

Legrand in 2006

**Powering
the pleasures
of life**

 **legrand**[®]

www.legrandelectric.com

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THE CHAIRMAN
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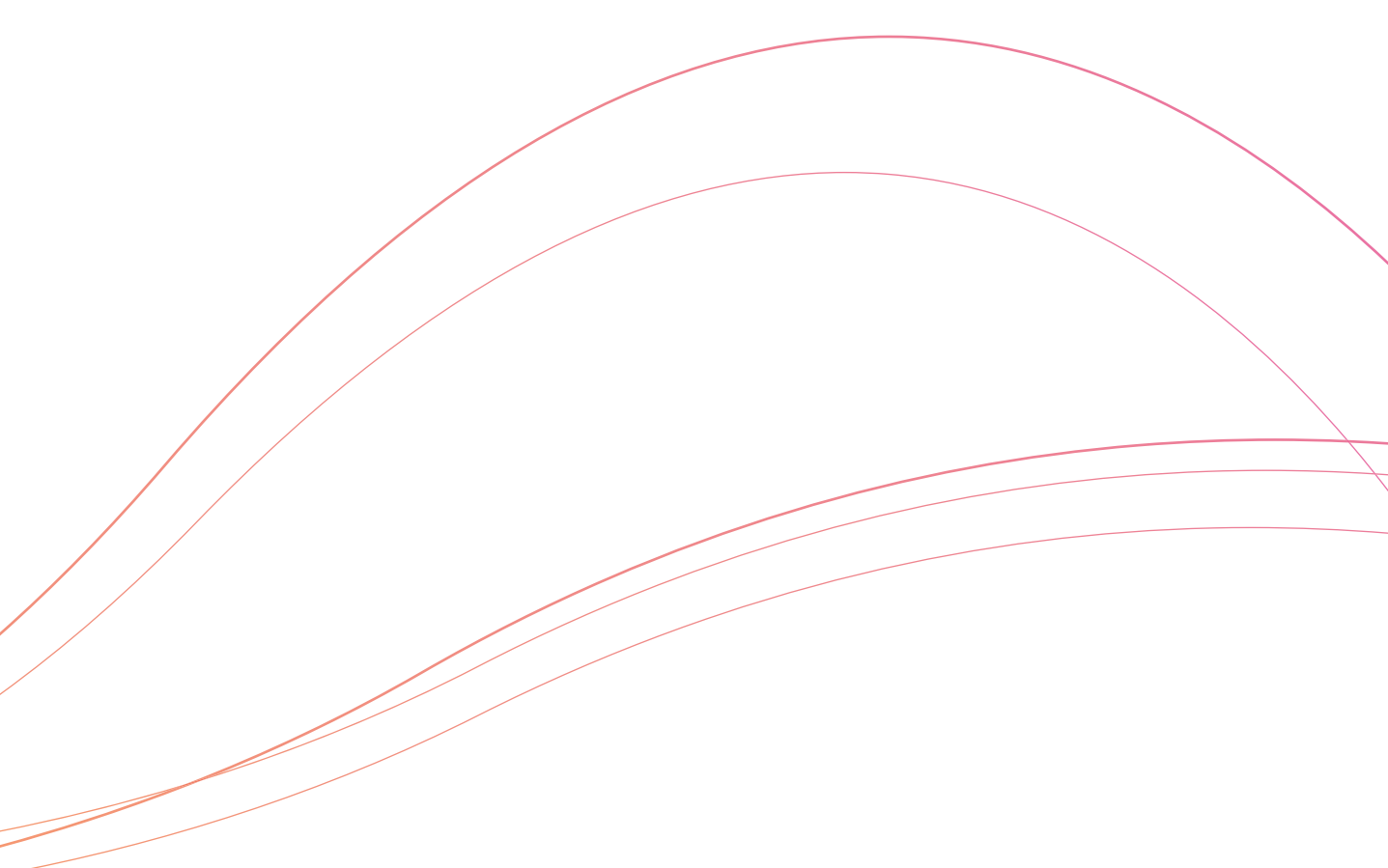
Magenta Givr  switch in the Celi ne range.

80%

of clients are moving
to decorative finishes

36

finishes: *Celi ne* is available
in wood, leather, steel, copper,
ceramic, glass and more



ELECTRICITY WITH STYLE

Today design is part of life, making an essential contribution to product and brand image. From plasma screens to ultra-flat computers, from kitchen to bathroom, style is increasingly a priority that makes the difference with buyers.

TRADING UP SHAPES DEMAND

Legrand is setting the standard in all parts of the world, associating new functions with more appealing lines, quality materials and attractive colors to meet and consolidate demand for value-added products that are synonymous with quality of life.

New market benchmarks

Over the past seven years, we have entirely renewed our ranges of wiring devices, updating design and adding value with new functions. But our latest additions take the process one step further. Just as flat screens have replaced bulky cathode tubes, wiring devices from Legrand are setting new standards and opening up new scope for business development. In the US, sales of decorative lines are growing twice as fast as those of ordinary ranges. Similar trends are at work in emerging markets, particularly eastern China where the top of the range accounts for around 30% of the total market.



Wiremold DS 4000—all-new design in a rich palette of colors to match all interiors, with capacity up 33%.



Innovel showroom opened in Chile in 2006 displays product ranges in style.



Appeal for the eye

Our new *Celiane* range has brought a sea change to wiring devices, introducing sleek lines, innovative materials and striking colors. Leather, natural wood, glass and Corian®, a designers' favorite, are featured with a choice of pastel or acidic colors, as are brushed and anodized metal finishes. *Celiane* is available in 36 finishes, highlights that add a unique touch to any interior. The same attention to visual appeal is illustrated by Legrand ranges around the world, among them top-of-the-line *Vela* wiring devices in Latin America, *Galea Life* in Europe and *InFusion* luxury lighting controls in the US. Design is also at work in more applications for life and work, with examples ranging from *XL³* glass cabinets for control rooms to *Axolute* and *Art d'Arnould* wiring devices for luxury environments.

A new image for Legrand

This new focus on the top end of the market also means putting products on display in new ways. Today more than 30 showrooms around the world are dedicated to contemporary architecture, with Legrand ranges featured prominently. New products are backed by major communications drives, as illustrated by the launch of our new wiring device program. This included 200 evening receptions for customers and the production of 250 sales kits, 45,000 sample cases and 80,000 brochures for distributors. Similarly, a vigorous advertising campaign put the "diamond plate" *Plugmold® Tough* multi-outlet power strip in the limelight in the US.

