

Schneider Electric 2009 Employee Share Plan U.S. Supplement

The securities offered in this U.S. Supplement have not been registered under the U.S. Securities Act of 1933, and may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act.

The date of this U.S. Supplement is March 1, 2009



We are pleased to invite you to invest in shares of Schneider Electric SA (“**Schneider Electric**” or the “**Company**”) through the 2009 Schneider Electric Employee Share Plan (the “**Plan**”). The Plan allows eligible U.S. employees to purchase newly-issued Schneider Electric SA ordinary shares (the “**shares**”) pursuant to special investment terms. The shares are traded primarily on Euronext (the “**Paris Stock Exchange**”). We refer to Schneider Electric SA and its controlled subsidiaries collectively as the “**Schneider Electric Group**” or “**Schneider Electric.**”

In this U.S. Supplement (the “**U.S. Supplement**”) you will find information about the Plan applying only to eligible **U.S. employees**. You should read it in conjunction with the **U.S. Employee Guide** and other materials made available to you, including Schneider Electric’s Annual Report for the year ended December 31, 2008. The Annual Report contains important information about Schneider Electric’s worldwide business operations, financial condition and results of operations. In addition, we have prepared and included in this U.S. Supplement, specific risks associated with an investment in the Plan.

We also encourage you to review Schneider Electric SA’s audited financial statements for the year ended December 31, 2008. Schneider Electric SA’s audited financial statements are presented in euro and are prepared in accordance with International Financial Reporting Standards (commonly referred to as “**IFRS**”). The Company also has prepared a statement describing certain risks regarding Schneider Electric’s worldwide business operations in general. The Schneider Electric 2008 Annual Report (with the audited financial statements) and the risk statement will be delivered electronically on the Schneider Electric U.S. Intranet site or in paper copies where Intranet access is not readily available. In addition, the Schneider Electric SA 2008 Annual Report is available online at Schneider Electric SA’s Internet address: <http://www.Schneider-Electric.com>.

We encourage you to carefully review all these documents before making a final decision whether or not to purchase shares pursuant to the Plan.

For further information about the offering, please contact Employee Direct or your local Human Resources Department.

Contact information for Employee *Direct*:

Employee Direct

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Summary of the Plan

What is the 2009 Employee Share Plan?

The 2009 Employee Share Plan is a special program under which eligible employees of Schneider Electric worldwide can invest in Schneider Electric SA on a favorable basis. Under the 2009 Employee Share Plan, Schneider Electric SA is offering eligible U.S. employees the opportunity to purchase Schneider Electric SA ordinary shares. The shares are being issued in a special capital increase approved by the shareholders of Schneider Electric SA and reserved for Schneider Electric employees.

How are the shares being offered under the Plan?

Under the 2009 Employee Share Plan, eligible U.S. employees may purchase shares in two separate offers: A Classic Offer and a Leveraged Offer. In the Classic Offer, you may purchase shares at a discounted price using your own funds. In the Leveraged Offer, you may purchase shares on a leveraged basis, with bank financing and a guarantee of the dollar value of the initial amount you invest. Under both the Classic Offer and the Leveraged Offer, you will generally be required to hold the shares you purchase for a period of approximately five years in an account that Schneider Electric has established with a custodian (the “**Custodial Bank**”).

Please refer to the U.S. Employee Guide for descriptions and tabular comparisons of the Classic and Leveraged Offers.

Eligibility

Who is eligible to participate in the 2009 Employee Share Plan?

You are eligible to purchase shares under the Plan if you meet each of the following conditions:

- You are currently a full-time or part-time employee on the payroll of Schneider Electric SA or any Schneider Electric subsidiary;
- You have been or will have been employed by Schneider Electric SA or a Schneider Electric subsidiary for a total of at least three months at the end of the Cancellation Period (June 9, 2009); and
- You are employed by a Schneider Electric subsidiary listed on Appendix B hereto (the “**Participating U.S. Subsidiaries**”) at the end of the Cancellation Period on June 9, 2009, and you have not received a written notice of termination at that time.

Individuals who otherwise meet the foregoing criteria, but are absent from service at the start of the Reservation Period due to an authorized leave of absence (such as short-term disability, military or family leave), are also eligible to participate. If you are not sure about your eligibility, please contact your local Human Resources Department or Employee *Direct*.

What are the eligibility rules for “expatriates” and “inpatriates”?

If you otherwise qualify and you are on the payroll of a Participating U.S. Subsidiary on June 9, 2009 for all or part of your pay, you may participate in the U.S. version of the Plan. Only your pay received from your U.S. participating employer is counted for purposes of determining the limits on your investment. If you are not receiving any pay from a Participating U.S. Subsidiary, you may not participate in the U.S. version of the Plan. It is advisable for any employee working outside his or her home country to seek independent tax advice in this matter.

Reservation and Subscription

How do I reserve shares under the Plan?

Please refer to the U.S. Employee Guide for information on the reservation and subscription process. Reservations will be handled through an on-line reservation tool. By reserving shares on-line during the Reservation Period, you will direct a Schneider Electric subsidiary (the “**Schneider Electric Affiliate**”) or the Custodial Bank (as determined by Schneider Electric) to subscribe to shares on your behalf.

The Company reserves the right to reject any reservations that are incomplete, indecipherable or not made in accordance with the relevant instructions.

How do I pay for my shares?

The U.S. Employee Guide and U.S. Payment Policy describe the payment methods available under the Plan. If you fail to make full payment for your reserved shares, the Company may take the actions described in the U.S. Payment Policy, as necessary to recover the amount you owe.

Discounted Subscription Price

How is the discounted subscription price determined?

Shares offered in the Classic and Leveraged Offers will be purchased at a 15% discount. The discounted price is referred to as the “**Discounted Subscription Price**” and will be determined as follows:

- First, we will calculate the average opening price in euro of the Schneider Electric ordinary share on the Paris Stock Exchange during the 20 trading days ending on June 1, 2009. This average opening price is referred to as the “**Average Market Price.**”
- Then, we will apply a 15% discount to the Average Market Price to determine the Discounted Subscription Price.

All these determinations will be made by Schneider Electric SA’s Management Board or by the Chairman and CEO upon delegation of the Management Board.

Will income tax apply at the time of purchase?

In general, in the Classic Offer, you will recognize taxable income for federal income and employment tax purposes when you purchase shares in 2009. The amount of income is equal to the difference between the actual fair market value and the amount that you pay for the shares.

Purchasing shares in the Leveraged Offer should not result in any federal income or employment tax at the time of purchase in 2009. See “U.S. and French Income Tax Summary” on page 13.

You are strongly encouraged to consult your personal tax advisor concerning the tax consequences of your participation in the Plan.

Special Terms of the Leveraged Offer

What happens when I purchase shares in the Leveraged Offer?

