



SCHNEIDER ELECTRIC SA

Euro 7,500,000,000

Euro Medium Term Note Programme

Due from seven days from the date of original issue

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

This Base Prospectus supersedes and replaces the Base Prospectus dated 24 June 2011.

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

The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 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 Articles L.211-3 and R.211-1 of the French Code monétaire et financier. No physical documents of title will be issued in respect of the Dematerialised Notes.

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

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

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

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

Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as ratings assigned to the Programme. The credit ratings included or referred to in this Base Prospectus will be treated for the purposes of the Regulation (EC) No. 1060/2009 on credit ratings agencies, as amended by Regulation (EU) No. 513/2011 (the "CRA Regulation") as having been issued by Standard & Poor's and Moody's, each of which is established in the European Union, is registered under the CRA Regulation and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (www.esma.europa.eu). The relevant Final Terms will specify whether or not credit ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation.

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

Arranger for the Programme
BNP PARIBAS

Dealers

BARCLAYS

BNP PARIBAS

CRÉDIT AGRICOLE CIB

DEUTSCHE BANK

NATIXIS

SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING

THE ROYAL BANK OF SCOTLAND

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

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

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

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

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

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

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

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

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

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “**EURO**” or “**Euro**” are to the single currency of the participating Member States of the European Union, references to “**Yen**” or “**JPY**” are to the lawful currency of Japan, references to “**£**”, “**pounds sterling**” or “**Sterling**” are to the lawful currency of the United Kingdom, and references to “**RMB**”, “**CNY**” or “**Renminbi**” are to the Chinese Yuan Renminbi, the lawful currency of the People’s Republic of China, which, for the purpose of this document, excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan (the “**PRC**”).

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

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

1 Notes to be issued under the Programme

Description of the Programme	Euro Medium Term Note Programme (the “ Programme ”)
Programme Size	The Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in any currency. The aggregate principal amount of Notes outstanding will not at any time exceed Euro 7,500,000,000 (or the equivalent in other currencies at the date of issue), subject to any duly authorised increase.
Arranger of the Programme	BNP PARIBAS
Dealers under the Programme	Barclays Bank PLC, BNP PARIBAS, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, Natixis, Société Générale and The Royal Bank of Scotland plc.
Types of Notes	The Issuer may issue Fixed Rated Notes, Floating Rate Notes, Zero Coupon Notes, Dual Currency Notes and Index Linked Notes as specified in the relevant Final Terms.
Status of Notes	The Notes issued under the Programme will be unsubordinated and unsecured obligations of the Issuer and will have the benefit of a negative pledge and the events of default set out in the “Terms and Conditions of the Notes”. The Issuer may also issue Subordinated Notes, including deeply subordinated Notes pursuant to the provisions of Article L.228-97 of the French <i>Code de commerce</i> , as described in Condition 3(b). See “Terms and Conditions of the Notes – Status of the Notes”.
Form of Notes	Notes may be issued in either dematerialised form (“ Dematerialised Notes ”) or in materialised form (“ Materialised Notes ”). Dematerialised Notes may be issued in bearer dematerialised

form (*au porteur*) or in registered dematerialised form (*au nominatif*).

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

Final Terms of Notes

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

Method of Issue

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

Listing and admission to trading

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

Clearing Systems

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

Redemption

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

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

Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, and the relevant Dealers, including Euros.
Denominations	The Notes will be in such denominations as may be specified in the relevant Final Terms, save that in respect of any Notes that are offered to the public and/or admitted to trading on a Regulated Market in the EEA, such Notes will have a minimum denomination of Euro 1,000 (or its equivalent in other currencies).
Negative Pledge	The terms and conditions of the Notes will contain a negative pledge as set out in Condition 4 in “Terms and Conditions of the Notes – Negative Pledge”.
Events of Default	The terms and conditions of the Notes will contain events of default as set out in Condition 10 in “Terms and Conditions of the Notes – Events of Default”, including a Cross-Default Provision.
Withholding Tax	All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. See section “Taxation”.
Governing Law	The Notes will be governed by French law.
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material, see “Subscription and Sale” below.

2 Key information about Schneider Electric SA

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

Summary of the Group’s main activities and markets

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

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

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

Share capital

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

At December 31, 2011, a total of 584,722,100 voting rights were attached to the 548,943,024 shares outstanding.

B. Key information concerning selected financial data of the Issuer as of 31 December 2011

(in millions of euros except for earnings per share)

	Year ending 31 December	
	2011	2010
Revenue	22,387	19,580
EBITA adjusted*	3,232	3,019
EBITA**	3,079	2,931
Profit before tax	2,438	2,356
Profit for the period	1,904	1,796
• attributable to owners of the parent	1,820	1,720
• attributable to non-controlling interests	84	76
Basic earnings per share	3.39	3.30
Diluted earnings per share	3.35	3.28
Total assets	35,886	31,051
Total non-current assets	22,540	18,832
Total current assets	13,346	12,219
Total liabilities	35,886	31,051
Total shareholder's equity	16,090	14,989

* EBITA adjusted corresponds to EBITA (see below) before other operating income and expenses and before restructuring costs.

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

Risk factors relating to the Issuer

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

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

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

Risk Factors relating to the Notes

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

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

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

An active trading market for the Notes may not develop.

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

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

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

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

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

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

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

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

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

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

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

Please see “Risk factors” below for further details.

RISK FACTORS

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

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

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

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

Schneider Electric regularly analyses the risks and threats it faces, which has revealed six major risk categories as follows:

- operating risks that also include the «solution» business, supplier risks and competitive threats;
- industrial and environmental risks that also include risks such as natural catastrophes and political disturbances;
- computer risks and internet-security threats;
- market risks covering currency risks and commodity price fluctuation risks;
- legal risks that also cover intellectual property;
- litigation and related risks.

Risk factors related to the Company's business

The Group operates worldwide, in competitive and cyclical markets

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

As the Group records 39% of its revenue in emerging or developing countries, it is exposed to the risks associated with those markets.

The Group's wide international presence exposes it to many economic, legal and political risks in its host countries. These include risks arising from social unrest (particularly, strikes and walk-outs), political

instability, unforeseen regulatory changes, restrictions on capital transfers and other obstacles to free trade, and local tax laws, all of which may have an adverse effect on the Group's business, results of operations or financial position.

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

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

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

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

To meet these challenges, the Group has an R&D budget which, at 4 to 5% of revenue, is among the highest in the industry. R&D and forward-looking engineering involves some 11,000 employees around the world, a number of them in development centres located in over 26 countries. This ongoing commitment has allowed the Group to accelerate time to market and leverage the technology of strategic partners with whom it has also forged alliances to expand its line up or geographic coverage. The Group has brought together all of its electrotechnical, electronic, electromechanical, software and other technical competencies by creating technology parks in China, the US, France and Japan.

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

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

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

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

The Group's strategy involves strengthening its capabilities through acquisitions, strategic alliances, joint ventures and mergers. Changes in the scope of consolidation during 2011 are described in note 2 to the consolidated financial statements incorporated by reference in this Base Prospectus.

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

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

This is why an integration procedure for new acquisitions has been drawn up. The integration of newly acquired businesses is a process that extends over a period of six to 24 months depending on the type and size of the newly acquired unit. The integration scenario for each acquisition varies depending on whether the business was acquired to strengthen or extend the Group's existing line up or enter a new segment. There are a number of different integration scenarios, ranging from total integration to separate organisation. An integration plan is drawn up for each acquisition and submitted to the Acquisitions Committee for approval. The plan is implemented by an integration manager who reports to a Steering Committee that initially meets at monthly intervals and then on a quarterly basis.

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

Value in use is determined by discounting estimated future cash flows that will be generated by the tested assets, generally over a period of not more than five years. These future cash flows are based on Group management's economic assumptions and operating forecasts. The discount rate corresponds to Schneider Electric's weighted average cost of capital (WACC) at the measurement date plus a risk premium depending on the region in question (local risk-free rate), the nature of the target's business (appropriate beta), and the structure of the financing (taking into account the debt to equity ratio and risk premium on the debt). The Group's WACC stood at 8.1% at 31 December 2011, slightly down on the 2010 figure. The perpetuity growth rate was 2%, unchanged on the previous financial year.

Goodwill is allocated to a Cash Generating Unit (CGU) when initially recognised. The CGU allocation is done on the same basis as used by Group management to monitor operations and assess synergies deriving from acquisitions. Impairment tests are performed at the level of the cash generating unit in 2011 (CGU), i.e. the Power, Infrastructure, Industry, IT, Buildings and CST businesses. Details on asset impairment are provided in note 1.11 to the consolidated financial statements incorporated by reference in this Base Prospectus.

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

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

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

The Group put in place a “Workforce strategic planning” process in 2011 in order to more effectively face this challenge. It allows managers to anticipate their needs for certain key competences and to implement HR solutions to recruit or improve these competences. Group employees will also be able to benefit from this process by acquiring new knowledge, vital for the Company’s success.

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

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

Industrial and environmental risks

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

Despite its testing and quality procedures, the Group’s products might not operate properly or might contain design faults or defects, which could give rise to disputes in respect of its liability as seller or manufacturer, notably in Europe, where liability related to defective products could lead to a loss of revenue, claims under warranty and legal proceedings. Such disputes could result in a fall-off in demand or harm Schneider Electric’s reputation for safety and quality. To prevent or limit these risks, the Group recalls products if there are any doubts whatsoever that a product or one of its components is not 100% safe in respect of people and/or equipment. At the end of 2009, the Group launched a broad recall campaign concerning a range of low voltage capacitors produced between 2004 and 2008. This campaign continued in 2010 and 2011 and will be concluded in this first quarter of 2012. Another broad recall campaign concerns a global campaign to recall Vigi Compact NS/NSX circuit breakers produced from 2009 to 2011, which started in 2011 and must be continued in 2012 and 2013. Other product recall operations have been started in 2011 and are mentioned for the record because, due to their local nature, the type of risks caused, or the number of products involved, they have a lesser impact on the Group.

Some of the expenses incurred by Schneider Electric in the context of its product recall are covered by the liability insurance program described in the “Insurance” section below.

The Group recorded a provision for product risk in an amount of EUR420 million in the financial statements for the year ended 31 December 2011 (see note 23 to the consolidated financial statements incorporated by reference in this Base Prospectus).

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

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

To limit risks related to the environment in general, the Group is involved in a process to continuously improve the environmental performance of its plants and products. In 1992, the Group published a formal environmental policy designed to improve manufacturing processes, promote eco-design and integrate customer concerns in the area of environmental protection. This policy also aims to identify, assess and prevent environmental risks, in order to guarantee full compliance with all environmental laws and regulations applicable to the Group’s businesses, particularly those in force in the European Union and considered more rigorous (notably the WEEE, RoHS directives and REACH programme). Environmental provisions are booked when the risks can be reliably measured or it is probable that clean-up work will be

performed and the related cost can be reasonably estimated. Provisions for environmental risks totalled EUR57 million for the year ended 31 December 2011. If no risk has been identified, Schneider Electric will not estimate the financial cost of environmental risks. The Group expects its spending on environmental compliance programs to increase as a result of changes to existing environmental regulations and the introduction of new regulations.

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

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

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

Information systems risk

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

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

Problems may also be encountered during the deployment of new applications or software. In particular, in the last few years, the Group has developed an information system under SAP (bridge), which it started to roll out in 2008. This roll-out process was carried out fully or partially in 17 countries in 2009 and 2010, and will continue in 2012 and over several more years, depending on strategic, technical and economic priorities.

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

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

Market risks

Interest rate risk

The Group is exposed to risks associated with the effect of changing interest rates. Interest rate risk on borrowings is managed at Group level, based on consolidated debt and according to market conditions. The

core aim of interest rate management policies is to optimise overall borrowing costs. Most bond debt is fixed rate. At 31 December 2011, 81% of the Group's gross debt was fixed rate.

Maturities of financial assets and liabilities are presented in note 26.4 to the consolidated financial statements incorporated by reference in this Base Prospectus.

A 1% change in interest rates would have an impact of around EUR12 million on the Group's net financial expense.

The financial instruments used to hedge the exposure of the Group to fluctuations in interest rates are described in note 26 to the consolidated financial statements for the year ended 31 December 2011 incorporated by reference in this Base Prospectus.

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

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

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

Depending on market conditions, risks in the main currencies may be hedged based on cash flow forecasting using contracts that expire in 12 months or less.

The Group's currency hedging policy is to protect subsidiaries against risks on all transactions denominated in a currency other than their functional currency. More than twenty currencies are involved, with the US dollar, Hong Kong dollar and UK pound representing the most significant sources of risk. The financial instruments used to hedge the exposure of the Group to fluctuations in exchange rates are described in note 26 to the consolidated financial statements for the year ended 31 December 2011 incorporated by reference in this Base Prospectus.

In 2011, revenue in foreign currencies amounted to EUR16.1 billion, including around USD5.7 billion and 2.6 billion in Chinese yuans.

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

Equity risk

Exposure to equity risk primarily relates to treasury stock and shares in AXA. These positions are not hedged. At 31 December 2011, the market value of AXA shares were slightly below their acquisition cost.

An increase in raw material prices could have negative consequences

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

The Group has, however, implemented certain procedures to limit its exposure to rising non-ferrous and precious raw material prices. The purchasing departments of the operating units report their purchasing

forecasts to the Corporate Finance and Treasury Department. Purchase commitments are hedged using forward contracts, swaps and, to a lesser extent, options.

The financial instruments used to hedge the exposure of the Group to fluctuations in raw material prices are described in note 26 to the consolidated financial statements for the year ended 31 December 2011 incorporated by reference in this Base Prospectus.

In 2011, purchases of raw materials totalled around EUR1,800 million, including around EUR1,100 million for non-ferrous and precious metals, of which roughly 55% was for copper. The Group enters into swap and options agreements in order to hedge all or part of its non-ferrous and precious metals purchases. Decisions to hedge such purchases depend on Group forecasts of changes in market prices. At 31 December 2011, the Group had hedged positions with a nominal value of EUR171 million on these transactions.

Counterparty risk

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

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

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

Liquidity risk

Liquidity is provided by the Group's cash and cash equivalents and commercial paper programs. These programs are backed by undrawn confirmed lines of credit. At 31 December 2011, the Group had access to cash and cash equivalents totalling EUR2.8 billion. As of 31 December 2011, the Group had EUR2.8 billion in undrawn confirmed lines of credit, of which EUR2.3 billion matures after December 2012.

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

In line with the Group's overall policy of conservatively managing liquidity risk and protecting its financial position, when negotiating new liquidity facilities the Group resists the inclusion of clauses that would have the effect of restricting the availability of credit lines, such as covenants requiring compliance with certain financial ratios and material adverse change clauses. As of 31 December 2011, no financing or confirmed lines of credit were subject to covenants requiring compliance with financial ratios.

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

Moreover, anticipated reimbursement provisions exist for certain financing and lines of credit in case of change of control. Under these provisions, the debt holders may demand repayment if a shareholder or shareholders acting together hold more than 50% of the Company's shares, for the majority of contracts, and this event triggers a downgrading of the Company's rating. At 31 December 2011, the amount of financing and lines of credit with these types of provisions came to EUR5.5 billion.

