



Consolidated financial statements – December 31, 2014

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Consolidated financial statements at December 31, 2014

Consolidated statement of income

<i>(in millions of euros except for earnings per share)</i>	Note	Full year 2014	Full year 2013*
Revenue	3	24,939	23,392
Cost of sales		(15,532)	(14,629)
Gross profit		9,407	8,763
Research and development	4	(567)	(516)
Selling, general and administrative expenses		(5,377)	(4,891)
EBITA adjusted**		3,463	3,356
Other operating income and expenses	6	(106)	71
Restructuring costs	7	(202)	(173)
EBITA***		3,155	3,254
Amortization and impairment of purchase accounting intangibles	8	(259)	(215)
Operating income		2,896	3,039
Interest income		28	43
Interest expense		(340)	(368)
Finance costs, net		(312)	(325)
Other financial income and expense	9	(155)	(159)
Net financial income/(loss)		(467)	(484)
Profit from continuing operations before income tax		2,429	2,555
Income tax expense	10	(551)	(651)
Income from discontinued operations, net of income tax		169	61
Share of profit/(loss) of associates		14	20
PROFIT FOR THE PERIOD		2,061	1,985
• attributable to owners of the parent		1,941	1,888
• attributable to non-controlling interests		120	97
Basic earnings (attributable to owners of the parent) per share <i>(in euros per share)</i>	21.3	3.39	3.43
Diluted earnings (attributable to owners of the parent) per share <i>(in euros per share)</i>		3.37	3.40

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

** EBITA adjusted (Earnings Before Interests, Taxes, Amortization of purchase accounting intangibles and Restructuring costs).

EBITA adjusted corresponds to operating profit before amortization and impairment of purchase accounting intangible assets, before goodwill impairment, before other operating income and expenses and before restructuring costs.

*** EBITA (Earnings Before Interests, Taxes and Amortization of purchase accounting intangibles)

EBITA corresponds to operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.

The accompanying notes are an integral part of the consolidated financial statements.

Other comprehensive income

<i>(in millions of euros)</i>	Full year 2014	Full year 2013 *
Profit for the year	2,061	1,985
Other comprehensive income:		
Translation adjustment	1,011	(801)
Cash-flow hedges	14	(16)
Income tax effect of cash-flow hedges	(17)	4
Net gains (losses) on available-for-sale financial assets	1	54
Income tax effect of net gains (losses) on available-for-sale financial assets	-	-
Actuarial gains (losses) on defined benefits plans	(373)	259
Income tax effect of Actuarial gains (losses) on defined benefits plans	155	(89)
Other comprehensive income for the year, net of tax	790	(589)
out of which to be recycled in income statement ultimately	(2)	42
out of which not to be recycled in income statement ultimately	792	(631)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	2,851	1,396
Attributable:		
• to owners of the parent	2,702	1,316
• to non-controlling interests	149	80

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of cash flows

<i>(in millions of euros)</i>	Note	Full year 2014	Full year 2013*
Profit for the year		2,061	1,985
<i>Less net result from discontinued operations</i>		<i>(169)</i>	<i>(61)</i>
Share of (profit)/losses of associates, net of dividends received		(14)	(20)
<i>Adjustments to reconcile net profit to net cash flows provided by operating activities:</i>			
Depreciation of property, plant and equipment	13	414	401
Amortization of intangible assets other than goodwill	12	483	408
Impairment losses on non-current assets	5	26	51
Increase/(decrease) in provisions	23	(68)	(101)
Losses/(gains) on disposals of fixed assets		12	2
Difference between tax paid and tax expense		(188)	(112)
Other non-cash adjustments		83	75
Net cash provided by operating activities before changes in current assets and liabilities		2,640	2,628
Decrease/(increase) in accounts receivable		(246)	41
Decrease/(increase) in inventories and work in process		169	(25)
(Decrease)/increase in accounts payable		(85)	262
Change in other current assets and liabilities		55	(40)
Change in working capital requirement		(107)	238
Total I – Cash flows from operating activities		2,533	2,866
Purchases of property, plant and equipment	13	(475)	(465)
Proceeds from disposals of property, plant and equipment		40	92
Purchases of intangible assets	12	(396)	(349)
Proceeds from disposals of intangible assets		2	16
Net cash used by investment in operating assets		(829)	(706)
Net financial investments	2	(2,490)	(294)
Proceeds from sale of financial assets		5	-
Purchases of other long-term investments		108	(115)
Increase in long-term pension assets		(121)	(65)
Sub-total		(2,498)	(474)
Total II – Cash flows from/(used in) investing activities		(3,327)	(1,180)
Issuance of bonds	24	-	600
Repayment of bonds	24	(720)	(587)
Sale/(purchase) of own shares		(371)	26
Increase/(reduction) in other financial debt		(818)	1,073
Proceeds from issuance of shares		237	209
Dividends paid: Schneider Electric SE		(1,095)	(1,025)
Non-controlling interests		(110)	(31)
Total III – Cash flows from/(used in) financing activities		(2,877)	265
IV – Net foreign exchange difference:		(61)	(225)
V – Effect of discontinued operations		747	61
Increase/(decrease) in cash and cash equivalents: I +II +III +IV+V		(2,985)	1,787
Cash and cash equivalents at January 1		5,423	3,636
Increase/(decrease) in cash and cash equivalents		(2,985)	1,787
CASH AND CASH EQUIVALENTS AT DECEMBER 31	20	2,438	5,423

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

Consolidated balance sheet

Assets

<i>(in millions of euros)</i>	Note	Dec. 31, 2014	Dec. 31, 2013*
Non-current assets			
Goodwill, net	11	16,733	13,048
Intangible assets, net	12	5,061	4,280
Property, plant and equipment, net	13	2,751	2,595
Total tangible and intangible assets		7,812	6,875
Investments in associates	14	318	201
Available-for-sale financial assets	15.1	333	164
Other non-current financial assets	15.2	365	127
Non-current financial assets		698	291
Deferred tax assets	16	2,160	1,756
Total non-current assets		27,721	22,171
Current assets			
Inventories and work in progress	17	3,027	3,072
Trade and other operating receivables	18	5,991	5,145
Other receivables and prepaid expenses	19	1,729	1,370
Current financial assets	15.3	40	28
Cash and cash equivalents	20	2,650	5,563
Total current assets		13,437	15,178
TOTAL ASSETS		41,158	37,349

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

The accompanying notes are an integral part of the consolidated financial statements.

Liabilities

<i>(in millions of euros)</i>	Note	Dec. 31, 2014	Dec. 31, 2013*
Equity	21		
Share capital		2,339	2,248
Additional paid-in capital		7,898	6,992
Retained earnings		9,347	8,803
Translation reserve		148	(832)
Equity attributable to owners of the parent		19,732	17,211
Non-controlling interests		419	382
Total equity		20,151	17,593
Non-current provisions			
Pensions and other post-employment benefit obligations	22	2,199	1,485
Other non-current provisions	23	1,249	827
Total non-current provisions		3,448	2,312
Non-current financial liabilities			
Bonds	24	4,655	5,322
Other non-current debt	24	372	600
Non-current financial liabilities		5,027	5,922
Deferred tax liabilities	16	1,116	994
Other non-current liabilities	25	184	140
Total non-current liabilities		9,775	9,368
Current liabilities			
Trade and other operating payables		4,106	3,791
Accrued taxes and payroll costs		2,342	1,878
Current provisions	23	977	883
Other current liabilities		1,158	869
Current debt	24	2,645	2,967
Total current liabilities		11,228	10,388
Liabilities of discontinued operations		4	
TOTAL EQUITY AND LIABILITIES		41,158	37,349

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

<i>(in millions of euros except for number of shares)</i>	Number of shares <i>(thousands)</i>	Additional paid-in capital	Treasury shares	Retained earnings	Translation reserve	Equity attributable to owners of the parent	Non- controlling interests	Total	
Jan. 1, 2013*	555,417	2,222	6,885	(74)	7,668	(48)	16,653	408	17,061
Profit for the year				1,888		1,888	97	1,985	
Other comprehensive income				212	(784)	(572)	(17)	(589)	
Comprehensive income for the year				2,100	(784)	1,316	80	1,396	
Capital increase	2,752	11	123			134		134	
Exercise of stock options	3,789	15	86			101		101	
Dividends				(1,058)		(1,058)	(106)	(1,164)	
Share-based compensation expense				66		66		66	
Other **			(102)	101		(1)		(1)	
Dec. 31, 2013***	561,958	2,248	6,992	(74)	8,877	(832)	17,211	382	17,593
Profit for the year				1,941		1,941	120	2,061	
Other comprehensive income				(219)	980	761	29	790	
Comprehensive income for the year				1,722	980	2,702	149	2,851	
Capital increase	20,925	84	1,109			1,193		1,193	
Exercise of stock options	1,807	7	29	(4)		32		32	
Dividends			(244)	(851)		(1,095)	(112)	(1,207)	
Change in treasury shares				(371)		(371)		(371)	
Share-based compensation expense				86		86		86	
Other			12	(38)		(26)		(26)	
Dec. 31, 2014	584,691	2,339	7,898	(445)	9,792	148	19,732	419	20,151

* The 2012 figures were restated for the application of IAS19 Revised.

** Reclassification from additional paid-in capital to retained earnings.

*** The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

All amounts in millions of euros unless otherwise indicated.

The following notes are an integral part of the consolidated financial statements.

The Schneider Electric Group's consolidated financial statements for the financial year ended December 31, 2014 were drawn up by the board of directors on February 18, 2015. They will be submitted to shareholders for approval at the Annual General Meeting of April 21, 2015.

The Group's main businesses are described in chapter 1 of the Registration Document

Note 1 Accounting Policies

1.1 – Accounting standards

The consolidated financial statements have been prepared in compliance with the international accounting standards (IFRS) as adopted by the European Union as of December 31, 2014. The same accounting methods were used as for the consolidated financial statements for the year ended December 31, 2013.

The following standards and interpretations that were applicable during the period did not have a material impact on the consolidated financial statements as of December 31, 2014:

- Amendment to IAS 32 : Offsetting Financial Assets and Financial Liabilities ;
- Amendment to IAS 36 : Recoverable Amount Disclosures for Non-financial assets ;
- Amendment to IAS 39 : Novation of Derivatives and Continuation of Hedge Accounting ;
- IAS 28 revised – Investments in associates and joint-ventures;
- IFRS 10 – Consolidated Financial Statements;
- IFRS 11 – Joint Arrangements;
- IFRS 12 – Disclosure of Interests in Other entities;
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12).

Implementation of IFRS 10 and IFRS 11 standards led to some changes in consolidation method with no significant effect on consolidated financial statements.

The Group did not apply the following standards and interpretations that are mandatory at some point subsequent to December 31, 2014:

- standards adopted by the European Union:
 - IFRIC 21 – Levies;
 - Amendments to IAS 19 - Defined Benefit plans : Employees Contributions;
 - Annual Improvements to IFRSs 2010-2012 Cycle (December 2013);
 - Annual Improvements to IFRSs 2011-2013 Cycle (December 2013).
- standards not yet adopted by the European Union:
 - IFRS 9 – *Financial instruments*,
 - IFRS 14 – Regulatory Deferral Accounts;
 - IFRS 15 – Revenue from Contracts with Customers;
 - Amendments to IAS 16 and IAS 38 : Clarification of Acceptable Methods of Depreciation and Amortization
 - Amendments to IFRS 11- Accounting for Acquisitions in Joint Operations;
 - Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ;

- Annual Improvements to IFRSs 2012 - 2014 Cycle (September 2014);
- Amendments to IAS 1 – Disclosure initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities : Applying the Consolidation exception.

There are no differences in practice between the standards applied by Schneider Electric as of December 31, 2014 and the IFRS issued by the International Accounting Standards board (IASB).

The Group is currently assessing the potential impact on the Group's consolidated financial statements of the standards not yet applicable. At this stage of analysis, the Group does not expect the impact on its consolidated financial statements to be material, except for IFRS 9 due to uncertainties surrounding the adoption process in Europe.

1.2 – Discontinued operations

On February 5, 2014, Schneider Electric announced that it has signed an agreement for the sale of the Invensys Appliance division, because this unit is not a core business to Schneider Electric. The consideration for the transaction is GBP150 million and the agreement was completed on June 18, 2014. The Invensys Appliance division is reported as discontinued operations in the Group consolidated financial statements for the full year 2014.

On October 1, 2014 the Group has obtained all required regulatory approvals and subsequently finalized the sale of Custom Sensors & Technologies (CST) to The Carlyle Group (NASDAQ:CG), and PAI partners SAS, "), based on an enterprise value of USD900m (approximately EUR650m). As part of the transaction, the Group has reinvested approximately \$100m alongside Carlyle, PAI and CST management to own a shareholding of 30% of CST. CST was reported in the Industry business of Schneider Electric. The CST activity was reclassified as discontinued operations in Group financial statements on full year 2014 (for EUR24 million net income) and on full year 2013 (for EUR443 million of revenues, EUR83 million of profit before tax and EUR22 million of income tax expense thus a net income of EUR61 millions).

1.3 – Basis of presentation

The financial statements have been prepared on a historical cost basis, with the exception of derivative instruments and available – for-sale financial assets, which are measured at fair value. Financial liabilities are measured using the amortized cost model. The book value of hedged assets and liabilities, under fair-value hedge, corresponds to their fair value, for the part corresponding to the hedged risk.

1.4 – Use of estimates and assumptions

The preparation of financial statements requires Group and subsidiary management to make estimates and assumptions that are reflected in the amounts of assets and liabilities reported in the consolidated balance sheet, the revenues and expenses in the statement of income and the obligations created during the reporting period. Actual results may differ.

These assumptions mainly concern:

- the measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (note 1.11) and the measurement of the goodwill impairment (note 8),
- the measurement of the recoverable amount of non-current financial asset (note 1.12 and note 15),
- the realizable value of inventories and work in process (note 1.13),
- the recoverable amount of accounts receivable (note 1.14),
- the valuation of share-based payments (note 1.20),
- the calculation of provisions for contingencies, in particular for warranties (note 1.21),
- the measurement of pension and other post-employment benefit obligations (note 22).

1.5 – Consolidation principles

Subsidiaries, over which the Group exercises exclusive control, either directly or indirectly, are fully consolidated. Exclusive control is control by all means, including ownership of a majority voting interest, significant minority ownership, and contracts or agreements with other shareholders.

Group investments in entities controlled jointly with a limited number of partners, such as joint ventures and alliances and companies over which the Group has significant influence ("associates") are accounted for by the equity consolidation method. Significant influence is presumed to exist when more than 20% of voting rights are held by the Group.

Companies acquired or sold during the year are included in or removed from the consolidated financial statements as of the date when effective control is acquired or relinquished.

Intra-group balances and transactions are eliminated.

The list of consolidated subsidiaries and associates can be found in note 32.

The reporting date for all companies included in the scope of consolidation is December 31, with the exception of certain associates accounted for by the equity method. For the latter however, financial statements up to September 30 of the financial year have been used (maximum difference of three months in line with the standards).

1.6 – Business combinations

Business combinations are accounted for using the acquisition method, in accordance with IFRS 3 – *Business Combinations*. In accordance with the option provided by IFRS 1 – *First-Time Adoption of IFRS* – business combinations recorded before January 1, 2004 have not been restated. Material acquisition costs are presented under "Other operating income and expenses" in the statement of income.

All acquired assets, liabilities and contingent liabilities of the buyer are recognized at their fair value at the acquisition date, the fair value can be adjusted during a measurement period that can last for up to 12 months from the date of acquisition.

The excess of the cost of acquisition over the Group's share in the fair value of assets and liabilities at the date of acquisition is recognized in goodwill. Where the cost of acquisition is lower than the fair value of the identified assets and liabilities acquired, the negative goodwill is immediately recognized in the statement of income.

Goodwill is not amortized, but tested for impairment at least annually and whenever there is an indication that it may be impaired (see note 1.11 below). Any impairment losses are recognized under "Amortization and impairment of purchase accounting intangibles".

1.7 – Translation of the financial statements of foreign subsidiaries

The consolidated financial statements are prepared in euros.

The financial statements of subsidiaries that use another functional currency are translated into euros as follows:

- assets and liabilities are translated at the official closing rates,
- income statement and cash flow items are translated at weighted-average annual exchange rates.

Gains or losses on translation are recorded in consolidated equity under "Cumulative translation adjustments".

1.8 – Foreign currency transactions

Foreign currency transactions are recorded using the official exchange rate in effect at the date the transaction is recorded or the hedging rate. At the balance sheet date, foreign currency payables and receivables are translated into the functional currency at the closing rates or the hedging rate. Gains or losses on translation of foreign currency transactions are recorded under "Net financial income/(loss)". Foreign currency hedging is described below, in note 1.23.

1.9 – Intangible assets

Intangible assets acquired separately or as part of a business combination

Intangible assets acquired separately are initially recognized in the balance sheet at historical cost. They are subsequently measured using the cost model, in accordance with IAS 38 – Intangible Assets.

Intangible assets (mainly trademarks and customer lists) acquired as part of business combinations are recognized in the balance sheet at fair value at the combination date, appraised externally for the most significant assets and internally for the rest, and that represents its historical cost in consolidation. The valuations are performed using generally accepted methods, based on future inflows. The assets are regularly tested for impairment.

Intangible assets are amortized on a straight-line basis over their useful life or, alternatively, over the period of legal protection. Amortized intangible assets are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Amortization and impairment losses on intangible assets acquired in a business combination are presented on a separate statement of income line item, "Amortization and impairment of purchase accounting intangibles".

Trademarks

Trademarks acquired as part of a business combination are not amortized when they are considered to have an indefinite life.

The criteria used to determine whether or not such trademarks have indefinite lives and, as the case may be, their lifespan, are as follows:

- brand awareness,
- outlook for the brand in light of the Group's strategy for integrating the trademark into its existing portfolio.

Non-amortized trademarks are tested for impairment at least annually and whenever there is an indication they may be impaired. When necessary, an impairment loss is recorded.

Internally-generated intangible assets

Research and development costs

Research costs are expensed in the statement of income when incurred.

Systems were set up to track and capitalize development costs in 2004. As a result, only development costs for new products launched since 2004 are capitalized in the IFRS accounts.

Development costs for new projects are capitalized if, and only if:

- the project is clearly identified and the related costs are separately identified and reliably tracked;
- the project's technical feasibility has been demonstrated and the Group has the intention and financial resources to complete the project and to use or sell the resulting products;
- the Group has allocated the necessary technical, financial and other resources to complete the development;
- it is probable that the future economic benefits attributable to the project will flow to the Group.

Development costs that do not meet these criteria are expensed in the financial year in which they are incurred.

Capitalized development projects are amortized over the lifespan of the underlying technology, which generally ranges from three to ten years. The amortization of such capitalized projects is included in the cost of the related products and classified into "Cost of sales" when the products are sold.

Software implementation

External and internal costs relating to the implementation of enterprise resource planning (ERP) applications are capitalized when they relate to the programming, coding and testing phase. They are amortized over the applications' useful lives. In accordance with paragraph 98 of IAS 38, the SAP bridge application currently being rolled out within the Group is amortized using the production unit method to reflect the pattern in which the asset's future economic benefits are expected to be consumed. Said units of production correspond to the number of users of the rolled-out solution divided by the number of target users at the end of the roll-out.

1.10 – Property, plant and equipment

Property, plant and equipment is primarily comprised of land, buildings and production equipment and is carried at cost, less accumulated depreciation and any accumulated impairment losses, in accordance with the recommended treatment in IAS 16 – *Property, plant and equipment*.

Each component of an item of property, plant and equipment with a useful life that differs from that of the item as a whole is depreciated separately on a straight-line basis. The main useful lives are as follows:

• Buildings:	20 to 40 years;
• Machinery and equipment:	3 to 10 years;
• Other:	3 to 12 years.

The useful life of property, plant and equipment used in operating activities, such as production lines, reflects the related products' estimated life cycles.

Useful lives of items of property, plant and equipment are reviewed periodically and may be adjusted prospectively if appropriate.

The depreciable amount of an asset is determined after deducting its residual value, when the residual value is material.

Depreciation is expensed in the period or included in the production cost of inventory or the cost of internally-generated intangible assets. It is recognized in the statement of income under "Cost of sales", "Research and development costs" or "Selling, general and administrative expenses", as the case may be.

Items of property, plant and equipment are tested for impairment whenever there is an indication they may have been impaired. Impairment losses are charged to the statement of income under "Other operating income and expenses".

Leases

The assets used under leases are recognized in the balance sheet, offset by a financial debt, where the leases transfer substantially all the risks and rewards of ownership to the Group.

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. The related payments are recognized as an expense on a straight-line basis over the lease term.

Borrowing costs

In accordance with IAS 23 R – *Borrowing costs* (applied as of January 1, 2009), borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. Other borrowing costs are recognized as an expense for the period. Prior to January 1, 2009, borrowing costs were systematically expensed when incurred.

1.11 – Impairment of assets

In accordance with IAS 36 – *Impairment of Assets* – the Group assesses the recoverable amount of its long-lived assets as follows:

- for all property, plant and equipment subject to depreciation and intangible assets subject to amortization, the Group carries out a review at each balance sheet date to assess whether there is any indication that they may be impaired. Indications of impairment are identified on the basis of external or internal information. If such an indication exists, the Group tests the asset for impairment by comparing its carrying amount to the higher of fair value minus costs to sell and value in use;
- non-amortizable intangible assets and goodwill are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Value in use is determined by discounting future cash flows that will be generated by the tested assets. These future cash flows are based on Group management's economic assumptions and operating forecasts presented in forecasts over a period generally not exceeding 5 years, and then extrapolated based on a perpetuity growth rate. The discount rate corresponds to the Group's weighted average cost of capital (WACC) at the measurement date plus a risk premium depending on the region in question. The WACC stood at 7.6% at December 31, 2014, a slight decrease on the 7.8% at December 31, 2013. This rate is based on (i) a long-term interest rate of 2.6%, corresponding to the average interest rate for 10 years OAT treasury bonds over the past few years, (ii) the average premium applied to financing obtained by the Group over the last period, and (iii) the weighted country risk premium for the Group's businesses in the countries in question.