For every share you purchase in the Leveraged Offer with your own money, nine additional shares will be purchased on your behalf with funds loaned to you on a non-recourse basis (the “**Loan**”) by Calyon (the “**Lending Bank**”). Nothing herein shall be construed as a solicitation by the Lending Bank for you to enroll in the Plan.

The Loan is “non-recourse”, which means that it will be repaid only from the shares purchased, without any additional liability for you. The Lending Bank will also receive any dividends received on the shares during the life of the Loan.

In this U.S. Supplement, we refer to the amount of your out-of-pocket investment as your “**Personal Contribution**” and the amount invested on your behalf with the proceeds of the Loan as your “**Additional Investment.**”

What happens in the Leveraged Offer at the end of the Holding Period?

At the end of the Holding Period (or if there is an event requiring early exit as described later in this Supplement), generally, you will receive shares having a value equal to:

- The amount of your Personal Contribution in dollars, plus
- An amount in euro equal to 3 times the increase in value, if any, above the total Average Market Price on all of the shares purchased with your Personal Contribution.

Thus, for an out of pocket Personal Contribution equal to the price of one share, you will receive the return of your Personal Contribution plus approximately 30% (the “**Participation Percentage**”) of the gain, if any, on an investment in ten shares.

Any remaining shares purchased with your Additional Investment will be delivered to the Lending Bank in settlement of the Loan. For examples of how the amount due to you is calculated, see the U.S. Employee Guide.

Is my Personal Contribution guaranteed by the Lending Bank?

The Lending Bank will guarantee 100% of your Personal Contribution in dollars, regardless of Schneider Electric SA's share price performance during the Holding Period and regardless of changes in the euro/dollar exchange rate. If the total value in dollars of all your shares – both the shares purchased with your Personal Contribution and those purchased with your Additional Investment – is less than your Personal Contribution, you will be entitled to all of the shares. The Lending Bank will pay you in cash (U.S. dollars) the difference between your Personal Contribution and the value (in U.S. dollars) of all your shares, and you will not have to repay the Loan. Thus, your Personal Contribution is guaranteed in U.S. dollars by the Lending Bank, regardless of a decline in the value of the shares. Please read the “Risk Factors” on the last few pages of this U.S. Supplement.

Are there additional documents to sign for the Leveraged Offer in order to receive the Loan?

By reserving shares on-line during the Reservation Period, you will appoint a Schneider Electric subsidiary (the “**Schneider Electric Affiliate**”) to sign certain documents on your behalf including a promissory note (the “**Promissory Note**”) in connection with the Leveraged Offer. The Promissory Note contains the complete terms of the Loan, and it contains a pledge agreement that pledges your shares to the Lending Bank as collateral for the Loan and a dividend transfer agreement by which you transfer to the Lending Bank your right to receive dividends during the Holding Period. When the Schneider Electric Affiliate signs the Promissory Note for you, you will be legally obligated by the terms of the Promissory Note exactly as if you had signed it yourself. A summary of the terms of the Promissory Note is set forth in Appendix A. For a copy of the Promissory Note, please contact Employee *Direct*. The Schneider Electric Affiliate will have no liability under the Promissory Note. The Schneider Electric Affiliate will not be involved in the administration of the Plan and will not take any other actions or make any decisions on your behalf.

Under the terms of the Promissory Note, the Participation Percentage, the Average Market Price and/or the number of your shares may be modified to account for the occurrence of certain events during the Holding Period that have a dilutive or other effect on Schneider Electric SA's outstanding ordinary shares, including: (i) any special or exceptional dividends paid by Schneider Electric SA; (ii) any rights offerings made by Schneider Electric SA to existing shareholders or the allotment of bonus shares to Schneider Electric SA shareholders; (iii) a combination or split of the shares; or (iv) a change of control of Schneider Electric SA (see "Change of Control" on page 10). In addition, the Participation Percentage may be modified during the Holding Period in the event that changes in any applicable laws or regulations affect the amounts to be paid to the Lending Bank.

Maximum Limit on How Much You Can Invest/ Allocation of Shares

What is the maximum amount that I can invest under the 2009 Employee Share Plan?

Your investment in the Classic Offer may not exceed 25% of your eligible pay. Your investment in the Leveraged Offer may not exceed the lesser of 2.5% of your eligible pay or \$4,000.

If you participate in both offers, the 25% limit applies to the total of your investment in the Classic and Leveraged Offers. For the Leveraged Offer, the amount of your investment includes both your Personal Contribution and the Additional Investment financed by the Lending Bank. Thus, your combined investment is limited as follows:

Leveraged Offer	Classic Offer	Total Contribution
If you invest ...	Then you can invest...	Total Investment
2.5% of eligible pay	0.0% of eligible pay	2.5% of eligible pay
2.0%	5.0%	7.0%
1.5%	10.0%	11.5%
1.0%	15.0%	16.0%
0.5%	20.0%	20.5%
0.0%	25.0%	25.0%

Is there a minimum investment?

In the event you decide to participate in the Plan, the minimum amount that can be invested is equal to the subscription price of one whole share. Therefore, if you decide to subscribe to the Plan, your reservation will only be taken into account if the amount thereof enables you to subscribe for one share.

How are my eligible pay and the amount of my maximum investment determined?

Your eligible pay includes: (i) your annual base salary as of March 1, 2009, plus (ii) any 2008 overtime pay, and short-term bonuses and commissions earned in 2008 and paid through March 14, 2009. Your eligible pay is calculated before taxes and other payroll deductions and without taking account of voluntary deferrals such as contributions to a 401(k) savings plan.

All determinations made by your employer or Schneider Electric regarding the calculation of your eligible pay will be final and binding. If you have any questions regarding how your eligible pay has been determined, please consult your local Human Resources Department or Employee *Direct*.

Am I guaranteed to be allotted the number of shares that I reserve?

The U.S. offering pursuant to the Plan is part of a global offering of a maximum of approximately 2.4 million new Schneider Electric ordinary shares (which may be extended to approximately 2.9 million upon decision of the Management Board) to employees of the Schneider Electric Group throughout the world. Part of these shares will be reserved to subscriptions made within the Schneider Electric Group Savings Plan (the “PEG”) and part of it reserved to those made within the Schneider Electric International Employee Shareholding Plan.

If the number of shares requested exceeds the number of shares allocated to the PEG (which includes U.S. employees), Schneider Electric will make an allocation on the following basis:

- A “ceiling” will be calculated by dividing the maximum number of shares offered under the PEG by the number of subscribers (all offers worldwide included in this PEG);
- Orders that are equal to or below the ceiling will be served in full (provided that orders made for the Leveraged Offer in both the PEG and Schneider Electric International Employee Shareholding Plan may be satisfied up to 1.5 million shares);
- Orders that are above the ceiling will be served in full up to the ceiling amount, and on a pro rata basis above this amount, to the extent of the shares available.

In addition, if your personal reservation under the Leveraged Offer exceeds \$4,000, your reservation will be reduced to \$4,000.

