Schneider Electric,
170 years of *history*

From 1836 to the present day, all the stages that have led Schneider fom the Masters of Steel Foundries at Le Creusot to Schneider Electric the leader in automation and electricity management.

Merlin Gerin
Square D
Telemecanique

Schneider Electric
Building a New Electric World

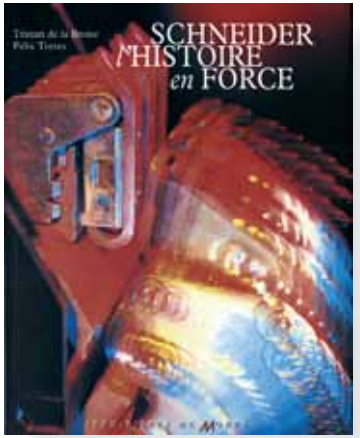
170 years of history

In its 170 years of existence, Schneider Electric has successfully met many challenges by making important strategic choices.

The Company's growth path over the last few years has led it to expand in electricity by acquiring firms with complementary competencies in this area. With three international brands Merlin Gerin, Square D and Telemecanique, Schneider Electric is today one of the world's leading manufacturers of equipment for electrical distribution, industrial control and automation.

> **For more information,** click on the underlined green links in the text.

The information in this section is taken from "Schneider, l'Histoire en Force", by Tristan de la Broise and Félix Torres.



Published in 1996, this 492-page book contains many illustrations, including archival photos and paintings.

It may be ordered, in French only, from Editions de Monza 40, rue Marboeuf - 75008 Paris - France Phone: +33 (0)1 42 25 71 74.

The price is 50 euros, including tax.

For more information, visit the "Académie François Bourdon" portal, http://www.afbourdon.com

1900: Bastille station, Paris metro

Eugène Schneider

1836-1870 - The masters of steel

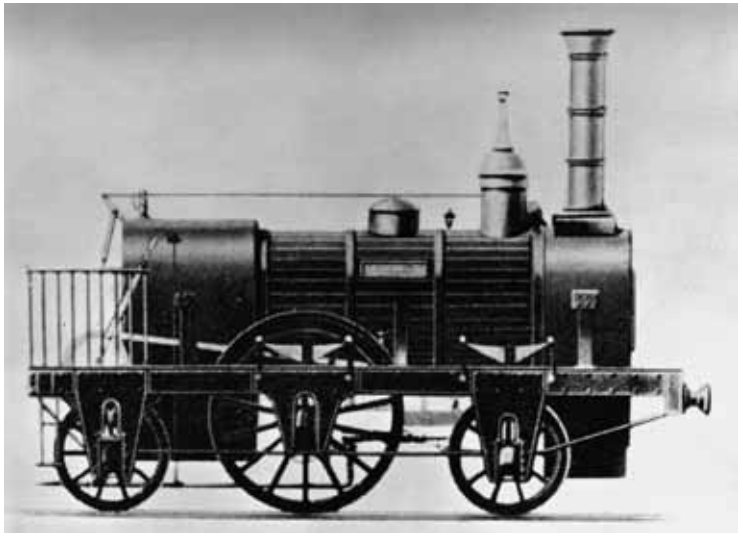
1836: Founding of Etablissements du Creusot

In 1836, two brothers named Adolphe and Eugène Schneider acquired the Creusot mines, forges and foundries, gaining an opportunity to participate in the great adventure of the Industrial Revolution. Their main markets were steel, heavy industry, railroads and shipbuilding.

1840-1870 - Thirty shining years

The Schneider brothers benefited from the spectacular rise of industry in the 19th century and grew their business by making smart technical choices and building a strong network of relations. In keeping with his mission as an “enlightened” executive, Eugène Schneider set up employee programs to create a community for the plant workers' families.

Le Creusot in 1847



1838: "La Gironde", the first French locomotive

The troubles of 1870

For Schneider, 1870 marked the end of an era. Upheavals related to the fall of the Second Empire and hard-fought strikes tarnished the Company's shining image of success.

> For more information, click on the underlined green links in the text.

1870-1918 - Moving into the world market

King Ferdinand of Bulgaria visiting Le Creusot in 1905

Technical breakthroughs and buoyant businesses

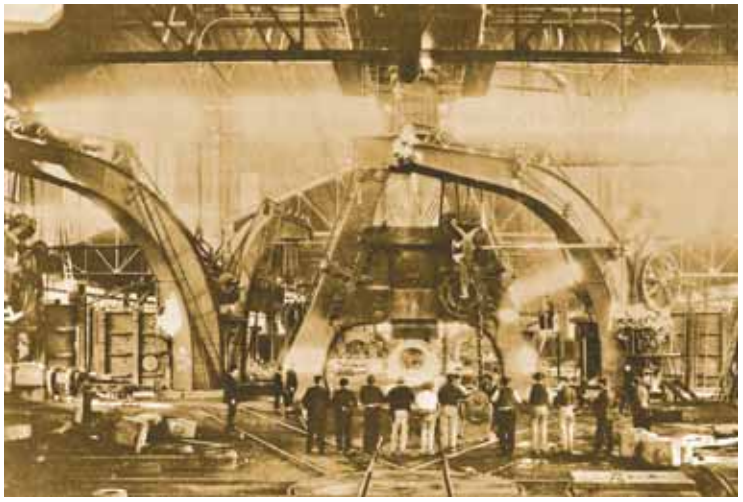
Eugène's son Henri Schneider learned from the events of 1870 and recognized the obvious superiority of steel for military use. New processes introduced in the 1860s and 70s yielded a stronger steel at a lower cost. Schneider innovated in iron and steel production and quickly became one of Europe's leading manufacturers of weapons and infrastructure.

Labor relations, Schneider style

At the end of the century, the Schneiders became increasingly concerned with meeting their workers' needs in the areas of education and general welfare. However, the cozy world of "Schneiderville" was unable to eliminate all labor disputes, as was seen in the long strike of 1899.

International ambitions

A t the turn of the century, Eugène II made investments in many countries, in mining, electricity and steel. Most of the Company's exports stemmed from its success in weapons manufacturing.
On the eve of World War I, Schneider had risen to the challenge set in 1870 to build cannons as effective as Krupp's.



100 metric ton steam swage hammer

The training and preparatory school circa 1910

> For more information,
click on the underlined green links in the text.

1918-1944 - Time of uncertainty

The heady post-war years

After playing a major role in France's victory in 1918, Schneider had to reconvert to a peacetime economy. It was during this period that the Company took advantage of the expansion of electricity, steel and cement in everyday life.
Three firms that are now Schneider master brands were also founded during these years: Merlin Gerin, Telemecanique and Square D.

1923 Skoda (Plzen) stock certificate

Breakthrough in Germany and eastern Europe

After World War I, Schneider began setting up operations in Germany and eastern Europe.
Its partnership with Skoda was one of the highlights of this strategy.

1922 Train carrying a 25,000 kW turbine and auxiliary equipment in Buenos Aires

Reichprotektor Von Neurath visiting the Skoda plants in Pilzen

The dark years

Ten years later, Germany's renewed power seriously threatened Schneider's subsidiaries in eastern Europe, and very close ties were broken as a result. At the same time, the recession of the 1930s and arrival of France's Front Populaire government took a heavy toll on the Company. From 1940 to 1944, the German occupation put Schneider in a very difficult position, and its watchword was "endure but resist".

