



# Action

29  
January 2008

Letter to Schneider Electric shareholders

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



"The customer is at the center of our priorities"

## Dear Shareholder,

Without a doubt, your Group will have set a new growth record in 2007. I would like to take this opportunity to thank you for the confidence you have shown in Schneider Electric through your investment and wish you a very Happy New Year.

Over the past six years, in-depth repositioning of our business portfolio has allowed Schneider Electric to double its accessible market, diversify its exposure to end markets and transform its growth profile. As a result, your Group has developed unique positions in new businesses experiencing strong, structural growth such as Critical Power & Services, Energy Monitoring, Services and automation for all applications. It has also enhanced its presence in markets that are less sensitive to economic cycles, such as Infrastructure and Data Centers.

Schneider Electric is now able to offer even more comprehensive solutions to meet its customers' emerging needs and increasingly demanding expectations. To ensure the highest level of quality and efficiency at all times, we are encouraging our employees to develop what we call a "customer-centric" attitude. In this

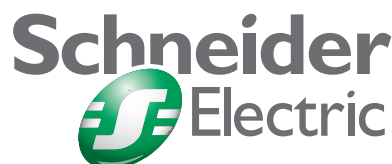
way, they will become daily partners in our customers' growth and performance. This priority focus gives a clear consistency to our employees' contribution. It is one of the key factors in your Group's performance as we pursue our continuing goal of being a loyal, attentive partner to our customers and shareholders. ■

**Jean-Pascal Tricoire**  
Chairman of the Management Board and Chief Executive Officer

> **Understand**  
Customer satisfaction  
**P.2**

> **Your Group**  
Shareholder agenda  
**P.4**

> **Toll-free number**  
(from a landline telephone in France)  
**0800 2055 14**



## Schneider Electric Sweden voted "Supplier of the Year"



Scandinavia's Ahlsell, a leading trading company in heating, plumbing, electrical and refrigeration equipment, has voted Schneider Electric Sweden "Supplier of the Year". This first-time award reflects Schneider Electric's *"absolute, total priority on customer satisfaction,"* and rewards the subsidiary's superior service, quality logistics and deep employee commitment to meeting customer expectations. Schneider Electric is one of Ahlsell's main suppliers. As Ahlsell's senior management noted, *"Our partnership is essential because it helps both of us develop our businesses."*

# ahlsell

### Customer-centric attitude: a state of mind

For Schneider Electric, customers are a critical stakeholder. That's why we made "putting customer satisfaction first" a key priority when we launched our new<sup>2</sup> program in 2005.

We set two targets to further our progress in this area: increase the rate of very satisfied customers by 30% and reduce the rate of dissatisfied customers by 50% between 2005 and 2008.

Increasing the number of very satisfied customers is crucial to our growth, as these customers create critical momentum. They recommend us as a supplier to other companies and are the first to try new products and services. They form a solid, loyal base that judges its relationship with Schneider Electric on a wide range of criteria and helps us improve, day after day.

To meet the customer satisfaction challenge, we need to develop a "customer-centric" attitude. At Schneider Electric, this means that each employee is responsible for contributing to customer satisfaction by being responsive, proactive and professional. We need to make sure that all our actions and decisions focus fully on creating value for customers and meeting all their needs. *"Our company's performance will only be sustainable if we are able to create added value for our customers by innovating and delivering total satisfaction,"* explains Serge Goldenberg, Corporate Quality Senior Vice President. *"In today's global business environment, these are key differentiating factors."*

*"We need to constantly ask ourselves two questions,"* adds Michel Crochon, Executive Vice President, Automation Business Unit. *"First, what impact do our actions have on each of our customers, considering that they are all different, and second, what can I do in my position to improve our customers' performance?"* For a sales representative, this might mean looking beyond the words to understand a customer's real needs and nurturing a truly close relationship. For people in marketing and technical affairs, it can mean designing

# Understand

## Customer satisfaction: from good to great

customer benefits into all our solutions. And for our production teams, it can mean allocating all the necessary resources to resolve product quality issues.

### New action plans

Along with developing a state of mind, we must also identify the main paths for improving customer management and deploy new action plans.

To achieve this goal, we conduct two main customer satisfaction surveys that help us identify the key levers for winning and retaining customers and measure the progress made.

Every two years, we survey 250 to 800 current and prospective customers in 45 countries with our Image and Satisfaction Barometer (BIS) to collect feedback on brand awareness, purchasing intentions, customer satisfaction and our strengths and weaknesses. We also conduct a Quarterly Customer Satisfaction Survey to keep a close eye on the effectiveness of our customer satisfaction action plans.

