REGISTRATION DOCUMENT

2010

legrand®

www.legrandgroup.com

REGISTRATION DOCUMENT
INCLUDING THE ANNUAL FINANCIAL REPORT

2010

AUTORITÉ DES MARCHÉS FINANCIERS

AMF

This registration document was filed with the French Market Authorities (*Autorité des marchés financiers*) on April 27, 2011, pursuant to article 212-13 of its General Regulations. It may not be used to support a financial transaction unless it is supplemented by an information memorandum approved by the *Autorité des marchés financiers*. This document was prepared by the issuer. The signatories assume responsibility for this document.

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NOTE

References to the "Group" and "Legrand" are to the Company, its consolidated subsidiaries and its minority shareholdings. References to "Legrand France" relate specifically to the Company's subsidiary Legrand France, which was previously named Legrand SA but was renamed by the Shareholders' General Meeting dated February 14, 2006, and not to its other subsidiaries. References to "Legrand SAS" relate specifically to Legrand SAS, which was wound up without liquidation in accordance with the decision of the Board of Directors dated February 8, 2006, and was previously a direct subsidiary of the Company.

In this registration document, references to "KKR" relate to all companies owned and controlled by investment funds managed by Kohlberg Kravis Roberts & Co. L.P.

In this registration document, references to "Wendel" are, unless otherwise specified, to Wendel and/or one or more of its subsidiaries.

The Company's consolidated financial statements presented in this registration document for the years ended December 31, 2010, December 31, 2009 and December 31, 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. Since the Group has not applied the carve-out arrangements proposed by the EU and specified in IAS 39, these consolidated financial statements were also prepared in accordance with IFRS, as articulated by the International Accounting Standards Board (IASB). References therefore to the term "IFRS" within this registration document relate to international accounting standards as adopted in the European Union and as articulated by IASB. The Company prepares and presents its consolidated financial statements in accordance with IFRS as required by French law. IFRS may differ in certain significant respects from French GAAP. The separate financial statements are presented in accordance with French GAAP.

This registration document contains information about Legrand's markets and its competitive position therein, including market size and market share. As far as Legrand is aware, no exhaustive report exists with regard to the industry or the market for electrical and digital building infrastructures. As such, Legrand obtains data on its markets through its subsidiaries which compile information on their relevant markets on an annual basis. This information is derived from formal and informal contacts with industry professionals (notably professional associations), from the sales data of distributors of electrical products, and from building statistics and macroeconomic data. Legrand estimates its position in its markets based on the market data referred to above and on its actual sales in the relevant market.

Legrand believes that the market share information contained in this registration document provides fair and adequate estimates of the size of its markets and fairly reflects its competitive position within these markets. However, internal surveys, estimates, market research and publicly available information, while believed by Legrand to be reliable, have not been independently verified and Legrand cannot guarantee that a third party using different methods to assemble, analyze or compute market data would obtain the same results. In addition, Legrand's competitors may define its markets differently. Because statements relating to market shares and market sizes are Company estimates, they are not data extracted from the consolidated financial statements, and Legrand cautions readers not to place undue reliance on such statements.

This registration document contains forward-looking statements. These forward-looking statements include all matters that are not historical facts. They are mentioned in various sections of this document and contain data relating to the Group's intentions, estimates and targets, concerning in particular its market, strategy, growth, results, financial position and cash position.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of the Group's future performance. Legrand's actual financial position, results and cash flow as well as the development of the industrial sector in which it operates may differ significantly from the forward-looking information mentioned in this registration document, and even where these elements are consistent with the forward-looking information mentioned in this registration document, they may not be representative of the results or developments in later periods. Factors that could cause such differences include, among other things, the risk factors described in chapter 3 of this registration document. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

The forward-looking statements provided in this registration document are only made as of the date of this registration document. The Group will update this information as necessary in its financial communications. Legrand operates in a competitive environment subject to rapid change. It therefore may not be able to anticipate all of the risks, uncertainties and other factors that could affect its activities, their potential impact on its activities or the extent to which the occurrence of a risk or combination of risks could lead to significantly different results from those set out in any forward-looking statements, it being noted that such forward-looking statements do not constitute a projection or guarantee of actual results.

01

RESPONSIBILITY FOR THE REGISTRATION DOCUMENT AND STATUTORY AUDITORS

1.1 - PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1.1 - Name and position of the person responsible for the registration document

Gilles Schnepp, Chairman and Chief Executive Officer of Legrand, a French *société anonyme* whose registered office is located at 128 avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France, registered at the Limoges trade and companies register under the number 421 259 615, hereinafter referred to as "the Company".

1.1.2 - Responsibility statement

"I hereby certify, having taken all reasonable care in this regard, that the information contained in this registration document is, to the best of my knowledge, accurate and that there are no omissions that could materially affect its reliability.

I further certify that, to the best of my knowledge, the accounts have been drawn up in accordance with applicable accounting standards and provide a true and fair image of the assets, financial position and results of the Company and of its consolidated businesses, and that the Management Reports that appear in chapter 7 and appendix 2 provide a true and fair account of developments in the business, the results and the financial position of the Company and of its consolidated businesses, together with a description of the risks and uncertainties to which they are exposed.

I have obtained from the Statutory Auditors, upon completion of their work, a letter in which they indicate that they have verified the information concerning the financial situation and accounts presented in this registration document and that they have read the entire registration document.

The consolidated financial statements for the year ended December 31, 2008 are included for reference in the present document and are the subject of an auditors' report that appears on page 188 of the 2008 registration document filed with the Autorité des marchés financiers *under number R.09-025 and which contains an observation.*

The consolidated financial statements for the year ended December 31, 2009 are included for reference in the present document and are the subject of an auditors' report that appears on page 185 of the 2009 registration document filed with the Autorité des marchés financiers *under number D. 10-0270 and which contains an observation."*

Gilles Schnepp

Chairman and CEO

1.1.3 - Incorporation by reference

This document includes for reference purposes the Company's consolidated financial statements for the year ended December 31, 2008 and the related statutory auditors' report, as presented on pages 136-187 and 188-189 of the registration document filed with the *Autorité des marchés financiers* on April 22, 2009 under the number R. 09-025, and the Company's consolidated financial statements for the year ended December 31, 2009 and the related statutory auditors' report, as presented on pages 134-184 and 185-186 of the registration document filed with the *Autorité des marchés financiers* on April 15, 2010 under the number D. 10-0270.

1.2 - STATUTORY AUDITORS

1.2.1 - Principal Statutory Auditors

PricewaterhouseCoopers Audit

Member of the Versailles Regional Body of Statutory Auditors
(*Compagnie régionale des commissaires aux comptes de Versailles*)

Represented by Gérard Morin

Crystal Park

63 rue de Villiers

92208 Neuilly-sur-Seine, France

Appointed deputy statutory auditors at the Ordinary General Meeting of Shareholders dated June 6, 2003, became principal statutory auditors following the merger between Pricewaterhouse and Coopers & Lybrand Audit, and renewed as principal statutory auditors at the Ordinary General Meeting of Shareholders dated May 27, 2010 for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2015.

Deloitte & Associés

Member of the Versailles Regional Body of Statutory Auditors
(*Compagnie régionale des commissaires aux comptes de Versailles*)

Represented by Dominique Descours

185 avenue Charles-de-Gaulle

BP 136 92524 Neuilly-sur-Seine Cedex, France

Appointed principal statutory auditors at the Ordinary General Meeting of Shareholders dated December 21, 2005 for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2010. The shareholders will be asked to renew the appointment of Deloitte & Associés for a term of six financial years at the General Meeting of Shareholders scheduled for May 26, 2011.

1.2.2 - Deputy Statutory Auditors

Yves Nicolas

Member of the Versailles Regional Body of Statutory Auditors
(*Compagnie régionale des commissaires aux comptes de Versailles*)

Crystal Park

63 rue de Villiers

92208 Neuilly-sur-Seine, France

Appointed deputy statutory auditor at the Ordinary General Meeting of Shareholders dated March 2, 2004 for a term of six financial years, renewed as deputy statutory auditors by the Ordinary General Meeting of Shareholders dated May 27, 2010 for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2015.

BEAS

Member of the Versailles Regional Body for Statutory Auditors
(*Compagnie régionale des commissaires aux comptes de Versailles*)

7-9 Villa Houssay

92524 Neuilly-sur-Seine Cedex, France

Appointed deputy statutory auditors at the Ordinary General Meeting of Shareholders dated December 21, 2005 for a term of six financial years. This appointment expires at the end of the Ordinary General Meeting of Shareholders convened to vote on the financial statements for the year ended December 31, 2010. The Shareholders will be asked to renew the appointment of BEAS for a term of six years at the General Meeting of Shareholders dated May 26, 2011.

1.3 - FINANCIAL INFORMATION

1.3.1 - Person responsible for financial information

Antoine Burel
Chief Financial Officer
Address: 82 rue Robespierre, 93170 Bagnolet, France
Telephone: + 33 (0)1 49 72 52 00
Fax: + 33 (0)1 43 60 54 92

1.3.2 - Documents available to the public

The legal documents pertaining to the Company that must be made available to the shareholders in accordance with the applicable regulations, and its financial records, may be consulted at the Company's registered office.

Pursuant to article 222-7 of the general regulations of the *Autorité des marchés financiers*, the following is a list of the information published or made public by Legrand over the last twelve months.

List of press releases

The press releases are available on the Company's web site (www.legrandgroup.com).

Date	Title
May 2010	2010 first-quarter results: Gains in emerging countries – Success of new products – 2010 target for adjusted operating margin raised to over 18%
	Description of share buyback program
	Total number of shares and voting rights - April 2010
June 2010	Total number of shares and voting rights - May 2010
July 2010	Legrand acquires Inform in Turkey
	Acquisition strategy continues – Offer for India's Indo Asian Switchgear Acceleration of Legrand's expansion in emerging countries
	2010 first-half results: Strong growth in emerging markets – Continuing acquisitions – Target for 2010 adjusted operating margin raised again, to over 19%
	Total number of shares and voting rights - June 2010
	Six-month report on liquidity contract – June 2010
	Total number of shares and voting rights - July 2010
September 2010	Total number of shares and voting rights - August 2010
October 2010	Total number of shares and voting rights - September 2010
November 2010	Results for the first nine months of 2010: Vigorous rise in sales in new economies – Firm growth in new business segments – Target for 2010 adjusted operating margin raised again, to 20%
	Total number of shares and voting rights - October 2010

Date	Title
December 2010	Legrand accelerates expansion in energy performance with the acquisition of Meta System Energy in Italy
	Total number of shares and voting rights - November 2010
January 2011	Legrand expands in digital infrastructures with acquisition of Electrorack in the United States
	Total number of shares and voting rights - December 2010
February 2011	Legrand becomes No. 1 in France for assisted living following acquisition of Intervox Systèmes
	2010 full-year results: Firm sales growth: + 8.7% - Improvement in adjusted operating margin: up from 16.2% to 20.2% - Net profit and dividend up by 44% and 26% respectively
	Total number of shares and voting rights - January 2011
March 2011	Total number of shares and voting rights - February 2011
	Success for Legrand's second euro bond issue
	Total number of shares and voting rights – 14 March 2011
April 2011	Changes in the membership of the Board of Directors
	Total number of shares and voting rights - March 2011

List of BALO publications

Date	Information
04/21/2010	Notice convening Shareholders' and Members' meeting
06/18/2010	Periodical publications - Commercial and industrial companies (annual accounts)
04/13/2011	Notice convening Shareholders' and Members' meeting

Documents filed with the clerk of the Commercial Court of Limoges (www.infogreffe.fr)

Date	Document
06/29/2010	Minutes of the Board of Directors meeting dated May 5, 2010 Updated articles
03/01/2010	Minutes of the Board of Directors meeting dated February 10, 2010
03/11/2011	Minutes of the Board of Directors meeting dated February 9, 2011 Updated articles
04/21/2011	Minutes of the Board of Directors meeting dated March 30, 2011 Updated articles

1.3.3 - Indicative financial information schedule

The financial information the Company discloses to the public will be available on the Company's web site (www.legrandgroup.com).

As an indication only, the Company's schedule for the publication of financial information up to December 31, 2011 should be as follows:

2011 first-quarter results: May 5, 2011.

2011 first-half results: July 28, 2011.

2011 nine-month results: November 4, 2011.

At its meeting of March 3, 2011, the Company's Board of Directors called the Annual Combined Ordinary and Extraordinary General Meeting on May 26, 2011.

02

SELECTED FINANCIAL INFORMATION

SELECTED FINANCIAL INFORMATION

The Group has derived the following selected financial data for the years ended December 31, 2010, December 31, 2009 and December 31, 2008 from the consolidated financial statements included in chapter 11 of this registration document. These consolidated financial statements were prepared in accordance with IFRS and were audited by PricewaterhouseCoopers Audit and Deloitte & Associés.

Readers should read this selected financial data together with the information contained in chapter 7 of this registration document, the Group's consolidated financial statements, the related Notes thereto (included in chapter 11 of this registration document) and all other financial information included elsewhere in this registration document.

(in € millions, except percentages)	2010	2009	2008
Sales	**3,890.5**	**3,577.5**	**4,202.4**
total sales growth	+8.7%	(14.9)%	+1.8%
sales growth at constant scope of consolidation and exchange rates (1)	+3.6%	(13.9)%	(0.1)%
EBITDA (2)	**949.1**	**745.0**	**859.9**
Maintainable EBITDA (3)	**980.6**	**795.7**	**907.5**
Adjusted operating income (4)	**784.1**	**578.8**	**697.9**
as a percentage of sales	20.2%	16.2%	16.6%
Maintainable adjusted operating income (3)	**815.6**	**629.5**	**745.5**
Net income (5)	**419.5**	**291.3**	**351.5**
as a percentage of sales	10.8%	8.1%	8.3%
Free cash flow (6)	**645.5**	**654.5**	**429.6**
as a percentage of sales	16.6%	18.3%	10.2%
Net financial debt at December 31 (7)	**1,197.5**	**1,339.8**	**1,861.8**

(1) *See section 7.3.2.8 of this registration document for a definition of this term.*

(2) *EBITDA is equivalent to operating income plus depreciation of tangible assets and amortization of intangible assets and impairment of goodwill. EBITDA is not a measurement of performance under IFRS and should not be considered as an alternative to (a) operating income or net income (as determined in accordance with IFRS) as a measure of the Group's operating performance, (b) net cash provided by operating activities, investing activities and financing activities (as determined in accordance with IFRS) as a measure of the Group's ability to meet cash needs or (c) any other measures of performance under IFRS. The Group believes that EBITDA is a measure, commonly reported and widely used by investors and other interested parties, of a company's operating performance and debt servicing ability because it assists in comparing performance on a consistent basis without regard to depreciation and amortization, which can vary significantly depending on accounting methods (particularly when acquisitions are involved) or non-operating factors (such as historical cost). Accordingly, this information has been included in this registration document to enable a more complete and comprehensive analysis of the Group's operating performance relative to other companies, and of the Group's debt servicing ability. Because all companies do not calculate EBITDA identically, the Group's presentation of EBITDA in this registration document may not be comparable to the EBITDA communicated by other companies.*

(3) *Maintainable EBITDA and maintainable adjusted operating income are used to analyze EBITDA and adjusted operating income excluding the impact of restructuring costs (including capital gains or losses on the sale of assets).*

(4) *Adjusted operating income is defined as operating income adjusted for depreciation and amortization related to the acquisition of Legrand France and impairment of goodwill.*

(5) *Net income corresponds to published net income (before non-controlling interests).*

(6) *Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from the sale of fixed assets less capital expenditure and capitalized development costs. Free cash flow is not an indicator of performance as defined by IFRS and should not be considered as an alternative to net cash provided by operating activities, used in investing activities and in financing activities (as calculated in accordance with IFRS) to assess Legrand's capacity to address its cash needs or as any other indicator of performance defined by IFRS. Legrand considers that free cash flow is an often displayed and commonly used indicator by investors and other interested parties to assess its capacity to service debt, to finance acquisitions and to pay dividends. Therefore, this information is provided in this registration document for the purpose of allowing a more exhaustive and global analysis of Legrand's capacity to service its debt, to finance acquisitions and to pay dividends. As not all companies calculate free cash flow in the same way, the free cash flow shown in this registration document may not be comparable to the free cash flow communicated by other companies.*

(7) *Net financial debt is defined as the sum of short-term borrowings and long-term borrowings less cash and marketable securities.*

The table below shows a reconciliation of EBITDA and maintainable EBITDA with net income and operating income:

(in € millions)	2010	2009	2008
Net income	**419.5**	**291.3**	**351.5**
Income tax expense	227.1	131.3	143.4
Exchange (gain)/loss	39.8	13.4	25.3
Financial income	(11.7)	(11.9)	(29.1)
Financial expense	82.9	100.0	151.7
Operating profit	**757.6**	**524.1**	**642.8**
Depreciation of tangible assets	120.3	126.5	136.1
Amortization of intangible assets	71.2	94.4	81.0
EBITDA	**949.1**	**745.0**	**859.9**
Restructuring charges	31.5	50.7	47.6
Maintainable EBITDA	**980.6**	**795.7**	**907.5**

The table below shows a reconciliation of the Group's adjusted operating income and maintainable adjusted operating income with operating income and net income:

(in € millions)	2010	2009	2008
Net income	**419.5**	**291.3**	**351.5**
Income tax	227.1	131.3	143.4
Exchange (gain)/loss	39.8	13.4	25.3
Financial income	(11.7)	(11.9)	(29.1)
Financial expense	82.9	100.0	151.7
Operating profit	**757.6**	**524.1**	**642.8**
Purchase accounting adjustments related to the acquisition of Legrand France (1)	26.5	38.1	55.1
Impairment of goodwill	0.0	16.6	0.0
Adjusted operating income	**784.1**	**578.8**	**697.9**
Restructuring costs	31.5	50.7	47.6
Maintainable adjusted operating income	**815.6**	**629.5**	**745.5**

(1) Amortization in connection with the acquisition of Legrand France relates to amortizable tangible and intangible assets to which part of the price of the acquisition of Legrand France in 2002 was assigned.

The table below shows a reconciliation of the Group's free cash flow with net cash provided by operating activities:

(in € millions)	2010	2009	2008
Net cash provided by operating activities	**749.4**	**726.3**	**577.5**
Net proceeds from sales of tangible and intangible assets	8.9	43.8	12.5
Capital expenditure	(82.5)	(84.3)	(131.0)
Capitalized development costs	(30.3)	(31.3)	(29.4)
Free cash flow	**645.5**	**654.5**	**429.6**

The table below shows the changes in Legrand's net financial debt:

(in € millions)	2010	2009	2008
Short-term borrowings	216.8	445.5	401.3
Long-term borrowings	1,213.0	1,067.8	2,020.2
Cash and cash equivalents	(232.3)	(173.5)	(254.4)
Marketable securities	0.0	0.0	(305.3)
Net financial debt	**1,197.5**	**1,339.8**	**1,861,8**

The table below shows the changes in Legrand's share capital:

(in € millions)	2010	2009	2008
Share capital	1,052.6	1,052.4	1,051.3
Retained earnings	1,810.7	1,568.4	1,378.3
Translation reserves	(132.7)	(231.6)	(249.4)
Equity attributable to equity holders of Legrand	**2,730.6**	**2,389.2**	**2,180.2**

03

RISK FACTORS

At the date of this registration document, the risks described below are those identified by the Company that could have an adverse effect on the Group's situation. Other risks not identified as of the date of this registration document or the realization of which is not considered, as of this date, likely to have a material adverse effect on the Group, its activity, financial condition, earnings or development, may exist. The occurrence of one or more of these risks could also have an adverse effect on the Group's situation.

3.1 - INDUSTRIAL AND ENVIRONMENTAL RISKS

RISKS OF FAILURE TO COMPLY WITH ENVIRONMENTAL REGULATIONS

Regulatory authorities could suspend Legrand's operations if it fails to comply with relevant regulations, and/or may not renew the permits or authorizations it requires to operate. They could also mandate upgrades or changes to its manufacturing facilities that could result in significant costs to Legrand.

The environmental risk prevention and measurement policy developed by Legrand includes a component pertaining to the monitoring of environmental regulations. This regulatory monitoring is supported by a network of environmental correspondents appointed at each Group site, who interface with their functional equivalents in each Industrial Division and at the Group's headquarters.

The implementation of this risk prevention policy and the continuous capital expenditure efforts are part of Legrand's objective to comply with applicable regulations, particularly with respect to environmental protection and pollution control regulations.

RISKS RELATED TO THE POLLUTION OF CERTAIN SITES

Legrand's activities, like those of similar companies, are subject to extensive and increasingly stringent environmental laws and regulations regarding a broad spectrum of issues including air emissions, asbestos, noise, health and safety, the use and handling of hazardous waste or materials, waste disposal and the remediation of environmental contamination.

Legrand may be required to pay potentially significant fines or damages as a result of past, present or future violations of applicable environmental laws and regulations, even if these violations occurred prior to the acquisition of companies or lines of business by Legrand. Courts, regulatory authorities or third parties could also require, or seek to require, Legrand to, on the one hand, undertake investigations and/or implement remedial measures regarding either current or historical contamination, of current or former facilities or offsite disposal facilities. Any of these actions may harm the Group's reputation and adversely affect its operations, financial condition, results of operations and cash flows.

Legrand has developed an environmental risk prevention and measurement policy implemented through environmental audits that are subsequently reviewed and analyzed by its environmental risk management department. The implementation of this policy makes it possible to evaluate preventable risks and to implement the necessary actions to control them. In the context of ISO 14001 certification, Legrand has defined an environmental risk identification policy (see chapter 6 of this registration document). It sets up provisions on its financial statements when environmental assessments are made or remedial efforts are probable and the costs can be reasonably estimated.

RISKS RELATED TO THE SHUTDOWN OF AN INDUSTRIAL OR LOGISTICS SITE

As a result of the industrial nature of Legrand's business, events of natural or other origin sometimes occur (such as fires, natural disasters, health risks and machine breakdowns) that could disrupt or interrupt a site's activity.

However, by actively taking steps to prevent industrial risks and making ongoing investments in maintenance and the modernization of production tools, Legrand is able to limit the likelihood that such a risk will occur. For example, Legrand conducts joint audits with experts from the Group's insurance companies to evaluate the level of fire prevention facilities and takes any actions deemed necessary.

In addition, all significant Group subsidiaries are part of a process to define a business continuity plan, aimed at ensuring the presence or restoration of critical functions in the shortest possible time-frame following a disruption.

Finally, Legrand has taken out a global insurance policy to cover direct property damage and operating loss resulting from accidents (see section 5.2.8 of this registration document).

3.2 - RISKS RELATED TO OPERATIONS

RISKS RELATED TO CHANGES IN ECONOMIC CONDITIONS AFFECTING THE BUILDING SECTOR

The Group's business could be affected by the impact that changes in general and local economic conditions have on the building sector. The sale of Legrand's products is mainly determined by the demand for such products from electrical professionals and building contractors. This in turn is primarily a function of the level of activity in the renovation and new construction sectors for residential, commercial and industrial buildings. For example, the French construction market as a whole shrank 5.6% in 2010 versus 7.6% in 2009 (source: Euroconstruct, December 2010). Over the same period, Legrand reported an 0.6% increase in sales in France in 2010 on a comparable structure and exchange rate basis, versus an 8.3% decline in 2009. To differing degrees, the level of activity in these sectors is sensitive to changes in general and local economic conditions. The impact of these changes may vary in time and significance across the markets and geographic zones in which Legrand operates. As is customary in its sector, Legrand does not have a backlog of customer orders, which allows it to accurately predict future demand for the Group's products. If the volume of sales should decline, Legrand's profitability could be affected because certain costs are fixed over the short term.

Consequently, generalized or localized economic downturns in the countries in which Legrand markets its products could have an adverse effect on its business, financial condition, results or cash flows.

To anticipate these risks, the Group keeps a close eye on business trends and on profitability by geographic zone, in close collaboration with its local managers (see section 5.1.6.2 of this registration document).

RISKS RELATED TO COMPETITION

The market for the Group's products is competitive in terms of pricing, product and service quality, development and timing of new product launches.

Due to their size, some of the Group's local competitors, mentioned in section 5.1.3 of this registration document, may have superior financial and marketing resources. The Group's competitors may have the capacity and the ability to launch products with superior characteristics or at lower prices, to integrate products and systems more effectively than Legrand does, to secure long-term agreements with some of the Group's customers or to acquire companies targeted for acquisition by Legrand. The Group could lose market share if it is not able to offer a broader range of products and prices, technologies or quality which are at least comparable to those offered by its competitors or if it does not take advantage of new business opportunities arising from acquisitions. The Group's net sales and profitability could consequently be affected. Furthermore, Legrand, in order to remain competitive, regularly launches new products that, if not well-received, could negatively affect Legrand's business in the countries where these products are launched.

Some smaller local competitors could benefit from better knowledge of their national markets and long-established relationships with electrical professionals and, as a result, have a competitive advantage. In addition, as the market for the Group's products evolves towards systems that combine traditional equipment and computerized systems, increased competition from new market entrants could lead to a decline in the Group's sales, a loss of market share or an increase in its sales and marketing expenses, or research and development costs for the markets and products in question.

Moreover, in markets where the end-user is particularly sensitive to price rather than product appeal or features, imports of less expensive products manufactured in low-cost countries and sold at lower prices, including counterfeit products, could lead to a decrease in the Group's market share, an/or a decrease in the average selling price of its products in the markets in question.

Legrand is aware of these risks and therefore engages in ongoing research and development and marketing efforts to increase the added value of its products, while maintaining a tight rein on costs and preserving its market share (see sections 5.1.6.1.2 and 5.1.6.2 of this registration document).

RISKS RELATED TO ACQUISITIONS

The Group's growth strategy relies in part on the acquisition of local manufacturers that provide new technologies, new product lines, access to new markets and/or synergies with Legrand's existing operations. Legrand may not be able to consummate transactions or obtain financing on satisfactory terms, successfully integrate acquired businesses, technologies or products, effectively manage newly acquired operations or realize anticipated cost savings. The Group may also experience problems in integrating acquired businesses, including the possible incompatibility of systems and business cultures and inconsistencies in procedures (including accounting systems and controls) and policies, the diversion of management's attention from day-to-day business, the departure of key employees and the assumption of liabilities, particularly environmental liabilities. All these risks could have a material adverse impact on the Group's business, financial condition, results and cash flows.

To minimize the impact of these risks, a dedicated team closely works with country managers to identify appropriate targets and coordinates the acquisition process with the various departments at headquarters (finance, legal, industrial, logistics, marketing, etc.) as described in section 5.1.4.6 of this registration document. The integration of acquired companies is supervised by a multidisciplinary steering committee with participation by Management.

When these acquisitions are first consolidated in the financial statements, they result in recognition of goodwill or trademarks that can be significant. The value of these intangible assets is reviewed every year (see note 1 (G) to the 2009 consolidated Financial Statements in chapter 11 of this registration document). A significant decline in the income of these companies could lead to recognition of impairment that could have a material adverse effect on Legrand's financial condition and results. The hypotheses used in impairment test of goodwill take into account both known and anticipated trends in sales and results by CGU (Cash Generation Unit) at the time of calculation. Rates used can vary from one year to another depending on market conditions (risk premium, interest rates). As explained in note 3 to the consolidated financial statements in chapter 11 of this registration document, Legrand recorded a €16.6 million impairment loss related to goodwill for the period ended December 31, 2009. No impairment loss related to goodwill was recognized in 2010.

RISKS RELATED TO DEPENDENCE ON SUPPLIERS

In 2010, purchases from Legrand's top ten suppliers accounted for 11.4% of total consumption (raw materials and components), with no single supplier accounting for as much as 3%.

Moreover, to ensure a secure source of supplies, Legrand policy calls for diversifying resources whenever a recognized risk of dependence is identified. Legrand thus makes the identification of alternative suppliers an integral part of its supplier risk analysis.

RISKS RELATED TO INFORMATION SYSTEMS

Legrand's international operations and scope require multiple, linked information systems with growing exchange volume. Legrand could be the target of viruses or other malicious intrusion attempts that could hamper the Company's operations and the quality of its customer service.

Given these risks, Legrand relies on a team dedicated to improving the quality and security of the information systems. During the rollout of new information solutions, particular focus is placed on the issue of security (and specifically on access). An information security charter is provided to each employee in order to foster best practices in using computer applications.

RISKS RELATED TO THE ABILITY TO RECRUIT AND RETAIN QUALIFIED PERSONNEL

Legrand's key personnel have been with the Group for many years and have extensive knowledge of its business and, more generally, its sector as a whole. The loss of any one of these key personnel could constitute a loss of industry and Group know-how, and could result in Legrand's competitors potentially being able to obtain sensitive information. The loss of key personnel could also adversely affect the Group's ability to retain its most important distributors, to continue the development of its products or to implement its strategy. Legrand's future success thus depends in part on the loyalty of its executive officers and other key employees and its ability to continue to attract, motivate and retain highly qualified personnel.

Legrand has therefore implemented mechanisms to motivate and retain employees (see section 5.1.4.7 of this registration document) and has also made efforts to develop its human resources (see section 6.5.1 of this registration document).

RISKS RELATING TO INTERNAL CONTROL WEAKNESSES AND/OR FRAUD

Legrand's international scope entails complex administrative, financial and operational processes through entities with internal controls at different levels of development, operating in different legal environments and using heterogeneous information systems.

In this context, Legrand may face significant internal control risks in connection with erroneous and/or inappropriate transactions or operations. Legrand may also be the victim of fraud (theft, embezzlement, etc.).

Legrand has, however, developed a structured, formalized process for the continuing review of its internal control (see section 8.4.7 of this registration document). This is based on rules and procedures disseminated to all subsidiaries, and compliance is backed by regular reviews and audits. These rules and procedures are regularly updated to keep in step with changes in Legrand's business processes. The Company's fundamental principles also include an ethics component with requirements impressed upon all staff members.

3.3 - LEGAL RISKS

RISKS RELATED TO EXISTING OR FUTURE REGULATIONS AND COMPLIANCE WITH DOMESTIC AND INTERNATIONAL STANDARDS

Legrand's products, which are sold in almost 180 countries, are subject to numerous regulations, including trade, customs and tax regulations applicable in each of these countries and on the international level. Changes to any of these regulations and their applicability to the Legrand's business could lead to lower sales or increased operating costs, and result in a decrease in Legrand's profitability and income.

In addition, Legrand's products are subject to quality and safety controls and regulations arising from national and international standards, such as European Union directives, and product norms and standards adopted by international organizations such as the European Committee for Electrotechnical Standardization and the International Electrotechnical Commission. A change or more stringent application of these quality and safety standards could require the Group to make capital expenditures or implement other measures to ensure compliance, the costs of which could have a material adverse effect on the Group's business, financial condition, results and cash flows.

The Group cannot give assurance that it has been or will be at all times in compliance with such standards and regulations, that it will not incur material costs or liabilities in order to ensure compliance with such regulations in the future, or that it will be able to fund any such potential future liabilities.

In order to follow regulatory developments, Legrand has established a compliance department that is in charge of managing related risks.

In addition, in the majority of markets where it sells its products, Legrand is subject to local and international competition regulations. Any issues regarding these regulations could have a material impact on the Group's activities, its financial condition, results and cash flows.

Given this risk, Legrand has prepared a competition charter to make each member of staff aware of the general legal principles regarding competition. The dissemination of this charter was accompanied by the implementation of training sessions for nearly 1,500 members of staff throughout the Group's subsidiaries to reinforce their familiarity with this issue. This move to heighten awareness of the importance of strict respect of trade regulations is reinforced regularly under the supervision of Legrand's Legal Department.

RISKS RELATED TO INTELLECTUAL PROPERTY

The Group's future success depends to an extent on the development and protection of its intellectual property rights, particularly its Legrand and Bticino brands. Legrand could also incur significant expenses for monitoring, protecting and enforcing its rights. If the Group fails to adequately protect or enforce its intellectual property rights, its competitive position could suffer, which could have an adverse effect on its business, financial condition, results and cash flows.

Furthermore, the Group cannot guarantee that its activities will not infringe on the proprietary rights of third parties. If this were to happen, Legrand could be subject to claims for damages and could be prevented from using the contested intellectual property rights.

To minimize this risk, Legrand pays particular attention to defending its intellectual property, and relies on a dedicated team at its corporate office. This team monitors patents and trademarks, fights counterfeits and takes joint action with other major market players in professional organizations (such as Gimelec and ASEC).

RISKS RELATED TO THE PRODUCTS SOLD

Despite product testing, Legrand's products might not operate properly or might contain errors and present defects, particularly upon the launch of a new range of products or enhanced products. Such errors and defects could cause injury to persons and/or damage to property and equipment. These accidents have in the past and could in the future result in product liability claims, loss of revenues, warranty claims, costs associated with product recalls, litigation, delay in market acceptance or harm to the Group's reputation for safety and quality. Legrand cannot guarantee that it will not face material product liability claims or product recalls in the future, or that it will be able to successfully dispose of any such claims or effect any such product recalls at acceptable costs. Moreover, a product liability claim or product recall, even if successfully concluded at a nominal cost, could have a material adverse effect on the Group's reputation for safety and quality, and on its business, financial condition, results and cash flows.

Given these risks, the implementation of a structured customer service has enabled it to identify product defects and take appropriate corrective action more quickly. Customer claims are systematically recorded and evaluated in real time. If necessary, an instant alert procedure is set in motion with industry contacts and the team responsible for product expertise. For example, in 2010, the rate of returns under warranty for products sold by the Group on French, Italian and American markets, 53% of the Group's sales, was approximately 0.5%.

RISKS RELATED TO LITIGATION

Section 11.5 (Legal proceedings and Arbitration) of this registration document describes main legal proceedings in which Legrand is involved.

3.4 - FINANCIAL RISKS

CREDIT AND COUNTERPARTY RISKS

Legrand derives a significant portion of its revenues from sales to its two largest distributor customers - Sonepar and Rexel (see note 7 to the 2009 Financial Statements in chapter 11 of this registration document). Legrand's sales to Sonepar and Rexel represented approximately 27% and 28% of its net sales in 2010 and 2009, respectively. In addition, sales to its ten largest customers (including Sonepar and Rexel) were equal to around 35% of the Group's net sales in 2010 and 2009.

Legrand enters into short-term agreements with its distributors, which, as a result, have no long-term contractual obligation to purchase its products. Due to the nature of its relationship with its distributors, it often has a number of significant receivables outstanding from its distributors that it might not be able to recover were either of them to become insolvent or bankrupt. Furthermore, Legrand cannot guarantee that it will continue to maintain its relationship with its distributors or that, in the event that these relationships were suspended or terminated, electrical professionals and end-users will continue to purchase Legrand's products through alternative distributors. The temporary or permanent interruption of its relationship with its distributors could have a material adverse effect on the Group's business, financial condition, results and cash flows.

Legrand manages its outstanding receivables carefully (see section 5.1.5.3 of this registration document). Thus, the situation of outstanding customer receivables is monitored carefully at each of Legrand's product distribution subsidiaries. The Group's Finance Departments reviews specific indicators monthly using reporting and analysis tools. These indicators are part of the elements considered to be key to assessing the commercial performance of Legrand's subsidiaries and the individual performance of their respective management teams.

LIQUIDITY RISK

The banking and financial indebtedness of the Group is described in section 7.5.2 of this registration document as well as in notes 13 and 16 to the Financial Statements in chapter 11 of this registration document. The Group enjoys an investment grade rating from the major rating agencies, and could be at a disadvantage compared to competitors that do not have the same level of indebtedness during the same period. Even if in the past the Group has demonstrated its capacity to generate significant levels of free cash flow enabling it to finance its growth, its capacity to comply with the covenants stipulated in certain borrowings (in particular the 2006 Credit Facility described in section 7.5.2.1 and the bank loan described in section 7.5.2.2 of this registration document), to refinance or redeem its borrowings according to the provisions thereof, will depend on its future operating performance and could be affected by a number of factors beyond the Company's control (economic environment, conditions of the debt market, changes in regulations, etc.). The method used to calculate the ratio of these contractual obligations is discussed in note 22 (B)(5) to the Financial Statements in chapter 11 of this registration document.

Legrand could therefore be forced to devote a significant part of its cash flow to the payment of the principal and interest on its debt, which could consequently reduce the funds available to finance its daily operations, investments, acquisitions or the payment of dividends.

Liquidity risk management is discussed in note 22 (B)(5) to the consolidated financial statements in chapter 11 of this registration document. The maturity schedule of the various borrowings Is set out in note 13 to the consolidated financial statements in chapter 11 of this registration document.

In addition, readers should refer to section 19.9 of Appendix 2 (Management Report) relating to agreements entered into by the Company and which would be altered or lapse in the event of a change of control of the Company.

MARKET RISKS

Interest-rate risk

The Group is exposed to risks associated with the effect of fluctuations in interest rates (see note 22 (B)(1) to the Financial Statements in chapter 11 of this registration document). The use of derivative instruments includes the risk that counterparties will default on their obligations and terminate hedging agreements. In addition, the Group might be required to post cash-collateral in a restricted or pledged account equal to the level of the Group's commitments in order to cover liabilities arising from interest rate fluctuations or to pay costs, such as transaction fees or brokerage commissions, in the event the hedging arrangements are terminated.

Swap agreements entered into between Legrand and credit institutions could provide that the swap counterparty may require Legrand to post collateral into a pledged or restricted account equal to its net liability determined on a marked-to-market basis, pursuant to the provisions of the relevant hedging agreement.

The Group manages this risk by using a combination of fixed and floating rate debt and through interest rate hedging arrangements. Details regarding interest rate risk are discussed in note 22 (A) and 22 (B)(1) to the Financial Statements in chapter 11 of this registration document.

Exchange rate risk

The Group has certain assets, liabilities, revenues and costs denominated in currencies other than the euro and the dollar. These are most notably the Russian ruble, the Brazilian real, the Chinese RMB, the Australian dollar, UK sterling, the Mexican peso, the Turkish pound, the Indian rupee and the Polish zloty. The preparation of the Group's consolidated financial statements, which are denominated in euros, requires the conversion of these assets, liabilities, revenues and costs into euros at the then applicable exchange rates. Consequently, fluctuations in the exchange rate for the euro versus these other currencies could affect the amount of these items in the Group's consolidated financial statements, even if their value remains unchanged in their original currency. These translations have in the past resulted, and could in the future result, in material changes to the Group's results and cash flows from one period to another.

In addition, to the extent that the Group may incur expenses that are not denominated in the same currency as that in which corresponding sales are made, exchange rate fluctuations could cause the Group's expenses to increase as a percentage of net sales, affecting its profitability and cash flows. Thus, where possible and when justified economically, the Group seeks to balance its revenues and costs by geographic region.

The details regarding the exchange rate risk are discussed in note 22 (B)(2) to the Financial Statements in chapter 11 of this registration document.

Raw materials risk

Legrand is exposed to the risk generated by changes in the prices of raw materials. Legrand may not immediately or in the long term be able to pass on increases in costs of raw materials and components to the Group's customers through price increases. Its costs could therefore increase without an equivalent increase in sales.

The financial instruments used by Legrand to manage its exposure to raw materials risk are described in note 22 (B)(3) to the consolidated financial statements in chapter 11 of this registration document.

Risks related to pension benefit obligations

In most of the countries where Legrand operates, its subsidiaries have pension benefit obligations to their employees. These obligations can be funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has defined contribution as well as defined benefit plans (see note 15 to the Financial Statements in chapter 11 of this registration document).

Defined contribution plans are plans where the Group pays defined contributions to a separate entity. Thus, the Group has no legal or implied obligation to pay new contributions if the fund does not have enough assets to pay benefits to all employees for their years of service in the current period and prior periods.

Defined benefit plans specify the amount of benefits that employees will receive upon retirement. The Group thus has a legal or implied obligation to pay new contributions if the fund does not have enough assets to pay benefits to all employees for their years of service over the current period and prior periods. Stock market gains and losses can lead to fluctuations in the value of assets invested in securities. In 2010, the actuarial trend in such assets was a €2.1 million increase.

If the amounts with respect to the Group's retirement benefits were to become due and payable and the insurance and annuity contracts and other investments that the Group has entered into with respect to these liabilities were not sufficient to cover such liabilities, Legrand could be required to make significant payments with respect to such retirement benefits. Any such payments could have an adverse effect on the Group's business, financial condition, results or cash flows.

04

INFORMATION ABOUT THE GROUP

4.1 - HISTORY AND DEVELOPMENT

4.1.1 - Company name

The Company's name is "Legrand".

4.1.2 - Place of registration and registration number

The Company is registered with the commercial registry of Limoges (*Registre du commerce et des sociétés de Limoges*) under number 421,259,615.

4.1.3 - Date and duration of incorporation

The Company was incorporated on December 22, 1998, as a French stock corporation (*société anonyme*). The Company was transformed into a simplified joint stock company (*société par actions simplifiée*) by an Extraordinary General Meeting on December 5, 2001. The Company was again transformed into a stock corporation (*société anonyme*) by a unanimous decision of the shareholders on November 4, 2002.

The Company's life has been extended until February 24, 2105, unless this term is once again extended or the Company is dissolved early.

4.1.4 - Registered office

The Company's registered office is at 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges, France.

The telephone number of the registered office is +33 (0)5 55 06 87 87.

4.1.5 - Legal form and applicable law

Legrand is a French stock corporation (*société anonyme*) with a Board of Directors. The Company is mainly governed by the provisions of Book II of the French Commercial Code.

4.1.6 - Significant events in the development of the business

In 2010, Legrand R&D teams worked on a large number of projects, contributing to the launch of new product ranges and the renewal of others. These included:

- Wiring devices ranges including Kaptika in Russia, Nereya in Brazil, Mellovia in South Korea, K5 and Meidian in China and the Axolute Eteris and Axolute White high-end series in Italy, which were particularly well-received by the market;
- a new range of audio and video door entry phones for the Chinese market;
- a solar cell equipment protection device;
- an optimized lighting management system using the digital network for the United States called Digital Lighting Management;
- a video surveillance offering in Italy.

Legrand will continue to pursue this dynamic of innovation with strong value creation in 2011.

4.2 - INVESTMENTS

4.2.1 - Industrial investments and capitalized development costs

Investments and capitalized development costs were €112.8 million in 2010 (€115.6 million in 2009 and €160.4 million in 2008), representing 2.9% of the Group's consolidated revenues (3.2% in 2009 and 3.8% in 2008). See sections 7.5.1.3 and 7.6 of this registration document for further details.

Of this amount, 61% was dedicated to new products (59% in 2009 and 41% in 2008).

4.2.2 - Investments in equity interests: the Group's primary acquisitions

In 2010, Legrand renewed its strategy of targeted growth through self-financed acquisitions with the acquisition of three companies, for a total sum of €288.6 million (net of cash acquired, including purchases of minority interests and investments in non-consolidated entities), all of them having very strong positions on fast-growing markets, including new economies and/or new business segments.

Below are extracts from press releases published about these acquisitions:

- Inform the leader in UPS (Uninterruptible Power Supply) and security equipment in Turkey. Based in Istanbul, Inform generated sales of nearly US$70 million in 2009;
- Indo Asian Switchgear, a major player in the Indian protection market. Based near New Delhi and employing some 2,000 people at three sites, Indo Asian Switchgear should achieve sales of more than €35 million in 2010;
- Meta System Energy, an Italian modular UPS specialist. Meta System Energy should generate sales of €16 million in 2010.

Legrand made no acquisitions in 2009.

In 2008 (more precisely in the first half of the year), Legrand made acquisitions totaling €123.6 million (after deducting the acquired cash), including, in particular, the following four companies financed from cash flow. All four have very strong positions in their markets.

Below are extracts from press releases published about these acquisitions:

- PW Industries, a US firm specializing in ceiling cable- tray systems for commercial and industrial applications. PW Industries generated net sales of $32 million in 2007;
- Estap, number one in VDI cabinets and enclosures in Turkey. Based in Istanbul with a manufacturing site in Eskisehir, Estap generated net sales of more than €22 million in 2007;
- HDL, the leader for audio and video door entry phones in Brazil. HDL generated net sales of approximately €20 million in 2007 and has two manufacturing sites in Manaus and Itu;
- Electrak, a UK leader for underfloor cable-management solutions for commercial segments. Electrak generated net sales of nearly €20 million in 2007.

4.2.3 - Principal investments in progress

In 2011, the Group plans to pursue its strategy of targeted growth through acquisitions and, as of the publication date of this registration document, has already carried out the self-financed acquisition of two companies in new market segments.

Below are extracts from press releases published about these acquisitions:

- Electrorack, a specialist in VDI cabinets for data centers in the United States. Based in California, Electrorack should generate sales of $23 million in 2010;
- Intervox Systèmes, a leader in teleassistance systems in France. Intervox Systèmes generated sales of €12 million in 2010.

4.2.4 - Principal future investments and growth through acquisitions policy

The Company intends to pursue its strategy of targeted acquisitions and investments, particularly in research and development, in accordance with the strategy described in this registration document (see in particular section 5.1.5 of this registration document).

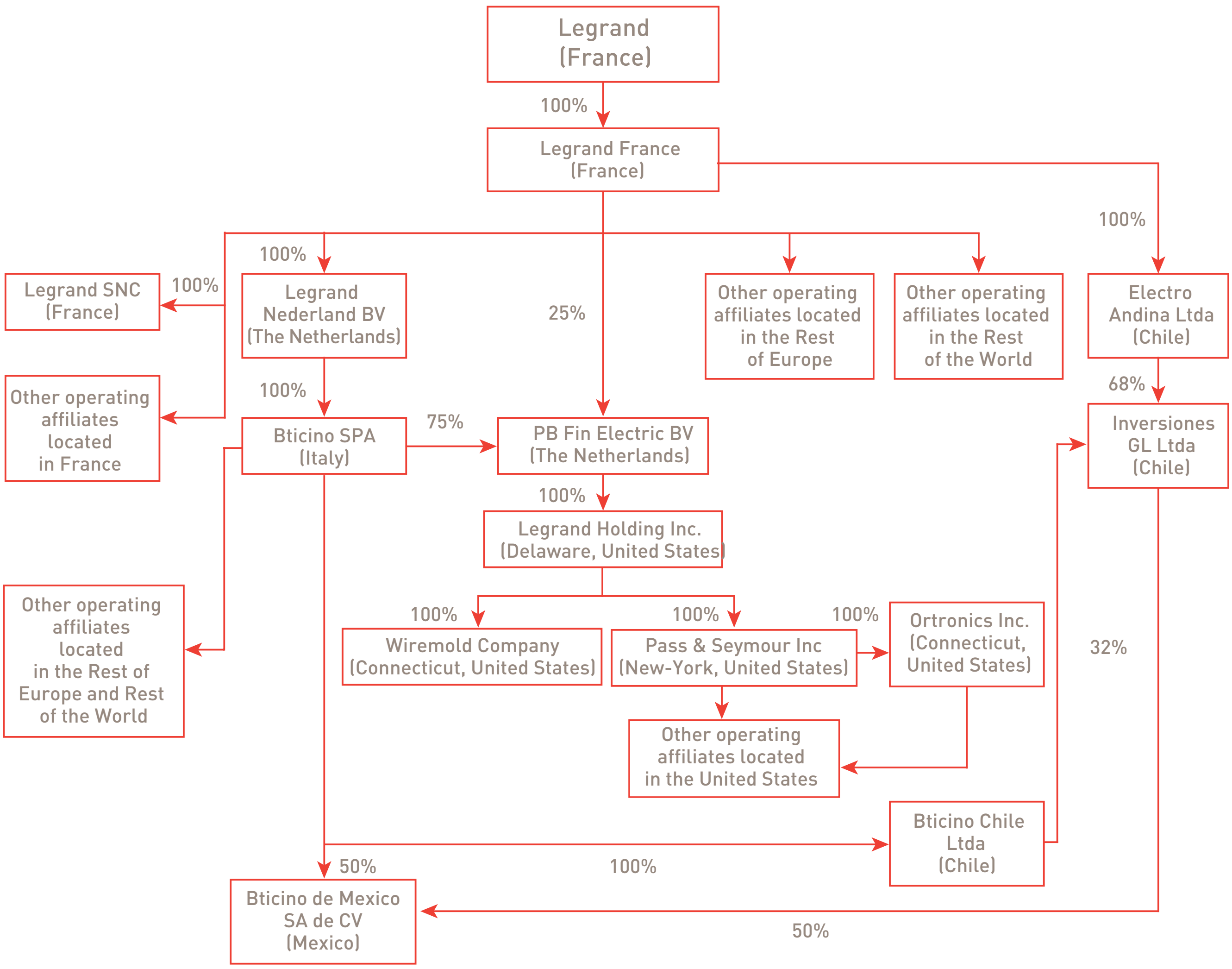
4.3 - ORGANIZATIONAL STRUCTURE

The Group is made up of Legrand and the 140 subsidiaries that were consolidated as of December 31, 2010. The Company is the parent company of the Legrand Group. Its principal business is providing general management and financial services to manage the Group's operations.

Legrand France is the Company's wholly-owned main operating subsidiary. Legrand France directly or indirectly controls all of the Group's subsidiaries.

The payment of dividends by Legrand's principal subsidiaries is decided by their respective Shareholders' Meetings, and is subject to local laws and regulations applicable to them. At the date of this registration document, Legrand had not identified any restrictions that would significantly limit its access to its subsidiaries' cash flows or to the payment of dividends distributed by the same.

4.3.1 - Organizational structure



4.3.2 - Subsidiaries and shareholdings

The main subsidiaries holding equity investments in the Group are described below. For a description of related party transactions, see section 10.3 of this registration document. For a description of the consolidated Group and the holding relationships, see the section entitled "General Information" in section 11.1.2 of this registration document (Notes to the consolidated financial statements in chapter 11 of this registration document).

BTICINO CHILE LTDA (CHILE)

Bticino Chile Limitada is a limited liability company under Chilean law, whose registered office is located at Vicuna Mackenna #1292, Santiago de Chile. Bticino Chile Ltda's main business is marketing electrical products and systems. In addition, Bticino Chile Limitada exploits the Bticino brand in Chile. Created on June 1, 1968, Bticino Chile Limitada joined the Group on July 1, 1989. Bticino Chile Limitada is wholly owned by Bticino SpA.

BTICINO DE MEXICO SA DE CV (MEXICO)

Bticino de Mexico SA de CV is a variable capital stock company under Mexican law, whose registered office is located at Carretera 57, Qro a S.L.P. Km 22.7, Santa Rosa de Jauregui, 76220 Queretaro. Bticino de Mexico SA de CV's main business is designing, manufacturing and marketing electrical products and systems. Created on January 30, 1952, Bticino de Mexico SA de CV joined the Group on August 15, 1989. Bticino de Mexico SA de CV is 45% owned by Bticino SpA and 55% owned by Inversiones GL Limitada.

BTICINO SPA (ITALY)

Bticino SpA is an Italian corporation whose registered office is located at Via Messina 38, 20154 Milano. Bticino SpA's main business is the design, manufacturing and marketing of electrical products and systems. Bticino SpA joined the Group on July 1, 1989. Bticino SpA is wholly owned by Legrand Nederland BV.

ELECTRO ANDINA LTDA (CHILE)

Electro Andina Limitada is a limited liability company under Chilean law, whose registered office is located at Vicuna Mackenna #1292 Santiago de Chile. Electro Andina Ltda business is marketing electrical products and systems. In addition, Electro Andina Limitada exploits the Legrand brand in Chile. Electro Andina Limitada was created and joined the Group on November 5, 1985. Electro Andina Limitada is wholly owned by Legrand France.

INVERSIONES GL LTDA (CHILE)

Inversiones GL Limitada is a limited liability company under Chilean law, whose registered office is located at Santiago de Chile. Inversiones GL Limitada's main business is holding equity investments in other companies. Inversiones GL Limitada was created and joined the Group on December 26, 2001. Inversiones GL Limitada is 68% owned by Electro Andina Ltda and 32% owned by Bticino Chile Ltda.

LEGRAND FRANCE (FRANCE)

Formerly known as Legrand SA, Legrand France is the Group's main operational subsidiary in France. Legrand France is a French stock corporation (*société anonyme*) under French law which is registered under the number 758 501 001 on the Limoges company register and has its registered office at 128, avenue du Maréchal-de-Lattre-de-Tassigny, 87000 Limoges. Legrand France's main business is the design and manufacturing of products and systems for electrical installations and their components. Legrand France was created on July 21, 1953. Legrand France is wholly- owned by the Company. Legrand France holds equity investments in other operational subsidiaries of the Group located in France, the Rest of Europe and the Rest of the World. Gilles Schnepp is Chairman of the Board of Directors, CEO and a Director of Legrand France. Olivier Bazil is Chief Operating Officer, Vice-Chairman of the Board of Directors and a Director of Legrand France. Francois Grappotte is Honorary Chairman of the Board of Directors and a Director of Legrand France.

LEGRAND HOLDING INC. (UNITED STATES)

Legrand Holding Inc. is a Delaware corporation, whose principal place of business is located at 60 Woodlawn Street, West Hartford, CT 06110. Legrand Holding Inc.'s main business is holding equity investments in other companies. Legrand Holding Inc. was created on July 18, 1984 and joined the Group on October 31, 1984. Legrand Holding Inc. is wholly owned by PB Fin Electric BV.

LEGRAND NEDERLAND BV (THE NETHERLANDS)

Legrand Nederland BV is a simplified joint stock company (*société par actions simplifiée*) under Dutch law. Its registered office is located at Van Salmstraat, 76, Boxtel 5281 RS. Legrand Nederland BV's main business is manufacturing and marketing metal cable management systems. Legrand Nederland BV joined the Group on December 27, 1972 and is wholly owned by Legrand France.

LEGRAND SNC (FRANCE)

Legrand SNC is a general partnership (*sociéte en nom collectif*) under French law, registered under number 389 290 586 on the Limoges company register. Its registered office is located at 128, avenue du Maréchal-de-Lattre-de-Tassigny, 87000 Limoges. Legrand SNC's main business is marketing and distributing products under the Legrand brand. Legrand SNC was created and joined the Group on December 8, 1992. Legrand SNC is wholly owned by Legrand France.

ORTRONICS INC. (UNITED STATES)

Ortronics Inc. is a Connecticut, US corporation whose registered office is located at 125 Eugene O'Neill Drive, New London, CT 06320. Ortronics Inc.'s main business is designing and marketing VDI products. Ortronics Inc. joined the Group on January 2, 1998. Ortronics Inc. is wholly-owned by Pass & Seymour Inc. In addition, Ortronics Inc. holds equity investments in other Group operating companies in the United States.

PASS & SEYMOUR INC. (UNITED STATES)

Pass & Seymour Inc. is a New York, US corporation, whose registered office is located at 50 Boyd Avenue, Syracuse, NY 13221. Pass & Seymour's main business is designing, manufacturing and marketing electrical systems. Pass & Seymour was created on July 23, 1984 and joined the Group on October 31, 1984. Pass & Seymour is wholly owned by Legrand Holding Inc. In addition, Pass & Seymour holds equity investments in other Group operating companies in the United States.

PB FINELECTRIC BV (THE NETHERLANDS)

PB Finelectric BV is a simplified joint stock company (*société par actions simplifiée*) under Dutch law. Its registered office is located at Van Salmstraat, 76, 5281 RS Boxtel. PB Finelectric BV's main business is making equity investments in other companies. PB Finelectric BV was created and joined the Group on December 19, 1991. PB Finelectric BV is 75% owned by Bticino SpA and 25% owned by Legrand France.

THE WIREMOLD COMPANY (UNITED STATES)

The Wiremold Company is a Connecticut corporation, whose registered office is at 60, Woodlawn Street, West Hartford, CT USA 06110. The Wiremold Company's main business is designing, manufacturing and marketing wire cable trays. The Wiremold Company joined the Group on January 8, 2000. It is wholly owned by Legrand Holding Inc.

05

THE GROUP'S BUSINESS

5.1 - LEGRAND'S BUSINESS

5.1.1 - Introduction

5.1.1.1 OVERVIEW

The Legrand Group is the global specialist in electrical and digital building infrastructures. The Group develops, manufactures and markets a complete range of control and command, cable management, energy distribution and Voice, Data and Image ("VDI") products. Legrand markets its products under internationally recognized general brand names, including Legrand and Bticino, as well as well-known local and specialist brands. Legrand has commercial and industrial establishments in more than 70 countries and sells a wide range of products, comprising approximately 178,000 catalog items, in nearly 180 countries. In 2010, Legrand had consolidated net sales of €3,890.5 million and 76% of net sales were generated outside France. Furthermore, it considerably strengthened its presence in new economies in recent years, from 16% of total Group sales in 2000 to nearly 33% in 2010.

The beginning of Legrand's expansion outside of France to other European and international markets dates back to the 1960s, when sales and production subsidiaries were set up and local competitors acquired. In 1989, Legrand acquired Bticino, a major Italian manufacturer of low-voltage electrical fittings with established market positions in Italy, Mexico, Chile, Venezuela and Thailand. In 2000, Legrand acquired Wiremold, the United States specialist in cable management products, with market presence in Canada, the United Kingdom and Poland, as well as a number of medium-sized businesses located in Europe, the United States and Brazil. Finally, since January 2005, Legrand has made 24 acquisitions in Europe, the United States, China, India, Brazil, Mexico, Russia, Turkey and Australia.

Since 1954, the Group has acquired 130 companies.

5.1.1.2 HISTORY

Founded in 1926, Legrand France, formerly Legrand SA, was incorporated as a French stock corporation (*société anonyme*) in 1953. In 1970, Legrand France carried out an initial public offering and was listed on the Paris stock exchange, now called Nyse Euronext Paris.

Schneider tender offer

In August 2001, Schneider Electric SA ("Schneider") acquired approximately 98% of Legrand France's share capital by means of a tender offer. In October 2001, the European Commission announced that it would not approve the acquisition by Schneider on competition grounds, forcing Schneider to divest its shareholding in Legrand France.

Acquisition of Legrand France

On December 10, 2002, a consortium led by Wendel and KKR and including other institutional and private investors (including the founding families of Legrand France, the Verspieren and Decoster families and the group's managers) (collectively, the "Consortium") acquired approximately 98% of the share capital of Legrand France from Schneider (the "Acquisition").

On October 2, 2003, Legrand France was delisted from Euronext Paris following the completion of a buy-out offer to repurchase all outstanding shares in accordance with French procedures for the buy-out of minority shareholders.

Capital increase *via* public issue

In April 2006, Legrand (formerly Legrand Holding and the parent company of Legrand France since the Acquisition) listed its share capital on the Eurolist market of Euronext Paris in an initial public offering. On this occasion, the Company increased its capital *via* a public issue for €862.9 million through the issuance of 43,689,298 shares. In addition, the Company gave Group employees the opportunity to participate in Legrand's initial public offering on preferred terms through a capital increase reserved for its employees worth €36.4 million (after taking into account discount fees of €9.1 million) through the issuance of 2,303,439 shares.

Changes in the capital structure

At the time of the initial public offering in April 2006, 20% of the Group's capital was held in free float. In November 2006, Goldman Sachs Capital Partners, Montagu Private Equity and WestLuxcon Holdings SA (a subsidiary of West LB AG), the historical shareholders of Legrand, sold a total of approximately 40 million Legrand shares on the market.

In November 2009, March 2010, September 2010 and March 2011, KKR and Wendel together sold on the market, 30 million, 11.5 million, 23.7 million and 40 million shares, respectively, representing some 11%, 4%, 9% and 15% of Legrand's capital, significantly improving the liquidity of its shares. Please see note 10 to the consolidated financial statements in chapter 11 of this registration document for updated information on the Company's share capital.

As of March 31, 2011, 74% of the Company's capital was held in free float.

5.1.2 - Legrand's market and its positioning

Legrand designs, manufactures and markets products and solutions for electrical and digital infrastructures for buildings. Its activities do not include energy production and transmission or the production of lighting sources and electrical cables. Based on worldwide sales, generated by the Group and its competitors, of products that are the same as, or interchangeable with, its products (referred to as Legrand's "accessible market"), Legrand estimates the accessible market at around €65 billion. This market benefits from a recurring flow of activity, is fragmented and is driven by innovation. The Group is the only global pure player on the market.

5.1.2.1 CAPACITY FOR RESISTANCE TO ECONOMIC CYCLES

Trends in the market for electrical and digital building infrastructures are naturally subject to the prevailing economic conditions. Because of its diversity, this market is resilient to the effects of economic cycles:

- the market includes the new construction sector and the renovation sector. The renovation sector is less sensitive to economic cycles than the new construction sector, as it requires lower investments and benefits from a recurring flow of activity arising from regular maintenance and modernization needs;
- the market is divided into three sectors; commercial, residential and industrial, each with its own growth dynamic;
- the market is principally characterized by a flow of activity fueled by numerous orders of relatively small value, unlike industries that are more dependent on large public or private projects. The market is therefore mostly widely dispersed and ongoing and is less sensitive to economic cycles than other markets, such as the medium- and high-voltage markets or infrastructure.

5.1.2.2 A MARKET CHARACTERIZED BY HIGH ENTRY COSTS

Legrand believes that access to the market requires new entrants to make a high initial investment, particularly:

- differences in national electrical standards and local regulations, standards and aesthetic preferences, which require new entrants to make a high initial investment;
- the need to offer an extensive range of products and systems with multiple functionalities; and
- the need to establish privileged relationships with many market players, such as local electrical distributors, electrical professionals, specifiers and end-users.

5.1.2.3 A MARKET OFFERING LONG-TERM GROWTH POTENTIAL

Due to profound societal, technological and macroeconomic changes, the market for electrical and digital building infrastructures offers attractive long-term growth prospects. These changes have a favorable impact on the Group's development in new economies and in new market segments (digital infrastructures, energy efficiency, residential systems and wire-mesh cable management).

Strong growth and enhanced exposure to new economies

New economies account for a steadily growing share of the world economy, reflecting more vigorous growth than in mature countries. In Brazil, India, China, Mexico and Russia, the long-term development of electrical and digital building infrastructures creates demand for both low-cost and high-value-added products. Finally, as 20% of the world's population does not have access to electricity, Legrand believes that its market offers significant long-term growth potential as electricity production and distribution infrastructures will developp. In 2010, the Group's sales in emerging economies increased by 24% and represented nearly 33% of total Group activity, distributed evenly among Latin America, Asia, Eastern Europe and Africa/ the Middle East.

Development of new segments of key markets

Bolstered by technological advances and the emergence of new needs, digital infrastructures, residential systems, energy efficiency and wire-mesh cable management have been experiencing very dynamic growth, particularly in mature markets. In 2010, Legrand's sales rose 13% in these new segments, which represented nearly 20% of the Group's total sales.

Digital infrastructures and residential systems

Breakthroughs in electronic and digital technologies have led to sweeping changes in how electrical appliances are used in daily life. Telephones, televisions, computers, lighting and sound systems - all these and more have been affected, becoming more interactive, intuitive, mobile and inter-connected.

In residential buildings, the electrical system must not only supply electrical equipment, but it must also permit interactive management of all interior functions of the home, including monitoring energy consumption, comfort (temperatures and lighting management), security, and even audio and video broadcasts.

In commercial buildings, IT and telephony networks increasingly converge with building management systems (lighting, heating and security) and use the IP protocol to connect them all, thus facilitating their management and maintenance.

Legrand offers its customers simple usage solutions based on a technical plan permitting intelligent management of the building using its digital infrastructure. In recent years, the Group has made its mark with numerous innovations, including the My Home residential system, the LCS² VDI solution offering simplified implementation and ensuring the optimal performance of the network, and the Digital Lighting Management device for optimized lighting managing using a digital network.

Energy efficiency

Buildings account for 40% of total energy consumption in Europe and the United States.

Legrand is seeing growing demand in all its markets for products and systems reducing energy consumption and improving the quality of electricity following the implementation of new regulations such as France's *Grenelle de l'environnement* program and energy code in the United States; growing demand for environmentally friendly products; and increasing energy costs.

Legrand is responding to this demand by proposing solutions for lighting and heating management, shutter control, home automation, management of hot-water supply and standby mode as well as electricity Improvement and quality control (inverters system, reactive energy compensation, energy efficient transformation, surge protection, maintenance of a continuous power supply). For example, the implementation of intelligent lighting management could reduce related energy consumption by up to 55%.

Wire-mesh cable management

Because it is modular and easy to install, wire-mesh cable management has experienced steady growth. Under the Cablofil brand, the Group has a full line that can be installed in all commercial (data centers, stores) and industrial buildings.

Medium/long-term growth prospects

Looking to the future, new markets with strong potential, including assisted living, electric vehicle charging stations and smart grids offer prospects for the Group's long-term growth.

Assisted living

The aging of the population (by 2050 the world's population should reach four times as many people over 80 years of age as in 2010) poses a critical challenge in terms of economic as well as societal dependence. Considering this concern and growing demand by seniors wishing to remain in their homes and maintain their independence, Legrand is developing customized solutions including:

- walkways that light up automatically to prevent falls;
- easy-touch switches;
- centralized command centers;
- door entry system with teleloop which improve the hearing of chimes and intercoms for those who wear hearing aids.

Along with these devices which improve quality of life, the Group also markets Intervox Systèmes' teleassistance terminals. This company joined the Group in February 2011, making Legrand the leader in France's fast-growing assisted living market.

Electric vehicle charging stations

The market for electric vehicle charging stations is expected to grow quickly over the next few years. In France, the Ministry of Ecology, Energy and Sustainable Development forecasts that the number of rechargeable electric vehicles (electric or rechargeable hybrid) will reach 2 million units in 2020, which will represent a potential for the installation of around 400,000 public charging stations and more than 4 million private charging stations between now and 2020. The market should be bolstered by the implementation of a regulatory framework (the Grenelle II law, enacted on July 12, 2010, will make it mandatory as of 2012 to install charging stations in residential and commercial buildings as well as the creation of a "*droit à la prise*" - a right to access to a charging station - in favor of owners and lessees in existing multi family homes) and by government incentives for the purchase of electric vehicles.

In order to respond to the needs of this high-potential market, in 2011, Legrand is launching a complete line of electric vehicle charging stations to satisfy all needs: private charging stations for residential and commercial buildings and public charging stations. This line was presented at the last Paris Automobile Show.

Smart grid

A building's electric and digital infrastructure is a key element of smart grids. In fact, the optimization of energy management for the entire electric network implies efficient consumption management at buildings and the exchange of data between buildings and the network. These two functions are handled by the electric and digital building infrastructure in which Legrand is a global leader.

5.1.2.4 A FRAGMENTED MARKET

The accessible market remains highly fragmented, as Legrand estimates that approximately 50% of worldwide net sales are generated by small- and medium-sized companies, often local, that typically enjoy only marginal worldwide market share. With an estimated accessible market share of some 6% in 2010, Legrand is the market benchmark. Market fragmentation is due in part to differences between countries' applicable technical standards and norms and also to the various customs of the end-users in each country. Historically, initiatives to harmonize standards in order to make products usable worldwide have failed, even within the European Union, primarily due to the significant investment necessary to replace existing electrical networks for only limited added-value. Consequently, a significant portion of the market for products and systems for electrical and digital infrastructures for the building remains traditionally in the hands of local, small-sized manufacturers, whose acquisition could represent a growth opportunity for Legrand.

5.1.2.5 A MARKET CHARACTERIZED BY FAVORABLE PRICING TRENDS

The market is globally characterized by a relative lack of commoditization and by very diffuse flow of activity among hundreds of thousands of electricians. These electrical professionals, specifiers and end-users pay closer attention to the technical features of the products than to their price. Therefore, for example, electrical professionals tend to favor products that can be used efficiently (quality, reliability, ease and speed of installation, compatibility with related products, long- term product availability, commercial and technical assistance, safety) and that offer features demanded by end-users (functionality, aesthetics, ease of use). This is one of the reasons that Legrand invests 4% to 5% of its sales in research and development each year and provides a steady flow of new products.

Whereas certain industries are characterized by falling product prices, Legrand's accessible market shows a different overall trend. In particular, end-user sensitivity to product prices is mitigated by the fact that electrical installations generally represent a minor portion of the total average cost of a new construction project (around 6% for a residential project).

Moreover, Legrand has a degree of control over its pricing supported by its capacity for continuous innovation. Between 1991 and 2010, Legrand's selling prices increased by an overall average of 2% per year in its markets.

5.1.3 - Competitors

Legrand has established market positions in France, Italy and numerous other European countries, as well as in North and South America and in Asia. Its principal direct competitors include:

- international players, including:
  - divisions of large multinational companies that compete with Legrand in a number of national markets, although not with respect to the full range of its products, such as Schneider Electric, ABB, Siemens, General Electric, Panasonic, Eaton, Honeywell International Tyco and Johnson Controls,
  - specialized companies which mainly offer one or two families of products, such as Commscope (VDI), Aiphone (door entry system), Lutron (lighting control), Obo Bettermann (cable management), Panduit (VDI and cable management); and

- multispecialist companies operating primarily in one or a limited number of countries, such as Deltadore in France, Hager Tehalit in Germany and France, Gewiss and Vimar in Italy, Niko in Belgium, Jung in Germany, Simon in Spain, Leviton, Thomas & Betts, Hubbell and Cooper Industries in the United States and Canada.

5.1.4 - Competitive strengths

In addition to the attractive profile of its market, Legrand considers its principal competitive strengths to be the following:

5.1.4.1 A GLOBAL PURE PLAYER IN ELECTRICAL AND DIGITAL BUILDING INFRASTRUCTURES

In contrast to its large multinational competitors, Legrand focuses on the development, manufacture and sale of a complete range of products and systems for electrical and digital building infrastructures. Legrand's specialization, without diversification, has allowed it to acquire technical and commercial expertise specific to its business.

This specialization is conducted through a network of subsidiaries, branches and representative offices in more than 70 countries that markets the Group's products in nearly 180 countries worldwide. Legrand's sales outside of France were thus 76% of its total sales in 2010. In particular, sales in emerging economies represented nearly one third of the Group's total activity in 2010.

By leveraging off its strong local presence, Legrand has established longstanding commercial relationships with key local distributors, electrical professionals and specifiers who share their thorough knowledge of market trends and demands with Legrand.

5.1.4.2 A LEADER WITH FIRST-RATE MARKET SHARES

Legrand believes that it is the worldwide leader in wiring devices, with an estimated market share of nearly 20% in 2010. Legrand also believes that it is the world leader in cable management products, with a market share of approximately 14% in 2010.

More generally, Legrand also holds number one or number two positions in one or more products in several key countries, including wiring devices in France, Italy, Russia, Brazil, Mexico and China; cable management in the United States, France and many other European countries; emergency lighting products in Spain, France and Australia; and modular power protection products in Poland, Brazil and India. Total sales of products enjoying number one or two positions in their respective markets represented nearly two thirds of the Group's sales in 2010. Legrand believes that its first-rate competitive position makes it the benchmark for distributors, electrical professionals, specifiers and end-users and strengthens demand for its products.

5.1.4.3 A BALANCED EXPOSURE RESILIENT TO ECONOMIC CYCLES

Legrand believes that its exposure to economic cycles is mitigated by three important factors:

- approximately 52% of the Group's net sales in 2010 were generated by the renovation market, which is less sensitive to economic cycles than the new construction market which represented around 48% of net Group sales in 2010;
- Legrand operates on three markets with different dynamics: the commercial market (48% of net sales in 2010), the residential market (42% of net sales in 2010) and the industrial market (10% of net sales in 2010); and
- the diversity of Legrand's international presence limits its dependence on the economic performance of one or a few countries. More generally, Legrand has reinforced its positions in the Rest of Europe and Rest of the World zones, which accounted for 47% of its sales in 2010, versus 33% in 2002, where countries such as Brazil, India, China and Russia represent significant factors.

5.1.4.4 RECOGNIZED TECHNOLOGICAL LEADERSHIP

Legrand has a long, proven track record for new product development, as well as the improvement of the functionality and reliability of its products. In addition, Legrand regularly expands its product offering to include higher added-value products (using in particular raw materials such as leather, wood and steel) and solutions based on new technologies. Examples include its universal multimedia socket, the first Wi-Fi wall outlet integrated into a range of wiring devices, a circuit breaker with an automatic reset function, its home automation offerings, MyHome, which simultaneously manages lighting, security, heating and audio and video broadcast in a simple, ergonomic manner in residential buildings, the introduction of Zigbee technology in a commercial offering, and Ethernet connectors operating at speeds of up to 10 Gbps. The Group has also developed a special expertise in energy efficiency and minimizing the environmental impact of building, notably through lighting management, consumption measurement and management, temperature management solutions and a line of solar cell equipment protection devices.

Legrand has developed significant know-how in the integration of innovative technologies into its products and solutions. This expertise presents an opportunity for sales growth as it allows end-users to constantly benefit from the widest possible choice in technologies.

5.1.4.5 A QUALITY BRAND PORTFOLIO OFFERING A COMPLETE RANGE OF PRODUCTS AND SYSTEMS

With its world-renowned general brands, such as Legrand and Bticino, as well as an expansive portfolio of 36 well-known local and pure player brands, Legrand believes that it offers a product range that its distributors, electrical professionals, specifiers and end-users associate with high quality and to which they remain loyal. In particular, Legrand believes that electrical professionals and specifiers, who are the principal drivers of demand, have for many years trusted its brands, products and systems for their security, reliability and ease of installation and use.

Legrand believes that its catalogs, which feature around 178,000 references organized into some 100 product families, are among the most complete on the market. Moreover, Legrand believes that it is the only market player offering wiring devices that both comply with the majority of international electrical standards and respond to the needs of electrical professionals and end-users, particularly given their ready integration into systems.

5.1.4.6 RECOGNIZED GROWTH EXPERIENCE THROUGH TARGETED, SELF-FINANCED ACQUISITIONS

In the fragmented market context in which Legrand operates, the Group has a demonstrated ability to identify and complete self-financed acquisitions of small- and medium-sized enterprises that generally are well-known leaders in their local markets and satisfy Legrand's criteria of complementary technology, location, markets or products. In 2010, Legrand pursued its strategy of targeted growth through acquisition with the acquisition in emerging economies of Inform, a leader in UPS (Uninterruptible Power Supply), in Turkey and of Indo Asian Switchgear, a major player in the Indian protection market. The Group also strengthened its positions in new market segments with the acquisition of Meta System Energy, an Italian pure player in modular UPS, followed in early-2011 by the acquisition of Electrorack, a pure player in VDI closets for *data centers* in the United States and Intervox, a leader in teleassistance systems in France.

Self-financed, targeted bolt-on acquisitions are part of the Group's development model. Thus, since 1954 Legrand has acquired 130 companies and integrated them into its scope of consolidation. Since January 2005, Legrand has acquired 24 companies which each generated annual net sales of between €10 million and €100 million, representing total acquired sales of more than €700 million.

