

- **Status of corporate executive officers (Decisions of the board of directors of June, 18&19, 2013 and October, 24<sup>th</sup> 2013)**

*On the basis of the proposal made by the remunerations-human resources and CSR committee, the board of directors, ruling in application of the provisions set forth in article L.225-42-1 of the Commercial Code, unanimously:*

1°) *decides that Mr. TRICOIRE will have rights to receive compensation from the company in the event of his Computing Departure in any of the following cases:*

- (i) *Revocation, non-renewal or resignation from his office as chief executive officer of the company within 6 months of any significant capital-intensive change that is more especially liable to give rise to a change in the composition of the board of directors,*
- (ii) *Revocation, non-renewal or resignation from his office as chief executive officer of the company in the event of a change of course in the strategy supported and announced by the person concerned until that time, no matter whether this change be the result of a capital-intensive change as referred to above, or otherwise,*
- (iii) *Revocation, non-renewal or forced resignation from his office as chief executive officer of the company if Group objectives (to be differentiated from individual objectives), for the last four financial years completed on the date of his departure (including the financial years during which he was Chairman of the Management Board) have been attained by two-thirds on average;*

- *This Compensation for Compulsory Departure will amount to a maximum sum of twice the arithmetic average of his real fixed and variable annual remuneration (in cash excluding all other elements) for the last three years authorized by the board (the “**Maximum Sum**”);*
- *The benefits of Compensation for Compulsory Departure will be subordinate to, and its value modulated by, the levels of Group objectives attained (to be differentiated from individual objectives), which determine the variable part of his remuneration for the last three financial years completed on the date on which the board makes its ruling, and calculated on the basis of their arithmetic average (hereinafter called the “Group objective”).*

*In this way, if the Group objective is:*

- *Attained by less than two thirds: no compensation will be paid,*
  - *Attained by two thirds: he will receive 75% of the Maximum Sum,*
  - *Attained by at least 100%: he will receive 100% of the Maximum Sum,*
  - *Attained between 66% and 100%: he will receive between 75% and 100% of the Maximum Sum calculated in a linear form, pro rata to the attainment ratio (hereinafter referred to as “**Performance Condition**”);*
- *That compensation of any type liable to be paid by Group companies in which Mr. TRICOIRE exercises responsibilities, will be deducted from the amount due from Schneider Electric, it being expressly stipulated (i) that any such payment will only be allowed if Compensation for Compulsory Departure is due and (ii) that, under no circumstances may it exceed the value of Compensation for Compulsory Departure as defined below;*
  - *In the event of the sum to which Mr. TRICOIRE has rights under the above terms (“Compensation for Compulsory Departure”) together with total non-compete compensation to which he also has the right, being over the*

*Maximum Sum, Compensation for Compulsory Departure will be reduced so that its value, together with that of no-compete compensation, does not exceed the Maximum Sum;*

- *The amount of Compensation for Compulsory Departure must be paid to the person concerned within fifteen days at the most after the board of directors has registered the fact he has achieved the Performance Condition;*
- *The Compensation for Compulsory Departure will not be due if Mr. TRICOIRE's departure occurs as a result of gross negligence or serious misconduct.*

2°) *It decides that Mr. TRICOIRE, who continues to benefit in his functions as corporate officer from the collective providence scheme applicable to Schneider Electric SA employees, which provides for guarantees in the event of disablement, invalidity, death or dependence as well as coverage for health costs, will benefit from:*

a) *Complementary coverage for risks of illness, disablement, invalidity or death. This cover has the following characteristics:*

- *a-1) In the event of illness or accident leading to a temporary interruption or disablement (irrespective of the category), he will have the right for his remuneration (fixed and variable target) authorized by the board to be maintained for 18 months. It is specified that (i) maintaining this remuneration includes compensation paid by Social Security insurance, the company only paying the difference between the amount of remuneration to be maintained and the amount of compensation paid by the Social Security and that (ii) during this eighteen-month period, the amount of remuneration to be maintained is not cumulated with any compensation paid by providence schemes or with compensation at any liable third party's cost or by any individual accident insurance policy taken out by the company. At the end of any such 18-month period, he will receive compensation paid by providence schemes together with compensation paid by any liable third party or by any individual accident insurance policy taken out by the company.*
- *a-2) In the event of death, the beneficiaries of the holder will have right to remuneration (fixed and variable target) authorized by the board for the current month.*

*A lump-sum death benefit is also guaranteed to them, equal to six months of the holder's remuneration (monthly average for fixed and variable target remuneration during the last twelve months of presence) authorized by the board.*

*The above lump-sum death benefit can be accrued with allocations of the same type coming from any providence schemes whatsoever, or from any disablement or life assurance policies taken out by the company;*