Legal risks

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

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

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

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

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

To mitigate this risk, the patents developed or purchased by the Group are tracked by the Industrial Property team within the Finance & Control – Legal Affairs Department. All intellectual property queries are centralised and managed by this team for the whole Group and in coordination with the other Finance & Control Legal Affairs departments it ensures the Group's interests are defended throughout the world. The same approach and organisation applies for the Group's brand portfolio.

Disputes, claims, litigation and other risks

Following public offers launched in 1993 by SPEP (the Group holding company at the time) for its Belgian subsidiaries Cofibel and Cofimines, Belgium initiated proceedings against former Schneider Electric executives in connection with the former Empain-Schneider Group's management of its Belgian subsidiaries, notably the Tramico sub-group. At the end of March 2006, the Brussels criminal court ruled that some of the defendants were responsible for certain of the alleged offenses and that certain of the plaintiffs' claims were admissible. The plaintiffs claim losses of EUR5.3 million stemming from management that reduced the value of or undervalued assets presented in the prospectus, as well as losses of EUR4.9 million concerning transactions carried out by PB Finance, a company in which Cofibel and Cofimines had a minority interest. In its ruling, the court also appointed an expert to assess the loss suffered by those plaintiffs whose claims were ruled admissible. The expert's report was submitted in 2008. The defendants and the companies held civilly liable contest the amounts provided by the legal expert in their entirety on the basis of such reports drawn up by Deloitte. Schneider Electric and its Belgian subsidiaries Cofibel and Cofimines were held civilly liable for the actions of their senior executives who were found liable. Schneider Electric is paying the legal expenses not covered by insurance of the former executives involved. After a settlement agreement was signed with a group of plaintiffs, the case is pending before the Brussels Appeals Court, as there has been an appeal against parts of the March 2006 ruling or a ruling given in 2011 by the Court of First Instance on the admissibility of the plaintiffs' claims.

In addition, the new owners of the Tramico sub-group, to which a Cofimines subsidiary had advanced funds during the sub-group's liquidation, refused to pay back the funds and asked for the cancellation of disposal agreements and agreements granting advances for wilful misrepresentation, also claiming compensation for having been implicated in the Belgian legal proceedings. The parties took the matter to a court of arbitration but at the end of June 2011 the court gave a ruling that refused to grant the application. Relations between the

parties then improved and they signed a settlement agreement putting an end to their dispute. Based on this agreement, the new owners are paid a settlement representing the main part of the advances on the principle amount and have given up the guarantees that were awarded to them.

In connection with the divestment of Spie Batignolles, Schneider Electric booked provisions to cover the risks associated with certain major contracts and projects. Most of the risks were closed during 1997. Provisions were booked for the remaining risks, based on management's best estimate of the expected financial impact. Nevertheless, certain new files implicating the Group for Spie Batignolles' past activities could still arise and result in costs.

Schneider Electric, in addition to other sector companies, has been involved in legal proceedings initiated by the European Commission with regard to an alleged agreement concerning gas insulated switchgears (GIS), and this was because of two former subsidiaries operating in the high voltage segment that were sold in 2001. Schneider Electric did not appeal the decision made by the Commission with regard to this matter on January 24, 2007 and was fined EUR8.1 million of which it claimed two-thirds reimbursement from its two former subsidiaries.

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

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

Various other claims, administrative notices and legal proceedings have been filed against the Group concerning such issues as contractual demands, counterfeiting, risk of bodily harm linked to asbestos in certain products and work contracts.

Although it is impossible to forecast the results and/or costs of these proceedings with certainty, Schneider Electric considers that they will not, by their nature, have significant effects on the Group's business, assets, financial position or profitability. The Company is not aware of any other governmental, court or arbitration proceedings, which are pending or which threaten the Company, that are liable to have or, during the last 12 months have had, a material effect on the financial position or earnings of the Company and/or the Group.

Insurance

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

This strategy entails:

- identifying and quantifying the main areas of risk;
- preventing risks and protecting industrial equipment; having audits carried out at critical industrial sites by an independent prevention company, self-evaluation of risks the other Group sites;
- organising and deploying business continuity plans and crisis management resources, notably for health risks such as pandemics, technical and political risks and natural disasters;
- carrying out hazard and vulnerability studies and safety management for people and equipment;

- maintaining the necessary insurance cover for the main risks facing Group companies under global programs. The Group carefully screens insurance and reinsurance companies and evaluates their solvency.

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

Liability insurance

The integrated global liability insurance plan set up in 2007 was continued until December 31, 2011. A new insurance plan was put in place on January 1, 2012 with a new lead insurer providing suitable terms and limits for the current size of the Group and the changes in its risks and agreements.

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

Property damage and business interruption insurance

The global insurance plan put in place on July 1, 2010 for an initial duration of two years has been extended until June 30, 2013. This is an “all risks except” contract which covers events that could affect Schneider Electric’s property (notably fire, explosion, natural disaster, machinery breakdown) as well as operating losses resulting from the risks. Settlements under the global plan are capped at EUR350 million per claim and specific limits apply to certain risks, such as natural disasters and machinery breakdown. These limits were determined on the basis of scenarios of loss established by specialists and available capacity in the insurance sector.

Assets are insured at replacement value.

Shipping and transport insurance

On 1 January 2009, Schneider Electric implemented a new global shipping/transport insurance program that covers all goods shipments, including between Group facilities, by all means of transport, with a maximum insured value of EUR15.2 million per convoy. This plan was continued in 2011 and was renewed on January 1, 2012.

Erection all risk insurance

An erection all risk insurance plan was set up on April 1, 2011 in order to cover the development of our services and solutions. This plan aims to provide cover for damages to work and equipment for projects taking place at our clients’ premises.

Self insurance

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

- outside North America, a captive reinsurance company based in Luxembourg offers damage and civil liability coverage capped at EUR10 million per year;
- in North America, a captive insurance company based in the US (Vermont) is used to standardise deductibles for Civil Liability and Road Accident primary policies. Self-insured retentions range from USD1 million to USD5 million per claim, depending on the risk. The maximum annual retention is USD15 million for Civil Liability risk. An actuary validates the provisions recorded by the captive reinsurance company each year.

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

Cost of insurance plans

The cost of the Group's main insurance plans, excluding captive reinsurance, totalled around EUR21 million in 2011.

Risk Factors relating to the Notes

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

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

An active trading market for the Notes may not develop.

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

The Notes may be redeemed prior to maturity.

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

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

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

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

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be

compared with that of investments having longer fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

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

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

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

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

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

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

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

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

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

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

Exchange rate risks and exchange controls

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

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

Taxation

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

EU Savings Directive

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

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

Credit ratings may not reflect all risks

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

Change of Law

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

French insolvency law

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

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

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

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

Risks related to RMB Notes

RMB is not freely convertible and the liquidity of the Notes denominated in RMB may be adversely affected

RMB is not freely convertible at present. The PRC government continues to regulate conversion between RMB and foreign currencies, including the Hong Kong Dollar, despite the significant reduction over the years by the PRC government of its control over routine foreign exchange transactions under current accounts. The People's Bank of China ("PBOC") has established a RMB clearing and settlement system for participating banks in Hong Kong pursuant to a settlement agreement relating to the clearing of RMB business between PBOC and Bank of China (Hong Kong) Limited. However, the current size of RMB and RMB denominated financial assets in Hong Kong is limited, and its growth is subject to many constraints which are directly affected by PRC laws and regulations on foreign exchange and may adversely affect the liquidity of Notes denominated in RMB.

RMB currency risk

Except in limited circumstances, all payments of RMB under Notes denominated in RMB to an investor will be made solely by transfer to a RMB bank account maintained in Hong Kong by such investor in accordance with the prevailing rules and regulations and in accordance with the terms and conditions of the Notes. The Issuer cannot be required to make payment by any other means (including in bank notes or by transfer to a bank account in the PRC or anywhere else outside Hong Kong). RMB is not freely convertible at present, and conversion of RMB into other currencies through banks in Hong Kong is subject to certain restrictions. In particular, for personal investors, currently conversions of RMB conducted through RMB deposit accounts are subject to a daily limit (as of the date hereof, such limit being up to RMB20,000 per person per day), and investors may have to allow time for conversion of RMB from/to another currency of an amount exceeding such daily limit.

In addition, there can be no assurance that access to RMB for the purposes of making payments under such Notes or generally may remain or will not become restricted. If it becomes impossible to convert RMB from/to another freely convertible currency, or transfer RMB between accounts in Hong Kong, or the general RMB exchange market in Hong Kong becomes illiquid, any payment of RMB under the Notes may be delayed or the Issuer may make such payments in another currency selected by the Issuer using an exchange rate determined by the Calculation Agent, or the Issuer may redeem the Notes by making payment in another currency.

RMB exchange rate risk

The value of RMB against the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. The Issuer will make all RMB payments under Notes denominated in RMB in RMB (subject to the second paragraph under the heading "RMB currency risk" above). As a result, the value of such payments in RMB (in Hong Kong dollars or other applicable foreign currency terms) may vary with the prevailing exchange rates in the marketplace. If the value of RMB depreciates against the Hong Kong dollar or other foreign currencies, the value of an investor's investment in Hong Kong dollars or other applicable foreign currency terms will decline.

DOCUMENTS INCORPORATED BY REFERENCE

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

- The 2011 annual report, except for the text appearing in the box at the bottom of page 1 relating to the registration with the AMF and the third paragraph of the section “Attestation by the person responsible for the registration document” on page 273 (the 2011 annual report without the excluded sections, the “**2011 AR**”); and
- The 2010 annual report, except for the text appearing in the box at the bottom of page 1 relating to the registration with the AMF and the third paragraph of the section “Attestation by the person responsible for the registration document” on page 287 (the 2010 annual report without the excluded sections, the “**2010 AR**”).

Any reference in this Base Prospectus, in the 2011 AR or in the 2010 AR to the registration documents and/or annual reports (either 2011 or 2010) shall be deemed to exclude the above-mentioned excluded sections.

This Base Prospectus should be read and construed in conjunction with the 2011 AR and the 2010 AR.

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

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

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

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

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

Information incorporated by reference	Reference
2011 AR	
Income Statement relating to the above	2011 AR, pages 152-153 and 222
Cash Flow Statement relating to the above	2011 AR, pages 154-155
Balance Sheet relating to the above	2011 AR, pages 156-157 and 220-221
Notes relating to the above	2011 AR, pages 159-216 and 223-233
Accounting Principles relating to the above	2011 AR, pages 160-166 and 223-224
Audit Reports relating to the above	2011 AR, pages 217 and 234-235

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

SUPPLEMENT TO THE BASE PROSPECTUS

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

GENERAL DESCRIPTION OF THE PROGRAMME

Issuer	Schneider Electric SA
Description	Euro Medium Term Note Programme (the “ Programme ”)
Size	Up to Euro 7,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger	BNP PARIBAS
Dealers	<p>Barclays Bank PLC, BNP PARIBAS, Crédit Agricole Corporate and Investment Bank, Deutsche Bank AG, London Branch, Natixis, Société Générale and The Royal Bank of Scotland plc.</p> <p>The Issuer may from time to time terminate the appointment of any Dealer, including any Permanent Dealer, under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated). References to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.</p> <p>At the date of this Base Prospectus, only credit institutions and investment firms incorporated in a Member State of the European Union (“EU”) and which are authorised by the relevant authority of such Member State to lead-manage bond issues in such member state may act (a) as Dealers with respect to non-syndicated issues of Notes denominated in Euro and (b) as lead manager of issues of Notes denominated in Euro issued on a syndicated basis.</p>
Fiscal Agent and Paying Agent	BNP Paribas Securities Services (affiliated with euroclear france under number 29106)
Method of Issue	<p>The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Final Terms.</p>

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

	currencies).
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: <ul style="list-style-type: none"> (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc; or (ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.
Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount and will not bear interest.
Dual Currency Notes	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.
Index Linked Notes	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.
Interest Periods and Interest Rates	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.
Redemption Amount	The relevant Final Terms will specify the basis for calculating the redemption amounts payable.
Redemption by Instalments	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.
Other Notes	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.
Optional Redemption	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

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

See section "Taxation".

Governing Law

French law.

Listing and Admission to Trading

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

Selling Restrictions

There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See "Subscription and

Sale”. In connection with the offering and sale of a particular Tranche, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

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

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

Dematerialised Notes do not require compliance with the TEFRA rules.

TERMS AND CONDITIONS OF THE NOTES

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

An Amended and Restated Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 25 June 2012 has been agreed between Schneider Electric SA (the “**Issuer**”), BNP Paribas Securities Services as fiscal agent and the other agents named in it. The fiscal agent, the paying agents, and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), and the “**Calculation Agent(s)**”. The holders of Dematerialised Notes and Materialised Notes, the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Materialised Notes and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts (the “**Receipts**”) for the payment of instalments of principal (the “**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 Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* (the “**Code**”) by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the Code) will be issued in respect of the Dematerialised Notes.

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

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

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

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

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

(c) **Title:**

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

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

2 Conversion and Exchange of Notes

(a) Dematerialised Notes:

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

(b) Materialised Notes:

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

3 Status

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

(b) Status of Subordinated Notes:

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

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

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

4 Negative Pledge

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

For the purposes of this Condition:

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

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

5 Interest and Other Calculations

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

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

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

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

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

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

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

(A) ISDA Determination for Floating Rate Notes

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

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

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

(B) Screen Rate Determination for Floating Rate Notes

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

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

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

- (y) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (x)(i) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(ii) applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks (as defined below) is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum

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

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

number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.

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

previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

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

“Business Day” means:

- (i) in the case of a currency other than Euro or Renminbi, 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 relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets settle payments in Renminbi in Hong Kong and in the relevant Business Centre(s) (if any); and/or
- (iii) in the case of Euro, a day on which the TARGET system is operating (a **“TARGET Business Day”**); and/or
- (iv) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

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

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

number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“**RMB Note**” means a Note denominated in Renminbi.

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

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

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

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

Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month in which case it shall be brought forward to the immediately preceding Business Day. Interest will be payable in arrear on each Interest Payment Date.

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Hong Kong time) on each Interest Determination Date, calculate the amount of interest payable per Specified Denomination for the relevant Interest Period. The determination of the amount of interest payable per Specified Denomination by the Calculation Agent shall (in the absence of manifest error and after confirmation by the Issuer) be final and binding upon all parties.

The Calculation Agent will cause the amount of interest payable per Specified Denomination for each Interest Period and the relevant Interest Payment Date to be notified to each of the Paying Agents and to be notified to Noteholders as soon as possible after their determination but in no event later than the fourth Business Day thereafter. The amount of interest payable per Specified Denomination and 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 per Specified Denomination shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this provision but no publication of the amount of interest payable per Specified Denomination so calculated need be made.

Interest shall be calculated in respect of any period by applying the Rate of Interest to the Specified Denomination, multiplying such product by the actual number of days in the relevant Interest Period or, as applicable, other period concerned and dividing it by 365, and rounding the resultant figure to the nearest Renminbi sub-unit, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

6 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption:

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

(b) **Early Redemption:**

(i) **Zero Coupon Notes:**

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

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

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

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

- (i) If, by reason of any change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8 below, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, subject to having given not more than 45 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 14, redeem all, but not some only, of the Notes at their Redemption Amount together with, unless otherwise specified in the Final Terms, any interest accrued to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes.

