LEGRAND IN 2010

2010: Added strength for Legrand’s profitable growth profile
“Legrand in 2010” innovates with a new format. It’s 100% digitized and minimizes our environmental impact; it’s also more concise and more interactive than ever.

NEW ECONOMIES ACCOUNT FOR ONE-THIRD OF OUR TOTAL SALES

To begin with, I’d like to share with you the transformations Legrand has carried out in recent years – changes that have led to a significant improvement in our growth profile, based on two dimensions: new economies and new market segments.

We’ve considerably increased our exposure to new economies, which accounted for close to one-third of our total sales in 2010 compared with 16% in 2000. And we expect this proportion to rise to 50% in five years’ time. Legrand is now a front-runner in countries including Brazil, Russia, India and China, and we are also a leader in Turkey, Mexico, Chile, Peru. At the same time, we’re stepping up our development in promising new business segments – such as digital infrastructures, energy performance and residential systems. In 2010, these already accounted for nearly 20% of sales.

In a more forward-looking perspective, Legrand is also building positions on new markets with high potential for the medium to long-term, including in particular solutions for assisted living and charging stations for electric vehicles.

STRUCTURAL IMPROVEMENT IN OUR BUSINESS MODEL

These highly favorable developments in our growth profile have been associated with a structural improvement in our business model, significantly strengthening our profitability and our capacity to generate cash. This, in turn, means additional resources to finance our own growth through a combination of innovation and acquisitions, the twin pillars of our development strategy.

Each year, R&D outlays equal between 4 and 5% of sales, and two-thirds of total investments are dedicated to new products. In other words, innovation and new product launches remain an essential driver for growth. Innovation is targeted in particular at responding to strong market demand for optimizing power consumption, especially on mature markets, and on extending access to electricity in new economies. Examples of new offerings in 2010 include wiring-device ranges – Kaptika in Russia, Nereya in Brazil, and Meidian in China; lighting management systems in the US, France and Italy; and DMX® power circuit breakers for new economies.

Our growth is also driven by the acquisition of highly promising companies that give us access to new markets and extend the scope of our product offerings. As of the
second half of 2010, we thus took advantage of two opportunities in new economies, acquiring Inform, the leader for UPS in Turkey, and Indo Asia Switchgear, a key player on the Indian market for electrical protection devices. We also reinforced our positions in new business segments in mature economies through acquisitions that included Metasystem Energy, an Italian company specialized in modular UPS, and Electrorack of the US, specialized in Voice-Data-Image cabinets for data centers, as well as Intervox Systèmes, the uncontested leader for connected security systems in France. Our businesses will naturally continue to gain fresh impetus from targeted, self-financed acquisitions in 2011 and the years ahead.

**SUSTAINABLE AND RESPONSIBLE GROWTH**

At Legrand, we aim to ensure that our growth is sustainable, lasting and responsible. To this end, we are actively pursuing our sustainability efforts in an ongoing progress that creates value and is central to our strategy.

This approach has the backing of staff throughout our group. It structures our decision-making and plays a key role in achieving our objectives for business performance. It is naturally embodied in concrete targets for enhancing social responsibility, respect for the environment and governance. Several of these targets are reviewed in the sustainability section of this report.

To conclude, quickening expansion in new economies and opportunities in new business segments, combined with the efficiency and solidity of our business model, mean that Legrand is now well placed to accelerate profitable growth. We thus look to the years ahead with confidence and enthusiasm.

Legrand stepped up expansion in Turkey in 2010, acquiring Inform, the local leader in UPS.

Legrand develops innovative and effective low-energy solutions for commercial buildings.

Innovative Nereya wiring devices have won quick approval in Brazil with a combination of ergonomic quality and attractive styling.
New economies are the mainsprings of world growth and a key focus of Legrand’s strategy for business development, which aims to raise their contribution to Group sales to 50% five years from now.

**MINES OF OPPORTUNITIES**

GDP growth in new economies averaged 7% in 2010. By 2030 they will account for over 60% of world GDP* and their demand for electricity will have been multiplied by three**. Underlying trends in these countries hold great promise for Legrand’s future growth.

