Proposed acquisition of Areva Distribution

December 2, 2009
Disclaimer

All forward-looking statements are Schneider Electric management’s present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.
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An industry in transformation
The electrical industry is transforming

- Environmental pressure
- Decentralized renewable energies
- Deregulation
- Interconnections
- Supply demand response
- Energy efficiency
- Electric cars

Production ➔ Transmission ➔ Distribution ➔ Consumption
The smart grid is changing all stages of the electrical value chain

1. Renewable Energies
   - Decentralized and irregular

2. Smart & flexible transmission network

3. Distribution and consumption:
   - Energy efficient, communicating, electricity intensive

4. Communication and software at all levels
   - “Smart Grid”
Two poles of specialization, with two different sets of dynamics

- Major global players
- Large projects
- Focused on utilities

- Global and regional players
- Equipment and product sale
- Multi-clients
The offer by the consortium would lead to the creation of two global specialists.
We would maintain and develop the synergies between transmission and distribution

- Commercial agreement between Alstom and Schneider Electric to develop the current flows (<€200M)
- Common smart grid communication and software standards
- Joint R&D program on smart grid
We would create new synergies for transmission and distribution businesses

- Innovation by connecting generation and transmission
- €500m of transmission purchase by Alstom in 2008

- Innovation by connecting distribution and consumption in real time
- €1bn of medium-low voltage packages in 2008
- Access to diffuse markets
- Critical size in medium voltage

Strong capability for the smart grid
A drastic increase of turnkey project capabilities

- **Areva T&D**
  - Project sales: €1.6 bn
  - HV equipment
  - Utilities Transmission & Distribution

- **Alstom**
  - Project sales: €5.8 bn
  - Turbines
  - HV and MV equipment
  - Utilities Generation & Transmission

- **Schneider Electric**
  - Project sales: €2.0 bn
  - MV equipment
  - Utilities Distribution, Industry, Building

- **Schneider Electric**
  - Project sales: €2.3 bn
  - MV equipment
  - Utilities Distribution, Industry, Building
The strategic intent of the acquisition
Areva Distribution business is a perfect fit to our medium voltage business

- Geographical fit
- Balanced end markets
- Technological fit
- Smart grid capability

- Excellent complementarities in new economies
- Reinforced presence with utilities
- A technology leader in both primary and secondary distribution
- Complete our demand side offers for smart grid with the supply side offers from Areva D

Highly synergetic and accretive transaction
- Full synergy potential: ~ €120M/year on EBITA
- EPS accretive from 2010*

* Excluding one-off items
Areva Distribution: world #4 in medium voltage

Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>~€1.3bn</td>
</tr>
<tr>
<td>2007</td>
<td>~€1.4bn</td>
</tr>
<tr>
<td>2008</td>
<td>~€1.7bn</td>
</tr>
</tbody>
</table>

2008 sales breakdown

- **Systems & services**: ~€1.3bn
- **MV distribution products**: ~€1.7bn (incl. switchgears, transformers, substations)
- **Grid automation**: ~11,000 employees

Industrial and employee data

- ~11,000 employees
- ~40 plants

Operational figures for Areva Distribution are estimates subject to final adjustments.

Schneider Electric - Investor Relations – Areva Distribution – 2 December 2009
We would consolidate two complementary players in medium voltage...

MV switchgears & systems

Distribution Transformers

Grid Automation

Fill the gap with no.1

Balance global footprint

Complementary smart grid offerings

Combined sales ~€ 4.6 bn

80 plants ~ 22 000 employees

~45% in new economies

Extensive market coverage

Operational figures for Areva Distribution are estimates subject to final adjustments
…with geographical fit in key markets and exceptional presence in new economies

Promising market trends in new economies

Strong complementarities in new economies

Electrification and equipment needs

> 80% of global market growth in next ten years

Industrial sites in new economies
Areva D (~20) + SE (~20) = ~40

Operational figures for Areva Distribution are estimates subject to final adjustments

Schneider Electric MV

<table>
<thead>
<tr>
<th>Country</th>
<th>Areva D</th>
<th>Schneider Electric MV</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>+++</td>
<td>+</td>
</tr>
<tr>
<td>India</td>
<td>+</td>
<td>++++</td>
</tr>
<tr>
<td>Brazil</td>
<td>++</td>
<td>++</td>
</tr>
<tr>
<td>Russia</td>
<td>++</td>
<td>+</td>
</tr>
<tr>
<td>Middle East</td>
<td>++</td>
<td>++</td>
</tr>
</tbody>
</table>

