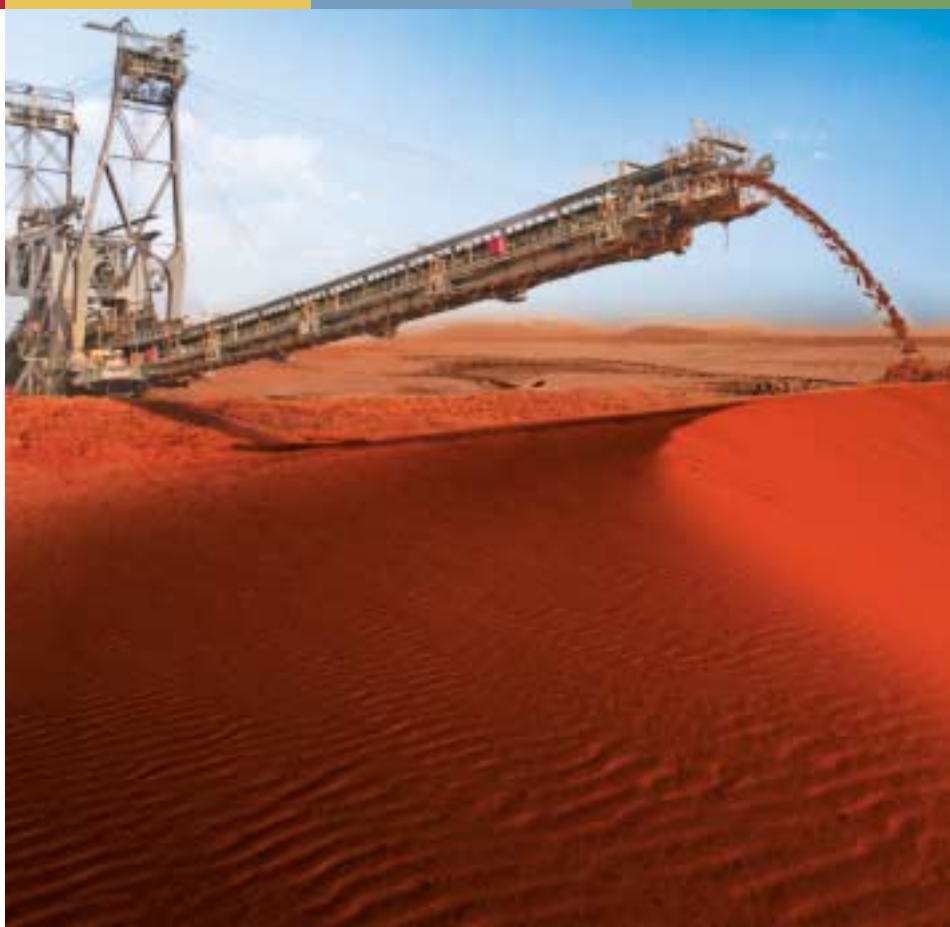
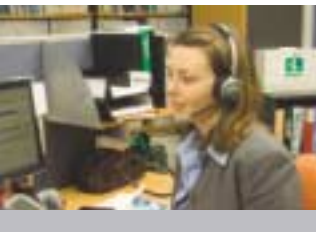


Australian business in focus



Merlin Gerin
Square D
Telemecanique

Schneider
 **Electric**
Building a New Electric World



Schneider Electric harnesses electricity to improve our customers' performance and quality of life. We offer intelligent, integrated and networked solutions that allow our customers to:

- use electricity in complete safety
- develop automation everywhere
- improve energy efficiency
- ensure a high quality power supply
- manage building utilities and electrical networks

In addition to the vast range of products and services that we offer in Australia under our 3 core brands, our customers benefit from complementary solutions & expertise offered by our five specialist companies in the region. This extended total in-house offer gives us even greater capacity to develop complete solutions for our customers.

With our new² company program, we have reaffirmed our ambition to be a great company to do business with and a great place to work. Investing in the professional development of our people has cultivated their passion and enthusiasm which is translating into better service and customer satisfaction.

We are Building a New Electric World. Developing exciting new products and services that make life easier, more efficient and more enjoyable in unison with careful management of natural resources and consideration for our environment.



A signatory of the United Nations Global Compact, Schneider Electric has made sustainable development an integral part of its strategy.

+100%

Anticipated growth in global electricity consumption between now and 2030.

4220

The number of people employed by Schneider Electric's group of companies throughout Australia and NZ.