The number of shares allocated to each U.S. employee will in all cases be rounded down to the next whole share, to avoid issuing any fractional shares. The determination by Schneider Electric as to the number of shares allotted to any employee shall be final and binding.

Schneider Electric anticipates that you will be informed shortly after the Cancellation Period (June 3 – June 9, 2009) of any reduction to your reservation, the amount of your investment and the number of shares allocated to you. Upon completion of the issuance of the new Schneider Electric SA ordinary shares, shares will be transferred, for your benefit, to an account at the Custodial Bank.

Holding Period of Five Years

What rules apply during the Holding Period?

As a general rule, you will not be permitted to sell or transfer the shares you purchase until the end of the five-year Holding Period. The Holding Period is required by French laws and regulations that govern the Plan, which is made under the Schneider Electric Group Savings Plan. Furthermore, one of the purposes of the Plan is to promote long-term ownership of Schneider Electric SA by its employees.

All shares that you purchase will be held for you during the Holding Period in one or more accounts at the Custodial Bank (see further information on page 12, under the heading “Custody Arrangements”). You may not withdraw from, or terminate your participation in, the Plan or withdraw shares held for your account during the Holding Period except as specifically provided in this U.S. Supplement. You may not assign or pledge your shares or any interest you may have in the Plan (other than to the Lending Bank under the terms of the Plan or to your employer under the terms of any agreement for repayment of a share purchase loan.)

During the Holding Period, you will have the same rights as other Schneider Electric SA shareholders to receive written material distributed to shareholders. You will also be able to vote your shares at meetings of Schneider Electric SA shareholders. For shares subscribed in the Classic Offer, you will have full voting rights. For shares subscribed in the Leveraged Offer, you will be able to vote on matters that are considered by French law to be “extraordinary.” For matters that are considered to be “ordinary” the voting rights on your Leveraged Offer shares will be exercised by the Lending Bank. The Lending Bank has agreed that it will exercise these voting rights in accordance with your instructions, as provided to the Lending Bank by the Custodial Bank. When your participation in the Leveraged Offer ends, any shares that you receive will benefit from full voting rights.

How is the value of the shares determined at the end of the Holding Period?

Classic Offer

The euro value of one of your shares will be determined as the closing price of the Schneider Electric SA ordinary share on the Paris Stock Exchange on the day your shares are sold by the Custodial Bank after the end of the Holding Period.

Leveraged Offer

The euro value of a share at the end of the Holding Period will equal the average closing price of the Schneider Electric SA ordinary share on the Paris Stock Exchange during the first 120 trading days from January 2, 2014 through June 23, 2014 (the **"Final Fair Market Value"**). Note that the Final Fair Market Value is an average price determined over a 120-day period and is likely to be different from the actual market value of the shares at the end of the Holding Period.

If during any of the trading days used to determine the Final Fair Market Value there is **"Market Instability"** (as defined in the Promissory Note), the closing price will be taken on the following trading day on which there is no such instability, but in no event later than July 15, 2014, after which the value shall be determined in good faith by the Lending Bank.

The euro amount obtained upon sale of your shares will be converted into U.S. dollars by the Custodial Bank on the same day the funds are received from the Lending Bank at the prevailing exchange rate in effect on that day (the **"Final Exchange Rate"**).

Early Exit Events

What is an Early Exit Event?

You, your estate or your legal representative may choose to exit the Plan (and, with respect to the Leveraged Offer, you will be required to exit the Plan) before the end of the five-year Holding Period (i.e., before June 30, 2014) if one or more of the following events (each an "Early Exit Event") occurs after the end of the Cancellation Period:

- Your death;
- Your total and permanent disability as defined in the long-term disability plan that applies to you, if any, or if no such plan applies to you, as defined by the Social Security Administration;
- Termination of your employment with the Schneider Electric Group; or
- Your purchase of a primary residence (Classic Offer only).

If the Early Exit Event is a termination of employment, then it will be deemed to take place on your last day of service, excluding any severance period. In general, in the Classic Offer, your employment will not be considered terminated following a merger, sale of your business unit or similar transaction for so long as you continue to be employed by a successor corporation, whether or not it is affiliated with Schneider Electric SA.

What happens upon an Early Exit Event?

Classic Offer

If an Early Exit Event occurs and you wish to exit the Classic Offer before the end of the Holding Period, you must provide proof of the occurrence of the Early Exit Event to your local Human Resources Department or Employee *Direct*. You may only benefit from an early exit from the Classic Offer if you request to make use of that right within six months after the occurrence of the Early Exit Event, except in the cases of death, total and permanent disability, and termination of employment, in which cases no time limit applies.

If the Early Exit Event is the purchase of a primary residence, the event will be deemed to take place on the date a binding contract to purchase a residence is signed. If the Early Exit Event is a termination of employment, then it will be deemed to take place on your last day of service excluding any severance period.

You may not reenter the Classic Offer after you have exited.

Leveraged Offer

If an Early Exit Event occurs, you must exit the Leveraged Offer before the end of the Holding Period. If such an event occurs, you must immediately notify your local human resources department or Employee *Direct*. You may be required to provide proof of the occurrence of the Early Exit Event.

In general, under the Leveraged Offer, the Early Exit Events must be interpreted to satisfy the requirements of Section 409A of the U.S. Internal Revenue Code of 1986. As a result, you will be considered disabled for purposes of the Leveraged Offer only if you are “disabled” within the meaning of that term under Section 409A. In addition, you will be deemed to have terminated employment for purposes of the Leveraged Offer if you experience a “separation from service” within the meaning of Section 409A. If you are determined to be a “specified employee” within the meaning of Section 409A, you generally may not receive any shares or cash for at least six months following your separation from service.

You may not reenter the Leveraged Offer after you have exited.

How is the value of the shares determined if there is an Early Exit Event?

Classic Offer

If you provide proof of an Early Exit Event in the Classic Offer, the value of your shares will be the market value of Schneider Electric ordinary shares on the date of sale on the Paris Stock Exchange, which will be within five business days after the Custodial Bank receives notification from the Company and verifies an Early Exit Event.

Leveraged Offer

Upon the occurrence of an Early Exit Event in the Leveraged Offer, different rules apply for determining the value of your shares (the “Intermediate Fair Market Value”) depending on when your Early Exit Event occurs and when the Custodial Bank receives notice of the event:

- Before January 1, 2014: If the Early Exit Event occurs before January 1, 2014, and the Custodial Bank receives notice of the event on or prior to the 15th day of any month, the Intermediate Fair Market Value will equal the closing price of the Schneider Electric SA ordinary share on the Paris Stock Exchange on the last trading day of that month. If the Custodial Bank receives notice of the Early Exit Event after the 15th day of any month, the Intermediate Fair Market Value will equal the closing price on the last trading day of the following month.