→ High-profile launch for Celiane

Combining elegance, functional efficiency and interconnectivity, the *Celiane* range stands for a new concept in wiring devices built on style and well-being, a true source of inspiration. To bring it as close as possible to end-users, Legrand launched a major communications campaign backed by a book of photographs where the range appears in settings designed by leading architects around the world. This was accompanied by a film with images evoking visual appeal, movement and sensuality, in keeping with Legrand's new image associating electricity with the pleasures of life.



Celiane, un courant de plaisir celebrates the new line in a bound compilation of photos and texts.



Hong Kong comes alive—and literally aglow—when night falls.

22%

of 2006 consolidated sales
on emerging markets

+20%

organic growth in emerging-
market sales in 2006

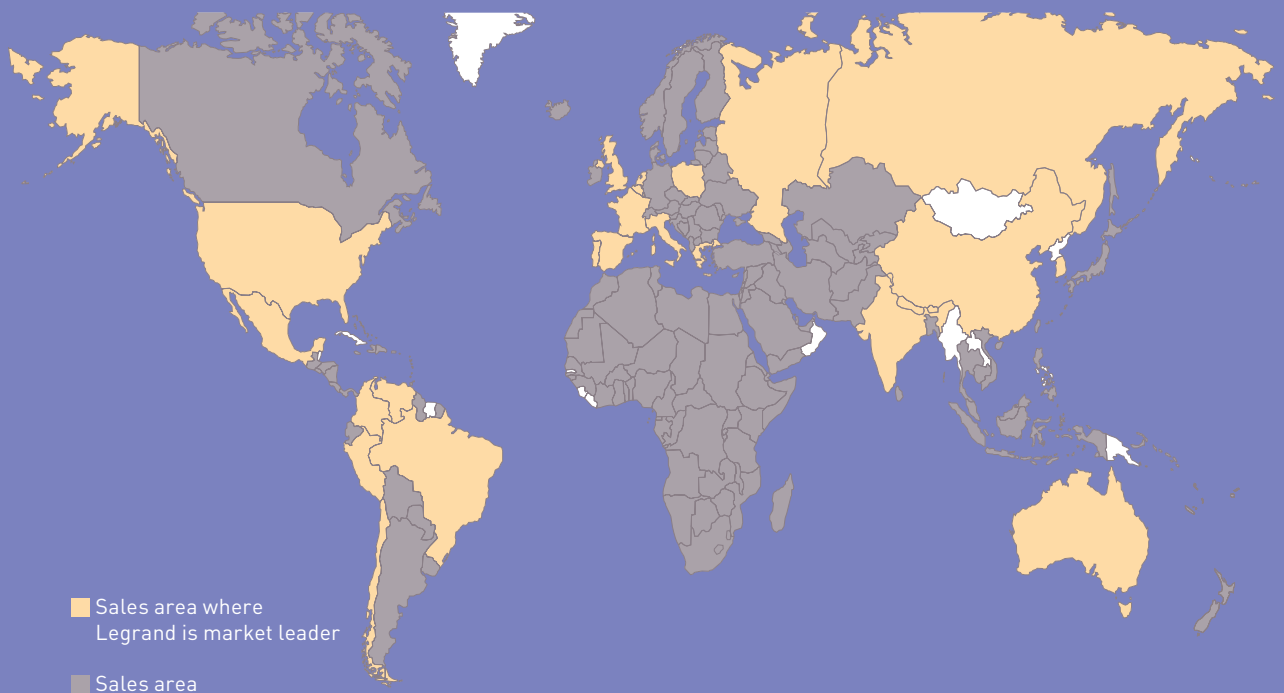


ELECTRICITY FOR NEW REACH

Close to a third of the world's population has no access to electricity. Emerging markets in Asia, Latin America, Eastern Europe and the Middle East offer promise for future growth with a combination of basic needs and demand for more sophisticated products. Legrand is rapidly expanding positions in these regions, drawing strength from an innovative and competitive product offering.

STRUCTURED FOR GROWTH

The Legrand group is consolidating existing positions and extending its presence in the world's most promising regions through a strategy of targeted acquisitions financed out of cash flow. We back this up by globalizing production, purchasing and logistics in a model for profitable growth that creates value for shareholders and customers, and opens up new career prospects for our staff members.



High market rankings

Number one worldwide for wiring devices and cable management, with respective market shares of 19% and 15%, we are the benchmark contender for at least one product segment in over 20 countries. Products holding top places on their domestic markets account for 47% of total sales. These strong market positions also favor relationships with major international customers, who appreciate Legrand's capacity to provide the support they need in all parts of the world.

Momentum on emerging markets

Latin America, Asia, Eastern Europe, the Middle East and Africa are the markets of the future for electricity, and as such are strategic relays for Legrand's continued growth. Over the past three years, sales in these regions rose €300 million from 17% to 22% of the consolidated total, while the number of Legrand sales and marketing staff on the spot rose from 970 to 2,140 over the same period.

In 2006, expansion moved up a gear with the acquisition in Brazil of Cemar, the leader in power distribution. Growth gathered pace, too, in China, where we acquired a controlling interest in Shidean, the leader for residential access control. Another highlight was the inauguration of a Cablofil factory with a floor area of some 6,000 sq.m. near Shanghai. This will provide a local base for the production of cable trays for the Chinese market. Legrand's expansion on emerging markets during the year was also marked by the establishment of four new subsidiaries or sales offices, including one in Tunisia and another in Kuwait, and the opening of ten new showrooms in locations including Singapore, Korea, Indonesia, the Middle East and Eastern Europe.



2006 advertising campaigns for Galea Life in Portugal and LCS 10 Giga in Turkey.

→ Six self-financed acquisitions on high-growth markets in 2006 and early 2007.

- **Shidean**, number one in China for audio and video door-entry systems, with 900 employees and sales of €15 million in 2005.
- **RM Kabelbaner**, the leader in Denmark for metal cable management, with €5 million sales in 2005.
- **Cemar**, number one in Brazil for consumer units and industrial enclosures with 400 employees and sales of approximately €28 million in 2005.
- **HPM**, number two for wiring devices in Australia and New Zealand, with 875 employees and sales of €100 million in 2005.
- **Vantage**, number two in the US for top-of-the-range lighting controls with around 100 employees and \$20 million sales in 2005.
- **USTec**, a US firm specialized in structured wiring for residential buildings, with sales of \$12 million.

