in Notes with a denomination of at least Euro 50,000 should not rely on this summary in any way, and the Issuer accepts no liability to such investors. This summary must be read as an introduction to this Base Prospectus. Any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference, by any investor. The Issuer may have civil liability in respect of this summary, including any translation thereof, if it is misleading, inaccurate or inconsistent to a significant extent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a European Economic Area State (an “**EEA State**”), the plaintiff may, under the national legislation of the EEA State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.*

The following paragraph is to be read as an introduction to the Summary if the relevant Member State has implemented the changes to the Summary requirements under the 2010 PD Amending Directive:

This summary is provided for purposes of the issue of Notes with a denomination of less than Euro 100,000. Investors in Notes with a denomination of at least Euro 100,000 should not rely on this summary in any way, and the Issuer accepts no liability to such investors. This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC, as amended by Directive 2010/73/EU) in each Member State of the European Economic Area, no civil liability will attach to the Issuer in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

Words and expressions defined in “Terms and Conditions of the Notes” below shall have the same meanings in this summary.

1 Notes to be issued under the Programme

Description of the Programme	Euro Medium Term Note Programme (the “ Programme ”)
Programme Size	The Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in any currency. The aggregate principal amount of Notes outstanding will not at any time exceed Euro 7,500,000,000 (or the equivalent in other currencies at the date of issue), subject to any duly authorised increase.
Arranger of the Programme	BNP PARIBAS

Dealers under the Programme	Barclays Bank PLC, BNP PARIBAS, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, Natixis, Société Générale and The Royal Bank of Scotland plc.
Types of Notes	The Issuer may issue Fixed Rated Notes, Floating Rate Notes, Zero Coupon Notes, Dual Currency Notes and Index Linked Notes as specified in the relevant Final Terms.
Status of Notes	The Notes issued under the Programme will be unsubordinated and unsecured obligations of the Issuer and will have the benefit of a negative pledge and the events of default set out in the “Terms and Conditions of the Notes”. The Issuer may also issue Subordinated Notes, including deeply subordinated Notes pursuant to the provisions of Article L.228-97 of the French <i>Code de commerce</i> , as described in Condition 3(b). See “Terms and Conditions of the Notes – Status of the Notes”.
Form of Notes	Notes may be issued in either dematerialised form (“ Dematerialised Notes ”) or in materialised form (“ Materialised Notes ”). Dematerialised Notes may be issued in bearer dematerialised form (<i>au porteur</i>) or in registered dematerialised form (<i>au nominatif</i>). Materialised Notes will be in bearer form only and may only be issued outside France.
Final Terms of Notes	The aggregate principal amount, any interest rate or interest calculation, the issue price, maturity and any other terms and conditions not contained herein with respect to each Tranche of Notes will be established at the time of issuance and set forth in the relevant Final Terms.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ Series ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “ Tranche ”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Final Terms.
Listing and admission to trading	Application may be made to list each series of Notes issued under the Programme on the official list of the Luxembourg Stock Exchange and admit such Notes to trading on the regulated market of the Luxembourg Stock Exchange and/or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may or may not be

listed and admitted to trading.

Clearing Systems

Euroclear France acts as central depository in relation to Dematerialised Notes, and Clearstream, Luxembourg, Euroclear or any other clearing system (provided proper clearing and settlement procedures have previously been put in place) that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer in relation to Materialised Notes.

Redemption

The Notes may be redeemed prior to maturity at par or at such other redemption amount as may be specified in the relevant Final Terms. For tax reasons, in certain circumstances the Issuer may, and in certain circumstances the Issuer shall be required to, redeem the Notes in whole (but not in part).

If a Change of Control Put Option is specified in the relevant Final Terms, following the occurrence of a Change of Control, the Noteholders will be entitled to request the Issuer to redeem the Notes or, at the Issuer's option, procure the purchase of their Notes, as more fully set out in "Terms and Conditions of the Notes - Redemption, Purchase and Options".

Currencies

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, and the relevant Dealers, including Euros.

Denominations

The Notes will be in such denominations as may be specified in the relevant Final Terms, save that in respect of any Notes that are offered to the public and/or admitted to trading on a Regulated Market in the EEA, such Notes will have a minimum denomination of Euro 1,000 (or its equivalent in other currencies).

Negative Pledge

The terms and conditions of the Notes will contain a negative pledge as set out in Condition 4 in "Terms and Conditions of the Notes – Negative Pledge".

Events of Default

The terms and conditions of the Notes will contain events of default as set out in Condition 10 in "Terms and Conditions of the Notes – Events of Default", including a Cross-Default Provision.

Withholding Tax

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

See section "Taxation".

Governing Law

The Notes will be governed by French law.

Selling Restrictions

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material, see “Subscription and Sale” below.

2 Key information about Schneider Electric SA

Schneider Electric SA (the “**Issuer**” or the “**Company**” and, together with its consolidated subsidiaries, the “**Group**”) is an international company, incorporated in France as a société anonyme, registered with the French registrar of companies (*registre du commerce et des sociétés*) under No. 542 048 574. Its head office is located at 35, rue Joseph Monier, 92500 Rueil-Malmaison, France.

Summary of the Group’s main activities and markets

The Group is an international group that designs, manufactures and sells products, solutions and services related to the metering, management and use of energy in all its forms and delivering reliability, efficiency and productivity, in particular through the pursuance, whether by creating, acquiring or otherwise, of all activities related to:

- electrical equipment manufacturing, electrical distribution and secured power supply;
- building control, automation and safety;
- industrial control and automation, including software;
- management of all types of data centers, networks, equipment and other infrastructure.

The Group is present on five promising markets: *Utilities & Infrastructures, Industries and Machine manufacturers, Non-residential buildings, Data Centers & Networks and Residential.*

Share capital

The Company’s share capital as at 31 December 2010 amounted to EUR 2,175,672,728 represented by 271,959,091 shares with a par value of EUR 8.00, all fully paid up. A total of 287,955,220 voting rights were attached to the 271,959,091 outstanding shares.

B. Key information concerning selected financial data of the Issuer as of 31 December 2010

(in millions of euros except for earnings per share)

	Year ending 31 December	
	2010	2009
Revenue	19,580	15,793
EBITAR* before one-off items **	3,052	2,018
Profit before tax	2,356	1,182
Profit for the period	1,796	866
• attributable to holders of the parent	1,720	824
• attributable to minority interests	76	42
Basic earnings per share	6.59	3.32

Diluted earnings per share	6.55	3.31
Total assets	31,051	25,632
Total non-current assets	18,832	15,927
Total current assets	12,219	9,705
Total liabilities	31,051	25,632
Total shareholder's equity	14,989	11,860

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

** One-off gain in 2009 of EUR92m related to a US pension curtailment and one-off charge in 2010 of EUR25m related to Areva Distribution integration charges.

Risk factors relating to the Issuer

Prospective investors should consider, among other things, the risk factors described in “Risk Factors” below, which include the following risk factors related to the Group, its operations and its industry and which are inherent in investing in Notes under the Programme:

- The Group operates worldwide, in competitive and cyclical sectors
- The growth and success of the Group's products depend on its ability to develop new products and services and adapt to the market and to customer needs
- Schneider Electric's strategy involves growth through acquisitions, joint ventures and mergers that may be difficult to identify and/or execute
- The Group is dependent upon hiring and retaining highly qualified management and technical personnel
- The Group may be the subject of product liability claims and other adverse effects due to defective products, design faults or harm caused to persons and property
- The Group's plants and products are subject to environmental regulations
- Information systems risks
- Interest rate risk
- The Group's international operations expose it to the risk of fluctuations in foreign exchange rates
- Equity risk
- An increase in raw material prices could have negative consequences
- Counterparty risk
- Liquidity risk
- The Group's products are subject to varying national and international standards and regulations
- The development and success of the Group's products depend on its ability to protect its intellectual property against competitors
- Disputes, claims, litigation and other risks

- Insurance risks (liability insurance, property damage and business interruption insurance, shipping and transport insurance, self insurance, cost of insurance programs)

Any and all of these risks could have a significant adverse effect on the Company, its strategy, its operations, its assets, its prospects, its financial position, results or on its share price.

Risk Factors relating to the Notes

There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme.

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for debt securities issued by issuers is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries.

An active trading market for the Notes may not develop.

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected.

Any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield anticipated by Noteholders to be considerably less than anticipated.

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer. Such right of termination is often provided for bonds or notes in periods of high interest rates. If the market interest rates decrease, the risk to Noteholders that the Issuer will exercise its right of termination increases. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost.

Investors will not be able to calculate in advance their rate of return on Floating Rate Notes.

Interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods.

Exercise of Change of Control Put Option in respect of certain Notes may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised.

Depending on the number of Notes of the same Series in respect of which the Change of Control Put Option provided in the relevant Final Terms is exercised, any trading market in respect of those Notes in respect of which such option is not exercised may become illiquid.

Zero Coupon Notes are subject to higher price fluctuations than non-discounted bonds.

Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk. Further, if market interest rates increase, Zero Coupon Notes can suffer higher price losses than other Notes having the same maturity and credit rating.

Investments in Index Linked Interest Notes entail significant risks and may not be appropriate for investors lacking financial expertise.

An investment in Index Linked Interest Notes entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. The Issuer believes that Index Linked Interest Notes should only be purchased by investors who are, or who are purchasing under the guidance of, financial institutions or other professional investors that are in a position to understand the special risks that an investment in these instruments involves.

Please see “Risk factors” below for further details.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The risk factors may relate to the Issuer or to any of its subsidiaries.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors (although not exhaustive) described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. The risks described below are not the only risks the Issuer faces. Additional risks and uncertainties not currently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. In particular, investors should make their own assessment as to the risks associated with the Notes prior to investing in Notes issued under the Programme.

Risk Factors relating to the Issuer that may affect the Issuer's ability to fulfil its obligations in respect of the Notes issued under the Programme

Risk factors related to the Company's business

The Group operates worldwide, in competitive and cyclical markets

The worldwide markets for the Group's products are competitive in terms of pricing, product and service quality, development and introduction time and customer service. The Group faces strong competitors, some of whom are larger or developing in certain lower cost countries. It is exposed to fluctuations in the economic growth cycle and to the respective levels of investments of the different countries in which it is present. The Group's widespread geographic coverage and diversified end markets enable it to ride downturns on specific markets.

As the Group records more than one-third of its revenue in emerging or developing countries, it is exposed to the risks associated with those markets.

The Group's wide international presence exposes it to many economic, legal and political risks in its host countries. These include risks arising from social unrest (particularly, strikes and walk-outs), political instability, unforeseen regulatory changes, restrictions on capital transfers and other obstacles to free trade, and local tax laws, all of which may have an adverse effect on the Group's business, results of operations or financial position.

Schneider Electric has implemented procedures designed to protect it as far as possible from these risks, which are generally beyond its control, and to manage them as effectively as possible. These procedures include quarterly business reviews in which performance and projections are monitored, in terms of activity, action plans, results to date and forecasts, at all organisational levels of the Group (see the section entitled "Internal Control and Risk Management"). The Group also has the necessary competencies to manage these risks, mainly through its central functions (finance, legal, tax and customs).

The protection provided by these measures may nevertheless prove to be inadequate.

The growth and success of the Group's products depend on its ability to develop new products and services and adapt to market and customer needs

The sectors in which the Group operates experience rapid and significant changes due to the introduction of innovative technologies. Introducing new technology products and innovative services, which Schneider Electric must do on an ongoing basis to meet customers' needs, requires a significant commitment to research and development, which may not result in success. The Group's revenue and margins may suffer if it invests in technologies that do not function as expected or are not accepted in the marketplace or if its products, systems or service offers are not brought to market in a timely manner, become obsolete or are not responsive to our customers' requirements.

To meet these challenges, the Group has an R&D budget which, at 4 to 5% of revenue, is among the highest in the industry. R&D and forward-looking engineering involves some 8,600 employees around the world, a number of them in development centres located in over 25 countries. This ongoing commitment has allowed the Group to accelerate time to market and leverage the technology of strategic partners with whom it has also forged alliances to expand its line up or geographic coverage. The Group has brought together all of its electrotechnical, electronic, electromechanical, software and other technical competencies by creating technology parks in China, the US, France and Japan.

Support centres have also been established in Mexico, India and China to provide the technology parks with additional skills and development capacity at a very competitive cost.

The Group's business growth depends on its ability to develop, deepen and enhance customer relationships. The Group must constantly offer customers innovative solutions built around high-quality products and services incorporating leading-edge technologies that are closely tailored to customer needs and expectations. However, the Group does not have any exposure to a particular customer. Its ten largest customers represent less than 25% of total revenue.

Increasing customer satisfaction rates represents an important source of competitive advantage for the Group. It closely tracks the results of the quarterly surveys conducted in more than 80 countries among all types of customers. Improvement targets are set for each country as part of the One company program, backed by specific action plans and progress monitoring procedures.

Schneider Electric's strategy involves growth through acquisitions, joint ventures and mergers that may be difficult to identify and/or execute

The Group's strategy involves strengthening its capabilities through acquisitions, strategic alliances, joint ventures and mergers. Changes in the scope of consolidation during 2010 are described in note 2 to the consolidated financial statements incorporated by reference in this Base Prospectus.

External growth projects are examined in detail by the businesses and corporate functions (strategy, finance, legal affairs, tax and human resources) concerned, under a rigorous internal process developed and led at Group level. A launch committee is responsible for initiating the review process to identify the risks and opportunities associated with each external growth project, while a number of validation committees review the results on an ongoing basis. Projects that successfully come through the review process are submitted for approval to the Group Acquisitions Committee made up of the main members of senior management. The largest projects require the prior approval of the Management Board and, in some cases, the Supervisory Board.

External growth transactions are inherently risky because of the difficulties that may arise in integrating people, operations, technologies and products, and the related acquisition, administrative and other costs.

This is why an integration procedure for new acquisitions has been drawn up. The integration of newly acquired businesses is a process that extends over a period of six to 24 months depending on the type and size

of the newly acquired unit. The integration scenario for each acquisition varies depending on whether the business was acquired to strengthen or extend the Group's existing line up or enter a new segment. There are a number of different integration scenarios, ranging from total integration to separate organisation. An integration plan is drawn up for each acquisition and submitted to the Acquisitions Committee for approval. The plan is implemented by an integration manager who reports to a Steering Committee that initially meets at monthly intervals and then on a quarterly basis.

The unit that presents the external growth project is accountable to the Group's senior management for meeting clearly defined business plan targets covering the performance of the new business and expected synergies with existing businesses. Actual performance is measured against business plan targets during quarterly business reviews and, for the largest acquisitions, by the Management Board and Supervisory Board.

Value in use is determined by discounting estimated future cash flows that will be generated by the tested assets, generally over a period of not more than five years. Estimated future cash flows are based on management's economic assumptions and operating forecasts. The discount rate corresponds to Schneider Electric's weighted average cost of capital (WACC) at the measurement date plus a risk premium depending on the region in question (local risk-free rate), the nature of the target's business (appropriate beta), and the structure of the financing (taking into account the debt to equity ratio and risk premium on the debt). The Group's WACC stood at 8.4% at 31 December 2010, slightly up on the 2009 figure. The perpetuity growth rate was 2%, unchanged from the previous year.

Goodwill is allocated to a Cash Generating Unit (CGU) when initially recognised. The allocation is made on the basis used to track the performance of Group operations and to assess the benefits derived from the synergies of the business combination. Impairment tests are performed at the level of the cash generating unit in 2010 (CGU), i.e. the Power, Industry, IT Buildings and CST businesses. Details on asset impairment are provided in note 1.11 to the consolidated financial statements incorporated by reference in this Base Prospectus.

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

The Group is dependent upon hiring and retaining highly qualified management and technical personnel

Competition for highly qualified management and technical personnel is intense in the Group's industry. Future success depends in part on the Group's ability to hire, assimilate and retain engineers, salespeople and other qualified personnel, especially in the area of energy efficiency solutions.

The Group's success also rests on a policy of actively promoting diversity, in terms of both gender and nationality.

The Group's human resources strategy is designed to create a motivating working environment. Specific policies have been developed covering international mobility, career development, training, compensation and managing talent. The Group's expatriates help prepare the future of its business, build local teams and assemble the necessary skill sets in targeted regions. They are tasked with identifying and preparing local successors. The Group places considerable emphasis on training to expanding its skills base and retaining employees, thanks to the Schneider Electric University, its business academies and its leadership programs.

Industrial and environmental risks

The Group may be the subject of product liability claims and other adverse effects due to defective products, design faults or harm caused to persons and property

Despite its testing and quality procedures, the Group's products might not operate properly or might contain design faults or defects, which could give rise to disputes in respect of its liability as seller or manufacturer, notably in Europe, where liability related to defective products could lead to a loss of revenue, claims under warranty and legal proceedings. Such disputes could result in a fall-off in demand or harm Schneider Electric's reputation for safety and quality. To prevent or limit these risks, the Group recalls products if there are any doubts whatsoever that a product or one of its components is not 100% safe in respect of people and/or equipment. At the end of 2009, the Group launched a broad recall campaign concerning a range of low voltage capacitors produced between 2004 and 2008. This campaign continued in 2010 and will also be run in 2011. Some of the expenses incurred by Schneider Electric in the context of its product recall are covered by the liability insurance program described in the "Insurance" paragraph below.

The Group recorded a provision for product risk in an amount of EUR409 million in the financial statements for the year ended 31 December 2010 (see note 23 to the consolidated financial statements incorporated by reference in this Base Prospectus).

The Group's plants and products are subject to environmental regulations

The Group's plants and products are subject to extensive and increasingly stringent environmental laws and regulations in all of its host countries.

To limit risks related to the environment in general, the Group is involved in a process to continuously improve the environmental performance of its plants and products. In 1992, the Group published a formal environmental policy designed to improve manufacturing processes, promote eco-design and integrate customer concerns in the area of environmental protection. This policy also aims to identify, assess and prevent environmental risks, in order to guarantee full compliance with all environmental laws and regulations applicable to the Group's businesses, particularly those in force in the European Union and considered more rigorous (notably the WEEE directives and REACH program). Environmental provisions are booked when the risks can be reliably measured or it is probable that clean-up work will be performed and the related cost can be reasonably estimated. Provisions for environmental risks totaled EUR55 million for the year ended 31 December 2010. No estimate is made of the potential cost of unidentified environmental risks. The Group expects its spending on environmental compliance programs to increase as a result of changes to existing environmental regulations and the introduction of new regulations.

There can be no guarantee that the Group will not be required to pay significant fines or compensation as a result of past, current or future breaches of environmental laws and regulations by companies that are currently or were previously members of the Group. This exposure exists even if the Group is not responsible for the breaches, in cases where they were committed in the past by companies or businesses that were not part of the Group at the time.

The Group may be exposed to the risk of claims for breaches of environmental laws and regulations. Such claims could adversely affect the Group's financial position and reputation, despite the efforts and investments made to comply at all times with all applicable environmental laws and regulations.

If the Group fails to conduct its businesses in full compliance with the applicable environmental laws and regulations, the judicial or regulatory authorities could require the Group to conduct investigations and/or implement costly clean-up measures to deal with the current or past contamination of current or former facilities or off-site waste disposal facilities, and to scale back or temporarily or permanently close facilities in accordance with the applicable environmental laws and regulations.

Information systems risk

The Group operates, either directly or through service providers, a wide range of highly complex information systems (servers, networks, applications, databases, etc.) that are essential to the efficiency of its sales and manufacturing processes. Failure of any of these hardware or software systems, a fulfillment failure by a

service provider, human error or computer viruses could adversely affect the quality of service offered by the Group.

The Group regularly examines alternative solutions to protect against this type of risk and has developed contingency plans to mitigate the effects of any information system failure. Dedicated governance structures have been set up to manage relations with service providers responsible for outsourced IT systems operations.

Problems may also be encountered during the deployment of new applications or software. In particular, in the last few years, the Group has developed an ERP under SAP (bridge), which it started to roll out in 2008. This roll-out process was carried out fully or partially in 17 countries in 2009 and 2010, and will continue in 2011 and over several more years, depending on strategic, technical and economic priorities.

In view of the project's complexity, extensive functionalities and its worldwide deployment, a dedicated governance and cost control structure has been set up to track attainment of project milestones and limit the related risks.

However, despite the Group's policy of establishing governance structures and contingency plans, there can be no assurance that information systems projects will not be subject to technical problems or execution delays. While it is difficult to accurately quantify the impact of any such problems or delays, they could have an adverse effect on inventory levels, service quality and, consequently, the Group's financial results.

Market risks

Interest rate risk

The Group is exposed to risks associated with the effect of changing interest rates. Interest rate risk on borrowings is managed at Group level, based on consolidated debt and according to market conditions. The core aim of interest rate management policies is to optimise overall borrowing costs. Most bond debt is fixed rate. At 31 December 2010, 84% of gross debt was fixed rate.

Maturities of financial assets and liabilities are presented in note 26 to the consolidated financial statements incorporated by reference in this Base Prospectus.

A 1% change in interest rates would have an impact of around EUR24 million on the Group's financial expense.

The financial instruments used to hedge the exposure of the Group to fluctuations in interest rates are described in note 26 to the consolidated financial statements for the year ended 31 December 2010 incorporated by reference in this Base Prospectus.

The Group's international operations expose it to the risk of fluctuations in foreign exchange rates

Because a significant proportion of transactions are denominated in currencies other than the euro, the Group is exposed to risk arising from changes in exchange rates. If the Group is not able to hedge them, fluctuations in exchange rates between the euro and these currencies can have a significant impact on its results of operations and distort year-on-year performance comparisons.

The Group actively manages its exposure to currency risk to reduce the sensitivity of earnings to changes in exchange rates. Hedging programs mainly concern foreign currency receivables, payables and operating cash flows, which are generally hedged by means of forward purchases and sales.

Depending on market conditions, risks in the main currencies may be hedged based on recurring forecast flows using contracts that expire in 12 months or less.

The Group's currency hedging policy is to protect subsidiaries against risks on all transactions denominated in a currency other than their functional currency. More than twenty currencies are involved, with the US dollar, Hong Kong dollar and UK pound representing the most significant sources of risk. The financial instruments

used to hedge the exposure of the Group to fluctuations in exchange rates are described in note 26 to the consolidated financial statements for the year ended 31 December 2010 incorporated by reference in this Base Prospectus.

In 2010, revenue produced in foreign currencies amounted to EUR14.1 billion, including around 4.8 billion in US dollars and 2.2 billion in Chinese yuans.

The main exposure of the Group in terms of currency exchange risks is related to the US dollar and to currencies influenced by the US dollar. The Group estimates that in the current structure of its operations, a 5% increase of the euro compared to the US dollar would have a negligible impact on operating margin (translation effect of EUR30 million on EBITA).

Equity risk

Exposure to equity risk primarily relates to treasury stock and shares in AXA. These positions are not hedged. At 31 December 2010, the AXA shares' market value exceeded their acquisition cost.

An increase in raw material prices could have negative consequences

The Group is exposed to fluctuations in energy and raw material prices (in particular steel, copper, aluminum, silver, lead, nickel, zinc and plastics). If the Group is not able to hedge, compensate or pass on our increased costs to customers, this could have an adverse impact on its financial results.

The Group has, however, implemented certain procedures to limit its exposure to rising non-ferrous and precious raw material prices. The purchasing departments of the operating units report their purchasing forecasts to the Corporate Finance and Treasury Department. Purchase commitments are hedged using forward contracts, swaps and, to a lesser extent, options.

The financial instruments used to hedge the exposure of the Group to fluctuations in raw material prices are described in note 26 to the consolidated financial statements for the year ended 31 December 2010 incorporated by reference in this Base Prospectus.

In 2010, purchases of raw materials totalled around EUR1,320 million, including around EUR680 million for non-ferrous and precious metals, of which roughly 55% was for copper. The Group enters into swap and options agreements in order to hedge all or part of its non-ferrous and precious metals purchases. Decisions to hedge such purchases depend on Group forecasts of changes in market prices. At 31 December 2010, the Group had hedged positions with a nominal value of EUR51 million on these transactions.

Counterparty risk

Financial transactions are entered into with carefully selected counterparties. Banking counterparties are chosen according to the customary criteria, including the credit rating issued by an independent rating agency.

Group policy consists of diversifying counterparty risks and periodic controls are performed to check compliance with the related rules.

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.

Liquidity risk

Liquidity is provided by the Group's cash and cash equivalents and commercial paper programs. These programs are backed by undrawn confirmed lines of credit. At 31 December 2010, the Group had access to cash and cash equivalents and commercial paper programs totaling EUR3.4 billion. As of 31 December 2010, the Group had EUR2.7 billion in undrawn confirmed lines of credit, of which EUR2.6 billion matures in June 2012 or later.

The Group's credit rating enables it to raise significant long-term financing and attract a diverse investor base. The Group currently has an A- credit rating from Standard & Poor's and an A3 credit rating from Moody's. The Group's liabilities and their terms and conditions are described in note 24 to the consolidated financial statements incorporated by reference in this Base Prospectus.

In line with the Group's overall policy of conservatively managing liquidity risk and protecting its financial position, when negotiating new liquidity facilities the Group resists the inclusion of clauses that would have the effect of restricting the availability of credit lines, such as covenants requiring compliance with certain financial ratios and material adverse change clauses. As of 31 December 2010, no financing or confirmed lines of credit were subject to covenants requiring compliance with financial ratios.

