

November 7<sup>th</sup>, 2006**RECEIVED**

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**SECURITIES AND EXCHANGE COMMISSION**Office of International Corporate Finance  
Division of Corporation Finance  
450 Fifth Street, N.W.  
Washington, D.C. 20549OFFICE OF INTERNATIONAL  
CORPORATE FINANCE

06018330

RE: Schneider Electric S.A.  
Submission Pursuant to Rule 12g3-2(b)  
File No. 82-3706**SUPPL**

Dear Sir or Madam:

On behalf of Schneider Electric S.A. (the "Company"), we hereby submit, pursuant to Rule 12g3-2(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), a brief description of the documentation which the Company has made public pursuant to French law, filed with a stock exchange (and which was made public by that stock exchange) or distributed to its securities holders:

**PROCESSED**

Press releases:

NOV 14 2006

THOMSON  
FINANCIAL*B*

Third quarter 2006 sales: strong growth of 15.3% (Annex 1),  
Schneider Electric acquires American Power Conversion and becomes  
a global leader in critical power (Annex 2).

Information published in the BALO:

- Consolidated turnover for the third term 2006, BALO n° 132 published on 3 November 2006 (no English translation available).

Presentation:

- APC acquisition: Schneider Electric becomes a global leader in critical power (Annex 3).

Pursuant to Rule 12g3-2(b)(4), these materials are not deemed "filed" with the Commission or otherwise subject to the liabilities of Section 18 of the Exchange Act. Furthermore, pursuant to Rule 12g3-2(b)(5), submission of these materials does not constitute an admission for any purpose that the Company is subject to the Exchange Act.

*Deu 11/13*

/ Merlin Gerin

/ Square D

/ Telemecanique

**Schneider Electric SA**Société anonyme à directoire et conseil de  
surveillance au capital de 1 812 953 816 €  
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542 048 574 RCS Nanterre

Siret : 542 048 574 01775

Code APE 741 J

N° ident TVA : FR 01 542 048 574

Please do not hesitate to contact the undersigned (collect) at 33.1.41.29.88.33 if you have any questions in respect of this matter. Finally, I would greatly appreciate your acknowledging receipt of this letter and the enclosure by stamping the enclosed copy of this letter and returning it to me in the enclosed self-addressed, stamped envelope.

Very truly yours,



Secretary of the Board  
Mr Philippe BOUGON

## Financial Press Release

OFFICE OF INTERNATIONAL  
CORPORATE FINANCE

### Third-Quarter 2006 Sales Strong Growth of 15.3%

- Continued sustained organic growth of 9.9%
- Favorable dynamics in Western Europe
- Firm demand in North America
- Excellent performance in emerging countries

Rueil Malmaison, October 24, 2006 – Sales for the third quarter of 2006 totaled **€3,480 million**, up a strong **15.3%** on a current structure and exchange rate basis from the year-earlier period.

Acquisitions (primarily Juno Lighting, BEI Technologies, Merten and Clipsal Asia) contributed a significant **€216 million**, or **7.1%** of growth for the period. The negative currency effect reduced sales by **€47 million** (or **1.7%**), reflecting the euro's relative weakness in the second half of 2005.

On a constant structure and exchange rate basis, sales growth, at **9.9%** in third-quarter 2006, is remarkable taking into account a more demanding basis of comparison. In the year-earlier period, business began to pick up sharply as of September, notably in North America.

Schneider Electric benefited also from a higher-than-expected demand in Western Europe and continued to achieve excellent performance in emerging countries. With an average sales increase of **17%**, these countries generated more than **50%** of the Group's organic growth during the period.

Schneider Electric aggregate sales for the first nine months ended **September 30, 2006** rose **19.6%** to **€10,066 million**, representing a **10.8%** increase on a constant structure and exchange rate basis, from the year-earlier period.

The breakdown by geographical region was as follows:

€ million	Q3 2006 sales	% Change (constant) quarter	Nine-month 2006 sales	% Change (constant) nine months
Europe	1,570	+8.7%	4,637	+8.6%
North America	959	+5.6%	2,777	+8.5%
Asia-Pacific	666	+15.0%	1,833	+15.8%
Rest of the World	285	+19.6%	819	+20.6%
<b>Total</b>	<b>3,480</b>	<b>+9.9%</b>	<b>10,066</b>	<b>+10.8%</b>



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## Financial Press Release (p. 2)

In **Europe**, sales rose 8.7% during the quarter, confirming the rate of growth seen in the first half. Thanks to continuous enhancements in its product portfolio and customer service capabilities, Schneider Electric is benefiting fully from powerful momentum in its end markets.

The clear upturn in capital spending in the industry and non-residential building markets continued across virtually the entire region, with growth of more than 10% in Northern Europe, Spain and Italy. Sales increased by more than 20% in Eastern Europe, lifted by the Group's action plans in a particularly buoyant environment.

In **North America**, sales growth of 5.6% was impacted by a higher basis of comparison than in the previous quarters. Nevertheless, the business trend remained solid, with strong demand in all non-residential construction segments amply offsetting the residential market's slowdown. Services and energy management continued to expand sharply.

Sales in the **Asia-Pacific** region continued to increase at fast pace, up 15.0%. After making up for low invoicing volumes in the second quarter, operations in China were able to report growth in excess of 15% for the first nine months. Schneider Electric pursued its intensive development in India, where sales expanded by nearly 35% in the third quarter. Sales in the other Asian countries increased strongly against a backdrop of very favorable regional environment.

In the **Rest of the World**, sales gained 19.6% compared with nearly 20% in third-quarter 2005. This remarkable performance reflects ongoing expansion in the oil and mining industries in the Middle East, South America and Africa, coupled with Schneider Electric's high-quality positions in those regions.

\*\*\*\*\*

*"Schneider Electric growth model based on geographic expansion, technological innovation and new businesses' integration allows us to offer more comprehensive solutions to our customers all around the world and to fully benefit from the long-term growth drivers of our industry, such as growing needs for electrification and energy savings" noted Jean-Pascal Tricoire, Chairman of the Management Board and CEO. "Assuming current economic conditions, Schneider Electric anticipates organic sales to grow around 10% for full-year 2006 and confirms its target of operating income to increase by around 25%, given the trend in the business mix and ongoing investments in our growth model."*

\*\*\*\*\*

**Fourth-quarter sales data will be released on January 19, 2007 and 2006 full-year financial results will be presented on February 21, 2007.**

### **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 92,000 employees and operations in 190 countries, Schneider Electric generated sales of €11.7 billion in 2005 through 13,000 distributor outlets.*



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## Financial Press Release (p. 3)

### Appendices

#### Third-quarter 2006 sales by operating division

€ millions	Sales 3 <sup>rd</sup> quarter 2006	% Change 3 <sup>rd</sup> quarter Constant	Change in structure	Currency effect	% Change 3 <sup>rd</sup> quarter Current
Europe	1,570	+8.7%	+3.7%	-	+12.4%
North America	959	+5.6%	+14.3%	-3.0%	+16.9%
Asia – Pacific	666	+15.0%	+8.7%	-3.4%	+20.3%
Rest of the world	285	+19.6%	-0.7%	-3.5%	+15.4%
<b>Total</b>	<b>3 480</b>	<b>+9.9%</b>	<b>+7.1%</b>	<b>-1.7%</b>	<b>+15.3%</b>

#### Nine-month 2006 sales by operating division

€ millions	Sales Nine months 2005	% Change Nine months Constant	Change in structure	Currency effect	% Change Nine months Current
Europe	4,637	+8.6%	+3.9%	-	+12.5%
North America	2,777	+8.5%	+17.8%	+2.7%	+29.0%
Asia – Pacific	1,833	+15.8%	+7.4%	+1.4%	+24.6%
Rest of the world	819	+20.6%	-0.6%	+2.0%	+22.0%
<b>Total</b>	<b>10,066</b>	<b>+10.8%</b>	<b>+7.7%</b>	<b>+1.1%</b>	<b>+19.6%</b>



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## Press Release

### **Schneider Electric acquires American Power Conversion and becomes a global leader in critical power**

Rueil Malmaison, France, October 30, 2006

1 / Schneider Electric and American Power Conversion (APC) have entered into a definitive merger agreement under which Schneider Electric will acquire all outstanding shares of APC for an enterprise value of approximately US\$5.5 billion. The price per share is US\$31 and will be paid in cash for a total amount of approximately US\$6.1 billion.

The Board of Directors of APC has approved this transaction. The Supervisory Board of Schneider Electric, following dedicated working sessions, fully supported the Management Board to pursue this transaction.

2 / By acquiring a global leader in the critical power market, and combining it with its subsidiary MGE UPS Systems, Schneider Electric becomes a pre-eminent worldwide company in the sector.

3 / The critical power market enjoys a fast and sustainable long-term growth. This growth is driven by the need for power supply continuity in an increasing number of critical applications, concerns regarding reliability of the power grid and development of digital information traffic. Critical power is at the heart of one Schneider Electric's core business: electrical distribution, of which it is the fastest growing segment.

4 / APC, which is a global leader of critical power with approximately US\$2 billion in sales in 2005 and 7,600 employees, has enjoyed 12 consecutive quarters of double digit sales growth. APC has 52% of its sales in the US, 30% in Europe and 18% in Asia where it has a strong manufacturing base.

APC is a global leader in small and medium uninterruptible power supply (UPS) systems (representing approximately 74% of APC sales). The company also enjoys among the fastest growth rate in the industry in large UPS systems (more than 30% per year). This strong growth in large UPS has required significant investments which have negatively impacted APC's operating margin (9.4% in 2005). Thanks to its experience in this industry through MGE UPS Systems, Schneider Electric is very confident it can rapidly improve APC's profitability on a going forward basis.

5 / The APC acquisition is expected to result in significant value creation in excess of US\$3 billion arising from the turnaround in large UPS systems, the strong complementary characteristics with MGE UPS Systems as well as the synergies with Schneider Electric's product offering.

The combination of both companies will:



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- Generate significant synergies (including, among other things, purchasing, R&D, support functions, sales, services) estimated at around US\$220 million, of which 70% are anticipated to be achieved by 2009 ;
- Leverage significant R&D programs and APC's innovative architecture ;
- Accelerate the profitability improvement of large UPS systems thanks to MGE's strengths in services ;
- Provide customers with the broadest products and services offering ;
- Benefit from complete geographical coverage as well as significant production capacity in Asia ;
- Provide customers with critical power, electrical distribution and building automation solutions.

Both management teams share the same vision of convergence, turnaround and future development.

6 / This transaction is anticipated to be accretive to Schneider Electric EPS from 2007 and to meet Schneider Electric's three year ROCE criteria for acquisitions.

The price per share offered by Schneider Electric represents a 30% premium to APC's closing price as of October 27, 2006.

The Board of Directors of APC has recommended its shareholders to approve this transaction, which it believes is in the best interest of all its shareholders. Rodger B. Dowdell (Chairman of the Board of APC) and Neil E. Rasmussen (Chief Technical Officer of APC), who together hold 9.6% of APC shares, have committed to vote in favor of the merger.

This transaction is subject to regulatory approvals and the approval of at least 2/3 of APC shares outstanding. Employee representatives will be informed.

7 / Through this transaction, Schneider Electric continues the re-leveraging of its balance sheet consistent with its new<sup>2</sup> program commitments. The transaction will be financed through a mix of cash available, debt and a capital increase of approximately €1.2 billion.

The transaction is expected to close in the first quarter of 2007.

Jean-Pascal Tricoire, Chief Executive Officer of Schneider Electric, said: « *This acquisition is a significant strategic move for the company. It allows us to greatly strengthen Schneider Electric in the fastest growing segment of our core business: electrical distribution. We expect this transaction to generate significant value by leveraging the unique complementary strengths of the two companies. Thanks to our knowledge of the sector through MGE UPS Systems, we are very confident in our ability to achieve this value creation. Finally, the re-leveraging of our balance sheet is consistent with our prior commitment.* »



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## Press Release (p. 3)

Rob Johnson, President and Chief Executive Officer of APC, said: « *This combination provides excellent value for our shareholders. Schneider Electric has a well-deserved reputation as an international leader in our industry and is an ideal partner for APC. Both companies have a dedication to innovation and customer service that would make our combined enterprise an even stronger, more competitive player in the industry. We look forward to the unique benefits this partnership will bring to our customers and employees.* »

Claude Graff, President of MGE UPS Systems, said : « *The combination of our companies will create a unique portfolio of products, services and solutions in the sector and opens new prospects of development for the combined entity.* »

In connection with the transaction, Lazard and Merrill Lynch & Co are acting as financial advisors to Schneider Electric, and Cravath, Swaine & Moore LLP is acting as its legal counsel. Goldman Sachs & Co is acting as financial advisor to APC and Clifford Chance US LLP is acting as its legal counsel.

