



## SCHNEIDER ELECTRIC SA

**Euro 6,000,000,000**

### **Euro Medium Term Note Programme**

### **Due from seven days from the date of original issue**

*Under the Euro Medium Term Note Programme described in this Base Prospectus (the "Programme"), Schneider Electric SA (the "Company" or the "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro medium term notes (the "Notes"). The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 6,000,000,000 (or the equivalent in other currencies).*

*This Base Prospectus supersedes and replaces the Base Prospectus dated 27 January 2006 prepared in relation to the Programme.*

*Application has been made (i) to the Commission de Surveillance du Secteur Financier as competent authority in Luxembourg (the "CSSF") for approval of this Base Prospectus and (ii) to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market (as defined below) of the Luxembourg Stock Exchange during a period of twelve months after the date of this Base Prospectus and application may be made to the competent authority of any other Member State of the European Economic Area ("EEA") for Notes issued under the Programme to be listed and admitted to trading on a Regulated Market in such Member State. The Luxembourg Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC (a "Regulated Market"). However, Notes may be issued pursuant to the Programme which are not listed and admitted to trading on a Regulated Market. The relevant final terms (the "Final Terms") (forms of which are contained herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading, and, if so, the relevant Regulated Market in the EEA. Application has been made to the CSSF for approval of this Base Prospectus in its capacity as competent authority under the loi relative aux Prospectus pour valeurs mobilières dated 10 July 2005.*

*Notes issued under the Programme will be governed by French law and may be issued either in dematerialised form ("Dematerialised Notes") or in materialised form ("Materialised Notes") as more fully described herein. Dematerialised Notes will at all times be in book-entry form in compliance with Article L.211-4 of the French Code monétaire et financier. No physical documents of title will be issued in respect of the Dematerialised Notes.*

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

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

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

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

*Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.*

**Arranger for the Programme**

**BNP PARIBAS**

**Dealers**

**BNP PARIBAS**

**CITI**

**DEUTSCHE BANK**

**MERRILL LYNCH INTERNATIONAL**

**MORGAN STANLEY**

**SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING**

This Base Prospectus (together with any Supplements hereto (each a “**Supplement**” and together the “**Supplements**”) comprises a Base Prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “**Prospectus Directive**”) and for the purposes of giving information with regard to the Issuer, the Issuer and its subsidiaries taken as a whole (the “**Group**”) and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

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

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

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

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

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

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

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

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect

transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the Final Terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche.

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

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**PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS**

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

## SUMMARY

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

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

### 1. Notes to be issued under the Programme

<b>Description of the Programme</b>	Euro Medium Term Note Programme (the “ <b>Programme</b> ”)
<b>Programme Size</b>	The Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in any currency. The aggregate principal amount of Notes outstanding will not at any time exceed Euro 6,000,000,000 (or the equivalent in other currencies at the date of issue), subject to any duly authorised increase.
<b>Arranger of the Programme</b>	BNP Paribas
<b>Dealers under the Programme</b>	BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Merrill Lynch International, Morgan Stanley & Co. International plc, and Société Générale.
<b>Types of Notes</b>	The Issuer may issue Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Dual Currency Notes and Index Linked Notes as specified in the relevant Final Terms.
<b>Status of Notes</b>	The Notes issued under the Programme will be unsubordinated and unsecured obligations of the Issuer and will have the benefit of a negative pledge and the events of default set out in the “Terms and Conditions of the Notes”. The Issuer may also issue Subordinated Notes, including deeply subordinated Notes pursuant to the provisions of Article L.228-97 of the French <i>Code de Commerce</i> , as described in Condition 3(b). See “Terms and Conditions of the Notes – Status of the Notes”.
<b>Form of Notes</b>	Notes may be issued in either dematerialised form (“ <b>Dematerialised Notes</b> ”) or in materialised form (“ <b>Materialised Notes</b> ”). Dematerialised Notes may be issued in bearer dematerialised form ( <i>au porteur</i> ) or in registered dematerialised form ( <i>au nominatif</i> ). Materialised Notes will be in bearer form only and may only be issued outside France.

**Final Terms of Notes**

The aggregate principal amount, any interest rate or interest calculation, the issue price, maturity and any other terms and conditions not contained herein with respect to each Tranche of Notes will be established at the time of issuance and set forth in the relevant Final Terms.

**Method of Issue**

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Final Terms.

**Listing and admission to trading**

Application may be made to list each series of Notes issued under the Programme on the Official List of the Luxembourg Stock Exchange and admit such Notes to trading on the regulated market of the Luxembourg Stock Exchange and/or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may or may not be listed and admitted to trading.

**Clearing Systems**

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

**Redemption**

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

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

**Currencies**

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

**Denominations**

The Notes will be in such denominations as may be specified in the relevant Final Terms, save that in respect of any Notes that

are offered to the public and/or admitted to trading on a Regulated Market in the EEA, such Notes will have a minimum denomination of Euro 1,000 (or its equivalent in other currencies).

**Negative Pledge**

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

**Events of Default**

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

**Withholding Tax**

Payments of interest and other revenues with respect to the Notes constituting *obligations* under French law will be made without withholding or deduction for, or on account of, the withholding tax set out under Article 125 A III of the French *Code général des impôts*, as provided for in Article 131 *quater* of the French *Code général des impôts*, to the extent that the Notes are issued (or deemed to be issued) outside the Republic of France.

Notes constituting *obligations* under French law will be issued (or deemed to be issued) outside the Republic of France, (i) in the case of syndicated or non-syndicated issues of Notes, if such Notes are denominated in Euro, (ii) in the case of syndicated issues of Notes denominated in currencies other than Euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the Notes to the public in the Republic of France and such Notes are offered in the Republic of France through an international syndicate only to qualified investors (*investisseurs qualifiés*) as described in Article L.411-2 of the French *Code monétaire et financier*, or (iii) in the case of issues of Notes denominated in currencies other than Euro that are not offered and sold through an international syndicate, if each of the subscribers of the Notes is domiciled or resident for tax purposes outside the Republic of France and does not act through a permanent establishment or fixed base therein, in each case as more fully set out in the *Instruction* of the *Direction Générale des Impôts* 5 I-11-98 dated 30 September 1998.

However, if so provided in the relevant Final Terms, Notes constituting *obligations* under French law denominated in currencies other than Euro may be offered without an international syndicate and placed with subscribers not all of whom are resident outside the Republic of France. In such cases, the Notes will not benefit from the exemption from deduction of tax at source provided for in Article 131 *quater* of the French *Code général des impôts* and interest payments under such Notes made to a non-French resident will be exempt from withholding or deduction of tax at source only if the



beneficiary provides certification that he is not resident in the Republic of France, all in accordance with the provisions of Article 125 A III of the French *Code général des impôts*, as more fully described in “Terms and Conditions of the Notes – Taxation”.

The tax regime applicable to Notes which do not constitute *obligations* under French law will be set out in the relevant Final Terms.

**Governing Law**

The Notes will be governed by French law.

**Selling Restrictions**

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

**2. Key information about the Issuer**

**A. Key information about the Issuer**

Schneider **Electric** SA (the “**Issuer**” or the “**Company**” and, together with its consolidated subsidiaries, the “**Group**”) is an international company, incorporated in France as a *société anonyme*, registered with the French registrar of companies (*registre du commerce et des sociétés*) under No. 542 048 574. Its head office is located at 43-45 boulevard Franklin Roosevelt, 92500 Rueil-Malmaison, France.

**Summary of the Group’s main activities and markets**

The Group is an international group that designs, manufactures and sells products, solutions and services for *Electric Distribution* and *Automation & Control*.

Thanks to a unique portfolio of products and services, Schneider Electric offers integrated, intelligent and networked solutions that allow customers to use electricity in complete safety, put automation everywhere, improve energy efficiency, ensure a high quality power supply and manage building utilities and communication networks.

Through its main three global brands – Merlin Gerin, Square D and Telemecanique – and strong local and specialized brands, the Group is present on four main markets: *Energy & Infrastructure, Industry, Buildings* and *Residential*.

**Share capital**

The Company’s share capital at 5 April 2007 amounted to €1,931,467,624, represented by 241,433,453 shares with a par value of €8, all fully paid up. A total of 260,541,188 voting rights were attached to the 241,433,453 shares outstanding.

## B. Key information concerning selected financial data of the Issuer as of 31 December 2006

	Year ending 31 December	
	2006	2005
Revenue	13,729.7	11,678.8
Operating Profit	2,000.7	1,565.3
Profit before tax	1,881.7	1,457.1
Profit for the period	1,346.6	1,029.5
- attributable to holders of the parent	1,309.4	994.3
- attributable to minority interests	37.2	35.2
Basic earnings per share	5.95	4.56
Diluted earnings per share	5.90	4.54
Total assets	18,964.3	16,614.8
Total non-current assets	10,413.2	10,225.3
Total current assets	8,551.1	6,389.5
Total liabilities	18,964.3	16,614.8
Total shareholder's equity	8,716.5	8,243.6

## 3. Risk Factors

### A. Risk factors relating to the Issuer

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

- The Group operates worldwide, in competitive and cyclical markets
- The development and success of the products of the Group depend on its ability to develop new products and services and to adapt to the market and to customer needs
- The strategy of the Group involves growth through acquisitions, joint ventures and mergers, which may be difficult to identify and/or execute
- The Group may be the subject of product liability claims and other adverse effects due to defective products, design faults or harm caused to persons and property
- Information systems risks
- The Group is dependent upon hiring and retaining highly qualified management and technical personnel
- The development and success of the products of the Group depend on its ability to protect its intellectual property against competitors
- The factories and products of the Group are subject to environmental regulations
- The international operations of the Group expose it to the risk of fluctuations in foreign exchange rates
- Interest rate risk, counterparty risk and liquidity risk

- An increase in raw material prices could have negative consequences
- Equity risk
- The Group's products are subject to varying national and international standards and regulations
- Claims, litigation and other risks
- Risks arising from the acquisition of American Power Conversion (including risks related to the integration of American Power Conversion and risks arising from the increase in Group debt due to the financing of the American Power Conversion acquisition)

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

## **B. Risk Factors relating to the Notes**

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

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

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

*An active trading market for the Notes may not develop.*

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

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

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

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

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

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

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

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

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

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

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

Please see “Risk factors” below for further details.

## RISK FACTORS

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

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

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

### **Risk Factors relating to the Issuer**

#### **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme**

*The Group operates worldwide, in competitive and cyclical markets*

The worldwide markets for the Group's products are highly competitive in terms of pricing, product and service quality, development and introduction time and customer service. The Group faces strong competitors, some of whom are larger or developing in certain lower cost countries. The Group is exposed to cyclical fluctuations in the rate of economic growth of, and level of capital expenditures in, the various countries in which the Group operates, though the impact of downturns in a particular market may be limited by its broad geographic reach and the diversified nature of its end user markets.

As the Group also operates in emerging or developing countries for approximately 30% of its business, the Group is exposed to the risks associated with those markets.

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

The Group has implemented procedures designed to protect it from the effects of these risks, which are generally beyond the Group's control, and to manage them as effectively as possible. The protection provided by these measures may nevertheless prove to be inadequate.

*The development and success of the products of the Group depend on its ability to develop new products and services and to adapt to the market and to customer needs*

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

In order to meet these challenges, the Group has an R&D budget which, at approximately 5% of revenue, is among the highest in the industry. It covers approximately 6,500 employees around the world and part of them are working in the 25 development centers. This ongoing commitment has allowed the Group to accelerate time to market and leverage the technology of strategic partners with whom the Group has also forged alliances to expand the Group's lineup or geographic coverage. The Group has brought together all of its electrotechnical, electronic, electromechanical, software and other technical competencies by creating technology parks in China, the US, France and Japan.

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

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

Increasingly high customer satisfaction rates represent an important source of competitive advantage for the Group and the Group closely tracks the results of the quarterly surveys conducted in 55 countries among customers representing some 96% of the Group's annual sales. Improvement targets are set for each country, backed by specific action plans and progress monitoring procedures.

*The strategy of the Group involves growth through acquisitions, joint ventures and mergers, which may be difficult to identify and/or execute*

The Group's strategy involves strengthening its capabilities through acquisitions, strategic alliances, joint ventures and mergers.

External growth projects are examined in detail by the business units, geographies and corporate functions (Strategy, Finance, Legal Affairs and Human Resources) concerned under a rigorous internal process developed and led at Group level. A Launch Committee is responsible for initiating the review process to identify the risks and opportunities associated with each external growth project and the results of the reviews are approved by a Validation Committee. Projects that successfully come through the review process are submitted for approval to the Group Acquisitions Committee made up of the main members of the Group's senior management. The largest projects require the prior approval of the Management Board and, in some cases, the Supervisory Board.

External growth transactions are inherently risky because of the difficulties that may arise in integrating people, operations, technologies and products, and the related acquisition, administrative and other costs. The Group has therefore developed a process for integrating newly-acquired businesses that extends over a period of 6 to 24 months, depending on the type and size of the newly acquired entity. The integration scenario for each acquisition varies depending on whether the business was acquired to strengthen the Group's existing lineup, extend the lineup or penetrate a new segment. All told, there are five scenarios ranging from total integration to separate organization. Depending on the strategic objective, a matrix is drawn up showing the required level of integration for each of the newly-acquired business's core functions, i.e. front office (sales force and brand), back office, R&D, corporate functions and management reporting. An integration plan is drawn up for each acquisition and submitted to the Acquisitions Committee for approval. The plan is implemented by an integration manager who reports to a Steering Committee that initially meets at monthly intervals and then on a quarterly basis.

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

The follow-up of the value of the acquisitions implemented is done through annual depreciation tests.

Value in use is determined by discounting estimated future cash flows that will be generated by the tested assets, generally over a period of not more than five years. Estimated future cash flows are based on management's economic assumptions and operating forecasts. The discount rate corresponds to the Company's weighted average cost of capital (7.5% at 31 December 2006 and 2005 and 8.5% at 31 December 2004), plus a risk premium depending on the region in question.

The Company's goodwill is mainly allocated to cash-generating units (CGU) located in Europe and in the United States. Tests performed on goodwill allocated to European and American CGUs are implemented with a discount rate equal to the balanced average cost of the Company's equity, free of a risk premium. Moreover, the infinite growth rate of these CGUs is equal to 2% and has not changed for the last financial year.

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

Despite its testing and quality procedures, the Group's products might not operate properly or might contain design faults or defects. These design faults and defects could result in product liability claims, loss of revenue, warranty claims, litigation, a fall-off in demand or harm to the Group's reputation for safety and quality. To prevent or limit these risks, the Group recalls products if there are any doubts about a component, even if the defect is random and does not pose a safety risk.

The Company is covered by a global liability insurance program. Insured values under these programs adequately cover the Group's exposure to liability claims in connection with its businesses.

*Information systems risks*

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

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

Problems may also be encountered during the deployment of new applications or software. In particular, a project was launched in 2005 to design, develop and build a Group-wide SAP-based ERP system. The initial vision and detailed design phases were completed in July 2005 and the core system is now being built, for deployment on several pilot sites over the period 2007-2009. Once the trial phase has been completed at the end of 2009, the system will be rolled out to the entire Group over a period of around four years.

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

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

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

Competition for highly qualified management and technical personnel is intense in the Group's industry. Its future success depends in part on the Group's ability to hire, assimilate and retain engineers and other qualified personnel.

The Group's human resources strategy is designed to create a motivating working environment. Specific policies have been developed covering international mobility, career development, training and compensation. The Group's expatriates help it to prepare the future of the Group's business, build local teams and assemble the necessary skill-

sets in targeted regions. The Group places considerable emphasis on training to deepen the Group's skills base and retain employees.

*The development and success of the products of the Group depend on its ability to protect its intellectual property against competitors*

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

In order to mitigate this risk, the patents developed or purchased by the Group are tracked by the industrial property team within the finance & control - legal affairs department. All industrial property information for the main Group subsidiaries is transmitted to this team, which is responsible for managing and protecting these intangible assets throughout the world. The same procedure is followed for trademarks.

Since 2005, the Group has decided to combat violations of industrial property rights more vigorously, taking legal action against patent counterfeiters in Germany, Italy, France and other jurisdictions.

*The factories and products of the Group are subject to environmental regulations*

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

In order to limit risks related to the environment generally, the Group is involved in a process to continuously improve the environmental performance of the Group's plants and products. In 1992, the Group published a formal environmental policy, which was recently redefined to take account of changes both inside and outside the Group.

The policy is designed to improve manufacturing processes, promote eco-design and integrate customer concerns in the area of environmental protection. It also aims to identify, assess and prevent environmental risks, in order to guarantee full compliance with all environmental laws and regulations applicable to the Group's businesses. Environmental provisions are booked when the risks can be reliably measured or it is probable that clean-up work will be performed and the related cost can reasonably be estimated. No estimate is made of the potential cost of unidentified environmental risks. The Group expects its spending on environmental compliance programs to increase as a result of changes to existing environmental regulations and the introduction of new regulations.

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

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

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

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

Because a significant proportion of transactions are denominated in currencies other than the euro, the Group is exposed to risk arising from changes in exchange rates. If the Group is not able to hedge them, fluctuations in



exchange rates between the euro and these currencies can have a significant impact on its results of operations and distort year-on-year performance comparisons.

The Group actively manages its exposure to currency risk to reduce the sensitivity of earnings to changes in exchange rates. Hedging programs mainly concern foreign currency receivables, payables and operating cash flows, which are generally hedged by means of forward sales. Depending on market conditions, risks in the main currencies may be hedged based on recurring forecast flows using contracts that expire in 12 months or less.