The loan agreements or lines of credit for some of the Group's liquidity facilities include cross default clauses. If the Group were to default on any of its liquidity facilities, it could be required to repay the sums due on some of these facilities.

Moreover, anticipated reimbursement provisions exist for certain financing and lines of credit in case of change of control. Under these provisions, the debt holders may demand repayment if a shareholder or shareholders acting together hold more than 50% of the Company's shares, for the majority of contracts, and this event triggers a downgrading of the Company's rating. At 31 December 2010, the amount of financing and lines of credit with these types of provisions came to EUR4.2 billion.

Legal risks

The Group's products are subject to varying national and international standards and regulations

The Group's products, which are sold in national markets worldwide, are subject to regulations in each of those markets, as well as to various supranational regulations. Those regulations include trade restrictions, tariffs, tax regimes and product safety standards. Changes to any of these regulations or standards or their applicability to the Group's business could lead to lower sales or increased operating costs, which would result in lower profitability and earnings.

The Group's products are also subject to multiple quality and safety controls and regulations, and are governed by both national and supranational standards, though the majority of the line up complies with world-recognised International Electrotechnical Commission (IEC) standards. Costs of compliance with new or more stringent standards and regulations could affect its business if the Group is required to make capital expenditures or implement other measures.

The development and success of the Group's products depends on its ability to protect its intellectual property against competitors

The Group's future success depends to a significant extent on the development and maintenance of its intellectual property rights. Third parties may infringe the Group's intellectual property rights, and the Group may expend significant resources monitoring, protecting and enforcing its rights. If the Group fails to protect or enforce its intellectual property rights, its competitive position could suffer, which could have an adverse effect on its business.

To mitigate this risk, the patents developed or purchased by the Group are tracked by the Industrial Property team within the Finance & Control – Legal Affairs Department. All industrial property information for the main Group subsidiaries is transmitted to this team, which is responsible for managing and protecting these intangible assets throughout the world. The same procedure is followed for trademarks.

Disputes, claims, litigation and other risks

In 2001, Schneider Electric made a public offer to purchase Legrand as part of a proposed merger project. When the offer closed in July 2001, the Group held 98.1% of Legrand. In an initial decision dated 10 October

2001, the European Commission vetoed the merger, and in a second decision dated 30 January 2002, it ordered the two companies to separate as quickly as possible. As a result, Schneider Electric sold its interest in Legrand to the KKR-Wendel Investissement consortium even though the Court of First Instance of the European Communities overruled the Commission's decisions on 22 October 2002. Schneider Electric launched proceedings against the European Commission to obtain damages for the losses caused, estimated at EUR1.6 billion. On 11 July 2007, the Court ordered the Commission to compensate two-thirds of Schneider Electric's losses, once their amount has been determined. The Commission appealed this decision. On 16 July 2009, the Court of Justice confirmed the Commission's non-contractual responsibility in the matter, acknowledging that the Commission had been at fault and that losses had been caused. However, the Court of Justice overturned the Court of First Instance's ruling concerning damages, finding that the Commission was not liable for the loss in value incurred by Schneider Electric on its Legrand shares. According to the ruling, the only compensation due Schneider Electric concerns the legal fees from the second merger investigation in October 2002. The definitive amount of these fees was established at EUR50,000 by a decision of the Court of Justice on 9 June 2010, and this sum was paid by the Commission to Schneider Electric in December 2010. This dispute is therefore closed.

Following public offers launched in 1993 by SPEP (the Group holding company at the time) for its Belgian subsidiaries Cofibel and Cofimines, Belgium initiated proceedings against former Schneider Electric executives in connection with the former Empain-Schneider Group's management of its Belgian subsidiaries, notably the Tramico sub-group. At the end of March 2006, the Brussels criminal court ruled that some of the defendants were responsible for certain of the alleged offenses and that certain of the plaintiffs' claims were admissible. The plaintiffs claim losses of EUR5.3 million stemming from management that reduced the value of or undervalued assets presented in the offering prospectus, as well as losses of EUR4.9 million concerning transactions carried out by PB Finance, a company in which Cofibel and Cofimines had a minority interest. In its ruling, the court also appointed an expert to assess the loss suffered by those plaintiffs whose claims were ruled admissible. The expert's report was submitted in 2008. The defendants contest the amounts provided by the expert in their entirety, based notably on reports produced by Deloitte. Schneider Electric and its Belgian subsidiaries Cofibel and Cofimines were held civilly liable for the actions of their senior executives who were found liable. Schneider Electric is paying the legal expenses not covered by insurance of the former executives involved. The case is pending before both the Brussels Court of First Instance and the Brussels Appeals Court, as parts of the March 2006 ruling have been appealed.

In addition, the new owners of the Tramico sub-group, to which a Cofimines subsidiary had advanced funds during the sub-group's liquidation, refuse to pay back said funds and are claiming compensation for having been involved in the Belgian legal proceedings. Arbitration proceedings are currently under way in Geneva.

In connection with the divestment of Spie Batignolles, Schneider Electric booked provisions to cover the risks associated with certain major contracts and projects. Most of the risks were extinguished during 1997. Provisions were booked for the remaining risks, based on management's best estimate of the expected financial impact.

Schneider Electric, in addition to other sector companies, has been involved in legal proceedings initiated by the European Commission with regard to an alleged agreement concerning gas insulated switchgears (GIS), and this was because of two former subsidiaries operating in the high voltage segment that were sold in 2001. Schneider Electric did not appeal the decision made by the Commission with regard to this matter on 24 January 2007.

Proceedings were launched in 2007 by the competition authorities in New Zealand for the same reasons and against the same companies. As regards Schneider Electric, these proceedings concerned a transaction carried out in early 2009. The company is required to cooperate in the local investigation with New Zealand's competition authorities if requested.

In the same context, EDF Energy UK launched a claim for damages of GBP15 million at the High Court in London on 21 May 2010. This claim is currently being investigated.

Schneider Electric was also among 2,000 companies based all over the world that were mentioned in the Volcker Oil for Food report published by the UN in October 2005. It was investigated by the French judicial system in 2010 with regard to this report, which stated that the Group had entered into agreements with Iraqi government bodies between 2000 and 2004, under which surcharge payments are alleged to have been made to the Iraqi government of around USD450,000, violating the provisions of the embargo in force at that time.

Various other claims, administrative notices and legal proceedings have been filed against the Group concerning such issues as contractual demands, counterfeiting, bodily harm and work contracts.

Although it is impossible to forecast the results and/or costs of these proceedings with certainty, Schneider Electric considers that they will not, by their nature, have significant effects on the Group's business, assets, financial position or profitability. Moreover, Schneider Electric knows of no other disputes that could have a significant impact on its business.

Insurance

Schneider Electric's strategy for managing insurable risks is designed to defend the interests of employees and customers and to protect the Company's assets, the environment, employees, customers and its shareholders' investment.

This strategy entails:

- identifying and quantifying the main areas of risk;
- preventing risks and protecting industrial equipment; having audits carried out at the main sites by an independent company, launching a self-evaluation campaign for fire risk for all of the Group's plants and distribution centres;
- organising and deploying business continuity plans and crisis management resources, notably for health risks such as pandemics, technical and political risks and natural disasters;
- carrying out hazard and vulnerability studies and safety management for people and equipment;
- maintaining the necessary insurance cover for the main risks facing Group companies under global programs. The Group carefully screens insurance and reinsurance companies and evaluates their solvency.

In addition, the Group has taken out specific cover in response to certain local conditions, regulations or the requirements of certain risks, projects and businesses. To extend guarantees and reduce budgets, the Group coordinates purchasing of local cover.

Liability insurance

The integrated global liability insurance program set up in 2007 was renewed on 1 January 2011. This "all risks except" program represents adequate coverage of the Group's exposure to liability claims in connection with its businesses.

Certain specific risks, such as aeronautic or environmental risk, are covered by specific programs.

Property damage and business interruption insurance

A new global insurance program was put in place on 1 July 2010, for a term of two years. This is an "all risks except" contract which covers fire, explosion, natural disaster, machinery breakdown and other events that could affect Schneider Electric's property, as well as operating losses caused by business interruption.

Settlements under the global program are capped at EUR350 million per claim and specific limits apply to certain risks, such as natural disasters and machinery breakdown. These limits were determined on the basis of scenarios of loss established by specialists and available capacity in the insurance sector.

Assets are insured at replacement value.

Shipping and transport insurance

On 1 January 2009, the Group implemented a new global shipping/transport insurance program that covers all goods shipments, including between Group facilities, by all means of transport, with a maximum insured value of EUR15.2 million per convoy. This program, which will be renewed in 2011, covers Group subsidiaries that had previously been insured under local, non-integrated contracts.

Self insurance

To optimise costs, Schneider Electric self insures certain frequent risks through two captive insurance companies:

- outside North America, a captive reinsurance company offers property/casualty and liability coverage capped at EUR11 million per year;
- in North America, a captive insurance company is used to align deductibles and self-insured retentions imposed by the insurers of automobile, liability and workers' compensation primary layers. Self-insured retentions range from USD0.5 million to USD5 million per claim, depending on the risk. An actuary validates the provisions recorded by the captive reinsurance company each year.

The cost of self-insured claims is not material at the Group level.

Cost of insurance programs

The cost of the Group's main insurance programs, excluding captive reinsurance, totaled around EUR15 million in 2010. The Group's success also rests on a policy of actively promoting diversity, in terms of both gender and nationality.

Risk Factors relating to the Notes

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for debt securities issued by issuers is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

An active trading market for the Notes may not develop.

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. The Issuer and any of its subsidiaries are entitled to buy the Notes, as described in Condition 6(h), and the Issuer may issue further notes, as described in Condition 13. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

The Notes may be redeemed prior to maturity.

Unless in the case of any particular Tranche of Notes the relevant Final Terms specify otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the jurisdiction of the Issuer or a political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

Any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield anticipated by Noteholders to be considerably less than anticipated.

The Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer. Such right of termination is often provided for bonds or notes in periods of high interest rates. If the market interest rates decrease, the risk to Noteholders that the Issuer will exercise its right of termination increases. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

Investors will not be able to calculate in advance their rate of return on Floating Rate Notes.

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Exercise of Change of Control Put Option in respect of certain Notes may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised.

Depending on the number of Notes of the same Series in respect of which the Change of Control Put Option provided in the relevant Final Terms is exercised, any trading market in respect of those Notes in respect of which such option is not exercised may become illiquid. In addition, investors may only be able to reinvest the moneys they receive upon such early redemption in securities with a lower yield than the redeemed Notes.

Zero Coupon Notes are subject to higher price fluctuations than non-discounted bonds.

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Notes than on the prices of ordinary Notes because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Notes can suffer higher price losses than other Notes having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk.

Investments in Index linked interest notes entail significant risks and may not be appropriate for investors lacking financial expertise.

An investment in Index Linked Interest Notes entails significant risks that are not associated with similar investments in a conventional fixed or floating rate debt security. The Issuer believes that Index Linked Interest Notes should only be purchased by investors who are, or who are purchasing under the guidance of,

financial institutions or other professional investors that are in a position to understand the special risks that an investment in these instruments involves. These risks include, among other things, the possibility that:

- such index or indices may be subject to significant changes, whether due to the composition of the index itself, or because of fluctuations in value of the indexed assets;
- the resulting interest rate will be less (or may be more) than that payable on a conventional debt security issued by the Issuer at the same time;
- the repayment of principal can occur at times other than that expected by the investor;
- the holder of an Index Linked Interest Note could lose all or a substantial portion of the principal of such Note (whether payable at maturity or upon redemption or repayment), and, if the principal is lost, interest may cease to be payable on the Index Linked Interest Note;
- the risks of investing in an Index Linked Interest Note encompasses both risks relating to the underlying indexed securities or commodities and risks that are unique to the Note itself;
- any Index Linked Interest Note that is indexed to more than one type of underlying asset, or on formulae that encompass the risks associated with more than one type of asset, may carry levels of risk that are greater than Notes that are indexed to one type of asset only;
- it may not be possible for investors to hedge their exposure to these various risks relating to Index Linked Interest Notes; and
- a significant market disruption could mean that the index on which the Index Linked Interest Notes are based ceases to exist.

In addition, the value of Index Linked Interest Notes on the secondary market is subject to greater levels of risk than is the value of other Notes. The secondary market, if any, for Index Linked Interest Notes will be affected by a number of factors, independent of the creditworthiness of the Issuer and the value of the applicable currency, commodity, stock, interest rate or other index, including the volatility of the applicable currency, commodity, stock, interest rate or other index, the time remaining to the maturity of such Notes, the amount outstanding of such Notes and market interest rates. The value of the applicable currency, commodity, stock or interest rate index depends on a number of interrelated factors, including economic, financial and political events, over which the Issuer has no control. Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to Index Linked Interest Notes contains a multiplier or leverage factor, the effect of any change in the applicable currency, commodity, stock, interest rate or other index will be increased. The historical experience of the relevant currencies, commodities, stocks or interest rate indices should not be taken as an indication of future performance of such currencies, commodities, stock, interest rate or other indices during the term of any Index Linked Interest Note. Additionally, there may be regulatory and other ramifications associated with the ownership by certain investors of certain Index Linked Interest Notes.

The credit ratings assigned to the Issuer's Programme are a reflection of the credit status of the Issuer, and in no way are a reflection of the potential impact of any of the factors discussed above, or any other factors, on the market value of any Index Linked Interest Note. Accordingly, prospective investors should consult their own financial and legal advisors as to the risks entailed by an investment in Index Linked Interest Notes and the suitability of such Notes in light of their particular circumstances.

Various transactions by the Issuer could impact the performance of any Index Linked Interest Notes, which could lead to conflicts of interest between the Issuer and holders of its Index Linked Interest Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency (as defined in the relevant Final Terms). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial obligations such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this Base Prospectus and/or in the Final Terms but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Base Prospectus and the additional tax sections, if any, contained in the relevant Final Terms.

EU Savings Directive

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "**Directive**"). The Directive requires Member States, subject to a number of conditions being met, to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent located within their jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner of such payment elects otherwise and authorises the paying agent to disclose the above information (see "Taxation – EU Taxation").

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on a payment made by a Paying Agent, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. The rating reflects the possibility of default of the Issuer of the Notes as judged by the credit rating agencies.

Change of Law

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in French law or the official application or interpretation of French law after the date of this Base Prospectus.

French insolvency law

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the “**Assembly**”) in order to defend their common interests if an accelerated financial preservation (*procédure de sauvegarde financière accélérée*), preservation (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer. The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (EMTN) and regardless of their governing law. The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), proposed accelerated financial accelerated safeguard plan (*projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing off receivables in form of debt securities;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such Assembly or represented thereat). No quorum is required to convoke the Assembly.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in this Base Prospectus will not be applicable to the extent they are not in compliance with compulsory insolvency law provisions that apply in these circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the *Commission de Surveillance du Secteur Financier* (the “CSSF”) shall be incorporated in, and form part of, this Base Prospectus:

- The 2010 annual report, except for the text appearing in the box at the bottom of page 1 relating to the registration with the AMF and the third paragraph of the section “Attestation by the person responsible for the registration document” on page 287 (the 2010 annual report without the excluded sections, the “2010 AR”); and
- The 2009 annual report, except for the text appearing in the box at the bottom of page 1 relating to the registration with the AMF and the third paragraph of the section “Attestation by the person responsible for the registration document” on page 237 (the 2009 annual report without the excluded sections, the “2009 AR”).

Any reference in this Base Prospectus, in the 2010 AR or in the 2009 AR to the registration documents and/or annual reports (either 2010 or 2009) shall be deemed to exclude the above-mentioned excluded sections.

This Base Prospectus should be read and construed in conjunction with the 2010 AR and the 2009 AR.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

All documents incorporated by reference in this Base Prospectus may be obtained, free of charge, at the offices of each Paying Agent set out at the end of this Prospectus during normal business hours so long as any of the Notes are outstanding.

The information incorporated by reference in this Base Prospectus shall be read in connection with the cross-reference list as set out below.

Any information not listed in the cross-reference list below but included in the documents incorporated by reference is given for information purposes only.

Copies of the documents incorporated by reference will be published on the website of the Luxembourg Stock Exchange (“*www.bourse.lu*”).

Information incorporated by reference	Reference
2010 AR	
Income Statement relating to the above	2010 AR, pages 150-151 and 226
Cash Flow Statement relating to the above	2010 AR, pages 152-153
Balance Sheet relating to the above	2010 AR, pages 154-155 and 224-225
Notes relating to the above	2010 AR, pages 157-221 and 227-237
Accounting Principles relating to the above	2010 AR, pages 158-166 and 227
Audit Reports relating to the above	2010 AR, pages 222 and 238

2009 AR	
Income Statement relating to the above	2009 AR, pages 114-115 and 186
Cash Flow Statement relating to the above	2009 AR, page 116-117
Balance Sheet relating to the above	2009 AR, pages 118-119 and 184-185
Notes relating to the above	2009 AR, pages 121-180 and 187-197
Accounting Principles relating to the above	2009 AR, pages 122-128 and 187
Audit Reports relating to the above	2009 AR, pages 181-182 and 198

SUPPLEMENT TO THE BASE PROSPECTUS

If at any time the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to the provisions of Article 16 of the Prospectus Directive, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or a restated Base Prospectus, which in respect of any subsequent issue of Notes to be listed on official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange or on a Regulated Market of an EEA State, shall constitute a supplement to this Base Prospectus for the purpose of the relevant provisions of the Prospectus Directive.

GENERAL DESCRIPTION OF THE PROGRAMME

Issuer	Schneider Electric SA
Description	Euro Medium Term Note Programme (the “ Programme ”)
Size	Up to Euro 7,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger	BNP PARIBAS
Dealers	<p>Barclays Bank PLC, BNP PARIBAS, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, Natixis, Société Générale and The Royal Bank of Scotland plc.</p> <p>The Issuer may from time to time terminate the appointment of any Dealer, including any Permanent Dealer, under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated). References to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p> <p>At the date of this Base Prospectus, only credit institutions and investment firms incorporated in a Member State of the European Union (“EU”) and which are authorised by the relevant authority of such Member State to lead-manage bond issues in such member state may act (a) as Dealers with respect to non-syndicated issues of Notes denominated in Euro and (b) as lead manager of issues of Notes denominated in Euro issued on a syndicated basis.</p>
Fiscal Agent and Paying Agent	BNP Paribas Securities Services
Method of Issue	<p>The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Final Terms.</p>
Redenomination	Notes issued in the currency of any Member State of the EU which participates in the third stage of the Economic and

Monetary Union of the EU may be redenominated into Euro, all as more fully provided in the relevant Final Terms, pursuant to “Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination” below.

Issue Price

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly-Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

Form of Notes

Notes may be issued in either dematerialised form (“**Dematerialised Notes**”) or in materialised form (“**Materialised Notes**”).

Dematerialised Notes may be issued in bearer dematerialised form (*au porteur*) or in registered dematerialised form (*au nominatif*).

Materialised Notes will be issued in bearer form only and may only be issued outside of France.

Clearing Systems

Euroclear France acts as central depository in relation to Dematerialised Notes, and Clearstream, Luxembourg, Euroclear or any other clearing system (provided proper clearing and settlement procedures have previously been put in place) that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer in relation to Materialised Notes.

Initial Delivery of Dematerialised Notes

One Paris business day before the issue date of each Tranche of Dematerialised Notes, the *lettre comptable* relating to such Tranche shall be deposited with Euroclear France as central depository.

Initial Delivery of Materialised Notes

On or before the issue date for each Tranche of Materialised Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.

Currencies

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, and the relevant Dealers, including Euros, Swiss Francs, U.S. dollars, Sterling and Japanese Yen.

Maturities

Subject to compliance with all relevant laws, regulations and directives, any maturity equal to or greater than seven days.

Denominations

The Notes will be in such denominations as may be specified in the relevant Final Terms, save that in respect of any Notes which are to be offered to the public and/or admitted to trading on a Regulated Market in the EEA, such Notes will have a minimum denomination of Euro 1,000 (or its equivalent in other currencies).

Fixed Rate Notes

Fixed interest will be payable in arrear on the date or dates in

Floating Rate Notes	<p>each year specified in the relevant Final Terms.</p> <p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc; or (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. <p>Interest periods will be specified in the relevant Final Terms.</p>
Zero Coupon Notes	<p>Zero Coupon Notes may be issued at their nominal amount or at a discount and will not bear interest.</p>
Dual Currency Notes	<p>Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Final Terms.</p>
Index Linked Notes	<p>Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.</p>
Interest Periods and Interest Rates	<p>The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.</p>
Redemption Amount	<p>The relevant Final Terms will specify the basis for calculating the redemption amounts payable.</p>
Redemption by Instalments	<p>The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.</p>
Other Notes	<p>Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.</p>
Optional Redemption	<p>The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders, and if so, the terms applicable to such</p>

redemption.

If a Change of Control Put Option is specified in the relevant Final Terms, following the occurrence of a Change of Control, the Noteholders will be entitled to request the Issuer to redeem or, at the Issuer's option, procure the purchase of their Notes, as more fully set out in "Terms and Conditions of the Notes - Redemption, Purchase and Options".

Status of Notes

The obligations of the Issuer under the Notes may be unsubordinated ("**Unsubordinated Notes**") or subordinated, including deeply subordinated pursuant to the provisions of Article L.228-97 of the French *Code de commerce* ("**Subordinated Notes**"). Unsubordinated Notes will constitute unsubordinated and unsecured obligations of the Issuer and Subordinated Notes will constitute subordinated and unsecured obligations of the Issuer, all as described in "Terms and Conditions of the Notes - Status".

Negative Pledge

There will be a negative pledge as set out in Condition 4 - see "Terms and Conditions of the Notes - Negative Pledge".

Events of Default

The terms and conditions of the Notes will contain events of default as set out in Condition 10 in "Terms and Conditions of the Notes – Events of Default", including a Cross-Default provision.

Early Redemption

Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "Terms and Conditions of the Notes - Redemption, Purchase and Options".

Withholding Tax

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

See section "Taxation".

Governing Law

French law.

Listing and Admission to Trading

Application has been made to list the Notes issued under the Programme on the official list of the Luxembourg Stock Exchange and admit such Notes to trading on the Regulated Market of the Luxembourg Stock Exchange and/or as otherwise specified in the relevant Final Terms. If so specified in the relevant Final Terms, a Series of Notes need not be listed on any stock exchange.

Selling Restrictions

There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See "Subscription and Sale". In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which

will be set out in the relevant Final Terms.

The Issuer is a Category 2 issuer for the purposes of Regulation S under the Securities Act.

Materialised Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “**D Rules**”) unless (i) the relevant Final Terms states that such Materialised Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”) or (ii) the Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under §163(f)(2) of the U.S. Internal Revenue Code of 1986, as amended, which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Dematerialised Notes do not require compliance with the TEFRA rules.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes. In the case of Dematerialised Notes, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed, amended or varied by the relevant Final Terms. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on Definitive Materialised Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. Those definitions will be endorsed on the definitive Notes, as the case may be. References in these Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

An Amended and Restated Agency Agreement (as amended or supplemented as at the Issue Date, the “Agency Agreement”) dated 24 June 2011 has been agreed between Schneider Electric SA (the “Issuer”), BNP Paribas Securities Services as fiscal agent and the other agents named in it. The fiscal agent, the paying agents, and the calculation agent(s) for the time being (if any) are referred to below respectively as the “Fiscal Agent”, the “Paying Agents” (which expression shall include the Fiscal Agent), and the “Calculation Agent(s)”. The holders of Dematerialised Notes and Materialised Notes, the holders of the interest coupons (the “Coupons”) relating to interest bearing Materialised Notes and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the receipts (the “Receipts”) for the payment of instalments of principal (the “Receipholders”) relating to Materialised Notes of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection at the specified offices of each of the Paying Agents.

References below to “Conditions” are, unless the context requires otherwise, to the numbered paragraphs below.

1 Form, Denomination and Title

- (a) **Form:** Notes may be issued either in dematerialised form (“Dematerialised Notes”) or in materialised form (“Materialised Notes”).
 - (i) Title to Dematerialised Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* (the “Code”) by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the Code) will be issued in respect of the Dematerialised Notes.

Dematerialised Notes are issued, at the option of the Issuer and as specified in the relevant Final Terms (the “Final Terms”), in either (i) bearer dematerialised form (*au porteur*) only, in which case they are inscribed in the books of Euroclear France S.A. (acting as central depository) (“Euroclear France”) which shall credit the accounts of Account Holders, or (ii) in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder in either administered registered form (*au nominatif administré*) inscribed in the books of an Account Holder or in fully registered form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Issuer or the Registration Agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the “Registration Agent”).

For the purpose of these Conditions, “**Account Holder**” means any authorised financial intermediary institution entitled directly or indirectly to hold accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. (“**Euroclear**”) and the depositary bank for Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”).

- (ii) Materialised Notes are issued in bearer form (“**Materialised Notes**”) in the Specified Denomination(s) shown in the relevant Final Terms. Materialised Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

In accordance with Article L.211-3 of the Code, securities (such as Notes) which are governed by French law and are in materialised form must be issued outside the French territory.

- (b) **Denomination:** Notes shall be issued in the specified denomination(s) as set out in the relevant Final Terms (the “**Specified Denomination(s)**”) save that the minimum denomination of each Note listed and admitted to trading on a Regulated Market in a Member State of the European Economic Area (“**EEA**”) in circumstances which require the publication of a Base Prospectus under the Prospectus Directive will be Euro 1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Dematerialised Notes shall be issued in one Specified Denomination only.