> For more information,
click on the underlined green links in the text.

The Schneider logo in the 1950s

1944-1960 - A new world

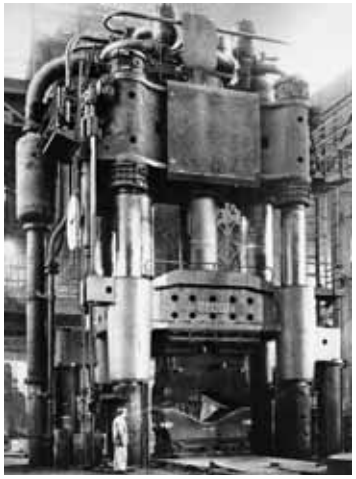
Reconstruction and rebirth

Once France was liberated, Schneider had to again deal with reconversion, but this time, the country needed to be rebuilt. The Company's new Chief Executive, Charles Schneider, gradually abandoned weapons manufacturing to focus on civilian needs. In-depth restructuring was conducted in 1949 to prepare Schneider for the modern world.

"Leading the national economy"

Charles Schneider wanted the Company to "expand, modernize and rationalize". He applied this slogan to all the business segments, from construction and steel to electricity and nuclear power, as well as to Schneider's strategy of acquisitions and exports. Charles' policy met with great success, and in 1959, General de Gaulle declared that Schneider was "leading the national economy".

Le Creusot circa 1950



Forging at the Creusot plant

Gathering clouds

Unfortunately, these remarkable strengths masked a number of weaknesses that would later have serious consequences: low return on equity, fragile earnings hampered by heavy investments, and the decline of heavy manufacturing. In addition, the executive team was stingy about investing in research, feared innovation, and refused to question its own management methods.

> **For more information,** click on the underlined green links in the text.

1960-1981 - The crumbling empire

Pouring cast iron at the Montchanin foundry in 1971

Takeover

Charles Schneider's sudden death in August 1960 raised the thorny problem of succession.
During this period, the Company was paralyzed by the decline of key business sectors such as steel manufacturing and shipbuilding.
The Empain family gained control of the group in 1969, raising hopes of a turnaround.

The Empain years

But Baron Edouard-Jean Empain, leader of the new Empain-Schneider group, managed the business as if it were an investment portfolio, with a heavy focus on short-term profitability.
The traditional segments moved deeper into recession and the Baron's diversifications did not produce the expected results.

Baron Empain oversaw the existing business but did not develop it, and he lacked the necessary strategic vision for the Company to face the future with confidence.

Sluggishness and disappointment

Empain-Schneider's diversifications hindered any kind of well-planned development. The crisis in the steel industry worsened the Company's already fragile situation, despite Spie Batignolles' good performance in construction and civil engineering.
These setbacks, and, in particular, problems at Creusot-Loire, weakened the group without compromising its expansion; Merlin Gerin gradually joined forces with Empain-Schneider, and Jeumont-Schneider offered promising prospects.
Modicon, which became part of Schneider in 1996, was established in the United States in 1968.

CM4 locomotive assembly workshop circa 1970

> For more information, click on the underlined green links in the text.

1981-2000 - Rising to new heights

Dunkirk shipyards

A break with the past

When Didier Pineau-Valencienne took charge in 1981, he began rationalizing the Company by divesting non-strategic or unprofitable businesses.
Negotiations were undertaken with the French government to find solutions for the segments in decline, such as steelmaking and shipbuilding, which led to serious crises, notably at Creusot-Loire.

A new start

After consolidating its financial base by bringing in new shareholders and simplifying its organizational structure, Schneider began to redeploy in the late 1980s.
Didier Pineau-Valencienne brought Merlin Gerin firmly into the group in 1986 and then launched an ambitious acquisitions strategy, capped by the integration of Telemecanique (1988) and Square D (1991).
The strategic refocusing on electricity was completed in 1996, with the divestment of Spie Batignolles.
In just ten years, a company that looked headed for bankruptcy transformed itself into a worldclass manufacturer of equipment for Electrical Distribution, Automation and Control.

"Pushing back our limits"

To emphasize its expertise in electricity, the Company changed its name to Schneider Electric in May 1999.
About that time, Schneider 2000+, an ambitious new corporate mission program, was implemented to support a strategy of faster, more competitive growth, to push back the limits of our product and service offer, our geographic limits and our cultural limits.
Today, all of the Company's energy and dedication is converging towards a number of critical improvement drivers, such as stepping up acquisitions and organic growth, making eBusiness a strategic priority, extending product lines to final low-voltage distribution and smart building voice-data-image (VDI) networks, and innovating with the introduction of a dozen new product families every year.
As Chairman since January 1999, Henri Lachmann is leading the challenge of generating faster growth and improving the efficiency of our business processes and practices.

> For more information,
click on the underlined green links in the text.

2000-2005 - Building a New Electric World

In early 2001, Schneider Electric made a friendly public offer to purchase Legrand in exchange for shares as part of a proposed merger project.
When the offer closed in July 2001, the Company held more than 98% of Legrand. However, in October 2001, the European Commission declared the merger to be incompatible with the Common Market.
As a result, Schneider Electric and Legrand separated in January 2002 and Schneider Electric sold its interest to the KKR-Wendel Investissement consortium at the end of the year.

2002 was shaped by the introduction of the NEW2004 (for New Electric World) program. Covering the period from 2002 to 2004, this ambitious, motivating program focused on growth and efficiency. The objective for Schneider Electric was to carry out a strategy of differentiation and innovation, while enhancing the qualities that make it the only world leader in automation and electricity management.
The Company pursued its strategy of alliances, acquisitions and partnerships in all areas to optimize product development and strengthen its geographic presence, notably in Asia.
The year also saw the creation of a dedicated Sustainable Development department and the publication of Our Principles of Responsibility.

In June 2003, Schneider Electric became a major player in the global building automation market by acquiring Sweden's TAC.
In August, it signed an agreement with Clipsal Industries (Holdings) Limited, leader in ultra terminal equipment, to create a 50-50 joint venture to manufacture and market ultra terminal distribution products in Asia.

In 2004, the Company acquired all outstanding shares in MGE UPS Systems, ranked third worldwide in high availability energy solutions.

> **For more information,** click on the underlined green links in the text.

2000-2005 - Building a New Electric World (cont'd)

Other acquisitions or technical / technological partnerships expanded the Group's horizons. These included Ilevo in Sweden (infrastructure for high-speed data transmission using Power Line Carrier (PLC) technology), Hyde Park Electronics Inc. in the United States (ultrasonic sensing), and Leviton Manufacturing, also in the United States (electrical and electronic wiring systems for Voice-Data-Image (VDI) infrastructure).
The Company reorganized the General Management team to execute its efficiency plans more quickly. Jean-Pascal Tricoire was appointed Chief Operating Officer to speed growth, enhance coordination and make the operating divisions more balanced while increasing the number of non-French managers.

In 2004, the Company pursued its strategy of targeted expansion by acquiring California-based Kavlico a major player in sensing technologies, from Solectron, and Andover Controls Corporation, a US firm specialized in building automation and security solutions. The merger of TAC and Andover Controls, combined with the acquisition of Abacus Engineered Systems in the US have made Schneider Electric the leader in building management and security and energy performance management.
The Company expanded its presence in sensors and actuators for repetitive machines with the acquisition of Dinel in France. Lastly, Schneider Electric sold its 40% interest in VA Technologie AG.