- b) *He will also benefit from insurance policies guaranteeing payment to him or his beneficiaries (i) of capital in the event of permanent disablement or death following an accident, (ii) of sum the event of a heart attack or an aneurysm, (iii) of sum in the event of disablement or death following a car accident incurred during his professional activities;*
- c) *In application of the measures set forth in article L.225-42-1 of the Commercial Code, the providence and insurance rights referred to in a) and b) above are subordinated to one or other of the following performance conditions: Average net income being positive for the last five FYs preceding the event, or the average value of free cash flow being positive over the last five FYs preceding the event.*

3°) *It decides that:*

- *Mr. TRICOIRE will not lose the benefits of restricted shares attributed him under the terms of plans n° 13, 15 and 16 should he leave the company for reasons of Compulsory Departure during the acquisition period for these shares,*
- *Mr. TRICOIRE will not lose the benefits of share options attributed to him under the terms of plans n° 27, 28, 30, 31 and 33 should he leave the Company for reasons of Compulsory Departure before taking up the said options,*
- *Concerning future plans for the attribution of restricted shares or stock-options from which he may benefit after the present date, he will not lose the benefits of any such attributions of restricted shares or stock-options that are made to him should he leave the company for reasons of Compulsory Departure during their acquisition period, or before taking up the options concerned,*
- *However, it is pointed out that the above will only be applicable if the arithmetic average of the ratios for attaining Group objectives (to be differentiated from individual objectives), which determine the variable part of Mr. TRICOIRE's remuneration for the last three financial years completed on the date of his departure, amounts to at least two thirds of the target figure and that Mr. TRICOIRE's departure is not the result of gross negligence or serious misconduct.*

4°) *It decides to conclude a no-compete agreement between the company and Mr. TRICOIRE:*

*(...) - In compensation for this obligation, and throughout the duration of the agreement [one year], the Company shall pay him special monthly compensation equal to 6/10ths of his average gross remuneration (monthly average of total gross remuneration (fixed and variable target) during his last twelve months of presence).*

- *The board will rule on the application or non-application of the non-competition agreement at the time of Mr. TRICOIRE's departure, unless this departure results from voluntary resignation (therefore outside the context of a requested resignation) and inasmuch as Mr. TRICOIRE:*
  - *Has met the performance conditions permitting payment of compensation for compulsory departure, and*
  - *Does not or will not have the right or be in a situation for cumulating compensation for non-competition with the payment of a pension.*

*In all other cases (compulsory departure, resignation that does not meet the above conditions, etc.) the board will rule within eight days of Mr. TRICOIRE's departure on the application or non-application of the non-competition clause (This paragraph result from decision of the board of October 24<sup>th</sup>, 2013).*

- *It must be remembered, if necessary, that the benefits of this compensation are not subject to performance conditions, as it is in compensation for the impairment to Mr. TRICOIRE's freedom of employment and because the present commitment is not governed by the collective agreement applicable to all Company executives, as it has been concluded outside any contract of employment. The monthly sum provided for the above being in compensation for compliance with this obligation, it ceases to be due in the event of any breach in obligations by the person concerned without prejudice to any damages that may be claimed from him.*

5°) *It decides that Mr. TRICOIRE, who, as chairman of the management board, benefitted from the old and new complementary fixed benefit pension schemes*

*-article 39- for Group executives covered by the French Social Security scheme, will conserve the benefits of these schemes.*

*Should Mr. TRICOIRE be led to receive Compensation for Compulsory Departure, when he has the possibility of exercising his rights to retirement within a short period, his right to receive extra retirement pay under the terms of the article 39 scheme (old and new schemes) shall be postponed by two years.*

*The board notes the agreement given by Mr TRICOIRE to conclude the non-compete agreement referred to in 4°) above.*

In compliance with the provisions set forth in articles L.225-38 and following of the Commercial Code, Mr. TRICOIRE did not participate in the vote. The statutory auditors will be informed of these agreements and commitments.