50%

The amount by which CO₂ emissions must be reduced to stabilize the greenhouse effect by 2050.

Contents

- 3** Interview with Stuart Thorogood
Comment from Jean-Pascal Tricoire
- 4** The Challenges of a New Electric World
Performance in our Core Markets
- 5** Delivering High Performance Solutions
- 6** What did Schneider Electric do for you this Year
Leveraging all our Skills
- 7** Solar Sailor
Hotel Risdon
- 8** Initi@tive 2006
Broens Automotive
Product Innovations
- 9** Powering the SCG
Ilevo - Broadband over Power Lines
- 10** Aligning Growth with Responsibility

Interview with Stuart Thorogood

Executive General Manager
Schneider Electric Australia



There's been talk of a recent success that you've had in Victoria. Let's start there.

Schneider Electric has just been awarded a contract to supply product solutions to an innovative new wastewater treatment plant in Victoria called the Gippsland Water Factory. It's a great project to be involved in because it's a 'first of its kind' approach to water sustainability in Australia. One of the key strengths in our proposal was the ability to formulate a total solution with products from our core brands, Merlin Gerin, Square D & Telemecanique in conjunction with products and services from our critical power & cooling services specialist company, APC-MGE. Where else can you get all that under one roof?

What's your strategy for the rest of Australia?

Australia offers some wonderful opportunities for all businesses in our sector. Our strategy is to maintain focus on our core businesses; automation and electrical distribution, pursuing organic growth by leveraging our market-leading expertise. Australia has

a very strong economy which together with our amazing line-up of new products promises to keep our 205 manufacturing sites worldwide busier than ever before. We are also making a significant investment to expand our engineered services capability that will enable us to offer exciting new solutions like energy efficiency audits and power quality consulting services.

How do you plan to sustain this growth?

Our growth will be sustained through improvements we are making in the efficiency of our systems together with the ongoing development of our people. We have strong professional development programs throughout all areas of our company – through our company program we encourage individuals to display entrepreneurial behaviour and excel in their work. It's the combined competency and attitude of all our people that makes the difference to our customers, cementing long-term relationships. Of course, we will continue to invest in our customer support infrastructure - sales teams, customer service and technical support centres along with our nationwide logistics infrastructure - now faster and more efficient than ever.

Are there any plans to diversify your business in the future?

Focus on our core business is what sets us apart from other organisations in the market. The degree of expertise required to properly service the complexities of our customers' automation and electrical distribution needs demands total dedication. I guess you could say it's a safe bet that we won't be developing a new range of dishwashers or mobile phones any time soon.

Will there be more emphasis on either of the two core business areas?

Actually both of these areas of business are central to our global vision - 'Building a New Electric World'. Our automation business is a definite focus area for us. In the electricity management side of the business, a major challenge that all Australians face is using electricity more efficiently - essential in the responsible management of our natural resources and environment. You'll continue to see us coming up with more solutions that allow our customers to respond to this challenge.



Just quickly, what exciting things can we expect from Schneider Electric?

There's plenty. One particular high-profile development is our new M340 automation platform. Based on the conversations I've had with our customers, this is a long awaited solution adding to the Unity software platform. It's a powerful, flexible & cost effective solution for medium size automation applications. We've also just launched the TeSys T range, an advanced motor management and protection system and look out for Ileo. That's our broadband over powerline solution - it's a revolutionary development that can transform every electrical socket into a high speed Internet connection. Keep an eye on our new website or subscribe to InForm, our quarterly customer magazine, for more information about these and other exciting developments.



Australia-Pacific is a key place of reference for Schneider Electric. In no other region around the world do we offer such a broad range of solutions to our customers.

Jean-Pascal Tricoire - Global CEO Schneider Electric





The challenges of the New Electric World



Across Australia and indeed around the world, quality of life and electricity consumption go hand in hand. The demand for electricity will continue to increase as a result of economic and population growth. The challenge for all Australians in the coming years will be to develop greener, more efficient electricity production together with more efficient end-user solutions. Investing now in the development of new generation solutions will help to preserve our limited natural resources and keep a lid on the greenhouse gas emissions that threaten our environment.

➔ **ENERGY EFFICIENCY: savings of up to 30%**
With our products, systems and services, customers can produce the same amount or more while consuming less energy at each link in the chain, achieving savings of 10 to 30%. A nice return that's also taking environmental issues into account.