To start 2005, Schneider Electric launched a new corporate program entitled new².
Designed to drive change, new² builds on the accomplishments of NEW2004.
It confirms the Company's commitments and intends to move Schneider Electric from Good to Great in the next four years by focusing on growth, efficiency and people.

> For more information,
click on the underlined green links in the text.

The Merlin Gerin key dates

Paul-Louis Merlin, main founder of Merlin Gerin

1920-1950

Merlin Gerin was established in 1920 and quickly developed competencies in the main areas of electrical distribution. It focused on high voltage equipment and on perfecting the first circuit breakers while building a solid network of sales agencies. The company also took an early interest in social issues and training. In the 1980s, the former regional firm grew into an international group with leading-edge expertise in controlling electric power.

1920 - Paul-Louis Merlin and Gaston Gerin formed Merlin Gerin to manufacture electrical equipment. The company initially had 38 employees.

1921 - Introduction of the first range of high voltage oil circuit breakers.

1920-1935 - The company opened 16 agencies in France and appointed marketing representatives in Algeria, Tunisia, Belgium, the UK, Italy, Vietnam, Morocco, Spain, Portugal, the Netherlands, Romania and the Soviet Union.

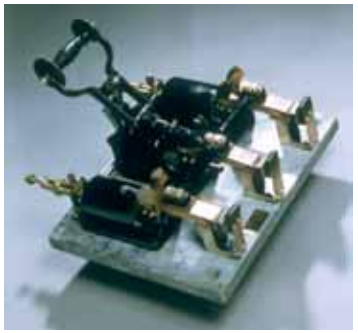
End of shift, 1925

1923-1929 - Creation of Société Amicale de Secours Mutuel (providing health, maternity and death benefits), a pension fund and an apprentice program.

1934 - Agreements with Matériel Electrique S.W. (Schneider Westinghouse).

1937 - Development of the pneumatically operated circuit breaker.

Advertisement from 1923 designed by Andry-Farcy



Merlin Gerin low voltage circuit breaker, 1920

The Merlin Gerin key dates

1950-1975

Paul Merlin, CEO of Merlin Gerin from 1965-1975

50s - Distributor network formed and first foreign subsidiaries established. Development of the low voltage business and introduction of the first Compact circuit breakers.

1954 - Agreements with Telemecanique to rationalize production.

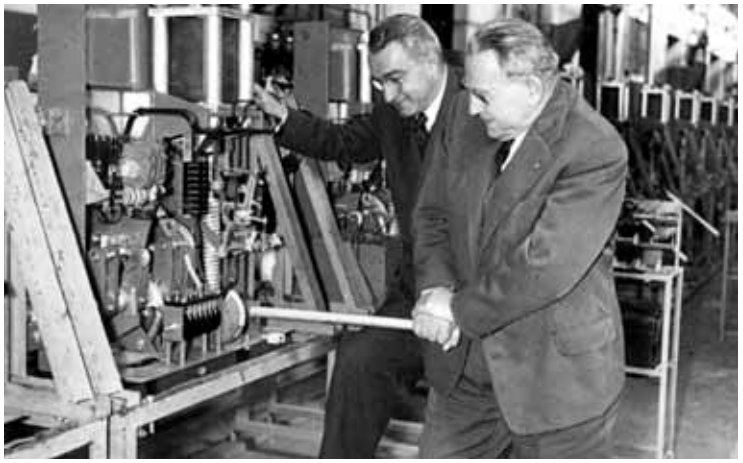
1960 - The percentage of sales to private-sector companies rose to 60% from 2% in 1950 and the workforce increased to 8,000 employees. In low voltage, introduction of the DA circuit breaker range and development of power electronics (rectifiers and UPS systems), as well as control/monitoring systems and automation devices for the nuclear industry. Equipment for the "France" ocean liner.

1967 - In high voltage, first 245,000 volt Hexabloc metal clad substation. Development of hexafluoride (SF6) technology.

1970 - Program to promote employee share ownership three years before mandated by French law.

1974 - In low voltage, introduction of the modular Multi 9 range.

1975 - Schneider gradually acquired interests in Merlin Gerin.



1955 - Paul-Louis and Paul Merlin testing a product outside laboratory

Merlin Gerin demonstration van

The Merlin Gerin key dates

1992 Merlin Gerin advertisement

1975-1994

1977-1984 - Subsidiaries founded in Belgium, Brazil, Colombia, Spain, Finland, Italy, Japan, Portugal, Singapore and Venezuela.

80s - The workforce increased from 13,500 to 30,000 employees, more than one-third of whom were based outside France. Annual growth rose to around 20%, driven by a series of acquisitions, including Magrini in Italy.

1986 - Introduction of Masterpact, a 800-6,300 A molded-case circuit breaker.

1987 - Merlin Gerin gained control of Federal Pacific Electric (FPE) in Mexico, its largest subsidiary outside Europe with 1,200 employees, five production facilities, ten sales agencies and a network of five distributors.

1989 - Didier Pineau-Valencienne became Chairman of Merlin Gerin, with a leadership team comprising Lucien Blanc and Lorenzo Folio.

1992 - Schneider acquired all of Merlin Gerin, which had 34,000 employees and sales of FF 20 billion (of which 58% from outside France).

1994 - Merlin Gerin and Telemecanique were merged into Schneider Electric SA.

The Square D key dates

1920: "Jones is Dead!" advertisement for the Square D Safety Switch

1902-1940

Detroit Fuse and Manufacturing, a North American supplier of electrical distribution and industrial control equipment, began operations in 1902 with enclosed fuses and fuse switches. To capitalize on the high recognition of the trademark on its switches (a capital D in a square), the company changed its name to Square D.

1902 - Bryson D. Horton, an electrical engineer, established the McBride Manufacturing Company, which he led until 1928.

1917 - McBride Manufacturing, which had become Detroit Fuse and Manufacturing, changed its name to Square D. Sales totaled $1 million in 1919.

1926 - The company built its first power distribution panelboard.

1929 - Square D moved into industrial control following its merger with Milwaukee-based Industrial Controller Company and began producing circuit breakers under a license from Westinghouse.

1935 - The company launched its own range of circuit breakers and the first circuit breaker for residential use.

1936 - Square D Employees Federal Credit Union was established The Square D Credit Union is employee-owned and managed and provides many kinds of banking accounts and services to Square D employees.

1920: the Square D plant on Rivard Street in Detroit

1920: workstation in the Detroit, Michigan plant

The Square D key dates

1940-1970

1948 - Square D had 7,000 employees and ten plants in North America, as well as 43 regional offices.
It produced half of the circuit breakers used in aviation.

1950 - Creation of the first pension plan for employees in the eastern plants.

1951 - Introduction of the first "plug-in" type circuit breaker distribution panelboard.

1955 - Beginning of organized growth with 72 sales offices, new production units, several hundred distributors and operations in Europe (London, and then Germany, France and Italy). Introduction of QO circuit breakers and a range of solid state relays.

1956 - Square D Foundation organized to manage and distribute charitable contributions previously made directly by the company.

1957 - New plants opened in Lexington and Atlanta to manufacture load dispatching centers and safety switches.

1964 - Square D had 10,000 employees and 22 plants.