More generally, the pace of acquisitions reflects the economic environment and changes in valuation multiples. In this context, Legrand maintains a disciplined financial approach based on the analysis of several criteria. It uses an analytical model to ensure that every acquisition:

- increases its local market share; and/or
- expands its product offering and portfolio of technologies; and/or
- enhances its presence on markets with high growth potential; and
- conforms to its financial criteria (principally that the purchase price on average represents valuation multiples lower than or equal to those applied to Legrand and other comparable companies during the same period in the same sector (in terms of market position and growth potential); furthermore, the Group generally only includes short-term synergies that relate to operating costs in its modeling, except in exceptional, justified circumstances).

The ongoing mission of Legrand's teams, which are very familiar with local market participants, is to identify potential targets. A dedicated corporate development cell is responsible for monitoring the entire acquisition process and is specifically responsible for coordinating work among the Group's teams involved in an acquisition.

Legrand's ability to generate high cash flows of more than 12% of Group sales over the past nine years has enabled it to fund its own acquisitions in a virtuous, recurring value-creation process.

5.1.4.7 EXPERIENCED, MOTIVATED MANAGEMENT

The majority of the members of Legrand's senior management team have, on average, 20 years of experience in the electrical and digital building infrastructures industry. In addition, the Group's management holds approximately 4% of the Group's share capital as of December 31, 2010 and, as a result, members of management have a strong incentive to create shareholder value.

Their experience and commitment have allowed Legrand to create and maintain a unique corporate culture that inspires and rewards talent and initiative. The influence of its senior management team has enabled Legrand to achieve sustained growth and a strong financial performance.

The Group has also established stock-option and free-share plans covering more than 1,500 beneficiaries In order to motivate managers and increase their loyalty to the Group (see sections 9.2 and 9.3 of this registration document).

5.1.5 - Strategy

Legrand's medium-term strategy, excluding the effects of economic cycles, consists of accelerating its profitable growth, focusing on new economies and new segments of key markets through innovation and targeted acquisitions. Given its solid, optimized economic model, Legrand intends to self-finance the pursuit of its development and strengthen its strong value-creating profitable growth profile.

5.1.5.1 ACCELERATION OF MEDIUM-TERM GROWTH

In order to pursue and consolidate its growth, Legrand intends in the long term to:

- *increase its presence in emerging economies.* Legrand seeks over the long term to continue to expand its presence in countries with high growth potential and thereby pursue international development. Thus, its sales in emerging economies represented nearly one third of the Group's total activity in 2010 and could represent half of its sales in five years;
- *develop in new segments in markets with high growth potential.* Legrand channels sales and marketing investments into market segments offering strong growth potential, particularly energy efficiency, digital infrastructures, residential systems and wire-mesh cable management;
- *continue to innovate to renew and enhance its product ranges.* In order to fuel demand for its products, Legrand intends to launch, on a regular basis, enhanced product lines with new functionalities and significant added value. Legrand thus reinvests between 4% and 5% of its net sales in research and development each year. Legrand concentrates its efforts on technologically advanced products with higher added-value, such as home automation systems, energy efficiency devices, VDI products and the development of solutions that can be integrated into system but also on budget products so as to satisfy all the needs of its markets. Moreover, Legrand favors the development of products that share a common platform, thereby streamlining component production and reducing production costs. In addition, Legrand anticipates the use of its products around the world from the very time of their development. The new Kaptika and Niloé wiring devices launched in Russia and France, respectively, will be deployed quickly in other countries in order to capture the growth of the economic segment in the various geographic zones;
- *pursue growth through targeted, recurring acquisitions, as market conditions permit.* Legrand intends to continue to pursue targeted bolt-on acquisitions over the long term in order to pursue growth. Given the fragmented nature of its market, the Group will continue to focus on small- and medium-sized enterprises. In addition, the ongoing mission of Legrand's teams, which are very familiar with local market participants, is to identify potential targets. Acquisition targets are analyzed as described in section 5.1.4.6;
- *expand market coverage and improve its commercial efficiency.* Legrand's relationships with its distributors, electrical professionals, specifiers and end-users are central to its strategy. Legrand has more than 70 showrooms and 15 training centers, including Innoval in Limoges. The latter has welcomed more than 65,000 visitors, of which some 14,000 have received training since its creation in 1999. At the same time, Legrand intends to expand the commercial coverage of its markets with a particular focus on markets with long-term high growth potential, such as emerging markets, digital infrastructures, residential system and energy-efficient products.

5.1.5.2 OPTIMIZATION OF COST STRUCTURE AND PRODUCTIVITY IMPROVEMENTS

To improve its productivity and the flexibility of its cost structure, Legrand intends to capitalize on its operational initiatives implemented over the last few years. By relying on the organization of its production and product development activities into three industrial divisions, the Group optimizes its cost structures, particularly by transferring certain activities to lower-cost sites or countries which also brings them closer to the markets where products are sold; outsourcing; and generating economies of scale. Production staff located in low-cost countries thus rose from 31% of total production staff in 2002 to around 63% in 2010. The Group continues to streamline its production facilities by developing product platforms enabling it to significantly decrease the number of components used and to increase the equipment usage rate.

5.1.5.3 A MODEL BASED ON SUSTAINED SELF-FINANCE THANKS TO HIGH CASH FLOW

Legrand has structurally enhanced its ability to generate cash flow over the long term by continuing to grow its net sales, cutting costs, optimizing its investments and keeping a tight rein on its working capital requirements.

Through the development of product platforms, the systematic application of its "make or buy" approach to all investment projects, the transfer of certain production activities to countries with low capital costs and a reduction in capital expenditure needs. Legrand has been able to reduce its ratio of capital expenditure to net sales from an average of approximately 9% between 1990 and 2001 to around 4% between 2002 and 2010. Legrand believes that, due to the development of its business model and its improved operational structure, it should be able to maintain capital expenditure ratios within a normalized range of between 3% and 4% of consolidated sales.

In addition, after having reduced the ratio of the Group's working capital requirement to net sales from an average of 21% between 1990 and 2001 to an average of close to 12% between 2002 and 2010 and even of less than 10% in 2009 and 2010, Legrand intends to continue to carefully manage its working capital requirement.

The Group has historically been able to generate high and sustained cash flows, which have allowed it to benefit from significant financial and operational flexibility to totally self-finance the development of its business through innovation and acquisitions. Between 2002 and 2010, free cash flow represented nearly 76% of adjusted operating income, and over 12% of net sales, versus 39% and close to 6%, respectively, between 1990 and 2001. This reflects the significant improvement in Legrand's ability to convert its adjusted operating income into cash and to generate a high recurring level of free cash flow.

5.1.6 - Operational structure

Legrand operates manufacturing and distribution subsidiaries and offices in more than 70 countries and sells its products in nearly 180 countries. At the end of 2001, Legrand launched a number of organizational and operational initiatives aimed at accelerating growth, improving margins, optimizing capital employed and increasing its ability to adapt as well as its responsiveness. As a result, both the organization and operational side of the Group's business in divided into two distinct categories: front office (sales and marketing activities) and back office (its production, purchasing, logistics and general administration activities).

- Legrand's back office is organized on a centralized basis and comprises the Group's production, research and development, purchasing, logistics and general administration departments. Three industrial divisions are responsible for production and research and development. They seek to optimize industrial organization, develop new products through an increase in research and development efforts, reduce costs and optimize capital employed on a global level. The heads of each industrial division, as well as the head of each of the main operational departments, report directly to Legrand's senior management. This operational structure increases the Group's efficiency and worldwide.
- The front office is organized by country in order to respond to the specific requirements of each market in terms of distributors, electrical professionals, specifiers and end-users. This decentralized organization, run by local mangers, seeks to develop sales and market shares in accordance with the strategy laid out by the Strategy and Development department and approved by senior management, raise commercial profitability and reduce working capital requirements by country.

5.1.6.1 BACK OFFICE

Legrand's back office is centralized at the Group level and is dedicated to developing new products, reducing costs and optimizing capital employed. Legrand's back office organizes and manages production, research and development, purchasing, logistics and general administration.

5.1.6.1.1 Production

Due to the close relationship between production and the technology employed, Legrand reorganized its production and product development activities in 2001 into industrial divisions pooling expertise specific to the industrial processes involved in manufacturing its products.

To take account of changes in its markets and long-term growth opportunities notably in the commercial and industrial fields, Legrand aligned its industrial organization on the structure of its markets, with the creation of three divisions:

- the Wiring Devices and Home Systems Division seeks to develop products combining comfort, security and communications, while adding a strong aesthetic dimension to the products;
- the Energy Distribution and Industrial Applications Division, aims to develop a broader portfolio of products and systems to better respond to the needs of commercial and industrial customers;
- the Infrastructures and Commercial Systems Division seeks to develop products for commercial buildings (lighting management, Voice-Data-Image, safety, energy efficiency and cable management);

On a stand-alone basis, each industrial division is responsible for:

- developing new products;
- defining and implementing its industrial plan;
- increasing its industrial profitability; and
- reducing capital employed.

More specifically, the industrial divisions continuously aim to improve their industrial performance and reduce capital employed by:

- integrating these criteria from the design phase of products and notably by developing product platforms;
- optimizing and streamlining industrial sites;
- specializing plants by product line or technology to reach critical mass. These specialized plants allow Legrand to centralize know-how and act as a benchmark for the rest of the Group with respect to their specific industrial processes;
- systematically applying a "make or buy" approach for all new projects to determine when capital should be invested in new production assets as opposed to outsourcing production to subcontractors; and
- creating Lean Manufacturing workshops on sites in order to optimize productivity and capital employed.

5.1.6.1.2 Research and development

R&D is vital for Legrand's profitable growth and is the responsibility of each industrial division. On a recurring basis, Legrand's research and development expenses (before purchase accounting charges relating to the acquisition of Legrand France and including capitalized development expenses) represent between 4% and 5% of net sales (see section 5.1.5 of this registration document).

5.1.6.1.3 Purchasing

As part of its industrial reorganization, Legrand has implemented a centralized purchasing policy since 2003 to optimize its purchasing and improve its purchasing profitability. This Group's purchasing department has its own director and is characterized by:

- a purchasing structure that is adapted to the worldwide organization of its suppliers, which puts it on an equal footing in terms of negotiations (locally or by geographic zone) thus generating economies of scale;
- purchasing management led by user/buyer teams which aims to maximize the value of the Group's purchasing by making pricing a criteria for selecting supplies; and
- the involvement of buyers in developing new products with the aim of making savings from the product-design stage and targeting future suppliers.

The Group's new purchasing organization has optimized purchasing by:

- consolidating Group purchasing;
- purchasing raw materials and components from countries where costs are lowest and in particular through international purchasing intermediaries in Asia, Latin America and Eastern Europe; and
- continually optimizing raw material and component specifications.

5.1.6.1.4 Logistics and inventory management

Legrand's primary logistical concern is ensuring timely product delivery to its distributors and adapting the volume and nature of customer shipments to the lowest storage, preparation and transport costs. Recent initiatives designed to rationalize inventory management have helped Legrand to decrease its ratio of inventory value to consolidated net sales from an historical level of 17% on average between 1990 and 2001 to less than 14% on average between 2002 and 2010.

In each market where it distributes its products, the Group maintains logistics systems adapted to local market conditions, allowing it to take orders and ship products from local inventory or from a central or regional distribution center. In addition, the various distribution sites are connected to a central Distribution Resources Planning (DRP) tool, which records on a nightly basis the inventories, forecasts and local customer orders in order to plan supply worldwide, thereby optimizing finished product inventory levels.

This supply system is also connected to the management systems of the Group's production sites so that they are kept up-to-date with market requirements in almost real time. Each site has efficient planning tools, such as the Manufacturing Resource Planning tool and Kanban, to optimize the number of parts required for manufacturing and the use of production capacities.

Legrand believes that its logistics organization must allow it to guarantee high-quality service to its customers, in terms of availability as well as flexibility, speed and adaptability.

5.1.6.2 FRONT OFFICE

Legrand's front office acts as an interface between distributors, electrical professionals, specifiers and end-users. The front office in each country is run by a country manager who reports directly to the Group's management and is responsible for:

- increasing sales and market share;
- increasing commercial profitability; and
- reducing working capital requirements through efficient management of inventory and accounts receivable.

In each country, the Group's subsidiaries are given significant latitude to manage their local business and personnel. Local managers are encouraged to conduct local business according to the approach: "manage the Company as if it were your own company".

Sales and local market share growth are pursued in line with the strategy laid out by the Strategy and Development department and approved by senior management.

Furthermore, in 2006 the Group set up a pricing cell with pricing managers in place worldwide. These managers are supported by local marketing and finance teams who spend part of their time steering pricing policy. Their role is to ensure that the innovation that Legrand's products bring to the market is reflected in prices. They also adjust sales prices by product family or reference to reflect trends in raw material prices, component prices, inflation and market conditions.

5.2 - MAIN ACTIVITIES

5.2.1 - Financial information by geographic zone

The Group's financial reporting is divided into five geographic zones. Sales figures in this chapter refer to sales by country of destination. References to headcount are to average headcount.

Please see sections 7.3.2.9 and 7.3.2.10 of this registration document for more information on business development by geographic zone over the past three years.

5.2.1.1 FRANCE

Sales generated in France represented 24% of the Group's 2010 consolidated net sales.

In France, the Group markets its products principally through its *Legrand, Arnould, Cablofil, Ortronics, Planet Watthom, Bticino, Cofrel, Sarlam, Zucchini, URA* and *Alpes Technologies brands.*

In France, the Group operates around 15 main sites and employed 6,676 people in 2010, approximately 14% in the front office and 86% in the back office and corporate functions (see sections 5.1.6 and 5.2.7 of this registration document).

5.2.1.2 ITALY

Italy represented 15% of the Group's 2010 consolidated net sales.

In Italy, the Group markets its products principally through its *Bticino, Legrand, Zucchini, Cablofil* and *Ortronics* brands.

In Italy, the Group operates around 10 main sites and employed 3,003 people in 2010, approximately 18% in the front office and 82% in the back office (see sections 5.1.6 and 5.2.7 of this registration document).

5.2.1.3 REST OF EUROPE

The Rest of Europe zone is made up of Europe including Turkey but excluding France and Italy. Sales in the Rest of Europe zone represented 20% of the Group's 2010 consolidated net sales.

In the Rest of Europe, the Group markets its products principally through its *Legrand, Bticino, Cablofil, Ortronics, Van Geel, Kontaktor, Baco, Electrak, Estap* and *Inform* brands.

The Group employed 5,777 people in this zone in 2010; approximately 23% in the front office and 77% in the back office (see sections 5.1.6 and 5.2.7 of this registration document).

5.2.1.4 THE UNITED STATES AND CANADA

The United States and Canada represented 14% of the Group's 2010 consolidated net sales.

In the United States and Canada, Legrand markets its products through brands that are coupled with the *Legrand* brand, such as *Pass & Seymour, Wiremold, WattStopper, Ortronics, Cablofil* and *OnQ*, and through own brands such as *Vantage, PW* and *Electrorack*.

The Group operates around 10 main sites in the United States and Canada and employed 2,048 people in 2010, with approximately 21% in the front office and 79% in the back office (see sections 5.1.6 and 5.2.7 of this registration document).

5.2.1.5 REST OF THE WORLD

The Rest of the World zone is mainly comprised of Latin America, Asia, Africa and the Middle East. The zone represented 27% of the Group's 2010 consolidated net sales.

In the Rest of the World Legrand markets its products principally through the *Legrand, Bticino, Cablofil Lorenzetti, Pial Legrand, Cemar, HPM, HDL, TCL Legrand, Ortronics, Luminex Legrand, Shidean, Anam Legrand*, and *Baco brands*.

The Group employed 13,902 people in this zone in 2010; approximately 20% in the front office and 80% in the back office (see sections 5.1.6 and 5.2.7 of this registration document).

5.2.2 - Products

The Group offers around 178,000 catalog items that can be divided into four main product and system categories:

- control and command;
- cable management;
- energy distribution; and
- Voice-Data-Image ("VDI").

Each product category is marketed in all of Legrand's major geographic markets. The technical characteristics and design of Legrand's products differ depending on whether they are installed in commercial, residential or industrial buildings.

Legrand sells its products under two key worldwide global brands, *Legrand* and *Bticino*, as well as under international specialist brands such as *Ortronics* (Voice-Data-Image), *Cablofil* (wire-mesh cable management), and several leading local brands.

Control and command products and systems, cable management, energy distribution, and Voice-Data-Image represented around 43%, 19%, 24% and 14% respectively of the Group's net sales in 2010.

5.2.2.1 CONTROL AND COMMAND

Control and command products and systems are the interface between end-users and their electrical installation, permitting them to access comfort, security and communication functions in the home or workplace, including:

- comfort functions, such as lighting, climate control, sound diffusion and automated shutter closing. These products range from basic electrical "on-off" switches and wall sockets, to thermostats, dimmers, switches activated by infrared presence detectors, electro-mechanical and electronic timer switches and other building automated products that enable end-users to control the flow of electricity and data;
- security functions, such as emergency lighting, intruder alarms, fire alarms and building access control. In the security sector, Legrand offers a number of products, including fire and intruder alarm systems, smoke, water, heat and motion detectors and emergency lighting equipment for homes, offices and other commercial properties. Legrand's systems are designed to permit rapid installation by electrical professionals and maximum flexibility, convenience and security for the end-user. Legrand also offers a wide range of communication products such as audio and video door entry phones and electric chimes for residential use;
- communication functions, such as video, telephone or IT networks. With respect to communication functions, Legrand has developed significant know-how in "smart" house systems known as "home automation". All household appliances and electrical functions are connected to a central unit through these systems, therefore allowing the end-user to regulate security, comfort and energy consumption locally or remotely. These systems give Legrand the opportunity not only to sell the control unit, but also to provide the related cable management products and wiring devices as part of an integrated package.

Command and control functions are booming under the impact of new end-user requirements (energy efficiency, digital convergence, demographic change). Legrand has been designing control and command products and systems since its creation and has unique experience which places it at the center of these changes and sets it apart from its biggest competitors in this field. In terms of energy efficiency the Group already offers energy measurement and management solutions for both residential and commercial buildings. As regards the significant challenge of dependence, Legrand has specially adapted solutions such as centralized commands, easy-to-fit plugs, and paths which light up automatically to prevent falls. From 2011, the Group offers a full range of electric car charging points in buildings and aims to become a major player in this emerging market.

The Group believes that it has a leading position in the worldwide market for the manufacture of control and command products. Legrand believes that it is the global market leader in wiring devices (mainly switches and sockets) with an estimated market share of approximately 20%. The Group is one of the few manufacturers offering wiring device products adapted to the principal electrical standards in use around the world.

5.2.2.2 CABLE MANAGEMENT

Cable management products include trunking and ducting, mini columns, cable routing systems, floor boxes, busbars, wire cable trays and other products that ensure the safe distribution of electricity and data in buildings. These items are designed to prevent potentially hazardous contact between electrical wires and cables and other electrical or mechanical equipment, or any exposure of such wires and cables that could pose a danger to end-users. Cable management products include various products designed specifically for the requirements of particular industries or businesses, such as the Group's range of specialized ducting products for use in hospitals.

Legrand believes that it is the world's leading manufacturer of cable management products, with an estimated market share of the accessible market of approximately 14%.

5.2.2.3 ENERGY DISTRIBUTION

Energy distribution products consist of circuit breakers, surge protection and electrical measuring elements as well as the distribution panels and mechanisms for connecting this equipment. These products protect people and goods from the principal electrical risks (such as electric shocks, overheating, short-circuits and lightning) and are designed for electrical installations in residential, commercial and industrial buildings. They also protect renewable energy sources.

In the circuit breaker market, Legrand has steadily improved its product ranges and market position by offering circuit breakers with increased performance both in electrical (technical performance and electronic regulation) and operational (ease of use and installation) terms. In accordance with the Group's strategy to cover multiple markets using one product platform, Legrand has extended the compliance of the *Lexic* and *Btdin* ranges with French and Italian electrical standards to those of almost all the markets in which the Group operates. In addition, in accordance with the Group's strategy to sell higher value-added products, these product lines have been complemented with products whose characteristics have constantly been improved, such as "air circuit breaker" technology, which protects circuits up to 4,000 amperes.

Legrand believes that it is one of the main manufacturers of energy distribution products and that it is among the top five players in the European and South American energy distribution product markets.

In addition, the Group is continuing the expansion of its range of energy distribution and protection products through internal growth, with a new protection product designed for photovoltaic installations, and externally, in the UPS field, with the acquisition of the Turkish market leader, Inform, and the Italian modular UPS specialist, Meta System Energy.

5.2.2.4 VOICE-DATA-IMAGE

In the Voice-Data-Image sector, Legrand offers a broad range of complete pre-wiring systems for computer, telephone and video networks, such as a new high transmission rate *RJ45* multimedia socket for data communication applications; fiber optic jacks; fiber optic and copper patch panels; VDI cabinets, enclosures and cable management accessories; and copper and fiber optic VDI cables, all of which facilitate the organization of telephone and data networks in buildings.

Legrand believes it is one of the four main manufacturers of a certain number of VDI applications (excluding cables, active products and Wi-Fi) and has been very successful, in particular with the new LCS^2 product which, amongst other things, offers simple implementation and guarantees optimum network performance.

5.2.2.5 REGULATION AND STANDARDS

Legrand products are subject to quality and safety controls and regulations. They are governed by both national and international standards, such as European Union directives, as well as by product norms and standards adopted by international organizations, including the European Committee for Electrotechnical Standardization and the International Electrotechnical Commission. Changes in standards and norms are gradual and result in higher standards of quality and performance.

5.2.3 - Research and development

Legrand has a long track record of developing new products and upgrading products by adding improved functionalities. Each year, on average, the Group has spent and invested (before purchase accounting charges relating to the acquisition of Legrand France and including capitalized development costs) 4% to 5% of its net sales on research and development. In 2010, over 38% of the Group's net sales were generated by products less than five years old, with net sales of those products representing approximately 42% of its net sales in the United States, 52% of its net sales in the Brazil and China and 45% of its net sales in France.

The following characteristics are a priority for Legrand's product development:

- quality, reliability and overall safety;
- simplicity, ease and speed of installation;
- integration of new technologies into its product offering;
- capacity of its product lines to work together in an integrated system;
- product functionality; and
- new designs.

Research and development is steered by three industrial divisions which allocate projects at a global level to the different teams spread across the world. A significant portion of Legrand's research and development is carried out in France, Italy, the United States and China. At December 31, 2010, research and development employed 1,859 persons in approximately 15 countries. About 64% of these employees were in France and Italy, 13% in China, 7% in the United States and the remainder spread across other countries.

5.2.4 - Distribution, customers and marketing

Legrand manufactures products for end-users in commercial, residential and industrial markets.

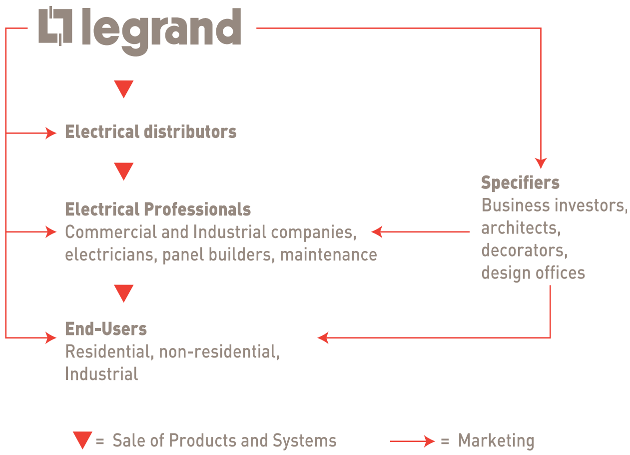
- The commercial market, which accounted for approximately 48% of the Group's consolidated net sales in 2010, consists of electrical products used in the construction and renovation of a variety of commercial buildings, such as hotels, offices and stores, and public buildings, such as schools and hospitals.
- The residential market, which accounted for approximately 42% of the Group's consolidated net sales in 2010, consists of electrical products used in the new construction and renovation of houses and apartments.
- The industrial market, which accounted for approximately 10% of the Group's consolidated net sales in 2010, consists of electrical products used in the new construction and renovation of factories, plants and other industrial sites.

In its business, Legrand distinguishes between "distributors", "electrical professionals", "specifiers" and "end-users".

- Legrand's "distributors" are distributors of electrical materials and equipment. They represented more than 95% of the Group's consolidated net sales in 2010.
- "Electrical professionals" are professionals and individuals who buy, install and use Legrand's products. These professionals include electricians, contractors, panel builders and industrial and commercial companies with electrical product or system installation operations.
- "Specifiers" are the architects, decorators and design offices which Legrand believes fuel demand for its products by recommending their installation to end-users or by including them in certain building projects.
- "End-users" are the clients who use Legrand's products in the environment in which they are installed or used.

Legrand's relationships with its distributors are generally governed by the relevant standard terms and conditions for sales in each local market.

As described in the chart below, Legrand is part of a distribution chain in which manufacturers, such as Legrand, mainly sell their products to electrical distributors, who in turn sell products to electrical professionals who then install the products in end-users' buildings. Specifiers play an active role in this chain by advising electrical professionals and end-users on product choice and applications.



Sales and marketing are the responsibility of the front office, whose headcount represented 19% of Legrand's worldwide headcount in 2010 (see section 9.1 of this registration document). Marketing efforts are directed at each level of the distribution chain (distributors, electrical professionals, specifiers and end-users), in what the Group describes as a "push and pull" strategy, outlined below. They aim to provide market players with information, training and other services relating to the Group's full range of products and systems. Legrand believes that in making it easier for its distributors, electrical professionals and end-users to access and use its products, it creates significant product and brand loyalty and builds demand for the Group's products and systems at each level of the distribution chain.

Selling the Group's products to electrical distributors ("push")

On the "push" side, Legrand maintains close relationships with its distributors by focusing on product availability and just-in-time delivery and by simplifying and accelerating the ordering, stocking and dispatching of its products. This "push" side of Legrand's strategy also involves providing customers with a catalog of around 178,000 items, including innovative new products. Legrand has also made it easier to access and use its catalog by providing electronic catalogs, standardizing packaging sizes and appearance and introducing innovative features such as pre-sorted deliveries.

Examples of Legrand's "push" initiatives include:

- *priority inventories.* In France, many of Legrand's distributors have agreed to maintain inventories of certain priority products at all times. In turn, Legrand maintains large quantities of non-priority products which, coupled with a computerized inventory control system, enables it to respond rapidly to its distributors' orders. In emergencies, products that are not stocked by its distributors can be delivered within 24 to 48 hours to any location in France through "Dispo-Express", Legrand's own delivery service.
- *inventory management.* In the United States, Pass & Seymour, one of the Group's US subsidiaries, receives inventory details from certain of its large distributors on a daily basis. When inventory levels drop below a pre-defined level, new inventories are prepared and shipped immediately.
- *intelligent sorting.* In order to optimize the logistics chain, Legrand pre-sorts its products before shipping them to distributors in France, thereby anticipating the steps distributors will have to take before they in turn can distribute the products to their agencies and clients. This value-added service for the largest flows reduces preparation time for Legrand's distributors, minimizes shipping errors and decreases handling costs, giving Legrand a competitive edge which is appreciated by its customers.
- *logistics platforms.* Legrand is increasing the number of logistics platforms from which it ships its products. By reducing the distance between its products and customers, Legrand is able to improve service and significantly reduce lead times. After installing logistics platforms in Asia and the Middle East, Legrand has deployed a similar platform in Eastern Europe.

Legrand enjoys strong, long-standing commercial relationships with its distributors, particularly its two largest distributors, the electrical wholesale groups Sonepar and Rexel. In 2010, sales to Sonepar and Rexel accounted for approximately 27% of the Group's consolidated net sales, although this percentage varied from country to country. Legrand believes that no other sole distributor or group represented more than 5% of the group's global net sales in 2010. Legrand's other main customers are CED, Comet, FinDea, Graybar, Wesco, Home Depot, Anixter and Lowe's.

The pattern of distribution for electrical products and systems in most countries allows Legrand to channel products into its distributors' centralized distribution centers and thus leverage their market presence and sales network. It also limits the logistic costs and credit risk that Legrand would incur if it were required to deal with electrical professionals and end-users directly.

Stimulating demand among electrical professionals, specifiers and end-users ("pull")

On the "pull" side, Legrand believes that demand for its products is mostly determined by the extent to which electrical professionals, specifiers and end-users request or "pull" its products from its distributors. A major portion of the Group's marketing efforts is therefore directed towards developing and sustaining demand for its products by actively promoting them to electrical professionals, specifiers and end-users. Legrand focuses on providing training, technical guides and business software applications, as well as ensuring reliable and readily available product supplies.

Legrand offers training programs to local electrical distributors and electrical professionals, including at its Innoval international training center in Limoges, France. These training programs are designed to expand installers' expertise and services by familiarizing them with the Group's latest product innovations and installation methods. The Innoval training center offers approximately 50 separate hands-on programs in areas ranging from home automation and wiring of electrical cabinets and fiber-optic cabling to installing emergency lighting systems and regulations applicable to the electrical installation business. Between 1999 and 2010, the Innoval center has welcomed more than 65,000 visitors, of which some 14,000 have received training.

In addition, Legrand offers training programs on a localized basis in many countries, including Italy, Brazil and the United Kingdom. Based on the Innoval model, Legrand opened Innoval in Chile in 2006 in order to present its product offerings and to train professionals in installing Legrand products. A training center was also opened in Dubai in February 2009.

In France, Legrand has established websites for electrical professionals and specifiers, directed at separate business categories, from architects to self-employed electricians. After keying in their password, users have quick, easy access to regularly updated material, including automatic section charts, catalogs, design software and order records. Legrand's other electronic catalogs include the E-catalog product database - also available on PDA - and SpecPartner, a service provided by Pass & Seymour in the United States.

Legrand's business software applications include XL-Pro2 software for electrical cabinet wiring, and LabelMo software, a quotation package for self-employed electricians.

In addition to pulling its products through marketing initiatives directed towards electrical professionals, Legrand also seeks to stimulate demand among end-users by actively promoting its products through specific marketing and advertising campaigns emphasizing the design and functional aspects of its products.

Legrand's call centers, which provide full information on new applications, also contribute to Legrand's product promotion. For example, in France, Legrand reorganized its customer-relations management by creating a three-tiered call center which provides, at the first level, general information about its products, at the second level, detailed information on the standards applying to products and, at the third level, information on customized solutions which draw from Legrand's product portfolio.

In order to assist end-users' passion for home DIY, Legrand markets part of its product range in specialized stores, highlighting in particular its high value-added ranges. This allows it to not only fulfill the demand from consumers wishing to renovate or improve their electrical installation but also to communicate to consumers by offering esthetically or functionally innovative products.

5.2.5 - Suppliers and raw materials

Legrand does not depend upon any single supplier for raw materials or components used in the manufacture of its products. Legrand believes that most raw materials and components essential to its operations will remain available in all of its principal markets.

In 2010, plastics accounted for approximately 33% of the raw materials used in manufacturing its products and metals accounted for approximately 50%, with the balance principally consisting of packaging materials (approximately 17%). Legrand uses over 50 plastics of varying grades and colors in the manufacture of its different products, with specific plastics selected according to their physical properties and ability to meet requirements such as durability, heat and impact resistance and ease in molding and injection or bonding with other components. In 2010, on average 47% of the metal purchased was steel used in mechanisms and structures, and 38% was brass and copper, used principally for their conductive properties. Legrand also purchases certain finished and semi-finished electro-mechanical and electronic components for integration into products such as video communications and sound diffusion products.

The table below sets forth the relative portion of the Group's purchases of raw materials and components as a percentage of Group sales for 2008, 2009 and 2010.

(% of consolidated sales)	2010	2009	2008
Raw materials	10.5%	9.8%	11.5%
Components	18.4%	18.7%	18.9%
TOTAL	**28.9%**	**28.5%**	**30.4%**

5.2.6 - Intellectual property

Legrand's brand and trademark portfolio includes more than 100 brands and trademarks of international renown (especially *Legrand* and *Bticino*), first rate local trademarks (including *Wiremold, WattStopper, Pass & Seymour, URA, Planet Wattohm, HPM, TCL Legrand, HDL* and *Arnould*) and trademarks that are specialized in certain products or systems sold worldwide (for example, *Ortronics, Cablofil* and *Zucchini*). Legrand's trademarks are protected on the majority of the markets in which it operates. In general, Legrand only exceptionally grants licenses to its trademarks to third parties. Moreover, with the notable exception of the TCL trademark, the Group generally does not license trademarks from third parties.

The protection of Legrand's brands is based on their registration or use. Legrand's brands are registered with national, European and international agencies for variable periods (generally for periods of ten years), subject to laws stipulating continued use as a condition for maintaining protection.

Furthermore, Legrand holds over 4,000 patents in almost 70 countries, some of which relate to the filing of the same or similar patented technologies in multiple jurisdictions. Legrand's patent portfolio is diversified, with approximately 17% of patents held in France, 12% in the United States, 11% in Italy, and 60% in the Rest of Europe and Rest of the World.

Legrand's patents cover approximately 1,550 different systems and technologies. In 2010, Legrand registered more than 80 new patents. The average life-span of Legrand's utility patent portfolio is approximately eight years, which corresponds to the average life-span of patents held by the Group's competitors. Legrand rarely licenses the use of its products to third parties, and operates few licenses using technologies from third parties.

Legrand believes it is not dependent on third-party patents for its business.

5.2.7 - Property, plant and equipment

Legrand seeks to optimize its manufacturing processes, improve its efficiency and reduce its production costs by increasing the level of industrial specialization within each site according to particular technologies or product families; optimizing its choice of production sites by relocating production close to its sales areas; systematically implementing a "make or buy" analysis on a Group-wide basis (Legrand foresees increasing outsourcing of production if this can increase its responsiveness and thus provide a better service to customers, and achieve cost savings without compromising its intellectual property, know-how or product quality); and implementing "Lean Manufacturing" initiatives aimed at optimizing productivity and capital employed.

The table below sets forth the location, size and uses of Legrand's major properties. All of them are fully owned, with the exception of:

- the Ospedaletto site which is held on lease; and
- the Sydney, Melbourne, Dongguan, Huizhou, Shenzhen, Wuxi, Eskisehir, Scarborough, Boxtel, Madrid, Pantin, Mumbai, Aruda dos Vinhos and Milan sites which are rented.

At the date of the current registration document and to the knowledge of the Company there are no significant expenses on the property, plant and equipment described below.

Site or subsidiary	Size *(in thousand m²)*	Principal use	Site location
France			
Legrand Limoges	200	Headquarters/Manufacturing/Distribution/Administrative services/Storage	Limoges and its region
Other French sites	283	Manufacturing/Administrative services/Distribution	Malaunay (and other sites in Normandy), Sillé-le-Guillaume, Senlis, Saint-Marcellin, Antibes, Strasbourg, Bagnolet, Pantin, Montbard, Pau, Lagord, Pont à Mousson, Belhomert
Verneuil	86	Storage	Verneuil-en-Halatte
Italy			
Bticino Italie	230	Manufacturing/Distribution/Administrative services/Storage	Milan, Varèse, Erba, Naples, Bergamo, Tradate, Ospedaletto, Alessandria, Reggio nell'Emilia
Portugal			
Legrand Electrica	31	Manufacturing/Distribution/Administrative services/Storage	Carcavelos, Aruda dos Vinhos
United Kingdom			
Legrand Electric	31	Manufacturing/Distribution/Administrative services/Storage	Scarborough, West Bromwich, Dunstable
Spain			
Legrand Espana	40	Manufacturing/Distribution/Administrative services/Storage	Madrid, Barcelona, Pampelona

Site or subsidiary	Size *(in thousand m²)*	Principal use	Site location
Poland			
Legrand Polska	44	Manufacturing/Distribution/Administrative services/Storage	Zabkovice
Hungary			
Legrand Zrt	34	Manufacturing/Distribution/Administrative services/Storage	Szentes
Slovakia			
Legrand Van Geel Slovakia	8	Manufacturing/Distribution/Administrative services/Storage	Kosice
Germany			
Legrand-Bticino	14	Manufacturing/Distribution/Administrative services/Storage	Soest
United States			
Wiremold, Ortronics, Pass & Seymour, Vantage, TWS, OnQ	250	Manufacturing/Distribution/Administrative services/Storage	West Hartford, Philadelphia, Mascoutah, Rancho Cucamonga, Concord, Pico Rivera, Fort Mill
Mexico			
Bticino de Mexico	78	Manufacturing/Distribution/Administrative services/Storage	Queretaro, Tijuana
Brazil			
Legrand Brazil, Cemar, HDL	76	Manufacturing/Distribution/Administrative services/Storage	Campo Largo, Caxias do Sul, Manaus
Colombia			
Luminex	17	Manufacturing/Administrative services/Storage	Bogota
China			
Rocom, Legrand Beijing, TCL, Legrand, Shidean	117	Manufacturing/Distribution/Administrative services/Storage	Dongguan, Beijing, Huizhou, Shenzhen, Wuxi
Russia			
Kontaktor, Leten, Firelec	140	Manufacturing/Distribution/Administrative services/Storage	Oulyanovsk, Dubna, Moscow
Australia			
HPM	48	Manufacturing/Distribution/Administrative services/Storage	Sydney, Melbourne
India			
Legrand India, Indo Asian Switchgear	61	Manufacturing/Distribution/Administrative services/Storage	Jalgaon, Nashik, Sinnar, Mumbai, Noida, Murthal, Haridwar
Netherlands			
Legrand Nederland BV	28	Manufacturing/Administrative services/Storage	Boxtel
Egypt			
EMB Egypt	10	Manufacturing/Distribution/Administrative services	Sadat city
Turkey			
Legrand Elektrik, Estap	56	Manufacturing/Administrative services/Storage	Gebze, Eskisehir

5.2.8 - Insurance

Within the context of its risk and insurance management policy, which is centralized at Group headquarters, Legrand has taken out global insurance programs through insurance brokers to cover its major risks.

Legrand believes that these insurance programs (which cover the Group's subsidiaries) provide adequate coverage for the principal risks faced by the Group. These insurance programs are contracted from leading insurance companies without recourse to a captive reinsurance structure. They provide global coverage for the Group under umbrella policies that take into account the risks and activities related to the Group's operations, including property damage and the resulting operating losses, D&O (Directors' and Officers') liability, and product liability.

Legrand intends to continue its practice of maintaining global insurance programs where practicable, increasing coverage where necessary and reducing insurance costs through risk protection and prevention and through self-insurance (adapted deductibles).

In a relatively stable insurance market, levels of coverage set up in 2010 remained unchanged compared to the previous financial year.

CIVIL AND ENVIRONMENTAL LIABILITY

The Group's main insurance plans relate to civil liability before and after product delivery, as well as environmental claims and cover in particular (subject to customary deductibles, exclusions and limits) physical injuries, property damage and consequential loss, removal/reinstallation expenses, product withdrawal or recall expenses, damage to property of others, and decontamination expenses. The limit on this civil liability and environmental coverage is €60 million per claim, while the limit on coverage for civil liability relating to products after delivery is €90 million per claim per year.

These insurance programs consist of a master insurance policy set up in France and local policies in the countries where the Group operates.

PROPERTY DAMAGE/OPERATING LOSS INSURANCE

The property damage/operating loss insurance policy covers (subject to customary deductibles, exclusions and limits) direct property damage that could affect the various sites, which have all been previously appraised to determine their insured value, as well as the operating losses resulting from any event of a sudden and accidental origin (such as fire, storm, explosion, electrical damage and water damage). This insurance program also includes a master insurance policy and local policies in the countries where the Group is present.

The plan offers a contractual global maximum indemnity per event (combining direct property damage/operating losses) of €500 million with additional limitations notably for certain acts of God or certain specific guarantees such as machine breakage and IT and electrical risks.

06

SUSTAINABLE DEVELOPMENT

6.1 - COMMITMENT TO SUSTAINABLE DEVELOPMENT

Legrand's sustainable development policy is founded on four values presented and defined in the Legrand Group's Charter of Fundamental Principles: ethics of behavior, customer awareness, resource enhancement and innovation. It is implemented by the Sustainable Development and Quality department, part of the Group Business Strategy and Development department drawing on the expertise and know-how of staff throughout the Group.

It includes guidelines in three sectors and eight priority areas:

- *Corporate governance*. Legrand aims to ensure growth that is at once profitable, lasting and responsible, meeting the needs of distributors, electrical professionals, specifiers and end-users as well as those of employees and shareholders as regards economic strategy.

  The governance sector contains two levers for priority action:

  - application of the Group's commitments to ethical behavior on a daily basis;
  - integration of the Group's suppliers in its sustainable development policy by developing responsible purchasing management.

  In accordance with the Company's press release of April 5, 2011 regarding corporate governance, the Combined Ordinary and Extraordinary General Meeting of Shareholders of May 26, 2011, will be asked to appoint Eliane Rouyer-Chevalier as a new independent Director.

  In addition, in order to take account of changes in the ownership of the Company's capital by KKR and Wendel, and in accordance with the Company's press release of March 4, 2011, the number of Directors representing KKR and Wendel on Legrand's Board of Directors will be reduced from three each to two each. In line with this, Ernest-Antoine Seillière, a Director representing Wendel, and Edward Gilhuly, a Director representing KKR, have informed the Company of their decision to resign from their duties as Directors at the end of the Combined Ordinary and Extraordinary General Meeting of Shareholders of May 26, 2011.

  At the close of the Combined Ordinary and Extraordinary General Meeting of Shareholders of May 26, 2011, and subject to approval of the appointment of Eliane Rouyer-Chevalier, the Board will comprise ten members, of which three will be independent.

- *Environment*. Legrand considers protection of the environment a fundamental concern for all its businesses. This applies at every stage from product design, manufacturing and distribution to marketing. Its prime levers for action in this area involve:

  - limiting the environmental impact of the group's activities;
  - developing products with High Environmental Performance: factoring environmental concerns into product design and product life cycles, and supplying Legrand's customers with all relevant product information;
  - offering products and systems enabling customers to design eco-friendly installations. Innovations in this area include new solutions to reduce energy consumption (lighting and heating management, shutter monitoring) and to provide protection against electrical risks.

- *Social and community involvement*. With nearly 31,000 employees around the world and sales and production units in over 70 countries, Legrand pursues its business development with particular attention to employee working conditions and its responsibility as an employer and a member of society. Legrand's human-resource and employee-relations policies are structured around the following priorities:

  - investing in the Group's employees by developing competencies and employee career paths; respect for human rights and a commitment to fight all forms of discrimination and promote an active policy of risk prevention, health and safety at work;
  - developing access to electricity, in particular through a partnership with *Electriciens Sans Frontières* (Electricians Without Borders);
  - offering customers solutions that promote the independence of seniors and those suffering from disabilities.

These defining directions take concrete form in priorities and action for the Group's core businesses and structures. Monitoring the progress and assessing action taken are consolidated in particular through the use of indicators, most of which are based on the recommendations of the Global Reporting Initiative (GRI), which provides a framework for business reporting in connection with sustainable development.

In addition, the implementation of the Group's sustainable development policy in 2010 was accompanied by an extensive training and awareness program for Group employees: video messages from management, virtual training classes, forums, poster campaigns, newsletters and information on the Intranet.

Finally, after achieving in 2010 most of the targets set in 2007, the Group will communicate the next steps in the policy during the first half of 2011: information will be made available on the website: www.legrandgroup.com

6.2 - LEGRAND'S MEMBERSHIP OF THE UNITED NATIONS GLOBAL COMPACT

6.2.1 - Confirmation of the Group's commitment to the Global Compact

"The Legrand Group stands by its commitment to the ten Global Compact principles.

Since we joined the Global Compact in 2006, we have made consistent efforts, within our sphere of influence, to favor progress in areas relating to human rights, working standards, protection of the environment and the fight against corruption. In perfect accord with our Group's Charter of Fundamental Principles, these principles are incorporated into our strategy through our sustainable development processes.

This results in a model for business development founded on social, societal and environmental values, which we actively promote in all our subsidiaries and in relationships with our stakeholders in all parts of the world.

In the interest of transparency and continuing progress, we are thus including in this registration document a progress report on the Legrand Group's project."

Gilles Schnepp

Chairman and Chief Executive Officer, Legrand Group

6.2.2 - Global Compact principles and Corresponding Sections of this registration document

Global Compact principle	Commitment and progress	
1. Businesses should support and respect the protection of internationally proclaimed human rights; and	6.3.2 6.5.1.3 6.5.1.4	Integrating suppliers into the sustainable development process Combating discrimination and favoring diversity Risk prevention and ensuring the health and safety of employees
2. make sure that they are not complicit in human rights abuses.	6.3.1 6.5.1.3 6.5.1.4	Applying ethical commitments on a day-to-day basis Combating discrimination and favoring diversity Risk prevention and ensuring the health and safety of employees
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. the elimination of all forms of forced or compulsory labour; 5. the effective abolition of child labour; and	6.3.1	Applying ethical commitments on a day-to-day basis
6. the elimination of discrimination in respect of employment and occupation.	6.5.1.3	Combating discrimination and favoring diversity
7. Businesses should support a precautionary approach to environmental challenges; 8. undertake initiatives to promote greater environmental responsibility; and	6.4.1.1 6.4.1.2 6.4.3	Risk prevention and continuing improvement of environmental performance Environmental operating performance Climate-change strategy: Legrand Climact
9. encourage the development and diffusion of environmentally friendly technologies.	6.4.2 6.4.4	Developing products with High Environmental Performance Energy efficiency of buildings
10. Businesses should work against corruption in all its forms, including extortion and bribery.	6.3.1 6.3.2	Applying ethical commitments on a day-to-day basis Integrating suppliers into the sustainable development process

6.3 - CORPORATE GOVERNANCE

6.3.1 - Applying ethical commitments on a day-to-day basis

Continuing our common commitment to the Group's four core values - ethics of behavior, customer awareness, resource enhancement and innovation - all Legrand entities adhere to our Charter of Fundamental Principles setting out the rules of behavior and business conduct that everyone must abide by. This Charter may be consulted on the website www.legrandgroup.com. It has been translated into around 10 languages and incorporates a practical guide.

Updates to the Charter have allowed the Group to improve its position on the following points:

- human rights and the fight against discrimination, in line with related international agreements;
- aspects related to confidentiality;
- prevention and environmental policy. The Group's monitoring and alerting policy has been strengthened: ethics representatives have been appointed in the various entities and a dedicated email address has been created for handling employees' difficulties and questions.

In 2010, several initiatives were taken regarding the respect of the right to competition and good commercial practices:

- creation of a charter and a specific guide;
- on-line training module for Group employees;
- specific intervention in Executive Committee and commercial meetings in the various entities;
- inclusion of the subject in the Group's training programs for managers in charge of industry, development and marketing;
- more widespread internal communication (in-house magazine, Intranet).

6.3.2 - Integrating suppliers into the sustainable development process

Since 2007, suppliers have been required to meet Legrand's standards regarding the environment, health and security at work, and compliance with social and labor law, as stipulated in its purchasing specifications. Legrand also draws suppliers' attention to its commitment to the ten principles of the Global Compact and encourages them to join up. Currently, 20% of the Group's purchasing turnover is placed with suppliers sharing Global Compact principles, which accounts for 62% of turnover placed with strategic suppliers.

In 2010, initiatives to give greater weight to the sustainability performance of suppliers included:

- provision for the consideration of sustainability data in supplier approval procedures (purchasing processes under the ISO 9001 quality management system);
- the analysis of information on the sustainable development performance of suppliers, gathered *via* a dedicated questionnaire;
- the integration of sustainability criteria in the analysis of supplier risks and in contracts.

To facilitate implementation:

- purchasers and quality engineers involved in these procedures are regularly updated and made aware of the tools at their disposal;
- a Purchasing and Sustainability coordinator was appointed within the Group Purchasing department.

In 2009, the Group Purchasing department, through its membership of French purchasing managers' organization CDAF (*Compagnie des Dirigeants et Acheteurs de France*), took part in the drafting of a charter of Commitments for Responsible Purchasing to govern relationships between large order givers and small and medium-size businesses. Legrand signed this charter at the beginning of 2010.

6.3.3 - Non-financial communication and inclusion of Legrand shares in sustainable development market indexes

To promote transparency and openness, in particular towards investors and shareholders, Legrand regularly responds to requests relating to its non-financial performance. Furthermore, an area dedicated to analysts has been created on the Company's website www.legrandgroup.com, with the aim of improving access to information.

As of end-2010, Legrand shares are included in various indexes covering listed companies which satisfy certain ESG criteria (Environment, Social, Governance):

- Dow Jones STOXX Sustainability Index (DJSI STOXX);
- FTSE4Good. Created by the London Stock Exchange in partnership with the Financial Times;
- ASPI Eurozone (Advanced Sustainable Performance Indices);
- Ethibel Excellence Europe.

6.4 - ENVIRONMENTAL COMMITMENT: POLICIES AND RESULTS IN 2010

In both production and development, Legrand favors materials and processes that are compatible with the well-being of people and their environment. Through this approach, the Group aims to reduce the impact of its operations on the ecosystem, while at the same time enhancing business performance and the appeal of its products and services.

The environmental representatives on the production sites are used to relay the Group's environmental policy. In particular, they are charged with implementing environmental audits, under the coordination of the Group's Sustainable Development and Quality department. Within the framework of Legrand's operational organization, they also help implement improvement plans, in most cases as part of an Environmental Management System.

Staff participation in this commitment to the environment is also backed by guidance for cross-functional projects such as:

- "Legrand Climact", launched in 2007 and aimed at reducing greenhouse gas emissions resulting from the Group's operations. As part of this initiative, in 2010 Legrand launched the Carbon Footprint project which will be rolled out during 2011. The aim is to develop the reporting of CO_2 emissions using the GHG Protocol methodology and thus to define the most relevant action levers to stimulate the "Legrand Climact" policy across the three areas of products, buildings and process, as well as logistic flows;
- "E^2 – Energy Efficiency" aiming to accelerate Legrand's integration of and response to new challenges from energy savings in electrical infrastructure.

The year 2010 was also marked by the formalization of development levers for products with High Environmental Performance. This notably enabled the creation of Product Environmental Profiles (PEPs) to be stepped up in 2010. These are environmental identity cards, standardized throughout the electrical profession and used by our specifiers and installers. The 300th PEP, in September 2010, was an opportunity to highlight this critical advance in terms of transparency and the provision of information to customers.

In addition, the Group is involved in associations and bodies which define and promote "Green building" standards, to strengthen and broaden the Group's product recommendations by promoting electrical installation as a major part of sustainable building.

6.4.1 - Limiting the environmental impact of the Group's business

6.4.1.1 ENVIRONMENTAL RISK PREVENTION AND CONTINUING PERFORMANCE IMPROVEMENT

The prevention and control of environmental risks are priorities for Legrand, which regularly assesses environmental risks at Group sites, verifying compliance with applicable rules and mapping industrial risks for the environment. Where necessary, corrective action plans are adopted. The target is the continual improvement of environmental performance, which normally results in ISO 14001 certification.

Given the Group's acquisition policy, significant effort is required each year. Over the 2006-2010 period, no fewer than 13 currently active industrial units from all regions of the world joined our list of ISO 14001 certified sites. For example, in 2010, the Dokki Giza production site in Egypt achieved certification.

By the end of 2010, 82% of industrial and logistic sites integrated within the Group for more than five years were ISO 14001 certified.

Employee awareness of environmental issues is favored in a number of ways:

- training: in total, Group employees received approximately 11,500 hours of dedicated environment training in 2010, representing more than 50,000 hours over the last three years;
- dedicated events: the Group's environmental actions were highlighted during Legrand's Sustainable Development Month, in November 2010. Daily newsletters, brochures and posters supplied to all Legrand sites worldwide helped to increase employee awareness of the Group's commitment in this area. Finally, the Sustainable Development forum, organized at Legrand's registered office in Limoges, was an opportunity to share the objectives of reducing the environmental impact of Group sites and to explain the life cycle analysis principles now widely used in research and development (R&D) centers.

6.4.1.2 ENVIRONMENTAL OPERATING PERFORMANCE

Since 2002, environmental performance and management indicators have been consolidated by the Group Sustainable Development and Quality department.

At the end of 2010, the environmental impact reductions had exceeded the improvement targets for this period.

6.4.1.3 CONTROLLING ENERGY CONSUMPTION

Between 2006 and 2010 total energy consumption fell from 543 GWh to 454 GWh, a decrease of 16%. This reduction was due in particular to the constant effort to optimize production facilities and to increased employee awareness.

Despite increased industrial activity for the Group in 2010, this consumption was stable compared to 2009. This result stems from the increase in good practices, developed as part of the Lean Manufacturing initiative which is particularly concerned with optimizing energy consumption through programmed switches, optimization of heating with heat recovery systems, more efficient management of lighting and compressed air.

The Legrand Group's total energy consumption in 2010 represents [1]:

- direct energy consumption (mainly gas): 178,000 MWh;
- indirect energy consumption (electricity): 276,000 MWh.

6.4.1.4 CONTROLLING WATER CONSUMPTION AND WATER DISCHARGE

Water consumption remained stable between 2006 and 2010. This is due to the introduction of more efficient processes such as closed-circuit cooling for the molding of plastic components.

*(1) Scope specification: **Direct energy consumption**: Greenhouse gas emissions resulting from the use and production of energy other than electricity for the use in heating and production processes. This corresponds to Scope 1 as defined in the Greenhouse Gas Protocol, revised edition, published by Greenhouse Gas Protocol Initiative (ghgprotocol.org). **Indirect energy consumption**: Greenhouse gas emissions resulting from the use of electricity on production sites. This corresponds to Scope 2 as defined in the Greenhouse Gas Protocol, revised edition, published by Greenhouse Gas Protocol Initiative (ghgprotocol.org).*

Qualitative procedures were also introduced. In 2010 the results of the reconfiguration of the industrial effluent treatment plant on the Limoges metal parts production site were measured. This work was carried out in collaboration with the town's public sewerage system operators and subsidized by the Loire-Bretagne water authority because of the environmental benefit this work brought.

At the Group level, work on the program to substitute hexavalent chrome passivation with trivalent chrome passivation further reduced the release of this substance into adjoining waters to under 131 grams at the end of 2010. In 2011, the release of hexavalent chrome should cease.

6.4.1.5 WASTE MANAGEMENT

In 2010 approximately 40,000 metric tons of non-hazardous waste was generated by the Group; 85% of this was recycled. The volume of hazardous waste remained below 3,000 metric tons, of which 63% was recovered.

The Group confirms these excellent waste recovery results, which reached 84% overall, through reuse, recycling and energy recovery programs. As an example, the newly ISO 14001 certified site at Dokki Giza in Egypt recovered 95% of its waste.

6.4.1.6 CONTROLLING ATMOSPHERIC EMISSIONS

Between 2006 and 2010 emissions of Volatile Organic Compounds (VOC) decreased by 37%, significantly better than the targeted objective of 20%, to stabilize over the past three years at an estimated 52 metric tons per year.

This was essentially due to the substitution of alcohol-base with water-base substances for wave soldering lines in the electronic cards assembly process.

CO_2 emissions are discussed in section 6.4.3 of this registration document.

6.4.2 - Developing High Environmental Performance Products

For the Legrand Group, designing and industrializing products with High Environmental Performance means acting on various levers: the control of substances, recyclability, control of the environmental impact on the Group's industrial processes, eco-design and supplying customers with information about the environmental impact of products using the creation and publication of Product Environmental Profiles (PEPs).

The Group's Sustainable Development and Quality department uses a global network of "Product Environment" representatives, responsible for implementing the tools and methodologies necessary to develop High Environmental Performance products.

6.4.2.1 SUBSTANCES

Legrand complies with all restrictions on the use of hazardous substances, in particular the EU's RoHS Directive. This has prohibited the use of lead and other substances for certain electric and electronic products since July 2006. This directive is mainly aimed at consumer electronics and household appliances and therefore does not have a significant impact on Legrand. Nevertheless, the Group has targeted the elimination of the substances singled out in the RoHS Directive in all its European-sold products since 2004.

Thus the use of lead-free PVC (mainly in the manufacture of cable management moldings) has been globalized throughout the Group.

Since 2008, Legrand has been working on implementing the EU REACH regulation. Efforts have in particular concerned the transmission of information concerning products at all points along the chain (upstream and downstream):

- collection of data from strategic suppliers *via* their Material Safety Data Sheets, the key component of REACH provisions for the transmission of product information. The management of Material Safety Data Sheets is being brought into line with REACH at all Legrand entities;
- a system open to all customer service units of Legrand's European entities that provides responses to customer queries on all Group brands *via* the Legrand Intranet, ensuring the most up-to-date data;
- a full page dedicated to REACH posted for the use of all stakeholders on the Legrand website.

Beyond regulatory requirements, Legrand has undertaken to remove, in all future product development, substances included in the "REACH Candidate List" whenever a technically and economically viable alternative is available.

6.4.2.2 ECO-DESIGN

Following measures launched as early as 2001, the Group is extending its policy of developing High Environmental Performance products, aimed at limiting their impact on the environment. In 2010, close to 80% of the group's R&D centers contributed to this as part of product design and industrializations.

The development of eco-design products is based on the life-cycle assessment (LCA) methods defined for ISO 14040/14044 and use of EIME (Environmental Improvement Made Easy) software developed by the electrical equipment industry for its own use in association with LCA experts.

Backed by a database updated each year, EIME provides the information needed to enhance the environmental performance of products without substituting one form of pollution for another.

Among the 2010 eco-design products, improvements to previous ranges can be seen in:

- Legrand's "BAES SATI eco1 plastic IP 43 - IK07" LED blocks: Benefiting from LED lighting technology, this security lighting product for public premises combines reduced cost of use (lower electricity consumption) with significant reductions in environmental impact of between 40% and 70% compared to the previous range, calculated by EIME software (depletion of non-renewable natural resources, Global Warming Potential, creation of hazardous waste, total water consumption etc.);
- Bticino's "DX3 4P C125 25kA Lexic 2 range 3" thermal-magnetic circuit breaker: Its new design reduces the heat loss in use by nearly 19% compared to the previous range. At the same time, optimization compared to the previous generation of materials and conditioning allows a reduction of nearly 20% in almost all of the product's environmental impacts, throughout its life cycle.
- the Niloé product range: Each stage of the Niloé range product life cycle has been optimized. The average environmental impact benefit, compared to the previous range, is 20% for switches and 30% for electrical sockets.

Additional indicators are discussed in section 6.4.5 below.

6.4.2.3 PRODUCT ENVIRONMENTAL PROFILES

Legrand is committed to providing clear and detailed information on the technical performance in the use of its products. This also applies to their environmental impact. The Group therefore provides customers with PEPs (Product Environmental Profiles). Based on ISO 14025 specifications, these "eco-declarations" set out environmental information generated by the life-cycle assessment (LCA) function of EIME software: material balance and environmental impact as calculated by EIME (depletion of non-renewable natural resources, total energy consumption, Global Warming Potential, recycling potential, energy recovery, etc.).

R&D teams at the local level use the Group's EIME tool, together with its central database, to draw up Product Environmental Profiles in accordance with universally recognized standards. In 2010, close to 80% of R&D teams published at least one PEP.

Within the framework of France's Grenelle de l'Environnement program and in tandem with the Association of Building Material Manufacturers, Legrand is party to a voluntary agreement for the systematic use of Product Environmental Profiles by 2012. The agreement was signed in 2009 alongside France's national agency for the environment and energy management ADEME (*Agence de l'Environnement et de la Maîtrise de l'Énergie*); standards organization AFNOR; the science and technology center for the building industry (*Centre Scientifique et Technique du Bâtiment*); the Association for High Environmental Quality (HQE, *Haute qualité environnementale*); the Association Qalitel; and the Ministry for Ecology, Energy, Sustainable Development and the Sea.

With the same aim, along with professional organizations and stakeholders, Legrand is heavily involved in structuring Product Environmental Profiles in the electrical sector. In 2010, Legrand was among the founding members of "PEP Ecopassport". This association ensures that PEPs comply with ISO 14025 standards and will certify compliance and comparability of declarations across the profession.

Legrand already has more than 380 PEPs available on its brands' websites or upon request from customer services departments.

Information on other indicators is provided in section 6.4.5 below, including in particular revenue generated by products covered by a Product Environmental Profile.

6.4.2.4 PRODUCT END OF LIFE

In European countries where Legrand sells its products, it also collects used household products. For this, Legrand has joined up with organizations operating collection systems in association with local authorities and DIY outlets, to recycle and process waste.

For the professional market, Legrand has been a pioneer, organizing the collection and recycling of end-of-life security lighting units (BAES) for more than 20 years. This has enabled more than 200 metric tons of products to be recycled every year (including about 70 metric tons from nickel-cadmium batteries).

In addition, schemes were introduced in 2010 for other electrical and building industry products, such as the Professional Waste Electrical and Electronic Equipment project in France (*DEEE pro*), alongside eco-organization Recylum, which started in July 2010.

Through its French brands, Legrand has been a "founding member" at the launch of these industry schemes, which recycle a very wide range of products.

Legrand products are designed to meet current end-of-life management requirements such as the need to identify materials for plastic parts weighing more than 50 grams.

Legrand provides customers with full information for end-of-life management in its Product Environmental Profiles. These include an end-of-life section with details of recycling potential for each material, potential for use as fuel, and the location of any hazardous materials, together with a list indicating quantities of any materials requiring special treatment pursuant to the EU Directive on Waste Electrical and Electronic Equipment (WEEE Directive) such as batteries and electronic cards larger than 10 sq.cm.

6.4.3 - Climate change strategy: Legrand Climact

Legrand Climact is a Group program aimed at limiting greenhouse gas emissions through action in three areas: control of energy use on industrial sites, eco-design and transport.

Legrand has confirmed its commitment by signing the Cancun Communiqué on Climate Change, which was launched by the Prince of Wales Foundation Corporate Leaders Group on Climate. In addition, every year Legrand contributes to the work of the Carbon Disclosure Project (CDP), aimed at providing quality information on initiatives to combat global warming.

Finally, to improve the reporting of CO_2 emissions and determine the most relevant levers for its Legrand Climact project, Legrand launched a project in late-2010 to measure its carbon footprint in accordance with the GHG protocol.

6.4.3.1 BUILDINGS AND PROCESSES

In 2010, CO_2 emissions were estimated at:

- for Scope 1 [1] (direct energy consumption - mainly gas): 66,000 metric tons equivalent CO_2;
- for Scope 2 [1] (indirect energy consumption - electricity): 102,000 metric tons equivalent CO_2.

In 2010, the Group reduced emissions by 14% compared to 2006. This reduction is essentially due to the constant change in the Group's production equipment in an overall context of revenue growth.

Despite the marked increase in production volumes over the past year, there was no significant rise in CO_2 emissions. Optimization efforts, made in particular as part of the Lean Manufacturing initiative, allowed a long-term reduction in the Group's carbon footprint.

For more information on the control of energy use and the scope of related measurements, see section 6.4.5.

6.4.3.2 PRODUCTS

The marketing, design, purchasing, quality, production and other teams involved in product development add to the "Legrand Climact" benefits already described.

R&D units aim for solutions that meet quality requirements with the lowest possible environmental impact. Greenhouse effects, measured in grams of CO_2 equivalent, are among the key indicators assessed at each stage of the product life cycle.

The spread of the development of High Environmental Performance products across the Group's design offices and the judicious choice of materials, components and processes all help to ensure that each year the Company can market products with lower greenhouse gas emissions along the whole product life cycle than previous ranges.

In this way, the new ECO1 and ECO2 security lighting units launched in 2010 will reduce emissions by 9,870 metric tons of CO_2 along their whole life cycle.

*(1) Scope specification: **Direct energy consumption**: Greenhouse gas emissions resulting from the use and production of energy other than electricity for the use in heating and production processes. This corresponds to Scope 1 as defined in the Greenhouse Gas Protocol, revised edition, published by Greenhouse Gas Protocol Initiative (ghgprotocol.org). **Indirect energy consumption**: Greenhouse gas emissions resulting from the use of electricity on production sites. This corresponds to Scope 2 as defined in the Greenhouse Gas Protocol, revised edition, published by Greenhouse Gas Protocol Initiative (ghgprotocol.org).*

6.4.3.3 TRANSPORT

The Group is continuing efforts to optimize logistic flows required for its operations. Different action levers are used.

These include the location of warehouses and production sites close to end markets wherever possible, shortening transport routes for finished goods and components. When studying different production scenarios, an "overall cost" analysis is increasingly being taken into account, including these logistic flow optimization efforts and, in particular, environmental factors.

Various initiatives have been launched to date. They are fully in line with our Lean Manufacturing policy:

- streamlining of logistic flows to reduce distances traveled;
- grouping of different stages in production on a single location, reducing transport between sites.

The choice of transport modes and organization of logistic flows also offer scope for improvement. Recent measures taken include:

- preference for rail transport, particularly for courier consignment to some parts of southern France and for some containers carried from Paris to Marseille for forwarding to North Africa;
- use, as far as possible, of the same vehicles for reception and shipping at the International Distribution Center, reducing the number of empty journeys;
- halving the number of trucks traveling between Brazilian stores by replacing of 50 cubic meter trucks with 90 cubic meter ones.

In keeping with measures taken in 2009, particular efforts were made in 2010 to refine the detailed mapping of the Group's logistic flows and consequently the global CO_2 emissions indicator on intra-group and distribution transport.

This indicator covers transport between Group units (intra-group) and transport from Group units to end-users (distribution).

The reliability of this mapping requires the complete revision of the methodology:

- introducing a reporting tool which automatically calculates CO_2 emissions;
- exhaustive site consultation (production units and distribution warehouses).

This new methodology enabled the scope of the 2008 and 2009 logistic flow mapping to be extended: approximately 18% more flows (equivalent to 80,000 metric tons transported) were mapped in 2010.

According to the 2010 analysis, global gross CO_2 emissions were 89,300 metric tons.

6.4.4 - Building Energy Efficiency: a significant project for Legrand

Buildings account for 40% of the world's energy consumption and a quarter of its CO_2 emissions. Growing awareness of global warming, the potential for financial gains from energy savings and new regulatory requirements all favor the move to environmentally-efficient electrical solutions for buildings which perform better and consume less.

In 2009, the Group set up an ambitious project called "Energy Efficiency" as a response to ongoing changes in the construction sector, which represent new challenges for electrical infrastructure. This project clearly demonstrates the Group's determination to guide those involved in the electrical sector to this market which is significant and full of opportunities for the entire profession.

Through this project, Legrand has set itself the task of contributing to reliable, productive and responsible energy consumption, in particular through action in two areas:

- offering Energy Efficiency solutions to manage consumption in buildings and contribute to high-quality energy;
- partnerships with electrical-sector stakeholders aimed at sharing best practices in electrical systems and applications.

6.4.4.1 OFFERING ENERGY EFFICIENCY SOLUTIONS

The Group offers solutions for all types of residential and commercial buildings, both new builds and those undergoing thermal renovation.

The Group's turnkey solutions are easy to install, adapt and use, and cover all electrical system requirements. They are also within the technical reach of the Group's usual partners in the sector.

Lighting management

Lighting controls and presence detectors, in particular those on offer from WattStopper, number one on the US market, can cut electricity consumption for lighting in a commercial building by as much as 55%. These ranges are rounded out by products from Sarlam, a French subsidiary specializing in architectural lighting. Based on this know-how, Legrand rolled out a lighting management product range in all its markets in 2010. This range uses presence detectors, is compatible with low-energy light bulbs and requires limited installation work. It generates a swift return on investment thanks to its energy efficiency.

Specific electricity management

Many household and office appliances cannot operate without electricity. These are referred to as "energy specific" goods (computers, printers etc.). Legrand offers a range of programming devices to turn off office computers, lighting and ventilation at set times. Products also include a switch control displaying programmed circuits for timely cuts that can result in savings of up to 20% on consumption for equipment on appliance-specific electricity consumption. This can add up, particularly for IT equipment, which represents the third largest item on energy bills for commercial buildings.

Quality of electricity

Acquired in 2008, Legrand subsidiary Alpes Technologies is a recognized leader in terms of electricity power and quality. Alongside network analysis tools, it offers a full range of services and products contributing to the quality of electricity and the reduction of environmental impacts, in particular with reactive energy compensation and harmonics filtration technologies. In 2010, Alpes Technologies rolled out products in several countries including Poland, Russia, Chile, Belgium and Portugal.

Measuring energy consumption and estimating potential reductions

Electrical systems need to be analyzed, measured and monitored as a first essential step towards the reduction of consumption. Alptec analyzers from Alpes Technologies allow the full analysis of circuits (failures, surges, etc.) in commercial and industrial buildings, to identify and correct defects. In residential buildings, Legrand's Arteor offering allows the centralized control of all electrical equipment and allows for the accurate tracking of total consumption, in particular with the 2010 launch of an interface for measuring, indicating and reducing consumption. Moreover, US subsidiary WattStopper has launched an Energy Calculator, a free online tool enabling individuals to calculate potential energy savings.

Heating management

Heating is the largest item on household energy bills, and more accurate, automated temperature control can cut it by 12%. In addition to programmable thermostats, Legrand's offering includes the "Fil Pilote 3 zones" option allowing separate control of three different sections of the home, adjusting temperatures in each according to priorities and energy requirements. More broadly, the automation of heating, hot-water supplies, lighting and standby mode can save up to 10% on energy use.

Innovative transformers that reduce power loss

Legrand, in particular under its Italian brand Zucchini, markets low-loss dry transformers. These transformers are more economical and less polluting than traditional transformers and reduce CO_2 emissions by more than 800 kg a year for an IT building with two 250 sq.m rooms.

Electric vehicle recharging stations

To address the major changes in the transport sector and meet users' needs, Legrand has developed "Green' Up", a recharging station adapted for home use, company and public car parks, apartment blocks and public highways. In addition, Legrand is a founder member of the EV Plug Alliance, an association of European manufacturers whose aim is to promote a label guaranteeing compliance with the IEC's (International Electrotechnical Commission) Mode 3, type 3 standard. The socket will offer the highest levels of safety, thanks to secure sockets eliminating all potential contact with live electricity (in compliance with French standard NF C 15 100).

6.4.4.2 PARTNERSHIPS WITH ELECTRICAL SECTOR STAKEHOLDERS

Legrand places a special emphasis on customer involvement in the promotion of more responsible electricity consumption, with communications centered on good practices related to electrical systems.

The Group's aim is to create value at each stage of a building project by offering support to players in the sector such as investors, specifiers, distributors and electrical professionals. To this end, the Group sets up appropriate communications and other support tools including training to reinforce competencies and enable customers to integrate its Energy Efficient solutions. Other initiatives include dedicated websites providing information on key environmental and sustainability issues for the market, together with the Group's corresponding products and services.

Finally, Group training and information centers offer seminars dedicated to environmental and energy regulations and to green building techniques in accordance with the main standards in use, making key notions readily accessible. WattStopper carries this a step further with online training.

To help customers identify our Energy Efficient solutions, a special logo and eco-label has been designed and is used by Legrand subsidiaries around the world in their communications. Legrand also provides customers with precise data on product benefits such as CO_2 reductions, financial savings, return on investment and payback periods. Calculations are based on regulatory or standard specifications, and/or evidence from recognized outside experts. Information is also backed up with concrete examples of installations presenting solutions in specific applications and building types.

In addition, Legrand draws up Product Environmental Profiles describing the environmental features of each product. Product Environmental Profiles reinforce the position of Legrand products on their markets. These have a decisive influence on the decisions of building professionals that are committed to environmental quality and respond to growing demand for green building. For more details, see section 6.4.2.3 of this registration document.

Finally, Legrand is a member of the Green Building Council (GBC) in several countries, such as the United States, the United Arab Emirates, Vietnam and Singapore. The aim of the Green Building Council is to design and promote efficient buildings which respect both the environment and people, notably by way of its LEED certification program and its international network. Legrand North America in particular has supported the Council's work, not only through cash contributions, but also by providing expert input and access to R&D resources with a view to exploring possibilities for industrial partnerships to develop products and solutions for more sustainable buildings attuned to the LEED certification process.

6.4.5 - Summary of indicators and targets

Environmental indicators - industrial sites

The table below sets out the main environmental indicators monitored by the Group. Data below is for the current scope of consolidation.

Indicators	2008	2009	2010	2010 target
ISO 14001 certified sites *(%)*	81%	84%	82%	Maintain a rate of above 70%
Waste produced *(in thousands of metric tons)*	54	43	42	
% of waste reclaimed	84%	82%	84%	Maintain a rate of above 80%
Energy consumption *(MWh)*	543,000	449,000	454,000	
CO_2 emissions related to energy consumption *(in thousands of TEQ CO_2)*	216	166	168	Legrand Climact: reduce emission by 10% at constant scope compared to 2006 (216 thousand TEQ)
Water consumption *(m^3)*	1,480,000	1,430,000	1,480,000	
Environment training and awareness campaigns *(hours)*	22,500	17,300	11,400	
Emission of Volatile Organic Compounds (VOC) *(metric tons)*	51	52	52	Reduce emissions by 20% compared to 2006 (83 metric tons)

Environmental indicators - products

Indicators	2008	2009	2010	2010 target
R&D centers applying eco-design principles, % of Group total	63% Group 59% France, Italy and the USA	70% Group 67% France, Italy and the USA	79% Group 75% France, Italy and USA	60% Group 100% France, Italy and the USA
Contribution of products covered by Product Environmental Profiles to sales in France, Italy and the USA	9% of sales from France, Italy and the USA	25% of sales from France, Italy and the USA	33% of sales from France, Italy and USA	50% of sales from France, Italy and the USA

Indicators - Legrand Climact project

Reductions in CO_2 emissions are summarized in the table below.

Area	Action	2010 results in metric tons of CO_2 equivalent *(TEQ CO_2)*
Transport of finished goods	New methodology in 2010 to establish complete logistic flows mapping	+12,000 TEQ CO_2 (*), an increase of 20% on 2009 at constant scope, due to the rapid resupply of subsidiaries in the context of the upturn in business
Eco-design policies	Eco-design of product ranges	- 16,200 TEQ CO_2 for 2010(*)
Energy savings on sites	Reduction in direct energy consumption (gas, fuel etc.) at constant scope	- 15,500 TEQ CO_2 compared to 2006(*) (**)
	Reduction in indirect energy consumption (electricity) at constant scope	- 12,500 TEQ CO_2 compared to 2006(*) (**)

(*) *The savings expressed in metric tons of CO_2 equivalent relating to transport of finished goods have been calculated in accordance with the Bilan Carbone® method developed by French energy agency ADEME. The savings expressed in metric tons of CO_2 equivalent relating to eco-design and energy savings on sites have been calculated with EIME (Environmental Improvement Made Easy) software.*

(**) *Between 2006 and 2010, the project saved more than 75,000 CO_2 TEQ at constant scope on sites, a reduction of around 14% (target at end 2010: -10%).*

6.5 - SOCIAL COMMITMENTS AND COMMUNITY INVOLVEMENT: POLICIES AND RESULTS IN 2010

With nearly 31,000 employees around the world and sales and production units in over 70 countries, Legrand pursues its business development with particular attention to employee working conditions and its responsibility as an employer and a member of society at large, despite difficult economic conditions.

