Consolidated financial statements –

December 31, 2011

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Consolidated financial statements

Consolidated statement of income

		FY 2011	FY 2010
Revenue	*(note 3)*	**22,387**	**19,580**
Cost of sales		(13,958)	(11,842)
Gross profit		**8,429**	**7,738**
Research and development	*(note 4)*	(539)	(450)
Selling, general and administrative expenses		(4,658)	(4,269)
EBITA adjusted*		**3,232**	**3,019**
Other operating income and expenses	*(note 6)*	(8)	8
Restructuring costs	*(note 7)*	(145)	(96)
EBITA**		**3,079**	**2,931**
Amortization and impairment of purchase accounting intangibles	*(note 8)*	(226)	(228)
Operating income		**2,853**	**2,703**
Interest income		30	24
Interest expense		(331)	(306)
Finance costs, net		**(301)**	**(282)**
Other financial income and expense	*(note 9)*	(114)	(65)
Net financial income/loss		**(415)**	**(347)**
Profit before tax		**2,438**	**2,356**
Income tax expense	*(note 10)*	(562)	(566)
Share of profit/(losses) of associates		28	6
Profit for the period		**1,904**	**1,796**
- Attributable to owners of the parent		1,820	1,720
- Attributable to non-controlling interests		84	76
Basic earnings per share (in euros)	*(note 21.3)*	3.39	3.30
Diluted earnings per share (in euros)		3.35	3.28

* *EBITA adjusted (Earnings Before Interests, Taxes, Amortization of purchase accounting intangibles and Restructuring costs) EBITA adjusted corresponds to operating profit before amortization and impairment of purchase accounting intangible assets, before goodwill impairment, before other operating income and expenses and before restructuring costs.*

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

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

Other comprehensive income

(in millions of euros)	**Full year 2011**	**Full year 2010**
Profit for the period	**1,904**	**1,796**
Other comprehensive income:		
Translation adjustment	159	944
Cash-flow hedges	(87)	31
Available-for-sale financial assets	(60)	(32)
Actuarial gains (losses) on defined benefits	(275)	(6)
Income tax relating to components of other comprehensive income (note 21.7)	129	3
Other comprehensive income for the period, net of tax	**(134)**	**940**
Total comprehensive income for the period	**1,770**	**2,736**
Attributable:		
-to owners of the parent	1,694	2,649
-to non-controlling interests	76	87

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

Consolidated statement of cash flows

(in millions of euros)		Full year 2011	Full year 2010
I - Cash flows from operating activities:			
Profit for the period		1,904	1,796
Share of (profit)/losses of associates, net of dividends received		(28)	(6)
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation of property, plant and equipment		386	358
Amortization of intangible assets other than goodwill		380	387
Impairment losses on non-current assets		31	29
Increase/(decrease) in provisions		(89)	(49)
Losses/(gains) on disposals of assets		12	(21)
Difference between tax paid and tax expense		(65)	14
Other		48	26
Net cash provided by operating activities before changes in operating assets and liabilities, before tax		**2,579**	**2,534**
Decrease/(increase) in accounts receivable		(280)	(291)
Decrease/(increase) in inventories and work in process		(38)	(515)
(Decrease)/increase in accounts payable		(41)	373
Change in other current assets and liabilities		32	161
Change in working capital requirement		**(327)**	**(272)**
	Total I	**2,252**	**2,262**
II - Cash flows from investing activities:			
Purchases of property, plant and equipment		(515)	(376)
Proceeds from disposals of property, plant and equipment		52	84
Purchases of intangible assets		(297)	(239)
Proceeds from disposals of intangible assets		14	3
Net cash used by investment in operating assets		**(746)**	**(528)**
Net financial investments	*(note 2)*	(2,873)	(1,754)
Purchases of other long-term investments		(54)	5
Increase in long-term pension assets		(64)	-
Sub-total		**(2,991)**	**(1,749)**
	Total II	**(3,737)**	**(2,277)**
III - Cash flows from financing activities:			
Issuance of long-term debt	*(note 24)*	1,692	1,000
Repayment of long-term debt		(500)	(1,160)
Sale/(purchase) of own shares		-	249
Increase/(reduction) in other financial debt		432	(273)
Issuance of shares		210	305
Dividends paid: Schneider Electric SA *		(856)	(195)
Non-controlling interests		(69)	(46)
	Total III	**909**	**(120)**
IV - Net effect of exchange rate:	**Total IV**	**(166)**	**6**
Increase/(decrease) in cash and cash equivalents: I + II + III + IV		**(742)**	**(129)**
Cash and cash equivalents at beginning of period		3,296	3,425
Increase/(decrease) in cash and cash equivalents		(742)	(129)
Cash and cash equivalents at end of period	*(note 20)*	**2,554**	**3,296**

* *Dividends paid in 2010 totalled EUR525 million, of which EUR330 million were returned by shareholders who decided to reinvest their dividend.*

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

Consolidated balance sheet

Assets

(in millions of euros)		Dec. 31, 2011	Dec. 31, 2010
ASSETS			
Non-current assets			
Goodwill, net	*(note 11)*	12,773	10,213
Intangible assets, net	*(note 12)*	4,704	4,258
Property, plant and equipment, net	*(note 13)*	2,573	2,337
Total tangible and intangible assets		7,277	6,595
Investments in associates	*(note 14)*	489	447
Available-for-sale financial assets	*(note 15.1)*	296	410
Other non-current financial assets	*(note 15.2)*	261	144
Non-current financial assets		557	554
Deferred tax assets	*(note 16)*	1,444	1,023
Total non-current assets		**22,540**	**18,832**
Current assets			
Inventories and work in progress	*(note 17)*	3,349	3,139
Trade accounts receivable	*(note 18)*	5,484	4,441
Other receivables and prepaid expenses	*(note 19)*	1,638	1,212
Current financial assets	*(note 15.3)*	104	38
Cash and cash equivalents	*(note 20)*	2,771	3,389
Total current assets		**13,346**	**12,219**
Total assets		**35,886**	**31,051**

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

Liabilities

(in millions of euros)		**Dec. 31, 2011**	**Dec. 31, 2010**
LIABILITIES			
Equity	*(note 21)*		
Share capital		2,196	2,176
Additional paid-in capital		6,690	6,495
Retained earnings		6,864	6,133
Translation reserve		148	(19)
Equity attributable to owners of the parent)		**15,898**	**14,785**
Non-controlling interests		192	204
Total equity		**16,090**	**14,989**
Total long-term provisions			
Pensions and other post-employment benefit obligations	*(note 22)*	1,723	1,504
Other long-term provisions	*(note 23)*	680	588
Total long-term provisions		2,403	2,092
Non-current financial liabilities			
Bonds	*(note 24)*	5,540	3,845
Other long-term debt	*(note 24)*	1,387	1,165
Non-current financial liabilities		6,927	5,010
Deferred tax liabilities	*(note 16)*	944	957
Other non-current liabilities	*(note 25)*	235	128
Total non-current liabilities		**10,509**	**8,187**
Current liabilities			
Trade accounts payable		4,094	3,432
Accrued taxes and payroll costs		2,320	1,760
Short-term provisions	*(note 23)*	960	876
Other current liabilities		803	692
Short-term debt	*(note 24)*	1,110	1,115
Total current liabilities		**9,287**	**7,875**
Total equity and liabilities		**35,886**	**31,051**

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

Consolidated statement of changes in equity

(in millions of euros except for number of shares)	Number of shares (thousands)	Capital	Additional paid-in capital	Treasury shares	Retained earnings	Translation reserve	**Equity attributable to owners of the parent**	**Non-controlling interests**	**TOTAL**
Dec. 31, 2009 (1)	**262,752**	**2,102**	**5,934**	**(324)**	**4,969**	**(952)**	**11,729**	**131**	**11,860**
Profit for the period					1,720		1,720	76	1,796
Other comprehensive income					(4)	933	929	11	940
Comprehensive income for the period					**1,716**	**933**	**2,649**	**87**	**2,736**
Capital increase	6,497	52	422				474		474
Exercise of stock options	2,710	22	139				161		161
Dividends					(525)		(525)	(46)	(571)
Change in treasury shares				249			249		249
Stock options					30		30		30
Other				1	17		18	32	50
Dec. 31, 2010	**271,959**	**2,176**	**6,495**	**(74)**	**6,207**	**(19)**	**14,785**	**204**	**14,989**
Profit for the period					1,820		1,820	84	1,904
Other comprehensive income					(293)	167	(126)	(8)	(134)
Comprehensive income for the period					1,527	167	**1,694**	**76**	**1,770**
Division of the nominal value by two	271,959								
Capital increase	3,856	15	162				178		178
Exercise of stock options	1,169	5	33				37		37
Dividends					(856)		(856)	(69)	(925)
Stock options					51		51		51
Other (2)					9		9	(19)	(10)
Dec. 31, 2011	**548,943**	**2,196**	**6,690**	**(74)**	**6,938**	**148**	**15,898**	**192**	**16,090**

(1) Dec. 31, 2009 figures restated for acquisition fees and French CVAE
(2) Of which EUR9 million in connection with the employee share purchase plan and a negative EUR19 million for the Areva D PPA adjustment

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

Notes to the consolidated financial statements

All amounts in millions of euros unless otherwise indicated.

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

The Schneider Electric Group's consolidated financial statements for the financial year ended December 31, 2011 were drawn up by the Management Board on February 17, 2012 and reviewed by the Supervisory Board on February 21, 2012. They will be submitted to shareholders for approval at the Annual General Meeting of May 3, 2012.

Note 1 Accounting Policies

1.1 Accounting standards

The consolidated financial statements have been prepared in compliance with the international accounting standards (IFRS) as adopted by the European Union as of December 31, 2011. The same accounting methods were used as for the consolidated financial statements for the year ended December 31, 2010.

The following standards and interpretations that were applicable during the period did not have a material impact on the consolidated financial statements as of December 31, 2011:

- Amendment to IAS 32 – Classification of Rights Issues
- Amendment to revised IAS 24 – Information on Related parties
- 2010 improvements to IFRS (May 2010)
- Amendment to IFRIC 14 – Prepayment of a Minimum Funding Requirement
- IFRIC 19 – Extinguishing Financial liabilities with Equity instruments.

There are no differences in practice between the standards applied by Schneider Electric as of December 31, 2011 and the IFRS issued by the International Accounting Standards Board (IASB), since the application of standards and interpretations that are mandatory for reporting periods beginning on or after January 1, 2011 but not yet adopted by the European Union would not have a material impact.

Lastly, the Group did not apply the following standards and interpretations that had not yet been adopted by the European Union as of December 31, 2011 or that are mandatory at some point subsequent to December 31, 2011:

- Amendment to IAS 1 – Presentation of Items of Other Comprehensive Income
- IAS 12 – Recovery of Underlying Assets
- IAS 19 revised – Employee benefits
- IAS 27 revised – Separate Financial Statements
- IAS 28 revised – Investments in associates and joint-ventures
- Amendments to IAS 32 – Offsetting Financial assets and Financial liabilities
- Amendments to IFRS 7 – Disclosures – Transfer of Financial assets
- IFRS 9 – Financial instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other entities
- IFRS 13 – Fair value Measurement
- Amendment to IFRS 1 – Severe Hyperinflation and Removal of Fixed dates for First-Time Adopters
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine.

Schneider Electric is currently assessing their potential impact on the Group's consolidated financial statements. At this stage of analysis, the Group does not expect the impact on its consolidated financial statements to be material, except for IFRS10 and IFRS 11 for which impacts are being assessed on entities currently consolidated with proportional consolidation, and except for IFRS 9 due to uncertainties surrounding the adoption process in Europe.

The financial statements provide data prepared in accordance with IFRS for the years ended December 31, 2011 and December 31, 2010. The financial statements for the year ended December 31, 2009, presented in the Registration Document registered with *Autorité des Marchés Financiers* (AMF) under number D 10-0125 on March 19, 2010, are incorporated by reference.

1.2 Basis of presentation

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

1.3 Use of estimates and assumptions

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

These assumptions mainly concern:

- the measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (note 1.10);
- the realisable value of inventories and work in process (note 1.12);
- the recoverable amount of accounts receivable (note 1.13);
- the valuation of share-based payments (note 1.19);
- the calculation of provisions for contingencies, in particular for warranties (note 1.20);
- the measurement of pension and other post-employment benefit obligations (note 22).

1.4 Consolidation principles

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

Group investments in entities controlled jointly with a limited number of partners, such as joint ventures and alliances, are proportionally consolidated in accordance with the recommended treatment under IAS 31 - *Interests in Joint Ventures.*

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

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

Intra-group balances and transactions are eliminated.

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

The reporting date for all companies included in the scope of consolidation is December 31, with the exception of certain associates accounted for by the equity method. For the latter however, financial statements up to September 30 of the financial year have been used (maximum difference of three months in line with the standards).

1.5 Business combinations

Business combinations are accounted for using the acquisition method, in accordance with IFRS 3 - *Business Combinations*. In accordance with the option provided by IFRS 1 – *First-Time Adoption of IFRS* – business combinations recorded before January 1, 2004 have not been restated. Material acquisition costs are presented under "Other operating income and expenses" in the statement of income.

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

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

Goodwill is not amortised, but tested for impairment at least annually and whenever there is an indication that it may be impaired (see note 1.10 below). Any impairment losses are recognised under "Amortisation and impairment of purchase accounting intangibles".

1.6 Translation of the financial statements of foreign subsidiaries

The consolidated financial statements are prepared in euros.

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

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

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

1.7 Foreign currency transactions

Foreign currency transactions are recorded using the official exchange rate in effect at the date the transaction is recorded or the hedging rate. At the balance sheet date, foreign currency payables and receivables are translated into the functional currency at the closing rates or the hedging rate. Gains or losses on translation of foreign currency transactions are recorded under “Net financial income/(loss)”. Foreign currency hedging is described below, in note 1.22.

1.8 Intangible assets

Intangible assets acquired separately or as part of a business combination

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

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

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

Amortisation and impairment losses on such intangible assets are presented on a separate statement of income line item, “Amortisation and impairment of purchase accounting intangibles”.

Trademarks

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

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

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

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

Internally-generated intangible assets

Research and development costs

Research costs are expensed in the statement of income when incurred.

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

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

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

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

Capitalised development projects are amortised over the lifespan of the underlying technology, which generally ranges from 3 to 10 years. The amortisation of such capitalised projects is included in the cost of the related products and classified into “Cost of sales” when the products are sold.

Software implementation

External and internal costs relating to the implementation of enterprise resource planning (ERP) applications are capitalised when they relate to the programming, coding and testing phase. They are amortised over the applications’ useful lives. In accordance with paragraph 98 of IAS 38, the SAP bridge application currently being rolled out within the Group is amortised using the unit method to reflect the pattern in which the asset’s future economic benefits are expected to be consumed. Said units of production correspond to the number of users of the rolled-out solution divided by the number of target users at the end of the roll-out.

1.9 Property, plant and equipment

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

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

Buildings:....................................20 to 40 years

Machinery and equipment: ....3 to 10 years

Other: ....3 to 12 years

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

Useful lives of items of property, plant and equipment are reviewed periodically and may be adjusted prospectively if appropriate.

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

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

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

Leases

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

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

Borrowing costs

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

1.10 Impairment of assets

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

- for all property, plant and equipment subject to depreciation and intangible assets subject to amortisation, the Group carries out a review at each balance sheet date to assess whether there is any indication that they may be impaired. Indications of impairment are identified on the basis of external or internal information. If such an indication exists, the Group tests the asset for impairment by comparing its carrying amount to the higher of fair value minus costs to sell and value in use;
- non-amortisable intangible assets and goodwill are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Value in use is determined by discounting future cash flows that will be generated by the tested assets, generally over a period of not more than five years. These future cash flows are based on Group management's economic assumptions and operating forecasts. The discount rate corresponds to the Group's weighted average cost of capital (WACC) at the measurement date plus a risk premium depending on the region in question. The WACC stood at 8.1% at December 31, 2011, a slight decrease on the 8.4% at December 31, 2010. This rate is based on (i) a long-term interest rate of 3.7%, corresponding to the average interest rate for 10 year OAT treasury bonds over the past few years, (ii) the average premium applied to financing obtained by the Group in the fourth quarter of 2011, and (iii) the weighted country risk premium for the Group's businesses in the countries in question.

The perpetuity growth rate was 2%, unchanged on the previous financial year.

Impairment tests are performed at the level of the cash-generating unit (CGU) to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets. The cash-generating units in 2011 are Power, Infrastructure, Industry, IT, Buildings and CST businesses. Power, Industry, IT and Buildings businesses have operated as divisions since the reorganisation on January 1, 2010. CST business was included in 2011 within Industry business, of which it shared the same characteristics, for presentation purpose. Infrastructure business (previously named Energy), was created in 2011 in order to combine all Medium Voltage activities including those from Areva Distribution, as well as Telvent activities. Net assets were reallocated to the CGUs at the lowest possible level on the basis of the business activities to which they belong; the assets belonging to several activities were allocated to each business (Power, infrastructure and Industry mainly) pro-rata to their revenue in that business.

The WACC used to determine the value in use of each CGU was 8.1% for CST, 8.9% for Industry, 8.8% for Power and IT 8.3% for Buildings and 9.2% for Infrastructure.

Goodwill is allocated when initially recognised. The CGU allocation is done on the same basis as used by Group management to monitor operations and assess synergies deriving from acquisitions.

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

1.11 Non-current financial assets

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

The fair value of equity instruments quoted in an active market may be determined reliably and corresponds to the quoted price at balance sheet date (Level 1 from the fair value hierarchy as per IFRS 7).

In cases where fair value cannot be reliably determined (Level 3 inputs), the equity instruments are measured at net cost of any accumulated impairment losses. The recoverable amount is determined with reference to the Group's share in the entity's net assets along with its expected future profitability and outlook. This rule is applied in particular to unlisted equity instruments.

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

Loans, recorded under "Other non-current financial assets", are carried at amortised cost and tested for impairment where there is an indication that they may have been impaired. Long-term financial receivables are discounted when the impact of discounting is considered significant.

1.12 Inventories and work in process

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

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

Inventory impairment losses are recognised in "Cost of sales".

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

1.13 Trade accounts receivable

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

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

1.14 Assets held for sale

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

1.15 Deferred taxes

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

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

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

1.16 Cash and cash equivalents

Cash and cash equivalents presented in the balance sheet consist of cash, bank accounts, term deposits of three months or less and marketable securities traded on organized markets. Marketable securities are short-term, highly-liquid investments that are readily convertible to known amounts of cash at maturity. They notably consist of commercial paper, mutual funds and equivalents. In light of their nature and maturities, these instruments represent insignificant risk of changes in value and are treated as cash equivalents.

1.17 Schneider Electric SA shares

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

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

1.18 Pensions and other employee benefit obligations

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

Defined contribution plans

Payments made under defined contribution plans are recorded in the income statement, in the year of payment, and are in full settlement of the Group's liability.

In most countries, the Group participates in mandatory general plans, which are accounted for as defined contribution plans.