SHOWCASE PROJECTS IN 2006

Property investors now operate on a global scale. In response, we offer solutions drawing on all available resources, making the best use of expertise across different brands and subsidiaries and solutions.

Terminal 5 at Heathrow Airport



- Installation of 400 kms (250 miles) of Cablofil metallic cable trays.
- Opening scheduled for 2008 following five years' work.
- Reasons for success: limited environmental impact; quick, reliable installation; and on-site training for installer teams.

→ Building momentum in the CIS

Legrand made its debut on the Russian market in 1991. In 1993 we set up in Moscow and launched a production site at nearby Dubna. Offices were then opened in Saint Petersburg and Yekaterinburg, followed by expansion into other parts of the CIS with openings in Kiev, Minsk and Almaty. In 2003, we moved to leverage positions in Russia and confirmed our long-term commitment to the market by setting up a subsidiary in Moscow, continuing this with a subsidiary in Kiev in 2005 and in Kazakhstan in 2006. We now employ 255 people, including 125 in sales, in the CIS, where annual sales growth has averaged close

to 40% since 1993. Legrand Group holds key positions on the Russian market, where we rank first for wiring devices, and have won recognition for our contributions to a number of major projects.

+40%

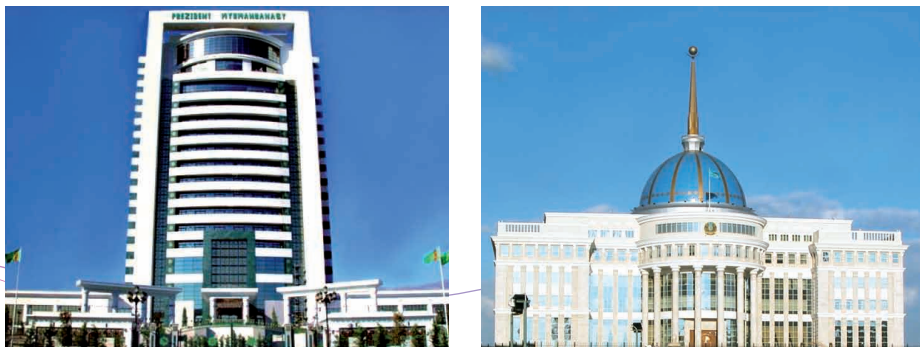
annual sales growth
since 1993

Saba Towers in Dubai



- Twin buildings, each with over 700 apartments.
- Installation of 32,000 wiring device items, over 700 door entry systems, 5,000 RJ45 sockets and more than 850 VDI cabinets.
- Complex to open in 2007 after 30 months' work.

President Hotel, Turkmenistan, and President's residence, Kazakhstan



- Energy distribution (DPX DX), control and command systems (Mosaic) and cable management (DLP).

Société Générale branch in Russia



- Vostok branch (BSGV) of French bank Société Générale.
- Control and command and VDI.

THE LEGRAND MODEL— LEVERS FOR SUCCESS

In 2006, years of research and development paid off with the roll-out of a host of new products, while reorganization of operations at all 50 production sites also bore fruit.

Innovation driving growth

With 1,800 employees dedicated to R&D in 20 countries, Legrand has more than 4,600 active patents around the world, testifying to our commitment to innovation as a driver for growth.

Successes for our R&D team in 2006 included breakthroughs in wireless networks with the launch of *Wi-Jack™ Duo*, the world's most compact wireless access point in the US, and the roll-out of *Axiom*, the first radio-controlled emergency lighting system, in Australia, which won recognition at the Australian Electrical and Electronic Manufacturers' Association's 2006 Awards. In energy distribution, the year saw the first self-diagnostic circuit-breaker, called *Stop and Go* and the *DRX* range of circuit breakers designed especially for emerging markets.

We also teamed up with Microsoft to take digital convergence a step further in home automation. This partnership was already illustrated by our participation in the development of standards for the inter-operability of Zigbee radio systems over the past three years.

→ Lean manufacturing—progress drives new commitment

As in the automobile industry, lean manufacturing at Legrand means rationalization of processes and tasks to save time and space and cut inventories. The approach calls on employees to take the initiative for progress. Initiated in the US and Italy, this has rapidly spread to other parts of our Group, with 240 lean manufacturing initiatives involving some 1,000 staff members conducted in 2006.

The benefits are clear: a gain of over 5,000 sq.m. in floor area, more responsive production, and greater customer satisfaction. Importantly, too, such moves make for a greater sense of personal

responsibility among employees, even as improved working conditions reduce fatigue and stress.



Legrand sites in Jalgaon (India) and New London, Connecticut (USA).

Similarly, we are a member of two European competitiveness clusters—Elophys, which focuses on research into radiofrequency communications, and the Electric Energy Sciences and Systems cluster for energy control and management.

In 2007 innovation will remain in the spotlight with simultaneous deployment of *Celiane*, *Mosaic* and *Batibox* ranges, the fruit of four years' development work representing around half a million man-hours for about 100 staff members.

Leveraging globalization

At Legrand, we have backed international expansion with the globalization of resources and processes as a lever for profitability. Streamlining production of wiring mechanisms and developing compatible technical solutions in different ranges allow us to pool development and production costs, and serve several markets. At the same time, standardized production equipment and centralized purchasing are strong bargaining cards in negotiating Group-wide agreements with global suppliers. In 2006, we opened a new international purchasing office in Budapest, following the two already in operation, one in Asia and the other in Latin America. Today production based on specialized platforms, each serving several regions, is redefining Legrand's industrial geography, as illustrated by European platforms for modular circuit breakers or XL³ glass enclosures, as well as a common site for the production of equipment to Nema standards for the Latin American market. Similarly, logistic hubs make for improved service and a more competitive offering.



TCL site in China.



Stop and Go, the first self-diagnostic circuit-breaker.



DRX—a range of molded circuit breakers specially designed for fast-growing markets in Asia, South America and the Middle East.



Production facility in Jalgaon, India.