6.5.1 - Investing in employees

In starkly contrasting economic environments, in particular between the emerging and developed economies, the Legrand Group Human Resources department supports each entity by taking into account the challenges they face and their business priorities. This allows the Group to provide the best possible resources to meet each entity's needs, while at the same time promoting employee commitment.

Legrand's approach to human resource management is structured around:

- management of local resources by each subsidiary;
- cross-functional human resource management at the Group level, focusing on key positions and resources.

6.5.1.1 REINFORCING COMPETENCY MANAGEMENT AND FAVORING STAFF MOBILITY

In order to encourage the convergence of practices, Legrand has made the Talentis HR application for human resources teams and managers in France available to subsidiaries. This system, which won awards for its utility and efficacy from Entreprises et Carrieres, Cegos and Echos.fr in 2008, is now deployed in 42 countries, 11 more than in 2009. In its first phase, it provides support for talent management by storing Group employees' data (such as CVs) and data from the Organization and Staff Review Process. The system is gradually being extended to different functionalities.

A new social reporting system was implemented in 2010, based on two complimentary approaches: a four-monthly reporting and a reviewed, briefer annual reporting. This new system has enabled the Group to progress to a new stage in international human resources management: improved knowledge of the countries' human resources activities and human resources information planning; more frequent monitoring of key indicators for improved reactivity; and better supervision of Group human resources performance.

The principal human resource management policies are as follows:

Individual apraisal reviews

These interviews are an opportunity for exchange between the manager and the employee. They are an important part of management action and represent a key tool for the management of performance, action plans, competency development and employee aspirations for new positions or work locations.

Individual apraisal reviews are already established practice at a large number of Legrand entities. A process of convergence regarding the notions of objectives, performances, competencies and mobility is under way, with due allowance for cultural diversity. The following countries have already started to implement this process with support from the Group human resources management: Australia, Brazil, China, Hungary, Dubai, Portugal, Slovakia, the United Kingdom, and since 2010, Vietnam, Algeria, Morocco, Venezuela and Iran.

Some 80% of Group managers had an individual interview in 2010.

Organization and staff review process (OSR)

The OSR process allows future changes in employment within the organization to be identified and discussions on employees' career progression. This process also helps to identify certain specific situations (potential, specific expertise etc.) and key post succession planning as well as development planning. The aim is to match the Company's organizational needs with its resources as closely as possible to improve the Group's performance. This process, which is already in use in the Group's main countries, was also put into place in Algeria, Morocco and Austria in 2010. The scope of people concerned was also expanded in 2010, notably in China and Australia.

The OSR is now in use in more than 30 countries and is gradually being rolled out at other subsidiaries.

Training

Each subsidiary invests in its employees taking into account commercial challenges, organizational and technological developments, and employee development. Different processes are used, for example, regarding local management training: in Italy, the Pégaso management training scheme is a three-year program designed for managers with high potential, while in China a Group management training program covering all the Chinese subsidiaries was created in 2010.

In addition, various programs are in place at the Group level to develop employees' skills: training programs are used for additional investment in key employees in subsidiaries or those whose role is spread across the Group. Potential resources are identified in strategic countries and functions (marketing, R&D, industry etc.). This new internal training policy started as a pilot scheme in 2009 in Hungary and China. In 2010, it was expanded to cover participants from ten different countries and will be extended further in 2011.

At the same time, individual coaching takes place alongside Group resources to support employees in their positions as well as in their personal development. In certain cases, team building exercises are also carried out.

Training investment at the Group level represented an average of 13 hours per employee in 2010.

Prospective employment and competencies management

This process has been deployed in France for several years. Combined with individual apraisal reviews, it identifies any mismatches between competencies required for each position and those of the person holding the position. This makes an important contribution to identifying training priorities. The Prospective Employment and Competencies Management agreement signed with all the trade unions represented in

France in 2009 formalizes an employment policy designed to underpin competitiveness, while at the same time enabling employees to better manage their own careers in a rapidly changing environment.

- **Management of staff mobility**

Mobility promotes employability and is a way of developing competencies. It contributes to both personal progress and business performance.

The Legrand Group has a wide range of professional positions, business sectors and geographical locations, making for multiple opportunities and possibilities for career development. Employee mobility platforms allow Group-wide management of talented staff in key positions, favoring the emergence of new dynamics for professional progress. Vacancies are posted on dialeg, the Group Intranet, which fuels momentum for professional and geographical mobility.

Legrand encourages staff members' plans for mobility with support including visits to host sites, training that can cover intercultural competencies in the case of a move to another country, and financial incentives.

6.5.1.2 PROMOTING DIALOGUE IN THE WORKPLACE

For Legrand, labor relations play a key part in the Group's ability to implement change. The Legrand Group therefore has a number of measures in place to promote good labor relations and support the role of employees' representative bodies.

In France, the role played by staff representatives is a valuable one and employees are made aware of the importance of voting at elections in the workplace.

Managers are trained in labor relations so they can fulfill their role in promoting good communications with the workforce. "Management of Labor Relations" meetings are held monthly between senior managers and HR to set labor relations strategy. Several agreements have been reached over the last two years (Including, among others, the Prospective Employment and Competencies Management agreement, and an agreement on preventing psycho-social risks at work and improving the quality of working life).

Various other accords were also signed in Group subsidiaries during 2010, including agreements on remuneration (Mexico, Korea, Australia and Brazil), working time (Brazil and Germany) and preventing psycho-social risks and improving the quality of working life (see section 6.5.1.4).

6.5.1.3 COMBATING DISCRIMINATION AND FAVORING DIVERSITY

The Group's commitment

The Legrand Group has a strong commitment, forming part of the Group Charter, to combating all forms of discrimination within its business entities and Human Resources processes, a commitment that is shared by each Group entity and adapted to their specific circumstances. Coordination on these issues is the responsibility of the Diversity Manager in the Group's Human Resources Department.

In 2010, Legrand strengthened this commitment through two major initiatives:

- the Group launched a review of its Human Resources processes to verify compliance with the principle of non-discrimination. An international working group composed of HR heads from four countries (France, Italy, Turkey and the USA) examined the recruitment process. This led to publication of a guide on non-discriminatory recruitment;
- Legrand held a diversity week for the whole of its staff, deploying different communications media (theatrical presentations, a sustainable development forum, conferencing, Intranet, sport demonstrations by disabled athletes, etc.) to challenge preconceptions and promote diversity among staff. The Group's head of Human Resources addressed all employees reminding them of the Group's commitment to fighting discrimination. A leaflet was produced to inform employees of the key ideas to take away (definition of discrimination, legal framework, possible reasons for discrimination, preconceptions) and 7,000 were distributed in paper or electronic format to all Group sites in France and abroad. An external specialist made a presentation to the heads of Human Resources in France to flag up key issues in compliance with non-discrimination rules. Finally, other events during the week also reminded staff of measures already in place (ethical alert) and the Group's commitment to the fight against all forms of discrimination.

This awareness-raising campaign was subsequently rolled out to the Group's US subsidiary, Legrand North America (speech by the Chairman, daily events aimed at staff).

Integrating workers with disabilities

Integration of people with disabilities is another essential part of the Legrand Group's commitment.

It is a core component of Human Resource policy in France, where Legrand's first agreement formalizing the employment of people with disabilities was signed in Legrand's home region near Limoges in 1993, followed by a nationwide agreement in 2006. This was renewed in 2009, providing a basis for increased awareness at French sites and action that includes:

- recruitment of disabled workers backed by consultations with official national organizations and associations;
- partnerships with protected employment sites (French ESAT program);
- preservation of employment for the disabled through workplace adaptation and accessibility, and through targeted training.

Legrand Group's continuing action reflects a long-term commitment, well illustrated by work conducted since 1987 by Italian subsidiary Bticino to favor employing young people with psycho-physiological disabilities. Under an agreement with the Province of Varese's training center, Bticino has set up a special workshop that has so far enabled nearly 300 young people to benefit from two-year apprenticeship programs. Each apprentice is assigned a specially adapted workplace and has the support of a personal tutor over the two years.

The drive to raise awareness of disability at work continued in 2010 during diversity week.

6.5.1.4 PREVENTING RISKS AND ENSURING HEALTH AND SAFETY AT WORK

Legrand's safety policies, set out in a Prevention Charter that was updated in 2009, continue to make progress with initiatives targeting three basic priorities: full compliance with all national rules and laws, integration of safety and environmental priorities in industrial planning and harmonization of prevention strategies across the Group.

A major example is the Esculape project launched in 2005, which involves the deployment by stages throughout the Group of a safety management system based on the International Labor Organization's Guidelines on Occupational Health and Safety Management Systems (ILO-OSH 2001). This has already made significant progress:

- **Ensuring regulatory compliance.** Group resources also include SecuRisk software currently used to assess regulatory compliance in France and Italy, and set for Group-wide deployment over time. It is backed up by monitoring of new developments in regulations and case law, allowing regular updates of audit terms of reference.
- **Making safety an integral part of production processes.** As the Esculape project progresses, authority is delegated to provide a clear framework for the responsibilities of managers of each Group entity notably as regards occupational risk prevention. At all levels, job descriptions are designed to ensure that occupational health and safety are recognized as a responsibility for all employees, whatever their rank and position. The Group's Purchasing specifications have been amended to factor in Legrand's sustainability principles, in particular to prevent the introduction of additional substances classified as CMR (Carcinogenic, Mutagenic, Reprotoxic) into production processes unless this is technically impossible to avoid. A group directive on workplace equipment was drawn up in 2009. The directive calls for purchasing contracts to contain clauses ensuring that newly acquired machinery complies with all applicable legal provisions. It also requires a compliance inspection to be conducted each time equipment is moved, even within the Group. Lastly, it defines rules that must be respected to ensure proper maintenance of machinery being used (in particular, regular checks that safety mechanisms are in good working order).
- **Taking a harmonized approach to prevention strategies.** Our Human Resources information systems now include specifications that define the responsibilities associated with each position, easing the overall management of personal safety certification in related areas. Shared databases help consolidate information to promote best practices throughout the Group.

In France the focus in 2010 was on further measures to prevent psycho-social risks. Three key measures were at the core of this effort:

- identification of appropriate indicators in cooperation with workplace health specialists;
- training to raise awareness of issues among managers and helping them to identify individual problems within the scope of their responsibilities;
- creation of ad hoc working groups in high-risk situations. These multi-disciplinary groups work with all concerned to identify problems and define agreed solutions.

In June 2010 an agreement was also reached with the unions on this issue. It addressed methods to prevent psycho-social risks and improve the quality of working life. The first step is a survey conducted using an anonymous questionnaire sent to all Group employees in France. The questionnaire is designed in collaboration with the organizations to identify key risk factors and protective measures by socio-professional category, business and region. Drafting and processing the questionnaire will be managed by the Regional Association for the Improvement of Working Conditions of Limoges. Local correspondent groups will be set up to provide local support in preventing psychosocial risks as part of a continuous improvement program.

The agreement involves a major training element. The Employees' Health and Safety Committees and management underwent specific training.

Finally, it is essential to have processes in place to manage problem situations. An email address and message box are planned to allow any worker to raise the alert about risky situations at any time. An internal alert network is also planned to steer the person concerned toward specialist services. Finally, there are provisions to call in specialist external expertise in the event of serious incidents to prevent post-traumatic stress disorder developing.

6.5.2 - Organizational change

The strategy of adapting to the markets implies organizational changes that require adjustments to resources and procedures. In all projects, Legrand carries out social feasibility studies before taking any action. Once the adjustment decisions have been made, the Group puts in place measures to support those affected (transfer, training, coaching, help with setting up or taking over a business, etc).

Some examples in 2010:

- in France several organizational changes were completed in 2010:
  - changes to the scope of responsibilities between the Marketing department, renamed Strategy and Development, and product marketing, which now reports to the various industrial divisions. This project also allowed the pooling of cross-functional responsibilities of strategic interest to the Group. Support for affected employees was in place throughout the project (communication, internal repositioning of people, training, etc.). The Marketing Mobility Committee was also set up to monitor the needs and resources in the Marketing department and encourage internal promotion of staff,
  - creation of the Infrastructure and Tertiary Systems Division (DIST): DIST is tasked with meeting the challenges of expanding the Tertiary business. The new structure was the result of merging the Cable Management Products Division and the Building Management Division. To support subsidiaries in launching a tertiary business, "business developer" posts were created;
- the restructuring project carried out in the UK during 2010 offered a package that exceeded local legal requirements, not only in terms of compensation but also in support for employees: regular communication, identification of possibilities for internal transfers and support for employees in finding work outside the company. Measures included: redeploying those affected to other positions wherever possible, support for professional reinsertion carried out by external specialists to help employees find new jobs, use of outplacement companies to help the search process, authorization of paid leave to help people looking for work;
- in Russia, as part of the reorganization of the Kontaktor subsidiary (Volga region) support measures exceeded local legal requirements in a number of areas. The Group sought to reduce redundancies and support those affected in their professional reinsertion: training to expand the skills and employability of workers, redeployment of people affected to other positions wherever possible, implementation of an inter-workshop mobility system to enhance the flexibility of production workers, support in finding a job outside the company, redundancy payments above the legal minimum;
- in Costa Rica, the transfer of production led to the removal of 157 positions. Thanks to the social support put in place, the project went smoothly. A specific budget, three times the local legal requirements, allowed the Company to invest in the transfer of staff and programs of psychological support. Redundancy payments were higher than those envisaged by law. At the end of the process, 75% of the staff affected had already found a new job.

6.5.3 - Developing access to electricity – partnership with *Électriciens sans frontières*

Under a partnership agreement with French NGO *Électriciens sans frontières* (Electricians Without Borders), since 2007 Legrand has provided support in the form of financing or equipment donations to more than forty projects that promote access to electricity in Africa, Asia and Latin America.

In 2010, efforts were dominated by emergency aid to Haiti. Since news of the earthquake first broke in January 2010, *Électriciens sans frontières* has been taking action alongside international NGOs such as the Red Cross, Care and *Médecins sans frontières* to put in place the first electrical supplies and lighting, essential precursors for emergency support to be delivered to those affected. Legrand was able to meet the needs of NGOs within the very short deadlines of emergency humanitarian logistics. Products continued to be delivered all year for many projects, including electricity supply to the Dos Palet orphanage and Hinch refugee camp, where 2,000 people were sheltering 130 km north-east of the Haitian capital. Other interventions restored or secured the power supply to hospitals such as the *Médecins sans frontières* hospital at Léôgane.

Alongside emergency aid, Legrand Singapore supported a long-term development in Cambodia: electrical systems were refitted and made safe in the twelve buildings making up the Prey-Veng hospital, the province's only fully equipped hospital. Three young people from the orphanage near the hospital were also trained in the techniques used.

6.5.4 - Solutions for assisted living: comfort and safety at home for longer

Life expectancy is on the rise, and with it the proportion of elderly people in the world population. In 2050, the world's population will have more than four times its current number of octogenarians. In the countries where this trend is most marked, safety at home and the prevention of domestic accidents are major issues.

6.5.4.1 MAKING ASSISTED LIVING SOLUTIONS AVAILABLE

Legrand offers an extensive range of ergonomically designed, user-friendly products that provide practical solutions to ease access and increase safety in homes, specialized institutions and other buildings, by helping to offset sensory, cognitive and motor deficiencies. Home automation products in particular can provide precious assistance for people with diminishing capacities for independent living. Automatic systems can make it safer for them to get around, reducing or removing the need for many daily tasks, and easing communications with the outside world. Some examples of solutions are given below:

- the creation of an automatic light path to guide people in their most frequent movements around their homes, lights to show doorways or stairs, and guided floor lighting are among the solutions Legrand offers to highlight obstacles, ease orientation and prevent falls. Security lighting systems ensure that in the event of a power failure there is still enough light inside to allow safe movement in all situations;
- home automation solutions such as those in the MyHome range include centralized or remote commands, eliminating unnecessary movements that can be a source of danger. Similarly, *Céliane* lighting control systems and Bticino door-entry systems make it possible to program home environments from a single control point, with lighting, hearing and access set to match personal needs and preferences. These are often supplied with specially adapted fittings such as touch switches and easy-to-fit plugs. *Céliane* systems can also be coupled with remote control systems to offset specific motor or sensory deficiencies.

Legrand has developed a range of specific products such as easy-use plugs, door intercoms with deaf aid loops, automatic light paths to help prevent falls, etc. This range of products to enhance the quality of life of elderly people is complemented by the telesupport terminals marketed by Intervox Systèmes.

6.5.4.2 A PROJECT WITH MANY PARTNERS

Legrand has for a number of years been involved in initiatives favoring independence and continued life at home for people who require assistance. The Company takes an approach that associates multidisciplinary expertise with a range of partnerships including the direct participation of users, families, healthcare and welfare professionals, and research organizations. Legrand is a founding member of Autonom'lab, a social research organization based in the Limoges region of France that applies the user-driven model developed for Europe's Living Labs. It is also a founding member of the *Centre National de Référence* for health and home-living set up in 2009 by France's Ministries of Health and Industry. Alongside its partners, Legrand is involved in a wide variety of research and development projects. These include Geropass, a project headed by a group of geriatricians that focuses on outfitting homes with automated equipment to meet the needs of elderly residents in real estate developments.

In 2010 Legrand signed a partnership with the La Creuse General Council that embodies its close involvement with France's municipalities and its nationwide reach. Legrand will contribute to the partnership in two main ways:

- helping to train the participants (electricians, support teams, home visitors, etc.) who work for La Creuse General Council;
- supporting implementation of the products.

6.5.5 - Summary of indicators and targets

The tables below summarize the main indicators for Group employees.

Employees by age

Female employees < 26 y.o	7%
Male employees < 26 y.o	5%
Female employees ≥ 26 y.o and < 36 y.o	12%
Male employees ≥ 26 y.o and < 36 y.o	17%
Female employees ≥ 36 y.o and < 46 y.o	10%
Male employees ≥ 36 y.o and < 46 y.o	20%
Female employees ≥ 46 y.o and < 56 y.o	9%
Male employees ≥ 46 y.o and < 56 y.o	13%
Female employees ≥ 56 y.o	3%
Male employees ≥ 56 y.o	4%

Employees by seniority

Female employees with < 5 years seniority	18%
Male employees with < 5 years seniority	20%
Female employees with ≥ 5 years and < 16 years seniority	12%
Male employees ≥ 5 years and < 16 years seniority	20%
Female employees with ≥ 16 years and < 26 years seniority	5%
Male employees with ≥ 16 years and < 26 years seniority	12%
Female employees with ≥ 26 years and < 36 years seniority	4%
Male employees with ≥ 26 years and < 36 years seniority	5%
Female employees with ≥ 36 years seniority	2%
Male employees with ≥ 36 years seniority	2%

Employees by job profile

Female managers	22%
Male managers	78%
Female non-managers	45%
Male non-managers	55%

% of employees with disabilities - World

- 2.4%.

NB - Disabilities must have been recognized by a certified local body.

% of employees with disabilities - France, as defined by law (including subcontracting to protected employment sites)

- 6.03%, above the legal minimum of 6%.

2010 new hiring

Women	58%
Men	42%

Training

- 13 hours per employee/year.

Individual apraisal review

80% of managers have had an individual apraisal review.

The table below summarizes the main health and safety indicators for the Group [1]

	2008	2009	2010	2010 target
Risk assessment: (% of Group workforce within the scope of formal risk assessments)	88%	83%	86.6%	Rate held above 80%
Risk control: (% of Group workforce within the scope of consolidated risk indicators)	93%	93.5%	95%	Rate over 95%
Health and Safety Committees: (% of Group workforce represented by a Committee)	86%	85%	87%	Rate held above 85%
Frequency of workplace accidents leading to absence: (Number of accidents x 1,000,000)/(Hours worked)	8.95	9.02	9.60	-
Severity of workplace accidents: (Number of days absence x 1,000)/(Hours worked)	0.24	0.20	0.24	-
Frequency of accidents suffered by sub-contractors: (Number of accidents suffered by sub-contractors on a Legrand site x 1,000)/(Number of employees on the Legrand site concerned)	2.36	0.88	1.71	-
Workplace health: (Employees having had a medical checkup or paramedical interview over the past 5 years)	80%	70%	62%	-
Training: (% of Group employees having received health and safety training)	-	49%	43%	-

(1) Excluding Inform and IndoAsian data.

07

MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2010

7.1 - PRELIMINARY DISCLAIMER

This selected financial data of the Company should be read together with the consolidated financial statements and their related notes in chapter 11 of this registration document. Financial statements of the Company have been prepared in accordance with IFRS and IFRIC interpretations as adopted by the European Union. The following information includes forward-looking statements based on estimates relating to the future activity of Legrand and which may differ materially from actual results.

All percentages may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures.

7.2 - OVERVIEW AND 2010 HIGHLIGHTS

Legrand is the global specialist in electrical and digital buildings infrastructure. The Group develops, manufactures and markets a complete range of control and command, cable management, energy distribution and Voice, Data and Image ("VDI") products. Legrand markets its products under internationally known brand names, in particular *Legrand* and *Bticino*, as well as well-known specialized and local brands. Legrand has commercial and industrial establishments in more than 70 countries and sells a wide range of products, comprising about 178,000 catalog items, in nearly 180 countries. In 2010, Legrand reported consolidated net sales of €3890.5 million with over 76% generated outside France.

Excellent performances in Russia, India, China and Brazil as well as in Turkey, Mexico, Chile and other countries led to an overall annual rise of 24% in new economy business, with growth at constant scope of consolidation and exchange rates reaching 11.9%. This robust increase reinforced the group's exposure to these high-growth markets. New economies thus account for one third of group sales.

Legrand resumed its targeted, self-financed acquisition in July 2010, focusing on new economies with the acquisition of Inform, the leader for UPS (Uninterruptible Power Supply) in Turkey, and Indo-Asian Switchgear, a top contender on the Indian market for protection. The group also reinforced positions on new business segments with the acquisitions of Meta System Energy, an Italian company specialized in modular UPS, Electrorack, a US company making VDI cabinets for data centers and Intervox, the leader for connected security systems in France.

With R&D spending representing 4.5% of sales and new products accounting for more than 60% of capitalized development costs and investments, Legrand is actively pursuing its strategy for innovation as a driver for organic growth. Among the many new products brought to market in 2010 were:

- wiring-device ranges Kaptika in Russia, Nereya in Brazil, Mellovia in South Korea, and K5 and Meidian in China, as well as high-end offerings Axolute Eteris and Axolute White in Italy, which were very well received on the market;
- a new range of audio and video door-entry systems for China;
- dedicated solar-power protection solutions in France;
- digital lighting management systems in the US;
- a video surveillance offering in Italy.

7.3 - OPERATING PROFITS

7.3.1 - Introduction

The Group reports its finances and results of operations on the basis of five geographic zones corresponding to the zone of origin of the products sold. Information concerning the results of operations and finances for each of these five geographic zones is presented for the years 2010, 2009 and 2008 in note 24 to consolidated financial statements shown in chapter 11 of this registration document. Each zone represents either a single country or the consolidated results of a number of countries and distinct markets. These five geographic zones are:

- France;
- Italy;
- Rest of Europe (including principally Spain, Portugal, Greece, Turkey, the United Kingdom, Germany, Belgium, the Netherlands, Austria, Poland and Russia);
- United States and Canada; and
- Rest of the World (including principally Brazil, Mexico, Chile, Colombia, China, India, South Korea and Australia).

Since local market characteristics are the determining factor in the Company's performance and net sales by zone, consolidated financial information for multi-country zones does not always accurately reflect the financial performance of each national market. In fact, operations in the Group's geographic zones vary significantly from one country to the next. Furthermore, products may be manufactured and sold locally or instead be imported from or exported to another member of the Group. These factors may distort the comparison of the results of the various geographic zones. Consequently, with the exception of information and data relating to net sales, the discussion of results below focuses primarily on consolidated results, with reference to national markets where these have a material impact on consolidated accounts.

7.3.2 - Factors that affect the results of operations

7.3.2.1 NET SALES

Markets in the countries and regions in which Legrand operates have different characteristics, principally as a result of local economic conditions and standards of living, which affect the level of renovation and new construction of homes, stores and office buildings, as well as the level of investment in industrial facilities. Underlying demand is also linked to the rate of real-estate turnover, since newly acquired properties are frequently renovated or refurbished. The Company estimates that, for the periods under review, approximately 60% of consolidated net sales were generated from the renovation market, which the Company believes limits its exposure to the more cyclical new construction market, and which represented approximately 40% of consolidated net sales.

Changes in consolidated net sales principally reflect the following factors:

- changes in sales volume (*i.e.*, the number of products sold in each period) due to changes in product demand and business levels in all markets;
- product mix;
- changes in sales prices (including quantity discounts and rebates, cash discounts for prompt payment, general price changes relating to local market conditions, and specific price changes, such as those designed to pass on changes in raw material prices);
- fluctuations in exchange rates between the euro and the different billing currencies, which affect the level of consolidated net sales after conversion; and
- changes in the subsidiaries consolidated by Legrand, principally as a result of acquisitions or disposals (which are referred to as "changes in the scope of consolidation").

The table below presents a breakdown by geographic zone of the Company's consolidated net sales (by destination) for the years ended December 31, 2010, 2009 and 2008. Sales "by destination" means all sales by the Group to third parties on a given geographic market.

	Legrand Year ended December 31					
	2010		2009		2008	
(in € millions, except %)	€	%	€	%	€	%
Net sales by destination						
France	919.2	23.6	913.5	25.5	1,000.9	23.8
Italy	590.4	15.2	571.5	16.0	714.7	17.0
Rest of Europe	757.7	19.5	710.6	19.9	955.0	22.7
United States and Canada	560.4	14.4	512.6	14.3	574.3	13.7
Rest of the World	1,062.8	27.3	869.3	24.3	957.5	22.8
TOTAL	**3,890.5**	**100.0**	**3,577.5**	**100.0**	**4,202.4**	**100.0**

7.3.2.2 COST OF GOODS SOLD

Cost of goods sold consists principally of the following:

Cost of raw materials and components. The cost of raw materials and components accounted for, on average, approximately 61% of consolidated cost of goods sold over the last three financial years. Likewise, approximately 65% of the cost of raw materials and components relates to components and semi-finished goods, and approximately 35% relates to raw materials, on average. The breakdown between raw materials and semi-finished products varies according to the product mix, trends in market prices and choices in industrial organization, in particular with the systematic application of a "make or buy" approach to all projects.

Legrand purchases most of its raw materials and components locally. However, Legrand's policy is to increase the percentage of raw materials and components purchased at Group level in order to benefit from economies of scale. Moreover, the cost of raw materials and components may vary as a consequence of global economic changes, such as the worldwide increase in raw material prices from 2005 to 2008, and more recently in the course of 2010.

Salary costs and benefit charges for employees involved in manufacturing. In general, these costs change on an aggregate basis in proportion to fluctuations in sales and production volumes, and decline as a percentage of net sales as a result of productivity initiatives, reorganization and optimization of production sites, as well as economies of scale associated with higher production volumes. In addition, certain back-office salary costs and benefit charges may decrease due to increased use of subcontractors in connection with the systematic application of a "make or buy" approach to all projects. Salary costs and benefit charges accounted for approximately 21% of the average cost of goods sold over the last three financial years.

Other elements included in costs of goods sold are:

- depreciation of fixed assets;
- subcontracting costs, which may increase as a result of the transfer of certain production activities to subcontractors with lower production costs; and
- other general manufacturing expenses, such as expenses for energy consumption.

The main factors that influence cost of goods sold as a percentage of net sales include:

- trends in net sales;
- production volumes, insofar as the Company achieves economies of scale through higher production volumes, thereby spreading fixed production costs over a larger number of units produced;
- the mix of products sold, insofar as consumption and production costs vary depending on the cost of the specific technology, raw materials and other components needed to manufacture a given product;
- initiatives to improve operating efficiency, including the implementation of measures to improve productivity and reduce fixed production costs (in particular through deployment of lean manufacturing initiatives), ongoing rationalization of manufacturing capabilities through the specialization of production sites, automation of manufacturing processes, subcontracting and the transfer of certain production to low-cost countries, the systematic application of a "make or buy" approach, and the optimization of inventory management;

- the effectiveness of the new purchasing organization in implementing the cost-reduction policy through the centralization, internationalization and standardization of purchasing management;
- product life cycles, insofar as the Company typically incurs higher production costs associated with surplus manufacturing capacity during the initial stages of product launches and when Legrand is phasing out products from its catalogs; and
- changes in the prices of raw materials, components and semi-finished goods due to local or global economic conditions.

7.3.2.3 ADMINISTRATIVE AND SELLING EXPENSE

Legrand's administrative and selling expense consists principally of the following:

- salary costs and benefit charges for sales personnel and administrative staff. These expenses accounted on average for approximately 50% of administrative and selling expense over the last three financial years;
- other administrative expense, including expense relating to logistics and information systems;
- advertising expense; and
- other selling expense, such as printing costs for catalogs and expense incurred in connection with travel and communications.

7.3.2.4 RESEARCH AND DEVELOPMENT EXPENSE

Research and development expense consists principally of the following:

- salary costs and benefit charges for research and development employees. These expenses accounted on average for approximately 51% of research and development expense over the last three financial years;
- amortization expense for patents and other revalued assets recorded in connection with purchase accounting adjustments for the acquisition of Legrand France. In particular, the carrying value of certain patents was increased and then amortized on a declining-balance basis. Year on year, the amortization of these purchase accounting adjustments is thus lower, which in turn reduces research and development expense;
- other miscellaneous expense related to research and development, such as software, prototypes and patent registration costs;
- expense related to the use and maintenance of administrative offices, as well as expense related to information systems, in each case, concerning research and development activities; and
- amortization of capitalized development expense. Costs incurred on significant development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project, considering its technical, commercial and technological feasibility, will be a success, and the costs can be reliably quantified. Once these conditions are satisfied, a portion of the relevant development expense is capitalized. Development costs are amortized from the starting date of the sale of the product on a straight-line basis over the period of its expected benefit, not exceeding a period of ten years.

Over the last three financial years, excluding the amortization expense in connection with the acquisition of Legrand France but including capitalized development expense net of amortization expense, research & development expense and investments represented on average €176.0 million per year, or 4.5% of net sales.

7.3.2.5 OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense includes employee profit sharing, restructuring expense and other expense and provisions. Over the last three financial years, the Company incurred on average €43.3 million in restructuring expense.

7.3.2.6 OPERATING INCOME

Operating income consists of net sales, less cost of goods sold, administrative and selling expense, research and development expense, and other operating expense. Operating income does not include interest expense (described below).

7.3.2.7 FINANCE COSTS

Net interest expense principally corresponds to interest paid on amounts made available to the Company under its 2006 credit facility, Yankee bonds, the 2010 bond issue, and other bank borrowings (for a description of these arrangements, see paragraph 5 of this chapter), less income interest arising from the investment of cash and cash equivalents.

7.3.2.8 DISCUSSION AND ANALYSIS OF CHANGES IN NET SALES

In the discussion below, reference to net sales or changes in net sales is made by distinguishing variations due to changes in the scope of consolidation, organic growth (changes in net sales "using constant scope of consolidation and exchange rates"), and the impact of exchange-rates variations in the euro and other currencies. The Company believes that this measure is a useful tool for analyzing changes and trends in its historical consolidated net sales over different periods. Measures of organic growth are computed by making the following five adjustments, as applicable.

7.3.2.8.1 Companies acquired during the current period

Where companies are acquired during the current period, the net sales of the acquired company are reflected in the consolidated statement of income for only the portion of the current period from the date of first consolidation of such company. The calculation of the change in consolidated net sales at constant scope (*i.e.*, excluding the effects of the acquisition) takes into account sales of the acquired company, based on sales information of the acquired company prepared in a manner consistent with internal accounting policies, for the portion of the prior period equal to the portion of the current period during which Legrand actually consolidated the entity.

7.3.2.8.2 Companies acquired during a prior period

Where companies were acquired during the prior period, net sales of the acquired company are reflected in the consolidated statement of income for the entirety of the current period but only for the portion of the prior period from the date of first consolidation of such company. The calculation of the change in consolidated net sales at constant scope (*i.e.*, excluding the effects of the acquisition) takes into account the sales of the acquired company, based on sales information of the acquired company prepared in a manner consistent with internal accounting policies, for the portion of the previous year during which it was not consolidated.

7.3.2.8.3 Disposals during the current period

Where companies are disposed of during the current period, the net sales of the company sold are reflected in the consolidated statement of income for only the portion of the current period prior to the date of disposal and deconsolidation. The calculation of the change in consolidated net sales at constant scope (*i.e.*, excluding the effect of disposals) does not take into account the sales of the divested company during the period of the previous year corresponding to the period of the current year after disposal.

7.3.2.8.4 Disposals during a prior period

Where companies were disposed of during the prior period, the net sales of the company sold are not reflected in the consolidated statement of income for the current period. The calculation of the change in consolidated net sales (*i.e.*, excluding the effect of disposals) does not take into account sales of the divested company in the prior period.

7.3.2.8.5 Using constant exchange rates

Consolidated historical net sales include the effects of exchange rate differences between the euro and other currencies. To analyze the variation of consolidated net sales excluding the effects of these exchange rate changes, Legrand uses constant exchange rates (calculated by adjusting current year reported net sales using prior period exchange rates) to compare year-to-year changes in net sales.

7.3.2.9 BREAKDOWN OF CHANGES IN NET SALES FROM 2009 TO 2010

The following table presents the breakdown of changes in net sales as reported by zone of **destination** (market where sales are recorded) between 2009 and 2010.

Net sales *(in € millions except %)*	Year ended 31 December					
	2009	2010	Total change	Change in the scope of consolidation	Organic growth	Impact of exchange rates
France	913.5	919.2	0.6%	0.0%	0.6%	0.0%
Italy	571.5	590.4	3.3%	0.1%	3.2%	0.0%
Rest of Europe	710.6	757.7	6.6%	3.8%	(0.9)%	3.6%
USA/Canada	512.6	560.4	9.3%	0.0%	3.8%	5.4%
Rest of the World	869.3	1,062.8	22.3%	1.6%	10.6%	8.8%
CONSOLIDATED TOTAL	**3,577.5**	**3,890.5**	**8.7%**	**1.2%**	**3.6%**	**3.8%**

The following table presents the breakdown of changes in net sales as reported by zone of **origin** (zone of origin of the products sold) between 2009 and 2010.

Net sales *(in € millions except %)*	Year ended 31 December					
	2009	2010	Total change	Change in the scope of consolidation	Organic growth	Impact of exchange rates
France	1,018.7	1,043.1	2.4%	0.4%	2.0%	0.0%
Italy	615.1	622.6	1.2%	(0.1)%	1.4%	0.0%
Rest of Europe	672.5	737.2	9.6%	5.4%	0.2%	3.8%
USA/Canada	519.6	571.7	10.0%	0.0%	4.4%	5.4%
Rest of the World	751.6	915.9	21.9%	0.3%	10.3%	10.2%
CONSOLIDATED TOTAL	**3,577.5**	**3,890.5**	**8.7%**	**1.2%**	**3.6%**	**3.8%**

The change in scope of consolidation affecting sales in the France business zone (+0.4%) reflects deliveries from France that were previously carried out through the Dubai logistics hub, partly offset by the inception of a new logistics hub in Eastern Europe to serve markets previously receiving deliveries from France. These two changes are also reflected in the impact of changes in the scope of consolidation on sales in the Rest of Europe and Rest of World business zones.

7.3.2.10 BREAKDOWN OF CHANGES IN NET SALES FROM 2008 TO 2009

The following table presents the breakdown of changes in net sales as reported by zone of **destination** (market where sales are recorded) between 2008 and 2009.

Net sales *(in € millions except %)*	Year ended 31 December					
	2008	2009	Total change	Change in the scope of consolidation	Organic growth	Impact of exchange rates
France	1,000.9	913.5	(8.7)%	(0.4)%	(8.3)%	0.0%
Italy	714.7	571.5	(20.0)%	0.0%	(20.0)%	0.0%
Rest of Europe	955.0	710.6	(25.6)%	0.7%	(20.9)%	(6.6)%
USA/Canada	574.3	512.6	(10.7)%	0.4%	(15.5)%	5.3%
Rest of the World	957.5	869.3	(9.2)%	1.3%	(7.1)%	(3.5)%
CONSOLIDATED TOTAL	**4,202.4**	**3,577.5**	**(14.9)%**	**0.4%**	**(13.9)%**	**(1.6)%**

The following table presents the breakdown of changes in net sales as reported by zone of origin (zone of origin of the products sold) between 2008 and 2009.

Net sales *(in € millions except %)*	Year ended 31 December					
	2008	2009	Total change	Change in the scope of consolidation	Organic growth	Impact of exchange rates
France	1,146.3	1,018.7	(11.1)%	(1.8)%	(9.5)%	0.0%
Italy	765.8	615.1	(19.7)%	(0.1)%	(19.6)%	0.0%
Rest of Europe	894.7	672.5	(24.8)%	2.0%	(20.6)%	(7.2)%
USA/Canada	581.5	519.6	(10.6)%	0.4%	(15.4)%	5.3%
Rest of the World	814.1	751.6	(7.7)%	2.3%	(6.0)%	(4.0)%
CONSOLIDATED TOTAL	**4,202.4**	**3,577.5**	**(14.9)%**	**0.4%**	**(13.9)%**	**(1.6)%**

The negative impact of changes in the scope of consolidation on sales booked in France is essentially due to the sale in June 2008 of an activity of ICM Group that was outside the core business of Legrand.

7.3.2.11 OTHER FACTORS THAT AFFECT THE NET INCOME OF THE GROUP

The acquisition of Legrand France in 2002 and associated purchase accounting adjustments and transactions related thereto have affected net income. In particular:

- from 2002 through 2005, the Group had substantial indebtedness that was incurred to finance the acquisition of Legrand France, which caused interest expense over that period to be high. However, the refinancing transactions completed in February 2006 and the repayment of certain debt from the net proceeds of the Global Offering and from the increase of net cash provided by operating activities resulted in a reduction of interest expense as from the 2006 financial year; and
- the significant intangible assets recorded in connection with the acquisition of Legrand France increased the amortization charges of the Group. The purchase accounting adjustments relating to the acquisition of Legrand France principally concern the revaluation of trademarks that are being amortized on a straight-line basis and patents that are being amortized on a declining-balance basis. As a consequence, these purchase accounting adjustments are expected to have an impact on operating income until 2011.

7.4 - YEAR-ON-YEAR COMPARISONS

7.4.1 - Comparison: 2010 and 2009 financial years

(in € millions)	Legrand Year ended December 31 2010	2009
Net sales	**3,890.5**	**3,577.5**
Operating expense		
Cost of goods sold	(1,797.7)	(1,700.6)
Administrative and selling expense	(1,032.2)	(987.6)
Research and development expense	(185.6)	(189.5)
Other operating income (expense)	(117.4)	(175.7)
Operating income	**757.6**	**524.1**
Interest expense	(82.9)	(100.0)
Interest income	11.7	11.9
Foreign exchange gain/loss	(39.8)	(13.4)
Finance costs and other financial income and expense, net	**(111.0)**	**(101.5)**
Income before taxes	**646.6**	**422.6**
Income taxes	(227.1)	(131.3)
Net income for the year	**419.5**	**291.3**
Net income attributable to:		
■ **Legrand**	**418.3**	**289.8**
■ **Minority interests**	**1.2**	**1.5**

The table below presents the calculation of the adjusted operating income (defined as operating income adjusted for purchase accounting adjustments relating to the acquisition of Legrand France in 2002 and impairment of goodwill) for the periods under review:

(in € millions)	2010	2009
Net income for the year	**419.5**	**291.3**
Income taxes	227.1	131.3
Foreign exchange (gain)/loss	39.8	13.4
Interest income	(11.7)	(11.9)
Interest expense	82.9	100.0
Operating income	**757.6**	**524.1**
Purchase accounting adjustments related to the acquisition of Legrand France	26.5	38.1
Impairment of goodwill	0.0	16.6
Adjusted operating income	**784.1**	**578.8**
Restructuring charges	31.5	50.7
Maintainable adjusted operating income	**815.6**	**629.5**

7.4.1.1 SALES

Consolidated net sales rose 8.7% to €3,890.5 million in 2010, compared with €3,577.5 million in 2009, reflecting:

- a 3.6% rise in net sales, excluding the effects of changes in the scope of consolidation and using constant exchange rates;
- a 1.2% increase in net sales due to changes in the scope of consolidation from 2009 to 2010, relating in particular to the first-time consolidation of Inform (over 6 months) and Indo Asian Switchgear (over 4 months);
- a 3.8% rise in net sales due to favorable changes in exchange rates in 2010 compared to 2009.

Drawing on the momentum of new economies and new business segments, Legrand saw growth at constant scope of consolidation and exchange rates return to 5% in the second quarter, despite still convalescent building markets in many countries. Organic growth reached 5.6% in the second quarter and 5.2% in the third, while the fourth-quarter figure reflected the temporary effects of a more demanding basis for comparison.

France. Sales rose 0.6% in 2010 to reach €919.2 million compared with €913.5 million in 2009. A combination of favorable factors including vigorous performances in wiring devices, the success of the new LCS² digital infrastructure offering, and firm trends on renovation markets offset the still convalescent state of the building industry, particularly in the non-residential sector.

Italy. A 3.3% rise in sales to €590.4 million for 2010 compared with €571.5 million in 2009 reflected excellent performances in wiring devices, the success of My Home residential systems and a strong showing for cable management in the industrial sector.

Rest of Europe. Sales in the Rest of Europe zone rose 6.6% to €757.7 million in 2010 compared with €710.6 million in 2009. This rise reflects the combined impact of an 0.9% dip in sales at constant scope of consolidation and exchange rates; exchange rates, which had a positive 3.6% impact; and changes in the scope of consolidation, mainly the inclusion of Inform over six months, which made a positive 3.8% contribution. A 2.0% rise in fourth-quarter sales at constant scope of consolidation and exchange rates confirmed the return to growth observed in the third quarter. Support for sales in the region stemmed from remarkable performances in Russia and Turkey, combined with improved trends in most East European countries and in the UK. This gain offset persistent difficulties in Greece, Portugal, Spain, Austria and Belgium.

United States/Canada. Sales in the US/Canada region rose 9.3% to €560.4 million in 2010 compared with €512.6 million in 2009. This reflects 3.8% organic growth in sales backed by good showings for wiring devices and vigorous sales trends for lighting controls (Watt Stopper) and digital infrastructure (Ortronics), plus a favorable exchange-rate effect of 5.4%.

Rest of the World. Sales in the Rest of the World zone rose 22.3% to €1,062.8 million in 2010 compared with €869.3 million in 2009. This rise reflects organic growth of 10.6%, backed by business growth in new economies that remained on a very vigorous track, bearing out the pertinence of Legrand's strategy for development on these markets; a favorable exchange-rate effect that added 8.8%; and a 1.6% increase in scope of consolidation, reflecting primarily the consolidation of Indo Asian Switchgear over four months.

7.4.1.2 COST OF SALES

The consolidated cost of sales rose 5.7% from €1,700.6 million in 2009 to €1,797.7 million in 2010, mainly as a result of:

- increases in the volumes of raw materials and components used due to growth in sales;
- higher prices for raw materials and components; and
- exchange-rate effects, with the euro losing ground against most other currencies;

partly offset by:

- continuing efforts to raise productivity and optimize production resources, in particular through lean manufacturing action plans; and
- the full effect of adjustments to production costs initiated in 2009 and continued in 2010 in countries where business remained on the decline: overall, at constant scope of consolidation and exchange rates, production costs rose by 1.3% from 2009 to 2010.

The cost of sales thus eased from 47.5% of sales in 2009 to 46.2% in 2010.

7.4.1.3 ADMINISTRATIVE AND SELLING EXPENSE

Consolidated administrative and selling expense increased by 4.5% to €1,032.2 million in 2010, compared to €987.6 million in 2009, essentially because of:

- reinforcement of the group's sales presence, particularly on emerging markets; and
- exchange-rate effects, with the euro losing ground against most other currencies;

partly offset by:

- the full benefit of reorganization already carried out.

Overall, at constant scope of consolidation and exchange rates, administrative and selling expense declined 0.5% from 2009 to 2010.

As a percentage of sales, administrative and selling expense declined from 27.6% in 2009 to 26.5% in 2010.

7.4.1.4 RESEARCH AND DEVELOPMENT EXPENSE

In 2010, Legrand actively pursued its commitment to innovation as a driver for organic growth, with new products brought to market including:

- wiring device ranges Kaptika in Russia, Nereya in Brazil, Mellovia in South Korea, and K5 and Meidian in China, as well as high-end offerings Axolute Eteris and Axolute White in Italy, which were very well received on the market;
- a new range of audio and video door-entry systems for China;
- dedicated solar-power protection solutions in France;
- digital lighting management systems in the US;
- a video surveillance offering in Italy.

In accordance with IAS 38 "Intangible Assets", the Group has implemented an internal measurement and accounting system for development expense to be recognized as intangible assets. As a result, €30.3 million in development expense was capitalized in 2010 compared to €31.3 million in 2009. Amortization charges for capitalized development costs amounted to €25.1 million in 2010 compared to €20.5 million in 2009.

Consolidated research and development charges totaled €185.6 million in 2010 and €189.5 million in 2009, including in particular the amortization of intangible assets relating to the acquisition of Legrand France.

Excluding the impact of the capitalization of development costs and purchase accounting charges relating to the acquisition of Legrand France, research and development expense increased by 1.1% to €173.5 million in 2010 (4.5% of net sales) compared to €171.6 million in 2009 (4.8% of net sales).

In 2010, 1,859 employees in some 16 countries were involved in research and development, with 63.5% based in France and in Italy. In 2009, 1,833 employees were involved in research and development, with 68.2% based in France and in Italy.

(in € millions)	Calculation of research and development expense 2010	2009
Research and development expense	**(185.6)**	**(189.5)**
Purchase accounting amortization	17.3	28.7
Amortization of capitalized development costs	25.1	20.5
RESEARCH AND DEVELOPMENT EXPENSE, EXCLUDING AMORTIZATION AND PURCHASE ACCOUNTING ADJUSTMENTS RELATING TO THE ACQUISITION OF LEGRAND FRANCE	**(143.2)**	**(140.3)**
Capitalized development costs	(30.3)	(31.3)
RESEARCH AND DEVELOPMENT EXPENDITURE FOR THE YEAR	**(173.5)**	**(171.6)**

7.4.1.5 OTHER OPERATING INCOME AND EXPENSE

In 2010, other operating income and expense decreased by 33.2% to €117.4 million, compared to €175.7 million in 2009. This reflected in particular:

- lower restructuring charges, mainly in the France, Rest of Europe and Rest of World business zones;
- a decline in allocations to provisions; and
- the absence of recognition of impairments of goodwill on the balance sheet in 2010, whereas impairments amounting to €16.6 million were recognized in 2009.

7.4.1.6 OPERATING INCOME

Consolidated operating income rose 44.6% to €757.6 million in 2010 compared to €524.1 million in 2009. The increase was primarily due to:

- an 8.7% rise in sales;
- a 2.1% decline in research and development expense resulting in particular from a decline in amortization and purchase accounting adjustments relating to the acquisition of Legrand France; and
- a 33.2% decline in other operating income and expense;

partly offset by:

- a 5.7% rise in the cost of sales, although as a percentage of sales this declined to 46.2% in 2010 compared to 47.5% in 2009; and
- a 4.5% rise in administrative and selling expense.

As a percentage of sales, consolidated operating income rose to 19.5% in 2010 compared to 14.6% in 2009.

7.4.1.7 ADJUSTED OPERATING INCOME

Adjusted operating income is defined as operating income adjusted for purchase accounting charges recorded in connection with the acquisition of Legrand France in 2002 and impairment of goodwill. Adjusted operating income rose 35.5% from €578.8 million in 2009 to €784.1 million in 2010, reflecting gains in all geographical zones. These broke down as follows:

- a 39.1% rise to €267.3 million in France in 2010, up from €192.2 million in 2009 and representing 25.6% of sales in 2010 compared to 18.9% in 2009;
- a 20.4% rise to €197.4 million in Italy, up from €164.0 in 2009 and representing 31.7% of sales in 2010 compared to 26.7% in 2009;
- a 71.3% rise in the Rest of Europe zone, with Russia, Spain, Portugal and Poland the main contributors, setting the figure for 2010 at €86.7 million compared to €50.6 million in 2009, representing 11.8% of sales in 2010 compared to 7.5% in 2009;
- a rise of 34.7% to €76.8 million in the US and Canada in 2010 compared to €57.0 million in 2009, representing 13.4% of sales in 2010 compared to 11.0% in 2009; and
- a rise of 35.6% in the Rest of the World zone, with Brazil, Chile, Mexico, India and China standing out, for a total of €155.9 million in 2010 compared to €115.0 million in 2009, representing 17.0% of sales in 2010 compared to 15.3% in 2009.

Reflecting in particular support from the healthy operational leverage provided by sales growth and from the full effects of reorganization already carried out, total adjusted operating income as a percentage of sales rose by 4 points from 16.2% in 2009 to 20.2% in 2010.

7.4.1.8 FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSE

Consolidated net interest expense fell 19.2% from €88.1 million in 2009 to €71.2 million in 2010. It represented 1.8% of net sales in 2010 compared to 2.5% in 2009. The decline is due to lower levels of average indebtedness in 2010, partially offset by the rise in interest rates.

7.4.1.9 FOREIGN EXCHANGE GAINS AND LOSSES

Foreign exchange losses came to €39.8 million in 2010, compared to €13.4 million in 2009. This was essentially attributable to the euro's decline against most other currencies. The bulk of foreign exchange losses are unrealized and related to intra-group loans.

Reflecting these unrealized exchange losses, the translation reserve increased by nearly €100 million (see note 12 b to the consolidated financial statements referred to in chapter 11 of this registration document).

7.4.1.10 INCOME TAX

In 2010 Legrand's pre-tax income amounted to €646.6 million, showing a rise from 2009 when it was €422.6 million. This was attributable to the rise in operating income and the declines in net interest expense, partly offset by increased foreign-exchange losses. Consolidated income tax amounted to €227.1 million in 2010, compared to €131.3 million in 2009. The higher charge for 2010 is essentially attributable to the rise in pre-tax income and, to a lesser degree, the allocation of France's CVAE tax on the value added by the business in an amount of €10.2 million to income tax expense starting from 2010.

7.4.1.11 NET INCOME

Consolidated net income increased by 44% to €419.5 million in 2010, compared to €291.3 million in 2009, mainly resulting from:

- a €233.5 million rise in operating income;
- a €16.9 million decline in finance costs;

partially offset by:

- a €26.4 million increase in net foreign exchange losses; and
- a €95.8 million rise in income tax.

7.4.2 - Comparison: 2009 and 2008 financial years

	Legrand Year ended December 31	
(in € millions)	**2009**	**2008**
Net sales	**3,577.5**	**4,202.4**
Operating expense		
Cost of goods sold	(1,700.6)	(2,070.0)
Administrative and selling expense	(987.6)	(1,144.6)
Research and development expense	(189.5)	(208.3)
Other operating income (expense)	(175.7)	(136.7)
Operating income	**524.1**	**642.8**
Interest expense	(100.0)	(151.7)
Interest income	11.9	29.1
Foreign exchange gain/loss	(13.4)	(25.3)
Finance costs and other financial income and expense, net	**(101.5)**	**(147.9)**
Income before taxes	**422.6**	**494.9**
Income taxes	(131.3)	(143.4)
Net income for the year	**291.3**	**351.5**
Net income attributable to:		
■ **Legrand**	**289.8**	**349.9**
■ **Minority interests**	**1.5**	**1.6**

The table below presents the calculation of the adjusted operating income (defined as operating income adjusted for purchase accounting adjustments relating to the acquisition of Legrand France and impairment of goodwill) for the periods under review:

(in € millions)	**2009**	**2008**
Net income for the year	**291.3**	**351.5**
Income taxes	131.3	143.4
Foreign exchange (gain)/loss	13.4	25.3
Interest income	(11.9)	(29.1)
Interest expense	100.0	151.7
Operating income	**524.1**	**642.8**
Purchase accounting adjustments related to the acquisition of Legrand France	38.1	55.1
Impairment of goodwill	16.6	0.0
Adjusted operating income	**578.8**	**697.9**
Restructuring charges	50.7	47.6
Maintainable adjusted operating income	**629.5**	**745.5**

7.4.2.1 NET SALES

Consolidated net sales declined 14.9% from €4,202.4 million in 2008 to €3,577.5 million in 2009, reflecting:

- a 13.9% decline in net sales, excluding the effects of changes in the scope of consolidation and using constant exchange rates;
- a 0.4% increase in net sales due to changes in the scope of consolidation from 2008 to 2009, relating in particular to the consolidation of Estap, Electrak and HDL over twelve months instead of nine months as in 2008; and
- a 1.6% decrease in net sales due to unfavorable changes in exchange rates in 2009 compared to 2008.

The decline in net sales, excluding the effects of changes in the scope of consolidation and using constant exchange rates, reflects marked deterioration in market conditions in all zones.

France. Net sales in France declined 8.7% from €1,000.9 million in 2008 to €913.5 million in 2009. This decline reflects an 8.3% decrease, excluding the effects of changes in the scope of consolidation, due to the weakness of the residential market and deterioration on the non-residential market.

Italy. Net sales in Italy fell 20.0% from €714.7 million in 2008 to €571.5 million in 2009 due to end demand (retail sellout) down 13% and the significant impact of cuts in distributor inventories. The decline in end demand is related to deteriorated business conditions throughout the year.

Rest of Europe. Net sales in the Rest of Europe zone fell 25.6% from €955.0 million in 2008 to €710.6 million in 2009. Business conditions remained generally difficult throughout the year in both eastern and western Europe, leading to a 20.9% decline in sales, excluding the effects of changes in the scope of consolidation and using constant exchange rates. The impact of exchange rates was a negative 6.6% and full-year consolidation of Estap and Electrak, consolidated over nine months in 2008, made a positive contribution of 0.7%.

United States and Canada. Net sales in the United States and Canada zone fell 10.7% from €574.3 million in 2008 to €512.6 million in 2009. This was essentially due to the 15.5% decline at constant scope of consolidation and exchange rates that resulted from the weakness of the residential market and deterioration on the commercial applications market. Exchange-rate variations had a positive impact of 5.3% and changes in the scope of consolidation added a modest 0.4% with full-year consolidation of PW Industries, consolidated over eleven months in 2008.

Rest of the World. Net sales in the Rest of the World zone declined 9.2% from €957.5 million in 2008 to €869.3 million in 2009. This reflects a 7.1% decline excluding the effects of changes in the scope of consolidation and using constant exchange rates combined with an unfavorable exchange rate impact of 3.5%, while consolidation of HDL over twelve months instead of nine as in the previous year made a positive contribution of 1.3%. After a difficult start to the year across the zone as a whole, the fourth quarter brought gradual improvement, particularly in Latin America and the Asia-Pacific area.

7.4.2.2 COST OF GOODS SOLD

Consolidated cost of goods sold declined 17.8% from €2,070.0 million in 2008 to €1,700.6 million in 2009, principally as a result of:

- lower purchases of raw materials and components associated with lower sales;
- cost-cutting measures deployed throughout 2009 to counter market deterioration in most countries;
- ongoing initiatives to improve productivity and rationalize manufacturing capabilities, in particular through lean manufacturing action plans; and
- restructuring measures.

In addition, prices for raw materials and components, which had increased significantly in previous years, were on a less unfavorable track as a result of the global economic downturn.

As a percentage of sales, the cost of goods sold eased from 49.3% in 2008 to 47.5% in 2009.

7.4.2.3 ADMINISTRATIVE AND SELLING EXPENSE

Consolidated administrative and selling expense declined 13.7% from €1,144.6 million in 2008 to €987.6 million in 2009, principally as a result of:

- the full and continuing adaptation of expenses to sales trends, with action taken throughout the year targeting all types of expense in all parts of the Group;
- the impact of lower sales on certain types of expense such as transport and sales commissions.

The effect of adaptation measures is also reflected in a very limited increase in administrative and selling expense as percentage of sales, which stood at 27.6% in 2009 after 27.2% in 2008.

7.4.2.4 RESEARCH AND DEVELOPMENT EXPENSE

In 2009, Legrand R&D teams worked on a large number of projects, contributing to the launch of new product ranges and the renewal of others. These included:

- *Arteor* wiring devices for residential and commercial applications on international markets, particularly in Asia, and *Soliroc* high-resistance, vandal-proof wiring devices;

- *Plexo3* cabinets and *Practibox* cabinets for residential applications;
- several new ranges in power distribution, including *Viking3* industrial terminal blocks and *DMX3* circuit breakers, as well as new low-noise latching relays, plus domestic and power contactors;
- in cable management, the new *Swifts* cable ladders, *Duo NQ50* trunking, *Legrand* halogen-free trunking and new *Legrand & Wiremold* floorboxes;
- centrally-managed access-control keypad and audio and video connectors for the *Mosaic* range of wiring devices;
- new *Wattstopper* detectors in the US;
- new user interfaces and a virtual configuration system for *MyHome* equipment;
- the *LCS²* voice-data-image offering in France.

In accordance with IAS 38 "Intangible Assets", the Group has implemented an internal measurement and accounting system for development expense to be recognized as intangible assets.

As a result, €31.3 million in development expense was capitalized in 2009 compared to €29.4 million in 2008. Amortization charges for capitalized development costs amounted to €20.5 million in 2009 compared to €9.2 million in 2008.

Consolidated research and development charges totaled €189.5 million in 2009 and €208.3 million in 2008, including in particular the amortization of intangible assets relating to the acquisition of Legrand France.

Excluding the impact of the capitalization of development costs and purchase accounting charges relating to the acquisition of Legrand France, research and development expense came to €171.6 million in 2009 (4.8% of net sales) compared to €182.9 million in 2008 (4.4% of net sales). The increase as a percentage of sales is due primarily to continued investment in innovation leading to the launch of new product ranges to expand and enrich the Group's offering on all its markets.

In 2009, 1,833 employees in some 15 countries were involved in research and development, with 68.2% based in France and in Italy. In 2008, 1,849 employees were involved in research and development, with 68.9% based in France and in Italy.

	Calculation of research and development expense	
(in € millions)	2009	2008
Research and development expense	**(189.5)**	**(208.3)**
Purchase accounting amortization	28.7	45.6
Amortization of capitalized development costs	20.5	9.2
RESEARCH AND DEVELOPMENT EXPENSE, EXCLUDING AMORTIZATION AND PURCHASE ACCOUNTING ADJUSTMENTS RELATING TO THE ACQUISITION OF LEGRAND FRANCE	**(140.3)**	**(153.5)**
Capitalized development costs	(31.3)	(29.4)
RESEARCH AND DEVELOPMENT EXPENDITURE FOR THE YEAR	**(171.6)**	**(182.9)**

7.4.2.5 OTHER OPERATING INCOME AND EXPENSE

In 2009, other operating income and expense increased by 28.5% to €175.7 million, compared to €136.7 million in 2008. This is due to rises in some provisions and persistently high restructuring charges principally relating to savings plans designed to both preserve near-term profitability and optimize the Group's business model for the long term. Restructuring charges concerned a large number of countries in 2009, particularly in the Rest of Europe and Rest of the World zones.

7.4.2.6 OPERATING INCOME

In what were highly unfavorable market conditions, consolidated operating income proved resilient, reaching 14.6% of sales to stand at €524.1 million in 2009, compared to €642.8 million or 15.3% of sales in 2008. The change resulted primarily from:

- a 14.9% decline in sales; and
- a 28.5% increase in other operating expense.

This was partially offset by:

- a 17.8% decline in the cost of sales, down to 47.5% of sales in 2009 compared to 49.3% in 2008;
- a 13.7% decline in administrative and selling expense; and
- a 9.0% decline in research and development charges, reflecting in particular a decline in amortization relating to the acquisition of Legrand France.

7.4.2.7 ADJUSTED OPERATING INCOME

Operating income is defined as operating income adjusted for purchase accounting charges recorded in connection with the acquisition of Legrand France and impairment of goodwill. Adjusted operating income declined 17.1% from €697.9 million in 2008 to €578.8 million in 2009. This reflects:

- a decline of 20.0% in France from €240.2 million or 21.0% of sales in 2008 to €192.2 million or 18.9% of sales in 2009;
- a decline of 26.4% in Italy from €222.9 million or 29.1% of sales in 2008 to €164.0 million or 26.7% of sales in 2009; and
- significant declines in most countries in the Rest of Europe zone, in particular Spain, Portugal and Poland, due to a combination of sharp deterioration in economic conditions and high restructuring charges.

These factors were partly offset by:

- steadying in the United States and Canada zone, where adjusted operating income came to €57.0 million in 2009 compared to €56.7 million in 2008. The practically unchanged total reflects a rise from 9.8% of net sales in 2008 to 11.0% in 2009, demonstrating the Group's capacity to adapt in this zone, where market conditions remained testing in 2009;
- an increase in the Rest of the World zone rewarding efforts to adapt spending to business conditions and benefiting from improved business in some countries in the latter part of the year. Adjusted operating income rose in India, China and Australia, offsetting less favorable trends in Brazil, Mexico and Chile, mainly due to high restructuring charges.

All told, adjusted operating income showed a limited decline as a percentage of net sales, easing from 16.6% in 2008 to 16.2% in 2009. Throughout the year, Legrand worked to adapt costs to difficult business conditions, taking a wide variety of initiatives to cut spending. This led to a restructuring charge, which, as a percentage, weighed more heavily on adjusted operating income than in 2008.

7.4.2.8 FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSE

Consolidated net interest expense fell 28.1% from €122.6 million or 2.9% of net sales in 2008 to €88.1 million or 2.5% of net sales in 2009. The decline is due to lower levels of average indebtedness in 2009, as well as the decline in interest rates on average over the year.

7.4.2.9 FOREIGN EXCHANGE GAINS AND LOSSES

Foreign exchange losses amounted to €13.4 million in 2009 after €25.3 million in 2008. As in 2008, this result was essentially due to the impact of variations in the US dollar/euro exchange rate on the Group's net debt.

7.4.2.10 INCOME TAX

In 2009, Legrand's pre-tax income amounted to €422.6 million, showing a decline from 2008 when it was €494.9 million. This was mainly attributable to a decline in operating income partly offset by declines in net interest expense and foreign-exchange losses. Consolidated income tax amounted to €131.3 million in 2009, compared to €143.4 million in 2008. The lower charge for 2009 is essentially attributable to the decline in pre-tax income.

7.4.2.11 NET INCOME

Consolidated net income amounted to €291.3 million in 2009, compared to €351.5 million in 2008, mainly resulting from:

- a €118.7 million decline in operating income;

partially offset by:

- a €34.5 million decline in finance costs;
- an €11.9 million decrease in net foreign exchange losses; and
- a €12.1 million decline in income tax.

7.5 - CASH AND CAPITAL RESOURCES

For information concerning the share capital of the Company, investors should refer to notes 10 and 12 to the consolidated financial statements referred to in chapter 11 of this registration document.

Legrand has a share buyback program in an amount not to exceed €500.0 million, details of which were published on May 28, 2010.

As of December 31, 2010, the Company held 607,635 shares under the program, acquired at a total cost of €13,872,893. During 2010, 27,508 shares appropriated for transfer to an FCPE employee share ownership fund for the purposes of profit sharing were transferred to the FCPE for a total value of €647,740. In addition, in the course of 2010, 330,504 shares were transferred to employees pursuant to free share allotment plans, as indicated in note 11 b to the consolidated financial statements referred to in chapter 11 of this registration document.

On May 29, 2007, Legrand appointed a financial institution to maintain a liquid market for its ordinary shares listed with NYSE Euronext Paris, this being in accordance with the Code of Conduct adopted by AMAFI, the association of French financial-market professionals, and approved by the market supervisor AMF on March 22, 2005. In 2010, the balance of transactions within this framework represented the net sale of 97,500 shares, the net proceeds of which amounted to €2,469,019.

As of December 31, 2010, Legrand held 192,500 shares representing a total purchase cost of €5,385,349.

7.5.1 - Cash flows

7.5.1.1 CASH FLOWS OVER 3 YEARS

The table below summarizes cash flows of the Company for the years ended December 31, 2010, 2009 and 2008.

	Legrand Year ended December 31		
(in € millions)	2010	2009	2008
Net cash provided by operating activities	749.4	726.3	577.5
Net cash used in investing activities	(392.5)	(77.1)	(280.5)
Net cash used in financing activities	(310.1)	(723.0)	(256.3)
Increase (reduction) in cash and cash equivalents	58.8	(80.9)	33.3
Capital expenditure and capitalized development costs	(112.8)	(115.6)	(160.4)

For a description of cash flows, investors should refer to the consolidated statement of cash flows provided in the consolidated financial statements of the Company.

7.5.1.2 NET CASH PROVIDED BY OPERATING ACTIVITIES

Net cash provided by operating activities rose to €749.4 million at December 31, 2010, compared to €726.3 million at December 31, 2009. This increase of €23.1 million in 2010 was attributable to a €188.9 million rise in cash flow from operations (defined as net cash provided by operating activities, plus or minus variations in other operating assets and liabilities), partly offset by a €165.8 million increase in the change in working capital requirements. The rise in cash flow from operations was related to the increase in operating income in 2010.

Net cash provided by operating activities rose from €577.5 million at December 31, 2008 to €726.3 million at December 31, 2009. This increase of €148.8 million in 2009 was mainly attributable to a €260.7 million decrease in the change in working capital requirements. Cash flow from operations (defined as net cash provided by operating activities, plus or minus variations in other operating assets or liabilities) declined 18.8% from €596.0 million at December 31, 2008 to €484.1 million at December 31, 2009. This decline in cash flow from operations reflects that in operating income for 2009.

7.5.1.3 NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities for the year ended December 31, 2010 amounted to €392.5 million, compared to €77.1 million for the year ended December 31, 2009. This increase was primarily due to a sharp rise in acquisitions of subsidiaries and in investments in non-consolidated entities combined with a decline in the proceeds of sales of fixed assets, while capital expenditure and capitalized development costs showed modest declines.

Total acquisitions of subsidiaries (net of cash acquired), purchase of minority shareholdings and investments in non-consolidated entities amounted to €288.6 million in 2010.

Capital expenditure and capitalized development costs amounted to €112.8 million for the year ended December 31, 2010 (of which €30.3 million related to capitalized development costs), showing a decline of 2.4% from €115.6 million for the year ended December 31, 2009 (of which €31.3 million related to capitalized development costs).

Net cash used in investing activities for the year ended December 31, 2009 amounted to €77.1 million, compared to net cash used in investing activities of €280.5 million for the year ended December 31, 2008. This decrease was primarily due to a sharp fall in investments in consolidated entities and in capital expenditure combined with a rise in the proceeds of sales of fixed assets, while capitalized development costs showed a modest increase.

Capital expenditure and capitalized development costs amounted to €115.6 million for the year ended December 31, 2009 (of which €31.3 million related to capitalized development costs), showing a decline of 28.0% from €160.4 million for the year ended December 31, 2008 (of which €29.4 million related to capitalized development costs).

7.5.1.4 NET CASH USED IN FINANCING ACTIVITIES

Net cash used in financing activities amounted to €310.1 million in 2010, compared to €723.0 million in 2009. This decline in net cash used in financing activities is primarily due to a a smaller variation in credit lines (borrowings and bank overdrafts) net of a €300 million bond issue in February 2010, that was partly offset by the absence in 2010 of inflows from the sale of investment securities and very low sales of own shares.

Net cash used in financing activities amounted to €723.0 million in 2009, compared to €256.3 million in net cash used in financing activities in 2008. This increase in net cash used in financing activities is primarily due to the lower drawings on credit lines partly offset by sales of investment securities (French Treasury Bonds acquired in 2008) and sales of own shares for an amount of €75.8 million.

7.5.2 - Debt

Gross debt of the Group (defined as the sum of long-term and short-term borrowings, including commercial paper and bank overdrafts) amounted to €1,429.8 million at December 31, 2010, compared to €1,513.3 million at December 31, 2009 and €2,421.5 million at December 31, 2008. Cash and marketable securities amounted to €232.3 million at December 31, 2010, compared to €173.5 million at December 31, 2009 and €559.7 million at December 31, 2008 (including €304.9 million in French Treasury bonds). Total net debt (defined as gross debt, less cash and marketable securities) amounted to €1,197.5 million at December 31, 2010 compared to €1,339.8 million at December 31, 2009 and €1,861.8 million at December 31, 2008.

The ratio of consolidated net debt to consolidated shareholders' equity was 44% at December 31, 2010, compared to 56% at December 31, 2009 and 85% at December 31, 2008.

At December 31, 2010, the Group's gross debt consisted of the following:

- €314.3 million under the 2006 credit facility (see paragraph 7.5.2.1 below);
- €282.5 million in bank borrowing taken out in May 2007 and March 2009 (see 7.5.2.2 below);
- €292.0 million in Yankee Bonds (see 7.5.2.3 below);
- €300 million in bonds issued in February 2010 (see 7.5.2.4 below); and
- €241 million in other debt, consisting mainly of bank borrowings and overdrafts.

The repayment schedule for the non-current portion of these borrowing appears in note 13 to the consolidated financial statements referred to in chapter 11 of this registration document.

Cash and cash equivalents (€232.3 million at December 31, 2010 and €173.5 million at December 31, 2009) consist of short-term bank deposits (less than 3 months) placed with leading financial institutions.

A description of the financial covenants included in Group's bank loans and credit facility contracts is presented in note 22 b)-5) to the consolidated financial statements referred to in chapter 11 of this registration document.

7.5.2.1 2006 CREDIT FACILITY

On January 10, 2006, the Company entered into a credit facility with five mandated arrangers.

When originally signed, the 2006 Credit Facility comprised in particular a multi-currency term loan in an amount of €700.0 million, amortized semi-annually in tranches of 10% of the principal starting January 10, 2007 until July 10, 2010, with a final payment of 20% on January 10, 2011 (tranche A) and a multi-currency revolving credit facility in an amount of €1.2 billion (tranche B). Tranches A and B each originally had a term of five years and two one-year extension options.

A first repayment amortization representing 10% of the nominal amount of tranche A took place in January 2007 and a second representing 7.78% in July 2007. In March 2007 and November 2007 the Group exercised the extension option (two times one year) for the credit facility, setting the final term for the 2006 Credit Facility at January 2013.

Consequently, the repayments in semi-annual installments of tranche A are equal to 6.22% of the original nominal amount from January 10, 2008 to July 10, 2011; to 7.12% of the original nominal amount on January 10, 2012; to 6.02% of the original nominal amount on July 10, 2012; and to 19.32% on January 10, 2013.

Interest on the 2006 Credit Facility is based on Euribor/Libor plus a margin adjusted every six months on the basis of the ratio of net debt to maintainable EBITDA (net debt and maintainable EBITDA adjusted as defined in the loan agreements). Resulting interest rates remain, however, within a range of 20 to 50 basis points above Euribor/Libor.

7.5.2.2 BANK BORROWINGS IN MAY 2007 AND MARCH 2009

On May 21, 2007, the Group took out a bank loan in the amount of €220 million with French financial institutions. This loan is for a period of six years and four months ending on September 21, 2013, and interest is payable at a floating-rate 45 basis points above the 3-month Euribor.

On March 12, 2009, the Group took out a bank loan in the amount of €62.5 million with French financial institutions. This loan is for a period of five years ending on March 12, 2014, and interest is payable at a floating-rate 210 basis points above the 3-month Euribor.

7.5.2.3 8.5% YANKEE BOND ISSUE

On February 14, 1995, Legrand France issued on the US market a $400.0 million principal amount of 8.5% fixed-interest debentures redeemable on February 15, 2025 (the "Yankee Bonds"). Interest on these bonds is payable in arrears on February 15 and August 15 of each year, with the first payment made on August 15, 1995.

The bonds are not subject to any amortization and cannot be redeemed before maturity unless there is a change in the law that requires other payments in addition to principal and interest. If Legrand France were legally unable to make these additional payments, early redemption would in general be required. If the law allowed payment of such additional amounts, Legrand France could, at its own initiative, redeem the entire issue, and only the entire issue. Individual bondholders may also, at their request, require Legrand France to redeem their bonds early in the event of a hostile change in the control of the Company.

At the same time as it issued these bonds, Legrand France signed an interest-rate swap contract, which ended in February 2008.

7.5.2.4 EURO-DENOMINATED BONDS ISSUED IN FEBRUARY 2010

In February 2010, the Group issued bonds in a total amount of €300.0 million, maturing in 7 years, *i.e.*, on February 24, 2017. The bonds carry a 4.25% annual coupon and are redeemable at maturity.

7.5.2.5 UNUSED CREDIT LINES

At December 31, 2010, Legrand had access to drawdown capacity of €1,200.0 million on Tranche B (revolving facility) of the 2006 Credit Facility,

7.6 - CAPITAL EXPENDITURE

From 1990 to 2003, Legrand appropriated an average of 8% of annual consolidated net sales per year to capital expenditure (this figure does not include capitalized development expenses, which were not recorded at that time). Historically, annual capital expenditures have varied between 3% and 12% of consolidated net sales over the last 20 years with year-to-year variations resulting from the cyclical nature of investment requirements. In 2010, capital expenditure and capitalized development expenses as a percentage of consolidated net sales amounted to 2.9% (compared with 3.2% in 2009 and 3.8% in 2008). This decrease in capital expenditure compared to historical levels is mainly the result of a structural change that, especially in 2010, led to continuing initiatives to optimize productivity and capital employed, including a systematic application of a "make or buy" approach; the transfer of certain production activities to low-cost, less capital-intensive countries; internationalization of purchasing; optimization of manufacturing facilities; and outsourcing of production. The effects of these measures were partly offset by the capitalization of some development costs pursuant to IAS 38. In 2010, capital expenditure declined by 2.4% compared to the previous year.

7.7 - OFF BALANCE SHEET COMMITMENTS

The Group does not have any off balance sheet arrangements that have or can be considered reasonably likely to have a current or future impact on its finances, changes in its finances, revenues, expenses, results, operating income, cash, capital expenditure or capital reserves, and that would be material to investors. See note 21 to the consolidated financial statements referred to in chapter 11 of this registration document. There is no significant off balance sheet commitment related to acquisitions.

7.8 - CONTRACTUAL OBLIGATIONS

The following table summarizes the Company's contractual obligations, commercial commitments and principal maturity dates on a consolidated basis as of December 31, 2010.