*On the basis of the proposal made by the remunerations-human resources and CSR committee, the board of directors, ruling in application of the provisions set forth in articles L.225-38 and L.225-42-1 of the Commercial Code, unanimously:*

*1°) It decides that Mr. BABEAU will have rights to receive compensation from the company in the event of his Compulsory Departure in any of the following cases:*

*(i) Termination of his contract of employment with Schneider Electric Industries SAS and/or his office as general manager of Schneider Electric Services International SPRL, following revocation, non-renewal or resignation from his office as deputy chief executive officer of the company within 6 months of any significant capital-intensive change that is more especially liable to give rise to a change in the composition of the board of directors,*

*(ii) Termination of his contract of employment with Schneider Electric Industries SAS and/or his office as general manager of Schneider Electric Services International SPRL following revocation, non-renewal or resignation from his office as deputy chief executive officer of the company in the event of a change of course in the strategy supported and announced by the person concerned until that time, no matter whether this change be the result of a capital-intensive change as referred to above, or otherwise,*

*(iii) Termination of his contract of employment with Schneider Electric Industries SAS and/or his office as general manager of Schneider Electric Services International SPRL following revocation, non-renewal or forced resignation from his office as deputy chief executive officer of the company if Group objectives (to be differentiated from individual objectives), for the last four financial years completed on the date of his departure (including the financial years during which he was a member of the Management Board) have been attained by two-thirds on average.*

*- This Compensation for Compulsory Departure will amount to a maximum sum of twice the arithmetic average of real fixed and variable annual remuneration (in cash excluding all other elements) for the last three years authorized by the board (the "Maximum Sum"), including compensation of all kinds such as contractual or legal compensation to which Mr. BABEAU may have the right due to his contract of employment, it being stipulated that any such payment will only be allowed if Compensation for Compulsory Departure is due and (ii) that,*

*under no circumstances, may it exceed the value of Compensation for Compulsory Departure as defined below;*

- *The benefits of Compensation for Compulsory Departure will be subordinate to, and its value modulated by, levels of Group objectives attained (to be differentiated from individual objectives), which determine the variable part of the remuneration of the person concerned, for the last three financial years completed on the date on which the board makes its ruling, and calculated on the basis of their arithmetic average (hereinafter called the "Group objective"). Under no circumstances may the value of Compensation for Compulsory Departure as calculated in compliance with the above rules be less than contractual or legal compensation for dismissal.*
- In this way, if the Group objective is:*
- *Attained by less than two thirds: no compensation will be paid;*
  - *Attained by two thirds: he will receive 75% of the Maximum Sum;*
  - *Attained by at least 100%: he will receive 100% of the Maximum Sum;*
  - *Attained between 66% and 100%: he will receive between 75% and 100% of the Maximum Sum calculated in a linear form, pro rata to the attainment ratio (hereinafter referred to as the "Performance Condition");*
- *In the event of the sum to which Mr. BABEAU has rights under the above terms ("Compensation for Compulsory Departure") and the total no-compete compensation to which he also has the right being over the Maximum Sum, Compensation for Compulsory Departure will be reduced so that its value, together with that of no-compete compensation, does not exceed the Maximum Sum;*
  - *Under no circumstances may any contractual or legal compensation for dismissal, which Mr. BABEAU may claim in application of the law, be reduced. The same principle will apply for no-compete compensation;*
  - *The amount of Compensation for Compulsory Departure must be paid to the person concerned within fifteen days at the most after the board of directors has registered the fact he has achieved the Performance Condition;*
  - *Compensation for Compulsory Departure will not be due if Mr. BABEAU's departure occurs as a result of gross negligence or serious misconduct or in the context of dismissal as a result of gross negligence or serious misconduct;*
  - *Compensation for Compulsory Departure replaces any contractual the compensation other than no-compete compensation which Mr. BABEAU may claim under the terms of his contract of employment and the general management contract concluded with Schneider Electric Industries SAS and Schneider Electric Services International SPRL, which Mr. BABEAU expressly abandons.*

2°) *It authorizes Mr. BABEAU, who, as an employee of SCHNEIDER ELECTRIC SAS, continues to benefit from the collective providence scheme applicable to its employees, which provides for guarantees in the event of disablement, invalidity, death or dependence as well as coverage for health costs, to benefit from:*

- a) *Extra cover for risks of illness, disablement, invalidity or death provided for in his contract with Schneider Electric Industries SAS. This cover has the following characteristics:*

- a-1) *In the event of illness or accident leading to a temporary interruption or disablement (irrespective of the category), he will have the right for his remuneration (fixed and variable target) authorized by the board to be maintained for 18 months. It is specified that (i) maintaining this remuneration includes compensation paid by Social Security insurance, Schneider Electric Industries SAS only paying the difference between the amount of remuneration to be maintained and the amount of compensation paid by the Social Security and that (ii) during this eighteen-month period, the amount of remuneration to be maintained is not cumulated with any compensation paid by providence schemes or with any compensation at any liable third party's cost or by any individual accident insurance policy taken out by Schneider Electric Industries SAS. At the end of any such 18-month period, he will receive compensation paid by providence schemes together with compensation paid by any liable third party or by any individual accident insurance policy taken out by Schneider Electric Industries SAS.*
- a-2) *In the event of death, the beneficiaries of the holder will have right to remuneration (fixed and variable target) authorized by the board for the current month.*

