



Financial Press Release

Continuation of Very Robust Organic Growth in Third Quarter 2007: +13.8%

- Reported growth of 28.4%, including APC
- High level of growth across Europe
- Strong performance confirmed in North America
- Sustained high-growth in emerging countries
- Organic growth target for full-year 2007 revised upward to 13%

Rueil Malmaison, October 23, 2007 – Schneider Electric sales for the **third quarter of 2007** totaled **€4,468 million**, up a strong **28.4%** on a current structure and exchange rate basis from the year-earlier period.

Acquisitions contributed a significant €592 million (or 17.0%): primarily APC for €519 million, consolidated since February 15, 2007. The currency effect remained negative, reducing sales by €73 million (or 2.4%).

On a constant structure and exchange rate basis, sales growth was again high at **13.8%** in the third quarter 2007 thanks, in particular, to strong demand for energy efficiency, critical power and investment in infrastructure for water treatment, raw materials extraction and transformation, transportation, data centers, etc.

The breakdown of sales by geographical region was as follows:

€ million	Sales Q3 2007	% change Q3 constant	Sales Nine-month 2007	% change Nine-month constant
Europe	1,916	+12.2%	5,734	+12.3%
North America	1,280	+13.1%	3,567	+12.7%
Asia-Pacific	882	+14.7%	2,358	+15.2%
Rest of the World	390	+22.6%	1,063	+24.1%
Total	4,468	+13.8%	12,722	+13.9%

“The very robust double-digit organic growth delivered once again by Schneider Electric in all regions and businesses demonstrates the strength of the Group’s growth model and the effectiveness of our strategy to reposition the business over the past few years,” noted Jean-Pascal Tricoire, Chairman of the Management Board and CEO. *“The unique positions we have acquired in businesses experiencing structural growth and our targeted deployment in promising markets give us confidence in Schneider Electric’s ability to generate healthy and lasting sales growth.”*



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Growth by geography

Operations in **Europe** posted double-digit growth for the fourth quarter in a row, with sales up a strong **12.2%** from the year-earlier period. Services and energy efficiency solutions continued to enjoy high demand. Activities in Eastern Europe also made a significant contribution, with growth of around 30%, thanks in particular to very buoyant markets in Russia.

In Western Europe, growth was strongest in Spain and the United Kingdom, where sales were lifted by the vibrant energy and infrastructure markets, as well as by tertiary buildings. High industrial investment drove significant increases in Italy and Germany.

In **North America**, sales rose by **13.1%**, slightly above the first half 2007. This reflects good trends in all end-markets, with the exception of residential (only 12% of North America's business). Schneider Electric is reaping the rewards of its strategy to target attractive markets, notably in energy and infrastructure (such as water treatment, data centers, etc.) and address customers' structural needs: energy efficiency, critical power, building control and security, services.

Growth in **Asia-Pacific** reached **14.7%**, reflecting the region's vigorous end-markets, notably in China, where sales continued to rise by around 20%, India and Southeast Asia, thanks to a rebound in Thailand.

Operations in the **Rest of the World** confirmed their powerhouse status, with sales growth of **22.6%**. Sales in the Middle East were lifted by direct and indirect spending stemming from high oil prices. Business in South America and Africa was driven by raw material extraction and transformation, and more generally, by the favorable environment in industry.

Growth by business

€ million	Sales Q3 2007	% change Q3 constant
Electrical Distribution	2,541	+15.5%
Automation & Control	1,217	+10.1%
Critical Power & Cooling Services	710*	NS
Total	4,468	+13.8%

Organic growth in Electrical Distribution (57% of sales) was higher than in Automation & Control (27% of sales) due to stronger dynamics in the construction and energy markets.

The fast-growing Critical Power and Cooling Services business accounted for 16% of Group sales in the third quarter.

* Including the small systems business of MGE which divestment should be completed by October 31, 2007

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APC-MGE

The new Critical Power and Cooling Services Business Unit, combining APC and MGE operations, delivered sales of **\$923 million** over the period, for organic growth of **14%**** in relation to the year-earlier period.

Sales continued to be driven by large systems and related services for enterprise, due to rising demand for protection and energy efficiency solutions in sensitive installations, particularly in the IT industry. Growth was however slightly lower than in the first half due to the deployment of a more stringent project selection policy to improve profitability.

