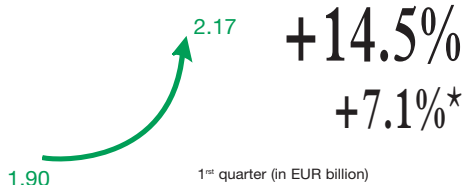


# Letter

to the Shareholders

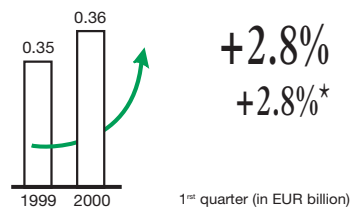
Number 8 - May 2000

## First Quarter 2000 Sales

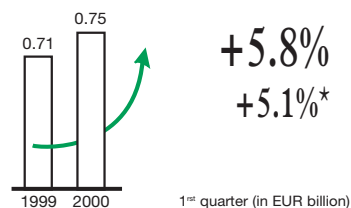


Strong growth in all business and geographic divisions

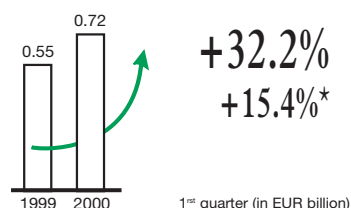
### France



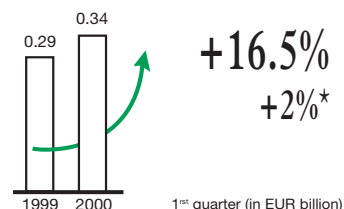
### Europe



### North America



### Rest of the world



\* At constant scope of consolidation and exchange rates

## Annual Shareholders' Meeting of May 5, 2000

The Annual and Extraordinary Shareholders' Meeting, chaired by Mr. Henri Lachmann, was held on May 5. After the presentation of the Company's 1999 financial results, showing an 18% increase in net income at EUR 481 million, the shareholders approved all of the resolutions tabled, notably:

- Distribution of a dividend of EUR 1.34 excluding tax credit (17% above 1998), which will be paid as from June 9, 2000.
- Cancellation of 6 million shares held in treasury and authorization for the Board of Directors to purchase the Company's shares within a limit of 10% of the issued share

capital and to cancel additional shares within a limit of 6.3% of the issued capital.

- Appointment of two new Directors Mr. Thierry Breton, Chairman and CEO of Thomson Multimedia, and Mr. Alain Burq, Chairman of Schneider Actionnariat Corporate Mutual Fund. Mr. Burq will represent Employees Shareholders.
- Modifications in the bylaws to improve transparent share ownership and corporate governance.

The percentage of shareholders voting in favor of the resolutions ranged from 74.6% to 99.9%.

## Shareholders' Questions

### What were the main highlights of the 1999 financial year?

For Schneider Electric, 1999 was an excellent year, with a good operating margin and a progressive increase in sales. We initiated measures to step up the pace of growth by leveraging our unique position as a worldwide leader who can meet the challenges of globalization. Our fundamentals are solid and we are ahead of schedule in our cost-cutting program and operating margin improvement. In light of today's financial results, and with the continuation of the Schneider 2000+ program, we expect to exceed our profitability target in 2001 (13.4% operating margin).

### What are Schneider Electric's ambitions for the future?

Growth remains our number one priority. "Pushing back our limits" is our device.

- Pushing back our geographic limits through acquisitions expanding our market shares and by promoting organic growth in regions with high development potential.

- Pushing back our businesses and markets limits by developing new areas of specialization and entering new markets. Our expansion in the wiring devices business (acquisition of Lexel) illustrates this strategy.

- Pushing back our limits with customers by stepping up our program of partnerships, leveraging new technologies and involving customers at all stage of the project life cycle, from design to operation.

### Why did the Company decide to appoint an Employees Shareholders representative to the Board of Directors and how was this person chosen?

Since employees own 4.5% of Schneider Electric's capital, it makes sense to have a representative on the Board of Directors. Mr. Burq was nominated by the Schneider Actionnariat Corporate Mutual Fund. This nomination was approved by the Board's Remunerations and Appointments Committee.