Defined benefit plans

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

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

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

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

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

Other commitments

Provisions are funded and expenses recognised to cover the cost of providing health-care benefits for certain Group retirees in Europe and the United States. The accounting policies applied to these plans are similar to those used to account for defined benefit pension plans.

The Group also funds provisions for all its subsidiaries to cover seniority-related benefits (primarily long service awards in its French subsidiaries). Actuarial gains and losses on these benefit obligations are fully recognised in profit or loss.

1.19 Share-based payments

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

- Schneider Electric SA stock options;
- stock grants;
- stock appreciation rights, based on the Schneider Electric SA stock price.

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

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

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

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

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

1.20 Provisions for contingencies and pension accruals

A provision is recorded when the Group has an obligation to a third party prior to the balance sheet date, and where the loss or liability is likely and can be reliably measured. If the loss or liability is not likely and cannot be reliably estimated, but remains possible, the Group discloses it as a contingent liability. Provisions are calculated on a case-by-case or statistical basis and discounted when due in over a year. The discount rate used for long-term provisions was 3.42% at December 31, 2011 versus 2.75% at December 31, 2010.

Provisions are primarily set aside to cover:

- economic risks.

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

- customer risks.

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

- product risks.

These provisions comprise:

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

  These provisions are primarily funded to cover cleanup costs;
- restructuring costs, when the Group has prepared a detailed plan for the restructuring and has either announced or started to implement the plan before the end of the year.

1.21 Financial liabilities

Financial liabilities primarily comprise bonds and short and long-term bank borrowings. These liabilities are initially recorded at fair value, from which are deducted any direct transaction costs. Subsequently, they are measured at amortised cost based on their effective interest rate.

1.22 Financial instruments and derivatives

Risk hedging management is centralised. The Group's policy is to use derivative financial instruments exclusively to manage and hedge changes in exchange rates, interest rates or prices of certain raw materials. The Group accordingly uses instruments such as swaps, options and futures, depending on the nature of the exposure to be hedged.

Foreign currency hedges

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

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

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

Interest rate swaps

Interest rate swaps allow the Group to manage its exposure to interest rate risk. The derivative instruments used are financially adjusted to the schedules, rates and currencies of the borrowings they cover. They involve the exchange of fixed and floating-rate interest payments. The differential to be paid (or received) is accrued (or deferred) as an adjustment to interest income or expense over the life of the agreement. The Group applies hedge accounting as described in IAS 39 for interest rate swaps. Gains and losses on re-measurement of interest rate swaps at fair value are recognised in equity (for cash flow hedges) or in profit or loss (for fair value hedges).

Commodity contracts

The Group also purchases commodity derivatives including forward purchase contracts, swaps and options to hedge price risks on all or part of its forecast future purchases. Under IAS 39, these qualify as cash flow hedges. These instruments are recognised in the balance sheet and are measured at fair value at the period-end. The effective portion of the hedge is recognised separately in equity (under "Other reserves") and then recognised in income (gross margin) when the hedged item affects consolidated income. The effect of this hedging is then incorporated in the cost price of the products sold. The ineffective portion of the gain or loss on the hedging instrument is recognised in "Net financial income/(loss)".

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

Put options granted to minority shareholders

In line with the AMF's recommendation of November 2010 and in the absence of a specific IFRS rule, the Group elected to retain the accounting treatment for minority put options applied up to December 31, 2009 (involving puts granted to minority shareholders prior to this date). In this case, the Group elected to recognise the difference between the purchase price of the minority interests and the share of the net assets acquired as goodwill, without re-measuring the assets and liabilities acquired. Subsequent changes in the fair value of the liability are recognised by adjusting goodwill.

The Group elected to recognise the subsequent changes in the fair value of the liability against equity.

1.23 Revenue recognition

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

Merchandise sales

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

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

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

Consolidated revenue is presented net of these discounts and rebates.

Service contracts

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

Long-term contracts

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

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

1.24 Earnings per share

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

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

1.25 Statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method, which consists of reconciling net profit to net cash provided by operations. The opening and closing cash positions include cash and cash equivalents, comprised of marketable securities, (note 1.16) net of bank overdrafts and facilities.

Note 2 Changes in the scope of consolidation

The Group's consolidated financial statements for the year ended December 31, 2011 can be summarised as follows:

Number of companies	Dec. 31, 2011	Dec. 31, 2010
Parent company and fully consolidated subsidiaries	**590**	**549**
Proportionally consolidated companies	**1**	**1**
Companies accounted for by the equity method	**5**	**6**
TOTAL	596	556

2.1 Acquisition of Areva T&D's Distribution business in 2010

In accordance with standard IFRS 3 R, Schneider Electric valued the assets acquired and liabilities assumed at their fair value on the date of acquisition. The final allocation of the acquisition price breaks down as follows:

Areva Distribution

(in millions of euros)	Before allocation of acquisition price	Allocation of acquisition price	After allocation of acquisition price
Acquisition price			**1,208**
Cash and cash equivalents	33	-	33
Current assets	992	(23)	969
Non current assets	437	139	576
Total assets	**1,462**	**116**	**1,578**
Financial liabilities	45	-	45
Non-current liabilities excluding debt	167	156	323
Current liabilities excluding debt	799	67	866
Non-controlling interests	34	(18)	16
Total liabilities	**1,045**	**205**	**1,250**
Goodwill			**880**

The valuation of the assets acquired at their fair value led principally to the recognition of intangible assets in the amount of EUR159 million (technology, backlog, inventories and customer relationships) and to revaluations of property, plant and equipment in the amount of EUR26 million; these assets were valued by independent experts. Contingent liabilities were recognised for a total amount of EUR199 million. The goodwill is not tax-deductible.

On December 31, 2010, the main elements of the provisional computation were:

- contingent liabilities, for the identification of risks, particularly tax, was not completed at the close of business on December 31, 2010;
- tangible assets, because the estimated fair value of these assets was in progress;
- intangible assets, because the assumptions used to value the technology has been refined in 2011.

On December 31, 2010, the Distribution business of Areva T&D's, had been included to the scope of consolidation from the acquisition date, i.e. June 7, 2010. If Distribution business of Areva T&D's had been acquired from January 1, 2010, then the effect on the consolidated income statement on 2010 would have been as follows:

	Group excluding Areva Distribution	Contribution of Areva D since acquisition	Group published	Areva D from 1st January to Jun. 7	Group including Areva D since 1st January
Revenue	18,350	1,230	19,580	648	20,228
EBITA	2,846	85	2,931	9	2,940
%	15.5%	6.9%	15.0%	1.4%	14.5%
Restructuring costs	(96)		(96)	(5)	(101)
Other operating income and expenses	8		8		8
Adjusted EBITA (*)	2,934	85	3,019	14	3,033
%	16.0%	6.9%	15.4%	2.2%	15.0%

(*) Adjusted EBITA: EBITA before Restructuring costs and Other income and expenses (of which Costs of acquisition, integration and separation)

Comparative data in 2010 did not require a change in 2011 because the impacts related to changes in fair value recognized as part of the acquisition were not significant across the Schneider Group balance sheet and income statement also.

2.2 Other acquisitions during the year

The total amount of acquisitions during the year came to EUR 2,873 million, net of cash and cash equivalents acquired.

	2011	**2010**
Acquisitions	(2,873)	(1,762)
Cash and cash equivalents paid	*(2,953)*	*(1,800)*
Cash and cash equivalents paid acquired	*80*	*38*
Disposals	6	8
Other operations	(6)	0
Net financial investment	**(2,873)**	**(1,754)**

It is mainly related to the acquisition of Telvent (August 30, 2011), Leader & Harvest (June 9, 2011), Luminous (May 30, 2011), Summit Energy (March 24, 2011), Steck (July 22, 2011) and Digilink (March 31, 2011).

The temporary valuation of assets acquired at their fair value principally led to the recognition of intangible assets in the amount of EUR432 million (technology, backlog, customer relationships) and to revaluation of property, plant and equipment in the amount of EUR4 million; these assets were valued by independent experts. Contingent liabilities and indemnification assets were recognized respectively for a total amount of EUR93 million and EUR47 million. These amounts are before deferred tax impacts.

On December 31, 2011, the main elements of the provisional computation are:

- contingent liabilities, for the identification of risks is not completed;
- tangible assets, because the estimated fair value of these assets is in progress;
- intangible assets, because the assumptions used to value these assets will be refined in 2012.

Note 3 Segment information

The new divisions are organised by business (Power, Infrastructure, Industry, IT, Buildings).

The five Businesses are:

- **Power**, which 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); the business is in charge of the end-customer segments Residential and Marine when it relates to solutions integrating the offers of several activities from the Group;
- **Infrastructure**, created in 2011 and previously named Energy, combines all Medium Voltage activities including those from Areva Distribution, as well as Telvent; the business is in charge of the end-customer segments Oil and Gaz and Utilities when it relates to solutions integrating the offers of several activities from the Group;
- **Industry**, which includes Automation & Control and three end-customer segments: OEMs, Water Treatment and Mining, Minerals & Metals when it relates to solutions integrating the offers of several activities from the Group, as well as Custom Sensors & Technologies business (Sensors & Automatives), grouped under Industry from 2011;
- **IT**, which covers Critical Power & Cooling Services and two end-customer segments: Data Centers and Financial Services when it relates to solutions integrating the offers of several activities from the Group;
- **Buildings**, which includes Building Automation and Security and four end-customer segments: Hotels, Hospitals, Office Buildings and Retail Buildings.

Data concerning General Management that cannot be allocated to a particular segment are presented under “Corporate costs”.

Operating segment data is identical to that presented to the Management Board, which has been identified as the main decision-making body for allocating resources and evaluating segment performance. Performance assessments used by the Management Board are notably based on Adjusted EBITA. Share-based payment is presented under “Corporate costs”. The Management Board does not review assets and liabilities by Business.

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

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

3.1 Information by operating segment

Dec. 31, 2011

	Power	Infrastructure	Industry	IT	Buildings	Corporate costs	Total
Revenue	**8,297**	**4,897**	**4,404**	**3,237**	**1,552**	**-**	22,387
EBITA	**1,714**	**465**	**761**	**497**	**126**	**(484)**	3,079
%	**20.7%**	**9.5%**	**17.3%**	**15.3%**	**8.1%**	**-**	**13.8%**
Restructuring costs	**(75)**	**(19)**	**(24)**	**(9)**	**(11)**	**(7)**	(145)
Other operating income and expense	**49**	**(27)**	**4**	**(17)**	**(8)**	**(9)**	(8)
- of which acquisition and integration costs	***(2)***	***(50)***	***(5)***	***(10)***	***(8)***	***(24)***	*(99)*
Adjusted EBITA (*)	**1,740**	**511**	**781**	**523**	**145**	**(468)**	3,232
%	**21.0%**	**10.4%**	**17.7%**	**16.2%**	**9.3%**	**-**	14.4%

(*) Adjusted EBITA: EBITA before Restructuring costs and before Other operating income and expenses (of which Costs of acquisition, integration and separation)

Dec. 31, 2010

	Power	Infrastructure	Industry	IT	Buildings	Corporate costs	Total
Revenue	**7,755**	**4,341**	**3,984**	**2,746**	**1,402**	**-**	20,228
EBITA	**1,660**	**456**	**698**	**453**	**135**	**(462)**	2,940
%	**21.4%**	**10.5%**	**17.5%**	**16.5%**	**9.6%**	**-**	14.5%
Restructuring costs	**(37)**	**(10)**	**(41)**	**(5)**	**(9)**	**1**	(101)
Other operating income and expense	**24**	**21**	**(5)**	**2**	**(4)**	**(30)**	8
- of which acquisition and integration costs	***-***	***-***	***(3)***	***-***	***(3)***	***(25)***	*(31)*
Adjusted EBITA (*)	**1,673**	**445**	**744**	**456**	**148**	**(433)**	3,033
%	**21.6%**	**10.3%**	**18.7%**	**16.6%**	**10.6%**	**-**	15.0%

(*) Adjusted EBITA: EBITA before Restructuring costs and before Other operating income and expenses (of which Costs of acquisition, integration and separation)

As a consequence of the creation of Infrastructure business, revenue and profits related to Medium voltage business, reported in 2010 in Power Business are now reported in Energy division. Additionally, revenue and profits related to Distribution business of Areva from January 1 to June 7, 2010, that were not consolidated in financial statements released on December 31, 2010 and described in note 2.1 are now also reported in Infrastructure business, in order to ease the comparability from previous semester.

Due to a change of responsibility, 2011 first quarter revenue of the Power and Building businesses have been modified compared to the data set provided in first quarter 2011 Group revenues release.

3.2 Information by region

The geographic regions covered by the Group are:

- Western Europe;
- North America: United States, Canada and Mexico;
- Asia-Pacific;
- Rest of the World (Eastern Europe, Middle East, Africa, South America).

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

Dec. 31, 2011

	Western Europe	*of which France*	North America	*of which USA*	Asia-Pacific	*of which China*	Rest of the world	Total
Revenue by country market	**7,184**	***1,958***	**5,208**	***4,360***	**5,933**	***2,798***	**4,062**	22,387
Non-current assets	**7,361**	**1,710**	**7,466**	**7,310**	**4,413**	**1,095**	**811**	20,051

Dec. 31, 2010

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

3.3 Degree of dependence in relation to main customers

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

Note 4 Research and development

Research and development costs break down as follows:

	2011	**2010**
Research and development costs in cost of sales	206	171
Research and development costs in commercial expenses	-	-
Research and development costs in R&D costs (1)	539	450
Capitalized development costs	234	197
Total research and development costs of the year	**979**	**818**

(1) of which EUR29 million research and development tax credit in December 2011 and EUR21 million in December 2010

Amortisation of capitalised development costs amounted to EUR112 million for the 2011 financial year, compared with EUR107 million in 2010.

Note 5 Depreciation and amortisation expenses

Depreciation and amortisation expenses recognised in operating expenses were as follows:

	2011	2010
Included in cost of sales:		
Depreciation and amortisation	**(398)**	**(373)**
Included in selling, general and administrative expenses:		
Depreciation and amortisation	**(133)**	**(131)**
DEPRECIATION AND AMORTISATION EXPENSES	(531)	(504)

In 2011, provisions in an amount of EUR90 million were recorded in other operating income and expenses.

The net amount of impairment losses on non-current assets totaled EUR25 million, of which EUR7 million in goodwill impairment (note 8), and EUR17 million in other operating income and expenses (note 6).

Note 6 Other operating income and expenses

Other operating income and expenses break down as follows:

	2011	**2010**
Impairment losses on assets	-	(34)
Gains on asset disposals	8	25
Losses on asset disposals	(9)	(5)
Costs of acquisitions	(99)	(31)
Pension plan curtailments	42	8
Others	50	45
Other operating income and expenses	**(8)**	**8**

The costs of acquisitions are the costs of acquisition, integration and separation related to major acquisitions in 2010 and 2011.

The line “Pension plan curtailments” includes mainly a provision release for medical care in the US of EUR45 million.

The line “Others” includes mainly a reversal of provision for litigation or claims expired on December. In 2010, this line included mainly a reversal of provision for EUR22 million due to changes in paid vacation modalities in the US and an insurance claim for EUR17 million.

Note 7 Restructuring costs

Restructuring costs totaled EUR145 million over the period. They mainly relate to industrial and support function reorganisations in Europe (approximately EUR99 million) and in North America (approximately EUR14 million).

Note 8 Amortisation and impairment of purchase accounting intangibles

	2011	2010
Amortization of purchase accounting intangibles	(208)	(213)
Impairment of purchase accounting intangibles	(3)	-
Goodwill impairment	(15)	(15)
Amortization and impairment of purchase accounting intangibles	**(226)**	**(228)**

The migration of the Group’s brands towards the Schneider Electric brand (One Brand project) has led to the amortisation from January 1, 2010 of the Xantrex, TAC and MGE brands over a six-year period. The corresponding amortisation expense totaled EUR57 million over the year.

Impairment losses totaling EUR15 million are recognised on goodwill relating to two small businesses in Europe sold on second semester.

Impairment tests performed on all the Group’s CGUs have not led to impairment losses being recognised. Analysis of the test’s sentitivity shows that no impairment losses would be recognized in the following scenarios:
- a 0.5 point increase of the discount rate,
- a 1.0 point decrease of the growth rate,
- a 0.5 point decrease of margin rate.

Note 9 Other financial income and expense

	2011	2010
Exchange gains and losses, net	(40)	25
Financial component of defined benefit plan costs	(45)	(49)
Dividends received	9	9
Net gains/(losses) on disposal of long-term investments	(1)	3
Other financial expense, net	(37)	(53)
Other financial income and expense	**(114)**	**(65)**

Dividends are mainly received on AXA shares.

Note 10 Income tax expense

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

10.1 Analysis of income tax expense

	Full year 2011	Full year 2010
Current taxes		
France	(190)	(23)
International	(718)	(598)
Total	**(908)**	**(621)**

Deferred taxes		
France	(100)	6
International	446	49
Total	**346**	**55**
Income tax (expense)/benefit	**(562)**	**(566)**

10.2 Tax proof

	Full year 2011	Full year 2010
Profit attributable to owners of the parent	**1,820**	**1,720**
Income tax (expense)/benefit	(562)	(566)
Non-controlling interests	(84)	(76)
Share of profit of associates	28	6
Profit before tax	**2,438**	**2,356**
Statutory tax rate	34.43%	34.43%
Income tax expense calculated at the statutory rate	**(839)**	**(811)**
Reconciling items:		
Difference between French and foreign tax rates	220	196
Tax credits and other tax reductions	87	62
Impact of tax losses	(28)	1
Other permanent differences	(2)	(14)
Income tax (expense)/benefit	(562)	(566)
Effective tax rate	**23.1%**	**24.0%**

Note 11 Goodwill

11.1 Main items of goodwill

Group goodwill is disclosed by business:

	Dec. 31, 2011 Net	Dec. 31, 2010 Net
Power	3,906	3,789
Industry	2,176	1,732
Buildings	1,642	1,345
ITB	3,061	2,620
Infrastructure	1,987	727
TOTAL	**12,773**	**10,213**

The 2010 goodwill is presented in order to take into account the business reorganisation occurred in 2011.

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

	Power Business	Industry Business
Square D Company	**82%**	**18%**

11.2 Movements during the year

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

	2011	2010
Net goodwill at opening	**10,213**	**8,611**
Acquisitions*	2,356	938
Disposals	(21)	(1)
Impairment	-	(15)
Translation adjustment	142	675
Reclassifications	83	5
Net goodwill at year end	**12,773**	**10,213**
Cumulative impairment	**(178)**	**(172)**

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

Acquisitions

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

Goodwill generated by acquisitions made during the year totaled EUR2,356 million and correspond principally to Telvent (EUR1,001 million), the Chinese group Leader and Harvest (EUR347 million) and the Indian group Luminous (EUR260 million).

Goodwill generated by 2010 acquisitions totaled EUR938 million, consisting mainly of Areva Distribution for EUR727 million, SCADAgroup in Australia for EUR110 million and Cimac in the United Arab Emirates for EUR33 million.

Impairment

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

Other changes

Translation adjustments concern principally goodwill on US dollars.