2,900

businesses from
100 countries have joined
the UN Global Pact since
its launch in July 2000

30 years

of experience and steady
progress since the launch of
Legrand's safety policy



ELECTRICITY AND SOCIAL RESPONSIBILITY

Whatever the business, progress also hinges on genuine awareness of responsibilities that center on respect for the men and women working towards its success, for the environment, and for the community at large. At Legrand, this awareness is fundamental to company strategy and underpins ambitious goals.

PROACTIVE COMMITMENT

Legrand's Charter of Fundamental Values, drawn up in 2005, sets out group values and commitments to sustainability in relationships with all stakeholders. This was followed in 2006 by membership of the UN Global Compact, lending new scope to these commitments.

New global horizons

The UN Global Compact launched at the Davos World Economic Forum at the initiative of UN General Secretary Kofi Annan aims to foster responsible values and practices that help make the benefits of globalization available to all the people of the world. It is founded on ten basic principles concerning human rights, the refusal of discrimination at the workplace, environmental protection and the fight against corruption. Legrand's membership of the UN Global Compact reflects our continued dedication to support for the worldwide promotion and deployment of the social, societal and environmental values that are an integral part of our business model.

Clear targets and measurable results

TARGETS	INDICATORS
Identify and avoid all major environmental hazards on group production sites	<p>90% of Group sites are certified under ISO 14001 in Europe</p> <hr/> <p>72% are certified worldwide</p>
Apply the EU Restriction of Hazardous Substances Directive to all products distributed in Europe	<p>100% of hazardous substances have been eliminated from products concerned and action is under way to extend this to other products</p>
Formal assessment of workplace risks for at least 55% of employees	<p>71% of employees have now been covered by such assessments</p>
Consolidate workplace risk indicators for 80% of employees	<p>91% of employees, including those at businesses acquired in 2006, are within the scope of consolidation to date</p>

ACTION FOR THE ENVIRONMENT

At our production sites as in our products, Legrand chooses materials and processes that are environment-friendly and respect people. This both reduces any negative impact of our operations, and reinforces our business performance and the attractiveness of group offerings.

Greener production

In 2006, five new production sites won ISO 14001 certification, which thus now applies to 72% of Group facilities around the world.

Target: The earliest possible integration of environmental management in the operation of all our production sites.

Since July 2006, the EU Restriction of Hazardous Substances Directive prohibits the use of substances such as lead in certain types of electric and electronic equipment. Legrand anticipated enforcement, eliminating all the substances concerned from its products as of 2004, even in cases where equipment was not strictly speaking within the scope of the Directive.

Target: Extend application of the EU Directive to all Group products sold in Europe.

→ Setting the pace for environmental standards

Products

Legrand factors the environment into every stage of production, starting with design. We use Environmental Impact and Management Explorer (EIME) software to analyze product life cycles. Results are summarized in a Product Environmental Profile, posted on the internet at www.legrand.fr and available on request. The process makes environmental factors transparent criteria for customer choice and in so doing rewards Legrand's commitment to responsible innovation.

Sites

ISO 14 4001 certification in 2006 rewarded the efforts of 730 employees at Legrand India sites.



Cutting waste

At Legrand, we make recycling and energy production the priorities for all types of waste, and in 2006 put 78% of waste to use in these ways.

Target: Consistently recycle over 75% of waste at all sites worldwide.

Legrand also makes an active contribution to the collection and recycling of end-of-life equipment. In 2006, over 120 tons of emergency lighting blocks were recovered under replacement offers. In all parts of the European Union, we implement solutions to meet customer needs and comply with the Waste Electrical and Electronic Equipment Directive.

Energy savings for our business and our customers

Legrand is successfully reducing energy consumption while at the same time making profitable investments to enhance industrial efficiency. Direct involvement of all staff members, combined with the implementation of effective solutions, has led to significant savings in lighting. Examples include Portugal, Colombia and Turkey, where total savings are estimated at 450,000 kWh. Similarly, new boilers and automated controls enabled Italian subsidiary BTicino to cut consumption of methane by 800,000 cubic meters in 2006.

Target: Reduce energy costs throughout the Group.

In 2006, we offered new solutions to help users reduce electricity consumption. Programmed scenarios built into *In One by Legrand*, *The Watt Stopper* presence detectors and *Mosaic* automated lighting controls can cut lighting costs in homes and offices by as much as 35%.

Target: Become a major player in environment-friendly buildings.



At our Fontaine plant in Normandy (France), heating costs fell 60% with new materials selected for roofing and insulation.

INVESTMENT FOR STAFF

Legrand makes safety and the development of new skills and expertise the focus of relationships with our 33,000 staff members based in over 60 countries and promoting our products and services in close to 180 countries.

Health and safety worldwide

Recognized for its exemplary commitment to workplace safety, Legrand is continuing progress in this area. The Accident Prevention Charter first published in June 2004 sets three priorities: compliance with applicable law and regulations, integration of safety and environmental standards in industrial processes, and harmonization of accident prevention strategies. Implementation involves a combination of technical measures and initiatives concerning organization and staff:

- the safety of production equipment is regularly enhanced, whether automated or manually operated, developed in-house or bought from outside suppliers;
- in 2006, a group-wide collective labor agreement was signed in France, providing for specific commitments to bring disabled people back into the community. This covers in particular adaptation of the workplace, training and partnerships;
- 3,300 group employees in France benefited from a total of 19,100 hours of safety training in 2006.



The Watt Stopper facility in Santa Clara, California (US).



The TechnoCentre (France).



Plant in Istanbul (Turkey).

Implementation of the ILO Guidelines on Occupational Safety and Health Management Systems (ILO-OSH 2001) begun in 2005 has led to the development of a database consolidating health and safety data from group units around the world, backed by the exchange of information on practical experience in these areas. Legrand also uses SécuRisk software to audit regulatory compliance at sites.

Managing talent across the Group

Training for staff members throughout the group represented over 435,000 hours in 2006. Our intranet Dialeg also plays an important part in talent management, making information on job offers readily accessible, as do the monthly career mobility platforms. Together these contributed to a 10% rise in the number of staff members moving to new positions or new sites in 2006. In addition, Organization and Staffing Reviews, extended to our main subsidiaries in 2006, and the training at the Management Center make for unified management of staff members with special potential, who benefit from international training to consolidate their expertise and loyalty.

