

Press release

Schneider Electric further consolidates its global position in building automation

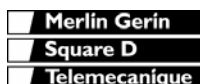
Rueil Malmaison, France - May 24, 2006 – Pursuing its strategy of selective targeted acquisitions, Schneider Electric announced today that it will acquire Invensys Building Systems operations (IBS) in North America and Asia, subject to regulatory approvals.

This acquisition follows the acquisition of Invensys Advanced Building Systems (ABS EMEA) completed in July 2005 and will be very complementary with Schneider Electric's building automation platform. IBS generated revenues of \$142 million for the fiscal year ended March 31, 2006, with operating profit of \$20 million. The company is a leading provider of building automation products and services in North America with interesting positions in Asia. IBS has over 100 years of experience in the industry and benefits from excellent reputation and renowned brands such as Barber-Colman and Com-Trol.

The market of Building Automation and Control systems represents significant growth potential for Schneider Electric. The acquisition of TAC in June 2003 enabled Schneider Electric to become a major player in this market. The subsequent merger between TAC and Andover Controls, acquired in July 2004, and the acquisition of ABS EMEA in July 2005, further re-enforced Schneider Electric's position, both in Europe and in the US. The IBS acquisition will bring significant revenue and cost synergies, forefront distribution channels and an experienced management team. IBS will significantly enlarge TAC's installed base, expand its distribution capability in North America and Asia and bring the Schneider Electric Building Automation platform to a new scale.

IBS' acquisition fits perfectly with Schneider Electric's growth strategy developed over the last 3 years. Jean-Pascal Tricoire, CEO of Schneider Electric, commented: "*IBS North America and Asia fits logically and naturally in our building automation platform. TAC and IBS teams will be joining forces to grow their business on a global scale and to bring increased benefits to their customers.*"

Subject to regulatory approvals, Schneider Electric will pay \$296 million in cash to acquire 100% of the IBS business on a cash-free debt-free basis and to obtain the benefit of a 338 (h) (10) US tax election which has a total net present value of around \$60 million. Schneider Electric expects that this acquisition will meet its Return on Capital Employed criteria within 3 years from completion.



Investor Relations
Schneider Electric
Alexandre Brunet

Phone : +33 (0)1 41 29 70 71
Fax : +33 (0)1 41 29 71 42
www.schneider-electric.com
Euroclear : 12197

Media Contact
Schneider Electric
Véronique Moine

Phone : +33 (0)1 41 29 70 76
Fax : +33 (0)1 41 29 71 95

Media Contact
DGM
Michel Calzaroni
Olivier Labesse

Phone : +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46

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About Invensys

Invensys is a global automation, controls and process solutions Group operating in more than 60 countries worldwide.

About Schneider Electric

Schneider Electric is the world's power and control specialist. Through its world-class brands, Merlin Gerin, Square D and Telemecanique, Schneider Electric anticipates and satisfies its customers' requirements in the residential, building, industry, energy and infrastructure markets. With 92,000 employees and operations in 130 countries, Schneider Electric generated sales of €11.7 billion in 2005 through 13,000 distributor outlets.

www.schneider-electric.com

About TAC

TAC is a leading provider of building automation solutions based on Open Integrated Systems for Building IT. TAC's mission is to provide added value through building environment services for indoor climate, security and use of energy, delivered with advanced technology to end users and property owners throughout the world. With over 80 years of experience in the HVAC, building automation and security areas, TAC has over 3,700 employees worldwide with partners and branches in 75 countries.

Schneider Electric: Giving the best of the New Electric World to everyone, everywhere, at any time



**Investor Relations
Schneider Electric
Alexandre Brunet**

Phone: +33 (0)1 41 29 70 71
Fax : +33 (0)1 41 29 71 42
www.schneider-electric.com
Euroclear : 12197

**Media Contact
Schneider Electric
Véronique Moine**

Phone: +33 (0)1 41 29 70 76
Fax: +33 (0)1 41 29 71 95

**Media Contact
DGM
Michel Calzaroni
Olivia Labesse**

Phone: +33 (0)1 40 70 11 89
Fax : +33 (0)1 40 70 90 46