



*Not for distribution in the United States, in Canada, in Australia or in Japan*

Carbone Lorraine announces today the terms of its fully underwritten €63.4 million share capital increase with preferential subscription rights for existing shareholders, the principle of which was announced during the Investor Day of September 16th, 2009.

The use of proceeds of the present capital increase is to allow the Company to reduce its indebtedness in order to continue its industrial investments (depending on economic recovery) and targeted acquisitions program (such as the acquisition of the remaining 40% in Calcarb). These proceeds could be partially used to temporarily reduce drawings on syndicated loans.

AXA Private Equity and Sofina, the two main shareholders, with respectively 16.4% and 7.2% of the capital, show their support for this strategy by undertaking to subscribe to their *pro-rata* share of the capital increase.

The remainder of the capital increase is underwritten by a syndicate of banks composed of HSBC and Société Générale Corporate & Investment Banking as Joint Lead Managers and Bookrunners.

The company points out the fact that the strategy described in the "Expansion 2011" plan presented in September 2008 is confirmed. This plan included a sale target of €1.1 billion (before the disposal of the carbon brushes business for automotive applications) and a target of 18% for the return on capital employed before tax. However, it is not possible at present to tell exactly when the anticipated growth will arrive, since economists are as yet unable to predict how and when the economy will emerge from the slump. The company therefore confirms these targets but cannot specify the timetable. Therefore, the €500 million investment plan that was initially announced may not be fully achieved. It will be possible to redefine it with precision only when the economic situation allows a better visibility.

#### **Terms and timetable of the share capital increase**

This €63.4 million share capital increase will be realized via the issuance of 3,730,044 new shares at a subscription price of €17 per share (i.e. €2 par value and a €15 issue premium) on the basis of 4 new shares for 17 existing shares.

**C O M M U N I Q U É**

Paris, September 18<sup>th</sup> 2009

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The number of new shares could be brought to a maximum of 3,756,868 new shares in case of the exercise, before September 25<sup>th</sup>, 2009, of all the share warrants (“BSAAR”).

The cap of the authorization given on May 19, 2009 applies to all share capital increases, including the ones made within the frame of the PACEO. After this transaction and given the PACEO uses already made, 43,132 shares could be issued. The Company commits not to make any issuance pursuant to the May 19, 2009 authorization.

Based on the €25.83 closing price of Carbone Lorraine shares on September 17<sup>th</sup>, 2009, the issue price represents a 29.6% discount to the theoretical ex-right price and a 34.2% discount to closing price.

Each shareholder of Carbone Lorraine will receive one preferential subscription right per share held at the close of trading on September 18<sup>th</sup>, 2009<sup>1</sup>. 17 preferential subscription rights will enable their holders to subscribe for 4 new shares.

The share capital increase will be open to the public in France only. The subscription period will start on September 21<sup>th</sup>, 2009 and end on October 2<sup>nd</sup>, 2009 inclusive. During this period, preferential subscription rights will be listed and traded on Euronext Paris (ISIN FR0010805614 Code).

New shares possibly not taken up by irrevocable subscriptions (*à titre irréductible*) will be distributed and allocated to the holders having submitted additional subscription orders (*à titre réductible*). Each holder will be allocated additional new shares up to the number of additional new shares for which each holder has submitted subscription orders but in proportion to the number of rights exercised, provided that as a result of such allocation, no fractional share will be allotted. Settlement and delivery of the new shares is scheduled to take place on October 16<sup>th</sup>, 2009.

The new shares will carry rights to dividends immediately upon their issuance, and will be entitled to all distributions declared by Carbone Lorraine from this date. The new shares will fungible with existing shares already trading on the Euronext Paris stock market under the same ISIN FR0000039620 Code.

The centralisation agent is Société Générale Securities Services / Global Issuer Services, BP 81236, 32 rue du Champ-de-Tir, 44312 Nantes Cedex 03.

### **Information available to the public**

The French prospectus, approved by the *Autorité des marchés financiers* (the “AMF”, the French Securities Regulator), is available free of charge on the Carbone Lorraine ([www.carbonelorraine.com](http://www.carbonelorraine.com)) and on the AMF website ([www.amf-france.org](http://www.amf-france.org)), or upon request from Carbone Lorraine, HSBC and Société Générale.

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<sup>1</sup> As well as holders of shares resulting from the exercise of BSAAR before September 24<sup>th</sup>, 2009 11:59pm, Paris time.

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The prospectus, approved by the AMF on September 17<sup>th</sup>, 2009 under n°09-261, consists of the reference document (*document de référence*) of Carbone Lorraine, filed with the AMF on March 17<sup>th</sup>, 2009 under number D.09-0127, the update of the reference document (*actualisation du document de référence*) filed with the AMF on September 17<sup>th</sup>, 2009 under number D.09-0127 A1, and a "note d'opération" that includes a summary of the prospectus.

Carbone Lorraine draws the attention of investors to the risk factors in the prospectus approved by the AMF.

### 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 Components and Technologies:

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 Euronext Paris, Compartiment B 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](http://www.carbonelorraine.com)

COMMUNIQUÉ

Paris, September 18<sup>th</sup> 2009

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