*A lump-sum death benefit is also guaranteed to them, equal to six months of the holder's remuneration (monthly average for fixed and variable target remuneration during the last twelve months of presence) authorized by the board.*

*The above lump-sum death benefit can be accrued with allocations of the same type coming from any providence schemes whatsoever, or from any disablement or life assurance policies taken out by Schneider Electric Industries SAS;*

- b) *He will also benefit from insurance policies guaranteeing payment to him or his beneficiaries (i) of capital in the event of permanent disablement or death following an accident, (ii) of sum the event of a heart attack or an aneurysm, (iii) of sum in the event of disablement or death following a car accident incurred during his professional activities;*
- c) *In application of the measures set forth in article L.225-42-1 of the Commercial Code, the providence and insurance rights referred to in a) and b) above are subordinated to one or other of the following performance conditions:*
  - *The average net result for the last five financial years preceding the event is positive or*
  - *the average free cash-flow for the last five financial years preceding the event is positive.*

*3°) It decides that:*

- *Mr. BABEAU will not lose the benefits of restricted shares attributed him under the terms of plans n° 13 and 15 should he leave the company for reasons of Compulsory Departure during the acquisition period for these shares,*
- *Mr. BABEAU will not lose the benefits of share options attributed to him under the terms of plans n° 32 and 33 should he leave the Company for reasons of Compulsory Departure before taking up the said options,*
- *Concerning future plans for the attribution of restricted shares or stock-options from which he may benefit after the present date, he will not lose the benefits of any such attributions of restricted shares or stock-options that are made to him should he leave the company for reasons of*

*compulsory departure during their acquisition period, or before taking up the options concerned,*

- *However, it is pointed out that the above will only be applicable if the arithmetic average of the ratios for attaining Group objectives (to be differentiated from individual objectives), which determine the variable part of Mr. BABEAU's remuneration for the last three financial years completed on the date of his departure, amounts to at least two thirds of the target figure and that Mr. BABEAU's departure is not the result of gross negligence or serious misconduct or in the context of dismissal for gross negligence of serious misconduct.*
- 4°) *It authorizes continuation of the no-compete agreement signed by Mr. BABEAU under the terms of his contract of employment with Schneider Electric Industries SAS:*
- (...) - In compensation for this obligation, in all cases of departure other than dismissal, during the no-compete period [one year] Mr. BABEAU will receive a special monthly sum equal to 5/10 of his average gross remuneration (monthly average for basic gross remuneration and bonus paid over his last twelve months of presence) authorized by the board of directors.*
- *The board will rule on the application or non-application of the non-competition agreement at the time of Mr. BABEAU's departure, unless this departure results from voluntary resignation (therefore outside the context of a requested resignation) and inasmuch as Mr. BABEAU:*
    - *Has met the performance conditions permitting payment of compensation for compulsory departure, and*
    - *Does not or will not have the right or be in a situation for cumulating compensation for non-competition with the payment of a pension.*
- In all other cases (compulsory departure, resignation that does not meet the above conditions, etc.) the board will rule within eight days of Mr. BABEAU's departure on the application or non-application of the non-competition clause (This paragraph result from decision of the board of October 24<sup>th</sup>, 2013).*
- *It is specified that, if necessary, the benefit of this compensation is not subject to performance conditions as it compensates for impairment of Mr. BABEAU's freedom of employment. The monthly sum provided for the above being in compensation for compliance with this obligation, it ceases to be due in the event of any breach in obligations by the person concerned without prejudice to any damages that may be claimed from him.*
- 5°) *It decides that M. BABEAU, who benefits under the terms of his contract of employment with Schneider Electric Industries SAS, from (i) the old and new extra, defined benefit pension schemes – Article 39 – for Group executives covered by the French social security scheme and (ii) defined subscription schemes -article 83- set up for Group executives and managed by CARDIF and for all employees of Schneider Electric Industries SAS par MALAKOFF-MEDERIC, will conserve the benefit of these schemes.*
- Should Mr. BABEAU be led to receive compensation for compulsory departure, when he has the possibility of exercising his rights to retirement within a short period, his right to receive extra retirement pay under the terms of the article 39 scheme (old and new schemes) and the article 83 schemes shall be postponed by two years.*
- 6°) *It authorizes the modification to the contract of employment and general management agreement signed by Mr. BABEAU avec Schneider Electric Industries SAS and Schneider Electric Services International SPRL*

*respectively as well as drawing up an amendment to insurance policies for implementing his new status.*

*The board records that Mr. BABEAU has given his agreement to the above elements concerning his status.*

The statutory auditors will be informed of these agreements and commitments.