1966-1967 - Introduction of I-Line panelboards,
Type S motor starters and Visi Trip circuit breakers.

Promotion for I-Line prefabricated busbar trunking at a trade show, circa 1967

Square D 30A 250V circuit breaker

The Square D key dates

1970-1991

1972 - Subsidiaries in South Africa and Ireland. The international network included 400 distributors in 75 countries. The company had three plants outside the US with 3,000 employees.

1977 - Agencies opened in Singapore, Bangkok and Manila. Sales exceeded $500 million (double the 1971 figure).

1978 - Introduction of the Symax PLC and Watchdog energy management system.

The cheetah, which, along with the "We Respond" slogan, symbolized Square D's responsiveness in communication in 1989-1990

1981-1986 - Square D launched a vast acquisitions program with a focus on electronics. Acquisitions included General Semiconductors, Ircon, Engineered Systems, Topaz, Lumacell, Ittis Corp., KB Denver and Ramsey Controls. This brought in expertise in data acquisition, robotics, UPS systems, silicon for semiconductors, vacuum circuit breakers and variable speed drives.

1984 - People Who Make A Difference (PWMD) Award established to honor employees who demonstrate outstanding work in the areas of customer service and intelligent risk taking.

1987 - Implementation of a business unit structure.

1989 - Alliance Award for Community Service established. Each year, the company recognizes ten employees who do volunteer work in their communities by donating $1,000 in their names to the non-profit organization of their choice.

1991 - Square D had 18,500 employees, operations in 23 countries and sales of $1.65 billion when the company joined Schneider Electric in 1991.

SQUARE D

The Telemecanique key dates

André Blanchet, one of the founders of Telemecanique Electrique

1924-1930

Telemecanique invented the first contactor in 1924 and quickly expanded its business to become a leading specialist in industrial control and automation.
Starting in 1931, the company initiated a pioneering social policy that offered many benefits long before they were mandated by law. Telemecanique moved outside France early in its history and built a large network of subsidiaries worldwide between 1950 and 1988.

1924 - Michel Le Gouellec acquired "Manufacture d'Appareillage Electrique" which became "Telemecanique Electrique" in 1928.
André Blanchet filed a patent for the first bar contactor.
The company began producing 40 A contactors, timers, distribution boxes, pushbuttons, stop contacts and relays.

1925 - Development of the first thermal relays, float switches and pressure gauges.
Introduction of a profit-linked incentive scheme.

1926 - Creation of after-sales service.
Agencies opened in Grenoble, Lille, Nantes, Metz, Lyon and other large French cities.

1928 - First foreign agency opened in Belgium.

Telemecanique's first Nanterre plant, circa 1925

1934: the new three-phase 40A contactor for alternating current

The Telemecanique key dates

1952: the DRT-8 contactor-circuit breaker in a waterproof enclosure

1930-1960

1931 - All employees granted fifteen days of vacation.

1935 - Telemecanique opened a high-power test center in Nanterre for research on contactor breaking power. Development of thermo-magnetic relays and introduction of the DRT-12.

1937 - Sales-linked incentive scheme eliminated and profit-linked incentive scheme extended to all employees. First corporate newsletter.

1946 - Consultative works council established and job grade scale considered.
Monthly salary implemented for all employees.

1949: the Company acquired the Rueil-Gare plant to produce medium and large switchgear

1951 - Creation of a network of exclusive distributors in France.

1954 - Agreements with Merlin Gerin to rationalize production.

1956 - Development of high frequency contactors.

One of the first brochures for Telemecanique industrial control products

The Telemecanique key dates

D serial Contactor brochure

1960-1988

1960-1970 - Eleven subsidiaries established in Italy, the Netherlands, Sweden, Portugal, the UK, Norway, Switzerland, Canada, Spain, Denmark and the US.

1963 - Production space: 61,700 square meters. Twelve plants. Workforce: 4,000 employees. Twelve subsidiaries outside France and 240 agents and distributors.

1965 - New sales offices opened in Lille, Montpellier, Orléans and Toulouse.

1966 - New techniques for digital control, weighing and measuring, speed control, elevator control and malfunction indication. Development of the TM7, a new plug-in panelboard for centralized motor control.

1968 - Employee profit sharing.

1971-1988 - Fourteen subsidiaries opened in South Africa, Australia, Austria, Colombia, Singapore Iran, Finland, Japan, Venezuela, Mexico, Greece, Argentina, Hong Kong and Turkey.

1988 - Telemecanique became part of Schneider Electric with 14,500 employees, 32 subsidiaries outside France, 4,100 sales outlets and sales of 1.2 Euro billion.

Altivar 5 marketing advertisement

Telemecanique

Appendix

The Schneider Electric key dates

Adolphe Schneider (1836-1845)

Adolphe was born in 1802. He was the elder of the two co-managers of the Schneider Frères & Cie limited partnership, as well as the son-in-law of another shareholder, Louis Boigues, the forge master at Fourchambault.
Adolphe worked for many years in the bank of a fourth partner, François Sellière.
Adolphe handled all the business aspects of the Company. From his home base in Paris, he established political and financial relationships that contributed to Schneider's success. Adolphe entered politics himself, becoming Mayor of Le Creusot in 1841 and Deputy of Autun in 1842.
He died following a horse-riding accident in 1845, leaving Eugène to manage the burgeoning empire alone.

Eugène I (1836-1875)

Eugène Schneider was a particularly gifted engineer who became forge director at Montvilliers in 1827, at the young age of 22. When Adolphe died in 1845, he became the sole master of the Company. Combining his own engineering expertise and his brother's talent for making influential friends, Eugène I was the main force behind Schneider's power. An energetic industrialist and savvy politician, Eugène supported the future Napoleon III and became a major figure in the imperial regime after 1852.
Eugène served as a government minister, regent of the Bank of France in 1854 and Vice-President of Paris-Lyon-Méditerranée. He managed his Company in keeping with the most enlightened ideas of his time, and developed paternalistic methods inspired by Saint-Simonianism.
Eugène's political career came to an end when the Empire fell in 1870. He devoted his later years to creating a type of steel that could rival with the cannons produced by Krupp.

Creusot mines, forges and foundries

In 1836, the Schneider brothers acquired a foundry, a boiler works and 20 hand forges in Le Creusot. The site had been in operation since 1502, but the mining business dated back to the second half of the 18th century when the first blast furnaces were built to produce coke iron. The mines were an immediate success, and by 1840, Le Creusot was supplying 40,000 metric tons of coal and 6,000 metric tons each of cast metal and iron a year. The site employed 1,250 metal workers and 600 miners out of a total population of 4,000.

Main markets

The Schneiders bought the Creusot site at the beginning of the Industrial Revolution in France, historically the best possible time for coal and iron-ore mining. At last, equipment could pay for itself as huge demand emerged for iron and steel with railroads, the metal industry, heavy manufacturing, shipbuilding and iron-based construction projects.
Railroads were Schneider's first strategic business.
Very quickly, this new type of transportation became the century's flagship innovation. In 1871, the Creusot plant delivered 1,440 locomotives worldwide.
Shipbuilding was also booming, with the introduction of steamships with iron hulls and metal beams. The same processes were used for bridges, train stations and other civil engineering projects.

