



Good to Great 2008

Schneider Electric 2008 Employee Share Plan

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Building a New Electric World

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Agenda

- **What is the Employee Share Plan**
- **Benefits & Eligibility**
- **Offers**
- **Examples**
- **Key Dates**
- **Risks & Opportunities**
- **Questions & Answers**

The logo consists of the word "new" in white lowercase letters inside a green oval, with a superscripted "2" to its right.

**The 2008 Employee Share Plan
is intended to be a
compensatory benefit plan for
employees of Schneider
Electric and certain of its
affiliates. The Plan is being
made available in a private
offering that is exempt from
registration under the US
Securities Act of 1933.**

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What is the 2008 Employee Share Plan?

- **Special offering for eligible employees of Schneider Electric and its affiliates.**
- **Opportunity to invest in Schneider Electric shares at a discounted price.**
- **Offered to employees in 18 countries.**
- **Allows you to become shareholders or increase your ownership and invest in its future development.**
- **Company offered similar Plans in 2003, 2004 and 2007.**

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Benefits of Participating

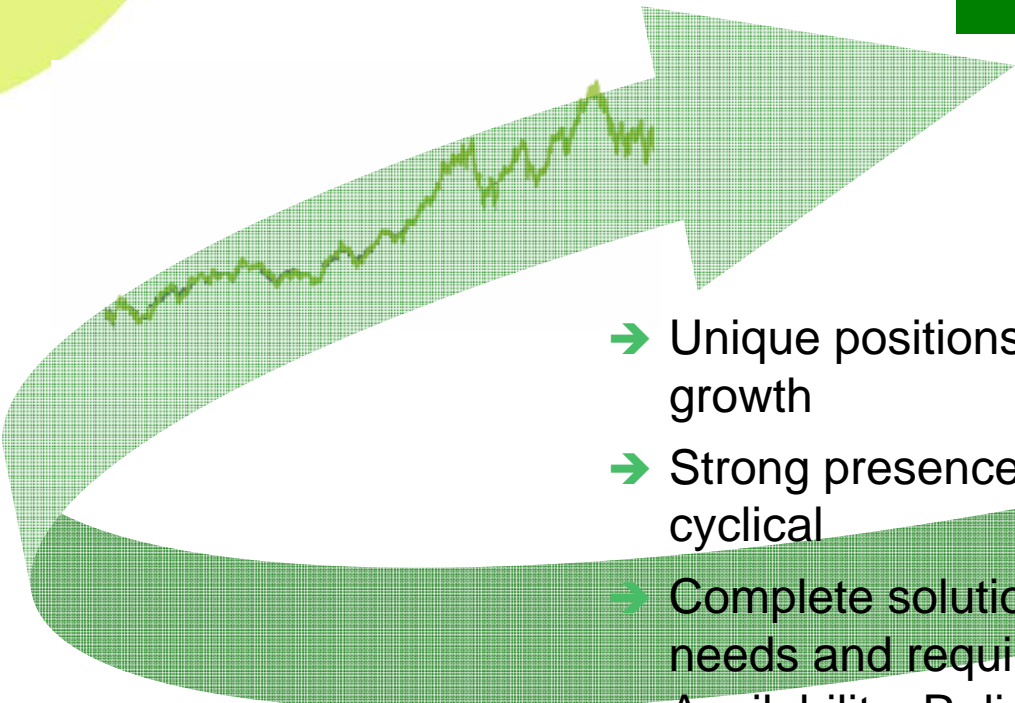
- You become a shareholder — or increase your holdings — in the Company.
- Opportunity to build wealth.
- Payment options – cashier’s check or an interest-free Company loan provided through payroll deductions.
- Approximately \$14 Million investment.

The 2008 Employee Share Plan is a convenient way to make a long-term investment in your future.



Schneider Electric Today – Excellent Performance

Our Strategy
Profitable Growth

- 
- A large green arrow pointing upwards and to the right, containing a line graph with a fluctuating upward trend.
- Unique positions in areas with high structural growth
 - Strong presence in markets that are less cyclical
 - Complete solutions, adapted to our clients' needs and requirements (Effectiveness, Availability, Reliability)

What does Schneider Electric Gain?

