PRESS RELEASE

Limoges, February 11, 2009

2008 Full-year results in line with targets
Structural adaptation of costs

Sound operating margins

**Robust free cash flow of €430 million,
equal to 10.2% of sales**

Pace of cost-cutting doubled

Payment of a dividend held at €0.7 per share

Gilles Schnepp, Chairman and Chief Executive Officer of Legrand, comments:

"In 2008 the responsiveness of Legrand teams enabled us to post solid performances. Over the year as a whole, sales were up 1.8% or 4.1% excluding exchange-rate effects, and adjusted operating margin represented 16.6% of sales, or 17.7% excluding restructuring charges, figure identical to that in 2007.

Action initiated from the beginning of 2008 to adapt our group structure to new market conditions resulted in:

- *trimming of the total workforce by 4% at constant structure*
- *continuous adaptation of production capacity and inversion of the trend of SG&A expenses from a rise in the first half to a decline of 3.3% in the fourth quarter at constant scope of consolidation and exchange rates*
- *optimization of free cash flow, which came to €430 million or 10.2% of sales for the year.*

In addition, we have doubled the annual pace of our cost-cutting program from an annual average of €23 million to €48 million.

We can also count on the fundamentals of our business model, which include:

- *60% of sales derived from renovation and maintenance, a market which is by nature less subject to sudden variations than large project business*
- *a proven track record in sales price management*
- *healthy generation of free cash flow and solid long-tem financing.*

In 2009, in a highly uncertain environment that will make the Group's responsiveness a decisive strength, Legrand targets an adjusted operating margin, excluding restructuring expense estimated at €40 million, of between 14% and 16%. This objective includes a gross improvement equivalent to 4 points of margin, out of which 50% in reduction of fixed costs. The upper end of the range (16%) assumes the continuation of the 6.3% decline in sales at constant scope of consolidation and exchange rates observed in the fourth quarter of 2008, while the lower end (14%) assumes that the pace of decline will double and thus reach 13%.

We remain confident in the structural attractiveness of our markets, and are thus pursuing innovation with a view to lasting reinforcement of our commercial positions.

Against this backdrop, the Board of Directors will propose a dividend of €0.7 per share — identical to that paid the previous year — at the Annual General Meeting of shareholders on May 26, 2009."

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Key figures

Consolidated data (€ millions)	2007	2008	% change 2008/2007
Sales	4,128.8	4,202.4	+1.8%
Maintainable adjusted operating income(1)	732,2	745,5	+1,8%
as % of sales	*17,7%*	*17,7%*	
Adjusted operating income(4)	724.0	697.9	-3.6%
as % of sales	*17.5%*	*16.6%*	
Operating income	661.5	642.8	-2.8%
as % of sales	*16.0%*	*15.3%*	
Net income (excluding minorities)(2)	421.0(2)	349.9(2)	-16.9%(2)
as % of sales	*10.2%*	*8.3%*	
Free cash flow(5)	552.9	429.6	
as % of sales	*13.4%(3)*	*10.2%(3)*	
Net financial debt at December 31(6)	1,798	1,862	

(1) **Adjusted operating income excluding restructuring charges**. See (4) for Adjusted operating income definition.
(2) **Net income up 1.5% to €401.7 million excluding non-recurrent items** linked to restructuring expense and exchange-rate gains/losses.
(3) **Free cash flow represented 10% of sales in both 2007 and 2008 excluding non-recurrent items** linked to the use of tax-loss carry-forwards in 2007, the impact of sales of fixed assets and cash exchange-rate gains/losses,.
(4) Figures restated for accounting entries relating to the acquisition of Legrand France in 2002 with no cash impact, which consisted of additional depreciation of revalued assets (€55.1 million and €62.5 million in 2008 and 2007, respectively).
(5) Free cash flow is defined as the sum of net cash provided by operating activities and net proceeds of sales of fixed assets less capital expenditure and capitalized development costs.
(6) Net financial debt is defined as the sum of long-term borrowings and short-term borrowings less cash and cash equivalents and marketable securities.

Results to December 31, 2008

Sales

Published data set sales at €4,202 million for the year, up 1.8% from the 2007 financial year, with a decline of 0.1% at constant scope of consolidation and exchange rates. Consolidation of acquisitions contributed 4.2% to sales and variations in exchange rates reduced the total by 2.3%.