At December 31, 2010 *(in € millions)*	Payments due by period				
	Total	**< 1 year**	**1 – 3 years**	**4 – 5 years**	**> 5 years**
Borrowings	1,409.4	214.1	503.6	89.8	601.9
Capital lease obligations	20.4	2.7	4.4	2.4	10.9
TOTAL CONTRACTUAL OBLIGATIONS	**1,429.8**	**216.8**	**508.0**	**92.2**	**612.8**

7.9 - VARIATIONS IN EXCHANGE RATES

A significant number of the Group's foreign subsidiaries operate in countries outside the euro zone. In 2010, approximately 48% of the Group's net sales were denominated in currencies other than the euro (in particular the U.S. dollar). As a consequence, the Group's consolidated operating income has been and could in the future be significantly affected by variations in exchange rates between the euro and such other currencies.

In order to prepare the consolidated financial statements, the Group must convert assets, liabilities, income and expenses that are recognized in other currencies into euros. Variations in foreign currency exchange rates affect such items in the Group's consolidated financial statements, even if the value of the item remains unchanged in its original currency. To the extent that the Group incurs expenses that are not denominated in the same currency as the related revenues, changes in foreign exchange rates could cause the Group's expenses to increase as a percentage of net sales, affecting its profitability and cash flows.

The Group uses end-of-period exchange rates for the translation of balance sheet data and period average exchange rates for the translation of income statement and cash flow data. In translating financial statements of subsidiaries operating in inflationary economies, non-monetary assets are recorded at historical rates of exchange, and gains or losses arising from the translation of the financial statements of such subsidiaries are included in the consolidated income statement under "Exchange and translation gains (losses)".

The following table shows, for the periods and dates indicated, noon buying rate information for euro/U.S. dollar exchange rates from 2006 through 2010 expressed in euros per in U.S. dollar. This exchange rate information is provided as an indication only and does not represent the exchange rates used by Legrand in the preparation of its consolidated financial statements.

(euro per U.S. dollar)	Period-end rate	Average rate (1)	High	Low
2006	0.76	0.80	0.85	0.75
2007	0.68	0.73	0.78	0.67
2008	0.71	0.68	0.76	0.63
2009	0.69	0.72	0.80	0.66
2010	0.75	0.76	0.84	0.69

(1) The average rate for the euro is calculated as the average of the month-end figures for the relevant year-long period or the average of the noon buying rates on each business day for the relevant month-long period.

Natural hedges are achieved, whenever management deems it appropriate, through the matching of financing costs to operating revenues in each of the principal currencies in which the Group operates.

The Group periodically enters into foreign currency contracts to hedge certain commitments, transactions and foreign income.

In recent years, the hedging transactions the Group has entered into have principally involved certain intra-group sales between major foreign subsidiaries denominated in these subsidiaries' respective local currencies. The Group does not currently hedge the net cash assets of its subsidiaries.

7.10 - QUANTITATIVE AND QUALITATIVE DISCLOSURES RELATING TO FINANCIAL RISKS

Legrand's exposure to financial risk mainly concerns the following areas:

- interest-rate risk;
- exchange-rate risk;
- commodity risk;
- credit risk;
- liquidity risk.

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest-rates, exchange-rates, commodity prices and the investment of available cash. The Group does not conduct trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving financial instruments are conducted with the sole purpose of managing interest-rate, exchange-rate and commodity risks, and as such are limited in duration and amount.

This strategy is centralized at Group level. Its implementation is deployed by the Financing and Treasury department, which recommends appropriate measures and implements these after they have been validated by the Corporate Finance Department and Group senior management. A detailed reporting system has been set up to permit permanent tracking of the Group's positions and effective oversight of the management of financial risks.

A detailed description of risks and Legrand's risk management appears in note 22 to the consolidated financial statements referred to in chapter 11 of this registration document.

7.11 - SUMMARY OF CRITICAL ACCOUNTING POLICIES

The accounting policies described below are those the Company considers critical in preparing its consolidated financial statements.

- intangible assets;
- fair value of financial instruments;
- financial and commodity-market derivatives;
- accounting for stock option plans;
- employee benefits;
- deferred taxes;
- use of estimates.

These policies include significant estimates made by management using information available at the time the estimates are made. A more detailed description of the significant accounting policies used by the Company in preparing its consolidated financial statements is included in note 1 to the consolidated financial statements shown in chapter 11 of this registration document.

7.12 - NEW IFRS PRONOUNCEMENTS

In 2010, standards and interpretations published by the IASB but not compulsory at December 31, 2010 were as follows:

- IAS 32, amended – Classification of Rights Issues;
- IFRIC 14, amended – Prepayments of a Minimum Funding Requirement;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments;
- IAS 24, revised – Related Party Disclosures;
- IFRS 9 – Financial Instruments;
- IFRS 7 amended – Financial Instruments Disclosures – transfers of financial assets;
- IAS 12 amended – Income Taxes.

Summaries of these publications and their possible consequences as regards the financial information provided by the Group are presented in note 1 to consolidated financial statements referred to in chapter 11 of this registration document.

7.13 - TRENDS AND PROSPECTS

Legrand demonstrated the soundness and quality of its business model, which has been further reinforced over the past three years. Offering profitability and cash generation that are among the highest in the sector, this has enabled the group to self-finance growth through innovation and acquisitions and pay an attractive dividend, consistent with a very sound balance-sheet structure.

Highlights of the group's 2010 performance included:

- 24% sales growth in new economies and an overall rise in consolidated sales of 8.7%;
- a rise in adjusted operating margin to 20.2% in 2010 compared with 16.2% in 2009 while adjusted operating income increased 35.5%.

Considering these results and the group's balance-sheet structure, the Board of Directors will ask the General Meeting of shareholders to approve distribution of a dividend amounting to €0.88 per share [1].

Starting from these bases, the group has set itself the following mid-term objectives through the cycle:

- 10% total annual average growth in sales [2], driven by increasing exposure to new economies, which are expected to account for 50% of consolidated sales five years from now compared with one third today; expansion on new business segments that already account for nearly 20% of sales; and pursuit of targeted, self-financed acquisitions;
- 20% average adjusted operating margin, including acquisitions [3].

Legrand is committed to responsible growth. After meeting goals set in 2007 for corporate social responsibility, care for the environment and governance, the group will actively pursue efforts in these areas and announce new stages in its drive for progress in the first half of 2011.

Legrand's targets for 2011 are:

- 5% organic growth rounded out with acquisitions [3];
- adjusted operating margin equaling or exceeding 20%, including the impact of acquisitions [3].

(1) Subject to the approval of shareholders at the General Meeting on May 26, 2011.

(2) Including like-for-like and acquisition-driven growth, excluding major exchange-rate effects or economic downturns.

(3) Small to mid-size bolt-on acquisitions.

7.14 - TABLE OF CONSOLIDATED FINANCIAL RESULTS OVER THE LAST FIVE YEARS

(in € millions except number of shares, earnings per share and number of employees)	2006	2007	2008	2009	2010
END OF PERIOD SHARE CAPITAL					
Share capital	1,078.8	1,083.9	1,051.3	1,052.4	1,052.6
Number of shares (1)	269,693,376	270,975,739	262,815,128	263,096,679	263,161,346
EARNINGS					
Net sales	3,736.8	4,128.8	4,202.4	3,577.5	3,890.5
Earnings before tax, depreciation and amortization	581.5	813.5	712.0	643.5	838.1
Income tax	(82.9)	(175.0)	(143.4)	(131.3)	(227.1)
Net earnings	255.2	422.6	351.5	291.3	419.5
Dividends paid	110.6	133.1	180.0	182.8	183.7
EARNINGS PER SHARE					
Earnings before tax, depreciation and amortization (2)	2.352	3.061	2.777	2.474	3.196
Net earnings (2)	1.019	1.584	1.365	1.114	1.595
Dividend per share	0.41	0.50	0.70	0.70	0.70
EMPLOYEES					
End of period number of employees	30,706	33,656	31,596	28,314	29,422
Personnel costs	1,007.4	1,066.9	1,082.0	965.7	1,018.9

(1) At the General Meeting of February 24, 2006, shareholders decided to carry out a 1-for-4 reverse stock-split.

(2) Earnings per share are calculated on the basis of the average number of ordinary shares outstanding during the year, i.e., 247,218,622 shares in 2006; 265,729,265 shares in 2007; 256,389,092 in 2008; 260,132,463 in 2009; and 262,274,181 in 2010.

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CORPORATE GOVERNANCE

8.1 - ADMINISTRATION AND MANAGEMENT OF THE COMPANY

8.1.1 - Board of Directors

The Company is managed by a Board of 11 Directors, all appointed or reappointed for four-year terms from May 27, 2010. The Company has three specialized committees to assist the Board of Directors in preparing its decisions. These are the Audit Committee, the Nominating and Compensation Committee and the Strategy Committee. Information on the work of the Board of Directors and its specialized committees in 2010 is given in section 8.4.2 below.

DIRECTORS

The table below sets forth information about the Company's Directors. A list of other positions held by each Director at the registration date of this registration document appears on page 248. Information on Directors' shareholdings in the Company is shown in paragraph 10.1.2.3 on page 138.

As reported by the Company on April 5, 2011 regarding the changes in the membership of the Board of Directors, Eliane Rouyer-Chevalier will be proposed as a new independent director at the Combined Ordinary and Extraordinary General Meeting of Shareholders on May 26, 2011.

Also, reflecting the change in the shareholdings of KKR and Wendel in the Company, announced in their joint release of March 4, 2011, KKR and Wendel will in future have two rather than three directors each on the Board. As a result, the directors Ernest-Antoine Seillière, representing Wendel, and Edward Gilhuly, representing KKR, have notified the Company that they intend to resign at the end of the Combined Ordinary and Extraordinary Meeting of Shareholders of May 26, 2011.

Gilles Schnepp Age 52 128 avenue du Maréchal de Lattre de Tassigny 87000 Limoges	Gilles Schnepp has been a member of the Company's Board of Directors since 2002 and the Company's Chairman and Chief Executive Officer since 2006. He is also the Chairman and Chief Executive Officer of Legrand France. After graduating from the *École des Hautes Études Commerciales* (HEC), he started his career at Merrill Lynch France where he became a Vice President. He then joined Legrand in 1989 as Deputy Chief Financial Officer. He became Company Secretary of Legrand France in 1993, Chief Financial Officer in 1996, and Chief Operating Officer in 2000.
Olivier Bazil Age 64 128 avenue du Maréchal de Lattre de Tassigny 87000 Limoges	Olivier Bazil has been a director of Legrand France since 1988 and a director of the Company since 2002. After finishing his studies at the *École des Hautes Études Commerciales* (HEC) and Harvard Business School, he joined the Company in 1973 as deputy to the Company Secretary, responsible for financial information and development of the Group's growth strategy. In 1979, he became Chief Financial Officer of Legrand France and became Deputy Chief Operating Officer in 1993 and Vice-Chairman and Chief Operating Officer in 2000.
Mattia Caprioli Age 37 Stirling Square 7 Carlton Gardens London SW1Y 5AD United Kingdom	Mattia Caprioli is a Director of Kohlberg Kravis Roberts & Co., based in London. He has been actively involved in the investments of Alliance Boots, Inaer Aviation Group, AVR/Van Gansewinkel, Legrand, Pages Jaunes Groupe, Selenia and Toys R Us. He is a member of the Board of Directors of Alliance Boots. He is responsible for developing KKR's business in Italy. Before joining KKR in 2001, he worked at Goldman Sachs International in London, handling mergers, acquisitions and financings in a variety of industries. He holds a Master's of Science, Summa Cum Laude, from L. Bocconi University in Milan, Italy. He has been a Director of the Company since 2007.
Jacques Garaïalde Age 54 Stirling Square 7 Carlton Gardens London SW1Y 5AD United Kingdom	Jacques Garaïalde has been a member of the senior management of KKR since 2003. Effective January 1, 2004, Jacques Garaïalde became a partner of KKR's management company. Before joining KKR, Mr. Garaïalde was a partner of Carlyle, in charge of the Europe Venture Partners fund. From 1982 to 2000, he worked at the Boston Consulting Group where he was the Managing Partner responsible for first Belgium (1992-1995), then France and Belgium (1995-2000). Between 1979 and 1981, he held various positions at Esso France. Jacques Garaïalde also serves as a Director of Nexans, Pages Jaunes Groupe, Tarkett, *Société d'Investissement Familiale* (SIF), Mediannuaire Holding and EVCA (European Private Equity & Venture Capital Association) and Visma. Jacques Garaïalde received his MBA from INSEAD (Fontainebleau) and is a graduate of the *École Polytechnique*. He has been a Director of the Company since 2003.

Edward A. Gilhuly Age 51 245 Lytton Avenue Suite 250 Palo Alto, CA 94301 United States	Edward A. Gilhuly is a founder and partner of Sageview Capital LP. He was a member of KKR's management team between 1986 and 2005 and partner in KKR's management company between 1996 and 2005. He is director of Cinedigm, Duke Management Company and the California Academy of Sciences. Mr. Gilhuly has a B.A. from the University of Duke and an MBA from the University of Stanford. He has been a Director of the Company since 2002.
Francois Grappotte Age 75 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges	Having studied at the *École Nationale d'Administration* (ENA), Mr. Grappotte began his career at the Ministry of Industry and Treasury Department of the Ministry of the Economy and Finance. In 1970, he joined Banque Rothschild, serving successively as Assistant Director, Deputy Director and Director. In 1973, he joined *Compagnie Électro Mécanique* as Company Secretary before being appointed CEO and then Vice-Chairman and CEO. Mr. Grappotte joined Legrand in 1983 as CEO and became Chairman and CEO in 1988. He has been a director of BNP Paribas (France), and a member of the supervisory board of *Établissements Michelin* (France). He has been a Director of the Company since 2002.
Gérard Lamarche Age 49 22 rue du Docteur Lancereaux 75392 Paris Cedex 8	Gérard Lamarche was appointed Executive Vice President of GDF Suez Group and Chief Financial Officer in July 2008. He is a member of the Management Committee and the Executive Board. He started his career in 1983 with Deloitte Haskins & Sells in Belgium, then became a consultant in mergers and acquisitions in the Netherlands in 1987. In 1988, Mr. Lamarche joined Société Générale in Belgium as Investment Manager, Controller from 1989 to 1991 and advisor on strategic operations from 1992 to 1995. He joined Compagnie Financière de Suez as *Chargé de mission* with the Chairman and Secretary of the Executive Committee (1995-1997), then participated in the merger between Compagnie de Suez and Lyonnaise des Eaux, which became Suez Lyonnaise des Eaux (1997), before being granted the position of Deputy Manager in charge of Planning, Control and Accounting and secretary to the Investment Committee (1997-2000). Gérard Lamarche continued his career in industry by joining NALCO (US subsidiary of the Suez group - world leader in industrial water treatment) in 2000 as Managing Director. In March 2004, he was appointed Senior Executive Vice President in charge of Finance of the Suez Group with responsibility for Financial Operations, Cash Flow, Tax, Planning, Accounting and Control sections. Gérard Lamarche holds a degree in Economics of the University of Louvain-La-Neuve and of the Institute of Management of INSEAD (Advanced Management Program for Suez Executives). He was also trained by Wharton International (Forum-Global Leadership Series). He has been a Director of the Company since 2006.
Thierry de La Tour d'Artaise Age 56 Chemin du Petit-Bois – BP 172 69134 Ecully Cedex	Between 1979 and 1983, Thierry de La Tour d'Artaise was an Audit Manager with Coopers & Lybrand. In 1983, he was appointed Head of Internal Audit at Groupe Chargeurs SA. Thierry de La Tour d'Artaise then served as Chief Administrative and Financial Officer (1984-1986) and Chief Executive Officer (1986-1993) of Croisières Paquet and then joined the SEB Group as Chief Executive Officer (1994-1996) and Chairman and Chief Executive Officer (1996-1998) of Calor SA. He was appointed Deputy Chairman and Chief Executive Officer of SEB Group in 1999 and Chairman and Chief Executive Officer of SEB Group from 2000. Thierry de La Tour d'Artaise is a graduate of *École Supérieure de Commerce* in Paris and is a chartered accountant. He has been a Director of the Company since 2006.
Frédéric Lemoine Age 45 89 rue Taitbout 75009 Paris	Frédéric Lemoine is a graduate of HEC (1986), the *Institut d'Études Politiques* in Paris (1987), and ENA (*École Nationale d'Administration*), with the status of *inspecteur des finances*. In 1992-1993, he ran the Heart Institute of Ho Chi Minh City, Vietnam, becoming General Secretary of the Alain Carpentier Foundation, which supports this hospital, in 2004. From 1995 to 1997, he was Deputy Chief of staff with the French Minister for Labor and Social Affairs (Jacques Barrot), in charge of coordinating social security reform and hospital reform. During the same period, he was also a project manager for the Secretary of State for Health and Social Security (Hervé Gaymard). From 1997 to 2002, Mr. Lemoine worked with Serge Kampf and the Management Board of Capgemini, first as an executive officer and then as Chief Financial Officer, before being named Group Vice President in charge of finance for Capgemini Ernst & Young. From May 2002 to June 2004, he was Deputy General Secretary to the office of the President of France, Jacques Chirac, with particular responsibility for economic and financial affairs. From October 2004 to May 2008, he was a Senior Advisor with McKinsey, and served as Chairman of the Supervisory Board of Areva from March 2005 to April 2009. Since April 2009, he has been Chairman of the Management Board of Wendel. He has been a Director of the Company since May 2009.

Ernest-Antoine Seillière Age 73 89 rue Taitbout 75009 Paris	Ernest-Antoine Seillière is the Chairman of the Supervisory Board of Wendel. In 1969, Ernest-Antoine Seillière was a member of the cabinet of French Prime Minister Jacques Chaban-Delmas. He joined Wendel in 1976, and is a director and Honorary Chairman of the Board of Directors of Wendel-Participations, the company belonging to the members of the Wendel family, and a member of the Board of Bureau Veritas and of the Supervisory Boards of PSA and Hermes. Mr. Seillière served as Chairman of Medef, the French employers' association, from 1997 to 2005 and was Chairman of Business Europe from 2005 to 2009. Mr. Seillière is a graduate of *École Nationale d'Administration* (ENA), and lectured for a year at Harvard University's Center for International Affairs. He has been a Director of the Company since 2002.
Patrick Tanguy Age 50 89 rue Taitbout 75009 Paris	After graduating from business school HEC in 1983, Patrick Tanguy joined Bain in 1984, becoming a partner in 1990. In 1991, he joined Strafor-Facom, where he was successively Sales and Marketing Director for Steelcase Strafor, then Executive Vice President at Airborne. In 1993, he was appointed Executive Vice President of DAFSA, becoming its Chairman in 1996. After a year as President of the Hays group's Courrier-Express transport division in France, he served as Chairman of the Technal group in Toulouse from 1999 to 2004. Before joining Wendel in 2007, he was successively Chairman of Monne-Decroix in Toulouse and Prezioso Technilor in Lyon. Since September 2007, he has been Managing Director of Wendel and a member of its investment and management committees. He was co-opted as director on February 10, 2010. His appointment was ratified at the Combined Ordinary and Extraordinary General Meeting of May 27, 2010.

To the Company's knowledge, there are no family relationships between any of the Company's Directors.

In addition, to the best of the Company's knowledge, no Director of the Company:

- has been convicted of fraud within the last five years;
- has been associated with any bankruptcy, receivership or liquidation within the last five years;
- has been the subject of any official public incrimination or sanctions by statutory or regulatory authorities (including designated professional organizations);
- has been disqualified by a court from serving as a member of an administrative, management or supervisory body of any issuer or from participating in the management or conduct of the business of any issuer within the last five years.

8.1.2 - General Management of the Company

Gilles Schnepp is responsible for the general management ("*Direction générale*") of the Company. Mr. Schnepp is also the Chairman of the Company's Board of Directors and was appointed as such on March 17, 2006.

See section 8.1.1 for information on Mr. Gilles Schnepp.

8.1.3 - Conflicts of interest

To the Company's knowledge, neither Mr. Schnepp nor Mr. Bazil is in a position of conflict of interest with respect to the Company.

Ernest-Antoine Seillière, Chairman of the Supervisory Board of Wendel, and Frédéric Lemoine, Chairman of the Management Board of Wendel, are Directors of the Company and represent one of its principal shareholders. To the Company's knowledge, neither Mr. Seillière nor Mr. Lemoine is in a position of conflict of interest with respect to the performance of their duties.

Mattia Caprioli, Jacques Garaïalde and Edward Gilhuly, representing KKR; Patrick Tanguy, representing Wendel; and Francois Grappotte are Directors of the Company. To the knowledge of the Company, none of these persons is in a position of conflict of interest with respect to the performance of their duties.

Gérard Lamarche and Thierry de La Tour d'Artaise meet the independence criteria and are therefore not in a position of conflict of interest with respect to the performance of their duties as Director.

As of the registration date of this registration document and to the knowledge of the Company, there is no other situation which might give rise to a conflict of interest between the personal affairs of the Directors of the Company and the interests of the Company.

8.1.4 - Service agreements

As of the registration date of this registration document and to the knowledge of the Company there are no service contracts binding members of the corporate bodies or management of the Company or any of its subsidiaries and providing for benefits.

8.2 - REMUNERATION AND BENEFITS

8.2.1 - Remuneration and benefits accruing to the Company's Executive Directors

The tables below set out all the components of compensation due and paid to Mr. Gilles Schnepp, Chairman of the Board of Directors and Chief Executive Officer, and Mr. Olivier Bazil, Vice-Chairman and Chief Operating Officer, in respect of the 2010 and 2009 financial years.

The details of Company policies relating to the Afep/Medef code of corporate governance, in particular as regards the recommendations of October 2008 on compensation of Executive Directors are set out in section 8.4 of this registration document.

8.2.1.1 REMUNERATION AND BENEFITS ACCRUING TO OF EXECUTIVE DIRECTORS

Table 1 – Summary of remuneration and stock options and shares allotted to each Executive Director

		2009 Attributable[(1)]	2009 Attributed[(1)]	2010 Attributable[(1)]	2010 Attributed[(1)]
Remuneration **due in respect of** the financial year (detailed in Table 2 below)					
Gilles Schnepp, Chairman and Chief Executive Officer	*(in €)*	1,339,799	962,500	1,395,000	1,395,000
Olivier Bazil, Vice-Chairman and Chief Operating Officer	*(in €)*	1,273,010	1,273,010	1,325,200	1,325,200
Options allocated **in respect of** the financial year					
Gilles Schnepp, Chairman and Chief Executive Officer	Number of options	158,177	134,351	-	-
	Valuation *(in €)*	863,646	733,556	-	-
Olivier Bazil, Vice-Chairman and Chief Operating Officer	Number of options	149,551	83,295	-	-
	Valuation *(in €)*	816,548	454,791	-	-
Free shares allocated in resp**ect of th**e financial year					
Gilles Schnepp, Chairman and Chief Executive Officer	Number of free shares	43,938	38,373	65,737	65,737
	Valuation *(in €)*	981,136	856,869	1,870,875	1,870,875 [(2)]
Olivier Bazil, Vice-Chairman and Chief Operating Officer	Number of free shares	41,542	23,790	62,151	62,151
	Valuation *(in €)*	927,633	531,231	1,768,817	1,768,817 [(2)]
Options allocated **in the course** of the year (detailed in Table 4 below)					
Gilles Schnepp, Chairman and Chief Executive Officer	Number of options	48,300	48,300	158,177	134,351
	Valuation *(in €)*	140,553	140,553	863,646	733,556
Olivier Bazil, Vice-Chairman and Chief Operating Officer	Number of options	45,664	45,664	149,551	83,295
	Valuation *(in €)*	132,882	132,882	816,548	454,791
Free shares allocated **in the course** of the year (detailed in Table 6 below)					
Gilles Schnepp, Chairman and Chief Executive Officer	Number of free shares	12,075	12,075	43,938	38,373
	Valuation (in €)	142,002	142,002	981,136	856,869
Olivier Bazil, Vice-Chairman and Chief Operating Officer	Number of free shares	11,416	11,416	41,542	23,790
	Valuation (in €)	134,252	134,252	927,633	531,231

(1) The difference between attributable and attributed sums reflects the voluntary reduction in remunerations and benefits in respect of 2009 applied to Executive Directors at their own initiative.

(2) At the filing date of the registration document, the information relating to free shares allocated in 2011 have not been reviewed by the Statutory Auditors.

Table 2 – Breakdown of remuneration for each Executive Director

	Amounts due			Amounts paid	
(in €)	2009 Attributable (4)	2009 Attributed (4)	2010 Attributed (4)	2009	2010
Gilles Schnepp, Chairman and Chief Executive Officer					
Fixed compensation	550,000	550,000	550,000	550,000	550,000
Bonus	769,799	392,500	825,000	392,500	392,500
Exceptional bonus	-	-	-	-	-
Attendance fees (1)	20,000	20,000	20,000	20,000	20,000
Benefits in kind (2)	-	-	-	3,805	5,365
TOTAL	**1,339,799**	**962,500**	**1,395,000**	**966,305**	**967,865**
Olivier Bazil, Vice-Chairman and Chief Operating Officer					
Fixed compensation	520,000	520,000	520,000	520,000	520,000
Bonus	727,810	727,810	780,000	372,000	727,810
Exceptional bonus	-	-	-	-	-
Attendance fees (3)	25,200	25,200	25,200	25,200	25,200
Benefits in kind (2)	-	-	-	4,557	5,763
TOTAL	**1,273,010**	**1,273,010**	**1,325,200**	**921,757**	**1,278,773**

(1) Total attendance fees received from the Company. No compensation (attendance fees or other) is paid or due under mandates held in Group companies. The Executive Directors have waived their attendance fees from 2011.

(2) Company car and cellphone.

(3) Total attendance fees received from the Company and its subsidiary Bticino in Italy. No compensation (attendance fees or other) is paid or due under mandates held in other Group companies.

(4) The difference between attributable and attributed sums reflects the voluntary reduction in remunerations and benefits in respect of 2009 applied to Executive Directors at their own initiative.

The fixed compensation paid to Mr. Gilles Schnepp and Mr. Olivier Bazil in 2010 was identical to the fixed compensation paid in 2009.

Bonuses paid to Mr. Gilles Schnepp and Mr. Olivier Bazil in respect of the financial year 2010 were determined by quantitative criteria related to the Company's financial performance with objectives set at the beginning of 2010 (50%) and by qualitative criteria such as rising sales, innovation, increased market share, external growth and sustainability-related criteria (50%). For reasons of confidentiality, the required degree of attainment for these qualitative criteria, although precisely determined, can not be disclosed publicly. These bonuses may vary from 50% to 150% of fixed compensation.

In addition, travel expenses paid by the Company for Mr. Gilles Schnepp and Mr. Olivier Bazil amounted to €28,370 and €42,034, respectively, in 2010 and to €25,803 and €14,492, respectively, in 2009.

8.2.1.2 BREAKDOWN OF STOCK OPTIONS AND FREE SHARES GRANTED TO EXECUTIVE DIRECTORS

Company plans for the grant of options to purchase or subscribe to shares are described in section 9.2 of this registration document. *Allocations* of stock options and free shares made in the course of financial years 2009 and 2010 were made in light of the performance conditions set at the start of financial years 2008 and 2009.

For *allocations made in respect of the financial year* 2010 (i.e. the 2011 plan), the Board of Directors at the start of 2010 set the targets to be achieved in terms of economic income. Mr. Gilles Schnepp and Mr. Olivier Bazil were allocated free shares in light of the achievement of these targets, the number of which was set by the Board of Directors on March 3, 2011, at 65,737 free shares allocated to Gilles Schnepp and 62,151 free shares allocated to Olivier Bazil (see chapter 9 of this registration document).

Moreover, the allocation plan for 2011 makes the *vesting* of most of the free shares allocated to Executive Directors conditional upon the achievement of performance conditions defined by the Board of Directors. These conditions involve an external criterion (performance of consolidated net profit margin compared to a panel of peers over a four-year period) and two internal criteria (performance of economic income and economic margin over successive four-year periods).

In total, for the 2011 plan in respect of the financial year 2010, the acquisition of free shares by Executive Directors is therefore conditional upon a dual set of performance conditions, which apply at the time of *allocation* as well as at the time of *vesting*.

No discount is applied and the Company has implemented no hedging instruments for options and free shares.

Table 4 – Options for the subscription or purchase of shares awarded by the Company and any Group company to each Executive Director during the year

The Executive Directors received, in total, 217,646 options corresponding to a valuation of €1,188,347, the breakdown being as follows:

Executive Director	Date of plan(1)	Nature of options (for purchase or subscription)	Valuation of options on the basis of methods used for consolidated accounts	Number of options awarded during the year	Exercise price	Exercise period
Gilles Schnepp	03/04/2010	Purchase or subscription	€733,556	134,351	€21.82	03/05/2014 – 03/05/2020
Olivier Bazil	03/04/2010	Purchase or subscription	€454,791	83,295	€21.82	03/05/2014 – 03/05/2020

(1) Plan for a duration of 10 years. Allocations are made each year at the same time.

Table 5 – Options for the subscription or purchase of shares exercised by each Executive Director during the year

Executive Director	Date of plan	Number of options exercised during the year	Exercise price
Gilles Schnepp	N/A	Nil	N/A
Olivier Bazil	N/A	Nil	N/A

Table 6 – Free shares awarded by the Company and any Group company to each Executive Director during the year

The Executive Directors received, in total, 62,163 free shares corresponding to a valuation of €1,388,100, the breakdown being as follows:

Executive Director	Date of plan	Number of shares allotted during the year	Valuation of shares on the basis of methods used for consolidated accounts	Vesting date	Exercisable from	Performance conditions
Gilles Schnepp	03/04/2010	38,373	€856,869	03/05/2012	03/06/2014	(1)
Olivier Bazil	03/04/2010	23,790	€531,231	03/05/2012	03/06/2014	(1)

(1) Award subject to the conditions of performance described in section 8.4.4 of this registration document.

Table 7 – Free shares vested in the name of each Executive Director during the year

Executive Director	Date of plan	Number of shares vested during the year	Vesting conditions (1)
Gilles Schnepp	03/05/2008	24,194	N/A
Olivier Bazil	03/05/2008	22,883	N/A

(1) Executive Directors have already each substantially invested in the Company's share capital, and are already subject to the requirement to hold at least 30% of all shares acquired (including stock options and free shares) as long as they remain in office (see section 8.4.4.1 of this registration document).

8.2.1.3 REMUNERATION AND BENEFITS DUE ON TERMINATION OF EXECUTIVE DIRECTORS' POSITIONS

Executive Director	Employment contract		Supplementary pension entitlement(1)		Indemnities or benefits due or which may become due as a result of termination or change of office(3)		Indemnities relating to a non-competition clause(2)	
	Yes	No	Yes	No	Yes	No	Yes	No
Gilles Schnepp								
Chairman and CEO		x	x			x	x	
Commencement: 05/22/2008								
Expiration: 12/31/2013								
Olivier Bazil								
Vice-Chairman and COO	x		x			x	x	
Commencement: 05/22/2008								
Expiration: 12/31/2013								

(1) In 2001, the Legrand Group entered into an agreement with an insurance company for the provision of services relating to pensions, retirement and services of a related nature to the members of the Group Executive Committee benefiting from the French pension system for salaried workers. At December 31, 2010, the Group's commitment in connection with this agreement amounted to approximately €20.6 million, of which approximately €11.7 million was financed, while the remaining €8.9 million is the object of a provision. An additional provision was recognized for an amount of €5.2 million, corresponding to the 30% additional contribution for annuities exceeding the level of eight times the social security ceiling. The Executive Committee has eight members, including the two Executive Directors.

Supplementary pension entitlements are calculated to set total pensions, including these supplementary entitlements and all other amounts received after retirement, at the equivalent of 50% of the average of the two highest amounts of annual compensation received by the beneficiaries in their last three years with the Group. To benefit from the supplementary pension, employees must have been with the Group for at least ten years and have reached the legal retirement age. In the event of the beneficiary's death, the surviving spouse will receive 60% of the supplementary pension.

In the case of Mr. Gilles Schnepp and Mr. Olivier Bazil, potential entitlements on retirement would represent approximately 1% of their compensation (including fixed compensation and bonus) per year of presence within the Group.

(2) Mr. Gilles Schnepp is subject, in connection with his status as Executive Director and at the sole initiative of the Company, to a duty not to compete for a period of two years. In consideration of this, should the Company decide to impose the obligation, Mr. Gilles Schnepp would receive a monthly indemnity equal to 50% of his average monthly compensation, including fixed compensation and bonuses, in his last 12 months with the Company. Mr. Oliver Bazil is subject to the restrictions of the standard non-competition clause provided for in the collective labor agreement for French metal industries (Convention Collective de la Métallurgie). The decision to implement this clause is at the sole initiative of the Company. Should the Company decide to do so, this would entail the payment to Mr. Oliver Bazil of an indemnity equal to 50% of his reference compensation (fixed compensation and bonuses) over a period of at most two years.

(3) The collective labor agreement for French metal industries (Convention Collective de la Métallurgie) and company-level agreements applying within the Group also provide for the payment to all Group employees of an indemnity on retirement proportional to the length of their employment with the Group. These provisions would apply to Mr. Oliver Bazil if applicable conditions were satisfied on his retirement. As an example, an executive level employee (cadre) with 34 to 39 years of seniority when retiring would receive a retirement indemnity equal to five months' salary.

8.2.2 - Remuneration of non-executive directors

The table below details fees paid to directors during the 2009 and 2010 financial years in respect of their attendance at meetings in the previous financial year. The amount of fees is adjusted according to actual attendance at meetings of the Board of Directors and, in the case of committee members, meetings of Board committees.

Table 3 - Attendance fees and other payments to non-executive directors

Non-executive directors	Net payments in 2009 *(euros)*	Net payments in 2010 *(euros)*
Mattia Caprioli		
Attendance fees	15,580	15,580
Other payments	-	-
Arnaud Fayet (1)		
Attendance fees	25,000	24,000
Other payments	-	-
Jacques Garaïalde		
Attendance fees	32,800	31,980
Other payments	-	-
Edward Gilhuly		
Attendance fees	15,750	17,250
Other payments	-	-
Francois Grappotte		
Attendance fees	20,000	20,000
Other payments	-	-
Jean-Bernard Lafonta (2)		
Attendance fees	34,000	11,667
Other payments	-	-
Gérard Lamarche		
Attendance fees	36,080	34,440
Other payments	-	-
Thierry de La Tour d'Artaise		
Attendance fees	17,000	18,000
Other payments	-	-
Frédéric Lemoine (3)		
Attendance fees	-	23,333
Other payments	-	-
Ernest-Antoine Seillière		
Attendance fees	18,000	19,000
Other payments	-	-
TOTAL	**214,210**	**215,250**

(1) Resigned on February 10, 2010.

(2) Resigned on May 5, 2009.

(3) Director co-opted to the Board of Directors on May 5, 2009.

At its meeting on March 3, 2011, the Board of Directors approved the payment of attendance fees totaling €281,000 in respect of the 2010 financial year (including €40,000 for the executive directors).

Executive directors have waived their attendance fees from 2011.

8.2.3 - Shareholding by executive directors

See section 10.1.2.3 of this registration document.

8.2.4 - Other benefits granted to executive directors

The Company has not granted any loan, advance or guarantee to any of its executive directors.

8.2.5 - Provisions and charges recognized on the accounts of the Company or its subsidiaries in connection with payments of retirement benefits, pensions and other benefits

In addition to provisions required by law, the Company has established a provision of €8.9 million in connection with the agreement between Legrand France and an insurance company providing pensions, retirement and related services to members of the Executive Committee qualifying for the French pension system for salaried workers. Also, a €5.2 million provision was recognized for an additional 30% contribution in respect of annuities exceeding the level of 8 times the social security ceiling.

8.3 - BOARD PRACTICES

8.3.1 - Operation of administrative bodies

The Company's Board of Directors has adopted a set of internal rules in accordance with its articles. These rules, in accordance with the law, regulations and articles in force, expand on and define the details of the composition, organization and functioning of the Board of Directors and its committees as well as the rights and obligations of directors. The main terms are set out below.

8.3.1.1 BOARD OF DIRECTORS

8.3.1.1.1 Missions and duties of the Board of Directors

The Board of Directors determines the broad lines of the Company's business activities and ensures their implementation. The Board reviews all issues concerning the operation of the Company and acts on all matters over which it has authority.

The Board's strategy and decisions are made within the context of the Company's sustainable development policy.

In particular, the Board of Directors is responsible for:

- evaluating and approving decisions of the Company and the Group with respect to the Company's strategic, economic, labor, financial and technology guidelines and ensuring that the Company's management implements them;
- for the transactions listed below, the Board either submits proposals to the shareholders for transactions which require shareholder approval, or, in those cases where the transactions fall within the powers delegated to management, authorizes the Chief Executive Officer (*Directeur Général*) or Chairman, as the case may be, to enter into and implement such transactions:
  - the granting of any power or authorization relating to the issuance or buy-back of shares or equity-based securities,
  - the entry into or termination of borrowings, whether in the form of debt securities or otherwise, or the voluntary early repayment of all loans, advances or borrowings in an amount in excess of €100 million,
  - the creation of joint venture(s) or any acquisition of a business in an amount exceeding €100 million and the acquisition of any shareholding or business, or the entering into of any joint venture contract, where such transaction involves an amount in excess of €100 million,
  - the sale or transfer of asset(s) or business(es) in an amount in excess of €100 million and the disposal of any shareholding or businesses in an amount in excess of €100 million,
  - the annual budget and the approval of the Group's three-year business plan established by the Company and its subsidiaries,
  - the appointment, replacement or removal of any or all of the Company's Statutory Auditors,
  - mergers or proposed mergers concerning the Company, or more generally, any transaction regarding the transfer or disposal of all or substantially all of the Company's assets,
  - any transaction leading to a capital increase or decrease, including, as the case may be, through the issuance of equity-based securities (securities exchangeable, convertible or redeemable for shares of the Company, or preference shares), except for grants of bonus shares or stock options in the ordinary course of business,
  - any creation of double voting rights or any modification of voting rights relating to shares in the Company,
  - changes to corporate governance, including any amendments to corporate governance rules applicable to the Company, including in particular any modifications to the composition and functioning of the Board of Directors, and more generally, any modification of the internal rules,
  - proposed appointment of new members to the Board of Directors; any proposed appointment of one or more new Directors to the Board of Directors,
  - the listing of any financial instrument issued by the Company on a regulated market other than the Eurolist market of Euronext,
  - a declaration of bankruptcy, the appointment of an *ad hoc* authorized agent, liquidation, voluntary dissolution or amicable liquidation of the Company, and any decision that would result in insolvency proceedings (procedure collective) or the appointment of an ad hoc authorized agent,
  - any proposed resolution to amend the Company's articles,
  - the entry into any agreement or settlement, or the acceptance of any compromise, concerning any litigation where the amount in controversy exceeds €100 million, and
  - the granting of a security interest in the Company's assets, where the secured commitment or the asset furnished as security involves an amount in excess of €100 million;
- examining and approving reports on the operations of the Board of Directors and its Committees to be included in the annual report;
- examining and approving, upon the recommendation of Nominating and Compensation Committee, the presentation of Directors to be included in the annual report, and in particular, the list of independent Directors and the criteria adopted;
- the appointment of temporary replacements (cooptation) of Directors, as necessary, and proposals for the appointment and reelection of Directors at the Ordinary General Meeting of shareholders;
- determining, upon the recommendation of the Nominating and Compensation Committee, the compensation of the Company's Chairman, Chief Executive Officer and Chief Operating Officers (*Directeurs généraux délégués*), and the allocation of Directors' attendance fees (*jetons de présence*);
- upon the recommendation of the Nominating and Compensation Committee, approvals of all proposed stock option plans and grants of bonus shares, and, more generally, profit-sharing plans based on the results of the Group for Group managers and employees;
- supervision of the quality of information disclosed to the Company's shareholders and the market through the financial statements or in the event of significant transactions;
- approving the Management Report, as well as sections of the annual report dealing with corporate governance or presenting the Company's policy relating to compensation and stock option plans; and
- the review of any issues relating to the efficient operations of the Company and the Group.

8.3.1.1.2 Composition of the Board of Directors

Number of directors

The Company's Board of Directors may be composed of a maximum of 18 members, at least two of whom must be independent in accordance with the Company's internal regulations.

Without prejudice to the rights of other shareholders, the Company's Board of Directors is currently composed of 11 Directors, including the Company's Chairman and Chief Executive Officer, Vice-Chairman and Chief Operating Officer and the Honorary Chairman, six shareholder representatives (three each nominated by Wendel and KKR) and two independent Directors.

Two directors, one representing Wendel and one representing KKR, have given the Company notice that they intend to resign at the end of the Shareholders' General Meeting of May 26, 2011 (see section 10.2.2 of this registration document).

Independent Directors

Presence of independent Directors

The Board of Directors ensures that at least two of the Directors are independent. At the registration date of this registration document, Gérard Lamarche and Thierry de La Tour d'Artaise are independent Directors.

The appointment of Eliane Rouyer-Chevalier as a third independent director will be put to the Shareholders' General Meeting on May 26, 2011. If approved, this would take the share of independent directors on the Board to 30%.

Definition of independent Director

A Director is considered to be independent if he or she has no relationship with the Company, its management or the Group which might compromise such Director's free judgment or create a conflict of interest with the Company, its management or the Group.

Under the Board of Directors' internal rules, an independent Director must not:

- be, or have been within the last five years, an employee or executive officer of the Company or the Group or an employee or Director of a controlling shareholder (whether control is exercised alone or in concert within the meaning of Article L. 233-3 of the French Commercial Code) or of a consolidated company;
- be, or have been within the last five years, an executive officer of a company for which the Company, directly or indirectly, is a Director or for which a Company executive officer or employee is a Director;
- be a client, supplier, investment or corporate banker:
  - of significant importance to the Company or its Group,
  - or for which the Company or Group represents a significant portion of such person's business;
- have a close family relationship with a manager of the Company or the Group;
- have been an auditor of the Company or a Group company during the last five years;
- have been a manager of the Company or a Group company during the last five years;
- have been a Director of the Company for more than 12 years; or
- receive or have received significant additional compensation from the Company or the Group, excluding directors' attendance fees, including participation in any stock option plan or other performance-based compensation.

Directors that represent significant direct or indirect shareholders of the Company may be deemed to be independent if those shareholders do not control the Company within the meaning of Article L. 233-3 of the French Commercial Code. However, if a Director represents a shareholder that directly or indirectly holds more than 10% of the Company's share capital or voting rights, the Company's Board of Directors, upon a report from the Nominating and Compensation Committee, will investigate the independence of that Director while taking into account the composition of the Company's share ownership and potential conflicts of interest.

Independent Director Qualification Procedure

Director independence is reviewed by the Nominating and Compensation Committee, which prepares a report on this subject for the Board of Directors. Each year, before the Company's annual report is published, the Company's Board examines each Director's position with respect to the independence criteria defined above, using the Nominating and Compensation Committee's independence report as a reference.

The Company's Board must report its findings on Director independence to the Company's shareholders in the annual report.

8.3.1.1.3 Operation of the Board of Directors

Meetings of the Board of Directors

The Company's Board of Directors may meet as often as required in the interest of the Company, and in any event, must meet at least five times per year.

Notice of Board meetings may be given by letter, telex, telegram, fax, electronic mail or orally, and may be transmitted by the secretary of the Board.

If provided for in the meeting notice, Board meetings may be held by videoconference or by other electronic means of telecommunication or teletransmission, so long as such means satisfy technical characteristics which guarantee effective participation in the Board meeting and continuous transmission of the Board's deliberations. Directors participating in Board meetings using such means are deemed present for the purposes of quorum and majority requirements.

If one or more Directors notify the Chairman of the Board that they cannot attend a Board meeting, the Chairman must attempt to organize a Board meeting using the means described in the preceding paragraph.

Board meetings held by videoconference or by other electronic means cannot adopt certain decisions set forth by law.

The Chairman of the Board is required to comply with a five-day notice period between the notification of a Board meeting and the meeting itself, taking into account the schedules of the Board members to ensure the presence of as many Directors as possible at each Board meeting.

Attendance register

An attendance register is maintained at the Company's registered office and contains the names of the Board members who were physically or otherwise present (e.g., by telecommunication or teletransmission), represented, excused or absent at each meeting. Proxies granted by mail, fax, telex, telegram or electronic mail are annexed to the attendance register.

Minutes

Deliberations of the Board are evidenced by minutes established, signed and maintained in accordance with regulatory requirements.

The minutes of each Board meeting include:

- the name of each Director present (either physically or by means of telecommunication or teletransmission), represented, excused or absent;
- the occurrence of any disruptive technical problem arising during a videoconference or teleconference;
- the name of other persons attending all or part of the Board meeting;
- a summary of the discussions and deliberations of the Board of Directors; and
- questions raised and the reservations of participating Directors, if any.

English versions of documents

Upon the request of a Director, Board meeting notices and minutes are translated into English. However, such translations are made for information purposes only, and only the French version is binding.

Evaluation of the Board of Directors

At least once a year, a portion of a Board meeting agenda is devoted to reviewing the operations of the Board of Directors, which is thereafter described in the Company's annual report.

Director access to information

In order to allow Board members to carry out their duties effectively, the Chairman of the Board must provide each Director with all documents necessary to consider items on Board meeting agendas.

Directors may request any documents they believe relevant for the preparation of the meeting, provided that they submit such requests with reasonable notice.

When required by confidentiality, in particular where sensitive financial information is concerned, information may be communicated during the meeting.

In addition, Directors receive all relevant information on significant events or transactions for the Company.

Remuneration

Attendance fees (*jetons de présence*) allocated at the General Meeting of Shareholders are divided between Board members upon the proposal of the Nominating and Compensation Committee. The allocation of Directors' fees takes into account Directors' participation on the Board and its specialized committees.

8.3.1.2 COMMITTEES

The Board of Directors has established specialized committees to facilitate the Board's work and the preparation of its discussions. The Committees consider issues falling within the scope of their competence and submit opinions, proposals and recommendations to the Board.

The three specialized standing committees are:

- the Audit Committee;
- the Nominating and Compensation Committee; and
- the Strategy Committee.

Composition of permanent committees

The Board appoints and removes committee members upon the recommendation of the Nominating and Compensation Committee. They can be removed by the Board following a consultative recommendation of the Nominating and Compensation Committee. The Audit Committee Chairman is an independent Director appointed upon the recommendation of the Nominating and Compensation Committee. The Strategy Committee Chairman is appointed upon the recommendation of the Nominations and Compensation Committee. The Nominating and Compensation Committee Chairman is appointed from among the members of the Committee by its members. Committee members are appointed for a term determined by the Board, which in no case can be for a longer duration than their term of office as a member of the Board of Directors.

Operation of permanent committees

Each Committee determines its annual meeting schedule, taking into account the schedules for Board meetings and General Meetings of Shareholders.

Each Committee meets as often as required to consider issues falling within its domain of competence upon convocation by the Chairman of the Committee or by half of its members. If the Chairman of the Board considers that a committee has not met as often as necessary, he may cause a Committee meeting to be convened. The Chairman may also convene a committee meeting if he deems it necessary for the committee to give an opinion or a recommendation to the Board on a specific topic.

The Chairman of each committee establishes the committee meeting agenda and gives notice of Committee meetings to committee and Board members within a period of time sufficient to allow each committee member to prepare for the meeting. The notice must contain the committee meeting agenda and all information and documentation useful to the examination of agenda items.

Committee meetings may be held at the Company's registered office or at any other location.

In performing its duties, each committee may contact the Company's principal executives after having informed the Chairman of the Board of Directors of its intention to do so and subject to briefing the Board of Directors on the exchange with such principal executives.

Ad hoc and Executive Committee

In addition to these permanent committees, the Board of Directors may create one or more temporary or permanent ad hoc committees at any time, including with respect to conflicts of interest. The Board is authorized to determine the composition and internal rules of such ad hoc committees.

Finally, the Chief Executive Officer may create an Executive Committee and determine its composition and area of competence.

8.3.1.2.1 Audit Committee

Role of the Audit Committee

The committee assists the Board of Directors in finalizing separate and consolidated financial statements, and in preparing the information made available to the Company's shareholders and the market. It monitors the effectiveness of systems in place for internal control and risk management, and is also charged with coordinating issues relating to the preparation and verification of accounting and financial information, as well as legal verification of financial statements.

Specifically, it is charged by the Board with the following:

- with respect to internal control and risk management:
  - to assess the effectiveness and quality of the Group's internal control procedures, so that they ensure the Company and consolidated financial statements give a true and fair view of the Company and its Group and comply with accounting standards,
  - to monitor the implementation and effectiveness of risk management procedures,
  - to receive the internal control and risk Management Report drawn up in compliance with Article L. 225-37 of the French Commercial Code and to make any observations it sees fit,
  - to ensure the relevance and quality of the Company's financial communications;
- with respect to the financial statements:
  - to examine the draft annual and six-month separate and consolidated financial statements, in order to verify the manner in which they are established and to ensure the relevance and application of the accounting standards used; to this end, the Audit Committee may interview, outside the presence of the managers or Directors that actively exercise functions within the business, any person who in one way or another participates in the preparation or control of the accounts (Finance Department, Internal Auditors, Statutory Auditors),
  - to examine the methods and scope of consolidation used in the financial statements,
  - to ensure the adequate treatment of significant transactions at the Group level, and
  - to keep up to date on the Group's financial and cash position, as well as its significant commitments;
- with respect to external controls, the Audit Committee has the essential role of guaranteeing the control of Company and consolidated financial statements by the Statutory Auditors and the independence and objectivity of these auditors by:
  - ensuring that the Statutory Auditors fulfill their mission of legal certification of annual and consolidated accounts,
  - managing the selection process of the Company's Statutory Auditors and examining questions relating to the appointment, renewal or termination of the mandate of the Company's Statutory Auditors, and
  - examining the amount and details of remuneration paid by the Group to the Statutory Auditors and the group to which they belong; to this end, the Audit Committee is required to obtain information on the fees paid by the Company and the Group to the Statutory Auditors and the group to which they belong and ensure that the amount, or the proportion of such amount in the revenue of the auditors and the group to which they belong, does not compromise the independence of Statutory Auditors.

Composition of the Audit Committee

The Audit Committee has a maximum of five members. At least one must be an independent Director.

Executive Directors and salaried employees of the Company or its subsidiaries may not serve on the Audit Committee.

At least one member of the Audit Committee must possess special expertise in financial or accounting matters and be independent. The Company also ensures that Audit Committee members have knowledge of the Company's business, activities and industry.

Operation of the Audit Committee

A meeting of the Audit Committee is validly held if at least a majority of its members are present. Decisions are taken by simple majority vote.

The Audit Committee must regularly report on its activities to the Board of Directors, and in any event, at the time of the approval of the annual and six-monthly financial statements.

8.3.1.2.2 Nominating and Compensation Committee

Role in appointments

The Nominating and Compensation Committee is charged with the following:

- reviewing and making proposals to the Board of Directors regarding candidates for Director, CEO, Chairman of the Board and the members and Chairman of the Audit Committee and the Strategy Committee. To this end, it must evaluate the abilities, knowledge and experience required for the position, describe the position's responsibilities and determine the time commitments for the position;
- evaluating proposals submitted by interested parties, including management and the shareholders;
- periodically examining the efficient operations of the Board and managers' performance; and
- annually assessing each Director's independence in the context of the criteria contained in the internal regulations.

Role in determining compensation

With respect to the compensation granted to the Chairman of the Board and the managers of the Company, the Nominating and Compensation Committee:

- provides its opinion on all forms of compensation, including benefits in kind and insurance or retirement benefits received from Group companies or affiliated entities;
- examines and formulates proposals to the Board regarding the compensation of the Chairman of the Board, the CEO and the chief operating officers (*directeurs généraux délégués*), and in particular, the variable portion of compensation. To this end, the Committee establishes the rules regarding the manner in which variable compensation is determined and ensures that such rules are consistent with annual performance evaluations of managers and with the Group's medium-term strategy. The Committee also supervises the enforcement of these rules; and
- ensures that the Company complies with its obligations regarding compensation disclosure. To this end, an annual report is prepared by the Committee and submitted for the approval of the Board of Directors to be subsequently included in the Company's annual report. In addition, the Committee ensures that all information required by law with respect to compensation is clearly and completely communicated in the annual report.

With respect to Director compensation, the Committee:

- makes proposals on the allocation of attendance fees (*jetons de présence*) pursuant to the internal regulations; and
- makes recommendations on any compensation granted to Directors entrusted with additional responsibilities.

With respect to stock option plans and all other forms of compensation through shares or equity-based compensation, the Committee is responsible for:

- reviewing the general policy on entitlement to such methods of compensation and submitting proposals as necessary to the Board of Directors;
- reviewing information provided on such compensation in the annual report and to the General Meetings of Shareholders;
- submitting proposals to the Board of Directors regarding the selection of a particular compensation plan from among the plans authorized by law and expressing the reasons for and consequences of such choice; and
- preparing Board of Directors' decisions regarding such compensation plans, as well as salary savings plans, for managers and employees of the Company, its subsidiaries or the Group.

Composition of the Nominating and Compensation Committee

The Nominating and Compensation Committee has a maximum of five members.

Operation of the Nominating and Compensation Committee

A meeting of the Nominating and Compensation Committee is validly held if at least half of its members are present at the meeting. Decisions are taken by simple majority vote.

The Nominating and Compensation Committee meets at least twice a year. In any event, the Committee must meet before the agenda of the General Meeting of Shareholders is approved, to examine the proposed resolutions that fall within its jurisdiction.

8.3.1.2.3 Strategy Committee

The Strategy Committee is responsible for assisting the Board of Directors in determining the Company's strategy, and in particular:

- examining major projects relating to the strategic development and positioning of the Group, and in particular, strategic partnerships and major investment or disposal transactions; and
- examining the draft annual budget and the three-year business plans of the Company that are submitted to the Board of Directors. To this end, the Committee may interview the Company's managers on the assumptions used to prepare or modify such budgets and business plans.

Composition of the Strategy Committee

The Strategy Committee has a maximum of five members.

Operation of the Strategy Committee

A meeting of the Strategy Committee is validly held if at least half of its members are present at the meeting. Decisions are taken by simple majority vote. In the event of a tie, the vote of the Strategy Committee Chairman will carry the vote.

The Strategy Committee meets as many times as necessary, and in any event, at least two times per year.

8.3.1.3 DIRECTORS' CHARTER

In keeping with its corporate governance responsibilities, the Board of Directors adopted a Directors' Charter, which has been integrated into the internal regulations. This Directors' Charter sets forth the rights and obligations of the Directors and is binding upon each Director.

Before accepting the position of Director, each Director must ensure that he is familiar with the general and specific obligations of the position, such as those arising from law or regulation, the Company's articles, the internal regulations, the Directors' Charter described below and all other applicable documents or laws.

- Directors must be competent and play an active role.
- Directors must act at all times in the interest of the Company and are required to defend and promote the Company's values.
- Directors must dedicate the time and attention necessary to their positions and must be assiduous and participate, whenever possible, in all Board meetings and meetings of Committees of which they are a member.
- To enhance transparency, the annual report includes information on Directors' attendance at Board and committee meetings.
- Directors must attend the General Meetings of Shareholders.
- Each Director must personally hold at least 500 shares of the Company throughout his term as Director.
- Directors have a duty of loyalty and diligence.

  To this end, each Director commits to:

  - inform the Board of all conflicts of interest, including potential conflicts, and abstain from participating in any consideration of or voting on issues relating to any such conflicts; and
  - abstain from personal commitments with competitors without informing the Board and obtaining its consent.
- Directors have a duty of confidentiality regarding all non-public information obtained in connection with the performance of their duties.
- Directors must ensure that they receive in a timely manner all documents and information necessary for discharging their responsibilities and are responsible for requesting from the Chairman all documents they deem necessary for such purposes.

A Director who does not consider that sufficient information has been provided may ask for additional information from the Board or the Chairman.

- Directors must possess broad knowledge of the specifics of the Company, its activities and the industry in which it operates.
- Each director may, on appointment and throughout his/her term as Director, receive training on the Company, its activities and its businesses.
- The Director shall respect the provisions of the Company's Code of Conduct on stock trading.

8.3.2 - Operation of Management

The Chief Executive Officer (*Directeur général*) is vested with the broadest powers to act on the Company's behalf under all circumstances. The Chief Executive Officer exercises his powers within the limits of the Company's corporate purpose and subject to the powers expressly attributed by law to the Board of Directors and General Meetings of Shareholders. The Chief Executive Officer represents the Company its dealings with third parties (see section 12.2.2.2 of this registration document).

The internal rules set out certain major decisions that require prior authorization from the Company's Board (see section 8.3.1.1 of this registration document).

8.3.3 - Code of conduct with respect to trading and market activities

In 2006 the Group drew up a stock trading Code of Conduct.

This Code of conduct was adopted by the Board of Directors on June 2, 2006 and applies to all executive officers (*mandataires sociaux*), managers and senior executives (*personnes assimilées*). The Board has appointed the Group's Company Secretary to be in charge of ethical duties, responsible for ensuring compliance with the code of conduct.

The main provisions of this Code of conduct aim at controlling transactions in the securities of the Company which may be carried out by persons with regular access to material insider information concerning the Company (see section 8.4.2).

8.4 - REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE AND INTERNAL CONTROLS*

The Chairman's report relating to corporate governance and internal controls is drawn up pursuant to article L.225-37 of the French Commercial Code and after discussion with the Audit Committee, the Company's Statutory Auditors, and the Group's audit and Internal Control Department. The present Chairman's report was approved by the Board of Directors on March 3, 2011*.

The Company makes formal reference to the principles of corporate governance for listed companies set out in the Afep/Medef code of corporate governance issued in December 2008 completed by the recommendations issued in April 2010 ("Code of Corporate Governance"). As this Code allows for the principle of "comply or explain", those recommendations with which the Company does not comply in the strict sense are explicitly indicated in this report, as are the reasons for non-compliance. The Afep/Medef Code of Corporate Governance may be consulted on Medef's website at www.medef.fr.

* *This report has been approved by the Board of Directors on March 3, 2011, i.e. before the meeting of the Board of Directors which approved the changes in the Board membership as mentioned in paragraphs 8.1.1 and 8.3.1.1.2 of this registration document, and is then not updated with this information.*

8.4.1 - Membership of the Board of Directors

At December 31, 2010, the Board was made up of 11 members, each appointed for a period of four years. Their profiles and directorships outside the Group are presented in the Company's registration document, which can be consulted on the website of the AMF (www.amf-france.org) and on that of the Company (www.legrandgroup.com). Directors are required to hold at least 500 Company shares each. The membership of the Board and that of its specialized Committees reflect the two majority shareholders' efforts to seek a lasting balance among Directors representing these shareholders, independent Directors and management. Accordingly, it has been decided not to stagger the terms of office of Directors representing these majority shareholders.

Membership of the Board of Directors			
Name	**Duties**	**Date of first appointment**	**Term of office expires on (1)**
Gilles Schnepp	Chairman and CEO	12/10/2002	12/31/2013
François Grappotte	Honorary Chairman	12/10/2002	12/31/2013
Olivier Bazil	Vice-Chairman – COO	12/10/2002	12/31/2013
Mattia Caprioli	Director	07/25/2007	12/31/2013
Jacques Garaïalde	Director	06/06/2003	12/31/2013
Edward A. Gilhuly	Director	12/10/2002	12/31/2013
Gérard Lamarche (2)	Director	04/06/2006	12/31/2011
Thierry de La Tour d'Artaise (2)	Director	04/06/2006	12/31/2011
Frédéric Lemoine	Director	05/05/2009	12/31/2013
Ernest-Antoine Seillière	Director	12/10/2002	12/31/2013
Patrick Tanguy (3)	Director	02/10/2010	12/31/2013

(1) As of the date of the General Meeting of Shareholders called to approve the financial statements for the financial year closed at this date.

(2) Independent Director.

(3) Director co-opted to replace Arnaud Fayet. This cooptation was ratified at the Combined Ordinary and Extraordinary Meeting of shareholders on May 27, 2010.

Independent Directors

The Board of Directors ensures that there are at least two independent Directors serving on the Board at all times. Messrs. Gérard Lamarche and Thierry de La Tour d'Artaise are independent Directors.

Meeting on March 3, 2011, the Board confirmed its judgment that Gérard Lamarche and Thierry de La Tour d'Artaise qualify as independent Directors as defined by the Code of Corporate Governance. In compliance with the internal rules of the Board, available on the Company's website, the definition of "independent" is considered each year by the Nominating and Compensation Committee, which submits a report on this subject to the Board.

The Company being controlled by two majority shareholders with a Board of Directors composed of a majority of members that they propose, and the Company having also expressed the wish that its management be represented on the Board, it does not comply fully with the provision of the Code of Corporate Governance calling for at least one-third of Directors to be independent.

Diversity of membership of the Board of Directors

The Board considered the balance to be achieved regarding its own membership and that of its committees, especially concerning gender balance and skills diversity, in order to provide shareholders and the market with a guarantee that its missions are discharged with the required independence and objectivity.

In terms of diversity of Board members' profiles, American, Belgian, French and Italian nationalities are represented.. Seeking to remedy the absence of female Directors, the Board has begun a search for potential female applicants, which will either have reached fruition or be very well advanced by the date of the 2011 Annual General Meeting, thereby enabling compliance with the Code of Corporate Governance on this point.

Plurality of mandates

Gilles Schnepp, Chairman and CEO, holds a Directors' mandate in one other listed company. Olivier Bazil, Vice-Chairman and COO, holds no mandate in any other listed company.

8.4.2 - Preparation and organization of Board work

Considering the information presented below, the Company's practices in the preparation and organization of the work of the Board and its Committees comply with the recommendations of the Code of Corporate Governance.

Internal rules and Code of conduct with respect to trading and market activities

The Board of Directors of the Company has adopted a set of internal rules (integrating a Directors' Charter) that can be consulted on the Company website at www.legrandgroup.com.

The Board has also adopted a Code of Conduct with respect to trading and market activities, also posted on the Company website. Under this code, managers and others with access to inside information are in particular prohibited from effecting, directly or indirectly, whether for their own account or on behalf of some other person, transactions in Legrand securities (i) as a minimum, during the two weeks preceding publication of quarterly financial statements (this period being extended to three weeks for the annual financial statements) and the two days following their publication, and (ii) where they are apprized of a project of a nature to constitute inside information, throughout the period from the date a meeting of the Board of Directors is called to consider this project and the date of its official public announcement by Legrand. The content of this code is due to be updated during the first half of 2011 in order to take on board AMF recommendation No. 2010-07 of November 3, 2010.

Directors' Charter

To promote good governance, the Board of Directors has adopted and integrated into its internal rules a Directors' Charter setting out the rights and duties of Directors, which each Director must respect.

Information on Directors

In the execution of his duties, the Chairman of the Board communicates, at least 48 hours before each meeting, all documents and information necessary to the consideration of points on the agenda.

Directors may request any documents they believe relevant for the preparation of the meeting, provided that they submit such requests with reasonable notice.

When required by confidentiality, in particular where sensitive financial information is concerned, information may be communicated during the meeting.

In addition, Directors receive all relevant information on significant events or transactions for the Company.

Board of Directors

In 2010, the Board met six times.

Attendance of Directors at Board meetings was satisfactory, with the attendance rate 86% for the year. Participation in meetings of specialized Committees averaged 89%. Representatives of the Central Works Committee (*Comité central d'entreprise*) attend the meetings of the Board of Directors.

In order to allow it to perform its duties in the best conditions, the internal rules of the Board provide that its deliberations are to be prepared in certain fields by specialized Committees: the Audit Committee, the Strategy Committee, and the Nominating and Compensation Committee. At Board meetings, these committees present detailed reports on their work.

In 2010, the Board met to consider the following agenda:

- resignation and cooptation of Directors;
- approval of the consolidated financial statements for the year ended December 31, 2009, the consolidated financial statements for the quarter ended March 31, 2010, the consolidated financial statements for the six months ended June 30, 2010 and the consolidated financial statements for the quarter ended September 30, 2010;
- Audit Committee report on its review of annual, quarterly and half-year consolidated financial statements and parent-company financial statements and related management reports, the report of the Statutory Auditors, key figures to be included in the press release, the missions of Statutory Auditors and of the budget for auditors' fees, the Company's risk management approach, and the internal audit plan;
- Strategy Committee report on the 2010 budget, on projected acquisitions, and on a review of acquisitions made and of strategic guidelines for future acquisitions;
- proposal for appropriation of earnings;
- consideration and adoption of the press release on annual, quarterly and half-year consolidated financial statements;
- report of the Nominating and Compensation Committee on Patrick Tanguy's application for the position of Director, fixed and variable portions of compensation for Executive Directors and related information, determination of the total allotment of stock options and free shares, amounts of stock-option and free-share allotments to Executive Directors, breakdown of Directors' fees, procedure for the review of the status of independent Directors, and approval of certain parts of the registration document relative to compensation of Executive Directors;

- new financing (bond issue);
- self-evaluation of the performance of the Board of Directors and its committees (summary and proposals);
- renewal of annual powers granted to the Chairman and the Vice-Chairman for bonds, endorsements and sureties;
- delegation of financial powers to the Board of Directors to be proposed to the General Meeting of shareholders;
- convening of the annual Combined Ordinary and Extraordinary Meeting of shareholders (proposed agenda and resolutions);
- preparation of reports to be submitted to the General Meeting (Chairman's report on corporate governance and internal control; special reports on allotment of stock options and free shares);
- communication of the list of agreements as defined in article L.225-39 of the French Commercial Code;
- presentation of forecast financial statements at December 31, 2009 and at June 30, 2010;
- acknowledgement of the capital increase following exercise of options;
- presentation on operational subjects (new strategic development guidelines, sustainable development policy, business model for moving into the entry-level segment in emerging markets);
- implementation of the delegation approved under the seventh resolution of the Combined Ordinary and Extraordinary Meeting of shareholders held May 27, 2010, enabling in particular the pursuit of the liquidity contract.

Audit Committee

The powers of the Audit Committee and its organization are specified in the internal rules of the Board of which an excerpt appears in section 8.3 of this chapter, page 106.

Membership and duties

The Audit Committee is made up of three members appointed by the Board of Directors, including one independent Director. They are Jacques Garaïalde, Gérard Lamarche and Patrick Tanguy, whose personal profiles and education are presented in the Company's registration document. The Committee is chaired by Gérard Lamarche, independent Director, who has expertise in finance and accounting. Gérard Lamarche holds the position of Executive Vice President in charge of Finance at GDF Suez. Jacques Garaïalde, Managing Director at Kohlberg Kravis Roberts & Co. Ltd, and Patrick Tanguy, Managing Director and member of both the Investment Committee and the Management Committee at Wendel, also have expertise in finance and accounting.

The Committee assists the Board of Directors in finalizing parent company and consolidated financial statements, and in preparing the information made available to the Company's shareholders and the market. It monitors the effectiveness of systems in place for internal control and risk management, and is also tasked with coordinating issues relative to the preparation and control of accounting and financial information, as well as legal verification of financial statements. Its primary duties are to:

- assess the effectiveness and quality of internal control procedures for the collection and control of information to ensure that such information is reliable, review the Group's internal audit plan and the work schedule of the Statutory Auditors, apprize itself of the Group's internal audit programs;
- analyze and monitor risks, and track the Group's risk management processes;
- review the financial statements of the Company and the Group as communicated by the Company at least 48 hours before its meeting;
- ensure that the accounting methods used for the preparation of the consolidated and parent company financial statements are consistent and accurate, and that material transactions at Group level are adequately addressed, calling on the assistance of outside experts as necessary;
- guarantee the effective verification of parent company and consolidated financial statements by the Statutory Auditors, and their independence and objectivity;
- guide the process for selecting or renewing the terms of the Statutory Auditors;
- consider any financial or accounting issue submitted to it by the Chairman of the Board or by the Chief Executive Officer, as well as any issue of conflict of interest of which it is apprized; and
- examine the report by the Chairman of the Board of Directors on internal control and risk management.

The Audit Committee meets 24 hours before the review of the annual, half-year and quarterly financial statements by the Board of Directors, not 48 hours before as recommended by the Code of Corporate Governance. This is due to the fact that Audit Committee members expressed a desire to avail of more time for in-depth analysis of the documents communicated to them in advance.

Meetings of the Audit Committee may take place by telephone or video-conference; a quorum exists when at least half of the members are present.

The Audit Committee may interview the Group Chief Financial Officer and/or members of his staff, the head of internal control, or receive the observations of the Statutory Auditors without the members of the general management being present.

2010 meetings

The Audit Committee met on four occasions during the 2010 financial year. Attendance for the year was 100%.

In 2010, the Audit Committee met to consider the following agenda:

- presentation of parent company and consolidated annual financial statements at December 31, 2009, of quarterly consolidated financial statements at March 31, 2010, of half-year consolidated financial statements at June 30, 2010 together with the half-year financial report, and the financial statements for the quarter ended September 30, 2010 (review of work of Statutory Auditors);
- review of intangible assets and pension commitments;
- review of key figures in the press release on annual, quarterly and half-year consolidated financial statements and prospects for 2010;
- review of the internal control and risk management section of the report of the Chairman of the Board;
- recommendations concerning the renewal of mandates for a Statutory Auditor and a deputy Statutory Auditor;
- review of the internal audit plan;
- presentation of the registration document;
- review of changes in IFRS standards;
- assignments of Statutory Auditors and budget for auditors' fees;
- risk management.

The Audit Committee reports to the Board of Directors on the performance of its duties.

Nominating and Compensation Committee

The powers and organization of the Nominating and Compensation Committee are specified in the internal rules of the Board, of which an excerpt appears in section 8.3 of the present chapter, page 106.

Membership and duties

The Nominating and Compensation Committee is made up of five members appointed by the Board of Directors, including one independent Director. They are Jacques Garaïalde, Edward A. Gilhuly, Gérard Lamarche, independent Director, Frédéric Lemoine and Patrick Tanguy. The Committee is chaired by Frédéric Lemoine and its duties are to approve:

- all proposals of candidates for membership of the Board, general management, Chairman of the Board, members and Chair of the Audit Committee and the Strategy Committee;
- all proposed succession plans for Executive Directors;
- all types of compensation to managers, including benefits in kind received from any Group company or any affiliated company, as well as any provisions relating to their retirement;
- the establishment of stock option plans, and any other types of compensation based on shares or indexed on or otherwise connected with shares, for managers or employees or groups of employees of the Company or its subsidiaries.

The Nominating and Compensation Committee meets as often as necessary.

Meetings of the Nominating and Compensation Committee may be held by telephone or videoconference; a quorum exists when at least half of the members are present.

2010 meetings

The Nominating and Compensation Committee met on two occasions during the 2010 financial year. Attendance for the year was 62%.

In 2010, the Committee met to consider the following agenda:

- examination of the application of Patrick Tanguy for the position of Director;
- stock-option plans and free-share plans in respect of the 2009 financial year (total theoretical amount);
- compensation of Executive Directors in respect of the 2009 financial year (amount of compensation: fixed salary, bonus, performance-based, insurance, supplementary retirement benefits, covenant not to compete, benefits in kind, Directors' fees from subsidiaries; allotments of stock options and free shares);
- Directors' fees (breakdown in respect of the 2009 financial year);
- implementation of stock-option and free-share plans allocated in 2010 in respect of the 2009 financial year (individual allotments of options and free shares to employees and to Executive Directors; exercise price; determination of number of shares to be held by Executive Directors; regulations for stock-option and free-share plans);
- stock-option and free-share plans to be allocated in 2011 in respect of the 2010 financial year (principles);
- principles for compensation of Executive Directors in respect of the 2010 financial year (calculation of fixed salary, principles for calculating bonuses, principles for allocation of stock options and free shares);
- procedure for the review of the status of independent Directors;
- approval of part of the report of the Chairman of the Board of Directors on corporate governance and internal control, and of certain sections of the registration document.

The Nominating and Compensation Committee reports on its work to the Board of Directors.

Strategy Committee

The powers and organization of the Strategy Committee are specified in the internal rules of the Board, of which an excerpt appears in section 8.3 of the present chapter, page 106.

Membership and duties

The Strategy Committee is made up of four members appointed by the Board of Directors: Olivier Bazil, Jacques Garaïalde, Frédéric Lemoine and Gilles Schnepp. It is chaired by Jacques Garaïalde, and its responsibilities include:

- reviewing all of the main projects relating to the development and strategic position of the Group, in particular strategic partnership projects and main investment and divestment transactions;
- reviewing the draft annual budgets and development plans of the Company submitted to the Board of Directors. In this capacity, the Strategy Committee consults with the managers of the Company concerning the assumptions on which such plans and budgets are based or amended.

2010 meetings

The Strategy Committee met on three occasions during the 2010 financial year. Attendance for the year was 100%.

In 2010, the Strategy Committee met to consider the following agenda:

- presentation of 2009 estimates and proposed 2010 budget;
- approval of the 2010 budget;
- projected acquisitions;
- review of acquisitions made from 2005 to 2010;
- strategic priorities for future acquisitions.

The Strategy Committee reports on its work to the Board of Directors.

Evaluation of the Board of Directors and its Committees

In compliance with internal rules, the work of the Board of Directors is reviewed and assessed at least once a year. This is a separate point on the agenda of the meeting concerned, and is reported on in the Company's annual report.

A self-evaluation procedure was formalized at the end of 2009. The summary in early 2010 showed general satisfaction among Directors as to the work of the Board and its Committees.

In the course of 2010, the Board of Directors deployed the following improvements in response to requests made by Directors during the self-evaluation:

- presentations on operational and cross-functional topics were organized, concerning the Company's strategy (development, communications, product design) and its sustainable development policy;
- a guided tour of a Company facility in France was organized in conjunction with the Board of Directors meeting on November 3, 2010;
- the setting-up of a dedicated document sharing platform for Directors was initiated, with the aim of deployment in the course of 2011.

In November 2010, a questionnaire was sent to the Company's Directors for the purpose of assessing the operation of the Board and its Committees in 2010. An item concerning this questionnaire was placed on the agenda for a meeting of the Board of Directors at the beginning of 2011.

8.4.3 - Limits on the powers of the Chief Executive Officer

Meeting on March 17, 2006, the Board of Directors voted to combine the functions of Chairman and Chief Executive Officer, both to be assumed by Mr. Gilles Schnepp. This decision was made as the Company was listed on the stock exchange. Combining the two functions corresponds both to Company tradition and to the reality of Legrand's operating model.

With the exceptions of transactions and decisions requiring the prior approval of the Board of Directors pursuant to article 1 of the internal rules (which may be consulted at www.legrandgroup.com), the Board of Directors has set no limits on the powers of the Chairman and Chief Executive Officer.