### **About American Power Conversion**

*Founded in 1981, American Power Conversion (Nasdaq: APCC) (APC) is a leading provider of global, end-to-end solutions for real-time infrastructure. APC's comprehensive products and services for home and corporate environments improve the availability, manageability and performance of sensitive electronic, network, communication and industrial equipment of all sizes. APC offers a wide variety of products for network-critical physical infrastructure including InfraStruXure®, its revolutionary architecture for on-demand data centers, as well as physical threat management products through the company's NetBotz® division. These products and services help companies increase the availability and reliability of their IT systems. Headquartered in West Kingston, Rhode Island, APC reported sales of \$2 billion for the year ended December 31, 2005, and is a Fortune 1000, Nasdaq 100 and S&P 500 Company. All trademarks are the property of their respective owners.*

### **About Schneider Electric**

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### **Additional information about the transaction and where to find it**

APC will file a proxy statement with the U.S. Securities and Exchange Commission (SEC) in connection with the proposed transaction. Investors and security holders are urged to read the proxy statement regarding the proposed transaction referred to in this communication, when it becomes available, because it will contain important information. Investors and security holders may obtain a free copy of the proxy statement (when it is available) and other documents filed by APC with the SEC at the SEC's website at [www.sec.gov](http://www.sec.gov). The proxy statement (when it is available) and these other documents may also be obtained for free from APC by directing a request to American Power Conversion Corporation, 132 Fairgrounds Road, West Kingston, Rhode Island 02892, Attention: Investor Relations (telephone 401-789-5735), or from APC's website at [www.apcc.com](http://www.apcc.com). APC, Schneider Electric and their respective directors, executive officers and other employees may be deemed to be participating in the solicitation of proxies from APC shareholders in connection with the approval of the proposed transaction. Information about APC's directors and executive officers is available in APC's proxy statement, dated April 19, 2006, for its 2006 annual meeting of shareholders. Information about Schneider Electric's directors and executive officers is available from its 2005 Annual Report, which can be obtained for free from its website at [www.schneider-electric.com](http://www.schneider-electric.com), and will also be available in a Schedule 13D to be filed by Schneider Electric with the SEC. Additional information about the interests of potential participants will be included in the proxy statement APC will file with the SEC.

### **Forward-looking statements**

This document may contain forward-looking statements. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of Schneider Electric or American Power Conversion and the estimates given here. These factors include the inability to obtain necessary regulatory approvals on anticipated terms; the inability to integrate successfully American Power Conversion within Schneider Electric or to realize synergies from such integration; costs related to the acquisition of American Power Conversion; the economic environment of the industries in which Schneider Electric and American Power Conversion operate; and other risk factors discussed in Schneider Electric's public reports registered with Autorité des Marchés Financiers and in American Power Conversion's public reports filed with the SEC (including American Power Conversion's Annual Report on Form 10-K). Schneider Electric assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.



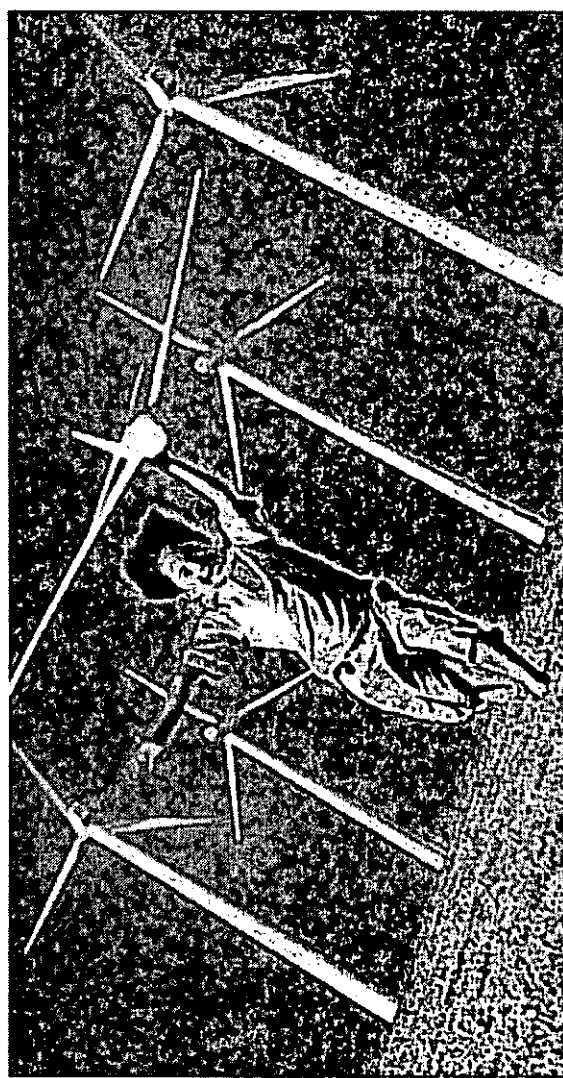
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# APC acquisition: Schneider Electric becomes a global leader in Critical Power



- / Merlin Gerin
- / Square D
- / Telemecanique

October 30, 2006

**Schneider**  
  
**Electric**

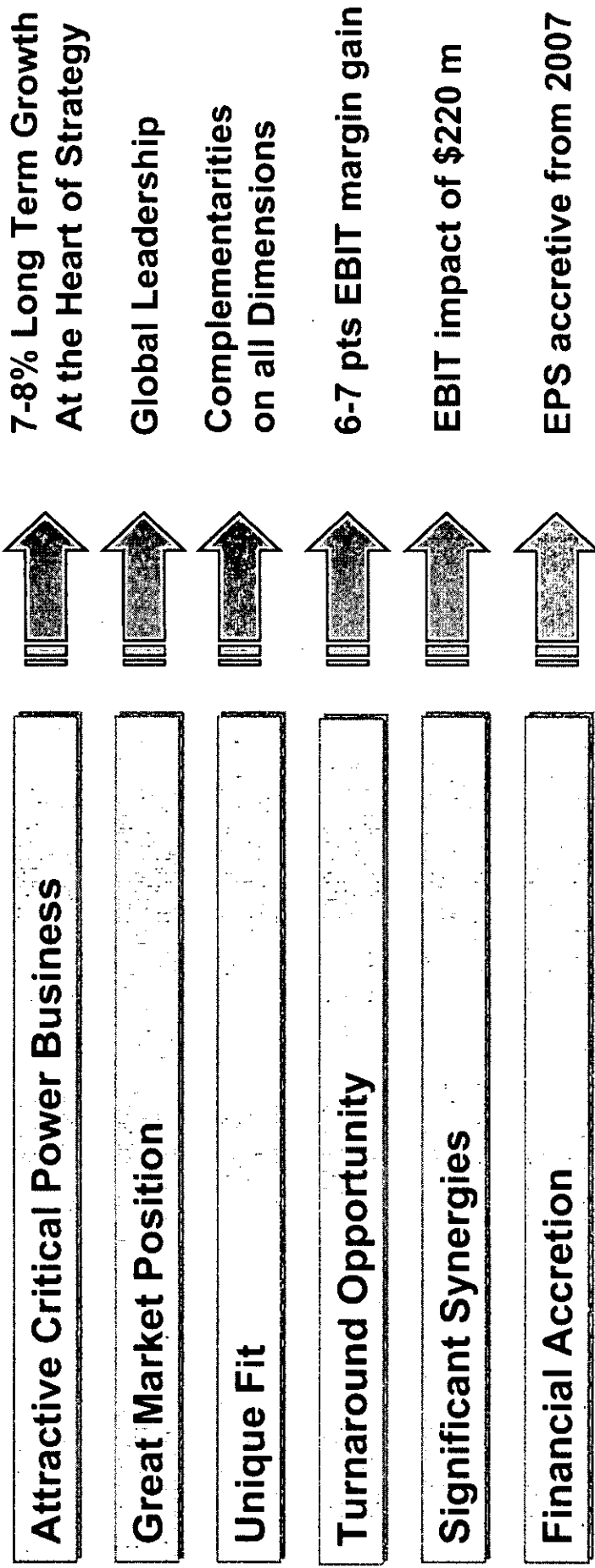
*Building a New Electric World*

# Acquisition of APC for \$31 per share corresponding to an enterprise value of around \$5.5 bn



## Major Strategic Move

Gain global leadership in critical power  
Strengthen leadership in electrical distribution



## Value Creation Above \$3 bn



# Strategic Intent

APC presentation

Unique fit

Value creation

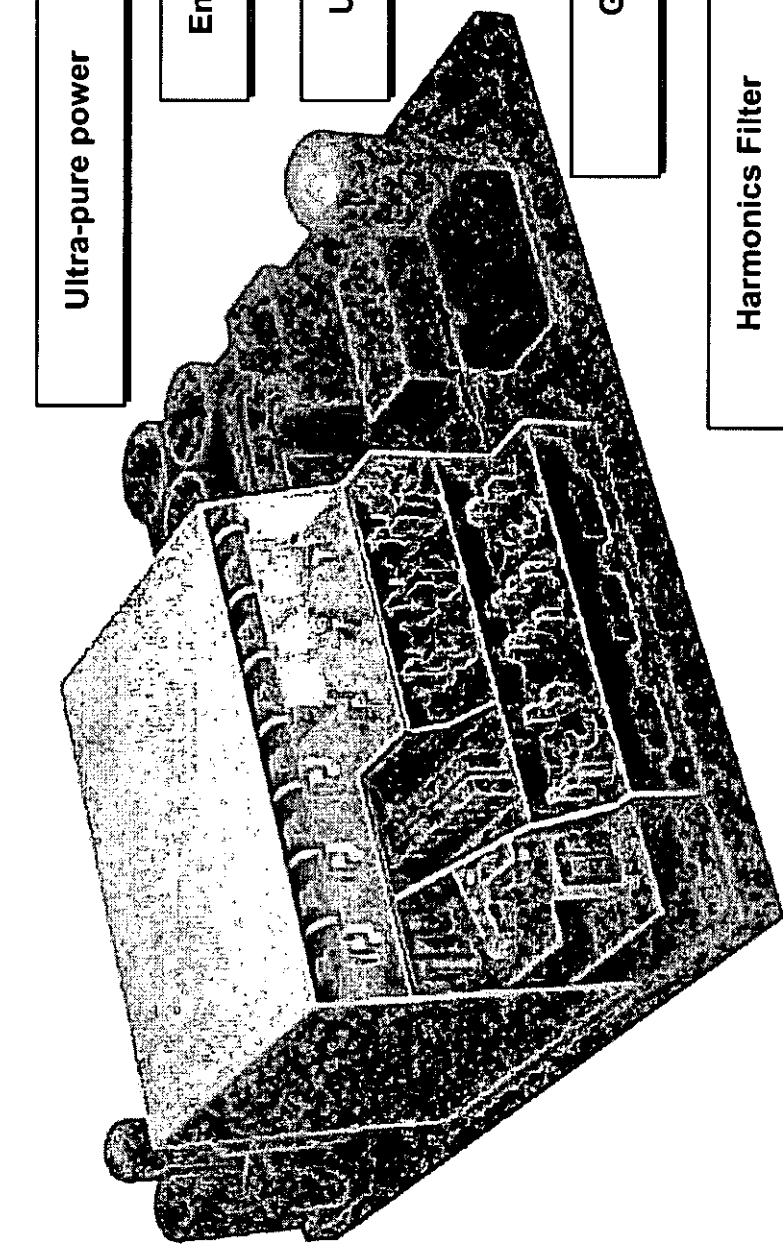
Financing

Transaction

# Examples of customer application: Manufacturing: semiconductor plant



**Services**  
architecture engineering, Installation auditing,  
e-monitoring and analysis, training & maintenance



- Advanced process control
- Building automation
- Automatic transfer switches
- UPS systems

- Ultra-pure power
- Energy management
- Utility monitoring
- Gensets

Redundant electrical  
distribution systems

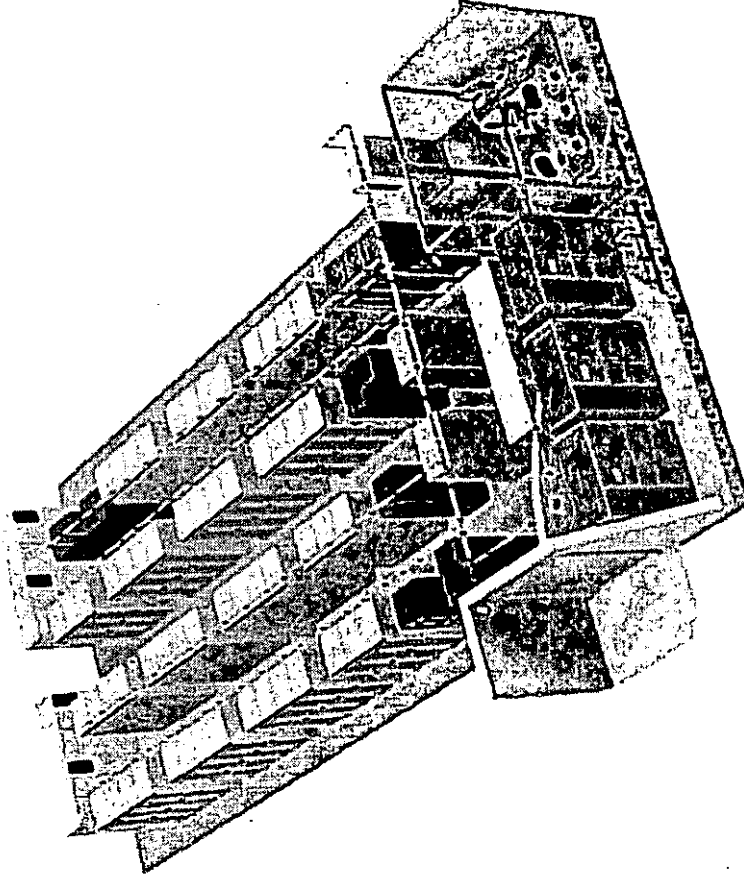
Harmonics Filter

# Examples of customer application: Data center



## Services

architecture engineering, Installation auditing, e-monitoring and analysis, training & maintenance