(c) **Title:**

- (i) Title to Dematerialised Notes in bearer dematerialised form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised Notes in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Issuer or of the Registration Agent.
- (ii) Title to Materialised Notes in definitive form having, where appropriate, Coupons, Receipt(s) and/or a Talon attached thereto on issue (“**Definitive Materialised Notes**”), shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
- (iv) In these Conditions, “**holder of Notes**”, “**holder of any Notes**” or “**Noteholder**” means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any Definitive Materialised Note and the Receipts relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

- (d) **Redenomination:** The Issuer may (if so specified in the relevant Final Terms), without the consent of the holder of any Note, Receipt, Coupon or Talon, by giving at least 30 days' notice in accordance with Condition 14, redenominate, on any Interest Payment Date all, but not some only, of the Notes of any Series into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly on or after the date on which the Member State of the European Union in whose national currency such Notes are denominated has become a participant member in the third stage of the European economic and monetary union (as provided in the Treaty establishing the European Community (the "EC"), as amended from time to time), or events have occurred which have substantially the same effects all as more fully provided in the relevant Final Terms.

2 Conversion and Exchange of Notes

(a) Dematerialised Notes:

- (i) Dematerialised Notes being issued in bearer dematerialised form (*au porteur*) may not be converted into Dematerialised Notes in registered dematerialised form, whether in fully registered form (*au nominatif pur*) or in administered registered form (*au nominatif administré*).
- (ii) Dematerialised Notes issued in registered dematerialised form (*au nominatif*) may not be converted into Dematerialised Notes in bearer dematerialised form (*au porteur*).
- (iii) Dematerialised Notes issued in fully registered form (*au nominatif pur*) may, at the option of the Noteholder, be converted into Notes in administered registered form (*au nominatif administré*), and *vice versa*. The exercise of any such option by such Noteholder shall be made in accordance with Article R.211-4 of the Code. Any such conversion shall be effected at the cost of such Noteholder.

(b) Materialised Notes:

Materialised Notes of one Specified Denomination may not be exchanged for Materialised Notes of another Specified Denomination.

3 Status

- (a) **Status of Unsubordinated Notes:** Unsubordinated Notes (being those Notes the status of which the applicable Final Terms specifies as being Unsubordinated Notes) and, where applicable, the Receipts and Coupons relating to them, constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law), equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

(b) Status of Subordinated Notes:

- (i) The principal and (if the applicable Final Terms so specify) interest on Subordinated Notes (being those Notes the status of which the applicable Final Terms specify as being Subordinated Notes) constitute direct, unconditional and unsecured obligations of the Issuer and (other than in the case of any Deeply Subordinated Notes (as defined to in Condition 3(b)(iii) below)) ("**Ordinary Subordinated Notes**") rank and will rank *pari passu* and rateably without any preference among themselves together with all other unsecured subordinated obligations of the Issuer with the exception of the *prêts participatifs* granted to, and *titres participatifs* and any such Deeply Subordinated Notes issued by, the Issuer. If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer or, following an order of *redressement judiciaire*, the sale of the whole business (*cession totale de*

l'entreprise) of the Issuer, or if the Issuer is liquidated for any other reason, the payment obligations of the Issuer under the Subordinated Notes and the Receipts and, if the applicable Final Terms so specify, interest on such Notes shall be subordinated to the payment in full of the unsubordinated creditors of the Issuer and, subject to such payment in full, the holders of the Ordinary Subordinated Notes and the holders of the Receipts and, if the applicable Final Terms specify that the interest payment obligations of the Issuer under such Notes are subordinated, of interest relating to them, will be paid in priority to any *prêts participatifs* granted to, and any *titres participatifs* and any such Deeply Subordinated Notes issued by, the Issuer.

- (ii) In the event of incomplete payment of unsubordinated creditors on the *liquidation judiciaire* of the Issuer, the obligations of the Issuer in connection with the Subordinated Notes and the Receipts and, if the applicable Final Terms specify that the interest payment obligations of the Issuer under such Notes are subordinated, the interest, will be terminated by operation of law.
- (iii) The applicable Final Terms may contain other provisions relating to Subordinated Notes including for the purposes of issuing deeply subordinated notes (“**Deeply Subordinated Notes**”) pursuant to the provisions of Article L.228-97 of the French *Code de commerce*. Such Deeply Subordinated Notes will, unless otherwise provided in the applicable Final Terms rank *pari passu* and rateably amongst themselves and after all other Ordinary Subordinated Notes, *prêts participatifs* and *titres participatifs*.

4 Negative Pledge

So long as any of the Unsubordinated Notes or, if applicable, any Receipts or Coupons relating to them, remain outstanding (as defined in the Agency Agreement), the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined below) will, create or permit to subsist any mortgage, lien, charge, pledge or other form of security interest (*sûreté réelle*) (“**Security**”) upon any of their respective assets or revenues, present or future, to secure (i) any Relevant Debt (as defined below) or (ii) any guarantee or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, the Issuer’s obligations under the Notes are equally and rateably secured therewith, except for any Security created by the Issuer over any equity share capital acquired by the Issuer in any company resulting in that company becoming a majority-owned subsidiary of the Issuer after the issue of the Notes for the sole purpose of financing that acquisition and securing principal moneys not exceeding the cost of that acquisition.

For the purposes of this Condition:

- (i) “**Principal Subsidiary**” means at any relevant time a Subsidiary of the Issuer:
 - (a) whose net operating income is at least 10 per cent. of the consolidated net operating income of the Issuer and its consolidated subsidiaries (the “**Consolidated Group**”) or whose total assets amount to at least 10 per cent. of the total consolidated assets of the Consolidated Group, in each case calculated by reference to the latest audited consolidated accounts of the Issuer.
 - (b) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary.
- (ii) “**Relevant Debt**” means any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*) which are for the time being, or are capable of being, quoted, admitted to trading or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market.
- (iii) “**Subsidiary**” means, in relation to any person or entity at any time, any other person or entity (whether or not now existing) as defined in Article L.233-1 of the French *Code de commerce* or any

other person or entity controlling directly or indirectly such person or entity within the meaning of Article L.233-3 of the French *Code de commerce*.

5 Interest and Other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

- (b) **Interest on Floating Rate Notes and Index Linked Interest Notes:**

- (i) **Interest Payment Dates:** Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:

- (A) the Floating Rate Business Day Convention or “**FRN Convention**”, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment,
- (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day,
- (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought to the immediately preceding Business Day or
- (D) the Preceding Business Day Convention, such date shall be brought to the immediately preceding Business Day.

- (iii) **Rate of Interest for Floating Rate Notes:** The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

- (A) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest

Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the relevant Final Terms;
- (y) the Designated Maturity is a period specified in the relevant Final Terms; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (i) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
- (ii) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
- (iii) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

- (y) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (x)(i) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(ii) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks (as defined below) is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of

the Specified Currency or, if the Specified Currency is Euro, in the Euro-zone as selected by the Calculation Agent (the “**Principal Financial Centre**”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

- (iv) **Rate of Interest for Index Linked Interest Notes:** The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.
- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(b)(i)).
- (d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.
- (e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Final Terms.
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:**
 - (i) If any Margin or Rate Multiplier is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
 - (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment

Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country/ies of such currency.
- (h) **Calculations:** The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** As soon as practicable after the relevant time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are admitted to trading on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the second Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (j) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of Euro, a day on which the TARGET system is operating (a **“TARGET Business Day”**); and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period, the **“Calculation Period”**):

- (i) if **“Actual/Actual”** or **“Actual/Actual - ISDA”** or **“Act/Act”** or **“Act/Act - ISDA”** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **“Actual/365 (Fixed)”** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if **“Actual/360”** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if **“Actual/Actual ICMA”** is specified in the relevant Final Terms:
 - a. if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - b. if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the next Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date specified herein or, if none is so specified, the Interest Payment Date.

- (v) if “**30/360**” or “**360/360 (Bond Basis)**” is specified in the relevant Final Terms, the number of days in the Calculation Period by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D₁** is greater than 29, in which case **D₂** will be 30

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D₂** will be 30

- (vii) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D₂** will be 30

“**Effective Date**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

“**Euro-zone**” means the region comprised of member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the EC as amended.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the relevant Final Terms.

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor Euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is Euro.

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

“**ISDA Definitions**” means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms.

“**Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 (“**Reuters**”)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

“**Rate of Interest**” means the rate of interest payable from time to time in respect of any particular Note and that is either specified or calculated in accordance with the provisions in the relevant Final Terms.

“**Reference Banks**” means the institutions specified as such in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the benchmark (which, if EURIBOR is the relevant benchmark, shall be the Euro-zone).

“**Relevant Financial Centre**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, London.

“**Relevant Rate**” means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre or, if no such customary local time exists, 11.00 hours in the Relevant Financial Centre and, for the purpose of this definition, “**local time**” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, Brussels Time.

“**Representative Amount**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

“**Specified Currency**” means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated.

“**Specified Duration**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(b)(ii).

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

- (k) **Calculation Agent and Reference Banks:** The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined in the Agency Agreement). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid and notice of any such change of Calculation Agent shall promptly be given to the Noteholders in accordance with Condition 14 below.

6 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified in the relevant Final Terms) is extended pursuant to any Issuer’s or Noteholder’s option in accordance with Condition 6(d) or 6(e), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised Notes, on the due date for such payment or (ii) in the case of Materialised Notes, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer’s or Noteholder’s option in accordance with Condition 6(d) or 6(e), each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal

amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) **Early Redemption:**

(i) **Zero Coupon Notes:**

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Nominal Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.
- (B) Subject to the provisions of sub-paragraph (C) below, the “**Amortised Nominal Amount**” of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgement) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.

- (ii) **Other Notes:** The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms.

(c) **Redemption for Taxation Reasons:**

- (i) If, by reason of any change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8 below, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 14, redeem all, but not some only, of the Notes at their Redemption Amount together with, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption provided that the due date for redemption of which notice hereunder may be given

shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes.

- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders or, if applicable, Couponholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 14, redeem all, but not some only, of the Notes then outstanding at their Redemption Amount together with, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption on (A) the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes, provided that if such notice would expire after such Interest Payment Date the date for redemption pursuant to such notice of Noteholders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes and (ii) 14 days after giving notice to the Fiscal Agent as aforesaid or (B) if so specified on this Note, at any time, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment of the full amount payable in respect of the Notes, Receipts or Coupons or, if that date is passed, as soon as practicable thereafter.

- (d) **Redemption at the Option of the Issuer and Exercise of Issuer's Options and Partial Redemption:** If Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem, or exercise any Issuer's Option (as may be described in the relevant Final Terms) in relation to, all or, if so provided, some, of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified in the relevant Final Terms and no greater than the maximum nominal amount to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's Option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's Option in respect of Materialised Notes, the notice to holders of such Materialised Notes shall also contain the certificate numbers of the Definitive Materialised Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements.

In the case of a partial redemption of or a partial exercise of an Issuer's option in respect of Dematerialised Notes of any Series, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that will be fully redeemed and those Dematerialised Notes that will not be redeemed shall be made in accordance with Article R.213-16 of the Code and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and stock exchange requirements.

So long as the Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

- (e) **Redemption at the Option of Noteholders and Exercise of Noteholders' Options:** If Put Option is specified in the relevant Final Terms, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' Option that may be set out in the relevant Final Terms (which must be exercised on an Option Exercise Date) the holder must deposit with any Paying Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent within the notice period. In the case of Materialised Notes, the Exercise Notice shall have attached to it the relevant Notes (together with all unmatured Receipts and Coupons and unexchanged Talons). In the case of Dematerialised Notes, the Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Fiscal Agent or the Paying Agent with a specified office in Paris as specified in the Exercise Notice. No option so exercised and, where applicable, no Note so deposited or transferred, may be withdrawn without the prior consent of the Issuer.

- (f) **Redemption at the Option of Noteholders following a Change of Control:** If Change of Control Put Option is specified in the relevant Final Terms, and if at any time while any such Note remains outstanding there occurs a Change of Control of the Issuer and within the Change of Control Period a Rating Downgrade occurs as a result of that Change of Control or as a result of a Potential Change of Control (a "**Put Event**"), then the holder of such Note will have the option (the "**Change of Control Put Option**") (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem such Note under Condition 6(c)) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that Note on the Optional Redemption Date (all as defined below) at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date.

A "**Change of Control**" shall be deemed to have occurred at each time that any person or persons acting in concert come(s) to own or acquire(s) (i) more than 50 per cent. of the issued share capital of the Issuer or (b) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights.

"**Change of Control Period**" means:

- (i) pursuant to a Change of Control, the period commencing on the date of the public announcement of the result (*avis de résultat*) by the *Autorité des marchés financiers* (the "**AMF**") of the relevant Change of Control and ending on the date which is 90 days (inclusive) after the date of the public announcement by the AMF of the relevant Change of Control provided that (a) a Rating Downgrade occurs during that period and (b) such Rating Downgrade results from a Change of Control; or
- (ii) pursuant to a Potential Change of Control, the period commencing 180 days prior to the date of the public announcement of the result (*avis de résultat*) by the AMF of the relevant Change of Control and ending on the date of such announcement (inclusive) provided that (a) a Rating

Downgrade occurs during that period and (b) such Rating Downgrade results from a Potential Change of Control.

“**Rating Agency**” means Standard & Poor's Rating Services or any other rating agency of equivalent international standing requested from time to time by the Issuer to grant a rating to the Notes and, in each case, their respective successors or affiliates.

A “**Rating Downgrade**” shall be deemed to have occurred in respect of a Change of Control or in respect of a Potential Change of Control if within the Change of Control Period the rating previously assigned to the Notes by any Rating Agency is (x) withdrawn or (y) changed from an investment grade rating (BBB-, or its respective equivalents for the time being, or better) to a non-investment grade rating (BB+, or their respective equivalents for the time being, or worse) or (z) if the rating previously assigned to the Notes by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch, provided that (i) a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control or Potential Change of Control, as the case may be, if the Rating Agency making the change in rating does not publicly announce or publicly confirm that the reduction was the result of the Change of Control or the Potential Change of Control, as the case may be, and (ii) any Rating Downgrade has to be confirmed in a letter, or other form of written communication, sent to the Issuer and publicly disclosed.

“**Potential Change of Control**” means any public announcement or statement by the Issuer, any actual or potential bidder relating to any potential Change of Control of the Issuer.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a “**Put Event Notice**”) to the Noteholders in accordance with Condition 14 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option to require redemption or, as the case may be, purchase of a Note following a Put Event, the holder of that Note must in the case of Dematerialised Notes, transfer or cause to be transferred or, in the case of Materialised Notes, deposit or cause to be deposited such Note (together, if applicable, with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent at its specified office within the period (the “**Put Period**”) of 45 days after the Put Event Notice is given together with a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (as applicable) (a “**Put Option Notice**”) and in which the holder may specify a bank account to which payment is to be made.

The Issuer shall redeem or, at the option of the Issuer, procure the purchase of, the Notes in respect of which the Change of Control Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the account of the relevant Paying Agent for the account of the Issuer as described above on the date which is the fifth Business Day following the end of the Put Period (the “**Optional Redemption Date**”). Payment in respect of any Note so transferred will be made in Euro to the holder to the specified Euro-denominated bank account in the Change of Control Put Option Notice on the Optional Redemption Date via the relevant Paying Agent.

- (g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.
- (h) **Purchases:** The Issuer and any of its Subsidiaries may at any time purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating

thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Unless otherwise specified in the Final Terms, all Notes so purchased by the Issuer may be held and resold for the purpose of enhancing the liquidity of the Notes in accordance with Articles L.213-1 A and D.213-1 A of the Code.

- (i) **Cancellation:** All Notes purchased by or on behalf of the Issuer for cancellation or any of its Subsidiaries will forthwith be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Notes, by surrendering each such Materialised Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7 Payments and Talons

- (a) **Dematerialised Notes:** Payments of principal and interest in respect of Dematerialised Notes shall be made (i) in the case of Dematerialised Notes in bearer dematerialised form or administered registered dematerialised form, by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the relevant Noteholder and (ii) in the case of Dematerialised Notes in fully registered form, to an account denominated in the relevant currency with a Bank designated by the relevant Noteholder. All payments validly made to such Account Holders will constitute an effective discharge of the Issuer in respect of such payments.
- (b) **Materialised Notes:** Payments of principal and interest in respect of Materialised Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Materialised Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(e)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(e)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of Euro, in a city in which banks have access to the TARGET System.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Materialised Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Materialised Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent, the Consolidation Agent and the Registration Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Redenomination Agent, the Registration Agent and the Consolidation Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent expert(s) and, in each case, do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Redenomination Agent, the Registration Agent, the Consolidation Agent and the Calculation Agent(s), and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) Paying Agents having specified offices in at least two major European cities of which, so long as the Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and the rules of such Regulated Market so require, one shall be Luxembourg, and a Paying Agent having a specified office in a major European city outside France, (v) in the case of Dematerialised Notes in fully registered form, a Registration Agent, (vi) in the case of Materialised Notes, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to such Directive (which may be any of the Paying Agents referred to in (iv) above) and (vii) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 14 below.

- (f) **Unmatured Coupons and Receipts and Unexchanged Talons:**

- (i) Unless Materialised Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Materialised Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) If Materialised Notes so provide, upon the due date for redemption of any such Materialised Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Materialised Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

- (iv) Upon the due date for redemption of any Materialised Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (v) Where any Materialised Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any such Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
 - (vi) If the due date for redemption of any Materialised Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note representing it, as the case may be. Interest accrued on a Materialised Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as “**Financial Centres**” in the relevant Final Terms and (C) (i) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) (in the case of a payment in Euro) which is a TARGET Business Day.

8 Taxation

- (a) **Tax exemption:** All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
- (b) **Additional Amounts:** If French law should require that payments of principal, or interest in respect of any Note, Receipt or Coupon be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Receiptholders or the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon, as the case may be:

- (i) **Other connection:** to, or to a third party on behalf of, a Noteholder or, if applicable, a Receiptholder or Couponholder, as the case may be, who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Republic of France other than the mere holding of the Note, Receipt or Coupon; or
- (ii) **Presentation more than 30 days after the Relevant Date:** in the case of Materialised Notes, more than 30 days after the Relevant Date except to the extent that the Noteholder or, if applicable a Receiptholder or Couponholder, as the case may be, would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (iii) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to EU Directive 2003/48/EC dated 3 June 2003 or any EU Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) **Payment by another paying agent:** in respect of Definitive Materialised Notes, presented for payment by or on behalf of a Noteholder or, if applicable, a Receiptholder or Couponholder, as the case may be, who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the EU.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

- (c) **Supply of Information:** Each Noteholder shall be responsible for supplying, in a timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC dated 3 June 2003 or any EU Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

9 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

The Representative (as defined under Condition 11(b)), upon request of any Noteholder, may, upon written notice to the Issuer and the Fiscal Agent given before all defaults shall have been cured, cause the principal

amount of all the Notes (but not some only) held by such Noteholder to become immediately due and payable, together with accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal Agent without further formality, if any of the following events (each an “**Event of Default**”) shall occur:

- (a) **Subordinated Notes:** In the case of Subordinated Notes and in accordance with Condition 3(b), (i) if any judgment shall be issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason then the Subordinated Notes shall become immediately due and payable, in accordance with Condition 3(b), at their principal amount together with any accrued interest to the date of payment; (ii) in the event of any other events of default as may be set out in the relevant Final Terms.
- (b) **Unsubordinated Notes:** In the case of Unsubordinated Notes:
- (i) in the event of default by the Issuer in the payment of principal and interest on any Note, when and as the same shall become due and payable, if such default shall not have been cured within 7 business days from such due date;
 - (ii) in the event of default by the Issuer in the due performance of any other provision of the Notes, if such default shall not have been cured within 14 business days after receipt by the Fiscal Agent of written notice of such default given by a Noteholder;
 - (iii) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for borrowed monies in excess of Euro 40,000,000 (or its equivalent in any other currency), whether individually or in the aggregate, becomes, following, where applicable, the expiry of any originally applicable grace period, due and payable prior to its stated maturity as a result of a default thereunder, or any such indebtedness shall not be paid when due or, as the case may be, within any originally applicable grace period therefor or any steps shall be taken to enforce any security in respect of any such indebtedness or any guarantee or indemnity given by the Issuer or any of its Principal Subsidiaries for, or in respect of, any such indebtedness of others shall not be honoured when due and called upon;
 - (iv) the Issuer or any of its Principal Subsidiaries, applies for the appointment of a *mandataire ad hoc* under French bankruptcy law or enters into an amicable settlement (*procédure de conciliation*) with its creditors or a judgement is issued for the judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or any of its Principal Subsidiaries or, to the extent permitted by law, the Issuer or any of its Principal Subsidiaries is subject to any other insolvency or bankruptcy proceedings or the Issuer or any of its Principal Subsidiaries makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors. For the purpose solely of this paragraph, the term “**Principal Subsidiaries**” shall have the same meaning as under Condition 4 hereinabove;
 - (v) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Notes; or
 - (vi) in the event that the Issuer or any of its Principal Subsidiaries ceases to carry on all or a material part of its or their business or other operations, except for the purposes of and following a merger or reorganisation (*fusion, scission or apport partiel d'actifs*) (i) on terms approved by the General Meeting of the Noteholders to the extent that French law requires such merger or reorganisation to be submitted for the approval to the General Meeting of the Noteholders or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are vested in the Issuer, another of its Principal Subsidiaries or any

other Subsidiary which as a result of such merger or reorganisation becomes a Principal Subsidiary.

11 Representation of Noteholders

Except as otherwise provided by the relevant Final Terms, Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a masse (in each case, the “Masse”). The Masse will be governed by the provisions of the French *Code de commerce*, and, with respect to Notes issued outside France, with the exception of Articles L.228-48, L.228-59, R.228-63, R.228-67 and R.228-69 subject to the following provisions:

- (a) **Legal Personality:** The Masse will be a separate legal entity and will act in part through a representative (the “**Representative**”) and in part through a general meeting of the Noteholders (the “**General Meeting**”).

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

- (b) **Representative:** The office of the Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the Issuer, the members of its Management Board (*Directoire*), its Supervisory Board (*Conseil de surveillance*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouses; or
- (ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors (*Conseil d'administration*), Management Board (*Directoire*) or Supervisory Board (*Conseil de surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouses; or
- (iii) companies holding 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The names and addresses of the initial Representative of the Masse and its alternate will be set out in the relevant Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the initial Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

- (c) **Powers of the Representative:** The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative may not interfere in the management of the affairs of the Issuer.

- (d) **General Meeting:** A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting, together with the proposed agenda for such General Meeting. If such General Meeting has not been convened within two months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published as provided under Condition 14 not less than 15 days prior to the date of such General Meeting.

Each Noteholder has the right to participate in a General Meeting in person, by proxy, correspondence, or, if the *statuts* of the Issuer so specify, videoconference or any other means of telecommunications allowing the identification of the participating Noteholders. Each Note carries the right to one vote or, in the case of Notes issued with more than one Specified Denomination, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

- (e) **Powers of the General Meetings:** The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (*charges*) to Noteholders, nor establish any unequal treatment between the Noteholders, nor to decide to convert Notes into shares.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least a fifth of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third majority of votes cast by Noteholders attending such General Meetings or represented thereat.

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting at 0:00, Paris time.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 14.

- (f) **Information to Noteholders:** Each Noteholder or Representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

- (g) **Expenses:** The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.
- (h) **Single Masse:** The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 13, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all such Series.

For the avoidance of doubt, in this Condition 11 “**outstanding**” shall not include those Notes subscribed or purchased by the Issuer pursuant to Article L.213-1 A of the Code that are held by it and not cancelled.

12 Replacement of definitive Notes, Receipts, Coupons and Talons

If, in the case of any Materialised Notes, a Definitive Materialised Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Definitive Materialised Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Materialised Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Definitive Materialised Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues and Consolidation

The Issuer may from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further notes to be assimilated (*assimilées*) with the Notes provided such Notes and the further Notes carry rights identical in all respects (or in all respects save for the principal amount thereof and the first payment of interest specified in the Final Terms) and that the terms of such Notes provide for such assimilation, and references in these Conditions to “**Notes**” shall be construed accordingly.

The Issuer may from time to time on any Interest Payment Date occurring on or after the date specified for a redenomination of the notes pursuant to Condition 1(d), on giving not less than 30 days’ prior notice to the Noteholders in accordance with Condition 14, without the consent of the Noteholders or the Couponholders, consolidate the Notes with one or more issues of other notes issued by it, whether or not originally issued in one of the European national currencies or in Euro, provided such other notes have been redenominated in Euro (if not originally denominated in Euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

14 Notices

- (a) Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either,
 - (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or,
 - (ii) they are published at the option of the Issuer (a) so long as such Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so permit, on the website of the Luxembourg Stock Exchange (www.bourse.lu) or, (b) in a leading daily newspaper with general circulation in Europe (which is expected to be the *Financial Times*) and so long as such Notes are

listed and admitted to trading on any stock exchange including any Regulated Market and the rules of such stock exchange(s) so require, in a leading daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes are listed and admitted to trading is located, which in the case of the Luxembourg Stock Exchange is expected to be the *Luxemburger Wort*.