New economies % of MV sales

~43% ~47%

Further reinforce our footprint in New Economies
… as well as important complementarities of customer bases and technologies

Strong fit of customer bases

<table>
<thead>
<tr>
<th>Schneider Electric MV</th>
<th>Areva D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrical utilities</td>
<td>++</td>
</tr>
<tr>
<td>Electro-intensive*</td>
<td>+++</td>
</tr>
<tr>
<td>Industries</td>
<td>++++</td>
</tr>
<tr>
<td>Buildings</td>
<td>++++</td>
</tr>
</tbody>
</table>

Strong complementarities in technologies

- **MV switchgear**
  - Schneider Electric stronger in secondary MV
  - Areva D stronger in primary MV

- **Transformers**
  - Complementary footprint

- **Grid automation**
  - Areva D substation automation complements Schneider Electric offers in smart grid

Wider range of technologies

- Wider range of end-users

*Notably Oil & Gas customers, Mining Metal & Minerals*
Areva Distribution would complete our smart grid capability
Synergies powered by the combination
The business case is supported by strong synergies and solid social/industrial commitments

- **Commercial**
  - Boost sales in new economies
  - Leverage full range of technologies to customers

- **Purchasing**
  - Purchasing productivity thanks to volume effect
  - Components supply internally (e.g. vacuum interrupters)

- **Manufacturing**
  - Optimization of footprint through specialization
  - No site closure

- **Support functions**
  - Management fees paid to Areva for trademark
  - Other IT services (first investment then synergies)

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* Net of negative synergies

Sales impact

- ~€300m

EBITA impact

- ~€120m

Full synergy impact

- ~€300m*
- ~€50m*
- ~€70m

* Net of negative synergies
Approximately 50% of the synergies are expected to be delivered by 2012 (year 3)

Synergies profile *

- Full cost synergies expected to be delivered by 2013 (year 4)
- Purchasing synergies can be realized rapidly
- Full revenue synergies expected to be delivered by 2014 (year 5)

* Net of negative synergies and before implementation costs of ~€10-15m (annually) to be booked in 2011 and 2012
Value of the transaction

- **Enterprise value**
  - Pensions: €1,053m
  - Net debt: €2,290m as at 30.06.2009
  - Equity value committed to Areva: €1,053m
  - Minority: ~€400m
  - Enterprise value: ~€4,000m

- **Cash impact**
  - ~€3.3 bn

- **2008 EBITDA of €587m of which minorities of ~€50m (8%)**

- **Alstom share ~2/3**
- **Schneider Electric share ~1/3**
- **Final share of each partner to be adjusted on the basis of the respective EBITDA of the T and D businesses**

- **Multiple of ~8x 2009(e) EBITDA** *(Alstom and Schneider Electric estimate)*
A transaction fully financed with available cash

**Schneider Electric share (≈1/3)**

- **Equity value committed to Areva**: €2.29 billion → ~€0.8 billion
- **Net financial debt at 30 Jun. 2009**: €1.05 billion → ~€0.3 billion

Cash impact: ~€1.1 billion

**Strong cash flow generation expected in H2 2009**

- Cash on balance sheet to be ~€3bn at December 31, 2009
- Pro forma net debt / EBITDA* at year-end at ~1.5x after payment
- EPS accretive from 2010** - then mid to high-single digit % accretion

**Return On Capital Employed above WACC in 2012**

*Before restructuring charges
**Excluding one-off items
A new business created
Creation of Energy: a new business with proforma sales of ~€4.6bn and 22,000 employees

4 Businesses + Areva D € 1.7 bn → 5 Businesses

Key market segments:
- Residential
- Marine
- Utilities
- Oil and gas

Key product lines:
- LV Power
- IS&C
- MV distribution
- Grid Automation
- critical power & cooling
- Industrial automation
- CST
- Building automation & security

Power (MV + LV) IT Industry Buildings

Energy € 4.6 bn

IT Industry Buildings

- Data centers
- Bank / Insurance
- OEMs
- Water
- Mining
- Retail
- Hotels
- Hospitals
- Offices
The transaction timeline
The transaction timeline

Announcement

- Consultation of works’ council
- Approval by Commission des Participations et des Transferts

Signing

- Regulatory approvals

Closing

- Allocation of T to Alstom and D to Schneider
- Acquisition of Areva T&D through a common vehicle
Conclusion

- Strong industrial rationale
- A perfect fit to our medium voltage business
- A move supporting our solution approach to utilities and electro-intensive customers
- Strong presence in fast growing new economies

Schneider Electric accelerates its development in energy management
Make the most of your energy™