Utility Switchgear

Emergency Switchgear

UPS/Gear

PDU

Genset

Energy management

Harmonics Filter

SCADA interface

Transient Voltage Surge Suppressor

Generator Paralleling Switchgear

Automatic Transfer Switch

Static Transfer Switch

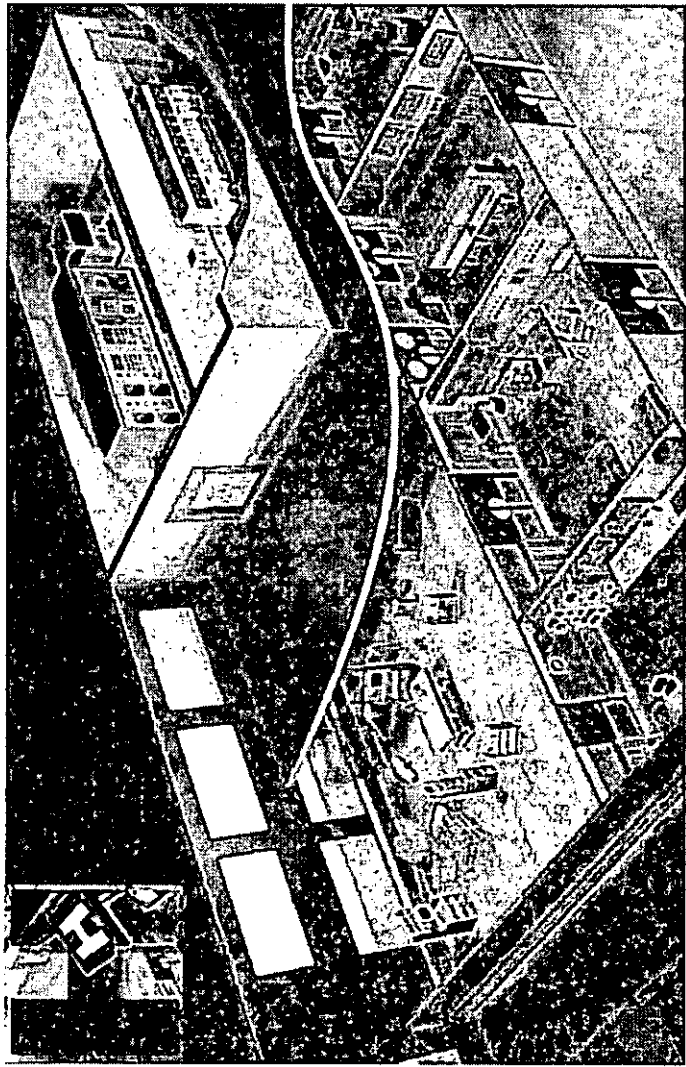
# Examples of customer application: Hospital



## Services

architecture engineering, Installation auditing,  
e-monitoring and analysis, training & maintenance

Electrical distribution



Climate and lighting control

Security and access control

Multi-site remote management

Cable management & Ultra Terminal

Automatic transfer switch

UPS systems

Voice Data Image

Ward units systems

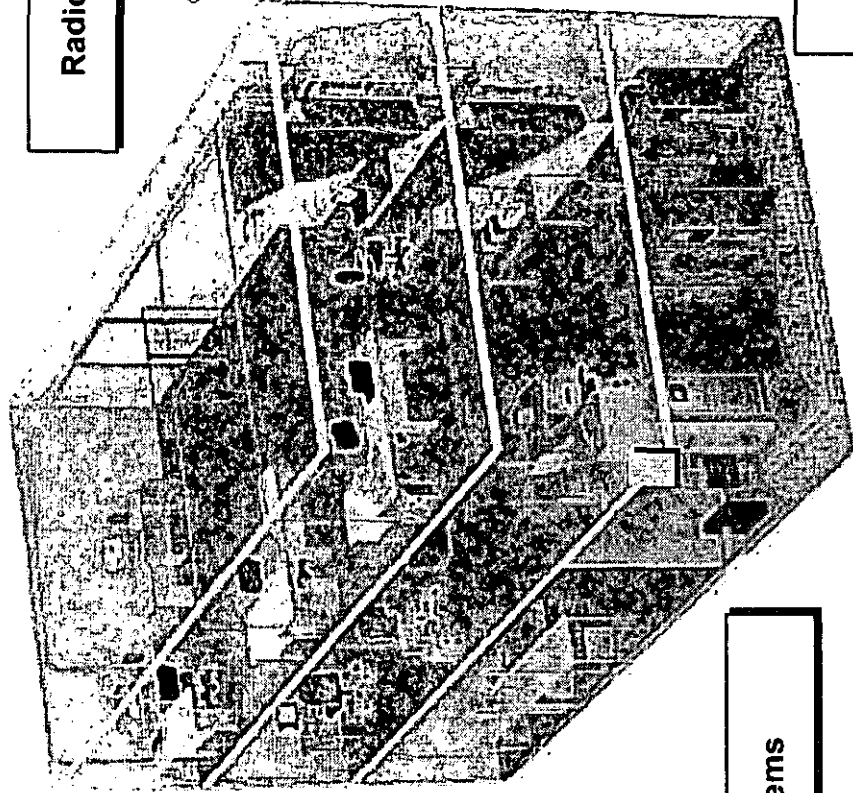
Nurse call systems

# Examples of customer application: Enterprise networking



## Services

Installation auditing, e-monitoring and analysis,  
maintenance



Voice-Data-Image

Cable management  
& Ultra Terminal

UPS systems

Radio transmission

Power Line Carrier

Climate and lighting control

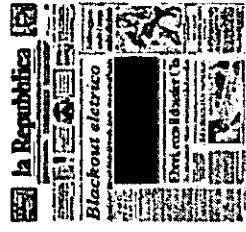
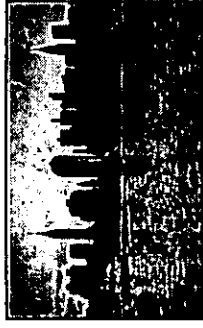
Building automation

Electrical distribution



# Critical Power is an increasing issue for a growing number of customers

→ Power supplied by utilities is insufficiently reliable



- Availability
- Quality

→ Power quality and reliability is more and more critical to an increasing number of applications

- Increasing number of sensitive applications: hospitals, industrial processes, IT & telecom
- Risk of significant business losses from a power interruption or quality default

→ Data storage and digital information traffic are rising


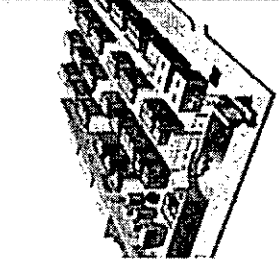
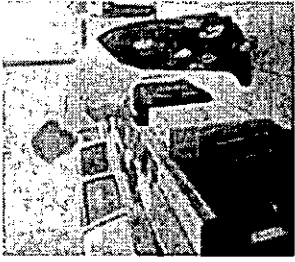
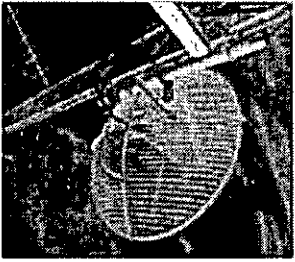

→ A critical power installation is based on a sophisticated, reliable & redundant electrical distribution architecture

→ A set of professional services is key for customers during the life cycle

Cost of 1 hour downtime	
Stock-market transactions	€6.5 m
Semi-conductors	€3.8 m
Banking-card transactions	€2.5 m
Automotive	€1.0 m

# Critical Power addresses a growing number of diversified vertical segments

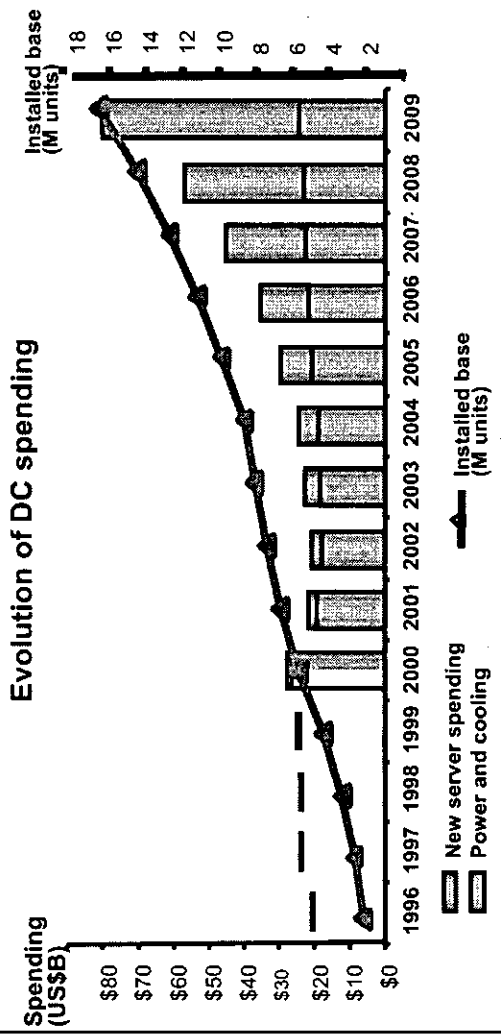
## Segmentation of the UPS market (in 2005 and \$bn)

Market 2005 (Total \$7 bn)	Segmentation	Market Share	LT Growth
Market 2005 (Total \$7 bn)	Process & Infrastructures 	20 %	8 - 10%
	Data Centers 	40 %	6 - 8%
	Enterprise Networking 	20 %	6 - 8%
	Telecom 	10 %	5 - 7%
	Consumer 	10 %	4 - 6%

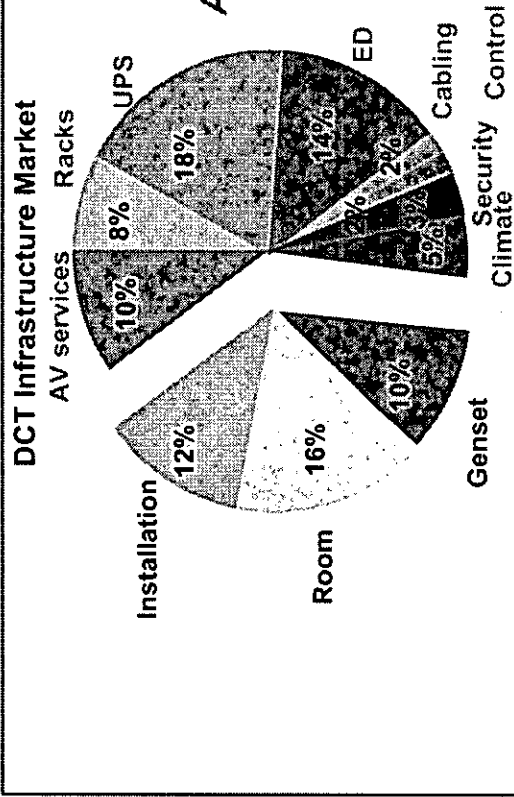
# Data Centers market illustrates strong growth potential & complementarities with SE business



- Data Centers market is growing fast in number and size
- Power and cooling are becoming the biggest share of Data Centers spending



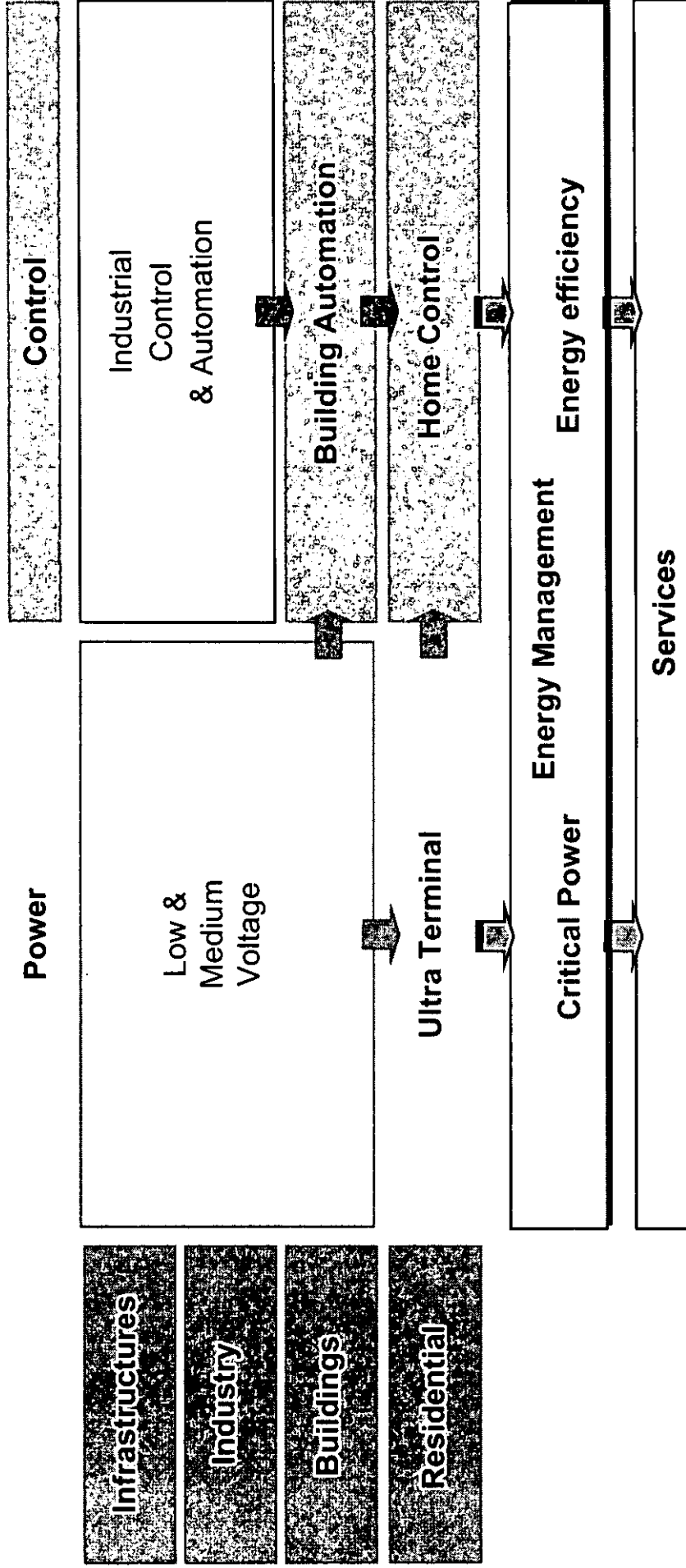
- Schneider Electric addresses 60% of the Data Centers Infrastructure market, ie. 3.5x the size of the UPS market



# Critical power is at the heart of Schneider Electric's business and future prospects



→ Increase growth potential and reduce cycle sensitivity through new businesses



→ The move into UPS started in 2003 with the acquisition of MGE (\$717 m sales)

# The combined offer of electrical distribution, building automation & critical power is unique

→ A unique offer to build integrated solutions for customers

- High quality electrical distribution



- Energy consumption monitoring



POWER  
MEASUREMENT



- Energy quality & availability

M G E  
UPS SYSTEMS



- Temperature control and security

t.a.c.



