

# Glossary

**Cancellation Period:** A period of time an employee has to cancel their initial agreement made during the Reservation Period. After the Cancellation Period employees cannot opt out of the plan unless an Early Exit Event occurs.

**Cash Collection:** The period between June 17 and June 30, 2008. The employee pays for the remaining balance of the shares they reserved during the Reservation Period if their investment exceeds the allowed payroll deduction limit or if they elected to pay for their entire reservation by cashier's check.

**Discounted Subscription Price:** The discounted price of a share of stock that is offered to the employees.

**Dividends:** A portion of the Company's profit, paid, when applicable, to the shareholder. In order for a company to pay dividends, the payment must be approved by a general meeting of its shareholders.

**Eligibility:** The necessary requirements that must be fulfilled in order to participate in the Employee Share Plan.

**Eligible Pay:** Your annual base pay as of March 1, 2008, plus any 2007 overtime pay, and short-term bonuses and commissions earned in 2007 and paid through March 14, 2008 for the 2007 plan year.

**ESP:** Employee Share Plan

**Euro:** The currency of France and the European Union, similar to the dollar for the United States.

**Euronext:** The pan-European stock exchange based in Paris, France. Schneider Electric stock is traded on this platform.

**Exchange Rate:** the ratio at which a unit of the currency of one country can be exchanged for that of another country.

**Expatriate:** One who has taken up residency and/or long-term employment in a foreign country.

**Holding Period:** The period of time which your investment cannot be sold or transferred unless an early exit event (death, disability, termination) occurs. The holding period ends in June 2013 under the 2008 ESP.

**Interest-free Loan:** A loan that is offered by Schneider Electric that does not charge interest and allows you to take after-tax payroll deductions for 10 months to pay for your ESP reservation.

**Investment Guarantee:** Your personal contribution is 100% guaranteed in U.S. dollars under the Leveraged Offer.

**Non-recourse Loan:** A loan that is taken out on behalf of the employee that does not have to be repaid by the employee.

**Personal Contribution:** The amount of money that the employee contributes to the Employee Share Plan.

**Price Setting:** A period of time that determines the price of a share of stock.

**Reference Price:** The undiscounted price of a share of stock that is offered to the employees. The price may be averaged or set on a particular date depending on the state in which you reside.

**Share Upside:** The amount of money that is above the subscription price per a share of stock when the stock is sold or transferred.

**Share:** A part of the capital stock of a company that is equally divided. Shareholders must own a share of stock to become a shareholder.

**Shareholder:** Someone who holds shares of a stock in a company.

**Stock:** The shares of a particular company or corporation in the form of a certificate of ownership.