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

The financial instruments to hedge the exposure of the Group to fluctuations in exchange rates are described in notes 20.4 and 20.6 to the consolidated financial statements for fiscal year 2006 incorporated by reference in this Base Prospectus.

In 2006, the revenue produced in foreign currencies amounted to €8,979 million. The Company's foreign currencies assets and liabilities represent respectively €1,973 million and €5,156 million. The Group's main exposure in terms of currency exchange risks is related to the US dollar and to currencies influenced by the US dollar. The Group estimates that in the actual structure of its operations, a 10% increase of the euro compared to the US dollar would have an impact of 0.3 points on its operating margin.

#### *Interest rate risk*

The Group is exposed to risks associated with the effect of changing interest rates. Interest rate risk on borrowings is managed at Group level, based on consolidated debt and according to market conditions. The main goal of interest rate management policies is to optimize Group financing costs. Most bond debt is fixed rate.

Less than one year and/or with a variable rate, the Group has a net cash available of about €1.7 billion.

	<b>Up to 1 year</b>	<b>1 to 5 years</b>	<b>More than 5 years</b>
Financial liabilities	884.6	2,312.7	1,144.4
Financial assets	2,544.1	315.7	
Net position before management	- 1,659.5	1997	1,144.4

The influence of a 1% variation of the interest rate would be of about 15% of the financial charge of the Group.

The financial instruments to hedge the exposure of the Group to fluctuations in interest rates are described in notes 20.4 and 20.7 to the consolidated financial statements for fiscal year 2006 incorporated by reference in this Base Prospectus.

#### *Counterparty risk*

Transactions involving foreign currency and long and short-term interest rate hedging instruments are entered into with selected counterparties. Banking counterparties are chosen according to the customary criteria, including the credit rating issued by an independent rating agency.

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

#### *Liquidity risk*

Liquidity is provided by the Group's cash and cash equivalents and commercial paper programs. These programs are backed by undrawn confirmed lines of credit.

The Group's credit rating enables it to raise significant long-term financing and attract a diverse investor base. The Group's current credit rating is A, under negative supervision with negative influence. The Group's liabilities and

their terms and conditions are described in note 17 to the consolidated financial statements for fiscal year 2006 incorporated by reference in this Base Prospectus.

Currency and interest rate risks are generally managed at Group level, with the aim of limiting the impact on results of changes in exchange and interest rates without entering into any trading transactions. Hedging decisions are made by the finance & control - legal affairs department and are reviewed at regular intervals based on changes in financial market conditions.

In line with the Group's overall policy of conservatively managing liquidity risk and protecting its financial position, when negotiating new liquidity facilities the Group resists the inclusion of clauses that would have the effect of restricting the availability of credit lines, such as covenants requiring compliance with certain financial ratios and material adverse change clauses.

The loan agreements for some of its liquidity facilities nevertheless include cross-default clauses whereby if the Group were to default on any of its liquidity facilities the Group would immediately be considered as having defaulted on all such facilities. Moreover, there are, for certain financing and lines of credit, anticipated reimbursement provisions in case of change of control.

*An increase in raw material prices could have negative consequences*

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

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

The financial instruments used to hedge the exposure of the Group to increase in raw materials price are described in note 20.4 to the consolidated financial statements for fiscal year 2006 incorporated by reference in this Base Prospectus.

In 2006, purchases of raw material amounted to about €1 billion, including €400 million of non-ferrous metals and more than 70% as purchases of copper. The Group subscribes exchange and options agreements in order to cover all or part of its purchases of raw material, mostly non-ferrous metals. Decisions to cover the purchases of raw material depend on the Group's anticipations of the evolution of the raw material prices on markets. As of 31 December 2006, the covers by the Group for the purchase of non-ferrous metals amounted to €115 million, including €80 million for copper.

*Equity risk*

Exposure to equity risk primarily relates to treasury stock and shares in Axa. These positions are not hedged.

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

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

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

implement other measures.

Since the products of the Group comply with the dominant standards in the Group's host markets, the Group is able to meet most all of its customers' needs.

#### *Claims, litigation and other risks*

In 2001, the Company made a public offer to purchase Legrand as part of a proposed merger project. When the offer closed in July 2001, the Company held 98.1% of Legrand. In an initial decision dated 10 October 2001, the European Commission vetoed the merger, and in a second decision dated 30 January 2002, it ordered the two companies to separate as quickly as possible. As a result, the Company sold its interest in Legrand to the KKR-Wendel Investissement consortium even though the Court of First Instance of the European Communities overruled the Commission's decisions on 22 October 2002. The Company launched proceedings against the European Commission to obtain damages for the prejudice caused, estimated at €1.6 billion. Hearings are scheduled for 2007.

Following public offers launched in 1993 by SPEP (the Group holding company at the time) for its Belgian subsidiaries Cofibel and Cofimines, Belgium initiated proceedings against former Company executives in connection with the former Empain-Schneider group's management of its Belgian subsidiaries. At the end of March 2006, the Brussels criminal court (*tribunal correctionnel*) ruled that some of the defendants were responsible for certain of the alleged offenses. The court also appointed an expert to assess the loss suffered by those plaintiffs whose claims were ruled admissible. The Group and its Belgian subsidiaries Cofibel and Cofimines were held civilly liable for the actions of their senior executives who were found liable. The Group is paying the legal expenses not covered by insurance of the former executives involved.

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

The Issuer is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) involving the Issuer during the past 12 months, which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.

#### *Risks arising from the acquisition of American Power Conversion*

##### **Risks related to the integration of American Power Conversion**

##### ***The synergies expected from the acquisition of American Power Conversion may not be achieved. Integration of American Power Conversion may not take place as planned***

The acquisition of American Power Conversion ("APC") should create substantial value of more than \$3 billion for the Company's shareholders, generated by the turnaround of large systems and the powerful synergy between American Power Conversion, MGE UPS Systems – a subsidiary of the Group – and the entire Group lineup. This creation of value covers the difference between (i) the discounted value of the future cash flows generated by the acquisition of APC, including the synergies for the Group, and (ii) the acquisition price of APC in enterprise value. A model has been set up for the cash flows generated by the acquisition of APC until 2013. Following this date, the terminal value has been calculated with a 2.5% infinite growth rate. The cash flows have been discounted at a 7.5% rate and are equal to the operating profit before amortization, reduced by the taxes and industrial investment, and adjusted by the variation of the working capital.

In particular, the acquisition should generate substantial synergies, by optimizing the organization of the Group's critical power business (in the areas of purchasing, R&D and support functions) following American Power Conversion's integration and fostering the exchange of best practices between American Power Conversion and the Group (in the areas of services and sales). These synergies are estimated at around \$220 million, 70% of which should be generated by 2009.

However, the value created by the acquisition of American Power Conversion will depend to a large extent on the Group's ability to effectively and efficiently integrate the new business, and to improve American Power Conversion's operating margin within the expected timeframe. Integrating American Power Conversion, which represents a short-term strategic priority for the Group, is subject to the risks and uncertainties inherent in any business combination. These include the possible effects on American Power Conversion of its integration in the Group organization and culture, and the time and effort that will be required of the Group management to oversee the process.

In addition, factors which may affect all of the expected profits and synergies from the acquisition include, among others, the potential difficulty in:

- Implementing synergies within a consolidated entity that conducts its business over a large region;
- Coordinating the activities and employees of the Group and of American Power Conversion;
- Motivating the employees; and
- Focusing the Group's management team of these issues.

The actual cost of integrating American Power Conversion may be greater than expected. Any delays in, or disruption of, the integration process may lead to additional costs for the Company and a corresponding reduction in the value of its investment in this new business. Any such delays and unforeseen costs, or any other problems arising during the integration of American Power Conversion could have an adverse effect on the Group's profitability and earnings.

In addition, the Group may be exposed to a sharp rise in costs resulting from:

- Differences between the controls and procedures in force within the Group and American Power Conversion;
- The need to integrate operating processes and separate information systems and applications.

For these reasons, the integration of American Power Conversion within the Group may not be entirely successful and the expected value creation and synergies may not be fully realized. In addition, cost savings and operating efficiencies may fall short of current expectations or take longer than expected to achieve.

American Power Conversion's operations will be combined with those of MGE UPS Systems within the Group's Critical Power Business Unit. Support functions, marketing and R&D teams will be combined. However, each entity's sales forces will continue to serve their existing customers, i.e. IT customers for American Power Conversion and electrical equipment distributors for MGE UPS Systems.

***The change of control clauses in American Power Conversion's contracts could adversely affect its integration in the Group***

Some of American Power Conversion's contracts include change of control clauses that may be invoked following its acquisition by the Group.

These clauses typically allow either party to terminate the contract in the case of a change of control of the other party.

There is no certainty or indication that parties to contracts with American Power Conversion that contain a change of control clause will choose to exercise their rights under these clauses. American Power Conversion may ask its counterparties to waive their right to exercise such clauses. However, if these parties decide not to waive their rights, the application of change of control clauses could lead to the contracts being terminated with the resulting loss of the related rights and benefits. Application of such clauses could also result in American Power Conversion incurring costs to renegotiate those contracts that it wishes to pursue and the terms and conditions of the renegotiated contracts may be less favorable.

The trigger of such clauses could negatively impact the activity and the financial situation of the Group after the acquisition of American Power Conversion. Nevertheless, this influence would be limited because of the low number of agreements providing such clauses APC entered into.

Lastly, the employment contracts of certain members of the senior management and certain other employees of American Power Conversion may also include change of control clauses requiring American Power Conversion to pay compensation to those employees whose contracts are terminated or who resign as a result of its acquisition by the Group. Potential payment of such compensation would not have a significant impact on the financial position of the Group.

***Risks arising from the increase in Group debt due to the financing of the American Power Conversion acquisition***

*The increase in Group debt will increase its liquidity risk, leading to a possible adverse effect on its financial position*

The additional debt taken on to finance the acquisition of American Power Conversion, in the amount of approximately €4.3 billion, will increase the Group's liquidity risk.

The increase in the Group's total debt could have an adverse effect on its financial position, by:

- Raising the Group's exposure to unfavorable economic and industry conditions;
- Obliging the Group to use a substantial proportion of net cash provided by operating activities to service its debt, leading to a corresponding reduction in the cash available to finance working capital, investments and other general expenditure;
- Limiting the Group's ability to plan for and adapt to changes or potential slow-down in its businesses;
- Giving a competitive advantage to competitors with lower levels of debt;
- Reducing the Group's ability to raise new financing;
- Mitigating the Group's ability to pay dividends.

*A rating downgrade of the Group, could entail an increase in the cost of financing the acquisition of American Power Conversion and the cost of future borrowings*

Following the announcement of the American Power Conversion acquisition, Standard & Poor's placed the Company on its creditwatch list with negative implications. As a result, the Company's S&P credit rating may be downgraded when the acquisition is completed. Such a rating downgrade could have an adverse effect on the Group ability to finance its operations and lead to an increase in the cost of financing the acquisition of American Power Conversion as well as the cost of future borrowings.

**Risk Factors relating to the Notes**

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

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

*An active trading market for the Notes may not develop.*

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or

trading price and liquidity of the Notes may be adversely affected. The Issuer and any of its subsidiaries are entitled to buy the Notes, as described in Condition 6(h), and the Issuer may issue further notes, as described in Condition 13. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

*The Notes may be redeemed prior to maturity.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Exchange rate risks and exchange controls*

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

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



## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the audited consolidated annual financial statements of the Issuer and audit reports for the financial years ended 31 December 2005 and 2006, together in each case, with the notes thereto, which have been previously published or are published simultaneously with the Base Prospectus and which have been filed with the *Commission de Surveillance du Secteur Financier* (the “CSSF”) and shall be deemed to be incorporated in, and form part of, this Base Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

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

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

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

Copies of the documents incorporated by reference will be published on the website of the Luxembourg Stock Exchange (“[www.bourse.lu](http://www.bourse.lu)”)

Information incorporated by reference	Reference
<b>Annual Report 2005 for Schneider Electric SA (the "2005 AR")</b>	
Income Statement relating to the above	2005 AR, pages 68 and 128
Cash Flow Statement relating to the above	2005 AR, page 69
Balance Sheet relating to the above	2005 AR, pages 70-71 and 126-127
Notes relating to the above	2005 AR, pages 73-124 and 133-139
Accounting Principles relating to the above	2005 AR, pages 73-79
Audit Report relating to the above	2005 AR, pages 125 and 136
<b>Annual Report 2006 for Schneider Electric SA (the "2006 AR")</b>	
Income Statement relating to the above	2006 AR, pages 96 and 156
Cash Flow Statement relating to the above	2006 AR, page 97
Balance Sheet relating to the above	2006 AR, pages 98-99 and 154-155
Notes relating to the above	2006 AR, pages 101-151 and 157-163
Accounting Principles relating to the above	2006 AR, pages 101-106
Audit Report relating to the above	2006 AR, pages 152 and 164

## **SUPPLEMENT TO THE BASE PROSPECTUS**

If at any time the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to the provisions of Article 16 of the Prospectus Directive 2003/71/EC, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or a restated Base Prospectus, which in respect of any subsequent issue of Notes to be listed and admitted to trading on the Luxembourg Stock Exchange or on a Regulated Market of an EEA State, shall constitute a supplement to this Base Prospectus for the purpose of the relevant provisions of the Prospectus Directive 2003/71/EC.

## GENERAL DESCRIPTION OF THE PROGRAMME

<b>Issuer</b>	Schneider Electric SA
<b>Description</b>	Euro Medium Term Note Programme (the “ <b>Programme</b> ”)
<b>Size</b>	Up to Euro 6,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
<b>Arranger</b>	BNP Paribas
<b>Dealers</b>	<p>BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Merrill Lynch International, Morgan Stanley &amp; Co. International plc and Société Générale.</p> <p>The Issuer may from time to time terminate the appointment of any Dealer, including any Permanent Dealer, under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “<b>Permanent Dealers</b>” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated). References to “<b>Dealers</b>” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p> <p>At the date of this Base Prospectus, only credit institutions and investment firms incorporated in a Member State of the European Union (“<b>EU</b>”) and which are authorised by the relevant authority of such Member State to lead-manage bond issues in such member state may act (a) as Dealers with respect to non-syndicated issues of Notes denominated in Euro and (b) as lead manager of issues of Notes denominated in Euro issued on a syndicated basis.</p>
<b>Fiscal Agent and Principal Paying Agent</b>	BNP Paribas Securities Services
<b>Paying Agents</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Method of Issue</b>	<p>The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “<b>Series</b>”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “<b>Tranche</b>”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Final Terms.</p>

<b>Redenomination</b>	Notes issued in the currency of any Member State of the EU which participates in the third stage of the Economic and Monetary Union of the EU may be redenominated into Euro, all as more fully provided in the relevant Final Terms, pursuant to “Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination” below.
<b>Issue Price</b>	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly-Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
<b>Form of Notes</b>	Notes may be issued in either dematerialised form (“ <b>Dematerialised Notes</b> ”) or in materialised form (“ <b>Materialised Notes</b> ”).  Dematerialised Notes may be issued in bearer dematerialised form ( <i>au porteur</i> ) or in registered dematerialised form ( <i>au nominatif</i> ).  Materialised Notes will be issued in bearer form only and may only be issued outside of France.
<b>Clearing Systems</b>	Euroclear France acts as central depository in relation to Dematerialised Notes, and Clearstream, Luxembourg, Euroclear or any other clear system (provided proper clearing and settlement procedures have previously been put in place) that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer in relation to Materialised Notes.
<b>Initial Delivery of Dematerialised Notes</b>	One Paris business day before the issue date of each Tranche of Dematerialised Notes, the <i>lettre comptable</i> relating to such Tranche shall be deposited with Euroclear France as central depository.
<b>Initial Delivery of Materialised Notes</b>	On or before the issue date for each Tranche of Materialised Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.
<b>Currencies</b>	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, and the relevant Dealers, including Euros, Swiss Francs, U.S. dollars, Sterling and Japanese Yen.
<b>Maturities</b>	Subject to compliance with all relevant laws, regulations and directives, any maturity equal to or greater than seven days.
<b>Denominations</b>	The Notes will be in such denominations as may be specified in the relevant Final Terms, save that in respect of any Notes which are to be offered to the public and/or admitted to trading on a Regulated Market in the EEA, such Notes will have a minimum denomination of Euro 1,000 (or its equivalent in other

	currencies).
<b>Fixed Rate Notes</b>	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
<b>Floating Rate Notes</b>	Floating Rate Notes will bear interest determined separately for each Series as follows: <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc; or</li> <li>(ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin.</li> </ul> Interest periods will be specified in the relevant Final Terms.
<b>Zero Coupon Notes</b>	Zero Coupon Notes may be issued at their nominal amount or at a discount and will not bear interest.
<b>Dual Currency Notes</b>	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Final Terms.
<b>Index Linked Notes</b>	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.
<b>Interest Periods and Interest Rates</b>	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
<b>Redemption Amount</b>	The relevant Final Terms will specify the basis for calculating the redemption amounts payable.
<b>Redemption by Instalments</b>	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
<b>Other Notes</b>	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Note that the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.
<b>Optional Redemption</b>	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed (either in whole or

in part) prior to their stated maturity at the option of the Issuer and/or the holders, and if so, the terms applicable to such redemption.

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

**Status of Notes**

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

**Negative Pledge**

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

**Events of Default**

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

**Early Redemption**

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

**Withholding Tax**

Payments of interest and other revenues with respect to the Notes constituting *obligations* under French law will be made without withholding or deduction for, or on account of, the withholding tax set out under Article 125 A III of the French *Code général des impôts*, as provided for in Article 131 *quater* of the French *Code général des impôts*, to the extent that the Notes are issued (or deemed to be issued) outside the Republic of France.