→ A capacity to tailor a solution bringing value to each customer

- Engineering and software capabilities
- Comprehensive services throughout the life cycle
- Dedicated high skills teams

Solving the equation of  
total cost of ownership, availability & scalability

**Strategic Intent**

**APC presentation**

**Unique fit**

**Value creation**

**Financing**

**Transaction**

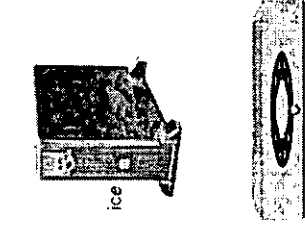
# A global leader in small systems & the fastest growing player in large systems



## Key Product Lines

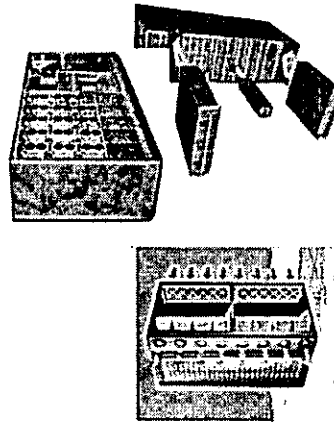
**A clear leader  
in Small Systems  
Sales: \$1,500 m (74%)**

- Uninterruptible Power Supply
- Surge arrest
- Power conditioners
- Distributed IT systems
- Sensitive electronics
- Telecom/ VOIP



**The fastest growing player  
in Large Systems  
Sales: \$400 m (22%)**

- High & Medium power UPS
- Cooling systems
- Software & Management Services
- Special products



**Spare Parts & Others  
Sales: \$100 m (4%)**

- Replacement batteries, ...



2005 figures

APC Acquisition - October 2006



# Strong and diversified customer portfolio base

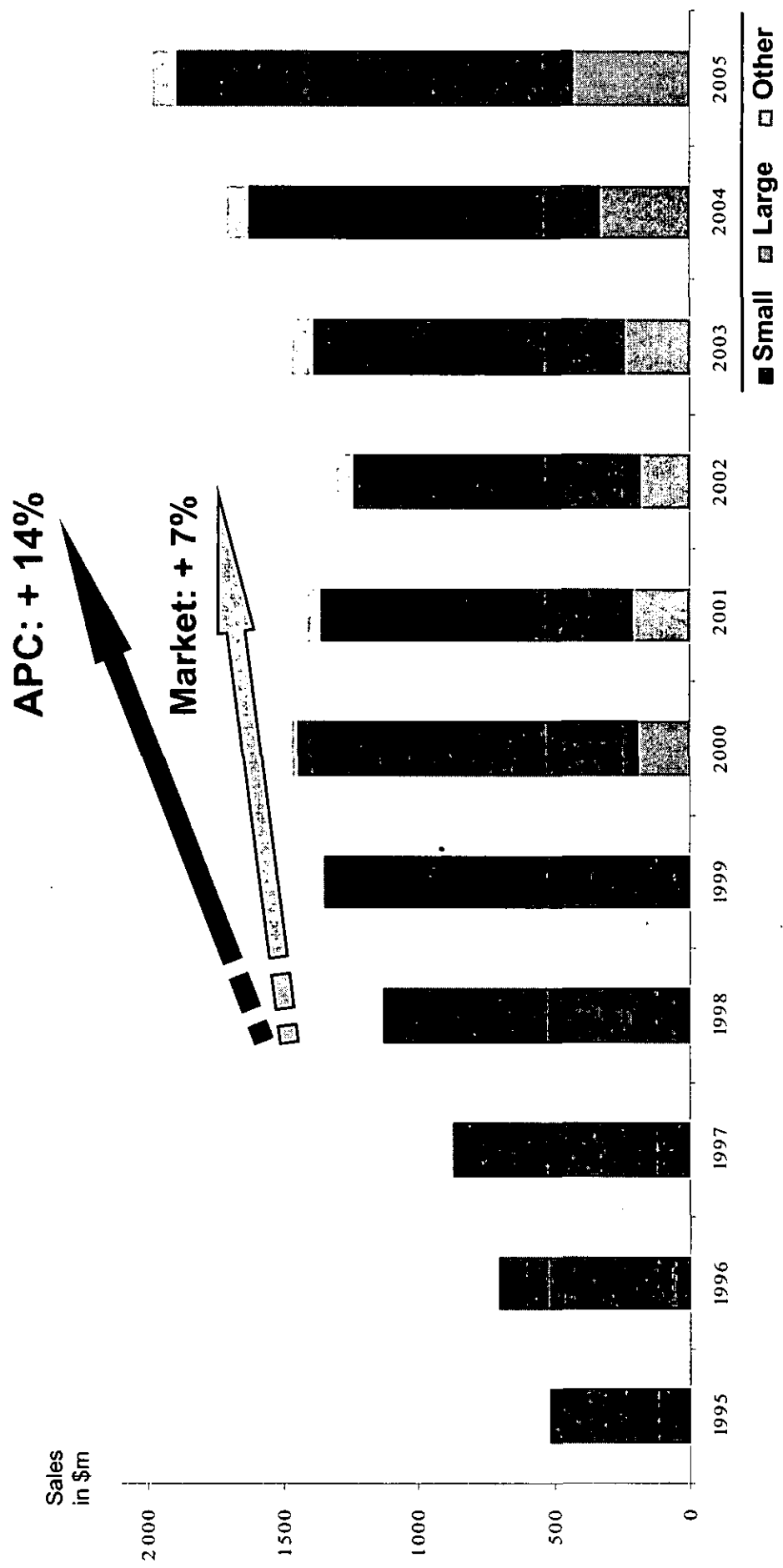




# An impressive growth track record



**A 14% average sales growth over the last 10 years  
2x outperforming the market**

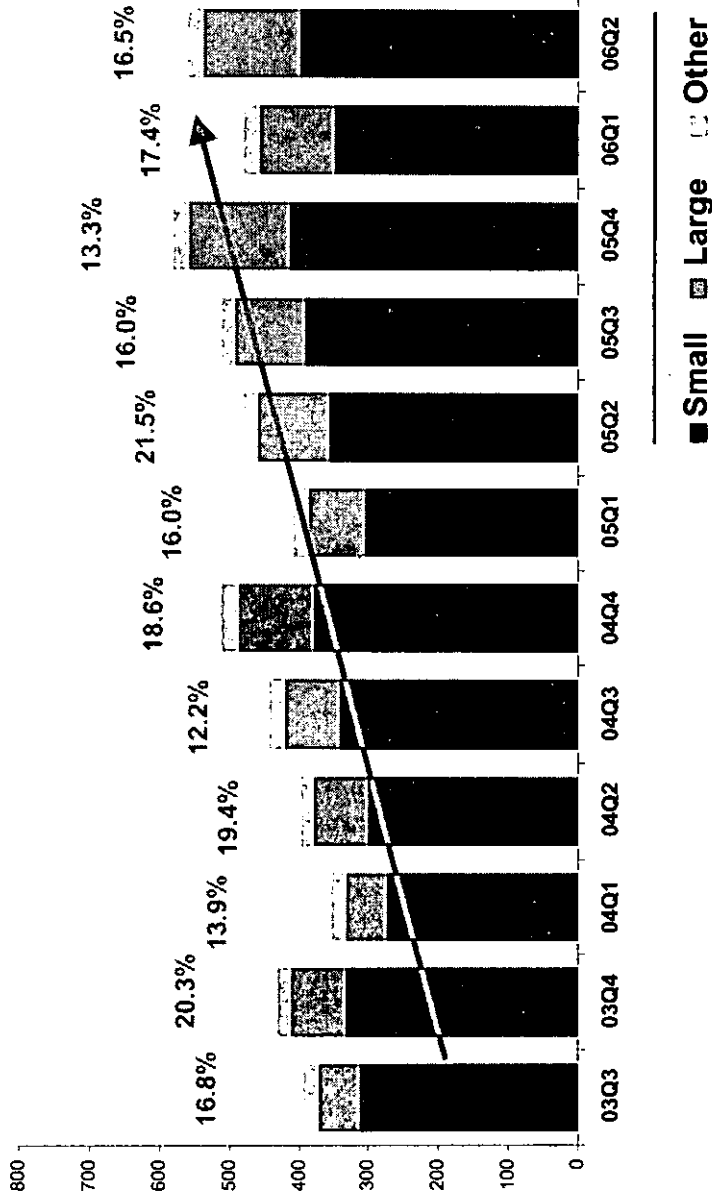


APC Acquisition - October 2006



# 12 consecutive quarters of double digit growth

Sales Growth Evolution Year-on-Year (ln %)



→ **Small Systems**

- Strong sales growth with an average of 14% yoy

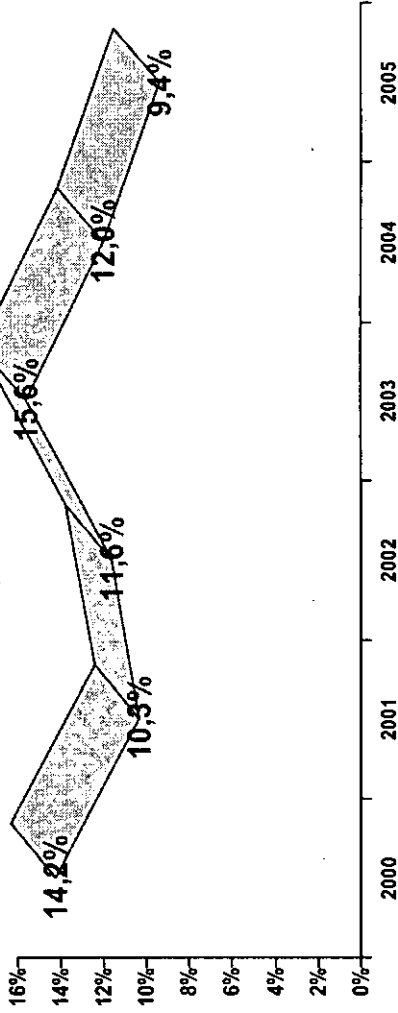
→ **Large Systems**

- Impressive growth momentum of > 30% yoy
- Driven by continued investment in network critical infrastructure markets

**APC delivered 12 consecutive quarters of double-digit growth**

# APC gross margin provides significant opportunities for recovery

**EBIT Margin Evolution**



→ **High EBIT Margin potential**

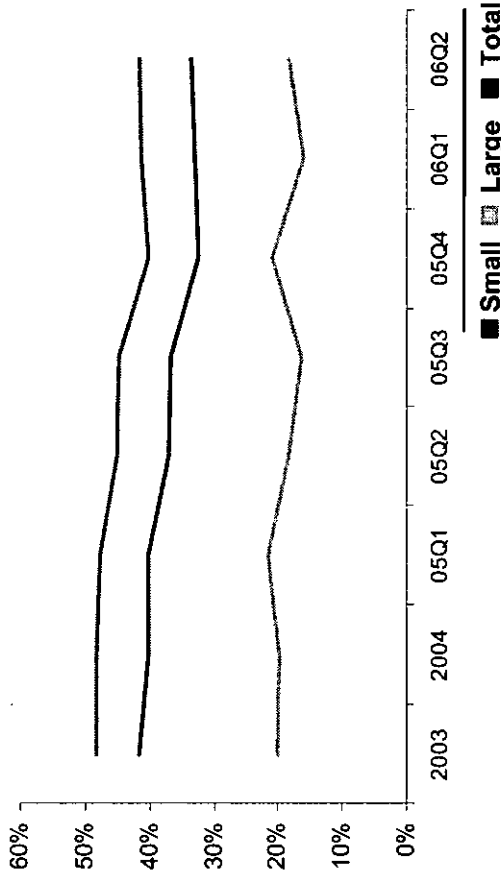
→ **Strong downturn resilience**

→ **Recently suffering margin**

- Impacted gross margin
- Large SG&A expenses to support growth in Large Systems

(1) Before handling and shipping costs

**Gross Margin Evolution (1)**



→ **Discrepancies in gross margins**

- Small systems benefit from global leadership
- Large systems in strong investment phase

→ **Recent negative impact**

- Temporary supply chain cost linked to shifting to low cost countries
- Delay in passing raw materials price increases
- Full deployment of services coverage not yet amortised