The perpetuity growth rate was 2%, unchanged on the previous financial year.

Impairment tests are performed at the level of the cash-generating unit (CGU) to which the asset belongs. A cash-generating unit is the smallest group of assets that generates cash inflows that are largely independent of the cash flows from other assets or groups of assets. The cash-generating units in 2013 were *Partner, Infrastructure, Industry, IT, Buildings* and *CST* CGUs. In 2014, Schneider Electric decided to regroup its Buildings and Partner businesses into a single business to provide its customers a complete offer to address the buildings market ; this led to the merge of Partner and Buildings CGUs. Additionally CST was sold on October 1st, 2014. Hence, the cash-generating units in 2014 are *Buildings & Partner, Infrastructure, Industry and IT* CGUs Net assets were reallocated to the CGUs at the lowest possible level on the basis of the CGU activities to which they belong; the assets belonging to several activities were allocated to each CGU (*Buildings & Partner, Infrastructure* and *Industry* mainly) pro-rata to their revenue in that CGU.

The WACC used to determine the value in use of each CGU was 8.3% for *Buildings & Partner*, 8.4% for *Industry*, 8.4% for *IT*, or and 8.6% for *Infrastructure*.

Goodwill is allocated when initially recognized. The CGU allocation is done on the same basis as used by Group management to monitor operations and assess synergies deriving from acquisitions.

Where the recoverable amount of an asset or CGU is lower than its book value, an impairment loss is recognized for the excess of the book value over the recoverable value. The recoverable value is defined as the highest value between the value in use and the realizable value net of costs. Where the tested CGU comprises goodwill, any impairment losses are firstly deducted there from.

1.12 – Non-current financial assets

Investments in non-consolidated companies are classified as available-for-sale financial assets. They are initially recorded at their cost of acquisition and subsequently measured at fair value, when fair value can be reliably determined.

The fair value of investments listed in an active market may be determined reliably and corresponds to the listed price at balance sheet date (Level 1 from the fair value hierarchy as per IFRS 7).

In cases where fair value cannot be reliably determined on observable markets, the investments are measured at cost net of any accumulated impairment losses. The recoverable amount is determined by assessing either the Group' share in the entity's net assets or the expected future cash-flows representative of management expectation in this investment. This rule is applied in particular to unlisted shares.

Changes in fair value are accumulated as other comprehensive income in the comprehensive income statement and, in balance sheet, in equity under "Other reserves" up to the date of sale, at which time they are recognized in the income statement. Unrealized losses on assets that are considered to be permanently impaired are recorded at the statement of income under financial loss.

Loans, recorded under "Other non-current financial assets", are carried at amortized cost and tested for impairment where there is an indication that they may have been impaired. Non-current financial receivables are discounted when the impact of discounting is considered significant.

1.13 – Inventories and work in process

Inventories and work in progress are measured at the lower of their initial recognition cost (acquisition cost or production cost generally determined by the weighted average price method) or of their estimated net realizable value.

Net realizable value corresponds to the estimated selling price net of remaining expenses to complete and/or sell the products.

Inventory impairment losses are recognized in "Cost of sales".

The cost of work in progress, semi-finished and finished products, includes the cost of materials and direct labor, subcontracting costs, all production overheads based on normal manufacturing capacity and the portion of research and development costs that are directly related to the manufacturing process (corresponding to the amortization of capitalized projects in production and product and range of products maintenance costs).

1.14 – Trade and other operating receivables

Depreciations for doubtful accounts are recorded when it is probable that receivables will not be collected and the amount of the loss can be reasonably estimated. Doubtful accounts are identified and the related depreciations determined based on historical loss experience, the aging of the receivables and a detailed assessment of the individual receivables along with the related credit risks. Once it is known with certainty that a doubtful account will not be collected, the doubtful account and its related depreciation are written off through the Income Statement.

Accounts receivable are discounted in cases where they are due in over one year and the impact of adjustment is significant.

1.15 – Assets held for sale

Assets held for sale are no longer amortized or depreciated and are recorded separately in the balance sheet under "Assets held for sale" at the lowest of its amortized cost or net realizable value.

1.16 – Deferred taxes

Deferred taxes, related to temporary differences between the tax basis and accounting basis of consolidated assets and liabilities, are recorded using the balance sheet liability method. Deferred tax assets are recognized when it is probable that they will be recovered at a reasonably determinable date.

Future tax benefits arising from the utilization of tax loss carry forwards (including amounts available for carry forward without time limit) are recognized only when they can reasonably be expected to be realized.

Deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities related to the same unit and which are expected to reverse in the same period of time are netted off.

1.17 – Cash and cash equivalents

Cash and cash equivalents presented in the balance sheet consist of cash, bank accounts, term deposits of three months or less and marketable securities traded on organized markets. Marketable securities are short-term, highly-liquid investments that are readily convertible to known amounts of cash at maturity. They notably consist of commercial paper, mutual funds and equivalents. In light of their nature and maturities, these instruments represent insignificant risk of changes in value and are treated as cash equivalents.

1.18 – Schneider Electric S.E. shares

Schneider Electric S.E. shares held by the parent company or by fully consolidated companies are measured at acquisition cost and deducted from equity. They are held at their acquisition cost until sold.

Gains (losses) on the sale of own shares are added (deducted) from consolidated reserves, net of tax.

1.19 – Pensions and other employee benefit obligations

Depending on local practices and laws, the Group's subsidiaries participate in pension, termination benefit and other long-term benefit plans. Benefits paid under these plans depend on factors such as seniority, compensation levels and payments into mandatory retirement programs.

Defined contribution plans

Payments made under defined contribution plans are recorded in the income statement, in the year of payment, and are in full settlement of the Group's liability. As the Group is not committed beyond these contributions, no provision related to these plans has been booked.

In most countries, the Group participates in mandatory general plans, which are accounted for as defined contribution plans.

Defined benefit plans

Defined benefit plans are measured using the projected unit credit method.

Expenses recognized in the statement of income are split between operating income (for service costs rendered during the period) and net financial income/(loss) (for financial costs and expected return on plan assets).

The amount recognized in the balance sheet corresponds to the present value of the obligation, and net of plan assets.

When this is an asset, the recognized asset is limited to the present value of any economic benefit due in the form of plan refunds or reductions in future plan contributions.

Changes resulting from periodic adjustments to actuarial assumptions regarding general financial and business conditions or demographics (i.e., changes in the discount rate, annual salary increases, return on plan assets, years of service, etc.) as well as experience adjustments are immediately recognized in the balance sheet as a separate component of equity in "Other reserves" and in comprehensive income as other comprehensive income/loss.

Other commitments

Provisions are funded and expenses recognized to cover the cost of providing health-care benefits for certain Group retirees in Europe and the United States. The accounting policies applied to these plans are similar to those used to account for defined benefit pension plans.

The Group also funds provisions for all its subsidiaries to cover seniority-related benefits (primarily long service awards for its French subsidiaries). Actuarial gains and losses on these benefit obligations are fully recognized in profit or loss.

1.20 – Share-based payments

The Group grants different types of share-based payments to senior executives and certain employees. These include:

- Schneider Electric S.E. performance shares ;
- Schneider Electric S.E. stock options (until 2009);
- Stock Appreciation Rights, based on the Schneider Electric S.E. stock price (until 2013).

Pursuant to the application of IFRS 2 – *Share-based payments*, these plans are measured on the date of grant and an employee benefits expense is recognized on a straight-line basis over the vesting period, in general three or four years depending on the country in which it is granted.

The Group uses the Cox, Ross, Rubinstein binomial model to measure these plans.

For performance shares and stock options, this expense is offset in the own share reserve. In the case of stock appreciation rights, a liability is recorded corresponding to the amount of the benefit granted, re-measured at each balance sheet date.

As part of its commitment to employee share ownership, Schneider Electric gave its employees the opportunity to purchase shares at a discount (note 21.5).

1.21 – Provisions for contingencies and pension accruals

A provision is recorded when the Group has an obligation to a third party prior to the balance sheet date, and where the loss or liability is likely and can be reliably measured. If the loss or liability is not likely and cannot be reliably estimated, but remains possible, the Group discloses it as a contingent liability. Provisions are calculated on a case-by-case or statistical basis and discounted when due in over a year. The discount rate used for long-term provisions was 1.4% at December 31, 2014 versus 2.3% at December 31, 2013.

Provisions are primarily set aside to cover:

- economic risks:
these provisions cover tax risks arising from tax audits performed by local tax authorities and financial risks arising primarily on guarantees given to third parties in relation to certain assets and liabilities;
- customer risks:
these provisions are primarily established to covers risks arising from products sold to third parties. This risk mainly consists of claims based on alleged product defects and product liability;

- product risks:
these provisions comprise:
 - statistical provisions for warranties: the Group funds provisions on a statistical basis for the residual cost of SchneiderElectric product warranties not covered by insurance,
 - provisions to cover disputes concerning defective products and recalls of clearly identified products;
- environmental risks:
these provisions are primarily funded to cover cleanup costs;
- restructuring costs, when the Group has prepared a detailed plan for the restructuring and has either announced or started to implement the plan before the end of the year.

1.22 – Financial liabilities

Financial liabilities primarily comprise bonds and short and long-term bank borrowings. These liabilities are initially recorded at fair value, from which any direct transaction costs are deducted. Subsequently, they are measured at amortized cost based on their effective interest rate.

1.23 – Financial instruments and derivatives

Risk hedging management is centralized. The Group's policy is to use derivative financial instruments exclusively to manage and hedge changes in exchange rates, interest rates or prices of certain raw materials. The Group accordingly uses instruments such as swaps, options and futures, depending on the nature of the exposure to be hedged.

Foreign currency hedges

The Group periodically buys foreign currency derivatives to hedge the currency risk associated with foreign currency transactions. Some of these instruments hedge operating receivables and payables carried in the balance sheets of Group companies. The Group does not apply hedge accounting to these instruments because gains and losses on this hedging is immediately recognized. At year-end, the hedging derivatives are marked to market and gains or losses are recognized in "Net financial income/(loss)", offsetting the gains or losses resulting from the translation at end-of-year rates of foreign currency payables and receivables, in accordance with IAS 21 – *The Effects of Changes in Foreign Exchange Rates*.

The Group also hedges future cash flows, including recurring future transactions, intra-group foreign currency loans or planned acquisitions or disposals of investments. In accordance with IAS 39, these are treated as cash flow hedges. These hedging instruments are recognized in the balance sheet and are measured at fair value at the end of the year. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is accumulated in equity, under "Other reserves", and then recognized in the income statement when the hedged item affects profit or loss. The ineffective portion of the gain or loss on the hedging instrument is recognized in "Net financial income/(loss)".

In addition, certain long-term receivables and loans to subsidiaries are considered to be part of a net investment in a foreign operation, as defined by IAS 21 – *The Effects of Changes in Foreign Exchange Rates*. In accordance with the rules governing hedges of net investments, the impact of exchange rate fluctuations is recorded in equity and recognized in the statement of income when the investment is sold.

Interest rate swaps

Interest rate swaps allow the Group to manage its exposure to interest rate risk. The derivative instruments used are financially adjusted to the schedules, rates and currencies of the borrowings they cover. They involve the exchange of fixed and floating-rate interest payments. The differential to be paid (or received) is accrued (or deferred) as an adjustment to interest income or expense over the life of the agreement. The Group applies hedge accounting as described in IAS 39 for interest rate swaps. Gains and losses on re-measurement of interest rate swaps at fair value are recognized in equity (for cash flow hedges) or in profit or loss (for fair value hedges).

Commodity contracts

The Group also purchases commodity derivatives including forward purchase contracts, swaps and options to hedge price risks on all or part of its forecast future purchases. Under IAS 39, these qualify as cash flow hedges. These instruments are recognized in the balance sheet and are measured at fair value at the period-end. The effective portion of the hedge is recognized separately in equity (under "Other reserves") and then recognized in income (gross margin) when the hedged item affects consolidated income. The effect of this hedging is then incorporated in the cost price of the products sold. The ineffective portion of the gain or loss on the hedging instrument is recognized in "Net financial income/(loss)".

Cash flows from financial instruments are recognized in the consolidated statement of cash flows in a manner consistent with the underlying transactions.

Put options granted to minority shareholders

In line with the AMF's recommendation of November 2009 and in the absence of a specific IFRS rule, the Group elected to retain the accounting treatment for minority put options applied up to December 31, 2009, involving puts granted to minority shareholders prior to this date. In this case, the Group elected to recognize the difference between the purchase price of the minority interests and the share of the net assets acquired as goodwill, without re-measuring the assets and liabilities acquired. Subsequent changes in the fair value of the liability are recognized by adjusting goodwill.

The Group opted for accounting subsequent fair value changes of put options granted to minority shareholders with counterpart in equity.

1.24 – Revenue recognition

The Group's revenues primarily include merchandise sales and revenues from services and contracts.

Merchandise sales

Revenue from sales is recognized when the product is shipped and risks and benefits are transferred (standard shipping terms are FOB).

Provisions for the discounts offered to distributors are set aside when the products are sold to the distributor and recognized as a deduction from revenue.

Certain Group subsidiaries also offer cash discounts to distributors. These discounts and rebates are deducted from sales.

Consolidated revenue is presented net of these discounts and rebates.

Service contracts

Revenue from service contracts is recorded over the contractual period of service. It is recognized when the result of the transaction can be reliably determined, by the percentage of completion method.

Long-term contracts

Income from long-term contracts is recognized using the percentage-of-completion method, based either on the percentage of costs incurred in relation to total estimated costs of the entire contract, or on the contract's technical milestones, notably proof of installation or delivery of equipment. When a contract includes performance clauses in the Group's favor, the related revenue is recognized at each project milestone and a provision is set aside if targets are not met.

Losses at completion for a given contract are provided for in full as soon as they become probable. The cost of work-in-process includes direct and indirect costs relating to the contracts.

1.25 – Earnings per share

Earnings per share are calculated in accordance with IAS 33 – Earnings Per Share.

Diluted earnings per share are calculated by adjusting profit attributable to equity holders of the parent and the weighted average number of shares outstanding for the dilutive effect of the exercise of stock options outstanding at the balance sheet date. The dilutive effect of stock options is determined by applying the “treasury stock” method, which consists of taking into account the number of shares that could be purchased, based on the average share price for the year, using the proceeds from the exercise of the rights attached to the options.

1.26 – Statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method, which consists of reconciling net profit to net cash provided by operations. The opening and closing cash positions include cash and cash equivalents, comprised of marketable securities, (note 1.20) net of bank overdrafts and facilities.

Note 2 Changes in the scope of consolidation

The Group’s consolidated financial statements for the year ended December 31, 2014 enclose the financial statements of companies listed in the note 32. The scope of consolidation for the year ended December 31, 2014 can be summarized as follows:

Number of active companies	Dec. 31, 2014	Dec. 31, 2013*
Parent company and fully consolidated subsidiaries	607	544
Companies accounted for by the equity method	8	6
TOTAL	615	550

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

2.1 – Follow-up on 2013 acquisitions

In accordance with IFRS3 R, Schneider Electric valued the assets acquired and liabilities assumed at their fair value on the date of acquisition.

The final allocation of the acquisition of Electroshield – TM Samara (March 28, 2013) led principally to the recognition of revaluations of tangible assets estimated by independent experts in the amount of EUR10 million, provisions and contingent liabilities respectively for a total amount of EUR17 million and EUR102 million. The goodwill is not tax-deductible.

Comparative data in 2013 did not require a change in 2014 because the impacts related to changes in fair value recognized as part of the acquisition price were not significant across the Schneider Electric Group balance sheet and income statement.

2.2 – Acquisitions during the year

The total amount of acquisitions during the year came to EUR2,490 million, net of cash and cash equivalents acquired.

	Dec. 31, 2014	Dec. 31, 2013
Acquisitions	(2,490)	(330)
Cash and cash equivalents paid *	(3,093)	(336)
Cash and cash equivalents acquired/(paid)	603	6
Disposals	-	36
Other operations	-	-
NET FINANCIAL INVESTMENT	(2,490)	(294)

* Net of the cash received from the disposal of Appliance.

The cash paid for acquisitions is mainly related to the cash-out paid for Invensys acquisition. The cash and cash equivalents acquired includes GBP103 million received from Invensys pension fund as a consideration for the assets previously kept in the Reservoir Trust.

Schneider Electric completed the acquisition of Invensys on January 17, 2014. In 2014, Invensys is consolidated with full consolidation method mainly in the Industry business, except its Appliance division reported as discontinued operations. In 2013, Invensys revenues without Appliance was EUR1,689 million at the average rate of the period.

The allocation from the acquisition of Invensys led principally to the recognition of intangibles at their fair value for a total amount of EUR501 million (technology, customer relationships and trademarks) and revaluations of tangibles in the amount of EUR(18) million; these assets were valued by independent experts. Provisions and contingent liabilities were recognized respectively for a total amount of EUR75 million and EUR287 million. The goodwill is not tax-deductible.

On December 31, 2014, the main elements of the provisional computation are the contingent liabilities, for the identification of risks are not completed at the closing date.

Note 3 Segment information

Until 2013, Schneider Electric operations were organized in five businesses (Partner, Infrastructure, Industry, IT and Buildings), built around key technologies.

In 2014, Schneider Electric decided to regroup its Buildings and Partner businesses into a single business to provide its customers a complete offer to address the buildings market. Hence, the Group is now organized in four businesses: Buildings & Partner, Infrastructure, Industry and IT.

- **Buildings & Partner** provide low voltage power and building automation products and solutions that address the needs of all end markets from buildings to industries and infrastructure to data centers to help customers improve the energy efficiency of the buildings;
- **Infrastructure**, combines all Medium Voltage activities including those from Areva Distribution, as well as Telvent; the business is in charge of the end-customer segments Oil and Gas, Electric Utilities and Transportation when it relates to solutions integrating the offers of several activities from the Group;
- **Industry**, which includes Automation & Control and four end-customer segments: OEMs, Water, Mining Minerals & Metals and Food & Beverages when it relates to solutions integrating the offers of several activities from the Group;
- **IT**, which covers Critical Power & Cooling Services and three end-customer segments (Bank & Insurance, IT industry and Cloud & Telecom) when it relates to solutions integrating the offers of several activities from the Group;

Expenses concerning General Management that cannot be allocated to a particular segment are presented under "Corporate costs".

Operating segment data is identical to that presented to the board of directors, which has been identified as the main decision-making body for allocating resources and evaluating segment performance. Performance assessments used by the board of directors are notably based on Adjusted EBITA. Share-based payment is presented under "Corporate costs". The board of directors does not review assets and liabilities by Business.

The same accounting principles governing the consolidated financial statements apply to segment data.

Details are provided in Chapter 4 of the Registration Document (Business Review).

3.1 – Information by operating segment

Full year 2014

<i>(in millions of euros)</i>	Buildings & Partner	Industry	Infrastructure	IT	Corporate costs	Total
Revenue	10,754	5,551	5,277	3,357	-	24,939
Adjusted EBITA*	1,913	1,023	454	630	(557)	3,463
Adjusted EBITA %	17.8%	18.4%	8.6%	18.8%	-	13.9%
Other operating income and expense	7	(34)	(86)	1	6	(106)
Restructuring costs	(93)	(26)	(76)	(4)	(3)	(202)
EBITA	1,827	963	292	627	(554)	3,155
EBITA %	17.0%	17.3%	5.5%	18.7%	-	12.7%

* Adjusted EBITA: EBITA before Restructuring costs and before Other operating income and expenses (of which Costs of acquisition, integration and separation).

Revenue related to solutions amounts to 43% of total revenue in 2014.

Full year 2013*

<i>(in millions of euros)</i>	Buildings & Partner	Industry	Infrastructure	IT	Corporate costs	Total
Revenue	10,355	3,868	5,727	3,442	-	23,392
Adjusted EBITA**	1,926	744	562	650	(526)	3,356
Adjusted EBITA %	18.6%	19.2%	9.8%	18.9%	-	14.3%
Other operating income and expense	62	33	(17)	(5)	(2)	71
Restructuring costs	(86)	(19)	(59)	(7)	(2)	(173)
EBITA	1,902	758	486	638	(530)	3,254
EBITA %	18.4%	19.6%	8.5%	18.5%	-	13.9%

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

** Adjusted EBITA: EBITA before Restructuring costs and before Other operating income and expenses (of which Costs of acquisition, integration and separation).

Revenue related to solutions amounts to 41% of total revenue in 2013.

3.2 – Information by region

The geographic regions covered by the Group are:

- Western Europe;
- North America: United States, Canada and Mexico;
- Asia-Pacific;
- Rest of the World (Eastern Europe, Middle East, Africa, South America).

Non-current assets include net goodwill, net intangible assets and net property, plant and equipment.