Staff diversity and the UN Global Compact

Legrand human resource policies have long rejected all forms of discrimination in recruitment, a position strengthened with membership of the UN Global Compact. In France, collective labor agreements provide for equal opportunity for men and women, while in the US diversity policies are rapidly being given formal status, and campaigns make all managers more aware of integration issues. Feedback will contribute to further progress for group policies around the world.

→ in'Ovation rewarding ideas that work

Legrand counts on ideas to make the difference—and not only through our investments in R&D. The in'Ovation competition launched in September 2006 calls on staff members at all levels and in all positions in France, Italy and the US in a seven-month contest rewarding the best ideas for improvements of all kinds. Winners are selected on the basis of criteria that include quick implementation, proven effectiveness and measurable results, while rewards vary according to potential for deployment on other sites in the same

country or internationally. In the first five months alone, 1,100 entries were validated.



Posters and brochures distributed group-wide urge employees to submit suggestions to our in'Ovation competition.

INVOLVEMENT IN LOCAL COMMUNITIES

Whether based in Europe, Africa, Latin America or other parts of the world, all Legrand businesses actively support social and cultural initiatives in the countries where they operate. At the same time, they forge lasting ties to local communities.

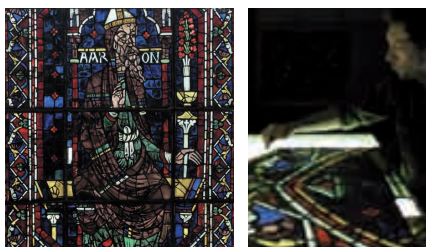
Helping people in need

In October 2005, Hurricane Stan struck Guatemala, leaving 700 dead and 1,400 unaccounted for; it also destroyed 10,000 houses and tens of thousands of miles of roads. Legrand subsidiary BTicino responded with a \$100,000 donation to help the *Amigos de la Escuela* organization rebuild schools.

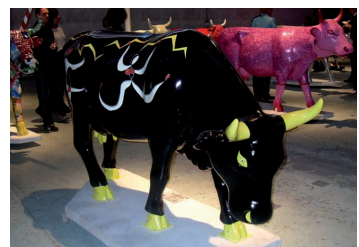
In spring 2006 the streets of Paris, following those of other European capitals, hosted the Vach'Art contemporary art display with the support of France's Minister of Culture. Organized to promote contemporary art, the event also aimed to combat malnutrition and AIDS in Africa with 150 works auctioned off for the benefit of Africa Alive. Drawn by this humanitarian concern and the event's focus on design, Legrand sponsored the statue of a lively, colorful cow produced by artist Ilan Weinmann.

Light from the past

On September 8, 2006, newly restored stained-glass windows were officially welcomed back to the choir of Chartres cathedral. Legrand's subsidiary Sarlam, which specializes in pathway lighting and is based in the Chartres area, provided its support for the restoration of one of three panels, that illustrating the story of Aaron. Work on the panel, which dates from the 13th century and is 12 meters high and two meters across, represented an investment of €100,000. The project called on the ancestral craftsmanship of master glassmakers for the preservation of a truly priceless cultural and historical heritage.



A craftsman restores stained-glass windows in the medieval cathedral at Chartres, west of Paris. Work was sponsored by Legrand subsidiary Sarlam.



Legrand backed sculptor Ilan Weinmann's stylish cow, auctioned off for the Africa Alive Foundation's benefit.



Legrand site in Madrid (Spain).

+15%

rise in 2006 sales

+149%

rise in 2006 net income



ELECTRICITY FOR PERFORMANCE

“Legrand posted excellent financial results in 2006, with a vigorous rise in sales driven by both organic growth and acquisitions. Operating margins showed a healthy rise following consolidation of recent acquisitions, while net income more than doubled and free cash flow was robust.” **Gilles Schnepf**, Chairman & CEO

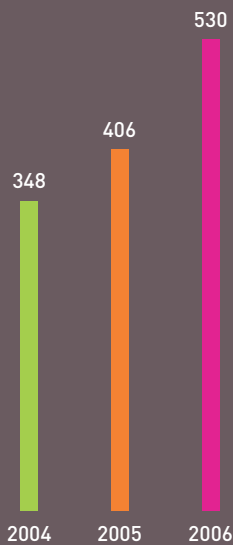
→ NET SALES

(in € millions)



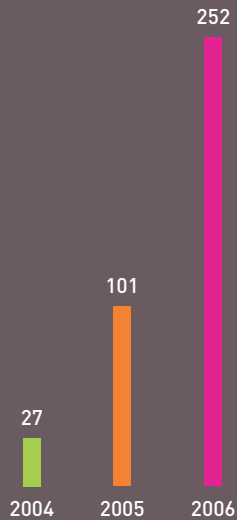
→ OPERATING INCOME

(in € millions)

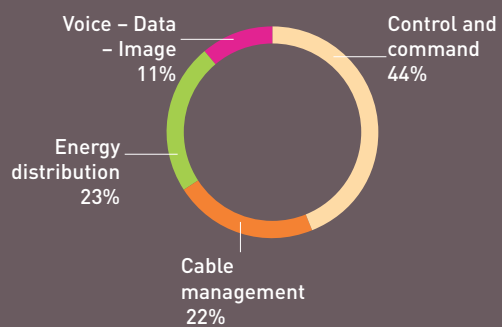
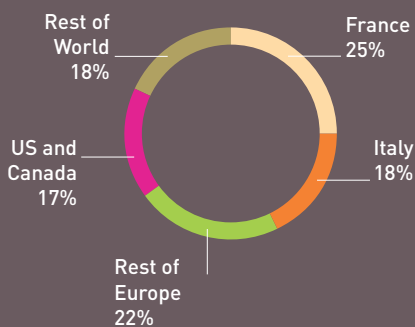


→ NET INCOME EXCLUDING MINORITIES

(in € millions)



→ BREAKDOWN OF NET SALES



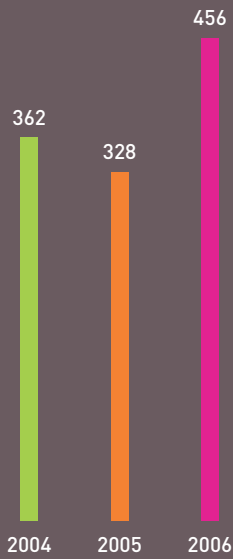
KEY FIGURES AND INDICATORS

Consolidated sales showed a 15% rise to €3.7 billion in 2006, an excellent performance that combines organic growth reaching a vigorous 7.8% and a healthy 6.6% contribution from acquisitions. Legrand thus continued expansion, extending its geographical reach and increasing market share.