- (b) Notices to the holders of Materialised Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published at the option of the Issuer (i) so long as such Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so permit, on the website of the Luxembourg Stock Exchange (www.bourse.lu), or (ii) in a daily leading newspaper with general circulation in Europe (which is expected to be the *Financial Times*) and so long as such Notes are listed and admitted to trading on any stock exchange including any Regulated Market, in a leading daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes are listed and admitted to trading is located, which, in the case of the Luxembourg Stock Exchange, is expected to be the *Luxemburger Wort*.
- (c) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Notes in accordance with this Condition.

Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication of a notice required by Conditions 14(a) and (b) above; except that (i) (a) so long as such Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so permit, notices shall also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu), or (b) so long as the Notes are listed and admitted to trading on any Regulated Market(s) and the rules of such Regulated Market(s) so require, notices shall be published in a leading daily newspaper of general circulation in the city/ies where the Regulated Market(s) on which such Notes are listed and admitted to trading is located, which, in the case of the Luxembourg Stock Exchange, is expected to be the *Luxemburger Wort*, and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 11 shall also be published (a) so long as such Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so permit, on the website of the Luxembourg Stock Exchange (www.bourse.lu), or (b) in a leading daily newspaper of general circulation in Europe.

15 Governing Law and Jurisdiction

- (a) **Governing Law:** The Notes (and, where applicable, the Receipts, the Coupons and the Talons) and all non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, French law.
- (b) **Jurisdiction:** Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons may be brought before any competent court located in Paris.

TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALIZED NOTES

Temporary Global Certificate

A Temporary Global Certificate, without interest Coupons, will initially be issued in connection with Materialised Notes. Upon the initial deposit of such Temporary Global Certificate with a common depository for Euroclear and Clearstream, Luxembourg (the “**Common Depository**”), Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

The Common Depository may also (if indicated in the relevant Final Terms) credit the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems with a nominal amount of Notes. Conversely, a nominal amount of Notes that is initially deposited with any clearing system other than Euroclear or Clearstream, Luxembourg may similarly be credited to the accounts of subscribers with Euroclear or Clearstream, Luxembourg.

Exchange

Each Temporary Global Certificate issued in respect of Notes will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- (i) if the relevant Final Terms indicates that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “**Subscription and Sale**”), in whole, but not in part, for Definitive Materialised Notes; and
- (ii) otherwise, in whole but not in part, upon certification as to non-US beneficial ownership in the form set out in the Agency Agreement for Definitive Materialised Notes.

A Noteholder must exchange its share of the Temporary Global Certificate for Materialised Notes before interest or any amount payable in respect of the Notes will be paid.

Delivery of Definitive Materialised Notes

On or after its Exchange Date, the holder of the Temporary Global Certificate must surrender such Temporary Global Certificate to or to the order of the Fiscal Agent. In exchange for the Temporary Global Certificate so surrendered, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Materialised Notes.

In this Base Prospectus, “Definitive Materialised Notes” means, in relation to any Temporary Global Certificate, the Definitive Materialised Notes for which such Temporary Global Certificate may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Materialised Notes will be security printed in accordance with any applicable legal and stock exchange requirements in, or substantially in, the form set out in Schedule 2 Part A to the Agency Agreement.

Exchange Date

“**Exchange Date**” means, in relation to a Temporary Global Certificate, the day next succeeding the day that is 40 days after its issue date, provided that, in the event any further Materialised Notes are issued prior to such day pursuant to Condition 13, the Exchange Date for such Temporary Global Certificate shall be postponed to the day falling after the expiry of 40 days after the issue of such further Materialised Notes.

USE OF PROCEEDS

The net proceeds of the issue of Notes will be used for the general business of Schneider Electric.

DESCRIPTION OF SCHNEIDER ELECTRIC S.A.

1 Information about the Company

1.1 History and development of the Company

Schneider Electric SA is a French corporation (*Société Anonyme*) governed by the French Commercial Code, with issued capital of EUR 2,175,672,728. Since 3 May 2006 it has had a two-tier management structure, with a Supervisory Board and a Management Board. Its head office is located at 35, rue Joseph Monier – 92500 Rueil-Malmaison, France (phone: +33 (0)1 41 29 70 00).

The Company is registered in Nanterre under no. 542 048 574, business identifier code (APE) 7010Z.

Schneider Electric SA was founded in 1871. Its term is up to 1 July 2031. The Company, which was called Spie Batignolles, changed its name to Schneider SA when it merged with Schneider SA in 1995, and then to Schneider Electric SA in May 1999.

As stated in Article 2 of its articles of association, the Company has the following objectives, directly or indirectly, engaged in any form, in France and elsewhere:

- (i) the design, development and sale of products, equipment and solutions related to the metering, management and use of energy in all its forms and delivering reliability, efficiency and productivity, in particular through the pursuance, whether by creating, acquiring or otherwise, of all activities related to:
 - electrical equipment manufacturing, electrical distribution and secure power supply;
 - building control, automation and safety;
 - industrial control and automation, including software;
 - management of all types of data centers, networks, equipment and other infrastructure;
- (ii) the acquisition, purchase, sale and use of any intellectual or industrial property rights relative to these industries;
- (iii) involvement in any way in any enterprise, company or consortium, whatever the type, undertaking activities related to the Company's business or such as to encourage its industry and commerce, and, more generally, all industrial, commercial and financial, real estate and other operations related directly or indirectly in any way to the above objective.

The Company may perform any operations that fall within the scope of its objectives either alone for its own benefit or on behalf of third parties, either by having an interest in, or by the purchase, subscription, contribution or exchange of company shares, partnership shares and the purchase of any company, irrespective of type, in pursuance of a similar or related objective, or such as to encourage its extension or development.

The articles of association, minutes of Shareholders' Meetings, Auditors' reports and other legal documents concerning the Company are available for consultation at the Company's head office (Management Board secretariat) located at 35, rue Joseph Monier - 92500 Rueil-Malmaison, France.

The articles of association, regulated information, Registration Documents, sustainable development reports, calls to meeting and other documents are also available on the corporate website (<http://www.schneider-electric.com>).

Selected Financial Information
(in millions of euros except for earnings per share)

	Year ending 31 December	
	2010	2009
Revenue	19,580	15,793
EBITAR* before one-off items**	3,052	2,018
Profit before tax	2,356	1,182
Profit for the period	1,796	866
• attributable to holders of the parent	1,720	824
• attributable to minority interests	76	42
Basic earnings per share	6.59	3.32
Diluted earnings per share	6.55	3.31
Total assets	31,051	25,632
Total non-current assets	18,832	15,927
Total current assets	12,219	9,705
Total liabilities	31,051	25,632
Total shareholder's equity	14,989	11,860

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

** One-off gain in 2009 of Euro 92m related to a US pension curtailment and one-off charge in 2010 of EUR25m related to Areva Distribution integration charges.

1.2 Investments

Investments made in 2010

Acquisition of Areva Distribution

On 20 January 2010, Schneider Electric and Alstom announced the signature of an agreement with Areva for the acquisition of Areva Transmission & Distribution (T&D). This agreement comes as a result of the exclusive negotiations that started on 30 November 2009 and after the completion of the consultation of the relevant employee representatives. On 26 March 2010, the European Commission approved the proposed acquisition by Schneider Electric and Alstom of Areva's T&D business.

On 7 June 2010, Alstom and Schneider Electric finalised the acquisition of the transmission and distribution business of Areva T&D's capital for EUR 2,29 billion after obtaining the approvals of the relevant competition authorities and the French Commission des Participations et des Transferts (CPT). 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 signed in November 2009 sets out the transfer of the Transmission business (about two thirds of the total) to Alstom and of the Distribution business (about one third) to Schneider Electric, as well as the ways under which they will be managed. The agreement allows both acquirers to immediately assume separate operational responsibility of each of these businesses. 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 7 June 2010, whilst the Transmission business was entirely excluded from the scope of consolidation. Alstom and Schneider Electric will also develop cooperation between the Transmission and Distribution businesses, via commercial and license agreements. R&D agreements will be put in place for the development of innovating technologies to the benefit of both companies.

On 28 May 2010, and as part of the overall process of acquisition of Areva T&D, Schneider Electric and Alstom announced a mandatory tender offer to acquire 20% of the share capital of Areva T&D India Ltd, in accordance with Indian Takeover regulations and subject to receipt of necessary Indian regulatory approvals. On 3 December 2010, Alstom and Schneider Electric announced the closing of the mandatory tender offer on Areva T&D India Ltd, providing both groups with operational control of the company.

On 6 July 2010, Schneider Electric and Alstom signed with the European Metalworkers' Federation a European agreement regarding the social commitments made in the framework of the joint acquisition of Areva T&D. The agreement reflects the strong commitments of the two industrial Groups on the integration of Areva T&D's employees, to provide them with a professional future and better prospects to develop their long-term potential.

Automation and Control

On 21 January 2010, Schneider Electric acquired Cimac, the leading systems integrator for industrial automation solutions in the Middle East Gulf region with more than 400 employees and sales in excess of EUR40 million. Cimac implements complete automation, control and electrical distribution solutions, primarily for Water-Waste Water and Oil & Gas customers. The acquisition will allow Schneider Electric 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 13 April 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 30 June 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.

Building security

On 5 March 2010, Schneider Electric announced the signature of an agreement with Zicom Electronic Security Systems Limited for the acquisition in India of its electronic security systems integration businesses, namely its Building Solutions Group and Special Projects Group. The business recorded revenues of approx. EUR30 million in fiscal 2009 and has a headcount of about 200. By combining Schneider Electric's complete solution offerings, including Pelco's world leading video security offers, with the strong execution capabilities, deep market knowledge and impressive customer reach of Zicom, the Group expects to attain leadership in India for fully integrated building management systems.

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.

Medium Voltage

On 20 October 2010, Schneider Electric announced the signature of an agreement to acquire 50% of Electroshield - TM Samara, the leader in medium voltage products and solutions in Russia, with key positions in oil & gas, power generation and electro-intensive industries. The Group employs 7,000 staff and it is expected to generate revenues in excess of RUB17.0 billion (about EUR425 million) for 2010. With this acquisition, Schneider Electric will strengthen its position in Russia in terms of customer reach, local industrial footprint, research & development capabilities and technical design competencies. Besides, the Group will attain the number one position in the fast growing Russian medium voltage market and further consolidate its global leadership position in this field.

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.

Critical Power & Cooling

On 23 November 2010, Schneider Electric announced the signature of an agreement to acquire 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 SpA 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.

With this acquisition, Schneider Electric will broaden its product portfolio and be in a position to offer customers a complete range of cooling products and solutions. It will also reinforce its regional capabilities, global research & development and mechanical cooling expertise.

Energy efficiency

On 9 December 2010, Schneider Electric announced the acquisition of two French companies operating as pioneers in building management software: Vizelia, a software provider of real time energy monitoring of buildings and D5X, a specialist in solutions to optimise commercial space utilisation.

Vizelia employs 12 people and is expected to generate revenue of EUR4 million in 2010; D5X employs 27 people and is expected to generate revenue of more than EUR4 million in 2010. The acquisitions will enable Schneider Electric to complement its range of solutions for integrated building management and reinforce the added value it provides to end users and property owners.

Venture capital

On 14 January 2010, Alstom and Schneider Electric announced the creation of a joint venture capital fund to finance innovative start-ups operating in the areas of energy and the environment. The Paris-based fund called Aster Capital will progressively receive EUR70 million of capital, of which EUR40 million to be provided by Schneider Electric and EUR30 million by Alstom. Other industrial partners will be welcomed with the ambition of creating the benchmark European venture capital fund for energy and the environment.

Investments made since 31 December 2010

Acquisition of APW in India

On 7 January 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 specialising 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 EUR 18 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.

This acquisition is another milestone in Schneider Electric's development in India. With APW President Systems Ltd., Schneider Electric is well positioned to capture opportunities in the fast growing Indian IT infrastructure market as well as in international markets, particularly in Asia Pacific and Middle East. The Group will also be able to tap the talent pool and increase its solutions execution capabilities from server rooms to extra large data centres.

This acquisition is expected to meet Schneider Electric's Return on Capital Employed criteria.

Acquisition of Summit Energy

On 24 March 2011, Schneider Electric announced that it had signed an agreement to acquire Summit Energy Services Inc., a leader in outsourced energy procurement and sustainability services to industrial, commercial and institutional enterprises.

Summit Energy provides its clients with services of energy procurement, risk management, market intelligence, data management and sustainability consulting. It is employing more than 350 individuals based in 11 international offices across North America and Europe and serves client facilities in more than 90 countries. Summit Energy is a fast-growing business, expected to generate sales of approximately \$65 million for the current year with an EBITA margin above the Schneider Electric average.

Summit Energy brings to Schneider Electric:

- premier client-focused service platform, with two decades of success strategically positioning clients regarding energy contracting, reporting and consumption;
- highly experienced, multilingual team of regionally deployed energy and sustainability experts;
- leadership position for energy and sustainability reporting solutions through online platform (*dashboarDView*) that enables corporations to gain a firm grasp on energy and environmental costs and usage;
- proprietary risk management analysis and modeling for key global energy commodities.

Summit Energy has over the years built long-term relationships with its clients based on its ability to deliver value through skilled personnel supporting the customer. Summit Energy will be an excellent complement to Schneider Electric's demand-side capabilities in the fields of energy audits, energy monitoring and energy efficient solutions.

The total purchase price for the company is \$268 million (~ € 190 million) on a debt-free cash-free basis, subject to certain adjustments. This acquisition is expected to be accretive on earnings per share from year 1 and to meet Schneider Electric's Return on Capital Employed criteria in 2014.

Acquisition of the assets of DIGILINK

On 31 March 2011, Schneider Electric announced that it had signed an agreement to acquire from Smartlink Network Systems Ltd. the assets of the DIGILINK business, one of the leading structured cabling systems providers in India.

Headquartered in Mumbai, the DIGILINK business has 92 employees and generated sales of about INR 1.55 billion (approx. €25 million) in calendar year 2010. It has a manufacturing unit and an R&D center in Goa along with sales and distribution offices across India. DIGILINK is a well recognized brand in structured cabling and network connectivity in India and has a strong presence in retail, educational institutes, government, financial services, small office and home office segments.

With DIGILINK, Schneider Electric is well positioned to capture opportunities in the fast growing Indian network connectivity market as well as in other new economies, particularly in Asia Pacific and Middle East. The Group will be able to gain access to DIGILINK's well-established distribution network in the retail sector which complements its presence in enterprise segments and will generate significant cross-selling opportunities for its Power and IT products.

The purchase price of the transaction is INR 5,030 million (~ €80 million). The acquisition is expected to meet Schneider Electric's Return on Capital Employed criteria.

Acquisition of Lee Technologies

On 4 April 2011, Schneider Electric announced that it had acquired Lee Technologies, a leading service provider for the data centers of the North American market.

Headquartered in Fairfax, Virginia, Lee Technologies has over 300 employees and generated sales of about USD 140 million (approx. €104 million) in 2010. The company specializes in the mission critical data center services, including remote monitoring command centers and on-site critical facility operations. It caters to several customer segments including federal government, financial services, telecommunications, information technology and healthcare.

Lee Technologies brings to Schneider Electric capabilities ranging from consulting, site assessment, design, equipment specification and selection to integration, commissioning, facility operations staffing, maintenance and proactive 24x7 remote monitoring. This full repertoire of services will reinforce Schneider Electric's IT business skills in data center management and its ability to provide data centers, one of the world's fastest growing end-users of energy, with the best standards in energy conservation and reliability.

This acquisition is expected to be accretive on earnings per share from the first year and to meet Schneider Electric's Return on Capital Employed criteria.

Acquisition of Luminous

On 30 May 2011, Schneider Electric announced that it had signed an agreement to acquire 74% of Luminous Power Technologies Pvt. Ltd., a market leader in India that provides inverters, UPS and

power storage systems to help homes and small and medium sized businesses face frequent power cuts.

Luminous is a leading player in the ~€ 800 million Indian inverter and power storage market that is growing at more than 20% a year.

Luminous has a strong presence in India and employs approx. 3,000 people in 8 different industrial sites in India and 1 in China. It has generated revenues of INR 11.0 billion (~€ 170 million) for the fiscal year ending March 2011.

Luminous brings to Schneider Electric:

- a strong brand name in the Indian market for inverters and power storage;
- a diverse portfolio that includes inverters for homes and small and medium enterprises, deep-cycle batteries, uninterruptible power supply (UPS), physical infrastructure solutions for IT & Telecom, renewable energy systems (wind, solar) and engineering design & support services;
- an excellent market access to the diffused distribution network with approx. 900 distributors, and over 25,000 points of sales;
- a broad customer base with 3 million existing inverter users and also an access to institutional clients, in particular government and telecom sectors;
- a strong service network covering all parts of the country.

With Luminous, Schneider Electric will become the leader in the Indian inverters and secured power market and gain access to a complementary retail network.

The combination with Luminous will broaden the product portfolio of Schneider Electric, balance its geographical exposure in India and provide access to the diffused distribution network which complements the existing IT distribution channels. The Group will strengthen its local research & development capabilities and benefit from a cost efficient industrial footprint in India.

Besides, Schneider Electric will be able to leverage the strength of the Luminous brand as a platform to expand into the inverter market in other new economies and also reinforce its position in the home electrical space through a very large number of retail outlets.

The purchase price for 74% of the shares is INR 14 billion (~ € 215 million). The total net debt of the company was INR 2.4 billion (~€37 million) as of 31 March 2011, leading to an implied transaction multiple of ~16x fiscal 2011 EBITDA. The remaining 26% owned by the founders will be subject to put and call options.

This acquisition is expected to be accretive on earnings per share from the first year. This return on capital employed of the acquisition is expected to beat Schneider Electric's weighted average cost of capital in year 4.

After this acquisition, Schneider Electric can report a significant increase of its size in India. The total sales in this country would exceed € 700m on a pro-forma basis, tripling the sales compared to 2009 and turning India into the no. 7 country in terms of Group sales with a headcount of approx 11,500 on payrolls.

Schneider Electric India further reinforces its significance to the industrial footprint of the Group with 31 industrial sites which are well spread geographically and about 1,000 R&D engineers.

Principal future investments on which the Company's management bodies have already made firm commitments

Acquisition of Telvent

On 1 June 2011, Schneider Electric announced the signing of a definitive agreement with Telvent GIT, SA ('Telvent') for the acquisition of Telvent, a leading solution provider specializing in high value-added IT software and solutions for real-time management of mission critical infrastructure in the fields of electricity, oil & gas, water and transportation.

Schneider Electric will make a cash tender offer for all of Telvent's shares at a price of \$40 per share, which represents a premium of 36% to Telvent's average share price over the last 3 months. Abengoa SA has irrevocably agreed to tender its 40% shareholding in Telvent into the offer. Certain members of management of Abengoa SA and Telvent, who collectively hold approximately 1.5% of Telvent's capital, have also agreed to tender their shares.

The transaction has been approved by the board of directors of Telvent, which formed a special committee to review the transaction on behalf of the public shareholders of Telvent.

Telvent is a leading provider of software for utilities and mission-critical infrastructure.

Based in Madrid and listed on NASDAQ, Telvent (symbol: TLVT) is a leading and highly-recognized software and IT solution provider of real-time management of smart infrastructures. It provides its customers with increased reliability and flexibility of power distribution networks as well as operational and energy efficiency of their infrastructures.

By acquiring Telvent, Schneider Electric will integrate a high value-added software platform that presents a good fit with its own range in field device control and operation management software for the smart grid and efficient infrastructures. The Group will also double its overall software development competencies and enhance its IT integration and software service capability, including weather services.

Schneider Electric will be able to offer electrical utility customers complete substation automation and smart grid software suite: DMS (Distribution Management System), OMS (Outage Management System), SCADA (Supervisory Control And Data Acquisition), MDM (Meter Data Management), GIS (Geographical Information System).

For water and oil & gas operators, Schneider Electric will add to its integrated offers of automation, power and security management a leading information management solution to monitor & optimize their networks.

For large operators of transportation infrastructure and municipalities, Telvent provides an integrated suite of solutions that combine information and intelligent transport systems and services to improve efficiency of existing infrastructure, facilitate mobility of people and reduce pollution. This ability to manage extensive and flow-based networks in cities will be a major contribution to our offers for the Smart Cities.

The complementary geographical strength of the two companies will lead to significant synergies in the utilities, oil & gas, water and transportation markets: Schneider Electric can build on Telvent's strong presence in North America and Latin America. Telvent would be able to enter into many more new economies, notably in Asia-Pacific, Middle East, Russia and expand their presence more widely in Western Europe.

Telvent key financial data (on non-US GAAP basis)

Telvent employs more than 6,000 people on a worldwide basis and operates in more than 19 countries. It reported 2010 sales of approximately €753 million and adjusted EBITDA of €115 million. Its key markets are in Europe (42% of 2010 sales), North America (35%) and Latin America (16%). Its presence in the other regions of the world is more limited (7% of 2010 sales) but growing. Its five operating segments are: Energy (34% of sales), Transportation (28%), Environment (8%), Global Services (19%) and Agriculture (11%).

A synergistic and value creating transaction

Schneider Electric expects the transaction to generate revenue synergies of €250-300 million by 2016 thanks to enlarged offerings, complementary customer bases and geographical exposure. The estimated impact on EBITA is of approximately €30-35 million by 2016. The Group also aims to achieve cost efficiencies which could improve EBITA by up to €20-25 million by 2016.

In total, the full potential impact of revenue and cost synergies on EBITA is estimated to reach € 50-60 million by 2016, of which two thirds should be achieved by 2014.

Transaction details

Assuming the acquisition of 100% of Telvent at an offer price of \$40 per Telvent share, the total transaction value is approximately \$2.0 billion (~€1.4 billion) on an enterprise value basis, including the purchase by Schneider Electric of Telvent's 5.50% senior subordinated convertible notes on an as converted basis. The purchase price will be fully financed with cash and represents a multiple of about 12x the 2011 consensus EBITDA.

The transaction is subject to customary closing conditions, including the receipt of regulatory approvals. The transaction is expected to close in the third quarter of 2011.

This acquisition is expected to be accretive on earnings per share from year 1 (before implementation costs) and to meet Schneider Electric's Return on Capital Employed criteria in year 3.

Acquisition of Leader & Harvest

On 9 June 2011, Schneider Electric announced that it has signed an agreement to acquire Leader Harvest Power Technologies Holdings Limited ('Leader & Harvest'), one of the leading players in the fast-growing medium voltage drives market in China.

Headquartered in Beijing, Leader & Harvest develops, manufactures and commercialises medium voltage (MV) variable speed drives. The company employs over 750 people and has an extensive in-house nationwide sales and service support network across 30 provinces. With an annual growth rate in excess of 20% in the past few years, the company is expected to generate sales of approximately USD 150 million (approx. €100 million) for the current year with an EBITDA margin of about 20%.

Leader & Harvest brings to Schneider Electric:

- Technical competency in MV drive technology, a key energy efficiency enabler
- Strong position in MV system drives in the Chinese market, which represents about 40% of the global MV drive market
- Enhanced solutions offerings, especially in the end-markets such as cement, mining and metals and energy
- Very strong front office employing 150 sales representatives and 100 service engineers

Schneider Electric recently estimated that energy efficiency would represent an incremental market opportunity of USD45 billion annually by year 2020, a significant portion of which would come from the industrial end-markets in new economies. Drives can provide up to 50% energy savings for industrial motors. MV drives are particularly used in energy-intensive markets such as power generation, mining, minerals and metals, oil and gas, water and water treatment. It is estimated that about 70% of the world's medium voltage motors are not yet equipped with drives.

The transaction will add another key brick to Schneider Electric's product and solution offerings that provide energy efficiency to its key targeted end-markets in new economies. Leader & Harvest's medium voltage drives range from 2 kV to 11 kV, while Schneider Electric is already a leading player in low voltage drives which serve different market segments. Leader & Harvest also improves the Group's advanced service capability for its customers.

Schneider Electric expects the transaction to be highly synergetic with estimated EBITA impact from synergies of USD 25-30 million in 2015. This would be generated primarily by revenue synergies of USD115 million, to be achieved through cross-selling opportunities to the two companies' customer bases in China as well as geographical expansion. Schneider Electric also expects cost synergies by adding Leader & Harvest to its business platform in China.

The total purchase price for the company is about USD 650 million (~ € 450 million) on an enterprise value basis, subject to certain adjustments. The purchase price will be financed with cash and debt. The completion of the transaction is subject to regulatory approvals. This acquisition is expected to be accretive on earnings per share from year 1 and to meet Schneider Electric's Return on Capital Employed criteria in 2015.

2 Business Overview

2.1 Main Activities

Schneider Electric offers integrated products and solutions that wake energy safe, reliable, efficient, productive and green.

As a global specialist in energy management, with operations in over 100 countries, the Group enjoys leadership positions in Utilities and Infrastructure, Machine Industry and Manufacturers, Non-residential Buildings, Data Centres and Networks, and Residential.

The Power business

Number 1 worldwide in low voltage

Number 2 worldwide in installation systems and control

This business represents the backbone of all the Group's activities: its products can be found in almost all the complete solutions offered by the Group's other businesses to their customers, especially in the residential and non-residential buildings sectors.

For industrial, commercial and residential buildings, the Power business offers a very wide range of circuit breakers, transformers, and busbar trunking.

Products for the residential market include lighting and heating management devices (sockets, switches, drives, thermostats, etc.), control systems for doors, gates and shutters; security, fire alarm and intruder alert systems; and Voice-Data-Image networks that bring phone, TV and internet capabilities into every room.