Note 12 Intangible assets

12.1 Change in intangible assets

	Trademarks	Software	Development projects (R&D)	Other	Total
GROSS VALUE					
Dec. 31, 2009	**2,420**	**724**	**842**	**1,213**	**5,199**
Acquisitions	-	15	197	27	239
Disposals	(4)	(8)	(10)	(5)	(27)
Translation adjustments	205	20	39	95	359
Reclassification	-	20	8	(33)	(5)
Changes in scope of consolidation and other	-	29	9	213	251
Dec. 31, 2010	**2,621**	**800**	**1,085**	**1,510**	**6,016**
Acquisitions	0	25	217	54	296
Disposals	-	(30)	(19)	(8)	(57)
Translation adjustments	80	4	21	46	151
Reclassification	1	4	(16)	(25)	(36)
Changes in scope of consolidation and other	84	24	4	338	450
Dec. 31, 2011	**2,786**	**827**	**1,292**	**1,915**	**6,820**
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
Dec. 31, 2009	**(132)**	**(489)**	**(243)**	**(416)**	**(1,280)**
Depreciation and impairment	(60)	(73)	(115)	(160)	(408)
Recapture	4	7	6	3	20
Translation adjustments	(7)	(14)	(20)	(35)	(76)
Reclassification	-	(1)	2	5	6
Changes in scope of consolidation and other	-	(23)	3	-	(20)
Dec. 31, 2010	**(195)**	**(593)**	**(367)**	**(603)**	**(1,758)**
Depreciation and impairment	(60)	(61)	(112)	(151)	(384)
Recapture	-	29	9	1	39
Translation adjustments	(2)	(5)	(11)	(22)	(40)
Reclassification	-	13	3	(3)	13
Changes in scope of consolidation and other	-	1	(5)	18	14
Dec. 31, 2011	**(257)**	**(616)**	**(483)**	**(760)**	**(2,116)**

NET VALUE					
Dec. 31, 2009	**2,288**	**235**	**599**	**797**	**3,919**
Dec. 31, 2010	**2,426**	**207**	**718**	**907**	**4,258**
Dec. 31, 2011	**2,529**	**211**	**809**	**1,155**	**4,704**

In 2011, changes in scope of consolidation of other intangible assets mainly include recognized intangibles relating to Telvent (EUR182 million) and to Leader & Harvest (EUR125 million), acquired in 2011.

12.2 Trademarks

At December 31, 2011, the main trademarks recognised were as follows:

	Dec. 31, 2011	Dec. 31, 2010
APC	1,406	1,382
Pelco	388	370
Clipsal	200	194
MGE	167	167
TAC	82	101
Juno	88	86
Digital	54	50
Other	144	76
Net	**2,529**	**2,426**

Brands recognised on acquisition realized in 2011 (Telvent, Luminous, Steck) amount to EUR78 million. They are recorded in line other.

The migration of the Group's brands towards the Schneider Electric brand (*One Brand project*) has led to the amortisation from January 1, 2010 of the Xantrex, TAC and MGE brands over a six-year period. The corresponding amortisation expense totaled EUR57 million over the year.

Note 13 Property, plant and equipment

13.1 Change in tangible assets

	Land	Buildings	Machinery and equipment	Other	Total
GROSS VALUE					
Dec. 31, 2009	**156**	**1,234**	**3,208**	**735**	**5,333**
Acquisitions	1	54	171	145	371
Disposals	(8)	(53)	(132)	(65)	(258)
Translation adjustments	11	61	144	47	263
Reclassification	2	35	91	(121)	7
Changes in scope of consolidation and other	69	149	196	91	505
Dec. 31, 2010	**231**	**1,480**	**3,678**	**832**	**6,221**
Acquisitions	11	104	168	233	516
Disposals	(1)	(18)	(105)	(46)	(170)
Translation adjustments	2	11	21	1	35
Reclassification	3	33	42	(141)	(63)
Changes in scope of consolidation and other	(24)	122	18	33	149
Dec. 31, 2011	**222**	**1,732**	**3,822**	**912**	**6,688**
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
Dec. 31, 2009	**(12)**	**(597)**	**(2,372)**	**(387)**	**(3,368)**
Depreciation and impairment	(1)	(65)	(240)	(55)	(361)
Recapture	1	41	140	36	218
Translation adjustments	(1)	(23)	(93)	(28)	(145)
Reclassification	-	3	(9)	5	(1)
Changes in scope of consolidation and other	(1)	(61)	(123)	(42)	(227)
Dec. 31, 2010	**(14)**	**(702)**	**(2,697)**	**(471)**	**(3,884)**
Depreciation and impairment	(1)	(76)	(250)	(58)	(385)
Recapture	0	11	121	27	159
Translation adjustments	0	(6)	(20)	(2)	(28)
Reclassification	3	4	38	11	56
Changes in scope of consolidation and other	(3)	(23)	6	(13)	(33)
Dec. 31, 2011	**(15)**	**(792)**	**(2,802)**	**(506)**	**(4,115)**
NET VALUE					
Dec. 31, 2009	**144**	**637**	**836**	**348**	**1,965**
Dec. 31, 2010	**217**	**778**	**981**	**361**	**2,337**
Dec. 31, 2011	**207**	**940**	**1,020**	**406**	**2,573**

Reclassifications primarily correspond to assets put into use.

13.2 Finance leases

Tangible assets primarily comprise the following finance leases:

	Dec. 31, 2011	Dec. 31, 2010
Land	1	3
Buildings	44	74
Machinery and equipment	31	32
Other tangible assets	2	3
Accumulated depreciation	(67)	(83)
Assets under finance lease, net	**11**	**29**

Future minimal rental commitments on finance lease properties at December 31, 2011 break down as follows:

	Minimum payments	Discounted minimum payments
Less than one year	1	1
Between one and five years	4	4
Five years and more	1	1
Total commitments	**6**	**6**
Discounting effect	-	
Discounted minimum payments	**6**	

13.3 Operating leases

Rental expense breaks down as follows:

	Dec. 31, 2011	Dec. 31, 2010
Minimum rentals	110	118
Conditional rentals	1	1
Sub-lease rentals	(7)	(4)
Total rental expense	**104**	**115**

Operating lease commitments break down as follows at December 31, 2011:

	Minimum payments	Discounted minimum payments
Less than one year	96	93
Between one and five years	250	226
Five years and more	108	85
Total commitments	**454**	**404**
Discounting effect	(50)	
Discounted minimum payments	**404**	

Note 14 Investments in associates

Investments in associates can be analysed as follows:

	% interest at Dec. 31		Share net assets at Dec. 31		Share in net profit at Dec. 31	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Delta Dore Finance	20.0%	20.0%	15	13	2	1
Electroshield TM Samara	50.0%	50.0%	276	266	14	-
Sunten Electric Equipment	50.0%	50.0%	96	85	-	(1)
Fuji Electric FA Components & Systems	36.8%	36.8%	96	76	12	5
Other	N/A	N/A	6	7	-	1
Total	**-**	**-**	**489**	**447**	**28**	**6**

Note 15 Financial assets

15.1 Available-for-sale financial assets

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

	Dec. 31, 2011				Dec. 31, 2010
	% interest	**Gross value**	**Revaluation/ impairment**	**Fair value**	**Fair value**
I – Listed available-for-sale financial assets					
AXA	0.5%	111	(4)	107	132
NVC Ligthing	9.2%	115	(33)	82	-
Gold Peak Industries Holding Ltd	4.4%	6	(4)	2	3
Total listed AFS		**232**	**(41)**	**191**	**135**
II – Unlisted available-for-sale financial assets					
Citec, SEAT (1)	100.0%	6	-	6	-
FCPR SEV1	100.0%	34	21	55	58
FCPR SESS	54.5%	10	-	10	10
Simak (2)	99.4%	5	-	5	5
SE Venture	100.0%	7	(7)	-	-
Others (3)		36	(7)	29	202
Total unlisted AFS		**98**	**7**	**105**	**275**
Total available-for-sale financial assets		**330**	**(34)**	**296**	**410**

(1) Companies purchased in 2011

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

(3) Gross unit value of less than EUR5 million

The fair value of investments quoted in an active market corresponds to the price on the balance sheet date. The revaluation of listed investments over the year has had a negative impact on other equity reserves of EUR60 million.

15.2 Other non-current financial assets

Non Current financial assets total EUR261 million at December 31, 2011 and include mainly potential assets linked to acquisitions.

15.3 Current financial assets

Current financial assets total EUR104 million at December 31, 2011 and comprise short-term investments.

Note 16 Deferred taxes by type

Deferred taxes by type can be analysed as follows:

	Dec. 31, 2011	Dec. 31, 2010
Deferred tax assets		
Tax credits and tax loss carryforwards	294	387
Provisions for pensions and other post-retirement benefit obligations	553	423
Impairment of receivables and inventory	163	183
Non-deductible provisions for contingencies and accruals	84	134
Other	350	(104)
Total deferred tax assets	**1,444**	**1,023**
Deferred tax liabilities		
Differences between tax and accounting depreciation	(113)	(107)
Trademarks and other intangible assets	(430)	(897)
Capitalized development costs (R&D)	(55)	(56)
Other	(346)	103
Total deferred tax liabilities	**(944)**	**(957)**

Deferred tax assets recorded in respect of tax loss carryforwards at December 31, 2011 essentially concern France (EUR102 million) and Belgium (EUR77 million).

Note 17 Inventories and work in progress

Inventories and work in process changed as follows:

	Dec. 31, 2011	Dec. 31, 2010
Cost:		
Raw materials	1,604	1,461
Production work in process	362	559
Semi-finished and finished products	1,564	1,384
Goods	75	84
Solution work in process	132	-
Inventories and work in process at cost	**3,605**	**3,488**
Impairment:		
Raw materials	(191)	(169)
Production work in process	(10)	(20)
Semi-finished and finished products	(167)	(147)
Goods	(12)	(13)
Solution work in process	(8)	-
Impairment loss	**(387)**	**(349)**
Net:		
Raw materials	1,413	1,292
Production work in process	353	539
Semi-finished and finished products	1,397	1,237
Goods	63	71
Solution work in process	124	-
Inventories and work in process, net	**3,349**	**3,139**

Note 18 Trade accounts receivable

	Dec. 31, 2011	Dec. 31, 2010
Accounts receivable	5,442	4,276
Notes receivable	185	265
Advances to suppliers	116	98
Accounts receivable at cost	**5,744**	**4,639**
Impairment	(259)	(198)
Accounts receivable, net	**5,484**	**4,441**
Of which:		
On time	4,446	3,658
Less than one month past due	400	326
One to two months past due	168	126
Two to three months past due	112	100
Three to four months past due	93	79
More than four months past due	265	152
Accounts receivable, net	**5,484**	**4,441**

Accounts receivable result from sales to end-customers, who are widely spread both geographically and economically. Consequently, the Group believes that there is no significant concentration of credit risk.

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

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

	Dec. 31, 2011	Dec. 31, 2010
Provisions for impairment on January 1	**(198)**	**(140)**
Additions	(34)	(47)
Utilizations	31	23
Reversals of surplus provisions	3	3
Translation adjustments	3	(10)
Other	(64)	(27)
Provisions for impairment on December 31	**(259)**	**(198)**

Note 19 Other receivables and prepaid expenses

	Dec. 31, 2011	Dec. 31, 2010
Other receivables	337	236
Other tax credits	1,039	698
Derivative instruments	82	118
Prepaid expenses	180	160
Total	**1,638**	**1,212**

Note 20 Cash and cash equivalents

	Dec. 31, 2011	Dec. 31, 2010
Marketable securities	634	1,825
Negotiable debt securities and short-term deposits	622	115
Cash and cash equivalents	1,515	1,449
Total cash and cash equivalents	**2,771**	**3,389**
Bank overdrafts	(217)	(93)
Net cash and cash equivalents	**2,554**	**3,296**

Note 21 Equity

21.1 Capital

Share capital

At the Annual General Meeting held on April 21, 2011 Schneider Electric shareholders approved the division of the nominal value of the shares by two. The operation took effect on September 2, 2011 and resulted in the issuance of 271 959 091 new shares.

The Company's share capital at December 31, 2011 amounted to EUR2,195,772,096, represented by 548,943,024 shares with a par value of EUR4, all fully paid up.

At December 31, 2011, a total of 548,722,100 voting rights were attached to the 548,943,024 shares outstanding.

Schneider Electric's capital management strategy is designed to:

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

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

Changes in share capital

Changes in share capital since December 31, 2010 were as follows:

	Cumulative number of shares	**Total** *(in euros)*
Capital at Dec. 31, 2010	**271,959,091**	**2,175,672,728**
Division of the nominal value by two	271,959,091	-
Exercise of stock options	1,169,210	4,676,840
Employee share issue	3,855,632	15,422,528
Capital at Dec. 31, 2011	**548,943,024**	**2,195,772,096**

The share premium account increased by EUR194,755,657 following the exercise of options and the increases in capital.

21.2 Ownership structure

	Dec. 31, 2011				**Dec. 31, 2010**	
	Capital	**Number of shares**	**Voting rights**	**Number of voting rights**	**Capital**	**Voting rights**
	%		**%**		**%**	**%**
Capital Research and Management Company (1)	9.4	51,780,765	8.9	51,780,765	8.2	7.7
CDC	3.7	20,349,002	4.6	26,699,002	4.2	5.1
Employees	4.6	25,001,870	7.1	41,268,373	4.1	6.1
Own shares	0.0	1,058	-	-	-	-
Treasury shares	1.7	9,164,952	-	-	1.7	-
Public	80.6	442,645,377	78.0	455,807,950	81.8	79.4
TOTAL	100.0	548,943,024	100.0	584,722,100 (2)	100.0	100.0

(1) To the best of the Company's knowledge.

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

No shareholders' pact was in effect as of December 31, 2011.

21.3 Earnings per share

These calculations are adjusted for the split of the action by two, 8 euros to 4 euros, effective September 2, 2011.

Determination of the share base used in calculation

(in thousands of shares)	Dec. 31, 2011		Dec. 31, 2010	
	Basic	Diluted	Basic	Diluted
Common shares*	**537,422**	**537,422**	**521,786**	**521,786**
Stock grants		**2,890**		**1,184**
Stock options		**2,623**		**2,180**
Average weighted number of shares	537,422	542,935	521,786	525,150

* ***Net of treasury shares and own shares.***

Earnings per share

	Dec. 31, 2011		Dec. 31, 2010	
	Basic	Diluted	Basic	Diluted
Profit before tax	**4.54**	**4.49**	**4.51**	**4.48**
EARNINGS PER SHARE	3.39	3.35	3.30	3.28

21.4 Dividends paid and proposed

In 2011, the Group paid out the 2010 dividend of EUR3.20 per share, for a total of EUR856 million.

In 2010, the Group paid out the 2009 dividend of EUR2.05 per share, for a total of EUR525 million.

At the Shareholders' Meeting of May 3, 2012 shareholders will be asked to approve a dividend of EUR1.70 per share for 2011. At December 31, 2011 Schneider Electric SA had distributable reserves in an amount of EUR96 million (versus EUR257 million at the previous year-end), not including profit for the year.

21.5 Share-based payments

Current stock option and stock grant plans

The Board of Directors of Schneider Electric SA and later the Management Board have set up stock option and stock grant plans for senior executives and certain employees of the Group. The main features of these plans were as follows at December 31, 2011:

Stock option plans

Plan no.	Date of Board meeting	Type of plan [1]	Starting date of exercise period	Expiration date	Price *(in euros)*	Number of options initially granted	Options cancelled because targets not met
18	Mar. 24, 2000	P	Mar. 24, 2003	Mar. 23, 2008	32.62	2,842,400	1,373,200
19	April 4, 2001	S	April 4, 2005	April 3, 2009	34.06	3,115,700	N/A[2]
20	Dec. 12, 2001	S	Dec. 12, 2005	Dec. 11, 2009	25.63	3,200,000	333,600
21	Feb. 5, 2003	S	Feb. 5, 2007	Feb. 4, 2011	22.60	4,000,000	283,800
22	Feb. 5, 2003	S	June 5, 2003	Feb. 4, 2011	22.60	222,000	N/A[2]
23	May 6, 2004	S	Oct. 1, 2004	May 5, 2012	27.77	214,000	N/A[2]
24	May 6, 2004	S	May 6, 2008	May 5, 2012	27.77	4,121,400	188,600
25	May 12, 2005	S	Oct. 1, 2005	May 11, 2013	28.23	277,000	N/A[2]
26	June 28, 2005	S	June 28, 2009	June 27, 2013	30.09	4,007,600	-
27	Dec. 1, 2005	S	Dec. 1, 2009	Nov. 30, 2013	35.70	3,229,800	-
28	Dec. 21, 2006	S or P	Dec. 21, 2010	Dec. 20, 2016	40.67	2,514,240	-
29	April 23, 2007	S or P	April 23, 2011	April 22, 2017	48.52	166,300	-
30	Dec. 19, 2007	S or P	Dec. 19, 2011	Dec. 18, 2017	46.00	1,889,852	980,926
31	Jan. 5, 2009	S or P	Jan. 5, 2013	Jan. 4, 2019	26.06	1,358,000	-
32	Aug. 21, 2009	S or P	Aug. 21, 2013	Aug. 20, 2019	31.30	10,000	-
33	Dec. 21, 2009	S or P	Dec. 21, 2013	Dec. 20, 2019	37.92	1,652,686	-
TOTAL						**32,820,978**	**3,160,126**

(1) S = Options to subscribe new shares. P = Options to purchase existing shares.
(2) Not applicable because no vesting conditions were set.

Rules governing the stock option plans are as follows:

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

Stock grants

Plan no.	Date of Board meeting	Vesting Date	Expiration Date	Number of shares granted originally	Grants cancelled because targets not met
1	Dec. 21, 2006	Dec. 21, 2009	Dec. 21, 2011	104,012	-
2	April 23, 2007	April 23, 2010	April 23, 2012	4,428	-
3	Dec. 19, 2007	Dec. 19, 2010	Dec. 19, 2012	132,788	69,434
4	Dec. 19, 2007	Dec. 19, 2011	Dec. 19, 2011	114,500	58,176
5	Jan. 5, 2009	Jan. 5, 2012	Jan. 5, 2014	287,430	-
6	Jan. 5, 2009	Jan. 5, 2013	Jan. 5, 2013	424,702	-
7	Aug. 21, 2009	Aug. 21, 2012	Aug. 21, 2014	2,500	-
8	Dec. 21, 2009	Dec. 21, 2011	Dec. 21, 2013	319,506	-
9	Dec. 21, 2009	Dec. 21, 2013	Dec. 21, 2013	780,190	-
10	Dec. 17, 2010	Mar. 17, 2013	Mar. 17, 2015	665,524	-
11	Dec. 17, 2010	Dec. 17, 2014	Dec. 17, 2014	1,161,696	-
10bis	July 26, 2011	July 26, 2013	July 26, 2015	3,000	
11bis	July 26, 2011	July 26, 2015	July 26, 2015	5,882	
12	July 26, 2011	July 26, 2015	July 26, 2015	19,850	
13	Dec. 16, 2011	Dec. 16, 2013	Dec. 16, 2015	645,443	
14	Dec. 16, 2011	Dec. 16, 2015	Dec. 16, 2015	1,387,800	
TOTAL				**6,059,851**	**127,610**

Rules governing the stock grant plans are as follows:

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

Outstanding options and grants

Change in the number of options

Plan no.	Number of options outstanding Dec. 31, 2010	Number of options exercised and/ or created in 2011	Number of options cancelled in 2011 (1)	Number of options outstanding Dec. 31, 2011
21	88,452	(29,674)	(58,778)	-
22	12,940	(820)	(12,120)	-
23	30,332	(8,040)		22,292
24	845,644	(274,254)		571,390
25	58,940	(14,872)		44,068
26	1,890,198	(234,952)	(7,676)	1,647,570
27	2,168,392	(265,750)	(3,232)	1,899,410
28	2,105,646	(291,794)	(13,130)	1,800,722
29	152,300		(8,000)	144,300
30	882,440		(40,480)	841,960
31	1,286,900		(33,600)	1,253,300
32	10,000			10,000
33	1,646,086		(21,450)	1,624,636
TOTAL	**11,178,270**	**(1,120,156)**	**(198,466)**	**9,859,648**

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

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

In respect of subscription vesting conditions for current stock option plans, Schneider Electric SA has created 1,169,210 shares in 2011.