> **Click on the symbol** to come back to the previous context

Appendix

The Schneider Electric key dates

Smart technical choices

François Bourdon, born in 1797, very quickly became a major source of innovation at Le Creusot. After working as an engineer in the United States, he was called in by the Schneiders to manage their mechanical engineering workshops in 1837. He developed a steamboat and invented and developed the steam swage hammer, which revolutionized the forge's operations and allowed Schneider to produce ten times faster.
After a short political career in Le Creusot, Bourdon created a rolling mill with a lifting table, high-speed blowers and other innovative equipment. He passed away in 1865 at the height of his glory, after completing test trials on a hydraulic freight elevator.

Strong network of relations

One of the secrets of the Schneiders' success was their system of maintaining family ownership and forging influential relations while constantly focusing on innovation.
Legally, the Company was a limited partnership with the majority of shares owned by Schneider family members. Gradually other partners were brought in, including generals, politicians and businessmen. The Schneiders also built a network of powerful friends in high places. Eugène himself became an important figure in the Second Empire and a close advisor to Napoleon III.

Employee programs

Le Creusot's population swelled from 6,000 in 1846 to 22,000 in 1872. At that time, half of the town worked directly for Schneider. The plant offered stable employment and a firm yet paternalistic atmosphere that attracted entire families, generation after generation. Several health and welfare associations were set up for the workers. A dedicated school was opened in 1856 to train the plant managers and prepare students for the Arts-et-Metiers school in Aix-en-Provence. These initiatives partially improved the particularly difficult working conditions at Le Creusot, which was more socially advanced than the national average. Employees worked 12 hours a day, with a maximum of eight days off a year. The wages were sufficient, but not generous, as the Schneiders did not want to encourage laziness.

Upheavals

1870 began with a general strike led by a mechanic named Adolphe Assy, who managed to focalize widespread discontent.
The war between France and Germany and fall of the Second Empire worsened the already tense atmosphere. Jean-Baptiste Dumay, a lathe operator and republican, became Mayor of Le Creusot and suggested labor measures that plant management refused to implement.
Dumay proclaimed a Commune in Le Creusot, but was forced into exile in Switzerland after the army was called in. Eugène Schneider came out the winner and reduced the workday to ten hours for certain jobs. On May 10, his son Henri Schneider was elected Mayor-a position he was to hold for 25 years.

> **Click on the symbol** to come back to the previous context

Appendix

The Schneider Electric key dates

Henri Schneider (1873-1898)

Henri Schneider, born in 1840, pursued the same management strategy as his father. He was a serious, hard-working leader who lifted his family into the top circles of French society. Henri also inherited his father's political connections; he became regent of the Bank of France, Vice-President of the Comité des Forges, Director of the Paris-Orléans railways, Mayor of Le Creusot and Town Councilor and Deputy of Autun.
Henri was not easy to peg-he liked both high society and the provincial life in Le Creusot. He devoted himself to labor issues and made the company town of Le Creusot a model of enlightened paternalism. Henri died in Paris in 1898, leaving a sturdy empire consolidated through 23 years of conservative yet energetic management for his son Eugène II.

New processes

Schneider continued to make innovation its main priority. The Company perfected the swage hammer system in 1878 and took its first steps into the nascent electricity market in 1891. Several brilliant engineers set the standard for product quality and leading-edge technology. Among them were Honoré Balzon, who developed no-weld and hammered steel parts; Floris Osmond, who worked on the cellular structure of steel; and Jean Werth, who invented nickel steel for armor plating. Other engineers, such as Charles Valrand for the Thomas-Gilchrist process, allowed the Company to adapt inventions patented by competitors. Jean Barba conducted crucial material research during the emergence of low carbon steel, which eventually replaced puddled steel in weapons manufacturing (it was less expensive, easier to work and resisted traction better). Important advances were also made in steel manufacturing and heavy industry with Bessemer converters, open-hearth furnaces and the acquisition of the Thomas-Gilchrist process in 1879.

Weapons

In 1871, President Thiers ordered Eugène Schneider to build the "cannons of revenge". As a result of this strategic decision, the Company became one of Europe's largest arms manufacturers in the pre-World War I period.
Schneider's engineers invented new alloys, new armor plating and more sophisticated weapons systems than those built by their rivals in Germany or England.
Artillery equipment and armor plating were Schneider's flagship defense products, and the Company leveraged all of its patents and skills to offer customers comprehensive technical systems.
While the French armed forces were a major customer, exports quickly exceeded domestic sales. Schneider supplied armor-plating for battleships in Italy, Denmark and the United States and sold its celebrated 75 cannon (which was greatly superior to the German 77) to Mexico, Uruguay, Persia, China, Bolivia and Peru. At the turn of the century, Schneider had representatives in all the main European countries, Scandinavia and Latin America.

Infrastructure

Schneider continued to dominate the infrastructure segment, with the reconstruction of bridges destroyed in 1870 and new architectural feats. The Company worked on the two domes of the Observatory in Bordeaux, the Morand bridge in Lyon and numerous other bridges in Corsica, Reunion, Senegal, Tonkin, Romania, Argentina and Chile. At the 1878 World's Fair in Paris, Schneider showcased its technology in the breath-taking Machine Gallery, which weighed 40,000 metric tons and covered 39,000 square meters. There were fewer jobs for railway station structures, which had been a booming business under the Second Empire. The railway stations in Caballito, Argentina (1887-1888), Nancy, France (1890) and Santiago, Chile (1895-1897) were the last ones to be built with Schneider structures.

> **Click on the symbol** to come back to the previous context

Appendix

The Schneider Electric key dates

Meeting workers' needs

For Schneider, 1867-1914 was the golden age of social economics. Aside from providing financial assistance for construction and housing, the Company took on the mission of meeting its workers' needs from the cradle to the grave.
To start, it established special Schneider schools in which the students' level of advancement determined what sort of job they would have in the Company later on (workers, clerical staff, engineers, etc.). A home economics school was also created for girls to teach them how to become good homemakers.
Aside from education, Schneider was involved in general welfare institutions such as the hospital, the pension fund, the retirement home, an orphans' home and a co-op.
All these organizations created strong ties between Schneider and its employees.

The long strike of 1899

The labor movement began taking shape at the end of the 19th century, with the first May 1 celebration in 1890 and the formation of the CGT labor union in 1895.
The Schneider empire was rocked by labor unrest, and a general strike broke out on May 29, 1899. When a milling operator named Charleux urged his co-workers to form a union, he collected 6,000 signatures.
The situation was resolved at the beginning of October through the mediation of Waldeck-Rousseau.
Eugène II was to uphold his promises, but Schneider had the legal right to establish a “counter-union” by creating a system of elected worker representatives (36 years before the Front Populaire government initiated the idea).
The final throes of the strike in 1900 resulted in victory for Eugène II; Charleux was banished along with the main strike leaders.

Eugène II (1898-1942)

Born in 1868, Eugène II was brought up by his father to honor and cherish Le Creusot. At the age of 20, he got to know the family business inside and out. He also studied heavy artillery in Germany and directed the workshops in Harfleur.
A dynamic, methodical and hard-working man, Eugène II combined stability and an entrepreneurial spirit.
He was less interested in politics than his predecessors, and served only briefly as a Deputy. Instead, Eugène devoted his energy to leading the Company through the crises and wars of the first half of the 20th century. Nevertheless, faced with unprecedented upheavals, he was unable to ward off the Company's eventual decline.