Dec. 31, 2014

	Western Europe	of which France	North America	of which USA	Asia- Pacific	of which China	Rest of the world	Total
Revenue by country market	6,758	1,644	6,321	5,239	7,076	3,705	4,784	24,939
Non-current assets	9,848	1,761	8,981	8,748	4,544	1,532	1,172	24,545

Dec. 31, 2013*

	Western Europe	of which France	North America	of which USA	Asia- Pacific	of which China	Rest of the world	Total
Revenue by country market	6,434	1,620	5,683	4,651	6,719	3,472	4,556	23,392
Non-current assets	8,094	1,851	6,311	6,091	4,185	1,390	1,333	19,923

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

Moreover, the Group follows the share of new economies in revenue:

	Full year 2014		Full year 2013*	
Revenue – Mature countries	13,994	56%	13,018	56%
Revenue – New economies	10,945	44%	10,374	44%
TOTAL	24,939	100%	23,392	100%

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

3.3 – Degree of dependence in relation to main customers

No single customer accounts for more than 10% of consolidated revenue.

Note 4 Research and development

Research and development costs break down as follows:

	Full year 2014	Full year 2013 *
Research and development costs in cost of sales	(290)	(281)
Research and development costs in R&D costs ⁽¹⁾	(567)	(516)
Capitalized development costs	(355)	(322)
TOTAL RESEARCH AND DEVELOPMENT COSTS OF THE YEAR	(1,212)	(1,119)

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

(1) Of which EUR45 million of research and development tax credit in December 2014, EUR44 million in December 2013.

Amortization of capitalized development costs amounted to EUR180 million for the 2014 financial year, compared with EUR149 million in 2013.

Note 5 Depreciation and amortization expenses

Depreciation and amortization expenses recognized in operating expenses were as follows:

	Full year 2014	Full year 2013*
Included in cost of sales:		
Depreciation and amortization	(484)	(455)
Included in selling, general and administrative expenses:		
Depreciation and amortization	(141)	(150)
DEPRECIATION AND AMORTIZATION EXPENSES	(625)	(605)

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

Moreover, the net amount of impairment of non-current assets totaled EUR26 million.

Note 6 Other operating income and expenses

Other operating income and expenses break down as follows:

	Full year 2014	Full year 2013*
Impairment losses on assets	(4)	(11)
Gains on asset disposals	9	39
Losses on asset disposals	(22)	(41)
Costs of acquisitions	(114)	(52)
Pension plan curtailments	95	173
Others	(69)	(37)
OTHER OPERATING INCOME AND EXPENSES	(106)	71

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

The costs of acquisitions are the costs of acquisition, integration and separation related to major acquisitions in 2014 and 2013.

The line "Pension plan curtailments" includes mainly provision releases in the United States, in France and in the United Kingdom.

The line "Others" includes in particular provisions for litigation or claims at December 31, 2014. In 2013, the line "Others" includes mainly provision for litigation or claims as well.

Note 7 Restructuring costs

Restructuring costs totaled EUR202 million over the period. They mainly relate to industrial and support function reorganizations in Europe.

Note 8 Amortization and impairment of purchase accounting intangibles

	Full year 2014	Full year 2013*
Amortization of purchase accounting intangibles	(259)	(215)
Impairment of purchase accounting intangibles	-	-
Goodwill impairment	-	-
AMORTIZATION AND IMPAIRMENT OF PURCHASE ACCOUNTING INTANGIBLES	(259)	(215)

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

The migration of the Group's brands towards the Schneider Electric brand (One Brand project) has led to the amortization from January 1, 2010 of the Xantrex, TAC and MGE brands over a six-year period. The corresponding amortization expense totaled EUR61 million over the year.

Impairment tests performed on the other Group's CGUs have not led to impairment losses being recognized in 2014. The sensitivity analysis on the test hypothesis shows that no impairment losses would be recognized in the following scenarios:

- a 0.5 point increase of the discount rate;
- a 1.0 point decrease of the growth rate;
- a 0.5 point decrease of margin rate;

Note 9 Other financial income and expense

	Full year 2014	Full year 2013*
Exchange gains and losses, net	(26)	(12)
Financial component of defined benefit plan costs	(73)	(69)
Dividends received	4	7
Net gains/(losses) on disposal of assets available for sale	-	-
Fair value adjustment of assets available for sale	(22)	(50)
Other financial expense, net	(38)	(35)
OTHER FINANCIAL INCOME AND EXPENSE	(155)	(159)

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

NVC Lighting and S21SEC shares (previously named Inversion) were impaired in 2014 for a total amount of EUR13 million and EUR9 million respectively.

Note 10 Income tax expense

Whenever possible, Group entities file consolidated tax returns. Schneider Electric SE has chosen this option for the French subsidiaries it controls directly or indirectly through Schneider Electric Industries SAS.

10.1 – Analysis of income tax expense

	Full year 2014	Full year 2013*
Current taxes		
France	(90)	(169)
International	(601)	(562)
Total	(691)	(731)
Deferred taxes		
France	(38)	108
International	178	(28)
Total	140	80
INCOME TAX (EXPENSE)/BENEFIT	(551)	(651)

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

10.2 – Tax proof

	Full year 2014	Full year 2013*
Profit attributable to owners of the parent	1,941	1,888
Income of discontinued operations, net of income tax	169	61
Income tax (expense)/benefit	(551)	(651)
Non-controlling interests	(120)	(97)
Share of profit of associates	14	20
Profit before tax	2,429	2,555
Statutory tax rate	34.43%	34.43%
Income tax expense calculated at the statutory rate		
Reconciling items:	(836)	(880)
Difference between French and foreign tax rates	206	168
Tax credits and other tax reductions	132	214
Impact of tax losses	70	(35)
Other permanent differences	(122)	(118)
Income tax (expense)/benefit	(551)	(651)
EFFECTIVE TAX RATE	22.7%	25.5%

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

Note 11 Goodwill

11.1 – Main items of goodwill

Group goodwill is broken down by business as follows:

	Dec. 31, 2014, net	Dec. 31, 2013, net*
<i>Buildings & Partner</i>	5,678	5,296
<i>Industry</i>	5,365	2,139
<i>IT</i>	3,120	2,890
<i>Infrastructure</i>	2,570	2,723
TOTAL	16,733	13,048

* The 2013 figures were restated from change in consolidation method disclosed in note 1. figures.

Square D goodwill was allocated to each business in proportion to operating income:

	Partner	Industry
Square D Company	82%	18%

11.2 – Movements during the year

The main movements during the year are summarized as follows:

	Full year 2014	Full year 2013*
Net goodwill at opening	13,048	13,040
Acquisitions	3,177	607
Disposals	(423)	(12)
Impairment	-	-
Translation adjustment	931	(587)
Reclassifications	-	-
Net goodwill at year end	16,733	13,048
Included cumulative impairment	(280)	(395)

* The 2013 figures were restated from change in consolidation method disclosed in note 1.

Acquisitions

Goodwill generated by acquisitions made during the year totaled EUR3.177 million and corresponds mainly to the Group Invensys. Invensys goodwill has been allocated to *Industry* CGU. Goodwill generated by acquisitions in 2013 totaled EUR607 million and corresponds mainly to the Russian group Electroschild – TM Samara.

Impairment tests performed on all the Group's CGUs have not led to impairment losses being recognized

Other changes

Translation adjustments concern principally goodwill in US dollars.

Note 12 Intangible assets

12.1 – Change in intangible assets

	Trademarks	Software	Development projects (R&D)	Other	Total
GROSS VALUE					
Dec. 31, 2012	2,749	800	1,532	1,892	6,974
Acquisitions	-	18	326	5	349
Disposals	-	(12)	(3)	-	(15)
Translation adjustments	(143)	(16)	(59)	(78)	(296)
Reclassification	-	33	(31)	(19)	(17)
Changes in scope of consolidation and other	-	-	(2)	34	32
Dec. 31, 2013*	2,606	823	1,763	1,834	7,026
Acquisitions	-	27	355	14	396
Disposals	-	(15)	(3)	(10)	(28)
Translation adjustments	261	19	59	228	567
Reclassification	-	17	(17)	7	7
Changes in scope of consolidation and other	(9)	(2)	(7)	347	329
Dec. 31, 2014	2,858	869	2,149	2,420	8,297

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

	Trademarks	Software	Development projects (R&D)	Other	Total
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
Dec. 31, 2012	(316)	(633)	(587)	(919)	(2,455)
Depreciation and impairment	(59)	(55)	(149)	(145)	(408)
Recapture	12	18	4	(13)	21
Translation adjustments	4	13	31	44	92
Reclassification	(1)	2	(11)	12	2
Changes in scope of consolidation and other	-	-	2	-	2
Dec. 31, 2013*	(360)	(655)	(710)	(1,021)	(2,746)
Depreciation and impairment	(65)	(52)	(180)	(189)	(486)
Recapture	4	14	2	(14)	6
Translation adjustments	-	(16)	(22)	(84)	(122)
Reclassification	-	2	(6)	(2)	(6)
Changes in scope of consolidation and other	23	1	6	88	118
Dec. 31, 2014	(398)	(706)	(910)	(1,222)	(3,236)

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

	Trademarks	Software	Development projects (R&D)	Other	Total
NET VALUE					
Dec. 31, 2012	2,433	167	945	974	4,519
Dec. 31, 2013*	2,246	168	1,053	813	4,280
Dec. 31, 2014	2,460	163	1,239	1,198	5,061

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

In 2014, change in Intangible assets mainly related to changes in scope of other intangibles assets including recognized intangibles relating to Invensys acquisition for EUR521 million and to R&D capitalized development costs for EUR355 million.

In 2013, change in Intangible assets mainly related to R&D capitalized development costs for EUR326 million.

The amortization and impairment of intangible assets other than goodwill retreated at statutory cash flow were as follows:

<i>Cash impact</i>	Dec. 31, 2014	Dec. 31, 2013*
Amortization of intangible assets other than goodwill	483	408
Impairment on intangible assets other than goodwill and others	3	-
TOTAL**	486	408

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

** Includes amortization & depreciation of intangibles assets from purchase price allocation for EUR259 million for the year 2014 and EUR218million for the year 2013 (disclosed in note 8).

12.2 – Trademarks

At December 31, 2014, the main trademarks recognized were as follows:

	Dec. 31, 2014	Dec. 31, 2013*
APC (IT)	1,515	1,333
PELCO (Buildings & Partner)	410	362
Clipsal (Buildings & Partner)	172	165
MGE (IT)	33	67
TAC (Buildings & Partner)	20	41
Juno (Buildings & Partner)	94	83
Digital (Industry)	38	38
Invensys –Triconex and Foxboro (Industry)	43	-
Other	135	157
NET	2,460	2,246

* The 2013 figures were restated from change in consolidation method disclosed in note 1.

The migration of the Group's brands towards the Schneider Electric brand (One Brand project) has led to the amortization from January 1, 2010 of the Xantrex, TAC and MGE brands over a six-year period. The corresponding amortization expense totaled EUR61 million over the year. The other brands have an indefinite useful life.

Note 13 Property, plant and equipment

13.1 – Change in tangible assets

	Land	Buildings	Machinery and equipment	Other	Total
GROSS VALUE					
Dec. 31, 2012	210	1,782	3,912	942	6,846
Acquisitions	3	65	140	257	465
Disposals	(3)	(74)	(102)	(58)	(237)
Translation adjustments	(8)	(61)	(128)	(50)	(247)
Reclassification	(1)	14	108	(143)	(22)
Changes in scope of consolidation and other	4	19	71	41	135
Dec. 31, 2013*	205	1,745	4,001	257	465
Acquisitions	2	269	134	70	475
Disposals	3	(115)	(171)	(56)	(339)
Translation adjustments	11	62	133	35	241
Reclassification	6	(172)	122	38	(6)
Changes in scope of consolidation and other	(15)	127	79	39	230
Dec. 31, 2014	212	1,916	4,298	1,115	7,541

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

	Land	Buildings	Machinery and equipment	Other	Total
ACCUMULATED AMORTIZATION AND IMPAIRMENT					
Dec. 31, 2012	(25)	(834)	(2,865)	(500)	(4,224)
Depreciation and impairment	(1)	(83)	(263)	(54)	(401)
Recapture	-	52	100	30	182
Translation adjustments	-	22	81	26	129
Reclassification	-	7	(2)	4	9
Changes in scope of consolidation and other	-	(1)	(25)	(14)	(40)
Dec. 31, 2013*	(26)	(837)	(2,974)	(508)	(4,345)
Depreciation and impairment	(3)	(87)	(268)	(56)	(414)
Recapture	1	84	169	43	297
Translation adjustments	(1)	(32)	(96)	(28)	(157)
Reclassification	1	24	(7)	(7)	11
Changes in scope of consolidation and other	-	(70)	(60)	(52)	(182)
Dec. 31, 2014	(28)	(918)	(3,236)	(608)	(4,790)

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

	Land	Buildings	Machinery and equipment	Other	Total
NET VALUE					
Dec. 31, 2012	185	948	1,047	442	2,622
Dec. 31, 2013*	179	908	1,027	481	2,595
Dec. 31, 2014	184	998	1,062	507	2,751

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

Reclassifications primarily correspond to assets put into use.

The cash impact of purchase of purchases of property, plant and equipment in 2014 was as follows:

Cash impact of purchases of property, plant and equipment	Dec. 31, 2014	Dec. 31, 2013*
Increase in tangible assets	(475)	(465)
Change in receivables and liabilities on tangible assets	-	-
TOTAL	(475)	(465)

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

The depreciation and impairment of tangible assets retreated at statutory cash flow were as follows:

Cash impact	Dec. 31, 2014	Dec. 31, 2013*
Depreciation of property, plant and equipment	414	401
Impairment on tangible assets	4	-
TOTAL	418	401

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

13.2 – Finance leases

Tangible assets primarily comprise the following finance leases:

	Dec. 31, 2014	Dec. 31, 2013
Land	1	1
Buildings	29	30
Machinery and equipment	32	31
Other tangible assets	2	2
Accumulated depreciation	(40)	(41)
ASSETS UNDER FINANCE LEASE, NET	24	23

Future minimal rental commitments on finance lease properties at December 31, 2013 break down as follows:

	Minimum payments	Discounted minimum payments
Less than one year	3	3
Between one and five years	3	6
Five years and more	-	-
TOTAL COMMITMENTS	6	9
Discounting effect	3	
Discounted minimum payments	9	

13.3 – Operating leases

Rental expense breaks down as follows:

	Full year 2014	Full year 2013
Minimum rentals	163	109
Conditional rentals	-	-
Sub-lease rentals	7	3
TOTAL RENTAL EXPENSE	170	112

Operating lease commitments break down as follows at December 31, 2014:

	Minimum payments	Discounted minimum payments
Less than one year	125	124
Between one and five years	298	287
Five years and more	117	105
TOTAL COMMITMENTS	540	516
Discounting effect	(24)	
Discounted minimum payments	516	

Note 14 Investments in associates

Investments in associates can be analyzed as follows:

	% interest		Share net assets		Share in net profit	
	Dec. 31, 2014	Dec. 31, 2013*	Dec. 31, 2014	Dec. 31, 2013*	Dec. 31, 2014	Dec. 31, 2013*
Delta Dore Finance	20.0%	20.0%	16	15	1	1
Electroshield TM Samara ⁽¹⁾	-	-	-	-	-	4
Suntent Electric Equipment	40.0%	40.0%	88	78	6	5
Fuji Electric FA Components & Systems	36.8%	36.8%	91	74	11	12
Telvent DMS, LLC power engineering	57.0%	57.0%	32	30	(2)	(2)
Custom Sensors & Technologies Topco Limited ⁽²⁾	30.0%	-	81	-	(3)	-
Foxboro Malaysia SDN. BHD.	49.0%	-	4	-	1	-
Other	N/A	N/A	6	4	-	-
TOTAL	-	-	318	201	14	20

* The 2013 figures were restated from the change in consolidation method disclosed in note 1.

(1) Electroshield – TM Samara is fully consolidated by Schneider Electric Group since the acquisition of the additional 50% shares on March 28, 2013. The impact on the statement of income for December 2013 corresponds to the share in net profit until March 28, 2013.

(2) On October 1, 2014 the Group has reinvested approximately USD100m alongside Carlyle, PAI and CST management to own a shareholding of 30% of CST.

Note 15 Financial assets

15.1 – Available-for-sale financial assets

Available-for-sale financial assets, primarily comprising investments, are detailed below:

		Dec. 31, 2014		Dec. 31, 2013	
	% interest	Gross value	Revaluation/ impairment	Fair value	Fair value
I – Listed available-for-sale financial assets					
NVC Lighting	9.2%	123	(69)	54	60
Gold Peak Industries Holding Ltd	4.4%	6	(3)	3	3
Total listed AFS		129	(72)	57	63
II – Unlisted available-for-sale financial assets					
FCPR SEV1	100%	31	13	44	50
Gunsan Elektrik. ⁽¹⁾	100%	112		112	-
InStep Software. ⁽¹⁾	100%	41		41	
SE Buildings Energy Efficiency	100%	18		18	16
FCPR Aster II (part A, B and C)	100%	18	(4)	14	11
FCPR Growth	26%	10		10	
S21SEC (previously named Inversion)	35%	10	(9)	1	10
FCPR SESS	100%	12		12	10
Others ⁽²⁾		31	(7)	24	4
Total unlisted AFS		283	(7)	276	101
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS		412	(79)	333	164

(1) Companies purchased in 2014.

(2) Gross unit value of less than EUR5 million.

The fair value of investments quoted in an active market corresponds to the price on the balance sheet date.

NVC Lighting investment was acquired in July 2011 in the framework of a partnership that gives Schneider Electric an exclusive access to NVC Lighting's diffused and well established channels. The cumulated change in fair value of NVC Lighting investment determined on its price share and corresponding to a loss of EUR69 million at closing rate was recorded in income statement, as "Other Financial Expense", since the acquisition date.

15.2 – Other non-current financial assets

Non Current financial assets total EUR365million at December 31, 2014.

15.3 – Current financial assets

Current financial assets total EUR40 million at December 31, 2014 and include short-term investments.

Note 16 Deferred taxes by type

Deferred taxes by type can be analyzed as follows:

	Dec. 31, 2014	Dec. 31, 2013*
Deferred tax assets		
Tax credits and tax loss carryforwards	591	450
Provisions for pensions and other post-retirement benefit obligations	590	484
Impairment of receivables and inventory	183	169
Non-deductible provisions for contingencies and accruals	260	48
Other	536	605
TOTAL DEFERRED TAX ASSETS	2,160	1,756
Deferred tax liabilities		
Differences between tax and accounting depreciation	(108)	(113)
Trademarks and other intangible assets	(432)	(276)
Capitalized development costs (R&D)	(90)	(72)
Other	(486)	(533)
TOTAL DEFERRED TAX LIABILITIES	(1,116)	(994)

* The 2013 figures were restated from change in consolidation method disclosed in note 1.

Deferred tax assets recorded in respect of tax loss carryforwards at December 31, 2014 essentially concern France (EUR313 million) and the United States (EUR152 million).

Note 17 Inventories and work in progress

Inventories and work in process changed as follows:

	Dec. 31, 2014	Dec. 31, 2013*
Cost:		
Raw materials	1,391	1,355
Production work in process	291	284
Semi-finished and finished products	1,247	1,340
Goods	416	378
Solution work in process	87	94
INVENTORIES AND WORK IN PROCESS AT COST	3,432	3,451
Impairment:		
Raw materials	(196)	(204)
Production work in process	(7)	(8)
Semi-finished and finished products	(182)	(152)
Goods	(12)	(10)
Solution work in process	(8)	(5)
IMPAIRMENT LOSS	(405)	(379)
Net:		
Raw materials	1,195	1,155
Production work in process	284	276
Semi-finished and finished products	1,065	1,188
Goods	404	368
Solution work in process	79	89
INVENTORIES AND WORK IN PROCESS, NET	3,027	3,072

* The 2013 figures were restated from change in consolidation method disclosed in note 1.

Note 18 Trade accounts receivable

	Dec. 31, 2014	Dec. 31, 2013*
Accounts receivable	6,037	5,194
Notes receivable	213	205
Advances to suppliers	119	93
Accounts receivable at cost	6,369	5,492
Impairment	(378)	(347)
Accounts receivable, net	5,991	5,145
Of which:		
On time	5,048	4,297
Less than one month past due	397	340
One to two months past due	199	175
Two to three months past due	105	87
Three to four months past due	70	60
More than four months past due	172	186
ACCOUNTS RECEIVABLE, NET	5,991	5,145

* The 2013 figures were restated from the change in consolidation method disclosed in note 1.

Accounts receivable result from sales to end-customers, who are widely spread both geographically and economically. Consequently, the Group believes that there is no significant concentration of credit risk.

In addition, the Group takes out substantial credit insurance and uses other types of guarantees to limit the risk of losses on trade accounts receivable.

Changes in provisions for impairment of short and long-term trade accounts receivable were as follows:

	Full year 2014	Full year 2013*
Provisions for impairment on January 1	(347)	(306)
Additions	(84)	(58)
Utilizations	57	38
Reversals of surplus provisions	7	11
Translation adjustments	(13)	16
Other	2	(48)
PROVISIONS FOR IMPAIRMENT ON DECEMBER 31	(378)	(347)

* The 2013 figures were restated from the change in consolidation method disclosed in note 1.

Note 19 Other receivables and prepaid expenses

	Dec. 31, 2014	Dec. 31, 2013*
Other receivables	347	299
Other tax credits	1,036	686
Derivative instruments	98	191
Prepaid expenses	248	194
TOTAL	1,729	1,370

* The 2013 figures were restated from the change in consolidation method disclosed in note 1.

Note 20 Cash and cash equivalents

	Dec. 31, 2014	Dec. 31, 2013*
Marketable securities	714	2,193
Negotiable debt securities and short-term deposits	50	342
Cash and cash equivalents	1,886	3,028
Total cash and cash equivalents	2,650	5,563
Bank overdrafts	(212)	(140)
NET CASH AND CASH EQUIVALENTS	2,438	5,423

*The 2013 figures were restated from the change in consolidation method disclosed in note 1.