Change in the number of stock grants

Plan no.	Number of stock grants at Dec. 31, 2010	Number of existing or new shares grants in 2011	Number of shares cancelled in 2011	Number of shares outstanding Dec. 31, 2011
4	54,086	(49,054)	(5,032)	-
5	274,680	-	(1,850)	272,830
6	411,026	-	(17,278)	393,748
7	2,500	-	-	2,500
8	319,506	-	(1,544)	317,962
9	772,190	-	(21,780)	750,410
10	665,524	-	(3,544)	661,980
11	1,161,696	-	(25,620)	1,136,076
10bis		3,000		3,000
11bis		5,882		5,882
12		19,850		19,850
13		645,443		645,443
14		1,387,800		1,387,800
TOTAL	**3,661,208**	**2,012,921**	**(76,648)**	**5,597,481**

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

21.5.1 Valuation of share-based payments

Stock option valuation

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

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

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

	2011	2010
Plan 28	-	5
Plan 29	-	1
Plan 30	1	2
Plan 31	2	2
Plan 32	-	-
Plan 33	4	4
TOTAL	**7**	**14**

Valuation of stock grants

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

- a payout rate of between 3.0% and 4.5%;
- a discount rate of between 1.6% and 4.5%, corresponding to a risk-free rate over the life of the plans (source: Bloomberg).

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

	2011	**2010**
Plan 5	2	2
Plan 6	2	2
Plan 7	-	-
Plan 8	5	5
Plan 9	6	6
Plan 10	16	1
Plan 11	13	-
Plan 10bis	-	-
Plan 11bis	-	-
Plan 12	-	-
Plan 13	-	-
Plan 14	-	-
TOTAL	**44**	**16**

21.5.2 Worldwide Employee Stock Purchase Plan

Schneider Electric gives its employees the opportunity to become group shareholders thanks to employee share issues. Employees in countries that meet legal and fiscal requirements have the choice between a classic and a leveraged plan.

Under the classic plan, employees may purchase Schneider Electric shares at a 15% to 20% discount to the price quoted for the shares on the stock market. Employees must then hold their shares for five years, except in certain cases provided for by law. The share-based payment expense recorded in accordance with IFRS 2 is measured by reference to the fair value of the discount on the locked-up shares. The lock-up cost is determined on the basis of a two-step strategy that involves first selling the locked-up shares on the forward market and then purchasing the same number of shares on the spot market (i.e., shares that may be sold at any time) using a bullet loan.

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

Under the leveraged plan, employees may also purchase Schneider Electric shares at a 15% to 20% discount from the price quoted on the stock market. However, the leveraged plan offers a different yield profile as a third-party bank tops up the employee's initial investment, essentially multiplying the amount paid by the employee. The total is invested in Schneider Electric shares at a preferential price. The bank converts the discount transferred by the employee into funds with a view to securing the yield for the employee and increasing the indexation on a leveraged number (factor of 4.4 in 2010) of directly subscribed shares.

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

As regards the first semester 2011, Schneider Electric gave its employees the opportunity to purchase shares at a price of EUR95.38 or EUR89.77 per share, depending on the country, as part of its commitment to employee share ownership, on June 6, 2011. This represented a 15% to 20% discount to the reference price of EUR112.21 calculated as the average opening price quoted for the share during the 20 days preceding the Management Board’s decision to launch the employee share issue.

Altogether, 1.9 million shares were subscribed, increasing the Company’s capital by EUR178 million as of July 12, 2011. The issue represented a total cost of EUR9 million, taking into account the five-year lock-up period.

The tables below summarize the main characteristics of the plans, the amounts subscribed, the valuation assumptions and the plans' cost for 2011 and 2010.

Nonleveraged plans	**2011**		**2010**	
	%	**Value**	**%**	**Value**
Plan characteristics				
Maturity (years)		5		5
Reference price (euros)		112.21		79.34
Subscription price (euros): between		95.38		67.44
and		89.77		65.86
Discount: between	15.0%		15.0%	
and	20.0%		17.0%	
Amount subscribed by employees		72.0		37.8
Total amount subscribed		72.0		37.8
Total number of shares subscribed (millions of shares)		0.8		0.6
Valuation assumptions				
Interest rate available to market participant (bullet loan) (1)	4.8%		4.1%	
Five year risk-free interest rate (euro zone)	2.8%		2.1%	
Annual interest rate (repo)	1.0%		1.0%	
(a) Value of discount: between	15.0%	7.9	15.0%	6.2
and	20.0%	6.7	17.0%	0.6
(b) Value of the lock-up period for market participant	14.9%	12.9	15.0%	6.7
Total expense for the Group (a-b)	**0,12% to 5,12%**	**1.8**	**0,01% to 2,01%**	**0.1**
Sensitivity				
- decrease in interest rate for market participant (2)	(0.5%)	2.0	(0.5%)	1.2

Amounts in millions of euros, unless otherwise stated.

(1) Average interest rate charged on an ordinary, non-revolving personal loan, with a five-year maturity to an individual with an average credit rating.

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

Leveraged plans	2011		2010	
	%	Value	%	Value
Plan characteristics				
Maturity (years)		5		5
Reference price (euros)		112.21		79.34
Subscription price (euros): between		95.38		67.44
and		89.77		65.86
Discount [5]: between	15.0%		15.0%	
and	20.0%		17.0%	
Amount subscribed by employees		10.6		9.9
Total amount subscribed		105.7		105.4
Total number of shares subscribed (millions of shares)		1.2		1.6
Valuation assumptions				
Interest rate available to market participant (bullet loan) [1]	4.8%		4.1%	
Five year risk-free interest rate (euro zone)	2.8%		2.1%	
Annual dividend rate	3.0%		3.0%	
Annual interest rate (repo)	1.0%		1.0%	
Retail/institutional volatility spread	5.0%		5.0%	
(a) Value of discount: between	15.0%	5.9	15.0%	11.7
and	20.0%	18.1	17.0%	8.0
(b) Value of the lock-up period for market participant	14.9%	19.3	15.0%	18.8
(c) Value of the opportunity gain [2]	2.0%	2.6	1.9%	2.4
Total expense for the Group (a-b+c)	**2,10% to 7,10%**	**7.3**	**1,89% to 3,89%**	**3.3**
Sensitivity				
- decrease in interest rate for market participant [3]	(0.5%)	3.1	(0.5%)	3.3
- increase in retail/institutional volatility spread [4]	0.5%	0.3	0.5%	0.2

Amounts in millions of euros, unless otherwise stated.

(1) Average interest rate charged on an ordinary, non-revolving personal loan, with a five-year maturity to an individual with an average credit rating.
(2) Calculated using a binomial model.
(3) A decline in the interest rate for market participants reduces the lock-up cost and increases the expense booked by the issuer.
(4) An increase in the retail/institutional volatility spread increases the opportunity gain for the employee and increases the expense booked by the issuer.
(5) In some countries, due to local law, employees subscribe for undiscounted sums while the bank subscribes at a discount to provide the leverage.

21.6 Schneider Electric SA shares

At December 31, 2011, the Group held 9,164,952 Schneider Electric shares in treasury stock, which have been recorded as a deduction from retained earnings.

21.7 Tax on equity

Total income tax recorded in Equity amounts to EUR329 million as of December 31, 2011 and can be analysed as follows:

	Dec. 31, 2011	Dec. 31, 2010	Change in tax
Cash-flow hedges	**100**	**69**	**31**
Available-for-sale financial assets	**(3)**	**(14)**	**11**
Actuarial gains (losses) on defined benefits	**233**	**146**	**87**
Other	**(1)**	**(1)**	**-**
TOTAL	329	200	129

Note 22 Pensions and other post-employment benefit obligations

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

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

	Weighted average rate		***Of which US plans***	
	2011	**2010**	**2011**	**2010**
Discount rate	4.3%	5.0%	*4.6%*	*5.5%*
Rate of compensation increases	2.5%	2.0%	*N/A*	*N/A*
Expected return on plan assets [(1)]	6.9%	7.0%	*8.0%*	*8.3%*

(1) corresponding to the 2010 and 2011 rates

The discount rate is determined on the basis of the interest rate for investment-grade (AA) corporate bonds or, in the event a liquid market does not exist, government bonds with a maturity that matches the duration of the benefit obligation (reference: Bloomberg). In the United States, the average discount rate is determined on the basis of a yield curve for investment-grade (AA and AAA) corporate bonds.

These benchmarks, which are the same as those used in previous years, comply with IAS 19.

The expected return on plan assets is determined on the basis of the weighted average expected return of the total asset value.

The discount rate currently stands at 4.00% in the euro zone, 4.59% in the United States and 4.90% in the United Kingdom.

A 0.5 point increase in the discount rate would reduce pension and termination benefit obligations by around EUR155 million and the service cost by EUR2 million. A 0.5 point decrease would increase pension and termination benefit obligations by EUR165 million and the service cost by EUR2 million.

The post-employment healthcare obligation mainly concerns the United States. A one point increase in the healthcare costs rate would increase the post-employment healthcare obligation by EUR38 million and the sum of the service cost and interest cost by EUR3 million. A one point decrease in healthcare costs rate would decrease the post-employment healthcare obligation by EUR33 million and the sum of the service cost and interest cost by EUR2 million.

In 2011, the rate of healthcare cost increases in the United States is based on a decreasing trend from 8% in 2012 to 4.5% in 2023. This compares with the previous year's forecast of 9% in 2011 to 5% in 2015. In 2009, the forecast was based on a decreasing trend from 9% in 2010 to 5% in 2014. The rate in France was estimated at 4% in 2011, as in 2010 and in 2009.

Pensions and termination benefits

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

The majority of benefit obligations under these plans, which represent 76% of the Group's total commitment or EUR2,027 million at December 31, 2011, are partially or fully funded through payments to external funds. These funds are not invested in Group assets.

External funds are invested in equities (around 36%), bonds (around 54%) and real estate or cash (around 9%).

Contributions amounted to EUR83 million in 2011 and are estimated at EUR56 million for 2012.

At December 31, 2011, provisions for pensions and termination benefits totaled EUR1,263 million, compared with EUR1,032 million in 2010. These provisions have been included in non-current liabilities, as the current portion was not considered material in relation to the total liability.

Payments made under defined contribution plans are recorded in the income statement in the year of payment and are in full settlement of the Group's liability. Defined contribution plan payments totalled EUR61 million in 2011 and EUR59 million in 2010.

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

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

Healthcare coverage for North American employees represents 84% of this obligation.

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

Other long-term benefit obligations include healthcare coverage plans in Europe, for EUR62 million, and long-service awards due by subsidiaries in France, for EUR13 million.

At December 31, 2011, provisions for these benefit obligations totaled EUR460 million, compared with EUR472 million at December 31, 2010. These provisions have been included in non-current liabilities, as the current portion was not considered material in relation to the total liability.

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

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

	Pensions and termination benefits	*Of which SE USA*	Other post-employment and long-term benefits	*Of which SE USA*	**Provisions for pensions & other post-employment benefits**
Dec. 31, 2008	**1,027**	***401***	**436**	***370***	**1,463**
Net cost recognized in the statement of income	(2)	*(66)*	22	*18*	20
Benefits paid	(64)	-	(25)	*(21)*	(89)
Plan participants' contributions	(18)	*(1)*	-	-	(18)
Actuarial items recognized in equity	5	*(31)*	11	*2*	16
Translation adjustment	(2)	*(11)*	(9)	*(12)*	(11)
Changes in the scope of consolidation	-	-	-	-	-
Other changes	(2)	*1*	-	*1*	(2)
Dec. 31, 2009	**944**	***293***	**435**	***358***	**1,379**
Net cost recognized in the statement of income	63	*2*	25	*18*	88
Benefits paid	(58)	*(1)*	(26)	*(21)*	(84)
Plan participants' contributions	(21)	*(1)*	2	*2*	(19)
Actuarial items recognized in equity	4	*(18)*	-	*4*	4
Translation adjustment	40	*23*	29	*26*	69
Changes in the scope of consolidation	58	-	5	-	63
Other changes	2	*1*	2	-	4
Dec. 31, 2010	**1,032**	***299***	**472**	***387***	**1,504**
Net cost recognized in the statement of income	70	*3*	(22)	*(29)*	48
Benefits paid	*(28)*	-	(21)	*(20)*	(49)
Plan participants' contributions	*(83)*	*(66)*	2	*2*	(81)
Actuarial items recognized in equity	*247*	*143*	20	-	267
Translation adjustment	*20*	*17*	9	*9*	29
Changes in the scope of consolidation	*(10)*	-	(1)	-	(11)
Other changes	*15*	*(1)*	*1*	-	16
Dec. 31, 2011	***1,263***	***395***	**460**	***349***	**1,723**

Changes in gross items recognised in equity were as follows:

	Pensions and termination benefits	Other post-employment and long-term benefits	**Provisions for pensions & other post-employment benefits.**
Dec. 31, 2008	**455**	**(64)**	**391**
Actuarial (gains)/losses on projected benefit obligation	75	11	86
Actuarial (gains)/losses on plan assets	(71)	-	(71)
Effect of the asset ceiling	(1)	-	(1)
Dec. 31, 2009	**458**	**(53)**	**405**
Actuarial (gains)/losses on projected benefit obligation	42	-	42
Actuarial (gains)/losses on plan assets	(38)	-	(38)
Effect of the asset ceiling	-	-	-
Dec. 31, 2010	**462**	**(53)**	**409**
Actuarial (gains)/losses on projected benefit obligation	222	20	-
Actuarial (gains)/losses on plan assets	25	-	-
Effect of the asset ceiling	-	-	-
Dec. 31, 2011	**709**	**(33)**	**676**

22.2 Provisions for pensions and termination benefit obligations

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

	Dec. 31, 2011		Dec. 31, 2010	
		Of which SE USA		*Of which SE USA*
1. Reconciliation of balance sheet items				
Pension assets	-	-	-	-
Provisions for pensions and other post-employment benefit	(1,263)	*(395)*	(1,032)	*(299)*
Net Asset/(Liability) recognized in the balance sheet	**(1,263)**	***(395)***	**(1,032)**	***(299)***

	Dec. 31, 2011		Dec. 31, 2010	
		Of which SE USA		*Of which SE USA*
2. Components of net cost recognized in the statement of income				
Service cost	41	*2*	43	*2*
Interest cost (effect of discounting)	110	*53*	109	*56*
Expected return on plan assets	(86)	*(56)*	(82)	*(56)*
Past service cost	1	-	-	-
Curtailments and settlements	4	*4*	(7)	-
Net cost recognized in the statement of income	**70**	***3***	**63**	***2***

	Dec. 31, 2011		Dec. 31, 2010	
		Of which SE USA		*Of which SE USA*
3. Change in projected benefit obligation				
Projected benefit obligation at beginning of year	2,340	*1,034*	2,055	*937*
Service cost	41	*2*	43	*2*
Interest cost (effect of discounting)	110	*53*	109	*56*
Plan participants' contributions	4	-	4	-
Benefits paid	(100)	*(47)*	(134)	*(48)*
Actuarial (gains)/losses recognized in equity	222	*120*	42	*14*
Past service cost	1	*4*	5	-
Changes in the scope of consolidation	(18)	-	87	-
Translation adjustments	62	*44*	130	*73*
Curtailments and settlements	4	-	(7)	-
Other	19	-	6	-
Projected benefit obligation at end of year	**2,685**	***1,210***	**2,340**	***1,034***

Actuarial gains and losses have been fully recognised in Other reserves.

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

At December 31, 2011, actuarial gains relative to the effects of experience on pension and termination benefit obligations totaled EUR20 million for the Group.

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

		Dec. 31, 2011		Dec. 31, 2010
		Of which SE USA		*Of which SE USA*
4. Change in fair value of plan assets				
Fair value of plan assets at beginning of year	1,304	*735*	1,112	*643*
Expected return on plan assets	86	*56*	82	*56*
Plan participants' contribution	4	-	4	-
Employer contributions	83	*66*	21	*1*
Benefits paid	(72)	*(47)*	(76)	*(47)*
Actuarial gains/(losses) recognized in equity	(25)	*(23)*	38	*32*
Modifications de régimes			-	-
Changes in the scope of consolidation	(8)	-	29	-
Translation adjustments	42	*27*	90	*50*
Curtailments and settlements	-	-	-	-
Other	7	-	4	-
Fair value of plan assets at end of year	**1,421**	***814***	**1,304**	***735***

The actual return on plan assets was EUR61 million.

Actuarial gains and losses have been fully recognised in Other reserves.

They stem mainly from the differential between the effective and expected return on plan assets in the US and Canada.

		Dec. 31, 2011		Dec. 31, 2010
		Of which SE USA		*Of which SE USA*
5. Funded status				
Projected benefit obligation	(2,685)	*(1,210)*	(2,340)	*(1,034)*
Fair value on plan assets	1,421	*814*	1,304	*735*
Surplus/ (Deficit)	(1,264)	*(396)*	(1,036)	*(299)*
Effect of the asset ceiling	-	-	-	-
Deferred items:				
Unrecognized past service cost	1	*1*	4	-
(Liabilities) /Net Asset recognized in the balance sheet	**(1,263)**	***(395)***	**(1,032)**	***(299)***

Amounts related to pensions and termination benefit obligations as of 2011 and the four previous periods are as follows:

	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
6. Historical data					
Projected benefit obligation	(2,685)	(2,340)	(2,055)	(2,036)	(1,958)
Fair value on plan assets	1,421	1,304	1,112	1,010	1,402
Surplus/ (Deficit)	(1,264)	(1,036)	(943)	(1,026)	(556)
Effect of the asset ceiling	-	-	(1)	(2)	(10)
Deferred items:					
Unrecognized past service cost	1	4	0	1	1
(Liabilities) /Net Asset recognized in the balance sheet	**(1,263)**	**(1,032)**	**(944)**	**(1,027)**	**(565)**

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

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

	Dec. 31, 2011	Dec. 31, 2010
1. Components of net cost recognized in the statement of income		
Service cost	7	7
Interest cost (effect of discounting)	20	22
Expected return on plan assets	-	-
Past service cost	(7)	(4)
Curtailments and settlements	(42)	-
Amortization of actuarial gains & losses	-	-
Net cost recognized in the statement of income	**(22)**	**25**

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

In 2011, healthcare plan curtailment in the US decreased the benefit obligation.