Strategic Intent

APC presentation

Unique fit

Value creation

Financing

Transaction

# APC is a unique opportunity

- **Global leader with a strong brand recognition**
- **High innovation capabilities thanks to a remarkable R&D organization**
- **Strong complementarities**
  - Products and services
  - Routes to market
  - Geographical sales presence
  - Manufacturing footprint
  - Management skills
- **Great access to new customers and applications for Schneider Electric solutions**

# A global leader and a brand of reference



## APC is the most recommended Vendor by CIOs

RANK	COMPANY	GRADE
1	APC	90.0
2	Cisco Systems. Inc.	89.9
3	AMD	89.6
4	Intel	89.3
5	Adobe	89.2
6	Apple Computer Inc.	88.9
7	VeriSign	88.9
8	Polycom	88.5
9	Symantec Corp.	88.0
10	Broadcom	87.9

Source: CIO Magazine, September 06

→ APC rated as the top vendor based on performance areas such as product quality and reliability; after sale support; and ability to deliver on promises and deadlines

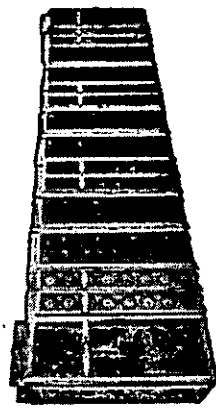
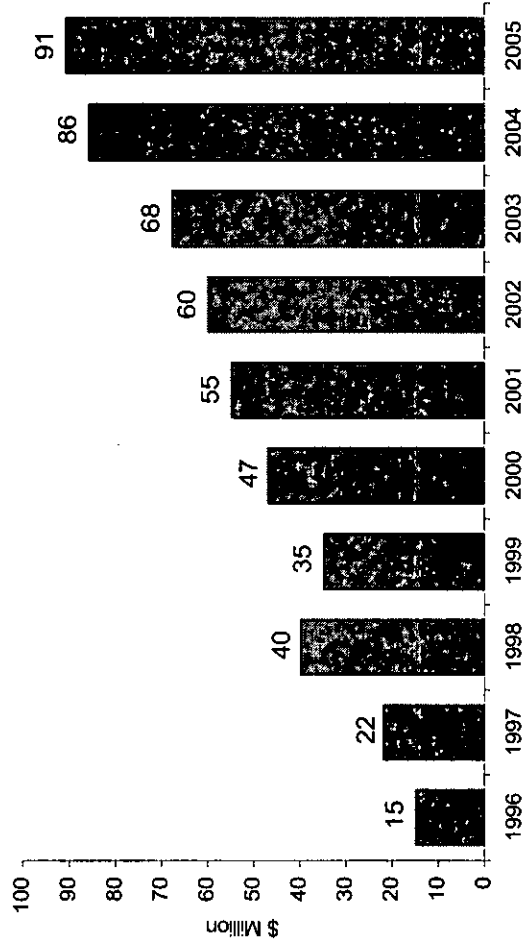
→ > 85% of CIOs were willing to recommend APC to other IT executives, second only to Cisco System

→ More respondents said they have purchased or plan to purchase hardware and network equipment from APC rather than from any other vendor

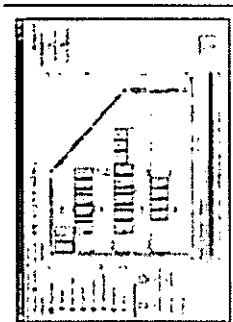
# Technological lead driven by an innovative vision and aggressive investments in R&D



## Research & Development Investments



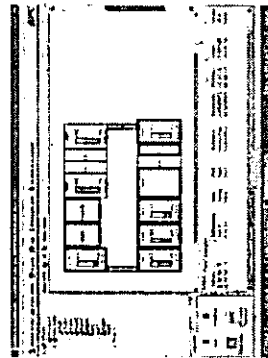
Row-oriented Cooling Systems



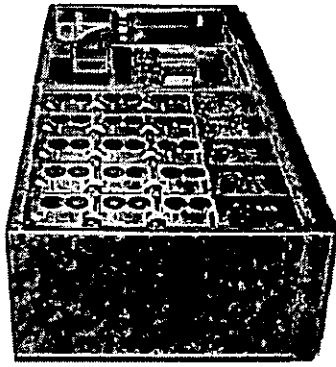
Data Center Design CAD Software



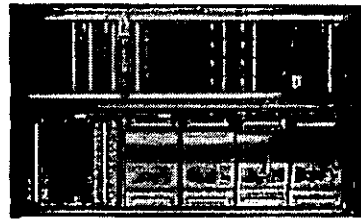
Data Center Thermal Modeling



Capacity Management Software



Ultra-high Efficiency Symmetra@ Megawatt UPS



Fuel-cell UPS

# Complementary products, services and channels

	APC	MGE / SE	Combined business
Small UPS	☆☆☆☆	☆	☆☆☆☆
Large UPS	☆	☆☆☆☆	☆☆☆☆
Racks	☆☆		☆☆
Cooling	☆☆		☆☆
Services	☆	☆☆☆☆	☆☆☆☆
Cable management	☆	☆☆	☆☆
Supervision	☆	☆	☆☆
Harmonic filtering		☆☆	☆☆
Power monitoring		☆☆☆☆	☆☆☆☆
Electrical & facility managers	☆☆	☆☆☆☆	☆☆☆☆
CIOs	☆☆☆☆	☆	☆☆☆☆

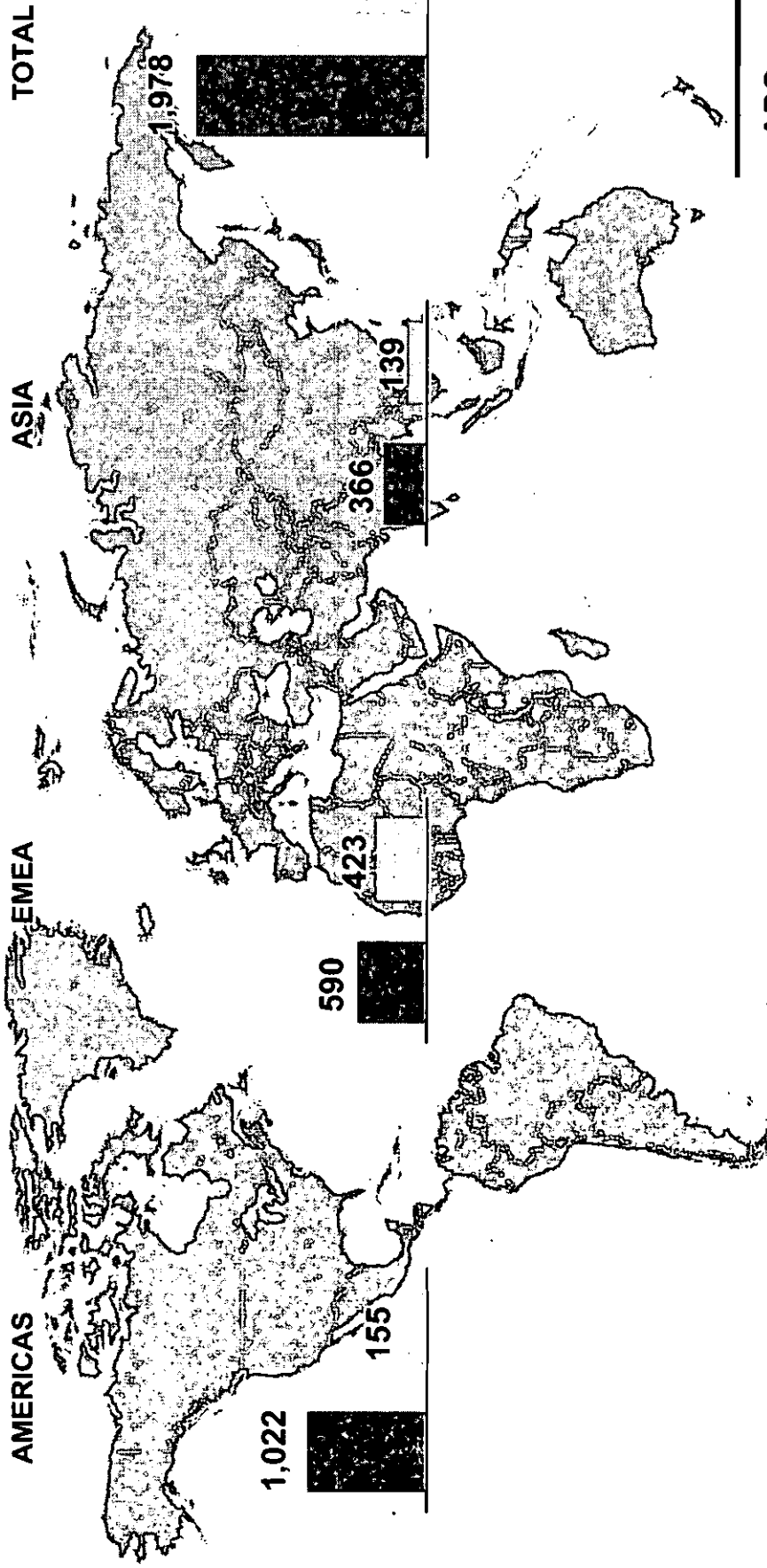
Based on skills and market position

APC Acquisition - October 2006



# Complementary geographical exposure

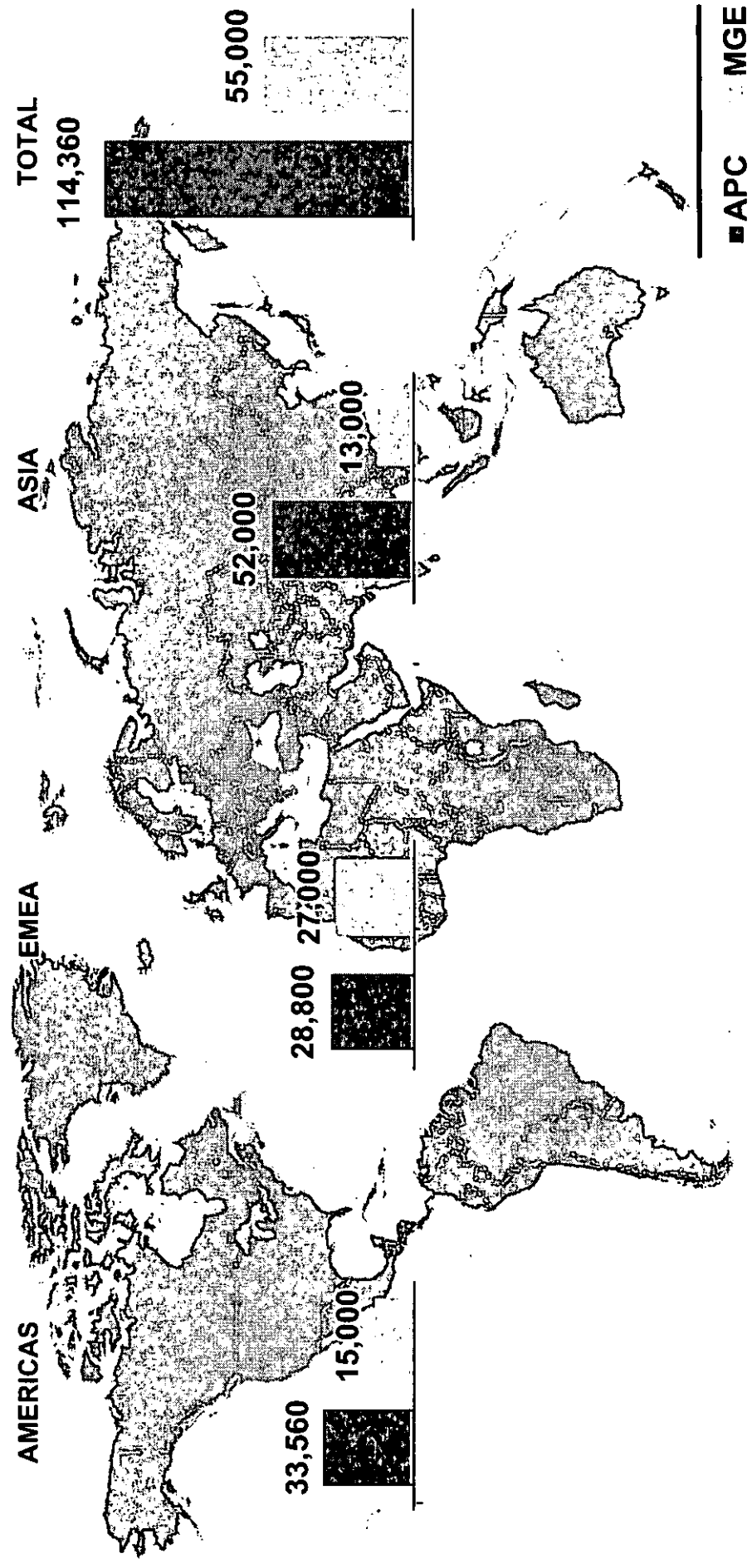
2005 Sales (\$m)



■ APC MGE

# Complementary manufacturing footprint

2005 Production capacity (m<sup>2</sup>)



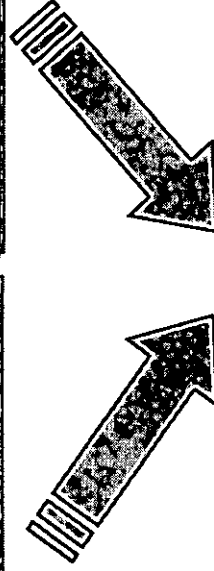
# Complementary management skills

## APC

- Entrepreneurial drive to global leadership
- Focus on products and innovation
- Intimacy with Information Technology
- Growth driven

## MGE

- Best-in-class margins
- Focus on services
- Expertise in Electricity Technology
- Cash flow driven