Non-recourse factoring of trade receivables were realized during the second semester of 2014 for a total amount of EUR133 million, compared with EUR132 million during the second semester of 2013.

Note 21 Equity

21.1 – Capital

Share capital

The company's share capital at December 31, 2014 amounted to EUR2,338,764,568 represented by 584,691,142 shares with a par value of EUR4, all fully paid up.

At December 31, 2014, a total of 626,439,033 voting rights were attached to the 584,691,142 shares outstanding.

Schneider Electric's capital management strategy is designed to:

- ensure Group liquidity;
- optimize its financial structure;
- optimize the weighted average cost of capital.

The strategy must also ensure the Group has access to different capital markets under the best possible conditions. Factors taken into account for decision-making purposes include objectives expressed in terms of earnings per share, ratings or balance sheet stability. Finally, decisions may be implemented depending on specific market conditions.

Changes in share capital

Changes in share capital since December 31, 2012 were as follows:

	Cumulative number of shares	Total (in euros)
Capital at Dec. 31, 2012	555,417,014	2,221,668,056
Exercise of stock options	3,788,938	15,155,752
Employee share issue	2,752,071	11,008,284
Capital at Dec. 31, 2013	561,958,023	2,247,832,092
Exercise of stock options	1,807,827	7,231,308
Employee share issue	3,717,865	14,871,460
Capital increase	17,207,427	68,829,708
CAPITAL AT DEC. 31, 2014	584,691,142	2,338,764,568

The share premium account increased by EUR1,137,078,373 following the exercise of options and the increases in capital.

21.2 – Ownership structure

	Dec. 31, 2014				Dec. 31, 2013	
	Capital %	Number of shares	Voting rights %	Number of voting rights	Capital %	Voting rights %
Blackrock, Inc.	5.3	30,788,341	4.9	30,788,341	4.6	4.2
Capital Group Companies ⁽¹⁾	4.2	24,332,316	3.9	24,332,316	5.4	5.0
CDC	3.2	18,959,002	6.0	37,413,092	3.4	6.2
Employees	4.0	23,454,997	6.3	39,215,908	4.2	6.5
Own shares ⁽²⁾	0.0	1,058	-	-	0.0	-
Treasury shares	2.3	13,296,614	-	-	1.4	-
Public	81.0	473,858,814	78.9	481,391,704	81.0	78.1
TOTAL	100.0	584,691,142	100.0	626,439,033	100.0	100.0

(1) To the best of the company's knowledge.

(2) Number of voting rights as defined in article 223-11 of the AMF general regulations, which includes shares stripped of voting rights.

No shareholders' pact was in effect as of December 31, 2014.

21.3 – Earnings per share

Determination of the share base used in calculation

(in thousands of shares)	Full year 2014		Full year 2013*	
	Basic	Diluted	Basic	Diluted
Common shares*	572,166	572,166	550,682	550,682
Performance shares	-	3,781	-	3,459
Stock options	-	999	-	1,176
Average weighted number of shares	572,166	576,946	550,682	555,316

* Net of treasury shares and own shares.

Earnings per share

(in euros)	Full year 2014		Full year 2013*	
	Basic	Diluted	Basic	Diluted
Profit before tax	4.25	4.21	4.64	4.60
EARNINGS PER SHARE	3.39	3.37	3.43	3.40

* The 2013 figures were restated from the change in consolidation method disclosed in note 1.

21.4 – Dividends paid and proposed

In 2014, the Group paid out the 2013 dividend of EUR1.87 per share (with a nominal value of EUR4), for a total of EUR1,069 million.

In 2013, the Group paid out the 2012 dividend of EUR1.87 per share (with a nominal value of EUR4), for a total of EUR1,054 million.

At the Shareholders' Meeting of April 21, 2015, shareholders will be asked to approve a dividend of EUR1.92 per share (with a nominal value of EUR4) for fiscal year 2014. At December 31, 2014 Schneider Electric SE had distributable reserves in an amount of EUR7,883 million (versus EUR7,965 million at the previous year-end), not including profit for the year.

21.5 – Share-based payments

Current stock option and stock grant plans

The board of directors of Schneider Electric SE and later the management board have set up stock option and stock grant plans for senior executives and certain employees of the Group. The main features of these plans were as follows at December 31, 2014:

Stock option plans

Plan no.	Date of board meeting	Type of plan ⁽¹⁾	Starting date of exercise period	Expiration date	Price (in euros)	Number of options initially granted	Options cancelled because targets not met
28	12/21/2006	S	12/21/2010	12/20/2016	40.41	2,514,240	-
29	04/23/2007	S	04/23/2011	04/22/2017	48.21	166,300	-
30	12/19/2007	S	12/19/2011	12/18/2017	45.71	1,889,852	980,926
31	01/05/2009	S	01/05/2013	01/04/2019	25.89	1,358,000	-
33	12/21/2009	S	12/21/2013	12/20/2019	37.68	1,652,686	-
TOTAL						7,581,078	980,926

(1) S = Options to subscribe new shares. P = Options to purchase existing shares.

Rules governing the stock option plans are as follows:

- to exercise the option, the grantee must generally be an employee or corporate officer of the Group. Vesting is also conditional on the achievement of performance criteria;
- the options expire after six years;
- the vesting period is three or four years in the United States and four years in the rest of the world.

Performance shares

Plan no.	Date of board meeting	Vesting Date	Expiration Date	Number of shares granted originally	Grants cancelled because targets not met
10	12/17/2010	03/17/2013	03/17/2015	665,524	11,409
11	12/17/2010	12/17/2014	12/17/2014	1,161,696	17,237
10 <i>bis</i>	07/26/2011	07/26/2013	07/26/2015	3,000	48
11 <i>bis</i>	07/26/2011	07/26/2015	07/26/2015	5,882	94
12	07/26/2011	07/26/2015	07/26/2015	19,850	-
13 and 13 <i>bis</i>	12/16/2011	12/16/2013	12/16/2015	647,943	-
14 and 14 <i>bis</i>	12/16/2011	12/16/2015	12/16/2015	1,386,800	-
13 <i>ter</i>	07/27/2012	07/27/2014	07/27/2016	625	-
14 <i>ter</i>	07/27/2012	07/27/2016	07/27/2016	1,500	-
15	03/28/2013	03/28/2015	03/28/2017	645,550	-
16	03/28/2013	03/28/2017	03/28/2017	1,844,830	-
15 <i>bis</i>	10/24/2013	10/24/2015	10/26/2017	4,500	-
16 <i>bis</i>	10/24/2013	10/24/2017	10/24/2017	19,600	-
17	03/31/2014	03/31/2016	04/02/2018	714,480	-
18	03/31/2014	03/31/2018	04/02/2018	2,177,320	-
17 <i>bis</i>	10/28/2014	10/28/2016	10/29/2018	500	-
18 <i>bis</i>	10/28/2014	10/28/2018	10/29/2018	30,900	-
TOTAL				9,330,500	28,788

Rules governing the stock grant plans are as follows:

- to receive the stock, the grantee must generally be an employee or corporate officer of the Group. Vesting is also conditional on the achievement of performance criteria;
- the vesting period is two to four years;
- the lock-up period is zero to two years.

Outstanding options and grants

Change in the number of options

Plan no.	Number of options outstanding Dec. 31, 2013	Number of options exercised and/or created in 2014	Number of options cancelled or restated in 2014 ⁽¹⁾	Number of options outstanding Dec. 31, 2014
28	867,055	(172,913)	754	693,388
29	70,875	(1,900)	3,577	65,398
30	476,827	(99,239)	(2,990)	380,578
31	557,359	(162,805)	(1,237)	395,791
33	1,336,114	(417,756)	(11,137)	929,495
TOTAL	3,308,230	(854,613)	(11,033)	2,464,650

(1) Including cancellations due to targets not being met or options being granted to employees without being exercised.

To exercise the options granted under plans 28 to 33, and the SARs, the grantee must generally be an employee or corporate officer of the Group. In addition, exercise of some options is generally conditional on the achievement of annual objectives based on financial indicators.

In respect of subscription vesting conditions for current stock option plans, Schneider Electric SE has created 1,807,827 shares in 2014.

Change in the number of performance shares

Plan no.	Number of performance shares at Dec. 31, 2013	Number of existing or new shares grants in 2014	Number of shares cancelled in 2014	Number of shares outstanding at Dec. 31, 2014
11	1,037,701	(962,495)	(75,206)	-
11 bis	5,788	-	-	5,788
12	19,850	-	-	19,850
13 and 13 bis	636,243	(633,468)	(2,775)	-
13 ter	625	(625)	-	-
14 and 14 bis	1,292,771	(875)	(76,527)	1,215,369
14 ter	1,500	-	-	1,500
15	639,950	-	(7,200)	632,750
15 bis	4,500	-	-	4,500
16	1,797,480	(800)	(80,575)	1,716,105
16 bis	19,600	-	-	19,600
17		714,480	(1,900)	712,580
17 bis		500	-	500
18		2,177,020	(94,800)	2,082,220
18 bis		30,900	(200)	30,700
TOTAL	5,456,008	1,324,637	(339,183)	6,441,462

For performance shares to vest, the grantee must be an employee or corporate officer of the Group. In addition, vesting of some performance shares is conditional on the achievement of annual objectives based on financial indicators.

21.5.1 Valuation of performance shares

In accordance with the accounting policies described in note 1.20, the stock grant plans have been valued on the basis of an average estimated life of between four and five years using the following assumptions:

- a payout rate of between 3.0% and 4.5%;
- a discount rate of between 0.7% and 3.4%, corresponding to a risk-free rate over the life of the plans (source: Bloomberg).

Based on these assumptions, the amount recorded under "Selling, general and administrative expenses" for stock grant plans set up after November 7, 2002 breaks down as follows:

	Full year 2014	Full year 2013
Plan 9		4
Plan 10		2
Plan 11	7	11
Plan 10 <i>bis</i>	-	-
Plan 11 <i>bis</i>	-	-
Plan 12	-	-
Plan 13 and 13 <i>bis</i>	-	10
Plan 14 and 14 <i>bis</i>	8	9
Plan 15	16	12
Plan 15 <i>bis</i>	-	-
Plan 16	20	15
Plan 16 <i>bis</i>	-	-
Plan 17	15	-
Plan 17 <i>bis</i>	-	-
Plan 18	20	-
Plan 18 <i>bis</i>	-	-
TOTAL	86	63

21.5.2 Worldwide Employee Stock Purchase Plan

Schneider Electric gives its employees the opportunity to become group shareholders thanks to employee share issues. Employees in countries that meet legal and fiscal requirements have the choice between a classic and a leveraged plan.

Under the classic plan, employees may purchase Schneider Electric shares at a 15% to 20% discount (according to the country) to the price quoted for the shares on the stock market. Employees must then hold their shares for five years, except in certain cases provided for by law. The share-based payment expense recorded in accordance with IFRS 2 is measured by reference to the fair value of the discount on the locked-up shares. The lock-up cost is determined on the basis of a two-step strategy that involves first selling the locked-up shares on the forward market and then purchasing the same number of shares on the spot market (i.e., shares that may be sold at any time) using a bullet loan.

This strategy is designed to reflect the cost that, the employee would incur during the lock-up period to avoid the risk of carrying the shares subscribed under the classic plan. The borrowing cost corresponds to the cost of borrowing for the employees concerned, as they are the sole potential buyers in this market. It is based on the average interest rate charged by banks for an ordinary, non-revolving personal loan with a maximum maturity of five years granted to an individual with an average credit rating.

Under the leveraged plan, employees may also purchase Schneider Electric shares at a 15% to 20% discount (according to the country) from the price quoted on the stock market. However, the leveraged plan offers a different yield profile as a third-party bank top up the employee's initial investment, essentially multiplying the amount paid by the employee. The total is invested in Schneider Electric shares at a preferential price. The bank converts the discount transferred by the employee into funds with a view to securing the yield for the employee and increasing the indexation on a leveraged number (factor of 9.67 in 2014) of directly subscribed shares.

As with the classic plan, and as per IFRS 2, the share-based payment expense is determined by reference to the fair value of the discount on the locked-up shares (see above). In addition, it includes the value of the benefit corresponding to the issuer's involvement

in the plan, which means that employees have access to share prices with a volatility profile adapted to institutional investors rather than to the prices and volatility profile they would have been offered if they had purchased the shares through their retail banks. The volatility differential is treated as a discount equivalent that reflects the opportunity gain offered to employees under the leveraged plan.

As regards the first semester 2014, Schneider Electric offers to its employees the opportunity to purchase shares at a price of EUR58.33 or EUR54.90 per share, depending on the country, as part of its commitment to employee share ownership, on June 17, 2014. This represented a 15% to 20% discount to the reference price of EUR68.62 calculated as the average opening price quoted for the share during the 20 days preceding the management board's decision to launch the employee share issue.

Altogether, 3.7 million shares were subscribed, increasing the company's capital by EUR205 million as of July 24, 2014. Due to significant changes in valuation assumptions, specifically the interest rate available to market participant, the value of the lock-up period is higher than the discount cost. Therefore the Group did not recognize any cost related to the transaction.

The tables below summarize the main characteristics of the plans, the amounts subscribed, the valuation assumptions and the plans' cost for 2014 and 2013.

	Full year 2014		Full year 2013	
			%	Value
Non leveraged plans				
Plan characteristics				
Maturity (years)		5		5
Reference price (euros)		68.62		59.87
Subscription price (euros):				
between		58.33		50.89
and		54.90		47.90
Discount:				
between		15.0%		15.0%
and		20.0%		20.0%
Amount subscribed by employees		122.7		98,0
Total amount subscribed		122.7		98,0
Total number of shares subscribed (millions of shares)		2.2		2.0
Valuation assumptions				
Interest rate available to market participant (bullet loan) ⁽¹⁾		4.8%		4.8%
Five year risk-free interest rate (euro zone)		0.8%		0.8%
Annual interest rate (repo)		1.0%		1.0%
(a) Value of discount:				
between		15.0%	7.8	15.0%
and		20.0%	19.6	20.0%
(b) Value of the lock-up period for market participant				
		26.4%	39.5	26.3%
Total expense for the Group (a-b)		0		0
Sensitivity				
• decrease in interest rate for market participant ⁽²⁾		(0.5%)	4.3	(0.5%)
<i>Amounts in millions of euros, unless otherwise stated.</i>				
<i>(1) Average interest rate charged on an ordinary, non-revolving personal loan, with a five-year maturity to an individual with an average credit rating.</i>				
<i>(2) A decline in the interest rate for market participants reduces the lock-up cost and increases the expense booked by the issuer.</i>				

	Full year 2014		Full year 2013	
Leveraged plans			%	Value
Plan characteristics				
Maturity (years)		5		5
Reference price (euros)		68.62		59.87
Subscription price (euros):				
between		58.33		50.89
and		54.90		47.90
Discount:				
between	15.0%		15.0%	
and	20.0%		20.0%	
Amount subscribed by employees		8.2		3.5
Total amount subscribed		82.4		35.4
Total number of shares subscribed (millions of shares)		1.5		0.7
Valuation assumptions				
Interest rate available to market participant (bullet loan) ⁽¹⁾	4.8%		4.8%	
Five year risk-free interest rate (euro zone)	0.8%		0.8%	
Annual dividend rate	3.4%		3.0%	
Annual interest rate (repo)	1.0%		1.0%	
Retail/institutional volatility spread	5.0%		5.0%	
(a) Value of discount:				
between	15.0%	0.0	15.0%	0.0
and	20.0%	20.6	20.0%	8.9
(b) Value of the lock-up period for market participant				
	26.4%	27.1	26.3%	11.7
(c) Value of the opportunity gain ⁽²⁾				
	4.1%	4.2	3.3%	1.5
Total expense for the Group (a-b+c)				
		0		0
Sensitivity				
• decrease in interest rate for market participant ⁽³⁾	(0.5%)	3.0	(0.5%)	1.3

Amounts in millions of euros, unless otherwise stated.

(1) Average interest rate charged on an ordinary, non-revolving personal loan, with a five-year maturity to an individual with an average credit rating.

(2) Calculated using a binomial model.

(3) A decline in the interest rate for market participants reduces the lock-up cost and increases the expense booked by the issuer.

21.6 – Schneider Electric SE shares

At December 31, 2014, the Group held 13,296,614 Schneider Electric shares in treasury stock, which have been recorded as a deduction from retained earnings.

21.7 – Tax on equity

Total income tax recorded in Equity amounts to EUR445 million as of December 31, 2014 and can be analyzed as follows:

	Dec. 31, 2014	Dec. 31, 2013*	Change in tax
Cash-flow hedges	75	93	(18)
Available-for-sale financial assets	(8)	(8)	-
Actuarial gains (losses) on defined benefits	379	225	154
Other	(1)	(1)	-
TOTAL	445	309	136

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1.

Note 22 Pensions and other post-employment benefit obligations

The Group has set up various post-employment benefit plans for employees covering pensions, termination benefits, healthcare, life insurance and other benefits, as well as long-term benefit plans for active employees, primarily long service awards and similar benefits, mainly in France and in China.

Assumptions and sensitivity analysis

Actuarial valuations are generally performed each year. The assumptions used vary according to the economic conditions prevailing in the country concerned, as follows:

	Weighted average rate		Of which US	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Discount rate	3.47%	4.10 %	3.95%	4.70 %
Rate of compensation increases	3.00%	2.40 %	N/A	N/A
Interest income ⁽¹⁾	4.46%	3.60 %	4.75%	3.75%

(1) Under IAS 19R, the rate applied in the calculation of the interest income (previously expected return on plan assets) is the discount rate at the beginning of the period.

The discount rate is determined on the basis of the interest rate for investment-grade (AA) corporate bonds or, if a liquid market does not exist, government bonds with a maturity that matches the duration of the benefit obligation. In the United States, the average discount rate is determined on the basis of a yield curve for investment-grade (AA and AAA) corporate bonds.

The discount rate currently stands at 1.60% for 10 years duration and 1.90% for 15 years duration in the euro zone, 3.95% in the United States and 3.60% in the United Kingdom.

A 0.5 point increase in the discount rate would reduce pension and termination benefit obligations by around EUR686 million and the service cost by EUR3 million. A 0.5 point decrease would increase pension and termination benefit obligations by EUR769 million and the service cost by EUR3 million.

The post-employment healthcare obligation mainly concerns the United States. A one point increase in the healthcare costs rate would increase the post-employment healthcare obligation by EUR28 million and the sum of the service cost and interest cost by EUR1 million. A one point decrease in healthcare costs rate would decrease the post-employment healthcare obligation by EUR25 million and the sum of the service cost and interest cost by EUR1 million.

In 2014, the rate of healthcare cost increases in the United States is based on a decreasing trend from 8.67% in 2015 to 4.5% in 2028 for pre 65 retirees and from 6.67% in 2015 to 4.5% in 2022 for post 65 retirees. The rate of healthcare cost increases in the United States was based on a decreasing trend from 7.33% in 2014 to 4.5% in 2023 at December 31, 2013 for all retirees. The rate in France was estimated at 4% in 2014 and in 2013.

Pensions and termination benefits

Pension obligations primarily concern the Group's North American and European subsidiaries. These plans feature either a lump-sum payment on the employee's retirement or regular pension payments after retirement. The amount is based on years of service, grade and end-of-career salary. The average duration of the North American plans is 13.5 years.

Pension obligations also include top-hat payments granted to certain senior executives guaranteeing supplementary retirement income beyond that provided by general, mandatory pension schemes.

The majority of benefit obligations under these plans, which represent 98% of the Group's total commitment or EUR10,663 million at December 31, 2014, are partially or fully funded through payments to external funds. These funds are not invested in Group assets.

External funds are invested in equities (around 10%), bonds (around 74%), real estate (around 2%) and cash and others assets (around 14%).

Main contributions are primarily for the North American plans and amount to EUR47 million in 2014. They are estimated at EUR41 million for 2015, EUR54 million for 2016 and EUR58 million for 2017.

At December 31, 2014, provisions for pensions and termination benefits total EUR1,459 million, compared with EUR1,061 million in 2013. These provisions have been included in non-current liabilities, as the current portion was not considered material in relation to the total liability.

Payments made under defined contribution plans are recorded in the income statement in the year of payment and are in full settlement of the Group's liability. Defined contribution plan payments total EUR83 million in 2014, compared with EUR62 million in 2013.

Other post-employment and long-term benefits: including healthcare, life insurance and long service awards

The North American subsidiaries pay certain healthcare costs and provide life insurance benefits to retired employees who fulfill certain criteria in terms of age and years of service. The average duration of these North American plans is 11.4 years. These post-employment benefit obligations are unfunded.

Healthcare coverage for North American employees represents 73% of this obligation.

The main benefits paid in 2014 are primarily for the North American plans and amount to EUR17 million. They are estimated at EUR20 million in 2015 and EUR21 million for each of the next 2 years.

Other long-term benefit obligations include healthcare coverage plans in Europe, for EUR106 million, and long-service awards due by subsidiaries in France, for EUR13 million.

At December 31, 2014, provisions for these benefit obligations total EUR512 million, compared with EUR424 million at December 31, 2013. These provisions have been included in non-current liabilities, as the current portion was not considered material in relation to the total liability.