	Dec. 31, 2011	Dec. 31, 2010
2. Change in projected benefit obligation		
Projected benefit obligation at beginning of year	445	406
Service cost	7	7
Interest cost (effect of discounting)	20	22
Plan participants' contribution	2	2
Benefits paid	(21)	(26)
Actuarial (gains)/losses recognized in equity	20	-
Past service cost	(41)	-
Changes in the scope of consolidation	(1)	5
Translation adjustments	9	29
Other (including curtailments and settlements)	-	-
Projected benefit obligation at end of year	**440**	**445**

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

At December 31, 2011, actuarial losses relative to the effects of experience on healthcare costs, life insurance and other post-employment benefits totaled EUR21 million for the Group. Actuarial gains totaled EUR26 million at December 31, 2010.

At December 31, 2009, actuarial losses relative to the effects of experience totaled EUR18 million for the Group. They totaled EUR10 million at December 31, 2008. And at December 31, 2007, actuarial gains relative to the effects of experience totaled EUR59 million.

	Dec. 31, 2011	Dec. 31, 2010
3. Funded status		
Projected benefit obligation	(440)	(445)
Deferred items:		
Unrecognized past service cost	(20)	(27)
Provision recognized in balance sheet	**(460)**	**(472)**

Amounts related to healthcare costs and other post-employment obligations as of 2011 and the four previous periods are as follows:

	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
4. Historical data					
Projected benefit obligation	(440)	(445)	(406)	(401)	(366)
Deferred items:					
Unrecognized past service cost	(20)	(27)	(29)	(35)	(33)
Provision recognized in balance sheet	**(460)**	**(472)**	**(435)**	**(436)**	**(399)**

Note 23 Provisions

	Economic risks	Customer risks	Products risks	Environmental risks	Restructuring	Other risks	Provisions
Dec 31, 2009	**418**	**80**	**264**	**44**	**210**	**132**	**1,148**
Long-term portion	*131*	*31*	*79*	*27*	*28*	*80*	*375*
Additions	117	18	150	3	39	75	402
Discounting effect	-	-	1	-	-	(4)	(3)
Utilizations	(36)	(9)	(95)	(2)	(124)	(34)	(300)
Reversals of surplus provisions	(75)	(9)	(17)	-	(19)	(8)	(128)
Translation adjustments	16	4	16	2	5	3	46
Changes in the scope of consolidation and other	174	2	90	8	13	12	299
Dec 31, 2010	**614**	**86**	**409**	**55**	**124**	**176**	**1,464**
Long-term portion	*275*	*35*	*104*	*26*	*21*	*127*	*588*
Additions	159	5	143	8	87	69	471
Discounting effect	1	-	-	-	-	-	1
Utilizations	(82)	(8)	(109)	(5)	(77)	(60)	(341)
Reversals of surplus provisions	(53)	(6)	(29)	(1)	(9)	(38)	(136)
Translation adjustments	8	1	3	-	-	2	14
Changes in the scope of consolidation and other	92	9	3	-	12	51	167
Dec 31, 2011	**739**	**87**	**420**	**57**	**137**	**200**	**1,640**
Long-term portion	*388*	*34*	*81*	*28*	*18*	*131*	*680*

(a) Economic risks

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

Variations in scope of consolidation and others amount to EUR92 million and are principally related to the introduction Leader & Harvest, Steck and Luminous into the group.

(b) Customer risks

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

Provisions for customer risks also integrate the provisions for losses at completion for a number of long term contracts, for EUR18 million.

(c) Product risks

These provisions comprise:

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

(d) Environmental risks

These provisions are primarily funded to cover cleanup costs.

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

Non-current financial liabilities break down as follows:

	Dec. 31, 2011	Dec. 31, 2010
Bonds	5,540	4,348
Bank and other borrowings	1,464	1,379
Lease liabilities	7	15
Employees profit sharing	12	10
Short-term portion of convertible and non-convertible bonds	-	(503)
Short-term portion of long-term debt	(96)	(239)
Non-current financial liabilities	**6,927**	**5,010**

Current financial liabilities break down as follows:

	Dec. 31, 2011	Dec. 31, 2010
Commercial paper	190	-
Accrued interest	132	110
Other short-term borrowings	475	170
Drawdown of funds from lines of credit	-	-
Bank overdrafts	217	93
Short-term portion of convertible and non-convertible bonds	-	503
Short-term portion of long-term debt	96	239
Short-term debt	**1,110**	**1,115**
Total current and non-current financial liabilities	**8,037**	**6,125**

24.1 Breakdown by maturity

	Dec.31, 2011			Dec.31, 2010
	Nominal	Interests	Swaps	Nominal
2011				1,115
2012	1,110	285	46	104
2013	1,181	256	27	1,085
2014	1,158	187	5	767
2015	998	133	7	980
2016	792	120	-	546
2017 and beyond	2,798	171	-	1,528
Total	**8,037**	**1,152**	**85**	**6,125**

24.2 Breakdown by currency

	Dec. 31, 2011	Dec. 31, 2010
Euro	6,272	5,182
US Dollar	728	521
Indian rupee	233	22
Japanese yen	384	153
Brazilian real	147	75
Russian rouble	32	34
Colombian peso	29	23
Other	212	115
TOTAL	**8,037**	**6,125**

24.3 Bonds

	Dec. 31, 2011	Dec. 31, 2010	Effective interest rate	Maturity
Schneider Electric SA 2011		500	Euribor + 0.200% variable	Jul 2011
Schneider Electric SA 2013	605	608	CMS 10+1.000% variable and 6.750% fixed	Jul 2013
Schneider Electric SA 2014	730	498	Libor USD + 0.490% variable and 4.500% fixed	Jan 2014
Schneider Electric SA 2015	749	748	5,375% fixed	jan 2015
Schneider Electric SA 2016	736	519	Euribor + 0.600% variable and 0.849%, 0.846%, 2.875% fixed	Jul, Nov, Dec 2016
Schneider Electric SA 2017	987	981	4.000% fixed	Aug 2017
Schneider Electric SA 2018	743	-	3.750% fixed	Jul 2018
Schneider Electric SA 2019	495	-	3.500% fixed	Jan 2019
Schneider Electric SA 2020	495	494	3.625% fixed	Jul 2020
Total	**5,540**	**4,348**		

Schneider Electric SA has made several bond issues as part of its Euro Medium Term Notes (EMTN) programme over the past few years. Issues that were not yet due as of December 31, 2011 were as follows:

- JPY22.5 billion worth of bonds issued in 2011, comprising a first JPY12.5 billion tranche at a rate of 0.849% issued in November and due in November 2016 and a second JPY10 billion tranche at a rate of 0.84625% issued in December due in December 2016;
- EUR500 million worth of bonds issued in September 2011, at a rate of 3.5%, due in January 2019;
- EUR750 million worth of bonds issued in July 2011, at a rate of 3.75%, due in July 2018;
- USD300 million worth of bonds issued in July 2011, at a rate variable rate indexed on the 3-month USD Libor, due in July 2014;
- EUR300 and EUR200 million worth of bonds issued successively in July and October 2010, at a rate of 2.875%, due on July 20, 2016;
- EUR500 million worth of bonds issued in July 2010, at a rate of 3.625%, due on July 20, 2020;
- EUR150 million worth of bonds issued in May 2009 to top up the EUR600 million twelve-year tranche, due January 8, 2015, at a rate of 5.375% issued on October 2007, raising the total issue to EUR750 million;
- EUR250 million worth of bonds issued in March 2009 to top up the EUR780 million twelve-year tranche, at a rate of 4%, issued in August 2005, raising the total issue to EUR1.03 billion;
- EUR750 million worth of bonds issued in January 2009 at a rate of 6.75%, due on July, 16 2013; in July 2010, this borrowing was partially repayed with EUR263 million;
- EUR100 million worth of bonds issued in July 2008 indexed to the 10-year Constant Maturity Swap (CMS) rate, due July 31, 2013;
- EUR12 million corresponding to the discounted present value of future interest payments on a EUR177 million 8 year bond issue (July 25, 2008 to July 25, 2016) indexed to the 3 month Euribor. The nominal value of the bonds is not recognised in debt because the bond holder has waived its right to repayment of the principal in exchange for the transfer, on a no-recourse basis, of the future cash flows corresponding to the requested refund of a tax receivable;
- EUR180 million worth of bonds issued in April 2008 to top up the EUR600 million twelve-year tranche, at a rate of 4%, issued in August 2005, raising the total issue to EUR780 million;
- EUR600 million worth of bonds issued in October 2007, at a rate of 5.375%, due on January 8, 2015;
- EUR1 billion worth of bonds issued in July 2006, comprising a EUR500 million 5-year variable rate tranche indexed to the 3 month Euribor and a EUR500 million 7 1/2-year tranche at 4.5%. On July 17, 2011 the first tranche was reimbursed;
- EUR600 million worth of bonds issued in August 2005, at a rate of 4%, due on August 2017.

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

24.4 Other information

At December 31, 2011 Schneider Electric had confirmed credit lines of EUR2.8 billion, all unused.

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

Note 25 Other non-current liabilities

	Dec. 31, 2011	Dec. 31, 2010
Debt related to 2010 acquisitions*	25	53
Electroshield TM Samara acquisition debt	50	50
Luminous bebt valorization	76	-
Other	84	25
Other non-current liabilities	**235**	**128**

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

The Luminous debt valorisation corresponds to the Group commitments on the minority interest (26%) in Luminous.

Note 26 Financial instruments

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

26.1 Carrying amount and nominal amount of derivative financial instruments

		Dec 31, 2010				Dec 31, 2011	Dec 31, 2011	
			Change over the period				Nominal amount	
	IFRS designation	Carrying amount	Statement of income (1)	Equity (2)	Other(4)	Carrying amount	Sale	Purchase
Foreign exchange								
Futures - cash flow hedges	CFH*	(95)	27	16	(7)	(59)	194	(1,404)
Futures - net investment hedges	NIH*	9	-	(59)	-	(50)	1,633	
Futures - hedges of balance sheet items	Trading/FVH*	(24)	(60)	-	-	(84)	2,632	(1,637)
Metal prices								
Futures and options	CFH*	14	-	(26)	-	(12)		(171)
Share-based payment								
Call options	CFH*	53	(2)	(17)	-	34		(136) (3)
Interest rates								
Swaps on credit lines	CFH*/FVH*	(24)	(3)	13	-	(14)		(1,131)
Derivatives financial instruments		**(67)**	**(38)**	**(73)**	**(7)**	**(185)**		

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

(1) Gains and losses on hedging instruments for the period are offset by changes in the fair value of the underlying, which are also recognised in net result.
(2) Reported in equity under Retained earnings or Translation adjustment.
(3) 3,300,894 Schneider Electric stocks are hedged in relation to Stock Appreciation Rights granted to US employees.
(4) Telvent's acquisition impact.

The carrying amount reflects the fair value of financial instruments.

26.2 Currency risk

Positions of futures–hedges of balance sheet items and net investment by currency

	Dec. 31, 2011		
	Sales	**Purchases**	**Net**
AED	115	(12)	103
AUD	219	(49)	170
CHF	18	(10)	8
DKK	6	(68)	(62)
GBP	181	(84)	97
HKD	263	-	263
HUF	30	(50)	(20)
JPY	-	(42)	(42)
RUB	46	-	46
SAR	36	(3)	33
SEK	4	(131)	(127)
SGD	970	(133)	837
USD	2,307	(1,014)	1,293
ZAR	22	-	22
Others	48	(41)	7
Total	**4,265**	**(1,637)**	**2,628**

Theses forward currency hedging positions include EUR1,977 million in hedges of loans and borrowings of a financial nature (net sales) and EUR651 million in hedges of operating cash flows (net sales).

Other cash-flow hedge contracts are mainly related to the following currencies: USD, DKK, BRL, JPY and CAD.

26.3 Impact of financial instruments

		Impact on Equity		
Dec. 31, 2011	**Impact on financial income and expense**	**Fair value**	**Translation adjustment**	**Other**
Available-for-sale financial assets	6	(60)	9	-
Loans and accounts receivable	30	-	78	-
Financial liabilities measured at amortized cost	(331)	-	(158)	-
Derivative instruments	(38)	(73)	(2)	-
Total	**(333)**	**(133)**	**(73)**	**0**

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

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

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

26.4 Maturities of financial assets and liabilities

	Up to 1 year	**1 to 5 years**	**> 5 years**
Financial liabilities	(1,110)	(4,129)	(2,798)
Financial assets	2,771	191	-
Net position before hedging	**1,661**	**(3,938)**	**(2,798)**

26.5 Balance sheet amounts for financial instruments by category

ASSETS	Dec. 31, 2011		Breakdown by category			
	Carrying amount	Fair value	Fair value through P&L	Available-for-sale financial assets	Loans, receivables and financial liabilities at amortized cost	Derivative instruments
Available-for-sale financial assets	296	296	-	296	-	-
Other non-current financial assets	261	261	-	-	261	-
Total non-current assets	**557**	**557**	-	**296**	**261**	-
Current assets:						
Trade accounts receivable	5,484	5,484	-	-	5,484	-
Other receivables	82	82	-	-	-	82
Current financial assets	104	104	104	-	-	-
Marketable securities	634	634	634	-	-	-
Total current assets	**6,304**	**6,304**	**738**	**-**	**5,484**	**82**
LIABILITIES						
Non-current liabilities:						
Other long-term debt	6,927	7,248	-	-	7,248	-
Total non-current liabilities	**6,927**	**7,248**	**-**	**-**	**7,248**	**-**
Current liabilities						
Trade accounts payable	4,094	4,094	-	-	4,094	-
Other	292	292	-	-	25	267
Short-term debt	1,110	1,110	-	-	1,110	-
Total current liabilities	**5,496**	**5,496**	**-**	**-**	**5,229**	**267**

ASSETS	Dec. 31, 2010		Breakdown by category			
	Carrying amount	Fair value	Fair value through P&L	Available-for-sale financial assets	Loans, receivables and financial liabilities at amortized cost	Derivative instruments
Available-for-sale financial assets	410	410	-	410	-	-
Other non-current financial assets	144	144	-	-	144	-
Total non-current assets	**554**	**554**	-	**410**	**144**	-
Current assets:						
Trade accounts receivable	4,441	4,441	-	-	4,441	-
Other receivables	118	118	-	-	-	118
Current financial assets	38	38	38	-	-	-
Marketable securities	1,825	1,825	1,825	-	-	-
Total current assets	**6,422**	**6,422**	**1,863**	**-**	**4,441**	**118**
LIABILITIES						
Non-current liabilities:						
Other long-term debt	5,010	5,276	-	-	5,276	-
Total non-current liabilities	**5,010**	**5,276**	**-**	**-**	**5,276**	**-**
Current liabilities						
Trade accounts payable	3,432	3,432	-	-	3,432	-
Other	204	204	-	-	19	185
Short-term debt	1,115	1,115	-	-	1,115	-
Total current liabilities	**4,751**	**4,751**	**-**	**-**	**4,566**	**185**

26.6 Fair value hierarchy

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

	Dec. 31, 2011			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	191	-	105	296
Net derivative instruments	-	(185)	-	(185)
Marketable securities	634	-	-	634
Net assets at fair value	**825**	**(185)**	**105**	**745**

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

Note 27 Employees

27.1 Employees

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

(number of employees)	2011	2010
Production	**70,610**	**61,911**
Administration	**69,881**	**61,571**
TOTAL AVERAGE NUMBER OF EMPLOYEES	140,491	123,482
By region:		
EMEAS*	**68,392**	**60,937**
North America	**27,245**	**26,324**
Asia-Pacific	**44,854**	**36,221**

* *Europe, Middle-East, Africa, South America.*

The increase in the average number of employees is primarily linked to the 2011 acquisitions.

27.2 Employee benefits expense

	2011	2010
Payroll costs (1)	**(5,362)**	**(4,649)**
Profit-sharing and incentive bonuses	**(70)**	**(65)**
Stock options	**(51)**	**(31)**
WESOP	**(9)**	**(3)**
EMPLOYEE BENEFITS EXPENSE	(5,493)	(4,748)

27.3 Benefits granted to senior executives

In 2011, the Group paid EUR0.57 million in attendance fees to the members of its Supervisory Board. The total amount of gross remuneration, including benefits in kind, paid in 2011 by the Group to the members of Senior Management excluding members of the Management Board totaled EUR12 million, of which EUR4.9 million corresponded to the variable portion.

During the last three periods, 559,000 stock options and 528,482 stock grants have been allocated to members of Senior Management.

Since December 16, 2011, 100% of stock grants and/or stock options are conditional on the achievement of performance criteria for members of the Executive Committee. Amounts here above have been restated to reflect the division by half of the nominal amount of the stock that occurred on September 2, 2011.

Pension obligations with respect to members of Senior Management amounted to EUR76 million at December 31, 2011 versus EUR73 million at December 31, 2010.

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

Note 28 Related party transactions

28.1 Associates

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

Related party transactions were not material in 2011.

28.2 Related parties with signigicant influence

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

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

Note 29 Commitments and contingent liabilities

29.1 Guarantees and similar undertakings

	Dec. 31, 2011	Dec. 31, 2010
Market counter guarantees (1)	934	880
Pledges, mortages and sureties (2)	15	17
Endorsements and guarantees	0	6
Other commitments given (3)	318	175
Guarantees given	**1,267**	**1,078**
Endorsements and guarantees received	71	80
Guarantees received	**71**	**80**

(1) On certain contracts, customers require a guarantee from a bank that the contract will be fully executed by the Group. For these contracts the Group gives a counterguarantee to the bank. If a claim occurs, the risk linked to the commitment is assessed and a provision for contingencies is recorded when the risk is considered probable and can be reasonably estimated.
(2) Certain loans are secured by property, plant and equipment and securities lodged as collateral.
(3) Other guarantees given comprise guarantees given in rental payments.

29.2 Purchase commitments

Shares in subsidiaries and affiliates

Commitments to purchase equity investments correspond to put options given to minority shareholders in consolidated companies or relate to earn-out payments. The amount of these commitments was not material at December 31, 2011.

Information technology services

The Group is party to an agreement with Capgemini providing for outsourcing (facilities management) of certain of its information technology functions in Europe and deployment of a system of shared SAP management applications. The first pilot version of the global system was implemented in India in April 2007 and the second version was deployed in mid-2008 in several European pilot countries. At the end of 2011, Schneider Electric had capitalised total costs (net of impairment) of EUR142 million. The costs are progressively amortised with effect from 2009, over a 7-year rolling calendar and based on the number of users connected worldwide as the system is deployed.