Notes constituting *obligations* under French law will be issued (or deemed to be issued) outside the Republic of France, (i) in the case of syndicated or non-syndicated issues of Notes, if such Notes are denominated in Euro, (ii) in the case of syndicated issues of Notes denominated in currencies other than Euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the Notes to the public in the Republic of France and such Notes are offered in the Republic of France through an international syndicate only to qualified investors (*investisseurs qualifiés*) as described in Article L.411-2 of the French *Code monétaire et financier*, or (iii) in the case of issues of Notes denominated in

currencies other than Euro that are not offered and sold through an international syndicate, if each of the subscribers of the Notes is domiciled or resident for tax purposes outside the Republic of France and does not act through a permanent establishment or fixed base therein, in each case as more fully set out in the Circular of the *Direction Générale des Impôts* dated 30 September 1998.

However, if so provided in the relevant Final Terms, Notes constituting *obligations* under French law denominated in currencies other than Euro may be offered without an international syndicate and placed with subscribers not all of whom are resident outside the Republic of France. In such cases, the Notes will not benefit from the exemption from deduction of tax at source provided for in Article 131 *quater* of the French *Code général des impôts* and interest payments under such Notes made to a non-French resident will be exempt from withholding or deduction of tax at source only if the beneficiary provides certification that he is not resident in the Republic of France, all in accordance with the provisions of Article 125 A III of the French *Code général des impôts*, as more fully described in “Terms and Conditions of the Notes – Taxation”.

The tax regime applicable to Notes which do not constitute *obligations* under French law will be set out in the relevant Final Terms.

#### **Governing Law**

French law.

#### **Listing and Admission to Trading**

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

#### **Selling Restrictions**

There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See “Subscription and Sale”. In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

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

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

circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Dematerialised Notes do not require compliance with the TEFRA rules.



## TERMS AND CONDITIONS OF THE NOTES

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

The Notes are issued with the benefit of an Amended and Restated Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 21 May 2007 between Schneider Electric SA (the “**Issuer**”), BNP Paribas Securities Services as fiscal agent and the other agents named in it. The fiscal agent, the paying agents, and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), and the “**Calculation Agent(s)**”. The holders of Dematerialised Notes and Materialised Notes, the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Materialised Notes and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts (the “**Receipts**”) for the payment of instalments of principal (the “**Receiptholders**”) relating to Materialised Notes of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection at the specified offices of each of the Paying Agents.

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

### 1. Form, Denomination and Title

- (a) **Form:** Notes may be issued either in dematerialised form (“**Dematerialised Notes**”) or in materialised form (“**Materialised Notes**”).
  - (i) Title to Dematerialised Notes will be evidenced in accordance with Article L.211-4 of the French *Code monétaire et financier* (the “**Code**”) by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the Code) will be issued in respect of the Dematerialised Notes.

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

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

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

*In accordance with Article L.211-4 of the Code, securities (such as Notes) which are governed by French law and are in materialised form must be issued outside the French territory.*

- (b) **Denomination:** Notes shall be issued in the specified denomination(s) as set out in the relevant Final Terms (the “**Specified Denomination(s)**”) save that the minimum denomination of each Note listed and admitted to trading on a Regulated Market in a Member State of the European Economic Area (“**EEA**”) in circumstances which require the publication of a Base Prospectus under the Prospectus Directive will be Euro 1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Dematerialised Notes shall be issued in one Specified Denomination only.
- (c) **Title:**
- (i) Title to Dematerialised Notes in bearer dematerialised form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised Notes in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Issuer or of the Registration Agent.
  - (ii) Title to Materialised Notes in definitive form having, where appropriate, Coupons, Receipt(s) and/or a Talon attached thereto on issue (“**Definitive Materialised Notes**”), shall pass by delivery.
  - (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
  - (iv) In these Conditions, “**holder of Notes**”, “**holder of any Notes**” or “**Noteholder**” means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any Definitive Materialised Note and the Receipts relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

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

## 2. Conversion and Exchange of Notes

### (a) Dematerialised Notes:

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

### (b) Materialised Notes:

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

## 3. Status

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

### (b) Status of Subordinated Notes:

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

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

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

#### 4. Negative Pledge

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

For the purposes of this Condition:

- (i) “**Principal Subsidiary**” means at any relevant time a Subsidiary of the Issuer:
  - (a) whose net operating income is at least 10 per cent. of the consolidated net operating income of the Issuer and its consolidated subsidiaries (the “**Consolidated Group**”) or whose total assets amount to at least 10 per cent. of the total consolidated assets of the Consolidated Group, in each case calculated by reference to the latest audited consolidated accounts of the Issuer.
  - (b) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary.
- (ii) “**Relevant Debt**” means any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*) which are for the time being, or are capable of being,

quoted, admitted to trading or ordinarily dealt in on any stock exchange, over-the-counter market or other securities market.

- (iii) “**Subsidiary**” means, in relation to any person or entity at any time, any other person or entity (whether or not now existing) as defined in Article L.233-1 of the French *Code de commerce* or any other person or entity controlling directly or indirectly such person or entity within the meaning of Article L.233-3 of the French *Code de commerce*.

## 5. Interest and Other Calculations

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

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

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

- (i) **Interest Payment Dates:** Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:
- (A) the Floating Rate Business Day Convention or “**FRN Convention**”, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment,
  - (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day,
  - (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought to the immediately preceding Business Day or

- (D) the Preceding Business Day Convention, such date shall be brought to the immediately preceding Business Day.
- (iii) Rate of Interest for Floating Rate Notes: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(A) ISDA Determination for Floating Rate Notes

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

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

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

(B) Screen Rate Determination for Floating Rate Notes

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

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

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

- (y) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (x)(i) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(ii) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall

be the arithmetic mean of the Relevant Rates that each of the Reference Banks (as defined below) is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent; and

- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is Euro, in the Euro-zone as selected by the Calculation Agent (the “**Principal Financial Centre**”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).
- (iv) **Rate of Interest for Index Linked Interest Notes:** The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and interest will accrue by reference to an Index or Formula as specified in the relevant Final Terms.
- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(b)(i)).
- (d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.
- (e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Final Terms.
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:**
- (i) If any Margin or Rate Multiplier is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
  - (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
  - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country/ies of such currency.
- (h) **Calculations:** The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** As soon as practicable after the relevant time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are admitted to trading on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate



of Interest and Interest Amount, or (ii) in all other cases, the second Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

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

“**Business Day**” means:

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

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

- (i) if “**Actual/365**” or “**Actual/Actual - ISDA**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31 day of a month but the first day of the Calculation Period is a day other than the 30<sup>th</sup> or 31<sup>st</sup> day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which

case the month of February shall not be considered to be lengthened to a 30-day month));

- (v) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and
- (vi) if “**Actual/Actual ICMA**” is specified in the relevant Final Terms:
  - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the next Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

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

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

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

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

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

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

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

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

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

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

**“ISDA Definitions”** means the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms.

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

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

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

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

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

**“Relevant Time”** means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the

Relevant Financial Centre or, if no such customary local time exists, 11.00 hours in the Relevant Financial Centre and, for the purpose of this definition, “**local time**” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, Brussels Time.

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

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

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

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

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

## 6. Redemption, Purchase and Options

- (a) **Redemption by Instalments and Final Redemption:**
- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified in the relevant Final Terms) is extended pursuant to any Issuer’s or Noteholder’s option in accordance with Condition 6(d) or 6(e), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is

calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised Notes, on the due date for such payment or (ii) in the case of Materialised Notes, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d) or 6(e), each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) **Early Redemption:**

- (i) Zero Coupon Notes:

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Nominal Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.

- (B) Subject to the provisions of sub-paragraph (C) below, the “**Amortised Nominal Amount**” of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgement) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

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

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

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

- (i) If, by reason of any change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8 below, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 14, redeem all, but not some only, of the Notes at their Redemption Amount together with, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes.
- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders or, if applicable, Couponholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 14, redeem all, but not some only, of the Notes then outstanding at their Redemption Amount together with, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption on (A) the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes, provided that if such notice would expire after such Interest Payment Date the date for redemption pursuant to such notice of Noteholders shall be the later of (i) the latest practicable date on which the Issuer could make payment of the full amount then due and payable in respect of the Notes and (ii) 14 days after giving notice to the Fiscal Agent as aforesaid or (B) if so specified on this Note, at any time, provided that the due date for redemption of which notice hereunder shall be given shall be the latest practicable date at which the Issuer could make payment of the full amount payable in respect of the Notes, Receipts or Coupons or, if that date is passed, as soon as practicable thereafter.

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

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

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

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

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

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

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

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

together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date.

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

“**Change of Control Period**” means:

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

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

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

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

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

To exercise the Change of Control Put Option to require redemption or, as the case may be, purchase of a Note following a Put Event, the holder of that Note must in the case of Dematerialised Notes, transfer or cause to be transferred or, in the case of Materialised Notes, deposit or cause to be deposited such Note (together, if applicable, with all unmatured Receipts



and Coupons and unexchanged Talons) with any Paying Agent at its specified office within the period (the “**Put Period**”) of 45 days after the Put Event Notice is given together with a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (as applicable) (a “**Put Option Notice**”) and in which the holder may specify a bank account to which payment is to be made.

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

- (g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.
- (h) **Purchases:** The Issuer and any of its Subsidiaries may at any time purchase Notes (provided that, in the case of Materialised Notes, all unexpired Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (i) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries shall be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Notes, by surrendering each such Materialised Note together with all unexpired Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in each case, if so transferred or surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Materialised Notes, all unexpired Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 7. **Payments and Talons**

- (a) **Dematerialised Notes:** Payments of principal and interest in respect of Dematerialised Notes shall be made (i) in the case of Dematerialised Notes in bearer dematerialised form or administered registered dematerialised form, by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the relevant Noteholder and (ii) in the case of Dematerialised Notes in fully registered form, to an account denominated in the relevant currency with a Bank designated by the relevant Noteholder. All payments validly made to such Account Holders will constitute an effective discharge of the Issuer in respect of such payments.
- (b) **Materialised Notes:** Payments of principal and interest in respect of Materialised Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Materialised Notes (in the case of all other payments of principal and, in the case of

interest, as specified in Condition 7(e)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(e)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of Euro, in a city in which banks have access to the TARGET System.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Materialised Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Materialised Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent, the Consolidation Agent and the Registration Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Redenomination Agent, the Registration Agent and the Consolidation Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent expert(s) and, in each case, do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Redenomination Agent, the Registration Agent, the Consolidation Agent and the Calculation Agent(s), and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) Paying Agents having specified offices in at least two major European cities of which, so long as the Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and the rules of such Regulated Market so require, one shall be Luxembourg, and a Paying Agent having a specified office in a major European city outside France, (v) in the case of Dematerialised Notes in fully registered form, a Registration Agent, (vi) in the case of Materialised Notes, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to such Directive (which may be any of the Paying Agents referred to in (iv) above) and (vii) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

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

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

- (f) **Unmatured Coupons and Receipts and Unexchanged Talons:**
- (i) Unless Materialised Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Materialised Notes should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
  - (ii) If Materialised Notes so provide, upon the due date for redemption of any such Materialised Note, unmaturing Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (iii) Upon the due date for redemption of any Materialised Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
  - (iv) Upon the due date for redemption of any Materialised Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (v) Where any Materialised Note that provides that the relative unmaturing Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturing Coupons, and where any such Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
  - (vi) If the due date for redemption of any Materialised Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note representing it, as the case may be. Interest accrued on a Materialised Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) (A) (i) in the case of

Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as “**Financial Centres**” in the relevant Final Terms and (C) (i) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) (in the case of a payment in Euro) which is a TARGET Business Day.

## 8. Taxation

- (a) **Tax Exemption for Notes issued or deemed to be issued outside the Republic of France:** Interest and other revenues with respect to Notes which constitute *obligations* under French law and which, as may be specified in the relevant Final Terms, are being issued or deemed to be issued outside the Republic of France benefit from the exemption, provided for in Article 131 *quater* of the French *Code général des impôts*, from the withholding tax set out under Article 125 A III of the French *Code général des impôts*. Accordingly such payments do not give the right to any tax credit from any French source.

The tax regime applicable to Notes which do not constitute *obligations* under French law will be set out in the relevant Final Terms.

*As to the meaning of the expression “issued or deemed to be issued outside the Republic of France”, see “Summary of the Programme - Withholding Tax” above.*

- (b) **Additional Amounts:** If French law should require that payments of principal, or interest in respect of any Note, Receipt or Coupon be subject to deduction or withholding in respect of any taxes or duties whatsoever, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Receiptholders or the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon, as the case may be:
- (vii) **Other connection:** to, or to a third party on behalf of, a Noteholder or, if applicable, a Receiptholder or Couponholder, as the case may be, who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Republic of France other than the mere holding of the Note, Receipt or Coupon; or
  - (viii) **Presentation more than 30 days after the Relevant Date:** in the case of Materialised Notes, more than 30 days after the Relevant Date except to the extent that the Noteholder or, if applicable a Receiptholder or Couponholder, as the case may be, would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
  - (ix) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to EU Directive 2003/48/EC dated 3 June 2003 or any EU Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (x) **Payment by another paying agent:** in respect of Definitive Materialised Notes, presented for payment by or on behalf of a Noteholder or, if applicable, a Receiptholder or Couponholder, as the case may be, who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the EU; or
- (xi) **Notes not issued or deemed to be issued outside the Republic of France:** where the applicable Final Terms specify that Condition 8(c) applies to the Notes and the Noteholder does not satisfy the requirements conditioning the exemption from the withholding tax set out under Article 125 A III of the French *Code général des impôts* (see Conditions 8(c) and 8(d) below).

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

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

- (c) **Tax exemption for Notes not issued or deemed to be issued outside the Republic of France:** Interest and other revenues with respect to Notes which constitute *obligations* under French law and which, if so specified in the relevant Final Terms, are not being issued or deemed to be issued outside the Republic of France will not be entitled to the provisions of Article 131 *quater* of the French *Code général des impôts* but will only benefit from the exemption from deduction of tax at source provided for in, and subject to the provisions of, Article 125 A III of the French *Code général des impôts*, which requires, *inter alia*, certification of non-French residency.
- (d) **Certification of Non-Residency in the Republic of France:** Each Noteholder shall be responsible for supplying certification of non-French residency (a form of which shall be available at the specified offices of any of the Paying Agents or in such other form as may be required by the French tax authorities from time to time) in accordance with the provisions of Article 125 A III of the French *Code général des impôts*.
- (e) **Supply of Information:** Each Noteholder shall be responsible for supplying, in a timely manner, any information as may be required in order to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC dated 3 June 2003 or any EU Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

## 9. Prescription

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

## 10. Events of Default

The Representative (as defined under Condition 11(b)), upon request of any Noteholder, may, upon written notice to the Issuer and the Fiscal Agent given before all defaults shall have been cured, cause the principal amount of all the Notes (but not some only) held by such Noteholder to become immediately due and payable, together with accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal Agent without further formality, if any of the following events (each an “**Event of Default**”) shall occur:

- (a) **Subordinated Notes:** In the case of Subordinated Notes and in accordance with Condition 3(b),
  - (i) if any judgment shall be issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason then the Subordinated Notes shall become immediately due and payable, in accordance with Condition 3(b), at their principal amount together with any accrued interest to the date of payment; (ii) in the event of any other events of default as may be set out in the relevant Final Terms.
- (b) **Unsubordinated Notes:** In the case of Unsubordinated Notes:
  - (i) in the event of default by the Issuer in the payment of principal and interest on any Note, when and as the same shall become due and payable, if such default shall not have been cured within 7 business days from such due date;
  - (ii) in the event of default by the Issuer in the due performance of any other provision of the Notes, if such default shall not have been cured within 14 business days after receipt by the Fiscal Agent of written notice of such default given by a Noteholder;
  - (iii) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for borrowed monies in excess of Euro 40,000,000 (or its equivalent in any other currency), whether individually or in the aggregate, becomes, following, where applicable, the expiry of any originally applicable grace period, due and payable prior to its stated maturity as a result of a default thereunder, or any such indebtedness shall not be paid when due or, as the case may be, within any originally applicable grace period therefor or any steps shall be taken to enforce any security in respect of any such indebtedness or any guarantee or indemnity given by the Issuer or any of its Principal Subsidiaries for, or in respect of, any such indebtedness of others shall not be honoured when due and called upon;
  - (iv) the Issuer or any of its Principal Subsidiaries, applies for the appointment of a *mandataire ad hoc* under French bankruptcy law or enters into an amicable settlement (*procédure de conciliation*) with its creditors or a judgement is issued for the judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or any of its Principal Subsidiaries or, to the extent permitted by law, the Issuer or any of its Principal Subsidiaries is subject to any other insolvency or bankruptcy proceedings or the Issuer or any of its Principal Subsidiaries makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors. For the purpose solely of this paragraph,

the term “**Principal Subsidiaries**” shall have the same meaning as under Condition 4 hereinabove;

- (v) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Notes; or
- (vi) in the event that the Issuer or any of its Principal Subsidiaries ceases to carry on all or a material part of its or their business or other operations, except for the purposes of and following a merger or reorganisation (*fusion, scission or apport partiel d’actifs*) (i) on terms approved by an Extraordinary Resolution of the Noteholders to the extent that French law requires such merger or reorganisation to be submitted for the approval by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are vested in the Issuer, another of its Principal Subsidiaries or any other Subsidiary which as a result of such merger or reorganisation becomes a Principal Subsidiary.

