



Carbone Lorraine today officially inaugurated its new isostatic graphite production plant in Chongqing, China in the presence of His Excellency Hervé Ladsous, the French Ambassador in China.

The start-up of this plant represents a major milestone in the Group's development in Asia and will help to meet effectively the growing demand in its most buoyant markets—with the objective of doubling its production capacity.

Asia: a powerful growth driver for the Group

Since 1995, Carbone Lorraine has continuously strengthened its **manufacturing base** in the region to establish positions at the heart of its Asian markets, which are expanding at a very rapid pace. The Group's best practices have been shared with these new units, enabling them to offer customers in Asia high-end products at a competitive cost.

The Group specifically targets markets enjoying very strong growth, such as renewable energies (wind/solar) and electronics, as well as chemicals and pharmaceuticals, which are expanding rapidly in Asia.

Leveraging its buoyant markets, its powerful manufacturing base and its proximity to its customers, **Carbone Lorraine aims to derive 20% to 25% of its sales from Asia by 2011.**

Graphite production capacity set to double over the long term

The new Chinese plant, which is located in the city of Chongqing, employs cutting-edge technologies. Serving the entire Asian market, its production will notably supply the Group's network of local workshops in Asia, which lie at the heart of the markets expanding most rapidly.

The Chinese plant's production is set to complement output from the St Mary's plant in the US, which is operating at full tilt. The new unit has been designed to achieve a capacity equivalent to that of the US facility within several years, i.e. around 5,000 tonnes p.a.

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This doubling in capacity is set to strengthen the Group considerably in **graphite-based specialty products**, its field of excellence.

Carbone Lorraine is currently the world's second-largest producer of isostatic graphite.

A major advantage for expansion in buoyant markets

The start-up of this plant has come at the perfect time because demand for graphite is increasing steeply owing to the rapid development of the **photovoltaic industry**.

From 2010, at least 8 to 10,000 tonnes of graphite will be needed to produce the silicon used to manufacture solar panels. This figure needs to be seen in the context of the current worldwide production capacity of isostatic graphite, which stands at around 25,000 tonnes p.a.

The new facility in Chongqing thus lies at the heart of the region, which is enjoying the strongest growth in the world, not only in the solar industry, but also in the very fast-expanding electronics markets and in more traditional sectors, such as fine chemicals, plastics manufacturing and refractories.

A major contribution to achievement of the Group's growth targets

The Chongqing plant and the high-precision machining workshops that will transform its graphite blocks will thus make a substantial contribution to achievement of Carbone Lorraine's strategic objectives. Assuming economic conditions remain as they currently are, we aim to post sales of €1 billion and a return on capital employed of 17% before tax by 2011.

PRESS RELEASE

Paris, October 11, 2007

About Carbone Lorraine

Carbone Lorraine is a world leader in graphite solutions and electrical components. The Group specialises in the use of high-tech materials in highly demanding industrial environments and in the development of systems essential to a safe electrical motors' operation and to the protection of electrical equipment. With more than 85% of its sales achieved outside France, the Group holds leadership positions in all of its core businesses.

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| Advanced Materials and Technologies | - World number one in graphite anticorrosion equipment |
| | - World number two in high-temperature applications of isostatic graphite |
| Electrical Applications | - World number one in brushes for electric motors |
| Electrical Protection | - World number one in fuses for power semiconductors |
| | - World number two in industrial fuses |

*The Group is listed on the Premier Marché of the Paris Stock Exchange and is a constituent of the CAC Mid100, SBF120 and Next 150 indices.
Bloomberg ticker: **CRL FP** – Reuters ticker: **CBLP.PA***



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