



2005 | 2006 In Brief

Merlin Gerin
Square D
Telemecanique

Schneider
 **Electric**
Building a New Electric World

Conserving energy and delivering greater efficiency, safety and comfort



Electricity is an indispensable part of most of the products and services we use every day, and demand for electricity is constantly growing.

As the world leader in automation and electricity management, Schneider Electric helps its customers optimize their energy costs while enhancing their installations' performance, reliability, safety and ease of use.

Easy to install, open-ended and adaptable, our solutions are becoming even more intelligent and networked. They also meet the most demanding environmental protection requirements.

Just look around, and you'll see that the future is electric, with embedded intelligence, web-enabled control and monitoring systems, wireless links, multimedia networks and much, much more. We innovate every day to give the best of the New Electric World to everyone, everywhere, at any time.

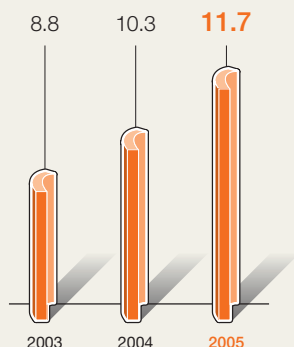
2005: faster growth and stepped-up performance

At Schneider Electric, we have stepped up our measures to promote growth and efficiency under new², our company program for 2005-2008. Spurred by innovation and a sustained acquisitions strategy, we are growing much faster than our end markets. In 2005, our rapid expansion in high-growth countries and activities, further productivity gains and good control over costs resulted in an excellent operating and financial performance and drove strong revenue and earnings growth.

* French GAAP figures for 2003; IFRS figures for 2004 and 2005.

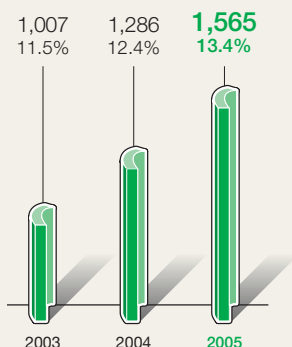
*Consolidated revenue up 13%

(€ billion)



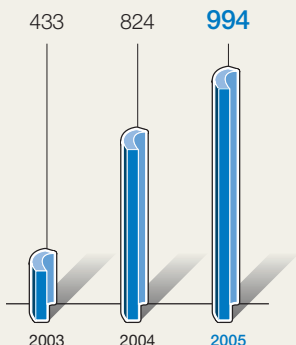
*Operating profit up 22%

(€ million and as a % of revenue)



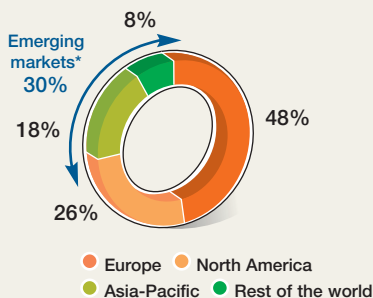
*Profit attributable to equity holders of the parent up 21%

(€ million)



2005 consolidated revenue by region

€ 11.7 billion



* Asia-Pacific, Rest of the World, Eastern Europe.



Automation in industry



*Energy management
in supermarkets*

Meeting our customers' expectations...

With operations in 130 countries around the world, we offer comprehensive solutions in Electrical Distribution and Automation & Control for four major markets:

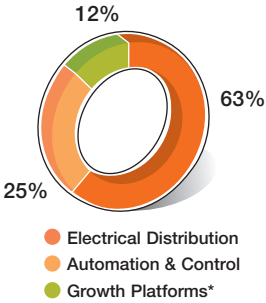
- **Energy & Infrastructure**
- **Industry**
- **Buildings**
- **Residential**

Schneider Electric's lineup of market-leading global brands (Merlin Gerin, Square D, Telemecanique), powerful local brands and benchmark specialist brands is unparalleled in terms of breadth, strategic fit and related services.

Available worldwide, these brands comply with all current standards, offering compatible, flexible and open-ended ranges adapted to local practices.