Improving energy efficiency
As prices skyrocket, consumers, businesses and communities are looking for ways to consume less and make their facilities more energy efficient. There is a growing demand for systems and services that improve energy management and optimise manufacturing processes. Energy efficiency, which entails using less energy to get the same result (or the same amount to get a better result), will play an increasingly important role in balancing supply and demand and in preserving the environment. According to the International Energy Agency, global energy demand in 2050 could be reduced to nearly half the level of today's consumption if efficiency gains are accelerated (June 2006 projection).

Developing automation everywhere
More than 60% of primary energy is not transformed into useful energy. Yet solutions exist. Harnessing the powerful combination of automation and the Internet, building management and home automation solutions open new horizons in energy savings. In industry, certain solutions are already producing savings of 10% to 20%. Smart metering and reliable supply systems help manufacturers reduce their energy bills by optimising consumption and limiting machine downtime—thereby reducing losses and scrap.

Performance, safety & reliability

Energy
Key Sectors: electric power generation, transmission and distribution; oil and gas.

Our mission: provide high-quality electricity, ensure reliable transmission and distribution, guarantee infrastructure availability and safety, optimise installation management.

Infrastructure
Key Sectors: water and waste water; airports, shipping ports, tunnels and railway lines; telecommunication and data processing infrastructure.

Our mission: provide high-quality electricity distribution and plant automation, guarantee infrastructure availability and safety, optimise installation supervision and management.





Automation is a critical element for Yalumba's high-speed bottling lines in South Australia's Barossa Valley.

The world leader in electricity and automation management, Schneider Electric leverages its expertise to provide customers with end-to-end solutions that save energy, boost industrial performance, enhance comfort and safety, deliver uninterrupted service and take responsible care of our planet.

Delivering high performance solutions

Electrical Distribution

Making electricity available and effective

From the power station all the way to the power point in the home, Schneider Electric serves customers by delivering integrated solutions that transform electricity and distribute it intelligently and safely while providing a reliable, uninterrupted power supply.

Automation & Control

Monitoring equipment, protecting people and assets

Schneider Electric offers a broad array of intelligent, networked automation architectures and supervision systems for all types of infrastructure. With devices that can detect colours or shapes, turn machines on and off, regulate a building's temperature and more, our solutions make it possible to manage a machine, production line, plant or building - locally or remotely via the Internet. It's all about working in the most efficient way possible. Saving time, reducing costs and conserving resources.

Service & Support

More than you imagined

Schneider Electric has a wealth of industry experience with some of the best technical know-how in the business. Now we've developed a means by which we can share this knowledge more seamlessly with our customers. We call it Engineered Services - our dedicated specialist service capability supporting customers with a range of new options including:

- energy management solutions
- equipment commissioning, monitoring, retrofitting & maintenance
- energy efficiency audits
- power quality monitoring
- special project design

in our core markets

Industry and Mining

Key Sectors: mining; consumer goods, food and beverage; automotive; agriculture and pharmaceuticals.

Our mission: distribute electricity and optimise its use; through automation improve productivity, ensure safety, quality and traceability on production lines and sites.

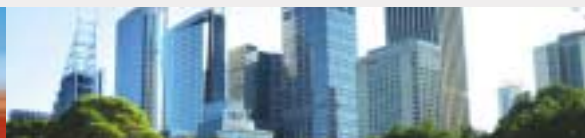
Buildings

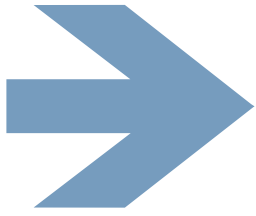
Key Sectors: office buildings, financial institutions, data centres, shopping centres, stadiums, residential, commercial and industrial buildings.

Our mission: supply and distribute electricity; guarantee energy efficiency; control ventilation, elevators and access; harness electrical networks for data exchange; in partnership with our specialist companies control and manage lighting, enable remote multi-site management; provide critical power and cooling services.

REMOTELY MANAGING FACILITIES IN REAL TIME:

Schneider Electric has chosen to tap into the simplicity of the internet with open, standard systems. Our Transparent Ready™ solutions allow users to manage their facilities in real time from any location. We are continuing to broaden our line up with a focus on systems that are easy to install and use.





What did Schneider Electric do for you this year?



43%

The measured total of very satisfied customers we are working towards for 2008.

