

CARBONE LORRAINE

Dedicated Innovation, Dedicated Partner



**Strong growth in sales during the fourth quarter
7% increase in recurring operating income
Automobile goodwill written off
2011 expansion plan targets reiterated**

Paris, January 31, 2008

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2007 Sales (unaudited)

Over 2007 as a whole, Carbone Lorraine posted strong growth in its sales to €694 million, representing increases of 8.4% on a reported basis, + 10% on a like-for-like basis and + 12% at constant exchange rates.

During the fourth quarter of 2007, sales came to €173 million, representing another strong increase of + 10% on a like-for-like basis.

Sales (unaudited)	Q4 2007 (€ m)	% change.* Q4 2007/ Q4 2006	Full-year 2007 (€ m)	% change.* Full-year 2007/ Full-year 2006
Advanced Materials and Technologies	66	+6%	263	+8%
Electrical Applications	49	+9%	201	+6%
Electrical Protection	58	+15%	230	+14%
Group total	173	+ 10%	694	+ 10%

**on a like-for-like basis*

In the remainder of this press release, all the sales growth figures are indicated on a like-for-like basis, unless stated otherwise.

Advanced Materials and Technologies

The sales recorded by the Advanced Materials and Technologies division increased by 6% during the fourth quarter of 2007.

Demand for graphite equipment for the solar, aerospace and refractory industries was very strong during the quarter. Business trends were particularly brisk in Asia, especially in China.

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Sales of anticorrosion equipment held up at the high level seen during the fourth quarter of 2006 thanks to substantial deliveries to the fertilizer industry in Morocco.

The fourth quarter of 2007 was marked by the successful start-up of the new graphite production plant in China.

All in all, 2007 sales advanced by 8% to €263 million.

Electrical Applications

The sales posted by the Electrical Applications division rose by 9% during the fourth quarter of 2007.

Sales of brushes and metal systems for industrial motors posted another very strong rise during the quarter. Growth was particularly strong in wind energy and mining.

The fourth quarter was marked by the end of the transfer to India of US brush production lines dedicated to the automobile market, a move completed on time and on budget.

Over the full year, divisional sales came to €201 million, representing an increase of 6%.

Electrical Protection

The sales recorded by the Electrical Protection division again posted very strong growth, which reached 15% during the fourth quarter of 2007.

Strong top-line growth was posted both in semiconductor protection and general-purpose fuses. A very steep increase was also registered in developing business activities, such as coolers, medium-voltage protection and high-power switches.

Sales advanced across all the Group's geographical regions, notably in the US where sales moved up 12% during the quarter.

Over the year as a whole, the Electrical Protection division's sales advanced by 14% to €230 million.

2007 results (unaudited) and outlook

The Board of Directors has conducted a preliminary review of its 2007 financial statements. As expected, recurring operating income rose by 7% over the full year and is expected to reach €71 million.

In particular, the Board of Directors carried out a detailed valuation of the "brushes for automobiles" business. This review highlighted that the possible sale of this unit over the next few years could give rise to a loss owing to the size of the related goodwill. Accordingly, the Board has decided to write off the related goodwill in full in the 2007 financial statements. This will lead to a net charge of €18 million. As a result, our unaudited net income is estimated at around €16 million.

This write-off is not expected to affect cash generation, which remained healthy during the 2007 financial year. The Group's net debt/equity and net debt/EBITDA ratios are estimated at 62% and 2.0x respectively in spite of the heavy investments made under the 2011 expansion plan.

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Thanks to this healthy cash generation and the Group's positive sales dynamics at present, the Board of Directors has now decided to propose payment of a dividend at least equal to that paid in 2007 to shareholders at the Annual General Meeting.

The firm performance of markets at presents augurs well for a good start to the year. In addition, the Group's geographical and commercial positioning, plus the ramp-up in its major expansion projects, should enable it to hold up if the economic environment were to become less supportive. Carbone Lorraine is thus reiterating the sales and profitability targets presented in its 2011 expansion plan.

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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.

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| 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***



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