Forefront global positions

2005 revenue by business



* Building automation and security, secured power, sensors and actuators for repetitive machines

Electricity management

Making electric power safe, reliable, effective and available

Schneider Electric ranks first worldwide in Electrical Distribution and second in ultra terminal and secured power. Our ultra terminal lineup covers traditional electrical equipment needs, as well as Voice-Data-Image (VDI) and Power Line Carrier (PLC) technologies, which turn electric wiring into a communication network. Thanks to our acquisitions and innovations, we have become a major player in energy management systems, a market with an increasingly promising future as energy becomes scarcer and more expensive.

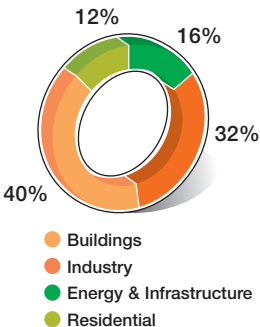
Automation management

Controlling and monitoring machines and equipment and protecting people

Schneider Electric ranks second worldwide in Automation & Control - first in industrial control and human-machine interface and third in programmable logic controllers - and enjoys recognized leadership in web automation. We have broadened our lineup through several acquisitions, adding such products as sensors and actuators for repetitive machines.

We've also staked out a major position in the fast-growing market for building automation and security systems.

2005 revenue by market



High value added services

Enhancing installation performance

Schneider Electric supports customers throughout their installations' lifecycle with a full, customized range of services that includes equipment maintenance, installation and site audits, diagnostics, tracking, on-site and remote management and maintenance, training and online technical assistance.

We also offer consulting services to improve performance and energy efficiency. We are working faster to develop our services in response to growing demand.



*Energy management and automation
(San Francisco airport)*



Public lighting management

... by delivering
superior performance



PowerLogic
*Power management
system*



Evolis 24 kV
Medium voltage circuit breaker

Innovating for our customers

We invest 5% of revenue in R&D to meet customer needs even more fully and efficiently.

We have 6,500 people working in R&D in 25 countries, as well as 60 specialized application centers. Their mission is to constantly add more value for users by making products compatible and easy to install, optimizing upgradeability and enhancing services - all with the goal of helping customers consume less and produce more effectively.



Automation in leisure complex (Dubai)

The future is
electric.



TAC Xenta™ 511
Server for LonWorks
networks

Responsible solutions

With our eco-design and eco-production methodologies, we make an important contribution to managing electricity consumption, protecting the environment and conserving natural resources. In this way, we help our customers produce more effectively with less energy.



Altivar 71
Speed drive

More efficient and effective every day

To ensure that we deliver outstanding service, we are taking measures to enhance our long-term competitiveness and continuously improve the quality of our products and the order fill rate at our distribution centers.

Helping young people get off to a successful start

With our employees and through our Foundations, we support youth education in all our host countries. Each year, team members around the world participate in the Luli international fund-raising drive. The campaign's objective is to support training and job opportunities for young people through local associations selected by site employees. These associations received € 5 million in 2005. 84% of our sites are involved in the Foundation's programs.

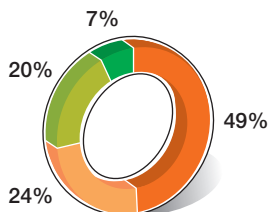


In the "Principles of Responsibility" that guide our action, the first commitment concerns diversity: "Schneider Electric employees can all express their cultural diversity and are managed without discrimination."

Promoting diversity, attracting and developing talent

Total workforce*

88,670 employees



- Europe
- North America
- Asia-Pacific
- Rest of the world

* Average temporary and permanent staff

A diverse corporate community

At Schneider Electric, we are proud to develop and promote high-quality local teams, while encouraging mobility and fostering the creation of multi-cultural work groups. At all levels of the Company, training broadens our skills and helps us prepare for changes in our businesses.

We give employees a stake in achieving targets and we recognize their contribution through profit-linked incentive plans, employee share ownership, and bonuses.

Schneider Electric SA : 43-45, boulevard Franklin-Roosevelt
F-92500 Rueil-Malmaison Cedex (France)
Phone : +33 (0) 1 41 29 70 00 | Fax : +33 (0) 1 41 29 71 00
Internet : <http://www.schneider-electric.com>

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