All our customers, be they water or energy suppliers, infrastructure managers, primary producers or building operators are looking for comprehensive responses to their electricity and automation management needs.

Continual customer interaction combined with our quarterly surveys measure our progress in this area, as we work towards our goal of raising the percentage of very satisfied customers to 43% by 2008.

➔ GO RIGHT TO THE SOURCE

Our incremental technical support structure provides customers with the means to go right to the source of product design and manufacture.

Through strong partnerships with equipment manufacturers, machine builders, system integrators, consultants, distributors and contractors, Schneider Electric is able to satisfy these needs.

We continue to develop our people and invest in our help desks, technical service centres and logistics infrastructure across Australia.

Customer satisfaction is an integral part of our growth strategy. Enduring relationships, dialogue and local presence allow our team members to be a partner in our customers' performance.

In short, we are building a '5-star package' of customer attention and service to demonstrate our commitment towards long-term customer relationships.

Leveraging all our skills to enhance your

Schneider Electric is best known for the extensive range of products that we manufacture under our three core brands: Merlin Gerin, Square D and Telemecanique. However, we also have several specialist companies, five of which are present in Australia - perfect compliments to our core brands and all leading suppliers in their particular fields of expertise. For our customers, this represents even more options and expertise to service their needs. It's our total in-house offering that enables us to provide end to end solutions. It's how we leverage all of our skills to enhance your performance.

Our Brands:



The Guiding System
Designed with optimal compatibility and interoperability, Merlin Gerin electrical distribution products deliver more efficiency and safety.



Switch it on
Heavy duty industrial control products that switch on the power of electricity, safely, productively and efficiently.



Simply Smart
Innovative control & automation solutions that leverage the power of on-board intelligence together with simplified user interfaces.

Controlled by CitectSCADA, the solar panel 'wings' on this Solar Sailor catamaran automatically adjust to harness the optimum combination of available sun and wind energies ▶



Solar Sailor Drive technology for a green ferry

The Solar Sailor catamaran is a unique Australian concept among passenger ferries. Utilising hybrid marine power, this commercial vessel relies on a combination of solar power, wind energy and gas for propulsion. It's a complex system of energy sources that requires constant monitoring, control and optimisation. Devising the necessary management system was the challenge awarded to Schneider Electric in conjunction with Citect, our specialist automation software company.

Supervision & control for the entire automation system

CitectSCADA was used to automate the wings so they dynamically track the sun and also adjust for wind speed and direction - automatically selecting the optimum combination of sun and wind to power the vessel. It also monitors the vessel's critical systems and displays the information on an LCD panel in the wheelhouse, optimising efficiency through information collation and control.

Power & speed control of the vessel's twin propulsion motors

Schneider Electric and system integrator, Enlog Systems, devised an innovative alternative to the existing custom built DC propulsion motors & drives. The solution features standard, off-the-shelf AC induction motors powered by Telemecanique Altivar 71 variable speed drives. DC power from the vessel's battery bank is converted to variable frequency AC providing reliable, smooth speed control.

The Solar Sailor catamaran is operating in Sydney harbour with new ferries under construction for the Gold Coast. Solar Sailor continues to develop innovative marine transport solutions for low emission wharves and ports all around the world.



Tony Harnett, owner of the Risdon Hotel expresses his appreciation over a beer with Darren from our Adelaide office.

Schneider Electric keeps the beer flowing at the Risdon Hotel

Late one Friday night an old circuit breaker failed at the Risdon Hotel in Port Pirie, South Australia. Without power and in total darkness the hotel was forced to close doors and send patrons home with little chance of being able to enact a repair until the following week.

Fortunately, they contacted Darren Lee, Schneider Electric's State Distributor Coordinator for South Australia. Even though it was Saturday and he was on annual leave at the time, Darren sourced the necessary parts and co-ordinated their transport from Adelaide down to Port Pirie (about 2 hour drive). In a few hours the Risdon Hotel had power restored and were back in business. Apparently, Darren was a popular guy in Port Pirie that weekend when the beer was able to flow again.

performance

Our Companies:



Critical Power & Cooling
APC-MGE provides solutions that protect against under & over-voltages, cut outs, frequency variations and harmonic distortions.

www.apc.com.au



Real-time Intelligence
The leading global provider of software for industrial automation, real-time intelligence, and next generation manufacturing execution systems (MES).

www.citect.com



Living Electrical
Australia's premier supplier of switches, sockets and electrical accessories *plus* integrated commercial and home automation solutions.