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

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

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

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

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

So long as the Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published on the website of

the Luxembourg Stock Exchange (*www.bourse.lu*) a notice specifying the aggregate nominal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

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

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

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

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

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

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

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

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

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

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

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

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

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

resold for the purpose of enhancing the liquidity of the Notes in accordance with Articles L.213-1 A and D.213-1 A of the Code.

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

7 Payments and Talons

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

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

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

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

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

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

- (iv) Upon the due date for redemption of any Materialised Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Materialised Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any such Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Materialised Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note representing it, as the case may be. Interest accrued on a Materialised Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as “**Financial Centres**” in the relevant Final Terms and (C) (i) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) (in the case of a payment in Euro) which is a TARGET Business Day.
- (i) **Payment of US Dollar Equivalent:** Notwithstanding any other provision in these Conditions, if an Inconvertibility, Non-Transferability or Illiquidity occurs or if Renminbi is otherwise not available to the Issuer as a result of circumstances beyond its control and such unavailability has been confirmed by a Renminbi Dealer, following which the Issuer is unable to satisfy payments of principal or interest (in whole or in part) in respect of RMB Notes, the Issuer on giving not less than five nor more than 30-days irrevocable notice to the Noteholders prior to the due date for payment, may settle any such payment (in whole or in part) in US dollars on the due date at the US Dollar Equivalent of any such Renminbi denominated amount.

In such event, payments of the US Dollar Equivalent of the relevant principal or interest in respect of the Notes shall be made by transfer to the U.S. dollar account of the relevant Account Holders for the benefit of the Noteholders. For the avoidance of doubt, no such payment of the US Dollar Equivalent shall by itself constitute a default in payment within the meaning of Condition 10.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7(i) by the RMB Rate Calculation Agent, will (in the absence of manifest error) be binding on the Issuer, the Agents and all Noteholders.

These provisions may be amended or supplemented in the relevant Final Terms.

For the purposes of this Condition 7(i):

“**Governmental Authority**” means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

“**Illiquidity**” means that the general Renminbi exchange market in Hong Kong becomes illiquid, other than as a result of an event of Inconvertibility or Non-Transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers.

“**Inconvertibility**” means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of RMB Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

“**Non-Transferability**” means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

“**Renminbi Dealer**” means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer.

“**RMB Note**” means a Note denominated in Renminbi.

“**RMB Rate Calculation Agent**” means the agent appointed from time to time by the Issuer for the determination of the RMB Spot Rate or identified as such in the relevant Final Terms.

“**RMB Rate Calculation Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City.

“**RMB Rate Calculation Date**” means the day which is two RMB Rate Calculation Business Days before the due date for payment of the relevant Renminbi amount under the Conditions.

“**RMB Spot Rate**” for a RMB Rate Calculation Date means the spot CNY/US dollar exchange rate for the purchase of US dollars with CNY in the over-the-counter CNY exchange market in Hong Kong for settlement on the relevant due date for payment, as determined by the RMB Rate Calculation Agent at or around 11 a.m. (Hong Kong time) on such RMB Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither such rate is available, the RMB Rate Calculation Agent will determine the RMB Spot Rate at or around 11 a.m. (Hong Kong time) on the RMB Rate Calculation Date as the most recently available CNY/U.S. dollar official fixing rate for

settlement on the relevant due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

“**US Dollar Equivalent**” means the relevant Renminbi amount converted into US dollars using the RMB Spot Rate for the relevant RMB Rate Calculation Date, as calculated by the RMB Rate Calculation Agent.

8 Taxation

- (a) **Tax exemption:** All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
- (b) **Additional Amounts:** If French law should require that payments of principal, or interest in respect of any Note, Receipt or Coupon be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Receiptholders or the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon, as the case may be:
- (i) **Other connection:** to, or to a third party on behalf of, a Noteholder or, if applicable, a Receiptholder or Couponholder, as the case may be, who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Republic of France other than the mere holding of the Note, Receipt or Coupon; or
- (ii) **Presentation more than 30 days after the Relevant Date:** in the case of Materialised Notes, more than 30 days after the Relevant Date except to the extent that the Noteholder or, if applicable a Receiptholder or Couponholder, as the case may be, would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (iii) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to EU Directive 2003/48/EC dated 3 June 2003 or any EU Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) **Payment by another paying agent:** in respect of Definitive Materialised Notes, presented for payment by or on behalf of a Noteholder or, if applicable, a Receiptholder or Couponholder, as the case may be, who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the EU.

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

further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

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

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

9 Prescription

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

10 Events of Default

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

- (a) **Subordinated Notes:** In the case of Subordinated Notes and in accordance with Condition 3(b), (i) if any judgment shall be issued for the judicial liquidation (*liquidation judiciaire*) of the Issuer or if the Issuer is liquidated for any other reason then the Subordinated Notes shall become immediately due and payable, in accordance with Condition 3(b), at their principal amount together with any accrued interest to the date of payment; (ii) in the event of any other events of default as may be set out in the relevant Final Terms.
- (b) **Unsubordinated Notes:** In the case of Unsubordinated Notes:
- (i) in the event of default by the Issuer in the payment of principal and interest on any Note, when and as the same shall become due and payable, if such default shall not have been cured within 7 business days from such due date;
 - (ii) in the event of default by the Issuer in the due performance of any other provision of the Notes, if such default shall not have been cured within 14 business days after receipt by the Fiscal Agent of written notice of such default given by a Noteholder;
 - (iii) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for borrowed monies in excess of Euro 40,000,000 (or its equivalent in any other currency), whether individually or in the aggregate, becomes, following, where applicable, the expiry of any originally applicable grace period, due and payable prior to its stated maturity as a result of

a default thereunder, or any such indebtedness shall not be paid when due or, as the case may be, within any originally applicable grace period therefor or any steps shall be taken to enforce any security in respect of any such indebtedness or any guarantee or indemnity given by the Issuer or any of its Principal Subsidiaries for, or in respect of, any such indebtedness of others shall not be honoured when due and called upon;

- (iv) the Issuer or any of its Principal Subsidiaries, applies for the appointment of a *mandataire ad hoc* under French bankruptcy law or enters into an amicable settlement (*procédure de conciliation*) with its creditors or a judgement is issued for the judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or any of its Principal Subsidiaries or, to the extent permitted by law, the Issuer or any of its Principal Subsidiaries is subject to any other insolvency or bankruptcy proceedings or the Issuer or any of its Principal Subsidiaries makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors. For the purpose solely of this paragraph, the term “**Principal Subsidiaries**” shall have the same meaning as under Condition 4 hereinabove;
- (v) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Notes; or
- (vi) in the event that the Issuer or any of its Principal Subsidiaries ceases to carry on all or a material part of its or their business or other operations, except for the purposes of and following a merger or reorganisation (*fusion, scission or apport partiel d'actifs*) (i) on terms approved by the General Meeting of the Noteholders to the extent that French law requires such merger or reorganisation to be submitted for the approval to the General Meeting of the Noteholders or (ii) or in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are vested in the Issuer, another of its Principal Subsidiaries or any other Subsidiary which as a result of such merger or reorganisation becomes a Principal Subsidiary.

11 Representation of Noteholders

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

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

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

- (b) **Representative:** The office of the Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:
 - (i) the Issuer, the members of its Management Board (*Directoire*), its Supervisory Board (*Conseil de surveillance*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouses; or
 - (ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors

(*Conseil d'administration*), Management Board (*Directoire*) or Supervisory Board (*Conseil de surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouses; or

- (iii) companies holding 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

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

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

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

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

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

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

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

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

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

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

- (e) **Powers of the General Meetings:** The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and also may act with respect

to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

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

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

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

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

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

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

12 Replacement of definitive Notes, Receipts, Coupons and Talons

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

amount payable by the Issuer in respect of such Definitive Materialised Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Definitive Materialised Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues and Consolidation

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

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

14 Notices

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

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

15 Governing Law and Jurisdiction

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

TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALIZED NOTES

Temporary Global Certificate

A Temporary Global Certificate, without interest Coupons, will initially be issued in connection with Materialised Notes. Upon the initial deposit of such Temporary Global Certificate with a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”), 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 Depositary may also (if indicated in the relevant Final Terms) credit the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems with a nominal amount of Notes. Conversely, a nominal amount of Notes that is initially deposited with any clearing system other than Euroclear or Clearstream, Luxembourg may similarly be credited to the accounts of subscribers with Euroclear or Clearstream, Luxembourg.

Exchange

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

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

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

Delivery of Definitive Materialised Notes

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

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

Exchange Date

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

USE OF PROCEEDS

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

DESCRIPTION OF SCHNEIDER ELECTRIC S.A.

1 Information about the Company

1.1 History and development of the Company

Schneider Electric SA is a French corporation (*Société Anonyme*) with a Management Board and a Supervisory Board (since May 3, 2006) governed by the French Commercial Code, with a share capital of EUR 2,195,772,096, whose registered head office is located at 35, rue Joseph Monier – 92500 Rueil-Malmaison, France (phone number: +33 (0)1 41 29 70 00).

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

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

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

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

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

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

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

Selected Financial Information

(in millions of euros except for earnings per share)

	Year ending 31 December	
	2011	2010
Revenue	22,387	19,580
EBITA adjusted*	3,232	3,019
EBITA**	3,079	2,931
Profit before tax	2,438	2,356
Profit for the period	1,904	1,796
<ul style="list-style-type: none"> • attributable to owners of the parent 	1,820	1,720
<ul style="list-style-type: none"> • attributable to non-controlling interests 	84	76
Basic earnings per share	3.39	3.30
Diluted earnings per share	3.35	3.28
Total assets	35,886	31,051
Total non-current assets	22,540	18,832
Total current assets	13,346	12,219
Total liabilities	35,886	31,051
Total shareholder's equity	16,090	14,989

* EBITA adjusted corresponds to EBITA (see below) before other operating income and expenses and before restructuring costs.

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

1.2 Investments

Investments made in 2011

Acquisition of Telvent

On June 1, 2011, Schneider Electric announced the signing of a definitive agreement related to the acquisition, through a public offer of Telvent GIT SA ("Telvent"), a leading solution provider specializing in high value-added IT software and solutions for real-time management of mission critical infrastructure in the fields of electricity, oil & gas, water and transportation. By acquiring Telvent, Schneider Electric integrates a high value-added software platform that presents a good fit

with its own range in field device control and operation management software for the smart grid and efficient infrastructures. The Group also doubles its overall software development competencies and enhances its IT integration and software service capability, including weather services. Schneider Electric made a cash tender offer for all of Telvent's shares at a price of USD40 per share, which represents a premium of 36% to Telvent's average share price over the last three months. This offer has successfully been completed on August 30, 2011.

Automation and Control

On June 9, 2011, Schneider Electric announced the signature of an agreement to acquire Leader Harvest Power Technologies Holdings Limited ("Leader & Harvest"), one of the leading players in the fast-growing medium voltage drives market in China. Headquartered in Beijing, Leader & Harvest develops, manufactures and commercialises medium voltage (MV) variable speed drives. The company employs over 750 people and has an extensive inhouse nationwide sales and service support network across 30 provinces. With an annual growth rate in excess of 20% in the past few years, the company is expected to generate sales of approximately USD150 million (approx. EUR100 million) for 2011. Leader & Harvest's range represents an excellent addition to Schneider Electric's industrial automation range of products and solutions. Medium voltage drives are a key element of energy efficient solutions to our key target segments of mining, minerals & metals and water & waste water.

Low voltage

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

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

Critical Power & Cooling

On January 7, 2011, Schneider Electric announced the signature of an agreement to acquire a majority of the shares in APW President Systems Ltd. which designs and manufactures standard and customized racks and enclosure systems in India, serving in particular information technology and telecom end-users. APW President Systems Ltd. has approximately 380 employees and generated sales of INR1.08 billion (approx. EUR17 million) for the twelve months ending September 30, 2010. With APW President Systems Ltd., Schneider Electric is well positioned to capture opportunities in the fast growing Indian IT infrastructure market as well as in international markets, particularly in Asia Pacific and Middle East. The Group will also be able to tap the talent pool and increase its solutions execution capabilities from server rooms to extra large data centres.

On March 31, 2011, Schneider Electric announced the signature of an agreement to acquire from Smartlink Network Systems Ltd. the assets of the Indian company Digilink business, one of the leading structured cabling systems providers in India. Headquartered in Mumbai, the Digilink business has 92 employees and generated sales of about INR1.55 billion (approx. EUR25 million) in calendar year 2010. With this acquisition the Group will be able to gain access to Digilink's well-established distribution network in the

retail sector which complements its presence in enterprise segments and will generate significant cross-selling opportunities for its Power and IT products.

On April 4, 2011, Schneider Electric announced the signature of an agreement to acquire in the United States Lee Technologies, a leading service provider for the data centres of the North American market. Headquartered in Fairfax, Virginia, Lee Technologies has over 300 employees and generated sales of about USD140 million (approx. EUR104 million) in 2010. Lee Technologies brings to Schneider Electric capabilities ranging from consulting, site assessment, design, equipment specification and selection to integration, commissioning, facility operations staffing, maintenance and proactive 24x7 remote monitoring. This full repertoire of services will reinforce Schneider Electric's IT business skills in data centre management and its ability to provide data centres, one of the world's fastest growing end-users of energy, with the best standards in energy conservation and reliability.

On May 30, 2011, Schneider Electric announced the signature of an agreement to acquire 74% of Luminous Power Technologies Pvt. Ltd., a market leader in India that provides inverters, UPS and power storage systems to help homes and small and medium sized businesses face frequent power cuts. Luminous is a leading player in the around EUR800 million Indian inverter and power storage market that is growing at more than 20% a year. Luminous has a strong presence in India and employs approx. 3,000 people in 8 different industrial sites in India and 1 in China. It has generated revenues of INR11.0 billion (approx. EUR170 million) for the fiscal year ending March 2011. With Luminous, Schneider Electric will become the leader in the Indian inverters and secured power market and gain access to a complementary retail network.

Energy efficiency

On March 24, 2011, Schneider Electric announced the signature of an agreement to acquire Summit Energy Services Inc., an American company leader in outsourced energy procurement and sustainability services to industrial, commercial and institutional enterprises. It is employing more than 350 individuals based in 11 international offices across North America and Europe and serves client facilities in more than 90 countries. Summit Energy is a fast-growing business, expected to generate sales of approximately USD65 million for the current year. The acquisition of Summit Energy allows Schneider Electric to broaden its energy management services and solution portfolio, offering customers the ability to manage and optimize their energy consumption from the supply side through the demand side, while also growing Schneider Electric's energy and environmental online reporting capabilities.

Venture capital

On February 23, 2011, Aster Capital announced Rhodia's acquisition of an interest in Aster II, the venture capital fund targeting innovative technology start-ups. This fund, specifically focused on energy, advanced materials and environment sectors, should eventually raise EUR120 to 150 million. Joining forces in this novel multi-corporate venture capital fund, the three sponsors – Alstom, Rhodia and Schneider Electric – will actively promote the development of young and innovative companies. By fostering cooperation and partnerships, it will guarantee the relevance of technologies and markets assessed to investors. Companies in the fund's portfolio will also have access to the global network of each of the three partners.