Investments in many countries

Schneider had exported for years worldwide, both in construction (bridges and railways) and weapons.
At the end of the 19th century, Eugène II began taking interests in promising markets such as China (1895), or in countries identified as potential major customers (e.g., Russia, in 1897).
This period of international expansion lasted until 1914, with a wide variety of target countries and businesses: iron mines in Spain (1898), electric power in Switzerland (1898), steel works in Italy (1899), a port in Argentina (1902), and projects in Morocco and Algeria (1903), Chile (1904) and Bohemia (1904). From 1910 on, the Company stepped up its partnerships in the defense industry with such allies as Italy, Russia and Belgium.
However, the financial results were mixed, with losses exceeding profits. In addition, World War I focused Schneider's energy on Europe and kept the Company from taking advantage of contracts farther afield.

> **Click on the symbol** to come back to the previous context

Appendix

The Schneider Electric key dates

Major role in France's victory

Schneider was one of the French army's main suppliers during World War I. Like many other manufacturers, the Company accelerated its output to support the war effort.
At the armistice, certain German companies based in France were confiscated and transferred to Schneider.
A number of these firms survived the recession of the 1930s and World War II to become major Schneider assets in the 1950s.
In 1918, Schneider made a strategic shift from global expansion, which did not produce the desired results, to a more European focus based on strong partnerships with manufacturers in central Europe. More than ever, the Company needed to find new businesses to fill the void left by defense in the post-war period.

Electricity

Schneider became involved in electricity at the end of the 19th century. The Champagne-sur-Seine plant, which was dedicated to this new business, had 1,200 employees in 1914. The facility specialized in such equipment as transformers, generators and traction motors.
By 1919, the unit was big enough to handle construction of the Chancy-Pougny dam and power plant on the Rhône river. This was Schneider and Cie's first hydroelectric project.
In the 1920s, the plant manufactured electric motors, switchgear for power plants and electric locomotives. However, it was no longer large enough to compete effectively and patents became a pressing problem.
As a result, Schneider decided to join forces with Westinghouse Electric International & Co. during a phase of consolidation in the French electrical equipment market.

Operations in Germany and eastern Europe

In 1920, Schneider took advantage of French supremacy in central Europe following the collapse of the Austro-Hungarian empire. Aside from acquiring German sites, the Company established close ties in Czechoslovakia, with Skoda, and in Poland, Hungary, Austria and Yugoslavia.
Schneider was supported in its eastward drive by Union Européenne Industrielle et Financière (UEIF), the bank in charge of monitoring industrial and banking interests acquired in the former Austro-Hungarian empire after 1919. French investments were both industrial and financial, thanks to the intervention of a network of banks in Austria, Yugoslavia and Hungary. This expansion fit in with a large-scale international strategy, as the target companies were used by France's friends (Romania, Czechoslovakia and Yugoslavia) to push back Germany and its allies.

Recession of the 1930s

The 1930s marked the end of Schneider's shining prosperity The effects of the economic recession were aggravated by the rising power of the Nazis in Germany.
In 1938, Schneider was forced to withdraw from all its interests in eastern Europe, including Skoda and other companies in Czechoslovakia. It withdrew from its interests in Poland in 1940.
In 1937, the sudden wave of nationalization in France seriously handicapped Schneider. As Eugène II put it, this decision "cut Schneider off from a considerable part of its mechanical tools and most of its engineering, research and development resources". The Company, which had always based its future on innovation, was suddenly paralyzed in this vital area. It took much effort to get the business back on track, and the outbreak of World War II made this task all the more difficult.

> **Click on the symbol** to come back to the previous context

Appendix

The Schneider Electric key dates

Endure but resist

After the French defeat in 1940, Le Creusot was in the zone occupied by Germany. Despite pressure from the Germans, Eugène II decided to slow down production and devote as much capacity as possible to civilian orders in France.
The occupying forces conducted numerous inspections and limited civilian production to a minimum. Little by little, the Resistance movement took hold in Schneider's plants, and many employees were deported for their convictions.
Schneider paid dearly for its past as a weapons manufacturer. The Allied forces bombed the Creusot plants twice so that they would be useless to the Germans.
A third bombing mission that would have wiped Le Creusot off the map was avoided thanks to Jean and Charles Schneider's contacts with the Resistance.
Even so, the Germans destroyed most of the installations when they retreated in September 1944

Charles Schneider (1942-1960)

Charles Schneider, Eugène II's third son, was born in 1898. He succeeded his father in 1942.
His elder brother, Henri-Paul, was killed in an air battle in 1918 and his other brother, Jean, preferred a career in aviation.
Charles took on the difficult challenge of putting Schneider back on its feet. He invested, modernized and reorganized the Company. Although deeply dedicated and a hard worker, Charles did not know how to delegate responsibility or prepare for the future. He was a throwback to the age of forge masters-a man guided by duty and discipline rather than by strategic vision.

"Expand, modernize and rationalize"

Schneider entered the 1950s as a powerful and complex enterprise made up of companies involved in a wide variety of businesses. Charles Schneider decided to organize these companies in a rational manner by creating major divisions that reported to a family-owned holding company with a limited staff.
Three main divisions were established: Compagnie Industrielle de Travaux (CITRA), Société des forges et ateliers du Creusot (SFAC, which became Creusot-Loire in 1970), and Société Minière Droitaumont-Bruville.
For many observers, the 1949 reorganization plan was incomplete, as it created a family of companies rather than a modern enterprise.
Charles was committed to developing Schneider's activities, identifying new outlets and winning new markets. He withdrew from weapons manufacturing when the defense industry was nationalized and focused on civilian activities that were to become flagship businesses (notably electricity and nuclear power).

Weaknesses

Charles Schneider was aware of the group's weaknesses, especially the low return on the considerable investment made to modernize production resources. In addition, several of the companies remained extremely sensitive to economic conditions. Schneider began to feel the negative impact of the 1937 nationalization program; it no longer had the base for innovation that had always underpinned its success.
Profits were weak, and the key business segments began a downward spiral into decline. Compounding these problems, the family's desire to maintain ownership control limited the Company's financial resources. Lastly, Schneider's leadership team lacked the vision and audacity of the Company's founders. The empire was living on its past, bolstered by its momentary strength and unable to adapt to a changing world.

> **Click on the symbol**  to come back to the previous context

Appendix

The Schneider Electric key dates

Decline of key business sectors

In the 1960s, the steel industry seemed to spin uncontrollably into decline. Lacking sufficient financing, the Creusot site had to reduce its modernization investments and it gradually fell into debt. Exports, notably to eastern Europe, kept production running as the workforce was gradually reduced. Construction also ran into trouble, and base costs had a serious impact on the Company's profitability.
Lastly, the shipbuilding business was severely hit by recession when the government refused its support, as was the case in Dunkirk.
Schneider responded to the decline of its key businesses with limited financial and leadership resources.
The former "leader of the national economy" no longer commanded a forefront position in the world of industry.

The Empain family (1879-1981)

Edouard Empain (1880-1929)
Edouard Empain (1852-1929), a French-speaking Belgian, established his first company in 1880 to meet the growing need for mass transit in industrialized cities. He quickly expanded into other countries and developed the company's skills in electricity.