For 2010, the contractual facilities management costs amount to EUR100 million including the volume and indexing factors provided for by the contract (EUR103 million for 2010).

29.3 Contingent liabilities

Senior Management believes that the provisions recognised in the balance sheet, in respect of the known claims and litigation to which the Group is a party, should be adequate to ensure that such claims and litigation will not have any substantial impact on the Group’s financial position or results. This is notably the case for the potential consequences of a current dispute in Belgium involving former senior executives and managers of the Group.

The Group has entered into a company-wide agreement in respect of individual training entitlement. It has applied the French accounting treatment recommended by opinion 2004-F issued by the CNC’s urgent issues committee. Expenditure on individual training is written off as an expense during the period and therefore no provision is made for it. As of December 31, 2011, rights accrued but not used by employees of French entities of the Group corresponded to around 1,643,000 hours.

Note 30 Subsequent events

On February 13, 2012, we received notice that a tax litigation in Spain was settled in favor of Schneider Electric for an amount of EUR20 million excluding late payment interests. This potential tax income was not recorded in 2011 consolidated financial statements.

Note 31 Statutory Auditors' fees

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

(in thousands of euros)			2011		
	Ernst & Young	**%**	**Mazars**	**%**	**TOTAL**
Audit					
Statutory auditing	9,922	*91%*	7,057	*93%*	16,979
o/w Schneider Electric SA	*100*		*100*		
o/w subsidiaries	*9,822*		*6,957*		
Related services	788	*7%*	506	*7%*	1,294
o/w Schneider Electric SA	-		-		
o/w subsidiaries	*788*		*506*		
Audit sub-total	**10,710**	***98%***	**7,563**	***100%***	18,273
Other services					
Legal, tax	212	*2%*	*0*	*0%*	212
TOTAL FEES	**10,922**	***100%***	**7,563**	***100%***	**18,485**

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

Note 32 Consolidated companies

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

		% interest Dec. 31, 2011	% interest Dec. 31, 2010
Europe			
Fully consolidated			
Schneider Electric Energy Austria AG	Austria	100.0	100.0
MGE UPS Systems Vertriebs GmbH	Austria	100.0	100.0
Schneider Electric Austria GmbH	Austria	100.0	100.0
Schneider Electric Power Drives GmbH	Austria	100.0	100.0
Cofibel SA	Belgium	100.0	100.0
Compagnie Financière, Minière et Industrielle SA - Cofimines	Belgium	100.0	100.0
Etablissements Crouzet NV	Belgium	100.0	100.0
Schneider Electric Energy Belgium SA	Belgium	100.0	100.0
Schneider Electric SA	Belgium	100.0	100.0
Schneider Electric Services International SPRL	Belgium	100.0	100.0
Summit Energy International BVBA	Belgium	100.0	-
Delixi Electric SEE EOOD	Bulgaria	100.0	100.0
Schneider Electric Bulgaria EOOD	Bulgaria	100.0	100.0
Schneider Electric d.o.o	Croatia	100.0	100.0
Merten Czech s.r.o.	Czech Republic	100.0	100.0
Schneider Electric AS	Czech Republic	98.3	98.3
Schneider Electric CZ sro	Czech Republic	100.0	100.0
7-Technologie A/S	Denmark	100.0	-
JO-EL Electric A/S	Denmark	100.0	100.0
Ørbaekvej 280 A/S	Denmark	100.0	100.0
Schneider Electric Buildings Denmark A/S	Denmark	100.0	100.0
Schneider Electric Danmark A/S	Denmark	100.0	100.0
Schneider Electric IT Denmark ApS	Denmark	100.0	100.0
Schneider Nordic Baltic A/S	Denmark	100.0	100.0
Telvent Denmark ApS	Denmark	100.0	-
Schneider Electric EESTI AS	Estonia	100.0	100.0
Elko Suomi Oy	Finland	100.0	100.0
I-Valo Oy	Finland	100.0	100.0
JO-EL Electric Oy	Finland	100.0	100.0
Oy Lexel Finland Ab	Finland	100.0	100.0
Pelco Finland Oy	Finland	100.0	100.0
Schneider Electric Buildings Finland OY	Finland	100.0	100.0
Schneider Electric Finland Oy	Finland	100.0	100.0
Strömfors Electric Oy	Finland	100.0	100.0
Vamp OY	Finland	100.0	100.0
Alombard SAS	France	100.0	100.0
Schneider Electric Protection et Contrôle SAS	France	100.0	100.0
BCV Technologies SAS	France	100.0	100.0
BEI Ideacod SAS	France	100.0	100.0
Boissière Finance SNC	France	100.0	100.0
Construction Electrique du Vivarais SAS	France	100.0	100.0
Crouzet Automatismes SAS	France	100.0	100.0
D5X	France	100.0	-
Dinel SAS	France	100.0	100.0
Distrelec SA	France	100.0	100.0
Elau SARL	France	100.0	100.0
Electro Porcelaine SAS	France	100.0	100.0
Energy Pool Developpement	France	100.0	-
Energy Pool International	France	100.0	-
Epsys SAS	France	100.0	100.0
France Transfo SAS	France	100.0	100.0
Infraplus SAS	France	100.0	100.0

		% interest Dec. 31, 2011	% interest Dec. 31, 2010
Machines Assemblage Automatique SAS	France	100.0	100.0
Merlin Gerin Alès SAS	France	100.0	100.0
Merlin Gerin Alpes SAS	France	100.0	100.0
Merlin Gerin Loire SAS	France	100.0	100.0
Schneider Electric IT France	France	100.0	100.0
Muller & Cie SA	France	100.0	100.0
Newlog SAS	France	100.0	100.0
Normabarre SAS	France	100.0	100.0
Prodipact SAS	France	100.0	100.0
Rectiphase SAS	France	100.0	100.0
Sarel - Appareillage Electrique SAS	France	99.0	99.0
SCI Auxibati	France	100.0	100.0
Scanelec SAS	France	100.0	100.0
Schneider Automation SAS	France	100.0	100.0
Schneider Electric Consulting SAS	France	100.0	100.0
Schneider Electric Energy France SAS	France	100.0	100.0
Schneider Electric Foncière SAS - S.E.L.F.	France	100.0	100.0
Schneider Electric France SAS	France	100.0	100.0
Schneider Electric Holding Amérique du Nord SAS	France	100.0	100.0
Schneider Electric Holding Europe SAS	France	100.0	100.0
Schneider Electric Industries SAS	France	100.0	100.0
Schneider Electric International SAS	France	100.0	100.0
Schneider Electric Manufacturing Bourguebus SAS	France	100.0	100.0
Schneider Electric SA (Holding company)	France	100.0	100.0
Schneider Electric Telecontrol SAS	France	100.0	100.0
Schneider Toshiba Inverter Europe SAS	France	60.0	60.0
Schneider Toshiba Inverter SAS	France	60.0	60.0
Société d'Appareillage Electrique Gardy SAS	France	100.0	100.0
Société d'Application et d'Ingenierie Industrielle et Informatique SAS - SA3I	France	100.0	100.0
Société Electrique d'Aubenas SAS	France	100.0	100.0
Société Française de Construction Mécanique et Electrique SA	France	100.0	100.0
Société Française Gardy SA	France	100.0	100.0
Société pour l'équipement des industries chimiques SA	France	100.0	100.0
Société Rhodanienne d'Etudes et de Participations SAS	France	100.0	100.0
Spie Capag SA	France	100.0	100.0
Systèmes Equipements Tableaux Basse Tension SAS	France	100.0	100.0
Transfo Services SAS	France	100.0	100.0
Vizelia	France	100.0	-
APC Deutschland GmbH	Germany	100.0	100.0
Berger Lahr Positec GmbH	Germany	100.0	100.0
Crouzet GmbH	Germany	100.0	100.0
Elso GmbH	Germany	100.0	100.0
Kavlico GmbH	Germany	100.0	100.0
Merten GmbH	Germany	100.0	100.0
Merten Holding GmbH	Germany	100.0	100.0
MGE USV-Systeme GmbH	Germany	100.0	100.0
Schneider Electric Automation Deutschland GmbH	Germany	100.0	100.0
Schneider Electric Automation GmbH	Germany	100.0	100.0
Schneider Electric Buildings Germany GmbH	Germany	100.0	100.0
Schneider Electric Deutschland Energy GmbH	Germany	100.0	100.0
Schneider Electric Deutschland GmbH	Germany	100.0	100.0
Schneider Electric Energy GmbH	Germany	100.0	100.0
Schneider Electric GmbH	Germany	100.0	100.0
Schneider Electric Motion Deutschland GmbH	Germany	100.0	100.0
Schneider Electric Motion Real Estate GmbH	Germany	100.0	100.0
Schneider Electric Sachsenwerk GmbH	Germany	100.0	100.0
Telvent Deutschland GmbH	Germany	100.0	-

		% interest Dec. 31, 2011	% interest Dec. 31, 2010
Uniflair GmbH	Germany	100.0	-
Verwaltung SVEA Building Control Systems GmbH	Germany	100.0	100.0
Schneider Electric AE	Greece	100.0	100.0
Schneider Electric IT Greece ABEE	Greece	100.0	100.0
BEI Automative Hungary Manufacturing Inc	Hungary	100.0	100.0
CEE Schneider Electric Közep-Kelet Europai Korlatolt Felelösségü Tarsasag	Hungary	100.0	100.0
Schneider Electric Energy Hungary LTD	Hungary	100.0	100.0
Schneider Electric IT Hungary Kft	Hungary	100.0	100.0
Schneider Electric Hungaria Villamassagi ZRT	Hungary	100.0	100.0
Uniflair Magyarorszag Kft	Hungary	100.0	-
APC (EMEA) Ltd	Ireland	100.0	100.0
Schneider Electric Buildings Ireland Ltd	Ireland	100.0	100.0
Schneider Electric Ireland	Ireland	100.0	100.0
Schneider Electric IT Logistics Europe Ltd	Ireland	100.0	100.0
Square D Company Ireland Ltd	Ireland	100.0	100.0
Thorsman Sales Ireland Ltd	Ireland	100.0	100.0
Crouzet Componenti Srl	Italy	100.0	100.0
SAIP & Schyller Spa	Italy	100.0	100.0
Schneider Electric Energy Manufacturing Italia Srl	Italy	100.0	100.0
Schneider Electric Industrie Italia Spa	Italy	100.0	100.0
Schneider Electric IT Italia Srl	Italy	100.0	100.0
Schneider Electric Spa	Italy	100.0	100.0
Uniflair Spa	Italy	100.0	-
Lexel Fabrika SIA	Latvia	100.0	100.0
Schneider Electric Baltic Distribution Center	Latvia	100.0	100.0
Schneider Electric Latvija SIA	Latvia	100.0	100.0
UAB Schneider Electric Lietuva	Lithuania	100.0	100.0
COC Luxembourg S.à r.l.	Luxembourg	100.0	100.0
Comodot S.à r.l.	Luxembourg	100.0	100.0
Industrielle de Réassurance SA	Luxembourg	100.0	100.0
Maha Investment	Luxembourg	100.0	-
SGBT European Major Investments SA	Luxembourg	100.0	100.0
SHL Luxembourg S.à r.l.	Luxembourg	100.0	100.0
American Power Conversion Corp (A.P.C.) BV	Netherlands	100.0	100.0
APC Holdings BV	Netherlands	100.0	100.0
APC International Corporation BV	Netherlands	100.0	100.0
APC International Holdings BV	Netherlands	100.0	100.0
Control Microsystems BV	Netherlands	100.0	100.0
Crouzet BV	Netherlands	100.0	100.0
Elau BV	Netherlands	100.0	100.0
Pelco Europe BV	Netherlands	100.0	100.0
Pro-Face HMI BV (sub-group)	Netherlands	99.9	99.9
Sandas Montage BV	Netherlands	100.0	100.0
Schneider Electric BV	Netherlands	100.0	100.0
Schneider Electric Energy Netherlands BV	Netherlands	100.0	100.0
Schneider Electric Logistic Centre BV	Netherlands	100.0	100.0
Schneider Electric Manufacturing The Netherlands BV	Netherlands	100.0	100.0
Summit Energy Services BV	Netherlands	100.0	-
Telvent Netherlands BV	Netherlands	100.0	-
U.P.S. Systems MGE BV	Netherlands	100.0	100.0
ELKO AS	Norway	100.0	100.0
JO-EL Electric AS	Norway	100.0	100.0
Lexel Holding Norgue AS	Norway	100.0	100.0
Schneider Electric IT Norway AS	Norway	100.0	100.0
Schneider Electric Norge AS	Norway	100.0	100.0
Schneider Electric Buildings Norway AS	Norway	100.0	100.0
Elda Eltra S.A. (ex Eltra SA)	Poland	100.0	100.0

		% interest Dec. 31, 2011	% interest Dec. 31, 2010
Schneider Electric Buildings Polska Sp. Z. o.o.	Poland	100.0	100.0
Schneider Electric Energy Poland Sp. Z.o.o.	Poland	100.0	100.0
Schneider Electric Industries Polska SP	Poland	100.0	100.0
Schneider Electric IT Poland Sp. Z.o.o	Poland	100.0	100.0
Schneider Electric Polska SP	Poland	100.0	100.0
Schneider Electric II IT Portugal LDA	Portugal	100.0	100.0
Schneider Electric Portugal LDA	Portugal	100.0	100.0
Telvent Portugal SA	Portugal	100.0	-
Schneider Electric Romania SRL	Romania	100.0	100.0
DIN Elektro Kraft OOO	Russia	100.0	100.0
LLC Schneider Electric Zavod ElectroMonoblock	Russia	100.0	100.0
OOO schneider Electric Buildings (Russia)	Russia	100.0	100.0
OOO Lexel Elektromaterialy (SPB)	Russia	100.0	100.0
OOO RusEl	Russia	100.0	100.0
OOO Schneider Electric Kaliningrad	Russia	100.0	100.0
Relay Protection Vamp CJSC	Russia	100.0	100.0
Schneider Electric Equipment Kazan Ltd	Russia	100.0	100.0
ZAO Potential	Russia	100.0	100.0
ZAO Schneider Electric	Russia	100.0	100.0
Schneider Electric Srbija doo Beograd	Serbia	100.0	100.0
Telvent DMS LLC for Power Enginering Nove Sad	Serbia	57.0	-
Schneider Electric Slovakia Spol SRO	Slovakia	100.0	100.0
Schneider Electric d.o.o.	Slovakia	100.0	100.0
EFI Electronics Europe SL	Spain	100.0	100.0
Keyland Sistemas de Gestion SL	Spain	50.0	-
Manufacturas Electricas SA	Spain	100.0	100.0
Schneider Electric IT, Spain SL	Spain	100.0	100.0
Schneider Electric Energy Spain SL	Spain	100.0	100.0
Schneider Electric Espana SA	Spain	100.0	100.0
Telemantenimiento de Alta Tension, SL	Spain	100.0	100.0
Telvent Arce Sistemas, SA	Spain	100.0	-
Telvent Energia SA	Spain	100.0	-
Telvent Environment SA	Spain	100.0	-
Telvent Export SL	Spain	100.0	-
Telvent GIT SA	Spain	100.0	-
Telvent Global Services, SA	Spain	100.0	-
Telvent Servicios Compartidos SA	Spain	100.0	-
Telvent Trafico y Transporte SA	Spain	100.0	-
Trafico Ingenieria SA	Spain	100.0	-
Uniflair Iberica SA	Spain	100.0	-
AB Crahftere 1	Sweden	100.0	100.0
AB Wibe	Sweden	100.0	100.0
AB Wibe Telescopic Masts	Sweden	-	100.0
Elau AB	Sweden	100.0	100.0
Elektriska AB Delta	Sweden	100.0	100.0
Elko AB	Sweden	100.0	100.0
JO-EL Electric AB	Sweden	100.0	100.0
Lexel AB	Sweden	100.0	100.0
Pelco Sweden AB	Sweden	100.0	100.0
Pele Security AB	Sweden	100.0	-
Pisara AB	Sweden	100.0	100.0
Schneider Electric Buildings AB	Sweden	100.0	100.0
Schneider Electric Buildings Sweden AB	Sweden	100.0	100.0
Schneider Electric Distribution Centre AB	Sweden	100.0	100.0
Schneider Electric IT Sweden AB	Sweden	100.0	100.0
Schneider Electric Sverige AB	Sweden	100.0	100.0
Telvent Sweden AB	Sweden	100.0	-
Thorsman & Co AB	Sweden	100.0	100.0

		% interest Dec. 31, 2011	% interest Dec. 31, 2010
Crouzet AG	Switzerland	100.0	100.0
Feller AG	Switzerland	83.7	83.7
Gutor Electronic GmbH	Switzerland	100.0	100.0
Schneider Electric IT Switzerland AG	Switzerland	100.0	100.0
Schneider Electric Finances SA	Switzerland	100.0	100.0
Schneider Electric (Schweitz) AG	Switzerland	100.0	100.0
Schneider Electric Ukraine	Ukraine	100.0	100.0
Ajax Electrical Ltd	United Kingdom	100.0	100.0
Andromeda Telematics Ltd	United Kingdom	100.0	-
Andromeda Telematics Holdings Ltd	United Kingdom	100.0	-
APC Power and Cooling, UK Ltd	United Kingdom	100.0	100.0
APC UK Ltd	United Kingdom	100.0	100.0
C-Matic Systems Ltd	United Kingdom	100.0	-
CBS Group Ltd	United Kingdom	100.0	100.0
Crouzet Ltd	United Kingdom	100.0	100.0
Crydom SSR Ltd	United Kingdom	100.0	100.0
Elau Ltd	United Kingdom	100.0	100.0
Kell Systems Ltd	United Kingdom	100.0	-
Lexel Holdings (UK) Ltd	United Kingdom	100.0	100.0
Newall Measurement Systems Ltd	United Kingdom	100.0	100.0
Pelco UK Ltd	United Kingdom	100.0	100.0
Power Measurement Ltd	United Kingdom	100.0	-
Powerman Ltd (ex Grawater of Wakefield Ltd)	United Kingdom	100.0	100.0
Sarel Ltd	United Kingdom	100.0	100.0
Schneider Electric (UK) Ltd	United Kingdom	100.0	100.0
Schneider Electric Buildings UK Ltd	United Kingdom	100.0	100.0
Schneider Electric Energy Holdings UK Ltd	United Kingdom	100.0	100.0
Schneider Electric Energy UK Ltd	United Kingdom	100.0	100.0
Schneider Electric IT UK Ltd	United Kingdom	100.0	100.0
Schneider Electric Ltd	United Kingdom	100.0	100.0
Serck Control and Safety Ltd	United Kingdom	100.0	100.0
Serck Controls Ltd	United Kingdom	100.0	100.0
Telvent UK Ltd	United Kingdom	100.0	-
Accounted for by equity method			
Delta Dore Finance SA (sub-group)	France	20.0	20.0
Möre Electric Group A/S	Norway	34.0	34.0
Electroshield TM Samara (sub-group)	Russia	50.0	50.0
North America			
Fully consolidated			
Control Microsystems Inc.	Canada	100.0	100.0
Juno Lighting Ltd	Canada	100.0	100.0
Novasena 1 ULC	Canada	100.0	100.0
Novasena 2 ULC	Canada	100.0	100.0
Power Measurement Ltd	Canada	100.0	100.0
Schneider Electric Canada Inc.	Canada	100.0	100.0
Telvent Canada Ltd	Canada	100.0	-
Trio Datacom Inc.	Canada	100.0	100.0
Viconics Technologies Inc.	Canada	100.0	-
APC Mexico, SA de CV	Mexico	100.0	100.0
Automatismo Crouzet De Mexico, SA de CV	Mexico	100.0	100.0
Custom Sensors & Technologies Mexico, SA de CV	Mexico	100.0	100.0
Custom Sensors & Technologies Transportation de México, SA de CV	Mexico	100.0	100.0
Gestion Integral de Proyectos y Ingenieria, SA de CV	Mexico	99.8	-
Industrias Electronicas Pacifico, SA de CV	Mexico	100.0	100.0