Investments made since 31 December 2011

Non-applicable

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

On May 4, 2012, Schneider Electric announced that it has signed an agreement to acquire M&C Energy Group ("M&C"), a fast-growing company specialized in energy procurement and sustainability services for both multinationals and small to medium sized enterprises.

Headquartered in the United Kingdom, M&C provides its customers with energy procurement, compliance and performance optimization services mostly on recurring subscription basis. The company has more than 500 employees including 300 energy specialists and an international presence with 21 offices across 15 countries, particularly in Europe and Asia-Pacific. M&C expects to generate total sales of approximately £35 million for the current year ending June 2012 with an EBITA margin above the Schneider Electric average.

M&C will complement the offerings and geographic presence of Summit Energy, a leading US player in this segment acquired in 2011. M&C brings to Schneider Electric and Summit Energy:

- A strong client base of about 4,000 customers comprised of large corporations as well as a big pool of small to medium sized enterprises;
- Complementary geographical footprint, including Australia, Asia and some European locations;
- Highly experienced team specialized in services like energy procurement and risk management, regulatory analysis and compliance, performance optimization and sustainability auditing.

The completion of the transaction is subject to regulatory approvals and customary closing conditions. The closing is expected to occur in the second quarter 2012. This acquisition is expected to be accretive on earnings per share from year 1 and to meet Schneider Electric's Return on Capital Employed criteria in year 3.

The purchase price will be financed with cash and commercial paper.

2 Business Overview

2.1 Main Activities

Schneider Electric offers integrated products, systems, services, software and solutions in order to make energy safe, reliable, efficient, productive and green.

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

The Power business

Number 1 worldwide in low voltage

The Power business is at the heart of the Group's activities and helps meet the world's energy challenges: increase of needs, growing environmental concerns, evolution in regulations, pressure on investment and operating costs, development of renewable sources of energy and, in the near future, of electric vehicles, emergence of smart grids and sustainable cities.

This business represents the backbone of all the Group's activities: its energy management offering is found in almost all the integrated solutions provided by the Group's other businesses to their customers, especially in the residential and non-residential buildings sectors.

In particular:

- for industrial and office buildings, the Power business offers a very wide range of electrical equipment, circuit breakers, transformers, meters as well as monitoring and control systems.
- for the residential market, Power offers electrical distribution equipment and LifeSpace control systems for energy, heating, lighting, shutters, access control, fire alarms, etc.
- the Group ensures integration of renewable energy sources in the electricity grid thanks to our expertise in low- and medium-voltage electrical distribution, conversion and energy management.
- Power also offers a complete range of electric vehicles charging infrastructures, that are both safe (for users, cars, buildings and the grid) and smart thanks to energy management systems that allow in particular to optimise charging time, as well as supporting information and payment services.

The Infrastructure business

Number 1 worldwide in medium voltage and automation

In June 2010, the acquisition of Areva T&D's electrical distribution business completed Schneider Electric's medium voltage portfolio and in particular, strengthened its position in medium voltage network automation for electro-intensive customers and electrical utilities.

The agreement signed in October 2010 for the acquisition of 50% of Electroshield-TM Samara further strengthened Schneider Electric's offering and position in the medium voltage market, as well as significantly extending its presence in Russia.

Finally, the acquisition of Telvent in 2011, a specialist in integrated management software for electrical, urban and industrial infrastructures, positions the Group on the whole value chain by completing its range of high added value integrated services and solutions and strengthening its presence in many geographies (USA, Brazil...).

These acquisitions have brought Schneider Electric global leadership in medium voltage, allowing the Group to fully leverage the growth opportunities stemming from the emergence of the smart grid as well as from the extension or modernisation of electrical and industrial infrastructures throughout the world.

The Industry business

Number 2 worldwide in automation and industrial control

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

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

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

The Industry business accompanies its customers' development: development of economic and industrial activity in the new economies, optimisation of industrial processes, costs and environmental impact worldwide.

The IT business

Number 1 worldwide in critical power and cooling services

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

A combination of the products of American Power Conversion (APC) and of MGE UPS Systems has allowed Schneider Electric to become the world leader in this market. The Group maintains its leadership by offering a full and competitive portfolio of products, solutions and services, worldwide geographic coverage and distribution channels, and of course, by its permanent commitment to innovation.

The IT business benefits from the growing digitalisation of data, its continual increase in volume and the ever-increasing speed of dissemination.

The Buildings business

Number 4 worldwide in building automation and video security systems

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

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

Growth in this business is linked to the expansion of urban and industrial areas, the need to renovate buildings, compliance with new energy regulations and implementation of new building energy standards, the development of energy efficiency and the improvement of operating cost control.

This document provides information on Schneider Electric's businesses and competitive position in 2011. To the best of the Group's knowledge, no exhaustive report has been drafted on products and systems for electrical distribution, automation and control. The Group has compiled data on its businesses through formal and informal contacts with industry professionals, especially trade associations. Schneider Electric estimates its market positions based on this data and actual revenue in each business.

2.2 Significant new products and solutions

On March 15, 2011, Schneider Electric and the City of Rueil-Malmaison signed the first agreement to trial an energy efficiency programme in France. The first of its kind involving a municipality, the energy efficiency programme will initially be trialled at the city library and the Claude Monet middle school in Rueil-Malmaison. Over eight years, the programme is expected to reduce energy use at the sites concerned by 20%, thereby trimming the city's energy bill and shrinking its environmental footprint.

On April 19, 2011, Schneider Electric is awarded a turnkey contract to supply the electrical installation for the future Queensland Curtis liquefied natural gas LNG Project being built by US-based construction contractor Bechtel.

On April 27, 2011, Schneider Electric announced a project with North Carolina State University (USA) to improve energy efficiency and drive sustainable, clean energy projects in 1.6 million square feet of building space across 13 campus facilities. As part of a USD20 million performance contracting project, the university will implement facility improvements, equipment upgrades and energy-efficient techniques to impact energy use, operations, reliability and comfort.

On May 17, 2011, Schneider Electric, in association with Derceto, Echologics (a division of Mueller Water), i2O Water, TaKaDu and Telvent, announced the creation of Smart Water Networks (SWAN), a global industrial alliance formed to promote the development and adoption of data-driven systems for better water network management and operation.

On May 31, 2011, The City of Issy-les-Moulineaux, Schneider Electric, Alstom, Bouygues Immobilier, Bouygues Telecom, ERDF, ETDE, Microsoft, Steria and Total created IssyGrid®. This first district smart grid in France will be built in the Seine Ouest business district in Issy-les-Moulineaux with the goal of enabling energy optimization at the neighborhood level.

On June 15, 2011, Soitec and Schneider Electric announced that they have signed a memorandum of understanding with Masen (Moroccan Agency for Solar Energy) on an integrated partnership on CPV technology. The memorandum of understanding between Soitec, Schneider Electric and Masen is part of the Moroccan Solar Plan. It is supported jointly by the Moroccan and French governments. It has four key components: Research & Development; Industrial integration; Training; Pilot projects.

On June 15, 2011, in a world first, Schneider Electric's head office (known as the Hive) has been certified as complying with the new ISO 50001 standard for energy management systems. Schneider Electric is pursuing its commitment to continuously improving the energy efficiency of its buildings, reducing their environmental footprint and enhancing user comfort.

On July 13, 2011, Schneider Electric announced that it has teamed with Cisco to provide an innovative comprehensive energy management solution that monitors and manages energy consumption across all building domains. With this combined solution, building owners and managers, architects, contractors, and IT managers will now be able to optimize energy efficiencies and business operations to save energy.

On October 5, 2011, Schneider Electric became the first manufacturer worldwide to obtain ZE Ready certification from Renault for its EVlink electric vehicle charging infrastructure range. ZE Ready is a comprehensive compatibility testing protocol designed to guarantee that internationally accepted standards will be implemented consistently among electric vehicles and charging infrastructure.

On November 8, 2011, Schneider Electric presented Villasol, a solution for village electrification. The Villasol solution is a solar-powered micro off-grid facility for decentralised rural electrification. This standardised solution consists in photovoltaic panels, a battery bank and a battery charging station that enable a communal recharge system.

2.3 Main Markets

Schneider Electric serves customers in five major growth markets:

- Non-residential buildings;
- Utilities and Infrastructures;

- Industries and Machine manufacturers;
- Data Centres and Networks;
- Residential;

Meeting their energy challenges is a key growth lever for the Group.

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

The non-residential buildings market includes all public, commercial and industrial buildings: offices, hotels, hospitals, shopping centres, schools, sports and cultural centres. This sector has a high energy consumption; energy efficiency is therefore essential and is the object of new and demanding regulations. User requirements have to be met in terms of comfort, security and environmental friendliness, as do the needs of owners and building managers seeking to reduce investment costs and optimise maintenance and operating costs.

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

The Group's products and solutions cover:

- utility management (electricity, gas, district heating, ...);
- management of technical systems (HVAC, lighting, security, ...);
- voice-data-image networks;
- measure and control of energy use and quality;

integrated and decentralised management and control of one or several sites.

Utilities and Infrastructures: *ensuring efficiency, reliability and responsiveness*

Schneider Electric's main customers in this market are energy operators, water utilities, oil, gas and transportation infrastructures, as well as municipalities.

The global challenges these customers face represent long-term growth prospects for Schneider Electric, and include booming energy demand, the need for increased efficiency to reduce environmental impact, expansion of renewable energies, the evolution of energy market regulations and in particular the emergence of demand response, and the growing need for real-time control of installations' security and reliability.

The Group's products and solutions cover:

- electrical distribution;
- measure and control of energy use and quality;
- utility management (access control, lighting, HVAC...);
- control and supervision of industrial processes;

- installation and real-time management of smart electricity grids;
- systems facilitating access to electricity (our BipBop programme).

Industries and Machine manufacturers: *enhancing productivity, flexibility, efficiency*

Schneider Electric provides energy solutions for all segments of this market: mines, cement plants, food-processing industry, material handling and packaging machines. Its customers are end users and companies, engineering firms, systems integrators, OEMs (original equipment manufacturers), electro-intensive industries, panel builders, and electrical equipment distributors.

Energy efficiency is at the heart of the challenges facing industry, which are to reduce production costs, comply with new regulations, and reduce the environmental impact of industrial activity. In addition, rapid industrialisation in new economies and the need to modernise required in industrial installations in mature economies both create significant opportunities for growth.

The Group's products and solutions cover:

- automation and supervision of industrial processes;
- equipment control and supervision;
- measure and control of energy use and quality;
- utility management (access control, lighting, HVAC...);
- integrated and decentralised supervision and control of energy flows for one or several sites;
- tools and services allowing control and optimisation of industrial operations.

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

Data centres are sites filled with servers that process and store billions of digital data in secure, air conditioned rooms. They constitute the central nervous systems of businesses and public departments, and represent a high-potential market thanks to the growing digitalisation of professional and personal activities. The expansion of data centres implies a significant increase in electricity requirements for servers operation and cooling, and the cost of energy needed to cool server rooms should shortly exceed that for the servers.

The Group offers a complete line up to meet the energy efficiency requirements of data centres and IT networks. Its products and solutions cover:

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

- monitoring and security.

Residential services: *provide single solutions for comfort and efficiency*

Schneider Electric's main customers on this market include electricians, architects and decorators, domotics, lighting or security firms, construction firms, contractors, electrical equipment distributors and large DIY stores, as well as end customers and home owners.

The market for single-family homes and apartment buildings is driven by renovation and refurbishment, especially in mature countries, as well as construction and upgrades, especially in new economies.

Whether for renovation or construction, the challenge is to combine technical constraints, local standards and regulations, as well as users preferences. Users require comfort and aesthetics, but increasingly energy performance, connectivity, security and surveillance too.

The Group's products and solutions cover:

- electrical distribution and data connection panels, and their installation systems;
- LifeSpace control (of energy, heating, lighting, shutters...);
- energy performance (measuring and optimizing usage, alert systems);
- secure energy;
- access control and security systems;
- electric vehicles charging infrastructures.

3 Organisational Structure

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

4 Trend Information

Trends in the Schneider Electric's core markets

Industries and machine manufacturers

The industry and machine manufacturers markets continued to grow significantly in 2011, in the continuity of the sharp rebound experienced since the economic cycle trough in May 2009.

The dynamics during the year changed though, from a buoyant start of year, somewhat amplified by the Fukushima earthquake (customers anticipating orders for fear of electronic components shortages), towards a weaker second semester, when the OEMs (original equipment manufacturers) sector in North East Asia (China, Korea, Taiwan, Japan) was affected by the tight credit policy led by China government to curb inflation. However, China infrastructure and mining sectors continued to grow.

Investments in Western Europe were as well impacted in the second part of the year, due to the uncertainty generated by the sovereign crisis, while the US markets enjoyed a relative resilience, notably in the last four months of the year.

Beyond these regions, very positive evolution of emerging markets, such as South and Central Americas, Russia, South East Asia, driven by water and mining investments.

The political events in the Mediterranean countries affected the investments and projects, notably those linked to Water (Egypt, Lybia). In the rest of the world, the standardization of the water treatment plants and a more comprehensive management of the whole water cycle in large urban environments sustained the investments.

The mining, minerals and metals sectors grew substantially this year, with significant investments in countries such as Brazil, Canada, Russia, and, in the later part of the year, also in Australia, driven both by the increased consumption of raw materials and a concern to control and reduce energy consumption.

Non-residential building

In the US, non-residential construction declined on an annual basis, but experienced signs of sequential improvement starting during the second semester. Front runners were healthcare, private education, retail and manufacturing buildings. European countries suffered from the sovereign debt crisis and austerity measures. In new economies, the non-residential construction market experienced a dynamic activity generated by the powerful process of urbanisation.

Schneider Electric solutions and services are designed to monitor and control system for buildings efficiency. Our solutions integrate access control, video surveillance, HVAC, and lighting control on an open standard systems to maximize buildings efficiency by improving the energy consumption and safety of a building.

In 2011, Schneider Electric has reinforced its Building Energy and Occupancy Management offer with the integration of Vizelia and D5X. Schneider Electric has also acquired Summit Energy, a Strategic Energy Sourcing leader and Viconics, offering an exciting suite of wireless thermostats.

Residential

In the US, residential construction market sector was negatively impacted notably by low consumer confidence and tight lending conditions. However, starts of multi-family housing has improved throughout the year, from a very weak level.