Sales growth at constant scope of consolidation and exchange rates broke down as follows by geographical region:

	2008 / 2007	4th quarter 2008 / 4th quarter 2007
France	-1.0%	-5.4%
Italy	-0.7%	-6.0%
Rest of Europe	-2.2%	-9.6%
USA / Canada	-5.1%	-10.7%
Rest of the World	+7.3%	-1.5%
Total	**-0.1%**	**-6.3%**

- **France**: Sales declined 1%, reflecting a general market slowdown. Some sectors nonetheless made good progress, among them Voice-Data-Image solutions, cable management, the *Céliane* range of wiring devices and power distribution

- **Italy**: Sales decreased 0.7% against a backdrop of deterioration in the residential market and slackening trends in the commercial sector. Trends remained positive for wire-mesh cable management and transformers, as well as for top-end *Axolute* wiring devices and *My Home* home automation solutions.

- **Rest of Europe:** Growth on some western European markets, including Belgium and the Netherlands, as well as in Poland, Romania and Russia to the east, did not offset declines in other countries, particularly Spain, Portugal and the UK. Overall, sales showed a decline of 2.2%.

- **United States and Canada:** Sales held on a strong track for Watt Stopper, market leader for energy-efficient lighting controls, and for cable-management specialists PW Industries and Cablofil. The residential market nonetheless remained on a steep downward slope, leading to an overall decline of 5.1% in sales for the year.

- **Rest of the World**: Sales pace remained brisk over 2008 as a whole, showing a rise of 7.3%. Growth topped 10% on markets including Latin America, where Brazil and Chile stood out; in Africa and the Middle East, with particularly good showings in Egypt; and India in Asia. In the fourth quarter, these favorable trends partly offset declines in markets including China, Mexico and South Korea.

Stable maintainable adjusted operating margin at 17.7% and 1.5% rise in net income excluding non-recurrent items

Adjusted operating income amounted to €697.9 million, equal to 16.6% of sales. Excluding restructuring charges, adjusted operating income was 17.7%, identical to that in 2007. Measures to adapt business were adopted very early on in 2008 and this, combined with the fact that over half of group costs are variable, cushioned the impact of the sharp slowdown observed over the year. At the same time, Legrand maintained its commitment to innovation in 2008, investing 4.4% of sales in R&D. Finally, strong market positions and demand driven by a very large number of decision-makers enabled the group keep sales price management well in hand.
Excluding non-recurrent items linked to restructuring expense and exchange-rate gains/losses, 2008 net income came to €401.7 million, up 1.5% from 2007.

Pace of cost-cutting program doubles

Legrand doubled the annual pace of its cost-cutting program raising restructuring charges to €48 million at December 31, 2008. 2009 priorities include:

- adapting production capacity and structural expense to market trends
- striking a new balance in production and R&D teams to cover markets where demand is strongest
- choice of a leading brand in selected countries to streamline sales teams and administration
- optimizing logistic and IT costs
- a decrease in travel expense
- a reduction in advertising expense

These initiatives add up to a gross improvement equivalent to 4 points of adjusted operating margin, out of which 50% in reduction of fixed costs.

Robust free cash flow generation and reliable long-term financing

Free cash flow came to €430 million or 10.2% of sales, after, in particular, industrial investment of €160 million or 3.8% of sales. Tight control of capital employed and in particular of working capital needs are key priorities and net debt was cut by €191 million relative to September 30, 2008 thus amounting to €1,862 million at December 31, 2008. This is 100% backed by credit lines running through to 2013 at the earliest and 2025 at the latest.

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*Consolidated financial statements, a presentation of 2008 annual results and the related teleconference (live and replay) are available at **www.legrandelectric.com**.*

Key dates

- 2009 first-quarter results: **May 6. 2009**
- Annual General Meeting of Shareholders: **May 26. 2009**
- 2009 first-half results: **July 29, 2009**

ABOUT LEGRAND

*Legrand is the global specialist in products and systems for electrical installations and information networks where people live and work. Its comprehensive offering of solutions for use in commercial, industrial and residential markets makes it a benchmark for suppliers worldwide. Innovation for a steady flow of new products with high added value is a prime vector for growth. Legrand employed 34,800 people around the globe and reported sales of €4.2 billion in 2008. The company is listed on Euronext and is a component stock of indexes including the SBF120. FTSE4Good and MSCI World (ISIN code FR0010307819). **www.legrandelectric.com***

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