22.1 – Changes in provisions for pensions and other post-employment benefit obligations

Changes in provisions for pensions and other post-employment benefit obligations (net of plan assets) were as follows:

	Pensions and termination benefits	<i>Of which SE USA</i>	Other post- employment and long-term benefits	<i>Of which SE USA</i>	Provisions for pensions & other post- employment benefits
Dec. 31, 2012	1,489	491	470	314	1,959
Net cost recognized in the statement of income	(33)	25	(1)	(21)	(34)
Benefits paid	(44)	-	(32)	(19)	(76)
Plan participants' contributions	(64)	(35)	2	2	(62)
Actuarial items recognized in equity	(262)	(196)	6	(5)	(256)
Translation adjustment	(32)	(14)	(18)	(12)	(50)
Changes in the scope of consolidation	3	3	(4)	-	(1)
Other changes	4	-	1	2	5
Dec. 31, 2013	1,061	274	424	261	1,485
Net cost recognized in the statement of income	46	16	41	13	87
Benefits paid	(46)	0	(37)	(13)	(83)
Plan participants' contributions	(10)	(47)	-	-	(10)
Actuarial items recognized in equity	337	126	39	21	376
Translation adjustment	62	47	44	38	106
Changes in the scope of consolidation	10	-	1	-	11
Other changes	(1)	(3)	-	-	(1)
Dec. 31, 2014	1,459	413	512	320	1,971
Surplus of plans recognized as assets	(228)	-	-	-	(228)
Provisions recognized as liabilities	1,687	-	512	-	2,199

The net effect of Invensys acquisition on the balance sheet provision is EUR11 million, because obligations are totally covered by plan assets.

Following the agreement reached with the Trustee of the Invensys Pension scheme in the UK on February 2014, Schneider Electric SE guaranteed all obligations of the Invensys subsidiaries which participate in the Scheme, up to a maximum amount of GBP1.75 billion. At December 31, 2014, plan assets exceed the value of obligations subject to this guarantee and thus this guarantee cannot be called.

Changes in gross items recognized in equity were as follows:

	Pensions and termination benefits	Other post- employment and long-term benefits	Provisions for pensions & other post-employment benefits
Dec. 31, 2012	961	(7)	954
Actuarial (gains)/losses on projected benefit obligation arising from demographic assumptions	(1)	(4)	(5)
Actuarial (gains)/losses on projected benefit obligation arising from financial assumptions	(198)	(22)	(220)
Actuarial (gains)/losses on projected benefit obligation from experience effects	11	32	43
Actuarial (gains)/losses on plan assets	(74)	-	(74)
Effect of the asset ceiling	-	-	-
Dec. 31, 2013	699	(1)	698
Actuarial (gains)/losses on projected benefit obligation arising from demographic assumptions	117	6	123
Actuarial (gains)/losses on projected benefit obligation arising from financial assumptions	908	52	960
Actuarial (gains)/losses on projected benefit obligation from experience effects	49	(19)	30
Actuarial (gains)/losses on plan assets	(706)	-	(706)
Effect of the asset ceiling	(31)	-	(31)
Dec. 31, 2014	1,036	38	1,074

22.2 – Provisions for pensions and termination benefit obligations

Annual changes in obligations, the market value of plan assets and the corresponding assets and provisions recognized in the consolidated financial statements can be analyzed as follows:

	Dec.31, 2014		Dec.31, 2013	
		<i>Of which SE USA</i>		<i>Of which SE USA</i>
1. Reconciliation of balance sheet items				
Pension assets	-	-	-	-
Provisions for pensions and other post-employment benefit	(1,459)	(413)	(1,061)	(274)
NET ASSET/(LIABILITY) RECOGNIZED IN THE BALANCE SHEET	(1,459)	(413)	(1,061)	(274)

	Full year 2014		Full year 2013	
		<i>Of which SE USA</i>		<i>Of which SE USA</i>
2. Components of net cost recognized in the statement of income				
Service cost	49	3	52	3
Past service cost	1	0	(132)	-
Curtailements and settlements	(61)	(4)	(6)	-
Interest cost (effect of discounting on obligation and plan assets)	408	54	103	49
Interest income	(351)	(37)	(50)	(27)
NET COST RECOGNIZED IN THE STATEMENT OF INCOME	46	16	(33)	25

The 2014 net cost recognized in the statement of income related to Invensys integration is EUR19 million.

	Full year 2014		Full year 2013	
		<i>Of which SE USA</i>		<i>Of which SE USA</i>
3. Change in projected benefit obligation				
Projected benefit obligation at beginning of year	2,658	1,136	3,061	1,344
Service cost	49	3	52	3
Past service cost/Curtailements and Settlements	(110)	(49)	(160)	-
Interest cost (effect of discounting)	403	54	103	49
Plan participants' contributions	4	-	4	-
Benefits paid	(524)	(56)	(126)	(54)
Changes in the scope of consolidation	6,593	-	3	3
Actuarial (gains)/losses recognized in equity	1,074	176	(188)	(157)
Translation adjustments	786	166	(95)	(52)
Other	(8)	(3)	4	-
PROJECTED BENEFIT OBLIGATION AT END OF YEAR	10,925	1,427	2,658	1,136

Plans changes occurred in United-Kingdom and United States.

Actuarial gains and losses have been fully recognized in other reserves. They stem mainly from changes in financial actuarial assumptions (primarily discount rates) used to measure obligations in the United States, the United Kingdom and the euro zone.

At December 31, 2014, actuarial losses resulting from changes in financial assumptions on pension and termination benefit obligations total EUR908 million for the Group compared to EUR198 million of gains at December 31, 2013. At December 31, 2014, the losses resulting from changes in demographic assumptions on pension and termination benefit obligations total EUR117 million for the Group compared to EUR1 million of gains at December 31, 2013.

At December 31, 2014, actuarial losses relative to the effects of experience on pension and termination benefit obligations total EUR49 million for the Group compared to EUR11 million at December 31, 2013.

	Full year 2014		Full year 2013	
		<i>Of which SE USA</i>		<i>Of which SE USA</i>
4. Change in fair value of plan assets				
Fair value of plan assets at beginning of year	1,597	862	1,572	853
Interest income	351	37	50	27
Plan participants' contribution	3	-	4	-
Employer contributions	10	47	64	35
Benefits paid	(478)	(56)	(82)	(54)
Actuarial gains/(losses) recognized in equity	706	50	74	39
Changes in the scope of consolidation	6,721	-	0	-
Translation adjustments	739	119	(63)	(38)
Curtailments and settlements	(50)	(45)	(22)	-
Other	(10)	-	-	-
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	9,589	1,014	1,597	862

At December 31, 2014, the actual return on plan assets was EUR1,057 million compared with EUR124 million at December 31, 2013.

Actuarial gains and losses have been fully recognized in other reserves.

	Full year 2014		Full year 2013	
		<i>Of which SE USA</i>		<i>Of which SE USA</i>
5. Funded status				
Projected benefit obligation	(10,925)	(1,427)	(2,658)	(1,136)
Fair value on plan assets	9,589	1,014	1,597	862
Surplus/(Deficit)	(1,336)	(413)	(1,061)	(274)
Effect of the asset ceiling	(123)	-	-	-
Deferred items:				
Unrecognized past service cost	-	-	-	-
(LIABILITIES)/NET ASSET RECOGNIZED IN THE BALANCE SHEET	(1,459)	(413)	(1,061)	(274)

22.3 – Provisions for healthcare costs, life insurance benefits and other post-employment benefits

Changes in provisions for other post-employment and long-term benefits were as follows:

	Full year 2014	Full year 2013
1. Components of net cost recognized in the statement of income		
Service cost	27	20
Interest cost (effect of discounting)	16	15
Interest income	-	-
Past service cost	(2)	-
Curtailments and settlements	-	(34)
Amortization of actuarial gains & losses	-	(2)
NET COST RECOGNIZED IN THE STATEMENT OF INCOME	41	(1)

Amortization of actuarial gains and losses concerns long-term benefits for active employees, notably long service awards in France.

The healthcare plan amendment to limit the Group's obligations to current and future retirees in the US decreased the benefit obligation of EUR34 million for the full year 2013.

	Full year 2014	Full year 2013
2. Change in projected benefit obligation		
Projected benefit obligation at beginning of year	424	470
Service cost	27	20
Interest cost (effect of discounting)	16	15
Plan participants' contribution	-	2
Benefits paid	(37)	(32)
Actuarial (gains)/losses recognized in equity	39	6
Past service cost	(2)	(34)
Changes in the scope of consolidation	1	0
Translation adjustments	44	(18)
Other (including curtailments and settlements)	-	(5)
PROJECTED BENEFIT OBLIGATION AT END OF YEAR	512	424

Actuarial gains and losses have been fully recognized in other reserves except for long-term benefits for active employees, notably long service awards in France, for which all actuarial gains and losses are recognized in the income statement. Actuarial gains and losses stem from changes in actuarial assumptions (primarily discount rates).

At December 31, 2014, actuarial gains relative to the effects of experience on healthcare costs, life insurance and other post-employment benefits total EUR19 million for the Group compared to EUR32 million of losses at December 31, 2013.

	Dec. 31, 2014	Dec. 31, 2013
3. Funded status		
Projected benefit obligation	(512)	(424)
Deferred items:		
Unrecognized past service cost	-	-
PROVISION RECOGNIZED IN BALANCE SHEET	(512)	(424)

Note 23 Provisions

	Economic risks	Customer risks	Products risks	Environmental risks	Restructuring	Other risks	Provisions
Dec. 31, 2012	703	96	411	70	132	307	1,720
<i>Long-term portion</i>	430	44	93	55	12	151	785
Additions	99	25	116	4	103	135	482
Utilizations	(70)	(23)	(94)	(13)	(83)	(116)	(399)
Reversals of surplus provisions	(117)	(11)	(29)	(1)	(12)	(14)	(184)
Translation adjustments	(39)	(7)	(20)	(4)	(1)	(18)	(89)
Changes in the scope of consolidation and other	92	18	46	5	(4)	24	181
Dec. 31, 2013*	668	98	430	61	135	318	1,710
<i>Long-term portion</i>	439	43	131	45	9	160	827
Additions	65	20	110	10	83	133	421
Discounting effect	-	-	-	2	-	-	2
Utilizations	(38)	(15)	(102)	(20)	(94)	(153)	(422)
Reversals of surplus provisions	(52)	(5)	(37)	(7)	(8)	(20)	(129)
Translation adjustments	12	2	10	29	2	39	94
Changes in the scope of consolidation and other	56	(13)	35	233	9	230	550
Dec. 31, 2014	711	87	446	308	127	547	2,226
<i>Long-term portion</i>	450	60	149	283	19	288	1,249

* The 2013 figures were restated from the change in consolidation method disclosed in note 1.

(a) Economic risks

These provisions cover, in particular, tax risks arising from audits performed by local tax authorities and financial risks arising primarily on guarantees given to third parties in relation to certain assets and liabilities.

(b) Customer risks

These provisions are primarily established to covers risks arising from products sold to third parties. This risk consists of claims based on alleged product defects and product liability.

Provisions for customer risks also integrate the provisions for losses at completion for some of long term contracts, for EUR87 million.

(c) Product risks

These provisions comprise:

- statistical provisions for warranties: the Group funds provisions on a statistical basis for the residual cost of Schneider Electric product warranties not covered by insurance;
- provisions for disputes over defective products;
- provisions to cover disputes related to recalls of clearly identified products.

(d) Environmental risks

These provisions are primarily funded to cover cleanup costs.

(e) Reconciliation with cash flow statement

The increase and decrease in provisions retreated at statutory cash flow were as follows:

	Dec. 31, 2014	Dec. 31, 2013*
Increase of provision	421	482
Utilization of provision	(422)	(399)
Reversal of surplus provision	(129)	(184)
Provision variance including tax provisions but excluding employee benefit obligation	(130)	(101)
(Tax provisions net variance)	(4)	77
Provision variance excluding tax provisions and pension benefit obligation	(134)	(24)
Employee benefit obligation net variance excluding contribution to plan assets	66	(77)
Increase/(decrease) in provisions in cash-flow statement	(68)	(101)

* The 2013 figures were restated from the change in consolidation method disclosed in note 1.

Note 24 Total (current and non-current) financial liabilities

Non-current financial liabilities break down as follows:

	Dec. 31, 2014	Dec. 31, 2013*
Bonds	5,405	6,039
Bank and other borrowings	707	942
Lease liabilities	6	10
Employees profit sharing	9	11
Short-term portion of convertible and non-convertible bonds	(750)	(717)
Short-term portion of long-term debt	(350)	(363)
NON-CURRENT FINANCIAL LIABILITIES	5,027	5,922

* The 2013 figures were restated from the change in consolidation method disclosed in note 1

Current financial liabilities break down as follows:

	Dec. 31, 2014	Dec. 31, 2013*
Commercial paper	760	1,205
Accrued interest	112	147
Other short-term borrowings	461	395
Drawdown of funds from lines of credit	-	-
Bank overdrafts	212	140
Short-term portion of convertible and non-convertible bonds	750	717
Short-term portion of long-term debt	350	363
SHORT-TERM DEBT	2,645	2,967
TOTAL CURRENT AND NON-CURRENT FINANCIAL LIABILITIES	7,672	8,889
CASH AND CASH EQUIVALENTS (see Note 20)	(2,650)	(5,563)
NET DEBT	5,022	3,326

* The 2013 figures were restated from the change in consolidation method disclosed in note 1

24.1 – Breakdown by maturity

	Dec. 31, 2014			Dec. 31, 2013*
	Nominal	Interests	Swaps	Nominal
2014				2,967
2015	2,645	169	2	1,071
2016	838	157	-	758
2017	1,173	127	-	1,158
2018	774	85	-	772
2019	498	54	-	496
2020 and beyond	1,744	89	-	1,667
TOTAL	7,672	681	2	8,889

24.2 – Breakdown by currency

	Dec. 31, 2014	Dec. 31, 2013*
Euro	5,841	6,756
US Dollar	1,201	1,166
Brazilian Real	8	264
Japanese Yen	239	239
Australian Dollar	21	101
Russian Rouble	76	49
Indian Rupee	63	112
Chinese Yuan	33	60
Indonesian Rupiah	28	36
Other	162	106
TOTAL	7,672	8,889

* The 2013 figures were restated from the change in consolidation method disclosed in note 1.

24.3 – Bonds

	Dec. 31, 2014	Dec. 31, 2013	Effective interest rate	Maturity
Schneider Electric SE 2014		717	Libor USD +0.490% variable and 4.500% fixed	January and July 2014
Schneider Electric SE 2015	750	750	5.375% fixed	January 2015
Schneider Electric SE 2016	656	661	Euribor + 0.600% variable and 0.849%, 0.846%, 2.875% fixed	July, November, December 2016
Schneider Electric SE 2017	1,008	1,001	4.000% fixed	August 2017
Schneider Electric SE 2018	746	745	3.750% fixed	July 2018
Schneider Electric SE 2019	497	496	3.500% fixed	January 2019
Schneider Electric SE 2020	496	496	3.625% fixed	July 2020
Schneider Electric SE 2021	597	597	2.500% fixed	September 2021
Schneider Electric SE 2022	655	576	2.950% fixed	September 2022
TOTAL	5,405	6,039		

Schneider Electric SE has issued bonds on different markets:

- in the United States, through a private placement offering following SEC 144A rule, for USD800 million worth of bonds issued in September 2012, at a rate of 2.950%, due in September 2022;
- as part of its Euro Medium Term Notes (EMTN) program, which bonds are traded on the Luxembourg stock exchange. Issues that were not yet due as of December 31, 2014 are as follow:
 - EUR600 million worth of bonds issued in September 2013, at a rate of 2.5%, due in September 2021,
 - JPY22.5 billion worth of bonds issued in 2011, comprising a first JPY12.5 billion tranche at a rate of 0.849% issued in November and due in November 2016 and a second JPY10 billion tranche at a rate of 0.84625% issued in December due in December 2016,
 - EUR500 million worth of bonds issued in September 2011, at a rate of 3.5%, due in January 2019,
 - EUR750 million worth of bonds issued in July 2011, at a rate of 3.75%, due in July 2018,
 - EUR300 and EUR200 million worth of bonds issued successively in July and October 2010, at a rate of 2.875%, due on July 20, 2016,
 - EUR500 million worth of bonds issued in July 2010, at a rate of 3.625%, due on July 20, 2020,
 - EUR150 million worth of bonds issued in May 2009 to top up the EUR600 million twelve-year tranche, due January 8, 2015, at a rate of 5.375% issued on October 2007, raising the total issue to EUR750 million,
 - EUR250 million worth of bonds issued in March 2009 to top up the EUR780 million twelve-year tranche, at a rate of 4%, issued in August 2005, raising the total issue to EUR1.03 billion,
 - EUR3 million corresponding to the discounted present value of future interest payments on a EUR177 million eight year bond issue (July 25, 2008 to July 25, 2016) indexed to the three month Euribor. The nominal value of the bonds is not recognized in debt because the bond holder has waived its right to repayment of the principal in exchange for the transfer, on a no-recourse basis, of the future cash flows corresponding to the requested refund of a tax receivable,
 - EUR180 million worth of bonds issued in April 2008 to top up the EUR600 million twelve-year tranche, at a rate of 4%, issued in August 2005, raising the total issue to EUR780 million,
 - EUR600 million worth of bonds issued in October 2007, at a rate of 5.375%, due on January 8, 2015,
 - EUR600 million worth of bonds issued in August 2005, at a rate of 4%, due on August 2017.

For all those transactions, issue premium and issue costs are amortized according to the effective interest method.

24.4 – Other information

At December 31, 2014 Schneider Electric had confirmed credit lines of EUR2,650 million, all unused.

Loan agreements and committed credit lines do not include any financial covenants or credit rating triggers in case of downgrading in Company's long term debt.

Note 25 Other non-current liabilities

	Dec. 31, 2014	Dec. 31, 2013*
Debt related to acquisitions	15	15
Debt on Luminous valuation	130	92
Other	39	33
OTHER NON-CURRENT LIABILITIES	184	140

* The 2013 figures were restated from the change in consolidation method disclosed in note 1.

The debt on Luminous valuation corresponds to the Group commitments on the minority interest (26%) in Luminous.

Note 26 Financial instruments

The Group uses financial instruments to manage its exposure to fluctuations in interest rates, exchange rates and metal prices.

26.1 – Balance sheet exposure

	Dec. 31, 2014		Breakdown by category			
	Fair Value	Fair value through P&L	Fair value through equity	Available-for-sale financial assets	Loans and account receivables	Financial liabilities measured at amortized cost
ASSETS						
Available-for-sale financial assets	333	-	-	333	-	-
Other non-current financial assets	365	-	-	-	365	-
TOTAL NON-CURRENT ASSETS	698	-	-	333	365	-
Trade accounts receivable	5,991	-	-	-	5,991	-
Other receivables						
Current financial assets	49	49	-	-	-	-
Marketable securities	714	714	-	-	-	-
Derivative instrument – foreign currencies	70	70	-	-	-	-
Derivative instrument – interest rates	-	-	-	-	-	-
Derivative instrument – commodities	-	-	-	-	-	-
Derivative instrument – shares	28	32	(4)	-	-	-
TOTAL CURRENT ASSETS	6,852	865	(4)	-	5,991	-
LIABILITIES						
Long-term portion of bonds ⁽¹⁾	(5,118)	-	-	-	-	(5,118)
Other long-term debt	(372)	-	-	-	-	(372)
TOTAL NON-CURRENT LIABILITIES	(5,490)	-	-	-	-	(5,490)
Short-term portion of bonds ⁽¹⁾	(751)	-	-	-	-	(751)
Short-term debt	(1,895)	-	-	-	-	(1,895)
Trade accounts payable	(4,106)	-	-	-	-	(4,106)
Other	(32)	-	-	-	-	(32)
Derivative instrument – foreign currencies	(151)	(124)	(27)	-	-	-
Derivative instrument – interest rates	(2)	-	(2)	-	-	-
Derivative instrument – commodities	(11)	-	(11)	-	-	-
Derivative instrument – shares	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	(6,948)	(124)	(40)	-	-	(6,784)

⁽¹⁾ Overall, the financial instruments listed in the balance sheet are accounted at the fair value, except for the bonds for which the amortized cost represents EUR5,869 million compared to EUR5,405 million reflected in the balance sheet.

The impact of financial instruments, by category, on profit and equity was as follows:

- the main impact on profit concerned interest income and expense;
- the impact on equity primarily stemmed from the measurement of available-for-sale financial assets and derivative instruments at fair value and from translation adjustments of foreign currency loans, receivables and liabilities.

	Dec. 31, 2013*			Breakdown by category		
	Fair Value	Fair value through P&L	Fair value through equity	Available-for-sale financial assets	Loans and account receivables	Financial liabilities measured at amortized cost
ASSETS						
Available-for-sale financial assets	164	-	-	164	-	-
Other non-current financial assets	127	-	-	-	127	-
TOTAL NON-CURRENT ASSETS	291	-	-	164	127	-
Trade accounts receivable	5,145	-	-	-	5,145	-
Other receivables	-	-	-	-	-	-
Current financial assets	28	28	-	-	-	-
Marketable securities	2,193	2,193	-	-	-	-
Derivative instrument – foreign currencies	145	104	41	-	-	-
Derivative instrument – interest rates	-	-	-	-	-	-
Derivative instrument – commodities	-	-	-	-	-	-
Derivative instrument – shares	46	44	2	-	-	-
TOTAL CURRENT ASSETS	7,557	2,369	43	-	5,145	-
LIABILITIES						
Long-term portion of bonds ⁽¹⁾	(5,704)	-	-	-	-	(5,704)
Other long-term debt	(600)	-	-	-	-	(600)
TOTAL NON-CURRENT LIABILITIES	(6,304)	-	-	-	-	(6,304)
Short-term portion of bonds ⁽¹⁾	(718)	-	-	-	-	(718)
Short-term debt	(2,250)	-	-	-	-	(2,250)
Trade accounts payable	(3,791)	-	-	-	-	(3,791)
Other	(36)	-	-	-	-	(36)
Derivative instrument – foreign currencies	(11)	(11)	-	-	-	-
Derivative instrument – interest rates	(8)	-	(8)	-	-	-
Derivative instrument – commodities	(3)	-	(3)	-	-	-
Derivative instrument – shares	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	(6,817)	(11)	(11)	-	-	(6,795)

⁽¹⁾ Overall, the financial instruments listed in the balance sheet are accounted at the fair value, except for the bonds for which the amortized cost represents EUR6,422 million compared to EUR6,039 million reflected in the balance sheet.