Jean Empain (1929-1946)
Jean Empain, born in 1902, took over the business with his brother Louis on the death of their father, Edouard.
Together, they created a holding company called Electrorail.
Jean was not a conquering visionary like his father, but he ensured the company's future by rationalizing and reorganizing the diverse units into a consistent enterprise.

Edouard Empain (1946-1967)
When Jean passed away, his son Edouard-Jean was too young to take over the business.
As a result, the management committee appointed Edouard Empain chairman. Electrorail lost its overseas activities after decolonization and refocused on France.
The group's motor at that time was SPIE, a company specialized in the construction of electric power plants, railway equipment, power transmission equipment and public works.

Edouard-Jean Empain (1967-1980)
Edouard-Jean, born in 1937, spent ten years learning the ropes before taking charge of the group in 1967.
He wrested management control of Schneider in 1969, but he did not have a well-planned industrial strategy on which to base his decisions. In 1981, he was asked to turn over the chairmanship of Empain-Schneider to the new CEO, Didier Pineau-Valencienne.

Diversifications

In the early 1970s, Empain-Schneider was deeply mired in heavy industry, even though the dominance of these activities in the business portfolio had been questioned at the end of the 1960s.
Taking the advice of consultant Pierre Sadoc, Baron Empain launched a series of diversifications between 1975 and 1978 that failed to produce conclusive results.
The group acquired Dynamic skis, Fusalp winter clothing, Jazz watches and the Centrale des Particuliers want ads.
It also launched VSD magazine and opened a fashion company with Ted Lapidus. There was no overarching vision or comprehensive strategy to these diversifications, and each company had to map out its future alone.

> **Click on the symbol** to come back to the previous context

Appendix

The Schneider Electric key dates

Crisis in the steel industry

The steel and heavy manufacturing arm formed in 1966 by Schneider and Marine-Firminy was on its last legs in the mid-1970s. Hopes were raised by an exceptionally high profitability ratio, but were dashed by the effects of the oil crisis.
While other steel groups turned to the government for help (and were melded into Usinor and Sacilor), Empain-Schneider did not receive any support. A veiled conflict simmered between Empain-Schneider, which felt it had been unfairly abandoned, and the government, which considered that the group's overall situation did not merit public aid.
In 1980, a new downturn in the world steel market raised serious questions about Creusot-Loire's future.
Despite a rationalization plan implemented by Philippe Boulin, the sole chief executive after 1978, the company was structurally in the red and could not be saved.

Spie-Batignolles

Established in 1902 by Empain, Société Parisienne pour l'Industrie des chemins de fer et des tramways Electriques (SPIE) enjoyed great success in the industrial piping market after 1945. Spie merged with SCB in 1968 to attain international status.
Following the combination of Empain and Schneider, Spie Batignolles took over CITRA. The new company's activities were organized into three divisions: Electromechanical Equipment, Building and Construction.
The oil crisis contracted the domestic market but created tremendous opportunities in oil-producing countries.
This prosperity ended as the 1980s drew to a close.
The company gradually developed its electrical activities and achieved very good results. In 1989, sales totaled FF 24 billion, of which a third from outside France.
Electrical equipment accounted for 48%, building and development 22%, construction 13% and industrial engineering 12%.

In 1997, Schneider completed its refocusing by divesting its remaining interest in Spie Batignolles. An employee shareholder group acquired 58% of the company and UK-based AMEC acquired 42%.

Jeumont-Schneider

At the beginning of the 1960s, Matériel Electrique S-W was a medium-sized company with low profitability and limited resources. An Empain company, Forges et ateliers de construction électriques de Jeumont (FACEJ) was in much the same position. The two firms merged in 1963 to form Jeumont-Schneider. This move was positive from an industrial point of view, but produced mixed results at the financial level.
In the 1970s, the company expanded considerably after a few failed alliances with CGE-Alsthom and Merlin Gerin.
Its finances deteriorated suddenly in 1984, when four of the seven divisions went deep in the red. The businesses in question were involved in heavy equipment, which was responsible for much of the group's image equity and prestigious technical reputation.
The company tried to enter the telephone business, but was overshadowed by Matra, which was favored by the French government. Jeumont-Schneider sold its telephone activities to Bosch in 1988 as part of a general restructuring plan.
In 1993, Schneider divested Jeumont-Schneider, which made boiler pumps and electrical rotating machines, to refocus on electricity.

> **Click on the symbol** to come back to the previous context

Appendix

The Schneider Electric key dates

Didier Pineau-Valencienne (1981-1998)

Didier Pineau-Valencienne, known by his initials as DPV, was born in 1931. A graduate of France's prestigious HEC business school, he took charge of a small Empain bank called BPI in 1958. A few years later, he turned around Carbonisation et charbons actifs (CECA), a joint subsidiary of Empain and Rhône-Poulenc. In 1974, CECA was sold and DPV joined Rhône-Poulenc. After handling budget control and strategic planning, he was appointed to head the Polymers and Petrochemicals divisions.
In 1979, he joined the Rhône-Poulenc executive committee.
In late 1980, he came to Schneider to transform the Company from a sprawling conglomerate into an efficient and consistent enterprise. The mission was a success, and by 1988 the businesses were refocused on electrical distribution, industrial control and automation.
In January 1999, DPV handed the Company over to Henri Lachmann and became Honorary Chairman, after 18 years of work to re-build a company with a clear strategy.
"We have achieved our goal of making Schneider what it is today."

Streamlining the Company

Didier Pineau-Valencienne's first objective when he arrived in 1980 was to give the Company a consistent profile by withdrawing from non-core activities and loss-making businesses.
The two major crises in the early 1980s involved Creusot-Loire (1984) and the shipbuilding business (1986).
In spite of these conflicts, the new management team held steady and set about refocusing Schneider on the future-oriented businesses of electricity.
The Company streamlined further in the mid-1980s and concentrated on restoring its balance sheet before launching any new major projects.

New shareholders

Schneider reached a crossroads in 1984. After withdrawing from its historical businesses of steel and shipbuilding, the Company had to choose a new direction. One option was to liquidate the group and reorganize the viable businesses in a new enterprise. Another was to continue pruning, and to rebuild an international group out of Jeumont-Schneider, Merlin Gerin and Spie-Batignolles.
Management chose the second solution and successfully identified a number of new shareholders. These included Paribas, nationalized in 1981; Axa, led by Claude Bébéar; Bruxelles-Lambert France, which later became Parfinance; and AGF. In 1986, these four core shareholders owned 60% of SPEP, the group's holding company.
By the end of 1999, their interest had been reduced to 8.2%. At that time, the public held 82.8% of the capital, treasury stock accounted for 4.8% and Schneider employees owned 4.3%.

Growth through acquisition

In 1998, after several years of streamlining and uncertainty, Schneider was finally ready to face the future with confidence and redeploy. The Company quickly implemented an expansion strategy to achieve critical size and compete with the major electrical equipment manufacturers.
During this period of growth, Schneider increased its interest in Merlin-Gerin (1987) and made two spectacular acquisitions: Telemecanique (1988) and Square D (1991). These moves made Schneider a world leader in electrical distribution, industrial control and automation (in this last area, the Company integrated Modicon in 1997).