- As employees increase their holdings in the Company, employee commitment is strengthened and they share in the Company's long-term performance.
- Having employees as shareholders reflects a positive light on the Company in the overall marketplace and to the financial community.
- The 2008 Employee Share Plan contributes to the Company's goals of recruitment and retention by providing a potentially valuable benefit to employees.

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2008 Employee Share Plan Eligibility

- You are eligible to participate in the plan if:
 - You are currently a full-time or part-time employee of any participating affiliate of Schneider Electric;
 - You were hired on or before March 10, 2008;
 - Your employment continues until at least June 9, 2008.

- You must be on the payroll of a U.S. participating employer to subscribe under the U.S. portion of the Plan described in this presentation.

- For an anticipated leave of absence, please contact your Human Resources professional for more details.

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2008 Employee Share Plan

A green arrow pointing to the right.

→ **The Leveraged Offer**

A green arrow pointing to the right.

→ **The Classic Offer**

A green arrow pointing to the right.

→ **Combination (Leveraged + Classic) Offer**



Leveraged Offer

Offer	Receive 4.4 times any gain for every 1 share purchased.
Investment Guarantee	Your personal contribution 100% guaranteed in U.S. dollars.
Payment Method	Choice of: → payroll deductions up to \$4,500, or → paying entire reservation by cashier's check.
Holding Period	5 years
Minimum Investment	1 share
Maximum Investment	Lesser of 2.5% of eligible pay or \$4,500
Dividend Payouts	No
Taxation	Taxed on any gain at the end of the 5-year holding period (or Early Exit Event).

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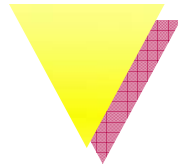
Classic Offer

Offer	Receive a 15% discount for every share purchased.
Investment Guarantee	None
Holding Period	5 years
Minimum Investment	1 share
Maximum Investment	25% of eligible pay
Dividend Payouts	Yes – Annually
Payment Method	Choice of: → payroll deductions up to \$10,000; excess amount must be paid by a cashier's check, or → paying entire reservation by cashier's check
Taxation	Taxed on discount upon purchase, and taxed on any gain after the 5-year Holding Period (or Early Exit Event).

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Which Offer is Best for Me?

Leveraged Offer

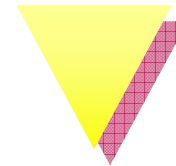


Up to 2.5% of your
eligible pay or \$4,500

BUT

A Guaranteed Protection

Classic Offer



Up to 25%
of your eligible pay

BUT

An Accepted Risk

**Leveraged, Classic or Both :
It's Your Choice!**



Example: Potential Gains/Losses

2008 Average Market price (“Share price”)	\$10.00
Discounted Subscription price (“Purchase price”)	\$8.50

	Classic Offer	Leveraged Offer
At the end of the Holding Period in 2013, if the Market Price of Schneider Electric stock is ...	Then the gain or loss on each share you buy is ...	Then the gain or loss of each share you buy is... Multiplied by the additional shares
\$8.00	You lose \$0.50 [\$8 - \$8.50 = (0.50)]	No gain or loss (100% Guarantee)
\$10.00	You gain \$1.50 [\$10 - \$8.50 = \$1.50]	No gain or loss (100% Guarantee)
\$12.00	You gain \$3.50 [\$12 - \$8.50 = \$3.50]	You gain: \$8.80 Gain per share: \$12 - \$10 = \$2 Multiplied by “leverage”: [\$2 x 4.4 = \$8.80]

Classic Offer Payout: Market Price in 2013 – Subscription Price in 2008

Leveraged Offer Payout: Market Price in 2013 – Market Price in 2008

Note:

- All figures are not actual and are shown for illustrative purposes only.
- Example does not include potential additional benefit from dividend payouts or fluctuations in the exchange rate.

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Key Dates

- | | |
|---|---------------------|
| ✓ Employee Meetings | March 11 – March 28 |
| ✓ Reserve your shares and select your payment method online | March 25 – April 18 |
| ✓ Price setting period | May 2 – May 29 |
| ✓ Price is set | May 30 |
| ✓ Cancel your reservation <i>(if desired)</i> | June 3 – June 9 |
| ✓ Pay for your reserved shares by cashier's check if applicable | June 17 – June 30 |



Reservation Period: March 25 – April 18

→ Reserve your shares during this period.

