



Press Release

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PELCO TO BE ACQUIRED BY SCHNEIDER ELECTRIC

(Clovis, California) – Officials of Clovis, CA based Pelco announced today that the company has reached an agreement to become acquired by Schneider Electric of Rueil-Malmaison, France. Schneider Electric is the world's power and control specialist. With 112,000 employees and operations in 190 countries, Schneider Electric generated sales of \$17.2 billion in 2006. The price to be paid for this transaction is \$1.22 billion expressed as an enterprise value on a cash-free, debt-free basis. In addition, Schneider Electric will pay to the sellers the net present value of a tax benefit resulting from the step-up of Pelco's assets, representing \$320 million. As a consequence, the total price paid in cash at closing will be \$1.54 billion. The transaction is subject to anti-trust and other regulatory clearance and is expected to close by October 2007.

Pelco CEO David L. McDonald stated, "After operating for twenty years as an independent business, the right time has come to partner with a strong, high-quality, Fortune 500 company such as Schneider Electric. The combined strengths of both organizations will yield for Pelco, many substantial benefits such as increased career opportunities for our people, broader product offerings, access to important new technologies, and a stronger ability to further penetrate our global markets. Most importantly, this is the right partnership for Pelco because our two companies share the same core values including an uncommonly strong commitment to our people, providing customers with extreme levels of service, and giving back to our communities. This exciting change opens the door for the next, dynamic new chapter in Pelco's future. We are very pleased and optimistic."

Under the new ownership, Pelco will operate within Schneider's Building Automation Business Unit, TAC, which is headquartered in Malmo, Sweden. The company will be managed in an autonomous manner and will be in charge of TAC's Fire and Security Product Division, globally. Pelco's headquarters and all other existing Clovis operations will remain in Clovis. The company's entire management team and all of the company's worldwide employees will continue as employees of Pelco with this transaction. The company name and the Pelco brand will also remain unchanged. As always, the company's customers will continue receiving the same excellent products and exceptional services.

Schneider Electric CEO Jean-Pascal Tricoire stated, "We are extremely pleased to have come to this historic arrangement with such an outstanding company as Pelco. Combining forces with the worldwide leader in video security is an important step in the development of our Building Automation business. Having personally visited Pelco, I have a firsthand appreciation for the company's unique commitment to its people, customers, and community. These factors are core assets of the company and we are fully committed to continuing forward with this same, great culture."

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