> **Click on the symbol**  to come back to the previous context

Appendix

The Schneider Electric key dates

Worldclass manufacturer

The merger of Merlin Gerin, Telemecanique, Square D and Modicon, which are now Schneider brands, created a tight network of subsidiaries in 130 countries. This precious heritage is the foundation of a worldclass organization that can meet specific customer needs anywhere on Earth.
Today, it is continuing to expand in the global marketplace, as year after year new subsidiaries and production plants are created close to customers around the world.
Schneider's assertive global vision has led it to pursue vigorous growth in the search for critical mass.
"There were 300 global market segments ten years ago and there are 1,500 today," noted Didier Pineau-Valenciennes in 1995. "By 2000, there will be 6,000 or 7,000. What is more, five companies in the world will control 80% of the market."

Stepping up the pace of growth

In today's rapidly changing business environment, a company like Schneider has to be very flexible in markets that have become both global and extremely competitive.
In 1996, the Schneider 2000 corporate mission program was launched to get everyone involved in this critical process.
The objective was to achieve competitive growth and double the Company's performance in three years, by encouraging the use of project teams, shortening decision-making chains, sharing experience and empowering employees.
In 1999, the program was relaunched as Schneider 2000+, whose objectives are to speed growth and enable the Company to be more global, more responsive and more profitable. The initial targets had already been exceeded by end-2000.

Acquisitions

A sustained acquisitions drive has enhanced Schneider's leadership by broadening the product lineup in fast growing regions. The development of new products is being quickened by strategic alliances, such as Schneider Toshiba Inverter in speed drives, MGE UPS in UPS systems, VA Tech in the high voltage business and Thomson multimedia in power line carrier technology.

To strengthen its final low voltage distribution operations, Schneider Electric acquired Scandinavia's Lexel in 1999 and is preparing to combine with Legrand, the world market leader, in a friendly merger in 2001.

In 1998 and 1999, the Company also acquired Schyller in Italy (industrial plugs), Mafelec in France and Veris Industries, Electrical Switchgear and Power Distribution Services in the United States.

In 2000, fourteen companies were acquired, adding an aggregate 500 million to sales:

- Low voltage: Metesan Lexel Elektrik in Turkey, Prodax in Hungary, Crompton Greaves and S&S Power Switchgear in India, May & Steffens in Germany, Conlog in South Africa, Infra + in France and EFI Electronics in the United States.
- Medium voltage: Bardin in France and Nu-Lec in Australia, with power grid reliability solutions.
- Industrial control and automation: Steeplechase Software and Quantronix in the United States, Crouzet Automatismes (a subsidiary of Thomson CSF) in France, and Positec in Switzerland, which strengthened the product lineup for machinery manufacturers.

> **Click on the symbol** to come back to the previous context

Appendix

The Schneider Electric key dates

Developing an e-culture

In 2000, an e-business division was created to accelerate the Company's integration of Internet technologies.
Schneider Electric is a member of Voltimum, Europe's first electrical installation portal, and of the World Wide Web Consortium (W3C), an international association for the deployment of Web applications, services and standards in industry.

Innovating

As in the earliest days of the Company, expansion is being driven by innovation. Each year, more than 5% of sales is devoted to research and development, which employs 2,500 people in 20 countries.
R&D is sharply focused on market demand, in line with Schneider's commitment to offering truly innovative solutions to customers in industry, infrastructure, buildings and energy. These solutions are designed to enhance ease of use, electrical equipment performance, flexibility and safety.
This innovation dynamic enables the Company to renew 20% of its product lineup every year.

The NEW2004 company program

Schneider Electric is committed to creating value for its four core stakeholders: customers, shareholders, employees and the community.

The NEW2004 program is based on six challenges:

> Be more Customer-Centric

> Be committed to Quality

> Be more Global

> Increase our People's commitment

> Think Innovation

> Develop corporate Community responsibility.

The automation and electricity management

Schneider Electric is committed to leading a strategy of differentiation by strengthening those things that make it the world's unique Power & Control specialist.

> Unique in terms of market access,

> Unique in terms of products,

> Unique in terms of services,

> Unique in terms of brands with global and local brands: Merlin Gerin, Square D, Telemecanique geared to continuously improving the quality of our products and processes while optimizing costs and efficiency.

New product lines strengthen Schneider Electric offering

■ Electrical Distribution

In 2002, the Compact C and Masterpact low voltage circuit breaker ranges were renewed, enabling the delivery of end-to-end low-voltage distribution solutions including products, switchboards and services.
Satia, our new range of more compact transformer substations, provides enhanced protection for transformers.

■ Automation

Six new product ranges were introduced for industrial control and automation in 2002. These intelligent networked products can be seamlessly integrated into open and collaborative architectures.

> **Click on the symbol** to come back to the previous context

Appendix

The Schneider Electric key dates

A sustained strategy of alliances, acquisitions and partnerships in 2002

Japan, South Korea, USA, Europe
At year-end 2002, Schneider Electric acquired the Japanese company Digital Electronics, the world's leading manufacturer in Human Machine Interface systems. The company holds leading market positions in Japan, South Korea, the United States and Europe. The acquisition provided Schneider Electric with a key entry point in a new high-growth segment.

Reinforced position in China and Malaysia
In August 2002, Schneider Electric acquired all outstanding shares in Schneider Swire Ltd., which manufactures and markets low voltage distribution equipment in Hong Kong and mainland China.

Denmark and Russia
At year-end 2002, Schneider Electric acquired two motion control specialists, Hano Elektroteknik A/S and Digimatic Aps. The companies now serve as the technical support center for automation/motion applications for Denmark, focusing on services for OEMs.
In February 2002, a 90% interest was acquired in Uralelektro Contactor, which manufactures and sells contactors and motor starters. The company has a strong distribution network in Russia.

Partnership in Gulf countries
To strengthen our presence on large projects, a partnership has been formed with Danway, a wholly-owned subsidiary of Emirates Holdings, a key player in electrical engineering in the Gulf with strong positions in the water, energy, oil and gas markets. The objective is local manufacture of low and medium voltage equipment to deliver solutions with more local content, enabling greater flexibility and responsiveness.

new²: our new company program

The ambition of new² is to move Schneider Electric from good to great.
Schneider Electric is leveraging its strengths and positioning itself as a leader in innovative solutions.
The three operational priorities are growth, efficiency and people.

> In the area of efficiency, Schneider Electric will continue to deploy methods and resources such as Six Sigma, Lean Manufacturing and Quality & Value Analysis.
It will also transform its business processes and IT system. This will involve building a global core system with an outside partner. Lastly, the Company will re-balance its resources and costs in relation to euroland sales.

> In the area of growth, Schneider Electric will shorten time to market, develop new, less cyclical activities with high growth potential (Building Automation and Security, Secured Power, Services and Ultra Terminal) and pursue geographic expansion in fast-growth regions. The Company will also pursue its strategy of targeted acquisitions in high potential areas that offer a good strategic fit with its core businesses.

> As for people, Schneider Electric will take even greater steps to ensure health and safety, develop talent and unleash entrepreneurship.

Together, these action plans will allow Schneider Electric to be a great partner for customers, a great company to work for, a great investment and a great corporate citizen.

> **Click on the symbol** to come back to the previous context

Building
a New Electric World

Schneider Electric SA

Headquarters
43-45, boulevard Franklin-Roosevelt
F-92500 Rueil-Malmaison Cedex (France)
Tel. : +33 (0) 1 41 29 70 00
Fax : +33 (0) 1 41 29 71 00
www.schneider-electric.com

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