Growth was associated with an improvement in profitability, and net income for the year nearly doubled. The group's environmental performance also showed continued improvement.

→ FREE CASH FLOW

(in € millions)



→ R&D SPENDING

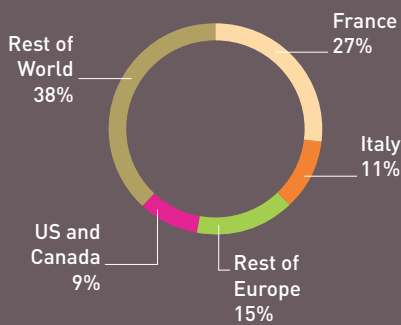
(in € millions)



→ WORKFORCE



→ EMPLOYEES BY REGION



→ ENVIRONMENTAL INDICATORS

Indicator*	2004	2005	2006 **
ISO 14001 certified sites, % of total	59	65	72
Waste produced, metric tons	38,621	40,408	44,095
% of waste valorised/reused	77	77	78
Energy consumption, MWh	530,063	544,056	543,436
Water consumption, cubic meters	1,492,245	1,476,959	1,481,246
Environmental training and awareness sessions, hours	12,760	17,871	16,322
Employees with environmental responsibilities	60	53	62

* figures rounded to the nearest whole number

** +4 sites from 2005

CORPORATE GOVERNANCE

Committed to the principles of good corporate governance, Legrand has adopted effective structures backed by internal rules detailing the makeup, organization and operation of the Board of Directors and its committees, as well as the rights and duties of directors. A Directors' Charter has thus been incorporated into internal rules.

Executive Committee



Gilles Schnepf
Chairman & CEO



Olivier Bazil
Vice-Chairman & COO



Guy Durand
VP, Industry Division



François Frugier
VP, Human Resources



Pierre Mazabraud
Deputy COO, VP,
Wiring Devices Division



Gérard Pelletier
VP, Sales France



Paolo Perino
Managing Director
and CEO, BTicino



John Selldorff
Chairman & CEO,
Legrand North America



Eric Seurin
VP, Purchasing
& Logistics



Philippe Weber
VP, Protection Division

The Board of Directors

The Legrand Board of Directors has eleven members including two independent directors. All are elected for renewable terms of six years.

The Board of Directors meets at least five times a year to set the course for the business and monitors implementation of its decisions closely. The Board considers all matters relating to the proper operation of the business and deliberates on matters for which it has special competence, taking decisions as necessary. It conducts an annual assessment of its own operation. In 2006, the Board met nine times. Decisions concerned in particular approval of the consolidated financial statements presented by management each quarter; appointment of Deloitte Touche Tohmatsu as second principal statutory auditor; and the appointment of BEAS as deputy statutory auditor. The Board also adopted a code of conduct with respect trading and market activities. During the year, directors received ad hoc training on this subject and the various issues relating to the possession of inside information. Meetings of the Board were an occasion for management to provide directors with information concerning the strategy, development and results of the Legrand group. Attendance at Board meetings was satisfactory at 70% in 2006. Representatives of the central works committee are present at meetings of the Board.

→ Members of the Board of Directors

M. Gilles Schnepf

Chairman and Chief Executive Officer

M. François Grappotte

Director and Honorary Chairman
of the Board of Directors

M. Olivier Bazil

Vice Chairman and
Chief Operating Officer

M. Arnaud Fayet

Director

M. Jacques Garaialde

Director

M. Edward A. Gilhuly

Director

M. Henry Kravis

Director

M. Jean-Bernard Lafonta

Director

M. Gérard Lamarche

Independent Director

M. Ernest-Antoine Seillière

Director

M. Thierry de La Tour d'Artaise

Independent Director

Board Committees

Three specialized Committees assist the Board in its deliberations:

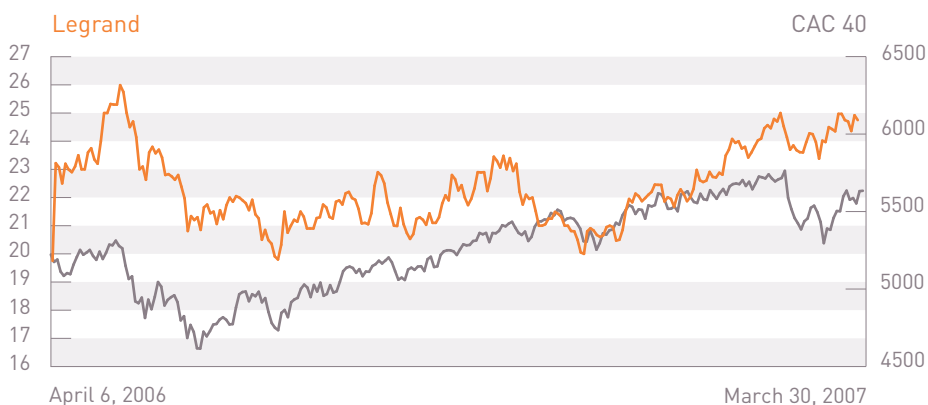
Audit Committee—Counting three members and presided by Mr. Gérard Lamarche, the Committee assists the Board of Directors in the verification of the accuracy and fairness of financial statements as well as the quality of internal controls and information to shareholders. The committee met four times during the 2006 financial year. At a meeting at the beginning of 2007, it approved the conclusions of the audit of the 2006 financial statements presented to it. It also conducted a detailed review of the quality of statutory and consolidated accounts for the financial year ended December 31, 2006 as well as the consolidated financial statements published each quarter. Finally, it examined the schedules and results of internal and external audits.

Appointments and Compensation Committee—Counting four members and presided by Mr. Jean-Bernard Lafonta, the Committee assists the Board in matters relating to the recruitment and compensation of senior managers. In 2006, it met twice to determine senior management compensation in respect of the 2006 and 2007 financial years as well as the terms and organization of stock-option and free-share allotment plans. It also set the amount of fees to be awarded in consideration of Directors' participation in the meetings of the Board and its Committees.