In the Eurozone, after a harsh fall of output between 2008 and 2010, the residential market has slightly improved in 2011. Note that this trend is characterized by large disparities across countries. On one hand, Iberian countries are still undergoing strong decline in investment and facing high levels of outstanding inventories. Meanwhile, countries such as France are in an intermediate pace essentially thanks to the support of new housing construction. On the other hand, Germany and Scandinavian countries have been far less affected by the debt crisis with a housing market which is even growing. In Asia Pacific, residential construction was relatively fast growing. In Japan and New Zealand, the end of the year was marked by large flows of reconstruction due to earthquakes destructions. Finally, in new economies, positive demographic and urbanisation trends drove the housing constructions

Utilities and Infrastructures

Electric power

While emerging economies keep on investing heavily in their grid infrastructures to meet their growth objectives with strong rising demand, mature economies have adjusted their investment plans to deal with aging grid assets and the need to connect more renewable sources, still maintaining or improving their performance in terms of reliability of power supply. As a result, the global electric power market keeps enjoying a steady 4 to 6% growth rate. The momentum towards smart grids is materialized by a growing activity in demonstration pilot projects to test new technologies and associated business models, as well as sustained investment in distribution automation and advanced distribution management systems which offer attractive return on investments for grid operators. Market accelerators such as the increased activity in grid-connected renewables, the roll-out of electric vehicles and the implementation of demand response programs will strengthen the need for new investments world-wide.

Oil and gas

In 2011 Oil & Gas markets have confirmed the recovery engaged in 2010. With more than USD500 billion invested in Exploration & Production, investment surged by 15% in 2010, and exceeded the level reached pre-crisis in 2008.

Uncertainties caused by the geopolitical tensions in Middle East and North African (Arabic spring) together combined with the sovereign debt turmoil have not altered the confidence of Oil Companies in 2011 who pursued their investment. Those short term uncertainties do not hamper the long term vision where more than 75% of energy demand is supplied by fossil energy.

The Middle East continued to invest to maintain its production capacities (Saudi Arabia) while Iraq fields are promised to large developments to tap its large O&G reserves. In North America investment is sustained by the shale gas and tar sand development.

Schneider Electric has been present in all key O&G geographies and large Oil & Gas companies, as well as major EPC companies, have been Schneider's customer for years. Schneider supplies energy management and control solutions that allow them to improve Energy Management and brings them innovative solution to tap reserves in harsh environment. By complementing its O&G expertise and IT capabilities, the acquisition of Telvent in June 2011 will foster the development of new integrated business solution that will deliver more efficiency to the Oil & Gas infrastructures.

Data centres and Networks

The IT global markets grew at a moderate pace in 2011, impacted in the second half by a slowdown in Europe with an expected spillover into a more cloudy 2012. After strong growth in 2010, x86 server growth was more modest in 2011, primarily supported by Asia and Latin America.

At the same time, the drivers for long term growth remained unchanged with the migration to the Cloud and larger Data Centres where fast growing collocation companies will battle it out with Telcos and IT Outsourcers. Strong ITB customers' in the Collocation segment, with access to capital markets or with the backing of large Private Equity groups, as well as Telcos will continue to operate their Data Centres at very high utilization and will expand their number of sites on a global basis to meet demand.

Our Data Centre Solutions and Services offerings experienced a strong growth confirming ITB's leadership in those key segments, reinforced further with the integration of Uniflair, Lee Technologies and Viridity. In the fast growing Data Centre Infrastructure Management software segment, Schneider Electric was named a Market Leader by IDC. In the Emerging markets, Schneider Electric strengthened its position in India with the acquisitions of Luminous and APW President.

No other trends likely to have a material effect

To the Company's knowledge, aside from announced acquisitions described in "Investments" above and in note 30 "Subsequent events" to the consolidated financial statements for fiscal year 2011 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 outlook for the current financial year described in Section 5 of the Description of Schneider Electric SA below.

Statutory Auditors and substitute statutory auditors

Statutory auditors:

Ernst & Young & Autres
Tour First – 1, place des Saisons
92037 Paris La Défense Cedex, France

Represented by Mr. Yvon Salaün

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

Represented by Mr. David Chaudat

Substitute statutory auditors:

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

Mr Thierry Blanchetier

5, rue Camille Pelletan
92300 Levallois Perret, France

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

Administrative, Management, and Supervisory Bodies

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

Members of the Administrative, Management, and Supervisory Bodies

The Supervisory Board

The Supervisory Board must have at least 3 and up to 18 members, all of whom must be natural persons.

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

Supervisory Board members are elected for a four-year term and are eligible for re-election. However, the Annual Shareholders' Meeting of April 21, 2011 removed the age limit of 74 years for membership and it was decided that members who are 70 years old may be re-elected or appointed for a period of two years. No more than one third of the members of the Supervisory Board may be over 70 years old.

The Supervisory Board has 14 members and one non-voting member.

There are 12 independent members according to the definition contained in the AFEP/MEDEF corporate governance guidelines for listed companies: Mr Léo Apotheker, Mrs Betsy Atkins, Mr Gérard de La Martinière, Mr Xavier Fontanet, Mr Noël Forgeard, Mr Gosset Grainville, Mr Jeong Kim, Mr Willy R. Kissling, Mrs Cathy Kopp, Mrs Dominique Sénéquier, Mr G. Richard Thoman and Mr Serge Weinberg. Each year, the Supervisory Board includes an item on the agenda to review the status of its members, based on a report from the Remunerations, Appointments and Human Resources Committee. Members' directorships and functions in other companies that have business relations with Schneider Electric do not, by their nature, affect the said members' independence in light of the types of transactions involved. These transactions are carried out on arms-length terms and are not material for either party. Moreover, as regards Mr de La Martinière, who has been a Director or member of the Schneider Electric SA Board for more than 12 years, his seniority is not considered as a hindrance to his independence due notably to his personality and involvement in the work and discussions on the operation of the Audit Committees.

Five members do not have French nationality: (American Mrs Atkins, Messrs Kim and Richard Thoman; German: Mr Apotheker, and Swiss: Mr Kissling).

One member, Mrs Magali Herbault, represents the employee shareholders in accordance with article L.225-71 of the French Commercial Code. He was nominated by the Shareholders' Meeting, on the recommendation of the Supervisory Boards of the FCPEs.

The average age of the Supervisory Board members is 60.

Supervisory Board (as of 31 December 2011)

Chairman of the Supervisory Board

Mr Henri Lachmann

Age: 73

Business address:

Schneider Electric

35, rue Joseph Monier – 92500 Rueil Malmaison – France

60,143¹ Schneider Electric SA shares

First appointed: 1996 / Term ends: 2014

Directorships and other functions

- Currently:

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

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

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

Member of the Supervisory Board of **AXA** and AXA Assurances IARD Mutuelle; Director of **Finaxa**; Non-voting member of Tajan; member of CODICE; Director of *Solidarités Actives*.

Experience and qualifications

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

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

Vice Chairman of the Supervisory Board

Mr Léo Apotheker*

Age: 58

Business address:

72, Ralston Road; Atherton, CA 94027, USA

500 Schneider Electric SA shares

First appointed: 2007 / Term ends: 2016

Directorships and other functions

- Currently:

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

Director of New E.A (USA); member of the Board and Strategy Committee of PlanetFinance.

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

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

Experience and qualifications

Léo Apotheker began his career in 1978 in management control after graduating with a degree in international relations and economics from the Hebrew University in Jerusalem. He then held management and executive responsibilities in several IT firms including SAP France and SAP Belgium, where he was CEO between 1988 and 1991. Mr Apotheker was founding President and Chief Operating Officer of ECsoft. In 1995, he returned to SAP as Chairman of SAP France. After various appointments within SAP as Regional Director, he was appointed in 2002 as a member of the Executive Committee and President of Customer Solutions & Operations, then in 2007 as President CSO and Deputy CEO of SAP AG and in 2008 CEO of SAP AG. In 2010, he became CEO and President of Hewlett-Packard and served until Autumn 2011.

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

** An independent member of the Supervisory Board within the meaning of the AFEP-MEDEF code of corporate governance for listed companies.*

Members of the Supervisory Board

*Mrs Betsy Atkins**

Age: 58

Business address:

BAJACORP 10 Edgewater Drive, Ste 10A – Coral Gables, FL 33133

500 Schneider Electric SA shares

First appointed: 2011 / Term ends: 2015

Directorships and other functions

- Currently:

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

Member of the Board of Directors of **Chicos FAS Inc.** (USA), **Polycom Inc.** (USA), and **SunPower Corp** (USA); President of Vantrix (Canada); member of the Advisory Committee de **SAP** (Germany).

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

Director of Towers **Watson** (USA), **Reynolds American** (USA), **Vonage** (USA); President and CEO of Clear Standards, Inc. (USA).

Experience and qualifications

After graduating of the University of Massachusetts and Trinity College Oxford, Betsy Atkins began her career co-founding several successful high-tech and consumer companies including Ascend Communications. In addition, she served as CEO and Chairman of NCI from 1991 to 1993 and as CEO of Key Supercomputer from 1987 to 1989.

Mrs Magali Herbaut

Age: 40

Business address:

Schneider Electric Industries SA, Bac de Roda, 52 – Edificio A, 08019 Barcelona, Spain

First appointed: 2012 / Term ends: 2016

Directorships and other functions

- Currently:

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

Mrs Herbaut is a member of the Supervisory Board of the FCPE Schneider Actionnariat.

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

** An independent member of the Supervisory Board within the meaning of the AFEP-MEDEF code of corporate governance for listed companies.*

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

In charge of the Alombard plant (2007-2008). Since 2009, management of the Electrical Wiring activity in the Business Unit LifeSpace for the EMEAS region.

Experience and qualifications

Magali Herbaut graduated from the *Ecole Supérieure de Commerce* in Grenoble and earned an MBA from Laval University (Canada). She began her career as an auditor for the firm Deloitte, then joined Schneider Electric in 1996 as a management controller for Schneider Electric Automation GmbH. Ms Herbaut spent two years as a management controller for Schneider Electric Automation Inc in the US, before becoming Chief Financial Officer for Normabarre (2000-2003) then for the Medium Voltage/Low Voltage Regional Facilities Unit (2003-2007), later taking charge of the Alombard plant (2007-2008). Since 2009, she has managed the Electrical Wiring activity in the Business Unit LifeSpace for the EMEAS region.

Mr Gérard de La Martinière*

Age: 68

Professional address:

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

6,856 Schneider Electric SA shares

First appointed: 1998 / Term ends: 2013

Directorships and other functions

- Currently:

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

Director of **Air Liquide**; member of the Supervisory Board of European Financial Reporting Advisory Group “EFRAG” (a Belgian law association); Director of Standard & Poor’s Credit Market Services France SAS; Director of Allo Finance; Chairman of the Managing Committee of *Charte du Don en Confiance* (a charity within the meaning of the 1901 French law); member of the *Haut Conseil de la Vie Associative*.

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

Chairman of *Fédération Française des Sociétés d’Assurances* (FFSA) and Chairman of *Comité européen des Assurances* (CEA); Vice-Chairman of *Comité européen des Assurances* (CEA); member of the Supervisory Board of **Air Liquide**; Director of *Banque d’Orsay*.

Experience and qualifications

A graduate of *École Polytechnique* and *École Nationale d’Administration*, Gérard de La Martinière held several positions in the French Finance Ministry before serving as Secretary General of *Commission des Opérations de Bourse* and General Manager of *Société des Bourses Françaises*. In 1989, he joined AXA, where he was appointed Executive Vice-President for Holding Companies and Corporate Functions in 1993, member of the Management Board in 1997 and Executive Vice-President of Finance, Budget Control and

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Strategy in 2000. He left the AXA Group in 2003 to become Chairman of the *Fédération Française des Sociétés d'Assurances* (FFSA), a post he held until September 2008.

Mr Xavier Fontanet*

Age: 63

Professional address:

3, rue Charles Lamoureux – 75016 Paris - France

First appointed: 2011 / Term ends: 2016

Directorships and other functions

- Currently (*situation as of January 2, 2012*):

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

Director of Essilor, L'Oréal and Crédit Agricole SA.

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

CEO of **Essilor International**; Chairman of the Board of Directors of **Essilor International** Director of the *Fonds Stratégique d'Investissement* (FSI); President of EOA Holding Co. Inc. (USA), Nikon and Essilor Joint Research Center Co Ltd (Japan); Director of Nikon-Essilor Co. Ltd (Japan), Nikon and Essilor Joint Research Center Co Ltd (Japan), Essilor of America Inc. (USA), Transitions Optical Inc. (USA), EOA Holding Co, Inc. (USA), Shanghai Essilor Optical Company Ltd (China), Transitions Optical Holdings B.V. (Netherlands), Essilor Manufacturing India Private Ltd (India), Essilor India PVT Ltd (India), Essilor Amico L.L.C. (United Arab Emirates); Permanent representative of Essilor International on the Board of Directors of the *Association Nationale des Sociétés par Actions* (Ansa)

Experience and qualifications

A graduate of the *École Nationale des Ponts et Chaussées* and Massachusetts Institute of Technology, Xavier Fontanet began his career as a Vice-President at the Boston Consulting Group. He was General Manager for Bénéteau beginning in 1981. Between 1986 and 1991, he was in charge of central management of catering for the *Wagons-Lits* group. In 1991, he joined Essilor as Executive Vice-President and then served as CEO from 1996 to 2009 and Chairman of the Board of Directors until the beginning of 2012.

Mr Noël Forgeard*

Age: 65

Professional address:

84, avenue d'Iena – 75016 Paris – France

500 Schneider Electric SA shares

First appointed: 2005 / Term ends: 2014

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Directorships and other functions

- Currently:

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

Senior Partner at Arjil SAS; member of the Committee of *France Galop*; Director of the PMU Economic Interest Group.

Experience and qualifications

A graduate of *École Polytechnique* and *École des Mines*, Mr Noël Forgeard began his career in the French civil service before joining Usinor's subsidiary *Compagnie Française des Aciers Spéciaux*. In 1986, he served as an advisor on industrial issues in Prime Minister Jacques Chirac's office. In 1987, he joined the Lagardère Group, where he headed the Defense and Space divisions of **Matra**. Five years later, he became CEO of Matra *Haute Technologie* and joint Vice-President of the **Lagardère** Group. In 1998, he was appointed Director and general manager of GIE Airbus-Industrie, and in 2000, CEO of Airbus SAS (an Airbus consolidated company). From July 1, 2005 to July 1, 2006 he was co-Executive Chairman of EADS. In 2011 he joined Arjil SAS as a Senior Partner.

Mr Gosset Grainville*

Age: 46

Business address:

56 rue de Lille, 75007 Paris

First appointed: 2012 / Term ends: 2016

Directorships and other functions

- Currently:

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

Deputy managing director of the "*Caisse des Dépôts and Consignations*" exercising the interim office of the Chief Executive Officer since March 2012;

President of the board of directors of the *Fonds Stratégique d'Investissement*;

Director of La Poste, Véolia-Transdev**, **CNP Assurances****, **Compagnie des Alpes****, **Icade**** and **Dexia** (Belgium).

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

Deputy director of the Cabinet of the Prime Minister, Mr. François Fillon from 2007 to March 2010.

Experience and qualifications

Graduate at the Paris Institute for Political Studies and holder of a "banks and finance" DESS at the *Paris IX Dauphine* University, graduate of ENA (government-official training academy), Mr. GOSSET-GRAINVILLE,

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** Company controlled by the Caisse des Dépôts

aged 46, began his career at the French Ministry of Finance(1994-1997). Then, he became deputy secretary general to the European Monetary Committee and then to the European Union Economic and Financial Committee (1997-1999). He was appointed advisor for economic and monetary affairs in the department of the European Commissioner for Trade (1999-2002). A solicitor at the bars of Paris and Brussels, he was a partner in the Brussels office of Gide Loyrette Nouel (2002-2007), before becoming deputy director of the cabinet of the Prime Minister, François Fillon (2007-2010). Since May 2010, he has been deputy managing director of the “Caisse des Dépôts et Consignations”.