* Source: International Monetary Fund.
** Source: International Energy Agency.

> Population growth
By 2050 the world population will have increased by nearly 25%, with new economies accounting for 98% or nearly all of the rise, which means they will represent 87% of the total world population.

Source: UN.

> Growing middle classes
Middle-class populations in new economies are expected to triple from around 400 million today to 1.2 billion in 2030, boosting demand for energy and digital information and, by the same token, for electrical and digital infrastructure in buildings.


> Ambitious government projects
To take one example, the Brazilian government’s PAC 2 growth package earmarks BRL 278 billion (€114 billion) to finance new homes for the underprivileged between now and 2014, in particular through the “Minha Casa Minha Vida” program.

Source: Federal Government of Brazil

**TWO GROWTH DRIVERS**

Legrand currently derives one-third of its sales from new economies and is continuing to expand, underpinned by the two drivers of its business model.

> Organic growth fueled by innovation
In 2010, new products brought to market included nearly a dozen new ranges of wiring devices, among them Kaptika™ in Russia, Nereya™ in Brazil, and K5™ and Meidian™ in China. The Group also deployed its innovative solutions in new economies, examples being the LCS³ VDI offering in China and DMX³ range of circuit breakers in Brazil, Asia and the Middle East.

> Acquisition of businesses that are leaders on their markets
In 2010, Legrand boosted growth by acquiring companies with key positions on their markets, among them Inform, number one for UPS (Uninterruptible Power Supply) in Turkey, and Indo Asian Switchgear, a key player in protection devices in India.
The Indian economy is really in a growth phase. This year, GDP is expected to rise by around 8.5% and, even more significantly, it is expected to go on growing at rates in the region of 8.5 to 9% over the next ten years. A large part of this growth is attributable to the strength of an emerging middle class that represented just 4% of the total population in 2005, but is expected to account for up to 40% by 2030, with the numbers concerned equalling roughly nine times the population of France today.

VIGOROUS BUSINESS GROWTH AND LEADING MARKET POSITIONS

Legrand has had an interesting “journey” in India since 1996, when we acquired the leader in miniature circuit breakers, posting robust growth averaging approximately 20%. As a result, we hold very strong leadership positions for miniature circuit breakers, residual-current devices and distribution boards, as well as premium wiring accessories. Strong growth is also backed by our broad presence all across India, with 5 regional offices and 10 branch offices covering the whole of the country, where we also have three high-performance manufacturing units.

In 2011 Legrand India, with the acquisition of Indo Asian Switchgear, will become the seventh largest contributor to the entire Legrand Group, with a total workforce of 3,000 employees that includes nearly 600 in sales and marketing. And I am confident that we can look forward to continuing progress in the years ahead.

Legrand’s business in India has posted annual growth averaging about 20% over the past 15 years.
New social and technological developments open up extraordinary growth opportunities for Legrand.

THREE KEY TRENDS

> Digital convergence is transforming life styles, as unified infrastructure opens up new possibilities that cut though barriers between telephony, TV and internet technology, at the same time creating demand for new interconnectable devices and vastly increasing data volumes.

> Interventionist policies to combat global warming – illustrated by the Cancun Summit, where 194 countries meeting under the aegis of the UN agreed on common commitments in this area – favor new trends in consumption, focusing more on energy savings.

> Aging Population
The number of people around the world aged over 80 will be multiplied by four from 2010 to 2050, creating enormous new needs for suitably equipped housing. Support for independent home living is a huge challenge, and assisted living solutions will have a critical impact on both the safety and comfort of seniors. 

Source: Eurostat 2009

INNOVATIVE RESPONSES

Legrand focuses development on new market segments that now account for nearly 20% of its sales. Innovations concern three key areas in particular:

> Digital infrastructures
Smart digital infrastructures allow interactive operation of different types of equipment in buildings (protection, access control, lighting management systems, solar panels, etc.), making for more efficient overall operation. To take one example, new “1.Communicate” devices using the IP network can display power-consumption readings from EMDX³ meters on any type of screen equipped with an internet browser.