The Power business has several levers for growth: the development of energy efficiency, stimulated by the new regulatory requirements and rise in energy prices, opportunities related to the emergence of the

smart grid, the considerable energy needs of emerging economies, growth in renewable energies, and increased usage of electric vehicles and their charging equipment.

The Energy business

Number 1 worldwide in medium voltage

In November 2009, Schneider Electric and Alstom announced their planned acquisition of Areva T&D, with the intention of transferring the transmission business to Alstom and transferring the distribution business to Schneider Electric. Finalised in June 2010, this acquisition enhanced Schneider Electric's medium tension portfolio and in particular, strengthened its position in medium voltage automation networks, mainly for electro-intensive customers and state owned electrical utilities companies.

In addition, the agreement reached in October 2010 for the acquisition of 50% of Electroschild-TM Samara further strengthened Schneider Electric's position on the medium voltage market, as well as its presence in Russia.

The growth of the new Energy business will mainly come from the development of the smart grid, the rising energy needs of the new economies (which already represent 45% of revenue for this business), and the need to modernise electricity grids in developed economies.

The Industry business

Number 2 worldwide in automation and industrial control

Number 1 in leading-edge quartz gyro technology

Thanks to an active policy of entering into partnerships and making acquisitions, Schneider Electric has constantly strengthened its presence in automation and industrial control.

For its industrial customers and OEMs, Schneider Electric offers programmable logic controllers and automation platforms, as well as specialised configuration, programming, operating assistance and supervision software, and a wide range of industrial control products, including contactors, overload relays and motor circuit breakers, speed drives, motion controllers, sensors, control units and operator terminals.

Following the acquisition of SCADA group in April 2010, the Group has added telemetry technologies and solutions in the water, oil and gas sectors to its line up.

Lastly, the customised sensors that were previously provided by the CST Division (Custom Sensors & Technologies) became part of the Industry business at the start of 2011, bringing with it the biggest range of sensors on the market, and global leadership positions in angular speed sensors and in position and pressure sensors for the automobile, aeronautics and manufacturing industries.

The growth areas for the Industry business lie in helping customers control energy costs, comply with environmental regulations, manage the arrival of the smart grid and meet the rising needs of emerging economies.

The IT business

Number 1 worldwide in critical power and cooling services

A growing number of industries – notably those involved in information technology and finance – require a reliable energy supply and impeccable quality at all times.

By combining the products of American Power Conversion (APC), acquired in 2007, with those of MGE UPS Systems, which has been part of the Group since 2004, Schneider Electric has attained global leadership of this high-potential market. The Group offers an unrivalled portfolio of products,

solutions and services, geographic coverage and distribution channels, and has a strong innovative capability.

Moreover, the acquisition in 2009 of Microsol Tecnologia, a Brazilian UPS specialist, in June 2009, moved Schneider Electric to the top of the Brazilian critical power market. Lastly, the acquisition of Italy's Uniflair SpA in 2010 expanded the Group's range of precision cooling systems, which are mainly used in data centres and in telecommunications applications.

The growing digitalisation of data and increasing need for energy availability, flexibility and reliability, particularly in developed economies represent the levers for growth for the IT business.

The Buildings business

Number 4 worldwide in building automation and video security systems

In the last few years Schneider Electric has become one of world's leading players in technical building management.

The Group offers a comprehensive, innovative range of automation solutions backed by design and supervision software to manage building utilities, based on open and integrated systems. These solutions make it possible to optimise installations, modernise them cost effectively, and reduce maintenance costs and energy consumption. They also enhance comfort and security, an area in which the Group has strengthened its activities, with the acquisition in 2007 of Pelco, a worldwide leader in the design, development and manufacture of video security systems.

Growth in this business will be driven by the expansion of urban and industrial areas in emerging economies, the adaptation of existing buildings to comply with new energy regulations in developed regions, the development of energy efficiency for all buildings, which is subject to increasingly stringent regulations, and the important role that they will play in the smart grid.

This document provides information on Schneider Electric's businesses and competitive position in 2010. To the best of the Group's knowledge, no exhaustive report has been drafted on products and systems for electrical distribution, automation and control. The Group has compiled data on its businesses through formal and informal contacts with industry professionals, especially trade associations. Schneider Electric estimates its market positions based on this data and actual revenue in each business.

2.2 Significant new products and solutions

On 13 January 2010, Schneider Electric announced a strategic partnership with Masdar, Abu Dhabi's multi-faceted renewable energy company and a wholly-owned subsidiary of the Mubadala Development Company (Mubadala). The agreement covers broad partnership initiatives between the two entities. Schneider Electric will provide energy efficiency solutions for data centers and renewable energy solutions for Masdar City – the 6 km² clean-technology cluster in Abu Dhabi.

On 2 February 2010, Schneider Electric, as part of a consortium with ENEX, signed an agreement with the city of Ashgabat (population of over 600,000), the capital of Turkmenistan, to enhance the reliability of the municipal power grid.

On 3 February 2010, in New Delhi (India), Schneider Electric launched In-Diya, a highly energy-efficient LED-based lighting system, to provide lighting to people living with no or unreliable electricity. In-Diya is the only available LED-based lighting system which can fully illuminate a typical Indian rural house. Schneider Electric's unique R&D and manufacturing capabilities were utilised to offer a high-quality product at an affordable price.

On 14 May 2010, on the occasion of an important visit to present their joint projects in solar energy, Schneider Electric and Solairedirect announced a plan to expand their activity in solar energy in Morocco. This visit represents a unique opportunity for a potential partnership with several Moroccan institutions for the Moroccan Solar Plan, especially concerning the project of a 2 GW generation capacity using solar solutions by 2020.

On 16 June 2010, Schneider Electric and Parkeon announced the signature of an agreement for the development of an electric vehicle charging system, integrating energy management and pay by space technology. This agreement will allow the partners to create a commercial and technical offer for pilots on electric vehicles and related charging infrastructures in Europe and North America.

On 22 July 2010, Schneider Electric announced that it was partnering with Big C, the leader in retail distribution in Vietnam, to improve management of energy consumption, operations and comfort in ten of its supermarkets throughout Vietnam. Schneider Electric will design and implement an energy management system allowing Big C to access energy data and manage its consumption for its ten stores at its Vietnam head office in real time. The project includes power measurement equipment and three years of technical maintenance and services.

On 9 September 2010, AES SOLE Italia chose Schneider Electric as the main EPC (Engineering, Procurement and Construction) contractor for the construction, operation and maintenance of an ambitious solar energy project in the Puglia region (Italy). The photovoltaic power plant will have a yearly power output of 56 GWh.

On 24 September 2010, Schneider Electric announced it had implemented an intelligent building management system for the Institut du Cerveau et de la Moelle épinière (ICM), a world center for research located at the heart of the Pitié-Salpêtrière Hospital Group in Paris.

On 1 October 2010, IBM and Schneider Electric announced a new smarter buildings solution to improve energy performance for buildings across an organisation. By pooling their expertise, IBM and Schneider Electric are helping organisations reduce energy operating costs up to 30% as well as realise environmental responsibility goals through active energy management practices. The new IBM and Schneider Electric smarter buildings solution also enables the benefits of connectivity to the smart grid for electric utility demand response programs for physical security, lighting, ventilation and heating.

On 18 October 2010, Schneider Electric delivered 6 universal charging spots for electric vehicles (EV) to Total Belgium's Plug to Drive experimental network of service stations. In providing a universal and complete EV charging spot, Schneider Electric answered to Total Belgium requirements with the opportunity to choose between a normal recharge and a fast recharge, regardless of vehicle type.

2.3 Main Markets

Schneider Electric is well positioned in five major growth sectors:

- Utilities and Infrastructures;
- Industries and Machine manufacturers;
- Non residential buildings;
- Data centres and Networks;
- Residential.

The solutions to the energy requirements of these sectors represent levers of growth for the Group.

Utilities and Infrastructures: *ensuring a safe, reliable power supply and controlling operating costs*

Schneider Electric's main customers in this sector are energy operators, water treatment facilities, oil and gas infrastructure, the marine industry and the public sector.

The global challenges these customers face represent long-term growth prospects for Schneider Electric, and include demographic and economic growth, economic development, the expansion of renewable energies, deregulation of energy sectors, growing security needs, and outsourcing of services.

The Group's solutions, products and services cover:

- transformation and electrical distribution;
- energy management, metering and quality;
- utility management (access control, lighting, Heating Ventilation and Air-Conditioning, etc.);
- process control and supervision;
- decentralised management of one or several sites;
- critical power;
- pre-payment systems facilitating the access of low-income households to electricity;
- installation and management of smart electricity grids.

Industries and Machine manufacturers: *enhancing productivity, flexibility, security and traceability*

Schneider Electric provides energy solutions for all segments of this sector (waste water treatment plants, mines, cement plants and material handling and packaging machines). Its customers are end users, firms, engineers, systems integrators, OEMs (original equipment manufacturers), heavy industry, panel builders, and electrical equipment distributors.

Energy efficiency is at the heart of the challenges facing industry, in order to reduce production costs, comply with regulations, or adapt to the limited power generation capabilities. In addition, the growing demand for commodities and industrial infrastructure in the emerging economies, and the long overdue upgrading of the industrial infrastructure in developed economies, create significant opportunities for our customers.

The Group works closely with customers to get a thorough understanding of their energy management needs, and to help them enhance productivity, flexibility, and process and installation safety. Its solutions, products and services cover:

- process automation;
- equipment control and supervision;
- transformation and electrical distribution;
- energy management, metering and quality;
- utility management (access control, lighting, HVAC, etc.);
- decentralised management of one or several sites;
- critical power.

Non residential buildings: *reducing investing and operating costs while offering greater comfort and safety*

The non residential buildings sector includes all public, commercial and industrial buildings: offices, hotels, hospitals, shopping centres, manufacturing facilities, schools, sports and cultural centres. Energy efficiency and reduction of CO2 emissions are key priorities for this sector. User requirements for comfort, security and communications capabilities have to be met, as do the needs of owners and management companies seeking to reduce investment costs and optimise maintenance and operating costs by managing several sites remotely (e.g. via the Internet).

Schneider Electric's customers in this sector include property developers, design firms, systems integrators, panel builders and installers, electrical equipment distributors and management companies, as well as end customers.

The Group's solutions, products and services cover:

- transformation and electrical distribution;
- utility management (access control, lighting, HVAC, etc.);
- data exchange (Voice-Data-Image networks, radio);
- energy management, metering and quality;
- decentralised management of one or several sites;
- critical power.

Schneider Electric's services comply with regulations and local practices, and are available throughout the world. They include networkable products that are easy to install and operate.

Data centres and Networks: *guaranteed reliability, availability and efficiency*

Data centres are buildings filled with servers in secure, air conditioned rooms, which process and store billions of pieces of information. They constitute the central nervous systems of small businesses, multinational corporations and government departments, and represent a high-potential market thanks to the widespread digitalisation of social, professional and personal activities. The expansion of data centres has led to a substantial increase in electricity consumption related to server operation and cooling, while the cost of the energy needed to cool the server rooms will shortly exceed that of the equipment.

With its APC by Schneider Electric solutions, the Group offers a unique line up to meet the ethical and financial imperatives of energy efficiency in data centres and networks. Its solutions, products and services cover:

- electricity distribution;
- energy management and control;
- architecture design and installation audit;
- critical power systems with UPS and generators;
- cooling with a unique hot air containment system;
- monitoring and analysis of online data;
- training;

- maintenance;
- monitoring and security.

Schneider Electric leverages its global leadership position, backed by advanced technological expertise, to guarantee a reduction of up to 30% in consumption. The energy savings result in a substantial reduction in operating costs of up to several million euros per year, with several thousand metric tons less of CO₂ being released into the atmosphere.

Residential services: *making technology available to all and facilitating access to all communication resources*

Schneider Electric's main customers on this market include architects, construction firms, home builders, electricians, electrical equipment distributors and large DIY stores, as well as end customers.

The sector for single-family homes and apartment buildings is extremely diverse in terms of standards and local characteristics. However, comfort, safety and energy savings remain the key requirements, to the extent that renovation and improvements to the energy efficiency of homes represent almost half of the market.

The Group's solutions, products and services cover:

- electricity distribution;
- home automation (energy monitoring, metering and management, lighting and HVAC management, etc.);
- voice-data-image networks;
- critical power;
- monitoring and security.

Schneider Electric's easy-to-operate, upgradeable and attractive solutions make homes safe and comfortable while facilitating communications.

3 Organisational Structure

The Company owns all of the outstanding shares of Schneider Electric Industries SAS, which in turn owns, directly or indirectly, virtually all of the Group's French and foreign subsidiaries.

4 Trend Information

Trends in the Group's core markets

Industries and Machine manufacturers

After the sharp contraction experienced between October 2008 and April 2009 after Lehman Brothers filed for bankruptcy, provoking a brutal stop to industrial investment in all sectors, the industry market and Machine Manufacturers rebounded as sharply in all our geographic zones.

The rebound began at the end of the second quarter of 2009 and continued and even accelerated in 2010. A mild increase in our clients' inventories amplified this growth during the first half of the year but had no major impact on the year as a whole given a renewed fall in inventories during the fourth quarter.

The upturn in the market had the greatest impact on OEMs (original equipments manufacturers) with strong but erratic growth for both low-end and high-end solutions. This pattern of recession followed by growth exerted strong pressure on our vendors, particularly of electronic components, with an increase of lead times during the first half of the year that had practically been absorbed by the end of the year.

The emerging markets have already grown beyond their level of before the crisis, notably throughout Asia and Latin America, in contrast with Europe, North America and Japan whose exports to the emerging countries have boomed but whose domestic markets have remained sluggish.

In the water and mining, metals and minerals segments new investment materialized more slowly, with few new projects launched given the still-fragile context for financing them, but also with a strong upturn in the volume of requests for tender during the second half of the year which augurs well for growth in 2011.

Despite the restriction on new spending, notably in Africa and the Middle East, environmental constraints were a factor of resilience given the stimulus both to measure and report energy consumption and achieve actual reductions in consumption. In response to government policies, industrialists now seek to improve efficiency throughout the production cycle.

For example in the water segment, infrastructure needs helped prop up demand across the water cycle, from supply and desalination to distribution and wastewater treatment. Programs are being developed to optimize and reduce the energy consumption of these activities. These programs are driven by government policies and, most important, the obligation to control water prices. Water operators also increasingly aim to improve the management of their grids in terms both of security and reduction of waste.

Non-residential building

Over 2010 as a whole, the Non-residential buildings market declined again both in the United States and in Western and Central Europe. In the mature countries, offices, stores and industrial buildings, which depend on corporate investment, saw the sharpest declines, while administrative buildings, hospitals and schools held up better.

Building permits and starts showed signs of improvement in the mature countries.

Market growth was stronger in the emerging Asian countries and South America and increased slightly in Africa and the Middle East.

Residential

After two years of sharp contraction, the Residential market improved worldwide in 2010 before stabilizing during the course of the year in Europe and the United States. In Europe, only the “peripheral” countries (Spain, Portugal, Greece and Ireland) continued to pursue steep decline.

In the Asia-Pacific region the market, which only slowed during the global recession, managed two-digit growth in 2010. As for the new EMEAS (Europe, Middle East, Africa, South America) economies, they remained in recession in Europe, stabilized in Russia and rose sharply in South America.

Utilities and Infrastructures

Electric power

After a year of contraction in the mature countries in particular, the Electric power market made significant progress in 2010 with estimated growth of between +6% and +8% in electric utilities mainly fueled by the emerging markets led by China and Asia with double-digit growth. The underlying growth factors remained the increase in demand in the emerging countries and work on improving electricity networks mainly in North America and Eastern Europe. Intelligent networks are also taking shape with the launch of pilot and experimental projects supported by national spending programs, in particular for automated distribution systems the market for which can be expected to experience average of double-digit annual growth by 2015.

The environment remains a leading preoccupation for the electric power segment. The commitments made by governments worldwide remain inadequate but will nevertheless have a sufficiently strong impact on capital

spending in the sector for them already to have been integrated to the scenarios elaborated by the International Energy Agency.

Oil and gas

After a return to growth in the second part of 2009, the price of oil continued to rise throughout 2010 (+26%) until it reached its level of January 2008, thereby triggering new investment in the sector in 2010 (+4%) compared with the sharp fall of 2009 (-7%). This trend in investment, albeit still below the level of 2008, is expected to continue in 2011 and beyond, particularly if the oil price remains high, thereby covering the high marginal cost of development of new oilfields linked to the extreme complexity of the exploration and production environments.

Data centres and Networks

2010 was a year of rebound for IT business with solid growth driven by Asia and the Americas.

The fundamental global drivers for data centre and network physical infrastructure continue to remain valid.

The strong 2010 growth in IT global markets will continue in 2011. As the cost of IT becomes more significant and visible, the industry is focused on efficiencies – energy costs, compute density and use of physical space. This is driving the market towards dynamic and modular infrastructure, integrated management and monitoring, and measuring the ROI of IT.

Power and Cooling remain the top challenges to IT managers as digitalization increases around the world and extends to finance, healthcare, industry and hospitals. Outsourcing of IT services is fueling the growth in colocation facilities and cloud computing. Energy efficiency of IT has also come to the attention of many governments, resulting in recommended standards and legal regulations.

According to Gartner (September 2010) “Leading-edge data centres today generally need three things: the ability to support high-density growth, the ability to support both the scaling out and scaling up of IT resources, depending on the needs of the business, and a design that accomplishes this in the most energy-efficient manner possible.”

Schneider Electric’s unique data centre solutions deliver on these three imperatives and guarantee customers a 30% reduction in energy consumption.

Schneider Electric solutions covers up to 60% of the total spend in the data centre including power, cooling, racks, software management, security and services.

No other trends likely to have a material effect

To the Company’s knowledge, aside from announced acquisitions described in “Investments” above and in note 30 “Subsequent events” to the consolidated financial statements for fiscal year 2010 incorporated by reference in this Base Prospectus, there are no trends uncertainties, demands, commitments or events, which the Company believes are reasonably likely to have a material effect on the Company’s prospects for the current financial year taken as a whole.

Statutory Auditors and substitute statutory auditors

Statutory auditors:

Ernst & Young & Autres
41, rue Ybry
92576 Neuilly-sur-Seine Cedex, France

Represented by Mr. Yvon Salaün

Mazars
Tour Exaltis
61, rue Henri Regnault
92400 Courbevoie, France

Represented by Mr. David Chaudat

Substitute statutory auditors:

Auditex
Faubourg de l'Arche
11 Allée de l'Arche
92400 Courbevoie, France

Mr Thierry Blanchetier

5, rue Camille Pelletan
92300 Levallois Perret, France

Ernst & Young et Autres and Mazars are members of the Auditor's Regional Company of Versailles, France.

Administrative, Management, and Supervisory Bodies

At the Annual Shareholders' Meeting of 3 May 2006, shareholders approved a recommendation to adopt a two-tier management structure, with a Management Board and a Supervisory Board.

Members of the Administrative, Management, and Supervisory Bodies

The Supervisory Board

The Supervisory Board may have between three and 18 members, all of whom must be natural persons.

Throughout their term, Supervisory Board members must hold at least 250 Schneider Electric SA shares.

Supervisory Board members are elected for a four-year term and are eligible for re-election. However, in line with the AFEP-MEDEF recommendation that Supervisory Board members should retire by rotation, one half of the members of the first Supervisory Board were elected for an initial term of two years. As a result, half of the members stood for re-election at the Annual General Meeting called in 2008. The other half stood for re-election at the Annual Meeting called in 2010.

The age limit for holding office as a member of the Supervisory Board was 74. At the Annual General Meeting of 21 April 2011, shareholders decided to remove this age limit. From the age of 70 onwards, board members' terms of office will only be for two years renewable. Additionally, no more than one third of the members of the Supervisory Board may be aged over 70.

The Supervisory Board currently has 11 members and two non-voting members.

There are nine independent members according to the definition contained in the AFEP-MEDEF corporate governance guidelines for listed companies. These members are Serge Weinberg, Léo Apotheker, Gérard de La Martinière, Noël Forgeard, Jérôme Gallot, Willy R. Kissling, Cathy Kopp, Anand Mahindra and G. Richard Thoman. Each year, the Supervisory Board reviews its members' status, based on a report from the Remunerations, Appointments and Human Resources Committee. Members' directorships and functions in other companies that have business relations with Schneider Electric (primarily AXA), do not, by their nature, affect the said members' independence in light of the types of transactions involved. These transactions are carried out on arms-length terms and are not material for either party. Moreover, as regards Mr de La Martinière, who has been a member of the Schneider Electric SA Board for more than 12 years, his seniority

is not considered as a hinderence to his independence due notably to his personality and involvement in the world and discussions on the operation of the Audit Committees.

Four members are of non-French origin or nationality: Mr Thoman, American; Mr Apotheker, German; Mr Mahindra, Indian; Mr Kissling, Swiss.

One member, Claude Briquet, represents the employee shareholders in accordance with article L. 225-71 of the French Commercial Code. He is nominated by the Shareholders' Meeting, on the recommendation of the Supervisory Boards of the corporate mutual funds.

The average age of Supervisory Board members is 61.

The Supervisory Board has made it a goal to increase its diversity with respect to nationality, age, and gender. With this in mind, the 2011 Annual General Meeting is asked to ratify the co-opting of Mr. Anand Mahindra and to appoint as members of the Supervisory Board Ms. Betsy Atkins, Ms. Dominique Sénéquier, and Mr. Jeong H. Kim.

Supervisory Board (as of 31 December 2010)

Chairman of the Supervisory Board

Mr Henri Lachmann

Age: 72

Business address:

Schneider Electric

35, rue Joseph Monier – 92500 Rueil Malmaison – France

28,936¹ Schneider Electric SA shares

First appointed: 1996 / Term ends: 2012

Other directorships and functions in French or foreign companies

- Currently:

Chairman of the Supervisory Board of **Schneider Electric SA**;

Vice Chairman of the Supervisory Board of **Vivendi**; member of the Supervisory Boards of **Groupe Norbert Dentressangle**; Director of Carma; Director of AXA Assurances IARD Mutuelle; Non-voting Director of **Fimalac**; Chairman of the Board of Directors of Centre Chirurgical Marie Lannelongue; Chairman of Fondation pour le Droit Continental; Member of the Steering Committee of Institut de l'Entreprise; Director of *Association Nationale des Sociétés par Actions*; Chairman of Institut Télémaque; Vice Chairman and Treasurer of Institut Montaigne; member of CODICE; Director of Solidarités Actives, Planet Finance and *Fondation Entreprendre*, Chairman of the Advisory Council of *Campus d'Excellence au Commissariat Général à l'Investissement (Grand Emprunt)*.

- Previous directorships and functions held in the past five years:

Chairman and CEO of **Schneider Electric SA**; Chairman of **Schneider Electric Industries SAS**, Member of the Supervisory Board of **AXA**, Director of a number of Schneider Electric Subsidiaries; Director of **Finaxa** and various AXA subsidiaries; Member of Conseil des Prélèvements Obligatoires, Non-voting Director of Tajan.

Expertise and experience

A graduate of Hautes Études Commerciales (HEC), Henri Lachmann began his career in 1963 with Arthur Andersen. In 1970, he joined Compagnie Industrielle et Financière de Pompey. In 1971 he became Executive Vice-President of Financière Strafor (later Strafor Facom), where from 1981 to 1997 he served as Chairman and Executive Vice-President. He was elected to the Schneider Electric SA Board of Directors in 1996 and was appointed Chairman on 25 February 1999. On 3 May 2006, he became Chairman of the Supervisory Board of Schneider Electric SA.

Note: companies in bold type are those whose securities are listed on a regulated market.

¹ *Held directly or through corporate mutual fund*

Vice Chairman of the Supervisory Board

Mr Léo Apotheker *

Age: 57

Business address:

Hewlett-Packard Company,
3000 Hanover Street, Palo Alto,
CA 94304-1112 (USA)

250 Schneider Electric SA shares

First appointed: 2007 / Term ends: 2012

Other directorships and functions in French or foreign companies

- Currently:
Vice Chairman of the Supervisory Board of **Schneider Electric SA**; CEO and President of **Hewlett-Packard**; member of the Board of Directors of **Hewlett-Packard**.
- Previous directorships and functions held in the past five years:
CEO of **SAP AG**; Non-voting Director of **Schneider Electric SA**; Director of Ginger SA, GTNexus (USA), SAP America Inc. (USA), SAP Global Marketing Inc. (USA), SAP Asia Pte. Ltd (Singapore), SAP Japan Co. Ltd (Japan), SAP France SA, SAP Italia Sistemi, Applicazioni, Prodotti in Data Processing SpA (Italy), SAP Hellas Systems Application and Data Processing SA (Greece) and SAP (Beijing) Software System Co. Ltd (China), SAP Manage Ltd (Israel), SAP Finland Oy (Finland) and SAP Denmark A/S (Denmark).

Expertise and experience

Léo Apotheker began his career in 1978 in management control after graduating with a degree in international relations and economics from the Hebrew University in Jerusalem. He then held management and executive responsibilities in several IT firms including SAP France and SAP Belgium, where he was Chairman and Executive Vice-President between 1988 and 1991. Mr Apotheker was founding Chairman and Executive Vice-President of ECsoft. In 1995, he came back to SAP as Chairman of SAP France. After working in SAP as Director of various geographical regions, he became a member of the Executive Committee and Chairman of Customer Solutions and Operations, before being nominated Chairman and CSO and Deputy CEO of SAP AG in 2007 and CEO of SAP AG in 2008, a position he held until 2010. In November 2010, he was appointed CEO and President of Hewlett-Packard.