Mr Jeong H. Kim*

Age: 51

Business address:

Alcatel-Lucent: 600 Mountain Avenue, Room 6A-509 - Murray Hill, NJ 07974 – United States

500 Schneider Electric SA shares

First appointed: 2011/Term ends: 2015

Directorships and other functions

- Currently:

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

President of Bell Labs **Alcatel-Lucent**; Professor at the University of Maryland; member of the Board of Trustees at Johns Hopkins University; member of the Board of Directors of Georgetown; member of the Board of Visitors of the Stanford Freeman Spogli Institute; CEO of Jurie Holdings LLC; member of the Board of Managers of Applied Physics Lab; and Director of GIV Global Private Equity.

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

Member of the Board of Trustees at the University of Maryland, College Park Foundation and Bankinter Foundation of Innovation; Director of In-Q-Tel; member of the **Nasdaq** Listing and Review Council; member of the External Advisory Board of the CIA; member of the Advisory Board of Royal Oak Capital and Director of CINTT.

Experience and qualifications

Jeong H. Kim holds a doctorate in reliability engineering from the University of Maryland and holds degrees from Johns Hopkins University in Technical Management, electrical engineering, and computer sciences.

A businessman, professor, and member of the National Academy of Engineering, Jeong H. Kim joined Lucent Technologies in 1998 when Lucent purchased Yurie Systems, the company he founded in 1992. He supervised the Lucent’s Optical Network Group. He then went to work at the University of Maryland, where he taught in both the Electrical Engineering and Computer Sciences Department and the Mechanical Engineering Department. Before that, Jeong H. Kim held technical and managerial positions in computers, satellite systems, and data communications, and he spent seven years as an officer aboard a US Navy nuclear submarine.

In 2005, Jeong H. Kim was appointed Chairman of Bell Laboratories (**Alcatel-Lucent**). He is the eleventh Chairman.

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Mr Willy R. Kissling*

Age: 67

Professional address:

Poststrasse n° 4 BP – 8808 Pfaeffikon – Switzerland

4,000 Schneider Electric SA shares

First appointed: 2001 / Term ends: 2014

Directorships and other functions

- Currently:

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

Member of Board of Directors of **Cleantech Invest AG**.

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

Director of **Kühne + Nagel International AG** (logistics); Director of **Holcim Ltd**; Chairman of the Board of Directors of Grand Resort Bad Ragaz AG; member of the European Advisory Board of Booz & Co.

Experience and qualifications

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

Mrs Cathy Kopp*

Age: 62

Business address:

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

500 Schneider Electric SA shares

First appointed: 2005 / Term ends: 2014

Directorships and other functions

- Currently:

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

Director of **Dexia**; member of the Appointments and Remuneration Committee of **Dexia**; member of the Board of the *Fondation SNCF*; member of the *Haut Conseil à l'Intégration*.

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

Member of the Board of *École Normale Supérieure de la rue d'Ulm* in Paris; General Manager of Human Resources and member of the Executive Committee of **Accor**; member of the *Collège de la Haute Autorité de Lutte contre les Discriminations* (Halde).

Experience and qualifications

After earning a degree in mathematics, Cathy Kopp joined IBM France in 1973. In 1992, she became Human Resources Director at IBM France before being appointed Vice-President of Human Resources in the Storage Systems Division of IBM Corp. In 2000, Cathy Kopp became Chairman and Executive Vice-President of IBM France. In 2002 she joined the Accor Group as HR Director and served until 2009. Cathy Kopp was Chairman of the Social Committee of the Service Providers Group at MEDEF until 2009. She headed up the cross sector negotiations on diversity at MEDEF in 2006, and the negotiations on modernising the labour market in 2007.

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Mrs Dominique Sénéquier*

Age: 58

Business Address:

AXA Private Equity 20 place Vendôme – 75001 Paris – France

500 Schneider Electric SA shares

First appointed: 2010 / Term ends: 2015

Directorships and other functions

- Currently:

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

Chairman of the Management Board of AXA Investment Managers Private Equity SA France, Private Equity Europe SA; Chairman of the Supervisory Committee of AXA Private Equity US LLC (USA); Chairman of the Supervisory Board of AXA Private Equity Germany GmbH (Germany); Director of AXA Private Equity Asia Pte Ltd (Singapore), of Italy S.r.l. (Italy), Chairman of the Board of Directors of AXA Private Equity UK Ltd (UK), and Switzerland AG (Switzerland), and Switzerland Finance AG (Suisse); Chairman of the Supervisory Board of AXA Private Equity Eastern Europe GmbH (Austria); Chairman, member of the Management Committee and the Investment Committee of Matignon Développement 1 SAS, Développement 2 SAS, Développement 3 SAS, Développement 4 SAS; Chairman, member of the Management Committee and Coordination Committee of AXA Infrastructure Investissement SAS; Director of the *Théâtre des Champs Élysées* SA; Non-voting member of the Board of Directors of **Groupe Bourbon SA**; member of the Board of Directors and the Audit Committee of **Hewlett-Packard Company** (USA); member of the Board of Directors of **Compagnie Industriali Riunite S.p.A.** (Italy); Manager of SCI 30 rue Jacob; Director of SENEQ SA (Belgium); President of Escouf Properties Corp. (USA).

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

Non-voting Director of **Schneider Electric SA**; Vice-Chairman of the Supervisory Board of **Linedata Services SA**; Chairman of Pikanter 4 SAS; Chairman of AXA Chile Private Equity I; Director of AXA Private Equity Funds of Funds II Manager Ltd; Director of AXA Private Equity Primary Ltd; Director of AXA Private Equity Secondaries Ltd; Director of AXA IM Secondaries Associates Management Ltd; Director of AXA Private Equity SL Management Ltd; Director of AXA PE Asia Manager Ltd; Director of AXA IM LBO Management Ltd; Director of AXA IM LBO Management Ltd III; Director of AXA IM LBO Management Ltd IV; Director of AXA Alternative Participations SICAV I; Director of AXA Alternative Participations SICAV II; Director of **Groupe Bourbon SA**; Non-voting member of the Board of Directors of Nakama SA; Chairman of Pikanter 9 SAS; Chairman of Pikanter 10 SASU;

Experience and qualifications

Mrs Dominique Sénéquier is a graduate of *École Polytechnique* with a postgraduate diploma in banking and finance. She joined the insurance industry supervisory team in 1975. In 1980 she joined GAN as head of group

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acquisitions and then in 1987 she founded GAN Participations and which led up until 1995. In 1996 she joined AXA group and set up AXA Private Equity for which she is Chairman of the Management Board.

Mr G. Richard Thoman*

Age: 67

Business address:

Corporate Perspectives, LLC

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

500 Schneider Electric SA shares

First appointed: 2007 / Term ends: 2014

Directorships and other functions

- Currently:

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

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

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

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

Experience and qualifications

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

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

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Mr Serge Weinberg*

Age: 60

Business address:

Weinberg Capital Partners
20, rue Quentin Bauchart – 75008 Paris – France

1,000 Schneider Electric SA shares

First appointed: 2005 / Term ends: 2014

Directorships and other functions

- Currently:

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

Chairman of the Board of Directors of **Sanofi**; Chairman of Weinberg Capital Partners, Financière Piasa and Piasa Holding, Piasa and VL Holding, Alret and Maremma; member of the Supervisory Committee of Financière BFSA; Vice-Chairman and Director of Financière Poinsetia and Financière Sasa; member of the Supervisory Board of Alfina; Permanent representative of Weinberg Capital Partners; Director on the Board of Alliance Industrie and Sasa Industrie; Chairman of Corum (Switzerland).

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

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

Experience and qualifications

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

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Non-voting member

Mr Claude Bébéar

Age: 76

Business address:

GIE AXA

25, avenue Matignon – 75008 Paris – France

528 Schneider Electric SA shares

First appointed: 2004 / Term ends: 2012

Directorships and other functions

- Currently:

Non-voting member of **Schneider Electric SA**;

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

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

Chairman of the Supervisory Board of **AXA**, Chairman and Director of various AXA subsidiaries, including AXA Financial; Chairman and Executive Vice-President of **Finaxa**.

Experience and qualifications

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

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

Management Board

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

The Management Board and its Chairman are appointed by the Supervisory Board. Membership on the Management Board is for three years and renewable.

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 consists of two members: Jean-Pascal Tricoire, Chairman, and Emmanuel Babeau. He was appointed by the Supervisory Board for a three year term that will expire on May 2, 2012. At its meeting of February 21, 2012 the Supervisory Board decided to renew his appointment at term for a further three years expiring on May 2, 2015.

President and CEO

Mr Jean-Pascal Tricoire

Age: 48

Business address:

Schneider Electric

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

99,885¹ Schneider Electric SA shares

First appointed: 2006 / Term ends: 2012

Directorships and other functions

- Currently:

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

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

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

Experience and qualifications

After graduating from ESEO Angers and obtaining an MBA from EM Lyon, Jean-Pascal Tricoire spent his early career with Alcatel, Schlumberger and Saint-Gobain. He joined the Schneider Electric Group (Merlin Gerin) in 1986. From 1988 to 1999 he occupied occupational functions within Schneider Electric abroad, in Italy (five years), China (five years) and South Africa (one year). He held corporate positions from 1999 to 2001: Director in charge of Strategic Global Accounts and the “Schneider 2000+” strategic plan. From January 2002 to the end of 2003, he was Executive Vice-President of Schneider Electric’s International Division. In October 2003, he was appointed Chief Operating Officer, before becoming Chairman of the **Schneider Electric SA** Management Board on May 3, 2006.

Member of the Management Board

Mr Emmanuel Babeau

Age: 44

Business address:

Schneider Electric

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

1,187² Schneider Electric SA shares

First appointed: 2009 / Term ends: 2012

¹ Held directly or through the FCPE

² Held directly or through the FCPE

Directorships and other functions

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

Experience and qualifications

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

Administrative, Management and Supervisory bodies conflicts of interest

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

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

To the best of the Company's knowledge, the members of the Supervisory Board and Management Board have no restrictions on selling their Company shares aside from those stipulated in stock option and stock grant plans for Members of the Management Board and a 250 share-holding requirement for members of the Supervisory Board.

Board Practices

Audit Committee

Members

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

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

Operating procedures

Meetings are called by the Committee Chairman or at the request of the Chairman of the Supervisory Board or the President and CEO. At least five meetings are held during the year.

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

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

Responsibilities

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

- prepares the Supervisory Board's review of the annual and interim financial statements, and notably in this respect:
 - ensures that accounting policies used to prepare the consolidated and company financial statements are appropriate and applied consistently, that all significant transactions are properly reflected in the consolidated financial statements and that the rules governing the scope of consolidation are correctly applied;
 - analyses the scope of consolidation, risks, commitments given - including off-balance sheet commitments -, as well as the financial position and the cash position;
- reviews the draft Registration Document and takes on Board any comments by the AMF in this regard, as well as the reports on the interim financial statements;
- makes recommendations concerning the appointment or re-appointment of the Statutory Auditors;
- monitors the auditing of the annual and consolidated financial statements, notably by examining the scope of the external audit schedule and the results of the reviews carried out by the Statutory Auditors;
- verifies the auditors' independence, in particular by reviewing fees paid by the Group to their firm and network and by giving prior approval for assignments that, strictly speaking, fall outside the scope of the auditing of the financial statements;
- monitors the effectiveness of internal control and risk management systems. In particular, the Committee:
 - reviews Internal Audit organization and resources, as well as its annual audit schedule. It receives a quarterly summary report on the findings of the audits carried out;
 - reviews risk mapping and its year on year evolution;
 - reviews risk mitigation on the basis of presentations by the relevant managers or reports by Internal Audit;
 - reviews the rollout of the Company's internal audit system and the management report on internal control, as well as the draft report of the Chairman of the Supervisory Board on procedures for internal audits and risk management;
 - reviews codes of conduct, notably concerning fair trading and ethics and examines the measures taken to ensure they are circulated and applied.

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

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

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

Meetings in 2011

In 2011, the Audit Committee met six times. The average duration of the meetings was three hours and the average attendance rate was 94%.

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

The Committee looked at the following topics:

1) Financial statements and financial disclosures:

- review of the annual and interim financial statements and of the reports of the Management Board on the financial statements,
- review of goodwill, reserving and pension obligations or assimilated obligations,
- review of investor relations documents concerning the annual and interim financial statements,
- review of AMF recommendations concerning the 2011 Registration Document,
- review of financial communication such as Investor days;

2) Internal audit, internal control and risk management:

- review of the 2012/Q1 2013 Internal Audit schedule drawn up on the basis of risk mapping,
- review of the main audits carried out by Internal Audit and an update of the methodology for internal audit,
- review of the current situation regarding organisation and deployment of Internal Audits and review of the results of self- evaluation,
- review fraud prevention: methodology and executive summary,
- review of action plans regarding the security of IT systems,
- review of the possible impacts of the financial crisis on management of debt and the Group's conditions for obtaining finance,
- review of procedures for the approval of projects,
- review of tax risks,
- review of controls on customer risks,
- review of management process for R&D,
- review of business acquisition plans,
- review of Group policy on managing Benefits and the Pension Fund,
- review of risk mitigation by means of insurance,

- review of the Chairman's draft report on procedures for internal audit and risk management;

3) Statutory Auditors:

- review of the 2010/2012 external audit schedule,
- review of the fees paid to the Statutory Auditors and their networks;

4) corporate governance:

- update the 2010-2013 schedule covering the work of the Audit Committee and more specifically its risk review,
- review of the financial authorisations presented to the 2011 Annual Shareholders' Meeting,
- recommended dividend for 2011.

The Audit Committee reported to the Supervisory Board on its work in 2011 at the February 16, June 21 and 22, July 28, October 19 and December 15, 2011 meetings.

Corporate governance compliance

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

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

The guidelines are available online at www.medef.fr

Major Shareholders

	31 December 2011				31 December 2010		31 December 2009	
	Capital	Number of shares	Voting rights	Number of voting rights	Capital	Voting rights	Capital	Voting rights
	%		%		%	%	%	%
Capital Research and Management	9.43	51,780,765	8.86	51,780,765	8.17	7.72	5.07	4.75

Company ⁽¹⁾								
CDC	3.71	20,349,002	4.57	26,699,002	4.23	5.10	4.32	5.18
Employees	4.55	25,001,870	7.06	41,268,373	4.11	6.14	4.26	6.33
Own shares ⁽²⁾	0.00	1,058	-	-	0.00	-	0.92	-
Treasury stock	1.67	9,164,952	-	-	1.68	-	1.76	-
Public	80.64	442,645,377	77.95	455,807,950	81.80	79.45	83.67	81.23
TOTAL	100.00	548,943,024	100.00	584,722,100	100.00	100.00	100.00	100.00

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

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

To the best of the Company's knowledge, no shareholders other than Capital Research & Management Company, listed above, hold, either directly or indirectly, more than 5% of Schneider Electric's capital or voting rights.