> Reducing costs and environmental impacts
Legrand has developed simple, energy-efficient solutions, enabling consumers to significantly reduce the environmental impact of their buildings. In a related innovation, the Group has introduced eco-tags that clearly identify the economic and environmental performance of its products.

> Assisted living
In response to the growing societal and economic challenges of dependence in old age, Legrand has developed a range of solutions that include centralized commands, easy-fit sockets, remote monitoring systems and lighting paths, an innovation that won the 2010 Trophée du Grand Âge in the Home and Environment category. In February 2011, this was rounded out with the arrival of Intervox Systèmes, whose remote assistance terminals are the perfect complement for Legrand’s existing solutions.
In 2010, we first achieved a big breakthrough in home automation with the “My Home” system. This carries out a variety of functions at the same time, with energy and temperature controls, comfort devices including lighting controls, audio and video communication, sound diffusion, etc., all integrated through a single network.

The other major step forward during the year was the deployment of our Open Web Net language: we make this available free of charge and without obligation to allow communications with our My Home system, thus creating added value for the final customer.

Thanks to this, we have the bases for new partnerships enabling system integrators to develop their own supervision systems. We are also able to place control software for our systems on iPads, iPhones and all kinds of mobile devices.

STRONG GROWTH EXPECTED IN THE YEARS AHEAD

Our focus is on developing comprehensive home systems, which we expect to drive vigorous growth in the future.

OPEN WEB NET AND MY HOME, THE KEY NOTES FOR LEGRAND IN 2010

The iPhone’s iMyHome application includes functions such as remote control of lighting, video-surveillance and watering. iPhone is an Apple Inc. brand.
Changing lifestyles and practices call for continuing innovation to anticipate new needs.

MORE DEMANDING CUSTOMERS

> Expectations are growing and demand is on the rise for smart, personalizable products that match consumer needs, lifestyles and tastes. This, in turn, has made style, simplicity and ergonomics critical factors. The rapid success of smart phones, is a telling illustration of the trend – they accounted for 30% of mobile phones sold in France in 2010, and this proportion should rise to 90% or even 95% three or four years from now.

Source: Institut GFK, January 2011.

CREATING IDEAS AND VALUE

From the start, Legrand has used innovative technology and design to drive growth — setting its products apart and adding value for all its partners, including distributors, electricians, specifiers and end users.

> Substantial investment in R&D allows Legrand to move into new, unexplored territory. The company monitors new trends carefully, then harnesses innovation to accelerate development, especially in fast-growing business segments – energy efficiency, digital infrastructures and residential systems – and carve out positions in the markets of tomorrow: charging stations for electric vehicles, smart grid applications and assisted living.

> Taking a broader view, Legrand forges partnerships with other manufacturers to promote shared solutions with scope for major breakthroughs. Expanding the EV Plug Alliance, co-founded in March 2010 with two other companies, is one illustration of this strategy. The Alliance backs a standardized solution to connect electric vehicles in Europe.

KEY FIGURES

- 38% of sales generated by new products
- R&D represents between 4.5% of sales
- 1,860 employees dedicated to R&D
Design is part and parcel of R&D and innovation. Product design at Legrand aims to ensure the overall coherence and balance of development initiatives, bearing in mind the imperatives of function and use as well as form. Legrand R&D is not a separate entity. It is embedded within the broader structures driving new product initiatives. In terms of processes, work on new products is jointly headed by marketing, design and product development teams.

MEANING AND VALUE

Legrand is a definite leader in its ability and commitment to deliver esthetics and technology. In doing so, it brings real meaning and value to all of its products, and for all types of user. To achieve that and support our forward thinking process, Legrand’s design team uses innovative tools such as motion graphics design. This allows us to contextualize a proposal — to see how a product or concept would look and work in practice.

TWO EXAMPLES: AN INTEGRATED APPROACH

This approach is applied systematically throughout the Group, as illustrated by two recent product offers.

> First, Arteor is a truly international range that incorporates top-of-the-line automation — and that talks to people all around the planet. To do this smoothly, it uses pictograms to explain functions to users.

