

Carbone Lorraine to build a graphite plant in China

Carbone Lorraine is pleased to announce that it has received approval from the Chinese authorities to build and operate an isostatic graphite block plant in China.

A major development in China ...

After comparing the terms and conditions proposed by several municipalities, Carbone Lorraine finally chose the city of Chongqing. With more than 30 million inhabitants, this agglomeration offers an economical and logistical environment in line with the demanding standards of competitiveness and service quality of the Group.

The new Chinese site will use a technology developed in France. It should deliver its first blocks in the course of 2006. It is targeting the fast growing Asian markets. It will supply the new machine shops that Carbone Lorraine will inaugurate in the coming weeks in Shanghai (China) and Bangalore (India).

Mrs Dong Xiaoping, deputy-mayor of Chongqing commented : “The municipality of Chongqing is pleased to welcome a leader in the graphite specialty industry and is willing to bring Carbone Lorraine all the necessary support to an industrial project which is important for our city.”

... strengthening a global leadership position...

The Chinese plant will complement the site of St Marys (Pennsylvania), which is running at full capacity and is currently being expanded. In the future, the American plant will be the privileged basis for new developments and for servicing the US and part of the European markets.

The new plant is designed to reach in two steps the capacity of the American unit. By doubling its size, Carbone Lorraine further strengthens its position in its field of excellence: graphite specialty products. These products are critical for the success of numerous industrial applications in the electronic, aerospace, chemical, pharmaceutical and electrical equipment industries, which are growing specially fast in Asia. The Chinese plant will also further improve the Group cost position, already the best thanks to St Marys. Carbone Lorraine is presently the second isostatic graphite producer by the size, and the most profitable.

...and a masterpiece in the Group growth strategy

Commenting this very significant investment, Claude Coccozza,, Chairman and CEO of Carbone Lorraine declared: “This project is indeed fully integrated in our development strategy in Asia, which involves all our activities. The Chinese plant and the related machine shops are a major project. Its financing relies on the success of our recent capital increase. This new unit is also a masterpiece in our overall growth strategy, which is targeting an additional growth of 4 to 5 percentage points over the next 5 years.”.

Carbone Lorraine is a worldwide specialist in advanced materials for extreme environments and in mission-critical electrical components for industry. The Group holds leadership positions in its core businesses:

- Advanced Materials and Technologies
 - World #1 in anti-corrosion equipment
 - World #2 in high-temperature applications of graphite
- Electrical Components:
 - World #1 in brushes for electric motors
 - World #2 in industrial fuses

The Group is listed on the Premier Marché of the Paris Stock Exchange and is a constituent of the SBF 120 and Next 150 indices.

For further information, please visit our web site at www.carbonelorraine.com.

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