## A worldwide group with a broad local presence

■ Tegopoulos, Greece's largest press group, has chosen Schneider Electric to equip its new production facility in the Athens suburb of Paiania. Tegopoulos was impressed by the *quality, availability and reliability* of our lineup. Schneider Electric will supply all the low and medium voltage distribution equipment for the facility.

■ The city of Damascus, Syria, has selected Schneider Electric to expand its municipal electrical supply system.



■ During the inauguration of the Peregrebnenskaya compressor station in Siberia, attended by the Chairman Henri Lachmann, Schneider Electric signed two agreements with Gazprom, including the confirmation of a new \$100 million investment program for 2000-2005 and the acceleration of the integration process of low and medium-voltage cubicles in Gazprom's Kaliningrad plant.

■ Schneider Electric Italy has signed a EUR 13 million contract with IVPC, Italy's largest wind power company. Schneider Electric has been actively seeking opportunities in this area since 1995. The development of wind power as a source of electricity is being driven by organizational changes in the electrical power industry, technological advances and environmental concerns.

■ To meet the fast-growing demand in Taiwan's power transmission and distribution market, Schneider Electric and Tatung have signed an agreement to develop a joint product and services lineup. Tatung will bring its products to the venture while Schneider Electric will provide its expertise in the development and management of major projects.

■ The success of the 2000 Hanover Fair. Schneider Electric received some 25,000 visitors on its stand, an increase of 30% compared with 1999. This year, the fair highlighted production site and energy automation.

## New Acquisitions

*"Schneider Electric is actively pursuing an accelerated growth strategy"* Henri Lachmann

*"This growth is driven by pushing back our geographic limits" and is illustrated by our recent acquisitions in electrical distribution in Germany, the US and India.*

■ **In Germany**, the acquisition of May & Steffens GmbH & Co. KG gives Schneider Electric a full final low voltage lineup for the local commercial and residential building market.

■ **In the US**, the acquisition of EFI Electronics strengthens our position in low voltage power for the industrial production market.

■ **In India**, the acquisition of S&S Power Switchgear Ltd., a company specialized in medium and low voltage electrical distribution with a network of 130 distributors, will enhance Schneider Electric India's existing network.

*"We are also pushing back the limits of our businesses"*

■ **On the VDI market: Voice, Data, Image.**

Following the successful integration of Lexel in 1999, Schneider Electric has strengthened its position on this market through a strategic partnership with **Infra+**, the French market leader for LAN wiring systems. After the acquisition of a 20% interest in the company, Schneider Electric made a simplified takeover bid to acquire an additional 18% interest of the stockmarket issued shares at a price of EUR 60.50 per share.

■ **In medium voltage**, Schneider Electric acquired Bardin, the world leader in fault detectors for medium voltage distribution networks.

■ **In uninterruptible power systems**, Schneider Electric increased its interest to 32.3% in MGE-UPS Systems, one of the three world leaders in the business. Benefiting from strong investments in Internet-related infrastructure, MGE-UPS Systems is seeing a sharp upturn in sales.

## Shareholders' Agenda

### Registered shares

Société Générale now handles services for registered shareholders.

These include:

- Account information via telephone or the Internet,
- Buy and sell orders via fax or the Internet,
- Access to a voice server and an electronic message service.

To register your Schneider Electric shares, contact by phone from France our Financial Communication and Investor Relations Department at 0 800 20 55 14 (toll-free number in France), or by fax at +33 (0)1 41 29 71 42, to obtain a model letter for your bank or broker.

### Next meetings

- June 9, 2000 : Dividend payment
- July 26, 2000: First-semester sales
- September 8, 2000: Interim financial results
- October 25, 2000 : Nine-month sales

*Highlights of the Annual Shareholders' Meeting are now available at [www.schneider-electric.com](http://www.schneider-electric.com) and a new presentation of our financial information is starting in June 2000.*

*We welcome your comments and suggestions.*

**No Vert 0 800 20 55 14**

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A Public Company incorporated in France  
with issued capital of EUR 1,291,388,624 RCS  
(business registration code) Nanterre 542 048 574