8.4.4 - Principles and rules for determining the compensation and benefits of Executive Directors

Compensation of Executive Directors is set by the Board of Directors on the basis of recommendations made by the Nominating and Compensation Committee.

8.4.4.1 COMPENSATION AND BENEFITS OF EXECUTIVE DIRECTORS

Contract of employment of the Chairman and CEO

In line with the recommendations of the Code of Corporate Governance, the Board of Directors on March 4, 2009, took due note of the decision of Mr. Gilles Schnepp to renounce his contract of employment with immediate effect and without consideration.

The Board of Directors nonetheless judged that it was in the interest of the Company to enter into a new non-competition agreement with Mr. Schnepp, this agreement being for a period of two years and enforceable at the sole initiative of the Company. Mr. Schnepp agreed to provide this new covenant.

These initiatives bring the Company into compliance with the recommendation of the Code of Corporate Governance concerning the termination of contracts of employment in the case of a status of Executive Director.

Termination benefits

With the exception of benefits due on retirement (this information is noted in section 8.2.1.3 of this chapter) and of the covenants not to compete described below, Executive Directors do not benefit from any commitment concerning components of compensation, indemnities or other benefits that might be due as a result of the termination of their office or assignment to a different position, or subsequently ("golden parachutes").

Mr. Gilles Schnepp is subject to restrictions under a covenant not to compete which would occasion the payment of an indemnity equal to a maximum of one year's compensation (fixed and bonuses) and thus not exceeding the limit of two years' compensation provided for in the Code of Corporate Governance. This covenant can be enforced at the sole initiative of the Company. Similarly, Mr. Oliver Bazil is subject to the standard non-competition clause provided for in the collective labour agreement for metal industries, which provides for an indemnity equal to a maximum of one year's compensation (fixed and bonuses) and thus not exceeding the limit of two years' compensation provided for in the same Code. This clause can be enforced at the sole initiative of the Company.

The Company thus complies with the Code's recommendation concerning this type of indemnity.

Pension entitlements

The Executive Directors benefit from a system of supplementary pension entitlements compliant with the recommendations of the Code, which concern the number of beneficiaries, seniority, the upper limit as a percentage of Executive Directors' compensation, and the reference period used for the calculation of entitlements (this information is noted in section 8.2.1.3 of this chapter).

Stock options and free shares

The Company's stock option plans are outlined in section 9.2 of this registration document. *Allocations* of stock options and free shares made in the course of financial years 2009 and 2010 were made in light of the performance conditions set at the start of financial years 2008 and 2009.

For *allocations made in respect* of the 2010 financial year (i.e. the 2011 plan), the Board of Directors at the start of 2010 set the targets to be achieved in terms of economic income. Messrs Gilles Schnepp and Olivier Bazil were allocated free shares in light of the achievement of these targets, the number of which was set by the Board of Directors on March 3, 2011, at 65,737 free shares allocated to Gilles Schnepp and 62,151 free shares allocated to Olivier Bazil (see chapter 9 of this registration document).

Moreover, the allocation plan for 2011 makes the *vesting* of most of the free shares allocated to Executive Directors conditional upon the achievement of performance conditions defined by the Board of Directors. These conditions involve an external criterion (performance of consolidated net profit margin compared to a panel of peers over a four-year period) and two internal criteria (performance of economic income and economic margin over successive four-year periods).

In total, for the 2011 plan in respect of the 2010 financial year, the acquisition of free shares by Executive Directors is therefore conditional upon a dual set of performance conditions, which apply at the time of *allocation* as well as at the time of *vesting*.

Moreover, no discount is applied for these allocations and the Company provides no hedging instruments for these stock options and free shares.

The Company has for many years also implemented a system of profit sharing beyond the legal requirements for the benefit of all its employees and those of its French subsidiaries. Executive Directors do not benefit from this system.

The Company complies with the rules for the allocation of stock options and free shares defined in the Code of Corporate Governance, with the exception of the recommendation concerning the allocation of free shares conditional on the purchase of a defined quantity of shares when the free shares vest. The Executive Directors have already substantially invested in the Company's capital stock and are already subject to an obligation to hold at least 30% of all the shares acquired, including free shares and stock options, as long as they remain in office. Considering this, the Board of Directors, accepting the proposal of the Nominating and Remuneration Committee, has decided not to comply with this recommendation to the letter.

Principles for determining compensation

The principles for determining the compensation of the Chairman and Chief Executive Officer and the Vice-Chairman, Chief Operating Officer include:

- a fixed annual salary, determined with regard to the level of responsibility and the experience of each person, as well as market practice with reference to a survey conducted by an outside consultant;
- a bonus which must not exceed a maximum limit expressed as a percentage of the fixed salary, and which includes:
  - one half based on pre-defined quantitative criteria and linked to the financial performance of the Company, as measured each year by economic income (i.e. adjusted operating income less the cost of capital);
  - the other half based on the following qualitative criteria: (i) positive growth of net sales, innovation, increased market share, (ii) external growth policy, and (iii) sustainable development criteria;
- a supplementary pension;
- a company car and a cell phone as benefits in kind;
- the mandatory Group contingency insurance plan and supplementary health insurance for the Group's executives;
- allocation of stock options and/or free shares based on pre-defined quantitative criteria and linked to the financial performance of the Company, as measured each year by economic income (i.e. adjusted operating income less the cost of capital). Moreover, the allocation plan for 2011 makes the *vesting* of most of the free shares and/or stock options allocated to Executive Directors conditional upon the achievement of performance conditions defined by the Board of Directors. In total, the acquisition of free shares and the exercise of stock options by Executive Directors are therefore conditional upon a dual set of performance conditions, which apply at the time of *allocation* as well as at the time of *vesting*. No discount is applied for these allocations.

8.4.4.2 ATTENDANCE FEES PAID TO DIRECTORS

The maximum amount to be paid in attendance fees was set at €330,000 by the General Meeting of shareholders on April 6, 2006. This resolution remains in effect until the adoption of a new resolution.

A resolution will be submitted to the General Meeting of Shareholders on May 26, 2011, to set the overall amount of attendance fees at €600,000 so as to come more closely into line with existing market practise, to encourage the dedication and commitment shown by Directors and to leave shareholders the possibility of appointing additional Directors, thereby fostering diversity of membership in terms of gender balance and independence.

Subject to approval of this resolution by the General Meeting of Shareholders on May 26, 2011, and based on the report of the Nominating and Compensation Committee, the Board of Directors has decided, as of the 2011 financial year, to modify the amount of attendance fees to be paid to Directors in respect of the previous year as follows:

- €35,000 a year to be paid to each member attending all meetings of the Board of Directors, this amount being reduced by €3,000 for each absence from a meeting of the Board of Directors;
- in addition, €5,000 a year to be paid to each member of the Board of Directors who is also a member of a Committee, with the exception of Executive Directors, this amount being increased to €10,000 per year for the chairmen of the Strategy Committee and the Nominating and Compensation Committee, and to €20,000 for the chairman of the Audit Committee, each of these amounts being reduced by €1,000 for each absence.

These rules for attendance fees comply with the Code of Corporate Governance.

Moreover, the Executive Directors have proposed to waive their attendance fees as of the financial year 2011, a move which received the approval of the Board of Directors.

8.4.5 - Participation of shareholders in the General Meeting

Conditions for the participation of shareholders in Company General Meetings are described in article 11 ("General Meetings") of Company articles, which can be accessed at www.legrandgroup.com.

8.4.6 - Information pursuant to article L. 225-100-3 of the French Commercial Code concerning factors likely to affect the outcome of a public offer

Meeting on February 9, 2011, the Board approved the management report provided for under article L.225-100 of the Commercial Code, concerning in particular factors likely to influence a public offering.

As provided by law, this management report will be filed with the registrar of the *Tribunal de Commerce* in Limoges at the same time as the present Chairman's report.

8.4.7 - Risk management and internal controls

8.4.7.1 DEFINITIONS, PURPOSE AND FRAMEWORK

Definition and purpose of risk management and internal control procedures

Risk management involves using a set of concepts, tools, methodologies and initiatives adapted to the Group's specific features to enable management to hold risk to an acceptable level.

A risk represents the possibility of an event occurring that might have adverse effects on people, resources, the environment, Group objectives or the Group's reputation.

Risk management aims to:

- create and preserve the Group's value, resources and reputation;
- make Group decision-making and processes safe, and thus contribute to achieving objectives;
- ensure that initiatives undertaken are consistent with Group values; and
- rally Group employees to a shared vision where major risks are concerned, and raise awareness of the risks inherent to their activity.

The Group's internal control system involves the use of appropriate resources and behavior for procedures and action, implemented in ways suited to the Group's special features and which:

- contribute to control of its business, the effectiveness of its operations and the efficient use of its resources; and
- enable it to take appropriate account of significant operational, financial and compliance risks.

The purpose of the Group's internal control procedures relates to enforcement of principles that include:

- protection and safeguarding of assets through procedures such as cycle counts of inventory, inspections of plant and equipment through regular physical inventory controls, and insurance policies matching the Group's needs;
- fraud prevention and detection, particularly with regard to accounting and financial information;
- the reliability and integrity of accounting information in relation to actual transactions;
- achievement of management objectives;
- compliance with laws, regulations and internal procedures;
- optimization of operations.

While internal controls naturally cannot provide an absolute assurance that the Group's objectives will be met, it should be emphasized that the Group's unique business model makes it easier for all subsidiaries to understand and implement its principles regarding internal controls.

Links between risk management and internal control procedures

Risk management and internal control procedures are constantly interacting, reinforcing each other in the process. Risk management policy is the foundation for internal control procedures, identifying risks that, because they exceed acceptable limits for the Group, must be addressed, if necessary through an action plan. Action plans may include provision for the implementation of controls under the supervision of the internal control unit, which in so doing contributes to treatment of risks. At the same time, the internal control unit, by analyzing processes within Group organizations, helps identify and focus attention on various risks that can, in turn, be addressed through the risk management policy.

Because of this interaction, the Group decided in the course of 2010 to group the two functions together in a single Risk Management and Internal Control Department. This unit reports directly to the Corporate Secretary. It also handles internal audits.

Scope of action

The Company's assets consist almost exclusively of equity interests in Group companies.

The scope of its internal control system is thus the entire Group and all of its businesses.

Framework

To achieve these risk management and internal control objectives, the Group's management has set up a framework based on practices recommended by France's financial market authority AMF in its framework document published in June 2010.

8.4.7.2 INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK

Risk management

Organizational framework

This process is headed by the Risk Management and Internal Control Department reporting to the Corporate Secretary. The department has formalized the Group's risk management policy, which defines the process for identifying, analyzing and treating risks. It ensures that this policy is deployed, collecting indicators needed to evaluate risk and monitoring action plans implemented under the responsibility of risk owners identified in various divisions, departments and subsidiaries.

This general approach is overseen and monitored by a Risk Committee that includes the Group's general management. The Risk Committee met three times in 2010. Cross-functional issues are also addressed regularly at meetings of Group management committees.

The Group Audit Committee is also kept informed of all issues. Evaluation and treatment of risk is the object of a special annual exchange with the Audit Committee and of a report presented to the Board of Directors.

Risk management procedures

The Group's risk management procedures are in three stages:

1) Risk are identified relative to the value chain within the Group, being defined as threats or missed opportunities insofar as such opportunities are inherent in the Group's business or considered so by others in the field. The resulting list of risks is updated regularly by the Risk Committee on the basis of the information provided by both the Group's senior managers (top down) and its subsidiaries and departments (bottom up).

2) Risks are then assessed on the basis of historical and forward-looking indicators defined and validated by the Risk Committee. For each risk, these indicators are communicated to the Risk Management and Internal Control Department by the functional department or subsidiary that owns it. Indicators are then used to measure and rank risks relative to the probability of their materialization and their potential impact, assessed on the basis of a homogenous set of criteria. Risk is evaluated both as it is found and as it is expected to be after correction.

3) Risks are treated in a variety of ways, resulting in their reduction, transfer, elimination or acceptance. The appropriate measures are defined by, and shared across, the Risk Management and Internal Control Department and risk owners, identified as such within divisions, departments and subsidiaries. The Risk Committee validates the treatment of the most significant risks directly.

Oversight and guidance

Risk management structures are backed by continuing oversight and guidance through a dedicated function within the Risk Management Department and Internal Control Department, as well as risk owners within divisions, departments and subsidiaries.

Internal Control

Control environment

The control environment is based on principles structuring Group philosophy in this area and determining the appropriate level of staff awareness regarding internal control requirements. The principal purpose of the related organization deployed by the Group is to ensure that the responsibilities of each unit and department are clearly defined. It is also based on messages and values that are broadly communicated and shared across the Group as a whole. The resulting control environment is in particular materialized by the Group's Charter of Fundamental Principles, aimed at sharing values and principles with all entities and staff members.

Risk evaluation and management

Risk evaluation and management is a fundamental aspect of the Group's internal control scheme. Related structures and processes are described in the section above dedicated to Risk Management.

Structure of communication and information flows

The Group has adopted processes and procedures ensuring timely, reliable communication of relevant information to the parties concerned. Reporting structures have been set up for all the Group's major business processes, providing a common language for the exchange of information between different levels of Group organization (subsidiaries, Divisions, Group departments and management).

Internal control operations

The Group's internal control operations are defined in a manual of administrative and financial procedures that also includes accounting, management and reporting rules. This manual, designed for the Group's specific economic environment and industry, has existed for over a decade, and is updated regularly. Clear emphasis is placed on tracking product flows (with reliability of inventories monitored through cycle counts, analysis and justification of inventory discrepancies) and sales transactions (compliance with revenue recognition rules, tracking and authorization of discounts or rebates).

Application of these regulations ensures compliance with management objectives. The Group's dedication to a single strategic business area has allowed it to define simple operating rules for each of its functional and operational divisions.

Internal control operations are revised annually, through a process that combines detailed tests of critical controls and self-evaluation questionnaires filled out by the subsidiaries concerned. Data gathered in these questionnaires and tests is documented, consolidated and analyzed using a dedicated intranet tool. This review process has led to a large number of initiatives resulting in general improvements at subsidiaries. At the end of December 2010, over 90% of such initiatives had already been completed, contributing to a considerable improvement in the overall quality of internal controls. Others will be deployed in 2011.

Oversight and guidance

The Group's internal control unit:

- coordinates the Group's internal control operations and ensures that reviews are conducted in keeping with appropriate methodology;
- conducts internal audits at Group entities.

Assigning these two tasks to a single unit ensures consistent methodology and constant adaptation of audit procedures to the internal control risk areas.

For the Group's largest entities (France, Italy, the USA and China), the internal control unit also relies on local teams that coordinate the internal control process in their respective units. In smaller subsidiaries, internal control is the responsibility of the head of each business unit. Regular audits by the Group's internal auditors and financial controllers ensure that Group procedures are properly implemented and enforced. The tools, procedures and results of internal control reviews are available to the Group's Statutory Auditors at all times, and there are regular consultations to optimize the internal control framework and coverage of risk areas.

In the Group as a whole, a total of around 13 staff members will be fully dedicated to internal control in 2011.

8.4.7.3 PROCEDURES FOR PREPARING AND PROCESSING ACCOUNTING AND FINANCIAL INFORMATION

Objectives

Internal control applied to accounts and finance must meet the following objectives:

- guarantee compliance of information in published accounts and financial statements with regulations;
- ensure that instructions issued by the Group's general management are applied, where such information is concerned;

- preserve the Group's assets;
- ensure detection and prevention of fraud and accounting irregularities insofar as possible;
- guarantee the reliability of financial information and internal accounts, as well as information communicated to markets.

Contributors

Main contributors are:

- General management, insofar as it is responsible for setting up and structuring the Group's internal control system, as well as preparing financial statements for approval and publication.
- the Board of Directors that closes accounts, based in particular on the preparatory work conducted by the Audit Committee;
- the internal audit team, which, through its work, supplies various recommendations to General management and to the Audit Committee on areas for improving internal control applied to accounts and financial statements;
- external auditors who, through their work, express an independent opinion on published consolidated financial statements.

Control framework

This framework is based on defining and deploying processes and procedures used to prepare and review financial and accounting information. Such information is for dissemination both within the Group for oversight and guidance, and outside the Group through communication and publication for markets. The system is deployed through concerted action involving contributions from the following staff:

Financial managers at subsidiaries

Financial managers play a critical role in the finance function. Candidates for these positions are reviewed systematically by the Group's financial management, to ensure consistently outstanding levels of expertise.

Group Finance control

The Group's Finance Control Department plays a key role in monitoring of subsidiaries' performance. It coordinates the preparation of annual budgets and regularly reviews achievements and estimates. In doing so, it applies specific reporting and budget preparation rules, which are included in the internal control procedures manual.

All subsidiaries issue a detailed consolidation report every month, including a balance sheet, an income statement and analysis, allowing detailed monitoring of their performance.

Corporate financial analysis

The corporate financial analysis unit prepares and analyzes the Group's consolidated financial statements. It prepares and circulates, on a monthly basis, a progress sheet showing the Group's consolidated performance and the difference between actual performance and targets.

Accounting data are consolidated by a dedicated team using the consolidation reports available online to all Group subsidiaries. Consolidated financial statements are prepared on a monthly basis, except at the end of July, following a schedule circulated to all subsidiaries. This allows them to plan accordingly and provide the financial information in a timely manner.

Almost all consolidated entities have their annual and/or consolidation reports reviewed by the local affiliated offices of the Group's Statutory Auditors or by independent auditors.

Cash flow management

Cash flow is monitored through specific Group procedures. Investment, borrowing and hedging transactions are centralized and controlled by the Group's Finance Department. All management of bank accounts is carried out in agreement with the Group's treasury management, ensuring a degree of overall consistency in relationships with banks.

IT Department

To ensure the reliability of accounting and financial data processing, Legrand has implemented a full set of IT procedures and data back-up plans for the various IT systems used by the Group.

Implementing internal controls has also strengthened and harmonized procedures and operations relating to IT systems, as well as protection and access conditions for systems and networks.

Oversight and guidance of internal control is carried out by the Risk Management and Internal Control Department. Evaluation and test methods are in place and are applied annually at all Group subsidiaries where this is required. These methods, which are applied to each of the business's major financial and accounting cycles, ensure in particular that fundamental controls for these cycles are both applied and operational.

8.4.8 - Financial ratings of the Company

At December 31, 2010, Legrand was rated as follows by financial ratings agencies:

- Standard & Poor's: BBB stable outlook;
- Moody's: Baa2 stable outlook;
- Fitch: BBB stable outlook.

The following developments have been recorded subsequent to December 31, 2010 and at the date of drafting this registration document:

- Standard & Poor's: rating upgraded to BBB+ with a positive outlook on February 11, 2011;
- Fitch: outlook upgraded to positive on January 28, 2011.

This information is communicated in compliance with recommendations in the Code of Corporate Governance.

8.4.9 - Report of the Statutory Auditors prepared as provided by article L.225-235 of the French Commercial Code

Statutory Auditors' report, prepared in accordance with Article L.225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors of Legrand

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and relevant professional auditing standards applicable in France.

For the Year ended December 31, 2010

Legrand
Société anonyme
128 avenue du Maréchal de Lattre de Tassigny
87000 Limoges, France

To the Shareholders,

In our capacity as Statutory Auditors of Legrand (the "Company"), and in accordance with Article L.225 235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2010.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L.225-37 of the French Commercial Code, in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- to attest that the report sets out the other information required by Article L.225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our engagement are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with Article L.225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report sets out the other information required by Article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine, April 8, 2011
The Statutory Auditors

PricewaterhouseCoopers Audit
Gérard Morin
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Deloitte & Associés
Dominique Descours
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

09

EMPLOYEES

9.1 - NUMBER AND BREAKDOWN

The table below shows the average number of employees, including temporary employees, employed by the Group in 2010, 2009 and 2008 together with breakdowns by geographical locations and areas of employment.

	2010	2009	2008
Total number of employees *(annual average)*	31,405	29,628	34,830
By geographical location:			
France	21%	24%	23%
Italy	10%	11%	10%
Rest of Europe	18%	19%	21%
United States and Canada	7%	7%	7%
Rest of the World	44%	39%	39%
By activity sector:			
Back Office			
Manufacturing	59%	58%	60%
Administration, General Services and R&D	22%	22%	21%
Front Office			
Marketing and Sales	19%	20%	19%

The Group tries to achieve an appropriate match between workforce numbers and economic conditions, customer relationships, the development of new products and renewal of existing lines. Optimizing operations for greater efficiency is a permanent aim, achieved through constant efforts to improve productivity, and streamline and improve working methods.

9.2 - OPTIONS FOR SUBSCRIPTION TO NEW SHARES OR PURCHASE OF EXISTING SHARES

9.2.1 - 2005 stock option plan

The Company has set up a stock option plan under which options may be granted to purchase a specified number of ordinary shares of the Company at an initial exercise price of €1.40 per share for options granted in 2005. At the General Meeting of shareholders of February 24, 2006, shareholders decided to carry out a 1-for-4 reverse stock-split, leading to an increase in the shares' par value from €1.00 to €4.00.

As a result, the exercise price of options granted in 2005 was raised to €5.60 per share.

The table below summarizes the position of the Company's stock option plan at December 31, 2010:

Information on stock options		2005 plan
Date of Board of Directors' meeting		02/07/2005
Total number of options granted		173,750
of which number of shares that may be acquired by executive directors		*0*
Vesting/Exercise conditions	■ 2/3 of the options vest 4 years after the grant date and must be exercised within 60 days of vesting ■ 1/3 of the options vest 5 years after the grant date and must be exercised within 60 days of vesting	
Start of exercise period for two-thirds of the options		02/07/2009
Start of exercise period for one-third of the options		02/07/2010
Exercise price		€5.60
Options exercised during 2009		(115,834)
Options exercised during 2010		(57,916)
Stock options outstanding as of December 31, 2010		**0**

In 2010, 57,916 options granted under the 2005 plan were exercised. This plan expired on April 7, 2010.

9.2.2 - 2007, 2008, 2009 and 2010 stock option plans

The table below summarizes authorizations for the grant of options for the subscription to new shares or purchase of existing shares granted at the General Meeting of shareholders on May 15, 2007. On May 15, 2007, March 5, 2008, March 4, 2009 and March 4, 2010 the Company's Board of Directors approved the implementation of the stock option plans for subscription to new shares or purchase of existing shares referred to below.

Transaction concerned	Duration of authorization and expiry date	Maximum number of shares that may be created by options granted	Duration of plans	Price	Beneficiaries
Issue on one or more occasions of stock options	38 months July 15, 2010	5% of share capital at the date of the allotment decision	10 years from the date of grant by the Board of Directors	Determined by Board in line with law and regulations	Certain employees and/or executive directors of the Company and subsidiaries

Information on stock options	2007 plan	2008 plan	2009 plan	2010 plan
Date of Board of Directors' meeting	05/15/2007	03/05/2008	03/04/2009	03/04/2010
Total number of options granted	1,638,137	2,015,239	1,185,812	3,254,726
of which options granted to executive directors	*79,281*	*141,231*	*93,964*	*217,646*
■ *Gilles Schnepp*	*40,745*	*72,583*	*48,300*	*134,351*
■ *Olivier Bazil*	*38,536*	*68,648*	*45,664*	*83,295*
Vesting/Exercise conditions	Options vest after a maximum of 4 years, except in the event of resignation or termination for willful misconduct			
Start of exercise period	05/16/2011	03/06/2012	03/05/2013	03/05/2014
Expiry of exercise period	05/15/2017	03/05/2018	03/04/2019	03/04/2020
Exercise price	€25.20	€20.58	€13.12	€21.82
Options cancelled during 2007	(27,574)			
Options cancelled during 2008	(27,468)	(20,439)		
Options cancelled during 2009	(25,105)	(32,057)	(21,093)	
Options cancelled during 2010	(13,830)	(19,112)	(18,739)	(75,317)
Options subscribed for during 2010	(2,046)	(2,853)	(1,852)	
Stock options outstanding as of December 31, 2010	**1,542,114**	**1,940,778**	**1,144,128**	**3,179,409**

In 2010, the number of options exercised from the 2007, 2008 and 2009 plans were 2,046, 2,853 and 1,852, respectively.

If all options under these plans were to be exercised, the Company's capital would be diluted by 3.0% (this dilution is the maximum possible as it does not take into account the exercise price of these options).

The fair value of share-based payment instruments is measured at the grant date, using the Black & Scholes option-pricing model or the binomial model, based on the following assumptions:

Assumptions	2007 plan	2008 plan	2009 plan	2010 plan
Risk-free rate	4.35%	3.40%	2.25%	2,91%
Expected volatility	28.70%	30.00%	38.40%	28,00%
Expected return	1.98%	3.47%	5.00%	3,20%

9.2.3 - Summary

Table 9 – Options granted to and exercised by the ten highest beneficiaries who are not executive directors

The table below shows the options granted to and exercised by ten highest beneficiaries who are not executive directors of the Company during the financial year ended December 31, 2010:

Stock options granted to and exercised by ten highest beneficiaries who are not executive directors	Total number of options exercised	Weighted average exercise price	2010 plan
Options granted during the year by the issuer and companies within the scope of the option plan to the 10 employees of the issuer and these companies included in the scope to which the highest number of options were granted (total)	294,254	€21.82	294,254
Options previously granted by the issuer and the companies referred to above and exercised in the course of the year by the 10 employees of the issuer and these companies having purchased or subscribed to the highest number of shares (total)	-	-	-

Information on options granted to and exercised by executive directors during the year ended December 31, 2010 is included in section 8.2.1.2 of this registration document.

9.3 - FREE SHARE ALLOTMENTS

The table below summarizes the authorization for the grant of free shares given at the General Meeting of shareholders of May 15, 2007. On May 15, 2007, March 5, 2008, March 4, 2009 and March 4, 2010 the Company's Board of Directors approved the implementation of the free share plans referred to below.

Transaction concerned	Duration of authorization and expiration date	Maximum number of free shares that can be granted	Beneficiaries
Allotment of free shares on one or more occasions	38 months July 15, 2010	5% of share capital at the date of the allotment decision	Certain employees and/or executive directors of the Company and subsidiaries

Information on the free share plans	2007 plan	2008 plan	2009 plan	2010 plan
Date of Board of Directors' meeting	05/15/2007	03/05/2008	03/04/2009	03/04/2010
Total number of shares granted	533,494	654,058	288,963	896,556
of which shares granted to executive directors	*26,427*	*47,077*	*23,491*	*62,163*
■ *Gilles Schnepp*	*13,582*	*24,194*	*12,075*	*38,373*
■ *Olivier Bazil*	*12,845*	*22,883*	*11,416*	*23,790*
Vesting conditions	Options vest after a maximum of 4 years, except in the event of resignation or termination for willful misconduct			
Free shares cancelled in 2007	(8,695)			
Free shares vested in 2008	(546)			
Free shares cancelled in 2008	(8,298)	(6,145)		
Free shares vested in 2009	(253,880)	(400)		
Free shares cancelled in 2009	(6,428)	(9,905)	(6,281)	
Free shares vested in 2010	(682)	(329,359)	(463)	0
Free shares cancelled in 2010	(2,397)	(2,908)	(3,845)	(21,358)
Total number of free shares outstanding as of December 31, 2010	**252,568**	**305,341**	**278,374**	**875,198**

If all these shares were to vest, the Company's capital would be diluted by 0.7%.

In accordance with the authorization for the award of free shares given by shareholders at the Ordinary and Extraordinary General Meeting of Shareholders on May 27, 2010, the Board of Directors on March 3, 2011, approved a plan to allot 1,592,712 free shares as follows:

Transaction	Duration of authorization and expiration date	Maximum number of free shares that can be granted	Beneficiaries
Allotment of free shares on one or more occasions	26 months July 27, 2012	1% of share capital at the date of the allotment decision	Certain employees and/or executive directors of the Company and subsidiaries

Information on the free share plan	2011 plan
Grant Date of Board of Directors' meeting	03/03/2011
Total number of free shares granted	1,592,712
Including number of shares allotted to Executive Directors	127,888
Vesting conditions	Options vest after a maximum of 4 years, except in the event of resignation or termination for willful misconduct

If all these shares were to be definitively granted, the Company's capital would be diluted by 0.6%.

9.4 - PROFIT SHARING, EMPLOYEE SHARE OWNERSHIP/SAVINGS PLANS AND COMPANY INVESTMENT FUND

Under French law, the French entities in the Group are required to share profits with employees when their after-tax profit exceeds a certain level.

In addition to this obligation, a number of the Group's French entities and foreign subsidiaries have set up discretionary profit-sharing plans. Under these plans, employees receive a portion of the entity's profit calculated on the basis of predetermined formulas negotiated by each entity.

The Group total for the two kinds of profit sharing was €38.0 million in 2010, €29.7 million in 2009 and €32.7 million in 2008.

In France, Legrand and its French subsidiaries entered into two new profit-sharing agreements on June 28, 2006, and June 1, 2010. ICM Group and Alpes Technologies became party to the same agreements in 2007 and 2010, respectively. Total charges for the two kinds of profit sharing for the year ended December 31, 2010 were €30.7 million, or 12.75% of payroll in France in 2010. The particular arrangements described below concern Legrand and its French subsidiaries, these being the most significant cases.

9.4.1 - Profit sharing

All employees on the payroll of the Company or one of its French subsidiaries for more than three months are entitled to a share of the amount allocated to a *réserve spéciale de participation*, which may be calculated on the basis of total operating profit and sales in accordance with company agreements or, where this is to the advantage of employees, in accordance with the general provisions of law. Since legislation dated December 3, 2008, these amounts may be paid immediately or be frozen for a five-year period, the choice being left up to each employee. In 2010, a total of €10.1 million was paid in respect of the year ended December 31, 2009.

9.4.2 - Profit-sharing

All employees on the payroll of the Company or one of its French subsidiaries for more than three months receive a fraction of profit proportional to their gross salaries. This amount, which may be paid immediately, must not, however, exceed 20% of the employee's total annual compensation. In 2010, a total of €15.1 million was paid in respect of the year ended December 31, 2009.

9.4.3 - Group Share Ownership Savings Plan

On January 30, 2004, the Company and its French subsidiaries set up a new employee share ownership savings plan (*Plan d'Épargne d'Entreprise Groupe Legrand*). In accordance with the law, this allows all employees on Group payrolls in France for over three months to build savings through an investment fund (*Fonds Commun de Placement*) managed by an accredited institution. Employees are free to choose from a selection of funds. The sums paid into employees' accounts, which are by law frozen for a period of five years, may include mandatory profit-sharing (*participation légale*), company-based profit sharing (*Intéressement*), and voluntary payments, which are however subject to legal limitations. Administrative costs are borne by the company.

This Group plan is effective for a renewable term of one year.

In 2006, a special Group employee share ownership savings plan was set up under the name Legrand Actionnariat to allow employees collectively to take advantage of the Company's initial public offering at a discount from the offering price.

9.4.4 - Company investment fund

As explained above, employees may invest the amounts credited to them but remaining frozen in various investment funds set up in accordance with relevant provisions of the law.

In 2003, Legrand set up a new fund, in addition to those already existing, under the name *Legrand Obligations Privées* (Legrand private-sector bonds), allowing employees to invest their profit-sharing payments during the period they remain frozen and earn a financial return similar to the rate of interest paid on the frozen employee accounts previously used for this purpose. In 2009, this return was set at 5.5%. At December 31, 2010, employee investments in this fund totaled €46.6 million.

On the occasion of the Company's initial public offering and the related capital increase reserved to employees, employees were allowed, as regards their participation in the savings/share-ownership plan, to choose between two compartments of the Legrand Cap 2011 fund set up for this purpose, one being Legrand Prudence and the other Legrand Performance. Units of these funds are frozen for five years from May 2, 2006, the settlement and delivery date for the capital increase reserved for employees.

10

SHAREHOLDERS

10.1 - PRINCIPAL SHAREHOLDERS

Unless otherwise indicated, the information presented in this chapter is dated December 31, 2010.

10.1.1 - Shareholding structure

Legrand's shareholding structure in the last three years and at March 31, 2011, was as follows:

	March 31, 2011		December 31, 2010		December 31, 2009		December 31, 2008	
(in %)	Capital	Voting rights	Capital	Voting rights	Capital	Voting rights	Capital	Voting rights
Wendel [(1)]	11.1	17.8	19.4	27.7	24.9	32.4	30.7	36.7
KKR [(1)]	10.1	16.2	17.0	24.3	24.9	32.4	30.7	36.7
Free float	73.6	58.9	58.4	41.7	44.5	29.0	30.8	19.2
Legrand management and employees (Employee savings plan (PEE)) [(2)]	4.9	6.9	4.8	6.1	5.2	6.0	5.3	5.8
Treasury stock [(3)]	0.3	0.2	0.3	0.2	0.5	0.3	2.6	1.6
TOTAL	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

(1) Wendel and KKR shareholders, bound by a shareholders' agreement as described in section 10.2 of this chapter, in which they declare acting in concert in respect of the Company.

(2) Shares held by Legrand's management in registered form and by employees in the employee savings investment fund (FCPE).

(3) Voting rights cannot be used at General Meetings.

The Company was notified of the following breaches of thresholds:

- Capital Research and Management Company declared to the *Autorité des marchés financiers* that it held 7.41% of the Company's share capital and 4.96% of voting rights, having broken below the legal threshold of 5% of voting rights on July 15, 2010;
- BlackRock Inc. declared to the *Autorité des marchés financiers* that it held 6.38% of the Company's share capital and 4.54% of voting rights on behalf of third parties, having exceeded the legal threshold of 5% on September 21, 2010;
- on September 24 and 27, 2010, as part of Wendel and KKR's sale of shares representing approximately 9% of the Company's share capital:
  - Financière Light III Sàrl, controlled by KKR, declared to the *Autorité des marchés financiers* that it held 17.04% of the Company's share capital and 24.25% of voting rights, having separately broken below the legal thresholds of 20% of the Company's share capital and 25% of voting rights on September 24, 2010,
  - Legron B.V., controlled by Wendel, declared to the *Autorité des marchés financiers* that it held 19.43% of the Company's share capital and 27.66% of voting rights, having separately broken below the legal threshold of 20% of capital on September 24, 2010,
  - acting in concert, Financière Light III and Legron B.V. declared to the *Autorité des marchés financiers* that they held in concert 36.47% of the Company's share capital and 51.91% of voting rights and had not, in concert, breached any legal threshold at September 24, 2010;
- Capital Research and Management Company declared to the *Autorité des marchés financiers* that it held 7.17% of the Company's share capital and 5.11% of voting rights, having exceeded the legal threshold of 5% of voting rights on October 7, 2010;

- on March 9, 2011, as part of Wendel and KKR's sale of shares representing nearly 15.2% of the Company's share capital:
  - Financière Light III Sàrl, controlled by KKR, declared to the *Autorité des marchés financiers* that it held 10.13% of the Company's share capital and 16.18% of voting rights, having separately broken below the legal thresholds of 15% of capital and 20% of voting rights on March 4, 2011,
  - Legron B.V., controlled by Wendel, declared to the *Autorité des marchés financiers* that it held 11.14% of the Company's share capital and 17.80% of voting rights, having separately broken below the legal thresholds of 15% of capital and 25% and 20% of the voting rights on March 4, 2011,
  - acting in concert, Financière Light III and Legron B.V. declared to the *Autorité des marchés financiers* that they held in concert 21.27% of the Company's share capital and 33.98% of voting rights, having in concert broken below the legal thresholds of 1/3, 30% and 25% of capital and 50% of voting rights on March 4, 2011.

To the best of the Company's knowledge, no other shareholder holds more than 5% of its share capital at the date of this registration document.

At December 31, 2010, the Company held 800,135 treasury shares representing 0.3% of the share capital.

10.1.2 - Control of the Company

10.1.2.1 CONTROL STRUCTURE

On March 31, 2011, Wendel and KKR, parties to the Shareholders' agreement described in paragraph 10.2 of this chapter, hold 11.1% and 10.1% respectively of the Company's share capital, and 17.8% and 16.2% respectively of the voting rights.

The Company's Board of Directors has two independent Directors at the date of publication of this registration document.

The appointment of a third independent Director will be proposed to the Shareholders' General Meeting to be held on May 26, 2011 (see section 8.3.1.1.2 of this registration document).

10.1.2.2 PRINCIPAL DIRECT AND INDIRECT SHAREHOLDERS

Wendel

Wendel is one of Europe's leading listed investment firms. The Group invests in France and abroad, in companies that are leaders in their businesses: Bureau Veritas, Legrand, Saint-Gobain, Materis, Deutsch, Oranje-Nassau and Stahl, in which Wendel plays an active role as industry shareholder. It implements long-term development strategies, which involve boosting growth and margins of companies so as to enhance their leading market positions. Wendel is 35% owned by Wendel-Participations, a company representing the interests of the 950 members of the Wendel family.

Wendel shares are traded on the Eurolist market of Euronext Paris.

KKR

Founded in 1976 and led by Henry Kravis and George Roberts, KKR is a leading global asset manager with $61 billion assets under management at December 31, 2010. The company has 14 branches worldwide and manages a wide range of asset classes through various investment funds. KKR seeks to create value by bringing operational expertise to its portfolio companies and by instituting active oversight and monitoring of its investments. KKR complements its investment expertise and strengthens interactions with investors by developing a close relationship with clients and setting up capital markets platforms. KKR is listed on the New York Stock Exchange (NYSE: KKR). For additional information, please visit KKR's website: www.kkr.com.

10.1.2.3 SHAREHOLDING BY DIRECTORS

Each member of the Board of Directors is required to hold at least 500 Company shares.

Directors' direct interests in the capital of the Company at December 31, 2010 are shown in the table below:

Name	Position	Number of shares	% of capital
Gilles Schnepp	Chairman and Chief Executive Officer	1,953,776	0.7
Olivier Bazil	Vice-Chairman and Chief Operating Officer	1,951,728	0.7
Mattia Caprioli	Director	500	-
Jacques Garaïalde	Director	500	-
Edward A. Gilhuly	Director	500	-
Francois Grappotte	Director	1,916,000	0.7
Gérard Lamarche	Director	500	-
Thierry de La Tour d'Artaise	Director	500	-
Frédéric Lemoine	Director	500	-
Ernest-Antoine Seillière	Director	500	-
Patrick Tanguy	Director	500	-
TOTAL		**5,825,504**	**2.1**

10.2 - SHAREHOLDERS' AGREEMENT AND SPECIFIC AGREEMENTS

The Shareholders' agreement entered into on March 21, 2006, between Wendel and KKR on the occasion of the Company's initial public offering expired on April 6, 2011. Wendel and KKR announced in a press release on March 22, 2011 that a new shareholders' agreement (the "Agreement") had been entered into on the same day, with effect from April 6, 2011. Under the Agreement, Wendel and KKR agreed, *inter alia*, (i) to continue cooperating with respect to the management of their shareholding as well as the governance of the Company and to act in concert with respect to the Company and (ii) to grant mutual first offer and tag-along rights in the event of certain transfers of shares of the Company by either party.

The main terms of the Agreement, as agreed between KKR and Wendel and reported to the Company, are set out below.

10.2.1 - Board of Directors

The management of the Company is entrusted to a Board of Directors, the responsibilities and operation of which are described in chapters 8 and 12 of this registration document.

Without prejudice to the voting rights of shareholders at General Meetings, Wendel and KKR undertook to make their best efforts to ensure the Board of Directors includes two members appointed by each party to the Agreement holding directly or indirectly at least 10% of the voting rights or capital in the Company (making a total of four Directors appointed by Wendel and KKR given their shareholdings at the time the Agreement was entered into), or, if the direct or indirect shareholding of either party is less than 10%, one member appointed by each party to the Agreement holding directly or indirectly at least 5% of the Company's voting rights or capital.

Under the Shareholders' agreement which expired on April 6, 2011, Wendel and KKR had agreed to arrange, through their votes at General meetings and through the votes of the Directors proposed by Wendel and KKR to the Board of Directors, and as long as Wendel and KKR would hold a combined stake of more than a third of the voting rights, for the Board of Directors to remain composed of a majority of Board members proposed by Wendel and KKR.

It is reminded that, following changes to the shareholding structure of the Company as a consequence of the sale by Wendel and KKR of part of their stake in the Company on March 4, 2011, Ernest-Antoine Seillière, as director representing Wendel, and Edward A. Gilhuly, as director representing KKR, notified the Company of their decision to resign from their position of director at the end of the Shareholders' General Meeting to be held on May 26, 2011.

The Board of Directors, at the publication date of this registration document, comprises an Audit Committee, a Nominating and Compensation Committee and a strategy Committee, whose functions and composition are detailed in section 8.3.1.2 of this registration document. Wendel and KKR have agreed to make their best efforts to ensure that the Board of Directors keeps comprising these committees and that (i) membership of these committees be agreed between Wendel and KKR, (ii) each party to the Agreement holding directly or indirectly at least 5% of the Company's voting rights or share capital be represented by at least one member within each committee and (iii) the chairmanship of these committees be allotted in line with the allocation existing as at April 6, 2011.

10.2.2 - Double voting rights

Wendel and KKR agreed not to vote (in Shareholders' General Meetings or at Board of Directors meetings) in favor of changes to the Company's articles granting double voting rights to holders of registered shares in the Company of more than two years' standing.

10.2.3 - Transfer of Company shares

Wendel and KKR will be free to dispose of their stake in the Company, provided that:

- they give prior notice to the other party in certain defined cases;
- they are forbidden to sell to an industrial company any block of Company shares whose gross sale value would exceed €100 million, without prior written consent of the other party;
- the sales initiated by a party, not including block sales and Authorized Sales (as those terms are defined below) are limited to €100 million in any 30-day period and shall not represent more than 15% of the total average daily trading volumes in the Company's shares during any 30-day period; and
- the provisions on first offer and tag-along rights described below should be observed.

Wendel and KKR are each entitled to make a first offer if either party plans to sell Company shares to a third party whenever such a sale is carried out through (i) a block sale of Company shares, including sale by an accelerated book building procedure, where the seller can reasonably expect the proceeds to be more than €100 million (a "Block Sale") or (ii) any secondary public offering run by a banking syndicate allowing the non-seller party to make the seller an offer to buy out the shares it proposes to sell.

This right of first offer shall not apply, notably, to sales of Company shares to Wendel or KKR shareholders or companies controlled by either of Wendel or KKR, nor to share sales by Wendel or KKR *via* a dividend payment, share buyback, public offering, spin off, merger nor to the issue by Wendel or KKR of any securities giving access to the Company's shares (notably bonds exchangeable for shares in the Company (together the "Authorized Sales")).

Should Wendel or KKR wish to carry out a Block Sale in the Company, the other party shall benefit from tag-along rights.

These rights shall not apply, notably, to Authorized Sales, any secondary public offering run by a banking syndicate pursuant to an underwriting agreement, any takeover bid or exchange offer for Company shares or any other techniques used to buy back shares held by the public.

10.2.4 - Termination

The Agreement shall expire automatically at the earlier of: (i) April 6, 2016 or (ii) when either of the parties to the Agreement ceases to hold at least 5% of the Company's voting rights.

Wendel or KKR shall also terminate the Agreement early in the event of a severe breach of its obligations by the other party or where there is a risk that the concert between Wendel and KKR could trigger a mandatory public offer for the Company's shares.

10.3 - RELATED PARTY TRANSACTIONS

Significant transactions entered into by, or continued between, the Company and related parties (see note 23 appended to the consolidated financial statements included in chapter 11 of this registration document, as well as the special report of the Statutory Auditors in appendix 5) since January 1, 2003 and which remain in effect at the date of registration of this registration document, are, to the exclusion of those relating to inter-company debt, as follows:

- the factoring contract with BNP Paribas Factor considered as a related-party transaction due to the beneficiary, Legrand and a number of its subsidiaries, and the presence of a Director serving on the boards of both Legrand and BNP Paribas (see appendix 5: Statutory Auditors' special report on regulated agreements and commitments with third parties, in this registration document);
- a non-compete commitment in connection with Mr. Gilles Schnepp's status as executive director (see appendix 5: Statutory Auditors' special report on regulated agreements and commitments with third parties, in this registration document);
- the tax consolidation agreement, the scope of which includes, among others, Legrand, Legrand France, Alpes Technologies, Prefatech, AE Chessy, Distrasa, Legrand SNC, Pammelec, Planet Watthom, Sarlam, Sute, URA, Groupe Arnould, Châteaudun Développement 3 and ICM Group;
- the supplementary pension plan for the members of the Group's Executive Committee subject to the public pension regime for payroll employees in France. Supplementary pension entitlements are calculated to ensure that the beneficiaries receive a total retirement pension equal to 50% of the average of the two highest amounts of annual compensation received during the last three years of employment with Legrand. To receive the supplementary pension, the person concerned must be at least 60 years of age and must have been employed by Legrand for at least ten years. Upon such a beneficiary's death, the beneficiary's surviving spouse will receive 60% of the pension;
- the 2006 credit facility agreement which qualifies as an operation requiring disclosure given the identity of the beneficiaries, Legrand and a number of its subsidiaries, and the presence of a Director serving on the boards of both Legrand and BNP Paribas (see section 7.5.2.1 and the Statutory Auditor's report on regulated agreements and commitments, reproduced in appendix 5 of this registration document).

11

CONSOLIDATED FINANCIAL INFORMATION CONCERNING THE GROUP'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

11.1 - CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS STANDARDS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2010, DECEMBER 31, 2009 AND DECEMBER 31, 2008

11.1.1 - Consolidated financial statements in accordance with IFRS standards for the financial years ended December 31, 2010, December 31, 2009 and December 31, 2008

11.1.1.1 CONSOLIDATED STATEMENT OF INCOME IN ACCORDANCE WITH IFRS STANDARDS

	Legrand 12 months ended December 31		
(in € millions)	**2010**	**2009**	**2008**
Revenue (Note 1 (K))	**3,890.5**	**3,577.5**	**4,202.4**
Operating expenses			
Cost of sales	(1,797.7)	(1,700.6)	(2,070.0)
Administrative and selling expenses	(1,032.2)	(987.6)	(1,144.6)
Research and development costs	(185.6)	(189.5)	(208.3)
Other operating income (expense) (Note 18 (B))	(117.4)	(175.7)	(136.7)
Operating profit (Note 18)	**757.6**	**524.1**	**642.8**
Finance costs (Note 19 (B))	(82.9)	(100.0)	(151.7)
Financial income (Note 19 (B))	11.7	11.9	29.1
Exchange gains (losses) (Note 19 (A))	(39.8)	(13.4)	(25.3)
Finance costs and other financial income and expense, net	(111.0)	(101.5)	(147.9)
Profit before tax	**646.6**	**422.6**	**494.9**
Income tax expense (Note 20)	(227.1)	(131.3)	(143.4)
Profit for the period	**419.5**	**291.3**	**351.5**
Attributable to:			
■ **Legrand**	**418.3**	**289.8**	**349.9**
■ **Minority interests**	**1.2**	**1.5**	**1.6**
Basic earnings per share *(euros)* (Notes 10 and 1 (S))	1.595	1.114	1.365
Diluted earnings per share *(euros)* (Notes 10 and 1 (S))	1.539	1.104	1.357

Statement of Comprehensive Income

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Profit for the period	419.5	291.3	351.5
Actuarial gains and losses (Notes 1 (Q) and 15)	(9.1)	3.9	(24.5)
Deferred taxes on actuarial gains and losses	3.1	(1.5)	9.3
Current taxes on hedges of net investments in foreign operations	7.4	(3.4)	
Translation reserves (Notes 1 (M) and 12 (B))	99.7	18.0	(54.1)
COMPREHENSIVE INCOME FOR THE PERIOD	**520.6**	**308.3**	**282.2**

The accompanying Notes are an integral part of these financial statements.

11.1.1.2 CONSOLIDATED BALANCE SHEET IN ACCORDANCE WITH IFRS STANDARDS

Assets

	Legrand		
(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Current assets			
Cash and cash equivalents (Notes 1 (D) and 9)	232.3	173.5	254.4
Marketable securities	0.0	0.0	305.3
Income tax receivables	18.2	22.4	11.0
Trade receivables (Notes 1 (E) and 7)	496.4	501.1	621.7
Other current assets (Note 8)	127.5	125.4	139.8
Inventories (Notes 1 (I) and 6)	549.1	427.5	602.9
Other current financial assets (Note 22)	0.6	0.6	5.0
TOTAL CURRENT ASSETS	**1,424.1**	**1,250.5**	**1,940.1**
Non-current assets			
Intangible assets (Notes 1 (F) and 2)	1,768.0	1,769.8	1,772.7
Goodwill (Notes 1 (G) and 3)	2,132.2	1,855.1	1,854.3
Property, plant and equipment (Notes 1 (H) and 4)	613.4	646.1	722.2
Other investments (Note 5)	32.3	6.5	13.1
Deferred tax assets (Notes 1 (J) and 20)	90.1	82.1	76.4
Other non-current assets	4.6	4.3	4.9
TOTAL NON-CURRENT ASSETS	**4,640.6**	**4,363.9**	**4,443.6**
TOTAL ASSETS	**6,064.7**	**5,614.4**	**6,383.7**

The accompanying Notes are an integral part of these financial statements.

Equity and liabilities

	Legrand		
(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Current liabilities			
Short-term borrowings (Notes 1 (T) and 16)	216.8	445.5	401.3
Income tax payable	46.9	15.3	12.1
Trade payables	432.0	357.7	410.4
Short-term provisions (Note 14)	113.8	107.9	75.9
Other current liabilities (Note 17)	443.2	407.7	432.5
Other current financial liabilities (Note 22)	0.3	0.3	0.0
TOTAL CURRENT LIABILITIES	**1,253.0**	**1,334.4**	**1,332.2**
Non-current liabilities			
Deferred tax liabilities (Notes 1 (J) and 20)	633.5	625.0	638.9
Long-term provisions (Note 14)	91.6	63.6	62.3
Other non-current liabilities	0.7	0.3	0.2
Provisions for pensions and other post-employment benefits (Notes 1 (Q) and 15)	136.9	128.9	144.1
Long-term borrowings (Notes 1 (T) and 13)	1,213.0	1,067.8	2,020.2
TOTAL NON-CURRENT LIABILITIES	**2,075.7**	**1,885.6**	**2,865.7**
EQUITY			
Share capital (Note 10)	1,052.6	1,052.4	1,051.3
Retained earnings (Note 12 (A))	1,810.7	1,568.4	1,378.3
Translation reserves (Note 12 (B))	(132.7)	(231.6)	(249.4)
Equity attributable to equity holders of Legrand	2,730.6	2,389.2	2,180.2
Minority interests	5.4	5.2	5.6
TOTAL EQUITY	**2,736.0**	**2,394.4**	**2,185.8**
TOTAL LIABILITIES AND EQUITY	**6,064.7**	**5,614.4**	**6,383.7**

The accompanying Notes are an integral part of these financial statements.

11.1.1.3 CONSOLIDATED STATEMENT OF CASH FLOWS IN ACCORDANCE WITH IFRS STANDARDS

	Legrand 12 months ended December 31		
(in € millions)	**2010**	**2009**	**2008**
Profit for the period	**419.5**	**291.3**	**351.5**
Reconciliation of profit for the period to net cash provided by operating activities:			
■ Depreciation expense (Note 18 (A))	120.2	126.5	136.1
■ Amortization expense (Note 18 (A))	46.2	57.3	71.8
■ Amortization of development costs (Note 18 (A))	25.1	20.5	9.2
■ Amortization of finance costs	2.0	1.8	1.4
■ Impairment of *goodwill* (Notes 3 and 18 (B))	0.0	16.6	0.0
■ Changes in deferred taxes	1.7	(23.0)	(15.0)
■ Changes in other non-current assets and liabilities	35.2	(0.7)	9.0
■ Exchange (gains)/losses, net	23.3	1.4	20.2
■ Other adjustments	1.7	0.9	8.2
(Gains)/losses on sales of assets, net	(1.9)	(8.5)	3.6
Changes in operating assets and liabilities:			
■ Inventories	(87.5)	186.5	22.7
■ Trade receivables	47.2	135.5	24.0
■ Trade payables	57.3	(56.4)	(65.6)
■ Other operating assets and liabilities	59.4	(23.4)	0.4
Net cash provided by operating activities	**749.4**	**726.3**	**577.5**
Net proceeds from sales of fixed and financial assets	8.9	43.8	12.5
Capital expenditure	(82.5)	(84.3)	(131.0)
Capitalized development costs	(30.3)	(31.3)	(29.4)
Changes in non-current financial assets and liabilities	0.0	(0.7)	(0.3)
Acquisitions of subsidiaries, net of cash acquired (Note 3)	(257.2)	(4.6)	(123.6)
Investments in non-consolidated entities	(31.4)	0.0	(8.7)
Net cash used in investing activities	**(392.5)**	**(77.1)**	**(280.5)**
■ Proceeds from issues of share capital and premium (Note 10)	0.4	1.3	3.9
■ Sales (buybacks) of shares and transactions under the liquidity contract (Note 10)	3.1	75.8	(85.5)
■ Dividends paid to equity holders of Legrand	(183.7)	(182.8)	(180.0)
■ Dividends paid by Legrand subsidiaries	(0.5)	(1.5)	(1.4)
■ Proceeds from new borrowings and drawdowns	330.6	72.0	770.9
■ Repayment of borrowings	(193.3)	(916.7)	(102.1)
■ Debt issuance costs	(2.7)	(1.4)	0.0
■ Proceeds from sales (purchases) of marketable securities	0.0	305.2	(304.7)
■ Increase (reduction) in bank overdrafts	(264.0)	(74.9)	(357.4)
Net cash (used in) provided by financing activities	**(310.1)**	**(723.0)**	**(256.3)**
Effect of exchange rate changes on cash and cash equivalents	12.0	(7.1)	(7.4)
Increase in cash and cash equivalents	**58.8**	**(80.9)**	**33.3**
Cash and cash equivalents at the beginning of the period	173.5	254.4	221.1
Cash and cash equivalents at the end of the period (Note 9)	**232.3**	**173.5**	**254.4**
Items included in cash flows:			
■ Free cash flow (Note 24)	645.5	654.5	429.6
■ Interest paid during the period	50.6	106.6	101.7
■ Income taxes paid during the period	152.2	153.5	177.4

The accompanying Notes are an integral part of these financial statements.

11.1.1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN ACCORDANCE WITH IFRS STANDARDS

(in € millions)	Equity attributable to equity holders of Legrand					
	Share capital	Retained earnings	Translation reserves	TOTAL	Minority interests	Total equity
As of December 31, 2007	**1,083.9**	**1,238.4**	**(194.0)**	**2,128.3**	**2.8**	**2,131.1**
Profit for the period		349.9		349.9	1.6	351.5
Income (expenses) recognized directly in equity, net		(15.2)	(55.4)	(70.6)	1.3	(69.3)
Total recognized income and expenses, net		*334.7*	*(55.4)*	*279.3*	*2.9*	*282.2*
Dividends paid		(180.0)		(180.0)	(1.4)	(181.4)
Issues of share capital (Note 10)	3.9			3.9		3.9
Cancellation of shares acquired under the share buyback program (Note 10)	(36.5)	36.5		0.0		0.0
Share buybacks and transactions under the liquidity contract (Note 10)		(85.5)		(85.5)		(85.5)
Change in scope of consolidation		0.0		0.0	1.3	1.3
Current taxes on share buybacks		16.7		16.7		16.7
Stock options (Note 11 (B))		17.5		17.5		17.5
As of December 31, 2008	**1,051.3**	**1,378.3**	**(249.4)**	**2,180.2**	**5.6**	**2,185.8**
Profit for the period		289.8		289.8	1.5	291.3
Income (expenses) recognized directly in equity, net		(1.0)	17.8	16.8	0.2	17.0
Total recognized income and expenses, net		*288.8*	*17.8*	*306.6*	*1.7*	*308.3*
Dividends paid		(182.8)		(182.8)	(1.5)	(184.3)
Issues of share capital and premium (Note 10)	1.1	0.2		1.3		1.3
Sales (buybacks) of shares and transactions under the liquidity contract (Note 10)		75.8		75.8		75.8
Change in scope of consolidation		0.0		0.0	(0.6)	(0.6)
Current taxes on share buybacks		(0.9)		(0.9)		(0.9)
Stock options (Note 11 (B))		9.0		9.0		9.0
As of December 31, 2009	**1,052.4**	**1,568.4**	**(231.6)**	**2,389.2**	**5.2**	**2,394.4**
Profit for the period		418.3		418.3	1.2	419.5
Income (expenses) recognized directly in equity, net		1.4	98.9	100.3	0.8	101.1
Total recognized income and expenses, net		*419.7*	*98.9*	*518.6*	*2.0*	*520.6*
Dividends paid		(183.7)		(183.7)	(0.5)	(184.2)
Issues of share capital and premium (Note 10)	0.2	0.2		0.4		0.4
Sales (buybacks) of shares and transactions under the liquidity contract (Note 10)		3.1		3.1		3.1
Change in scope of consolidation*		(18.0)		(18.0)	(1.3)	(19.3)
Current taxes on share buybacks		0.3		0.3		0.3
Stock options (Note 11 (B))		20.7		20.7		20.7
As of December 31, 2010	**1,052.6**	**1,810.7**	**(132.7)**	**2,730.6**	**5.4**	**2,736.0**

* *In accordance with IFRS 3 (revised) – Business Combinations and IAS 27 (amended) – Consolidated and Separate Financial Statements, the increase in the Group's percentage interest in Egypt-based EMB Electrical Industries SAE following the acquisition of an additional stake in the company in the second quarter of 2010 has been recognized directly in equity for €13.1 million. This subsidiary is now wholly owned by the Group.*

The accompanying Notes are an integral part of these financial statements.

11.1.2 - Notes to the consolidated financial statements

Detailed table of contents

GENERAL INFORMATION

Legrand ("the Company") and its subsidiaries (together "Legrand" or "the Group") are the global specialist in electrical and digital building infrastructures.

The Group has manufacturing and/or distribution subsidiaries and offices in more than 70 countries, and sells its products in about 180 countries. Its key markets are France, Italy and the United States, which accounted for approximately 53% of annual revenue in 2010 (2009: 56%, 2008: 54%), new economies keeping growing to account for one third of revenue.

The Company is a *société anonyme* (public limited company) incorporated and domiciled in France. Its registered office is located at 128, avenue du Maréchal de Lattre de Tassigny, 87000 Limoges (France).

The 2009 registration document was filed with the AMF on April 15, 2010 under no. D 10-0270.

The consolidated financial statements were approved by the Board of Directors on February 9, 2011.

LIST OF CONSOLIDATED COMPANIES

The consolidated financial statements comprise the financial statements of Legrand and 140 subsidiaries. All Legrand Group subsidiaries are fully consolidated.

The main fully consolidated operating subsidiaries as of December 31, 2010 are as follows:

French subsidiaries	
Groupe Arnould	
ICM Group	
Legrand France	
Legrand SNC	
Planet-Wattohm	

Foreign subsidiaries	
Bticino	Italy
Bticino Chile Ltda	Chile
Bticino de Mexico SA de CV	Mexico
Cablofil Inc.	United States
GL Eletro-Eletronicos Ltda	Brazil
HDL Da Amazonia Industria Electronica Ltda	Brazil
Indo Asian Switchgear (ERA Electricals)	India
Inform Elektronik	Turkey
Kontaktor	Russia
Legrand	Russia
Legrand Colombia	Colombia
Legrand Electric	United Kingdom
Legrand Electrical	China
Legrand Elektrik	Turkey
Legrand Electrique	Belgium
Legrand España	Spain
Legrand Group Pty Ltd	Australia
Legrand India	India
Legrand Polska	Poland
Legrand Zrt	Hungary
Ortronics Inc.	United States
Pass & Seymour Inc.	United States
Rocom	Hong Kong
Shidean	China
TCL International Electrical	China
TCL Wuxi	China
WattStopper	United States
Wiremold Company	United States

At December 31, 2010 Legrand wholly owned all of its subsidiaries except for Alborz Electrical Industries Ltd (Iran), Kontaktor (Russia), Legrand Polska (Poland) and Shidean (China), which were all over 95%-owned, Ticino del Peru S.A. (Peru), in which the Company has more than a 86% interest and Bticino (Thailand), in which the Company has a 51% interest.

The contributions to the consolidated balance sheets and income statements of companies acquired since January 1, 2008 were as follows:

2008	March 31	June 30	September 30	December 31
Kontaktor	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Macse	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Alpes Technologies	3 months' profit	6 months' profit	9 months' profit	12 months' profit
TCL Wuxi	3 months' profit	6 months' profit	9 months' profit	12 months' profit
PW Industries	2 months' profit	5 months' profit	8 months' profit	11 months' profit
Estap		3 months' profit	6 months' profit	9 months' profit
HDL		3 months' profit	6 months' profit	9 months' profit
Electrak		3 months' profit	6 months' profit	9 months' profit

2009	March 31	June 30	September 30	December 31
Estap	3 months' profit	6 months' profit	9 months' profit	12 months' profit
HDL	3 months' profit	6 months' profit	9 months' profit	12 months' profit
Electrak	3 months' profit	6 months' profit	9 months' profit	12 months' profit

2010	December 31
Inform	6 months' profit
Indo Asian Switchgear	4 months' profit

Companies consolidated for the first time in 2010 on the basis presented in the above table contributed €41.1 million to consolidated revenue and €1.8 million to consolidated profit for the year.

Acquisitions made in 2010 include in particular:

- in July, the Group acquired all the shares of Inform, an uninterruptible power supply (UPS) and secured electrical equipment leader. Based in Istanbul (Turkey), Inform has 360 employees;
- in September, Legrand acquired the net assets of Indo Asian Switchgear (ERA Electricals) (a division of Indo Asian Fusegear Limited), a key player in the Indian market for electrical protection devices. Located close to New Delhi, Indo Asian Switchgear employs some 2,000 people;
- in December, the Group acquired all the shares of Meta System Energy, an Italian UPS specialist. Based in Reggio nell'Emilia, Meta System Energy has some 50 employees. It will be consolidated as from January 1, 2011.

Total acquisitions of subsidiaries (net of cash acquired), purchase of minority shareholdings and investments in non-consolidated entities amount to €288.6 million in 2010.

NOTE 1 - ACCOUNTING POLICIES

As a company incorporated in France, Legrand is governed by French company law, including the provisions of the Commercial Code.

The consolidated financial statements cover the 12 months ended December 31, 2010. They have been prepared in accordance with the International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations adopted by the European Union and applicable or authorized for early adoption as of December 31, 2010.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1 (V).

The consolidated financial statements have been prepared using the historical cost convention, except for certain classes of assets and liabilities that are measured in accordance with IFRS. The classes concerned are mentioned in the notes below.

In accordance with the recommendation of the French National Accounting Board (Conseil National de la Comptabilité - CNC), the Group has elected to recognize France's CVAE tax on the value added by the business under "Income tax expense" in the statement of income as from January 1, 2010.

A) NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(a) New standards, amendments and interpretations applied early by the Group in 2009 and compulsory in 2010 that have an impact on its financial statements

The Group has applied the revised IFRS 3 – Business Combinations and the amended IAS 27 – Consolidated and Separate Financial Statements, which were adopted by the European Union on June 3, 2009.

As a result:

- the increase in the interest held following the acquisition of an additional stake in 2010 is recognized directly in equity;
- the cost of business combinations, as determined on the date when control was acquired, corresponds to the fair value of the acquired entities. As such, it does not include acquisition-related costs and expenses but does include contingent consideration (earn out) at fair value.

The Group has also applied IFRIC 16 – Hedges of a Net Investment in a Foreign Operation, which was adopted by the European Union on June 4, 2009 (Note 12 (B)).

(b) New standards, amendments and interpretations applied by the Group in 2010 that have no impact on its financial statements

The following amendments and interpretations do not have any impact on the Group's consolidated financial statements:

IFRIC 15 – Agreements for the Construction of Real Estate

This interpretation – which was published by the IASB in July 2008 and adopted by the European Union on July 22, 2009 – applies to the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors.

IFRIC 15 is applicable for annual periods beginning on or after January 1, 2010.

IFRIC 17 – Distributions of Non-cash Assets to Owners

This interpretation – published by the IASB in November 2008 and adopted by the European Union on November 27, 2009 – applies to distributions of non-cash assets and distributions that give owners a choice of receiving either non-cash assets or a cash alternative. It provides guidance on the recognition and measurement of dividends payable and how entities should account for any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable.

IFRIC 17 is applicable for annual periods beginning on or after November 1, 2009.

IFRIC 18 – Transfers of Assets from Customers

This interpretation – published in January 2009 and adopted by the European Union on December 1, 2009 – applies to the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers.

IFRIC 18 is applicable for annual periods beginning on or after July 1, 2009.

(c) New standards, amendments or new interpretations not yet adopted by the European Union or whose application by the Group is not compulsory in the annual period commencing January 1, 2011

Standards, amendments and interpretations adopted by the European Union:

Amendment to IAS 32 – Classification of Rights Issues

In October 2009, the IASB published an amendment to IAS 32 on the classification of rights issues. Adopted by the European Union on December 24, 2009 this amendment concerns certain rights issues offered for a fixed amount of foreign currency that were previously accounted for as debt derivatives. According to the new amendment, under certain conditions these rights should be classified as equity regardless of the currency in which the exercise price is denominated.

Application of the amendment is compulsory for annual periods beginning on or after February 1, 2010.

Amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement

In November 2009, the IASB published an amendment to IFRIC 14 – Prepayments of a Minimum Funding Requirement. According to IFRIC 14 (unamended), in certain circumstances an entity may not recognize as an asset voluntary prepayments of minimum funding requirements. Adopted by the European Union on July 19, 2010, the purpose of the amendment is to correct the unintended consequences of this restriction.

Application of the amendment is compulsory for annual periods beginning on or after January 1, 2011.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

In November 2009, the IASB published IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments. Adopted by the European Union on July 23, 2010, this interpretation provides guidance on how to account for the extinguishment of a financial liability by the issue of equity instruments.

Application of IFRIC 19 is compulsory for annual periods beginning on or after July 1, 2010.

IAS 24 (revised) – Related Party Disclosures

In November 2009, the IASB published the revised version of IAS 24 – Related Party Disclosures. Adopted by the European Union on July 19, 2010, this version provides for a partial exemption from the disclosure requirements of IAS 24 for government-related entities and clarifies the definition of a related party.

Application of the revised standard is compulsory for annual periods beginning on or after January 1, 2011.

Standards and interpretations not yet adopted by the European Union:

IFRS 9 – Financial Instruments

In November 2009, the IASB published IFRS 9 – Financial Instruments to replace IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in IAS 39.

In October 2010, the IASB issued additions to IFRS 9 – Financial Instruments for financial liability accounting. Under the new requirements, which concern the classification and measurement of financial liabilities, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income (OCI) section of the income statement, rather than within profit and loss.

This standard, including the latest additions, will be applicable for annual periods beginning on or after January 1, 2013. Its early adoption is not possible as it has not yet been approved by the European Union.

Amendments to IFRS 7 – Financial Instruments: Disclosures

In October 2010, the IASB issued amendments to IFRS 7 entitled *Disclosures – Transfers of Financial Assets*. These amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets, and will require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of the reporting period.

These amendments are applicable to annual periods beginning on or after July 1, 2011. They cannot be early adopted as they have not yet been approved by the European Union.

Amendments to IAS 12 – Income Taxes

In December 2010, the IASB issued amendments to IAS 12 entitled *Deferred Tax: Recovery of Underlying Assets*. The amendments introduce a presumption that recovery of the carrying amount of an asset based on which deferred tax is measured will, normally, be through sale.

These amendments are applicable to annual periods beginning on or after January 1, 2012. Their early adoption is not possible as they have not yet been approved by the European Union.

The Group is currently reviewing these standards, amendments and interpretations to assess their possible effect on its financial information.

B) BASIS OF CONSOLIDATION

Subsidiaries controlled by the Group are fully consolidated. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are consolidated from the date when effective control is transferred to the Group. They are deconsolidated from the date on which control ceases.

Associates are entities over which the Group has significant influence but not control. Significant influence is generally considered to be exercised when the Group holds 20 to 50% of the voting rights. Investments in associates are initially recognized at cost and are subsequently accounted for by the equity method.

C) FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the presentation currency using the exchange rate on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies using the exchange rate at the balance sheet date are recognized in the income statement under the heading "Exchange gains (losses)".

Assets and liabilities of Group entities whose functional currency is different from the presentation currency are translated using the exchange rate at the balance sheet date. Statements of income are translated using the average exchange rate for the period. Gains or losses arising from the translation of the financial statements of foreign subsidiaries are recognized directly in equity, under "Translation reserves", until the entities are sold or substantially liquidated.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, short-term deposits and all other financial assets with an original maturity not in excess of three months. Cash equivalents are short-term (defined as maturing in less than three months), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Marketable securities are not considered as cash equivalents.

Bank overdrafts are considered to be a form of financing and are therefore included in short-term borrowings.

E) TRADE RECEIVABLES

Trade receivables are measured at fair value. A provision for impairment is recorded when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

F) INTANGIBLE ASSETS

In accordance with IAS 36 - Impairment of Assets, when events or changes in market environment indicate that an intangible asset or item of property, plant and equipment may be impaired, the item concerned is tested for impairment to determine whether its carrying amount is greater than its recoverable amount, defined as the higher of fair value less costs to sell and value in use.

Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use is the present value of the future cash flows expected to be derived from the use and subsequent sale of the asset.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on intangible assets may be reversed in subsequent periods if the impairment has decreased, provided that the increased carrying amount of the asset does not exceed the amount that would have been determined had no impairment loss been recognized.

Costs incurred for the Group's principal development projects (relating to the design and testing of new or improved products) are recognized as intangible assets when it is probable that the project will be a success, considering its technical, commercial and technological feasibility, and costs can be measured reliably. Capitalized development costs are amortized from the starting date of the sale of the product on a straight-line basis over the period in which the asset's future economic benefits are consumed, not to exceed 10 years.

Other development costs that do not meet the definition of an intangible asset are recorded in research and development costs for the year in which they are incurred.

Developed technology is amortized on an accelerated basis, in a manner that reflects the pattern in which the assets' economic benefits are consumed.

Trademarks with finite useful lives are amortized:

- over 10 years when management plans to gradually replace them by other major trademarks owned by the Group;
- over 20 years when management plans to replace them by other major trademarks owned by the Group only over the long term or when, in the absence of such an intention, management considers that the trademarks may be threatened by a major competitor in the long term.

Amortization of developed technology is recognized in the income statement under "Research and development costs".

Amortization of trademarks is recognized in the income statement under "Administrative and selling expenses".

Trademarks are classified as having an indefinite useful life when they have been in use for more than ten years and management believes they will contribute indefinitely to future consolidated cash flows because it plans to continue using them indefinitely. Useful lives are reviewed at regular intervals, leading in some cases to trademarks classified as having an indefinite useful life being reclassified as trademarks with a finite useful life.

As Legrand's trademarks that are classified as having an indefinite useful life are used internationally, they each contribute to all of the Group's cash-generating units.

Trademarks are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

G) GOODWILL

Goodwill is tested for impairment annually, in the fourth quarter of each year, and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

For impairment testing purposes, goodwill is allocated to a cash-generating unit (CGU), corresponding to the lowest level at which goodwill is monitored. Within the Legrand Group, CGUs are defined as corresponding to individual countries, to a group of countries whose markets have similar characteristics or to a group of economic regions managed as a single unit.

The need to record an impairment loss is assessed by comparing the carrying amount of the CGU's assets and liabilities, including goodwill, and their recoverable amount, defined as the higher of fair value less costs to sell and value in use.

In accordance with IAS 36, value in use is estimated based on discounted cash flows for the next three to five years and a terminal value calculated by discounting data for the final year of the projection period. The cash flow data used for the calculation is generally taken from the most recent medium-term business plans approved by the Group. Cash flows beyond the projection period are estimated by applying a stable growth rate to subsequent years.

The discount rate applied corresponds to the weighed average cost of capital, adjusted to reflect the risks specific to each cash-generating unit.

Fair value less costs to sell is the best estimate of the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognized when the carrying amount is less than the recoverable amount. In accordance with IAS 36, impairment losses recognized on goodwill are irreversible.

H) PROPERTY, PLANT AND EQUIPMENT

Land, buildings, machinery and equipment, and other fixed assets are carried at cost less accumulated depreciation and any accumulated impairment losses. Impairment tests are performed annually and whenever events or changes in circumstances indicate that the assets' carrying amount may not be recoverable.

Assets acquired under lease agreements that transfer substantially all of the risks and rewards of ownership to the Group are capitalized on the basis of the present value of future minimum lease payments and are depreciated over the shorter of the lease period and the asset's useful life determined in accordance with Group policies (see below).

Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets; the most commonly adopted useful lives are the following:

Light buildings	25 years
Standard buildings	40 years
Machinery and equipment	8 to 10 years
Tooling	5 years
Office furniture and equipment	5 to 10 years

The depreciable amount of assets is determined after deducting their residual value when the amounts involved are material.

Each part of an item of property, plant and equipment with a useful life that is significantly different to the useful lives of other parts is depreciated separately.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

I) INVENTORIES

Inventories are measured at the lower of cost and net realizable value, with cost determined principally on a first-in, first-out (FIFO) basis. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

J) DEFERRED TAXES

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amount in the consolidated balance sheet. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and deferred tax liabilities are offset when the entity has a legally enforceable right of offset and they relate to income taxes levied by the same taxation authority.

Concerning foreign subsidiaries, IAS 12, paragraph 39, stipulates that the consolidating entity should not recognize a deferred tax liability on temporary differences associated with its investments when i) it is able to control the timing of the reversal of the temporary difference, and ii) it is probable that the temporary difference will not reverse in the foreseeable future. Accordingly, deferred taxes on the cumulative post-acquisition retained earnings of foreign subsidiaries are generally not recognized.

K) REVENUE RECOGNITION

Revenues from the sale of goods are recognized when all of the following conditions have been satisfied: (i) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (ii) the seller retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to the seller; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably. For the Group, this policy results in the recognition of revenue when title and the risk of loss are transferred to the buyer, which is generally upon shipment.

The Group offers certain sales incentives to customers, consisting primarily of volume rebates and cash discounts. Volume rebates are typically based on three, six, and twelve-month arrangements with customers, and rarely extend beyond one year. Based on the trade of the current period, such rebates are recognized on a monthly basis as a reduction in revenue from the underlying transactions that reflect progress by the customer towards earning the rebate, with a corresponding deduction from the customer's trade receivables balance.

L) FINANCIAL INSTRUMENTS

(a) Fair value

Under the amended IFRS 7, financial instruments are classified in a three-level hierarchy based on the inputs used to measure their fair value, as follows:

- Level 1: quoted prices for similar instruments;
- Level 2: directly observable market inputs other than level 1 inputs;
- Level 3: inputs not based on observable market data.