## 11. Representation of Noteholders

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

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

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

- (b) **Representative:** The office of the Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:
  - (i) the Issuer, the members of its Management Board (*Directoire*), its Supervisory Board (*Conseil de surveillance*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouses; or
  - (ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors (*Conseil d’administration*), Management Board (*Directoire*) or Supervisory Board (*Conseil de Surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouses; or
  - (iii) companies holding 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
  - (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

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

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

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

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

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

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

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

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

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

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

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

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

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



two-third majority of votes cast by Noteholders attending such General Meetings or represented thereat.

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

- (f) **Information to Noteholders:** Each Noteholder or Representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.
- (g) **Expenses:** The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.
- (h) **Single Masse:** The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 13, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all such Series.

## 12. Replacement of definitive Notes, Receipts, Coupons and Talons

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

## 13. Further Issues and Consolidation

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

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

have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

#### 14. Notices

- (a) Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or, (ii) they are published at the option of the Issuer (a) so long as such Notes are listed and admitted to trading on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so permit, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or, (b) in a leading daily newspaper with general circulation in Europe (which is expected to be the *Financial Times*) and so long as such Notes are listed and admitted to trading on any stock exchange and the rules of such stock exchange(s) so require, in a leading daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes are listed and admitted to trading is located, which in the case of the Luxembourg Stock Exchange is expected to be the *d'Wort*.
- (b) Notices to the holders of Materialised Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published at the option of the Issuer (i) so long as such Notes are listed and admitted to trading on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so permit, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), or (ii) in a daily leading newspaper with general circulation in Europe (which is expected to be the *Financial Times*) and so long as such Notes are listed and admitted to trading on any stock exchange, in a leading daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes are listed and admitted to trading is located, which, in the case of the Luxembourg Stock Exchange, is expected to be the *d'Wort*.
- (c) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Notes in accordance with this Condition.

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

## 15. Governing Law and Jurisdiction

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

## TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALIZED NOTES

### Temporary Global Certificate

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

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

### Exchange

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

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

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

### Delivery of Definitive Materialised Notes

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

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

### Exchange Date

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

## **USE OF PROCEEDS**

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

## DESCRIPTION OF SCHNEIDER ELECTRIC S.A.

### History and development of Schneider Electric

Schneider Electric is a *Société Anonyme* governed by the French *Code de commerce*, with issued share capital of €1,931,467,624. Since May 3, 2006, it has a two-tier management structure, with a Supervisory Board and a Management Board. Its head office is located at 43/45, boulevard Franklin Roosevelt - 92500 Rueil-Malmaison, France (telephone number +33 (0) 1 41 29 70 00).

The Company is registered in Nanterre under no. 542 048 574, business identifier code (APE) 741J.

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

Its summarized corporate purpose is to operate, directly or indirectly, in France and abroad, any and all businesses related to electricity, industrial control and general contracting, as well as to carry out any and all commercial, securities, real estate and financial transactions (Article 2 of the bylaws).

Schneider Electric's fiscal year runs from 1 January to 31 December.

The bylaws, minutes of Shareholders' Meetings, auditors' reports and other legal documents concerning the Company are available for consultation at the Company's head office (Management Board Secretariat) located at 43/45 boulevard Franklin Roosevelt - 92500 Rueil-Malmaison, France.

The bylaws, auditors' reports and other documents are also available on the corporate website of the Company ([www.schneider-electric.com](http://www.schneider-electric.com)).

### Selected Financial Information

	Year ending 31 December	
	2006	2005
Revenue	13,729.7	11,678.8
Operating Profit	2,000.7	1,565.3
Profit before tax	1,881.7	1,457.1
Profit for the period	1,346.6	1,029.5
- attributable to holders of the parent	1,309.4	994.3
- attributable to minority interests	37.2	35.2
Basic earnings per share	5.95	4.56
Diluted earnings per share	5.90	4.54
Total assets	18,964.3	16,614.8
Total non-current assets	10,413.2	10,225.3
Total current assets	8,551.1	6,389.5
Total liabilities	18,964.3	16,614.8
Total shareholder's equity	8,716.5	8,243.6

## **Investments**

### ***Investments made in 2006***

The Company acquired or jointly founded a dozen companies in 2006 that together represented around €800 million in additional revenues over the full year.

In **electrical distribution**, the Group strengthened its position as the world's second-largest provider of installation and control systems by acquiring five companies in Europe and Asia. These included Merten in Germany, a leader in home automation that ranks fourth in its domestic market; OVA in Italy, domestic market leader in emergency lighting; AEM in Spain, a cable tray manufacturer; GET in the United Kingdom; and Clipsal Asia. Full-year of activities from installation and control systems amounted to €1.5 billion.

During the year, the Company also created a critical power subsidiary in India to serve a market that is growing by 20% a year.

In **automation and control**, the Group broadened its presence in the building market by acquiring Invensys Building Systems' IBS business in North America and Asia. With this acquisition, building automation and control represented full year revenue of nearly €900 million.

In automation and industrial control, the Company expanded its high-power speed drive lineup by acquiring Austria-based Va Tech Elin EBG Elektronik, which reported revenue of around €34 million.

With the acquisition of Citect in Australia, the Group is now part of the leaders in Supervision Control and Data Acquisition (SCADA) software and Manufacturing Execution Systems (MES).

### ***Investments made since 31 December 2006***

#### *American Power Conversion*

On 30 October 2006, the Company announced a friendly offer to purchase all outstanding shares of US-based American Power Conversion (“APC”), the world leader in critical power with 2006 revenue of €2.4 billion, i.e. 20% more than in 2005.

APC offers a perfect fit with Group subsidiary MGE UPS Systems, which leads the European critical power market and ranks second worldwide with 2006 revenue of €668 million. This combination will make the Company a high-performance powerhouse in the most vibrant segment of the electrical distribution market. Worth an estimated \$7 billion, the global critical power market is expected to grow by 7% to 8% a year over the long term.

By combining APC with its subsidiary MGE-UPS, the Group will become the global benchmark in Critical Power.

The anti-trust regulatory review in the United States ended on 12 December 2006 when the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act expired.

APC's shareholders approved the proposed merger in Extraordinary Meeting on 16 January 2007.

The European Commission's competition authorities granted final clearance under some divestment commitments on 8 February 2007. The Group plans to divest its MGE-UPS Systems operations in small systems below 10kVA. With estimated sales around €150 million, the divestment represents 6% of the combined operations of APC and MGE-UPS in Critical Power.

On 14 February 2006, the Group announced the completion of the acquisition for approximately US\$6.1 billion. Since the purchase price allocation to acquire identifiable assets and liabilities has not been completed, the impact of the purchase accounting on balance sheet line items cannot be estimated at this stage.

The acquisition was financed through €1.5 billion of available cash and the utilisation of the facility set up for financing the acquisition for €3.2 billions. This facility contains two tranches: a €2,5 billion one-year tranche and a €2 billion three-year tranche.

On 4 April 2007, Schneider Electric SA announced the completion of its share capital increase with preferential subscription rights launched for refinancing partially the acquisition of APC. Following its completion on 5 April 2007 for a gross amount of €971 millions corresponding to 13,412,969 new shares, the share capital of the company comprises 241,433,453 shares.

Following the payment for the acquisition of APC, the net financial debt<sup>1</sup> on shareholders' equity ratio, on a pro-forma basis, was 69% and was reduced to approximately 55% following the completion of the share capital increase.

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

The Group is currently negotiating or finalizing several transactions (acquisitions, participations and/or partnerships) for a total enterprise value of about €800 millions. This amount includes in particular two projects already announced: Shaanxi Baoguang Vacuum Electronic Apparatus Co. Ltd. ("SBVE") and Delixi Electric. The Company anticipates that the credit facilities set up for the acquisition refinancing of APC will also cover these transactions. The facility contains two tranches: a €2.5 billion one-year tranche and a €2 billion three-year tranche.

On 27 June 2006, the Group announced its intention of taking an equity stake of about 40% in SBVE, a leading manufacturer of vacuum interrupters. Such an equity stake may only be obtained if the equity reform plan presented by SBVE is approved by relevant authorities and shareholders, and a number of other conditions precedent are satisfied.

On 18 December 2006, the Group announced that it had signed an agreement to create Delixi Electric, a joint venture with Chinese partner Delixi Group. The 50-50 joint venture will manufacture, market and distribute low-voltage products in China, pending approval from local authorities.

**Business Overview**

***Principal Activities***

The Group is an international group that designs, manufactures and sells products, solutions and services for *Electrical Distribution* and *Automation & Control*. The Group makes installations safer, monitors equipment and protects people with a lineup devised to save energy, enhance performance and make its customers more competitive.

*Electrical Distribution*

The Group's electrical distribution lineup ensures a safe, reliable, uninterrupted and effective supply of electric power. Electrical distribution, excluding critical power, accounted for 63% of the Group's consolidated revenue in 2006. Historically market leader in low and medium voltage, the Group had no presence in installation and control systems just ten years ago. It is now as a global leader in this sector, thanks to organic growth and acquisitions.

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<sup>1</sup> Net financial debt is defined as composed of the following items of the consolidated financial statements:

- Net cash and cash equivalents;
- Short term debt;
- Non current financial liabilities;
- Other debt (debt on acquisitions).



The Group has also made deep inroads into the highly promising critical power market, where it now ranks first worldwide following the acquisition of the global leader, American Power Conversion. The acquisition was finalized on 14 February 2007 (see “Investments - Investments made since 31 December 2006” above).

- **Medium voltage:** the products in this category, rated from 1 kV to 52 kV, are generally used to transform and manage high voltage electricity from the distribution grid. The medium voltage power is then sent directly to end users in industrial buildings and large commercial installations or transformed into low voltage power for small commercial buildings and homes.
- **Low voltage and ultra terminal:** this category includes wiring products, low voltage equipment, and installation and control systems used in industrial and commercial buildings and homes. The Group offers comprehensive solutions for the residential market, with protection devices like circuit breakers and contactors; switches, sockets, drives and thermostats; control systems for doors, gates and shutters; and security, fire alarm and intruder alert systems. The Group’s Voice-Data-Image (VDI) networks also bring telephone, television and Internet capabilities into each room. The low voltage lineup, rated up to 1 kV, complies with local standards..
- **Energy efficiency and optimized electricity management:** the 2005 acquisition of Power Measurement Inc. strengthened the Group’s position in the distribution of high-quality electricity and in electricity management. The lineup combines intelligent measurement and monitoring devices with Internet-interface software to manage complex energy contracts in real time, improve energy quality, and ensure uninterrupted service.
- **Critical power:** the critical power market is in the midst of strong and lasting growth driven by increased demand for high-quality, reliable electricity for a growing number applications. American Power Conversion offers a strong fit with Schneider Electric subsidiary MGE UPS Systems in terms of products, geographic coverage and sales channels, plus the possibility of capitalizing on its powerful innovation capabilities. Critical power accounted for 5% of the Group’s consolidated revenue in 2006.

#### *Significant new products in electrical distribution*

In electrical distribution, 2006 saw the launch of new products in the areas of protection and safety, energy savings, installation and control systems and critical power. Highlights included:

- Okken, a low voltage switchboard offering enhanced safety and uninterrupted service features. Okken is built to fully withstand vibration and corrosion;
- Pragma, modular enclosures for commercial and top-range residential buildings;
- Domae Quick PF, the first lightning arrester with an integrated grounding device and a complete end-of-life security system. This innovative, ergonomic and efficient lightning arrester was specifically designed for the residential and small business market;
- RED, a recloseable residual current circuit breaker that automatically reinstates power supply after checking for earth faults, for secure protection;
- FIP’clic, an easy-to-program range of products to manage electrical heating in homes and achieve significant energy savings;
- Alvaīs, a range of antibacterial light switches that meets the demanding cleanliness standards of healthcare facilities, food service outlets, childcare centers, food and beverage companies and pharmaceutical firms.

#### *Automation & Control*

Since acquiring Telemecanique in 1988, the Group has constantly strengthened its presence in automation and industrial control. This business accounted for 32% of the Group's consolidated revenue in 2006.

The Group has pursued an active policy of partnerships and acquisitions to broaden its lineup, which comprises speed drives, human-machine interface (HMI) terminals, supervision, control and data acquisition (SCADA) software, packaging machine automation systems and motion control solutions.

The Group is also active in the fast-growing market for customized automation devices and sensors, thanks to acquisitions of such technological leaders as BEI.

At the same time, the Group has taken a firm foothold in the sizeable and promising building automation market (worth some €1 billion). In the past three years, the Group has created one of the world's leading players in this market.

#### *Automation devices and industrial control*

The Group supplies programmable logic controllers and automation platforms, as well as specialized configuration, programming, operating assistance and supervision software.

Its industrial control lineup ranges from contactors, overload relays and motor circuit breakers to speed drives, motion controllers, sensors, control units and operator terminals.

#### *Customized sensors*

The Group offers the most complete lineup in the market, with leadership positions in angular speed sensors, and in position and pressure sensors for the automobile, aeronautic and manufacturing industries.

#### *Building automation*

The Group has put together a comprehensive, innovative range of automation solutions backed by design and supervision software to manage building utilities. The range is based on open, integrated systems that address operators' real needs. These solutions make it possible to optimize installations, modernize them cost effectively, reduce maintenance costs and energy consumption and enhance comfort and security.

#### *Significant new products in Automation & Control*

In Automation & Control, the Group rolled out products with more and more embedded intelligence, smart and simple solutions and software to enhance development productivity. Notable launches included:

- Altivar 71 and 61, speed drives that are particularly well-suited for high performance applications. These high-power drives feature advanced functionalities;
- Altivar 21, a speed drive for motors from 0.18 to 30 kW. Altivar 21 is designed especially for HVAC systems;
- Lexium 05 and Lexium 15, motion controllers that are compatible with Ethernet, CANopen and other standard networks and that are easy to integrate in all types of automation architectures.

#### *An extensive array of services*

The Group incorporates an increasingly comprehensive, high value-added range of services in its Electrical Distribution and Automation & Control activities to support customers throughout their installations' useful lives. Electrical distribution and automation systems have become highly computerized and extremely complex, driving strong demand for services. More and more, equipment management and maintenance are being outsourced. Users want expert advice when they make investment decisions to enhance installation performance, improve energy efficiency and reduce maintenance expenses.

## ***Principal Markets***

The Group serves customers who build and operate all types of buildings, from homes, stores, offices and hotels to hospitals, schools and cultural and sports facilities. The Group also delivers solutions for numerous applications to manufacturers, *Original Equipment Manufacturers* (OEMs), transportation and communication infrastructure managers, and water and energy suppliers.

The Group's lineup comprises market-leading global brands (Merlin Gerin, Square D, Telemecanique), powerful local or regional brands (notably for installation and control systems), and benchmark specialist brands. Through these brands, the Group is present on four main markets: *Energy & Infrastructure*, *Industry*, *Buildings* and *Residential*.

### *Energy & Infrastructure*

This market covers electricity generation and distribution; gas, oil and water distribution; transportation infrastructure such as airports, tunnels and subways; and telecommunication and data exchange and processing infrastructure. The Group's solutions help ensure that installations are available and safe while enhancing energy efficiency and controlling costs.

Population growth and economic development are opening up huge prospects for infrastructure, as well as for energy, where deregulation and the rise of renewables are also impelling new management and distribution solutions.

The Energy and Infrastructure market accounted for 16% of the Group's consolidated revenue in 2006.

In the *Energy* market, the Group offers products, systems and services to optimize the reliable generation, distribution and sale of electricity. Its solutions are designed to enhance the quality and reduce the cost of each distributed kilowatt hour. The Group serves power companies, systems integrators, OEMs and panelbuilders with a lineup of high value added products and services - often leveraging Internet technologies - that can be used to create and manage smart electrical networks, measure power consumption, supervise processes, and offer prepayment systems that bring electricity to disadvantaged consumers.

In the *Infrastructure* market, where uninterrupted service is mission critical, the Group offers efficient, web-enabled metering, monitoring, critical power, management and remote-management solutions. Infrastructure operators, engineering firms, systems integrators, OEMs and contractors can find products, systems and services for electrical distribution, automation and control that meet their applications' specific requirements.

### *Industry*

The Industry market accounted for 32% of the Group's consolidated revenue in 2006. The Group offers products and services for all types of industry. Packaged goods, electronics, automobiles and pharmaceuticals are key markets.

Makers of packaging, conveying and other machines requiring a completely reliable power supply, such as elevators and medical equipment, are also an important focus among OEM customers.

Business in the Industry market is being driven by the massive expansion of automation, tighter requirements for energy savings and environmental protection, outsourcing of electrical installation management and demand for value added services.

The Group works closely with customers to get a thorough understanding of their applications and to help enhance productivity, flexibility, process safety and product traceability. The Group offers end-to-end electrical installations that are both energy efficient and highly reliable, as well as flexible, open and easy to install automation solutions and remote management services via the Internet.

## *Buildings*

The Buildings market accounted for 37% of the Group's consolidated revenue in 2006. This market covers all types of service, commercial and industrial buildings, including offices, hotels, hospitals, shopping centers, manufacturing facilities, sports and cultural centers and ships.

Automation and centralized building management systems have expanded strongly in response to growing user demand for comfort, safety, communication and energy efficiency.

The Group serves this market with solutions for electrical supply and distribution, as well as supervision and management systems for lighting, HVAC, elevators and access control. The lineup includes Voice-Data-Image (VDI) and Power Line Carrier (PLC) solutions that use the electrical wiring to transfer data; services to optimize maintenance, costs and energy consumption; and web-based systems for multi-site remote monitoring.