Note: companies in bold type are those whose securities are listed on a regulated market.

* *Independent member according to the definition contained in the AFEP-MEDEF corporate governance guidelines for listed companies.*

Members of the Supervisory Board

Mr Claude Briquet

Age: 50

Business address:

Schneider Electric Industries SAS
boulevard Salvador Allende – Zone Industrielle – BP 660 –
16340 L'Isle d'Espagnac - France

1,767¹ Schneider Electric SA shares

First appointed: 2008 / Term ends: 2012

Other directorships and functions in French or foreign companies

- Currently:
Member of the Supervisory Boards of **Schneider Electric SA** and the “Schneider France-Germany” corporate mutual fund; Responsible for trading in Europe within the Industry Department of Schneider Electric’s European Operating Division; Director of the “Schneider Énergie, Sicav Solidaire” socially responsible mutual fund.
- Previous directorships and functions held in the past five years:
Executive Vice-President of Alombard.

Expertise and experience

An engineering graduate of École Nationale d'Ingénieurs in Tarbes and ENSEEIHT in Toulouse, Claude Briquet joined Schneider Electric in 1985. He began his career in development, quality and production. Mr Briquet managed the Pacy I plant from 1992 to 1996 and the Vaudreuil plant from 1996 to 1999. He was appointed Executive Vice-President of Mafelec in 1999 and of Alombard in 2001. Mr Briquet is currently responsible for trading in Europe within the Industry Department of Schneider Electric’s European Operating Division.

Note: companies in bold type are those whose securities are listed on a regulated market.

¹ *Held directly or through corporate mutual fund*

Mr Gérard de La Martinière*

Age: 67

Professional address:

18, allée du Cloître – 78170 La Celle-Saint-Cloud - France

3,428 Schneider Electric SA shares

First appointed: 1998 / Term ends: 2014

Other directorships and functions in french or foreign companies

- Currently:

Member of the Supervisory Board of **Schneider Electric SA**; Director of **Air Liquide**; member of the Supervisory Board of European Financial Reporting Advisory Group (EFRAG – a Belgian association); Director of Poor's Credit Market Services France SAS; Director of Allo Finance.

- Previous directorships and functions held in the past five years: Chairman of *Fédération Française des Sociétés d'Assurances* (F.F.S.A) and Chairman of the European Insurance Committee (CEA); Vice Chairman of the European Insurance Committee (CEA); Director of **Schneider Electric SA**; Chairman of the Board of LCH. Clearnet Group Ltd, London; member of the Supervisory Board of **Air Liquide**; Director of Banque d'Orsay.

Expertise and experience

A graduate of *École Polytechnique* and *École Nationale d'Administration*, Gérard de La Martinière held several positions in the French Finance Ministry before serving as Secretary General of Commission des Opérations de Bourse and General Manager of Société des Bourses Françaises. In 1989, he joined AXA, where he was appointed Executive Vice-President for Holding Companies and Corporate Functions in 1993, member of the Management Board in 1997 and Executive Vice-President, Finance, Budget Control and Strategy in 2000. Mr de La Martinière left AXA in 2003 to become Chairman of Fédération Française des Sociétés d'Assurances (F.F.S.A), a position he held until October 2008.

Mr Noël Forgeard*

Age: 64

Professional address:

85, avenue de Wagram – 75017 Paris – France

250 Schneider Electric SA shares

First appointed: 2005 / Term ends: 2014

Other directorships and functions in french or foreign companies

- Currently:

Member of the Supervisory Board of Schneider Electric SA;

Member of the Committee of France Galop; Principal shareholder of Carbone forgé.

Note: companies in bold type are those whose securities are listed on a regulated market.

* Independent member according to the definition contained in the AFEP-MEDEF corporate governance guidelines for listed companies.

- Previous directorships and functions held in the past five years:

Chairman and Executive Vice-President of Airbus SAS; Chairman of the Board of Directors of Airbus France; Chairman or Director of various Airbus subsidiaries; Director of **EADS** (Netherlands), of **Schneider Electric SA**, of **Arcelor**, of **Dassault aviation**, of the École Polytechnique; Chief Executive Officer of **EADS**.

Expertise and experience

A graduate of *École Polytechnique* and *École des Mines*, Noël Forgeard began his career in the French civil service before joining Usinor's subsidiary Compagnie Française des Aciers Spéciaux. In 1986, he served as an advisor on industrial issues in Prime Minister Jacques Chirac's office. In 1987, he joined Lagardère, where he headed **Matra**'s defense and space divisions. Five years later, he became Chairman and Executive Vice-President of Matra Haute Technologie and joint Vice-President of the **Lagardère** Group. In 1998, he was appointed Director and general manager of GIE Airbus-Industrie, and in 2000, CEO of Airbus SAS (an Airbus integrated company). From 1 July 2005 to 1 July 2006 he was co-Executive Chairman of EADS.

Mr Jérôme Gallot*

Age: 51

Business address:

CDC Group Entreprises
137, rue de l'Université – 75007 Paris, France

250 Schneider Electric SA shares

First appointed: 2005 / Term ends: 2012

Other directorships and functions in french or foreign companies

- Currently:

Member of the Supervisory Board of **Schneider Electric SA**;

Chairman of CDC Entreprises SAS, CDC Entreprises Elan PME, FSI PME Portefeuille and Consolidation et Développement Gestion; Member of the Management Board of CDC Group; Member of the Executive Committee of Fonds Stratégique d'Investissement; Director of **Nexans SA**, of **Icade SA**, Caixa Seguros SA (Brazilian subsidiary of CNP), **Plastic Omnium**; Non-voting Director of **NRJ Group SA**.

- Previous directorships and functions held in the past five years:

Senior Executive Vice-President of Caisse des Dépôts et Consignations; Director of **Schneider Electric SA**, Crédit Foncier de France, Galaxy Fund, Galaxy Management Services and Caisse Nationale de Prévoyance (**CNP Assurances SA**); Chairman of Sicav Austral; Member of the Supervisory Board of Compagnie Nationale de Rhône (CNR), Non-voting Director of OSEO (EPIC).

Expertise and experience

Jérôme Gallot is a graduate of *Institut d'Études Politiques de Paris* and *École Nationale d'Administration*. After three years with the Cour des Comptes, he served as an advisor to the Secretary General of the

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* Independent member according to the definition contained in the AFEP-MEDEF corporate governance guidelines for listed companies.

interministerial committee for European economic cooperation, from 1989 to 1992, and then moved to the Budget Department. He was then Chief of Staff in a number of French ministries, from 1993 to 1997. In 1997, he was appointed Director of the Competition, Consumer Affairs and Anti-Fraud Division of the Ministry of Economy and Finance. He left this position in 2003 to become Senior Executive and member of the Management Board at *Caisse des Dépôts et Consignations*. He was appointed Chairman of CDC Entreprises and member of the Management Board of Caisse des Dépôts in September 2006. In January 2009, he was appointed member of the Executive Committee of Fonds Stratégique d'Investissement.

Mr Willy R. Kissling*

<p>Age: 67</p> <p>Professional address: Poststrasse n° 4 BP – 8808 Pfaeffikon (Switzerland)</p> <p>1,832 Schneider Electric SA shares</p> <p>First appointed: 2001 / Term ends: 2012</p>

Other directorships and functions in french or foreign companies

- Currently:
 - Member of the Supervisory Board of **Schneider Electric SA**; Member of the Board of Directors of **Cleantech Invest AG**; Member of European Advisory Board of Booz & Co.
- Previous directorships and functions held in the past five years:
 - Director of **Schneider Electric SA**, Director of **Kühne + Nagel International AG** (logistics), Director of **Holcim Ltd**; Chairman of the Board of Directors of **Oerlikon Bührlé Holding AG** (renamed **OC Oerlikon Corp.**); Chairman of the Board of Directors of Grand Resort Bad Ragaz AG.

Expertise and experience

Willy Kissling, a Swiss citizen, holds diplomas from the University of Bern and Harvard University. He began his career at Amiantus Corporation and then joined Rigips, a plasterboard manufacturer, in 1978. He was appointed to the Rigips Executive Committee in 1981 and subsequently became Chairman. From 1987 to 1996, Mr Kissling served as Chairman and Executive Vice-President of Landis & Gyr Corporation, a provider of services, systems and equipment for building management, electrical contracting and pay phones. From 1998 to 2005, he was Chairman of the Board of Directors of Oertikon Bührlé Holding AG (since renamed OC Oerlikon Corp.).

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* *Independent member according to the definition contained in the AFEP-MEDEF corporate governance guidelines for listed companies.*

Ms Cathy Kopp*

Age: 61

Business address:

22, square de l'Alboni – 75016 Paris – France

250 Schneider Electric SA shares

First appointed: 2005 / Term ends: 2014

Other directorships and functions in french or foreign companies

- Currently:

Member of the Supervisory Board of **Schneider Electric SA**;

Director of **Dexia**; Member of the appointments and Remunerations Committee of **Dexia**; Member of the Board of *École Normale Supérieure* (Paris); Member of the Board of Fondation SNCF; Member of *Haut Conseil de l'Intégration*.

- Previous directorships and functions held in the past five years:

Non-voting member of **Schneider Electric SA**; Executive Vice-President for Human Resources and member of the Executive Committee of **Accor**; member of the Board of *Haute Autorité de Lutte contre les Discriminations* (Halde).

Expertise and experience

After earning a degree in mathematics, Cathy Kopp joined IBM France in 1973. In 1992, she became Human Resources Director at IBM France before being appointed Vice-President of Human Resources, Storage Systems Division of IBM Corp. In 2000, Ms. Kopp became Chairman and Executive Vice-President of IBM France. From 2002 to 2009, she served as Executive Vice-President for Human Resources at Accor. Ms. Kopp was Chairman of the employee relations commission of the Service Industry Group of the French employers' federation at MEDEF up to 2009. She led MEDEF's inter-industry negotiations on diversity in 2006 and on modernising the labor market in 2007.

Mr Anand Mahindra □ *

Age: 55

Business Address:

Mahindra Towers, 6th floor, Dr 6M b Hosle Road,
Mumbai 400 018, India

250 Schneider Electric SA shares

First appointed: 2010 / Term ends: 2012

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* *Independent member according to the definition contained in the AFEP-MEDEF corporate governance guidelines for listed companies.*

Other directorships and functions in french or foreign companies

- Currently:

Member of the Supervisory Board of **Schneider Electric S.A.**; Deputy Chairman and Chief Executive Officer of **Mahindra & Mahindra Ltd**; Deputy Chairman of **Mahindra Ugin Steel Co. Ltd**; Chairman of **Tech Mahindra Ltd**, Mahindra Navistar Automotives Ltd and Mahindra Two Wheelers Ltd; Director of **National Stock Exchange of India Ltd**, **Kotak Mahindra Bank Ltd**, Mahindra First Choice Wheels Limited, Araku Originals Ltd, **National Aviation Company of India Ltd**, Tech Mahindra Foundation, Avion Aerosols Private Limited, M.A.R.K. Hotels Private Limited and Prana Holdings Inc.; member of the Executive Committee of The Mahindra United World College of India, the Association of Indian Automobile Manufacturers, the Nehru Center and the National Council of Confederation of Indian Industry; Trustee of K.C. Mahindra Education Trust, Mahindra Foundation, Breach Candy Hospital Trust, Naandi Foundation and Award Programme Foundation Board.

- Previous directorships and functions held in the past five years:

Director of Mahindra & Mahindra Financial Services Ltd; of Mahindra Lifespace Developers Ltd; of Tech Mahindra (Americas) Inc.; of Mahindra (China) Tractor Co. Ltd; of MW.Com India Pvt. Ltd; and of Mahindra Intertrade Ltd

Expertise and experience

Mr Anand G. Mahindra graduated from Harvard College. In 1981, he joined Mahindra Ugin Steel Company Limited (MUSCO), as Executive Assistant to the Finance Director. In 1989 he was appointed President and Deputy Managing Director of the Company. In 1991, he was appointed Deputy Managing Director of Mahindra & Mahindra Limited, the Indian dominant producer of off-road vehicles and agricultural tractors. In April 1997, he was appointed Managing Director of Mahindra & Mahindra Limited and in January 2003 given the additional responsibility of Vice Chairman. Mr Mahindra was a co-promoter of Kotak Mahindra Finance Limited, which in 2003 was converted into a bank. Kotak Mahindra Bank is one of the foremost private sector banks today. He takes a keen interest in matters related to education and apart from being a Trustee of the KC Mahindra Education Trust, which provides scholarships to students, he is member of the Board of Governors of the Mahindra United World College of India.

Mr G. Richard Thoman*

Age: 66

Business address:

Corporate Perspectives, LLC

126 East 56th Street, 9th Floor – New York NY 10022

(United States)

250 Schneider Electric SA shares

First appointed: 2007 / Term ends: 2012

Note: companies in bold type are those whose securities are listed on a regulated market.

* *Independent member according to the definition contained in the AFEP-MEDEF corporate governance guidelines for listed companies.*

Other directorships and functions in french or foreign companies

- Currently:

Member of the Supervisory Board of **Schneider Electric SA**;

Managing Partner of Corporate Perspectives (consulting); member of the Board of Advisors of INSEAD, the French American Foundation, the Americas Society, the Council of the Americas, Committee for Economic Development, McGill University School of Management, the Fletcher School and the heritage committee of the *Institut des Hautes Études Internationales*, “IHEID” (Geneva); Adjunct Professor at Columbia University and the Fletcher School; member of the Trilateral Commission, the Council on Foreign Relations; Business Executives for National Security, New York Economics Club.

- Previous directorships and functions held in the past five years:

Member of the Board of Directors of *Union Bancaire Privée* (Geneva).

Expertise and experience

G. Richard Thoman has a unique background. He was one of the top five CEOs for four of the top Fortune 75 companies, in three different industries: financial services, food and beverages and technology.

Mr Thoman began his career at Citibank after receiving his BA from McGill University in Montreal and MA, MALD and PhD from Fletcher School of Law and Diplomacy which resulted from a partnership between Tufts University and Harvard. He also graduated from *Hautes Études Internationales* in Geneva. After working with Exxon Finance and McKinsey, he became Chairman and co-Executive Vice-President of American Express Travel Related Services. In 1992, he was appointed Chairman and Executive Vice-President of Nabisco International. In 1993, he joined IBM as Senior Vice-President, Personal Systems Group, later becoming Financial Director. In 1997, he rejoined Xerox. He served as Chairman and Executive Vice-President of Xerox from April 1999 to May 2000. Mr Thoman is currently Managing Partner of Corporate Perspectives and is on the faculty of several US universities.

Mr Serge Weinberg*

Age: 60

Business address:

Weinberg Capital Partners

20, rue Quentin Bauchart – 75008 Paris – France

500 Schneider Electric SA shares

First appointed: 2005 / Term ends: 2014

Other directorships and functions in french or foreign companies

- Currently:

Member of the Supervisory Board of **Schneider Electric SA**; Chairman of Weinberg Capital Partners, Financière Piasa, Piasa Holding, Piasa, Team Partners Group, VL Holding, Alret and Maremma; Member of the Supervisory Board of Amplitude Group and Financière BFSA; Vice-President and

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* Independent member according to the definition contained in the AFEF-MEDEF corporate governance guidelines for listed companies.

Director of Financière Poincétia and Financière Sasa; member of the Supervisory Board of Alfina since 16 February 2010; Permanent representative of Weinberg Capital Partners, member of the Board of Alliance Industrie and Sasa Industrie; Chairman of Corum (Switzerland); Director of Sanofi-Aventis since 16 December 2009 and Chairman of the Board of directors of **Sanofi-Aventis** since 17 May 2010.

- Previous directorships and functions held in the past five years:

Vice Chairman of the Supervisory Board of **Schneider Electric SA** (from May 2006 to May 2010); Chairman of the Board of Directors of **Accor** (January 2006 to February 2009); Director of Alliance Industrie (from October 2006 to November 2008), of Road Holding (from March 2007 to May 2008) and Rasec (from February 2006 to January 2010); Member of the Management Board of Pharma Omnium International (from June 2006 to January 2010); Director of **Schneider Electric SA**; Director of FNAC (from July 1995 to May 2010), of Rothschild Concordia SAS (from March 2008 to October 2010), of Rothschild & Cie (from June 2005 to October 2010), of the Gucci Group (from March 1999 to April 2010).

Expertise and experience

After graduating from France's *École Nationale d'Administration*, Serge Weinberg held several positions in the French civil service and ministerial offices. He then served as Deputy Vice-President of French television channel FR3, Executive Vice-President and then Chairman of the Management Board of Havas Tourisme, and Director of Pallas Finance. In 1990, Serge Weinberg joined what would become Pinault-Printemps-Redoute (PPR) when he became Executive Vice-President of CFAO. Within this group, he served as Chairman of Rexel (formerly CDME), an electrical equipment distributor. In 1995, he was appointed Chairman of the PPR Management Board, a position he held until early 2005. In March 2005 he founded Weinberg Capital Partners, a company that manages an investment fund specialized in leveraged buyouts and real estate. From 2006 to 2009, he was Chairman of the Board of Directors of Accor. He has been Chairman of the Board of Directors of Sanofi-Aventis since 17 May 2010.

Non-voting members

Mr Claude Bébéar*

Age: 75

Business address:

GIE AXA

25, avenue Matignon – 75008 Paris – France

264 Schneider Electric SA shares

First appointed: 2004 / Term ends: 2012

Other directorships and functions in french or foreign companies

- Currently:

Non-voting member of the Supervisory Board of **Schneider Electric SA**;

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* Independent member according to the definition contained in the AFEP-MEDEF corporate governance guidelines for listed companies.

Director of *AXA Assurances Vie Mutuelle*, *AXA Assurances IARD Mutuelle* and **BNP-Paribas**; Member of the Supervisory Board of **Vivendi**.

- Previous directorships and functions held in the past five years:
 - Chairman of the Supervisory Board of AXA, Chairman and Director of various AXA subsidiaries, including AXA Financial; Chairman and Executive Vice-President of Finaxa; Director of Schneider Electric SA.

Expertise and experience

A graduate of *École Polytechnique*, Claude Bébéar joined *Groupe Ancienne Mutuelle* in 1958, the mutual insurance company that would become *Mutuelles Unies*, then AXA in 1985. He was appointed Chairman and Executive Vice-President of the Company in 1975.

From late 1996, when AXA merged with UAP, until 2000, Claude Bébéar served as Chairman of AXA's Management Board and Chairman of its Executive Committee. In 2000 he was appointed Chairman of the AXA Supervisory Board. Mr Bébéar resigned as Chairman of the Supervisory Board in April 2008 to become Honorary Chairman of AXA.

Ms Dominique Sénéquier

Age: 56

Business address:

AXA Private Equity
20, place Vendôme – 75001 Paris – France

First appointed: 2010 / Term ends: 2011

Other directorships and functions in french or foreign companies

- Currently:
 - Non-voting Director of **Schneider Electric SA**
 - Director of AXA Investment Managers Private Equity SA, of AXA Investment Managers Private Equity Europe SA; Chairman of the Supervisory Committee of AXA Private Equity US LLC; Chairman of the Supervisory Board of AXA Private Equity Germany GmbH; Director of AXA Private Equity Asia Pte Ltd; Chairman of the Board of Directors of AXA Private Equity Italy S.r.l.; of AXA Private Equity UK Ltd; of AXA Private Equity of Switzerland AG; of AXA Private Equity Eastern Europe GmbH; Chairman, Member of the Management Board and of the Investment Committee of Matignon Développement 1 SAS; of Matignon Développement 2 SAS; of Matignon Développement 3 SAS; of Matignon Développement 4 SAS France; Chairane, Member of the Management Board and of the Coordination Committee of *AXA Infrastructure Investissement SAS*; Director of the *Théâtre des Champs-Élysées SA*; Non-voting Director of Nakama SA; Non-voting Director of **Groupe Bourbon SA**; Chairman of Pikanter 9 SAS.
- Previous directorships and functions held in the past five years:
 - Vice-President of the Supervisory Board of **Linedata Services SA**; Chairman of Pikanter 4 SAS; Chairman of AXA Chile Private Equity and member of the Board of Groupe AXA.

Expertise and experience

A graduate of *École Polytechnique* with a postgraduate diploma in banking and finance. Dominique Sénéquier joined the insurance supervisory body in 1975. She joined GAN in 1980 as head of acquisitions before setting up *GAN Participations* in 1987, the development of which she oversaw until 1995. In 1996, she joined AXA and set up AXA Private Equity, and is Chairman of its Management Board.

Management Board

The bylaws stipulate that the Management Board may have between two and seven members.

Members are appointed by the Supervisory Board—which also designates the Chairman—for a renewable three-year term.

The age limit for holding office as a member of the Management Board is 65. When a member reaches the age of 65, the Supervisory Board may extend his or her term several times provided that the total extension does not exceed three years.

The Management Board currently has two members - M. Jean-Pascal Tricoire (Chairman) and Emmanuel Babeau - who were appointed by the Supervisory Board for a three-year term expiring on 2 May 2012.

President and CEO

Mr Jean-Pascal Tricoire

Age: 47

Business address:

Schneider Electric

35, rue Joseph Monier – 92500 Rueil-Malmaison,

France

39,001¹ Schneider Electric SA shares

First appointed: 2006 / Term ends: 2012

Other directorships and functions in French or foreign companies

- Currently:

Chairman of the Management Board of **Schneider Electric SA**, Chairman and Chief Executive Officer of Schneider Electric Industries SAS, Director of Schneider Electric USA, Inc. (USA).

- Previous directorships and functions held in the past five years:

Director of Clipsal Asia Holding Limited, Digital Electronics Corporation, Schneider Electric (Australia) Pty. Limited, Schneider Electric New Zealand Holding Limited, PT Schneider Indonesia, Schneider Electric Japan Ltd, Schneider Electric Japan Holding Ltd, Schneider Electric Venezuela SA, Schneider Toshiba Inverter SAS and PDL Holding Ltd

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¹ Held directly or through corporate mutual fund

Expertise and experience

After graduating from ESEO Angers and obtaining an MBA from EM Lyon, Jean-Pascal Tricoire spent his early career with Alcatel, Schlumberger and Saint-Gobain. He joined the Schneider Electric Group (Merlin Gerin) in 1986. Between 1988 and 1999, he held a variety of line positions with international subsidiaries: in Italy (five years), China (five years) and South Africa (one year). On his return to France he joined the headquarters team, serving from 1999 to 2001 as Vice-President, Strategic Global Accounts with specific responsibility for the Schneider 2000 + program. From January 2002 to the end of 2003, he was Executive Vice-President of Schneider Electric's International Division. In October 2003, he was appointed Chief Operating Officer, before becoming Chairman of the **Schneider Electric SA** Management Board on 3 May 2006.

Member of the Management Board

Mr Emmanuel Babeau

Age: 44

Business address:

Schneider Electric
35, rue Joseph Monier – 92500 Rueil-Malmaison,
France

713¹ Schneider Electric SA shares

First appointed: 2009 / Term ends: 2012

Other directorships and functions in French or foreign companies

- Currently:
Chairman of the Board of Directors of Schneider Electric Services International, Director of Schneider Electric Industries S.A.S., Schneider Electric France and Schneider Electric USA.
- Previous directorships and functions held in the past five years:
Group Deputy Managing Director in charge of Finance at **Pernod Ricard**.

Expertise and experience

Emmanuel Babeau began his career at Arthur Andersen in late 1990 after graduating from *École Supérieure de Commerce de Paris* (ESCP). In 1993, he joined Pernod Ricard as an internal auditor. He was appointed head of Internal Audit, the Corporate Treasury center and consolidation in 1996. Mr Babeau subsequently held several executive positions at Pernod Ricard, notably outside France, before becoming Vice-President, Development in 2001, CFO in June 2003 and Group Deputy Managing Director in charge of Finance in 2006. He joined Schneider Electric in the first half of 2009.

Administrative, Management and Supervisory bodies conflicts of interest

To the best of the Company's knowledge, there are no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which a member of the Supervisory Board or Management Board has been selected as a member of an administrative, management or supervisory body or a member of Senior Management.

Note: companies in bold type are those whose securities are listed on a regulated market.

¹ *Held directly or through corporate mutual fund*

To the best of the Company's knowledge, there are no conflicts of interest between any duties to Schneider Electric SA of the members of the Supervisory Board or Management Board and their private interests.

To the best of the Company's knowledge, the members of the Supervisory Board and Management Board have not accepted any restrictions on selling their Schneider Electric shares aside from those stipulated in stock option and stock grant plans for members of the management Board and the 250 share-holding requirement for members of the Supervisory Board.

Board Practices

Audit Committee

Members

The Supervisory Board's internal rules and procedures stipulate that the Audit Committee must have at least three members. Two thirds of the members must be independent and at least one must have in-depth knowledge of accounting standards combined with hands-on experience in applying current accounting standards and producing financial statements.

The Audit Committee has had three members since the resignation of James Ross: Gérard de La Martinière, Chairman, Noël Forgeard and Jérôme Gallot. They are independent and have the necessary financial or accounting competence. In addition, Noël Forgeard offers particular expertise on industrial matters.

Operating procedures

Meetings are called by the Committee Chairman or at the request of the Chairman of the Supervisory Board or the President and CEO. The Committee decided, with the Supervisory Board's approval, to increase the number of Annual Meetings from four to five.