The carrying amounts of cash, short-term deposits, accounts receivable, accounts payable, accrued expenses and short-term borrowings approximate their fair value because of these instruments' short maturities. For short-term investments, comprised of marketable securities, fair value corresponds to the securities' market price. The fair value of long-term borrowings is estimated on the basis of interest rates currently available for issuance of debt with similar terms and remaining maturities. The fair value of interest rate swap agreements is the estimated amount that the counterparty would receive or pay to terminate the agreements, and is calculated as the present value of the estimated future cash flows.

(b) Financial instruments designated as hedges

Under IAS 39, non-derivative financial instruments may be designated as hedges only when they are used to hedge foreign currency risk and provided that they qualify for hedge accounting.

Accordingly, in the case of hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is deemed to be an effective hedge is recognized in equity, as required under paragraph 102 of IAS 39.

Prior to 2009, debentures denominated in US dollars ("Yankee bonds") were hedged using a cross currency swap that matured in 2008. As a result, the Group was unable to apply paragraph 102 of IAS 39 until the following period, *i.e.* beginning on January 1, 2009.

The unrealized foreign exchange gains and losses on the Yankee bonds designated as a hedge of the Group's net investment in the United States (Note 22) are therefore now recognized in "Translation reserves".

M) DERIVATIVE FINANCIAL AND COMMODITY INSTRUMENTS

Group policy consists of not entering into any transactions of a speculative nature involving financial instruments. All transactions in these instruments are entered into exclusively for the purpose of managing or hedging currency or interest rate risks, and changes in the prices of raw materials. For this purpose, the Group periodically enters into contracts such as swaps, caps, options, futures and forward contracts, according to the nature of its exposure.

Derivatives are initially recognized at fair value at the contract inception date and are subsequently remeasured at fair value at each reporting date. The method of recognizing the resulting gain or loss depends on whether the derivative qualifies for hedge accounting, and if so, the nature of the item being hedged.

Concerning hedges of a net investment in a foreign operation, the portion of the gain or loss on the derivative instrument that is deemed to be an effective hedge is recognized in equity, as required under paragraph 102 of IAS 39.

Although the Group's other derivative instruments are also used to hedge risks, it has opted not to apply the hedge accounting technique defined in IAS 39 but to measure all of these instruments at fair value through profit. The resulting gains and losses are recognized in 'Other financial income and expense' for interest rate hedges, in "Exchange gains (losses)" for hedges of foreign currency transactions and in "Operating profit" for commodity hedges.

The fair values of derivative instruments used for hedging purposes are disclosed in Note 22.

N) ENVIRONMENTAL AND PRODUCT LIABILITIES

In accordance with IAS 37, the Group recognizes losses and accrues liabilities relating to environmental and product liability matters. A loss is recognized if available information indicates that it is probable and reasonably estimable. In the event that a loss is neither probable nor reasonably estimable but remains possible, the contingency is disclosed in the notes to the consolidated financial statements.

Losses arising from environmental liabilities are measured on a best-estimate basis, case by case, based on available information.

Losses arising from product liability issues are estimated on the basis of current facts and circumstances, past experience, the number of claims and the expected cost of administering, defending and, in some cases, settling such cases.

In accordance with IFRIC 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment, the Group manages waste equipment under the European Union Directive on waste electrical and electronic equipment by paying financial contributions to a recycling platform.

O) SHARE BASED PAYMENT TRANSACTIONS

The Group operates equity-settled, share-based compensation plans.

The cost of stock options is measured at the fair value of the award on the grant date, using the Black & Scholes option pricing model or the binomial model, and is recognized in the income statement under "Employee benefits expense" on a straight-line basis over the vesting period with a corresponding adjustment to equity. Changes in the fair value of stock options after the grant date are not taken into account.

P) TRANSFERS AND USE OF FINANCIAL ASSETS

In accordance with IAS 39, financial assets are derecognized when the associated cash flows and substantially all the related risks and rewards have been transferred.

Q) PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

(a) Pension obligations

Group companies operate various pension plans. The plans are funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined contribution and defined benefit plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Contributions are recognized as an expense for the period of payment.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods.

Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and end-of-career salary.

The liability recognized in the balance sheet for defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date, as adjusted for unrecognized past service costs, less the fair value of plan assets. Past service costs are recognized in the income statement on a straight-line basis over the average remaining vesting period.

The Group has elected to recognize all actuarial gains and losses outside profit or loss, in the statement of recognized income and expense, as allowed under IAS 19, paragraph 93A (amended).

Defined benefit obligations are calculated annually using the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the period to payment of the related pension liability.

(b) Other post-employment benefit obligations

Some Group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining with the company up to retirement age and completion of a minimum service period.

The benefits are treated as post-employment benefits under the defined benefit scheme.

R) SEGMENT INFORMATION

The Group is organized by country for management purposes and by geographical segment for internal reporting purposes. The geographical segments, determined according to the region of origin of invoicing, are France, Italy, Rest of Europe, United States and Canada, and Rest of the World.

S) BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit attributable to equity holders of Legrand by the average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing net profit attributable to equity holders of Legrand by the average number of ordinary shares outstanding plus the number of dilutive potential ordinary shares at the balance sheet date.

The average number of ordinary shares outstanding used in these calculations has been adjusted for the share buybacks and sales carried out during the period and does not take into account shares held in treasury.

T) SHORT- AND LONG-TERM BORROWINGS

Short- and long-term borrowings mainly comprise bonds and bank loans. They are initially recognized at fair value, taking into account any transaction costs directly attributable to the issue, and are subsequently measured at amortized cost, using the effective interest method.

U) BORROWING COSTS

In accordance with the revised version of IAS 23, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Other borrowing costs are recognized as an expense for the period in which they were incurred.

V) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that are reflected in the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events, and are believed to be reasonable under the circumstances.

(a) Impairment of goodwill and intangible assets

Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually in accordance with the accounting policy described in Notes 1 (F) and 1 (G). Intangible assets with finite useful lives are amortized over their estimated useful lives and are tested for impairment when there is any indication that their recoverable amount may be less than their carrying amount.

Judgments regarding the existence of indications of impairment are based on legal factors, market conditions and operational performance of the acquired businesses. Future events could cause the Group to conclude that an indication of impairment exists and that goodwill or other identifiable intangible assets associated with the acquired businesses are impaired. Any resulting impairment loss could have a material adverse effect on the consolidated financial condition and results of operations of the Group.

Recognition of goodwill and other intangible assets involves a number of critical management judgments, including:

- determining which intangible assets, if any, have indefinite useful lives and, accordingly, should not be amortized;
- identifying events or changes in circumstances that may indicate that an impairment has occurred;
- allocating goodwill to cash-generating units;
- determining the recoverable amount of cash-generating units for the purposes of impairment tests of goodwill;
- estimating the future discounted cash flows to be used for the purposes of periodic impairment tests of intangible assets with indefinite useful lives; and
- determining the recoverable amount of intangible assets with indefinite useful lives for impairment testing purposes.

The recoverable amount of an asset is based either on the asset's quoted market price in an active market, if available, or, in the absence of an active market, on discounted future cash flows from operations less investments. The determination of recoverable amount requires the use of certain assumptions and estimates that may be affected by changes in the Group's economic environment. Other estimates using different, but still reasonable, assumptions could produce different results.

(b) Accounting for income taxes

As part of the process of preparing the consolidated financial statements, the Group is required to estimate income taxes in each of the jurisdictions in which it operates. This involves estimating the actual current tax exposure and assessing temporary differences resulting from differing treatment of items such as deferred revenue or prepaid expenses for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are reported in the consolidated balance sheet.

The Group must then assess the probability that deferred tax assets will be recovered from future taxable profit. Deferred tax assets are recognized only when it is probable that taxable profit will be available against which the underlying deductible temporary difference can be utilized.

The Group has not recognized all of its deferred tax assets because it is not probable that some of them will be recovered before they expire. The amounts involved mainly concern operating losses carried forward and foreign income tax credits. The assessment is based on estimates of future taxable profit by jurisdiction in which the Group operates and the period over which the deferred tax assets are recoverable. If actual results differ from these estimates or the estimates are adjusted in future periods, the Group may need to record a valuation allowance against deferred tax assets carried in the balance sheet.

(c) Other assets and liabilities based on estimates

Other assets and liabilities based on estimates include provisions for pensions and other post-employment benefits, impairment of trade receivables, inventories and financial assets, stock options, provisions for product liabilities and capitalized development costs.

NOTE 2 - INTANGIBLE ASSETS (NOTE 1 (F))

Prior to December 10, 2002, Legrand (formerly Legrand Holding SA) had no significant operations of its own. On December 10, 2002, it acquired 98% of the outstanding share capital of Legrand France, followed by the remaining 2% on October 2, 2003, to create the Group.

The purchase price of the shares in Legrand France and the related fees and commissions – representing a total of €3,748.0 million – were allocated primarily to trademarks and developed technology.

Intangible assets are as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Trademarks with indefinite useful lives	1,408.0	1,408.0	1,418.6
Trademarks with finite useful lives	195.6	191.3	161.1
Developed technology	11.5	28.6	57.4
Other intangible assets	152.9	141.9	135.6
	1,768.0	**1,769.8**	**1,772.7**

Following a review of useful lives as of December 31, 2008 and December 31, 2009 a trademark classified as having an indefinite useful life was reclassified as a trademark with a finite useful life (see Note 1 (F)).

Trademarks can be analyzed as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
At the beginning of the period	1,651.1	1,617.2	1,590.4
■ Acquisitions	5.1	33.6	23.7
■ Disposals	0.0	0.0	0.0
■ Translation adjustments	17.9	0.3	3.1
	1,674.1	**1,651.1**	**1,617.2**
Less accumulated amortization	(70.5)	(51.8)	(37.5)
At the end of the period	**1,603.6**	**1,599.3**	**1,579.7**

Trademarks with an indefinite useful life were tested for impairment using a pre-tax discount rate ranging from 10.0% to 10.5% and a growth rate to perpetuity ranging from 2.9% to 3.4%.

No trademarks with an indefinite useful life were found to be impaired in the period ended December 31, 2010.

Sensitivity tests were performed on the discount rates and long-term growth rates used for impairment testing purposes. Based on the results of these tests, a 100-basis point change in these rates would not lead to any impairment losses being recognized on trademarks with an indefinite useful life.

Developed technology can be analyzed as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
At the beginning of the period	571.3	572.6	570.3
■ Acquisitions	0.0	0.0	0.0
■ Disposals	0.0	0.0	0.0
■ Translation adjustments	3.8	(1.3)	2.3
	575.1	**571.3**	**572.6**
Less accumulated amortization	(563.6)	(542.7)	(515.2)
At the end of the period	**11.5**	**28.6**	**57.4**

Amortization expense related to intangible assets, including capitalized development costs, amounted to €71.3 million in 2010 (€77.8 million in 2009, €81.0 million in 2008). Amortization of trademarks and developed technology in 2010 breaks down as follows:

(in € millions)	Developed technology	Trademarks	Total
France	9.3	1.8	11.1
Italy	4.6	0.0	4.6
Rest of Europe	1.3	1.5	2.8
USA/Canada	1.6	8.4	10.0
Rest of the World	0.5	4.6	5.1
	17.3	**16.3**	**33.6**

Amortization expense for developed technology and trademarks for each of the next five years is expected to be as follows:

(in € millions)	Developed technology	Trademarks	Total
2011	11.5	15.4	26.9
2012	0.0	15.1	15.1
2013	0.0	15.1	15.1
2014	0.0	15.1	15.1
2015	0.0	15.1	15.1

Other intangible assets can be analyzed as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Capitalized development costs	107.4	101.6	90.9
Software	14.2	12.2	14.4
Other	31.3	28.1	30.3
	152.9	**141.9**	**135.6**

NOTE 3 - GOODWILL (NOTE 1 (G))

Goodwill can be analyzed as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
France	631.7	600.3	600.3
Italy	342.4	311.2	307.6
Rest of Europe	276.8	212.5	213.1
USA/Canada	320.9	301.0	307.6
Rest of the World	560.4	430.1	425.7
	2,132.2	**1,855.1**	**1,854.3**

The geographic allocation of goodwill is based on the acquired company's value, determined as of the date of the business combination, taking into account synergies with other Group companies.

For business combinations carried out in the last 12 months, the fair values of the identifiable assets acquired and liabilities and contingent liabilities assumed are determined on a provisional basis as of December 31 of the acquisition year and goodwill recognized as of that date is therefore subject to adjustment the following year based on the final fair values.

In the "Rest of Europe" and "Rest of the World" regions, no final amount of goodwill allocated to a CGU (cash-generating unit) represents more than 10% of total goodwill.

Changes in goodwill can be analyzed as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
At the beginning of the period	1,855.1	1,854.3	1,815.9
■ Acquisitions	206.0	0.0	117.1
■ Adjustments	0.0	(19.9)	(30.0)
■ Impairment	0.0	(16.6)	0.0
■ Translation adjustments	71.1	37.3	(48.7)
At the end of the period	**2,132.2**	**1,855.1**	**1,854.3**

Adjustments correspond to the difference between provisional and final goodwill.

For impairment testing purposes, goodwill has been allocated to various country units (cash-generating units), which represent the lowest level at which goodwill is monitored.

These CGU are tested for impairment annually, and whenever events or changes in circumstances indicate that their value may be impaired, by comparing their carrying amount, including goodwill, to their value in use.

Value in use corresponds to the present value of the future cash flows expected to be derived from the subsidiaries included in the cash-generating unit. As required by IAS 36, it is calculated by applying pre-tax discount rates to pre-tax future cash flows.

The following impairment testing parameters were used in the period ended December 31, 2010:

	Recoverable amount	Carrying amount of goodwill	Value in use: Discount rate (before tax)	Value in use: Growth rate to perpetuity
France	Value in use	631.7	11.0%	2.5%
Italy		342.4	10.6%	2.5%
Rest of Europe		276.8	8 to 15%	2.5 to 5%
USA/Canada		320.9	10.5%	3.25%
Rest of the World		560.4	11 to 16%	2.5 to 5%
		2,132.2		

No goodwill impairment losses were identified in the period ended December 31, 2010.

In addition, sensitivity tests were performed on the discount rates and long-term growth rates. These tests showed that a 50 to 100-basis point unfavorable change (depending on the region) in each of these two parameters would not lead to additional impairment of goodwill.

The following impairment testing parameters were used in the period ended December 31, 2009:

	Recoverable amount	Carrying amount of goodwill	Value in use	
			Discount rate (before tax)	Growth rate to perpetuity
France	Value in use	600.3	10.6%	2.5%
Italy		311.2	10.3%	2.5%
Rest of Europe		212.5	8 to 15%	2.5 to 5%
USA/Canada		301.0	9.8%	3.25%
Rest of the World		430.1	11 to 16%	2.5 to 5%
		1,855.1		

For the period ended December 31, 2009, the Group recognized a goodwill impairment charge of €16.6 million under "Other operating income (expense)" in the statement of income.

The following impairment testing parameters were used in the period ended December 31, 2008:

	Recoverable amount	Carrying amount of goodwill	Value in use	
			Discount rate (before tax)	Growth rate to perpetuity
France	Value in use	600.3	12.9%	2.5%
Italy		307.6	12.3%	2.5%
Rest of Europe		213.1	12 to 16%	2.5 to 5%
USA/Canada		307.6	12.5%	2.5 to 5%
Rest of the World		425.7	12 to 23%	2.5 to 5%
		1,854.3		

No goodwill impairment losses were identified in the period ended December 31, 2008.

Acquisitions of subsidiaries (net of cash acquired) came to €257.2 million in 2010.

The €4.6 million invested in acquisitions in 2009 corresponded mainly to price adjustments on subsidiaries acquired in prior years.

Acquisitions of subsidiaries (net of cash acquired) came to €123.6 million in 2008.

For business combinations carried out in the last 12 months, the fair values of the identifiable assets acquired and liabilities and contingent liabilities assumed are determined on a provisional basis as of December 31 of the acquisition year and goodwill recognized as of that date is therefore subject to adjustment the following year based on the final fair values.

Allocation of acquisition prices for the 12 months ended December 31, 2010, December 31, 2009 and December 31, 2008 has been as follows:

(in € millions)	12 months ended		
	December 31, 2010	December 31, 2009	December 31, 2008
■ Trademarks	5.1	33.6	23.7
■ Deferred taxes on trademarks	(1.0)	(7.9)	(6.4)
■ Other intangible assets	-	-	-
■ Deferred taxes on other intangible assets	-	-	-
■ Goodwill	206.0	-	117.1

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT (NOTE 1 (H))

A) PROPERTY, PLANT AND EQUIPMENT BY GEOGRAPHIC AREA

Property, plant and equipment, including finance leases, are as follows as of December 31, 2010:

	December 31, 2010					
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Land	22.2	5.5	12.4	1.9	7.1	49.1
Buildings	103.4	71.3	28.9	13.8	22.8	240.2
Machinery and equipment	82.9	65.6	25.3	11.7	60.2	245.7
Assets under construction and other	17.9	15.4	15.2	12.0	17.9	78.4
	226.4	**157.8**	**81.8**	**39.4**	**108.0**	**613.4**

Total property, plant and equipment includes €16.6 million corresponding to assets held for sale, which are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment, including finance leases, were as follows as of December 31, 2009:

	December 31, 2009					
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Land	23.2	5.5	12.4	1.7	5.2	48.0
Buildings	111.6	77.4	34.7	13.5	19.7	256.9
Machinery and equipment	98.4	71.5	30.7	13.3	51.2	265.1
Assets under construction and other	22.3	11.8	14.0	14.1	13.9	76.1
	255.5	**166.2**	**91.8**	**42.6**	**90.0**	**646.1**

Property, plant and equipment, including finance leases, were as follows as of December 31, 2008:

	December 31, 2008					
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Land	24.2	5.5	14.2	2.2	6.1	52.2
Buildings	119.0	89.8	41.0	17.9	20.3	288.0
Machinery and equipment	116.2	82.0	32.7	15.9	45.0	291.8
Assets under construction and other	22.7	13.5	15.7	20.2	18.1	90.2
	282.1	**190.8**	**103.6**	**56.2**	**89.5**	**722.2**

B) ANALYSIS OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment in 2010 can be analyzed as follows:

	December 31, 2010					
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Acquisitions	15.5	18.7	8.9	5.6	22.3	71.0
Disposals	(0.5)	(0.1)	(3.8)	(0.8)	(1.7)	(6.9)
Depreciation expense	(43.1)	(27.0)	(18.7)	(11.1)	(20.3)	(120.2)
Transfers and changes in scope of consolidation	(1.0)	0.0	2.1	(0.3)	5.6	6.4
Translation adjustments	0.0	0.0	1.5	3.4	12.1	17.0
	(29.1)	**(8.4)**	**(10.0)**	**(3.2)**	**18.0**	**(32.7)**

	December 31, 2010						
(in € millions)	Acquisitions	Transfers from "Assets under construction"	Disposals	Depreciation expense	Transfers and changes in scope of consolidation	Translation adjustments	Total
Land	0.2	0.1	(0.1)	(1.0)	0.9	1.0	1.1
Buildings	3.0	4.0	(2.8)	(26.5)	1.4	4.2	(16.7)
Machinery and equipment	33.7	15.6	(3.6)	(78.7)	5.1	8.5	(19.4)
Assets under construction and other	34.1	(19.7)	(0.4)	(14.0)	(1.0)	3.3	2.3
	71.0	**0.0**	**(6.9)**	**(120.2)**	**6.4**	**17.0**	**(32.7)**

Changes in property, plant and equipment in 2009 can be analyzed as follows:

	December 31, 2009					
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Acquisitions	25.5	18.8	11.1	4.3	15.5	75.2
Disposals	(3.3)	(14.6)	(8.6)	(4.6)	(4.0)	(35.1)
Depreciation expense	(47.1)	(28.7)	(17.9)	(12.0)	(20.8)	(126.5)
Transfers and changes in scope of consolidation	(1.7)	(0.1)	3.1	(0.5)	0.8	1.6
Translation adjustments	0.0	0.0	0.5	(0.8)	9.0	8.7
	(26.6)	**(24.6)**	**(11.8)**	**(13.6)**	**0.5**	**(76.1)**

	December 31, 2009						
(in € millions)	Acquisitions	Transfers from "Assets under construction"	Disposals	Depreciation expense	Transfers and changes in scope of consolidation	Translation adjustments	Total
Land	0.2	0.5	(4.5)	(1.0)	(0.1)	0.7	(4.2)
Buildings	6.8	7.7	(22.4)	(26.3)	1.1	2.0	(31.1)
Machinery and equipment	35.3	19.4	(5.9)	(83.6)	2.9	5.2	(26.7)
Assets under construction and other	32.9	(27.6)	(2.3)	(15.6)	(2.3)	0.8	(14.1)
	75.2	**0.0**	**(35.1)**	**(126.5)**	**1.6**	**8.7**	**(76.1)**

Changes in property, plant and equipment in 2008 can be analyzed as follows:

	December 31, 2008					
(in € millions)	France	Italy	Rest of Europe	USA/ Canada	Rest of the World	Total
Acquisitions	34.2	32.3	16.2	10.7	25.9	119.3
Disposals	(1.9)	(7.2)	(1.3)	(3.3)	(2.2)	(15.9)
Depreciation expense	(54.5)	(30.1)	(17.6)	(16.4)	(17.5)	(136.1)
Transfers and changes in scope of consolidation	(6.5)	(0.3)	12.5	0.2	8.9	14.8
Translation adjustments	0.0	0.0	(9.0)	2.2	(9.8)	(16.6)
	(28.7)	**(5.3)**	**0.8**	**(6.6)**	**5.3**	**(34.5)**

	December 31, 2008						
(in € millions)	Acquisitions	Transfers from "Assets under construction"	Disposals	Depreciation expense	Transfers and changes in scope of consolidation	Translation adjustments	Total
Land	0.0	1.2	(1.2)	(0.6)	(2.5)	(1.1)	(4.2)
Buildings	23.4	14.4	(10.1)	(29.6)	4.8	(4.4)	(1.5)
Machinery and equipment	46.8	24.9	(3.5)	(90.2)	14.5	(8.3)	(15.8)
Assets under construction and other	49.1	(40.5)	(1.1)	(15.7)	(2.0)	(2.8)	(13.0)
	119.3	**0.0**	**(15.9)**	**(136.1)**	**14.8**	**(16.6)**	**(34.5)**

C) PROPERTY, PLANT AND EQUIPMENT INCLUDE THE FOLLOWING ASSETS HELD UNDER FINANCE LEASES

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Land	3.8	3.8	3.8
Buildings	40.1	43.9	37.4
Machinery and equipment	31.6	32.2	32.4
	75.5	**79.9**	**73.6**
Less accumulated depreciation	(37.8)	(39.6)	(37.7)
	37.7	**40.3**	**35.9**

D) FINANCE LEASE LIABILITIES ARE PRESENTED IN THE BALANCE SHEETS AS FOLLOWS

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Long-term borrowings	17.8	20.5	21.5
Short-term borrowings	2.6	2.7	2.5
	20.4	**23.2**	**24.0**

E) FUTURE MINIMUM LEASE PAYMENTS UNDER FINANCE LEASES ARE AS FOLLOWS

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Due in less than one year	3.0	3.3	3.4
Due in one to two years	2.9	3.0	3.2
Due in two to three years	2.1	2.8	3.1
Due in three to four years	1.4	2.1	3.1
Due in four to five years	1.4	1.4	2.4
Due beyond five years	11.7	14.5	18.6
	22.5	**27.1**	**33.8**
Of which accrued interest	(2.1)	(3.9)	(9.8)
Present value of future minimum lease payments	**20.4**	**23.2**	**24.0**

NOTE 5 - OTHER INVESTMENTS

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Other investments	32.3	6.5	13.1

Other investments at December 31, 2010 mainly included the acquisition of Meta System Energy in Italy. This company will be consolidated as from January 1, 2011.

NOTE 6 - INVENTORIES (NOTE 1 (I))

Inventories are as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Purchased raw materials and components	222.3	172.2	222.1
Sub-assemblies, work in progress	90.0	84.7	104.7
Finished products	336.6	270.6	364.5
	648.9	**527.5**	**691.3**
Less impairment	(99.8)	(100.0)	(88.4)
	549.1	**427.5**	**602.9**

NOTE 7 - TRADE RECEIVABLES (NOTE 1 (E))

The Group derives over 95% of its revenue from sales to distributors of electrical equipment. The two largest distributors account for approximately 27% of consolidated net revenue and no other distributor accounts for more than 5% of consolidated net revenue.

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Trade accounts receivable	466.5	443.0	569.8
Notes receivable	89.2	108.5	82.9
	555.7	**551.5**	**652.7**
Less impairment	(59.3)	(50.4)	(31.0)
	496.4	**501.1**	**621.7**

Since 2009, the Group has entered into contracts for the sale of receivables. The contract terms qualify the receivables for derecognition under IAS 39. The amount derecognized as of December 31, 2010 was €11.1 million (€18.1 million as of December 31, 2009).

Past-due trade receivables can be analyzed as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Less than 3 months past due	56.8	55.9	82.8
From 3 to 12 months past due	16.6	17.0	18.6
More than 12 months past due	16.8	10.2	12.2
	90.2	**83.1**	**113.6**

Provisions for impairment of past-due trade receivables amounted to €50.9 million as of December 31, 2010 (€43.5 million as of December 31, 2009; €27.9 million as of December 31, 2008). These provisions break down as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Provisions for receivables less than 3 months past due	24.3	21.6	7.1
Provisions for receivables 3 to 12 months past due	9.8	11.7	8.6
Provisions for receivables more than 12 months past due	16.8	10.2	12.2
	50.9	**43.5**	**27.9**

NOTE 8 - OTHER CURRENT ASSETS

Other current assets are as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Employee advances	3.6	3.2	3.1
Other receivables	25.2	31.3	41.6
Prepayments	17.0	13.9	18.9
Prepaid and recoverable taxes other than on income	81.7	77.0	76.2
	127.5	**125.4**	**139.8**

These assets are valued at historical cost and there are no events or special circumstances indicating that they may be impaired.

NOTE 9 - CASH AND CASH EQUIVALENTS (NOTE 1 (D))

Cash and cash equivalents totaled €232.3 million as of December 31, 2010 and corresponded to deposits with maturities of less than three months.

NOTE 10 - SHARE CAPITAL AND EARNINGS PER SHARE (NOTE 1 (S))

Share capital as of December 31, 2010 amounted to €1,052,645,384 represented by 263,161,346 ordinary shares with a par value of €4 each, for 369,393,488 voting rights.

Changes in share capital were as follows:

	Number of shares	Par value	Share capital (€)	Premiums (€)
As of December 31, 2008	262,815,128	4	1,051,260,512	1,069,445,732
Exercise of options under the 2004 plan	165,717	4	662,868	
Exercise of options under the 2005 plan	115,834	4	463,336	185,334
As of December 31, 2009	263,096,679	4	1,052,386,716	1,069,631,066
Exercise of options under the 2005 plan	57,916	4	231,664	92,666
Exercise of options under the 2007 plan	2,046	4	8,184	43,376
Exercise of options under the 2008 plan	2,853	4	11,412	47,303
Exercise of options under the 2009 plan	1,852	4	7,408	16,890
As of December 31, 2010	263,161,346	4	1,052,645,384	1,069,831,301

Share capital consists exclusively of ordinary shares, each with a par value of €4.

Fully paid-up shares registered in the name of the same shareholder for at least two years carry double voting rights.

In 2010, 64,667 shares were issued upon exercise of stock options granted under the 2005, 2007, 2008 and 2009 plans (Note 11 (A)), resulting in a €0.2 million capital increase with a €0.2 million premium.

A) SHARE BUYBACK PROGRAM AND TRANSACTIONS UNDER THE LIQUIDITY CONTRACT

Share buyback program

As of December 31, 2010, the Group held 607,635 shares under the program, acquired at a total cost of €13,872,893. These shares are being held for the following purposes:

- for allocation upon exercise of share grant (578,380 shares purchased at a cost of €13,143,858);
- for allocation to employees who choose to re-invest their profit-shares in Legrand stock through a corporate mutual fund (29,255 shares purchased at a cost of €729,035).

During 2010, 27,508 shares acquired at a cost of €647,740 that were allocated to the corporate mutual fund were transferred to the fund.

Also during the period, 330,504 shares were allocated to employees under share grant plans as described in Note 11 (B).

Liquidity contract

On May 29, 2007, the Group appointed a financial institution to maintain a liquid market for its ordinary shares on the NYSE Euronext™ Paris market under a liquidity contract complying with the Code of Conduct issued by the AMAFI (French Financial Markets Association) approved by the AMF on March 22, 2005.

As of December 31, 2010, the Group held 192,500 shares under this contract, purchased at a total cost of €5,385,349.

During 2010, a net 97,500 shares of Legrand stock were sold, generating proceeds, net of purchase costs, of €2,469,019.

B) EARNINGS PER SHARE

Basic and diluted earnings per share, calculated on the basis of the average number of ordinary shares outstanding during the period, are as follows:

		December 31, 2010	December 31, 2009	December 31, 2008
Profit attributable to equity holders of Legrand *(in € millions)*	A	418.3	289.8	349.9
Number of ordinary shares outstanding:				
■ at the period-end		263,161,346	263,096,679	262,815,128
■ o/w held in treasury		800,135	1,255,647	6,745,873
■ average for the period (excluding shares held in treasury)	B	262,274,181	260,132,463	256,389,092
■ average for the period after dilution (excluding shares held in treasury)	C	271,792,091	262,531,035	257,894,512
Number of stock options and share grants outstanding at the period end		9,517,910	5,919,305	5,083,315
Sales (buybacks) of shares and transactions under the liquidity contract (net during the period)		125,008	5,235,946	(4,498,980)
Shares allocated during the period under share grant plans		330,504	254,280	-
Basic earnings per share *(€)* (Note 1 (S))	A/B	1.595	1.114	1.365
Diluted earnings per share *(€)* (Note 1 (S))	A/C	1.539	1.104	1.357
Dividend per share *(€)*		0.700	0.700	0.700

Also in accordance with IAS 33, a total of 64,667 shares were issued in 2010 upon exercise of stock options granted under the 2005, 2007, 2008 and 2009 plans, 330,504 shares were transferred under share grant plans and a net 125,008 shares were sold. These movements were taken into account on an accruals basis in the computation of the average number of ordinary shares outstanding during the period, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2010, basic earnings per share and diluted earnings per share would have amounted to €1.594 and €1.539 respectively for the 12 months ended December 31, 2010.

In 2009, 281,551 shares were issued upon exercise of stock options granted under the 2004 and 2005 plans, 254,280 shares were transferred under share grant plans and a net 5,235,946 shares were sold. These movements were taken into account on an accruals basis in the computation of the average number of ordinary shares outstanding during 2009, in accordance with IAS 33. If the shares had been issued and bought back on January 1, 2009, basic earnings per share and diluted earnings per share would have amounted to €1.107 and €1.097 respectively for the 12 months ended December 31, 2009.

Also in accordance with IAS 33, the 977,784 shares issued in 2008 upon exercise of stock options granted under the 2003 and 2004 plans, the net 4,498,980 shares bought back during the period and the 9,138,395 shares cancelled during the period were all taken into account on an accruals basis for the purpose of calculating the average number of ordinary shares outstanding during the period. If those shares had been issued, bought back or cancelled on January 1, 2008, basic earnings per share and diluted earnings per share would have amounted to €1.366 and €1.358 respectively for the 12 months ended December 31, 2008.

■ NOTE 11 - STOCK OPTION PLANS, SHARE GRANT PLANS AND EMPLOYEE PROFIT-SHARING (NOTE 1 (O))

A) 2005 LEGRAND STOCK OPTION PLANS

The Company has set up a stock option plan under which options may be granted to purchase a specified number of ordinary shares of the Company at an initial exercise price of €1.40 per share for options granted in 2005. At the General Meeting of February 24, 2006, shareholders decided to carry out a 1-for-4 reverse stock-split, leading to an increase in the shares' par value from €1.00 to €4.00. To take into account the effects of this change, the option exercise price was increased to €5.60 for those granted in 2005.

In 2010:

- 57,916 options granted under the 2005 plan were exercised before the plan expired on April 7, 2010.

Information on stock options	2005 Plan
Date of Board of Directors Meeting	February 7, 2005
Total number of shares that may be acquired on exercise of options	173,750
of which number of shares that may be acquired by corporate officers	*0*
Vesting/exercise conditions	■ 2/3 of the options vest 4 years after the grant date and must be exercised within 60 days of vesting ■ 1/3 of the options vest 5 years after the grant date and must be exercised within 60 days of vesting
Starting date of the exercise period for the first 2/3 of the options	February 7, 2009
Starting date of the exercise period for the remaining 1/3 of the options	February 7, 2010
Exercise price	€5.60
Options exercised during 2009	(115,834)
Options exercised 2010	(57,916)
Options outstanding as of December 31, 2010	**0**

B) 2007 TO 2010 LEGRAND SHARE GRANT AND STOCK OPTION PLANS

Share grant plans

On May 15, 2007, shareholders authorized the Board of Directors to grant shares to certain employees or corporate officers of the Company and its subsidiaries, on one or several occasions. The total number of such shares is capped at 5% of the capital as of the grant date.

Information on the share grant plans	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date of Board of Directors Meeting	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of shares granted	533,494	654,058	288,963	896,556
of which to corporate officers	*26,427*	*47,077*	*23,491*	*62,163*
■ *Gilles Schnepp*	*13,582*	*24,194*	*12,075*	*38,373*
■ *Olivier Bazil*	*12,845*	*22,883*	*11,416*	*23,790*
Vesting conditions	After a maximum of 4 years, except in the event of resignation or termination for willful misconduct			
Share grants cancelled during 2007	(8,695)			
Shares vested during 2008	(546)			
Share grants cancelled during 2008	(8,298)	(6,145)		
Shares vested during 2009	(253,880)	(400)		
Share grants cancelled during 2009	(6,428)	(9,905)	(6,281)	
Shares vested during 2010	(682)	(329,359)	(463)	0
Share grants cancelled during 2010	(2,397)	(2,908)	(3,845)	(21,358)
Total number of share grants outstanding as of December 31, 2010	**252,568**	**305,341**	**278,374**	**875,198**

If all these shares were to vest, the Company's capital would be diluted by 0.7%.

Stock option plans

On May 15, 2007, shareholders authorized the Board of Directors to grant stock options to certain employees or corporate officers of the Company and its subsidiaries, on one or several occasions, entitling them to subscribe new shares or purchase existing shares together representing no more than 5% of the capital as of the grant date.

During 2010, 2,046 options granted under the 2007 plan, 2,853 options granted under the 2008 plan and 1,852 options granted under the 2009 plan were exercised.

Information on stock options	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Date of Board of Directors Meeting	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010
Total number of options	1,638,137	2,015,239	1,185,812	3,254,726
of which to corporate officers	*79,281*	*141,231*	*93,964*	*217,646*
■ *Gilles Schnepp*	*40,745*	*72,583*	*48,300*	*134,351*
■ *Olivier Bazil*	*38,536*	*68,648*	*45,664*	*83,295*
Vesting/exercise conditions	Options vest after a maximum of 4 years, except in the event of resignation or termination for willful misconduct			
Starting date of the option exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014
End of the option exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020
Option exercise price	€25.20	€20.58	€13.12	€21.82
Options cancelled during 2007	(27,574)			
Options cancelled during 2008	(27,468)	(20,439)		
Options cancelled during 2009	(25,105)	(32,057)	(21,093)	
Options cancelled during 2010	(13,830)	(19,112)	(18,739)	(75,317)
Options exercised during 2010	(2,046)	(2,853)	(1,852)	
Outstanding options as of December 31, 2010	**1,542,114**	**1,940,778**	**1,144,128**	**3,179,409**

If all these options were to be exercised, the Company's capital would be diluted by a maximum of 3.0% (this is a maximum dilution as it does not take into account the exercise price of these options).

Valuation model applied to share grant plans and stock option plans

The fair value of share-based payment instruments is measured at the grant date, using the Black & Scholes option-pricing model or the binomial model, based on the following assumptions:

Assumptions	2007 Plan	2008 Plan	2009 Plan	2010 Plan
Risk-free rate	4.35%	3.40%	2.25%	2.91%
Expected volatility	28.70%	30.00%	38.40%	28.00%
Expected return	1.98%	3.47%	5.00%	3.20%

In accordance with IFRS 2, which requires the cost of stock options to be recognized in the financial statements, a charge of €20.7 million was recorded in 2010 (€9.0 million in 2009; €17.5 million in 2008) for all of these plans combined (Notes 11 (A) and 11 (B)).

C) EMPLOYEE PROFIT-SHARING

Under French law, the French entities in the Group are required to pay profit shares to employees when their after-tax profit exceeds a certain level. Amounts accrued are generally payable to employees after a period of five years.

In addition to this obligation, a number of the Group's French entities and foreign subsidiaries have set up discretionary profit-sharing plans. Under these plans, employees receive a portion of the entity's profit calculated on the basis of predetermined formulas negotiated by each entity.

An accrual of €38.0 million was recorded in 2010 for statutory and discretionary profit-sharing plans (2009: €29.7 million; 2008: €32.7 million).

NOTE 12 - RETAINED EARNINGS AND TRANSLATION RESERVES

A) RETAINED EARNINGS

Consolidated retained earnings of Legrand and its subsidiaries as of December 31, 2010 amounted to €1,810.7 million.

As of the same date, the parent company – Legrand – had retained earnings of €1,702.5 million available for distribution.

B) TRANSLATION RESERVES

As explained in Note 1 (C), the translation reserve reflects the effects of currency fluctuations on the financial statements of subsidiaries when they are translated into euros.

The translation reserve records the impact of fluctuations in the following currencies:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
US dollar	(152.8)	(158.3)	(143.0)
Other currencies	20.1	(73.3)	(106.4)
	(132.7)	**(231.6)**	**(249.4)**

In accordance with Note 1 (M), the unrealized €21.6 million foreign exchange loss, as of December 31, 2010, on the Group's Yankee bonds denominated in US dollars was recognized under "Translation reserves".

The increase in the translation reserves is mainly due to strengthening of other foreign currencies against the euro.

NOTE 13 - LONG-TERM BORROWINGS (NOTE 1 (T))

Long-term borrowings can be analyzed as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Facility Agreement	227.2	375.8	1,265.8
8½% debentures	292.0	269.9	279.2
Bonds	300.0	0.0	0.0
Bank borrowings	282.5	282.5	220.0
Other borrowings	114.3	141.9	258.0
	1,216.0	**1,070.1**	**2,023.0**
Debt issuance costs	(3.0)	(2.3)	(2.8)
	1,213.0	**1,067.8**	**2,020.2**

Long-term borrowings are denominated in the following currencies:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Euro	803.5	635.6	1,471.8
US dollar	307.0	297.9	423.1
Other currencies	105.5	136.6	128.1
	1,216.0	**1,070.1**	**2,023.0**

Long-term borrowings can be analyzed by maturity as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Due in one to two years	134.1	108.4	202.0
Due in two to three years	376.9	158.8	129.5
Due in three to four years	77.2	431.0	116.0
Due in four to five years	15.0	76.3	1,239.6
Due beyond five years	612.8	295.6	335.9
	1,216.0	**1,070.1**	**2,023.0**

Average interest rates on borrowings are as follows (the rates shown for the 8½% debentures 'Yankee bonds' take into account interest rate swap up to their expiry date of February 2008):

	December 31, 2010	December 31, 2009	December 31, 2008
Facility Agreement	0.70%	3.09%	4.69%
8½% debentures	8.50%	8.50%	8.25%
Bond	4.25%	-	-
Bank borrowing	1.50%	2.17%	6.06%
Other borrowings	5.45%	6.18%	5.58%

These borrowings are secured as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Assets mortgaged or pledged as collateral	4.4	3.4	21.2
Guarantees given to banks	216.5	245.7	180.4
	220.9	**249.1**	**201.6**

A) CREDIT FACILITY

2006 Credit Facility

On January 10, 2006, the Group signed a credit facility with five mandated arrangers.

Initially, this 2006 Credit Facility comprised notably (i) a €700.0 million Tranche A representing a multicurrency term loan repayable in semi-annual installments equal to 10% of the nominal amount between January 10, 2007 and July 10, 2010, with a final 20% installment due on January 10, 2011 and (ii) a €1.2 billion Tranche B consisting of a revolving multicurrency facility utilizable through drawdowns. Tranches A and B were originally five-year loans that could be rolled over for two successive one-year periods.

An initial installment of Tranche A equal to 10% of the nominal amount was paid in January 2007 and a second installment equal to 7.78% of the nominal amount was paid in July 2007. In March 2007 and November 2007, the Group exercised its option to extend the 2006 Credit Facility for two successive one-year periods, with the final installment becoming due in January 2013.

Consequently, the repayments in semi-annual installments of Tranche A are equal to 6.22% of the original nominal amount from January 10, 2008 to July 10, 2011, 7.12% of the original nominal amount on January 10, 2012, 6.02% of the original nominal amount on July 10, 2012 and 19.32% on January 10, 2013.

Repayments due under the Facility Agreement can be analyzed as follows by maturity as of December 31, 2010, December 31, 2009 and December 31, 2008:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Due within one year (short-term borrowings)	87.1	87.0	87.1
Due in one to two years	92.0	87.1	87.1
Due in two to three years	135.2	92.1	87.1
Due in three to four years	0.0	196.6	92.0
Due in four to five years	0.0	0.0	999.6
Due beyond five years	0.0	0.0	0.0
	314.3	**462.8**	**1,352.9**

The Facility Agreement can be analyzed as follows:

(in € millions)	December 31, 2010	Maturity	Interest rate
Term Facility	314.3	2013	Euribor + 20bps

(in € millions)	December 31, 2009	Maturity	Interest rate
Term Facility	401.4	2013	Euribor + 25bps
Revolving Facility	61.4	2013	Euribor/Libor + 25bps

(in € millions)	December 31, 2008	Maturity	Interest rate
Term Facility	488.5	2013	Euribor + 30bps
Revolving Facility	864.4	2013	Euribor/Libor + 30bps

The margin added to the Euribor/Libor is updated at half-yearly intervals depending on the value of the ratio net debt/maintainable EBITDA (net debt and maintainable EBITDA adjusted as defined in the loan agreements). The resulting interest rate is however subject to a cap and a floor of Euribor/Libor + 50bps and Euribor/Libor + 20bps.

In addition, the 2006 Credit Facility Agreement includes the covenant described in Note 22.

B) 8½% DEBENTURES (YANKEE BONDS)

On February 14, 1995, Legrand France issued $400.0 million worth of 8½% debentures due February 15, 2025, through a public placement in the United States. Interest on the debentures is payable semi-annually in arrears on February 15 and August 15 of each year, beginning August 15, 1995.

The debentures are not subject to any sinking fund and are not redeemable prior to maturity, except upon the occurrence of certain changes in the law requiring the payment of amounts in addition to the principal and interest. Should Legrand France be prevented by law from paying any such additional amounts, early redemption would generally be mandatory or, if such amounts could be paid, Legrand France may, at its option, redeem all – but not part – of the debentures in advance. Each debenture holder may also require Legrand France to redeem its debentures in advance upon the occurrence of a hostile change of control.

In connection with the issuance of the debentures, Legrand France also entered into an interest rate swap agreement that expired in February 2008 (see Note 22 (B)).

C) BANK BORROWINGS

As of December 31, 2010, bank borrowings comprised:

- a €220.0 million loan obtained on May 21, 2007 from a pool of French financial institutions. The loan is for a period of six years and four months, expiring September 21, 2013, and pays interest at the three-month Euribor plus 45 bps;
- a €62.5 million loan obtained on March 12, 2009 from a pool of French financial institutions. The loan is for a period of five years, expiring March 12, 2014, and pays interest at the three-month Euribor plus 210 bps.

Bank borrowing is subject to the covenant described in Note 22.

D) BONDS

In February 2010, the Group carried out a €300.0 million 4.25% seven-year bond issue. The bonds will be redeemable at maturity on February 24, 2017.

E) UNUSED CREDIT LINES

As of December 31, 2010, the Group had access to drawdown capacity of €1,200.0 million on Tranche B (revolving facility) of the 2006 Credit Facility.

NOTE 14 - PROVISIONS

Changes in provisions are as follows:

(in € millions)	December 31, 2010	December 31, 2009
At beginning of period	171.5	138.2
Changes in scope of consolidation	0.0	0.0
Increases	87.2	86.0
Utilizations	(30.6)	(33.7)
Reversals of surplus provisions	(29.4)	(26.1)
Transfers to current liabilities	0.0	0.0
Reclassifications	(2.1)	0.6
Translation adjustments	8.8	6.5
At end of period	**205.4**	**171.5**
of which non-current portion	*91.6*	*63.6*

NOTE 15 - PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS (NOTE 1 (Q))

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Non-current portion			
France (Note 15 (B))	56.6	46.9	50.4
Italy (Note 15 (C))	36.6	39.8	49.4
United States and United Kingdom (Note 15 (D))	31.1	32.0	32.7
Other countries	12.6	10.2	11.6
	136.9	**128.9**	**144.1**
Current portion			
France (Note 15 (B))	0.0	0.0	0.0
Italy (Note 15 (C))	5.0	5.0	5.0
United States and United Kingdom (Note 15 (D))	1.5	1.2	1.2
Other countries	0.6	0.9	0.2
	7.1	**7.1**	**6.4**
	144.0	**136.0**	**150.5**

The total amount of those liabilities is €144.0 million as of December 31, 2010 (December 31, 2009: €136.0 million; December 31, 2008: €150.5 million) and is analyzed in Note 15 (A), which shows total liabilities of €278.1 million as of December 31, 2010 (December 31, 2009: €247.9 million; December 31, 2008: €240.5 million) less total assets of €124.4 million as of December 31, 2010 (December 31, 2009: €111.9 million; December 31, 2008: €89.9 million), adjusted for an unrecognized past service cost of €9.7 million.

A) ANALYSIS OF PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

The aggregate current and non-current obligation under the Group's pension and other post-employment benefit plans, consisting primarily of plans in France, Italy, the United States and the United Kingdom, is as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008	December 31, 2007	December 31, 2006
Defined benefit obligation					
Projected benefit obligation at beginning of period	247.9	240.5	263.9	290.6	282.8
Acquisitions	0.0	0.0	0.1	0.0	0.2
Goodwill allocation	0.0	0.0	0.0	0.0	0.0
Service cost	14.8	16.2	16.1	16.8	18.2
Interest cost	10.4	11.1	11.5	11.7	10.3
Benefits paid	(26.2)	(29.7)	(29.3)	(29.5)	(23.5)
Employee contributions	0.6	0.7	0.0	0.0	0.4
Plan amendments	0.0	0.0	0.0	0.0	0.0
Actuarial loss/(gain)	11.2	8.9	(7.5)	(11.0)	13.0
Curtailments, settlements, special termination benefits	0.1	(1.9)	0.2	(2.4)	(0.8)
Past service cost	10.1	(0.1)	0.0	(0.1)	0.2
Translation adjustments	8.6	2.2	(14.3)	(14.5)	(10.2)
Other	0.6	0.0	(0.2)	2.3	0.0
PROJECTED BENEFIT OBLIGATION AT END OF PERIOD (I)	**278.1**	**247.9**	**240.5**	**263.9**	**290.6**
UNRECOGNIZED PAST SERVICE COST (II)	**9.7**	**0.0**	**0.1**	**0.0**	**0.2**
Fair value of plan assets					
Fair value of plan assets at beginning of period	111.9	89.9	131.4	135.1	133.5
Acquisitions	0.0	0.0	0.0	0.0	0.0
Expected return on plan assets	7.5	6.6	8.2	9.1	10.2
Employer contributions	5.6	12.2	6.4	15.6	8.2
Employee contributions	0.6	0.7	0.5	0.3	0.3
Benefits paid	(9.3)	(12.3)	(13.3)	(16.3)	(13.9)
Actuarial (loss)/gain	2.1	12.8	(32.0)	(1.3)	0.7
Translation adjustments	6.0	2.0	(11.3)	(11.1)	(3.9)
FAIR VALUE OF PLAN ASSETS AT END OF PERIOD (III)	**124.4**	**111.9**	**89.9**	**131.4**	**135.1**
LIABILITY RECOGNIZED IN THE BALANCE SHEET (I) – (II) – (III)	**144.0**	**136.0**	**150.5**	**132.5**	**155.3**
Current liability	7.1	7.1	6.4	7.4	7.7
Non-current liability	136.9	128.9	144.1	125.1	147.6

Actuarial gains recognized in equity (total recognized income and expenses, net) as of December 31, 2010 amounted to €9.1 million (€6.0 million after tax).

The discount rates used are determined by reference to the yield on high quality bonds based on the following benchmark indices:

- Euro zone: iBoxx € Corporates AA 10+ ;
- United Kingdom: iBoxx £ Corporates AA 15+;
- United States: Citibank Pension Liability Index.

Sensitivity tests were performed on the discount rates applied and on the expected return on plan assets. According to the results of these tests, a 50-basis point decline in discount rates and in the expected return on plan assets would lead to the recognition of additional actuarial losses of around €14.0 million and would increase in proportion the value of the defined obligation as of December 31, 2010.

The impact on profit is as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Service cost – rights acquired during the period	(14.8)	(16.2)	(16.1)
Service cost – cancellation of previous rights	0.0	0.0	0.0
Benefits paid (net of cancellation of liability recognized in prior periods)	0.0	0.0	0.0
Interest cost	(10.4)	(11.1)	(11.5)
Other	(0.5)	2.0	(0.2)
Expected return on plan assets	7.5	6.6	8.2
	(18.2)	**(18.7)**	**(19.6)**

The weighted-average allocation of pension plan assets is as follows as of December 31, 2010:

(as a percentage)	France	United States and United Kingdom	Weighted total
Equity instruments	0.0	54.5	47.6
Debt instruments	0.0	40.6	35.4
Insurance funds	100.0	4.9	17.0
	100.0	**100.0**	**100.0**

B) PROVISIONS FOR RETIREMENT BENEFITS AND SUPPLEMENTARY PENSION BENEFITS IN FRANCE

The provisions recorded in the consolidated balance sheet concern the unvested entitlements of active employees. The Group has no obligation with respect to the vested entitlements of former employees, as the benefits were settled at the time of their retirement, either directly or through payments to insurance companies in full discharge of the liability.

In France, provisions recorded in the consolidated balance sheet amount to €56.6 million as of December 31, 2010 (December 31, 2009: €46.9 million; December 31, 2008: €50.4 million), corresponding to the difference between the projected benefit obligation of €81.0 million as of December 31, 2010 (December 31, 2009: €61.6 million; December 31, 2008: €61.4 million) and the fair value of the related plan assets of €14.7 million as of December 31, 2010 (December 31, 2009: €14.7 million; December 31, 2008: €10.9 million), adjusted for an unrecognized past service cost of €9.7 million.

Past service cost represents the increase in the present value of pension liabilities, in respect of employee service in prior periods. It results from the June 21, 2010 addendum to the collective labor agreement for French metal industries ("*Convention Collective de la Métallurgie*"). For each French entity, past service cost is amortized on a straight-line basis over the average period until the amended benefits become vested.

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In France, the calculation was based on a salary increase rate of 3.0%, a discount rate of 4.5% (3.0% and 5.0% in 2009, 2.5% and 5.6% in 2008) and an expected return on plan assets of 3.8% (2009 and 2008: 4.0%). The provisions recorded in the consolidated balance sheet correspond to the portion of the total obligation remaining payable by the Group; this amount is equal to the difference between the total obligation recalculated at each balance sheet date, based on the actuarial assumptions described above, and the net residual value of the plan assets at that date.

The recent increase in the statutory retirement age in France had no material impact on the calculation of benefit obligations as of December 31, 2010.

C) PROVISIONS FOR TERMINATION BENEFITS IN ITALY

The changes introduced in the Italian Act no. 296 dated December 27, 2006 came into effect on January 1, 2007.

From this date, Italian termination benefit plans (*Trattamento di fine rapporto*, TFR) are qualified as defined contribution plans under IFRS.

Termination benefit obligations arising prior to January 1, 2007 continue to be accounted for under IFRS as defined benefit plans, but based on revised actuarial estimates that exclude the effect of future salary increases. Actuarial gains and losses previously recognized in the statement of recognized income and expense have been reclassified in retained earnings, in accordance with IAS 19 (revised), paragraph 93A s.

The resulting provisions for termination benefits amount to €41.6 million as of December 31, 2010 (December 31, 2009: €44.8 million; December 31, 2008: €54.4 million).

D) PROVISIONS FOR RETIREMENT BENEFITS AND OTHER POST-EMPLOYMENT BENEFITS IN THE UNITED STATES AND THE UNITED KINGDOM

In the United States and the United Kingdom, the Group provides pension benefits for employees and health care and life insurance for certain retired employees.

The provisions recorded in the consolidated balance sheet amounted to €32.6 million as of December 31, 2010 (December 31, 2009: €33.2 million; December 31, 2008: €33.9 million), corresponding to the difference between the projected benefit obligation of €133.6 million (December 31, 2009: €123.4 million; December 31, 2008: €110.0 million) and the fair value of the related plan assets of €101.0 million (December 31, 2009: €90.2 million; December 31, 2008: €76.1 million).

The projected benefit obligation is computed on the basis of staff turnover and mortality assumptions, estimated rates of salary increases and an estimated discount rate. In the United Sates, the calculation was based on a salary increase rate of 3.5%, a discount rate of 4.9% (3.5% and 5.3% in 2009, 3.5% and 6.3% in 2008) and an expected return on plan assets of 7.5% (7.5% in 2009 and 2008). In the United Kingdom, the calculation was based on a salary increase rate of 4.4%, a discount rate of 5.4% (4.6% and 5.7% in 2009, 3.8% and 6.4% in 2008), and an expected return on plan assets of 6.3% (6.6% in 2009; 6.7% in 2008).

NOTE 16 - SHORT-TERM BORROWINGS (NOTE 1 (T))

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Facility Agreement	87.1	87.0	87.1
Commercial paper	0.0	105.0	11.7
Other borrowings	129.7	253.5	302.5
	216.8	**445.5**	**401.3**

NOTE 17 - OTHER CURRENT LIABILITIES

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Tax liabilities	68.5	65.5	64.5
Accrued employee benefits expense	166.8	153.4	156.1
Current portion of statutory and discretionary profit-sharing reserve	35.7	29.9	31.5
Payables related to fixed asset purchases	14.2	12.9	16.9
Accrued expenses	70.2	70.8	70.1
Accrued interest	27.6	19.2	38.6
Deferred revenue	15.8	16.2	10.2
Current portion of pension and other post-employment benefit obligations	7.1	7.1	6.4
Other current liabilities	37.3	32.7	38.2
	443.2	**407.7**	**432.5**

NOTE 18 - ANALYSIS OF CERTAIN EXPENSES

A) ANALYSIS OF OPERATING EXPENSES

Operating expenses include the following categories of costs:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Raw materials and component costs	(1,125.7)	(1,019.6)	(1,276.0)
Salaries and payroll taxes	(980.9)	(936.0)	(1,049.3)
Employee profit-sharing	(38.0)	(29.7)	(32.7)
TOTAL PERSONNEL COSTS	**(1,018.9)**	**(965.7)**	**(1,082.0)**
Depreciation expense	(120.2)	(126.5)	(136.1)
Amortization expense	(71.3)	(77.8)	(81.0)

As of December 31, 2010 the Group had 29,422 employees on the payroll (December 31, 2009: 28,314; December 31, 2008: 31,596).

B) ANALYSIS OF OTHER OPERATING INCOME AND EXPENSE

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Employee profit-sharing	(38.0)	(29.7)	(32.7)
Restructuring costs	(31.5)	(50.7)	(47.6)
Impairment of goodwill	0.0	(16.6)	0.0
Other	(47.9)	(78.7)	(56.4)
	(117.4)	**(175.7)**	**(136.7)**

NOTE 19 - FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSE, NET

A) EXCHANGE GAINS (LOSSES)

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Exchange gains (losses)	(39.8)	(13.4)	(25.3)

At December 31, 2010, exchange losses were mainly attributable to the euro's decline against most of the other principal currencies. They substantially correspond to unrealized exchange losses on intragroup loans.

These unrealized exchange losses were offset by an increase in the translation reserves (see Note 12 (B)).

B) FINANCE COSTS, NET

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Interest income	11.7	11.9	29.1
Finance costs	(81.7)	(98.4)	(145.6)
Change in fair value of financial instruments	(1.2)	(1.6)	(6.1)
Total finance costs	(82.9)	(100.0)	(151.7)
FINANCE COSTS, NET	**(71.2)**	**(88.1)**	**(122.6)**

Finance costs correspond essentially to interest on borrowings (Notes 13 and 16).

NOTE 20 - INCOME TAX EXPENSE (CURRENT AND DEFERRED) (NOTE 1 (J))

Profit before taxes and share of profit of associates is as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
France	173.5	97.8	100.7
Outside France	473.1	324.8	394.2
	646.6	**422.6**	**494.9**

Income tax expense consists of the following:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Current taxes:			
France	(77.2)	(41.6)	(38.3)
Outside France	(150.5)	(123.1)	(136.5)
	(227.7)	**(164.7)**	**(174.8)**
Deferred taxes:			
France	4.1	24.2	16.4
Outside France	(3.5)	9.2	15.0
	0.6	**33.4**	**31.4**
Total income tax expense:			
France	(73.1)	(17.4)	(21.9)
Outside France	(154.0)	(113.9)	(121.5)
	(227.1)	**(131.3)**	**(143.4)**

The reconciliation of total income tax expense for the period to income tax calculated at the standard tax rate in France is as follows:

(Tax rate)	December 31, 2010	December 31, 2009	December 31, 2008
Standard French income tax rate	**34.43%**	**34.43%**	**34.43%**
Increases (reductions):			
■ effect of foreign income tax rates	(4.16%)	(3.82%)	(3.83%)
■ non-taxable items	1.77%	1.45%	1.09%
■ income taxable at specific rates	1.10%	1.25%	1.20%
■ other	1.60%	(1.24%)	(3.86%)
	34.74%	**32.07%**	**29.03%**
Impact on deferred taxes of:			
■ changes in tax rates	0.20%	0.05%	0.01%
■ recognition or non-recognition of deferred tax assets	0.18%	(1.05%)	(0.07%)
EFFECTIVE TAX RATE	**35.12%**	**31.07%**	**28.97%**

In accordance with the recommendation of the French National Accounting Board (Conseil National de la Comptabilité - CNC), the Group has elected to recognize France's CVAE tax on the value added by the business under "Income tax expense" in the statement of income as from January 1, 2010.

In 2010, the CVAE tax and the deferred tax impact of electing to recognize the CVAE tax in income tax expense were recorded under "Other" in an amount of €10.2 million. Excluding this amount, the effective tax rate would have been 33.54%.

Deferred taxes recorded in the balance sheet result from temporary differences between the carrying amount of assets and liabilities and their tax base and can be analyzed as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Deferred taxes recorded by French companies	(330.5)	(336.6)	(360.3)
Deferred taxes recorded by foreign companies	(212.9)	(206.3)	(202.2)
	(543.4)	**(542.9)**	**(562.5)**
Origin of deferred taxes:			
■ depreciation of fixed assets	(84.4)	(71.4)	(79.6)
■ tax loss carryforwards	1.5	7.7	5.3
■ statutory profit-sharing	4.0	4.8	4.9
■ pensions and other post-employment benefits	21.1	16.7	21.0
■ developed technology	(3.9)	(9.6)	(19.3)
■ trademarks	(535.0)	(534.2)	(531.8)
■ impairment losses on inventories and receivables	30.0	27.2	22.1
■ fair value adjustments to derivative instruments	(4.7)	(5.0)	(5.3)
■ translation adjustments	0.1	2.1	0.1
■ other provisions	65.6	52.9	47.5
■ margin on inventories	16.2	13.2	16.4
■ other	(53.9)	(47.3)	(43.8)
	(543.4)	**(542.9)**	**(562.5)**
■ of which deferred tax assets	90.1	82.1	76.4
■ of which deferred tax liabilities	(633.5)	(625.0)	(638.9)

Short and long-term deferred taxes can be analyzed as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Deferred taxes – short term	78.6	73.0	62.5
Deferred taxes – long term	(622.0)	(615.9)	(625.0)
	(543.4)	**(542.9)**	**(562.5)**

Tax losses carried forward broke down as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Net recognized operating losses carried forward	5.8	29.0	21.5
Recognized deferred tax assets	1.5	7.7	5.3
Net unrecognized operating losses carried forward	94.0	85.0	95.1
Unrecognized deferred tax assets	26.8	24.0	27.7
Total net operating losses carried forward	99.8	114.0	116.6

The recognized deferred tax assets are expected to be utilized no later than five years from the period-end.

NOTE 21 - CONTINGENCIES AND COMMITMENTS

The Group is involved in a number of claims and legal proceedings arising in the normal course of business. In the opinion of management, all such matters have been adequately provided for or are without merit, and are of such nature that, should the outcome nevertheless be unfavorable to the Group, they should not have a material adverse effect on the Group's consolidated financial position or results of operations.

OPERATING LEASES

The Group uses certain facilities under lease agreements and leases certain equipment. There are no special restrictions related to these operating leases. Future minimum rental commitments under leases are detailed below:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Due within one year	39.0	32.8	18.5
Due in one to two years	31.0	27.7	13.9
Due in two to three years	22.4	18.8	10.6
Due in three to four years	13.4	11.7	7.8
Due in four to five years	8.1	7.7	5.1
Due beyond five years	12.2	7.0	3.5
	126.1	**105.7**	**59.4**

Operating leases, which until December 31, 2008 concerned only property rentals, include all kinds of rentals as of December 31, 2009 and December 31, 2010.

COMMITMENTS TO PURCHASE PROPERTY, PLANT AND EQUIPMENT

Commitments to purchase property, plant and equipment amounted to €5.8 million as of December 31, 2010.

NOTE 22 - FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL RISKS

A) FINANCIAL INSTRUMENTS

(a) Derivatives

	December 31, 2010			
(in € millions)	Financial income and expense, net	Equity	Book value	IFRS designation
Exchange rate derivatives				
Forwards and options designated as fair value hedges	(10.1)		(0.1)	Trading
Forward contracts designated as net investment hedges	(2.5)		-	NIH*
Commodity derivatives				
Futures and options	-		-	Trading
Interest rate derivatives				
Interest rate caps	(1.2)		0.4	Trading
	(13.8)		**0.3**	

* *Net Investment Hedge.*

All financial instruments are classified in Level 2 of the fair value hierarchy described in Note 1 L) (a).

(b) Impact of financial instruments

	December 31, 2010			
		Impact on equity		
(in € millions)	Impact on financial income and expense, net	Fair value	Translation adjustment	Other
Trade receivables	-			
Trade payables	-			
Borrowings	(65.0)		(21.6)	
Derivatives	(13.8)		-	
	(78.8)		**(21.6)**	

Debentures denominated in US dollars ("Yankee bonds") are designated as hedges of the foreign currency risk associated with the net investment in the United States (see discussion of net investment hedges in Note 1 (L)).

(c) Breakdown of balance sheet items by type of financial instrument

	December 31, 2010					December 31, 2009
			Type of financial instrument			
(in € millions)	Carrying amount	Fair value	Instruments designated at fair value through profit or loss	Receivables, payables and borrowings at amortized cost	Derivatives	Carrying amount
ASSETS						
Current assets						
Trade receivables	496.4	496.4		496.4		501.1
Other current financial assets	0.6	0.6			0.6	0.6
TOTAL CURRENT ASSETS	**497.0**	**497.0**		**496.4**	**0.6**	**501.7**
EQUITY AND LIABILITIES						
Current liabilities						
Short-term borrowings	216.8	216.8		216.8		445.5
Trade payables	432.0	432.0		432.0		357.7
Other current financial liabilities	0.3	0.3			0.3	0.3
TOTAL CURRENT LIABILITIES	**649.1**	**649.1**		**648.8**	**0.3**	**803.5**
Non-current liabilities						
Long-term borrowings	1,213.0	1,217.7		1,213.0		1,067.8
TOTAL NON-CURRENT LIABILITIES	**1,213.0**	**1,217.7**		**1,213.0**		**1,067.8**

B) MANAGEMENT OF FINANCIAL RISKS

The Group's cash management strategy is based on overall financial risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving derivative financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks and as such are limited in duration and value.

This strategy is centralized at Group level. Its implementation is deployed by the Financing and Treasury Department who recommends appropriate measures and implements them after they have been validated by the Corporate Finance Department and Group senior management. A detailed reporting system has been set up to permit permanent close tracking of the Group's positions and effective oversight of the management of the financial risks described in this note.

Current financial assets and liabilities are measured based on observable market data and are as follows:

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Other current financial assets	**0.6**	**0.6**	**5.0**
■ Swaps	0.0	0.0	0.0
■ Financial derivatives with a positive fair value	0.6	0.6	5.0
Other current financial liabilities	**0.3**	**0.3**	**0.0**
■ Swaps	0.0	0.0	0.0
■ Financial derivatives with a negative fair value	0.3	0.3	0.0

(a) Interest rate risk

As part of an interest rate risk management policy aimed principally at managing the risk of a rate increase, the Group has structured its debt into a combination of fixed and variable rate financing.

As of December 31, 2010 the breakdown of debt (excluding debt issuance costs) between fixed and variable rate is as follows:

(in € millions)	December 31, 2010
Fixed rates	638.6
Variable rates	794.2

The following table analyzes variable rate financial assets and liabilities based on the frequency of rate adjustments.

(in € millions)	Overnight and short-term	Medium-term (1 to 5 years)	Long-term (more than 5 years)
Gross debt (excluding debt issuance costs)	794.2	-	-
Cash and marketable securities	(232.3)	-	-
Net debt	561.9	-	-
Hedges	700.0	-	-
Position after hedging	(138.1)	-	-

Interest rate risk arises mainly from variable-rate financial assets and liabilities and is managed primarily through the use of hedging instruments.

Based on average debt in 2010 and the hedging instruments described below, the Group estimates that a 100-basis point increase in interest rates on variable-rate debt should not result in a decrease in annual profit before taxes of more than €6.1 million (2009: €4.9 million; 2008: €11.0 million).

Caps

Variable-rate debt is hedged by interest-rate instruments with maturities of no more than three years. These contracts are mainly caps, in line with the Group's policy of setting an upper limit on interest rates while retaining the opportunity to benefit from more favorable rate changes.

The portfolio of caps on euro-denominated debt breaks down as follows:

Period covered *(in € millions)*	December 31, 2010		
	Notional amount	Benchmark rate	Average guaranteed rate including premium
January 2011 – March 2011	700.0	3-month Euribor	3.24%
April 2011 – March 2012	550.0	3-month Euribor	3.75%
April 2012 – March 2013	350.0	3-month Euribor	3.57%

The caps do not fulfill the criteria for the application of hedge accounting under IAS 39 and have therefore been measured at fair value and recognized in "Other current financial assets", in an amount of €0.4 million as of December 31, 2010 (December 31, 2009: €0.6 million; December 31, 2008: €1.0 million). The effect of changes in fair value on consolidated profit was a €1.2 million loss in 2010 (2009: €1.6 million loss; 2008: €6.4 million loss), recognized in "Finance costs and other financial income and expense, net" (Note 19 (B)).

Interest rate swaps on the 8½% debentures (Yankee bonds) (Note 13)

The Group also entered into an interest rate swap with selected major financial institutions to hedge interest rate risks on the 8½% debentures. The fair value of this swap was determined at each balance sheet date, based on rates implied in the yield curve at the reporting date; these implied rates could change, with an impact on cash flows.

The swap expired at the end of February 2008, in line with the April 2003 novation agreement under which the Group sold the tranche corresponding to the contract's 2008-2025 maturities. When the swap expired, refinancing of €86.0 million was arranged, corresponding to the Group's liability under the currency swap component.

Since February 2008, when the swap expired, the Group has once again been paying a fixed rate of 8½%.

Further interest rate swaps may be set up in the future, based on changes in market conditions.

(b) Currency risk

The Group operates in international markets and is therefore exposed to risks through its use of several different currencies.

The table below presents financial assets (cash and marketable securities) and financial liabilities (short-term and long-term borrowings) by currency as of December 31, 2010:

(in € millions)	Financial assets Cash and marketable securities	Financial liabilities (before debt issuance costs)
Euro	51.3	923.9
US dollar	70.3	354.5
Other currencies	110.7	154.4
	232.3	**1,432.8**

Natural hedges are set up by matching allocation of net debt and operating profit in each of the Group's operating currencies.

If required, when acquisition of an asset is financed using a currency other than the functional currency of the country, the Group may enter into forward-contracts to hedge its exchange rate risk. As of December 31, 2010 the Group has set up forward contracts in Brazilian real and Australian dollar which have a net fair value of €0.1 million.

The table below presents the breakdown of net sales and operating expenses by currency as of December 31, 2010:

(in € millions)	Net sales		Operating expenses (excluding purchase accounting adjustments relating to the acquisition)	
Euro	2,029.6	52.2%	1,552.9	50.0%
US dollar	571.7	14.7%	485.0	15.6%
Other currencies	1,289.2	33.1%	1,068.5	34.4%
	3,890.5	**100%**	**3,106.4**	**100%**

Natural hedges are set up by matching costs and operating income in each of the Group's operating currencies.

Residual amounts are hedged by options to limit the Group's exposure to fluctuations in the main currencies concerned. These hedges are for periods of less than 18 months. They do not fulfill the criteria for the application of hedge accounting under IAS 39 and have therefore been measured at fair value and recognized in "Other current financial assets", or at a value of zero as of December 31, 2010 (December 31, 2009: €0.0 million; December 31, 2008: €4.0 million). Changes in these hedges' fair value are recognized in "Exchange gains (losses)" (Note 19 (A)). It did not have any impact in 2010 (2009: €0.0 million; 2008: €5.4 million gain).

The Group estimates that, all other things being equal, a 10% increase in the exchange rate of the euro against all other currencies applied to 2010 figures would have resulted in a decrease in net revenue of approximately €169.2 million and a decrease in operating profit of approximately €27.2 million.

In the same way, such increase applied to 2009 and 2008 figures would have resulted in a decrease in net revenue of approximately €142.0 million in 2009 and €163.0 million in 2008 and a decrease in operating profit of approximately €19.0 million respectively in 2009 and €20.0 million in 2008.

(c) Commodity risk

The Group is exposed to commodity risk arising from changes in the price of raw materials.

Raw materials purchases amounted to around €410.0 million in 2010 (2009: €351.0 million; 2008: €483.0 million).

A 10% increase in the price of all the raw materials used by the Group would theoretically feed through to around a €41.0 million increase in annual purchasing costs. The Group believes that it could, circumstances permitting; raise the prices of its products in the short term to offset the overall adverse impact of any such increases.

Additionally, the Group can set up specific derivative financial instruments (options) for limited amounts and periods to hedge part of the risk of an unfavorable change in copper and certain other raw material prices.

The Group entered into such hedging contracts during the period that expired in December 2010.

(d) Credit risk

Credit risk covers both:

- risks related to outstanding customer receivables;
- counterparty risks with financial institutions.

As explained in note 7, a substantial portion of Group revenue is generated with two major distributors. Other revenue is essentially derived from distributors of electrical products but sales are diversified due to the large number of customers and their geographic dispersion. The Group actively manages its credit risk by establishing regularly reviewed individual credit limits for each customer, constantly monitoring collection of its outstanding receivables and systematically chasing up past due receivables. In addition, the situation is reviewed regularly with the Corporate Finance Department.

Financial instruments that may potentially expose the Group to counterparty risk are principally cash equivalents, short-term investments and hedging instruments. These assets are placed with leading financial institutions approved by the Group, which constantly monitors the amount of credit exposure with any one financial institution.

(e) Liquidity risk

The Group considers that managing liquidity risk depends primarily on having access to diversified sources of financing as to their origin and maturity. This approach represents the basis of the Group's financing policy.

The total amount of net debt (€1,197.5 million as of December 31, 2010) is fully financed by financing facilities expiring at the earliest in 2013 (including undrawn lines of credit) and at the latest in 2025.

Under the provisions of the 2006 Credit Facility described in Note 13 (A) and the loan agreement for the bank loan described in Note 13 (C), consolidated adjusted net debt/adjusted maintainable EBITDA (net debt and maintainable EBITDA adjusted as defined in the loan agreements) must be less than or equal to 3.50 at the end of every six-month period. This ratio is tracked monthly; as of December 31, 2010 it stood at 1.21.

Finally, the Group's debt ratings are as of December 31, 2010:

Rating agency	Long term debt	Outlook
S&P	BBB	Positive credit watch

NOTE 23 - INFORMATION RELATING TO CORPORATE OFFICERS

A) SHORT-TERM BENEFITS

(in € millions)	December 31, 2010	December 31, 2009	December 31, 2008
Advances and loans to corporate officers	0.0	0.0	0.0
Compensation paid to corporate officers*	2.2	1.8	2.3

* *Compensation paid during the base year to executive officers and members of the Board of Directors who hold operating responsibilities within the Group.*

Compensation paid includes all variable compensation payable at the beginning of the year in relation to the achievement of targets for the previous year.

B) REMUNERATION AND BENEFITS DUE ON TERMINATION OF CORPORATE OFFICE'S POSITION

	Employment contract		Supplementary pension entitlement (1)		Indemnities or benefits due or which may become due as a result of termination or change of office (2)		Indemnities relating to non-competition clause (3)	
Corporate officer	Yes	No	Yes	No	Yes	No	Yes	No
Gilles Schnepp								
Chairman and CEO		x	x			x	x	
Commencement: 05/22/2008								
Expiration: 12/31/2013								
Olivier Bazil								
Vice-Chairman and COO	x		x			x	x	
Commencement: 05/22/2008								
Expiration: 12/31/2013								

(1) *In 2001, the Legrand Group entered into an agreement with an insurance company for the provision of services relating to pensions, retirement and services of a related nature to the members of the Group Executive Committee benefiting from the French pension system for salaried workers. At December 31, 2010, the Group's commitment in connection with this agreement amounted to approximately €20.6 million, of which approximately €11.7 million was financed, while the remaining €8.9 million is accrued in the accounts. In addition, a provision for €5.2 million was recognized for the additional 30% tax on annuities exceeding eight times the ceiling used for the calculation of Social Security contributions. The Executive Committee has eight members, including the two corporate officers.*

Supplementary pension entitlements are calculated to set total pensions, including these supplementary entitlements and all other amounts received after retirement, at the equivalent of 50% of the average of the two highest amounts of annual compensation received by the beneficiaries in their last three years with the Group. To benefit from the supplementary pension, employees must have been with the Group for at least ten years and have reached the legal retirement age. In the event of the beneficiary's death, the surviving spouse will receive 60% of the supplementary pension.

