



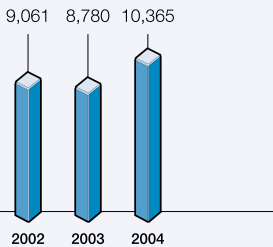
## 2004 In Brief

Merlin Gerin  
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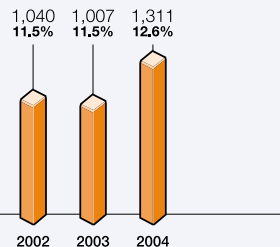
**Schneider**  
 **Electric**  
*Building a New Electric World*

## From NEW2004 to **new<sup>2</sup>** : our new Company Program

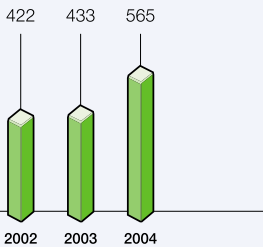
NEW2004 drew to a close in a year of record performance for Schneider Electric. We achieved our highest organic growth in a decade and progressed in all our markets. Repositioning in countries and activities with high growth potential, productivity gains and disciplined cost management drove a sharp increase in earnings. We intend to pursue and step up NEW2004's growth and efficiency measures as part of our **new<sup>2</sup>** Company Program, introduced in January 2005.



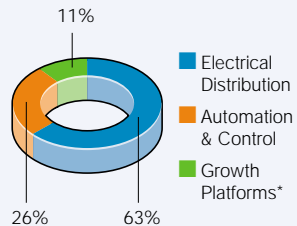
**Consolidated sales up 18%**  
(€ million)



**Operating income up 30%**  
(€ million and as a % of sales)



**Net income up 30%**  
(€ million)



**Sales by business**

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

## Profile

# A safer, more comfortable, high-performance world

In today's world, electricity is an indispensable part of most of the products and services we use. Demand for electric power is constantly growing, and thanks to the convergence of electricity, automation and communication technologies, smart electricity is now a reality.

As the world leader in automation and electricity management, Schneider Electric gives the best of the New Electric World to everyone, everywhere, at any time.

To accomplish this mission, we focus on innovation, continuously adjust our resources and count on highly skilled, motivated team members around the world. Schneider Electric attracts talented people by offering stimulating challenges, exciting, diversified career paths, and the opportunity to be part of an enduring success story.

# Meeting our customers' expectations



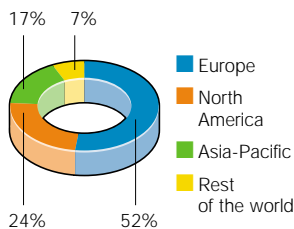
Schneider Electric provides comprehensive Electrical Distribution and Automation & Control solutions for four core markets:

Energy & Infrastructure, Industry, Buildings and Residential. We cover all the world's leading standards, including IEC, NEMA, UL, and ANSI. Our lineup of market-leading global brands, powerful local brands and specialist brands is unparalleled in terms of breadth, strategic fit and related services, making us a leader in automation and electricity management.

## Electricity management

*Making electric power available,  
reliable, effective and safe*

Schneider Electric ranks first worldwide in electrical distribution, second in Ultra Terminal distribution and third in secured power. We are also a major player in energy management systems. Our solutions meet the most demanding requirements for safety, reliability, power quality and energy savings. The Ultra Terminal lineup includes switchgear and management systems, as well as Voice-Data-Image and Power Line Carrier technologies, which turn electrical wires into a communication network.



**2004 sales**  
by region

## Automation management

*Controlling and monitoring machines and equipment and protecting people*

Schneider Electric ranks second worldwide in Automation & Control (number one in industrial control and number three in PLCs). As a recognized leader in the use of Internet technologies, we have developed a new generation of Transparent Ready™ solutions that are both highly effective and easy to use. We've also expanded our lineup with sensors for repetitive machines, optoelectronics and other new specialty products.

Thanks to our active acquisitions strategy, we have also become a major player in the fast growing building automation and security market.

## High value added services

*Enhancing installation performance*

Schneider Electric supports customers throughout an installation's lifetime with a comprehensive, tailored range of services. These include online diagnostics and assistance, installed base operation and maintenance, site and installation audits, and consulting services to boost energy and industrial performance.



# Building the New Electric World together



€535

million

devoted to R&D  
in 2004

## Innovating close to our markets

Schneider Electric invests more than 5% of sales in R&D for products, software, services and production processes.

To constantly add more value for users, our 4,500 researchers and developers in 25 countries focus on devising solutions that are compatible, easy to use and operate, upgradeable, and supported by a growing number of services.

## Heading for operating excellence

We have implemented an ambitious quality and efficiency strategy to delight our customers. We make the most of our global scope to sustainably enhance our competitiveness. Optimization methods such as Six Sigma, Lean Manufacturing and Quality and Value Analysis have been deployed at all our sites.

In all our Country Organizations, we are deploying a single SAP-based IT system to work together and communicate more efficiently.

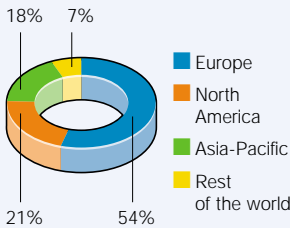
127

sites involved  
in a Lean Manufacturing  
program in 2004



# 93%

of global products  
are eco-designed



### 2004 workforce by region

Total workforce: 85,000 employees

### Responsible solutions

Schneider Electric plays its part in reducing energy consumption and preserving the environment and natural resources by developing eco-design and eco-production methodologies.

We also help our customers produce better and consume less energy and natural resources. Our solutions facilitate water management and power generation from renewable resources, enable electrification in emerging markets, and give more people access to electricity.

### Leveraging our diversity

Schneider Electric is committed to developing and promoting high quality local teams and encouraging mobility and the creation of multicultural teams. At all levels of the enterprise, training supports skills upgrading and alignment and experience sharing. We also use variable compensation, profit-linked incentive programs, employee stock purchase plans and bonuses to reward team members and give them a stake in meeting set targets.

# 84.5%

of our sites  
have a commitment  
with the Foundation

## Giving young people the resources to succeed

Each year, the week-long Luli fund-raising campaign gets employees around the world involved in helping disadvantaged young people through local associations. The program focuses on supporting education in developing countries and promoting job opportunities in the industrialized world.



## Making a lasting commitment

Schneider Electric has signed the UN Global Compact, which calls on corporations to recognize nine universal principles in the areas of human rights, labor and the environment. To guide our actions, we have also published a document entitled Our Principles of Responsibility and signed an environmental and social charter with our main suppliers.

Through our team members and Foundations, we are deeply involved in promoting education, training and job opportunities for young people in all our host communities.

### Schneider Electric SA

#### Headquarters

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  
[www.schneider-electric.com](http://www.schneider-electric.com)

Incorporated in France with issued capital of €1,809,553,416  
Registered in Nanterre, RCS 542 048 574  
Siret: 542 048 574 01775