- On or after January 1, 2014: If the Early Exit Event occurs on or after January 1, 2014, and the Custodial Bank receives notice of the event on or prior to the 15th day of any month, the Intermediate Fair Market Value will equal the average closing price of the Schneider Electric SA ordinary share on the Paris Stock Exchange on each trading day from January 2, 2014, through the last trading day of that month. If the Custodial Bank receives notice of the Early Exit Event after the 15th day of any month, the Intermediate Fair Market Value will equal the average closing price on each trading day from January 2, 2014, through the last trading day of the following month (but no later than June 30, 2014). In either case, the closing price on the last trading day will be repeated as many times as is necessary in the average so that there are at least 120 closing prices used to determine the Intermediate Fair Market Value.

If there is Market Instability during any of the trading days provided for determining the Intermediate Fair Market Value, the closing price on the next business day on which there is no such instability will be used, within a limit of fifteen calendar days from the original trading day, after which the value shall be determined in good faith by the Lending Bank.

Who will receive my Shares in the event of my death?

In the event of your death, your shares will be transferred under the terms of your will or, if you have no will, by operation of state laws of descent and distribution.

Delivery of Shares or Cash at the End of the Holding Period or on Early Exit

After the end of the Holding Period or upon the occurrence of an Early Exit Event, do I receive shares or cash?

Before the conclusion of the Holding Period, the Custodial Bank will send you a notice (your “**Election Form**”) setting forth your options with respect to your shares. The Custodial Bank will communicate the due date or dates for submitting Election Forms and you must return your Election Form on or before the relevant due date.

Classic Offer

For shares purchased under the Classic Offer, at the end of the Holding Period or upon an Early Exit Event, you have the following two options:

1. Request the Custodial Bank to sell your shares and pay the cash proceeds to you; or
2. Retain all or part of your shares in the account at the Custodial Bank.

If you elect to have the Custodial Bank sell your shares, the euro amount obtained upon the sale will be converted into U.S. dollars on the same day the funds are received by the Custodial Bank at the exchange rate in effect on that day.

At the end of the Holding Period, if you do not return the Election Form by the due date communicated by the Custodial Bank, your shares purchased under the Classic Offer will be sold under the first option indicated above. For an Early Exit Event, if you do not elect one of the above-described options within six months after your Early Exit Event, you will not exit the Plan until the end of the Holding Period (except for death, disability, and termination of employment in which case an exit request may be filed at any time through the end of the Holding Period).

Leveraged Offer

For shares purchased under the Leveraged Offer, at the end of the Holding Period you have the following three options:

1. Request the Custodial Bank to sell your shares to the Lending Bank and direct that the cash proceeds be paid to you;
2. Retain all or part of the shares you are entitled to receive under the Leveraged Offer in the account at the Custodial Bank; or
3. Repay in cash all amounts due under the Loan that financed your Personal Contribution and receive all of the shares purchased on your behalf.

For an Early Exit Event, you have the first two options listed above.

If you elect to sell your shares to the Lending Bank (option #1 above), the euro amount obtained upon sale of your shares will be converted into U.S. dollars on the same day the funds are received from the Lending Bank at the exchange rate in effect on that day. At the end of the Holding Period, if you elect to repay in cash the amounts due under the Loan (option #3 above), you will be furnished with information regarding the amount to be paid and all relevant details concerning the required payment in July 2014. Your shares will continue to be subject to a pledge in favor of the Lending Bank and consequently will not be transferable until the Lending Bank has received payment in full.

At the end of the Holding Period, the number of shares you receive in the Leveraged Offer will be calculated by reference to their Final Fair Market Value (as defined above), as will the amount of any additional cash payment you receive pursuant to the Lending Bank's guarantee of your Personal Contribution. The Final Fair Market Value is an average price determined over a 120-day period that is likely to be different from the actual market value of the shares at the end of the Holding Period. Thus, if you elect to retain your shares and their actual value is lower than the Final Fair Market Value, the shares may be worth less than your Personal Contribution. **You should consider electing the option to sell your shares to the Lending Bank (option #1 above) if you would like to be certain that the value of the property that you receive at the end of the Holding Period will not be affected, either positively or negatively, by any such difference.**

After the end of the Holding Period or upon an Early Exit Event, your investment under the Leveraged Offer will no longer benefit from any non-recourse financing or Personal Contribution guarantee. You will bear the full market risk on any shares you continue to hold after the end of the Holding Period, even if you keep your shares in custody with the Custodial Bank.

At the end of the Holding Period, if you do not return the Election Form by the due date communicated by the Custodial Bank, your shares purchased under the Leveraged Offer will be sold to the Lending Bank under option #1 above.

For an Early Exit Event, your shares purchased under the Leveraged Offer will be sold to the Lending Bank under option #1 above, at their Intermediate Fair Market Value as defined earlier in this Supplement, unless you specifically request in writing in accordance with the terms of the Promissory Note that the Custodial Bank retain all or part of the shares you are entitled to receive under the Leveraged Offer (Option #2 above).

Dividends

Will I be entitled to dividends paid on shares subscribed in the 2009 Employee Share Plan?

Classic Offer

Dividends paid on your Classic Offer shares will be paid to you by the Custodial Bank, net of French withholding taxes. These dividends will be subject to U.S. federal taxation. See "U.S. and French Income Tax Summary" on page 13. There can be no assurance that Schneider Electric SA will pay dividends in the future, or as to the amount of any such dividends.

Leveraged Offer

Any dividends on the Leveraged Offer shares with record dates that occur during the Holding Period will be paid to the Lending Bank pursuant to the terms of the Loan. By electing to participate in the Leveraged Offer, you agree to transfer to the Lending Bank the right to receive these dividends. You should not be liable for any federal tax in respect of dividends paid to the Lending Bank. See “U.S. and French Income Tax Summary” on page 13.

If you elect to retain your shares at the end of the Holding Period or upon an Early Exit Event, rather than having the Custodial Bank sell your shares to the Lending Bank, you will be entitled to any dividend declared after the end of the Holding Period or for an Early Exit Event, after the date the Intermediate Fair Market Value is established. Dividends will be paid to you in euro on any shares that you retain. These dividends will be subject to U.S. federal taxation. See “U.S. and French Income Tax Summary” on page 13.

There can be no assurance that Schneider Electric SA will pay dividends in the future, or as to the amount of any such dividends.

Change of Control

What will happen to my shares if there is a change of control?

A change of control could result from a merger, acquisition, spin-off, split-off, split-up or similar transaction involving all or part of Schneider Electric SA. A change of control does not, in itself, result in any changes in the terms of the Plan. However, if a change of control results in changes to the share capital of Schneider Electric SA, the number of shares you own or are to receive may be adjusted or your shares may be exchanged for other shares, cash or other property. As a result of the five-year Holding Period, you may not be able to tender your shares if a third party makes a tender offer for Schneider Electric SA shares.

