

U.S. Payment Policy

The Schneider Electric 2008 Employee Share Plan offers eligible U.S. employees the opportunity to purchase Schneider Electric stock through a choice between two payment methods:

- An interest-free loan from your employer, to be repaid by payroll deduction; or
- Payment of the entire purchase by cashier's check before the shares are issued.

A loan is not available if you do not complete full payment of an employer loan under a prior Employee Share Plan by the end of the Cancellation Period (June 9, 2008).

You may not divide your payment between payroll deduction and a cashier's check, unless you are subject to an excess amount (as described below).

Employer Loan Repaid by Payroll Deduction

Payroll Deduction Agreement: If you wish to take an employer loan, you must accept the terms of a Payroll Deduction Agreement in the on-line reservation tool. Your employer will then pay for your subscription (up to the loan limits) when the shares are issued. The Agreement contains full details of your repayment obligation.

Loan Limits: You may borrow up to \$10,000 to purchase shares in the Plan. This limit applies whether you are subscribing to one Offer or both Offers. (For any amount above \$10,000, see below under "Payment by Cashier's Check.")

Repayment: You will repay your employer by payroll deduction, starting with your first pay period beginning on or after August 1, 2008. Your loan will be repaid by deductions from each paycheck for 10 months.

Your reservation and your Payroll Deduction Agreement become FINAL if you do not cancel your reservation during the Cancellation Period (June 3 – June 9, 2008).

You will be notified of your final loan amount after the Cancellation Period. Your loan amount will never be more than the amount you indicate in your Reservation (but it may be less to account for the purchase of whole shares only, or if the Plan is oversubscribed.)

Payment by Cashier's Check

Payment For Entire Subscription: You may choose to pay for your entire subscription by cashier's check during the Cash Collection Period (June 17 – June 30, 2008). Certified checks, personal checks, and money orders will not be accepted.

Payment Above Loan Limits: If you want to take a loan and you have subscribed for more shares than can be purchased with \$10,000 (an "excess amount"), you must pay the excess amount by cashier's check during the Cash Collection Period (June 17 – June 30, 2008). Certified checks, personal checks, and money orders will not be accepted.

Failure to Provide Cashier's Check: If you fail to provide a cashier's check for a full subscription or an excess amount, shares may not be issued for the applicable amount. If shares are issued and it is subsequently learned that you did not provide a cashier's check, your employer may initiate payroll deduction over a reasonably determined period to recoup the amount spent to purchase shares for you. Alternatively, Schneider Electric may, at its discretion, direct the sale of all or part of your shares to recover the amount you owe to your employer.