* The 2013 figures were restated from the change in consolidation method disclosed in note 1.

26.2 – Fair value hierarchy

Financial assets and liabilities can be classified at the fair value following the hierarchy levels below:

1. market value (non-adjusted) on active markets, for similar assets and liabilities, which the company can get at the valuation date;
2. incoming information of the asset or liability (other than the market rate available for the level 1) are directly or indirectly accessible;
3. incoming information non accessible regarding the asset or liability.

Dec. 31, 2014					
	Carrying Amount	Fair value	Level 1	Level 2	Level 3
ASSETS					
Available-for-sale financial assets	333	333	57	-	276 ⁽¹⁾
Marketable securities	714	714	714	-	-
Derivative instruments	98	98	-	98	-
LIABILITIES					
Bonds	(5,405)	(5,869)	(5,869)	-	-
Other long-term debt	(372)	(372)	-	-	(372)
Other current liabilities	(6,033)	(6,033)	-	-	(6,033)
Derivative instruments	(164)	(164)	-	(164)	-

⁽¹⁾ *Unlisted available-for-sale financial assets are tested once a year and impaired when necessary.*

Dec. 31, 2013*					
	Carrying Amount	Fair value	Level 1	Level 2	Level 3
ASSETS					
Available-for-sale financial assets	164	164	63	-	101 ⁽¹⁾
Marketable securities	2,193	2,193	2,193	-	-
Derivative instruments	191	191	-	191	-
LIABILITIES					
Bonds	(6,039)	(6,422)	(6,422)	-	-
Other long-term debt	(600)	(600)	-	-	(600)
Other current liabilities	(6,077)	(6,077)	-	-	(6,077)
Derivative instruments	(22)	(22)	-	(22)	-

⁽¹⁾ *Unlisted available-for-sale financial assets are tested once a year and impaired when necessary.*

* *The 2013 figures were restated from the change in consolidation method disclosed in note 1.*

26.3 – Derivative instruments

26.3.1 Foreign currency

Due to the fact that a significant proportion of affiliates' transactions are denominated in currencies other than their functional currencies, the Group is exposed to currency risks. If the Group is not able to hedge these risks, fluctuations in exchange rates between the functional currencies and other currencies can have a significant impact on its results and distort year-on-year performance comparisons. As a result, the Group uses derivative instruments to hedge its exposure to exchange rates mainly through futures and natural hedge. Furthermore, some long term loans and borrowings granted to the affiliates are considered as net investment according to IAS 21.

Dec. 31, 2014	Carrying amount	Nominal amount	
		Sale	Purchase
Cash flow hedges	(33)	16	1,043
Net investment hedges	(33)	1,091	-
Fair value hedges	-	-	-
Trading	(15)	4,671	2,293
	(81)	5,778	3,336

Dec. 31, 2013	Carrying amount	Nominal amount	
		Sale	Purchase
Cash flow hedges	119	-	(3,206)
Net investment hedges	2	961	(199)
Fair value hedges	-	-	-
Trading	13	2,797	(1,620)
	134	3,758	(5,025)

We manage our exposure to currency risk to reduce the sensitivity of earnings to changes in exchange rates through hedging programs relating to receivables, payables and cash flows, which are primarily hedged by means of forward purchases and sales. Depending on market conditions, risks in the main currencies may be hedged based on cash flow forecasting using contracts that expire in 12 months or less. Schneider Electric's currency hedging policy is to protect its subsidiaries against risks on all transactions denominated in a currency other than their functional currency.

In 2014, the Net Investment Hedge has been recycled from Other Comprehensive Income to Profit and & Loss for EUR23 million.

Positions of futures hedges of balance sheet items and net investment by currency:

	Dec. 31, 2014		
	Sales	Purchases	Net
GBP	664	(399)	265
USD	3,236	(828)	2,408
SGD	715	(156)	559
CNY	213	(673)	(460)
AUD	159	(490)	(331)
HKD	248	(42)	206
NOK	76	(3)	73
AED	150	(22)	128
SEK	3	(122)	(119)
BRL	49	(291)	(242)
DKK	4	(86)	(82)
SAR	53	(7)	46
RUB	37	-	37
PLN	1	(17)	(16)
CHF	12	(51)	(39)
MXN	48	(39)	9
JPY	6	(31)	(25)
Others	104	(79)	25
TOTAL	5,778	(3,336)	2,442

These forward currency hedging positions include EUR1,813 million in hedges of loans and borrowings of a financial nature (net sales) and EUR629 million in hedges of operating cash flows (net sales).

26.3.2 Interest rate

The Group is exposed to risks associated with the effect of changing interest rates. Interest rate risk on borrowings is managed at the Group level, based on consolidated debt and taking into consideration market conditions in order to optimize overall borrowing costs. At December 31, 2014, most of the Group's bond debt was at fixed rate. As a result, an increase in interest rates should not have any material impact on the Group's net financial expense.

	Dec. 31, 2014		Dec. 31, 2013	
	Fixed rate	Variable rate	Fixed rate	Variable rate
Net position before hedging	(5,912)	(1,760)	(6,578)	(2,281)
Cash flow hedges	(129)	129	(346)	346
Fair value hedges	-	-	-	-
Net position after hedging	(6,041)	(1,631)	(6,924)	(1,935)

26.3.3 Raw materials

Group is exposed to fluctuations in energy and raw material prices, in particular steel, copper, aluminum, silver, lead, nickel, zinc and plastics. If we are not able to hedge, compensate for or pass on to customers any such increased costs, this could have an adverse impact on our financial results. The Group has, however, implemented certain procedures to limit exposure to rising non-ferrous and precious raw material prices. The purchasing departments of the operating units report their purchasing forecasts to the Corporate Finance and Treasury Department. Purchase commitments are hedged using forward contracts, swaps and, to a lesser extent, options.

All commodities instruments are futures and options designated as cash flow hedge under IFRS standards, of which:

	Dec. 31, 2014	Dec. 31, 2013
Carrying amount	(11)	(2)
Nominal amount	(271)	(166)

26.3.4 Share-based payment

Schneider Electric shares are hedged (cash flow hedges) in relation to the Stock Appreciation Rights granted to US employees, details are as follow:

	Dec. 31, 2014	Dec. 31, 2013
Outstanding shares	1,277,326	1,843,846
Carrying amount	28	46
Nominal amount	(57)	(84)

26.4 – Financial assets and liabilities subject to netting

In accordance with IFRS 7 standards, this section discloses financial instruments that are subject to offsetting agreements.

	(a)	(b)	(c)=(a)-(b)	(d)	(e)=(c)-(d)
		Gross amounts set off in the statement of financial position	Net amounts presented in the statement of financial position	Related amount not set off in the statement of financial position	Net amount, as per IFRS 7
Dec. 31, 2014	Gross amounts				
Financial assets	1,615	1 517	98	25	73
Financial liabilities	(1,869)	(1,517)	(352)	(25)	(327)

	(a)	(b)	(c)=(a)-(b)	(d)	(e)=(c)-(d)
		Gross amounts set off in the statement of financial position	Net amounts presented in the statement of financial position	Related amount not set off in the statement of financial position	Net amount, as per IFRS 7
Dec. 31, 2013	Gross amounts				
Financial assets	1,528	1,337	191	20	171
Financial liabilities	(1,587)	(1,337)	(250)	(20)	(230)

Note 27 Employees

27.1 – Employees

The average number of permanent and temporary employees was as follows in 2013 and 2014:

(number of employees)	Dec. 31, 2014	Dec. 31, 2013
Production	95,213	81,712
Administration	90,752	81,321
TOTAL AVERAGE NUMBER OF EMPLOYEES	185,965	163,033
By region:		
EMEAS*	85,415	78,695
North America	34,940	30,980
Asia-Pacific	65,610	53,358

* Europe, Middle-East, Africa, South America.

The increase in the average number of employees is primarily linked to the 2014 acquisitions.

27.2 – Employee benefits expense

	Full year 2014	Full year 2013
Payroll costs	(6,203)	(5,976)
Profit-sharing and incentive bonuses	(57)	(64)
Stock options	(86)	(66)
WESOP	-	-
EMPLOYEE BENEFITS EXPENSE	(6,346)	(6,106)

27.3 – Benefits granted to senior executives

In 2014, the Group paid EUR1.26 million in attendance fees to the members of its board of directors. The total amount of gross remuneration, including benefits in kind, paid in 2014 by the Group to the members of Senior Management, excluding executive directors, totaled EUR15.5 million, of which EUR5.8 million corresponded to the variable portion.

During the last three periods, 473.000 performance shares have been allocated to members of Senior Management, excluding executive officers. No stock option has been granted to members of Senior Management during the last three periods. Performance shares were allocated due to the 2014 the long term incentive plan. Since December 16, 2011, 100% of performance shares and/or stock options are conditional on the achievement of performance criteria for members of the Executive Committee.

Pension obligations net of assets with respect to members of Senior Management amounted to EUR36 million at December 31, 2014 versus EUR21 million at December 31, 2013.

Please refer to Chapter 3 Section 8 of the Registration Document for more information regarding the members of Senior Management.

Note 28 Related party transactions

28.1 – Associates

Companies over which the Group has significant influence are accounted through equity consolidation method. Transactions with these related parties are carried out on arm's length terms.

Related party transactions were not material in 2014.

28.2 – Related parties with significant influence

No transactions were carried out during the year with members of the supervisory board or management board.

Compensation and benefits paid to the Group's top senior executives are described in note 27.3.

Note 29 Commitments and contingent liabilities

29.1 – Guarantees and similar undertakings

	Dec. 31, 2014	Dec. 31, 2013
Market counter guarantees ⁽¹⁾	3,548	1,214
Pledges, mortgages and sureties ⁽²⁾	188	47
Endorsements and guarantees		
Other commitments given ⁽³⁾	368	164
GUARANTEES GIVEN	4,104	1,425
Endorsements and guarantees received	90	83
GUARANTEES RECEIVED	90	83

(1) On certain contracts, customers require a guarantee from a bank that the contract will be fully executed by the Group. For these contracts the Group gives a counter guarantee to the bank. If a claim occurs, the risk linked to the commitment is assessed and a provision for contingencies is recorded when the risk is considered probable and can be reasonably estimated.

(2) Certain loans are secured by property, plant and equipment and securities lodged as collateral.

(3) Other guarantees given comprise guarantees given in rental payments.

29.2 – Purchase commitments

Shares in subsidiaries and affiliates

Commitments to purchase equity investments correspond to put options given to minority shareholders in consolidated companies or relate to earn-out payments. At December 31, 2014, there is one material put related to the 26% interests in Luminous that was valued for an amount of EUR130 million as other non-current liabilities.

29.3 – Contingent liabilities

Senior Management believes that the provisions recognized in the balance sheet, in respect to the known claims and litigation to which the Group is a party, should be adequate to ensure that such claims and litigation will not have any substantial impact on the Group's financial position or results. This is notably the case for the potential consequences of a current dispute in Belgium involving former senior executives and managers of the Group.

The Group has entered into a company-wide agreement in respect to individual training entitlement. It has applied the French accounting treatment recommended by opinion 2004-F issued by the CNC's urgent issues committee. Expenditure on individual training is written off as an expense during the period and therefore no provision is made for it. As of December 31, 2014, rights accrued but not used by employees of French entities of the Group corresponded to around 1,651,781 hours.

Note 30 Subsequent events

At the date of financial statements approval by the board of directors, there is no material subsequent event.

Note 31 Statutory auditors' fees

Fees paid by the Group to the statutory auditors and their networks:

	Full year 2014				
<i>(in thousands of euros)</i>	Ernst & Young	%	Mazars	%	Total
Audit					
Statutory auditing	14,804	82%	7,772	97%	22,576
o/w Schneider Electric S.E.	100		100		
o/w subsidiaries	14,704		7,672		
Related services	633	4%	240	3%	873
o/w Schneider Electric S.E.	-		-		
o/w subsidiaries	633		240		
Audit sub-total	15,437	86%	8,012	100%	23,449
Other services Legal, tax	2,636	14%	27	-	2,663
TOTAL FEES	18,073	100%	8,039	100%	26,112

	Full year 2013				
<i>(in thousands of euros)</i>	Ernst & Young	%	Mazars	%	Total
Audit					
Statutory auditing	9,452	85%	8,059	93%	17,511
<i>o/w Schneider Electric S.E.</i>	100		100		
<i>o/w subsidiaries</i>	9,352		7,959		
Related services	1,348	12%	552	7%	1,900
<i>o/w Schneider Electric S.E.</i>	237		121		
<i>o/w subsidiaries</i>	1,111		431		
Audit sub-total	10,800	97%	8,611	100%	19,411
Other services Legal, tax	363	3%	32	-	395
TOTAL FEES	11,163	100%	8,643	100%	19,806

Note 32 Consolidated companies

The main companies included in the Schneider Electric Group scope of consolidation are listed below.

		% Interest Dec. 31, 2014	% Interest Dec. 31, 2013
Europe			
<i>Fully consolidated</i>			
Schneider Electric Energy Austria AG	Austria	100.0	100.0
Schneider Electric Austria GmbH	Austria	100.0	100.0
Schneider Electric Power Drives GmbH	Austria	100.0	100.0
Eurotherm GmbH	Austria	100.0	-
Invensys Systems GmbH	Austria	100.0	-
Schneider Electric Energy Belgium SA	Belgium	100.0	100.0
Schneider Electric NV/SA	Belgium	100.0	100.0
Schneider Electric Services International SPRL	Belgium	100.0	100.0
Summit Energy International BVBA	Belgium	100.0	100.0
Eurotherm SA/NV	Belgium	100.0	-
Invensys Systems NV/SA	Belgium	100.0	-
Schneider Electric Bulgaria EOOD	Bulgaria	100.0	100.0
Schneider Electric d.o.o	Croatia	100.0	100.0
Schneider Electric AS	Czech Republic	98.3	98.3
Schneider Electric CZ sro	Czech Republic	100.0	100.0
Invensys Systems sro	Czech Republic	100.0	-
Ørbaekvej 280 A/S	Denmark	100.0	100.0
Schneider Electric Danmark A/S	Denmark	100.0	100.0
Schneider Electric IT Denmark ApS	Denmark	100.0	100.0
Schneider Nordic Baltic A/S	Denmark	100.0	100.0
Schneider Electric EESTI AS	Estonia	100.0	100.0
Oy Lexel Finland Ab	Finland	100.0	100.0
Schneider Electric Fire & Security OY	Finland	100.0	100.0
Schneider Electric Buildings Finland OY	Finland	100.0	100.0
Schneider Electric Finland Oy	Finland	100.0	100.0
Strömfors Electric Oy	Finland	100.0	100.0
Vamp OY	Finland	100.0	100.0
Foxboro OY	Finland	100.0	-
Alombard SAS	France	100.0	100.0
Schneider Electric Protection et Contrôle SAS	France	100.0	100.0
BCV Technologies SAS	France	100.0	100.0
Boissière Finance SNC	France	100.0	100.0
Construction Electrique du Vivarais SAS	France	100.0	100.0
D5X	France	100.0	100.0
Dinel SAS	France	100.0	100.0
Energy Pool Developpement	France	100.0	100.0
Epsys SAS	France	100.0	100.0
France Transfo SAS	France	100.0	100.0
Infraplus SAS	France	100.0	100.0

		% Interest Dec. 31, 2014	% Interest Dec. 31, 2013
Merlin Gerin Alès SAS	France	100.0	100.0
Merlin Gerin Alpes SAS	France	100.0	100.0
Merlin Gerin Loire SAS	France	100.0	100.0
Schneider Electric IT France	France	100.0	100.0
Muller & Cie SA	France	100.0	100.0
Newlog SAS	France	100.0	100.0
Prodipact SAS	France	100.0	100.0
Rectiphase SAS	France	100.0	100.0
Sarel - Appareillage Electrique SAS	France	99.0	99.0
Scanelec SAS	France	100.0	100.0
Schneider Automation SAS	France	100.0	100.0
Schneider Electric Energy France SAS	France	100.0	100.0
Schneider Electric France SAS	France	100.0	100.0
Schneider Electric Holding Amérique du Nord SAS	France	100.0	100.0
Schneider Electric Industries SAS	France	100.0	100.0
Schneider Electric International SAS	France	100.0	100.0
Schneider Electric Manufacturing Bourguebus SAS	France	100.0	100.0
Schneider Electric SE (Holding Company)	France	100.0	100.0
Schneider Electric Telecontrol SAS	France	100.0	100.0
Schneider Toshiba Inverter Europe SAS	France	60.0	60.0
Schneider Toshiba Inverter SAS	France	60.0	60.0
Société d'Appareillage Electrique Gardy SAS	France	100.0	100.0
Société d'Application et d'Ingenierie Industrielle et Informatique SAS - SA3I	France	100.0	100.0
Société Electrique d'Aubenas SAS	France	100.0	100.0
Société Française de Construction Mécanique et Electrique SA	France	100.0	100.0
Société Française Gardy SA	France	100.0	100.0
Systèmes Equipements Tableaux Basse Tension SAS	France	100.0	100.0
Transfo Services SAS	France	100.0	100.0
Transformateurs SAS	France	100.0	100.0
Eckardt	France	100.0	-
Eurotherm Automation SASU	France	100.0	-
Invensys Systems France SASU	France	100.0	-
Elso GmbH	Germany	100.0	100.0
Merten GmbH	Germany	100.0	100.0
Merten Holding GmbH	Germany	100.0	100.0
Schneider Electric Automation Deutschland GmbH	Germany	100.0	100.0
Schneider Electric Automation GmbH	Germany	100.0	100.0
Schneider Electric Deutschland GmbH	Germany	100.0	100.0
Schneider Electric GmbH	Germany	100.0	100.0
Schneider Electric Motion Real Estate GmbH	Germany	100.0	100.0
Schneider Electric Sachsenwerk GmbH	Germany	100.0	100.0
Telvent Deutschland GmbH	Germany	100.0	100.0
Eberle Controls GmbH	Germany	100.0	-
Foxboro-Eckardt GmbH	Germany	100.0	-

		% Interest Dec. 31, 2014	% Interest Dec. 31, 2013
Invensys Systems GmbH (Germany)	Germany	100.0	-
Siebe Metallwerke GmbH	Germany	100.0	-
Indusoft Germany GmbH	Germany	100.0	-
Schneider Electric AEBE	Greece	100.0	100.0
CEE Schneider Electric Közép-Kelet Europai KFT	Hungary	100.0	100.0
Schneider Electric Energy Hungary LTD	Hungary	100.0	100.0
Schneider Electric Hungaria Villamossagi ZRT	Hungary	100.0	100.0
APC (EMEA) Ltd	Ireland	100.0	100.0
Schneider Electric Ireland	Ireland	100.0	100.0
Schneider Electric IT Logistics Europe Ltd	Ireland	100.0	100.0
Validation technologies (Europe) Ltd	Ireland	100.0	-
Schneider Electric Industrie Italia Spa	Italy	100.0	100.0
Schneider Electric Spa	Italy	100.0	100.0
Uniflair Spa	Italy	100.0	100.0
Foxboro Scada S.r.l.	Italy	100.0	-
Eliwell Controls S.r.l.	Italy	100.0	-
Eurotherm S.r.l.	Italy	100.0	-
Invensys Systems Italia Spa	Italy	100.0	-
Wonderware Italia Spa	Italy	100.0	-
Lexel Fabrika SIA	Latvia	100.0	100.0
Schneider Electric Baltic Distribution Center	Latvia	100.0	100.0
Schneider Electric Latvija SIA	Latvia	100.0	100.0
UAB Schneider Electric Lietuva	Lituania	100.0	100.0
Industrielle de Réassurance SA	Luxembourg	100.0	100.0
American Power Conversion Corp (A.P.C.) BV	Netherlands	100.0	100.0
APC Holdings BV	Netherlands	100.0	100.0
APC International Corporation BV	Netherlands	100.0	100.0
APC International Holdings BV	Netherlands	100.0	100.0
Pelco Europe BV	Netherlands	100.0	100.0
Pro-Face HMI BV (sub-group)	Netherlands	99.9	99.9
Schneider Electric BV	Netherlands	100.0	100.0
Schneider Electric Logistic Centre BV	Netherlands	100.0	100.0
Schneider Electric Manufacturing The Netherlands BV	Netherlands	100.0	100.0
Telvent Netherlands BV	Netherlands	100.0	100.0
Schneider Electric IT Benelux BV	Netherlands	100.0	100.0
ELKO AS	Norway	100.0	100.0
Lexel Holding Norgue AS	Norway	100.0	100.0
Schneider Electric Norge AS	Norway	100.0	100.0
Eurotherm AS	Norway	100.0	-
Elda Eltra Elektrotechnika S.A. (ex Eltra SA)	Poland	100.0	100.0
Schneider Electric Energy Poland Sp. Z.o.o.	Poland	100.0	100.0
Schneider Electric Industries Polska SP	Poland	100.0	100.0
Schneider Electric Polska SP	Poland	100.0	100.0
Invensys Eurotherm Sp. Z.o.o.	Poland	100.0	-