With respect to the Leveraged Offer, by subscribing to the Leveraged Offer, you agree that, to the extent possible, your Leveraged Offer shares will be tendered (or not tendered) in such situation in the same manner as is decided by the Supervisory Board of the “Schneider Electric International” FCPE, “Schneider International Leveraged 2009” Compartment. This is a non-U.S. collective employee shareholding vehicle used in the employee share program offered to Schneider Electric employees outside of the United States. You will be required to sign or complete any documents that may be required to cause your shares to be disposed of in this manner, and the Lending Bank will release the shares (including the right to receive dividends) to you. In return, any shares, cash or other property received by you in connection with such a transaction will be required to be held in the Plan and shall be subject to the claims of the general creditors of Schneider Electric SA until the end of the Holding Period or until an Early Exit Event. Any such change or adjustment may have tax consequences that differ from those described in this U.S. Supplement. In any such event, you will receive a notice specifying all relevant details of such transaction and the operation of the Plan following such transaction.

Administration

Who will be responsible for administering the 2009 Employee Share Plan?

Schneider Electric SA and the other members of the Schneider Electric Group will be responsible for administering the offering of shares to employees of the Schneider Electric Group throughout the world. All determinations made by Schneider Electric SA or your employer under the Plan (e.g., a determination concerning the eligibility criteria, the applicable exchange rate, calculation of the maximum amount you are permitted to invest or the number of shares allocated to you) or by the Lending Bank will be final and binding. Schneider Electric reserves the right to amend any of the terms set forth in the U.S. Employee Guide, the on-line reservation tool, and this U.S. Supplement, or to terminate the offering, at any time, except that no such amendment or termination shall be made that would adversely affect your rights in any shares that you have already purchased.

No Effect on Your Employment

Will the decision to subscribe or not to subscribe affect my employment?

Your decision whether or not to participate in the Plan is entirely personal. Your decision will have no effect, either positive or negative, on your employment with Schneider Electric.

Nothing contained in this U.S. Supplement or in any other materials distributed or made available to you in connection with the Plan shall confer upon you any right or entitlement respecting your employment. Without limiting the generality of the foregoing, nothing contained in this U.S. Supplement or in any related materials shall give you or any other employee any right to continued employment with any U.S. subsidiary of Schneider Electric SA, Schneider Electric SA itself or any other affiliate of Schneider Electric SA, or interfere in any way with the rights of your employer, subject to the terms of any separate employment agreement or of applicable law to the contrary, to at any time terminate your employment or increase or decrease your compensation from the rate in effect at any time.

Important Legal Information

Is the U.S. employee offering subject to ERISA?

The Plan is not subject to any provisions of the Employee Retirement Income Security Act of 1974 (commonly known as “**ERISA**”).

Is there a plan document for the 2009 Employee Share Plan?

The 2009 Employee Share Plan is a “compensatory benefit plan” within the meaning of Rule 701(c)(2) of the U.S. Securities Act of 1933 (the “**Securities Act**”). The U.S. Employee Guide and this document comprise the “plan document” within the meaning of that Rule. In addition, the Schneider Electric Group Savings Plan rules, to which the Plan is subject, are available on the Schneider Electric global intranet site.

Is this offering being registered with the U.S. Securities and Exchange Commission?

The shares are being offered under an exemption from registration with the U.S. Securities and Exchange Commission (“**SEC**”). As a result, the shares may not be resold in the United States without registration unless there is an available exemption from registration with the SEC.

The shares being offered for sale in the Plan have not been recommended by any federal or state securities commission or regulatory authority. Nor have any of these authorities confirmed the accuracy or determined the adequacy of this U.S. Supplement or any other materials being distributed or made available to you in connection with the Plan.

If you have any questions regarding this offering, please contact Employee *Direct* or your local human resources department.

Custody Arrangements

Who will hold my shares and keep me informed during the Holding Period?

Employees in other parts of the world who purchase shares in Schneider Electric's worldwide offering will generally be required to hold their shares through a French collective employee shareholding vehicle established under the Schneider Electric Group Savings Plan or under the Schneider Electric International Employee Shareholding Plan. Because of U.S. legal constraints, it is not possible for eligible U.S. employees to hold shares through the French collective employee shareholding vehicle. Instead, U.S. employees will hold their shares in one or more accounts that Schneider Electric will establish with the Custodial Bank. There will be separate Accounts for the Classic and Leveraged Offers (each an "**Account**"). Shares held in the Leveraged Offer Account will be pledged to the Lending Bank in connection with the financing arrangements described above.

You will receive a quarterly statement from the Custodial Bank that shows (i) the number of shares held in your Accounts, (ii) the current value of your shares in euro based on the closing price of Schneider Electric SA's ordinary shares on the Paris Stock Exchange on the last day of the statement period, (iii) with respect to the Leveraged Offer Account, the amount owed to the Lending Bank in euro under the Promissory Note; and (iv) with respect to the Leveraged Offer Account, the net value of your investment in euros, which is equal to the difference between the value of the shares in euro and the amount owed to the Lending Bank in euro.

What do I need to do to sell my shares?

For as long as your shares are held through the custody arrangement with the Custodial Bank, you should address requests regarding your shares (i) to Employee *Direct* during the Holding Period and (ii) directly to the Custodial Bank after expiration of the Holding Period.

Keep in mind you may sell shares you purchase in the Plan only after the end of the Holding Period, unless an Early Exit Event occurs.

In the event you elect to continue to hold your shares at the Custodial Bank after the end of the Holding Period or the occurrence of an Early Exit Event, you will be responsible for any fees or expenses relating to a subsequent sale or transfer of your shares.

Who is responsible for fees that are charged by the Custodial Bank?

The payment of the Custodial Bank fees for maintaining the Account, as well as certain other fees paid to the Lending Bank, are reflected in the Participation Percentage or paid by the Company. You will be charged a transaction fee for sale of your shares at the end of the Holding Period or upon an Early Exit Event. If, at the end of the Holding Period, you choose to keep your shares in custody with the Custodial Bank, you will not be responsible for any fees for maintaining the Account (until further notice) and you will owe no additional fees to the Lending Bank.

Schneider Electric reserves its right to transfer the shares into another custody account it may designate.

Am I responsible for informing my Employer of changes to my mailing address?

Yes. You are responsible for informing both your employer and the Custodial Bank of any changes to your mailing address. This is important for you to do because you will not receive a certificate at the time your shares are issued. Evidence of your purchase and ownership of shares will be in the form of statements mailed to you by the Custodial Bank.

U.S. and French Income Tax Summary

Set forth below is a general discussion of the material U.S. federal income tax and French income tax consequences to U.S. Plan participants.

This discussion assumes that you are, and shall remain until the disposal of your investment, a U.S. citizen and resident and that you are not also a resident of France. As such, you are entitled to the benefits of the Convention between the United States of America and the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital of August 31, 1994, as amended (the “**Treaty**”), under the “Limitation on Benefits” article thereof.