In the case of Mr. Gilles Schnepp and Mr. Olivier Bazil, their potential entitlements at their retirement would represent approximately 1% of the remuneration (fixed salary and bonuses) per year of presence within the Group.

(2) *Mr. Gilles Schnepp is subject, in connection with his status as a corporate officer and at the sole initiative of the Group, to a duty not to compete for a period of two years. In consideration of this, should the Group decide to impose the obligation, Mr. Gilles Schnepp would receive a monthly indemnity equal to 50% of his average monthly compensation, including salary and bonuses, in his last 12 months with the Group. Mr. Olivier Bazil is subject to the restrictions of the standard non-competition clause provided for in the collective labor agreement for French metal industries ("Convention Collective de la Métallurgie"). The decision to implement this clause is at the sole initiative of the Group. Should the Group so decide, this would entail the payment to Mr. Olivier Bazil of an indemnity equal to 50% of his reference compensation (fixed salary and bonuses) over a period of at most two years.*

(3) *The collective labor agreement for French metal industries ("Convention Collective de la Métallurgie") and company-level agreements applying within the Group also provide for the payment to all Group employees of an indemnity on retirement proportional to the length of their employment with the Group. Theses provisions would apply to Mr. Olivier Bazil if applicable conditions were satisfied on his retirement. As an example, an executive level employee (cadre) with 34 to 39 years of seniority when retiring would receive a retirement indemnity equal to five month's salary.*

C) END OF CONTRACT INDEMNITIES

Except amounts due as retirement indemnities or because of the non-compete covenant as mentioned above, the executive officers do not benefit from any other commitment linked to salary, indemnities or benefits due or likely to be due because of termination of their employment contract (*contrat de travail*), modifications to them or subsequent to them.

D) SHARE-BASED PAYMENT

Under the 2010 share grant and stock option plans, corporate officers were granted 62,163 shares and 217,646 options.

Under the 2009 share grant and stock option plans, corporate officers were granted 23,491 shares and 93,964 options.

Under the 2008 share grant and stock option plans, corporate officers were granted 47,077 shares and 141,231 options.

NOTE 24 - INFORMATION BY GEOGRAPHICAL SEGMENT (NOTE 1 (R))

Legrand is the global specialist in electrical end digital building infrastructures. The following information by geographical segment corresponds to the Group's consolidated reporting system.

12 months ended December 31, 2010 *(in € millions)*	Geographical segments					Items not allocated to segments	Total
	Europe			USA/ Canada	Rest of the world		
	France	Italy	Others				
Total revenue	2,270.4	825.7	983.4	627.6	1,107.9		5,815.0
Less intra-group transfers	(1,227.3)	(203.1)	(246.2)	(55.9)	(192.0)		(1,924.5)
Revenue	**1,043.1**	**622.6**	**737.2**	**571.7**	**915.9**		**3,890.5**
Cost of sales	(345.4)	(245.8)	(441.7)	(281.3)	(483.5)		(1,797.7)
Administrative and selling expenses, R&D costs	(401.0)	(177.2)	(188.9)	(210.7)	(240.0)		(1,217.8)
Other operating income (expense)	(40.9)	(7.0)	(21.6)	(10.6)	(37.3)		(117.4)
Operating profit	**255.8**	**192.6**	**85.0**	**69.1**	**155.1**		**757.6**
■ of which Legrand post-acquisition expenses	(11.5)	(4.8)	(1.7)	(7.7)	(0.8)		(26.5)
Adjusted operating profit	**267.3**	**197.4**	**86.7**	**76.8**	**155.9**		**784.1**
■ of which depreciation expense	(42.6)	(26.8)	(18.4)	(11.1)	(20.3)		(119.2)
■ of which amortization expense	(2.5)	(5.8)	(2.3)	(3.4)	(6.7)		(20.7)
■ of which amortization of development costs	(18.2)	(4.3)	(0.2)	(2.2)	(0.2)		(25.1)
■ of which restructuring costs	(6.6)	(1.3)	(15.7)	0.1	(8.0)		(31.5)
Exchange gains (losses)						(39.8)	(39.8)
Finance costs and other financial income and expense						(71.2)	(71,2)
Income tax expense						(227.1)	(227.1)
Minority interest and share of (loss)/profit of associates						1.2	1.2
Net cash provided by operating activities						749.4	749.4
Net proceeds from sales of fixed and financial assets						8.9	8.9
Capital expenditure	(20.8)	(22.8)	(9.8)	(6.3)	(22.8)		(82.5)
Capitalized development costs	(20.0)	(7.0)	(0.1)	(2.2)	(1.0)		(30.3)
Free cash flow*						**645.5**	**645.5**
Total assets						6,064.7	6,064.7
Segment liabilities	352.1	181.3	120.4	116.0	219.2		989.0

* *Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from sales of fixed and financial assets minus capital expenditure and capitalized development costs.*

12 months ended December 31, 2009 *(in € millions)*	Geographical segments – Europe – France	Europe – Italy	Europe – Others	USA/ Canada	Rest of the world	Items not allocated to segments	Total
Total revenue	2,179.6	778.9	873.8	575.0	869.2		5,276.5
Less intra-group transfers	(1,160.9)	(163.8)	(201.3)	(55.4)	(117.6)		(1,699.0)
Revenue	**1,018.7**	**615.1**	**672.5**	**519.6**	**751.6**		**3,577.5**
Cost of sales	(363.4)	(267.8)	(405.3)	(259.1)	(405.0)		(1,700.6)
Administrative and selling expenses, R&D costs	(418.5)	(180.0)	(183.4)	(198.1)	(197.1)		(1,177.1)
Other operating income (expense)	(62.3)	(11.3)	(35.8)	(13.9)	(52.4)		(175.7)
Operating profit	**174.5**	**156.0**	**48.0**	**48.5**	**97.1**		**524.1**
■ of which Legrand post-acquisition expenses	(17.7)	(8.0)	(2.6)	(8.5)	(1.3)		(38.1)
■ of which goodwill impairment					(16.6)		(16.6)
Adjusted operating profit	**192.2**	**164.0**	**50.6**	**57.0**	**115.0**		**578.8**
■ of which depreciation expense	(46.7)	(28.4)	(17.6)	(12.0)	(20.8)		(125.5)
■ of which amortization expense	(2.7)	(6.7)	(2.4)	(3.5)	(4.9)		(20.2)
■ of which amortization of development costs	(15.3)	(3.3)	0.0	(1.9)	0.0		(20.5)
■ of which restructuring costs	(18.0)	1.1	(23.0)	0.5	(11.3)		(50.7)
Exchange gains (losses)						(13.4)	(13.4)
Finance costs and other financial income and expense						(88.1)	(88.1)
Income tax expense						(131.3)	(131.3)
Minority interest and share of (loss)/profit of associates						1.5	1.5
Net cash provided by operating activities						726.3	726.3
Net proceeds from sales of fixed and financial assets						43.8	43.8
Capital expenditure	(26.4)	(24.3)	(12.1)	(5.7)	(15.8)		(84.3)
Capitalized development costs	(22.1)	(6.1)	(0.2)	(2.3)	(0.6)		(31.3)
Free cash flow*						**654.5**	**654.5**
Total assets						5,614.4	5,614.4
Segment liabilities	339.4	173.4	102.1	97.2	161.2		873.3

* *Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from sales of fixed and financial assets minus capital expenditure and capitalized development costs.*

12 months ended December 31, 2008 *(in € millions)*	**Geographical segments**					**Items not allocated to segments**	**Total**
	Europe			**USA/ Canada**	**Rest of the world**		
	France	**Italy**	**Others**				
Total revenue	2,600.3	1,001.6	1,130.8	640.8	934.6		6,308.1
Less intra-group transfers	(1,454.0)	(235.8)	(236.1)	(59.3)	(120.5)		(2,105.7)
Revenue	**1,146.3**	**765.8**	**894.7**	**581.5**	**814.1**		**4,202.4**
Cost of sales	(410.1)	(328.9)	(556.7)	(296.8)	(477.5)		(2,070.0)
Administrative and selling expenses, R&D costs	(467.9)	(219.7)	(235.9)	(209.7)	(219.7)		(1,352.9)
Other operating income (expense)	(55.1)	(6.9)	(32.2)	(28.0)	(14.5)		(136.7)
Operating profit	**213.2**	**210.3**	**69.9**	**47.0**	**102.4**		**642.8**
■ of which Legrand post-acquisition expenses	(27.0)	(12.6)	(3.9)	(9.7)	(1.9)		(55.1)
Adjusted operating profit	**240.2**	**222.9**	**73.8**	**56.7**	**104.3**		**697.9**
■ of which depreciation expense	(54.0)	(29.7)	(17.4)	(16.4)	(17.5)		(135.0)
■ of which amortization expense	(2.8)	(7.4)	(1.9)	(2.5)	(3.2)		(17.8)
■ of which amortization of development costs	(6.0)	(2.8)	0.0	(0.4)	0.0		(9.2)
■ of which restructuring costs	(7.1)	(2.4)	(17.1)	(17.0)	(4.0)		(47.6)
Exchange gains (losses)						(25.3)	(25.3)
Finance costs and other financial income and expense						(122.6)	(122.6)
Income tax expense						(143.4)	(143.4)
Minority interest and share of (loss)/profit of associates						1.6	1.6
Net cash provided by operating activities						577.5	577.5
Net proceeds from sales of fixed and financial assets						12.5	12.5
Capital expenditure	(35.6)	(39.9)	(17.6)	(11.2)	(26.7)		(131.0)
Capitalized development costs	(20.1)	(6.1)	0.0	(3.2)	0.0		(29.4)
Free cash flow*						**429.6**	**429.6**
Total assets						6,383.7	6,383.7
Segment liabilities	365.7	205.3	110.2	110.8	126.8		918.8

* *Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds from sales of fixed and financial assets minus capital expenditure and capitalized development costs.*

NOTE 25 - QUARTERLY DATA – NON-AUDITED

A) QUARTERLY REVENUE BY GEOGRAPHICAL SEGMENT (BILLING REGION) – UNAUDITED

(in € millions)	1st quarter 2010	1st quarter 2009	1st quarter 2008
France	253.7	260.0	293.3
Italy	168.7	173.4	226.5
Rest of Europe	166.1	170.4	218.3
USA/Canada	128.4	132.5	136.0
Rest of the world	194.8	165.1	174.9
TOTAL	**911.7**	**901.4**	**1,049.0**

(in € millions)	2nd quarter 2010	2nd quarter 2009	2nd quarter 2008
France	282.7	265.1	313.9
Italy	163.4	159.1	212.6
Rest of Europe	174.0	162.0	232.8
USA/Canada	153.5	129.6	142.5
Rest of the world	224.8	194.9	215.2
TOTAL	**998.4**	**910.7**	**1,117.0**

(in € millions)	3rd quarter 2010	3rd quarter 2009	3rd quarter 2008
France	242.5	232.8	264.9
Italy	146.3	139.2	158.9
Rest of Europe	177.8	163.2	231.3
USA/Canada	157.7	138.2	155.1
Rest of the world	239.2	188.4	209.1
TOTAL	**963.5**	**861.8**	**1,019.3**

(in € millions)	4th quarter 2010	4th quarter 2009	4th quarter 2008
France	264.2	260.8	274.2
Italy	144.2	143.4	167.8
Rest of Europe	219.3	176.9	212.3
USA/Canada	132.1	119.3	147.9
Rest of the world	257.1	203.2	214.9
TOTAL	**1,016.9**	**903.6**	**1,017.1**

B) QUARTERLY INCOME STATEMENTS – UNAUDITED

(in € millions)	1st quarter 2010	1st quarter 2009	1st quarter 2008
Revenue	**911.7**	**901.4**	**1,049.0**
Operating expenses			
Cost of sales	(411.0)	(433.9)	(507.6)
Administrative and selling expenses	(248.2)	(262.0)	(288.0)
Research and development costs	(46.3)	(48.2)	(54.8)
Other operating income (expense)	(25.7)	(31.8)	(23.6)
Operating profit	**180.5**	**125.5**	**175.0**
Finance costs	(18.0)	(34.3)	(37.5)
Financial income	2.5	4.1	8.3
Exchange gains (losses)	(25.4)	(11.4)	25.5
Finance costs and other financial income and expense, net	(40.9)	(41.6)	(3.7)
Share of profit of associates	0.0	0.0	0.6
Profit before tax	**139.6**	**83.9**	**171.9**
Income tax expense	(48.7)	(27.2)	(57.8)
Profit for the period	**90.9**	**56.7**	**114.1**
Attributable to:			
■ **Equity holders of Legrand**	**90.3**	**56.5**	**113.8**
■ **Minority interests**	**0.6**	**0.2**	**0.3**

(in € millions)	2nd quarter 2010	2nd quarter 2009	2nd quarter 2008
Revenue	**998.4**	**910.7**	**1,117.0**
Operating expenses			
Cost of sales	(446.3)	(438.6)	(540.6)
Administrative and selling expenses	(263.0)	(243.0)	(298.5)
Research and development costs	(47.6)	(44.7)	(54.4)
Other operating income (expense)	(35.2)	(67.9)	(34.9)
Operating profit	**206.3**	**116.5**	**188.6**
Finance costs	(20.9)	(24.9)	(31.2)
Financial income	3.5	2.9	3.3
Exchange gains (losses)	(27.1)	(1.5)	7.0
Finance costs and other financial income and expense, net	(44.5)	(23.5)	(20.9)
Share of profit of associates	0.0	0.0	(0.6)
Profit before tax	**161.8**	**93.0**	**167.1**
Income tax expense	(59.7)	(41.2)	(47.2)
Profit for the period	**102.1**	**51.8**	**119.9**
Attributable to:			
■ **Equity holders of Legrand**	**102.3**	**51.4**	**119.3**
■ **Minority interests**	**(0.2)**	**0.4**	**0.6**

(in € millions)	3rd quarter 2010	3rd quarter 2009	3rd quarter 2008
Revenue	**963.5**	**861.8**	**1,019.3**
Operating expenses			
Cost of sales	(446.8)	(408.0)	(499.9)
Administrative and selling expenses	(250.3)	(228.7)	(274.9)
Research and development costs	(44.8)	(42.2)	(49.8)
Other operating income (expense)	(25.0)	(35.0)	(28.7)
Operating profit	**196.6**	**147.9**	**166.0**
Finance costs	(21.4)	(22.7)	(36.6)
Financial income	2.7	2.2	5.0
Exchange gains (losses)	19.3	4.3	(50.7)
Finance costs and other financial income and expense, net	0.6	(16.2)	(82.3)
Profit before tax	**197.2**	**131.7**	**83.7**
Income tax expense	(70.1)	(39.9)	(23.8)
Profit for the period	**127.1**	**91.8**	**59.9**
Attributable to:			
■ **Legrand**	**126.6**	**91.3**	**59.4**
■ **Minority interests**	**0.5**	**0.5**	**0.5**

(in € millions)	4th quarter 2010	4th quarter 2009	4th quarter 2008
Revenue	**1,016.9**	**903.6**	**1,017.1**
Operating expenses			
Cost of sales	(493.6)	(420.1)	(521.9)
Administrative and selling expenses	(270.7)	(253.9)	(283.2)
Research and development costs	(46.9)	(54.4)	(49.3)
Other operating income (expense)	(31.5)	(41.0)	(49.5)
Operating profit	**174.2**	**134.2**	**113.2**
Finance costs	(22.6)	(18.1)	(46.4)
Financial income	3.0	2.7	12.5
Exchange gains (losses)	(6.6)	(4.8)	(7.1)
Finance costs and other financial income and expense, net	(26.2)	(20.2)	(41.0)
Profit before tax	**148.0**	**114.0**	**72.2**
Income tax expense	(48.6)	(23.0)	(14.6)
Profit for the period	**99.4**	**91.0**	**57.6**
Attributable to:			
■ **Legrand**	**99.1**	**90.6**	**57.4**
■ **Minority interests**	**0.3**	**0.4**	**0.2**

NOTE 26 - SUBSEQUENT EVENTS

In January 2011, the Group announces the acquisition of Electrorack, specialized in Voice-Data-Image (VDI) cabinets for data centers in the United States. Based in Anaheim, California, Electrorack employs more than 90 people.

11.2 - STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS FOR THE YEAR ENDED DECEMBER 31, 2010

Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2010

This is a free translation into English of the Statutory Auditors' report issued in French and 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 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 captions or on information taken outside of the consolidated financial statements.

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

Legrand SA
Société anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 Limoges

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you for the year ended December 31, 2010 on:

- the audit of the accompanying consolidated financial statements of Legrand;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. 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 includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, 2010 and of the results of its operations for the year then ended in accordance with IFRSs as adopted by the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

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

Goodwill and intangible assets represent respectively € 2,132.2 million and € 1,768.0 million of the total consolidated assets of your Company and have been recorded as a result of the acquisition of Legrand France in 2002 and of other subsidiaries since 2005. As mentioned in notes 1.f and 1.g of the consolidated financial statements, your Company performs, each year, an impairment test of the value of goodwill and intangible assets with indefinite useful lives; and assesses whether changes or circumstances relating to long term assets, which could lead to an impairment loss, have occurred during the year. We have reviewed the methods by which the impairment tests are performed as well as the projected cash flow and assumptions used for these impairment tests and verified that information disclosed in notes 2 and 3 of the consolidated financial statements is appropriate.

These assessments were made as part of our audit approach 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 also verified the information presented in the Group management report in accordance with professional standards applicable in France.

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

Neuilly-sur-Seine, February 9, 2011

The Statutory Auditors

PricewaterhouseCoopers Audit

Gérard Morin
63, rue Villiers
92208 Neuilly-sur-Seine Cedex

Deloitte & Associés

Dominique Descours
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

11.3 - FEES PAID TO STATUTORY AUDITORS

	PricewaterhouseCoopers Audit				Deloitte & Associés			
	In euros		%		*In euros*		%	
	2010	2009	2010	2009	2010	2009	2010	2009
Audit								
Independent audit, certification, review of parent company and consolidated financial statements	*1,251,351*	*1,470,579*	*61%*	*68%*	*1,622,275*	*1,557,715*	*78%*	*94%*
of which:								
■ Issuer	225,165	226,165	11%	10%	225,165	226,165	11%	14%
■ Fully consolidated subsidiaries	1,026,186	1,244,414	50%	57%	1,397,110	1,331,500	67%	80%
Services directly related to the assignment	*171,985*	*191,957*	*8%*	*9%*	*383,006*	*63,191*	*18%*	*4%*
of which:								
■ Issuer	170,150	154,024	8%	7%	34,835	1,835	2%	0%
■ Fully consolidated subsidiaries	1,835	37,933	0%	2%	348,171	61,356	17%	4%
SUB-TOTAL, AUDIT	**1,423,336**	**1,662,536**	**70%**	**76%**	**2,005,281**	**1,620,906**	**97%**	**98%**
Other services provided by networks to fully consolidated subsidiaries								
Legal, tax, personnel-related	604,801	489,569	30%	23%	67,387	30,377	3%	2%
Other	8,334	22,520	0%	1%	0	0	0%	0%
SUB-TOTAL, OTHERS	**613,135**	**512,089**	**30%**	**24%**	**67,387**	**30,377**	**3%**	**2%**
TOTAL	**2,036,471**	**2,174,625**	**100%**	**100%**	**2,072,668**	**1,651,283**	**100%**	**100%**

11.4 - DIVIDEND POLICY

The Company may declare dividends upon the recommendation of its Board of Directors and the approval of its shareholders at their Annual General Meeting. However, the Group is under no obligation to do so, and the decision of whether to recommend payment of a dividend and the amount of the dividend will depend, among other factors, on:

- the Company's results and cash flows;
- the Company's financial position;
- the Company's future prospects;
- the Company's shareholders' interests;
- general business conditions;
- any other factors that the Company's Board of Directors deems relevant.

Notwithstanding the factors listed above, there is no formula for determining the amount of dividend to be paid. In addition, the French Commercial Code (*Code de commerce*) and the Company articles (*statuts*) limit the Company's right to pay dividends in certain circumstances.

Dividends distributed for the 2007, 2008 and 2009 financial years were as follows:

Financial year	Shares with dividend entitlement	Net dividend per share
2007	256,059,171 shares, €4	€0.70
2008	261,157,772 shares, €4	€0.70
2009	262,451,948 shares, €4	€0.70

All dividends distributed in 2007, 2008 and 2009 were eligible for the 40% tax credit (abatement) provided for in Article 158-3-2 of the French Tax Code.

Subject to the approval of the Shareholders' General Meeting to be held on May 26, 2011, Legrand should pay on June 3, 2011 a dividend of €0.88 per share for 2010.

Dividends paid to holders of shares whose domicile for tax purposes or registered office is located outside of France will generally be subject to French withholding tax at a rate of 25%.

Corporate shareholders whose effective headquarters are located within the European Union may benefit from the waiver of withholding tax on dividends paid by a *société anonyme* if the conditions set forth in Article 119 *ter* of the French Tax Code are met. In addition, holders who qualify for benefits under an applicable tax treaty and who comply with the procedures for claiming treaty benefits may be entitled to a reduced rate of withholding tax and, in certain circumstances, certain other benefits, under conditions provided for in the relevant treaty under French law.

11.5 - LEGAL AND ARBITRATION PROCEEDINGS

With respect to environmental matters, and mainly because of past operations and the operations of predecessor companies, the Group is a party to various lawsuits and claims that are common to companies in the manufacturing sector, including claims relating to groundwater and soil contamination due to the disposal and release of hazardous substances and waste. New information or future developments, such as changes in law (or interpretation), environmental conditions or its operations, could nonetheless result in increased environmental costs and liabilities that could have a material effect on the Group's financial position or results.

Legrand is also involved in other litigation from time to time in the ordinary course of its business. The Group does not expect the outcome of such proceedings, either individually or in aggregate, to have a material adverse effect on its operations, financial position or cash flows.

The Company has no knowledge during the past 12 months of other governmental, legal or arbitration proceedings (including pending or threatened litigation and those proceedings of which the Group has knowledge) that might have or recently had a material impact on the financial position or profitability of the Company and/or the Group.

11.6 - SIGNIFICANT CHANGES IN FINANCIAL AND COMMERCIAL POSITION

On March 10, 2011, Legrand successfully completed a new euro-denominated bond issue for €400 million due in seven years. Bonds mature on March 21, 2018 and the annual coupon is 4.375%. The terms and conditions of this issue include a clause for change of control.

At the date of publication of this registration document, there is no significant change in the financial or commercial situation of the Group.

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ADDITIONAL INFORMATION

12.1 - SHARE CAPITAL

Unless otherwise indicated, the information presented in this chapter is dated December 31, 2010.

12.1.1 - Subscribed share capital and authorized but unissued share capital

On December 31, 2010, the Company had share capital of €1,052,645,384 divided into 263,161,346 shares with a nominal value of €4 each, following the exercise of stock options.

Company shares are fully paid-up and all of the same class. The shares may be held in registered or bearer form, at the option of the shareholder. They may be registered on individual shareholder accounts in accordance with applicable law and regulations.

On May 27, 2010, shareholders at the General Meeting authorized the Company's Board of Directors to carry out the capital increases summarized in the table below up to a global nominal limit of €500 million* (the "Global Limit"):

Authorization	Duration of authorization and expiration date	Maximum nominal amount *(in € millions)*
Issues of shares or securities providing access to equity or debt securities, with preferential subscription rights (resolution 10)	26 months July 27, 2012	500 (to be deducted from the Global Limit)
Issues of shares or securities providing access to equity or debt securities, without preferential subscription rights (resolution 11)	26 months July 27, 2012	350 (to be deducted from the Global Limit)
Issues, by an offer within the scope of L. 411-2 II of France's Monetary and Financial Code (private placement), of shares or securities providing access to the Company's equity or debt securities, without preferred subscription rights (resolution 12)	26 months July 27, 2012	350 (to be deducted from the 350 limit allowed under resolution 11)
Increase of issue amounts in the event of excess demand within 30 days of the subscription closing date (resolution 13)	26 months July 27, 2012	Up to 15% of the initial offering (to be deducted from the limits for each type of issue under resolutions 10, 11 and 12)
Setting of the issue price for any issue of shares or securities providing access to the Company's equity, without preferred subscription rights (resolution 14)	26 months July 27, 2012	10% of the Company's share capital in any 12-month period (to be deducted from the limits for each type of issue under resolutions 11 and 12)
Capital increase by incorporation of retained earnings, profit, premiums, or other amounts (resolution 15)	26 months July 27, 2012	100
Issues of shares or securities providing access to equity reserved to members of a Group or Company share ownership/savings plan (resolution 16)	26 months July 27, 2012	25 (to be deducted from the Global Limit)
Issue of shares or securities giving access to equity as consideration for contributions in kind (resolution 17)	26 months July 27, 2012	10% of share capital at the issue date (to be deducted from the 350 limit under resolution 11)
Authorization granted to the Board for the purpose of making one or several allotments of options for the purchase of or subscription to shares (resolution 19)	26 months July 27, 2012	3% of share capital at the date of the allotment decision
Authorization granted to the Board of Directors for the purpose of making free share allotments (resolution 20)	26 months July 27, 2012	1% of share capital at the date of the allotment decision

At the General Meeting on May 26, 2011, shareholders will be asked to renew: (i) authorizations to the Board of Directors to allot stock options and free shares and (ii) delegation of powers to the Board of Directors to issue shares or securities giving access to the Company's share capital to members of employee share-ownership programs in the Company or Group (see proposed resolutions in Appendix 4).

* *This limit being increased by the number of shares necessary for transactions likely to be carried out to maintain the rights of holders of securities carrying the right to Company shares.*

12.1.2 - Acquisition by the Company of its own shares

12.1.2.1 CURRENT OWN SHARE PURCHASE PROGRAM

Use of the authorization granted at the General Meeting of Shareholders on May 27, 2010

On May 28, 2010, the Company established a share buyback program pursuant to the authorization described below, granted to the Board of Directors at the General Meeting of Shareholders on May 27, 2010:

Transaction	Duration of authorization and expiration date	Maximum amount *(in € millions)*	Maximum number of shares
Share buyback program	18 months November 27, 2011	500	10% of the Company's share capital at May 27, 2010
Cancellation of shares so purchased and capital reduction	26 months July 27, 2012		10% of the Company's share capital at May 27, 2010, per 24 month period

The Company has purchased a certain number of its shares pursuant to the buyback program and as a result held 800,135 treasury shares at December 31, 2010, representing a total book value of €19.3 million and total nominal value of €3.2 million, this being 0.3% of share capital at that date.

Description of the current share buyback program

A full description of the current share buyback program is available on the Company's web site (www.legrandgroup.com).

12.1.2.2 NEW OWN SHARE PURCHASE PROGRAM TO BE SUBMITTED FOR SHAREHOLDER APPROVAL AT THE SHAREHOLDERS' GENERAL MEETING

The proposed resolutions adopted by the Company's Board of Directors on March 3, 2011 for submission to shareholders at their General Meeting on May 26, 2011 provide for the renewal of (i) the authorization to purchase own shares referred to in section 12.1.2.1 above with upper limits of 10% of share capital, €500 million on total buybacks and €40 on the purchase price per share, and (ii) the authorization to cancel shares as described in 12.1.2.1 above, subject to the upper limit of 10% of share capital in any period of 24 months.

Proposed resolutions are reproduced in Appendix 4.

12.1.3 - Other securities providing access to equity

At the date of registration of this registration document, there are no securities other than shares providing access to the Company's equity.

12.1.4 - Changes in share capital

At January 1, 2010, the share capital of the Company amounted to €1,052,386,716 represented by 263,096,679 shares with a par value of €4 each.

During 2010, as a result of the exercise of stock options, 64,667 shares were issued with a total nominal amount of €258,668.

At December 31, 2010, the share capital of the Company therefore amounted to €1,052,645,384 represented by 263,161,346 shares with a par value of €4 each, all fully paid and of the same class.

In March 2011, 120,635 shares were issued on expiry of the vesting period of the free share plan for French residents, instituted by the Board Meeting of March 4, 2009. The resulting capital increase from the issue of these 120,635 shares was recognized by the Board of Directors on March 30, 2011.

In addition, 1,575 shares were issued during 2011, following the exercise of stock options for a total nominal amount of €6,300.

On March 31, 2011, the total number of shares outstanding was therefore 263,283,556.

Changes in share capital since the Company's incorporation are summarized in the table below:

Transaction	Date of Board or General Meeting	Number of shares issued/ cancelled	Nominal amount *(in €)*	Premiums *(in €)*	Share capital *(in €)*	Number of shares	Nominal amount *(in €)*
Incorporation	12/22/1998	40,000	40,000	–	40,000	40,000	1
Capital increase	12/08/2002	759,310,900	759,310,900	–	759,350,900	759,350,900	1
Reverse split, increase in nominal value and decrease in number of shares	02/24/2006	569,513,175	–	–	759,350,900	189,837,725	4
Capital increase by way of public offering	04/11/2006	43,689,298	174,757,192	688,106,444	934,108,092	233,527,023	4
Capital increase reserved to GP Financière New Sub 1	04/11/2006	33,862,914	135,451,656	533,340,895	1,069,559,748	267,389,937	4
Capital increase reserved to employees	05/02/2006	2,303,439	9,213,756	36,279,164*	1,078,773,504	269,693,376	4
Recognition of capital increase following exercise of stock options	11/07/2007	1,282,363	5,129,452	–	1,083,902,956	270,975,739	4
Cancellation of shares	03/05/2008	9,138,395	36,553,580	(188,280,771)	1,047,349,376	261,837,344	4
Capital increase following exercise of stock options	11/05/2008	977,784	3,911,136	–	1,051,260,512	262,815,128	4
Capital increase following exercise of stock options	05/05/2009	281,551	1,126,204	185,334	1,052,386,716	263,096,679	4
Capital increase following exercise of stock options	05/05/2010	57,916	231,664	92,665	1,052,618,380	263,154,595	4
Capital increase following exercise of stock options	02/09/2011	6,751	27,004	107,568	1,052,645,384	263,161,346	4
Recognition of capital increase on vesting of free shares	03/30/2011	120,635	482,540	–	1,053,127,924	263,281,981	4

* *The amount of the discount, i.e., €9.1 million, was accounted for as Other operational expenses in the financial statements presented in accordance with IFRS.*

12.1.5 - Pledges, guarantees and security interests

As at the date of registration of this registration document and to the best knowledge of the Company, no share of the Company has been pledged or made subject to a guarantee or a security interest.

12.1.6 - Number of voting rights

Attention is drawn to the fact that the provision for double voting rights described in section 12.2.3 of this registration document has applied since February 24, 2008.

At December 31, 2010, 369,393,488 voting rights were attached to the 263,161,346 shares making up the Company's share capital.

12.2 - MEMORANDUM AND ARTICLES OF ASSOCIATION

12.2.1 - Corporate purpose

The Company's corporate purpose, as defined in Article 2, is, directly or indirectly, in all countries, as follows:

- the purchase, subscription, disposal, holding or contribution of shares or other securities in any companies;
- providing any services in connection with, inter alia, Human Resources, IT, management, communications, finance, legal affairs, marketing and purchases to its subsidiaries and companies in which it has direct or indirect interests;
- and, in general, all financial, commercial, industrial, civil, real estate or movable asset transactions directly or indirectly connected with the above objects or with any similar or connected objects, or which are likely to support directly or indirectly the purposes of the Company, its growth, its development or its corporate assets.

12.2.2 - Administration and Management

12.2.2.1 BOARD OF DIRECTORS

Composition

The Company is managed by a Board of Directors made up of a minimum of three members and of a maximum of eighteen members, subject to the exception provided by law in the event of a merger.

Subject to legal exceptions, each Director must hold (in registered form) at least five hundred (500) ordinary shares of the Company while a Director of the Company.

Members of the Board are appointed to serve terms of four (4) years, which expire at the end of the Ordinary General Meeting of Shareholders called to consider the financial statements for the financial year preceding the year in which their term of office expires. They may be reappointed for consecutive terms without limit.

When the legal conditions are satisfied, the Board of Directors may appoint provisional members of the Board for the remaining term of office of their predecessor. As provided by law, provisional appointments are subject to ratification at the first General Meeting of Shareholders thereafter.

No individual exceeding the age of 70 may be appointed to the Board of Directors if his/her appointment results in more than one-third of the number of members of the Board of Directors having exceeded such age. If, during their term of office, the number of members of the Board of Directors having exceeded the age of 70 exceeds one-third of their total number, the oldest member will be deemed to have resigned at the end of the Ordinary General Meeting of Shareholders called to consider accounts for the previous financial year, and which is held during the year in which the age limit is reached.

Chairman of the Board of Directors

The Board of Directors appoints from among its members a Chairman who will be an individual aged, at the time of his/her appointment, less than 65 years. When the Chairman reaches such age limit, he/she is automatically deemed to have resigned at the end of the Ordinary General Meeting called to consider the financial statements of the past financial year, and which is held during the year in which the age limit is reached.

The Chairman may be reelected.

The Chairman of the Board of Directors organizes and leads the work of the Board, on which he/she reports to the General Meeting of Shareholders. He/she monitors the proper operation of the bodies of the Company and ensures, in particular, that the members of the board are in a position to exercise their duties.

The compensation of the Chairman is determined by the Board of Directors.

The Board may appoint from among its members a Vice-Chairman who will replace the Chairman in case of unavailability of the latter. The Vice-Chairman is subject to the same age limits as the Chairman.

Convening meetings of the Board of Directors

The Board of Directors may convene as often as required in the best interest of the Company.

Members of the Board of Directors are called to the meetings by the Chairman of the Board of Directors, or in case of unavailability, by the Vice-Chairman.

The Chief Executive Officer (*Directeur général*) may also call on the Chairman to convene the Board of Directors on a specific agenda.

When the Board of Directors has not met for over two months, at least one-third of the members of the Board of Directors may call on the Chairman to convene the Board of Directors on a specific agenda.

The Chairman is bound by the requests made under the two paragraphs above.

Subject to the provisions of the three paragraphs above, the agenda is determined by the Chairman and may also be determined, as needed, at the time of the meeting.

Notices are given by any means, including orally, with meetings convened at the registered office or in any other location indicated on the notice, in France or abroad.

Meetings of the Board of Directors

Deliberations take place subject to the conditions of quorum and majority provided for by law. In the event of a tie, the Chairman has a casting vote.

Subject to any contrary provision of the law, the Board of Directors may provide in its internal regulations that, for the purposes of the calculation of the quorum and majority, members be deemed present if they participate by videoconference or by other means of telecommunication, provided that the means used ensure such members' identification and effective participation in the Board meeting, in accordance with the applicable regulatory provisions.

The Board of Directors may appoint a secretary of the meeting, who need not be a shareholder or a member of the Board of Directors.

Powers of the Board of Directors

The Board of Directors determines the broad lines of the Group's business activities and ensures their implementation. Save for powers expressly reserved to the General Meeting of Shareholders and within the limits resulting from the Company's corporate purpose, the Board considers all matters concerning the proper operation of the Company's businesses and settles the matters with which it is concerned by deliberative process.

The Board of Directors decides on the management structure of the Company, as indicated in paragraph 12.2.2.2.

The Board of Directors is competent to authorize the Chairman to grant particular security interests in connection with the issuance of bonds.

The Board of Directors may decide to set up internal committees charged with considering the matters submitted to them by the Board of Directors or its Chairman. The Board of Directors determines the membership and scope of the committees, which exercise their duties under the Board's responsibility, without prejudice to the authority of the Board of Directors, which may in no case be delegated to such committees.

12.2.2.2 GENERAL MANAGEMENT OF THE COMPANY

Choice relating to general management of the Company

The Board of Directors decides, in accordance with the relevant provisions of Company articles, whether the general management (*Direction générale*) is to be conducted by the Chairman of the Board of Directors or by another person bearing the title of *Directeur général* (Chief Executive Officer).

Shareholders and third parties are to be informed of this decision in accordance with applicable laws and regulations. Responsibility for the exercise of the powers of general management (*Direction générale*) can be changed at any time. The Board of Directors must consider this whenever the term of office of the Chairman or Chief Executive Officer expires.

The provisions concerning the Chief Executive Officer (*Directeur général*) set forth below also apply when general management is exercised by the Chairman of the Board of Directors.

Chief Executive Officer *(Directeur général)*

The Chief Executive Officer (*Directeur général*) may not be more than 65 years of age when appointed. The Chief Executive Officer is deemed to have resigned at the close of the General Meeting of Shareholders held in the calendar year in which he/she reaches this age and called to consider accounts for the previous financial year.

The Chief Executive Officer is always eligible for reelection.

The Chief Executive Officer can be chosen from among the Directors or from outside their number. If the Chief Executive Officer is not a Director, he/she attends meetings of the Board of Directors in an advisory capacity, except if the Board decides otherwise by a simple majority.

If the Chief Executive Officer is temporarily prevented from exercising his/her duties, the Board of Directors may delegate the powers of Chief Executive Officer to a Director.

The Chief Executive Officer has the widest powers to act on behalf of the Company in all circumstances and regarding all matters, subject to such limitations as the Board of Directors may include in its internal regulations, which are without legal effect in relationships with third parties. These powers are to be exercised within the limits resulting from the Company's corporate purpose and the powers expressly reserved by law to General Meetings of Shareholders and to the Board of Directors.

The Board of Directors determines the Chief Executive Officer's term of office and compensation. If the Chief Executive Officer is a Director, this term of office may not extend beyond his/her term of office as a Director.

Chief Operating Officers *(Directeurs généraux délégués)*

At the proposal of the Chief Executive Officer, the Board of Directors may appoint up to five (5) Chief Operating Officers (*Directeurs généraux délégués*), who must be individuals and can be chosen from among the Directors or from outside their number.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the Chief Operating Officer's powers. These powers and their duration may not exceed those of the Chief Executive Officer. The Board of Directors determines the compensation of each Chief Operating Officer.

If the Chief Executive Officer's office terminates, Chief Operating Officer remains in office unless the Board determines otherwise and continue to exercise his or her powers until the appointment of the new Chief Executive Officer.

Chief Operating Officers are eligible for reappointment, subject to the same age limit as the Chief Executive Officer.

12.2.2.3 COMMITTEES

The Board of Directors may decide to set up internal committees charged with considering the matters submitted to them by the Board of Directors or its Chairman. The Board of Directors determines the membership and scope of the committees, which exercise their duties under the Board's responsibility, without prejudice to the authority of the Board of Directors, which may in no case be delegated to such committees.

For a detailed description of the committees, readers should refer to section 8.3.1.2 of this registration document.

12.2.3 - Rights, privileges and restrictions attached to the shares

Company shares are freely negotiable and are transferred from account to account in accordance with applicable law and regulations.

Within the limits imposed by law and regulations, members of the General Meeting in principle have as many votes as shares they own or hold proxies for.

However voting rights attached to shares, in proportion to the share of capital stock represented, are doubled in the case of fully-paid shares for which it is shown that they have been held on a registered account in the same owner's name for at least two years since February 24, 2006.

In addition, in the event of a capital increase through incorporation of retained earnings, benefits or issue premiums, the double voting right is attached, on issue, to the registered shares allocated free of charge in this respect to the holders of shares to which this right is already attached.

Any shares converted from registered to bearer form or the ownership of which is transferred cease to carry double voting rights. However, if the transfer of ownerships results from succession, the dissolution of the joint property of spouses, or gift to a spouse or person in line of succession, the double voting rights do not lapse and there is no interruption in the required period of two years.

The merger or division of the Company is without effect on double voting rights, which may be exercised within the successor company or companies provided this is allowable under the articles of this company or these companies.

If any new shares are not fully paid up on issuance, the payment calls, at the dates determined by the Board of Directors, will be made by way of notices inserted, two weeks prior to the payment call, in one of the official gazettes (*journaux d'annonces légales*) of the location of the registered office, or sent by registered mail with acknowledgement of receipt. Each payment on a subscribed share will be recorded by an entry on the account opened under the name of the holder. All late payments will automatically bear interest in favor of the Company, starting from the date payment was due, without formal command or application to a court, at the legal interest rate, notwithstanding any personal proceedings the Company may initiate against the failing shareholder and forced execution measures provided for by the law.

Each share accords the right to an identical share of ownership in the corporate assets, in the distribution of profits and in the liquidation premium (*boni de liquidation*), subject to the creation of preferred shares (actions de preference).

The shares are indivisible with regard to the Company, which recognizes one owner for each share. The co-owners of undivided shares must be represented to the Company by a single representative. In case of dismantling, voting rights attached to shares belong to the usufructuary at Ordinary General Meetings of Shareholders and to the bare owner at Extraordinary Meetings.

The heirs, creditors, legal beneficiaries and other representatives of a shareholder may not place liens on the property or securities of the Company, nor request the division or public sale, nor interfere in the administration of the Company.

For the proper exercise of their rights, they are to refer to the corporate records and to the decisions of the General Meeting of Shareholders.

Whenever more than one share is required to exercise a particular right, in the event of a share exchange, consolidation or allotment, or as a result of an increase or reduction in share capital, or in the event of a merger or other transaction involving the share capital, shareholders who own only one share or who do not own the minimum number required have no rights against the Company; each shareholder may then at their own initiative consolidate their shares for the purpose of exercising said right, or buy or sell the requisite number of shares.

The Company monitors ownership of its shares in accordance with applicable laws. In this respect, the Company may avail itself of all legal provisions, for the identification of the holders of shares conferring immediate or future voting rights at the Company's General Meetings of Shareholders.

12.2.4 - Amendment of rights attached to shares

Since the Company's constitution documents make no specific provisions, any amendment of rights attached to shares are subject only to the general provisions of law.

12.2.5 - General Meetings

PARTICIPATION AT GENERAL MEETINGS

The rules set out below result from the articles in force at the date of registration of this registration document.

Subject to legal and regulatory restrictions, all shareholders may attend General Meetings and participate in deliberations, personally or through a proxy, independently of the number of shares held.

The right to participate personally or through a proxy is established by book entry of the shares in the name of the holder or the intermediary registered on the shareholder's behalf (in accordance with relevant provisions of the law) no later than at zero hour, Paris time, on the third business day preceding the General Meeting:

- in the case of registered shares on the registered accounts kept by the Company;
- in the case of bearer shares on the bearer securities accounts held by the authorized intermediary, in accordance with the terms and conditions of regulations in force.

Any shareholder wishing to vote by mail or by proxy must deliver a mailing vote, proxy form, or similar single document, to the Company's registered office, or at any other address indicated on the notice convening the meeting (*avis de réunion et de convocation*), at least three days prior to the date of the meeting. The Board of Directors may, for any Shareholders' General Meeting, set a later deadline by a decision in favor of all shareholders. Upon decision of the Board of Directors referred to in the notice (*avis de reunion et de convocation*), shareholders may, in accordance with the law, send their voting and proxy forms by any means including electronic communications. In such case, the electronic signature may take the form of a procedure satisfying the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the Civil Code.

CONVENING OF GENERAL MEETINGS OF SHAREHOLDERS

General Meetings of Shareholders are convened in accordance with general legal requirements. Meetings are held at the registered office or any other location, in France or abroad, indicated in the notice of meeting.

CONDUCT OF GENERAL MEETINGS OF SHAREHOLDERS

General Meetings of Shareholders are chaired by the Chairman of the Board of Directors or, in his or her absence, by the Vice-Chairman or by a Director appointed for this purpose by the Board of Directors; failing which, the meeting itself elects a Chairman.

Shareholders may, if the Board of Directors has allowed it in the notice of meeting (*avis de réunion et de convocation*), participate *via* videoconferencing or other means of telecommunications in accordance with applicable laws and regulations. Such shareholders are deemed present for the calculation of quorum and majority of General Meetings of Shareholders.

An attendance sheet is kept for each meeting as required by law.

DECISIONS AND POWERS OF GENERAL MEETINGS

The Ordinary and Extraordinary General Meetings exercise the powers respectively assigned to them by law, and subject to legal requirements of quorum and majority requirements for each type of meeting.

12.2.6 - Provisions of a nature to delay, defer or prevent a change in the control of the Company

There are no stipulations in Company articles of a nature to delay, defer or prevent a change of control.

12.2.7 - Thresholds for ownership disclosures

In addition to the general requirements of law, any individual or legal person, acting alone or in concert, coming into possession, directly or indirectly within the meaning of the law (and in particular, of Article L. 233-3 of the French Commercial Code) acting singly or in concert, in any manner, of a number of shares representing two percent (2%) of the share capital or voting rights, is required to disclose to the Company the total number of shares and voting rights held (the percentage of voting rights being calculated relative to the total number of shares to which voting rights are attached, including those for which voting rights are suspended) in a notice sent by registered mail with acknowledgment of receipt to the registered office within five trading days from the date this threshold is exceeded, this being without regard to the date at which the shares may be registered on a shareholder account. This notice is to state the total number of shares and securities giving future access to equity and the number of related voting rights held, directly or indirectly, singly or in concert. The downward breach of this 2% threshold is to be disclosed in the same manner.

Above this 2% threshold, disclosure must be made in the same manner for any rise or fall representing a multiple of one percent (1%) of the share capital or voting rights.

Should required disclosure not be made, voting rights on the shares in excess of the threshold for disclosure will, at the request of one or more shareholders separately or together owning at least one percent (1%) of the share capital or voting rights, as duly recorded in the minutes of the General Meeting, be suspended and the shareholder or shareholders at fault may not exercise or delegate these at any General Meetings until the expiration of a two-year period following the date notification is supplied for.

A proposal will be made to shareholders at the General Meeting of May 26, 2011, to amend Article 8.2 of the Company's articles to change the deadline for disclosing breaches of thresholds set by the articles to four trading days, bringing it into line with the deadline for disclosure of breaches of legal thresholds (see proposed resolutions in Appendix 4).

12.2.8 - Changes to share capital

The Company's share capital may be increased or reduced in accordance with the general provisions of law. The Extraordinary General Meeting of Shareholders may also decide to carry out stock splits or reverse splits.

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MATERIAL AGREEMENTS

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13 MATERIAL AGREEMENTS

Taking into account its business, the Company has not entered into, at the date of registration of this registration document, any material agreements, other than the agreements entered into in the ordinary course of business, with the exception of the 2006 Credit Facility described in section 7.5.2.1 of this registration document.

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CONCORDANCE TABLES

CONCORDANCE TABLE - ANNUAL FINANCIAL REPORT (ARTICLE 222-3 OF THE GENERAL REGULATIONS OF THE "*AUTORITÉ DES MARCHÉS FINANCIERS*")

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I.3	Management Report containing at least the information referred to in Articles L. 225-100, L. 255-100-3 and the second sub-paragraph of Article L. 225-211 of the French Commercial Code	Appendix 2	238
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APPENDIX

APPENDIX 1

Annual accounts for the financial year ended December 31, 2010 (Company's accounts)

Statement of income

(in € thousands)	2010	2009
Operating income		
Revenue	15,661	17,872
Other operating income	918	871
	16,579	**18,743**
Operating expenses		
Change in goods inventory	0	0
Change in supplies inventory	0	0
Purchases and external charges	(6,678)	(5,891)
Taxes other than on income	(592)	(463)
Employee benefits expense	(7,391)	(10,900)
Amortization and provision expense	(1,901)	(1,273)
	(16,562)	**(18,527)**
Operating profit	**17**	**216**
Financial income		
Dividend income	82,369	129,868
Interest income from marketable securities and receivables, net	379	2
Net gains on disposal of non-current assets	0	0
Exchange gains	0	2
	82,748	**129,872**
Financial expense		
Amortization and provision expense	(201)	0
Exchange losses	(7)	(2)
Finance costs and other	(18,214)	(13,037)
	(18,422)	**(13,039)**
Financial income and expense, net	**64,326**	**116,833**
Recurring profit before tax	**64,343**	**117,049**
Non-recurring income and expense, net	**6,404**	**13,757**
Profit before tax and employee profit-sharing	**70,747**	**130,806**
Employee profit-sharing	(145)	(148)
Income tax benefit	6,727	4,010
PROFIT FOR THE PERIOD	**77,329**	**134,668**

Assets - Net

(in € thousands)	December 31, 2010	December 31, 2009
Non-current assets		
Intangible assets	0	0
Property and equipment	0	0
Investments	3,788,015	3,785,277
TOTAL NON-CURRENT ASSETS	**3,788,015**	**3,785,277**
Current assets		
Inventories	0	0
Receivables	38,003	21,956
Other current assets	0	0
Marketable securities	8,424	12,771
Cash	0	0
TOTAL CURRENT ASSETS	**46,427**	**34,727**
Accruals	**2,657**	**1,797**
TOTAL ASSETS	**3,837,099**	**3,821,801**

Equity and liabilities – Before appropriation of profit

(in € thousands)	December 31, 2010	December 31, 2009
Equity		
Share capital	1,052,645	1,052,387
Additional paid-in capital, reserves and retained earnings	1,722,486	1,771,333
Profit for the period	77,329	134,668
Untaxed provisions and government grants	0	0
TOTAL EQUITY	**2,852,460**	**2,958,388**
Provisions	**7,646**	**7,768**
Debt		
Other debt	945,371	806,388
TOTAL DEBT	**945,371**	**806,388**
Other liabilities	**31,618**	**49,257**
Accruals	**4**	**0**
TOTAL EQUITY AND LIABILITIES	**3,837,099**	**3,821,801**

Cash flow statement (Years ended December 31)

(in € thousands)	2010	2009
Cash and cash equivalents at beginning of period *(note 1.13)*	**(3)**	**(6)**
Cash flows from operating activities		
Profit for the period	77,329	134,668
Adjustments to reconcile profit for the period to net cash provided by operating activities		
Amortization expense	(1,675)	(33,826)
Other	4	0
CASH FLOW	**75,658**	**100,842**
Cash flows from changes in operating assets and liabilities		
Trade and other receivables (including group relief receivables)	(16,047)	(8,328)
Trade and other payables (including group relief liabilities)	(17,639)	(11,642)
Other operating assets and liabilities	(2,299)	(794)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**39,673**	**80,078**
Cash flows from investing activities		
Proceeds from the sale of assets	0	0
Investments		
Acquisitions of intangible assets	0	0
Acquisitions of investments, net	0	0
NET CASH USED IN FINANCING ACTIVITIES	**0**	**0**
Cash flows from financing activities		
Capital increases (reductions)	459	1,311
Share buybacks and transactions under the liquidity contract	4,601	116,871
Dividends paid	(183,716)	(182,810)
Net (decrease) increase in borrowings (including intra-group loans and borrowings)	138,912	(15,447)
NET CASH USED IN FINANCING ACTIVITIES	**(39,744)**	**(80,075)**
Net change in cash and cash equivalents *(note 1.13)*	**(71)**	**3**
Cash and cash equivalents at period-end *(note 1.13)*	**(74)**	**(3)**

Significant events of the year

None.

Subsequent events

None.

1 - Summary of significant accounting policies

1.1 Accounting principles and policies

The financial statements have been prepared in accordance with French generally accepted accounting principles, applied consistently from one year to the next, under the historical cost convention.

1.2 Intangible assets

Intangible assets correspond to software, which is amortized over three years.

The difference between book amortization and amortization calculated over 12 months for tax purposes is recorded in equity under "Excess tax amortization".

1.3 Shares in subsidiaries and affiliates

Investments in subsidiaries and affiliates are stated at the lower of cost and fair value.

Fair value is determined by reference to Legrand's equity in the investee's revalued net assets, as adjusted to reflect its earnings performance and growth outlook.

1.4 Liquidity contract and share buybacks

Legrand shares acquired under share buyback programs are classified in accordance with recommendation 98-D released by the Urgent Issues Task Force of the French National Accounting Board (*Comité d'Urgence du Conseil National de la Comptabilité*), based on the purpose for which they were purchased.

Shares acquired specifically for allocation to employees are classified as treasury shares under marketable securities and those purchased for cancellation or for any other purpose are classified as "treasury shares held for cancellation" or "treasury shares" under other investments.

Shares purchased in connection with a liquidity contract are also recorded as treasury shares under other investments, and cash and short-term investments held in the liquidity account are classified as "Other long-term receivables" within other investments.

Treasury shares held for cancellation are stated at cost. Treasury shares held for other purposes are stated at the lower of cost and fair value with fair value corresponding to the average share price for the last month of the fiscal year.

Reversals of provisions for impairment of treasury shares are recorded under non-recurring income and expense, net, along with the loss incurred when the shares are sold to employees.

A provision is recorded for shares purchased and allocated on exercise of stock options or for performance shares, to cover the difference between the price of performance shares and stock options granted to employees and the shares' carrying amount. This provision is recorded for stock options only if it is probable that the options will be exercised and for performance shares when the Board of Directors decides to purchase the shares underlying the given plan.

In both cases, the provision is recognized on a straight-line basis over the vesting periods of the performance shares or stock options concerned.

In accordance with accounting standard CNC 2008-17 dated November 6, 2008 issued by the French National Accounting Board (CNC) on November 17, 2008, the carrying amount of the shares covered by the above provision has been determined based on the fair value of Legrand shares at the date of the standard's publication, *i.e.* €12.73 per share. In practice, this standard concerns the performance share plans approved by the Board of Directors in 2007 and 2008.

1.5 Marketable securities

This item includes Legrand shares purchased for allocation to employees as described in 1.4 above.

1.6 Receivables and payables

Receivables and payables are stated at nominal value.

A provision for doubtful accounts is recorded when necessary, to write down receivables to their estimated recoverable amount.

1.7 Foreign currency receivables and payables

Foreign currency receivables and payables are converted into euros at the exchange rate on the balance sheet date.

1.8 Deferred charges

Deferred charges correspond to debt issuance costs, which are written off to the income statement over the life of the debt.

1.9 Bond redemption premiums

The redemption premium reported in the balance sheet corresponds to the 2010 bond issue, described in note 2.8.c below. It is being amortized over the life of the issue.

1.10 Provisions for retirement benefits and supplementary pension benefits in France

Legrand employees receive a statutory length-of-service award on retirement, calculated at the rates specified in the collective bargaining agreements applicable to the electrical manufacturing industry.

The related defined benefit obligation is calculated each year by the projected unit credit method. This method takes into account estimated years of service at retirement, final salaries, life expectancy and staff turnover, based on actuarial assumptions.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of investment grade corporate bonds denominated in euros that have terms to maturity approximating the period to payment of the related benefit liability.

The liability recognized in the balance sheet is the present value of the defined benefit obligation at the balance sheet date, as adjusted for unrecognized past service costs, less the fair value of plan assets. Service cost is recognized in the income statement on a straight-line basis over the average remaining service lives of employees.

The defined benefit obligation is partly funded by contributions to an insured plan. Under the plan terms, Legrand has no liability for the payment of benefits to employees covered by the plan. Legrand has not made any additional payments to the plan since 2002.

Employees in the higher pay brackets are also covered by a supplementary pension plan. The plan provides for the payment of defined benefits corresponding to the theoretical pension rights of the employees concerned on the portion of their salary that exceeds a certain level (the "*tranche D*" used to calculate graduated Social Security contributions, capped at an amount equivalent to four times the ceiling used for the calculation of Social Security benefits) assuming that they are still on the Company's payroll at retirement.

A provision is booked for the difference between the projected benefits payable to plan participants and the discounted present value of payments made to date.

1.11 Provisions for statutory and discretionary profit-sharing

Legrand's statutory profit-sharing agreement is an "*accord dérogatoire*". Under this type of agreement, the Company applies a more generous profit-sharing formula in exchange for the right to record a tax-deductible "investment provision" covering future investment costs. The latest agreement was signed in 2006 and applies for the calculation of the special statutory profit-sharing reserve for the years 2006 to 2010. The plan covers employees of Legrand and also those of Legrand France, Legrand SNC, Alpes Technologies, Groupe Arnould, Cofrel, Sute, Sarlam, Ura, Planet-Wattohm, Distrasa and ICM Group.

A new discretionary profit-sharing agreement has also been signed, covering the years 2009 to 2011. It applies to employees of the same companies as the statutory profit-sharing agreement.

1.12 Forward purchases and sales of foreign currencies

A provision is booked at each year-end for the difference between the forward purchase or sale price of the foreign currencies and their exchange rate at the balance sheet date, when this is an unrealized loss. Unrealized gains are not recognized in the accounts, but are added back to profit for tax purposes.

1.13 Cash flow statement

In the cash flow statement, which is presented after the balance sheet in these financial statements, cash and cash equivalents includes all financial assets and liabilities that are realizable or payable within three months.

2 - Notes to the balance sheet

2.1 Intangible assets

(in € thousands)	December 31, 2009	Additions for the year	Disposals for the year	December 31, 2010
Software at cost	**479**	**0**	**0**	**479**
Amortization of software	**(479)**	**0**	**0**	**(479)**
INTANGIBLE ASSETS, NET	**0**	**0**	**0**	**0**

2.2 Investments

(in € thousands)	December 31, 2009	Additions for the year	Disposals for the year	December 31, 2010
Shares in subsidiaries and affiliates				
Legrand France S.A.	3,773,659	0	0	3,773,659
	3,773,659	**0**	**0**	**3,773,659**
Other investments				
■ treasury shares held for cancellation	0	0	0	0
■ other treasury shares	5,161	224	0	5,385
■ other long-term receivables	6,457	2,508	0	8,965
■ deposits and guarantees	0	6	0	6
	11,618	**2,738**	**0**	**14,356**
Provisions for impairment				
■ impairment of other treasury shares classified as long-term receivables	0	0	0	0
	0	**0**	**0**	**0**
TOTAL INVESTMENTS, NET	**3,785,277**	**2,738**	**0**	**3,788,015**

a) Shares in subsidiaries and affiliates

No impairment provision has been recorded on these shares.

b) Other investments

This item includes shares purchased under the liquidity contract and the cash and short-term investments held in the liquidity account (see note 1.4).

On May 29, 2007, Legrand appointed a financial institution to maintain a liquid market for its ordinary shares on the NYSE Euronext Paris market under a liquidity contract complying with the AMAFI Code of Conduct approved by the AMF on March 22, 2005.

As of December 31, 2010, Legrand held 192,500 treasury shares in connection with the liquidity contract, valued at €5,385,000. No provision was recorded for impairment in value of these shares in the 2010 or 2009 financial statements. Cash and short-term investments held in the liquidity account amounted to €8,965,000 as of December 31, 2010, recorded under “Other long-term receivables”.

Details of shares purchased for allocation to employees are provided in note 2.4 on marketable securities.

2.3 Receivables

(in € thousands)	Net as of December 31, 2010	Maturity	
		Within one year	Beyond one year
Current receivables			
Trade accounts receivable	13,171	13,171	0
Recoverable value-added tax	2,577	2,577	0
Prepaid and recoverable taxes	9,504	9,504	0
Group relief receivables	12,717	12,717	0
Other receivables	34	34	0
TOTAL AT DECEMBER 31, 2010	**38,003**	**38,003**	**0**
TOTAL AT DECEMBER 31, 2009	**21,956**	**21,956**	**0**

2.4 Marketable securities

In 2010 and 2009, this item exclusively comprised Legrand shares purchased for allocation to employees.

(in € thousands)	December 31, 2010				December 31, 2009
	Cost	Impairment	Net	Provision	Net
Treasury shares held for allocation to employees					
Performance share plans	13,144	(5,449)	7,695	(5,668)	11,669
Corporate mutual fund	729	0	729	0	1,102
TOTAL CARRYING AMOUNT	**13,873**	**(5,449)**	**8,424**	**(5,668)**	**12,771**

Details of the objectives and terms of the current share buyback program, which represents a maximum of €500 million, are provided in the program description published on May 28, 2010.

As of December 31, 2010, a total of 607,635 shares had been bought back under the program, at a total cost of €13,873,000. These shares are being held for the following purposes:

- for allocation to employees who choose to re-invest their profit-shares in Legrand stock through a corporate mutual fund (29,255 shares purchased at a cost of €729,000);
- for allocation to performance share plans (578,380 shares purchased at a cost of €13,144,000).

During 2010, 27,508 shares acquired at a cost of €649,000 that were allocated to the corporate mutual fund were transferred to the fund.

During 2010, a total of 330,504 shares were transferred to employees under the performance share plans described in note 2.6 d.

The provision for impairment of treasury shares breaks down as follows:

- a provision for impairment of shares allocated to performance share plans, in order to write down the shares to a fair value of €12.73 per share, corresponding to the average share price from November 1 to November 17, 2008, the publication date of CNC standard 2008-17. The value of these shares is now fixed until they are no longer held in the Company's portfolio;
- a provision for impairment of other treasury shares held for allocation to employees, in order to write down the shares to fair value. At December 31, 2010, no impairment was recognized.

In addition, as described in note 1.4, a provision has been recognized for the performance share plans when treasury shares have been purchased for allocation under them.

2.5 Accruals and other assets

(in € thousands)	December 31, 2010	December 31, 2009
Prepaid expenses	35	54
Deferred charges *(note 1.8)*	1,419	1,743
Bond redemption premium *(note 1.9)*	1,203	0
TOTAL	**2,657**	**1,797**

2.6 Equity

a) Share capital

The following table shows changes in share capital in 2010:

(in €)	Number of shares	Par value	Share capital
As of December 31, 2009	263,096,679	4	1,052,386,716
Issuance of shares on exercise of options under the 2005 stock option plan	57,916	4	231,664
Issuance of shares on exercise of options under the 2007 stock option plan	2,046	4	8,184
Issuance of shares on exercise of options under the 2008 stock option plan	2,853	4	11,412
Issuance of shares on exercise of options under the 2009 stock option plan	1,852	4	7,408
As of December 31, 2010	263,161,346	4	1,052,645,384

Share capital consists exclusively of shares of common stock with a par value of €4.00 each.

The shares purchased by the Company either under share buyback programs or in connection with the liquidity contract do not carry dividend or voting rights.

All other fully paid-up shares registered in the name of the same shareholder for at least two years carry double voting rights.

In 2010, 64,667 shares were issued upon exercise of stock options granted under the 2005, 2007, 2008 and 2009 plans (see note 2.6 d), resulting in a €258,000 capital increase. The aggregate premium amounted to €201,000.

b) Additional paid-in capital, reserves and retained earnings

(in € thousands)	December 31, 2010	December 31, 2009
Before appropriation of profit		
Additional paid-in capital	1,060,769	1,060,568
IPO costs charged to additional paid-in capital	(33,206)	(33,206)
Legal reserve	74,219	67,486
Other reserves and retained earnings	620,704	676,485
Profit for the period	77,329	134,668
	1,799,815	**1,906,001**

"Other reserves and retained earnings" includes €19,258,000 in reserves that are not available for distribution as a result of share buybacks.

c) Changes in equity

(in € thousands)	
Equity as of December 31, 2009	2,958,388
Movements for the year:	
■ share capital	258
■ additional paid-in capital	201
■ reserves and retained earnings	
■ profit for the period	77,329
■ dividends paid	(183,716)
■ other	
Equity as of December 31, 2010before appropriation of profit	**2,852,460**

On May 27, 2010, the Annual Shareholders' Meeting approved the payment of a total dividend of €183,716,000, representing €0.70 per share.

d) Stock option plans and performance share plans

2005 stock option plan

The Company has set up a stock option plan under which stock options may be granted to purchase a specified number of newly-issued shares of the Company's common stock at an initial exercise price of €1.40 per share. At the General Meeting of February 24, 2006, shareholders decided to carry out a 1-for-4 reverse stock-split, leading to an increase in the shares' par value from €1 to €4. To take into account the effects of this change, the option exercise price was increased to €5.60.

The exercise price of the options was set based on the Company's market value as determined by an independent valuer at the option grant date.

Stock options as authorized by shareholders on June 6, 2003	**2005 Plan**
Grant date	February 7, 2005
Total number of options granted	173,750
Of which, options granted to corporate officers	*0*
Exercise period	■ Two-thirds of the options in the 60 days following the fourth anniversary of the grant date. ■ One-third of the options in the 60 days following the fifth anniversary of the grant date.
Start of exercise period for two-thirds of the options	February 7, 2009
Start of exercise period for one-third of the options	February 7, 2010
Exercise price	€5.60
Options exercised in 2008	0
Options forfeited in 2008	0
Stock options outstanding as of December 31, 2008	**173,750**
Options exercised in 2009	(115,834)
Options forfeited in 2009	0
Stock options outstanding as of December 31, 2009	**57,916**
Options exercised in 2010	(57,916)
Options forfeited in 2010	0
Stock options outstanding as of December 31, 2010	**0**

The 2005 plan expired on April 7, 2010.

2007 to 2010 performance share and stock option plans

Performance share plan

The Shareholders' Meeting of May 15, 2007 authorized the Board of Directors to grant, in one or several times, performance shares representing up to 5% of the Company's capital (as of the date of the Board's decision) to certain employees or officers of the Company and its subsidiaries.

Performance share plans as authorized by shareholders on May 15, 2007	2007 Plan	2008 Plan	2009 Plan	2010 Plan	Total
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010	
Total number of shares granted	533,494	654,058	288,963	896,556	2,373,071
of which, shares granted to corporate officers	*26,427*	*47,077*	*23,491*	*62,163*	*159,158*
■ *Gilles Schnepp*	*13,582*	*24,194*	*12,075*	*38,373*	*88,224*
■ *Olivier Bazil*	*12,845*	*22,883*	*11,416*	*23,790*	*70,934*
Vesting conditions	After a maximum of four years, except in the event of resignation or termination for willful misconduct				
Performance shares forfeited in 2007	(8,695)	0	0	0	(8,695)
Performance shares vested in 2008	(546)	0	0	0	(546)
Performance shares forfeited in 2008	(8,298)	(6,145)	0	0	(14,443)
Performance shares vested in 2009	(253,880)	(400)	0	0	(254,280)
Performance shares forfeited in 2009	(6,428)	(9,905)	(6,281)	0	(22,614)
Performance shares vested in 2010	(682)	(329,359)	(463)	0	(330,504)
Performance shares forfeited in 2010	(2,397)	(2,908)	(3,845)	(21,358)	(30,508)
Performance shares outstanding as of December 31, 2010	**252,568**	**305,341**	**278,374**	**875,198**	**1,711,481**

Stock option plans

The Shareholders' Meeting of May 15, 2007 authorized the Company's Board of Directors to grant stock options representing up to 5% of the Company's capital (including shares to be issued upon exercise of stock options) to certain employees or officers of the Company and its subsidiaries.

The exercise price of these options was set based on the average closing price for Legrand shares over the twenty trading days preceding the grant date.

Stock option plans, as authorized by shareholders on May 15, 2007	2007 Plan	2008 Plan	2009 Plan	2010 Plan	Total
Grant date	May 15, 2007	March 5, 2008	March 4, 2009	March 4, 2010	
Total number of options granted	1,638,137	2,015,239	1,185,812	3,254,726	8,093,914
of which options granted to corporate officers	*79,281*	*141,231*	*93,964*	*217,646*	*532,122*
■ *Gilles Schnepp*	*40,745*	*72,583*	*48,300*	*134,351*	*295,979*
■ *Olivier Bazil*	*38,536*	*68,648*	*45,664*	*83,295*	*236,143*
Exercise period	Options vest after a maximum of four years, except in the event of resignation or termination for willful misconduct				
Start of exercise period	May 16, 2011	March 6, 2012	March 5, 2013	March 5, 2014	
Expiry of exercise period	May 15, 2017	March 5, 2018	March 4, 2019	March 4, 2020	
Exercise price	€25.20	€20.58	€13.12	€21.82	
Options forfeited in 2007	(27,574)	0	0		(27,574)
Options forfeited in 2008	(27,468)	(20,439)	0		(47,907)
Options forfeited in 2009	(25,105)	(32,057)	(21,093)		(78,255)
Options exercised in 2010	(2,046)	(2,853)	(1,852)		(6,751)
Options forfeited in 2010	(13,830)	(19,112)	(18,739)	(75,317)	(126,998)
Stock options outstanding as of December 31, 2010	**1,542,114**	**1,940,778**	**1,144,128**	**3,179,409**	**7,806,429**

2.7 Provisions

(in € thousands)	Amount as of December 31, 2009	Charges for the year	Reversals for the year	Amount as of December 31, 2010
Provisions				
Provisions for pensions and other post-retirement benefit obligations	1,080	367	(5)	1,442
Other provisions	6,688	2,455	(2,939)	6,204
	7,768	**2,822**	**(2,944)**	**7,646**
Provisions for impairment				
On investments	0	0	0	0
On marketable securities *(note 2.4)*	8,435	0	(2,986)	5,449
	8,435	**0**	**(2,986)**	**5,449**
TOTAL	**16,203**	**2,822**	**(5,930)**	**13,095**
Charges to and reversals from provisions are recorded under the following income statement captions:				
■ operating income and expense		669	(5)	
■ financial income and expense		0	0	
■ non-recurring income and expense		2,153	(5,925)	
TOTAL		**2,822**	**(5,930)**	

"Other provisions" primarily includes the €5,668,000 provision for treasury shares allocated to performance share plans.

Charges to and reversals from this provision are initially recognized as non-recurring items and are then reclassified under employee benefits expense by way of a non-recurring expense transfer account, except when they are intended to cover the cost of performance shares granted to employees of foreign subsidiaries. (see note 3).

2.8 Debt and other liabilities

(in € thousands)	Net as of December 31, 2010	Maturity: Due within one year	Maturity: Due in one to five years	Maturity: Due beyond five years
Debt				
Bank borrowings with:				
■ Original maturities of less than two years	74	74		
■ Original maturities of more than two years	597,039	87,319	509,720	
Bonds	310,864	10,864		300,000
Other borrowings	37,394		37,394	
TOTAL DEBT	**945,371**	**98,257**	**547,114**	**300,000**
Other liabilities				
Trade payables	1,971	1,971		
Accrued taxes and employee benefits expense	5,215	5,215		
Other	24,432	24,432		
Deferred revenue	0	0		
TOTAL OTHER LIABILITIES	**31,618**	**31,618**	**0**	**0**
TOTAL LIABILITIES AS OF DECEMBER 31, 2010	**976,989**	**129,875**	**547,114**	**300,000**
TOTAL LIABILITIES AS OF DECEMBER 31, 2009	**855,645**	**100,238**	**755,407**	**0**

a) 2006 Credit Facility

On January 10, 2006, the Company signed a new €2.2 billion credit facility (the "2006 Credit Facility") with five mandated arrangers.

The facility originally comprised (i) a €700 million Tranche A representing a multicurrency term loan repayable in semi-annual installments equal to 10% of the nominal amount between January 10, 2007 and July 10, 2010, with a final 20% installment on January 10, 2011 and (ii) a €1.2 billion Tranche B consisting of a revolving multicurrency facility utilizable through drawdowns.

Tranches A and B were originally five-year loans that could be rolled over for two successive one-year periods.

Legrand exercised its option to extend the Credit Facility by a one-year period on March 12, 2007 and again on November 12, 2007. As a result the Facility now expires on January 10, 2013. €7.2 million were repaid on January 10, 2010 and since July 10, 2010 the repayments in semi-annual installments of Tranche A are equal to 6.22% of the original nominal until July 10, 2011, 7.12% of the original nominal amount on January 10, 2012, 6.02% of the original nominal amount on July 10, 2012 and 19.32% on January 10, 2013.

The outstanding portion of the Tranche A loan amounted to €314.3 million at December 31, 2010.

b) Bank borrowings

As of December 31, 2010, bank borrowings comprised:

- a €220 million loan obtained on May 21, 2007 from a pool of French banks. The loan is for a period of six years and four months, expiring September 21, 2013, and bears interest at the 3-month Euribor plus 45 bps;
- a new €62,500,000 loan obtained on March 12, 2009 from a pool of French financial institutions. The loan is for a period of five years, expiring March 12, 2014, with one tranche for €22,518,000 bearing interest at the 3-month Euribor plus

210 bps and another tranche for €39,982,000 bearing interest at the 3-month Euribor plus 160 bps.

c) Bonds

In February 2010, the Company issued €300 million in 4.25% seven-year bullet bonds due February 24, 2017.

d) Related party debt

The Company's debt includes a €37,394,000 revolving line of credit with its subsidiary, Legrand France. Originally arranged in 2004, the facility was renewed for five-years in 2009 and bears interest at Euribor plus 80 bps.

It is repayable at any time without penalty.

e) Other debt consists mainly of the €10,139,000 due to subsidiaries under the group relief agreement (corresponding to the tax benefits derived from the Company's use of their tax losses that they will recover when they return to profit) and a €14,292,000 intragroup advance

3 - Notes to the statement of income

Non-recurring income and expense, net

(in € thousands)	2010	2009
Non-recurring income		
Revenue transactions	0	31
Capital transactions	2,732	2,802
Provision reversals and expense transfers *(note 2.7)*	12,509	50,485
	15,241	**53,318**
Non-recurring expenses		
Revenue transactions	0	(47)
Capital transactions	(6,684)	(36,352)
Amortization and provision expense *(note 2.7)*	(2,153)	(3,162)
	(8,837)	**(39,561)**
Non-recurring income and expense, net	**6,404**	**13,757**

Non-recurring income and expenses on capital transactions correspond to income and expenses generated on sales and purchases of treasury shares in connection with i) the liquidity contract (€2,732,000) and ii) the transfer of performance shares to grantees under the 2007 to 2010 plans (€6,684,000).

The non-recurring expense transfer account also includes income from the rebilling of losses incurred or provided for at Company-level following the transfer of performance shares to employees of the Group's different subsidiaries. This income came to €7,886,000 for the year.

4 - Other information

4.1 Income tax

a) Unrecognized deferred tax asset and liabilities

(in € thousands)	Base: income or (expense)				Unrecognized deferred tax benefit (charge)*		
		Movements for the period					
	As of December 31, 2009	Increase	Decrease	As of December 31, 2010	As of December 31, 2009	Change	As of December 31, 2010
Timing differences between the recognition of income and expenses for financial reporting and tax purposes:							
Income taxed in current year not recognized in the income statement							
■ Unrealized exchange gains	0	4	0	4	0	0	(1)
Expenses recognized in the income statement that are deductible in future years							
■ Employee profit-sharing	(160)	0	(15)	(175)	55	5	60
■ Provisions for pensions and other post-retirement benefit costs	(1,075)	0	(361)	(1,436)	370	124	494
■ Taxes and other	(82)	0	(73)	(155)	28	25	53
TOTAL	**(1,317)**	**4**	**(449)**	**(1,762)**	**453**	**155**	**607**

* *Calculated by the liability method, based on the standard French tax rate and the 3.3% contribution sociale surtax.*

The tax rate used is the rate applicable since 2006.

b) Group relief

The Company is the parent of the tax group comprising all qualifying French subsidiaries of the Legrand Group. The tax group was set up on January 1, 2003.