Strategy Committee—Counting three members and presided by Mr. Jacques Garaialde, the Committee assists the Board in the definition of the group's fundamental strategies. The Committee met three times in 2006 to consider, among other things, the group budget, main investments and all acquisition proposals.

SHARE PERFORMANCE

LEGRAND share price



Price on admission	€19.75
Highest since the IPO	€25.99
Lowest since the IPO	€19.75
Price at March 30, 2007	€24.75
Change since the IPO	+ 25.3%

→ LEGRAND SHARE PROFILE

- ISIN code: FR0010307819
- Mnemonic code: LR
- Quotation place: Euronext Paris
- Market: Euronext Paris - Eurolist - Compartment A (Blue Chips)
- PEA: eligible
- SRD: eligible

Shareholder announcements

May 3, 2007
2007 first-quarter results

July 26, 2007
2007 first-half results

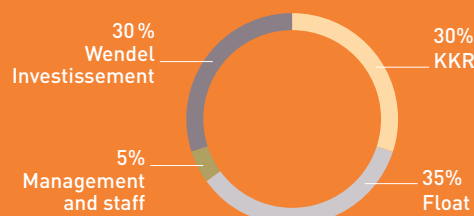
May 15, 2007
General Meeting

November 8, 2007
2007 nine-month results

→ Share capital at March 30, 2007

- Market capitalization: €6.67 billion
- Number of shares: 269,693,376
- Total voting rights attached to the shares: 269,693,376
- IPO date: April 6, 2006

→ Ownership



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Income

Euros, in millions

	2006	2005	2004
Revenue	3,736.8	3,247.9	2,926.3
Operating expenses			
Cost of sales	(1,881.7)	(1,675.4)	(1,505.7)
Administrative and selling expenses	(977.7)	(835.6)	(760.9)
Research and development costs	(237.9)	(238.6)	(233.9)
Other operating income (expense)	(109.9)	(92.6)	(77.5)
Operating profit	529.6	405.7	348.3
Finance costs	(157.4)	(206.5)	(257.5)
Financial income	33.7	25.4	26.1
Exchange gains and losses	40.4	(32.3)	5.8
Loss on extinguishment of debt	(109.0)	0.0	(50.7)
Finance costs and other financial income and expense, net	(192.3)	(213.4)	(276.3)
Share of profit of associates	0.8	1.3	2.6
Profit before tax	338.1	193.6	74.6
Income tax expense	(82.9)	(89.8)	(46.6)
Profit for the period	255.2	103.8	28.0
Attributable to:			
– Equity holders of Legrand	252.0	101.4	26.8
– Minority interests	3.2	2.4	1.2
Basic earnings per share (euros) *	1.019	0.534	0.141
Diluted earnings per share (euros) *	1.009	0.527	0.139

* Basic and diluted earnings per share for 2005 and 2004 have been adjusted for the 1-for-4 reverse stock-split carried out on February 24, 2006.

Reported 2005 basic and diluted earnings per share, before the reverse stock-split, amounted to €0.134 and €0.132 respectively.

Reported 2004 basic and diluted earnings per share, before the reverse stock-split, amounted to €0.035 and €0.035 respectively.

Consolidated Balance Sheet

Euros, in millions

	December 31, 2006	December 31, 2005	December 31, 2004
ASSETS			
Current assets			
Cash and cash equivalents	178.9	133.2	68.3
Marketable securities	0.4	0.6	13.1
Restricted cash	0.0	0.0	27.0
Income tax receivables	14.2	6.1	1.9
Trade receivables	620.8	563.2	495.7
Other current assets	132.2	127.5	130.3
Inventories	560.1	474.5	422.0
Other current financial assets	22.2	33.4	66.2
Total current assets	1,528.8	1,338.5	1,224.5
Non-current assets			
Intangible assets	1,840.0	1,861.3	1,903.3
Goodwill	1,633.2	1,780.0	1,335.1
Property, plant and equipment	789.2	833.6	816.0
Investments in associates	10.5	9.5	12.5
Other investments	5.0	4.1	5.9
Deferred tax assets	124.6	61.5	62.9
Other non-current assets	4.8	4.6	4.3
Total non-current assets	4,407.3	4,554.6	4,140.0
Total Assets	5,936.1	5,893.1	5,364.5
	2006	2005	2004
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	790.7	319.3	203.6
Income tax payable	32.7	22.3	17.7
Trade payables	454.4	377.0	311.3
Short-term provisions and other current liabilities	436.8	406.9	362.8
Other financial liabilities	66.6	59.9	159.1
Total current liabilities	1,781.2	1,185.4	1,054.5
Non-current liabilities			
Deferred tax liabilities	663.9	720.3	697.4
Long-term provisions and other non-current liabilities	109.8	134.0	99.8
Provisions for pensions and other post-employment benefits	147.6	139.7	131.0
Long-term borrowings	1,055.5	1,803.3	1,674.4
Subordinated perpetual notes	9.5	28.5	68.9
Related party borrowings	0.0	1,334.8	1,275.8
Total non-current liabilities	1,986.3	4,160.6	3,947.3
Equity			
Share capital	1,078.8	759.4	759.4
Retained earnings	1,217.6	(157.1)	(259.5)
Translation reserves	(136.6)	(64.3)	(144.7)
Equity attributable to equity holders of Legrand	2,159.8	538.0	355.2
Minority interests	8.8	9.1	7.5
Total equity	2,168.6	547.1	362.7
Total Liabilities and Equity	5,936.1	5,893.1	5,364.5