**Both management team are convinced of perfect match  
They are supportive and excited to deliver above plan**

## **Business case**

- **Capitalize on small systems**
- **Deploy best practices in large systems and services**
- **Streamline and rebalance supply chain**
- **Implement synergies between APC, MGE and Schneider Electric**

Strategic Intent

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Unique fit

**Value creation**

Financing

Transaction

# The business case relies on 4 value creation drivers

The 4 building blocks of our value creation strategy

**1. Capitalize on small systems leadership**

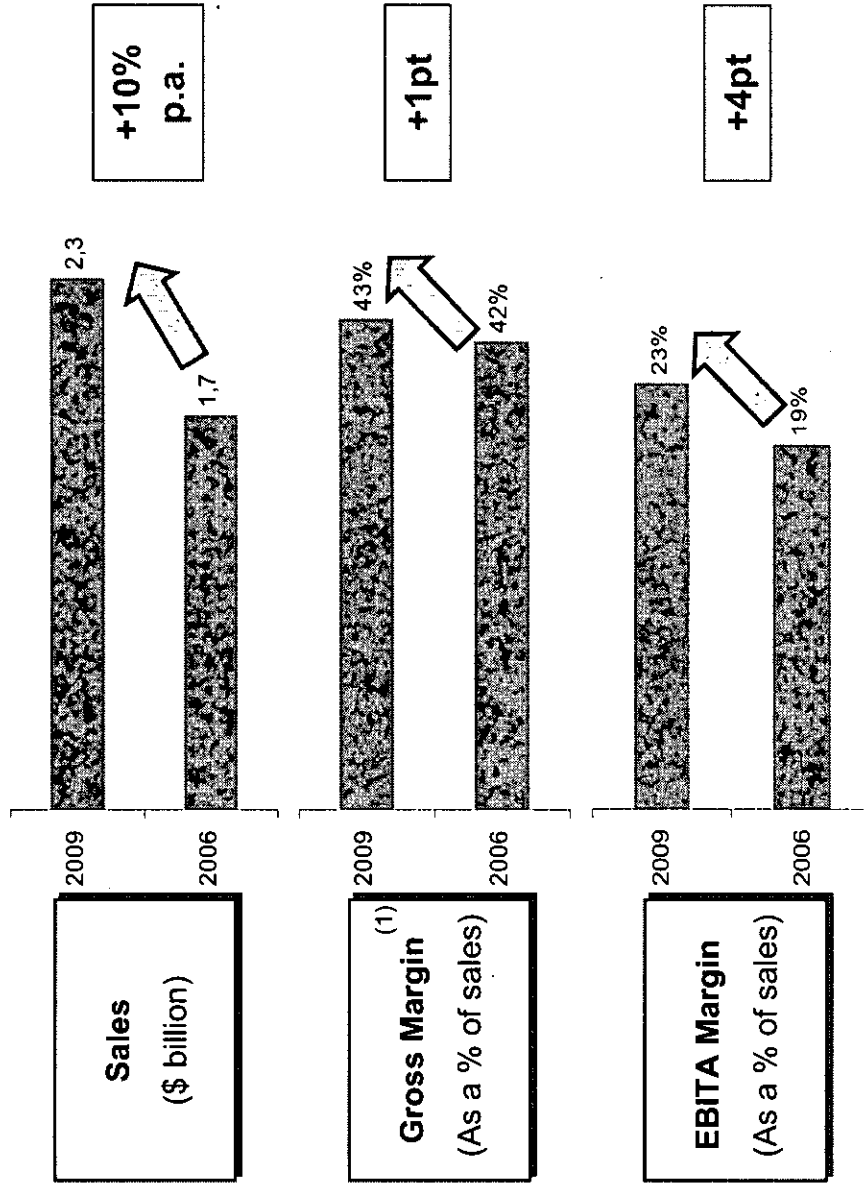
**2. Turnaround large systems**

**3. Fix supply chain issues**

**4. Extract sizeable synergies**

# The objective is to marginally improve the performance of the small systems business

**Small Systems performance improvement before synergies implementation (Schneider Electric proforma estimates)**



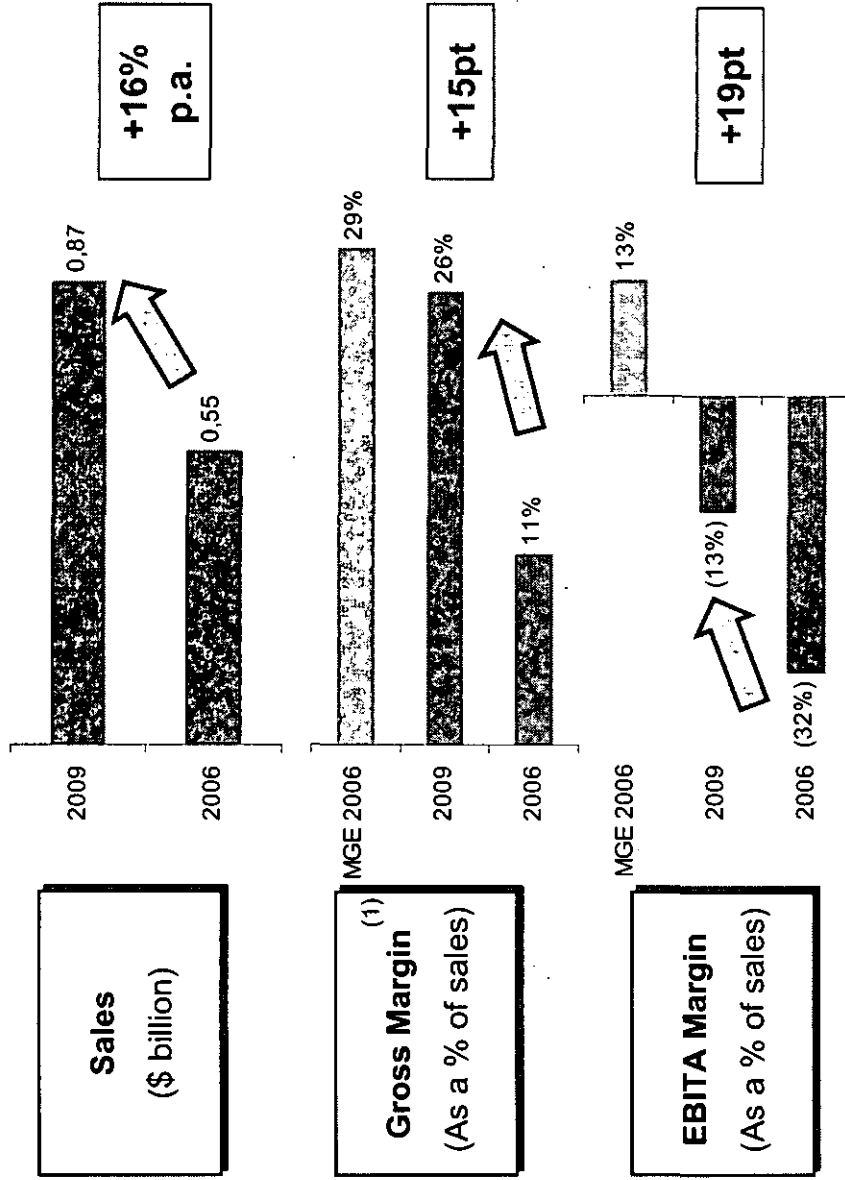
On the basis of market multiples, small systems business has a significant stand alone value

Objective: capitalise on the strong growth and a high margin profile of a world leader

(1) After shipping & handling costs allocation

# The turnaround of large systems presents an outstanding value creation opportunity

**Large Systems performance improvement before synergies implementation  
 (Schneider Electric proforma estimates)**



No value has been attributed to the large systems business which is therefore ...

... creating a significant turnaround opportunity by identified actions and best practices implementation

(1) After shipping & handling costs allocation



# The supply chain optimisation will result in significant savings

## Identified action plans

- Decrease number of references (SKUs)
- Rationalise manufacturing base
- Reduce number of distribution centers
- Optimise delivery time

Reduction in storage and transportation costs

Reduction in inventory turn by 25 days over 3 years

# A thorough assessment of operating synergies results in a \$220 m EBIT impact in 2011

Identified synergies	Detailed implementation	Impact (\$m)
Purchasing savings	<ul style="list-style-type: none"> <li>Combined purchasing power to grow from \$1.7 bn in 2007 to almost \$2.5 bn in 2011</li> <li>Average productivity gains of 1.4% over the 2007-2011 period</li> </ul>	40
Research & Development	<ul style="list-style-type: none"> <li>Combining resources in duplicate programs</li> <li>Optimizing level of R&amp;D investment from 4.4% to 3.4% of sales</li> </ul>	35
Industrial rationalization	<ul style="list-style-type: none"> <li>Further consolidation of selected manufacturing facilities</li> </ul>	15
Services	<ul style="list-style-type: none"> <li>Leveraging APC installed base by applying MGE practices</li> <li>Optimizing services coverage within the combined structure</li> </ul>	35
Selling, General & Administrative	<ul style="list-style-type: none"> <li>Redefining marketing &amp; communication expenses (\$30 m)</li> <li>Rationalization of central functions and back offices (\$25 m)</li> <li>Elimination of listing costs (\$4 m)</li> <li>Optimization of commercial strategy (\$6 m)</li> </ul>	65
Sales (products)	<ul style="list-style-type: none"> <li>Cross-selling between Schneider Electric market channels and APC products offering</li> </ul>	30
<b>Total synergies in 2011</b>		<b>220</b>

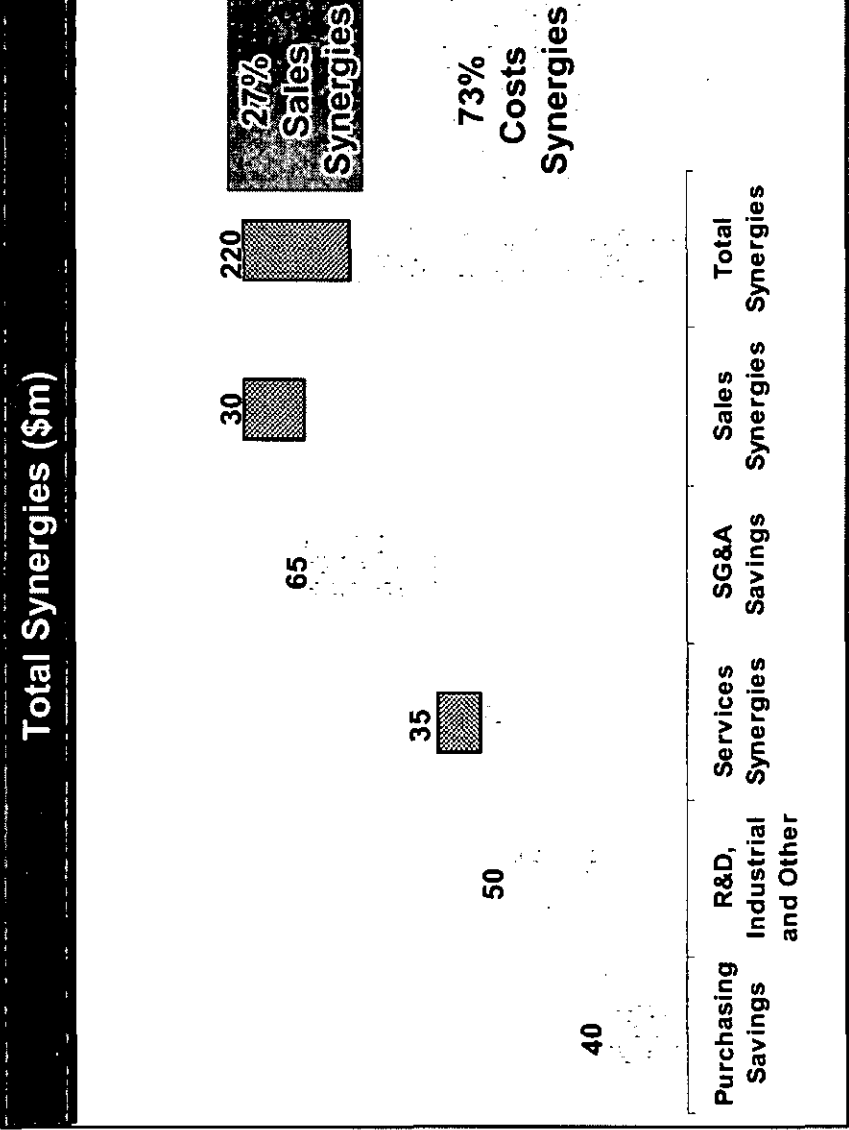
# Costs synergies account for more than 70% of total synergies

**Sales synergies**

- Complete critical power solutions through combined offer
- Leveraging services business model