The survey results have showed us that we need to focus our efforts on improving the supply chain, customer information and services. This has led us to identify three priorities in our new<sup>2</sup> program and deploy action plans to :

- Develop a proactive system to inform customers about delivery delays, product upgrades, training and other issues.
- Improve management of customer complaints and claims.
- Prevent supply chain and technical failures.

### Three new customer satisfaction initiatives

For the first time, we published sales policy directives that are distributed to all operational managers and to our sales and marketing managers.

We also created a Sales & Marketing Institute within Schneider Electric University to train employees and develop their skills. More than 5,300 sales and marketing staff took part in the Institute's programs in 2007.

Lastly, to forge close contacts with customers and present the extremely diverse range of solutions offered by Schneider Electric and its partners, we launched private professional trade shows in 2005 called Initi@tive. The shows feature booths presenting our main lineup and our partners' offerings, as well as a schedule of high-level conferences. They also highlight our latest advances, such as products, services and solutions to enhance energy efficiency. As energy prices rise, our customers are clearly expecting us to deliver in this area. In 2007, some 13,500 visitors attended Initi@tive shows in Europe (Nice and Warsaw), the United Arab Emirates (Dubai), China (Chengdu), India (Hyderabad) and Brazil. ■



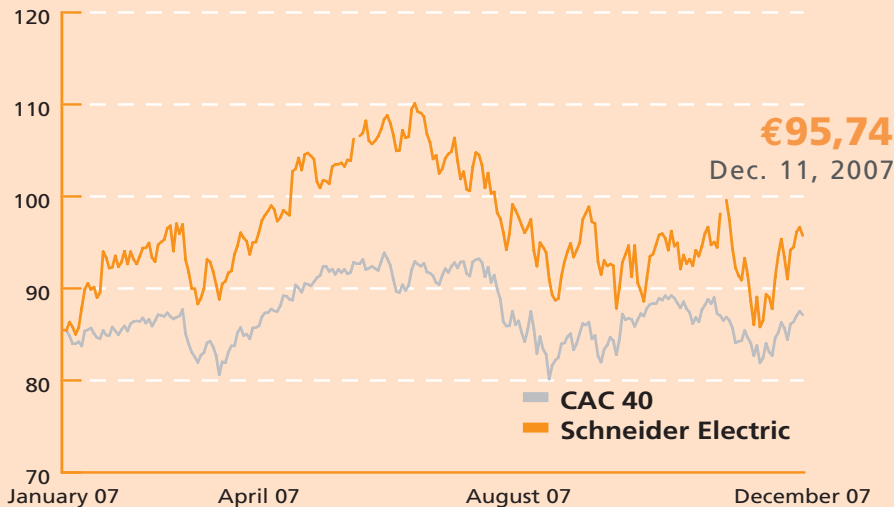
Increase the rate of very satisfied customers by **30%**

Reduce the rate of dissatisfied customers by **50%**



# Your Group

## Shareholder agenda



## Schneider Electric share price/CAC 40 Index

- Shares outstanding: 245,270,879 (November 30, 2007)
- ISIN code: FR0000121972
- Stock market site codes: SU or SCHN
- Traded on the Euronext Paris First Market
- Market capitalization: 23.2 billion

## The Schneider Electric Foundation for Energy Sharing



The global objective is to improve energy production, make it available to all and satisfactorily manage climate changes. Schneider Electric has joined this movement by creating a Foundation focused on solutions to save our planet. The Foundation's message is to promote sustainable energy supply and use for the greater good of all.

The Schneider Electric Foundation is dedicated to transmitting skills and competence and to sharing energy:

- By accompanying the least well-off, enabling them to have access to energy: in Cameroon, the Foundation has brought up to standard the electrical installations of a technical high school's electrical engineering workshops.
- By accompanying young people to promote their professional insertion in energy-linked professions: in Turkey, grants awarded to 50

women students in electrical and electronic engineering.

- By transmitting know-how: in Benin, participation in work to provide electricity to several villages and introduce street lighting, and at the same time, training to local villagers in the day-to-day maintenance of the network.

The Foundation also seeks to promote the responsibility of men and women and a commitment to saving the planet: supplying electrical distribution, building technical management and lighting equipment for the new research base in Antarctica in partnership with the International Polar Foundation.

To find out more:  
[www.fondation.schneider-electric.com](http://www.fondation.schneider-electric.com)

## Coming events

**January 22, 2008**

2007 Fourth-quarter sales

**February 20, 2008**

2007 financial results

**April 21, 2008**

2008 First-quarter sales Annual Shareholders' Meeting (CNIT Paris la Défense, 3:00 p.m.)

**April 30, 2008**

Dividend payment

**August 1, 2008**

2008 Half Year Results and second-quarter sales

**October 22, 2008**

2008 Third-quarter sales

## If you have questions or suggestions, please let us know!

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