It may invite whomever it chooses to its meetings. The Statutory Auditors attend meetings discussing the financial statements and, depending on the agenda, all or some of the other meetings.

It can ask the Management Board to provide it with any documentation it feels necessary. It may also commission studies from external consultants.

Responsibilities

A cornerstone of the Group's internal control system, the Audit Committee is responsible for preparing the work of the Supervisory Board, making recommendations to the Board and issuing opinions on financial, accounting and risk management issues. Accordingly it:

- prepares the Supervisory Board's review of the annual and interim financial statements, and notably in this respect:
 - ensures that accounting policies used to prepare the consolidated and company financial statements are appropriate and applied consistently, that all significant transactions are properly reflected in the consolidated financial statements and that the rules governing the scope of consolidation are correctly applied;
 - analyses the scope of consolidation, risks, commitments given - including off-balance sheet commitments -, as well as the financial position and the cash position;
- reviews the draft Registration Document and takes on Board any comments by the AMF in this regard, as well as the reports on the interim financial statements;
- makes recommendations concerning the appointment or re-appointment of the Statutory Auditors;

- supervises the statutory auditing of the annual and consolidated financial statement, notably by examining the scope of the external audit schedule and the results of the reviews carried out by the Statutory Auditors;
- verifies the auditors' independence, in particular by reviewing fees paid by the Group to their firm and network and by giving prior approval for assignments that, strictly speaking, fall outside the scope of the auditing of the financial statements;
- monitors the effectiveness of internal control and risk management systems. In particular, the Committee:
 - reviews Internal Audit organization and resources, as well as its annual audit schedule. It receives a quarterly summary report on the findings of the audits carried out;
 - reviews risk mitigation on the basis of presentations by the relevant managers or reports by Internal Audit;
 - reviews the Company's internal control system and the draft report of the Chairman of the Supervisory Board on internal control;
 - reviews codes of conduct, notably concerning fair trading and ethics and examines the measures taken to ensure they are circulated and applied.

The Audit Committee examines proposed dividend payouts and the amount of financial authorizations submitted to the Annual Shareholders' Meeting.

The Audit Committee examines all financial, accounting and risk management issues referred to it by the Management Board, the Supervisory Board or its Chairman.

The Audit Committee presents its findings and recommendations to the Board. The Chairman of the Audit Committee immediately informs the Chairman of the Supervisory Board of any difficulties encountered.

Meetings in 2010

In 2010, the Audit Committee met five times. The average duration of the meetings was 3 hours and the average attendance rate was 100%.

Each meeting was attended by the CFO, members of the Finance Department and head of Internal Audit. The Statutory Auditors were also invited to attend four of the five meetings. In line with the provisions of the AFEP/MEDEF Code, representatives of the Finance Department and Internal Audit were not present during the Statutory Auditors' presentation at meetings devoted to the financial statements. The President and CEO did not attend any of the Audit Committee's meetings.

The Committee looked at the following topics:

- 1) financial statements and financial disclosures:
 - review of the annual and interim financial statements and of the reports of the Management Board on the financial statements,
 - review of goodwill and retirement or assimilated obligations,
 - review of investor relations documents concerning the annual and interim financial statements,
 - review of the process for producing financial information,
 - review of AMF recommendations concerning the 2010 Registration Document,

- examination of to what extent the reduction in overheads can be audited,
- 2) internal audit, internal control and risk management:
- update on the internal control system's organization and deployment,
 - review of the main audits carried out by Internal Audit,
 - review of the 2011/Q1 2012 Internal Audit schedule drawn up on the basis of risk mapping,
 - review of legal risks (contracts, industrial property, Compliance),
 - review of risk mitigation by means of insurance,
 - review of the establishment of business continuity plans,
 - update on how performance monitoring reflects organizational changes (One),
 - update on bridge,
 - update on the implementation of shared services,
 - update on the implementation of the principles of responsibility,
 - review of the draft report of the chairman of internal control,
- 3) Statutory Auditors:
- review of the fees paid to the Statutory Auditors and their networks,
 - review of the 2010/2011 external audit schedule,
- 4) corporate governance:
- drawing up of the 2010-2013 schedule covering the work of the Audit Committee and more specifically its risk review,
 - review of the financial authorisations presented to the 2010 Annual Shareholders' Meeting,
 - recommended dividend for 2010.

The Audit Committee reported to the Supervisory Board on its work in 2010 at the 17 February, 29 July, 19 October and 15 December 2010 meetings.

Corporate governance compliance

Schneider Electric applies the AFEP-MEDEF corporate governance guidelines with the following exceptions:

Recommendation	Schneider Electric practice
<p>Deadline for Audit Committee review of the financial statements</p> <p>The Audit Committee should review the financial statements at least two days before they are reviewed by the Board.</p>	<p>At Schneider Electric, the Audit Committee which reviews the Financial Statements meets after the Management Board meeting that approves the Financial Statements and the day before the Board Director's meeting.</p> <p>However, the Committee members receive a meeting file with the draft Financial Statements four to five days before the meeting.</p>
<p>Compensation and benefits paid to corporate officers</p> <p>Fixed salary should be revised only after a relatively long period, such as three years</p>	<p>The Management Board members' fixed salary is revised each year. When Jean-Pascal Tricoire became President and CEO, his compensation was not (and still is not) aligned with that of CEOs of comparable companies. The Board decided to reduce the gap gradually through annual salary revisions after reviewing Mr Tricoire's performance.</p>
<p>Top-hat pension plan</p> <p>The increase in potential rights should correspond to a limited percentage of the beneficiary's compensation.</p>	<p>Under the Top-hat Pension Plan for the Group's Senior Management and machine manufacturers, most rights are acquired at the outset. However, the plan complies with the recommendation's intention, given that:</p> <ul style="list-style-type: none"> • the rights are capped at 25% of average compensation; • the current members still have many years of service to perform before they can benefit from the plan.

The guidelines are available online at www.medef.fr

Major Shareholders

	31 December 2010				31 December 2009	
	Capital	Number of shares	Voting rights	Number of voting rights	Capital	Voting rights
	%		%		%	%
Capital Research & Management Co. ⁽¹⁾	8.2	22,227,572	7.7	22,227,572	5.1	4.8
Caisse des Dépôts	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 stock	1.7	4,582,476	-		1.8	-
Public	81.8	222,464,345	79.4	228,771,878	83.6	81.2
TOTAL	100.00	271,959,091	100.00	287,955,220	100.00	100.00

- (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 31 December 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.*

Description of any arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change of control of the Issuer.

Not applicable.

5 Interim and other financial information

The Company's first quarter results for the period until 31 March 2011 (unaudited) (Press release dated 20 April 2011)

- Sales of €4.9 billion in Q1 2011,
- Continued strong organic growth at +12%
- Industry continued on a very solid momentum
- IT and Buildings expanded at double-digit thanks to solutions
- Power also solid, Energy posted slow growth as expected
- Very strong quarter in new economies up 17%, mature economies up 9%
- Reported growth including acquisitions of +26.5% to €4.9 billion
- Full year sales and profitability targets confirmed

In the first quarter, the Company recorded sales of € 4,944 million, up 26.5% on a current structure and exchange rate basis. Like-for-like sales were also up 11.8%.

The breakdown of sales by business was as follows :

€ million	Q1 2011 sales	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Power	1,909	+10.1%	+0.3%	+3.7%	+14.1%
Energy	908	+1.4%	+71.8%	+2.6%	+75.8%
Industry	1,105	+21.9%	+3.7%	+3.8%	+29.4%
IT	663	+11.1%	+2.8%	+3.9%	+17.8%
Buildings	359	+11.2%	+3.9%	+3.4%	+18.5%
Total	4,944	+11.8%	+11.1%	+3.6%	+26.5%

Jean-Pascal Tricoire, President and CEO, commented: *“We delivered a strong first quarter, in line with our expectations. The performance reflects the Group's strength in the new economies, which enjoy robust and broad based growth, our leading technologies for our five end markets and continued success in helping our customers achieve efficiency with our solutions.*

Additionally, we remain confident in improving the Group's operating efficiency by driving strong industrial productivity and decreasing the support function costs to sales ratio. While we're facing a more inflationary business environment, notably on raw materials, we are stepping up our price action. Consequently, we confirm our full-year organic growth target of 6% to 9% and EBITA margin target of 15.0% to 15.5% of sales.

Looking ahead, we will continue to leverage the high internal growth potential offered by our five businesses and at the same time actively reinforce our portfolio through focused and disciplined acquisitions.”

Organic growth by business

Power (39% of Group sales) includes the activities of Low Voltage (electrical distribution), LifeSpace (wiring devices and associated interface devices) and Renewables (conversion and connection to the grid) further to the transfer of Medium Voltage to the Energy business in 2011 (see below).

Power's first quarter sales grew **10.1%** like-for-like. The business was boosted by the good performance of product sales, driven by the improving global construction and infrastructure markets, the launch of new offers and larger geographical coverage. Solutions lagged, except for renewable projects. By region, growth was robust in Asia-Pacific, led by China, India, Indonesia and Malaysia.

The Rest of the World grew double-digit led by Central and Eastern Europe and South America. Western Europe was positive thanks to France, Italy and Germany while Spain was down again.

Recovery of North America accelerated, which grew in the magnitude of 10%.

Energy: (18% of Group sales) created in 2011 combines all Medium Voltage activities including those from Areva Distribution. The sales of Energy grew **1.4%** like-for-like this quarter. This growth reflects the performance of the Medium Voltage activities transferred from Power, given that Areva Distribution is reported under scope impact for another five months this year. The performance was the result of a slight decline in products business, impacted primarily by the transformer activity and by a still sluggish utility market. The solution business was better oriented, thanks to the first signs of rebound with electro-intensive customers. By region, solid trends in Asia-Pacific and the Middle East were offset by continued difficulties in Spain and the situation in North Africa. Areva Distribution contributed sales of €372 million.

Industry (23% of Group sales) was up **21.9%** like-for-like over the same period last year, despite the higher comparison. All product lines continued to benefit from the well oriented global industrial demand. New offer launches, especially for the new economies, were also a boost to performance for the quarter. The solution business continued to be very strong, supported by robust demand from machine builders, higher capital investment for energy efficiency in some key markets, such as mining and water, and also stronger service activities. All regions reported solid growth. CST, which has been grouped under Industry from this year on, delivered similar level of growth compared to the whole business.

IT (13% of Group sales) had another strong quarter and posted organic growth of **11.1%**. The small systems gained momentum, reflecting steady rebound of demand for homes and business networks.

The solutions business remained solid, supported by the delivery of complete data center projects and good services performance. By region, Rest of the World, boosted by Russia, reported the highest growth, followed by North America. Western Europe was in moderate rebound. Asia-Pacific was impacted negatively by Japan.

Buildings (7% of Group sales) confirmed its recovery and was up **11.2%** year-on-year. The product business clearly accelerated, driven by the gradual improvement of building automation products and impressive growth of video security products in new economies. Solutions continued to enjoy support from energy efficiency projects and robust service activity in North America and also projects won in the Middle East. All regions posted solid growth, except Western Europe, impacted by a still difficult Spanish market.

Organic growth by geography

Western Europe (35% of Group sales) was up 6% like-for-like in the first quarter. Italy, France and Germany led the growth, aided by the solid performance of Industry and by projects in the field of renewable energies. Conditions in Spain remained difficult and sales suffered significantly.

Asia-Pacific (25% of Group sales) posted another strong quarter, with an organic increase of 18%. Performance was strong for China, India, South-East Asia and the Pacific but Japan was stable after absorbing the initial impact of the earthquake.

North America (23% of Group sales) clearly improved and was up +15% year-on-year. In contrast with 2010 trends, most businesses contributed to growth, including the IT and Industry businesses but also Power and Buildings.

Rest of World (17% of Group sales) grew 10% year-on-year. Middle East, South America and Russia drove the performance, but Africa was in decline.

New economies as a whole generated 17% of organic growth in the first quarter and represented 37% of reported sales (34% of Group sales in Q1 2010). Mature countries grew 9%.

€ million	Q1 2010 sales	Organic growth (quarter)	Reported growth
Western Europe	1,708	+6%	+22%
Asia-Pacific	1,235	+18%	+39%
North America	1,163	+15%	+20%
Rest of the World	838	+10%	+30%
Total	4,944	+11.8%	+26.5%

Consolidation and foreign exchange impacts

Acquisitions contributed €435 million or +11.1%. This includes mainly Areva Distribution for € 372 million, but also SCADAgrou and Cimac (in the Industry business), Uniflair (in the IT business) and several small entities among which Zicom, Vizelia and D5X (all three in the Buildings business).

Impact of foreign exchange fluctuations was positive at €125 million, primarily the result of the variations of the Chinese yuan, Australian dollar, US dollar and Swiss franc against the euro over the period.

Outlook

The Group confirms its full year organic growth target of 6% to 9% and its full year EBITA margin target of 15.0% to 15.5% of sales.

This reflects unchanged strong underlying trends for Industry and IT which however face tougher year-on-year comparison. Power is expected to show more improvement while Energy should continue its slow recovery. Improving mature markets, energy efficiency and services should remain a support for Buildings.

Supply chain disruption created by the Japan earthquake could potentially impact the sourcing of certain components, even though the Group expects no material effect on sales in the short term. Intensive mitigation efforts are deployed, including stock accumulation and alternative sourcing strategy to limit the impact in the second half. Political uncertainties in North Africa are having some negative impact which, given the Group's exposure, should remain limited. Our guidance includes our current assessment of these risks.

On costs, the raw material inflation is expected to increase, at about €350 million for the full year. The Group is accelerating its price actions to largely offset this effect and now targets price increases above the initial ~1% level. In addition, the Group aims to deliver strong industrial productivity of at least €400 million of savings and drive operating efficiency by reducing the support function costs to sales ratio.

Commercial Papers Programme:

On 20 June 2011, SESA has updated its commercial paper programme for a maximum amount of €2 billion. At this date, the amount of commercial papers issued was €347.5 million (€0 million as of 31 December 2010).

6 Share capital

The Company's share capital as at 31 December 2010 amounted to Euro 2,175,672,728 represented by 271,959,091 shares with a par value of Euro 8.00, all fully paid up. A total of 287,955,220 voting rights were attached to the 271,959,091 outstanding shares.

7 Material Contracts

The Company has not entered into contracts outside the ordinary course of the Group's business that could result in the Group or any member of the Group being under an obligation or entitlement that is material to the Company's ability to meet its obligation to holders of Notes in respect of the Notes being issued.

8 Third Party Information and Statement by Experts and Declaration of Interest

Not Applicable.

TAXATION

The statements herein regarding taxation in France and Luxembourg are based on the laws in force in the Republic of France and in the Grand Duchy of Luxembourg as of the date of this Base Prospectus and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective Noteholders should consult its tax advisor as to the French and Luxembourg tax consequences of the ownership and disposition of the Notes.

EU TAXATION

On 3 June 2003, the European Council of Economic and Finance Ministers adopted the Directive 2003/48/EC on the taxation of savings income (the “**Directive**”). Pursuant to the Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Directive (interest, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State (the “**Disclosure of Information Method**”).

For these purposes, the term “paying agent” is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax is currently 20% and will be increased to 35% as from 1 July 2011 until the end of the transitional period.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the “**OECD Model Agreement**”) with respect to interest payments within the meaning of the Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

On 13 November 2008, the European Commission published a detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of these proposed changes are made in relation to the Savings Directive they may amend or broaden the scope of the requirements described above.

LUXEMBOURG WITHHOLDING TAX

Under Luxembourg tax laws currently in effect and with the possible exception of interest paid to individuals and to certain residual entities (as described below), there is no Luxembourg withholding tax on payments of interest,

including accrued but unpaid interest. There is also no Luxembourg withholding tax, with the possible exception of payments made to individuals and to certain residual entities (as described below), upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Individuals

Luxembourg residents

A 10 per cent. withholding tax is levied on interest payments made by Luxembourg paying agents (defined in the same way as in the Directive) to Luxembourg individual residents or to certain residual entities (as described below) that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council Directive 85/611/EC or for the exchange of information regime).

Only interest accrued after 1 July 2005 falls within the scope of this withholding tax. Interest income from current and sight accounts (*comptes courants et à vue*) provided that the remuneration on these accounts is not higher than 0.75% are exempt from the withholding tax. Furthermore, interest which is accrued once a year on savings accounts (short and long term) and which does not exceed €250 per person and per paying agent is exempt from the withholding tax.

This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers.

Luxembourg non-residents

Under the Luxembourg laws dated 21 June 2005 implementing the Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (“EU”), a Luxembourg based paying agent (within the meaning of the Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for an exchange of information or for the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain so-called “residual entities” within the meaning of Article 4.2 of the Directive (i.e. an entity established in a Member State or in certain EU dependent or associated territories without legal personality (the Finnish and Swedish companies listed in Article 4.5 of the Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognised in accordance with Council Directive 85/611/EEC).

The withholding tax rate is 20 per cent. (as from 1 July 2008) increasing to 35 per cent. (as from 1 July 2011). The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Corporations

There is no Luxembourg withholding tax for Luxembourg resident and non-resident corporations holders of the Notes on payments of interest (including accrued but unpaid interest).

FRENCH TAXATION

The comments below are intended as a basic summary of certain tax consequences in relation to the purchase, ownership and disposition of the Notes under French law. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

The Savings Directive was implemented into French law under Article 242 *ter* of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

Notes issued as from 1 March 2010

Following the introduction of the French *loi de finances rectificative pour 2009* no. 3 (n° 2009-1674 dated 30 December 2009 applicable as from 1 Mars 2010) (the “**Law**”), payments of interest and other revenues made by the Issuer with respect to notes issued on or after 1 March 2010 (other than Notes (described below) which are assimilated (*assimilées*) and form a single series with Notes issued prior to 1 March 2010 having the benefit of Article 131 *quater* of the French *Code général des impôts*) will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a “**Non-Cooperative State**”). If such payments under the Notes are made in a Non-Cooperative State, a 50 per cent. withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, interest and other revenues on such Notes will no longer be deductible from the Issuer's taxable income, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French *Code général des impôts*, at a rate of 25 per cent. or 50 per cent.

Notwithstanding the foregoing, the Law provides that neither the 50 per cent. withholding tax nor the non-deductibility will apply in respect of a particular issue of Notes if the Issuer can prove that the principal purpose and effect of such a particular issue of Notes were not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “**Exception**”). Pursuant to the ruling (*rescrit*) 2010/11 (FP and FE) of the *Direction générale des finances publiques* dated 22 February 2010, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes, if such Notes are:

- offered by means of a public offer within the meaning of Article L.411.1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an “**equivalent offer**” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Notes issued before 1 March 2010 and Notes which are assimilated (*assimilées*) with Notes issued before 1 March 2010

Payments of interest and other revenues with respect to (i) Notes issued (or deemed issued) outside France as provided under Article 131 *quater* of the French *Code général des impôts*, before 1 March 2010 and (ii) Notes which are assimilated (*assimilées*) and form a single series with such Notes, will continue to be exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*.

Notes issued before 1 March 2010, whether denominated in Euro or in any other currency, and constituting *obligations* under French law, or *titres de créances négociables* within the meaning of rulings (*rescrits*) 2007/59 (FP) and 2009/23 (FP) of the *Direction générale des impôts* dated 8 January 2008 and 7 April 2009, respectively, or other debt securities issued under French or foreign law and considered by the French tax authorities as falling into similar categories, are deemed to be issued outside the Republic of France for the purpose of Article 131 *quater* of the French *Code général des impôts*, in accordance with Circular 5 I-11-98 of the *Direction générale des impôts* dated 30 September 1998 and the aforementioned rulings (*rescrits*) 2007/59 (FP) and 2009/23 (FP).

In addition, interest and other revenues paid by the Issuer on Notes issued before 1 March 2010 (or Notes issued after 1 March 2010 and which are to be assimilated (*assimilées*) and form a single series with such Notes) will not be subject to the withholding tax set out in Article 119 *bis* of the French *Code général des impôts* solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

See “Terms and Conditions of the Notes – Taxation”.

SUBSCRIPTION AND SALE

SUMMARY OF DEALER AGREEMENT

Subject to the terms and on the conditions contained in an Amended and Restated Dealer Agreement dated 24 June 2010 (the “**Dealer Agreement**”) between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by such Dealer. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the Securities Act or with any securities commission or any regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

Materialised Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the regulations thereunder.

Each Dealer has agreed and that, except as permitted by the Dealer Agreement, it will not offer, sell or, in the case of Notes in bearer form, deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche, as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period (as defined in Regulation S, the “**Distribution Compliance Period**”) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act and the laws of certain states and jurisdictions of the

United States if such offer or sale is made otherwise than in accordance with an exemption from such registration requirements.

Each issue of Indexed Notes and Dual Currency Notes may be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as indicated in the applicable Final Terms. Each Dealer has agreed and will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such final terms and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;;
- (iii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed that:

- (i) **Investment advertisements:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment

activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer;

- (ii) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom; and
- (iii) **Accepting Deposits in the United Kingdom:** in relation to any Notes having a maturity of less than one year from the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of FSMA by the Issuer.

France

Each of the Dealers has represented and agreed that:

- (i) Offer to the public in France

it has only made and will only make an offer of Notes to the public in France (i) on or after the date of publication of the prospectus relating to those Notes approved by the *Autorité des marchés financiers* (“AMF”) or (ii) when a prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the Prospectus Directive, on the date of notification of such approval to the AMF, all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of the approval of the Base Prospectus; or

- (ii) Private Placement in France

it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

If necessary, these selling restrictions will be amended in the relevant Final Terms.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan (as defined under item 5, paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the

registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

General

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

Except in respect of Luxembourg, no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, the Final Terms or any other offering material, in all cases at its own expense and neither the Issuer nor any other Dealer shall have responsibility therefor.

Each of the Dealers and the Issuer has represented and agreed and will be required to represent and agree that Materialised Notes may only be issued outside of France.

FINAL TERMS

PRO FORMA FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF SECURITIES WITH A DENOMINATION OF LESS THAN [€50,000/€100,000] TO BE ADMITTED TO TRADING ON AN EU REGULATED MARKET AND/OR OFFERED TO THE PUBLIC IN THE EUROPEAN ECONOMIC AREA

Final Terms dated [●]

SCHNEIDER ELECTRIC SA

Issue of Euro [Aggregate Nominal Amount of Tranche] [Title of Notes] under the Euro 7,500,000,000 Euro Medium Term Note Programme

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) [as amended by the 2010 PD Amending Directive (Directive 2010/73/EU)] (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so in:

(i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or

(ii) in those Public Offer Jurisdictions mentioned in Paragraph 39 of Part A below, provided such person is one of the persons mentioned in Paragraph 39 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances] [*Include this legend where a non-exempt offer of Notes is anticipated*].

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) [as amended by the 2010 PD Amending Directive (Directive 2010/73/EU)] (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances] [*Include this legend where an exempt offer of Notes is anticipated*].