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

Not applicable.

5 Interim and other financial information

The Company's first quarter results for the period until 31 March 2012 (unaudited) (Press release dated 20 April 2012)

- Sales of €5.4 billion in Q1 2012, up 9.4%, Organic growth of +0.4%
- Solid quarter in North America and Rest of the World
- Contrasting trends in Asia-Pacific and Western Europe
- IT posted good growth, Industry faced high comparisons and mix issue
- Solutions, up 8%, were the key growth driver in the quarter
- Strong sales contribution from acquisitions and on track integration

In the first quarter, the Company recorded sales of **€5,411 million**, up 9.4% on a current structure and exchange rate basis. Like-for-like sales were slightly up at **0.4%**.

The breakdown of sales by business was as follows:

€ million	Q1 2012 sales	Organic growth	Changes in scope of consolidation	Currency effect	Reported growth
Power	2,014	+1.7%	+1.1%	+2.8%	+5.6%
Infrastructure	1,087	+2.4%	+16.3%	+1.0%	+19.7%
Industry	1,077	-6.8%	+1.9%	+2.3%	-2.6%
IT	836	+6.5%	+16.0%	+3.7%	+26.2%

Buildings	397	-0.9%	+7.9%	+3.3%	+10.3%
Total	5,411	+0.4%	+6.5%	+2.5%	+9.4%

Jean-Pascal Tricoire, President and CEO, commented: “Our organic sales were slightly up in the first quarter marked by contrasting trends in different businesses and regions. This illustrated once again the benefits of our balanced and diversified geographical exposure. Growing North America, Russia, South America and Africa were able to offset a softer Asia in transition and deteriorated economic conditions in Southern Europe. Nevertheless, we delivered a total growth of 9%, thanks to a strong contribution from acquisitions, in particular Telvent in efficient infrastructure and Luminous in power reliability. Solutions continued to drive the growth, as a result of growing customer demand for energy management solutions.

For the remainder of 2012, visibility remains limited by the uncertainty surrounding the global economy. In this context and assuming no major change in economic conditions, the Group continues to expect flat to slightly positive organic growth for sales and an adjusted EBITA margin between 14% and 15%. Looking ahead, we are also focused on the execution of the Connect company program, in order to reinforce our offer and strategic positioning, and to deliver higher returns in line with our new through-cycle targets.”

Organic growth by business

Power (37% of Q1 sales) was up **1.7%** like-for-like compared to the same period in 2011. Products business growth was almost flat. Stronger construction and industrial markets in North America, South-East Asia and South America largely balanced the decline of those markets in certain Asian countries impacted by last year’s monetary tightening and in Southern Europe. Solutions business was in strong progression, helped by continued investment in infrastructure, oil & gas, mining and data centers. By region, North America and Rest of the World delivered solid growth, while Asia-Pacific was about stable and Western Europe declined.

Infrastructure¹ (20% of Q1 sales) grew **2.4%** organically, supported by good growth in the solutions business which saw continued demand from mining and oil & gas projects and strong installed base services. Network protection solutions benefited from favorable basis of comparison. Products declined slightly, mainly due to primary medium voltage components, while secondary medium voltage products continued to grow. By region, North America and Asia-Pacific, driven by Australia and South East Asia, posted a strong quarter. Rest of the World was affected by softness in South America and Middle East, despite growth in Eastern Europe. Western Europe was in decline due to Spain and Italy.

Industry (20% of Q1 sales) declined **6.8%** like-for-like. Products business was down across the board partly due to very demanding basis of comparison and partly due to the weak OEM demand in key countries, particularly for motion control and drives. Solutions business reported moderate growth, benefiting from investments in the mining, water and food & beverage segments, as well as continued success of SoMachine solutions for machine builders. By region, North America posted positive growth and Rest of the World was about flat while Asia-Pacific, with the exception of South East Asia, dropped significantly. Western Europe was in decline in all major countries.

IT (16% of Q1 sales) posted the highest growth of the quarter, with sales up **6.5%** on an organic basis. Solutions business grew double-digit on the back of strong demand for complete datacenter solutions, resulting from rising complexity induced by development of collocation, virtualization and cloud computing. Services showed moderate growth, with positive developments for both installed base and advanced services. Products business was flat due

¹ The ‘Energy’ business has been renamed ‘Infrastructure’ following the integration of Telvent

to decline in mature countries despite good growth in many new economies. All regions showed positive growth, except for Western Europe due to its sluggish economy.

Buildings (7% of Q1 sales) was down **0.9%** like-for-like. Both products and solutions businesses were in slight decline. Solutions business was impacted by spending cuts in key segments in Europe (public buildings in particular) and a demanding comparison despite solid growth in installed base services. Products business decreased due to weaker demand for video security products while building management products grew. By region, North America showed modest growth, Western Europe was flat, Asia-Pacific and Rest of the World were down.

Solutions business reported organic sales of **8%** in the quarter and represented **38%** of sales. Products business posted weaker sales with an organic decline of 3%.

Organic growth by geography

€ million	Q1 2012 sales	Organic growth	Reported growth
Western Europe	1,691	-5%	-1%
Asia-Pacific	1,390	-2%	+13%
North America	1,411	+8%	+21%
Rest of the World	919	+5%	+10%
Total	5,411	+0.4%	+9.4%

Western Europe (31% of Group Q1 sales) dropped **5%** year-on-year in the first quarter. As expected, this was largely attributable to Spain and Italy that were still significantly impacted by the debt crisis. France declined slightly. Growth in Germany and the Nordics, driven by better end markets for construction and infrastructure, could not offset the unfavorable trends in Southern Europe.

Asia Pacific (26% of Group Q1 sales) was down **2%**. Australia and India were stable and the good growth in South-East Asia was offset by mid single-digit decline in China and double-digit decline in Japan. Overall, construction and industry markets were down this quarter in the region, while data centers, utilities and infrastructure segments were in better momentum.

North America (26% of Group Q1 sales) reported a strong quarter, up **8%** thanks to broad based growth in all countries. Most of the end markets performed well with key drivers being data centers and infrastructure segments. Construction market also showed positive signs.

Rest of the World (17% of Group Q1 sales) grew **5%** like-for-like. Solid double-digit growth in Russia on the back of favorable trends in oil & gas and demand for power reliability, was partially offset by the decline in the Middle East, particularly due to the slowdown of the construction markets in the Gulf. Africa, South America and Central Europe were up moderately.

Sales in new economies were up **1.5%** like-for-like and represented **38%** of total reported sales in the first quarter.

Consolidation and foreign exchange impacts

Net acquisitions contributed €323 million or +6.5%. This includes mainly Telvent (in Infrastructure business), Luminous and Lee Technologies (in IT business), Leader & Harvest (in Industry business), Steck (in Power business) and several smaller entities including Summit Energy.

The impact of foreign exchange fluctuations was positive at €126 million, primarily the result of the variations of the US dollar, Australian dollar and Chinese yuan against the euro over the period.

2012 Outlook

The Group believes that the uncertainty surrounding the global economy continues to limit visibility.

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

Commercial Paper Programme:

On June 13, 2012, SESA has updated its commercial paper programme for a maximum amount of €2 billion. At this date, the amount of commercial papers issued was €940 million (€190 million as of December 31, 2011).

6 Share capital

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

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

At December 31, 2011, a total of 584,722,100 voting rights were attached to the 548,943,024 shares outstanding.

7 Material Contracts

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

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

Not Applicable.

TAXATION

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

EU TAXATION

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

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

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax is 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.

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

LUXEMBOURG WITHHOLDING TAX

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

payments made to individuals and to certain residual entities (as described below), upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Individuals

Luxembourg residents

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

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

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

Luxembourg non-residents

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

The withholding tax rate is 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Corporations

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

FRENCH TAXATION

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

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

Notes issued as from 1 March 2010

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

Furthermore, interest and other revenues on such Notes will no longer be deductible from the Issuer's taxable income, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* of the French *Code général des impôts*, at a rate of 30 per cent. or 55 per cent.

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

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

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

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

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

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

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

HONG-KONG

The following is a summary of certain Hong Kong tax considerations relating to the purchase, ownership and disposition of the Notes by a beneficial owner of the Notes. This summary is based on the tax laws and regulations of Hong Kong as currently in effect and which is subject to change or to different interpretation. This summary is for general information only and does not address all of the Hong Kong tax considerations that may be relevant to specific holders in light of their particular circumstances.

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of the assessable profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”), interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, professional or business carried on in Hong Kong and be subject to profits tax in the following circumstances:

- (a) interest on the Notes is derived from Hong Kong and is received by or accrued to a corporation, other than a financial institution (as defined in the Inland Revenue Ordinance), carrying on a trade, profession or business in Hong Kong;
- (b) interest on the Notes is derived from Hong Kong and is received by or accrued to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (c) interest on the Notes is received by or accrued to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the moneys in respect of which the interest is received or accrued are made available outside Hong Kong.

Any capital gains from the sale of the Notes will not be subject to taxes in Hong Kong, except that Hong Kong profits tax may be chargeable in the case of owners of Notes who carry on a trade, profession or business in Hong Kong and such gains form part of the revenue or profits of such trade, profession or business.

Sums received by or accrued to a financial institution by way of gain or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax.

Stamp Duty

Stamp duty will not be payable on the issue of bearer Notes provided either:

- (a) such Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (b) such Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong (“**Stamp Duty Ordinance**”)).

If stamp duty is payable it is payable by the Issuer on the issue of bearer Notes at a rate of 3 per cent. of the market value of the Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of bearer Notes.

No stamp duty is payable on the issue of registered Notes. Stamp duty may be payable on the transfer of registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

- (a) the registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (b) the registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance).

If stamp duty is payable in respect of the transfer of registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the value of the consideration. If, in the case of either the sale or purchase of such registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

Estate Duty

No estate duty is payable in respect of Notes in Hong Kong.

Capital gains tax

There is no capital gains tax in Hong Kong and no capital gains tax is chargeable or payable on the transfer or disposal of the Notes.

PEOPLE’S REPUBLIC OF CHINA

Under the PRC Enterprise Income Tax Law which was promulgated by the National People’s Congress of the PRC on 16 March 2007 and became effective on 1 January 2008, an enterprise established in the PRC or in a foreign country with a “de facto management body” located within the PRC is considered a “PRC tax resident enterprise” and will normally be subject to the enterprise income tax at the rate of 25% for its worldwide income.

Under the PRC Enterprise Income Tax Law and PRC Individual Income Tax Law (which was promulgated by the Standing Committee of National People's Congress of the PRC on 30 June 2011 and became effective on the same date), if the Issuer is considered to be a PRC tax resident enterprise, interest payable to non-resident Noteholders and gains from transfer of Notes realized by such non-resident Noteholders may be regarded as income from sources within the PRC and therefore be subject to a 10% enterprise income tax if the Noteholder is a non-resident enterprise, or 20% individual income tax if the Noteholder is a non-resident individual, both to be withheld by the Issuer from the interest payments thereto. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as France, Hong Kong and Singapore, that allow a lower rate of withholding tax, such lower rate may apply to Noteholders who qualify for such treaty benefits.

If the Issuer is not considered a PRC tax resident enterprise, the holders of Notes who are not PRC residents for PRC tax purposes will not be subject to withholding tax, income tax or any other taxes or duties imposed by any governmental authority in the PRC in respect of Notes or any repayment of principal and payment of interest made thereon.

SUBSCRIPTION AND SALE

SUMMARY OF DEALER AGREEMENT

Subject to the terms and on the conditions contained in an Amended and Restated Dealer Agreement dated 25 June 2012 (the “**Dealer Agreement**”) between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

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

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

SELLING RESTRICTIONS

United States

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

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

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

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

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

violate the registration requirements of the Securities Act and the laws of certain states and jurisdictions of the United States if such offer or sale is made otherwise than in accordance with an exemption from such registration requirements.

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

Public Offer Selling Restriction Under the Prospectus Directive

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

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

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

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

United Kingdom

Each Dealer has represented and agreed that:

- (i) **Investment advertisements:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer;
- (ii) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom; and
- (iii) **Accepting Deposits in the United Kingdom:** in relation to any Notes having a maturity of less than one year from the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of FSMA by the Issuer.

France

Each of the Dealers has represented and agreed that:

- (i) Offer to the public in France

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

- (ii) Private Placement in France

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

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

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will

not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan (as defined under item 5, paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus”, as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors”, as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

People’s Republic of China

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell, directly or indirectly, any of the Notes in the PRC, except as permitted by applicable laws and regulations of the PRC.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA.

General

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

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

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

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

FINAL TERMS

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

Final Terms dated [●]

SCHNEIDER ELECTRIC SA

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

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

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

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

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

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

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 25 June 2012 [and the supplement(s) to the Base Prospectus dated [●]] which

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

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

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

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

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

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

- 5 [(ii) Tranche: [•]]
Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
- 6 Specified Denominations: [•]
[•]
- 7 [(i) Issue Date: [•]
(ii) Interest Commencement Date: [•]
- 8 Maturity Date: [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
- 9 Interest Basis: [[•] per cent Fixed Rate]
[[specify reference rate] +/- [•] per cent Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Other (specify)]
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (specify)]
- 11 Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]
- 12 Put/Call Options: [Investor Put]
[Issuer Call]
[Change of Control Put]
[(further particulars specified below)]
- 13 [(i) Status of the Notes: [Senior/[Dated/Perpetual]/ Subordinated]
(ii) [Date [Board] approval for issuance of Notes obtained: [•] [and [•], respectively]
(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]
- 14 Method of distribution: [Syndicated/Non-syndicated]
- PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**
- 15 **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]

- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [the Business Day Convention specified below¹] [*specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]²: [●] per [●] in Nominal Amount
- (iv) Broken Amount(s): [*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate*]
- (v) Day Count Fraction: Day Count Fraction should be [30/360 / Actual/Actual (ICMA/ISDA) / other]
- (vi) Determination Dates: [●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA])*)
- (vii) [Business Day Convention³: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]]
- (viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
- (ix) [Party responsible for calculating Interest Amounts (if not the Calculation Agent)⁴: [●] / [Not Applicable]]
- 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*]

¹ RMB Notes only

² Not applicable for RMB Notes

³ RMB Notes only

⁴ RMB Notes only

- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]): [•]
- (viii) Screen Rate Determination:
- Relevant Time: [•].
 - Interest Determination Dates: [[/•] [TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]]
 - Primary Source for Floating Rate: [specify relevant screen page or “Reference Banks”]
 - Reference Banks (if Primary Source is “Reference Banks”): [Specify four]
 - Relevant Financial Centre: [The financial centre most closely connected to the Benchmark - specify if not London]
 - Benchmark: [LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark]
 - Representative Amount: [Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]
 - Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]
 - Specified Duration: [Specify period for quotation if not duration of Interest Accrual Period]
- (ix) ISDA Determination:
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
 - ISDA Definitions: (if different from those set out in the Conditions) [•]
- (x) Margin(s): [+/-] [•] per cent. per annum
- (xi) Minimum Rate of Interest: [•] per cent. per annum
- (xii) Maximum Rate of Interest: [•] per cent. per annum
- (xiii) Day Count Fraction: [•]
- (xiv) Rate Multiplier: [•]
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•]