- On-line reservation tool: www.squared.com/employeedirect
- Select your payment method
- Review and accept the Reservation Terms & Conditions and the *Payroll Deduction Agreement*
- Must be **confirmed no later than 5 p.m. Central time on April 18, 2008.**

→ Eligible pay:

- Annual base pay as of March 1, 2008.
- Plus any 2007 overtime pay, and short-term bonuses and commissions earned in 2007 paid through March 14, 2008 for the 2007 plan year.

→ Schneider Electric has reserved 2 million shares for the 2008 Employee Share Plan.

- In case subscriptions exceed the allotted shares, you will be informed how the over-subscription will affect your reservation.

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Payment Options

- You may pay for your shares through after-tax payroll deductions over 10-month period or you may pay for your reservation in full by cashier's check.
- Payment method must be selected while completing your on-line reservation.
- Interest-free loans are up to \$10,000. If you select payroll deductions, you must accept the *Payroll Deduction Agreement* while completing your on-line reservation.
- Any cashier's check for your reservation must be made payable to "Square D Company."

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Price Setting: May 2 – May 29

→ **The Discounted Subscription Price (“Your price”) per Share will be determined on May 30, 2008.**

- Price is determined by the average opening price on the Paris Stock Exchange during the 20 trading days immediately preceding May 30, 2008.
- A 15% discount is applied to that price.

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Cancellation Period: June 3 – June 9

- You may cancel (revoke) your reservation during this time period.
 - On-line cancellation must be completed *no later than 5 p.m. Central time on June 9, 2008.*

- You may only cancel your reservation in its entirety.
 - For Combination Offers, you must cancel your reservation in both offers.

- After this Cancellation Period, your reservation is binding.

- After the Cancellation Period, you will be notified of the exact amount of your purchase.

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Cash Collection Period: June 17 – June 30

- **Personalized *Share Purchase Statements* will be mailed to all employees that make a reservation.**
 - If your investment exceeds \$10,000, you will receive a *Cash Collection Form* along with your *Share Purchase Statement*.

- **If you have a remaining balance after the automated payroll deductions begin, you must pay for the remaining balance by cashier's check during the Cash Collection Period.**
 - Your signed *Cash Collection Form* and cashier's check must be received by Employee *Direct* no later than 5 p.m. Central time on June 30, 2008.

- **Any outstanding amount due to the Company that is not received will be paid through payroll deductions as outlined in the *U.S. Payment Policy*.**

- **At this point, your mandatory payroll deduction authorization will be considered final.**

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Holding Period: July 2008 – June 2013

- Shares must be held for a period of approximately five years, up to and including June 2013.
- You may not sell or transfer your Shares until after June 2013.
 - “Early Exit Events” include:
 - Termination of employment;
 - Total and permanent disability;
 - Purchase of a primary residence (Classic Offer only); or
 - Death
 - **Classic Offer:** 6 months after an Early Exit Event to request an exit.
 - **Leveraged Offer:** exit the Plan as soon as possible after an Early Exit Event.
 - Your payout and tax results are calculated the same as at the end of the Holding Period.