## *Residential*

The *Residential* market accounted for 15% of the Group's consolidated revenue in 2006. The market for single-family homes and apartment buildings is extremely diverse in terms of standards and regional characteristics. It offers significant growth prospects that vary from region to region. In Western Europe and the US, demand for comfort, safety and energy savings dominates, which is why renovation and home improvement represent nearly two-thirds of the market. In emerging markets, the Group is targeting newbuilding to serve immense needs, with a particular focus on large housing programs in Eastern Europe, the Middle East, China and other Asian countries.

## **Organisational Structure**

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

## **Trend Information**

### ***Trends in the Group's core markets***

#### *Industry*

Demand in the industry market rose sharply throughout the year around the world.

In Europe, the US and Japan, the firm economy, high profits and the need to improve productivity drove a significant increase in corporate capital investment. Large OEM exporters, notably in Germany and Japan, benefited from strong demand for capital goods in emerging markets. Machine building was also very vibrant in China, Eastern Europe and other emerging markets.

#### *Non residential buildings*

The non-residential building market also benefited from exceptional worldwide growth in corporate capital spending in 2006. Europe saw its largest increase since 2000, with the strongest gains in the office and commercial building segments. Growth also accelerated in the US, particularly for industrial buildings, telecommunication and energy infrastructure and offices.

The market was very active in China, Australia and the rest of the Asia-Pacific zone.

In the Middle East, oil revenues continued to support the construction of hotels, hospitals, offices and stores.

#### *Residential*

The residential market remained on a good trend in most of Europe, notably in Spain and the Nordic countries. Germany returned to growth for the first time in years. Demand in Europe was supported by still attractive real interest rates and longer mortgages.

In the US, on the other hand, the residential market contracted sharply after one of the strongest booms in its history.

In Australia, the overall market was down slightly in 2006 despite a significant upswing in the second half of the year.

#### *Energy & Infrastructure*

Global demand for more reliable and better quality supply has prompted regulators and other government agencies to invest heavily in more effective distribution grids.

The energy market was shaped by continued uncertainty over energy prices, supply security (notably during peak periods), limited transmission grid interconnection capacity and the lack of investment in generation and transmission infrastructure.

In addition, environmental issues have become a major concern for the entire industry, both for producers, who want to limit greenhouse gas emissions, and for consumers, who want to use energy as efficiently as possible.

The infrastructure market enjoyed strong growth in 2006. High crude prices are driving substantial investment in the oil and gas industry, notably in the Middle East, Russia and North America.

Demand for water supply and water treatment infrastructure has also increased sharply, particularly in emerging markets. Middle Eastern nations have continued to invest in desalination units, while customers in Europe have been investing to bring their installations into compliance with environmental legislation.

Demand for telecommunication infrastructure is back on a growth path, particularly in the US, Europe, India and China.

#### ***No other trends likely to have a material effect***

To the Company's knowledge, aside from announced acquisitions and creations of joint ventures described in "Investments" above and in note 28 "Subsequent events" to the consolidated financial statements for fiscal year 2006 incorporated by reference in this Base Prospectus, there are no trends uncertainties, demands, commitments or events, which the Company believes are reasonably likely to have a material effect on the Company's prospects for the current financial year taken as a whole.

#### **Statutory Auditors and substitute statutory auditors**

##### ***Statutory auditors:***

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

Represented by Mr. Pierre Jouanne and Mr. Christian Chochon

Mazars & Guérard  
Tour Exaltis - 61, rue Henri Regnault - 92075 La Défense Cedex  
France

Represented by Mr. Jean-Louis Simon and Mr. Pierre Sardet

##### ***Substitute statutory auditors:***

Philippe Diu  
41, rue Ybry - 92576 Neuilly-sur-Seine Cedex  
France

Charles Vincensini  
 Tour Exaltis - 61, rue Henri Regnault - 92075 La Défense Cedex  
 France

### **Administrative, Management, and Supervisory Bodies**

To implement the succession of the Company's Chairman and Chief Executive Officer (*Président - Directeur général*) and support the Company's ongoing growth strategy, the Board of Directors decided to propose to the Shareholders' Meeting held on 3 May 2006 to modify the governance structure of the Company by setting up a Supervisory Board (*conseil de surveillance*) and a Management Board (*directoire*).

The Shareholders approved this recommendation and voted to amend the Company's bylaws accordingly and to elect the members of the new Supervisory Board. After the Annual Shareholders' Meeting, the new Supervisory Board met to appoint the members of the Management Board.

### **Members of the Administrative, Management, and Supervisory Bodies**

#### *The Supervisory Board*

The Supervisory Board is composed of a minimum of three and a maximum of eighteen members, all of whom must be physical persons.

Throughout their term, Supervisory Board members must hold at least 250 Company shares.

Supervisory Board members are elected for a four-year term and are eligible for re-election. However, in line with the AFEP-MEDEF recommendation that Supervisory Board members should retire by rotation, one half of the members of the first Supervisory Board were elected for an initial term of two years.

The age limit for holding office as a member of the Supervisory Board is 74 and no more than one third of the members may be aged over 70.

The Supervisory Board elected on 3 May 2006 has twelve members and one non-voting member. Nine qualify as independent directors according to the definition contained in the AFEP-MEDEF report on corporate governance. Four are foreign nationals (from the United States, the United Kingdom, Italy and Switzerland). Employee shareholders are represented by a member who sits on the Supervisory Board of the "Schneider Actionnariat" corporate mutual fund. The average age of Supervisory Board members is 62.

#### *Members of the Supervisory Board as of 31 December 2006*

<b>Name/Age</b>	<b>First elected/ Current term ends</b>	<b>Other directorships and functions in French or foreign companies</b>	<b>Expertise and experience</b>
<b>Business address</b> No. of Company shares Henri Lachmann Chairman Age: 68 Schneider Electric 43-45 boulevard Franklin- Roosevelt - 92500 Rueil- Malmaison, France 20,648 Company shares**	1996/2010	<i>Currently:</i> Chairman of the Supervisory Board of the Company Director of: - various Axa subsidiaries - Ansa Member of the Supervisory Boards of: - Vivendi - AXA - Norbert Dentressangle Chairman of the Board of Directors of Centre Chirurgical Marie Lanelongue Chairman of Fondation pour le Droit Continental Member of Conseil des Prélèvements Obligatoires Member of the Steering Committee of the Institut de l'Entreprise Non-voting director of: - Fimalac	A graduate of Hautes Etudes Commerciales (HEC), Henri Lachmann began his career in 1963 with Arthur Andersen. In 1970, he joined Compagnie Industrielle et Financière de Pompey. In 1971, he became Chief Executive Officer of Financière Strafor (later Strafor Facom), where from 1981 to 1997 he served as Chairman and Chief Executive Officer. He was elected to the Company's Board of Directors in 1996 and was appointed Chairman on 25 February 1999, office which he held until 3 May 2006 date at which he became chairman of the Company's Supervisory Board.

Name/Age Business address No. of Company shares	First elected/ Current term ends	Other directorships and functions in French or foreign companies	Expertise and experience
		<p>- Tajan</p> <p><i>Directorships and functions held in the past five years:</i></p> <p>Chairman and Chief Executive Officer of the Company</p> <p>Chairman of Schneider Electric Industries S.A.S.</p> <p>Director of:</p> <ul style="list-style-type: none"> <li>- various companies within the Group</li> <li>- Vivendi Universal</li> <li>- Etablissements de Dietrich &amp; Cie</li> <li>- Finaxa</li> <li>- Fimalac Investissements</li> </ul> <p>Member of the International Committee of Daimler Benz</p>	
<p>Serge Weinberg*</p> <p>Vice Chairman</p> <p>Age: 56</p> <p>Capital Partners</p> <p>40 rue de la Boétie - 75008 Paris, France</p> <p>500 Company shares</p>	<p>2005 / 2010</p>	<p><i>Currently:</i></p> <p>Vice Chairman of the Supervisory Board of the Company</p> <p>Chairman of the Board of Directors of Accor</p> <p>Chairman and Chief Executive Officer of Weinberg Capital Partners</p> <p>Member of the Supervisory Board of Gucci Group</p> <p>Director of:</p> <ul style="list-style-type: none"> <li>- FNAC</li> <li>- RASEC (since February 2006)</li> <li>- Team Partners Group (since 20 November 2006)</li> <li>- Alliance Industrie (since 5 October 2006)</li> <li>- Financière Poinsetia (since 11 September 2006)</li> </ul> <p>General Manager of:</p> <ul style="list-style-type: none"> <li>- Adoval</li> <li>- Maremma</li> </ul> <p><i>Directorships and functions held in the past five years:</i></p> <p>Chairman of the Management Board of Pinault-Printemps-Redoute</p> <p>Chairman of the Supervisory Boards of:</p> <ul style="list-style-type: none"> <li>- France Printemps</li> <li>- Conforama Holding</li> <li>- Guilbert S.A.</li> <li>- Redcats</li> </ul> <p>Member of the Supervisory Boards of:</p> <ul style="list-style-type: none"> <li>- Yves Saint-Laurent Parfum</li> <li>- Boucheron Holding</li> <li>- PPR Interactive (PPR's permanent representative)</li> </ul> <p>Director of:</p> <ul style="list-style-type: none"> <li>- the Company</li> <li>- Rexel</li> <li>- PPR Asia</li> </ul> <p>Tennessee's permanent representative on the Board of Directors of Bouygues</p> <p>General Manager of Serole</p>	<p>After graduating from France's Ecole Nationale d'Administration, Serge Weinberg held several positions in the civil service and ministerial offices. He then served as Chief Operating Officer of French television channel FR3, Chief Executive Officer and then Chairman of the Management Board of Havas Tourisme, and Managing Director of Banque Pallas Finance. In 1990, Serge Weinberg joined what would become Pinault-Printemps-Redoute (PPR) when he became Chief Executive of CFAO. Within PPR, he served as Chairman of Rexel (formerly CDME), an electrical equipment distributor. In 1995, he was appointed Chairman of the PPR Management Board, a position he held until early 2005.</p>

Name/Age Business address No. of Company shares	First elected/ Current term ends	Other directorships and functions in French or foreign companies	Expertise and experience
Alain Burq Age: 53  Schneider Electric Industries S.A.S. 89 boulevard Franklin Roosevelt – 92500 Rueil- Malmaison, France  2,047 Company shares**	2000 / 2008	<i>Currently:</i> Member of the Supervisory Boards of: - the Company - “Schneider Actionnariat” corporate mutual fund Responsible for special projects at Schneider Electric’s Finance Department <i>Directorships and functions held in the past five years:</i> Director of Schneider Electric Chairman of Ordosoftware	A graduate of Ecole Supérieure de Commerce de Paris, Alain Burq also has an MBA from the Wharton School of the University of Pennsylvania. In 1982, he joined Groupe Schneider subsidiary Spie Batignolles, where he held various positions until 1998, when he moved to Schneider Electric. He has been in charge of special projects for the Finance department since 2005.
Gérard de La Martinière* Age: 63  Fédération Française des Sociétés d’Assurances 26 boulevard Haussmann - 75008 Paris, France  1,606 Company shares	1998 / 2010	<i>Currently:</i> Member of the Supervisory Board of the Company Chairman of Fédération Française des Sociétés d’Assurances (F.F.S.A.) and Chairman of the European Insurance Committee (CEA) Director of Air Liquide <i>Directorships and functions held in the past five years:</i> Member of the Management Board of Axa Director of the Company Director and Chief Executive Officer of Finaxa Director of Crédit Lyonnais Director or Chairman of various Axa subsidiaries, including Compagnie Financière de Paris and Ateliers de Construction du Nord de la France (ANF) Chairman of the Board of Directors of LCH Cleartnet Group Ltd., London	A graduate of Ecole Polytechnique and Ecole Nationale d’Administration, Gérard de La Martinière held several positions in the French Finance Ministry before serving as Secretary General of the Commission des Opérations de Bourse and General Manager of Société des Bourses Françaises. In 1989, he joined Axa, where he was appointed Executive Vice- President, Holding Companies and Corporate Functions in 1993, member of the Management Board in 1997 and Executive Vice-President, Finance, Budget Control and Strategy in 2000. He left Axa in 2003 to become Chairman of the Fédération Française des Sociétés d’Assurances (F.F.S.A.).
René Barbier de La Serre* Age: 66  Compagnie Financière Edmond de Rothschild - 47 rue Faubourg Saint-Honoré – 75008 Paris, France  2.000 Company shares	2002 / 2008	<i>Currently:</i> Member of the Supervisory Board of the Company Director of: - Nord-Est - Sanofi-Aventis - Pinault-Printemps-Redoute - Harwanne Compagnie de Participations Industrielles et Financières S.A. (Geneva) Member of the Supervisory Boards of: - Compagnie Financière Saint-Honoré - La Compagnie Financière Edmond de Rothschild Banque - Euronext NV (Amsterdam) Non-voting director of: - Fimalac <i>Directorships and functions held in the past five years:</i> Chairman of the Supervisory Board of Edmond de Rothschild Private Equity Partners Chairman of the Board of Directors of Tawa UK Ltd (London) Chairman and Chief Executive Officer of Continental d’Entreprises Member of the Supervisory Boards of Pinault Printemps Redoute Director of: - the Company - Calyon - Crédit Lyonnais - Fimalac Investissements - AOBA Life (Japan)	After graduating from Ecole Polytechnique and Institut d’Etudes Politiques de Paris, René Barbier de La Serre joined the European Union Bank in 1963, later becoming Deputy Director. In 1973, he moved to Crédit Commercial de France (CCF), where he was appointed Managing Director in 1987 and Vice Chairman and Chief Executive Officer in 1993. He left CCF in 1999. From 1988 to 1998, René Barbier de La Serre was a member of Conseil des Marchés Financiers (formerly Conseil des Bourses de Valeurs), serving as Chairman from 1994 to 1998. In this capacity, he was a member of the Collège de la Commission des Opérations de Bourse.



Name/Age Business address No. of Company shares	First elected/ Current term ends	Other directorships and functions in French or foreign companies	Expertise and experience
		<p>Non-voting director of Nord-Est</p> <p>Compagnie Financière Saint-Honoré's permanent representative on the Supervisory Board of Compagnie Financière Edmond de Rothschild Banque</p> <p>Advisor to the Chairman of Crédit Commercial de France</p>	
<p>Noël Forgeard*</p> <p>Age: 60</p> <p>250 Company shares</p>	<p>2005/2010</p>	<p><i>Currently:</i></p> <p>Member of the Supervisory Board of the Company</p> <p>Director of:</p> <ul style="list-style-type: none"> <li>- Dassault Aviation</li> <li>- Ecole Polytechnique</li> </ul> <p>Member of the Committee of France Galop</p> <p><i>Directorships and functions held in the past five years:</i></p> <p>Chairman and Chief Executive Officer of Airbus S.A.S.</p> <p>Chairman of the Board of Directors of Airbus France</p> <p>Chairman or Director of various Airbus subsidiaries</p> <p>Director of:</p> <ul style="list-style-type: none"> <li>- EADS</li> <li>- the Company</li> <li>- Arcelor</li> <li>- IMS S.A.</li> </ul> <p>Chief Executive Officer of EADS</p>	<p>A graduate of Ecole Polytechnique and Ecole des Mines, Noël Forgeard began his career in the French civil service before joining Usinor subsidiary Compagnie Française des Aciers Spéciaux. In 1986, he served as an advisor on industrial issues in Prime Minister Jacques Chirac's office. In 1987, he joined Lagardère, where he headed Matra's defense and space divisions. Five years later, he became Chairman and Chief Executive Officer of Matra Haute Technologie and joint Chief Executive Officer of the Lagardère Group. In 1998, he was appointed Director and General manager of GIE Airbus-Industrie, and in 2000, CEO of Airbus S.A.S. From 1 July 2005 to 1 July 2006 he was co-Executive Chairman of EADS</p>
<p>Jérôme Gallot*</p> <p>Age: 47</p> <p>CDC Entreprises 33 avenue du Maine BP 174 - 75755 Paris Cedex 15, France</p> <p>250 Company shares</p>	<p>2005/2008</p>	<p><i>Currently:</i></p> <p>Member of the Supervisory Board of:</p> <ul style="list-style-type: none"> <li>- the Company</li> <li>- Caisse Nationale de Prévoyance (CNP Assurances)</li> </ul> <p>Chairman of CDC Entreprises</p> <p>Director of:</p> <ul style="list-style-type: none"> <li>- Compagnie Nationale</li> <li>- Rhône (CNR)</li> <li>- ICADE</li> <li>- Caixa Seguros</li> <li>- Plastic Omnium</li> </ul> <p><i>Directorships and functions held in the past five years:</i></p> <p>Senior Executive Vice President, Caisse des Dépôts et Consignations</p> <p>Director of the Company</p> <p>Director of:</p> <ul style="list-style-type: none"> <li>- Crédit Foncier de France</li> <li>- Galaxy Fund</li> <li>- Galaxy Management Services</li> </ul> <p>Chairman of the Austral Sicav investment fund</p>	<p>Jérôme Gallot is a graduate of Institut d'Etudes Politiques de Paris and Ecole Nationale d'Administration. After three years with the Cour des Comptes, he served as an advisor to the Secretary General of the interministerial committee for European economic cooperation, from 1989 to 1992, and then moved the Budget department. He was then Chief of Staff in a number of French ministries, from 1993 to 1997. In 1997, he was appointed Director of the Competition, Consumer Affairs and Anti-Fraud Division of the Ministry of the Economy and Finance. He left this position in 2003 to become Senior Executive Vice President at Caisse des Dépôts et Consignations. He was appointed Chairman of CDC Entreprises in September 2006.</p>
<p>Willy R. Kissling*</p> <p>Age: 62</p> <p>Corporate director</p> <p>Poststrasse no. 4 - BP 8808 Pfaeffikon, Switzerland</p>	<p>2001 / 2008</p>	<p><i>Currently:</i></p> <p>Member of the Supervisory Board of the Company</p> <p>Director of Holcim Ltd (cement), Kühne + Nagel International AG (logistics)</p> <p>Chairman of the Board of Directors of Grand Hotels Bad Ragaz AG</p> <p>Member of the Booz Allen Hamilton European</p>	<p>Willy Kissling, a Swiss citizen, holds diplomas from the University of Bern and Harvard University. He began his career at Amiantus Corporation and then joined Rigips, a plasterboard manufacturer, in 1978. He was appointed to the Rigips Executive Committee in 1981 and subsequently became Chairman. From 1987 to 1996,</p>