> Second, the “Green’up” electrical-vehicle recharging station is a totally new platform that allows smart automated recharges, linking the electrical and digital infrastructures of buildings up to vehicles with advanced, easy-to-use technology.

Going forward, design teams at Legrand will continue to aim for solutions that create new value in terms of use, delight and efficiency.
STRATEGY

With long-term growth a constant focus, Legrand has put its full weight behind a model based on responsible development. This addresses three areas: social responsibility, the environment, and governance that promotes ethics, transparency and dialog.

KEY CHALLENGE

Sustainable development is a critical challenge for the world today.

> Socially responsible business practices moved ahead in the global arena with the adoption at year-end 2010 of ISO 26000, an international standard developed by stakeholders in 99 countries. ISO 26000 sets out the first social guidelines based on international consensus.

> National regulatory environments are also changing. In France, enactment of Grenelle II environmental legislation in July 2010 fleshed out initial Grenelle I provisions in many fields and sectors (reduced energy consumption for buildings, changing transport infrastructures and more).

> In addition to eco-friendly and societal concerns, consumers and businesses alike demand efficient, economical solutions that optimize consumption and improve quality of life.

CONTINUING PROGRESS

At Legrand, sustainable development takes concrete shape in an approach dedicated to ongoing improvement. This has the full support of staff and is embodied in a dynamic policy of innovation to meet the expectations of consumers, staff, suppliers and other stakeholders, while at the same time limiting environmental impacts and constantly enhancing societal performance.

> In 2010, this carefully structured approach continued in three areas, addressing eight specific priorities – with defined objectives. Major advances came in eco-design, energy efficiency, and social responsibility, the last through support for the Electricians without Borders NGO.

KEY FIGURES

NEARLY 100% OF 2010 TARGETS ACHIEVED

LEGRAND SHARES INCLUDED IN 4 MAJOR SRI INDEXES

A KEY CHALLENGE

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> In addition to eco-friendly and societal concerns, consumers and businesses alike demand efficient, economical solutions that optimize consumption and improve quality of life.
In 2010, Legrand identified three areas covering eight priorities to define our commitments on corporate social responsibility. These priorities are naturally tailored to the Group’s organization, activities and business. The same approach is also behind our new targets for sustainability. Among others, we aim to systematically develop eco-design processes and reduce the carbon footprint of all our activities. In 2010, significant efforts were made, focusing on these priorities. To take one important example: Legrand’s partnership with Électriciens sans frontières was reinforced. Over the past year, we again provided the association with equipment and funding for development projects extending access to electricity in Cambodia, in India and in Vietnam.

82% of Legrand sites around the world are ISO 14001 certified.

PRODUCTS FOR HIGH ENVIRONMENTAL PERFORMANCE

We have developed a number of eco-design ranges. For instance, our R&D team in Italy developed a circuit breaker for the Lexic range that reduces environmental impact by 20% compared with the previous range. Finally, as regards governance, we are continuing to work alongside the purchasing and quality teams to create tools allowing systematic integration of sustainability criteria into assessments of suppliers’ performance.

Legrand promotes access to electric power in partnership with Electricians without Borders.
KEY FIGURES

- **€3,891 M**
  - SALES IN 2010

- **LEADERSHIP**
  - **WORLDWIDE LEADER**
    - IN WIRING DEVICES AND IN CABLE MANAGEMENT PRODUCTS

- **2/3**
  - OF THE GROUP’S NET SALES WERE OF PRODUCTS ENJOYING NUMBER 1 OR NUMBER 2 POSITIONS IN THEIR RESPECTIVE MARKET