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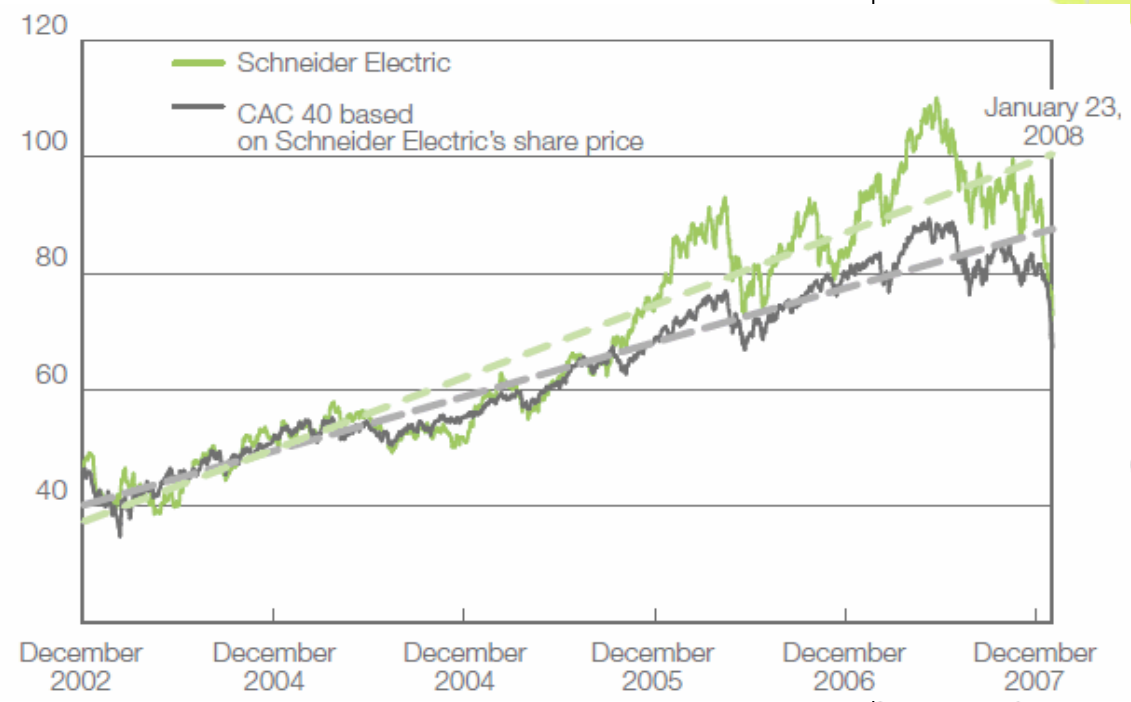
In Summary – Your Steps

- **Step 1 – Review the 2008 Employee Share Plan material.**
- **Step 2 – During the Reservation Period, decide whether or not you wish to participate.**
 - If you wish to participate, complete your reservation on-line at www.squared.com/employeedirect from March 25 – April 18, 2008.
- **Step 3 – After the Price Setting Period, decide if you wish to participate or cancel your reservation.**
 - If you wish to cancel, complete your cancellation on-line at www.squared.com/employeedirect no later than June 9, 2008.
- **Step 4 – During the Cash Collection Period, review your personalized *Share Purchase Statement* for accuracy.**
- **Step 5 – During the Cash Collection Period, send a cashier's check made payable to "Square D Company" if any amount is owed.**



In Summary ... A True Opportunity!

- Schneider Electric is an **attractive Group** to invest in
- The 2008 Plan presents two **attractive offers**
- It is **easy** to participate
- There are circumstances that allow you to **exit** the Plan before the end of the 5 years



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Your Decision

- Your decision to participate in the 2008 Employee Share Plan is entirely personal and voluntary, and will have no effect on your employment.
- Be aware that prior stock performance is not a predictor of future stock performance.
- Schneider Electric and its participating affiliates are not advising you to purchase shares or about your taxes. Schneider Electric and its participating affiliates do not give investment advice with respect to the 2008 Employee Share Plan.
- Please carefully review the written *U.S. Employee Guide* and *U.S. Supplement* for the specific details of the Plan before making a decision.

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Your Risks

- Under the Classic Offer, you bear the risk of loss of your investment in addition to the risk of currency exchange rate fluctuations.
- Because the share price is expressed in **euro**, you may have additional gain or loss when you exchange your investment proceeds, denominated in euro, into U.S. dollars under the Classic Offer.
- The gains of both the offers are subject to exchange rate fluctuations.
- The performance of this stock is not guaranteed.
- The *U.S. Employee Guide* and *U.S. Supplement* will contain a description of certain risks regarding Schneider Electric's worldwide business operations in general, and specific risks associated with an investment in the Plan.

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Additional Resources

- **2008 U.S. Employee Guide and the U.S. Supplement**
- **Visit the Schneider Electric intranet or Internet website (available March 4)**
 - <http://intranet.us.schneider-electric.com/us/depts/hr/>
 - Go to the Employee Share Plan Home Page
 - www.squared.com/employeedirect
- **Employee *Direct* Service Center located in Palatine, IL**
 - Call toll-free at 1-800-993-7638; Fax: 1-859-372-2176
 - Employee *Direct*
1415 S. Roselle Road
Palatine, IL 60067
- **Contact your Company Employee Share Plan Facilitator (as indicated on the intranet)/local Human Resources professional**

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Questions & Answers