



Further sales growth during the third quarter of 2008

Paris, October 22, 2008

1

During the third quarter of 2008, Carbone Lorraine posted consolidated sales of €179 million, up 5.5% on a like-for-like basis and up 3% on a reported basis. As forecast, this growth was weaker than that recorded in the previous two quarters owing to different seasonal trends in anticorrosion equipment sales compared with 2007. These are expected to be very high during the fourth quarter. Excluding anticorrosion equipment, sales growth during the quarter came to 12% on a like-for-like basis.

Over the first nine months of the year, sales totaled €541 million, representing growth of 8.5% on a like-for-like basis and 4% on a reported basis.

Sales	Q3 2008 (€ m)	% change Q3 2008/ Q3 2007	9m 2008 (€ m)	% change* 9m 2008/ 9m 2007
Advanced Materials and Technologies	67	-2%	198	7%
Electrical Applications	49	3%	156	6%
Electrical Protection	63	16%	187	13%
Group total	179	5.5%	541	8.5%

**on a like-for-like basis, i.e. at comparable scope and constant exchange rates - Unaudited data*

PRESS RELEASE

Paris, October 22, 2008

Advanced Materials and Technologies

The Advanced Materials and Technologies division posted sales of €67 million during the third quarter.

The decline on the third quarter last year derives from seasonal fluctuations in deliveries of **anticorrosion equipment**, which have already been mentioned. Substantial deliveries of anticorrosion equipment are scheduled to take place in the fourth quarter of 2008.

Sales of **graphite equipment for high temperature applications** again posted brisk growth during the quarter on the back of strong demand from the **polysilicon** industry, ultimately intended for the **photovoltaic energy segment**. The increase in our production capacity, owing notably to the new facility in China, is also helping us to meet this demand more effectively.

Sales came to €198 million during the first nine months of the year. They rose by 7% on a like-for-like basis.

Electrical Applications

Third-quarter sales rose by 3% on a like-for-like basis to reach €49 million.

Sales of equipment for **industrial motors and for wind turbines** continued to make headway across all the Group's regions. In **automobile markets**, however, sales were depressed by the effects of the tangible slowdown in demand, especially in North America.

During the first nine months of the year, the Electrical Applications division recorded sales of €156 million, up 6% on a like-for-like basis.

Electrical Protection

The Electrical Protection division posted sales of €63 million during the third quarter. They rose by 16% on a like-for-like basis.

Growth was strong across all the Group's geographical regions. Sales were very high in ultra-rapid fuses and power-isolating switches on the back of the marketing spend of recent years and strong demand for electrical equipment in emerging markets. They were also strong in markets related to power generation and quality, such as renewable energies and protection against voltage surges.

Over the first nine months of the year, the Electrical Protection division's sales advanced by 13% on a like-for-like basis to reach €187 million.

Key events of the third quarter

- The Group acquired a **majority shareholding in the capital of Zhejiang Mingrong** (2007 sales of €10 million), one of the leaders in the Chinese **fuse and fusegear** market. Through this deal, Carbone Lorraine has become the leader in a fast-growing market and now boasts a stronger manufacturing base and sales network in China.
- The acquisition of **R-Theta Thermal Solutions** (2007 sales of \$13 million) in Canada, coupled with the Group's existing businesses in the segment, has established Carbone Lorraine as a world leader in **cooling systems for power electronics**. Major synergies are anticipated from

PRESS RELEASE

Paris, October 22, 2008

this acquisition owing to the tight fit it forms with the Group's existing technologies, product ranges and sales networks.

- Carbone Lorraine has signed **two major long-term contracts in the solar segment**, which will translate into sales totaling \$85 million over four years. These contracts illustrate the Group's strategy of building stronger long-term partnerships with key players in fast-expanding markets.
- **AXA Private Equity** has demonstrated its determination to support Carbone Lorraine's expansion strategy over the long term by acquiring a major shareholding in the Company's share capital. It recently declared that it had moved above the 15% threshold. AXA PE and Carbone Lorraine signed a governance agreement underlining the friendly nature of this shareholding. The agreement, which expires on June 30, 2012, notably authorizes AXA PE to increase its shareholding to 22.5% of the share capital, provides for a self-imposed limit of 35% of the quorum of voting rights exercisable at AGMs and gives AXA PE the option of proposing two directors for appointment at the AGM.

Group financing

The Group's financial resources were given a significant boost during the third quarter by the refinancing of a syndicated loan increased to **\$350 million** repayable in full in 2013 and by the arrangement in China of a **RMB500 million syndicated loan** (around \$73 million) repayable in full in 2011. These credit lines will provide financing for our expansion projects.

Conversely, the rights issue announced in mid-September has been postponed indefinitely owing to the turmoil in the capital markets and the global decline in share prices.

Outlook

Carbone Lorraine is reaping the benefit of its upbeat positions in the fast-expanding markets of **renewable energies, energy efficiency** and Asia. This positioning will also enhance the Group's resilience in the less buoyant environment that has been forecast, the effects of which we have not yet seen.

In addition, performance during the fourth quarter will reap the benefit of this favorable positioning and of substantial deliveries in anticorrosion equipment. We are thus reiterating our recently upgraded forecast of 2008 sales growth of at least 8% on a like-for-like basis. 2008 is shaping up to be another year of strong growth in our sales and earnings.

PRESS RELEASE

Paris, October 22, 2008

About Carbone Lorraine

World leader of graphite solutions and electrical components, Carbone Lorraine specializes in the implementing of high technology materials in demanding industrial environments and in the development of systems, which are fundamental to the smooth operation of the motor and the protection of electrical equipment. With over 85% of its sales carried out internationally, the Group holds leadership positions in all of its occupations.

- Advanced Materials and Technologies:
- N°1 worldwide in anti-corrosion equipment in graphite
 - N°2 worldwide in high temperature applications of isostatic graphite
- Electrical Applications:
- N°1 worldwide in brushes for electrical motors
- Electrical Protection:
- N°1 worldwide in fuses for powerful semi-conductors
 - N°2 worldwide in industrial fuses

*The Group is listed at Premier Marché de la Bourse de Paris and is a part of the following indices
CAC Mid100, SBF120 et Next 150.*

*Find Carbone Lorraine on Bloomberg: **CRL FP** and on Reuters: **CBLP.PA***



Visit our Internet website www.carbonelorraine.com

Analyst and Investor Contact

Sébastien Desarbres
VP Investor Relations
Carbone Lorraine

Tel.: +33 (0)1 46 91 54 49
dri@carbonelorraine.com

Press Contact

Publicis Consultants
Vilizara Lazarova

Tel.: +33 (0)1 44 43 74 81
vilizara.lazarova@consultants.publicis.fr

PRESS RELEASE