- 17 **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Amortisation Yield: [●] per cent. per annum
 - (ii) Day Count Fraction: [●]
 - (iii) Any other formula/basis of determining amount payable: [●]
- 18 **Index-Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula/other variable: [give or annex details]
 - (ii) Calculation Agent responsible for calculating the interest due: [●]
 - (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [●]
 - (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
 - (v) Interest Periods or calculation period(s): [●]
 - (vi) Specified Interest Payment Dates: [●]
 - (vii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
 - (viii) Business Centre(s): [●]
 - (ix) Minimum Rate/Amount of Interest: [●] per cent. per annum
 - (x) Maximum Rate/Amount of Interest: [●] per cent. per annum
 - (xi) Day Count Fraction: [●]
- 19 **Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/Method of calculating Rate of Exchange: [give details]

- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
- (v) Day Count Fraction: [●]

PROVISIONS RELATING TO REDEMPTION

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

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

- (i) Index/Formula/variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [•]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
- (v) Minimum Final Redemption Amount: [•]
- (vi) Maximum Final Redemption Amount: [•]

24 **Early Redemption Amount**

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

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25 Form of Notes: [Dematerialised Notes/ Materialised Notes]
(Materialised Notes are only in bearer form)
(delete as appropriate)
- (i) Form of Dematerialised Notes: [Not Applicable/ Bearer dematerialised form (*au porteur*) only/ Registered dematerialised form (*au nominatif*)]

- (ii) Registration Agent: [Not Applicable/ *if Applicable give name and details*]
(*Note that a Registration Agent must be appointed in relation to Registered Dematerialised Notes only*)
- (iii) Temporary Global Certificate: Temporary Global Certificate exchangeable for Definitive Materialised Bearer Notes on [●] (the “**Exchange Date**”), being 40 days after the Issue Date subject to postponement as provided in the Temporary Global Certificate
- (iv) Applicable TEFRA exemption: [C Rules / D Rules / Not Applicable]
- 26 Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*.
Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15 (ii), 16 (ii) and 18(ix) relates]
- 27 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
- 28 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: [Not Applicable/*give details*]
- 29 Details relating to Instalment Notes: [Not Applicable/*give details*]
- (i) Instalment Amount(s): [●]
Instalment Date(s): [●]
Minimum Instalment Amount: [●]
Maximum Instalment Amount: [●]
- 30 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [●]] annexed to the applicable Final Terms apply]
- 31 Consolidation provisions: [Not Applicable/The provisions [in Condition [●]] annexed to the applicable Final Terms apply]
- 32 Masse [Applicable/ Not Applicable/ Condition 11 replaced by the full provisions of French *Code de commerce* relating to the Masse] (*Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 11 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 11 must be waived in its entirety and replaced by the provisions of French Code de commerce relating to the Masse. If Condition 11 (as it may be amended or supplemented) applies or if the full provisions of French Code de commerce apply, insert details of Representative and Alternative Representative and remuneration, if any).*)

33 Other final terms: [Not Applicable/give details]
(When adding any other final terms or special conditions consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

34 [Any applicable currency disruption/fallback provisions:¹] [Not Applicable/give details]

DISTRIBUTION

35 (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: [•]

36 If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]

37 Total commission and concession: [•] per cent. of the Aggregate Nominal Amount

38 Additional selling restrictions: [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][•]]

40 Non-exempt offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported] (“**Public Offer Jurisdictions**”) during the period from [specify date] until [specify date] (“**Offer Period**”). See further paragraph 13 of Part B below.

[LISTING AND ADMISSION TO TRADING APPLICATION

¹ In respect of RMB Notes, consider insertion of Payment in US Dollar Equivalent provision.

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

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1 RISK FACTORS

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

2 LISTING AND ADMISSION TO TRADING

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

3 RATINGS

- Ratings: The Notes to be issued have been rated:
[Standard & Poor's: [●]]
[Moody's: [●]]
[[Other]: [●]]
[[Each of] [●] [and] [●] is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No. 513/2011, although the result of such applications has not been determined.]
[[Each of] [Standard & Poor's] [[and] Moody's] is established in the European Union and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation") as amended by Regulation (EU) No. 513/2011. As such, each of [Standard & Poor's] and [Moody's] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]
[[None of] [●] and] [●] is [not] established in the European

Union [nor has/and has not] applied for registration under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No. 513/2011.]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

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

4 [NOTIFICATION]

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

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

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

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

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

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

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

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

7 [FIXED RATE NOTES ONLY – YIELD]

Indication of yield: [•]
Calculated as [*include details of method of calculation in summary form*] on the Issue Date.
As set out above, the yield is calculated at the Issue Date on

the basis of the Issue Price. It is not an indication of future yield.]

8 [FLOATING RATE NOTES ONLY - HISTORIC INTEREST RATES

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

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

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

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

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

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

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

ISIN Code: [•]

Underlying interest rate: [•]

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

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

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

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

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

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

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

Details of settlement procedure of derivative securities: [•]

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

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

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

13 [TERMS AND CONDITIONS OF THE OFFER]

Offer Price: [Issue Price][specify]

Description of the application process: [Not Applicable/give details]

The time period, including any possible amendments, during which the offer will be open and description of the application process: [Not Applicable/give details]

Details of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants: [Not Applicable/give details]

Details of the minimum and/or maximum amount of application: [Not Applicable/give details]

Details of method and time limits for paying up and delivering securities: [Not Applicable/give details]

Manner and date in which results of the offer are to be made public: [Not Applicable/give details]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of unexercised subscription rights: [Not Applicable/give details]

Categories of potential investors to which the securities are offered and whether tranche(s) have been reserved for certain countries: [Not Applicable/give details]

Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: [Not Applicable/give details]

Details of any post-issuance information to be provided and where such information can be obtained: [Not Applicable/give details]

14 PLACING AND UNDERWRITING

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

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

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

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

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

15 OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

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

Delivery: Delivery [against/free of] payment

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

**PRO FORMA FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF SECURITIES WITH
A DENOMINATION OF AT LEAST [€50,000/€100,000] TO BE ADMITTED TO TRADING ON AN
EU REGULATED MARKET**

Final Terms dated [●]

SCHNEIDER ELECTRIC SA

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

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 25 June 2012 [and the supplement(s) to the Base Prospectus dated [●]] which [together] constitute[s] a Base Prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) [as amended by the 2010 PD Amending Directive (Directive 2010/73/EU)] (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [The Base Prospectus [and the supplement(s) to the Base Prospectus] and Final Terms are available for viewing at the office of the Fiscal Agent or each of the paying agents and on the [website of the Issuer (www.schneider-electric.com), and copies may be obtained from Schneider Electric S.A., 35, rue Joseph Monier - 92500 Rueil-Malmaison, France.]

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

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

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

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

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

- 11 Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
- 12 Put/Call Options: [Investor Put]
[Issuer Call]
[Change of Control Put]
[(Further particulars specified below)]
- 13 [(i)] Status of the Notes: [Senior/[Dated/Perpetual]/Subordinated]
[(ii)] [Date [Board] approval for issuance of Notes obtained: [●] [and [●], respectively]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes.)]
- 14 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 15 **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [the Business Day Convention specified below¹] [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]²: [●] per [●] in Nominal Amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate]*
- (v) Day Count Fraction: Day Count Fraction should be [30/360 / Actual/Actual (ICMA /ISDA) / other]
- (vi) Determination Dates: [●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA])*)
- (vii) [Business Day Convention³: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]]
- (viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]

¹ RMB Notes only

² Not applicable for RMB Notes

³ RMB Notes only

(ix) [Party responsible for calculating Interest Amounts (if not the Calculation Agent)¹: [•] / [Not Applicable]]

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*]

¹ RMB Notes only

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

- (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
- (v) Interest Periods or calculation period(s): [•]
- (vi) Specified Interest Payment Dates: [•]
- (vii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (viii) Business Centre(s): [•]
- (ix) Minimum Rate/Amount of Interest: [•] per cent. per annum
- (x) Maximum Rate/Amount of Interest: [•] per cent. per annum
- (xi) Day Count Fraction: [•]

19 Dual Currency Note Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [•]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:
- (iv) Person at whose option Specified Currency(ies) is/are payable: [•]
- (v) Day Count Fraction [•]

PROVISIONS RELATING TO REDEMPTION

20 Call Option

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): [•]

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

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

24 Early Redemption Amount

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

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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

- 27 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
- 28 Details relating to Partly Paid Notes: [Not Applicable/*give details*]
- Amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]
- 29 Details relating to Instalment Notes: [Not Applicable/*give details*]
- (i) Instalment Amount(s): [●]
Instalment Date(s): [●]
Minimum Instalment Amount: [●]
Maximum Instalment Amount: [●]
- 30 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [●]] annexed to the applicable Final Terms apply]
- 31 Consolidation provisions: [Not Applicable/The provisions [in Condition [●]] annexed to the applicable Final Terms apply]
- 32 Masse: [Applicable/ Not Applicable/ Condition 11 replaced by the full provisions of French *Code de commerce* relating to the Masse] (*Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 11 may be waived, amended or supplemented, and (ii) in respect of any Tranche of Notes issued inside France, Condition 11 must be waived in its entirety and replaced by the provisions of French Code de commerce relating to the Masse. If Condition 11 (as it may be amended or supplemented) applies or if the full provisions of French Code de commerce apply, insert details of Representative and Alternative Representative and remuneration, if any).*)
- 33 Other final terms: [Not Applicable/*give details*]
(*When adding any other final terms or special conditions consideration should be given as to whether such terms constitute a “significant new factor” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.*)
- 34 [Any applicable currency disruption/fallback provisions:¹] [Not Applicable/*give details*]

¹ In respect of RMB Notes, consider insertion of Payment in US Dollar Equivalent provision.

DISTRIBUTION

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

[LISTING AND ADMISSION TO TRADING APPLICATION

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

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1 RISK FACTORS

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

2 LISTING AND ADMISSION TO TRADING

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

3 RATINGS

Ratings: The Notes to be issued have been rated:
[Standard & Poor's: [●]]
[Moody's: [●]]
[[Other]: [●]]
[[Each of [●] [and [●]] is established in the European Union and has applied for registration under Regulation (EC) No 1060/2009, as amended by Regulation (EU) No. 513/2011, although the result of such applications has not been determined.]
[[Each of [Standard & Poor's] [[and] Moody's] is established in the European Union and registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**") as amended by Regulation (EU) No. 513/2011. As such, each of [Standard & Poor's] and [Moody's] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]
[[None of [●] and] [●] is [not] established in the European Union [nor has/and has not] applied for registration under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No. 513/2011.]

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

4 [NOTIFICATION]

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

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

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

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

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

(i) Reasons for the offer:

[●]

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

(ii) Estimated net proceeds:

[●]

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

7 [FIXED RATE NOTES ONLY – YIELD]

Indication of yield:

[●]

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

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

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

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

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

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

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

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

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

ISIN Code: [•]

Underlying interest rate: [•]

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

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

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

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

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

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

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

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

Details of settlement procedure of derivative securities: [•]

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

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

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

13 OPERATIONAL INFORMATION

ISIN Code: [•]

Common Code: [•]

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

Delivery:

Delivery [against/free of] payment

Names and addresses of additional Paying[●]

Agent(s) (if any):

GENERAL INFORMATION

- 1 Application has been made to list the Notes issued under the Programme on the official list of the Luxembourg Stock Exchange and admit such Notes to trading on the Regulated Market of the Luxembourg Stock Exchange and/or on any other Regulated Market in a Member State of the EEA.
- 2 No authorisation procedures are required of the Issuer under French law for the establishment or update of the Programme. However, any drawdown of Notes under the Programme, to the extent such Notes constitute *obligations*, requires the prior authorisation of the *Directoire* of the Issuer.
- 3 Except as disclosed in this Base Prospectus on page 79 (*No other trends likely to have a material effect*), there has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2011 and no material adverse change in the prospects or affairs of the Issuer since 31 December 2011.
- 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 2011 and 31 December 2010;
 - (iii) each Final Terms for Notes that are admitted to trading on the regulated market of the Luxembourg Stock Exchange or any other Regulated Market;
 - (iv) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus;
 - (v) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Base Prospectus.
- 8 For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available on the website of the Luxembourg Stock Exchange (www.bourse.lu):

- (i) the Final Terms for Notes that are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange;
 - (ii) the Base Prospectus; and
 - (iii) the documents incorporated by reference in this Base Prospectus.
- 9 The by-laws, reports, letters, and other documents, historical financial information, valuations and statements prepared by the Auditors or any expert at Schneider Electric's request, any part of which is included or referred to in this document, as well as Schneider Electric and the Group's historical financial information for the financial years 2011 and 2010 are available for consultation at the Company's head office (*Directoire's Secrétariat*) located at 35, rue Joseph Monier - 92500 Rueil-Malmaison, France.
- In addition to the annual report and a summary report, the Company also publishes on its corporate website, www.schneider-electric.com, Schneider Electric "In brief" presentations, a Shareholders' Letter (three times a year), and general, economic and financial information (presentations, press releases).
- 10 Copies of the latest constitutive documents (*statuts*) and annual report of the Issuer, including its consolidated accounts and non consolidated accounts and the semi-annual unaudited consolidated financial statements of the Issuer may be obtained, and copies of the Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. The Issuer does not publish interim non-consolidated financial statements.
- 11 In respect of derivatives securities as defined in Article 15.2 of Commission Regulation no.809/2004, the Final Terms will indicate whether or not the Issuer intends to provide post-issuance information concerning the underlying. If the Issuer intends to report such information, the Final Terms will specify what information will be reported and where such information can be obtained.
- 12 The Notes to be issued by the Issuer qualify under Category 2 for the purposes of Regulation S under the Securities Act ("**Regulation S**"). Notes will be issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms states that such Materialised Notes are issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**"), or (ii) such Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.
- 13 Mazars at Tour Exaltis, 61, rue Henri Regnault, 92075 La Défense Cedex, France, and Ernst & Young & Autres at Tour First – 1, place des Saisons, 92037 Paris La Défense Cedex, 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 2011 and 2010. 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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United Kingdom

Crédit Agricole Corporate and Investment Bank

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France

Deutsche Bank AG, London Branch

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1 Great Winchester Street
London EC2N 2DB
United Kingdom

Natixis
30, avenue Pierre Mendès France
75013 Paris
France

Société Générale
29, boulevard Haussmann
75009 Paris
France

The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR
United Kingdom

FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

BNP Paribas Securities Services
(affiliated with Euroclear France under number 29106)
Les Grands Moulins de Pantin
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93500 Pantin
France

LUXEMBOURG LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch

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L-2085 Luxembourg

Grand Duchy of Luxembourg

STATUTORY AUDITORS

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France

Ernst & Young & Autres

Tour First – 1, place des Saisons

92037 Paris La Défense Cedex

France

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To the Issuer

in respect of French law

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France

To the Dealers

in respect of French law

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France