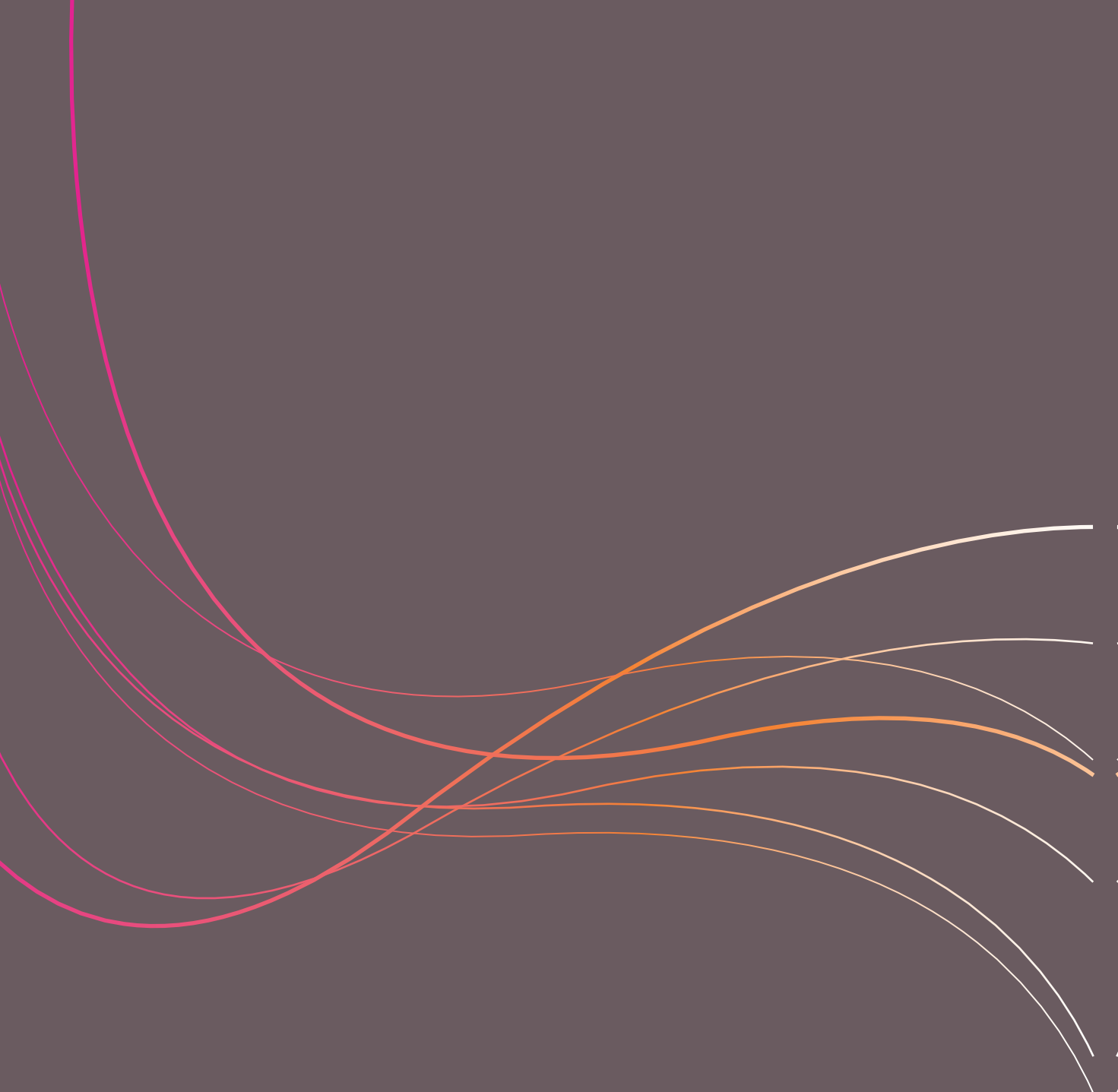
Consolidated Statement of Cash Flows

Euros, in millions

	2006	2005	2004
Profit for the period	255.2	103.8	28.0
Reconciliation of profit for the period to net cash provided by operating activities:			
Depreciation expense	142.0	144.0	141.8
Amortization expense	98.0	111.0	133.6
Amortization of development costs	3.4	0.4	0.0
Amortization of finance costs	2.1	3.2	0.6
Loss on extinguishment of debt	109.0	0.0	50.7
Changes in deferred taxes	(14.5)	12.9	(24.4)
Changes in other non-current assets and liabilities	0.2	16.4	2.5
Share of profit of associates	(0.8)	(1.3)	(2.6)
Exchange (gain)/loss, net	(0.9)	18.1	(1.8)
Other adjustments	26.1	25.3	47.2
(Gains)/losses on sales of assets, net	(1.1)	7.1	(5.6)
(Gains)/losses on sales of securities, net	0.0	0.1	0.3
Changes in operating assets and liabilities:			
Inventories	(74.5)	(6.6)	(40.8)
Trade receivables	(38.4)	(5.2)	9.8
Trade payables	62.4	33.9	60.9
Other operating assets and liabilities	13.3	(12.6)	29.2
Net cash provided by operating activities	581.5	450.5	429.4
Net proceeds from sales of fixed assets	27.5	10.9	45.4
Capital expenditure	(130.8)	(112.0)	(95.7)
Development costs capitalized during the period	(22.1)	(21.5)	(17.1)
Changes in non-current financial assets and liabilities	(0.5)	0.0	0.0
Proceeds from sales of marketable securities	0.1	0.3	138.4
Purchases of marketable securities	0.0	40.2	(18.5)
Acquisitions of subsidiaries, net of the cash acquired	(85.9)	(399.8)	0.0
Investments in non-consolidated entities	(2.0)	0.0	(0.1)
Net cash (used in) provided by investing activities	(213.7)	(481.9)	52.4
Proceeds from issues of share capital	866.2	0.0	0.0
Dividends paid to equity holders of Legrand	(110.6)	0.0	0.0
Dividends paid by Legrand subsidiaries	(3.2)	(1.2)	(0.8)
Reduction of subordinated perpetual notes	(19.0)	(40.5)	(39.9)
Proceeds from new borrowings and drawdowns	2,255.8	179.2	929.7
Repayment of borrowings	(3,444.9)	0.0	(1,324.1)
Debt issuance costs	(6.1)	0.0	(6.3)
Loss on extinguishment of debt	(109.0)	0.0	0.0
Increase (reduction) in bank overdrafts	258.5	(49.7)	(40.2)
Net cash provided by (used in) financing activities	(312.3)	87.8	(481.6)
Effect of exchange rate changes on cash and cash equivalents	(9.8)	8.5	0.2
Increase in cash and cash equivalents	45.7	64.9	0.4
Cash and cash equivalents at the beginning of the period	133.2	68.3	67.9
Cash and cash equivalents at the end of the period	178.9	133.2	68.3
Items included in cash flows from operating activities			
Interest paid during the period	122.1	150.7	182.9
Income taxes paid during the period	86.3	57.8	45.5

Full financial statements are available in our *document de référence* registered with French market supervisor AMF, which can be downloaded from www.amf-france.org and from www.legrandelectric.com.

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