This discussion is based on the Treaty and current law, both of which could change at any time in a manner that could affect the tax consequences described below (possibly on a retroactive basis).

This discussion does not purport to address all aspects of U.S. federal income taxation or French income taxation that may be relevant to you in light of your personal circumstances, nor does it deal with the possible application of state, local or other tax laws.

The discussion of U.S. federal income taxation set out below was written to support the promotion and marketing of the transactions described herein. This discussion is not intended to be used, and cannot be used, by you or any other person for the purpose of avoiding United States federal tax penalties.

You are strongly urged to consult your personal tax advisor regarding the tax consequences of purchasing, holding and disposing of shares (including the possible effect of changes in tax laws) based on your particular circumstances.

Classic Offer

Taxation at the Time of Subscription

You will recognize ordinary income for U.S. federal income tax purposes at the time of subscription to the extent that the fair market value of the shares that you purchase (at the time that you receive the shares) is greater than the purchase price for the shares. This income will be reported on your 2009 Form W-2 and will be subject to withholding of federal income and employment taxes. See the Reservation and Subscription Form for information about how such taxes will be withheld by your employer.

You will not be subject to French income tax in connection with the purchase of your shares.

Taxation during the Holding Period

You will be entitled to receive any dividends paid on shares purchased in the Classic Offer during the Holding Period. The U.S. dollar amount of the dividends will be subject to U.S. federal income tax and, under the U.S. tax legislation that is currently in effect, may qualify for the reduced rate of tax applicable to long-term capital gains for taxable years beginning before 2011.

Under French domestic law, dividends paid by a French company to non-residents of France are generally subject to a 25% withholding tax.

The French withholding tax will be reduced to 15%, subject to the following filing formalities.

The withholding tax will be directly levied at the rate of 15% if you provide the paying agent prior to the distribution of the dividends with a French treasury form 5000 certified by the U.S. Tax Authorities. If not, the withholding tax will be levied at the rate of 25%, but the difference may be refunded to you, if you provide the French Tax Authorities with the forms 5000 and 5001 certified by the U.S. Tax Authorities before December 31 of the second year following the year of payment.

You may also be able to claim a foreign tax credit against your U.S. federal income taxes for all or part of the French withholding tax.

Taxation at End of Holding Period or upon an Early Exit Event

You will not be taxed at the end of the Holding Period or upon an Early Exit Event unless or until you sell, exchange or otherwise dispose of your shares. At the time that you sell or dispose of your shares you will recognize capital gain or loss for U.S. federal income tax purposes.

Your U.S. capital gain or loss will be measured by the difference between the amount you realize from the sale and your tax basis in the shares sold. Your tax basis will equal the Dollar Subscription Price you paid for the shares plus any amount that was included in your federal Form W-2 at the time of subscription with respect to the shares sold. (In effect, your tax basis will be equal to the fair market value of the shares at the time you received the shares.)

Your U.S. capital gain or loss will be long-term or short-term, depending on whether you hold the shares for more than a year from the start of your tax holding period (the “**Tax Holding Period**”) for the shares. Your Tax Holding Period will begin on the day after the day you receive your shares. Thus, your Tax Holding Period will begin on July 11, 2009.

You will not be subject to French income tax in connection with the sale or disposition of your shares.

Leveraged Offer

Although the U.S. Internal Revenue Service has issued no direct guidance on point, we believe that an investment in the Plan through the Leveraged Offer should be treated, for U.S. federal income tax purposes, as the issuance of a nonqualified stock option to a purchaser of shares. The discussion below assumes this tax characterization of the Plan.

Taxation at the Time of Subscription

Subscribing for shares in the Leveraged Offer should not result in any U.S. federal income tax or French income tax at the time of subscription.

Taxation during the Holding Period

Dividends paid on shares purchased in the Leveraged Offer will be paid to the Lending Bank during the Holding Period. You should not be subject to any U.S. federal income tax or French income tax in connection with such dividends.

Taxation at End of Holding Period or upon an Early Exit Event

In accordance with the U.S. federal income tax treatment of the Plan as a nonqualified stock option, the excess, if any, of the total fair market value of the shares (and cash, if any) you are entitled to receive at the end of the Holding Period or upon the occurrence of an Early Exit Event over your Personal Contribution in euro, converted into U.S. dollars using the exchange rate on the first date you may sell or transfer your shares (the “**Tax Value Date**”), will be treated as ordinary income for U.S. federal income tax purposes and will be reported on your federal Form W-2 for the year in which the Tax Value Date occurs. For this purpose, the fair market value of the shares you are entitled to receive will be computed using the average of the high and low Schneider Electric SA ordinary share prices on the Paris Stock Exchange on the Tax Value Date (the “**Tax Value**”). The euro amount obtained upon sale of your shares will be converted into U.S. dollars by the Custodial Bank on the same day the funds are received from the Lending Bank.

In the following example, we have made a hypothetical calculation of your taxable income assuming that you purchase two shares with your own money and that an additional eighteen shares are purchased on your behalf with funds loaned to you by the Lending Bank. We have further assumed that you continue to hold your shares until July 1, 2014, which is the first day you can sell or transfer your shares under the Plan. Finally, to simplify the calculations, we have assumed that the U.S. dollar/euro exchange rate is equal to \$1.50 = 1 euro from July 11, 2009, through June 30, 2014. For purposes of this example, we have made the following assumptions regarding the euro value (“€” is the graphic symbol of the euro) of the shares:

Average Market Price = €100/\$150

Subscription Price €85/\$127.50 (85% of the Average Market Price)

No. of Shares Purchased = 20 (i.e., 2 plus 18)

Final Fair Market Value = €140/\$210

Tax Value = €150/\$225

Under these assumptions, in order to purchase 20 shares, you would only need to make a Personal Contribution of \$255 (the remainder would be loaned to you by the Lending Bank). Accordingly, your U.S. federal taxable income reported on your Form W-2 for 2014 in respect of your participation in the Plan would be calculated by subtracting \$255 from the Tax Value (converted into U.S. dollars) of the shares received on June 30, 2014. Thus, to calculate your Tax Value, you would first calculate the number of shares you are entitled to receive on June 30, 2014. Then you would calculate the total Tax Value of those shares.

> Step 1: Calculate the number of shares and the amount of cash you are entitled to receive on June 30, 2014

$$\begin{aligned} & \text{Amount of your Personal Contribution in dollars} \\ & + [30]\% \times (\text{Final Fair Market Value} - \text{Average Market Price}) \times \# \text{ of shares purchased} \\ & \hline & = \text{Total cash value of shares you are entitled to based on Final Fair Market Value} \end{aligned}$$

$$\begin{aligned} & \$255 \\ & + [30]\% \times (\$210 - \$150) \times 20 \text{ shares} = 30\% \times \$60 \times 20 = \$360 \\ & \hline & = \$615 \text{ (2.9286 shares based on a Final Fair Market Value of \$210)} \end{aligned}$$

Thus, because fractional shares are not permitted, you would be entitled to receive 2 shares and a payment of \$195 (0.9286 x \$210).

