



Financial Press Release

2006 Annual Sales: +17.6%
Record Organic Growth: +10.7%

- **High organic growth again in the fourth quarter: +10.6%**
- **Excellent performance all over Europe**
- **Positive momentum in North America**
- **Strong growth in emerging countries**

Rueil Malmaison, January 19, 2007 – Schneider Electric's annual sales amounted to **€13,730 million** in **2006**, up **17.6%** on a current structure and exchange rate basis. After sharp increases in the two previous years, **organic growth** reached a **record 10.7%** in 2006, reflecting the success of the initiatives launched under the *new²* company program.

In the **fourth quarter of 2006**, sales rose a strong **12.3%** from the year-earlier period to **€3,664 million** on a current structure and exchange rate basis.

Acquisitions (primarily IBS in Building Automation, Merten, OVA, GET and Clipsal Asia in Ultra Terminal) contributed €151 million, or 4.6% of growth for the period. The negative currency effect reduced sales by €87 million (or 2.9%), due to the dollar's weakness against the euro during the period.

On a constant structure and exchange rate basis, sales growth continued to be strong, rising by a higher-than-expected **10.6%**. Schneider Electric continued to benefit from firm demand in virtually all its end markets.

The quarter was shaped by an excellent performance in Europe, where business conditions remained on a favorable trend. This development amply offset lower growth in North America. The emerging countries again reported strong growth, of 15% on average.

The breakdown by geographical region was as follows:

€million	Q4 2006 sales	% Change (constant) quarter	Full-year 2006 sales	% Change (constant) full year
Europe	1,765	+12.1%	6,402	+9.6%
North America	921	+4.8%	3,698	+7.5%
Asia-Pacific	681	+15.6%	2,514	+15.7%
Rest of the World	297	+10.2%	1,116	+17.6%
Total	3,664	+10.6%	13,730	+10.7%



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Sales in **Europe** rose by an exceptional **12.1%** in the fourth quarter. In a buoyant environment for all of its end markets, Schneider Electric again demonstrated its ability to generate superior growth by leveraging an expanded offering, notably with the development of services.

Growth continued at a sustained pace in most countries, with a particularly strong performance during the quarter in the United Kingdom and Spain, where sales rose by more than 15%. Sales climbed by nearly 20% in Eastern Europe, led by the very active construction market.

North America recorded sales growth of **4.8%**. Firm demand in the non-residential building market offset the decline in the residential market. However, this trend has increased the proportion of sales from businesses with a longer cycle and therefore generated a timing gap in invoicing.

The **Asia-Pacific** region reached a strong performance of **15.6%**, lifted by high growth in China (over 15%), India and Southeast Asia. These countries are benefiting from the powerful momentum generated by investment in infrastructure and industry.

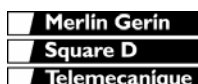
In the **Rest of the World**, sales increased by **10.2%**. This was lower than in previous quarters due to the high level of invoicing for medium voltage projects in the prior-year period. Nevertheless, sustained strong demand in the Middle East (notably from numerous infrastructure projects), Africa and South America supported the region's overall performance.

"Schneider Electric's strong organic growth over the past three years and the record performance in 2006 demonstrate the success of its growth model based on geographic expansion, technological innovation and new businesses' integration. Assuming current economic conditions, we are confident in Schneider Electric's ability to generate in 2007 an organic growth above the new² company program's target" noted Jean-Pascal Tricoire, Chairman of the Management Board and CEO.

The full-year financial results for 2006 will be presented on February 21, 2007, along with an update of the new² company program.

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

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 and energy and infrastructure markets. With 105,000 employees and operations in 190 countries, Schneider Electric generated sales of €13.7 billion in 2006 through 13,000 distributor outlets.



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Appendix

Fourth-Quarter 2006 sales by geographical region were as follows:

€million	Q4 2006 sales	% Change (constant) quarter	Changes in scope of consolidation	Currency effect	% Change (current) quarter
Europe	1,765	+12.1%	+3.4%	+0.5%	+16.0%
North America	921	+4.8%	+4.4%	-6.3%	+2.9%
Asia-Pacific	681	+15.6%	+11.0%	-5.1%	+21.5%
Rest of the World	297	+10.2%	-0.9%	-5.5%	+3.8%
Total	3,664	+10.6%	+4.6%	-2.9%	+12.3%

Full-year 2006 sales by geographical region were as follows:

€million	Full-year 2006 sales	% Change (constant) full year	Changes in scope of consolidation	Currency effect	% Change (current) full year
Europe	6,402	+9.6%	+3.8%	+0.1%	+13.5%
North America	3,698	+7.5%	+13.8%	+0.0%	+21.3%
Asia-Pacific	2,514	+15.7%	+8.4%	-0.3%	+23.8%
Rest of the World	1,116	+17.6%	-0.6%	-0.4%	+16.6%
Total	13,730	+10.7%	+6.9%	+0.0%	+17.6%



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