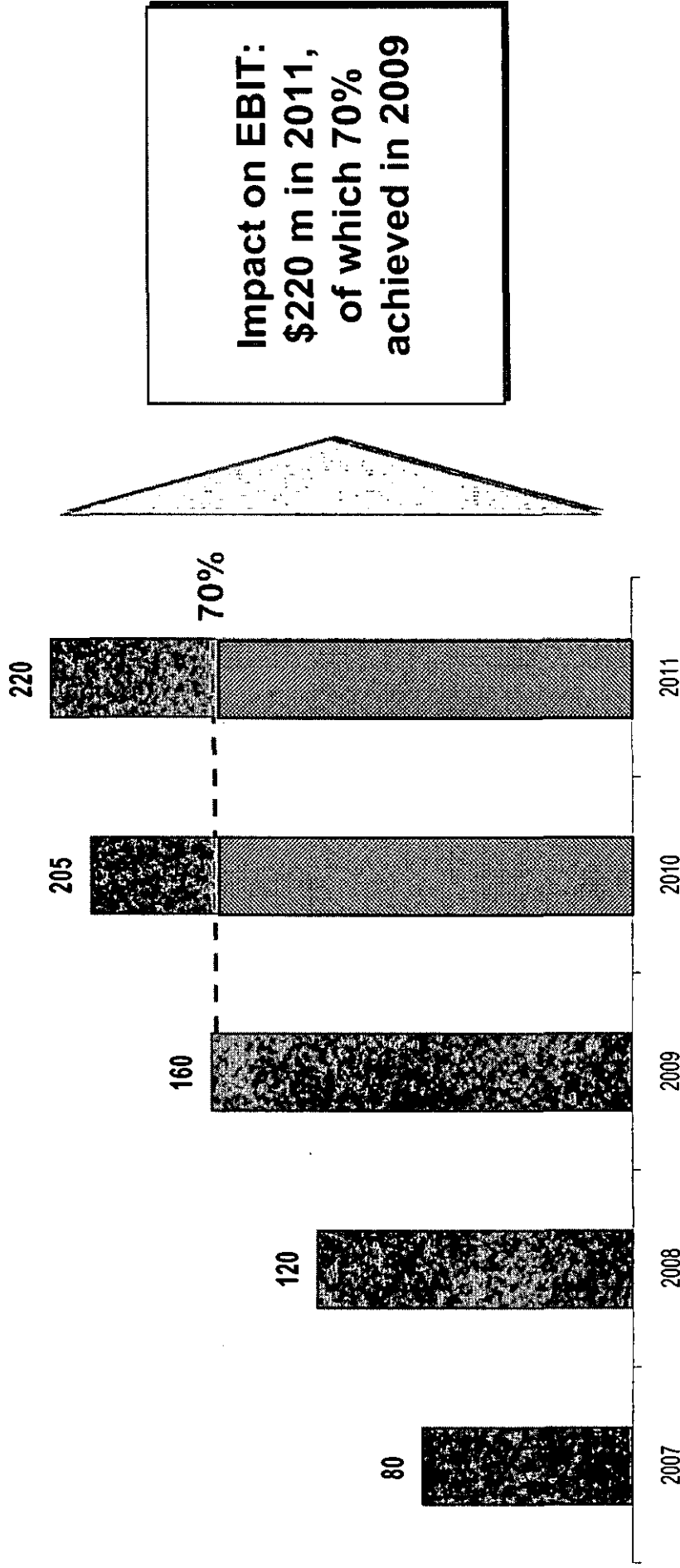
**Costs synergies**

- Purchasing
- Research and Development
- Marketing and sales expenses
- Back office



# More than 70% of synergies will be achieved by 2009

Ramp up of estimated synergies (EBIT impact in \$m)



Total implementation costs: \$82m (2007-\$51m, 2008: \$26m, 2009: \$5m)

APC Acquisition - October 2006

# The critical power combined business will generate \$4 bn sales in 2009 with 15%-17% EBITA margin



## Critical Power combined business plan including synergies

(\$ bn)	<u>2006E</u>	<u>2009E</u>
<b>Sales</b>	3.1	4.1 - 4.3
<b>EBITDA Margin</b>	0.3 10%	0.7 - 0.8 17%-19%
<b>EBITA Margin</b>	0.3 8%	0.6 - 0.7 15%-17%

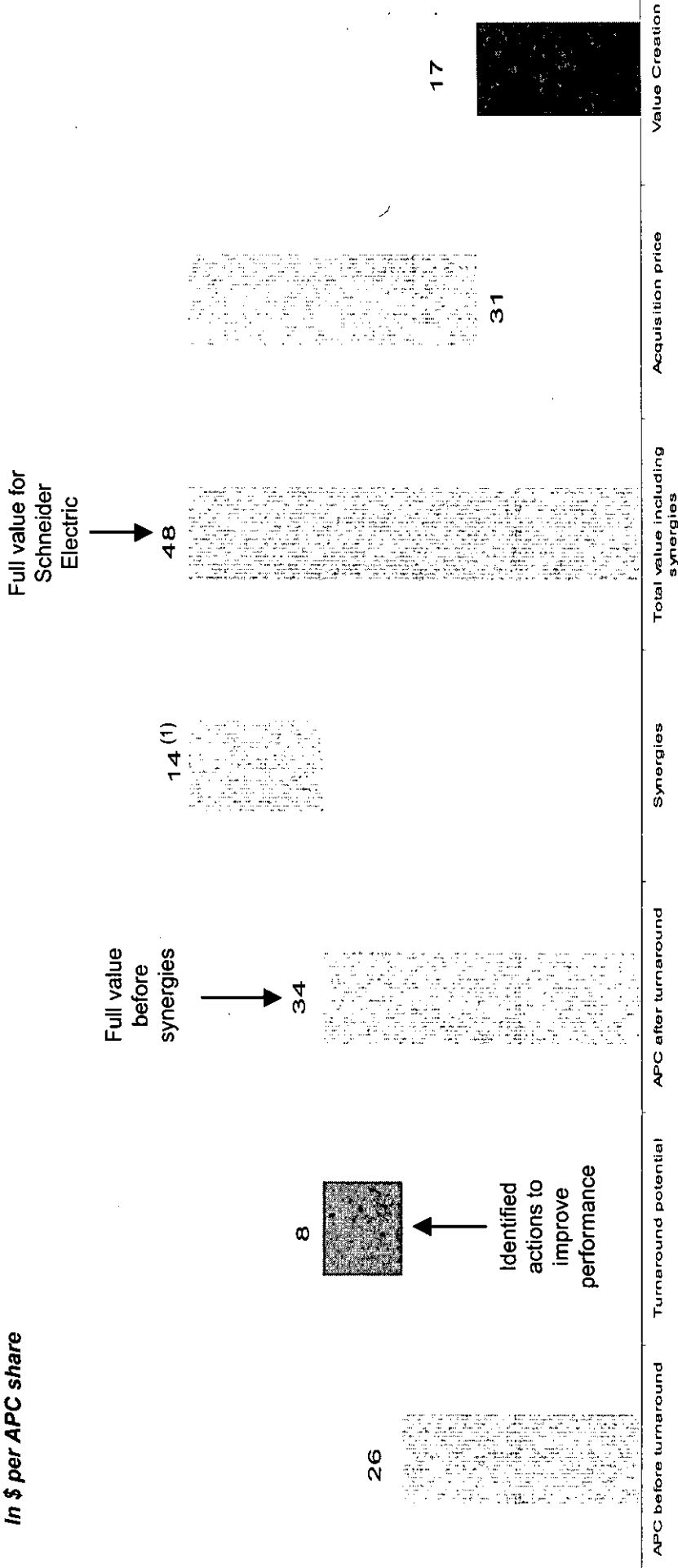
## Return On Capital Employed criteria met in 2009

# The APC acquisition will create substantial value of \$3.3 bn for Schneider Electric



**Value creation analysis, including 100% of synergies, at Schneider Electric's WACC of 7.5%**

*In \$ per APC share*



## Return On Capital Employed criteria met in 2009

(1) Net of implementation costs

APC Acquisition - October 2006



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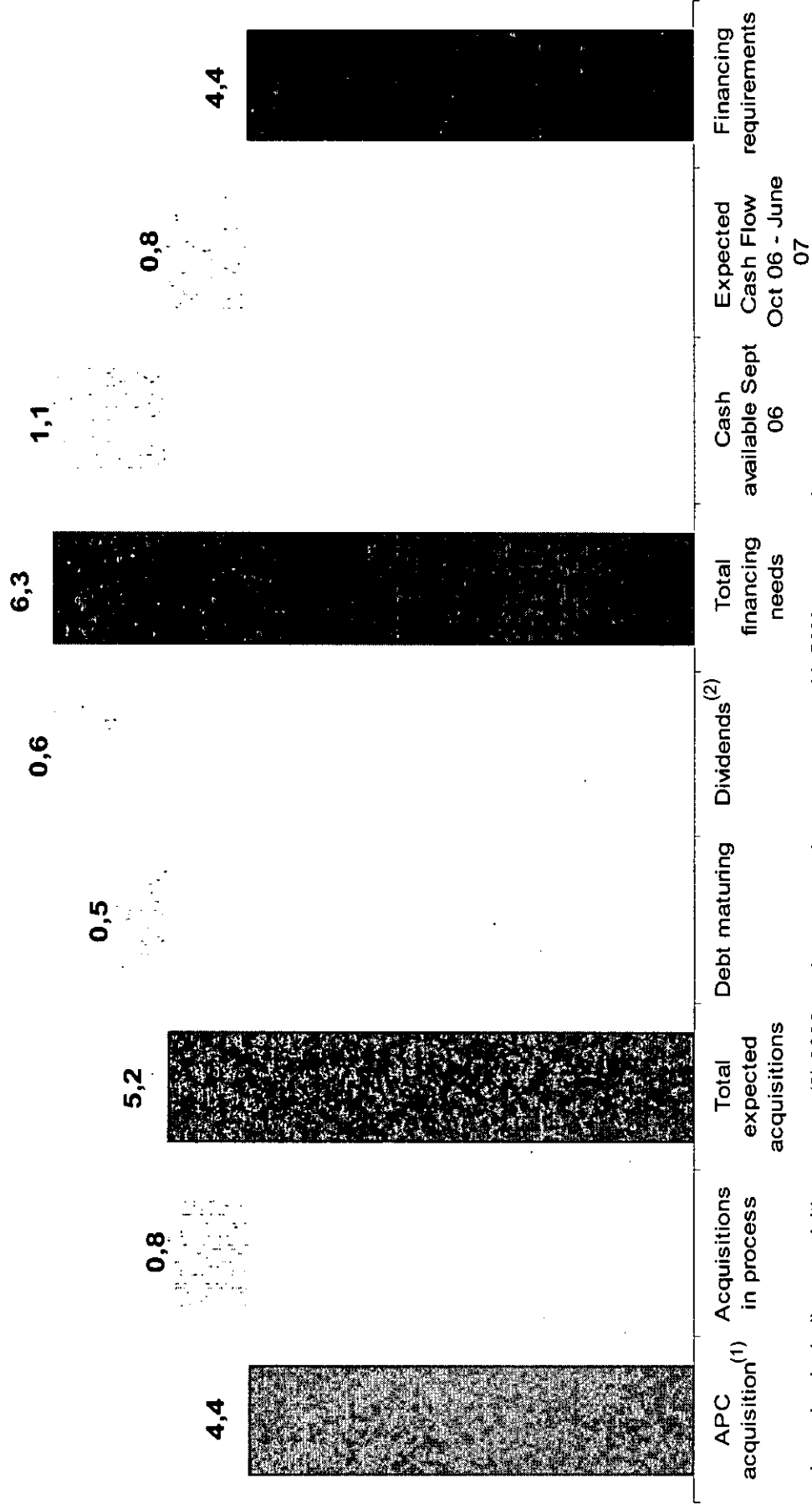
Value creation

Financing

Transaction

# Financing requirements by June 2007 amount to €4.4 bn

**Determination of financing requirements (in € billions)**

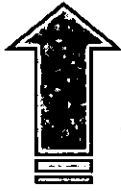


(1) Enterprise value including acquisitions costs, (2) 2006 net income market consensus with 50% pay out ratio



# An about €1.2 bn capital increase is planned for the refinancing of the acquisition

**Initial acquisition financing**



- A €4.5 bn syndicated credit facility led by BNP Paribas

**Contemplated refinancing**



- A capital increase of around €1.2 bn with preemptive rights
- Bond issuance and other financing instruments

# Schneider Electric will benefit from a releveraged but still solid financial structure

- Reinforced leadership position
- Balanced geographical exposure and business mix
- High and resilient profitability
- Strong and steady free cash flow (2007E €1.3 bn)
- Planned capital increase of about €1.2 bn