<b>Name/Age Business address No. of Company shares</b>	<b>First elected/ Current term ends</b>	<b>Other directorships and functions in French or foreign companies</b>	<b>Expertise and experience</b>
1,250 Company shares		<p>Advisory Board</p> <p><i>Directorships and functions held in the past five years:</i></p> <p>Director of the Company</p> <p>Chairman of the Board of Directors and Chairman and CEO of Unaxis Corporation (renamed OC Oerlikon Corp.)</p> <p>Vice-Chairman and later Chairman of Forbo Holding AG and SIG Holding Ltd.</p>	<p>he served as Chairman and Chief Executive Officer of Landis &amp; Gyr Corporation, a provider of services, systems and equipment for building technology, electrical contracting and pay phones. From 1998 to 2005, he was Chairman of Unaxis Corporation, also serving as Chairman and Chief Executive Officer from 1998 to 2002.</p>
<p>Cathy Kopp* Age: 58</p> <p>Accor 33 avenue du Maine – 75015 Paris, France</p> <p>250 Company shares</p>	2005/2010	<p><i>Currently:</i></p> <p>Member of the Supervisory Board of the Company</p> <p>Executive Vice President, Human Resources and Sustainable Development, Accor</p> <p><i>Directorships and functions held in the past five years:</i></p> <p>Non-voting Director of the Company S.A.</p> <p>Vice-President, Corporate Human Resources and member of the Executive Committee of LVMH</p>	<p>After earning a degree in mathematics, Cathy Kopp joined IBM France in 1973. In 1992, she became Human Resources Director at IBM France. In 1996, she was appointed Vice-President Human Resources at IBM Corp.'s Storage Systems Division. In 2000, Cathy Kopp became Chairman and CEO of IBM France. She joined Accor in 2002 as Human Resources General Manager. She is a member of the board of Haute Autorité de Lutte contre les Discriminations (Halde), France's equal opportunities commission, and Chairman of the employee relations commission of the Service Industry Group of the French employers' federation (Medef).</p> <p>In 2006, she led the Medef's inter-industry negotiations on diversity.</p>
<p>James Ross* Age: 68</p> <p>Flat 4 55, Onslow Square – London SW7 3JR England</p> <p>300 Company shares</p>	1997/2010	<p><i>Currently:</i></p> <p>Member of the Supervisory Board of the Company</p> <p>Director of:</p> <ul style="list-style-type: none"> <li>- McGraw-Hill Inc.</li> <li>- Datacard Inc.</li> <li>- Prudential plc</li> </ul> <p>Chairman of the Leadership Foundation for Higher Education.</p> <p><i>Directorships and functions held in the past five years:</i></p> <p>Chairman of Littlewoods plc</p> <p>Chairman of the National Grid</p> <p>Vice-Chairman of National Grid Transco</p>	<p>James Ross, a British subject, is a graduate of Oxford University. In 1959 he joined BP, where he held several positions before becoming a Managing Director in 1991. He was Managing Director of Cable &amp; Wireless plc from 1992 to 1995, when he was appointed Chairman of the National Grid. After National Grid merged with Transco in 1999, he served as Vice-Chairman of National Grid Transco from 2002 to 2004.</p>
<p>Chris Richardson Age: 62</p> <p>2321 Tanglewood Brok Lane 35243 Birmingham, Alabama (USA)</p> <p>250 Company shares</p>	2004/2008	<p><i>Currently:</i></p> <p>Member of the Supervisory Board of the Company</p> <p><i>Directorships and functions held in the past five years:</i></p> <p>Former Executive Vice-President of Schneider Electric's North American Division</p> <p>Director of:</p> <ul style="list-style-type: none"> <li>- Square D</li> <li>- Financière MGE</li> <li>- MGE Finances S.A.S.</li> <li>- MGE-UPS Systems</li> <li>- Schneider (Thailand) Ltd</li> <li>- the Company</li> </ul>	<p>A US citizen, Chris Richardson graduated from Iowa State University after serving in the US Air Force from 1964 to 1968 and joined Square D in 1971. He spent his entire career with the company, which was acquired by the Company in 1991. From 1998 to January 2004, he served as Executive Vice-President of Schneider Electric's North American Division.</p>
<p>Piero Sierra* Age: 72</p> <p>Pirelli SpA Viale Sarca 222 – 20126 Milan, Italy</p>	1997/2008	<p><i>Currently:</i></p> <p>Member of the Supervisory Board of the Company</p> <p>Director of:</p> <p>Pirelli Group companies:</p> <ul style="list-style-type: none"> <li>- Pirelli SpA (Milan)</li> <li>- Alexandria Tire Corp</li> </ul>	<p>Piero Sierra, an Italian citizen with a degree in humanities from the University of Lyon, joined the Pirelli Group in 1962. He held management positions in Italy and abroad before becoming Director and Chief Executive Officer of Pirelli SpA from</p>

Name/Age Business address No. of Company shares	First elected/ Current term ends	Other directorships and functions in French or foreign companies	Expertise and experience
1,000 Company shares		<ul style="list-style-type: none"> <li>- Pirelli Deutschland AG</li> <li>- Pirelli Neumaticos Saic</li> <li>- Pirelli UK Tyres</li> <li>- Turk Pirelli Lastikleri AS</li> <li>- Pirelli North America Inc</li> <li>- Pirelli S.A. (Brazil)</li> </ul> <p><i>Directorships and functions held in the past five years:</i></p> <p>Director of:</p> <ul style="list-style-type: none"> <li>- the Company</li> <li>- Pirelli Cables Et Systemes S.A.</li> <li>- Pirelli Armstrong Tire Corp</li> <li>- Pirelli Cable Corporation</li> <li>- Pirelli Cables Ltd</li> <li>- Pirelli Cables Saic</li> <li>- Pirelli Cabos S.A.</li> <li>- Pirelli Canada Inc</li> <li>- Pirelli Tyre Holding Nv</li> <li>- Pirelli UK Tyres</li> <li>- Turk Pirelli Lastikleri AS</li> </ul>	<p>1991 to 1995.</p> <p>Mr. Sierra is Chairman of A.I.R.C. (Italian Association for Cancer Research) and F.I.R.C. (Italian Foundation for Cancer Research).</p>
<p>Claude Bébéar (Non-voting member) Age: 71</p> <p>Axa 25 avenue Matignon, 75008 Paris, France</p> <p>250 Company shares</p>	2004/2010	<p><i>Currently:</i></p> <p>Non-voting Director of the Company</p> <p>Chairman of the Supervisory Board of Axa</p> <p>Director of various subsidiaries of Axa and BNP Paribas</p> <p>Member of the Supervisory Board of Vivendi</p> <p><i>Directorships and functions held in the past five years:</i></p> <p>Chairman and Director of various Axa subsidiaries, including Axa Financial</p> <p>Chairman and Chief Executive Officer of Finaxa</p> <p>Director of:</p> <ul style="list-style-type: none"> <li>- the Company</li> <li>- Vivendi Universal</li> </ul>	<p>A graduate of Ecole Polytechnique, Claude Bébéar joined in 1958 the mutual insurance company that would become Axa in 1985. He was appointed Chairman and Chief Executive Officer of the company in 1975.</p> <p>From late 1996, when Axa merged with UAP, until 2000, when he was appointed Chairman of the Supervisory Board, Mr. Bébéar served as Chairman of Axa's Management Board and Chairman of its Executive Committee.</p>

\* Independent Supervisory Board member, as defined in the Bouton report on corporate governance

\*\* Directly or through the corporate mutual fund  
*Management Board*

The bylaws of the Company stipulate that the Management Board is composed of a minimum of two members and a maximum of seven members.

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

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

The Management Board currently has two members – Jean-Pascal Tricoire (Chairman) and Pierre Bouchut – who were appointed by the Supervisory Board on 3 May 2006 for a three-year term expiring on 2 May 2009.

<b>Name/Age</b> <b>Business address</b> <b>Number of shares</b>	<b>First appointed/ Term ends</b>	<b>Other directorships and functions in French or foreign companies</b>	<b>Expertise and experience</b>
Jean-Pascal Tricoire Chairman of the Management Board Age: 43  Schneider Electric 43-45 boulevard Franklin- Roosevelt – 92500 Rueil-Malmaison, France  2,580 Company shares**	2006/2009	<i>Currently:</i> Chairman of the Management Board of the Company Chairman and Chief Executive Officer of Schneider Electric Industries S.A.S. Director of Square D <i>Previous directorships and functions held in the past five years:</i> Director of: - Clipsal Asia Holding Limited - Digital Electronics Corporation - Schneider Electric (Australia) Pty Limited - Schneider Electric New Zealand Holding Limited - PT Schneider Indonesia - Schneider Electric Japan Ltd - Schneider Electric Japan Holding Ltd - Schneider Electric Venezuela S.A. - Schneider Toshiba Inverter S.A.S. - PDL Holding Ltd	After graduating from ESEO Angers and obtaining an MBA from EM Lyon, Jean- Pascal Tricoire spent his early career with Alcatel, Schlumberger and Saint Gobain. He joined the Group (Merlin Gerin) in 1986. Between 1988 and 1999, he held a variety of line positions with international subsidiaries in Italy (five years), China (five years) and South Africa (one year). On his return to France, he joined the headquarters team, serving from 1999 to 2001 as Vice President, Strategic Global Accounts with specific responsibility for the Schneider 2000+ program. From January 2002 to the end of 2003, he was Executive Vice-President of the Company's International Division. In October 2003, he was named Chief Operating Officer, before becoming Chairman of the Company Management Board on May 3, 2006.
Pierre Bouchut Age: 52  Schneider Electric 43-45 boulevard Franklin- Roosevelt – 92500 Rueil- Malmaison, France  42,000 Company shares	2006/2009	<i>Currently:</i> Member of the Management Board of the Company S.A. Chairman of the Board of Directors of Schneider Electric Services International Director of: - Schneider Electric Industries S.A.S. - Schneider Electric France - Square D - France Transfo <i>Previous directorships and functions held in the past five years:</i> Director of: - Havas - Casino (and various other functions within the Group) - Laurus (Netherlands) - Smart & Final (USA) - CBD (Brazil) - Big C (Thailand)	A graduate of HEC and holder of a masters degree in applied economics from Paris Dauphine University, Pierre Bouchut began his career in 1979 with Citibank Paris, before moving to Bankers Trust France S.A. in 1987 as Vice President, Finance. In 1988, he joined McKinsey & Company as a consultant. In 1990, he accepted the position of Chief Financial Officer of the Casino Group, subsequently becoming the Group's Chief Executive Officer. In May 2005, he joined the Company as Executive Vice-President Finance & Control – Legal Affairs He has been a member of the Management Board since 3 May 2006.

\*\* Directly or through the corporate mutual fund

### ***Administrative, Management and Supervisory bodies conflicts of interest***

There are no conflicts of interests between any duties to the Company of the members of the Supervisory Board or Management Board and their private interests or other duties.

### ***Board Practices***

#### *Audit Committee*

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

No changes were made to the membership of the Audit Committee following the replacement of the Board of Directors by the Supervisory Board. The four members – Gérard de La Martinière (Chairman), James Ross, Piero Sierra and Serge Weinberg, are all independent.

*Meetings.* The Audit Committee meets at least four times a year. Meetings are called by the Committee Chairman, the Supervisory Board Chairman or the Management Board Chairman.

The external auditors attend the meetings devoted to examining the annual and interim financial statements and the Committee may also invite any other persons of its choice to answer its questions.

The Audit Committee may ask the Management Board for copies of any and all documents that it considers relevant or useful.

*Responsibilities.* A key component of the Company's internal control system, the Audit Committee is responsible for preparing the decisions of the Supervisory Board, making recommendations to the Board and issuing opinions on financial, accounting and risk management issues. In line with these terms of reference, it:

- Prepares the Supervisory Board's review of the annual and interim financial statements presented by the Management Board, in particular by:
  - Ensuring that accounting policies used to prepare the consolidated and parent company financial statements are appropriate and applied consistently, that all significant transactions are properly reflected in the consolidated financial statements and that the rules governing the scope of consolidation are correctly applied.
  - Analyzing risks, off-balance sheet commitments and the cash position.
- Reviews the annual and interim reports drawn up by the Management Board.
- Makes recommendations, based on a review of service proposals, concerning the appointment or re-appointment of the external auditors.
- Examines the scope of audit engagements and the results of audits, as well as verifying the auditors' independence, in particular by reviewing fees paid by the Group to their firm and network.
- Reviews the internal audit organization and resources, as well as the internal audit program and the executive summary of the internal auditors' reports and the action taken to implement the internal auditors' recommendations.
- Examines proposed dividend distributions and the amount of financial authorizations submitted for shareholder approval at the Annual Meeting.

The Audit Committee examines all financial, accounting and risk management issues referred to it by the Management Board, or by the Supervisory Board or its Chairman. In addition, prior to the Committee's review of the annual and interim financial statements, the Audit Committee Chairman meets with the external auditors alone, without any Company representatives present. The Audit Committee Chairman also meets with the head of the Company's internal audit four times a year without any other Company representative present. The Audit Committee presents its findings and recommendations to the Supervisory Board and distributes the minutes of its meetings to the Supervisory Board members.

*Meetings in 2006.* In 2006, the Audit Committee of the Board of Directors or the Supervisory Board met four times. The average duration of the meetings was 2 hours and 15 minutes and the average attendance rate was 94%.

Each meeting was attended by members of the Company's finance department and the head of the Company's internal audit. The external auditors were also present for most of the meetings. In addition, the Committee

interviewed the heads of the Company's operating divisions. Neither the Chairman of the Board of Directors nor the Chairman of the Management Board attended Audit Committee meetings in 2006.

The Audit Committee reviewed the annual and interim financial statements and the management reports.

It also reviewed the work of the internal and external auditors. During its review of risks, the Committee examined the measures put in place to prevent the spread of bird flu, as well as the action taken to implement the RoHS (Restriction of Hazardous Substances) and WEEE (Waste from Electrical and Electronic Equipment) directives, externalization and globalization of information systems, appropriation by the Group of the new financial and corporate law. It also reviewed the goodwill recognized on recent business combinations.

The Committee made recommendations to the Board of Directors concerning the 2005 dividend.

It verified the external auditors' independence, in particular by reviewing fees paid by the Group to their firm and network.

The Committee reported on its activities in 2006 at the Board of Directors' meeting held on 15 February, and at the Supervisory Board meetings held on 27 July and 21 December 2006.

### Corporate governance compliance

The Company applies the French AFEP-MEDEF corporate governance guidelines.

### Major Shareholders

	31 December 2006				31 December 2005	
	Capital	Number of shares	Voting rights	Number of voting rights	Capital	Voting rights
	%		%		%	%
Caisse des Dépôts	4.42%	10,062,852	5.49%	13,237,852	4.44%	5.48%
Employees	3.09%	7,029,981	5.76%	12,911,628	3.35%	5.82%
Own shares <sup>(1)</sup>	0.94%	2,150,352	0.87% <sup>(2)</sup>	2,150,352 <sup>(2)</sup>	0.95%	-
Treasury stock	2.08%	4,725,771	1.91% <sup>(3)</sup>	4,725,771 <sup>(3)</sup>	2.61%	-
Public	89.47%	203,729,392	88.75%	214,165,045	88.65%	88.70%
<b>TOTAL</b>	<b>100.00%</b>	<b>227,698,348</b>	<b>100.00%</b>	<b>247,190,648<sup>(4)</sup></b>	<b>100.00%</b>	<b>100.00%</b>

<sup>(1)</sup> Via Cofibel / Cofimines.

<sup>(2)</sup> Such voting rights may not be exercised by Cofibel / Cofimines.

<sup>(3)</sup> Such voting rights may not be exercised by the Company.

<sup>(4)</sup> Number of voting rights resulting from section 225-12-5 of the Regulation of the French Autorité des Marchés Financiers.

It should be noted that, following the issue by the Company, in the context of the partial refinancing of the acquisition of American Power Conversion (see "Investments - Investments made since 31 December 2006" above), of 13,412,969 new shares as at 5 April 2007, representing 5.56% of the share capital and 5.15% of the voting rights of the Company post capital increase, any holder of Company shares that has not exercised its preferential subscription rights will have had its stake in the Company's share capital and voting rights decreased accordingly.

### Share capital

The Company's share capital at 5 April 2007 amounted to €1,931,467,624, represented by 241,433,453 shares with a par value of €8, all fully paid up. A total of 260,541,188 voting rights were attached to the 241,433,453 shares outstanding.