		% Interest Dec. 31, 2014	% Interest Dec. 31, 2013
Invensys Systems Sp. Z.o.o.	Poland	100.0	-
Schneider Electric Portugal LDA	Portugal	100.0	100.0
Telvent Portugal SA	Portugal	100.0	100.0
Schneider Electric Romania SRL	Romania	100.0	100.0
DIN Elektro Kraft OOO	Russia	100.0	100.0
OOO Schneider Electric Zavod Electromonoblock	Russia	100.0	100.0
Schneider Electric Equipment Kazan Ltd	Russia	100.0	100.0
OOO Potential	Russia	100.0	100.0
ZAO Schneider Electric	Russia	100.0	100.0
ZAO Gruppa Kompaniy Electroshield	Russia	100.0	100.0
Schneider Electric URAL LLC	Russia	100.0	-
Invensys Process Systems LLC	Russia	100.0	-
Schneider Electric Srbija doo Beograd	Serbia	100.0	100.0
Schneider Electric Slovakia Spol SRO	Slovakia	100.0	100.0
Invensys Systems (Slovakia) SRO	Slovakia	100.0	-
Schneider Electric d.o.o.	Slovenia	100.0	100.0
Manufacturas Electricas SA	Spain	100.0	100.0
Schneider Electric IT, Spain SL	Spain	100.0	100.0
Schneider Electric Espana SA	Spain	100.0	100.0
Telvent Arce Sistemas, SA	Spain	100.0	100.0
Telvent Energia SA	Spain	100.0	100.0
Telvent GIT SA	Spain	100.0	100.0
Telvent Global Services, SA	Spain	100.0	100.0
Telvent Servicios Compartidos SA	Spain	100.0	100.0
Telvent Trafico y Transporte SA	Spain	100.0	100.0
AST Modular, S.L.	Spain	100.0	-
Invensys Operations Management Espana S.L.U.	Spain	100.0	-
AB Crahfte 1	Sweden	100.0	100.0
AB Wibe	Sweden	100.0	100.0
Elektriska AB Delta	Sweden	100.0	100.0
Elko AB	Sweden	100.0	100.0
Lexel AB	Sweden	100.0	100.0
Pele Security AB	Sweden	100.0	100.0
Schneider Electric Buildings AB	Sweden	100.0	100.0
Schneider Electric Distribution Centre AB	Sweden	100.0	100.0
Schneider Electric Sverige AB	Sweden	100.0	100.0
Telvent Sweden AB	Sweden	100.0	100.0
Thorsman & Co AB	Sweden	100.0	100.0
Eurotherm AB	Sweden	100.0	-
Wonderware Scandinavia AB	Sweden	100.0	-
Invensys Property Company AB	Sweden	100.0	-
Feller AG	Switzerland	83.7	83.7
Gutor Electronic GmbH	Switzerland	100.0	100.0
Schneider Electric (Schweiz) AG	Switzerland	100.0	100.0

		% Interest Dec. 31, 2014	% Interest Dec. 31, 2013
Eurotherm-Produkte (Schweiz) AG	Switzerland	100.0	-
Schneider Electric Ukraine	Ukraine	100.0	100.0
Andromeda Telematics Ltd	United Kingdom	100.0	100.0
Schneider Electric EMS UK Ltd	United Kingdom	100.0	100.0
CBS Group Ltd	United Kingdom	100.0	100.0
Schneider Electric (UK) Ltd	United Kingdom	100.0	100.0
Schneider Electric Buildings UK Ltd	United Kingdom	100.0	100.0
Schneider Electric Energy UK Ltd	United Kingdom	100.0	100.0
Schneider Electric IT UK Ltd	United Kingdom	100.0	100.0
Schneider Electric Ltd	United Kingdom	100.0	100.0
Serck Control and Safety Ltd	United Kingdom	100.0	100.0
M&C Energy Group Ltd	United Kingdom	100.0	100.0
Samos Acquisition Company Ltd	United Kingdom	100.0	100.0
BTR International Ltd	United Kingdom	100.0	-
BTR Property Holdings Ltd	United Kingdom	100.0	-
Imserv Europe Ltd	United Kingdom	100.0	-
Invensys Controls UK Ltd	United Kingdom	100.0	-
Invensys Holdings Ltd	United Kingdom	100.0	-
Invensys Systems (UK) Ltd	United Kingdom	100.0	-
<i>Accounted for by equity method</i>			
Aveltys	France	51.0	51.0
Delta Dore Finance SA (sub-group)	France	20.0	20.0
Møre Electric Group A/S	Norway	34.0	34.0
Schneider Electric DMS NS	Serbia	57.0	57.0
Custom Sensors & Technologies Topco Limited	United Kingdom	30.0	-
North America			
<i>Fully consolidated</i>			
Control Microsystems Inc.	Canada	100.0	100.0
Juno Lighting Ltd	Canada	100.0	100.0
Power Measurement Ltd	Canada	100.0	100.0
Schneider Electric Canada Inc.	Canada	100.0	100.0
Telvent Canada Ltd	Canada	100.0	100.0
Viconics Technologies Inc.	Canada	100.0	100.0
Invensys Systems Canada Inc.	Canada	100.0	-
Gestion Integral de Proyectos y Ingenieria, SA de CV	Mexico	99.8	99.8
Industrias Electronicas Pacifico, SA de CV	Mexico	100.0	100.0
Schneider Electric IT Mexico SA de CV	Mexico	100.0	100.0
Ram Tech Services de Mexico S de RL de CV	Mexico	100.0	100.0
Schneider Electric Mexico, SA de CV	Mexico	100.0	100.0

		% Interest Dec. 31, 2014	% Interest Dec. 31, 2013
Schneider Industrial Tlaxcala, SA de CV	Mexico	100.0	100.0
Schneider Mexico, SA de CV	Mexico	100.0	100.0
Schneider R&D, SA de CV	Mexico	100.0	100.0
Square D Company Mexico, SA de CV	Mexico	100.0	100.0
Telvent Mexico SA de CV	Mexico	99.3	99.3
Electronica Reynosa S de RL de CV	Mexico	100.0	-
Invensys Group Services Mexico	Mexico	100.0	-
Invensys Systems Mexico SA	Mexico	100.0	-
Adaptive Instruments Corp.	USA	100.0	100.0
Schneider Electric IT America Corp.	USA	100.0	100.0
Schneider Electric IT Corporation	USA	100.0	100.0
APC Holdings Inc.	USA	100.0	100.0
Juno Lighting LLC	USA	100.0	100.0
Juno Manufacturing Inc.	USA	100.0	100.0
Lee Technologies Puerto Rico, LLC	USA	100.0	100.0
Schneider Electric IT Mission Critical Services, Inc.	USA	100.0	100.0
Pelco, Inc	USA	100.0	100.0
Power Measurement Inc.	USA	100.0	100.0
Pro-face America, LLC	USA	100.0	100.0
Schneider Electric Buildings Americas, Inc.	USA	100.0	100.0
Schneider Electric Buildings Critical Systems, Inc.	USA	100.0	100.0
Schneider Electric Buildings, LLC	USA	100.0	100.0
Schneider Electric Engineering Services, LLC	USA	100.0	100.0
Schneider Electric Holdings Inc.	USA	100.0	100.0
Schneider Electric Investments 2, Inc.	USA	100.0	100.0
Schneider Electric Motion USA, Inc.	USA	100.0	100.0
Schneider Electric USA, Inc.	USA	100.0	100.0
Schneider Electric Vermont Ltd	USA	100.0	100.0
SNA Holdings Inc.	USA	100.0	100.0
Square D Investment Company	USA	100.0	100.0
Summit Energy Services, Inc.	USA	100.0	100.0
Telvent DTN, LLC	USA	100.0	100.0
Telvent USA Corp.	USA	100.0	100.0
Veris Industries LLC	USA	100.0	100.0
AST North America, LLC	USA	100.0	-
Invensys LLC	USA	100.0	-
Invensys Systems Inc.	USA	100.0	-
Siebe Inc.	USA	100.0	-
Stewart Warner Corp.	USA	100.0	-
Foxboro Controles SA	USA	100.0	-
Indusoft, Inc.	USA	100.0	-
Instep Software, LLC	USA	100.0	-
Schneider Electric Software, LLC	USA	100.0	-

		% Interest Dec. 31, 2014	% Interest Dec. 31, 2013
Asia-Pacific			
<i>Fully consolidated</i>			
Schneider Electric IT Australia Pty Limited	Australia	100.0	100.0
Clipsal Australia Pty Limited	Australia	100.0	100.0
Clipsal Integrated Systems Pty Limited	Australia	100.0	100.0
Clipsal Technologies Australia Pty Limited	Australia	100.0	100.0
Control Microsystems Asia Pacific Pty Ltd	Australia	100.0	100.0
Pelco Australia Pty Limited	Australia	100.0	100.0
Scadagroup Pty Ltd	Australia	100.0	100.0
Schneider Electric (Australia) Pty Limited	Australia	100.0	100.0
Schneider Electric Australia Holdings Pty Limited	Australia	100.0	100.0
Schneider Electric Buildings Australia Pty Limited	Australia	100.0	100.0
Serck Controls Pty Ltd	Australia	100.0	100.0
Telvent Australia Pty Limited	Australia	100.0	100.0
SolveIT Software Pty Limited	Australia	100.0	100.0
Invensys Process Systems (Australia) Pty Limited	Australia	100.0	-
Schneider Electric IT (Xiamen) Co., Ltd.	China	100.0	100.0
Schneider Electric (Xiamen) Switchgear Co. Ltd	China	100.0	100.0
Schneider Electric Huadian Switchgear (Xiamen) Co., Ltd	China	55.0	55.0
Shanghai Schneider Electric Power Automation Co. Ltd	China	100.0	100.0
Schneider Switchgear (Suzhou) Co, Ltd	China	58.0	58.0
Beijing Leader & Harvest Electric Technologies Co. Ltd	China	100.0	100.0
Schneider Great Wall Engineering (Beijing) Co. Ltd	China	75.0	75.0
Clipsal Manufacturing (Huizhou) Ltd	China	100.0	100.0
Proface China International Trading (Shanghai) Co. Ltd	China	100.0	100.0
RAM Electronic Technology and Control (Wuxi) Co., Ltd	China	100.0	100.0
Schneider (Beijing) Medium & Low Voltage Co., Ltd	China	95.0	95.0
Schneider (Beijing) Medium Voltage Co. Ltd	China	95.0	95.0
Schneider (Shaanxi) Baoguang Electrical Apparatus Co. Ltd	China	70.0	70.0
Schneider (Shanghai) Supply Co. Ltd	China	100.0	100.0
Schneider (Suzhou) Drives Company Ltd	China	90.0	90.0
Schneider (Suzhou) Enclosure Systems Co Ltd	China	100.0	100.0
Schneider (Suzhou) Transformers Co. Ltd	China	100.0	100.0
Schneider Automation Solutions (Shanghai) Co., Ltd.	China	100.0	100.0
Schneider Busway (Guangzhou) Ltd	China	95.0	95.0
Schneider Electric (China) Co. Ltd	China	100.0	100.0
Schneider Electric IT (China) Co., Ltd	China	100.0	100.0
Schneider Electric Low Voltage (Tianjin) Co. Ltd	China	75.0	75.0
Schneider Shanghai Apparatus Parts Manufacturing Co. Ltd	China	100.0	100.0
Schneider Shanghai Industrial Control Co. Ltd	China	80.0	80.0
Schneider Shanghai Low Voltage Term. Apparatus Co. Ltd	China	75.0	75.0
Schneider Shanghai Power Distribution Electric Apparatus Co. Ltd	China	80.0	80.0

		% Interest Dec. 31, 2014	% Interest Dec. 31, 2013
Schneider Wingoal (Tianjin) Electric Equipment Co. Ltd	China	100.0	100.0
Telvent - BBS High & New Tech (Beijing) Co. Ltd	China	80.0	80.0
Telvent Control System (China) Co. Ltd	China	100.0	100.0
Tianjin Merlin Gerin Co. Ltd	China	75.0	75.0
Wuxi Proface Electronic Co. Ltd	China	100.0	100.0
Schneider Electric Manufacturing (Chongqing) Co. Ltd	China	100.0	100.0
Schneider Electric Manufacturing (Wuhan) Co. Ltd	China	100.0	100.0
Delixi Electric Ltd (sub-group)	China	50.0	50.0
Invensys Automation & Controls Systems (Shanghai) Co., Ltd	China	100.0	-
Shanghai Foxboro Co., Ltd	China	100.0	-
Shanghai Invensys Process System Co., Ltd	China	100.0	-
Clipsal Asia Holdings Limited	Hong Kong	100.0	100.0
Clipsal Asia Limited	Hong Kong	100.0	100.0
Schneider Electric IT Hong Kong Limited	Hong Kong	100.0	100.0
Schneider Electric (Hong Kong) Limited	Hong Kong	100.0	100.0
Schneider Electric Asia Pacific Limited	Hong Kong	100.0	100.0
Schneider Electric IT Business India Private Ltd	India	100.0	100.0
Schneider Electric President Systems Ltd	India	75.0	75.0
Cimac Automation Private Ltd	India	85.0	85.0
Cimac Software Systems Private Ltd	India	85.0	85.0
Luminous Power Technologies Private Ltd	India	74.0	74.0
Luminous Renewable Energy Solutions Private Ltd	India	74.0	74.0
Schneider Electric India Private Ltd	India	100.0	100.0
Schneider Electric Infrastructure Limited	India	75.0	78.1
Eurotherm India Private Ltd	India	100.0	-
InvensysDevelopment Centre India Private Ltd	India	100.0	-
Invensys India Private Ltd	India	100.0	-
PT Clipsal Manufacturing Jakarta	Indonesia	100.0	100.0
PT Schneider Electric IT Indonesia	Indonesia	100.0	100.0
PT Schneider Electric Indonesia	Indonesia	100.0	100.0
PT Schneider Electric Manufacturing Batam	Indonesia	100.0	100.0
PT. Invensys Indonesia	Indonesia	95.0	-
Schneider Electric Japan, Inc.	Japan	100.0	100.0
Digital Electronics Corporation	Japan	100.0	100.0
Schneider Electric Japan Holdings Ltd	Japan	100.0	100.0
Toshiba Schneider Inverter Corp.	Japan	60.0	60.0
Invensys Process Systems Japan Inc.	Japan	100.0	-
Clipsal Manufacturing (M) Sdn Bhd	Malaysia	100.0	100.0
Gutor Electronic Asia Pacific Sdn Bhd	Malaysia	100.0	100.0
Huge Eastern Sdn Bhd	Malaysia	100.0	100.0
KSLA Energy & Power Solutions (M) Sdn Bhd	Malaysia	100.0	100.0
Schneider Electric (Malaysia) Sdn Bhd	Malaysia	30.0	30.0
Schneider Electric Industries (M) Sdn Bhd	Malaysia	100.0	100.0
Schneider Electric IT Malaysia Sdn Bhd	Malaysia	100.0	100.0

		% Interest Dec. 31, 2014	% Interest Dec. 31, 2013
Invensys Process Systems (Malaysia) Sdn Bhd	Malaysia	100.0	-
Schneider Electric (NZ) Ltd	New-Zealand	100.0	100.0
Invensys Process Systems New Zealand Ltd	New-Zealand	100.0	-
American Power Conversion Land Holdings Inc.	Philippines	100.0	100.0
Clipsal Philippines	Philippines	100.0	100.0
Schneider Electric IT Philippines Inc.	Philippines	100.0	100.0
Schneider Electric (Philippines) Inc.	Philippines	100.0	100.0
Pelco Asia Pacific Pte. Ltd	Singapore	100.0	100.0
Schneider Electric Export Services Pte. Ltd	Singapore	100.0	100.0
Schneider Electric IT Logistics Asia Pacific Pte. Ltd	Singapore	100.0	100.0
Schneider Electric IT Singapore Pte. Ltd	Singapore	100.0	100.0
Schneider Electric Logistics Asia Pte. Ltd	Singapore	100.0	100.0
Schneider Electric Overseas Asia Pte. Ltd	Singapore	100.0	100.0
Schneider Electric Singapore Pte. Ltd	Singapore	100.0	100.0
Schneider Electric South East Asia (HQ) Pte. Ltd	Singapore	100.0	100.0
Invensys Process Systems (S) Pte Ltd	Singapore	100.0	-
Wonderware of Singapore Pte Ltd	Singapore	100.0	-
Pro Face Korea Co. Ltd	South Korea	100.0	100.0
Schneider Electric Korea Ltd (ex Samwha EOCR Co. Ltd)	South Korea	100.0	100.0
Eurotherm Korea Ltd	South Korea	100.0	-
Invensys Korea Ltd	South Korea	100.0	-
Wonderware Korea Co., Ltd	South Korea	100.0	-
Schneider Electric Lanka (Private) Limited	Sri Lanka	100.0	100.0
Schneider Electric Taiwan Co Ltd	Taiwan	100.0	100.0
Invensys Process Systems Taiwan Corp.	Taiwan	100.0	-
Pro Face South East Asia Pacific Co. Ltd	Thailand	100.0	100.0
Schneider (Thailand) Ltd	Thailand	100.0	100.0
Schneider Electric CPCS (Thailand) Co. Ltd.	Thailand	100.0	100.0
Invensys Process Systems (Thailand) Co., Ltd	Thailand	100.0	-
Clipsal Vietnam Co. Ltd	Vietnam	100.0	100.0
Schneider Electric IT Vietnam Ltd	Vietnam	100.0	100.0
Schneider Electric Vietnam Co. Ltd	Vietnam	100.0	100.0
Invensys Vietnam Ltd	Vietnam	100.0	-
<i>Accounted for by equity method</i>			
Sunten Electric Equipment	China	40.0	40.0
Fuji Electric FA Components & Systems Co., Ltd (sub-group)	Japan	37.0	37.0
Foxboro (Malaysia) Sdn Bhd	Malaysia	49.0	-
Rest of the world			
<i>Fully consolidated</i>			

		% Interest Dec. 31, 2014	% Interest Dec. 31, 2013
Himel Algerie	Algeria	100.0	100.0
Schneider Electric Algerie	Algeria	100.0	100.0
Invensys Systems Algérie EURL	Algeria	100.0	-
Schneider Electric Argentina SA	Argentina	100.0	100.0
Telvent Argentina SA	Argentina	100.0	100.0
Invensys Process Systems Argentina SA	Argentina	100.0	-
Clipsal Middle East FZC	Bahrain	80.0	80.0
APC Brasil Ltda	Brazil	100.0	100.0
Schneider Electric IT Brasil Industria e Comercio de Equipamentos Eletronicos Ltda	Brazil	100.0	100.0
Schneider Electric Brasil Ltda	Brazil	100.0	100.0
Telvent Brazil SA	Brazil	100.0	100.0
Steck da Amazonia Industria Electrica Ltda	Brazil	100.0	100.0
Steck Industria Electrica Ltda	Brazil	100.0	100.0
CP Eletronica S/A	Brazil	100.0	100.0
Eurotherm SA/NV	Brazil	100.0	-
Invensys Systems Brasil LTDA	Brazil	100.0	-
Indusoft Desenvolvimento de Software LTDA	Brazil	100.0	-
Inversiones Schneider Electric Uno Limitada	Chile	100.0	100.0
Marisio SA	Chile	100.0	100.0
Schneider Electric Chile SA	Chile	100.0	100.0
Invensys Systems Chile LTDA	Chile	100.0	-
Dexson Electric SAS	Colombia	100.0	100.0
Schneider Electric de Colombia SA	Colombia	80.0	80.0
Invensys Process Systems Colombia LTDA	Colombia	100.0	-
Schneider Electric Centroamerica Ltda	Costa Rica	100.0	100.0
Schneider Electric Distribution Company	Egypt	87.4	87.4
Schneider Electric Egypt SAE	Egypt	91.0	91.0
Invensys Engineering & Service S.A.E.	Egypt	51.0	-
Invensys Process Systems Egypt Co., Ltd	Egypt	60.0	-
Schneider Electric LLP	Kazakhstan	100.0	100.0
Invensys Systems Kazakhstan LLP	Kazakhstan	100.0	-
Schneider Electric Services Kuwait	Kuweit	49.0	49.0
Schneider Electric East Mediterranean SAL	Lebanon	96.0	96.0
Delixi Electric Maroc SARL AU	Morocco	100.0	100.0
Schneider Electric Maroc	Morocco	100.0	100.0
Schneider Electric Nigeria Ltd	Nigeria	100.0	100.0
Invensys Systems Nigeria Ltd	Nigeria	100.0	-
Schneider Electric Oman LLC	Oman	100.0	100.0
Schneider Electric Pakistan (Private) Limited	Pakistan	80.0	80.0
Schneider Electric Peru SA	Peru	100.0	100.0
Invensys Process Systems del Peru SA	Peru	100.0	-
Cimac Electrical and Automation LLC	Qatar	49.0	49.0
EPS Electrical Power Distribution Boards & Switchgear Ltd	Saudi Arabia	51.0	51.0
Telvent Saudi Arabia Co. Ltd	Saudi Arabia	100.0	100.0

		% Interest	% Interest
		Dec. 31, 2014	Dec. 31, 2013
AMPS	Saudi Arabia	100.0	100.0
Invensys Saudi Arabia Co., Ltd	Saudi Arabia	100.0	-
Schneider Electric South Africa (Pty) Ltd	South Africa	74.9	74.9
Uniflair South Africa (Pty) Ltd	South Africa	100.0	100.0
Schneider Enerji Endustrisi Sanayi Ve Ticaret A.S	Turkey	100.0	100.0
Himel Elektrik Malzemeleri Ticaret A.S	Turkey	100.0	100.0
Schneider Elektrik Sanayi Ve Ticaret A.S.	Turkey	100.0	100.0
Cimac Electrical and Control Systems LLC	United Arab Emirates	80.0	80.0
Cimac FZCO	United Arab Emirates	100.0	100.0
Cimac LLC	United Arab Emirates	49.0	49.0
Clipsal Middle East FZC	United Arab Emirates	100.0	100.0
Clipsal Middle East FZCO	United Arab Emirates	60.0	60.0
CLS Systems FZCO	United Arab Emirates	100.0	100.0
Delixi Electric FZE	United Arab Emirates	100.0	100.0
Schneider Electric DC MEA FZCO	United Arab Emirates	100.0	100.0
Schneider Electric FZE	United Arab Emirates	100.0	100.0
Invensys Middle East FZE	United Arab Emirates	100.0	-
Schneider Electric Venezuela SA	Venezuela	93.6	93.6
Invensys Systems Venezuela, S.A.	Venezuela	100.0	-

Review of the consolidated financial statements

Review of business and consolidated statement of income

Changes in the scope of consolidation

Acquisitions

On January 17, 2014, the Group completed its acquisition of Invensys plc, a global automation player with a large installed base and a strong software presence. The transaction has been remunerated through the issuance of 17,207,427 new Schneider Electric shares on January 20, 2014 and the payment of GBP2.5 billion on January 30, 2014.