www.clipsal.com.au



Improving Power Supply
Manufacturing the most advanced pole mounted medium-voltage switchgear for electricity network owners & developers.

www.nulec.com.au



Building Automation
Solutions that make buildings energy efficient, secure and comfortable by utilising automation technology together with over 80 years of industry expertise.

www.tac.com

Initi@tive 2006

Initi@tive 2006 took place in March at the Sydney Convention & Exhibition Centre in Sydney's beautiful Darling Harbour precinct. Attracting around 2000 customers from Australia, New Zealand, the Pacific Islands and South Africa, delegates were treated to a feast of hands-on demonstrations, product displays, exhibitions, technical seminars from leading industry experts, networking opportunities and face-to-face interaction with our executives from around the world.

For the first time, Initi@tive 2006 brought together all of the brands and companies of Schneider Electric that are represented in the Pacific region. These include:

Brands: Merlin Gerin, Square D & Telemecanique.
Companies: Citect, Clipsal, Nulec, TAC & MGE.

We received a great response from everyone involved together with very valuable feedback from our customers on a wide variety of topics. Stay tuned for news on the next Initi@tive event in the Pacific region.



We speak the language

Broens Industries, a Sydney based company, is a major supplier of precision-machined automotive components. They have recently invested \$12m to develop an award-winning production line to supply steering and carrier knuckles for the new Australian made Holden Commodore. With 3 different communication protocols operating throughout the production line, a major challenge was finding a communications system that could overcome the 'language barrier' and allow the individual machines to communicate with each other in real time. Schneider Electric was the only company with a programmable controller that could speak all three machine

languages. Our level 3 premium Telemecanique PLC processor enabled the effective automation of the production line which now routinely operates at efficiencies over 90%.



▲ Winner: wheels Car of the Year 2006, the VE Commodore is an Australian made success story.



▲ Producing around 2600 parts per day, Broens' new automotive steering knuckle production line relies on a Telemecanique PLC processor as its master control.

The latest in automation

TeSys T

A very advanced motor management and protection system. Combining a central controller, software and open communications interface, it's capable of preventing all motor malfunctions.



Simpler and faster processes

The new Modicon M340 programmable logic controller suited to medium sized automation applications. Equipped with the flexibility & power of the Unity Pro software, it offers the benefit of shortened program development time.





Schneider Electric powers up the Sydney Cricket Ground

As part of a major electrical upgrade at the Sydney Cricket Ground, Schneider Electric in partnership with Ferret & Ives Electrical supplied and commissioned six, 11kV, 500kVA padmounted substations to power the lighting towers at the Ground.

The project ran smoothly from placement of order to delivery and successful commissioning. It included design, manufacture and hands-on training of Sydney Cricket Ground staff. Of crucial importance was on-time delivery - something we were able to guarantee through the efficient operations of our Benalla manufacturing facility in country Victoria.

With better lighting, spectators at the SCG are now able to enjoy their favourite sports more, day or night.

➔ Broadband access from every electrical socket

Plug-in broadband Ilevo, Schneider Electric's Powerline carrier subsidiary, has launched an 'in-home' line up that puts broadband internet access into every electrical socket in the home. European home owners are already enjoying the flexibility & convenience offered by the range. This revolutionary concept is coming soon to Australian home owners too. Keep your eyes on our website for announcements regarding the Australian launch. The 'access' line-up for infrastructure, apartments, large buildings, hotels and retirement villages is already being deployed in Australia. The Ilevo offer will soon cover every Australian broadband application.



more...

www.ilevo-shop.com

Eliminating hazardous substances

Corrosion Resistance

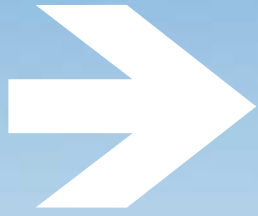
The ABR1 electronic relay's screw heads and connecting terminals are now treated with trivalent chromium instead of hexavalent chromium. The printed circuit board is bromine-free and the copper wires are attached with lead-free solder.



C60 circuit breakers: no more lead

In addition, trivalent chromium has replaced hexavalent chromium and bromine-free materials have been introduced for the plastic parts.





Aligning growth with responsibility

Our commitment to responsible growth produces innovative products and solutions for sustainable development. In addition, by acting responsibly at our own level and anticipating the consequences of growth we demonstrate that business performance does not need to be compromised in the process of aligning to high environmental and social standards.