Under the terms of the group relief agreement, each subsidiary calculates its income tax expense on a stand-alone basis and pays the tax due to the parent company of the group, which is responsible for paying tax for the entire tax group.

Income tax in Legrand's statement of income corresponds to the difference between the tax due by the profitable companies in the tax group and the benefit arising from the use of the tax losses of loss-making companies.

4.2 Related party transactions

(in € thousands)	2010		2009	
	Related party transactions	Total in the financial statements	Related party transactions	Total in the financial statements
a) Investments	**3,773,659**	**3,788,015**	**3,773,659**	**3,785,277**
b) Inventories	**0**	**0**	**0**	**0**
c) Receivables				
Trade receivables	13,171	13,171	5,473	5,475
Other receivables	12,717	24,832	1,613	16,481
	25,888	**38,003**	**7,086**	**21,956**
d) Liabilities				
Debt	37,394	945,371	158,717	806,388
Trade payables	58	1,971	354	2,599
Other liabilities	24,432	29,647	42,044	46,658
	61,884	**976,989**	**201,115**	**855,645**
e) Financial expense	**509**	**18,422**	**2,154**	**13,039**
f) Financial income	**82,748**	**82,748**	**129,868**	**129,872**

4.3 Market risks (interest rate, currency and credit risks)

a) Management of financial risks

The Group's cash management strategy is based on overall risk management principles and involves taking specific measures to manage the risks associated with interest rates, exchange rates, commodity prices and the investment of available cash. The Group does not conduct any trading in financial instruments, in line with its policy of not carrying out any speculative transactions. All transactions involving financial instruments are conducted with the sole purpose of managing interest rate, exchange rate and commodity risks, and are therefore set up for limited periods and amounts.

Market risk is the risk of losses resulting from unfavorable changes in interest rates and exchange rates.

As of December 31, 2010 no hedges were set up at the level of the Company.

b) Concentration of credit risk

The Group's financial derivatives contracts are held with leading financial institutions. Legrand monitors its level of credit exposure with each financial institution concerned on an ongoing basis.

c) Liquidity risk

Legrand considers that managing liquidity risk depends primarily on having access to diversified sources of financing. This represents the basis of Group-level control processes.

4.4 Contingencies and commitments

(in € thousands)	2010	2009
Commitments given		
Guarantees	63	63
Mortgages and liens	0	0
	63	**63**

In January 2006, Legrand was signatory of a refinancing agreement between its direct and indirect subsidiaries and its banks (see note 2.8. a).

Legrand has guaranteed the proper execution of the agreement.

4.5 Employees

	2010	2009
Average number of employees:		
Management	35	38
Administrative staff	7	8
Apprentices	0	1
TOTAL	**42**	**47**

4.6 Management compensation

Compensation paid to Executive Directors for 2010 amounted to €2.2 million, compared with €1.8 million in 2009.

4.7 Statutory Auditors' fees

Pursuant to French Governmental Decree 208-1487 dated December 30, 2008, fees invoiced by the Company's Statutory Auditors for 2010 totaled €454,000 for the statutory audit of the Company's accounts and €96,500 for audit-related work.

4.8 Subsidiaries and affiliates

	Share capital				Carrying amount of the Shares					2010	
(in € thousands)	Currency	Euros	Reserves and retained earnings	Percent interest	Cost	Net	Outstanding loans	Guarantees given	2010 revenue	Profit (loss)	Dividends paid by Legrand France in 2010
French companies											
Legrand France	EUR	54,913	618,704	100	3,773,659	3,773,659	0	63	839,042	161,701	82,369

APPENDIX 2

Management Report of the Board of Directors on February 9, 2011 to the Annual General Meeting scheduled on May 26, 2011

1 - BUSINESS IN THE YEAR ENDED DECEMBER 31, 2010

1.1 Highlights of the year

Nil.

1.2 Revenues and earnings in 2010

Revenues for 2010 amounted to €15.7 million, the bulk of which was made up of supply of services within the group.

Operating expense amounted to €16.6 million in the year to December 31, 2010, compared with €18.5 million in the year to December 31, 2009.

Charges for staff compensation declined from €10.9 million at December 31, 2009 to €7.4 million at December 31, 2010. This includes recovery of a €2.7 million provision in 2010 (€2.7 million in charges in 2009) linked to the cancellation of impairments relating to the value of shares acquired to cover free-share allotments.

External costs rose from €5.9 million on December 31, 2009 to €6.7 million on December 31, 2010. Other operating expense and allocations to provisions also rose (2009: €1.7 million; 2010: €2.5 million).

Net operating income for the year to December 31, 2010 was thus close to zero (€0.2 million in 2009).

Net interest and other financial items for 2010 represented income amounting to €64.3 million compared with €116.8 million in the year to December 31, 2009. This variation resulted from:

- a decline in the amount of dividends received from Legrand France SA from €129.9 million in 2009 to €82.4 million in 2010;
- a €5.2 million increase in loan charges.

Net exceptional items represented income amounting to €6.4 million in the year to December 31, 2010 compared with €13.8 million at December 31, 2009. The bulk of this resulted from transactions relating to allocations of stock options and free shares.

Employee profit-sharing amounted to €0.1 million.

Tax income booked in an amount of €6.7 million represents the surplus of tax paid by subsidiaries within the tax consolidation group.

Net income for the year to December 31, 2010 amounted to €77.3 million.

1.3 Debt

The Company's debt position is summarized in Appendix 1.

In February 2010, the Company issued bonds in an amount of €300 million for a period of 7 years, maturing on February 24, 2017, with a 4.25% annual coupon, to be redeemed at maturity.

1.4 Management of financial risk

Financial risk management at Legrand mainly concerns the major areas of market risk, credit risk and liquidity risk.

The general aim of treasury policies is to identify, evaluate and cover financial risk. Legrand aims to minimize the adverse impact of financial risk on the profitability of underlying business and thus on the Company's financial performance.

Risks and the related policies of the Legrand group are described in Note 22 to the consolidated financial statements.

At Company level (Legrand SA), credit contracts are at variable rates defined by a margin above the benchmark rate for the currency concerned. At December 31, 2010, the Company was not directly party to any specific cover arrangement. Appropriate cover is generally taken out through Legrand France.

1.5 Business of the Group

Sales

Reported figures show an 8.7% year-on-year rise in sales to €3,891 million, while the rise at constant scope of consolidation and exchange rates was 3.6%. Changes in the scope of consolidation made a 1.2% growth contribution, while exchange rates had a positive impact of 3.8%.

Variations in sales at constant scope of consolidation and exchange rates by geographical region broke down as follows:

	2010/2009	4th quarter 2010/ 4th quarter 2009
France	+0.6%	+0.4%
Italy	+3.2%	+2.6%
Rest of Europe	-0.9%	+2.0%
United States/Canada	+3.8%	+2.1%
Rest of the World	+10.6%	+7.5%
TOTAL	**+3.6%**	**+3.2%**

- **France:** A combination of favorable factors including vigorous performances in wiring devices, the success of the new LCS² digital infrastructure offering, and firm trends on renovation markets offset the still convalescent state of the building industry, particularly in the non-residential sector. Sales showed a modest rise.
- **Italy:** A 3.2% rise in sales reflected excellent performances in wiring devices, the success of My Home residential systems and a strong showing for cable management in the industrial sector.
- **Rest of Europe:** A 2.0% rise in fourth-quarter sales confirmed the return to growth observed in the third quarter. Support for sales in the region stems from remarkable performances in Russia and Turkey combined with improved trends in most East European countries and in the UK. This gain offset persistent difficulties in Greece, Portugal, Spain, Austria and Belgium. Over the year as a whole, sales dipped 0.9%.
- **United States/Canada:** Sales rose 3.8%, benefiting from good showings for wiring devices and vigorous sales trends for lighting controls (Watt Stopper) and digital infrastructure (Ortronics).
- **Rest of the World:** Despite a more demanding basis for comparison in the fourth quarter, business growth in new economies remained on a very vigorous track, bearing out the pertinence of Legrand's strategy for development on these markets. Sales for the year showed a 10.6% rise.

Innovation and new product launches

With R&D spendings representing 4.5% of sales and new products accounting for more than 60% of its investments and representing over one third of sales (38% in 2010), Legrand is actively pursuing its strategy for innovation as a driver for organic growth. Among the many new products brought to market in 2010 were:

- wiring-device ranges Kaptika in Russia, Nereya in Brazil, Mellovia in South Korea, K5 and Meidian in China, as well as high-end offerings Axolute Eteris and Axolute White in Italy, which were very well received on the market;
- a new range of audio and video door-entry systems for China;
- dedicated solar-power protection solutions in France;
- digital lighting management systems in the US;
- a video surveillance offering in Italy.

Legrand will be maintaining the momentum for innovation as a main source of value creation in 2011.

Acquisitions

Legrand resumed its targeted, self-financed acquisition in July 2010, focusing on new economies with the acquisition of Inform, the leader for UPS (Uninterruptible Power Supply) in Turkey, and Indo-Asian Switchgear, a top contender on the Indian market for protection. More recently, the group reinforced positions on new business segments with the acquisitions of Meta System Energy, an Italian company specialized in modular UPS, Electrorack, a US company making VDI cabinets for data centers, and Intervox, the leader for connected security systems in France.

Consolidation of these five entities in 2011 should make a 2.5% growth contribution.

Net income

Strong sales growth and improved operating margin after deduction of €111 million in net financial charges and €227 million in corporate tax set the rise in net group income at 44%. Net income thus represents 10.8% of sales.

Vigorous cash generation and sound balance-sheet structure

An excellent operational performance and effective control of capital employed were reflected in persistently vigorous generation of free cash flow. This amounted to €646 million from the beginning of the year and represented 16.6% of sales enabling the group to finance development and at the same time reduce net debt by €142 million over the period to €1,198 million at December 31, 2010.

2 - RESEARCH AND DEVELOPMENT

No research and development activities were carried out directly through Legrand SA during the year.

3 - ENVIRONMENTAL AND SOCIAL RESPONSIBILITY INFORMATION

Not applicable for Legrand SA.

4 - SIGNIFICANT EVENTS SINCE THE CLOSE OF THE FINANCIAL YEAR

Nil.

5 - FORESEEABLE DEVELOPMENTS AND OUTLOOK

Operating conditions and finances should be much the same in 2011 as in 2010.

6 - CHANGES IN THE PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

Nil.

7 - APPROPRIATION OF EARNINGS

We propose that earnings in an amount of €77,329,415.68 be appropriated as follows:

Appropriation to legal reserve	€3,866,470.78
Dividend distribution (€0.88 per share)	€230,877,865.68*
Appropriation of the difference	€157,414,920.78 to retained earnings, then amounting to €463,288,247.05

* *Calculated on the basis of the number of own shares held on December 31, 2010, this amount being subject to adjustment according to the number of own shares held at the date of payment and to dividends that may be due on shares issued after December 31, 2010..*

Dividends are eligible in full for the 40% income-tax exemption provided for under article 158-3.2e of the French *Code Général des Impôts* where this is applicable to the shareholders concerned.

We remind shareholders that the Company is legally required to hold an inappropriable reserve in an amount equal to that of shares bought back, this being €19.3 million.

8 - EARNINGS OVER THE PAST FIVE YEARS

We inform you of our Company's earnings over the past five years as required under article 148 of the Ministerial Decree dated March 23, 1967.

For the sake of clarity, this information is presented in a table (Appendix 2).

9 - DIVIDENDS

In compliance with the provisions of article 243 bis of the French *Code Général des Impôts* we inform you of the dividends made payable over the past three years.

Dividends distributed in respect of the 2007, 2008 and 2009 financial years were as follows:

Year	Number of shares	Net dividend
2007	256,059,171 shares, €4	€0.70
2008	261,157,772 shares, €4	€0.70
2009	262,451,948 shares, €4	€0.70

The dividends distributed were eligible for the 40% income-tax exemption under 158-3-2e of the French *Code Général des Impôts*.

10 - MANDATES AND OTHER FUNCTIONS OF EXECUTIVE DIRECTORS

As provided in the French Commercial Code, this information is set out in Appendix 3.

11 - MANAGEMENT

As provided under article L. 225-51-1 of the French Commercial Code, we inform you that Gilles Schnepp held the positions of Chairman and Chief Executive Officer at December 31, 2010.

12 - SUBSIDIARIES AND ACQUISITIONS OF EQUITY INTERESTS

There were no significant acquisitions of equity interests or control.

13 - SHAREHOLDERS

a) At December 31, 2010, ownership of Legrand shares broke down as follows:

	% of capital	% of voting rights
Wendel group	19.43%	27.69%
KKR group	17.04%	24.27%
Legrand management and employees	4.82%	6.10%
Treasury shares	0.30%	0.22%*
Free float	58.41%	41.72%

* *Voting rights non exercisable at General Meeting.*

Article 11.4 of Company articles provides that from February 24, 2006 on, voting rights double those of other shares in proportion to the portion of capital represented are attributed to all fully-paid shares registered in the name of the same owner for a period of at least two years.

b) Employee share ownership

In connection with the admission of Legrand shares to trading on Euronext Paris, the Company offered its employees and those of its French subsidiaries in which its interest, direct or indirect, exceeds 50%, preferred terms for the purchase of Legrand shares by means of a capital increase reserved to employees. This offer, available only in France, was open to all participants in the *Plan d'Epargne Groupe Legrand Actionnariat (PEG Actionnariat)* employee share ownership program, which supplements the employee share ownership plan launched on January 30, 2004.

On May 2, 2006, a total of 2,303,439 shares representing 0.85% of capital stock were issued and paid up at a 20% discount to the IPO price, setting the price paid by employees at €15.80 per share. This included the par value of €4 each plus an issuing premium of €11.80.

Participants received units of the Company investment fund *(Fonds Commun de Placement Entreprise or FCPE)*, the vehicle for employee share ownership, in quantities proportionate to their individual investments.

At December 31, 2010, shares held by employees in this way totaled 2,190,255 including 2,038,423 shares within the FCPE and 151,832 shares within a share ownership/savings plan linked to the *participation* and *intéressement*.

14 - COMPENSATION OF EXECUTIVE DIRECTORS

Information concerning compensation of executive directors is provided in compliance with the French Commercial Code in Appendix 4.

15 - STOCK OPTIONS AND FREE SHARE ALLOTMENTS

Stock options subscriptions to new shares or purchases of existing shares

2005 stock-option plan

The Company adopted a stock-option plan, under which options may be granted for subscription to a defined number of ordinary shares at a price initially set at €1.40. At their General Meeting on February 24, 2006, shareholders voted to combine shares, with one new share replacing four existing shares, simultaneously raising the nominal value per share from €1 to €4. As a result, the exercise price for options was raised to €5.60.

In 2010, 57,916 options were exercised, these having been allocated under the 2005 plan.

The 2005 plan expired on April 7, 2010.

2007 to 2010 stock-option plans

On May 15, 2007, a stock option plan for subscription to new shares or purchase of existing shares was set up. The exercise price for a new or existing share was set at €25.20. A total of 1,638,137 options were allotted.

On March 5, 2008, a stock option plan for subscription to new shares or purchase of existing shares benefiting staff members and/or certain executive directors was set up. The exercise price for a new or existing share was set at €20.58. A total of 2,015,239 options were allotted.

On March 4, 2009, a stock option plan for subscription to new shares or purchase of existing shares benefiting staff members and/or certain executive directors was set up. The exercise price for a new or existing share was set at €13.12. A total of 1,185,812 options were allotted.

On March 4, 2010, the Company set up a new stock option plan for subscription to new shares or purchase of existing shares benefiting staff members and/or certain executive directors. The exercise price for a new or existing share was set at €21.82. A total of 3,254,726 options were allotted.

The executive directors concerned are required to hold at least 30% of the shares resulting from the exercise of options in registered form until the expiration of their term of office.

In 2010, 6,751 options were exercised, these having been allocated under the 2007, 2008 and 2009 plans.

As provided under article L. 225-184 of the French Commercial Code, a special report on this subject will be presented to the General Meeting of Shareholders scheduled on May 26, 2011.

Free share allotments

On May 15, 2007, a free-share plan was initiated. The total number of free shares allotted was 533,494.

On March 5, 2008 a free-share plan was initiated for the benefit of certain employees and/or executive directors. The total number of free shares allotted was 654,058.

On March 4, 2009 a free-share plan was initiated for the benefit of certain employees and/or executive directors. The total number of free shares allotted was 288,963.

On March 4, 2010, the Company adopted a new free-share plan for the benefit of certain employees and/or executive directors. The total number of free shares allotted was 896,556.

The executive directors concerned are required to hold at least 30% of the shares allotted to them in registered form until the expiration of their term of office.

As provided under article L225-197-4 of the French Commercial Code, a special report on this subject will be presented to the General Meeting of Shareholders scheduled on May 26, 2011.

Options granted and free shares allotted, and shares subscribed to and canceled in connection with the various plans adopted are detailed in Note 2.6.d) to the Company's separate financial statements.

16 - DELEGATION OF POWERS IN CONNECTION WITH CAPITAL INCREASES

Information concerning delegation of powers in connections with capital increases is provided in compliance with articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code in Appendix 5.

17 - SHARE BUYBACKS

In the course of the 2010 financial year, the Company purchased a total of 1,262,160 own shares at a total cost of €30,732,454 and sold 1,359,660 for a total of €33,201,472 in connection with the liquidity contract entered into with Crédit Agricole Cheuvreux on May 29, 2007, the terms of this contract being in accordance with the Charter of Ethics adopted by the French *Association française des marchés financiers* and approved by financial market supervisor AMF in its decision dated March 22, 2005.

The average price for purchases was €24.35 per share and the average price for sales was €24.42 per share.

Related trading costs totaled €1,450.

At December 31, 2010, the Company held 800,135 own shares with a nominal value of €4 each, representing a nominal total of €3,200,540 or 0.3% of capital stock. Valued at cost, they represented a total amount of €19,258,241.73.

Outside the scope of the liquidity contract, the Company held 607,635 own shares at December 31, 2010, representing a total value at cost of €13,872,893. These shares were appropriated as follows:

- 578,380 shares valued at €13,143,858 were appropriated for the implementation of such stock-option plans as necessary, representing 0.2% of the capital of the Company and a nominal value of €2,313,520;
- 29,255 shares valued at €729,035 were appropriated to the Company investment fund (*FCPE*) in connection with employee profits sharing, representing 0.01% of the capital of the Company and a nominal value of €117,020.

In the course of 2010:

- 27,508 shares were transferred to the FCPE under the employee profit-sharing program and valued at €649,189;
- 330,504 shares were transferred to employees within the framework of free share allotment programs.

The balance on the liquidity contract stood at 192,500 shares at December 31, 2010.

18 - MANAGERS' TRANSACTIONS IN COMPANY SHARES (ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE)

Transactions reported to market supervisor AMF during 2010 were as follows:

Declarer	Nature of transaction	Description of securities	Number of transactions	Total amount *(in euros)*
Antoine Burel	Sale	Shares	1	46,192
Fabrizio Fabrizi	Sale	Shares	12	539,202
Jean-Luc Fourneau	Sale	Shares	1	853,227
Individual linked to Jean-Paul Leduc	Sale	Shares	1	83,927
Paolo Perino	Sale	Shares	1	660,900
John Selldorff	Sale	Shares	9	1,268,436
Eric Seurin	Sale	Shares	3	1,877,344
Patrice Soudan	Sale	Shares	7	1,957,200

19 - FACTORS THAT MAY BE RELEVANT IN THE EVENT OF A TENDER OFFER

1. Ownership of capital

The ownership of Legrand shares is presented in paragraph 13 above.

2. Restrictions on the exercise on voting rights and transfers of shares provided for in Company articles or agreements brought to the notice of the Company pursuant to article L.233-11 of the French Commercial Code

Company shares are freely negotiable and are transferred from account to account in accordance with applicable legislation and regulations.

Within the limits imposed by legislation and regulation, members of the General Meeting in principle have as many votes as shares they own or hold proxies for.

However voting rights attached to shares, in proportion to the share of capital stock represented, are doubled in the case of fully-paid shares for which it is shown that they have been held on a registered account in the same owner's name for at least two years since February 24, 2006.

In addition, in the event of a capital increase through incorporation of reserves, earnings or issue premiums, the double voting right is attached, on issue, to the registered shares allocated free of charge in this respect to the holders of shares to which this right is already attached.

Any shares converted from registered to bearer form or the ownership of which is transferred cease to carry double voting rights. However, if the transfer of ownerships results from succession, the dissolution of the joint property of spouses, or gift to a spouse or person in line of succession, the double voting rights do not lapse and there is no interruption in the required period of two years.

The merger or division of the Company is without effect on double voting rights, which may be exercised within the successor company or companies provided this is allowable under the articles of this company or these companies.

3. Direct and indirect equity interests of which the Company has been apprized by virtue of articles L.233-7 and L.233-12 of the French Commercial Code

No direct or indirect equity interests of a nature to affect a tender offer were acquired in the 2010 financial year.

4. Owners of any securities conferring special rights of control and description of these securities

Nil.

5. Control procedures provided for employee share-ownership plans when the employees do not exercise this control themselves

As provided in the regulations of Company investment funds "*Actions Legrand*" and "*Legrand Cap 2011*", the voting rights attached to Company shares are exercised by the Supervisory Board of these funds.

6. Shareholders' agreements of which the Company is aware and that are of a nature to restrict transfers of shares and exercise of voting rights

On March 21, 2006, Wendel and KKR entered into a shareholders' agreement (the "**Shareholders' Agreement**") in the context of the initial public offering. The main provisions of the Shareholders' Agreement are described below.

Principles

Given the existing concert between Wendel and KKR, each of them has agreed not to acquire any shares of the Company which, under French law, would result in the obligation to register a public tender offer for the shares of the Company, except where the acquiring party solely bears the consequences of such a tender offer. In the event that one of the parties pursues such an offering, the Shareholders' Agreement will be amended to (i) allow the non-offering party (which party will have become a minority shareholder) veto rights on certain material decisions regarding the Company for so long as such party holds at least 20% of the voting rights of the Company; and (ii) grant tag-along rights in the event the party holding majority ownership of the Company sells its shareholding in the Company.

Exercise of voting rights

Without prejudice to the voting rights of the shareholders in general shareholders' meetings, Wendel and KKR agreed that, during a period of two years and three months as from the date of the admission for trading of the shares of the Company on NYSE Euronext Paris, *i.e.*, until July 6, 2008, and after this period for so long as Wendel and KKR jointly hold more than one-third of the voting rights, they will, by means of their votes at shareholders' meetings and those of the Directors they have nominated, ensure that the Board of Directors continues to be composed of a majority of members proposed by Wendel and KKR. Throughout this period, the seats of the Board of Directors will be shared on an equal basis between members proposed by Wendel and by KKR, without considering their respective shareholdings in the Company.

Since July 6, 2008 it has been possible to adjust the allocation of seats on the Board occupied by Directors proposed by each of Wendel and KKR in the event of a change in the respective shareholding in the Company of Wendel or KKR.

Exit mechanisms

Restricted period

Since April 8, 2008, Wendel and KKR have no longer been subject to the obligation under the Shareholders' Agreement not to dispose of any shares of the Company, with the exception of disposals to related parties and sales of limited numbers of shares (in accordance with thresholds defined in order to limit the impact of such disposals on the stock price), it being specified that such disposals required prior notification of the other party.

On September 21, 2010, KKR and Wendel jointly put a total of 23.7 million shares representing approximately 9% of capital on the market.

Post-restricted period

If at any time during the term of the Shareholders' Agreement either KKR or Wendel wishes to carry out a secondary offering of its shares in the Company in an amount greater than €150 million, or if either of them wishes to dispose of a block of shares of the Company in an amount greater than €100 million, the other party will be entitled to tag along on such secondary offering or disposal. This right does not apply with respect to distributions of shares of the Company to shareholders of Wendel or KKR, or in the event of the issuance of securities convertible or exchangeable for shares of the Company (convertible bonds, etc.) or in the event of securities of the Company being used as consideration in another, more extended transaction.

KKR and Wendel will have the Company undertake to carry out certain actions in the context of any secondary offerings, in order to allow for an orderly placement with the public of the shares they hold.

Any share sale by either Wendel or KKR to a trade buyer in an amount greater than €100 million requires the prior consent of the other party.

In the event of a proposed sale by Wendel or KKR of a portion of their shares in the Company, the non-selling party will have a right of first offer to purchase the shares proposed for sale. This right of first offer will not apply to the distribution of shares of the Company to shareholders of Wendel or KKR, or to the issuance of securities convertible or exchangeable for shares of the Company (such as convertible bonds).

Termination

The Shareholders' Agreement will terminate on the earliest of (i) the date on which the combined shareholding in the Company of Wendel and KKR represents less than one-third of the voting rights of the Company; (ii) the date on which the shareholding of either Wendel or KKR represents less than 5% of the voting rights of the Company; and (iii) the fifth anniversary of the initial public offering of the Company's shares on NYSE Euronext Paris.

7. Appointment and replacement of members of the Board of Directors and amendment of Company articles and by-laws

Appointment and replacement of members of the Board of Directors

As indicated in section 6 (**Shareholders' agreements of which the Company is aware and that are of a nature to restrict transfers of shares and exercise of voting rights**) above, the Shareholders' Agreement between Wendel and KKR includes provisions pertaining to the appointment and replacement of members of the Board of Directors (under the heading **"Exercise of voting rights"**).

Otherwise, the Company's constitutional documents provide that it is managed by a Board of Directors made up of a minimum of three members and of a maximum of eighteen members, subject to the exception provided by law in the event of a merger. The regulations of the Board of Directors further provide that the Board is to ensure that at least two of its members are independent directors.

Subject to legal exceptions, each Director must hold (in registered form) at least 500 ordinary shares of the Company while a Director of the Company.

Members of the Board are appointed to serve four-year terms, which expire at the end of the ordinary general meeting of shareholders called to consider accounts for the financial year preceding the year in which their term of office expires. They may be reappointed for consecutive terms without limit.

When the legal conditions are satisfied, the Board of Directors may appoint provisional members of the Board for the remaining term of office of their predecessor. As provided by law, provisional appointments are subject to ratification at the first shareholders' meeting thereafter.

No individual exceeding the age of 70 may be appointed to the Board of Directors if his/her appointment results in more than one-third of the number of members of the Board of Directors having exceeded such age. If, during their term of office, the number of members of the Board of Directors having exceeded the age of 70 exceeds one-third of their total number, the oldest member will be deemed to have resigned at the end of the ordinary general meeting of shareholders called to consider accounts for the previous financial year, and which is held during the year in which the age limit is reached.

Amendment of Company articles and by-laws

Since the Company's constitution documents make no specific provisions, such amendments are subject to the general provisions of law.

8. Powers of the Board of Directors, in particular concerning share issuance and buybacks

Information on this subject is provided in Appendix 5. It should be noted that the Company can only buy back its own shares outside of periods during which shares are made available through public offerings.

9. Agreements to which the Company is a party and which are altered or lapse in the event of a change of control

The following contracts may be altered or lapse if control of the Company changes:

- the credit contract in an amount of €2.2 billion taken out with five mandated lead arrangers on January 10, 2006;
- the credit contract in an amount of €220 million taken out with a number of French financial institutions on May 21, 2007;
- contract for the issuance of bonds on the US market by the Company's subsidiary Legrand France in amount of $400 million in the event that control changes as a result of a hostile offer;
- the credit contract in an amount of €62.5 million taken out with French financial institutions on March 12, 2009;
- the bond issue made on February 24, 2010 in a nominal amount of €300 million.

10. Agreements providing for the payment of indemnities to employees or members of the Board of Directors in the event of resignation, or of dismissal without real and serious cause, or of termination of employment as consequence of a tender offer.

Nil as regards executive directors and members of the Board of Directors.

20 - DUE DATES OF ACCOUNTS PAYABLE

In compliance with article L. 441-6-1 of the French Commercial Code, payables at December 31, 2009 and December 31, 2010 do not include any accounts due in more than 60 days.

February 10, 2010

The Board of Directors

Appendix 1 to the Management Report

Legand SA Debt position (in € millions)	12/31/2010	12/31/2009
Bank borrowings		
Amount		
Bond issue	300.0	-
Bank loan	282.5	282.5
Credit facility	314.3	365.0
TOTAL BANK BORROWINGS	**896.8**	**647.5**
Accrued interest	11.1	0.2
Interest expense		
Bond issue	10.9	-
Bank loan	4.3	6.1
Credit facility	2.6	4.8
TOTAL INTEREST ON BANK BORROWINGS	**17.8**	**10.9**
%	2.0%	1.7%
Debts to affiliated companies		
Amount		
Legrand France loan	37.4	158.6
Accrued interest		
Legrand France loan	-	0.1
Interest expense		
Legrand France loan	0.5	2.2
%	1.3%	1.4%
Total debt	**945.3**	**806.4**
Total shareholders' equity	2,852.5	2,958.4
% Debt/shareholders' equity	**33%**	**27%**

Appendix 2 to the Management Report

Legrand SA Financial results over the last 5 years *(in € thousands)*	12/31/2006 12 months***	12/31/2007 12 months	12/31/2008 12 months	12/31/2009 12 months	12/31/2010 12 months
Capital stock at year end					
Share capital	1,078,774	1,083,903	1,051,261	1,052,387	1,052,645
Ordinary shares outstanding	269,693,376	270,975,739	262,815,128	263,096,679	263,161,346
Total shares issued	269,693,376	270,975,739	262,815,128	263,096,679	263,161,346
of which, number held by the Company*	-	11,385,834	6,745,873	1,255,647	800,135
Result of operations					
Net sales	14,778	17,335	20,305	17,872	15,661
Profit before tax, amortization, depreciation and provisions**	520,888	359,080	188,203	96,831	68,927
Tax on profit	68,050	97,539	33,582	4,010	6,727
Employees profit sharing	(85)	(121)	(231)	(148)	(145)
Profit after tax, amortization, depreciation and provisions	594,238	449,128	176,970	134,668	77,329
Distributed earnings	110,574	133,121	179,241	182,810	183,716
Result of operations per share (divided by total number)					
Profit before tax, amortization, depreciation and provisions	1.93	1.33	0.72	0.37	0.26
Profit after tax, amortization, depreciation and provisions	2.20	1.66	0.67	0.51	0.29
Dividend paid on each ordinary share	0.41	0.50	0.70	0.70	0.70
Workforce					
Number of employees at year end	43	50	51	43	42
Total salaries and wages	4,005	5,058	6,009	5,506	5,718
Payments relating to employee benefits (social security, other benefits, etc.)	1,769	2,137	3,221	2,399	2,612

* *No dividend entitlement or voting rights can be attached to own shares held by the Company.*

** *In 2006 includes gain of 380.820.955 euros on dissolution of Legrand SAS and pooling of assets and liabilities.*

*** *The financial year was over 12 months but as a result of the merger of Legrand SAS into the Company in March 2006, payroll and employee benefit expenses were over 10 months.*

Appendix 3 to the Management Report

Name	List of positions held in French and foreign companies
Gilles Schnepp Age 52 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges Director of the Company since 2002 and Chairman of the Board and Chief Executive Officer since 2006	***Current positions (no directors' fees or other form of compensation are paid or due in respect of positions with companies belonging to the Legrand group):*** Chairman and CEO of Legrand France Chairman of the Board of Directors of Leten Chairman of the Board of Directors of TCL Legrand International Electrical Chairman of the Board of Directors of de TCL Wuxi Director and Chairman of the Board of Directors of Anam Director and Chairman of the Board of Directors of Bticino Corporativo Director and Chairman of the Board of Directors of Bticino Operacional SA DE CV Director and Chairman of the Board of Directors of Bticino Philippines Director and Chairman of the Board of Directors of Bticino SpA Director and Chairman of the Board of Directors of Fidelec Chairman of the Board of Directors of Firelec Director of Legrand Australia Director and Chairman of the Board of Directors of Legrand China Holding Director and Chairman of Legrand Holding Inc. Director and Chairman of the Board of Directors of Legrand ZRT Director and Chairman of the Board of Directors of Simapel Director and Chairman of the Board of Directors of Tenby Electrical Accessories Director and Chairman of the Board of Directors of Legrand (S) PTE Ltd. Chairman of the Board of Directors of Legrand Electrica Director and Chairman of the Board of Directors of Legrand Group España SL Director of Bticino de Mexico Director of Legrand Elektrik Sanayi Director of Desmag Director of Eltas Director of Estap Elektrik Director of Estap Dis Ticaret Director of Legrand Group Pty Ltd Director of Kimbe Director of Legrand (Beijing) Electrical Company Director of Legrand Colombia Director of Legrand Electrique Belgium Director of Legrand Helliniki

Name	List of positions held in French and foreign companies
	Director of Legrand Hong-Kong Director of Legrand Ireland Ltd. Director of Legrand Kazakstan Director of Legrand Nederland BV Director of Legrand Romania Director of Legrand Shanghai Trading Director of O.A.O. Kontaktor Director of Pass & Seymour Inc. Director of PT Supreme Electro Kontak Director of The Wiremold Company Member of the Supervisory Board of Legrand Polska Director of Legrand Skandinaviska Director and manager of Legrand SLV d.o.o. Manager of Legrand Austria Chairman of the Supervisory Board of Chateaudun Développement 3 Permanent representative of Legrand France, Chairman of Cofrel Permanent representative of Legrand France, Chairman of Distrasa Permanent representative of Legrand France, Chairman of Groupe Arnould Permanent representative of Legrand France, Chairman of ICM Group Permanent representative of Legrand France, Chairman of Sarlam Permanent representative of Legrand France, Chairman of Sute Permanent representative of Legrand France, Chairman of URA Permanent representative of Legrand France, manager of Legrand SNC Director of Clarly Ltd Director of Rocom Electric Company Ltd Director of Shenzhen Shidean Legrand Electronic Products Director of Van Geel Slovakia Director of PT Legrand Indonesia Director of HPM Legrand New Zealand ***Current positions outside the Legrand Group:*** Director of Saint-Gobain* ***Positions held during the past five years and now discontinued:*** Mandates in various Group subsidiaries

* *Listed company.*

Name	List of positions held in French and foreign companies
Olivier Bazil Age 64 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges Director of the Company since 2002 and Vice-Chairman and Chief Operating Officer since 2006	***Current positions (no directors' fees or other form of compensation are paid or due in respect of positions with companies belonging to the Legrand Group except for directors' fees paid by Bticino SpA):*** Chairman and CEO of Desmag Chief Operating Officer, Vice-Chairman of the Board of Directors and Director of Legrand France Chairman of the Board of Directors of TCL Legrand Electrical Technology Director of Anam Director of Bticino SpA Director of Bticino Corporativo Director of Bticino Operacional Director of Dipareena Electricals Director of Legrand Australia Director of Legrand Colombia Director of Legrand Elektrik Sanayi Director of Legrand Group España SL Director of Eltas Director of Estap Dis Ticaret Director of Estap Elektrik Director of Estap Middle East Fzc Director of Legrand Electrica Director of Legrand (India) Private Director of Legrand (HK) Ltd. Director and Vice-Chairman of Legrand Holding Inc. Director of Parkfield Holdings Limited Director of Pass & Seymour Inc. Director of Legrand Nederland BV Chairman of the Board of Directors of Vantage Emea Director and CEO of Vetron Director and CEO of PB Finelectric BV Director of The Wiremold Company Member of the Supervisory Board of Legrand Polska Director of Legrand SNC FZE Dubai Member of the Supervisory Board of de Legrand ZRT Chairman of O.A.O. Kontaktor Manager of Rhein Vermogensverwaltung Permanent representative of AE Chessy, Manager of Planet Watthom Permanent representative of Legrand France, Chairman of Alpes Technologies Permanent representative of Legrand France, Chairman of AE Chessy Permanent representative of Legrand France, Chairman of Pammelec Member of the Supervisory Board of Chateaudun Développement 3 Permanent representative of Legrand France, Chairman of Préfatech Director and Chairman of the Board of Directors of Shenzen Shidean Legrand Electronic Products Director and CEO of TCL Communication (HK) Ltd. Director of TCL Legrand International Electrical (Huizhou) Co. Ltd. Chairman of the Board of Directors of TCL Legrand International Electrical (Hu He Hao Te) Co. Ltd. Director of TCL Wuxi Chairman of the Supervisory Board of PT Legrand Indonesia Director of Shanghai Legrand Electrical Talent Director and Chairman of the Board of Directors of Inform Elektronik ***Current positions outside the Legrand Group:*** Director of Firmenich International SA Member of the Supervisory Board of La Société Civile du Château Palmer Chairman of Fritz SAS ***Positions held during the past five years and now discontinued:*** Mandates in various Group subsidiaries

Name	List of positions held in French and foreign companies
Mattia Caprioli Age 36 Stirling Square 7 Carlton Gardens London SW1Y 5AD United-Kingdom Director of the Company since 2007	***Current positions:*** Director of Alliance Boots (since 2007) Director of Inaer Aviation Group (since 2010) ***Positions held during the past five years and now discontinued:*** Director of FL Selenia SpA (2005-2007) Director of AVR Bedrijven BV (2006-2007) Director of Pages Jaunes Groupe SA* (2006-2007)
Jacques Garaïalde Age 54 Stirling Square 7 Carlton Gardens London SW1Y 5AD United-Kingdom Director of the Company since 2003	***Current positions:*** *Managing Director* of Kohlberg Kravis Roberts & Co. Ltd. Director of Nexans* (since 2001) Chairman and CEO of Médiannuaire Holding (since 2006) Chairman of the Board of Directors of Pages Jaunes Groupe* (since 2006) Member of the Executive Committee of Société d'Investissement Familiale (SIF) (since 2007) Director of Tarkett (since 2007) Director of EVCA - European Private Equity & Venture Capital Association (since 2009) Director of Visma (since 2010) ***Positions held during the past five years and now discontinued:*** Director of Legrand France (2001-2006)
Edward A. Gilhuly Age 51 245 Lytton Avenue Suite 250 Palo Alto, CA 94301 United States Director of the Company since 2002	***Current positions:*** Director of Duke Management Company (since 2005) Director of California Academy of the Sciences (since 2005) Member of Sageview Capital LP (since 2005) Director of Cinedigm (since 2009) ***Positions held during the past five years and now discontinued:*** Director of Legrand France (2001-2006) Member and partner of KKR (1986-2005) Director of MedCath Corporation (1998-2008) Director of Rockwood Specialties, Inc. (2000-2005) Member of the Supervisory Board of Wincor Nixdorf AG (1999-2006) Director of MTU Aero Engines Director of Vendex Member of the Supervisory Board of Demag Holding Sarl (2002-2010)
François Grappotte Age 74 128, avenue du Maréchal de Lattre de Tassigny 87000 Limoges Director of the Company since 2002	***Current positions:*** Director and Honorary Chairman of the Board of directors of Legrand France (Chairman of the Board of Directors and CEO until early 2006) Member of the Supervisory Board of Michelin Director of BNP Paribas* (since 1999) ***Positions held during the past five years and now discontinued:*** Member of the Advisory Council of Banque de France Director of Valeo (2003-2007) Chairman of Lumina Management (until early 2006) Director of Bticino SpA (until early 2006) Director of Legrand Elektrik Sanayi (until early 2006) Director of Eltas Elektrik (until early 2006) Director of Legrand España (until early 2006) Director of Pass & Seymour Inc. (until early 2006) Director of The Wiremold Company (until early 2006)

* *Listed company.*

Name	List of positions held in French and foreign companies
Gérard Lamarche Age 49 Tour T1 1, place Samuel de Champain – Faubourg de l'Arche 92930 Paris La Défense Director of the Company since 2006	***Current positions:*** Director of Aguas de Barcelona (Spain) Director of EUROPALIA International (Belgium) Director of International Power (UK) ***Positions held during the past five years and now discontinued:*** GDF SUEZ Group: Director of GDF Suez Énergie Services Director of Suez Environnement Company Director of Electrabel (Belgium) Outside GDF SUEZ Group: Chairman of the Board of Directors and Director of Cosutrel (Belgium) Chairman of the Board of Directors and Director of Genfina (Belgium) Director of Distrigaz(s) (Belgium) Director of Leo Holding Company (USA) Director of KKR Guernsey GP Limited (USA) Director of BNP PARIBAS Fortis (Belgium)
Thierry de La Tour d'Artaise Age 56 Chemin du Petit-Bois – BP 172 69134 Ecully Cedex Director of the Company since 2006	***Current positions:*** Chairman of the Board of Directors and CEO of SEB SA* Chairman of SEB Internationale (SAS) Director of Plastic Omnium* Director of Club Méditerranée* Permanent Representative of Sofinaction, Director of la Lyonnaise de Banque Director of Zheijiang SUPOR (China) ***Positions held during the past five years and now discontinued:*** Director of Groupe SEB Japan Director of Groupe SEB Mexicana Director of Siparex Associés Member of the Supervisory Board of Rowenta Invest BV Manager of Rowenta Deutschland Gmbh Manager of Krups Gmbh
Frédéric Lemoine Age 45 89, rue Taitbout 75009 Paris Director of the Company since May 2009	***Current positions:*** Chairman of the Management Board of Wendel* (since April 2009) Director of Groupama SA (since 2005) Director of Flamel Technologies (since 2005) Director of Saint-Gobain* (since 2009) Director of Bureau Véritas* (since 2009) ***Positions held during the past five years and now discontinued:*** Member of the Supervisory Board of Wendel* (2008-2009) Chairman of the Supervisory Board of Areva* (2005-2009) Censeur on the Supervisory Board of Générale de Santé* (2006-2009)
Ernest-Antoine Seillière Age 73 89, rue Taitbout 75009 Paris Director of the Company since 2002	***Current positions:*** Chairman of the Supervisory Board of Wendel* (since 2005) Director of SOFISAMC (since 2003) Member of the Supervisory Board of Bureau Veritas* (since 2005) Member of the Supervisory Board of Gras Savoye & Cie (since 2003) Member of the Supervisory Board of Hermès International* (since 1997) Member of the Supervisory Board of Peugeot SA* (since 1994) ***Positions held during the past five years and now discontinued:*** Chairman of the Board of Directors and CEO of Wendel Investissement (formerly-CGIP) (1987-2005) Chairman of the Board of Directors of Société Lorraine de Participations Sidérurgiques (Wendel Participations) (2006-2008) Member of the Supervisory Board of Editis Holding (2004-2008) Chairman of the Board of Directors of Lumina Parent (2003-2006) Vice- Chairman of the Board of Directors of Cap Gemini (2000-2006)

* *Listed company.*

Name	List of positions held in French and foreign companies
Patrick Tanguy Age 50 89, rue Taitbout 75009 Paris Director of the Company since 2010	***Current positions:*** Managing Director of Wendel*, Member of the Investment Committee and the Management Committee Chairman of Compagnie de Butterfly (SAS) Chairman of Coba (SAS) Member of the Executive Committee of Deutsch Group SAS Director of Wendel Japan KK Manager of Winvest Conseil Sàrl Director and Member of the Audit Committee of DSP Group* ***Positions held during the past five years and now discontinued:*** Chairman of the Management Board of Monné-Decroix (2004-2005) Chairman of the Management Board of Prézioso-Technilor (2005-2007)

* *Listed company.*

Appendix 4 to the Management Report

	Fixed salary 2010	Bonus 2010	Total Compensation 2010	Benefits in kind Note A	Directors' Fees Note B	Total 2010	Traveling expenses
Mr. Gilles Schnepp	550,000	392,500	942,500	5,365	20,000	967,865	28,370
Mr. Olivier Bazil	520,000	727,810	1,247,810	5,763	25,200	1,278,773	42,034

Note A: *includes benefits in kind relating to car, telephone and other items.*

Note B: *fees received from Italy and Legrand.*

Gilles Schnepp and Olivier Bazil also benefits from a supplementary pension contract.

This contract is reserved to certain members of the Legrand Executive Committee. This entitles beneficiaries who have been employed by the Company for at least ten years when retiring, to a supplementary pension calculated in such way that, when added to their pension provided for under compulsory contributions, it ensures that the total pension they receive is equal to 50% of the average total compensation (including bonuses and benefits) received in the two of the three years preceding their retirement in which this total was the highest. In the event of their decease, their surviving spouses will be entitled to 60% of this pension.

Readers are invited to consult paragraph 8.2 of the present registration document for full details on Executive Directors' compensation and benefits.

Appendix 5 to the Management Report

The table below lists the Board of Directors' use of authorizations granted by the General Meeting of shareholders during the year.

Authorizations granted by the General Meeting of shareholders	Date of the General Meeting	Duration and expiration of authorization	Conditions of the authorization	Use of the authorization during the 2010 financial year
Purchase of shares representing no more than 10% of share capital	May 27, 2010	18 months November 27, 2011	Limited to 10% of share capital at May 27, 2010 Maximum amount: €500 million Maximum price per share: €35	€20.9 million
	May 26, 2009	18 months November 26, 2010	Limited to 10% of share capital at May 26, 2009 Maximum amount: €500 million Maximum price per share: €30	€9.7 million
Cancellation of shares so purchased and capital reduction	May 27, 2010	26 months July 27, 2012	10% of share capital at May 27, 2010	Nil
	May 26, 2009	26 months July 26, 2011	10% of share capital at May 26, 2009	Nil
Allotment of stock options in favor of certain employees or executive directors	May 15, 2007	38 months July 15, 2010	Duration of the plan: 10 years Limited to 5% of share capital at the date of the allotment decision Exercise price set by the Board of Directors: €21.82	1.2% of share capital at the date of the allotment decision, *i.e.*, March 4, 2010
Free allotment of existing shares or shares to be issued	May 15, 2007	38 months July 15, 2010	5% of share capital at the date of the allotment decision	0.3% of share capital at the date of the allotment decision, *i.e.*, March 4, 2010
Issuing of shares or securities providing access to the Company's equity or entitlement to debt securities with preferred subscription rights (resolution 10)	May 27, 2010	26 months July 27, 2012	€500 million (this maximum nominal amount being ascribed to the overall maximum amount of €500 million (the "Overall Maximum Amount"))	Nil
Issuing, by means of public offers, of shares or securities providing access to the Company's equity or entitlement to debt securities, without preferred subscription rights (resolution 11)	May 27, 2010	26 months July 27, 2012	€350 million (this maximum nominal amount being ascribed to the Overall Maximum Amount)	Nil
Issuing, by means of an offer within the scope of section II of article L. 411-2 of French *Code monétaire et financier* (private placement), of shares or securities providing access to the Company's equity or entitlement to debt securities, without preferred subscription rights (resolution 12)	May 27, 2010	26 months July 27, 2012	€350 million (this maximum nominal amount being ascribed to the maximum nominal amount of €350 million under resolution 11)	Nil
Increase of issue amounts in the events of excess demand within 30 days of the subscription closing date (resolution 13)	May 27, 2010	26 months July 27, 2012	Up to 15% of the initial issue (with respect to maximum nominal amount set for each issues decided under resolutions 10, 11 and 12)	Nil

Authorizations granted by the General Meeting of shareholders	Date of the General Meeting	Duration and expiration of authorization	Conditions of the authorization	Use of the authorization during the 2010 financial year
Determination of prices for issues without preferred subscription rights (resolution 14)	May 27, 2010	26 months July 27, 2012	10% of the share capital in any period of 12 months (this nominal amount being ascribed to the maximum nominal amount for each issues decided under resolutions 11 and 12)	Nil
Capital increase by incorporation of reserves, profit, premiums, or other amounts (resolution 15)	May 27, 2010	26 months July 27, 2012	€100 million	Nil
Issues reserved to employees participating in a group or Company share ownership/savings plan (resolution 16)	May 27, 2010	26 months July 27, 2012	€25 million (this maximum nominal amount being ascribed to the Overall Maximum Amount)	Nil
Issue of shares and others securities as consideration for contributions in kind (resolution 17)	May 27, 2010	26 months July 27, 2012	10% of share capital at the issue date (this maximum nominal amount being ascribed to the maximum nominal amount of €350 million under resolution 11)	Nil

APPENDIX 3

Statutory Auditors' report on the financial statements for the year ended December 31, 2010

This is a free translation into English of the statutory auditors' report issued in French and 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 opinion on the Company's financial statements and includes an explanatory paragraph discussing the statutory auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Legrand
Société anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 Limoges

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings, we hereby report to you for the year ended December 31, 2010 on:

- the audit of the accompanying financial statements of Legrand (the «Company»);
- the justification of our assessments;
- the specific verifications and disclosures required by law.

The financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities as of December 31, 2010 and the results of its operations for the year then ended in accordance with accounting rules and principles applicable in France.

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 matter:

Note 1.3 to the financial statements sets forth the accounting policies related to the valuation of investments in participating interests. As part of our assessment of the accounting policies implemented by your Company, we have verified the appropriateness of the above-mentioned accounting methods.

The assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND DISCLOSURES

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (Code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

Pursuant to the law, we have verified that the management report of the Board of Directors contains the appropriate disclosures to the percentage interests and votes held by shareholders.

Neuilly-sur-Seine, April 8, 2011

The Statutory Auditors

PricewaterhouseCoopers Audit

Gérard Morin
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Deloitte & Associés

Dominique Descours
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex

APPENDIX 4

Resolutions for the Combined General Meeting of shareholders on May 26, 2011

RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

First Resolution (Approval of the Company's financial statements as at December 31, 2010)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and being apprised of the Board of Directors' management report on the activity and general situation of the Company in the 2010 financial year, of the Chairman of the Board's report as scheduled to the management report, of the auditor's report on the annual financial statements, and of the auditor's report on the Chairman's report, shareholders approve the Company's financial statements at December 31, 2010 as presented, which show a net profit of €77,329,415.68, together with the transactions reflected in these financial statements or summarized in the reports referred to.

Second Resolution (Approval of the consolidated financial statements at December 31, 2010)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and being apprised of the Board of Directors' management report on the activity and general situation of the group in the 2010 financial year together with the auditors' report on the consolidated financial statements, shareholders approve the Company's consolidated financial statements at December 31, 2010 as presented, which show a net profit of €418.3 million excluding minority interests, together with the transactions reflected in these financial statements or summarized in the reports referred to.

Third Resolution (Appropriation of earnings)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and being apprised of the Board of Directors' report and of the auditors' report on the annual financial statements, the shareholders:

1. observe that the net book profit for the financial year ended December 31, 2010 amounts to €77,329,415.68;
2. decide to appropriate €3,866,470.78 of this net profit to the legal reserve;
3. observe that, after this appropriation of €3,866,470.78 to the legal reserve and considering retained earnings from previous years amounting to €620,703,167.84, the amount available for distribution in respect of the 2010 financial year is €694,166,112.74;
4. decide to distribute a dividend to shareholders amounting to €0.88 euro per share, making a total amount of €230,877,865.68 on the basis of the number of shares making up capital stock at December 31, 2010 and after deduction of own shares held at this date (this total being subject to upward adjustment for dividends that may be due on shares issued after December 31, 2010); and
5. decide to appropriate the distributable income remaining to retained earnings.

If the number of shares entitled to a dividend changes from the 263,161,346 shares making up capital stock at December 31, 2010, the total amount to be distributed as dividends shall be adjusted accordingly and the amount appropriated to retained earnings shall be determined on the basis of dividends actually paid.

The dividend of €0.88 euro per share referred to in paragraph 4 above will be made payable from June 3, 2011.

No dividends will be due on any shares that may be held by the Company itself or have been cancelled at the payment date.

Shareholders confer on the Board of Directors all necessary powers to determine, considering in particular the number of own shares held by the Company at the payment date and the number of shares canceled before that date, the total amount of the dividend and, by the same token, the amount of distributable income to be appropriated to retained earnings.

The dividend is eligible in full for the 40% income-tax exemption provided for under article 158-3.2 of the French *Code Général des Impôts*. Shareholders who opt for a flat rate of taxation at source on dividends received (*prélèvement forfaitaire libératoire*) under article 117-4 of the *Code Général des Impôts* will not benefit from this exemption.

Shareholders note that dividends paid in respect of the 2007, 2008 and 2009 financial years were as follows:

Financial year	Shares with dividend entitlement	Net dividend per share
2007	256,059,171 shares with a par value of €4	€0.70
2008	261,157,772 shares with a par value of €4	€0.70
2009	262,451,948 shares with a par value of €4	€0.70

All dividends distributed in respect of the 2007, 2008 and 2009 financial years were eligible for the 40% income-tax exemption under 158-3-2 of the French *Code Général des Impôts*.

Fourth Resolution (Agreements within the scope of article L.225-38 of the French Commercial Code)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings and being apprised of the auditor's special report, shareholders take due note of the conclusions of this report and approve the agreements it refers to.

Fifth Resolution (Renewal of the mandate of one of the Statutory Auditors)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, shareholders note that the mandate of Deloitte & Associés as statutory auditor expires this day.

Shareholders decide to renew the mandate of Deloitte & Associés, the registered address of which is 185, avenue Charles de Gaulle, 92524 Neuilly-sur-Seine Cedex, as statutory auditor for a period of six years from this day, ending at the date of the ordinary general meeting of shareholders called to consider financial statements for the financial year ending December 31, 2016.

Sixth Resolution (Renewal of the mandate of one of the deputy statutory auditors)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, shareholders note that the mandate of Cabinet BEAS as a deputy statutory auditor expires this day.

Shareholders decide to renew the mandate of Cabinet BEAS, whose address is 9 Villa Houssay, 92524 Neuilly-sur-Seine Cedex, as a deputy statutory auditor for a period of six years from this day, ending at the date of the ordinary general meeting of shareholders called to consider financial statements for the financial year ending December 31, 2016.

Seventh Resolution (Authorization granted to the Board of Directors to allow the Company to purchase, sell or transfer its own shares)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and being apprised of the Board of Directors' report, shareholders:

- authorize the Board of Directors, in accordance with article L.225-209 of the French Code of Commerce, to purchase, or to have purchased, Company shares representing at most 10% of the Company's capital stock at the date of this meeting, it being noted that, when shares are bought to ensure the market liquidity of Legrand shares under the conditions described herein below, the number taken into account for the calculation of this limit of 10% will be the number of shares bought less the number of shares sold during the validity of this authorization;
- provide that shares may be bought, sold or transferred for the purposes of:
  - ensuring the liquidity and active operation of the market in Company shares by the intermediary of an investment services provider, acting independently under a liquidity contract in compliance with the Code of Practice recognized by France's Financial Markets Authority (AMF),
  - implementing any and all Company stock-option plans in accordance with articles L.225-177 and following of the French Code of Commerce, any and all employee share-ownership initiatives undertaken in accordance with articles L.3332-1 and following of the French Labor Code (*Code du travail*); any and all free share allotments pursuant to articles L.225-197-1 and following of the French Code of Commerce; and any and all share allotments for the purpose of profit-sharing, as well as providing cover for such transactions, at such times as the Board of Directors or the person acting on its behalf takes action,
  - holding and subsequently transferring shares by way of exchange or payment relating to business acquisitions,
  - delivering shares on the exercise of rights attached to securities providing immediate or future access, through redemption, conversion, exchange, presentation of a warrant or in any other manner, to the equity of the Company,

- canceling all or some of the shares so purchased, on condition that the ninth resolution below be adopted,
- engaging in other practices as may be permitted or recognized by law or by the Financial Markets Authority, or pursuing any other objective complying with applicable law and regulation.

The purchase, sale, transfer or exchange of shares may be effected, directly or indirectly, on one or several occasions, by any means and at any time, except at such times as Company shares may be the object of a tender offer. It may be carried out on any market or through a private transaction, trading in blocks of shares or public tender offers, through the use of any financial instruments or derivatives, notably option-based mechanisms, such as the purchase or sale of buy or sell options.

The price paid for purchases may not exceed €40 per share (excluding fees), it being noted that this maximum price will be adjusted as necessary to reflect capital transactions, in particular incorporation of reserves or free share allotments and/or share splits or reverse splits.

The maximum amount allowed for the implementation of the share buy-back program is €500 million.

The application of this resolution may not at any time result in the number of own shares held by the Company, directly or indirectly, rising above 10% of the total number making up capital stock at the date considered.

The shares purchased and held by the Company will be deprived of voting rights and will not carry entitlement to the payment of a dividend.

This authorization is valid for 18 months from the date of this general meeting of shareholders and deprives previous authorizations for the same purpose of their effect to the extent not used.

Shareholders confer on the Board of Directors all powers, and the right to delegate those powers in accordance with applicable provisions of the law, to decide on the use of this authorization, to place orders on the stock exchange, to enter into any agreements, make any declarations to the Financial Markets Authority or any other body, to effect any formalities, and in a general way to do all that may be necessary.

Eighth Resolution (Determination of directors' fees to be allocated to members of the Board of Directors)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, and having been apprised of the report of the Board of Directors, the shareholders set at a maximum €600,000 the amount of directors' fees to be allocated to the Board of Directors for the financial year beginning January 1, 2011 and for each of the following years, until decided otherwise.

Ninth Resolution (Appointment of a Director)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, shareholders approve the appointment of Ms. Eliane Chevalier as Director of the Company for a four-year term ending at the close of the General Meeting to be called in 2015 to approve the accounts for the financial year ending December 31, 2014.

RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

Tenth Resolution (Authorization to cancel shares purchased pursuant to the share buyback program)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditor's special report, the shareholders, having noted the adoption of the seventh resolution put to this meeting, authorize the Board of Directors, in accordance with article L.225-209 of the French Code of Commerce, to cancel, at its sole initiative and on one or several occasions, all or some of the Company shares purchased pursuant to the seventh resolution of this general meeting or to previous or subsequent share buyback programs and to reduce the capital stock of the Company by the total nominal amount of the shares thus cancelled, within the limit of 10% of the share capital at the date of this meeting in any period of 24 months.

Shareholders confer on the Board of Directors all powers to implement the present authorization, to effect and recognize such reduction of capital, to allocate the difference between the price paid for the cancelled shares and their nominal amount to any reserves or premiums, to effect the related amendment of Company articles, and, with the right to delegate this power, to make all necessary declarations to the Financial Markets Authority, to effect all other formalities and in a general way to do all that may be necessary.

This authorization is granted for a period of 26 months from the date of this general meeting of shareholders and deprives previous authorizations for the same purpose of their effect to the extent not used.

Eleventh Resolution (Authorization granted to the Board for the purpose of making one or several allotments of options for the purchase of or subscription to shares)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditor's special report, shareholders authorize the Board of Directors to grant employees and/or executive directors of the Company and associated companies, within the meaning of article L.225-180 of the French Commercial Code, or certain of these employees or executive directors, options for the subscription to new shares or for the purchase of existing shares in compliance with the provisions of articles L. 225-177 to L 225-186-1 of the French Commercial Code.

The options for subscription to or purchase of shares are to be granted subject to the following conditions:

- option plans are to have a maximum duration of 10 years from the date of grant by the Board of Directors, it being however provided that in the event that the executive directors remain in office beyond this period of ten years, the plans will be extended to expire three months after they cease to hold office as regards the portion granted to the same directors and for which the Board of Directors has determined, in accordance with the provisions of article L. 225-185 paragraph 4 of the French Commercial Code, that they may not be exercised as long as the grantees remain in office;
- the total number of options granted pursuant to this resolution may not carry entitlements to the subscription to or purchase of shares representing more than 4% of the share capital of the Company on the day the options are granted, it being provided that this limit applies to the total of options granted in application of the present resolution and free shares allocated under the twelfth resolution;
- the number of options granted to the Company's executive directors may not make up more than 10% of the total granted by the Board of Directors pursuant to the present resolution over the period of 26 months;
- the subscription and purchase price per Company share under any of the option plans will be set by the Board of Directors on the day of allocation and may not be lower than 100% of the average price for Legrand shares on the NYSE Euronext Paris market in the twenty trading days preceding the day on which options are granted; prices for purchase options must also comply with the provisions of article L. 225-179 paragraph 2 of the Commercial Code;

Shareholders confer on the Board of Directors all powers, which it may in turn delegate in accordance with the provisions of law, to determine other terms and conditions relating to the allocation and exercise of options, the list of grantees or categories of grantees, the number of shares each grantee may subscribe to or purchase and the periods and dates for the exercise of options and the sale of resulting shares, as well as to suspend, for a period not exceeding the maximum defined by applicable law and regulation, the exercise of options in the event of corporate actions or financial transactions entailing the exercise of rights attached to shares.

Shareholders confer on the Board of Directors all powers, and the right to delegate those powers in accordance with applicable provisions of the law, to recognize capital increases that result from subscription to shares by exercise of subscription options, to effect the related amendment of Company articles and, at its sole discretion and as it sees fit, to charge expenses relating to capital increases to the premiums on these transactions and to draw from the same amounts the sums required for appropriation to the legal reserve, to effect all formalities necessary for the admission to trading of the shares so issued, make all necessary declarations to such bodies as may be concerned, and in a general way to do all that may be necessary.

Shareholders expressly recognize and determine that this delegation entails the waiver, in favor of the option grantees, of shareholders' preferred rights to subscribe to the new shares issued as options are exercised.

Should the Company undertake, after the allocation of options, financial operations and in particular those affecting capital, the Board of Directors will take all necessary measures to protect the interests of grantees of options as provided by law and regulations.

This authorization is given for a period of 26 months and can be used on one or several occasions. It deprives previous authorizations for the same purpose of their effect to the extent not used.

Twelfth Resolution
(Authorization granted to the Board of Directors for the purpose of making free share allotments)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditor's special report, and in accordance with the provisions of articles L. 225-197-1 and following of the French Commercial Code, in particular article L. 225-197-6, shareholders:

1. authorize the Board of Directors to make free allotments, on one or several occasions, of existing Company shares or shares to be issued by the Company;
2. determine that the beneficiaries of such allotments must be employees and/or executive directors of the Company or associated companies as defined under L. 225-197-2 of the French Commercial Code;
3. decide that the Board of Directors will determine the identity of the beneficiaries of the allotments, the conditions for allotments and, as the case may be, requirements for allotments of free shares;
4. determine that the total number of shares issued or to be issued and available for free allotment pursuant to this

resolution may not exceed 4% of the share capital of the Company at the date of the decision to make the allotment, this limit being understood to apply to the total number of options granted pursuant to the eleventh resolution and free shares allocated pursuant to the present resolution;

5. decide that the number of free shares allotted to executive directors may not exceed 10% of the total of free allotments made by the Board of Directors, pursuant to the present resolution, over the period of 26 months from the date of this meeting;
6. decide that grantees will acquire unconditional ownership of shares at the close of a vesting period to be set by the Board of Directors, lasting between two and four years, inclusive, depending on the grantees concerned;
7. decide that the grantees are to be required to hold shares for a period, to be set by the Board of Directors, of at least two years after shares have vested if the vesting period is less than 4 years, the Board being empowered to reduce this required holding period or waive it where the vesting period referred to in point 6 above is equal to 4 years, making shares freely transferable immediately on vesting;
8. decide that, as an exception to the above, should a grantee be the victim of a disability in the second or the third category referred to in article L. 341-4 of the French *Code de la Sécurité Sociale* or amounting to complete disability under the applicable national law, the Board of Directors may provide that the shares vest before the expiration of the vesting period;
9. authorize the Board of Directors to effect as appropriate during the vesting period, adjustments to the number of free shares allotted to allow for changes in the Company''s share capital and thereby preserve the rights of grantees;
10. decide further that the Board of Directors is to determine the duration of the vesting and required holding periods within the limits set by this meeting together with requirements and conditions for the holding of shares during the required period, and is to draw on the reserves, profits or premiums the Company is free to dispose of for the purpose of paying up the shares to be provided to grantees;
11. observe that in cases of free allotments of shares yet to be issued, this authorization will entail, at the end of the vesting period, a capital increase by way of incorporation of reserves, profits or share premiums in favor of the grantees of these shares and thus further entails the waiver in favor of the same grantees of shareholders' preferred rights to subscription and to the portion of the reserves, profit or premiums so incorporated, the capital increase taking full effect, without further process, on vesting of shares.

This authorization is granted for a period of 26 months from the date of this meeting and deprives all previous authorizations for the same purpose of their effect to the extent not used.

Shareholders confer all necessary powers on the Board of Directors, which may in turn delegate these powers as provided by law, and in particular determine, as appropriate, conditions for allocation, the identity or category of grantees, to put this delegation of powers into effect, and in particular to determine the dates and conditions of allotments, and, in a general way to take such action and enter into such agreements as may be conducive to the satisfactory performance of allotments, recognize any and all capital increases resulting from allotments pursuant to this resolution, and make related amendments to Company articles, and, in a general way, to effect all formalities regarding the issue, listing and financial servicing of securities issued pursuant to the present resolution and do everything that may be useful and necessary under laws and regulations in effect.

Thirteenth Resolution
(Delegation of powers to the Board of Directors for the purpose of issuing shares or securities giving access to the Company's share capital in favor of participants in employee share-ownership programs of the Company or group)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings and being apprised of the Board of Directors' report and the auditor's special report, shareholders, in accordance with the provisions of articles L.3332-1 and following of the Labor Code (*Code du Travail*) and of articles L.225-129-6, L.225-138-1, L.228-91 and L.228-92 of the French Code of Commerce:

1. delegate to the Board of Directors the power to issue, on one or several occasions, shares and/or securities giving access to the Company's share capital in favor of the employees of the Company and of the French or foreign companies connected to the Company within the meaning of article L.3344-1 of the French Labor Code, insofar as these employees participate in employee share-ownership programs of the Company or of the group, or in any other plan within the scope of articles L. 3332-1 and following of the Labor Code or any analogous law or regulation allowing a reserved capital increase under equivalent conditions;
2. authorize the Board of Directors, in connection with such capital increase or increases, to allot shares or other securities giving access to the share capital without consideration, in particular in lieu of the discount provided for in point 4 below and/or of any supplement granted to employees, subject to the limits provided for in article L.3332-21 of the French Labor Code;

3. determine that the total nominal amount of capital increases pursuant to this delegation of powers may not exceed €25 million, it being noted that this limit is before any adjustments made in accordance with applicable legislative and regulatory provisions and, as the case may be, of contractual stipulations providing for other adjustments to preserve the rights of holders of securities that give rights to shares of the Company;
4. decide that the issue price of the new shares will be equal to the average opening price for Company shares over the 20 trading days preceding the date on which the opening date for subscription is decided on, less the maximum discount allowed by law at the date of the Board's decision, it being understood that the Board may reduce this discount if it considers it appropriate, in particular to comply with applicable national law;
5. waive, in favor of the aforementioned participants in employee share-ownership plans, the preferred subscription rights of shareholders in respect of the shares or securities which may be issued pursuant to this authorization, and renounce all claims on such shares as may be allotted without consideration pursuant to this resolution;
6. confer on the Board of Directors all powers, which it may in turn delegate in accordance with the provisions of law, that may in particular be necessary to:
   - determine which participants in employee share-ownership plans may benefit from the offer to subscribe,
   - decide whether subscriptions should be through an investment fund or directly,
   - grant employees time to pay for their shares,
   - determine terms and conditions for participation in the company employee share-ownership program ("*plan d'épargne d'entreprise*") or cross-company employee share-ownership program ("*plan partenarial d'épargne salariale volontaire*"), and establish or amend the regulations of such plans,
   - determine the opening and closing dates for subscription and the issue price of the securities,
   - define all features of securities providing access to the share capital of the Company,
   - decide on the number of new shares or other securities to be issued,
   - recognize resulting capital increases,
   - effect all necessary acts and formalities, either directly or through an agent,
   - make required amendments to Company articles and, in a general way, do everything that may be useful and necessary in respect of applicable laws and regulations.

This delegation of powers conferred on the Board of Directors is valid for a period of 26 months from the date of this General Meeting and supersedes that provided for in the sixteenth resolution adopted in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings at the Combined Ordinary and Extraordinary General Meeting of May 27, 2010 insofar as this has not already been used.

Fourteenth Resolution (Amendment of Company articles concerning declaration of breaches of ownership thresholds)

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings, and having been apprised of the Board of Directors' report, shareholders decide to amend article 8.2 of Company articles so that it henceforth reads as follows:

"8.2 Share ownership thresholds

In addition to the legal provisions applicable in this area, any natural or legal person that directly or indirectly (including through a company controlled within the meaning of Article L. 233-3 of the Commercial Code), alone or in concert, and in any way whatever, comes to hold 2% of the share capital or voting rights (the total number of voting rights to be used as the denominator being calculated on the basis of all the equities to which voting rights are attached, including equities whose voting rights have been suspended) must inform the Company of this by registered letter with proof of receipt requested addressed to the registered office, within a period of four stock exchange days from the date this threshold is attained, independently of the date of registration of such shares in any account, and must specify the total number of shares and securities giving access to the share capital and the number of voting rights that are owned, directly or indirectly, alone or in concert. Notice must be given in the same manner and within the same period when a holding is reduced to below this 2% threshold."

The rest of this article remains unchanged.

Fifteenth Resolution (Amendment of Company articles to empower Board of Directors to appoint *censeurs* (advisers))

Meeting in accordance with the conditions as to quorum and requisite majority for extraordinary general meetings, and having been apprised of the Board of Directors' report, shareholders decide to insert after article 10, a new article as follows:

"Article 11 – Censeurs

The Board of Directors may, at the proposal of the Chairman, appoint one or more censeurs *(advisers), who are natural or legal persons chosen from among its shareholders or otherwise.*

The Board defines their mission as provided by law and Company articles. Censeurs *may take part in the work of committees set up by the Board of Directors.*

The Board of Directors determines the length of their term of office, which can be terminated at any time. Censeurs *may be re-appointed.*

Censeurs *are called to meetings of the Board of Directors, in which they participate in an advisory capacity, but their absence does not affect the validity of Board deliberations.*

The terms and conditions of compensation for one or more censeurs *are determined by the Board of Directors, which can pay them part of the directors' fees that the Ordinary General Meeting of Shareholders allocates to Board members.*

Censeurs *are bound by the same rules of confidentiality as directors."*

The existing articles 11 to 17 are renumbered to reflect this change.

RESOLUTION FOR THE ORDINARY GENERAL MEETING

Sixteenth Resolution (Powers to effect formalities)

Meeting in accordance with the conditions as to quorum and requisite majority for ordinary general meetings, shareholders confer on holders of an original, an official extract or a copy of the minutes of the present meeting all powers necessary to effect all legally required filings, formalities and publications.

APPENDIX 5

Statutory Auditors' special report on regulated agreements and commitments with third parties

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

For the year ended December 31, 2010

Legrand
Société anonyme
128, avenue du Maréchal de Lattre de Tassigny
87000 Limoges

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby report to you on regulated agreements and commitments with third parties.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to article R.225-31 of the French Commercial Code (Code de commerce), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to article L. 225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in prior years, which remained in force during the year

Pursuant to article R. 225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

Tax Consolidation Agreement

The consolidated tax group headed by the Company was amended to retroactively incorporate as from January 1, 2003 Legrand France and the companies in Legrand France's consolidated tax group prior to the acquisition of over 95% of Legrand France's capital by Legrand. These companies include Chessy, Distrasa, Legrand SNC, Pammelec, Planet Wattohm, Sarlam, Sute, Ura and Groupe Arnould. In addition, Châteaudun Développement 3 and ICM Group – which were acquired in 2005 – joined the consolidated tax group in 2006, as well as Alpes Technologies and Prefatech in 2009.

Tax savings made by the group through the use of tax losses of loss-making members of the consolidated tax group are not paid back to the companies concerned by Legrand when they return to profit.

Facility Agreement

The Facility Agreement was entered into between BNP Paribas, Crédit Mutuel – CIC, Natexis Banque Populaire, the Royal Bank of Scotland Plc, and Société Générale acting as lenders and Legrand France, Van Geel Legrand B.V. and Legrand acting as borrowers. BNP Paribas acted as Facility Agent and Swingline Agent and the Company was party to the agreement in the capacity of Guarantor.

Under this agreement, the lenders provided Legrand France, Van Geel Legrand BV and Legrand with a maximum borrowing facility of €2,200,000,000.

Issuance costs paid by the Company during 2006 are deferred over the contractual term of the loan; the amortization of these costs was charged to income for an amount of €0.9 million in 2010. Moreover, interest costs recorded by Legrand during 2010 in connection with this Facility Agreement totaled €2.6 million.

Factoring agreement with BNP Paribas Factor

This factoring agreement authorized by your Company and concluded by Legrand SNC, an indirect subsidiary of your Company, involves the periodic transfer of unrecoverable trade receivables to the financial institution BNP Paribas Factor.

The fees and commissions relating to this agreement amounted to €0.6 million for Legrand SNC with respect to fiscal year 2010, and the balance of receivables transferred as at December 31, 2010 stood at €7.9 million.

Agreements and commitments approved in prior years not performed during the year

In addition, we have been informed of the following agreements and commitments, previously approved by Shareholders' Meetings of prior years, which were not performed during the year.

Credit line agreement concluded with BNP Paribas

This agreement was concluded on October 7, 2008 by Legrand France, a subsidiary of your Company, for a credit line in the amount of €125 million, which can be drawn down on a renewable basis for a maximum period of 24 months; this agreement was extended to September 30, 2012 by an amendment signed on June 30, 2009.

This credit line agreement was terminated by Legrand France on April 15, 2010.

Amendment to the employment contract of Mr. Olivier Bazil, Director of the Company

The lump-sum severance and non-competition payments provided for in the employment contract of Olivier Bazil in accordance with a decision made by the Board of Directors on November 13, 2001 have been withdrawn.

However, the standard non-competition clause as worded in the Collective Bargaining Agreement for the Metallurgy industry that was incorporated at the end of 2003 into the employment contract of Olivier Bazil, as well as those of the Executive Committee's other members, has been maintained. Under this clause the Company may prohibit, on its sole initiative, the employee concerned from working for a competitor for a period of one to two years after he or she leaves the Company, in return for a payment representing fifty per cent of the employee's reference salary.

Agreement with Mr. Gilles Schnepp and Olivier Bazil, Directors of the Company

This agreement sets the methods for calculating supplementary pension benefits payable to Gilles Schnepp and Olivier Bazil, as well as to all other eligible members of the Executive Committee. These benefits act as a top-up to statutory pension entitlements and apply to Executive Committee members who have at least ten years' service within the Company and are at least 60 years of age when they retire. Under the supplementary plan, benefits are calculated with a view to providing eligible members with an overall pension (including statutory benefits) representing 50% of the average of their highest two years' compensation (including bonuses and indemnities) out of the three years preceding their departure from the Company. The plan also provides for the spouse to be paid a reversionary pension in the event of a plan member's death, representing 60% of the total benefits.

Non-competition agreement in connection with Mr. Gilles Schnepp's status as executive director

This two-year non-competition agreement could only be applied on the Company's sole initiative. In consideration of this obligation, should the Company decide to apply it, Mr. Gilles Schnepp would receive a monthly compensation amounting to 50% of his monthly average fixed and variable remuneration collected over his last twelve months of service in the Company.

Neuilly-sur-Seine, April 8 2011
The Statutory Auditors

PricewaterhouseCoopers Audit

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