> Step 2: Calculate the total fair market value of the shares and cash you are entitled to receive, converted into U.S. dollars on June 30, 2014

$$\begin{aligned} & \text{Total fair market value} = (\# \text{ of shares received} \times \text{Tax Value}) + \text{cash} \\ & \$645 = (2 \times \$225) + \$195 \end{aligned}$$

> Step 3: Subtract your Personal Contribution from the fair market value of the shares and cash received

$$\begin{aligned} & \$645 \text{ Fair Market Value of shares and cash received} \\ & - \$255 \text{ Personal Contribution} \\ & \hline & = \$390 \text{ taxable income} \end{aligned}$$

The above example is for illustrative purposes only and does not indicate what the value of the shares will be in the future.

If you elect to repay in cash the amount due under the Loan that financed the Additional Investment and receive all of the shares purchased on your behalf under the Plan, the amount you include in your U.S. federal taxable income will be determined in the same manner as above, except that you will be able to subtract both the amount you pay in cash to settle the Loan and your Personal Contribution from the Tax Value of the shares you receive. In the example above, you would subtract your Personal Contribution of \$255 plus the amount you would need to pay in cash to settle the Loan from \$4,500 (the Tax Value of the shares, \$225 x 20 shares) to determine your taxable income.

To the extent that you receive shares or cash with an aggregate fair market value (determined in U.S. dollars) that is less than the amount of your Personal Contribution (in U.S. dollars), you will generally recognize a loss for U.S. federal income tax purposes that will likely be capital in nature (except for the amount attributable to foreign exchange gain or loss).

In addition to the U.S. federal income tax described above, any taxable income will be subject to employment taxes. Such taxes will be withheld based on the information you provide on the Substitute W-9 Form included in your reservation. Note that your shares may not be distributed to you until such taxes are satisfied.

No French income tax will apply at the end of the Holding Period or upon the occurrence of an Early Exit Event.

Taxation upon a Subsequent Sale of the shares

If you elect to retain your shares acquired through participation in the Plan rather than selling them to the Lending Bank at the end of the Holding Period, you will recognize capital gain or loss for U.S. federal income tax purposes when you sell or exchange your shares. You will not, however, be subject to French income tax in connection with any gain derived from the sale or exchange of such shares.

Your U.S. capital gain or loss will be measured by the difference between the amount you realize upon the sale or exchange and your tax basis in the shares sold or exchanged. Your tax basis will equal the Dollar Subscription Price you paid for the shares plus any amount included in your federal Form W-2 with respect to the shares sold (if you elect to repay in cash all amounts due under the Loan which financed the original investment, the basis in your shares will include such amounts). In the example above, your tax basis in the shares distributed to you (assuming you do not repay in cash all amounts due under the Loan) would be \$225 (\$127.50 Subscription Price plus \$97.50) of taxable income attributable to the share (taxable income per share $[\$390 - \$195] / 2$ shares).

Your U.S. capital gain or loss will be long-term or short-term, depending on whether you hold the shares for more than a year from the start of your tax holding period (the “**Tax Holding Period**”) for the shares. Your Tax Holding Period will begin on the day after the first day you may sell or exchange your shares. Thus, your Tax Holding Period will begin on July 1, 2014, unless an Early Exit Event occurs.

Summary Chart

The following chart briefly summarizes the tax consequences discussed above. It is intended only for use as a quick reference and you should consult the above discussion and your personal tax advisor for more details.

Event	Tax Consequences of Classic Offer	Tax Consequences of Leveraged Offer
Share Purchase	U.S. ordinary income tax on the difference between the Discounted Purchase Price of your Classic Offer shares and the fair market value of such shares	No U.S. or French tax consequences
Dividends Paid During the Holding Period	U.S. and French tax on the amount of such dividends, though the French taxes may be used as a credit against the U.S. income tax or a deduction from your U.S. taxable income	No U.S. or French tax consequences (dividends paid to the Lending Bank)
End of Holding Period (assumes Loan is not settled in cash)	No U.S. or French tax consequences	U.S. ordinary income tax on excess of the total fair market value of the shares (in U.S. dollars) and cash you are entitled to receive over your Personal Contribution
Subsequent Sale of Shares	Taxable capital gain or loss, which will be long-term if shares are held for more than one year from the day after their acquisition date (i.e. July 10, 2009)	Taxable capital gain or loss, which will be long-term if shares are held for more than one year from the day after the first day you may sell or exchange your shares (i.e., July 1, 2014, except in the case of an Early Exit Event)

Risk Factors

In this section, we have attempted to describe those risks that we believe may be relevant to an investment in the shares being offered under the Plan. As used in this section, “we,” “our,” and “us” refer to Schneider Electric.

You should carefully consider the information contained in this section and elsewhere in this U.S. Supplement before deciding to invest pursuant to the Plan by submitting a reservation, and before deciding not to cancel your order during the Cancellation Period. You should also consider any new or additional information that you may receive from us prior to the Cancellation Period.

Any of the risks described in this section and in any new or additional information that you may receive from us could materially adversely affect our business, financial condition and results of operations and, consequently, the value of the shares. The risks described below are not the only ones we face. Additional risks not known at this time or that are now considered immaterial may also impair our financial condition and results of operations during the Holding Period.

To aid in your understanding, we have divided this section into two subsections: Risks Related to Our Business and Risks Related to Ownership of the shares and Participation in the Plan.

Risks Related to Our Business

You will be provided a current discussion of risks related to our business on the Schneider Electric U.S. intranet site if you have access to the intranet site at work. Otherwise, you may request paper copies of this discussion from your local human resources representative, and can obtain more copies by calling Employee *Direct*. This risk discussion should be read in connection with Schneider Electric SA's 2008 Annual Report. Any cross-references in the business risk discussion are to the 2008 Annual Report.

Risks Related to Ownership of the Shares and Participation in the Plan

Under the terms of the Plan, you will be required to hold your shares for five years. During this time, you will not be able to sell your shares to realize any gains or reduce any losses.

As a condition of the Plan, you will not be allowed to sell your shares for five years. This means that you must bear the risk of your investment in the shares for the full, five-year period. During this time, you will not be able to sell your shares in order to take advantage of gains if the price of the shares increases or to reduce losses if the price of the shares decreases.

The base price for the shares (the Discounted Subscription Price) in the Plan is an amount expressed in euro. In order to make the Plan available around the world, Schneider Electric has arranged for investors in the Plan in most countries to pay for their shares in the currency of their home country. In the United States, investors will pay for their shares in U.S. dollars. However, the fact that payment is accepted in home country currency rather than in euro does not protect the investor from changes in currency values.