		% interest Dec. 31, 2011	% interest Dec. 31, 2010
MGE Systems Mexico, SA de CV	Mexico	100.0	100.0
Ram Tech Manufacturing de Mexico S de RL de CV	Mexico	100.0	100.0
Ram Tech Services de Mexico S de RL de CV	Mexico	100.0	100.0
Schneider Electric Administracion, SA de CV	Mexico	100.0	100.0
Schneider Electric Mexico, SA de CV	Mexico	100.0	100.0
Schneider Industrial Tlaxcala, SA de CV	Mexico	100.0	100.0
Schneider Mexico, SA de CV	Mexico	100.0	100.0
Schneider R&D, SA de CV	Mexico	100.0	100.0
Schneider Recursos Humanos, SA de CV	Mexico	100.0	100.0
Steck de Mexico SA de CV	Mexico	100.0	-
Square D Company Mexico, SA de CV	Mexico	100.0	100.0
Telvent Mexico SA de CV	Mexico	99.8	-
Adaptive Instruments Corp.	USA	100.0	100.0
American Power Conversion Federal Systems, Inc.	USA	100.0	100.0
APC America Inc.	USA	100.0	100.0
APC Corp.	USA	100.0	100.0
APC Holdings Inc.	USA	100.0	100.0
APC Sales & Service Corp.	USA	100.0	100.0
BEI Precisions Systems & Space Co. Inc.	USA	100.0	100.0
BEI Sensors & Systems Company, Inc.	USA	100.0	100.0
Control Microsystems U.S. Inc.	USA	100.0	100.0
Crydom, Inc.	USA	100.0	100.0
Custom Sensors & Technologies, Inc.	USA	100.0	100.0
Delsena 1, LLC	USA	100.0	100.0
Delsena 2, LLC	USA	100.0	100.0
Juno Lighting LLC	USA	100.0	100.0
Juno Manufacturing Inc.	USA	100.0	100.0
Kavlico Corp.	USA	100.0	100.0
Lee Technologies, LLC	USA	100.0	-
Lee Technologies Group, LLC	USA	100.0	-
Lee Technologies Puerto Rico, LLC	USA	100.0	-
Lee Technologies Services, LLC	USA	100.0	-
Neovasys Inc.	USA	100.0	100.0
Netbotz Inc.	USA	100.0	100.0
Newall Electronics Inc.	USA	100.0	100.0
P.H.L. Four, Inc.	USA	80.0	80.0
P.H.L. One, Inc.	USA	80.0	80.0
Pacsena LP	USA	100.0	100.0
Palatine Hills Leasing Inc.	USA	80.0	80.0
Pelco, Inc	USA	100.0	100.0
Power Measurement Inc.	USA	100.0	100.0
Pro-face America, LLC	USA	100.0	100.0
Schneider Electric Buildings Americas, Inc.	USA	100.0	100.0
Schneider Electric Buildings Critical Systems, Inc.	USA	100.0	100.0
Schneider Electric Buildings, LLC	USA	100.0	100.0
Schneider Electric Engineering Services, LLC	USA	100.0	100.0
Schneider Electric Holdings Inc.	USA	100.0	100.0
Schneider Electric Investments 2, Inc.	USA	100.0	100.0
Schneider Electric Motion USA, Inc.	USA	100.0	100.0
Schneider Electric Summit Holdings, Inc.	USA	100.0	-
Schneider Electric USA, Inc.	USA	100.0	100.0
Schneider Electric Vermont Ltd	USA	100.0	100.0
SNA Holdings Inc.	USA	100.0	100.0
Square D Investment Company	USA	100.0	100.0
Summit Belgium I, Inc.	USA	100.0	-
Summit Belgium II, Inc.	USA	100.0	-
Summit Energy Services, Inc.	USA	100.0	-
Telvent Farradyne Enginnering, PC	USA	100.0	-

		% interest Dec. 31, 2011	% interest Dec. 31, 2010
Telvent Services Inc.	USA	100.0	-
Telvent USA Corp.	USA	100.0	-
Veris Industries LLC	USA	100.0	100.0
Xantrex Technology Inc.	USA	100.0	100.0

Asia-Pacific

Fully consolidated

APC Australia Pty Limited	Australia	100.0	100.0
Clipsal Australia Pty Limited	Australia	100.0	100.0
Clipsal Integrated Systems Pty Limited	Australia	100.0	100.0
Clipsal Technologies Australia Pty Limited	Australia	100.0	100.0
Control Microsystems Asia Pacific Pty Ltd	Australia	100.0	100.0
Pelco Australia Pty Limited	Australia	100.0	100.0
Scadagroup Pty Ltd	Australia	100.0	100.0
Schneider Electric (Australia) Pty Limited	Australia	100.0	100.0
Schneider Electric Australia Holdings Pty Limited	Australia	100.0	100.0
Schneider Electric Buildings Australia Pty Limited	Australia	100.0	100.0
Serck Controls Pty Ltd	Australia	100.0	100.0
Telvent Australia Pty Limited	Australia	100.0	-
APC (Suzhou) Uninterrupted Power Supply Co., Ltd.	China	100.0	100.0
APC (Xiamen) Power Infrastructure Co., Ltd.	China	100.0	100.0
Schneider Electric (Xiamen) Switchgear Co. Ltd	China	100.0	100.0
Schneider Electric Huadian Switchgear (Xiamen) Co., Ltd	China	55.0	55.0
Shanghai Schneider Electric Power Automation Co. Ltd	China	59.0	59.0
Schneider Switchgear (Suzhou) Co, Ltd	China	58.0	58.0
Beijing Leader & Harvest Electric Technologies Co. Ltd	China	100.0	-
Beijing Leader & Harvest Energy Efficiency Investments Co. Ltd	China	100.0	-
Beijing Merlin Great Wall Computer Room Equipment & Engineering Co. Ltd	China	75.0	75.0
Citect Controls Systems (Shanghai) Ltd	China	100.0	100.0
Clipsal Manufacturing (Huizhou) Ltd	China	100.0	100.0
Custom Sensors & Technologies Asia (Shangai) Ltd	China	100.0	100.0
Foshan Gaoming TAC Electronic & Electrical Products Company Ltd	China	100.0	100.0
Foshan Wilco Electrical Trading Co Ltd	China	100.0	100.0
MERTEN Shanghai Electric Technology Co. Ltd	China	100.0	100.0
MGE Manufacturing Shanghai Co. Ltd	China	100.0	100.0
Proface China International Trading (Shanghaï) Co. Ltd	China	99.9	99.9
RAM Electronic Technology and Control (Wuxi) Co., Ltd	China	100.0	100.0
Schneider (Beijing) Medium & Low Voltage Co., Ltd	China	95.0	95.0
Schneider (Beijing) Medium Voltage Co. Ltd	China	95.0	95.0
Schneider (Shaanxi) Baoguang Electrical Apparatus Co. Ltd	China	70.0	70.0
Schneider (Shanghaï) Supply Co. Ltd	China	100.0	100.0
Schneider (Suzhou) Drives Company Ltd	China	90.0	90.0
Schneider (Suzhou) Enclosure Systems Co Ltd	China	100.0	100.0
Schneider (Suzhou) Transformers Co. Ltd	China	100.0	100.0
Schneider Automation Solutions (Shanghai) Co., Ltd.	China	100.0	100.0
Schneider Busway (Guangzhou) Ltd	China	95.0	95.0
Schneider Electric (China) Investment Co. Ltd	China	100.0	100.0
Schneider Electric International Trading (Shanghai) Co., Ltd.	China	100.0	100.0
Schneider Electric IT (China) Co., Ltd	China	100.0	100.0
Schneider Electric Low Voltage (Tianjin) Co. Ltd	China	75.0	75.0
Schneider Shanghaï Apparatus Parts Manufacturing Co. Ltd	China	100.0	100.0
Schneider Shanghaï Industrial Control Co. Ltd	China	80.0	80.0
Schneider Shanghaï Low Voltage Term. Apparatus Co. Ltd	China	75.0	75.0
Schneider Shanghaï Power Distribution Electric Apparatus Co. Ltd	China	80.0	80.0
Schneider Wingoal (Tianjin) Electric Equipment Co. Ltd	China	100.0	100.0
Telvent - BBS High & New Tech (Beijing) Co. Ltd	China	80.0	-
Telvent Control System (China) Co. Ltd	China	100.0	-

		% interest Dec. 31, 2011	% interest Dec. 31, 2010
Tianjin Merlin Gerin Co. Ltd	China	75.0	75.0
Wuxi Proface Electronic Co.Ltd	China	99.9	99.9
Clipsal Asia Holdings Limited	Hong Kong	100.0	100.0
Clipsal Asia Limited	Hong Kong	100.0	100.0
Clipsal Industries Hong Kong Limited	Hong Kong	100.0	100.0
Custom Sensors & Technologies Asia (Hong Kong) Limited	Hong Kong	100.0	100.0
Luminous Power Technologies (HK) Ltd	Hong Kong	100.0	-
Schneider Electric IT Hong Kong Limited	Hong Kong	100.0	100.0
Schneider Electric (Hong Kong) Limited	Hong Kong	100.0	100.0
Schneider Electric Asia Pacific Limited	Hong Kong	100.0	100.0
APC India Private Ltd	India	100.0	100.0
APW President Systems Ltd	India	75.0	-
Cimac Automation Private Ltd	India	85.0	85.0
Cimac Software Systems Private Ltd	India	85.0	85.0
CST Sensors India Private Limited	India	100.0	100.0
Luminous Power Technologies Private Ltd	India	100.0	-
Luminous Renewable Energy Solutions Private Ltd	India	100.0	-
Luminous Teleinfra Ltd	India	100.0	-
Schneider Electric India Private Ltd	India	100.0	100.0
Uniflair India Private Ltd	India	100.0	-
PT Clipsal Manufacturing Jakarta	Indonesia	100.0	100.0
PT Schneider Electric IT Indonesia	Indonesia	100.0	100.0
PT Merten Intec Indonesia	Indonesia	100.0	100.0
PT Schneider Electric Indonesia	Indonesia	100.0	100.0
PT Schneider Electric Manufacturing Batam	Indonesia	100.0	100.0
APC Japan, Inc.	Japan	100.0	100.0
Digital Electronics Corporation	Japan	99.9	99.9
Schneider Electric Japan Holdings Ltd	Japan	100.0	100.0
Toshiba Schneider Inverter Corp.	Japan	60.0	60.0
Clipsal Integrated Systems (M) Sdn Bhd	Malaysia	100.0	100.0
Clipsal Manufacturing (M) Sdn Bhd	Malaysia	100.0	100.0
DESEA Sdn Bhd	Malaysia	100.0	100.0
Gutor Electronic Asia Pacific Sdn Bhd	Malaysia	100.0	100.0
Huge Eastern Sdn Bhd	Malaysia	100.0	100.0
KSLA Energy & Power Solutions (M) Sdn Bhd	Malaysia	100.0	100.0
PDL Electric (M) Sdn Bhd	Malaysia	100.0	100.0
Schneider Electric (Malaysia) Sdn Bhd	Malaysia	30.0	30.0
Schneider Electric Energy Malaysia Sdn Bhd	Malaysia	100.0	100.0
Schneider Electric Industries (M) Sdn Bhd	Malaysia	100.0	100.0
Schneider Electric IT Malaysia Sdn Bhd	Malaysia	100.0	100.0
Schneider Electric Manufacturing (M) Sdn Bhd	Malaysia	100.0	100.0
Schneider Electric (NZ) Ltd	New Zealand	100.0	100.0
American Power Conversion Land Holdings Inc.	Philippines	100.0	100.0
Clipsal Philippines	Philippines	100.0	100.0
MGE UPS Systems Philippines Inc.	Philippines	100.0	100.0
Schneider Electric (Philippines) Inc.	Philippines	100.0	100.0
Clipsal International Pte. Ltd	Singapore	100.0	100.0
KSLA Energy & Power Solution Pte. Ltd	Singapore	100.0	100.0
Merten Asia Pte. Ltd	Singapore	100.0	100.0
Pelco Asia Pacific Pte. Ltd	Singapore	100.0	100.0
Schneider Electric Buildings Singapore Pte. Ltd	Singapore	100.0	100.0
Schneider Electric Export Services Pte. Ltd	Singapore	100.0	100.0
Schneider Electric IT Logistics Asia Pacific Pte. Ltd	Singapore	100.0	100.0
Schneider Electric IT Singapore Pte. Ltd	Singapore	100.0	100.0
Schneider Electric Logistics Asia Pte. Ltd	Singapore	100.0	100.0
Schneider Electric Overseas Asia Pte. Ltd	Singapore	100.0	100.0
Schneider Electric Singapore Pte. Ltd	Singapore	100.0	100.0
Schneider Electric South East Asia (HQ) Pte. Ltd	Singapore	100.0	100.0

		% interest Dec. 31, 2011	% interest Dec. 31, 2010
Pro Face Korea Co. Ltd	South Korea	99.9	99.9
Schneider Electric Korea Ltd (ex Samwha EOCR Co. Ltd)	South Korea	100.0	100.0
Schneider Electric Lanka (Private) Limited	Sri Lanka	100.0	100.0
Pro Face Taïwan Co. Ltd	Taïwan	99.9	99.9
Schneider Electric Taïwan Co Ltd	Taïwan	100.0	100.0
Clipsal (Thailand) Co. Ltd	Thailand	95.1	95.1
MGE UPS Systems S.A. (Thailand) Co. Ltd	Thailand	100.0	100.0
Pro Face South East Asia Pacific Co. Ltd	Thailand	100.0	100.0
Schneider (Thaïland) Ltd	Thailand	100.0	100.0
Schneider Electric CPCS (Thailand) Co. Ltd.	Thailand	100.0	100.0
Square D Company (Thaïland) Ltd	Thailand	100.0	100.0
Telvent Thailandia Ltd	Thailand	100.0	-
Clipsal Vietnam Co. Ltd	Vietnam	100.0	100.0
MGE UPS Systems Viet Nam Limited	Vietnam	100.0	100.0
Schneider Electric Vietnam Co. Ltd	Vietnam	100.0	100.0
Accounted for by proportionate method			
Delixi Electric Ltd (sub-group)	China	50.0	50.0
Accounted for by equity method			
Sunten Electric Equipment	China	50.0	50.0
Fuji Electric FA Components & Systems Co., Ltd (sub-group)	Japan	37.0	37.0
Rest of the world			
Fully consolidated			
Delixi Electric Algerie	Algeria	100.0	100.0
SARL Schneider Electric Algerie	Algeria	100.0	100.0
MGE UPS Systems Argentina S.A	Argentina	100.0	100.0
Schneider Electric Argentina SA	Argentina	100.0	100.0
Steck Electric SA	Argentina	100.0	-
Telvent Argentina SA	Argentina	100.0	-
Clipsal Middle East	Bahrain	80.0	80.0
APC Brasil Ltda	Brasil	100.0	100.0
CST Latino America Comercio E Representacao de Produtos Electricos E Elestronicos Ltda	Brasil	99.8	99.8
Matchmind Software Ltda	Brasil	100.0	-
Microsol Tecnologia SA	Brasil	100.0	100.0
Ram Do Brasil, Ltda	Brasil	100.0	100.0
Schneider Electric Brasil Ltda	Brasil	100.0	100.0
MGE UPS Systems Do Brasil Ltda	Brasil	100.0	100.0
Schneider Electric Participacoes Do Brasil Ltda	Brasil	100.0	-
Telvant Brazil SA	Brasil	100.0	-
Softbrasil Automaçäo Ltda	Brasil	100.0	100.0
Steck da Amazonia Industria Electrica Ltda	Brasil	100.0	-
Steck Industria Electrica Ltda	Brasil	100.0	-
Inversiones Schneider Electric Uno Limitada	Chile	100.0	100.0
Marisio SA	Chile	100.0	100.0
Schneider Electric Chile SA	Chile	100.0	100.0
Telvent Chile SA	Chile	100.0	-
Dexson Electric SA	Colombia	100.0	100.0
Schneider de Colombia SA	Colombia	85.0	85.0
Schneider Centroamerica SA	Costa Rica	100.0	100.0
Delixi Electric Egypt s.a.e	Egypt	98.0	98.0
Schneider Electric Distribution Company	Egypt	87.4	87.4
Schneider Electric Egypt SA	Egypt	91.0	91.0
Schneider Electric Industries Iran	Iran	89.0	89.0

		% interest Dec. 31, 2011	% interest Dec. 31, 2010
Telemecanique Iran	Iran	100.0	100.0
Schneider Electric LLP	Kazakhstan	100.0	100.0
Schneider Electric East Mediterranean SAL	Lebanon	96.0	96.0
Crouzet SA	Morocco	100.0	100.0
Delixi Electric Maroc SARL AU	Morocco	100.0	100.0
Schneider Electric IT Morocco, SA	Morocco	100.0	100.0
Schneider Electric Maroc	Morocco	100.0	100.0
Delixi Electric West Africa Ltd	Nigeria	100.0	100.0
Schneider Electric Nigeria Ltd	Nigeria	100.0	100.0
Schneider Electric Oman LLC	Oman	100.0	100.0
Schneider Electric Pakistan (Private) Limited	Pakistan	80.0	80.0
Schneider Electric Peru SA	Peru	100.0	100.0
Cimac Electrical and Automation W.L.L	Qatar	75.0	75.0
EPS Electrical Power Distribution Board & Switchgear Ltd	Saudi Arabia	51.0	51.0
Telvent Saudi Arabia Co. Ltd	Saudi Arabia	100.0	-
Delixi Electric South Africa (Pty) Ltd	South Africa	100.0	100.0
Merlin Gerin SA (Pty) Ltd	South Africa	80.0	80.0
Schneider Electric IT South Africa (Pty) Ltd	South Africa	100.0	100.0
Schneider Electric South Africa (Pty) Ltd	South Africa	74.9	74.9
Uniflair South Africa (Pty) Ltd	South Africa	100.0	-
Schneider Enerji Endustrisi Sanayi Ve Ticaret	Turkey	100.0	100.0
DMR Demirbag Elektrik Malzemeleri Ticaret Anonim Sirketi	Turkey	100.0	100.0
Metesan Elektric Malzemeleri Ticaret Ve Pazarlama A.S	Turkey	100.0	100.0
Schneider Electric Bilgi Teknolojileri Ticaret Ve Pazarlama A.S	Turkey	100.0	100.0
Schneider Elektrik Sanayi Ve Ticaret A.S.	Turkey	100.0	100.0
Cimac Electrical and Control Systems LLC	United Arab Emirates	80.0	80.0
Cimac FZCO	United Arab Emirates	100.0	100.0
Cimac LLC	United Arab Emirates	49.0	49.0
Clipsal Middle East FZC	United Arab Emirates	100.0	100.0
Clipsal Middle East FZCO	United Arab Emirates	60.0	60.0
CLS Systems FZCO	United Arab Emirates	100.0	100.0
Delixi Electric FZE	United Arab Emirates	100.0	100.0
Hunter Watertech Middle East FZE	United Arab Emirates	100.0	100.0
Schneider Electric DC MEA FZCO	United Arab Emirates	100.0	100.0
Schneider Electric FZE	United Arab Emirates	100.0	100.0
Schneider Electric RAK FZE	United Arab Emirates	100.0	100.0
APC Uruguay S.A.	Uruguay	100.0	100.0
Schneider Electric Venezuela SA	Venezuela	91.9	91.9
Telvent Venezuela SA	Venezuela	50.0	-

Review of the consolidated financial statements

Review of business and consolidated statement of income

Changes in the scope of consolidation

Acquisitions

On January 21, 2011, Schneider Electric announced the signature of an agreement to acquire a majority of the shares in APW President Systems Ltd. which designs and manufactures standard and customized racks and enclosure systems in India, serving in particular information technology and telecom end-users. APW President Systems Ltd. has approximately 380 employees and generated sales of INR1.08 billion (approx. EUR17 million) for the twelve months ending September 30, 2010. 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.