**Material Contracts**

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

## TAXATION

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

### EU TAXATION

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

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

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg, Belgium and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax equals 15% during the first three years, 20% during the subsequent three years and 35% until the end of the transitional period.

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

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

### LUXEMBOURG WITHHOLDING TAX

There is no Luxembourg withholding tax, payable on payments received upon repayment of the principal or upon redemption of the Notes.

#### **Individuals**

##### *Luxembourg residents*

A 10% withholding tax has been introduced, as from 1 January 2006 on interest payments made by Luxembourg paying agents (defined in the same way as in the Directive) to Luxembourg individual residents. Only interest accrued after 1 July 2005 falls within the scope of this withholding tax. Income (other than interest) from



investment funds and from current accounts provided that the interest rate is not higher than 0,75% are exempt from the withholding tax. Furthermore, interest which is accrued once a year on savings accounts (short and long term) and which does not exceed €250 per person and per paying agent is exempted from the withholding tax.

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

#### *Luxembourg non-residents*

Subject to the application of the Directive and the Laws (see the section “EU Directive on the Taxation of Savings Income” above), there is no withholding tax for Noteholders non resident of Luxembourg on payments of interest (including accrued but unpaid interest).

Under the Directive and the Laws, a Luxembourg based paying agent (within the meaning of the Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State, unless the beneficiary of the interest payments elects for the exchange of information. The same regime applies to payments to individuals resident in certain dependent territories.

The withholding tax rate is initially 15%, increasing steadily to 20% and to 35%. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

#### **Corporations**

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

#### **FRENCH TAXATION**

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

Payments of interest and other revenues with respect to Notes which constitute *obligations* under French law and are issued or deemed to be issued outside the Republic of France benefit from the exemption from deduction of the withholding tax set out under Article 125 A III of the French *Code général des impôts*, as provided for in Article 131 *quater* of the French *Code général des impôts*. Accordingly, such payments do not give the right to any tax credit from any French source.

Notes constituting *obligations* under French law will be issued (or deemed to be issued) outside the Republic of France, (i) in the case of syndicated or non-syndicated issues of Notes, if such Notes are denominated in Euro, (ii) in the case of syndicated issues of Notes denominated in currencies other than euro, if, *inter alia*, the Issuer and the relevant Dealers agree not to offer the Notes to the public in the Republic of France and such Notes are offered in the Republic of France through an international syndicate only to qualified investors (*investisseurs qualifiés*) as described in Article L.411-2 of the French *Code monétaire et financier*, or (iii) in the case of issues of Notes denominated in currencies other than Euro that are not offered through an international syndicate, if each of the subscribers of the Notes is domiciled or resident for tax purposes outside the Republic of France and does not act through a permanent establishment or fixed base therein, in each case as more fully set out in the Circular 5 I-11-98 of the *Direction Générale des Impôts* dated 30 September 1998.

However, if so provided in the relevant Final Terms, Notes constituting *obligations* under French law denominated in currencies other than euro may be offered without an international syndicate and placed with subscribers not all of whom are resident outside the Republic of France. In such cases, the Notes will not benefit from the exemption from deduction of tax at source provided for in Article 131 *quater* of the French *Code général des impôts* and

interest payments under such Notes made to a non-French resident will be exempt from withholding or deduction of tax at source only if the beneficiary provides certification that he is not resident in the Republic of France, all in accordance with the provisions of Article 125 A III of the French *Code général des impôts*, as more fully described in Condition 8.

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

The tax regime applicable to Notes which do not constitute *obligations* under French law will be set out in the relevant Final Terms.

## SUBSCRIPTION AND SALE

### SUMMARY OF DEALER AGREEMENT

Subject to the terms and on the conditions contained in an Amended and Restated Dealer Agreement dated 21 May 2007 (the “**Dealer Agreement**”) between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

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

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

### SELLING RESTRICTIONS

#### United States

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

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

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

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

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may

violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an exemption from such registration requirements.

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

#### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a Base Prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a Base Prospectus pursuant to Article 3 of the Prospectus Directive.

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

#### **United Kingdom**

Each Dealer has represented and agreed that:

- (i) **Investment advertisements:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer;
- (ii) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom; and
- (iii) **Accepting Deposits in the United Kingdom:** in relation to any Notes having a maturity of less than one year from the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring,

holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of FSMA by the Issuer.

## **France**

### **(a) Notes denominated in euro:**

In respect of Notes constituting *obligations* under French law denominated in euro whether issued on a syndicated or non-syndicated basis, each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to qualified investors (*investisseurs qualifiés*) as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 to D.411-3 of the French *Code monétaire et financier*.

### **(b) Syndicated issues of Notes denominated in currencies other than euro:**

In respect of Notes constituting *obligations* under French law denominated in currencies other than euro issued on a syndicated basis, each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will only be made in France through an international syndicate to qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1 to D.411-3 of the French *Code monétaire et financier*.

### **(c) Non-syndicated issues of Notes denominated in currencies other than euro:**

In respect of Notes constituting *obligations* under French law denominated in currencies other than euro issued on a non-syndicated basis, each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and each subscriber of the Notes will be domiciled or resident for tax purposes outside France.

To the extent that the Notes do not constitute *obligations* under French law, these selling restrictions will be amended in the relevant Final Terms.

If necessary the French selling restrictions will be amended or supplemented in the relevant Final Terms.

## **Japan**

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “**Securities and Exchange Law**”). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws

and regulations of Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

**General**

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

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

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

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

## FINAL TERMS

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

Final Terms dated [●]

#### SCHNEIDER ELECTRIC SA

Issue of Euro [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the Euro 6,000,000,000 Euro Medium Term Note Programme

#### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] [and the supplement(s) to the Base Prospectus dated [●]] which [together] constitute[s] a Base Prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus [and the supplement(s) to the Base Prospectus] and Final Terms are available for viewing at the office of the Fiscal Agent or each of the paying agents and on the [website of the Issuer (www.schneider-electric.com), and copies may be obtained from Schneider Electric S.A. 43/45 boulevard Franklin Roosevelt - 92500 Rueil-Malmaison, France.]

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date] [and the supplement(s) to the Base Prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement(s) to the Base Prospectus dated [●]], which [together] constitute[s] a Base Prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement(s) to the Base Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [original date] and [current date] [and the supplement(s) to the Base Prospectuses dated [●] and [●]]. [The Base Prospectuses [and the supplement(s) to the Base Prospectuses] are available for viewing at the office of the Fiscal Agent or each of the paying agents and on the [website of the Issuer (www.schneider-electric.com), and copies may be obtained from Schneider Electric S.A. 43/45 boulevard Franklin Roosevelt - 92500 Rueil-Malmaison, France.]

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

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

- |    |  |  |
|----|--|--|
| 1  | [(i)] Issuer:  | [•]  |
| 2  | [(i)] Series Number:   | [•]  |
|    | [(ii)] Tranche Number:   | [•]  |
|    | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).] |  |
| 3  | Specified Currency or Currencies:  | [•]  |
| 4  | Aggregate Nominal Amount:  | [•]  |
|    | [(i)] Series:  | [•]  |
|    | [(ii)] Tranche:  | [•]  |
| 5  | Issue Price:   | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]  |
| 6  | Specified Denominations:   | [•]<br>[•]   |
| 7  | [(i)] Issue Date:  | [•]  |
|    | [(ii)] Interest Commencement Date:   | [•]  |
| 8  | Maturity Date:   | <i>[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i>  |
| 9  | Interest Basis:  | [[•] per cent Fixed Rate]<br>[[specify reference rate] +/- [•] per cent Floating Rate]<br>[Zero Coupon]<br>[Index Linked Interest]<br>[Other (specify)]<br>(further particulars specified below) |
| 10 | Redemption/Payment Basis:  | [Redemption at par]<br>[Index Linked Redemption]<br>[Dual Currency]<br>[Partly Paid]<br>[Instalment]<br>[Other (specify)]  |
| 11 | Change of Interest or Redemption/Payment Basis:  | <i>[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]</i>   |



- 12 Put/Call Options: [Investor Put]  
[Issuer Call]  
[Change of Control Put]  
[(further particulars specified below)]
- 13 [(i)] Status of the Notes: [Senior/[Dated/Perpetual]/ Subordinated]  
[(ii)] [Date [Board] approval for [•] [and [•], respectively]]  
issuance of Notes obtained: *(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*
- 14 Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 15 **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [•] per [•] in Nominal Amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate]*
- (v) Day Count Fraction: Day Count Fraction should be [30/360 / Actual/Actual ([ICMA] /ISDA) / other [Actual-ICMA for all fixed rate issues other than those denominated in U.S. dollars, unless otherwise requested]]
- (vi) Determination Dates: [•]in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA]))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 16 **Floating Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [•]
- (ii) Specified Interest Payment Dates: [•]

- (iii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (*give details*)]
- (iv) Business Centre(s): [•]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (vi) Interest Period Dates: [Not Applicable / *specify dates*]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]): [•]
- (viii) Screen Rate Determination:
- Relevant Time: [•].
  - Interest Determination Dates: [[/•] *[TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]*]
  - Primary Source for Floating Rate: [specify relevant screen page or “Reference Banks”]
  - Reference Banks (if Primary Source is “Reference Banks”): [*Specify four*]
  - Relevant Financial Centre: [*The financial centre most closely connected to the Benchmark - specify if not London*]
  - Benchmark: [*LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark*]
  - Representative Amount: [*Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount*]
  - Effective Date: [*Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period*]
  - Specified Duration: [Specify period for quotation if not duration of Interest Accrual Period]
- (ix) ISDA Determination:
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]
  - ISDA Definitions: (if different from those set out in the Conditions) [•]
- (x) Margin(s): [+/-][•] per cent. per annum
- (xi) Minimum Rate of Interest: [•] per cent. per annum
- (xii) Maximum Rate of Interest: [•] per cent. per annum
- (xiii) Day Count Fraction: [•]

- (xiv) Rate Multiplier: [•]
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•]
- 17 **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [•] per cent. per annum
- (ii) Day Count Fraction: [•]
- (iii) Any other formula/basis of determining amount payable: [•]
- 18 **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: *[give or annex details]*
- (ii) Calculation Agent responsible for calculating the interest due: [•]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
- (v) Interest Periods or calculation period(s): [•]
- (vi) Specified Interest Payment Dates: [•]
- (vii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (viii) Business Centre(s): [•]
- (ix) Minimum Rate/Amount of Interest: [•] per cent. per annum
- (x) Maximum Rate/Amount of Interest: [•] per cent. per annum

- (xi) Day Count Fraction: [•]
- 19 **Dual Currency Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/Method of calculating Rate of Exchange: [give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [•]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [•]
- (v) Day Count Fraction: [•]

**PROVISIONS RELATING TO REDEMPTION**

- 20 **Call Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Note of [•] specified denomination
- (iii) If redeemable in part:
- (a) Minimum nominal amount to be redeemed: [•]
- (b) Maximum nominal amount to be redeemed: [•]
- (iv) Option Exercise Date(s): [•]
- (v) Description of any other Issuer's option: [•]
- (vi) Notice period: [•]
- 21 **Put Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [•] per Note of [•] specified denomination
- (iii) Option Exercise Date(s): [•]

- (iv) Description of any other Noteholders' option: [•]
- (v) Notice period: [•]
- 22 **Change of Control Put Option** [Applicable/Not Applicable]
- 23 **Final Redemption Amount of each Note** [[•] per Note of [•] specified denomination /other/see Appendix]
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [*give or annex details*]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [•]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
- (v) Minimum Final Redemption Amount: [•]
- (vi) Maximum Final Redemption Amount: [•]
- 24 **Early Redemption Amount**
- (vii) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [•]
- (viii) Redemption for taxation reasons permitted on days other than Interest Payment Dates : [Yes/No]
- (ix) Unmatured Coupons to become void upon early redemption (Bearer Notes only): [Yes/No/Not Applicable]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25 Form of Notes: [Dematerialised Notes/ Materialised Notes]  
*(Materialised Notes are only in bearer form)*  
*(delete as appropriate)*
- (i) Form of Dematerialised Notes: [Not Applicable/ Bearer dematerialised form (*au porteur*) only/ Registered dematerialised form (*au nominatif*)]
- (ii) Registration Agent: [Not Applicable/ *if Applicable give name and details*]  
*(Note that a Registration Agent must be appointed in relation to Registered Dematerialised Notes only)*
- (iii) Temporary Global Certificate: Temporary Global Certificate exchangeable for Definitive Materialised Bearer Notes on [●] (the “**Exchange Date**”), being 40 days after the Issue Date subject to postponement as provided in the Temporary Global Certificate
- (iv) Applicable TEFRA exemption: [C Rules / D Rules / Not Applicable]
- 26 Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*.  
*Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15 (ii), 16 (ii) and 18(ix) relates*]
- 27 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
- 28 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: [Not Applicable/*give details*]
- 29 Details relating to Instalment Notes: [Not Applicable/*give details*]
- (i) Instalment Amount(s): [●]  
Instalment Date(s): [●]  
Minimum Instalment Amount: [●]  
Maximum Instalment Amount: [●]
- 30 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [●]] annexed to the applicable Final Terms apply]
- 31 Consolidation provisions: [Not Applicable/The provisions [in Condition [●]] annexed to the applicable Final Terms apply]

- 32 Masse [Applicable/ Not Applicable/ Condition 11 replaced by the full provisions of French *Code de Commerce* relating to the Masse] *(Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 11 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 11 must be waived in its entirety and replaced by the provisions of French Code de Commerce relating to the Masse. If Condition 11 (as it may be amended or supplemented) applies or if the full provisions of French Code de Commerce apply, insert details of Representative and Alternative Representative and remuneration, if any).*
- 33 Other final terms: [Not Applicable/give details]  
*(When adding any other final terms or special conditions consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*

## **DISTRIBUTION**

- 34 (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names, addresses and underwriting commitments]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)*
- (ii) Date of [Subscription] Agreement: [●]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
- (iv) Dealer’s Commission: [●]
- 35 If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
- 36 Total commission and concession: [●] per cent. of the Aggregate Nominal Amount
- 37 Additional selling restrictions: [Not Applicable/give details]
- 38 Additional steps that may only be taken following approval by an Extraordinary Resolution: [Not Applicable/give details]
- 39 The aggregate principal amount of Notes issued has been translated into [Euro] at the rate of [●], producing a sum of (for Notes not denominated in [Euro]): [Not Applicable/[Euro][●]]

## **[LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 6,000,000,000 Euro Medium Term Note Programme of Schneider Electric SA.]

**RESPONSIBILITY**

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

Signed on behalf of the Issuer:

By: .....

Duly authorised



## PART B – OTHER INFORMATION

### 1 RISK FACTORS

*[[Insert any risk factors that are material to the Notes being offered and/or admitted to trading in order to assess the market risk associated with these Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute a "significant new factors" and consequently triggers the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.][Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]]*

### 2 LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [●] with effect from [●].] [Not Applicable.]  
*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*
- (iii) All the regulated markets on which, to the knowledge of the Issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading. [●]

### 3 RATINGS

- Ratings: The Notes to be issued have been rated:  
[S & P: [●]]  
[Moody's: [●]]  
[[Other]: [●]]  
*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*  
*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 4 [NOTIFICATION]

The [include name of competent authority in EEA home Member State] [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

**5 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [“*Subscription and Sale*”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]

**6 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer: [•]  
*(See [“Use of Proceeds”] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

[(ii) Estimated net proceeds: [•]  
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii) Estimated total expenses: [•] *[Include breakdown of expenses.]*  
*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

**7 [FIXED RATE NOTES ONLY – YIELD]**

Indication of yield: [•]  
Calculated as *[include details of method of calculation in summary form]* on the Issue Date.  
As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

**8 [FLOATING RATE NOTES ONLY - HISTORIC INTEREST RATES]**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]

**9 [INDEX-LINKED OR OTHER VARIABLE-LINKED NOTES ONLY – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]\* ]*

**10 [DUAL CURRENCY NOTES ONLY – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT]**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

**11 [DERIVATIVES ONLY – OTHER INFORMATION CONCERNING THE SECURITIES TO BE OFFERED]/[ADMITTED TO TRADING]**

Name of the issuer of the underlying security: [•]

ISIN Code: [•]

Underlying interest rate: [•]

Relevant weightings of each underlying in the basket: [•]

Adjustment rules with relation to events concerning the underlying: [•]

Source of information relating to the [Index]/[Indices]: [•]

Place where information relating to the [Index]/[Indices] can be obtained: [•]

Details of any market disruption/settlement disruption events affecting the underlying: [•]

Exercise price/final reference price of underlying: [•]

Details of how the value of investment is affected by the value of the underlying instrument(s): [•]

Details of settlement procedure of derivative securities: [•]

Details of how any return on derivative securities takes place, payment or delivery date, and manner of calculation: [•]

**12 [DERIVATIVES ONLY – POST-ISSUANCE INFORMATION CONCERNING THE UNDERLYING]**

*[Indicate whether or not the Issuer intends to provide post-issuance information concerning the underlying. If the Issuer intends to report such information, specify what information will be reported and where such information can be obtained.]*

**13 [TERMS AND CONDITIONS OF THE OFFER]**

The time period, including any possible amendments, during which the offer will be open and description of the application process: [•]

Details of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants: [•]

Details of the minimum and/or maximum amount of application: [•]

Details of method and time limits for paying up and delivering securities: [•]

Manner and date in which results of the offer are to be made public: [•]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of unexercised subscription rights: [•]

Categories of potential investors to which the securities are offered: [•]

*[For example:*

*“Legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities.*

*Any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts.”]*

Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: [•]

Details of any post-issuance information to be provided and where such information can be obtained: [•]

#### **14 PLACING AND UNDERWRITING**

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer: [•]

Name and address of any paying agents and depository agents in each country (in addition to the Principal Paying Agent): [•]

Names and addresses of entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements: [•]

When the underwriting agreement has been or will be reached: [●]

Name and address of entities which have a firm commitment to act as intermediaries in secondary trading: [●]

**15 OPERATIONAL INFORMATION**

ISIN Code: [●]

Common Code: [●]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [●]

**PRO FORMA FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF SECURITIES WITH  
A DENOMINATION OF AT LEAST €50,000 TO BE ADMITTED TO TRADING ON AN EU  
REGULATED MARKET**

Final Terms dated [●]

**SCHNEIDER ELECTRIC SA**

**Issue of [Aggregate Nominal Amount of Tranche][Title of notes]  
under the Euro 6,000,000,000 Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [●] [and the supplement(s) to the Base Prospectus dated [●]] which [together] constitute[s] a Base Prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus [and the supplement(s) to the Base Prospectus] and Final Terms are available for viewing at the office of the Fiscal Agent or each of the paying agents and on the [website of the Issuer (www.schneider-electric.com), and copies may be obtained from Schneider Electric S.A. 43/45 boulevard Franklin Roosevelt - 92500 Rueil-Malmaison, France.]