On February 5, 2014, Schneider Electric signed an agreement for the sale of the Invensys Appliance division because the unit is not a core business to Schneider Electric. The consideration for the transaction is GBP150 million and the agreement was completed on June 18, 2014.

Invensys is fully consolidated in 2014 mainly in the segment Industry, except its Appliance division reported as discontinued operations.

Acquisitions and disposals that took place in 2013 and that had an impact on the 2014 financial statements^{*}

Electroshield TM - Samara Group has been acquired in 2013 and consolidated from April 2013. Its consolidation over the full year in 2014 had an impact on the scope of consolidation compared with 2013.

Discontinued operations

On February 5, 2014, Schneider Electric announced that it has signed an agreement for the sale of the Invensys Appliance division, because this unit is not a core business to Schneider Electric. The consideration for the transaction is GBP150 million and the agreement was completed on June 18, 2014. The Invensys Appliance division is reported as discontinued operations in the Group consolidated financial statements for the full year 2014.

On October 1, 2014 the Group has obtained all required regulatory approvals and subsequently finalized the sale of Custom Sensors & Technologies (CST) to The Carlyle Group (NASDAQ:CG), and PAI partners SAS, "), based on an enterprise value of USD900m (approximately EUR650m). As part of the transaction, the Group has reinvested approximately \$100m alongside Carlyle, PAI and CST management to own a shareholding of 30% of CST. CST was reported in the Industry business of Schneider Electric. The CST activity was reclassified as discontinued operations in Group financial statements on full year 2014 (for EUR24 million net income) and on full year 2013 (for EUR443 million of revenues, EUR83 million of profit before tax and EUR22 million of income tax expense thus a net income of EUR61 millions).

Changes in foreign exchange rates

Changes in foreign exchange rates relative to the euro had a material impact over the year. This negative effect amounts to EUR543 million on consolidated revenue and to EUR166 million on Adjusted EBITA⁽¹⁾.

Revenue

On December 31, 2014, the consolidated revenue of Schneider Electric totaled EUR24,939 million, an increase of 6.6% at current scope and exchange rates compared to EUR23,392 million on December 31, 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements).

This variance breaks down into an organic increase of 1.4%, a contribution of acquisitions net of disposals of 7.6%, mainly due to Invensys acquisition (EUR1,713 million), and a negative exchange rate effect of 2.4%.

Changes in revenue by operating segment

The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1 of Consolidated financial statements.

The Buildings & Partner business generated revenues of EUR 10,754 million, or 43% of the consolidated total. This represents an increase of +3.9% on a reported basis and an increase of **+3.5%** on a like-for-like basis. All regions posted growth. Western Europe was supported by Germany, Spain and the Nordics. The US benefited from continued investment in residential construction and data center

^{*} Correspond to the dates on which the Group gained control of the acquired companies.

⁽¹⁾ Adjusted EBITA is EBITA before restructuring costs and before other operating income and expenses, which includes acquisition, integration and separation costs.

markets, while non-residential construction saw a slow recovery. China grew over the year despite slowdown in the second half thanks to focused execution and mid market offers. Australia benefited from slight improvements in residential construction. The Rest of the World was solid, driven by infrastructure projects in the Middle East. Russia was resilient over the year and saw an increase towards year-end due to inventory build-up from customers anticipating further currency depreciation.

The Industry business generated revenues of EUR 5,551 million, or 22% of the consolidated total. This represents an increase of +43.5% on a reported basis and an increase of **+4.3%** on a like-for-like basis. The business posted growth across regions, driven by strong installed base services and solid OEM demand. Growth in Western Europe was driven by export-oriented OEMs. North America benefited over the year from oil & gas investment and a solid OEM market, but observed a slowdown at the end of the year. In Asia-Pacific, South East Asia was robust, China declined in the second half of the year and mining remained weak in Australia. The Rest of the World was strong.

The Infrastructure business generated revenues of EUR 5,277 million, or 21% of the consolidated total. This represents a decrease of -7.8% on a reported basis and a decrease of **-4.4%** on a like-for-like basis. The decline was mainly due to the persistently weak utility market in Western Europe. However the business started to improve towards the end of the year. North America was strong in the year thanks to data center and oil & gas investment. Asia-Pacific saw mixed trends, with growth in oil & gas projects in Australia while China and South-East Asia were slightly down. The Rest of the World was impacted by Africa and South America. Services grew double digit.

The IT business generated revenues of EUR 3,357 million, or 14% of the consolidated total. This represents a decrease of -2.5% on a reported basis and an increase of **+1.1%** on a like-for-like basis. Western Europe drove growth thanks to IT investment and commercial success. In North America, investment in large and extra-large data centers benefited the total Group's business, including low and medium voltage offer. The region saw an improvement in demand for small to medium sized data centers at year-end. Asia-Pacific saw slight growth. Demand in Russia declined and the business was penalized by distributor destocking over the year. Services continued to perform well.

Gross profit

Gross profit increased from EUR8,763 million for the year ended December 31, 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements) to EUR9,407 million for the year ended December 31, 2014, or +7.3%, mainly due to Invensys acquisition from January 2014 (+8.5%) and an increase in productivity, partially offset by unfavorable effect of foreign exchange. As a percentage of revenues, the gross margin increased to 37.7% in 2014 (versus 37.5% in 2013), driven by productivity and Invensys contribution, despite unfavorable foreign exchange effect.

Support Function Costs: Research and development and selling, general and administrative expenses

Research and development expenses, excluding capitalized development costs and development costs reported as cost of sales, increased by 9.9% from EUR516 million for the year ended December 31, 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements) to EUR567 million for the year ended December 31, 2014, mainly due to Invensys acquisition. As a percentage of revenues, the net cost of research and development increased to 2.3% of revenues for the year ended December 31, 2014 (2.2% for the year ended December 31, 2013).

Total research and development expenses, including capitalized development costs and development costs reported as cost of sales (see note 4 to the Audited Consolidated Financial Statements) increased by 8.3% from EUR1,119 million for the year ended December 31, 2013 to EUR1,212 million for the year ended December 31, 2014. As a percentage of revenues, total research and development expenses increased to 4.9% for the year ended December 31, 2014 from 4.8% for the year ended December 31, 2013.

In 2014, the net effect of capitalized development costs and amortization of capitalized development costs amounts to EUR175 million on operating income versus EUR173 million in 2013.

Selling, general and administrative expenses increased by 9.9% from EUR4,891 million for the year ended December 31, 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements) to EUR5,377 million for the year ended December 31, 2014, mainly due to Invensys acquisition. As a percentage of revenues, selling, general and administrative expenses increased at 21.6% for 2014 from 20.9% for 2013, mainly due to investments in Software and Services .

Combined, total support function costs, that is, research and development expenses together with selling, general and administrative costs, totaled EUR5,944 million for the year ended December 31, 2014 compared to EUR5,407 million for the year ended December 31, 2013, an increase of 9.9%, mainly due to Invensys. The support functions costs to sales ratio increased from 23.1% for the year ended December 31, 2013 to 23.8% for the year ended December 31, 2014.

Other operating income and expenses

For the year ended December 31, 2014, other operating income and expenses amounted to a net income of EUR106 million, including costs linked to acquisitions for EUR114 million, a EUR95 million gain on the curtailment of employee benefit plans in the U.K., in France and in the U.S. and miscellaneous other operating incomes and expenses amounting to a net expense of EUR69 million. Costs linked to acquisitions are acquisition, integration and separation costs on 2014 acquisitions, mainly Invensys. Net other operating expense includes mainly provisions for litigation or claims in 2014.

For the year ended December 31, 2013, other operating income and expenses amounted to a net income of EUR71 million (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements), including mainly costs linked to acquisitions for EUR52 million, a EUR173 million gain on the curtailment of employee benefit plans in the U.S., in France and in Norway and miscellaneous other operating incomes and expenses amounting to a net expense of EUR37 million. Costs linked to acquisitions are acquisition, integration and separation costs on 2013 acquisitions, notably Electroshield – TM Samara and acquisition costs linked to Invensys. Net other operating expense includes mainly provisions for litigation or claims and gain on disposal of fixed assets in 2013.

Restructuring costs

For the year ended December 31, 2014, restructuring costs amounted to EUR202 million compared to EUR173 million for the year ended December 31, 2013. These costs related to industrial and support functions restructurings.

EBITA and Adjusted EBITA

We define EBITA as earnings before interest, taxes and amortization of purchase accounting intangibles. EBITA comprises operating profit before amortization and impairment of purchase accounting intangible assets and before goodwill impairment.

We define adjusted EBITA as EBITA before restructuring costs and before other operating income and expenses, which includes acquisition, integration and separation costs.

Adjusted EBITA amounted to EUR3,463 million for the year ended December 31, 2014, compared to EUR3,356 million for the year ended December 31, 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements), representing an increase of 3.2%, mainly due to Invensys acquisition and partially offset by an unfavorable foreign exchange effect of EUR166 million. As a percentage of revenue, adjusted EBITA decreased from 14.3% for the year ended December 31, 2013 to 13.9% for the year ended December 31, 2014, mainly due to negative currency effect.

EBITA decreased by 3.0% from EUR3,254 million for the year ended December 31, 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements) to EUR3,155 million for the year ended December 31, 2014, mainly linked to significant integration costs for Invensys, a lower gain on curtailment of employee benefit plans and higher restructuring expenses in 2014 that did offset the positive impact of Invensys consolidation. As a percentage of revenue, EBITA decreased to 12.7% in 2014 compared with 13.9% in 2013, in line with the lower Adjusted EBITA margin and with integration and restructuring costs higher than in 2013.

EBITA and Adjusted EBITA by business segment

The following table sets out EBITA and adjusted EBITA by business segment:

Full year 2014

<i>(in millions of euros)</i>	Buildings & Partner	Industry	Infrastructure	IT	Corporate costs	Total
Revenue	10,754	5,551	5,277	3,357	-	24,939
Adjusted EBITA*	1,913	1,023	454	630	(557)	3,463
Adjusted EBITA %	17.8%	18.4%	8.6%	18.8%	-	13.9%
Other operating income and expense	7	(34)	(86)	1	6	(106)
Restructuring costs	(93)	(26)	(76)	(4)	(3)	(202)
EBITA	1,827	963	292	627	(554)	3,155
EBITA %	17.0%	17.3%	5.5%	18.7%	-	12.7%

* Adjusted EBITA: EBITA before Restructuring costs and before Other operating income and expenses (of which Costs of acquisition, integration and separation).

Full year 2013*

<i>(in millions of euros)</i>	Buildings & Partner	Industry	Infrastructure	IT	Corporate costs	Total
Revenue	10,355	3,868	5,727	3,442	-	23,392
Adjusted EBITA**	1,926	744	562	650	(526)	3,356
Adjusted EBITA %	18.6%	19.2%	9.8%	18.9%	-	14.3%
Other operating income and expense	62	33	(17)	(5)	(2)	71
Restructuring costs	(86)	(19)	(59)	(7)	(2)	(173)
EBITA	1,902	758	486	638	(530)	3,254
EBITA %	18.4%	19.6%	8.5%	18.5%	-	13.9%

* The 2013 figures were restated from discontinued operations and change in consolidation method disclosed in note 1. figures

** Adjusted EBITA: EBITA before Restructuring costs and before Other operating income and expenses (of which Costs of acquisition, integration and separation).

Buildings & Partner business recorded an adjusted EBITA margin of 17.8% for the year ended December 31, 2014, down 0.8% compared to 18.6% for the year ended December 31, 2013, mainly due to unfavorable foreign exchange effect, unfavorable mix effect of mid market offer and investment in digitization.

Industry business recorded an adjusted EBITA margin of 18.4% for the year ended December 31, 2014, down 0.8% compared to 19.2% for the year ended December 31, 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements), mainly due to the dilutive effect of Invensys consolidation, partly offset positive pricing and operational leverage.

Infrastructure business recorded an adjusted EBITA margin of 8.6% for the year ended December 31, 2014, down 0.8% compared to 9.8% for the year ended December 31, 2013, mainly due to low volume, negative mix and pressure on project selling price.

IT business reported an adjusted EBITA margin of 18.8% for the year ended December 31, 2014, stable with 18.9% margin for the year ended December 31, 2013, showing resilience in a low growth environment.

Corporate costs amounted to EUR557 million for the year ended December 31, 2014 or 2.2% of Group revenues, a similar level as in the year ended December 31, 2013 (2.2% of Group revenues or EUR526 million).

Operating income (EBIT)

Operating income (EBIT) decreased from EUR3,039 million for the year ended December 31, 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements) to 2,896 million for the year ended December 31, 2014. This 4.7% decrease is explained by both the EBITA decrease and by an increase of the amortization of purchase accounting intangibles by EUR44 million linked to Invensys acquisition (EUR259 million in 2014 versus EUR215 million in 2013).

Net financial income/loss

Net financial loss amounted to EUR467 million for the year ended December 31, 2014, compared to EUR484 million for the year ended December 31, 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements). The decrease of the net financial loss is mainly explained by the decrease of the cost of net financial debt from EUR325 million for year ended December 31, 2013 to EUR312 million for year ended December 31, 2014 thanks to a lower average interest rate. The other financial incomes and costs are stable from a net expense of EUR159 million for year ended December 31, 2013 to a net expense of EUR155 million for year ended December 31, 2014.

Tax

The effective tax rate was 22.7% for the year ended December 31, 2014, decreasing compared to 25.5% for the year ended December 31, 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements). The corresponding tax expense decreased from EUR651 million for the year ended December 31, 2013 to EUR551 million for the year ended December 31, 2014. The tax expense includes in 2014 a deferred tax profit from the recognition of deferred tax assets on Invensys U.S. tax losses (previously unrecognized) that was made possible after the agreement on sales of Invensys assets negotiated with Invensys Trustee in February 2014, which allowed the tax integration of Invensys U.S. operations with Schneider Electric U.S. operations.

Discontinued operations

The net effect of discontinued activities totaled EUR169 million for the year ended December 31, 2014, including profit over six-months from the Appliance activity of Invensys, sold in June 2014, and over nine-months from CST business, sold on October 1, 2014, as well as the corresponding gain on sale, compared to EUR61 million for the year ended December 31, 2013, including yearly profit from CST business only.

Share of profit/(losses) of associates

The share of profit of associates decreased from EUR20 million for the year ended December 31, 2013 to EUR14 million for the year ended December 31, 2014 mainly because 2013 was still including the first quarter income of Electroshield – TM Samara (fully consolidated from April 1st, 2013).

Non-controlling interests

Minority interests in net income for the year ended December 31, 2014 totaled EUR120 million, compared to EUR97 million for the year ended December 31, 2013. This represented the share in net income attributable, in large part, to the minority interests of certain Chinese companies.

Profit for the period

Profit for the period attributable to the equity holders of our parent company amounted to EUR1,941 million for the year ended December 31, 2014, that is a 2.8% increase over the EUR1,888 million profit for the year ended December 31, 2013.

Share of profit for the period attributable to the equity holders of our parent company on continuing operations

The share of profit for the period attributable to the equity holders of our parent company of continuing operations (profit for the period attributable to the equity holders of our parent company excluding discontinued operations) amounted to EUR1,772 million for the year ended December 31, 2014, compared to EUR1,827 million for the year ended December 31, 2013 (restated for the effect of

discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements), decreasing by 3.0%.

Earnings per share

Earnings per share decreased from EUR3.43 for the year ended December 31, 2013 to EUR3.39 for the year ended December 31, 2014.

Consolidated cash-flow

Operating Activities

Net cash provided by operating activities before changes in operating assets and liabilities reached EUR2,640 million for the year ended December 31, 2014, down 10.6% compared to EUR2,628 million for the year ended December 31, 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements), and represented 10.6% of revenue in 2014 compared with 11.2% in 2013.

Change in working capital requirement consumed EUR107 million in cash in the year ended December 31, 2014, compared to EUR238 million generated in the year ended December 31, 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements), mainly due to the decrease of accounts payables, on a high comparison base in 2013.

In all, net cash provided by operating activities decreased 11.6% from EUR2,866 million in the year ended December 31, 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements) to EUR2,533 million in the year ended December 31, 2014.

Investing Activities

Net capital expenditure, which included capitalized development projects, increased by 17.4% to EUR829 million for the year ended December 31, 2014, compared to EUR706 million for the year ended December 31, 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements), and represented 3.3% of revenues in 2014 (3.0% in 2013).

Free cash-flow (cash provided by operating activities net of net capital expenditure) amounted to EUR 1,704 million in 2014 versus EUR2,160 million in 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements).

Cash conversion rate (free cash-flow over share profit of associates of continuing operations) is 96% in 2014 versus 118% in 2013 (restated for the effect of discontinued operations and change in consolidation method disclosed in note 1 of the consolidated financial statements).

Our acquisitions represented a cash outflow, net of cash acquired, of EUR2,490 million for the year ended December 31, 2014, corresponding mainly to the cash part of Invensys acquisition, compared to EUR294 million in the year ended December 31, 2013 corresponding mainly to Electroshield- TM Samara acquisition.

Financing Activities

In 2014, the Group reimbursed two bonds for EUR720 million and there was no bond issuance.

The net decrease in other financial debts amount to EUR818 million during the year ended December 31, 2014, compared to an increase of EUR1,073 million during the year ended December 31, 2013. The dividend paid by Schneider Electric was EUR1,095 million the year ended December 31, 2014, compared with EUR1,025 million the year ended December 31, 2013.

Outlook

The Group expects North America to continue to grow, while Western Europe could show signs of stabilization. New economies will show a mixed picture: India should accelerate while Russia will face a difficult environment. China is expected to have a soft start of the year and should gradually improve during the year. Invensys is expected to continue to contribute to the Group performance. Group performance in Q1 will be impacted by a high base of comparison notably in China and for Invensys which may result in like-for-like decline in revenues in the quarter.

In this context, the Group targets for 2015:

- Low single-digit organic growth in revenues
- Adjusted EBITA margin at 14-14.5% assuming no negative FX impact on margin
- An expected significantly positive FX impact, estimated based on current rate at c.€1.5bn on revenues with no material impact on the adjusted EBITA margin.

Statutory auditors' report on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual Shareholder's meeting, we hereby report to you, for the year ended December 31, 2014, on:

- the audit of the accompanying consolidated financial statements of Schneider Electric S.E.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the management board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- Note 1.9 to the consolidated financial statements outlines the method for recognizing research and development costs and describes the criteria under which development costs may be capitalized. We reviewed the data and assumptions used to identify projects that qualify for capitalization, as well as the group’s calculations, and verified that adequate disclosure is made in the notes to the consolidated financial statements.
- As explained in notes 1.11 and 8 to the consolidated financial statements, your group carries out intangible assets and goodwill impairment tests at least once a year and when factors exist indicating that the related assets may have suffered a loss of value. We analyzed, on a test basis, the indicators of a loss of value and the other information evidencing the absence of any loss of value. We reviewed the data, assumptions used, and calculations made, and verified that adequate disclosure is made in the notes to the consolidated financial statements.
- As indicated in notes 1.16 and 16 to the consolidated financial statements, future tax benefits arising from the utilization of tax loss carry forwards are recognized only when they can reasonably be expected to be realized. We verified the reasonableness of the assumptions used to produce estimate of future taxable income supporting assessments of the recoverability of these deferred tax assets.
- Notes 1.19 and 22 describe the method for valuing pensions and other post-employment obligations. Actuarial valuations were performed for these commitments. We reviewed the data, the assumptions used and calculations made, and verified that adequate disclosure is made in the notes to the consolidated financial statements.
- Note 7 “Restructuring costs” states the amount of restructuring costs recorded in 2014. We verified that, based on currently available information, these costs concern restructuring measures initiated or announced before December 31, 2014, for which provisions have been recorded based on an estimate of the costs to be incurred. We also reviewed the data and assumptions used by the group to make these estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the group’s management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Paris-La Défense, February 18, 2015

The statutory auditors
French original signed by

MAZARS	ERNST & YOUNG et Autres
David Chaudat	Yvon Salaün