During the period, APC-MGE announced an important partnership agreement with Stulz to provide customers with comprehensive and integrated data center cooling solutions and services.

Recent highlights

Bond issue

On September 25, 2007, Schneider Electric launched a €600 million bond issue with fixed coupon and maturing in January 2015, in order to refinance APC acquisition while extending its average debt duration. This bond issue, rated “BBB+” by Standard & Poor’s and oversubscribed more than 9 times, received a very positive response from the market.

Finalization of Pelco acquisition

On October 16, 2007, the Group finalized the acquisition of Pelco, worldwide leader in the design, development and manufacture of video security systems. This acquisition significantly enhances the offering of its Building Automation business – encompassing power, HVAC and electronic security control – and increases its ability to offer integrated solutions.

Approval of Delixi Electric joint venture

On October 16, 2007, the Group received the approval from the Ministry of Commerce of the People’s Republic of China for the formation of a Joint-Venture with Delixi Group. The new Joint-Venture named Delixi Electric, where Schneider Electric will own a 50% interest while Delixi Group will hold the other 50%, will focus on the manufacturing, marketing and distribution of Low Voltage products.

** These data reflect the Critical Power & Cooling Services Business Unit’s underlying performance in the third quarter, not the organic growth consolidated by Schneider Electric, since the entire impact of the APC acquisition is recognized under “Changes in scope of consolidation” until February 14, 2008.



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Outlook

The acceleration of Schneider Electric's growth potential reflects the deep transformation and diversity of its **end-markets** exposure following the repositioning of its business portfolio and the integration of APC. The Group's updated exposure is as follows:

End-markets	%
Industry	29%
Buildings	28%
Energy & Infrastructure	18%
Data centers & networks	13%
Residential	12%

Assuming current economic and business conditions, Schneider Electric revised upward to around **13%** its **organic sales growth target** for full-year 2007.

The 2007 full-year results should be impacted by the same factors as the half-year results:

- Selling prices will offset higher raw material costs.
- Gross margin will be negatively impacted by changes in the business mix.
- Industrial productivity gains will continue.
- Support function resources will be carefully increased in emerging markets and new businesses to fuel growth.

Fourth-quarter 2007 sales will be released on January 22, 2008 and 2007 full-year results will be presented on February 20, 2008.

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

Schneider Electric, the world's power and control specialist, anticipates and satisfies its customers' requirements in the residential, building, industry and energy and infrastructure markets. With 112,000 employees and operations in 190 countries, Schneider Electric generated revenue of €13.7 billion in 2006 through 15,000 distributor outlets.

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Appendix

Third-quarter 2007 sales by geographical region were as follows:

€ million	Sales Q3 2007	% change Q3 constant	Changes in scope	Currency effect	% change Q3 current
Europe	1,916	+12.2%	+9.8%	+0.1%	+22.1%
North America	1,280	+13.1%	+27.9%	-7.5%	+33.5%
Asia-Pacific	882	+14.7%	+18.7%	-1.0%	+32.4%
Rest of the World	390	+22.6%	+16.6%	-2.3%	+36.9%
Total	4,468	+13.8%	+17.0%	-2.4%	+28.4%

Sales for the nine months ended September 30, 2007 by geographical region were as follows:

€ million	Sales Nine-month 2007	% change Nine-month constant	Changes in scope	Currency effect	% change Nine-month current
Europe	5,734	+12.3%	+11.2%	+0.2%	+23.7%
North America	3,567	+12.7%	+24.0%	-8.3%	+28.4%
Asia-Pacific	2,358	+15.2%	+16.2%	-2.7%	+28.7%
Rest of the World	1,063	+24.1%	+11.7%	-6.0%	+29.8%
Total	12,722	+13.9%	+15.7%	-3.2%	+26.4%

Sales for the nine months ended September 30, 2007 by business were as follows:

€ million	Sales Nine-month 2007	% change Nine-month constant	Changes in scope	Currency effect	% change Nine-month current
Electrical Distribution	7,269	+15.7%	+3.0%	-3.2%	+15.5%
Automation & Control	3,622	+9.2%	+3.6%	-3.1%	+9.7%
Critical Power & Cooling Services	1,832	NS	NS	NS	NS
Total	12,722	+13.9%	+15.7%	-3.2%	+26.4%



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