50,000
metric tonnes

The reduced quantity of CO₂ emissions per year thanks to the 20-year contracts managed by our Swedish building management subsidiary TAC.

65 PEPS

Product Environment Profiles were published in 2006, of which five were for the new Harmony range of human-machine interface solutions.

86%

Increase in the number of women participating in Schneider Electric University training seminars.

This translates to making buildings, homes and production processes more energy efficient and developing renewable sources of electricity. We all have to reduce waste by changing our habits and by better managing our production and consumption methods.

In our commitment to the environment, we have developed the use of eco-design practices, made our sites more energy efficient, involved our employees and suppliers in our approach and helped our

customers improve their environmental performance. Schneider Electric has set ambitious targets as part of our new² company program to earn ISO 14001 certification for all our manufacturing and logistics sites, publish 120 Product Environmental Profiles and reduce energy use by 10% in our already efficient plants.

In Australia and New Zealand, we are at the forefront of this initiative, having achieved certification for all of our manufacturing facilities in the Pacific region.



We inform customers about our products' environmental impact and provide Product Environmental Profiles (PEPs) to assist them with disassembly and recycling. These profiles give a detailed description of a product's environmental impact throughout its life cycle and the best solutions for end-of-life treatment. Our goal is to establish 120 PEPs for products representing 50% of product revenue by the end of 2008.

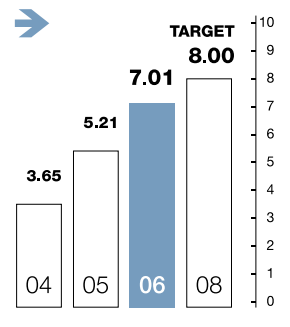
Energy efficient, recyclable products

We are making our products more compact to conserve natural resources and reduce their electrical consumption in operation. To facilitate end-of-life processing, we choose materials that are easy to recycle and clip-together systems that are easy to disassemble. Life cycle analyses and recyclability assessments help us identify areas for improvement. We have also published an internal product development guide based on eco-design principles. What is more, we train designers, marketing staff and production and purchasing managers in eco-design each year.

Hazardous substances banned worldwide

The European Restriction of Hazardous Substances (RoHS) Directive, which took effect on July 1, 2006, bans the use of lead, mercury, cadmium, hexavalent chromium and brominated flame retardants in certain electrical equipment sold in Europe. A detailed review of our line-up revealed that the Directive concerns only a limited portion of our products directly, but a much larger portion indirectly. We decided to go far beyond the Directive's requirements by completely eliminating these substances by 2008, not just in Europe, right throughout Schneider Electric globally.

PLANET & SOCIETY BAROMETER



up 18%

The Planet & Society Barometer showed an 18% increase from 2005. Gains were seen in eight of the ten indicators covering employees, the environment, society and corporate governance. Performance data is updated quarterly and posted at www.barometer.schneider-electric.com

Learning for Life



everyone's family

Globally, Schneider Electric, its Foundation and employees give their time and energy to help young people through educational, sponsorship and rebuilding programs.

In Australia, we work in partnership with The Smith Family to provide educational support and mentoring to disadvantaged children.

A combination of corporate sponsorship together with individual staff contributions has created new opportunities for many young people over our long standing involvement with the *Learning for Life* program.

In June every year, we organise a special fund raising week with a program including various activities such as raffles and auctions.

Through our focus week & other activities throughout the year, including our head office monthly staff BBQ's, we raised \$35,000. This money will support 26 Learning for Life students over the next 3 years.

Beyond funding, our staff have the opportunity to engage in rewarding non-financial activities to help the Smith Family by giving their time as volunteers.



◀ Left to right: Leigh Bartlett (Partnership Manager, The Smith Family), Miriana Nicin (NSW Social Responsibility Program Coordinator, Schneider Electric) and Stuart Thorogood (Executive General Manager Schneider Electric Australia)



All Enquiries

Tel: 1300 369 233

Fax: 1300 369 288

Email: help@au.schneider-electric.com

www.schneider-electric.com.au

Schneider Electric (Australia) Pty Limited

Head Office

Postal Address:
Locked Bag 5500
Baulkham Hills
Business Centre
NSW 2153 Australia



Printed with vegetable oil-based ink on Cyclus 100% recycled,
100% chlorine-free paper. All production waste has been recycled.

Information given in this publication was accurate at the time of printing.