Because Schneider Electric's the shares are denominated in euro, you will bear the risk of changes in value between the euro and U.S. dollar. Thus, if the euro appreciates in value against the U.S. dollar, the value of your investment will go up, and if the euro depreciates against the U.S. dollar, the shares may be worth less. In the Leveraged Offer, you are protected against this risk on your Personal Contribution.

The amount of appreciation in your shares you will be entitled to at the end of the Holding Period or upon an Early Exit Event (if any) will be influenced by a number of factors including the euro/U.S. dollar exchange rate at the end of the Holding Period or upon the occurrence of an Early Exit Event. In addition, if you elect to retain your shares acquired through participation in the Plan rather than selling them to the Lending Bank at the end of the Holding Period or upon an Early Exit Event, you will continue to bear the risk of currency exchange rate fluctuations until the date you sell your shares. For the Leveraged Offer only, the arrangement with the Lending Bank protects you from the risk on your Personal Contribution during the Holding Period.

The Lending Bank guarantees your Personal Contribution in the Leveraged Offer, and not Schneider Electric.

The Lending Bank will guarantee, in U.S. dollars, your Personal Contribution in the Leveraged Offer, irrespective of the performance of the Schneider Electric SA ordinary share. You should note that this guarantee is provided by the Lending Bank, and not by your employer or by Schneider Electric or any of its subsidiaries. Among other things, this means that the value of this guarantee during the Holding Period should not be affected by any degradation in the financial situation of Schneider Electric SA. However, the value of the guarantee would be affected by degradation in the financial condition of the Lending Bank. The Lending Bank has been selected to participate in the Plan in part because of its long-term financial viability, but we cannot make any guarantee regarding its future prospects.

Taxation of an investment in the Leveraged Offer may be different from that described in this U.S. Supplement.

We have been advised by outside legal counsel that participation in the Leveraged Offer should not result in any U.S. federal or French income tax at the time of subscription. We have also been advised that you should not be subject to any French or U.S. income tax in connection with dividends that are paid to the Lending Bank. We believe that these positions are reasonable in light of the positions taken by the Internal Revenue Service in similar transactions. However, we are not aware of any case in which the IRS has considered a transaction identical to this one, and thus we cannot guarantee that they will not take a different view.

U.S. holders of shares may be unable to participate in rights offerings and similar transactions in the future.

U.S. securities laws may restrict the ability of U.S. persons who hold shares to participate in certain rights offerings or share or warrant dividend alternatives which we may undertake in the future in the event we are unable or choose not to register those securities under the U.S. securities laws and are unable to rely on an exemption from registration under those laws. Although we are not currently planning any transaction of this type, we may take such actions in the future and there can be no assurance that it will be feasible to include U.S. persons in those actions. If we issue any securities of this nature in the future, the Custodial Bank may sell those securities for the benefit of the holders of the U.S. holders. We cannot offer any assurance as to the value, if any, the Custodial Bank would receive upon the sale of those securities.

Currency exchange fluctuations may adversely affect our financial results, the market for the shares and the value of dividends received by holders of the shares.

We hold assets and incur liabilities, earn income and pay expenses in a variety of currencies. Because our financial statements are presented in euro, we must translate our assets, liabilities, sales and income and expenses in currencies other than the euro into euro at the then-applicable exchange rate when we prepare our financial statements. Consequently, increases and decreases in the value of the euro, and in particular the euro's value compared to the U.S. dollar, will affect the value of these items in our financial statements, even if their value has not changed in their original currency. More specifically, an increase in the value of the euro may result in a decline in the reported value, in euro, of these items held in other currencies. To the extent that fluctuations in the value of the euro have a negative effect on our results from operations and financial condition as presented in our financial statements, it could cause the price of the shares to decline.

Because the shares are primarily quoted and traded in euro on the Paris Stock Exchange, their value to you will be affected by fluctuations in the euro/U.S. dollar exchange rate. Therefore, the value of your shares could change solely as a result of fluctuations in the value of the euro.

In addition, dividends distributed to holders of the shares will be denominated in euro. Consequently, changes in the euro/U.S. dollar exchange rate could affect the value of the dividends holders of the shares receive.

Summary of the Terms of the Promissory Note

In the Promissory Note, you and the Lending Bank agree in effect that:

- The Lending Bank will extend you a non-recourse loan for your Additional Investment.
- All of your shares will be held in the Account at Custodial Bank for the duration of the Holding Period. They will be pledged to the Lending Bank.
- The Lending Bank will receive the right to receive any dividends paid on all of your shares held during the Holding Period. This will be done through a transfer of such right (a “sale of usufruct”) to the Lending Bank.
- On June 30, 2014, or upon any Early Exit Event, some of the shares may be used to reimburse the amount of the Additional Investment loaned to you and the related financing costs. The exact number of shares used for this purpose will depend on the Final Fair Market Value or the Intermediate Fair Market Value, as the case may be. You will receive any remaining shares.
- On June 30, 2014, or upon exit due to an Early Exit Event, you will receive 100% of your Personal Contribution in dollars.
- You will under no circumstances be required to pay any further amounts, no matter how much the fair market value of the shares declines during the Holding Period (other than any transaction fees that may be charged by the Custodial Bank upon sale of your shares).
- The Participation Percentage, the Average Market Price and/or the number of shares may be modified to account for the occurrence of certain events during the Holding Period that have a dilutive or other effect on Schneider Electric SA's outstanding ordinary shares, including: (i) any special or exceptional dividends paid by Schneider Electric SA; (ii) any rights offerings made by Schneider Electric SA to existing shareholders or the allotment of bonus shares to Schneider Electric SA shareholders; (iii) a combination or split of the shares; and (iv) a change of control of Schneider Electric SA (see “Change of Control” above). In addition, the Participation Percentage may be modified during the Holding Period in the event that changes in applicable legislative, regulatory or tax laws or regulations affect the amounts to be paid to the Lending Bank in respect of the loan.
- A waiver of jury trial, which means that any dispute between the parties would be settled by a judge rather than a trial by jury.

This list is only a summary. The Promissory Note contains other important terms. A copy of the Promissory Note can be obtained by contacting Employee *Direct*.

List of Participating U.S. Subsidiaries

- American Power Conversion Corp. (and U.S. subsidiaries)
- Custom Sensors & Technology, Inc. (and U.S. subsidiaries)
- EFI Electronics Corp.
- Elau, Inc.
- Electrical South, Inc.
- Indy Lighting, Inc.
- Juno Lighting, LLC
- Juno Manufacturing, LLC
- Nu-Lec, LLC
- Pelco, Inc.
- Schneider Electric Engineering Services, Inc.
- Schneider Electric Marine Services, Inc.
- SE Relays, LLC
- Square D Company
- TAC Americas, Inc.
- TAC, LLC
- Veris Industries LLC
- Xycom, LLC
- Xantrex Technology, Inc.

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