



Jean-Pascal Tricoire's Address At the Official Inauguration of Electropole Thursday, October 12, 2006

Welcome and thank you for attending the inauguration of Electropole, Schneider Electric's largest global R&D center. I'd like to extend an especially warm welcome to French Trade Minister Christine Lagarde, to Prefect Michel Morin and other government officials, and to our customers and friends.

Personally, I can only speak about the past 20 years—just a short period in the history of Schneider Electric, which this year is celebrating its 170th anniversary. However, these past 20 years have been critically important.

In those 20 years, Schneider Electric has transformed itself from a group of companies active mainly in their domestic markets and just beginning to export their products into a truly international company with operations in 190 countries. In those 20 years, Schneider Electric has focused on electrical distribution and automation devices, establishing itself as a global leader in 80% of its businesses.

Schneider Electric is a company that will generate revenue of more than €13 billion in 2006, thanks to our customers. It's a community of 100,000 team members around the world who share the same passion for electricity and the same dedication to serving customers. Lastly, it's a company on the move, a growth-driven company that is expanding by leaps and bounds: 20% this year and 60% over the past three years taken together.

In 20 years, our teams in Grenoble have also made impressive advances. Thanks to their hard work, sharp focus on innovation and quality, and global ambition, the teams we've brought together at Electropole have developed our most significant global leadership positions. From the United States to China, Schneider Electric is by far the leader in a wide range of products, including air circuit breakers, molded case circuit breakers, miniature circuit breakers, contactors and motor circuit breakers.

Electropole represents a key phase in our continuous search for improvement and enhanced competitiveness:

- First of all, it's an investment for our customers, with whom we want to discuss and innovate here to build the New Electric World.
- It's also an investment in Grenoble's technological potential.
- Lastly, it's an investment in the skills, intelligence and commitment of our Grenoble teams.

I - Electropole is our largest R&D center in the world

Together, with our nearby Technopole research center created two years ago:

- ✓ We've built nearly 50,000 sq.m of space dedicated to technology and innovation.



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- ✓ We've brought together 1,300 team members, including 500 technicians, engineers and advanced research specialists.
- ✓ We've invested over €85 million.

At Electropole, we're inventing the New Electric World as we lead the incredible transformation that is reshaping our industry.

- 1/ Electricity is all around us and is being used more and more, wherever we live, work and travel. Our world is—and will be—increasingly electric.
- 2/ The electric industry is evolving rapidly. With new, "greener" forms of power generation, market deregulation, the need for energy savings to reduce pollution, and the increasing importance of electronics, automation devices and intelligent products in all areas of application, electricity has come a long way since Thomas Edison.

At Electropole, we're inventing a New Electric World in which:

- **We guarantee ever-safer electricity by preventing the risk of electrocution or fire, since harnessing electricity is still a hazardous business that requires professional expertise.**
 - **A world in which electricity will be totally reliable**, and where we'll no longer see an hour-long power outage cause losses ranging from a few thousand euros to several million for major disruptions involving stock exchanges, microprocessor plants, etc.
 - **A new, more energy-efficient world**, driven by the urgent need to conserve this increasingly rare and expensive energy source.
 - **A new, much more comfortable and efficient world, thanks to smart, networked automated systems.**
- 1/ Electropole is a **key component** in our innovation and R&D-focused growth strategy.

We allocate nearly **5% of revenue** to R&D and innovation, which in 2006 represents more than €600 million.

We have **6,500 researchers** working at nearly **45 sites** in **25 countries** around the world.

This network is backed by more than **50 partnerships** with world-class research laboratories (St. Petersburg, MIT and LETI) and with industry-leading companies like IBM, Toshiba, Fuji and Tata.



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- 2/ With Electropole, we're investing in the technological potential of the **Grenoble region**, France's leading research center after Paris.

Electropole is part of this European hub where 25,000 experts interact.

We derive full benefit from our relations with Minatec, the international innovation center for nanotechnologies and embedded software. Two members of our Executive Committee—Claude Graff and Eric Pilaud—are in charge of the Tenerrdis and Minalogic skills centers.

Lastly, we will launch HOMES, one of the innovation agency's first projects. We expect it will provide Schneider Electric, our partners and the entire region with a decisive lead in the areas of home automation and energy efficiency.

II - Electropole is an R&D center that was designed to be unique in four areas:

- 1/ **First and foremost, it is a center for exchanging views and working closely with our customers.** Innovations serve no purpose unless they can be applied, and "useful" innovations can only be developed through in-depth discussions with customers.
- 2/ **It's a center where teams can communicate and cooperate.** With input from on-site teams, the working environment was designed to foster creativity and innovation.
- 3/ **It's a multi-skills center**, bringing together our electromechanical and electronics expertise, as well as marketing, design and development. It combines design areas, applications platforms and test facilities, so that ideas developed by our teams and customers can be tested in real time.
- 4/ **Lastly, it is a showcase of Schneider Electric's product lineup.** From electrical distribution to building management, all aspects of Schneider Electric's expertise have been integrated into the building, including supervision, access control, lighting and heat and air-conditioning regulation systems, as well as Ultra Terminal solutions. It's a prime example of an intelligent building capable of delivering energy savings, enhanced comfort and greater efficiency. And given the installed equipment, it's also an example of efficiency in terms of operating costs.



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Many of you have helped to make this center a reality and I would like to conclude by offering my sincere thanks to the following people:

- ✓ Deputy Didier Migaud, a key project facilitator.
- ✓ The Grenoble Mayor's Office, Deputy Mayors Michel Destot and Genevieve Fioraso, Eybens Mayor Marc Baietto, the Métro urban community, the Isère Prefecture, and the Regional Authorities for Industry, Research and the Environment who helped us find a site and complete the necessary administrative procedures.
- ✓ Territoire 38, which, as business park planner, designed the approach and access routes to the site.
- ✓ Architect Pierre-Louis Cochet for his innovative, open, visitor-friendly building design.
- ✓ GA, which built this high-quality building in just 11 months.
- ✓ The Electricity Transport Network (RTE), Electricité de France and Grenoble Power & Gas (GEG), which supply the site with electrical energy and, in particular, installed an underground 63kV power line in 12 months.
- ✓ The many companies that helped to build and equip the center, including OAS, Ingedia, Tertia, Capgemini, E2S and Berlioz.

I would also like to thank the many other individuals—too numerous to mention by name—who took part in building the center.

Madame Minister, after your tour of Electropole, I hope that you were able to appreciate the center's innovative approach. To those of you about to visit the facility, I hope you enjoy your tour.

In conclusion, I would like to say a last word to our customers. This building is yours. It is home to your ideas and your solutions. We hope to see all of you here often. By integrating your ideas into our solutions, we will build the New Electric World together.



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