Financial Information

Schneider Electric launches a capital increase reserved for employees

Rueil Malmaison, January 27, 2014 – Schneider Electric SA announces today the launch of a capital increase reserved for employees under the Group employee savings plan (plan d'épargne salariale).

This offering, which is in line with the Group’s policy to develop employee shareholding, is proposed to Group employees in thirty-eight countries, including France. This plan covers around 90% of the employees of the Group. The subscription-revocation period is expected to take place from June 18 to June 23, 2014.

The payment and delivery of shares is expected on July 24, 2014.

The terms of this offering are described below.

Issuer
Schneider Electric SA
Euronext Paris – Compartment A
Ordinary share ISIN code: FR0000121972
Security eligible to the Deferred Settlement Service (Service de Règlement Différé or SRD)

Purpose of the transaction – Reasons for the offering
As per the decision made during the Annual Shareholders’ Meeting held on April 25, 2013, the Board of Directors has decided, on December 17, 2013, on the principle of the offering and delegated to the Deputy Chief Executive Officer the power to decide to proceed with the issue of (i) shares reserved for employees participating in the Schneider Electric Group Savings Plan (pursuant to article L.225-129-2, L.225-129-6, and L.225-138-1 of the French Commercial Code and article L.3332-1 and seq. of the French Labour Code) and (ii) shares reserved for employees and entities created for the benefit of employees, of Group companies located outside France (pursuant to article L.225-129-2 and L.225-138 of the French Commercial Code).

Within this framework, subscription of shares is proposed to employees of the Group in thirty-eight countries, including France. Two subscription plans are proposed to beneficiaries of this employee share plan:

– a “classic” plan, in which the subscriber is fully exposed to variations in the share price and may, if applicable, benefit from an employer matching contribution; and
– in certain countries, a “leveraged” plan (implemented through an agreement with a sponsor bank), in which the subscriber benefits from the guarantee of receiving, at maturity, the amount of his or her personal contribution and a multiple of the performance of Schneider Electric SA shares based on an average of the closing share price calculated at maturity.

This offering aims to reinforce the attachment of employees to the Group by giving them the opportunity to be more involved in the Group’s developments and future performance.
Shares to be offered

The shareholders of Schneider Electric SA authorized the Board of Directors at the Annual Shareholders’ Meeting held on April 25, 2013 (i) under the 18th resolution, to increase the share capital, up to 2% of the share capital, by issuance of new shares or other securities giving access to the company’s share capital reserved for Group employees taking part in the savings plan, and (ii) under the 19th resolution, to increase the share capital, up to 1% of the share capital, by issuing new shares reserved for employees and entities created for the benefit of the employees of companies of the Group located outside France.

On December 17, 2013, the Board of Directors decided the principle methods regarding these capital increases and delegated to the Deputy Chief Executive Officer the power to implement them within the limit of 4,300,000 shares (approximately 0.77% of the share capital as of December 31, 2013). It further delegated to him the power to fix the conditions of these capital increases and in particular the subscription price of the new shares, based on the average of the opening share prices quoted on the Eurolist market of Euronext Paris S.A. of the twenty trading days preceding the day of such decision (“Reference price”). Such decision should take place on June 17, 2014. The shares created will bear right to dividends as of January 1, 2014.

For the classic plan, beneficiaries will be able to subscribe to shares either directly, or through a *fonds commun de placement d'entreprise* ("FCPE"), at a price equal to 85% of the Reference Price for the beneficiaries in France and 80% of the Reference Price for the beneficiaries outside of France.

For the leveraged plan (in Belgium, Brazil, Chile, China, Colombia, Czech Republic, Egypt, India, Indonesia, Mexico, Philippines, Saudi Arabia, Slovakia, South Africa, Spain, Taiwan, Thailand and UAE), beneficiaries will be able to subscribe to shares through an FCPE.

Conditions relating to subscription

The beneficiaries of the employee share plan are employees (as well as retirees and pre-retirees in France, having kept their investment in the Company Savings Plan) and officers of the companies of the Group where the head office is located in one of the thirty-eight countries participating in the offering, who have at least three-month seniority in one of the companies of the Group on the last day of the subscription period, i.e., June 23, 2014.

The present offering is undertaken without preferential subscription right.

The unit holders of the FCPE will exercise their rights to vote in the Schneider Electric SA Shareholders’ Meetings indirectly, through the Supervisory Board of the FCPE.

The subscribers of this offering will hold the subscribed shares or the units of the FCPE at least until June 30, 2019 (inclusive), or for Italy and Canada, where an additional classic plan is offered, until June 30, 2021 (inclusive), except in the occurrence of an early exit event.

Tentative timetable for the offering

Subscription-revocation period: expected from June 18 until June 23, 2014 (inclusive).
Capital increase: expected to occur on July 24, 2014.
The above dates are indicative and are subject to change. They will be finalized by a decision of the Deputy Chief Executive Officer (expected on June 18, 2014).
Listing
The admission of new Schneider Electric SA shares to trading on the Euronext Paris market (Code ISIN: FR0000121972) will be effective, at the latest, on the day of the capital increase, i.e. July 24, 2014. The new shares will be assimilated with the existing shares.

Hedging transactions
The implementation of the leverage plan may generate hedging transactions by the financial institution structuring the offering, starting from the publication date of the present release (in particular after the end of the reservation period) and throughout the duration of the plan.

Special note regarding the international offering
This press release does not constitute an offer to sell or a solicitation to subscribe to Schneider Electric SA shares. The offering of Schneider Electric SA shares reserved for employees will be conducted only in countries where such an offering has been registered with the competent local authorities and/or following the approval of a prospectus by the competent local authorities or in consideration of an exemption from the requirement to prepare a prospectus or register the offering. More generally, the offering will only be conducted in countries where all required filing procedures and/or notifications have been completed and the authorizations have been obtained. This press release is not destined for, and copies thereof should not be sent to, countries in which such a prospectus has not been approved or such an exemption is not available or where all of the required filing procedures and/or notifications have not been completed or where the authorizations have not been obtained.

The securities described herein have not been and will not be registered with the U.S. Securities and Exchange Commission and may only be offered or sold in the United States in transactions that are exempt from the registration requirements of the U.S. Securities Act of 1933.

Employee Contact
The beneficiaries may address all questions regarding this offering to their contact person whose name is indicated in the brochure included in the subscription materials that were provided to them.

About Schneider Electric
As a global specialist in energy management with operations in more than 100 countries, Schneider Electric offers integrated solutions across multiple market segments, including leadership positions in energy and infrastructure, industrial processes, building automation, and data centres/networks, as well as a broad presence in residential applications. Focused on making energy safe, reliable, and efficient, the company's 140,000 plus employees achieved revenues of 24 billion euros in 2012, through an active commitment to help individuals and organizations "Make the most of their energy.”

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