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date] [and the supplement(s) to the Base Prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement(s) to the Base Prospectus dated [●]], which [together] constitute[s] a Base Prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement(s) to the Base Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [original date] and [current date] [and the supplement(s) to the Base Prospectuses dated [●] and [●]]. [The Base Prospectuses [and the supplement(s) to the Base Prospectuses] are available for viewing at the office of the Fiscal Agent or each of the paying agents and on the [website of the Issuer (www.schneider-electric.com), and copies may be obtained from Schneider Electric S.A. 43/45 boulevard Franklin Roosevelt - 92500 Rueil-Malmaison, France.]

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

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

- |    |  |  |
|----|--|--|
| 1  | [(i)] Issuer:  | [•]  |
| 2  | [(i)] Series Number:   | [•]  |
|    | [(ii)] Tranche Number:   | [•]  |
|    | (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).] |  |
| 3  | Specified Currency or Currencies:  | [•]  |
| 4  | Aggregate Nominal Amount of Notes admitted to trading:   | [•]  |
|    | [(i)] Series:  | [•]  |
|    | [(ii)] Tranche:  | [•]  |
| 5  | Issue Price:   | [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (in the case of fungible issues only, if applicable)]   |
| 6  | Specified Denominations:   | [•]<br>[•]   |
| 7  | [(i)] Issue Date:  | [•]  |
|    | [(ii)] Interest Commencement Date:   | [•]  |
| 8  | Maturity Date:   | <i>[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]</i>  |
| 9  | Interest Basis:  | [[•] per cent Fixed Rate]<br>[[Specify reference rate] +/- [•] per cent Floating Rate]<br>[Zero Coupon]<br>[Index Linked Interest]<br>[Other (specify)]<br>(Further particulars specified below) |
| 10 | Redemption/Payment Basis:  | [Redemption at par]<br>[Index Linked Redemption]<br>[Dual Currency]<br>[Partly Paid]<br>[Instalment]<br>[Other (specify)]  |
| 11 | Change of Interest or Redemption/Payment Basis:  | <i>[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]</i>  |

- 12 Put/Call Options: [Investor Put]  
[Issuer Call]  
[Change of Control Put]  
[(Further particulars specified below)]
- 13 [(i)] Status of the Notes: [Senior/[Dated/Perpetual]/Subordinated]  
[(ii)] [Date [Board] approval for issuance of Notes obtained: [•] [and [•], respectively]]  
(*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes.*)
- 14 Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 15 **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [•] per [•] in Nominal Amount
- (iv) Broken Amount(s): [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate*]
- (v) Day Count Fraction: Day Count Fraction should be [30/360/Actual/Actual ([ICMA] /ISDA)/other [Actual - ICMA for all fixed rate issues other than those denominated in U.S. dollars, unless otherwise requested]]
- (vi) Determination Dates: [•] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA])*)
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 16 **Floating Rate Note Provisions** [Applicable/Not Applicable]  
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Interest Period(s): [•]
- (ii) Specified Interest Payment Dates: [•]



- (iii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (iv) Business Centre(s): [●]
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (vi) Interest Period Date(s): [Not applicable/*specify dates*]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]): [●]
- (viii) Screen Rate Determination:
- Relevant Time: [●]
  - Interest Determination Date: [[[●] *[TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]*]]]
  - Primary Source for Floating Rate: [*Specify relevant screen page or “Reference Banks”*]
  - Reference Banks (if Primary Source is “Reference Banks”): [*Specify four*]
  - Relevant Financial Centre: [*The financial centre most closely connected to the Benchmark - specify if not London*]
  - Benchmark: [*LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark*]
  - Representative Amount: [*Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount*]
  - Effective Date: [*Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period*]
  - Specified Duration: [*Specify period for quotation if not duration of Interest Accrual Period*]
- (ix) ISDA Determination:
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
  - ISDA Definitions: (if different from those set out in the Conditions): [●]
- (x) Margin(s): [+/-][●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum

- (xiii) Day Count Fraction: [•]
- (xiv) Rate Multiplier: [•]
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•]
- 17 **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [•] per cent. per annum
- (ii) Day Count Fraction: [•]
- (iii) Any other formula/basis of determining amount payable: [•]
- 18 **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: [Give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [•]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
- (v) Interest Periods or calculation period(s): [•]
- (vi) Specified Interest Payment Dates: [•]
- (vii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (viii) Business Centre(s): [•]
- (ix) Minimum Rate/Amount of Interest: [•] per cent. per annum

- (x) Maximum Rate/Amount of Interest: [●] per cent. per annum
- (xi) Day Count Fraction: [●]
- 19 **Dual Currency Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
- (v) Day Count Fraction [●]
- PROVISIONS RELATING TO REDEMPTION**
- 20 **Call Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note of [●] specified denomination
- (iii) If redeemable in part:
- (a) Minimum nominal amount to be redeemed: [●]
- (b) Maximum nominal amount to be redeemed: [●]
- (iv) Option Exercise Date(s): [●]
- (v) Description of any other Issuer's option: [●]
- (vi) Notice period: [●]
- 21 **Put Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]

- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note of [●] specified denomination
  - (iii) Option Exercise Date(s): [●]
  - (iv) Description of any other Noteholder's option: [●]
  - (v) Notice period: [●]
  - 22 **Change of Control Put Option** [Applicable/ Not Applicable]
  - 23 **Final Redemption Amount of each Note** [[●] per Note of [●] specified denomination / other/ see Appendix]
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [*Give or annex details*]
  - (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [●]
  - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]
  - (iv) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
  - (v) Minimum Final Redemption Amount: [●]
  - (vi) Maximum Final Redemption Amount: [●]
- 24 **Early Redemption Amount**
  - (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates : [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only): [Yes/No/Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25 Form of Notes: [Dematerialised Notes/ Materialised Notes]  
*(Materialised Notes are only in bearer form)*  
*(delete as appropriate)*
- (i) Form of Dematerialises Notes: [Not Applicable/ Bearer dematerialised form (*au porteur*) only/ Registered dematerialised form (*au nominatif*)]
- (ii) Registration Agent: [Not Applicable/ *if Applicable give name and details*]  
*(Note that a Registration Agent must be appointed in relation to Registered Dematerialised Notes only)*
- (iii) Temporary Global Certificate: Temporary Global Certificate exchangeable for Definitive Materialised Bearer Notes on [●] (the “**Exchange Date**”) being 40 days after the Issue Date subject to postponement as provided in the Temporary Global Certificate
- (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]
- 26 Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*.  
*Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(iv) and 18(ix) relates*]
- 27 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
- 28 Details relating to Partly Paid Notes: [Not Applicable/*give details*]
- Amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]
- 29 Details relating to Instalment Notes: [Not Applicable/*give details*]
- (i) Instalment Amount(s): [●]  
Instalment Date(s): [●]  
Minimum Instalment Amount: [●]  
Maximum Instalment Amount: [●]

- 30 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [●]] annexed to the applicable Final Terms apply]
- 31 Consolidation provisions: [Not Applicable/The provisions [in Condition [●]] annexed to the applicable Final Terms apply]
- 32 Masse: [Applicable/ Not Applicable/ Condition 11 replaced by the full provisions of French *Code de Commerce* relating to the Masse] *(Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 11 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 11 must be waived in its entirety and replaced by the provisions of French Code de Commerce relating to the Masse. If Condition 11 (as it may be amended or supplemented) applies or if the full provisions of French Code de Commerce apply, insert details of Representative and Alternative Representative and remuneration, if any).*
- 33 Other final terms: [Not Applicable/give details]  
*(When adding any other final terms or special conditions consideration should be given as to whether such terms constitute a “significant new factor” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*

#### **DISTRIBUTION**

- 34 (i) If syndicated, names of Managers: [Not Applicable/give names]
- (ii) Stabilising Manager(s) (if any): Not Applicable/give names]
- (iii) Dealer Commission: [●]
- 35 If non-syndicated, name of Dealer: [Not Applicable/give name]
- 36 Additional selling restrictions: [Not Applicable/give details]
- 37 Additional steps that may only be taken following approval by an Extraordinary Resolution: [Not Applicable/give details]
- 38 The aggregate principal amount of Notes issued has been translated into [Euro] at the rate of [●], producing a sum of (for Notes not denominated in [Euro]): [Not Applicable/ [Euro][●]]

#### **[LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 6,000,000,000 Euro Medium Term Note Programme of Schneider Electric SA.]

#### **RESPONSIBILITY**

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

Signed on behalf of the Issuer:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

### 1 RISK FACTORS

*[[Insert any risk factors that are material to the Notes being offered and/or admitted to trading in order to assess the market risk associated with these Notes and that may affect the Issuer's ability to fulfil its obligations under the Notes which are not covered under "Risk Factors" in the Base Prospectus. If any such additional risk factors need to be included consideration should be given as to whether they constitute a "significant new factor" and consequently triggers the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.] [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]]*

### 2 LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [●] with effect from [●].] [Not Applicable.]
- (iii) Estimate of total expenses related to admission to trading: [●]

### 3 RATINGS

Ratings: The Notes to be issued have been rated:  
[S & P: [●]]  
[Moody's: [●]]  
[[Other]: [●]]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 4 [NOTIFICATION]

The [*include name of competent authority in EEA home Member State*] [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

### 5 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in [ “Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.”]



**6 [REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer: [•]  
*(See [“Use of Proceeds”] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*

(ii) Estimated net proceeds: [•]  
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

**7 [FIXED RATE NOTES ONLY – YIELD**

Indication of yield: [•]  
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. ]

**8 [INDEX-LINKED OR OTHER VARIABLE-LINKED NOTES ONLY – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.]*

**9 [DUAL CURRENCY NOTES ONLY – PERFORMANCE OF RATE[S] OF EXCHANGE**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]*

**10 [DUAL CURRENCY NOTES ONLY – PERFORMANCE OF RATE[S] OF EXCHANGE**

*Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]*

**11 [DERIVATIVES ONLY – OTHER INFORMATION CONCERNING THE SECURITIES TO BE [OFFERED]/[ADMITTED TO TRADING]]**

Name of the issuer of the underlying security: [•]

ISIN Code: [•]

Underlying interest rate: [•]

Relevant weightings of each underlying in the basket: [•]

Adjustment rules with relation to events concerning the underlying: [•]

Source of information relating to the [Index]/[Indices]: [•]

Place where information relating to the [Index]/[Indices] can be obtained: [•]

Name and address of entities which have a firm **[•]**  
commitment to act as intermediaries in  
secondary trading:

Details of any market disruption/settlement **[•]**  
disruption events affecting the underlying:

Exercise price/find reference price of **[•]**  
underlying:

Details of how the value of investment is **[•]**  
affected by the value of the underlying  
instrument(s):

Details of settlement procedure of derivative **[•]**  
securities:

Details of how any return on derivative **[•]**  
securities takes place, payment or delivery  
date, and manner of calculation:

**12 [DERIVATIVES ONLY – POST-ISSUANCE INFORMATION concerning the underlying**

*[Indicate whether or not the Issuer intends to provide post-issuance information concerning the underlying. If the Issuer intends to report such information, specify what information will be reported and where such information can be obtained.]*

### 13 OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking Societe Anonyme and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [•]

## GENERAL INFORMATION

- 1 Application has been made to list the Notes issued under the Programme on the Official List of the Luxembourg Stock Exchange and admit such Notes to trading on the Regulated Market of the Luxembourg Stock Exchange and/or on any other Regulated Market in a Member State of the EEA.
- 2 No authorisation procedures are required of the Issuer under French law for the establishment or update of the Programme. However, any drawdown of Notes under the Programme, to the extent such Notes constitute *obligations*, requires the prior authorisation of the *Directoire* of the Issuer.
- 3 Except as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer since 31 December 2006 and no material adverse change in the prospects or affairs of the Issuer since 31 December 2006.
- 4 The Issuer is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) involving the Issuer during the past 12 months which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.
- 5 Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems which are entities in charge of keeping the records. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 avenue John Fitzgerald Kennedy, L- 1855 Luxembourg, Grand-Duchy of Luxembourg.

- 6 Dematerialised Notes will be inscribed in the books of Euroclear France (acting as central depository). Dematerialised Notes which are in registered form (*au nominatif*) will also be inscribed either with the Issuer or with the registration agent.

The address of Euroclear France is 115 rue Réaumur, 75081 Paris Cedex 02, France.

- 7 For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Fiscal Agent and the Paying Agents:
  - (i) the constitutive documents of the Issuer;
  - (ii) the published annual report of the Issuer for the financial year ended 31 December 2005 and 31 December 2006;
  - (iii) each Final Terms for Notes that are admitted to trading on the regulated market of the Luxembourg Stock Exchange or any other Regulated Market;
  - (iv) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus;
  - (v) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Base Prospectus.
- 8 For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)):

- (i) the Final Terms for Notes that are listed and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange;
  - (ii) the Base Prospectus; and
  - (iii) the documents incorporated by reference in this Base Prospectus.
- 9 The by-laws, reports, letters, and other documents, historical financial information, valuations and statements prepared by the Auditors or any expert at Schneider Electric’s request, any part of which is included or referred to in this document, as well as Schneider Electric and the Group’s historical financial information for the financial years 2005 and 2006 are available for consultation at the Company’s head office (*Directoire’s* Secretariat) located at 43/45 boulevard Franklin Roosevelt - 92500 Rueil-Malmaison, France.
- In addition to the annual report and a summary report, the Company also publishes on its corporate website, [www.schneider-electric.com](http://www.schneider-electric.com), Schneider Electric “In brief” presentations, a Shareholders' Letter (three times a year), and general, economic and financial information (presentations, press releases).
- 10 Copies of the latest constitutive documents (*statuts*) and annual report of the Issuer, including its consolidated accounts and non consolidated accounts and the semi-annual unaudited consolidated financial statements of the Issuer may be obtained, and copies of the Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. The Issuer does not publish interim non-consolidated financial statements.
- 11 In respect of derivatives securities as defined in Article 15.2 of Commission Regulation no.809/2004, the Final Terms will indicate whether or not the Issuer intends to provide post-issuance information concerning the underlying. If the Issuer intends to report such information, the Final Terms will specify what information will be reported and where such information can be obtained.
- 12 The Notes to be issued by the Issuer qualify under Category 2 for the purposes of Regulation S under the Securities Act (“Regulation S”). Notes will be issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Final Terms states that such Materialised Notes are issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”), or (ii) such Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.
- 13 Mazars et Guérard at Tour Exaltis, 61, rue Henri Regnault, 92075 La Défense Cedex, France, and Ernst & Young & Autres at 41, rue Ybry, 92576 Neuilly-sur-Seine, France (both entities regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux comptes*) have audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for the years ended 31 December 2005 and 2006. The French auditors carry out their duties in accordance with the principles of *Compagnie Nationale Des Commissaires aux Comptes* and are members of the CNCC professional body.

**REGISTERED OFFICE OF THE ISSUER**

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43-45 boulevard Franklin Roosevelt  
92500 Rueil-Malmaison  
Tel: +33 (0) 1 41 29 70 00

**ARRANGER**

**BNP Paribas**

10 Harewood Avenue  
London NW1 6AA

**DEALERS**

**BNP Paribas**

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London NW1 6AA

**Deutsche Bank AG, London Branch**

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1 Great Winchester Street  
London EC2N 2DB

**Morgan Stanley & Co. International plc**

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Canary Wharf  
London E14 4QA

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**Merrill Lynch International**

Merrill Lynch Financial Centre  
2 King Edward Street  
London EC1A 1HQ

**Société Générale**

29 boulevard Haussmann  
75009 Paris

**FISCAL AGENT, TRANSFER AGENT  
AND PRINCIPAL PAYING AGENT**

**BNP Paribas Securities Services**

Immeuble Tolbiac  
25, quai Panhard et Levassor  
75013 Paris

**LUXEMBOURG PAYING AGENT, LUXEMBOURG LISTING AGENT  
AND CALCULATION AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**

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**STATUTORY AUDITORS**

**Mazars et Guérard**

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92075 La Défense Cedex

**Ernst & Young & Autres**

41, rue Ybry  
92576 Neuilly-sur-Seine Cedex

**LEGAL ADVISERS**

**To the Issuer**

*in respect of French law*

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75008 Paris

**To the Dealers**

*in respect of French law*

**Linklaters LLP**

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