**Releveraging  
the balance sheet  
&  
Maintaining a solid  
investment grade  
credit rating**

Strategic Intent

APC presentation

Unique fit

Value creation

Financing

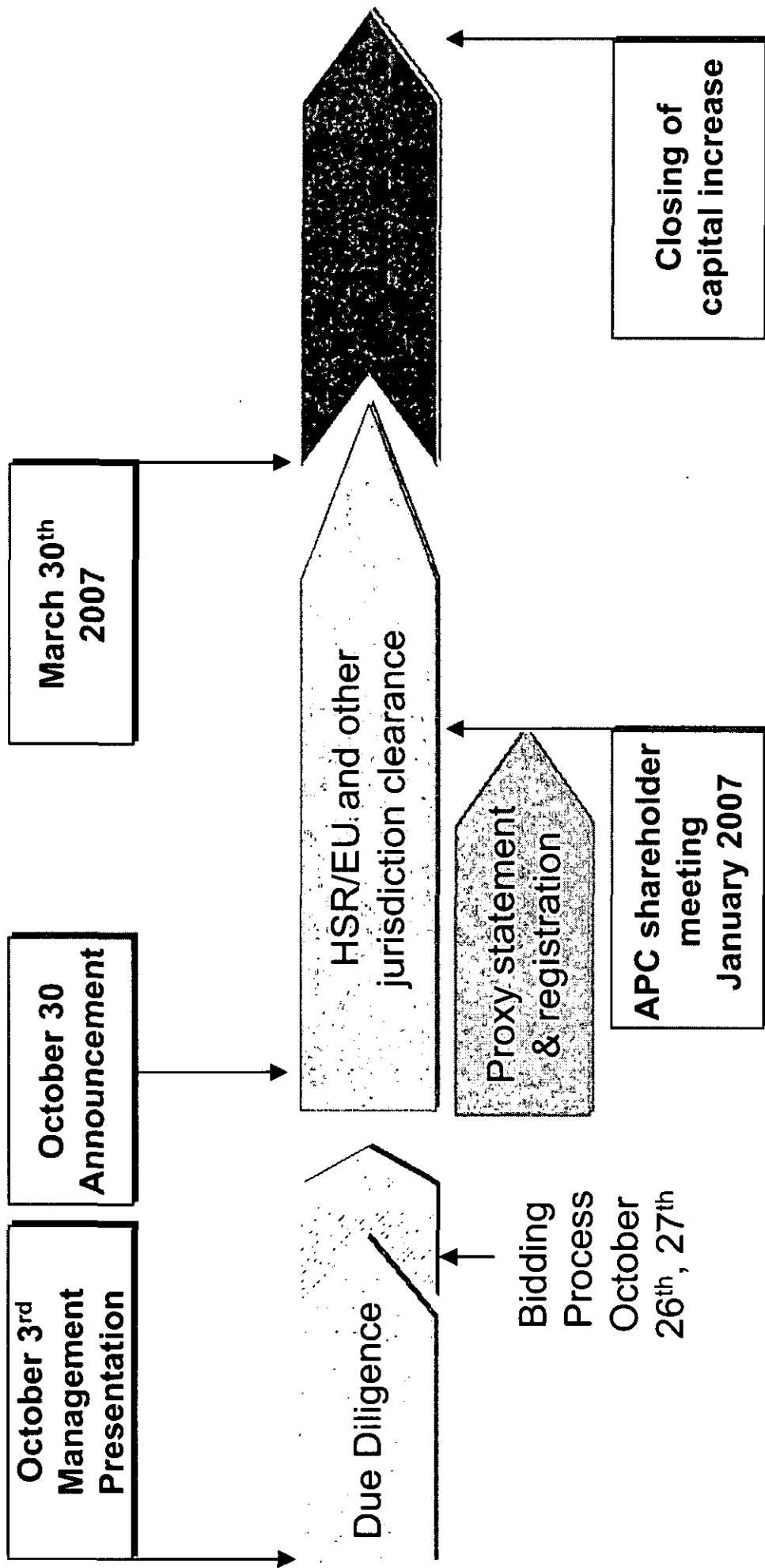
Transaction

# The transaction is recommended by APC Board of Directors

## Transaction highlights

- Acquisition at a price of \$31 cash per share i.e. 30% premium over the October 27 share price of \$23.8
- One step merger, through a special acquisition vehicle in the US, controlled by Schneider Electric's US holding
- Unanimous recommendation from the APC Board of Directors
- Undertaking from Mr. Dowdell (Chairman, 6.3% of APC equity) and Mr. Rasmussen (CTO, 3.3% of APC equity)
- Transaction subject to regulatory approvals and the affirmative shareholders vote of at least 2/3 of the voting rights

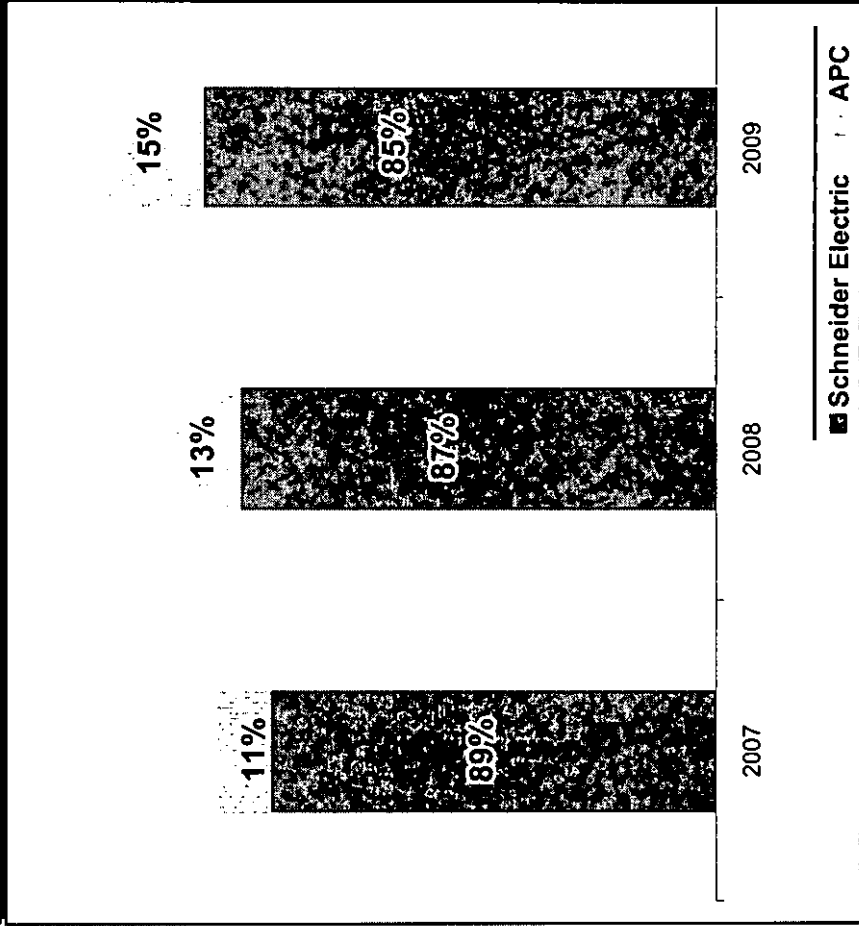
# The closing of the transaction is expected in the course of first quarter 2007



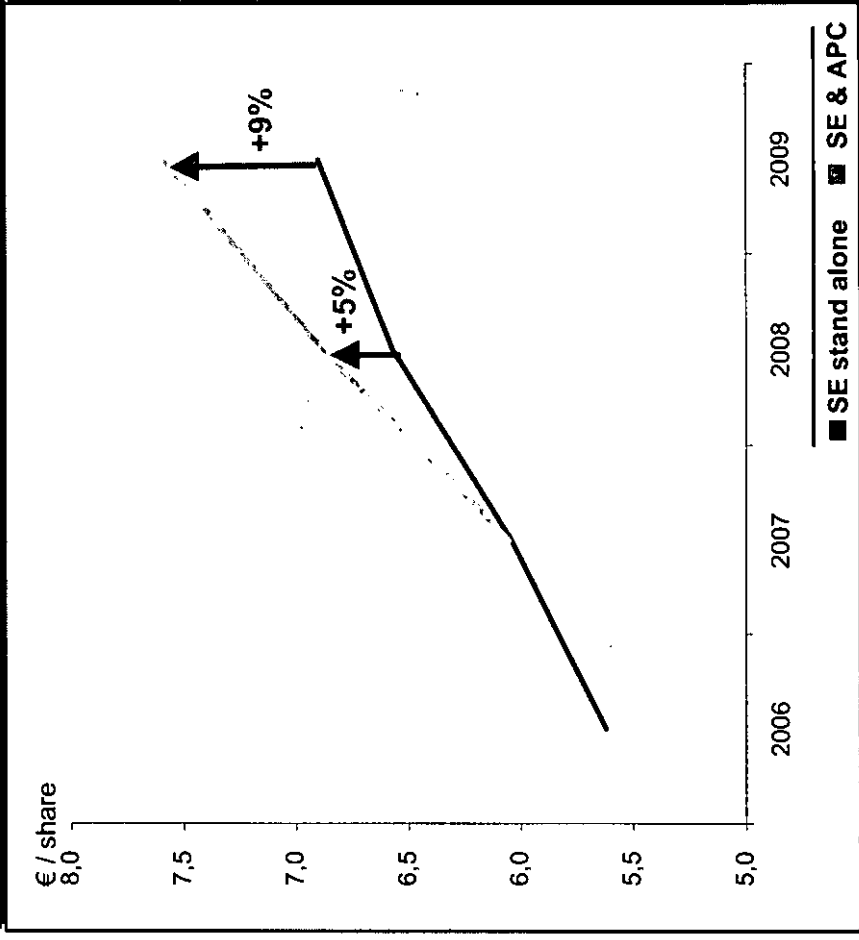
# The APC acquisition will boost Schneider Electric's earnings in the coming years



**Contribution of APC acquisition to total EBIT including synergies before implementation costs (In € millions) (1)**



**EPS(1) accretion after capital increase including synergies before implementation costs (in €/share)**



(1) Based on EBIT and EPS market consensus

APC Acquisition - October 2006

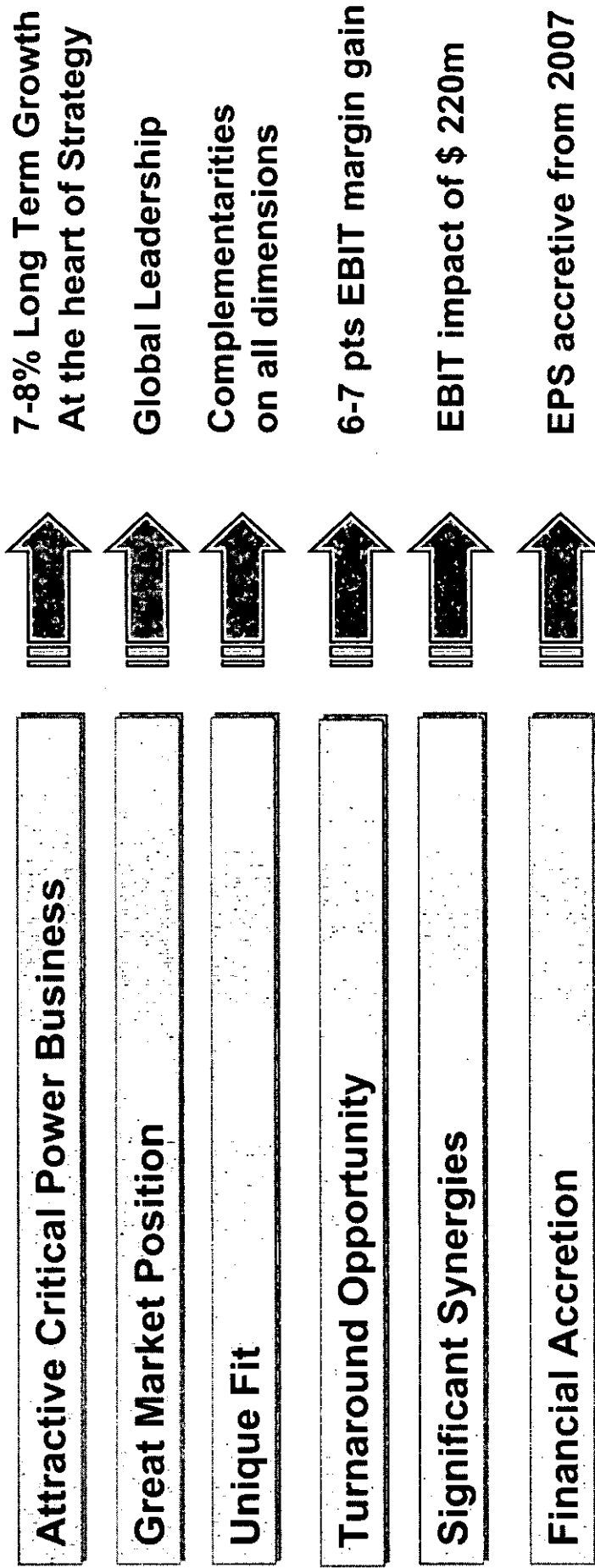


# Acquisition of APC for \$31 per share corresponding to an enterprise value of approximately \$5.5 bn



## Major Strategic Move

Gain global leadership in critical power  
Strengthen leadership in electrical distribution



Value Creation Above \$3bn

# Additional information about the transaction and where to find it

APC will file a proxy statement with the U.S. Securities and Exchange Commission (SEC) in connection with the proposed transaction. Investors and security holders are urged to read the proxy statement regarding the proposed transaction referred to in this communication, when it becomes available, because it will contain important information. Investors and security holders may obtain a free copy of the proxy statement (when it is available) and other documents filed by APC with the SEC at the SEC's website at [www.sec.gov](http://www.sec.gov). The proxy statement (when it is available) and these other documents may also be obtained for free from APC by directing a request to American Power Conversion Corporation, 132 Fairgrounds Road, West Kingston, Rhode Island 02892, Attention: Investor Relations (telephone 401-789-5735), or from APC's website at [www.apcc.com](http://www.apcc.com). APC, Schneider and their respective directors, executive officers and other employees may be deemed to be participating in the solicitation of proxies from APC shareholders in connection with the approval of the proposed transaction. Information about APC's directors and executive officers is available in APC's proxy statement, dated April 19, 2006, for its 2006 annual meeting of shareholders. Information about Schneider's directors and executive officers is available from its 2005 Annual Report, which can be obtained for free from its website at [www.schneider-electric.com](http://www.schneider-electric.com), and will also be available in a Schedule 13D to be filed by Schneider with the SEC. Additional information about the interests of potential participants will be included in the proxy statement APC will file with the SEC.

## FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of Schneider Electric or American Power Conversion and the estimates given here. These factors include the inability to obtain necessary regulatory approvals on anticipated terms; the inability to integrate successfully American Power Conversion within Schneider Electric or to realize synergies from such integration; costs related to the acquisition of American Power Conversion; the economic environment of the industries in which Schneider Electric and American Power Conversion operate; and other risk factors discussed in Schneider Electric's public reports registered with Autorité des Marchés Financiers and in American Power Conversion's public reports filed with the SEC (including American Power Conversion's Annual Report on Form 10-K). Schneider Electric assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.



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