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] June 2011 [and the supplement(s) to the Base Prospectus dated [●]] which [together] constitute[s] a Base Prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC)

[as amended by the 2010 PD Amending Directive (Directive 2010/73/EU)] (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus [and the supplement(s) to the Base Prospectus] and Final Terms are available for viewing at the office of the Fiscal Agent or each of the paying agents and on the [website of the Issuer (www.schneider-electric.com), and copies may be obtained from Schneider Electric S.A., 35, rue Joseph Monier - 92500 Rueil-Malmaison, France.]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date] [and the supplement(s) to the Base Prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) [as amended by the 2010 PD Amending Directive (Directive 2010/73/EU)] (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement(s) to the Base Prospectus dated [●]], which [together] constitute[s] a Base Prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement(s) to the Base Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [original date] and [current date] [and the supplement(s) to the Base Prospectuses dated [●] and [●]]. [The Base Prospectuses [and the supplement(s) to the Base Prospectuses] are available for viewing at the office of the Fiscal Agent or each of the paying agents and on the [website of the Issuer (www.schneider-electric.com), and copies may be obtained from Schneider Electric S.A., 35, rue Joseph Monier - 92500 Rueil-Malmaison, France.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

- | | | |
|---|---|-----|
| 1 | [(i)] Issuer: | [●] |
| 2 | [(i)] Series Number: | [●] |
| | [(ii)] Tranche Number: | [●] |
| | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]</i> | |
| 3 | Specified Currency or Currencies: | [●] |
| 4 | Aggregate Nominal Amount: | [●] |
| | [(i)] Series: | [●] |
| | [(ii)] Tranche: | [●] |

- 5 Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*in the case of fungible issues only, if applicable*)]
- 6 Specified Denominations: [●]
[●]
- 7 [(i)] Issue Date: [●]
[(ii)] Interest Commencement Date: [●]
- 8 Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
- 9 Interest Basis: [[●] per cent Fixed Rate]
[[*specify reference rate*] +/- [●] per cent Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Other (*specify*)]
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (*specify*)]
- 11 Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
- 12 Put/Call Options: [Investor Put]
[Issuer Call]
[Change of Control Put]
[(further particulars specified below)]
- 13 [(i)] Status of the Notes: [Senior/[Dated/Perpetual]/ Subordinated]
[(ii)] [Date [Board] approval for issuance of Notes obtained: [●] [and [●], respectively]
(*N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)]
- 14 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 15 **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate(s) of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (iii) Fixed Coupon Amount(s): [●] per [●] in Nominal Amount

- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate]*
- (v) Day Count Fraction: Day Count Fraction should be *[30/360 / Actual/Actual (ICMA/ISDA) / other]*
- (vi) Determination Dates: *[•] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA]))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: *[Not Applicable/give details]*
- 16 Floating Rate Note Provisions** *[Applicable/Not Applicable]*
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): *[•]*
- (ii) Specified Interest Payment Dates: *[•]*
- (iii) Business Day Convention: *[Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]*
- (iv) Business Centre(s): *[•]*
- (v) Manner in which the Rate(s) of Interest is/are to be determined: *[Screen Rate Determination/ISDA Determination/other (give details)]*
- (vi) Interest Period Dates: *[Not Applicable / specify dates]*
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]): *[•]*
- (viii) Screen Rate Determination:
- Relevant Time: *[•].*
 - Interest Determination Dates: *[[[•] [TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]]*
 - Primary Source for Floating Rate: *[specify relevant screen page or “Reference Banks”]*
 - Reference Banks (if Primary Source is “Reference Banks”): *[Specify four]*
 - Relevant Financial Centre: *[The financial centre most closely connected to the Benchmark - specify if not London]*
 - Benchmark: *[LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark]*

- Representative Amount: *[Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]*
 - Effective Date: *[Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]*
 - Specified Duration: *[Specify period for quotation if not duration of Interest Accrual Period]*
- (ix) ISDA Determination:
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
 - ISDA Definitions: (if different from those set out in the Conditions) [•]
- (x) Margin(s): [+/-][•] per cent. per annum
- (xi) Minimum Rate of Interest: [•] per cent. per annum
- (xii) Maximum Rate of Interest: [•] per cent. per annum
- (xiii) Day Count Fraction: [•]
- (xiv) Rate Multiplier: [•]
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•]
- 17 Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Amortisation Yield: [•] per cent. per annum
 - (ii) Day Count Fraction: [•]
 - (iii) Any other formula/basis of determining amount payable: [•]
- 18 Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula/other variable: *[give or annex details]*
 - (ii) Calculation Agent responsible for calculating the interest due: [•]

- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [•]
 - (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
 - (v) Interest Periods or calculation period(s): [•]
 - (vi) Specified Interest Payment Dates: [•]
 - (vii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
 - (viii) Business Centre(s): [•]
 - (ix) Minimum Rate/Amount of Interest: [•] per cent. per annum
 - (x) Maximum Rate/Amount of Interest: [•] per cent. per annum
 - (xi) Day Count Fraction: [•]
- 19 Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/Method of calculating Rate of Exchange: [*give details*]
 - (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [•]
 - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•]
 - (iv) Person at whose option Specified Currency(ies) is/are payable: [•]
 - (v) Day Count Fraction: [•]
- PROVISIONS RELATING TO REDEMPTION**
- 20 Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [•]

- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note of [●] specified denomination
 - (iii) If redeemable in part:
 - (a) Minimum nominal amount to be redeemed: [●]
 - (b) Maximum nominal amount to be redeemed: [●]
 - (iv) Option Exercise Date(s): [●]
 - (v) Description of any other Issuer's option: [●]
 - (vi) Notice period: [●]
- 21 **Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note of [●] specified denomination
 - (iii) Option Exercise Date(s): [●]
 - (iv) Description of any other Noteholders' option: [●]
 - (v) Notice period: [●]
- 22 **Change of Control Put Option** [Applicable/Not Applicable]
- 23 **Final Redemption Amount of each Note** [[●] per Note of [●] specified denomination /other/see Appendix]
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [give or annex details]
 - (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [●]
 - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]

- (iv) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (v) Minimum Final Redemption Amount: [●]
- (vi) Maximum Final Redemption Amount: [●]

24 Early Redemption Amount

- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates : [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only): [Yes/No/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25 Form of Notes: [Dematerialised Notes/ Materialised Notes]
(Materialised Notes are only in bearer form)
(delete as appropriate)
- (i) Form of Dematerialised Notes: [Not Applicable/ Bearer dematerialised form (*au porteur*) only/ Registered dematerialised form (*au nominatif*)]
- (ii) Registration Agent: [Not Applicable/ *if Applicable give name and details*]
(Note that a Registration Agent must be appointed in relation to Registered Dematerialised Notes only)
- (iii) Temporary Global Certificate: Temporary Global Certificate exchangeable for Definitive Materialised Bearer Notes on [●] (the “**Exchange Date**”), being 40 days after the Issue Date subject to postponement as provided in the Temporary Global Certificate
- (iv) Applicable TEFRA exemption: [C Rules / D Rules / Not Applicable]
- 26 Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*.
Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15 (ii), 16 (ii) and 18(ix) relates]

- 27 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
- 28 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: [Not Applicable/*give details*]
- 29 Details relating to Instalment Notes: [Not Applicable/*give details*]
- (i) Instalment Amount(s): [•]
 Instalment Date(s): [•]
 Minimum Instalment Amount: [•]
 Maximum Instalment Amount: [•]
- 30 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [•]] annexed to the applicable Final Terms apply]
- 31 Consolidation provisions: [Not Applicable/The provisions [in Condition [•]] annexed to the applicable Final Terms apply]
- 32 Masse [Applicable/ Not Applicable/ Condition 11 replaced by the full provisions of French *Code de commerce* relating to the Masse] (*Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 11 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 11 must be waived in its entirety and replaced by the provisions of French Code de commerce relating to the Masse. If Condition 11 (as it may be amended or supplemented) applies or if the full provisions of French Code de commerce apply, insert details of Representative and Alternative Representative and remuneration, if any).*)
- 33 Other final terms: [Not Applicable/*give details*]
 (*When adding any other final terms or special conditions consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)

DISTRIBUTION

- 34 (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names, addresses and underwriting commitments]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)
- (ii) Date of [Subscription] Agreement: [●]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
- (iv) Dealer’s Commission: [●]
- 35 If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
- 36 Total commission and concession: [●] per cent. of the Aggregate Nominal Amount
- 37 Additional selling restrictions: [Not Applicable/give details]
- 38 The aggregate principal amount of Notes issued has been translated into [Euro] at the rate of [●], producing a sum of (for Notes not denominated in [Euro]): [Not Applicable/[Euro][●]]
- 39 Non-exempt offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported] (“Public Offer Jurisdictions”) during the period from [specify date] until [specify date] (“Offer Period”). See further paragraph 13 of Part B below.

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 7,500,000,000 Euro Medium Term Note Programme of Schneider Electric SA.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1 RISK FACTORS

[[Insert any issue specific risk factors that are material to the Notes being offered and/or admitted to trading in order to assess the market risk associated with these Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute a "significant new factors" and consequently triggers the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.][Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]]

2 LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [●] with effect from [●].] [Not Applicable.]
(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)
- (iii) All the regulated markets on which, to the knowledge of the Issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading. [●]

3 RATINGS

- Ratings: The Notes to be issued have been rated:
[S & P: [●]]
[Moody's: [●]]
[[Other]: [●]]
[[Each of] [S & P] [[and] Moody's] [and [●]] is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009, although the result of such applications has not been determined.]
[[Each of [●] and] [●] is established in the European Union and registered under Regulation (EC) No 1060/2009.]
[[None of [●] and] [●] is [not] established in the European Union [nor has/and has not] applied for registration under Regulation (EC) No 1060/2009.]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*
(The above disclosure should reflect the rating allocated to

Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

4 [NOTIFICATION]

The [*include name of competent authority in EEA home Member State*] [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

5 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [*“Subscription and Sale”*], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

6 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer: [•]
(See [“Use of Proceeds”*] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*]

[(ii) Estimated net proceeds: [•]
(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii) Estimated total expenses: [•] [*Include breakdown of expenses.*]
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

7 [FIXED RATE NOTES ONLY – YIELD]

Indication of yield: [•]
Calculated as [*include details of method of calculation in summary form*] on the Issue Date.
As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

8 [FLOATING RATE NOTES ONLY - HISTORIC INTEREST RATES]

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

9 [INDEX-LINKED OR OTHER VARIABLE-LINKED NOTES ONLY – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]]*

10 [DUAL CURRENCY NOTES ONLY – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

11 [DERIVATIVES ONLY – OTHER INFORMATION CONCERNING THE SECURITIES TO BE [OFFERED]/[ADMITTED TO TRADING]]

Name of the issuer of the underlying security: [•]

ISIN Code: [•]

Underlying interest rate: [•]

Relevant weightings of each underlying in the basket: [•]

Adjustment rules with relation to events concerning the underlying: [•]

Source of information relating to the [Index]/[Indices]: [•]

Place where information relating to the [Index]/[Indices] can be obtained: [•]

Details of any market disruption/settlement disruption events affecting the underlying: [•]

Exercise price/final reference price of underlying: [•]

Details of how the value of investment is affected by the value of the underlying instrument(s): [•]

Details of settlement procedure of derivative securities: [•]

Details of how any return on derivative securities takes place, payment or delivery date, and manner of calculation: [•]

12 [DERIVATIVES ONLY – POST-ISSUANCE INFORMATION CONCERNING THE UNDERLYING

[Indicate whether or not the Issuer intends to provide post-issuance information concerning the underlying. If the Issuer intends to report such information, specify what information will be reported and where such information can be obtained.]

13 [TERMS AND CONDITIONS OF THE OFFER]

- Offer Price: [Issue Price][specify]
- Description of the application process: [Not Applicable/give details]
- The time period, including any possible amendments, during which the offer will be open and description of the application process: [Not Applicable/give details]
- Details of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants: [Not Applicable/give details]
- Details of the minimum and/or maximum amount of application: [Not Applicable/give details]
- Details of method and time limits for paying up and delivering securities: [Not Applicable/give details]
- Manner and date in which results of the offer are to be made public: [Not Applicable/give details]
- Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of unexercised subscription rights: [Not Applicable/give details]
- Categories of potential investors to which the securities are offered and whether tranche(s) have been reserved for certain countries: [Not Applicable/give details]
- Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: [Not Applicable/give details]
- Details of any post-issuance information to be provided and where such information can be obtained: [Not Applicable/give details]

14 PLACING AND UNDERWRITING

- Name and address of the co-ordinator(s) of the global offer and of single parts of the offer: [•]
- Name and address of any paying agents and depository agents in each country (in addition to the Principal Paying Agent): [•]

Names and addresses of entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements: [•]

When the underwriting agreement has been or will be reached: [•]

Name and address of entities which have a firm commitment to act as intermediaries in secondary trading: [•]

15 OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [•]

**PRO FORMA FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF SECURITIES WITH
A DENOMINATION OF AT LEAST [€50,000/€100,000] TO BE ADMITTED TO TRADING ON AN
EU REGULATED MARKET**

Final Terms dated [●]

SCHNEIDER ELECTRIC SA

**Issue of [Aggregate Nominal Amount of Tranche][Title of notes]
under the Euro 7,500,000,000 Euro Medium Term Note Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] June 2011 [and the supplement(s) to the Base Prospectus dated [●]] which [together] constitute[s] a Base Prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) [as amended by the 2010 PD Amending Directive (Directive 2010/73/EU)] (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus [and the supplement(s) to the Base Prospectus] and Final Terms are available for viewing at the office of the Fiscal Agent or each of the paying agents and on the [website of the Issuer (www.schneider-electric.com), and copies may be obtained from Schneider Electric S.A., 35, rue Joseph Monier - 92500 Rueil-Malmaison, France.]

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date] [and the supplement(s) to the Base Prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) [as amended by the 2010 PD Amending Directive (Directive 2010/73/EU)] (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement(s) to the Base Prospectus dated [●]], which [together] constitute[s] a Base Prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement(s) to the Base Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [original date] and [current date] [and the supplement(s) to the Base Prospectuses dated [●] and [●]]. [The Base Prospectuses [and the supplement(s) to the Base Prospectuses] are available for viewing at the office of the Fiscal Agent or each of the paying agents and on the [website of the Issuer (www.schneider-electric.com), and copies may be obtained from Schneider Electric S.A., 35, rue Joseph Monier - 92500 Rueil-Malmaison, France.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.]

[When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

- | | | |
|----|---|--|
| 1 | [(i)] Issuer: | [•] |
| 2 | [(i)] Series Number: | [•] |
| | [(ii)] Tranche Number: | [•] |
| | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]</i> | |
| 3 | Specified Currency or Currencies: | [•] |
| 4 | Aggregate Nominal Amount of Notes admitted to trading: | [•] |
| | [(i)] Series: | [•] |
| | [(ii)] Tranche: | [•] |
| 5 | Issue Price: | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (in the case of fungible issues only, if applicable)] |
| 6 | Specified Denominations: | [•]
[•] |
| 7 | [(i)] Issue Date: | [•] |
| | [(ii)] Interest Commencement Date: | [•] |
| 8 | Maturity Date: | <i>[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i> |
| 9 | Interest Basis: | [[•] per cent Fixed Rate]
[[Specify reference rate] +/- [•] per cent Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Other (specify)]
(Further particulars specified below) |
| 10 | Redemption/Payment Basis: | [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (specify)] |

- 11 Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*]
- 12 Put/Call Options: [Investor Put]
[Issuer Call]
[Change of Control Put]
[(Further particulars specified below)]
- 13 [(i)] Status of the Notes: [Senior/[Dated/Perpetual]/Subordinated]
[(ii)] [Date [Board] approval for issuance of Notes obtained: [•] [and [•], respectively]
(*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes.*)]
- 14 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 15 **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [•] per [•] in Nominal Amount
- (iv) Broken Amount(s): [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate*]
- (v) Day Count Fraction: Day Count Fraction should be [30/360 / Actual/Actual (ICMA /ISDA) / other)]
- (vi) Determination Dates: [•] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA])*)
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
- 16 **Floating Rate Note Provisions** [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Interest Period(s): [•]
- (ii) Specified Interest Payment Dates: [•]

- (iii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (iv) Business Centre(s): [●]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (vi) Interest Period Date(s): [Not applicable/*specify dates*]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]): [●]
- (viii) Screen Rate Determination:
- Relevant Time: [●]
 - Interest Determination Date: [[[●] *[TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]*]]]
 - Primary Source for Floating Rate: [*Specify relevant screen page or “Reference Banks”*]
 - Reference Banks (if Primary Source is “Reference Banks”): [*Specify four*]
 - Relevant Financial Centre: [*The financial centre most closely connected to the Benchmark - specify if not London*]
 - Benchmark: [*LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark*]
 - Representative Amount: [*Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount*]
 - Effective Date: [*Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period*]
 - Specified Duration: [*Specify period for quotation if not duration of Interest Accrual Period*]
- (ix) ISDA Determination:
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - ISDA Definitions: (if different from those set out in the Conditions): [●]
- (x) Margin(s): [+/-][●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum

- (xiii) Day Count Fraction: [•]
- (xiv) Rate Multiplier: [•]
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•]
- 17 **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Amortisation Yield: [•] per cent. per annum
- (ii) Day Count Fraction: [•]
- (iii) Any other formula/basis of determining amount payable: [•]
- 18 **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula/other variable: [Give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [•]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
- (v) Interest Periods or calculation period(s): [•]
- (vi) Specified Interest Payment Dates: [•]
- (vii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (viii) Business Centre(s): [•]
- (ix) Minimum Rate/Amount of Interest: [•] per cent. per annum

(x) Maximum Rate/Amount of Interest: [●] per cent. per annum

(xi) Day Count Fraction: [●]

19 **Dual Currency Note Provisions** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]

(ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [●]

(iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:

(iv) Person at whose option Specified Currency(ies) is/are payable: [●]

(v) Day Count Fraction [●]

PROVISIONS RELATING TO REDEMPTION

20 **Call Option** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Optional Redemption Date(s): [●]

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note of [●] specified denomination

(iii) If redeemable in part:

Minimum nominal amount to be redeemed: [●]

Maximum nominal amount to be redeemed: [●]

(iv) Option Exercise Date(s): [●]

(v) Description of any other Issuer's option: [●]

(vi) Notice period: [●]

21 **Put Option** [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Optional Redemption Date(s): [●]

- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note of [●] specified denomination
 - (iii) Option Exercise Date(s): [●]
 - (iv) Description of any other Noteholder's option: [●]
 - (v) Notice period: [●]
- 22 **Change of Control Put Option** [Applicable/ Not Applicable]
- 23 **Final Redemption Amount of each Note** [[●] per Note of [●] specified denomination / other/ see Appendix]
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [*Give or annex details*]
 - (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [●]
 - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]
 - (iv) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
 - (v) Minimum Final Redemption Amount: [●]
 - (vi) Maximum Final Redemption Amount: [●]
- 24 **Early Redemption Amount**
- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates : [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only): [Yes/No/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25 Form of Notes: [Dematerialised Notes/ Materialised Notes]
(Materialised Notes are only in bearer form)
(delete as appropriate)
 - (i) Form of Dematerialises Notes: [Not Applicable/ Bearer dematerialised form (*au porteur*) only/ Registered dematerialised form (*au nominatif*)
 - (ii) Registration Agent: [Not Applicable/ *if Applicable give name and details*]
(Note that a Registration Agent must be appointed in relation to Registered Dematerialised Notes only)
 - (iii) Temporary Global Certificate: Temporary Global Certificate exchangeable for Definitive Materialised Bearer Notes on [●] (the “**Exchange Date**”) being 40 days after the Issue Date subject to postponement as provided in the Temporary Global Certificate
 - (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]
 - 26 Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details.*]
Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(iv) and 18(ix) relates]
 - 27 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
 - 28 Details relating to Partly Paid Notes: [Not Applicable/*give details*]
- Amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]
- 29 Details relating to Instalment Notes: [Not Applicable/*give details*]
 - (i) Instalment Amount(s): [●]
 - Instalment Date(s): [●]
 - Minimum Instalment Amount: [●]
 - Maximum Instalment Amount: [●]

- 30 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [●]] annexed to the applicable Final Terms apply]
- 31 Consolidation provisions: [Not Applicable/The provisions [in Condition [●]] annexed to the applicable Final Terms apply]
- 32 Masse: [Applicable/ Not Applicable/ Condition 11 replaced by the full provisions of French *Code de commerce* relating to the Masse] *(Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 11 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 11 must be waived in its entirety and replaced by the provisions of French Code de commerce relating to the Masse. If Condition 11 (as it may be amended or supplemented) applies or if the full provisions of French Code de commerce apply, insert details of Representative and Alternative Representative and remuneration, if any).*
- 33 Other final terms: [Not Applicable/give details]
(When adding any other final terms or special conditions consideration should be given as to whether such terms constitute a “significant new factor” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

- 34 (i) If syndicated, names of Managers: [Not Applicable/give names]
- (ii) Stabilising Manager(s) (if any): Not Applicable/give names]
- (iii) Dealer Commission: [●]
- 35 If non-syndicated, name of Dealer: [Not Applicable/give name]
- 36 Additional selling restrictions: [Not Applicable/give details]
- 37 The aggregate principal amount of Notes issued has been translated into [Euro] at the rate of [●], producing a sum of (for Notes not denominated in [Euro]): [Not Applicable/ [Euro][●]]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 7,500,000,000 Euro Medium Term Note Programme of Schneider Electric SA.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1 RISK FACTORS

[[Insert any issue specific risk factors that are material to the Notes being offered and/or admitted to trading in order to assess the market risk associated with these Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute a "significant new factor" and consequently triggers the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.] [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]]

2 LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [●] with effect from [●].] [Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading: [●]

3 RATINGS

Ratings: The Notes to be issued have been rated:
[S & P: [●]]
[Moody's: [●]]
[[Other]: [●]]
[[Each of] [S & P] [[and] Moody's] [and [●]] is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009, although the result of such applications has not been determined.]
[[Each of [●] and] [●] is established in the European Union and registered under Regulation (EC) No 1060/2009.]
[[None of [●] and] [●] is [not] established in the European Union [nor has/and has not] applied for registration under Regulation (EC) No 1060/2009.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

4 [NOTIFICATION]

The [*include name of competent authority in EEA home Member State*] [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

5 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

6 [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]

(i) Reasons for the offer:

[●]

(See [*“Use of Proceeds”*] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

(ii) Estimated net proceeds:

[●]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

7 [FIXED RATE NOTES ONLY – YIELD]

Indication of yield:

[●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

8 [INDEX-LINKED OR OTHER VARIABLE-LINKED NOTES ONLY – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING]

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]

9 [DUAL CURRENCY NOTES ONLY – PERFORMANCE OF RATE[S] OF EXCHANGE]

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]

10 [DUAL CURRENCY NOTES ONLY – PERFORMANCE OF RATE[S] OF EXCHANGE]

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]

11 [DERIVATIVES ONLY – OTHER INFORMATION CONCERNING THE SECURITIES TO BE [OFFERED]/[ADMITTED TO TRADING]]

- Name of the issuer of the underlying security: [•]
- ISIN Code: [•]
- Underlying interest rate: [•]
- Relevant weightings of each underlying in the basket: [•]
- Adjustment rules with relation to events concerning the underlying: [•]
- Source of information relating to the [Index]/[Indices]: [•]
- Place where information relating to the [Index]/[Indices] can be obtained: [•]
- Name and address of entities which have a firm commitment to act as intermediaries in secondary trading: [•]
- Details of any market disruption/settlement disruption events affecting the underlying: [•]
- Exercise price/find reference price of underlying: [•]
- Details of how the value of investment is affected by the value of the underlying instrument(s): [•]
- Details of settlement procedure of derivative securities: [•]
- Details of how any return on derivative securities takes place, payment or delivery date, and manner of calculation: [•]

12 [DERIVATIVES ONLY – POST-ISSUANCE INFORMATION concerning the underlying]

[Indicate whether or not the Issuer intends to provide post-issuance information concerning the underlying. If the Issuer intends to report such information, specify what information will be reported and where such information can be obtained.]

13 OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear [Not Applicable/give name(s) and number(s)]
Bank S.A./N.V. and Clearstream Banking,
société anonyme and the relevant
identification number(s):

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying [•]

Agent(s) (if any):

GENERAL INFORMATION

- 1 Application has been made to list the Notes issued under the Programme on the official list of the Luxembourg Stock Exchange and admit such Notes to trading on the Regulated Market of the Luxembourg Stock Exchange and/or on any other Regulated Market in a Member State of the EEA.
- 2 No authorisation procedures are required of the Issuer under French law for the establishment or update of the Programme. However, any drawdown of Notes under the Programme, to the extent such Notes constitute *obligations*, requires the prior authorisation of the *Directoire* of the Issuer.
- 3 Except as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2010 and no material adverse change in the prospects or affairs of the Issuer since 31 December 2010.
- 4 The Issuer is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) involving the Issuer during the past 12 months which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.
- 5 Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems which are entities in charge of keeping the records. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 avenue John Fitzgerald Kennedy, L- 1855 Luxembourg, Grand-Duchy of Luxembourg.

- 6 Dematerialised Notes will be inscribed in the books of Euroclear France (acting as central depository). Dematerialised Notes which are in registered form (*au nominatif*) will also be inscribed either with the Issuer or with the registration agent.

The address of Euroclear France is 115, rue Réaumur, 75081 Paris Cedex 02, France.

- 7 For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Fiscal Agent and the Paying Agents:
 - (i) the constitutive documents of the Issuer;
 - (ii) the published annual report of the Issuer for the financial year ended 31 December 2010 and 31 December 2009;
 - (iii) each Final Terms for Notes that are admitted to trading on the regulated market of the Luxembourg Stock Exchange or any other Regulated Market;
 - (iv) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus;
 - (v) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Base Prospectus.
- 8 For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available on the website of the Luxembourg Stock Exchange (www.bourse.lu):
 - (i) the Final Terms for Notes that are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange;

- (ii) the Base Prospectus; and
 - (iii) the documents incorporated by reference in this Base Prospectus.
- 9 The by-laws, reports, letters, and other documents, historical financial information, valuations and statements prepared by the Auditors or any expert at Schneider Electric's request, any part of which is included or referred to in this document, as well as Schneider Electric and the Group's historical financial information for the financial years 2010 and 2009 are available for consultation at the Company's head office (*Directoire's Secrétariat*) located at 35, rue Joseph Monier - 92500 Rueil-Malmaison, France.

In addition to the annual report and a summary report, the Company also publishes on its corporate website, www.schneider-electric.com, Schneider Electric "In brief" presentations, a Shareholders' Letter (three times a year), and general, economic and financial information (presentations, press releases).

- 10 Copies of the latest constitutive documents (*statuts*) and annual report of the Issuer, including its consolidated accounts and non consolidated accounts and the semi-annual unaudited consolidated financial statements of the Issuer may be obtained, and copies of the Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. The Issuer does not publish interim non-consolidated financial statements.
- 11 In respect of derivatives securities as defined in Article 15.2 of Commission Regulation no.809/2004, the Final Terms will indicate whether or not the Issuer intends to provide post-issuance information concerning the underlying. If the Issuer intends to report such information, the Final Terms will specify what information will be reported and where such information can be obtained.
- 12 The Notes to be issued by the Issuer qualify under Category 2 for the purposes of Regulation S under the Securities Act ("**Regulation S**"). Notes will be issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms states that such Materialised Notes are issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**"), or (ii) such Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.
- 13 Mazars at Tour Exaltis, 61, rue Henri Regnault, 92075 La Défense Cedex, France, and Ernst & Young & Autres at 41, rue Ybry, 92576 Neuilly-sur-Seine, France (both entities regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux Comptes*) have audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for the years ended 31 December 2010 and 2009. The French auditors carry out their duties in accordance with the principles of *Compagnie Nationale des Commissaires aux Comptes* and are members of the CNCC professional body.

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