FINANCE

- **SALES**
  - € millions

- **ADJUSTED OPERATING MARGIN**
  - % of sales

- **NET INCOME (EXCLUDING MINORITIES)**
  - € millions

- **DIVIDEND PER SHARE**
  - €
  - 2006: 0.50, 2007: 0.70, 2008: 0.70, 2009: 0.70, 2010: 0.88*

* subject to approval of shareholders at the General Meeting on May 26, 2011

SALES IN

- **180 COUNTRIES**

- **33%**
  - OF TOTAL SALES IN NEW ECONOMIES

- **178,000**
  - CATALOG ITEMS

EMPLOYEES

- **OVER 31,000 EMPLOYEES,**
  - MORE THAN 50% IN NEW ECONOMIES
**SUSTAINABLE DEVELOPMENT INDICATORS**

**SOCIAL INDICATORS**

**HEALTH AND SAFETY COMMITTEES (HSC)**

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<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tr>
<td>% of staff members represented by an HSC</td>
<td>86</td>
<td>85</td>
<td>87</td>
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Excluding Inform and Indo Asian Switchgear

**RISK ASSESSMENT**

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<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tr>
<td>% of Group workforce covered by formal risk assessments</td>
<td>88</td>
<td>83</td>
<td>86.6</td>
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Excluding Inform and Indo Asian Switchgear

**BREAKDOWN OF WORKFORCE IN 2010 (in %)**

<table>
<thead>
<tr>
<th>Age</th>
<th>Women</th>
<th>Men</th>
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<tbody>
<tr>
<td>&lt; 26 years</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>26 - &lt; 36 years</td>
<td>12%</td>
<td>17%</td>
</tr>
<tr>
<td>36 - &lt; 46 years</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>46 - &lt; 56 years</td>
<td>9%</td>
<td>13%</td>
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<tr>
<td>≥ 56 years</td>
<td>3%</td>
<td>4%</td>
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**ENVIRONMENTAL INDICATORS**

**ISO 14001 CERTIFIED SITES**

<table>
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<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tr>
<td>% of Group within the scope of consolidated risk data</td>
<td>81</td>
<td>84</td>
<td>82</td>
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Excluding Inform and Indo Asian Switchgear

**CO₂ EMISSIONS LINKED TO ENERGY CONSUMPTION**

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tbody>
<tr>
<td>in thousand T.eq. CO₂</td>
<td>216</td>
<td>166</td>
<td>168</td>
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Excluding Inform and Indo Asian Switchgear

**% OF R&D UNITS DEPLOYING AN ECO-DESIGN APPROACH**

<table>
<thead>
<tr>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tbody>
<tr>
<td>in %</td>
<td>63</td>
<td>70</td>
<td>79</td>
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Excluding Inform and Indo Asian Switchgear

**WASTE RECYCLED**

<table>
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<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<tr>
<td>in %</td>
<td>84</td>
<td>82</td>
<td>84</td>
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Excluding Inform and Indo Asian Switchgear
The executive committee is composed of 8 members

**EXECUTIVE COMMITTEE**

Gilles SCHNEPP  
Chairman and Chief Executive Officer

Olivier BAZIL  
Vice Chairman and Chief Operating Officer

Xavier de FROMENT  
Vice President France

Jean-Paul LEDUC  
Vice President Export Sales

Paolo PERINO  
Managing Director and CEO of BTicino

John SELLDORFF  
President and Chief Operating Officer, Legrand North America

Patrice SOUDAN  
Deputy Chief Operating Officer, Vice-President Wiring Services and Home Systems Division

Philippe WEBER  
Deputy Chief Operating Officer, Vice-President Energy Distribution and Industrial Applications Division

**MEMBERS OF BOARD OF DIRECTORS**

GILLES SCHNEPP, Chairman of the Board — OLIVIER BAZIL, Vice Chairman of the Board — MATTIA CAPRIOLI, Director — THIERRY DE LA TOUR D’ARTAISE, Independent Director (1) — JACQUES GARAÏLDE, Director — EDWARD A. GILHULY, Director — FRANÇOIS GRAPPIOTTE, Director and Honorary Chairman — GÉRARD LAMARCHE, Independent Director (1) — FRÉDÉRIC LEMOINE, Director — ERNEST-ANTOINE SEILLIÈRE, Director — PATRICK TANGUY, Director.

(1) An independent Director is defined as a director who is not affiliated in any way with the company or its management, and has no links that may compromise his or her freedom of judgment.