On March 24, 2011, Schneider Electric announced the signature of an agreement to acquire Summit Energy Services Inc., an American company leader in outsourced energy procurement and sustainability services to industrial, commercial and institutional enterprises. 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 USD65 million for the current year. The acquisition of Summit Energy allows Schneider Electric to broaden its energy management services and solution portfolio, offering customers the ability to manage and optimize their energy consumption from the supply side through the demand side, while also growing Schneider Electric's energy and environmental online reporting capabilities.

On March 31, 2011, Schneider Electric announced the signature of an agreement to acquire from Smartlink Network Systems Ltd. the assets of the Indian company 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 INR1.55 billion (approx. EUR25 million) in calendar year 2010. With this acquisition 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.

On April 4, 2011, Schneider Electric announced the signature of an agreement to acquire in the United States Lee Technologies, a leading service provider for the data centres of the North American market. Headquartered in Fairfax, Virginia, Lee Technologies has over 300 employees and generated sales of about USD140 million (approx. EUR104 million) in 2010. 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 centre management and its ability to provide data centres, one of the world's fastest growing end-users of energy, with the best standards in energy conservation and reliability.

On May 30, 2011, Schneider Electric announced the signature of 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 around EUR800 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 INR11.0 billion (approx. EUR170 million) for the fiscal year ending March 2011.With Luminous, Schneider Electric will become the leader in the Indian inverters and secured power market and gain access to a complementary retail network.

On June 9, 2011, Schneider Electric announced the signature of 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 inhouse 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 USD150 million (approx. EUR100 million) for 2011. Leader & Harvest's range represents an excellent addition to Schneider Electric's industrial automation range of products and solutions. Medium voltage drives are a key element of energy efficient solutions to our key target segments of mining, minerals & metals and water & waste water.

On July 21, 2011, Schneider Electric announced it has entered into a partnership with NVC Lighting Holding Limited ("NVC Lighting") to speed up its market penetration in smaller cities in China via NVC Lighting's well established diffused channels. The partnership will give Schneider Electric an exclusive access to diffused channels and bring forth strong revenue synergies. NVC Lighting has a solid presence in China with broad diffused channels and extensive retail management experience. It has the access to over 3,000 retail outlets, half of which are located in smaller cities and townships.

On July 22, 2011, Schneider Electric announced the signature of an agreement to acquire the bresilian group Steck Da Amazonia Industria Electrica Ltda. and affiliates ("Steck Group"), a key player (950 employees, about BRL180 million (approx. EUR80 million) in 2011) in the fast growing final low voltage segment serving the residential and commercial buildings and industries in Brazil. The transaction will enable Schneider Electric to broaden its product portfolio and market access and hence provide an opportunity to expand its presence in new economies, particularly in Latin America.

On June 1st, 2011, Schneider Electric announced the signing of a definitive agreement related to the acquisition, through a public offer of Telvent GIT SA ('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. By acquiring Telvent, Schneider Electric integrates 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 also doubles its overall software development competencies and enhances its IT integration and software service capability, including weather services. Schneider Electric made a cash tender offer for all of Telvent's shares at a price of USD40 per share, which represents a premium of 36% to Telvent's average share price over the last 3 months. This offer has successfully been completed on August 30, 2011.

Acquisitions and disposals that took place in 2010 and that had an impact on the 2011 financial statements

The following entities were acquired during financial year 2010 and their consolidation on a full-year basis for financial year 2011 had a scope effect compared to financial year 2010:

- Cimac, consolidated as of January 21, 2010,
- Zicom Electronic Security Systems Limited, consolidated as of March 5, 2010,
- SCADA group, consolidated as of April 13, 2010,
- Distribution business of Areva T&D, consolidated as of June 7, 2010,
- Uniflair, consolidated as of November 23, 2010,
- Vizelia and D5X, consolidated as of December 9, 2010.

Changes in foreign exchange rates

Changes in foreign exchange rates relative to the euro had a material impact over the year. This negative effect amounts to EUR229 million on consolidated revenue and EUR32 million on EBITA[(2))] (effect of conversions only).

Revenue

On December 31, 2011, the consolidated revenue of Schneider Electric totaled EUR22,387 million, an increase of 14.3% at current scope and exchange rates compared to December 31, 2010.

This growth breaks down into 8.3% organic, a contribution of acquisitions net of disposals of 7.3% and a negative exchange rate effect of 1.3%.

Changes in revenue by operating segment

Power revenue (37% of Group revenue), totaled EUR8,297 million on December 31, 2011, an increase of 7.0% on an actual basis et de 7.6% at constant scope and exchange rates. This performance is driven primarily by product business which continued to be supported by global manufacturing and infrastructure markets, launching of new offers and better coverage especially in new economies. Solutions business shows about flat revenue compared to 2010 despites renewable energy revenue was negative, due to the change by some countries in their incentive policies.

Infrastructure revenue (22% of Group revenue), totaled EUR4,897 million on December 31, 2011, an increase of 12.8% on an actual basis (2010 comparative data including EUR1,878 million of Areva-D revenues from January 1) et de 7.5% at constant scope and exchange rates. Despite the product business globally flat, the growth in Infrastructure sales is driven by improving demand in solutions business from electro-intensive customers (oil and gas, mining and metals), infrastructure projects in the new economies.

I**ndustry revenue** (20% of Group revenue), totaled EUR4,404 million on December 31, 2011, an increase of 10.5% on an actual basis et de 10.4% at constant scope and exchange rates. The product business recorded solid growth, benefiting from the globally well-oriented industrial demand, especially from machine builders segment in new economies and some export-oriented mature markets, as well as new product launches. The performance of Industry is also boosted by the solutions business, particularly in the areas of OEM solutions, drives systems for mining, oil and gas, and cement sectors, energy efficiency solutions as well as industrial services.

IT revenue (14% of Group revenue), totaled EUR3,237 million on December 31, 2011, an increase of 17.9% on an actual basis et de 10.3% at constant scope and exchange rates. The solutions business grew double-digit, reflecting the strong demand for complete data center projects and services. Products benefited from the good momentum particularly in the region Rest of the World.

Buildings revenue (7% of Group revenue), totaled EUR1,552 million on December 31, 2011, an increase of 10.7% on an actual basis and 4.8% at constant scope and exchange rates. Solution business is supported by strong advanced and installed base services and also security systems and energy efficiency projects mature countries and in new economies. The low growth in product business is hampered by challenging new constructions market conditions in mature markets.

Adjusted EBITA by operating segment

Adjusted EBITA is defined as EBITA before Restructuring costs and before Other operating income and expense (of which Acquisition, integration and separation costs).

Power achieved an Adjusted EBITA margin of 21%, this rate is down 0.6 point compared to December 31, 2010.

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

Buildings achieved an Adjusted EBITA margin of 10.4%, stable compared to December 31, 2010 (10.3%).

Industry achieved an Adjusted EBITA margin of 17.7%, down 1 point compared to December 31, 2010.

IT business achieved an Adjusted EBITA margin of 16.2%, down 0.4% compared to December 31, 2010.

Buildings achieved an Adjusted EBITA margin of 9.3%, down 1.3 point compared to December 31, 2010.

Net financial income/loss

Net financial income/loss is a net loss of EUR415 million at December 31, 2011, compared to EUR347 million at December 31, 2010.

Net finance costs totaled EUR301 million, up EUR19 million compared to 2010. This increase is mainly due to a higher net financial debt.

Exchange gains and losses, including the impact of the Group's foreign currency hedges, was a negative effect of EUR40 million in 2011, compared to an income of EUR25 million in 2010.

The financial component of pension plan and other post-employment benefit costs represents a net expense of EUR45 million compared to EUR49 million in 2010.

Finally, other net financial expense, in the amount of EUR37 million, can mainly be explained by bank fees linked to issuance or settlement of credit lines.

Tax

The effective tax rate at December 31, 2011 was 23.1% compared to 24.0% at December 31, 2010.

Share of profit/(losses) of associates

The share of profit/losses of associates represents income of EUR28 million at December 31, 2011. It principally comprises the share in net income of Electroshield-Samara in Russia (EUR14 million) and the Fuji Electric joint venture in Japan (EUR12 million).

Non-controlling interests

Minority interests in net income for financial year 2011 totaled EUR84 million, compared to EUR76 million in 2010. This represents the share in net income attributable mainly to the minority interests of certain Chinese companies.

Profit for the period

Net income for the period attributable to the equity holders of the parent company amounted to EUR1,820 million, a EUR100 million increase over 2010 (EUR1,720 million).

Earnings per share

Earnings per share (taking into account the division of the nominal value of the shares by two, effective on September 2, 2011) amounted to EUR3.39 in 2011 compared with EUR3.30 in 2010.

Review of balance sheet and cash flow statement items

Total consolidated balance sheet amounted to EUR35,886 million as at December 31, 2011, up 15.6% compared with December 31, 2010. Non-current assets amounted to EUR22,540 million or 63% of total assets.

Goodwill

Goodwill amounted to EUR12,773 million or 36% of total assets, up by EUR2,560 million compared with December 31, 2010.

The Group's acquisitions – mainly comprising Areva Distribution – in 2011 accounted for EUR2,356 million of the increase. Changes in foreign exchange rates accounted for EUR142 million of the increase.

The Group's impairment tests did not lead to the recognition of any additional impairment losses during the period.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets amounted to EUR7,277 million or 20% of total assets, up 10% compared with December 31, 2010.

Intangible assets

Trademarks amounted to EUR2,529 million at December 31, 2011, an increase of EUR103 million compared with December 31, 2010 mainly as a result of acquired entities Telvent, Steck and Luminous and foreign exchange differences.

Gross capitalised development costs totaled EUR1,292 million (EUR809 million net), including the capitalisation of costs for current projects in an amount of EUR217 million.

Other intangible assets, net, consisting primarily of customer lists recognised on acquisition, software and patents, increased by EUR252 million over the year primarily due to the EUR436 million of intangible assets recognised in the balance sheet following the acquisition of Telvent, Leader & Harvest and Summit Energy.

Property, plant and equipment

Net property, plant and equipment came to EUR2,573 million, an increase of EUR236 million compared with December 31, 2010.

Investments in associates

Investments in associates amounted to EUR489 million, a steep rise compared to the balance of EUR42 million as at December 31, 2010.

Non-current financial assets

Non-current financial assets totaled EUR557 million. They mainly comprised listed equity investments (mainly Axa and NVC Lighting shares) for EUR191 million and potential assets linked to acquisitions.

Cash and net debt

Net cash provided by operating activities before changes in operating assets and liabilities came to EUR2,579 million versus EUR2,534 million in 2010, and represented 11.5% of revenue compared with 12.9% the year before.

Change in working capital requirement consumed EUR327 million in cash, reflecting the increase in inventories generated by the corresponding rise in revenue.

In all, net cash provided by operating activities totalled EUR2,252 million in 2011 compared with EUR2,262 million in 2010.

Net capital expenditure, which includes capitalised development projects, represented an outlay of EUR746 million, or 3.3% of revenue, compared with EUR528 million, or 2.7% in 2010.

The year's acquisitions represented a cash outflow of EUR2,873 million in 2011 compared to 1,754 million in 2010, net of cash acquired. Numerous acquisitions took place in 2011, such as Telvent, Leader & Harvest, Luminous, Summit Energy, Steck and Digilink; the main acquisition of 2010 was Areva Distribution for EUR1,208 million.

There was no sale of treasury stock in 2011 when the sale of treasury stock in 2010 generated a net cash inflow of EUR249 million. Dividends paid totaled EUR925 million, of which EUR69 million to minority interests. This is an increase compared to EUR241 million paid in 2010 (out of which EUR46 million to minority interests), as a result of an increase in the dividend per share that was entirely paid in cash (when part of it was paid in shares in 2010).

Net debt at December 31, 2011 totaled EUR5,266 million or 32.7% of equity attributable to equity holders of the parent. This represents an increase of EUR2,530 million from the year before with the purpose of financing 2011 acquisitions.

The Group ended the year with cash and cash equivalents of EUR2,771 million, of which EUR1,515 million in cash, EUR634 million in marketable securities and EUR622 million in short-term negotiable instruments such as commercial paper, money market mutual funds and equivalents.

Total current and non-current financial liabilities amounted to EUR8,037 million. Of this, bonds represented EUR5,540 million and non-current bank loans EUR1,464 million. Five new bond issues, in an aggregate amount of EUR1,692 million, were launched in 2011, while EUR500 million worth of bonds were redeemed at maturity.

Equity

As at December 31, 2011 equity attributable to equity holders of the parent company came to EUR15,898 million, or 44% of the balance sheet total. The EUR1,113 million increase over the period was the net result of the following:

- profit for the year of EUR1,820 million,
- payment of the 2010 dividend in an amount of EUR856 million,
- actuarial losses on defined benefit plans of EUR275 million,
- foreign exchange differences in an amount of EUR159 million,
- share issues for EUR178 million,
- the exercise of stock options for EUR51 million,
- disposal of own shares for EUR38 million.

Minority interests amounted to EUR192 million, down EUR12 million compared with December 31, 2010 as a net effect of the EUR84 million profit for the year, the dividend payments of EUR69 million and various negative items for EUR27 million.

Provisions

Current and non-current provisions totaled EUR3,363 million, or 9% of the balance sheet total, of which EUR960 million covered items that are expected to be paid out in less than one year. This item primarily comprises provisions for pensions and healthcare costs in an amount of EUR1,723 million. The EUR219 million increase over the year corresponds mainly to actuarial variances, linked to the decrease of discount rates.

Other provisions excluding employee benefits totaled EUR1,640 million at December 31, 2011. These provisions cover economic risks (tax risks, financial risks generally corresponding to seller's warranties) for EUR739 million, product risks (warranties, disputes over identified defective products) for EUR420 million, restructuring for EUR137 million, customer risks (customer disputes and losses on long-term contracts) for EUR87 million and environmental risks for EUR57 million. The EUR176 million increase over the year principally corresponds to the acquisitions of the period (EUR167 million).

Deferred taxes

Deferred tax assets came to EUR1,444 million as at December 31, 2011, reflecting unused tax losses of an amount of EUR294 million, future tax savings on provisions for pensions of an amount of EUR553 million, and non-deductible provisions and accruals of an amount of EUR247 million.

Deferred tax liabilities totaled EUR944 million and primarily comprised deferred taxes recognised on trademarks, customer lists and patents acquired in connection with business combinations.

Outlook

For 2012, the uncertainty surrounding the global economy limits visibility. While the Group sees continued strength in new economies and opportunities from a recovering North America, Western Europe is expected to weigh on growth.

In this context and assuming no major change in economic conditions, the Group expects flat to slightly positive organic growth for sales and an adjusted EBITA margin between 14% and 15%.

Statutory Auditors' Review Report

MAZARS	ERNST & YOUNG et Autres
Tour Exaltis	1/2, place des Saisons
61, rue Henri-Regnault	92400 Courbevoie - Paris-La Défense 1
92075 Paris-La Défense Cedex	S.A.S. à capital variable
S.A. au capital de € 8.320.000	
Commissaire aux Comptes	Commissaire aux Comptes
Membre de la compagnie	Membre de la compagnie
régionale de Versailles	régionale de Versailles

Schneider Electric S.A.

Year ended December 31, 2011

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

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

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

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

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual shareholders' meeting, we hereby report to you, for the year ended December 31, 2011, on:

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

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

I. Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2011 and of the results of its operations for the year then ended in accordance with IFRS, as adopted by the European Union.

II. Justification of assessments

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

- Note 1.8 to the consolidated financial statements explains the method for recognizing research and development costs and describes the criteria under which development costs may be capitalized. We reviewed the data and assumptions used to identify projects that qualify for capitalization, as well as the group's calculations, and verified that adequate disclosure is made in the notes to the consolidated financial statements.

- As explained in notes 1.10 and 8 to the consolidated financial statements, intangible assets and goodwill are tested for impairment at least once a year and when factors exist indicating that the related assets may have suffered a loss of value. We analysed, on a test basis, the indicators of a loss of value and the other information evidencing the absence of any loss of value. We reviewed the data, assumptions used, and calculations made, and verified that adequate disclosure is made in the notes to the consolidated financial statements.

- As indicated in notes 1.15 and 16 to the consolidated financial statements, future tax benefits arising from the utilization of tax loss carry forwards are recognized only when they can reasonably be expected to be realized. We verified the reasonableness of the assumptions used to produce estimate of future taxable income used to support assessments of the recoverability of these deferred tax assets.

- Notes 1.18 and 22 describe the method for valuing pensions and other post-employment obligations. Actuarial valuations were performed for these commitments. We reviewed the data, assumptions used, and calculations made, and verified that adequate disclosure is made in the notes to the consolidated financial statements.

- Note 7 “Restructuring costs” states the amount of restructuring costs recorded in 2011. We verified that, based on currently available information, these costs concern restructuring measures initiated or announced before December 31, 2011, for which provisions have been recorded based on an estimate of the costs to be incurred. We also reviewed the data and assumptions used by the group to make these estimates.

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

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group’s management report.
We have no matter to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Paris-La Défense, February 21, 2012

The statutory auditors
French original signed by

MAZARS	ERNST & YOUNG et Autres
David Chaudat	Yvon Salaün