

CARBONE LORRAINE

Dedicated Innovation, Dedicated Partner



Further sales growth during the third quarter of 2006

Paris, October 25th, 2006

1

During the third quarter of 2006, Carbone Lorraine posted consolidated sales of €155 million, up 5.5% on a reported basis and up 7% at constant exchange rates. On a like-for-like basis, i.e. without including the sales generated by US company Graphite Engineering & Sales, which was acquired at the beginning of February, the increase in sales came to 4%.

Over the first nine months of the year, sales amounted to €479 million, up 11% on a reported basis, up 10% at constant exchange rates and up 7% on a like-for-like basis.

Sales (<i>Unaudited</i>)	Q3 2006 (€ m)	% change Q3 2006/ Q3 2005	9 months 2006 (€ m)	% change 9 months 2006/ 9 months 2005
Advanced Materials and Technologies	60	+3%	182	+8%
Electrical Applications	44	-1%	144	+1%
Electrical Protection	51	+11%	153	+13%
Group total	155	+4%	479	7%

** 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

During the third quarter, the sales posted by the Advanced Materials and Technologies division increased by 3% on a like-for-like basis and by 11% taking into account the consolidation of Graphite Engineering & Sales.

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The quarterly growth rate was held back by the impact of the substantial deliveries of anticorrosion equipment made during the third quarter of 2005.

Sales again recorded strong growth in the electronics, solar energy and aerospace markets. They moved lower in aerospace and rail braking, but the division booked high new orders of brake linings for high-speed trains during the quarter.

Business trends remained brisk in the chemicals and pharmaceuticals markets in spite of the postponement of a substantial order until early 2007 because of a delay in delivery by a supplier.

All in all, the Advanced Materials and Technologies again posted highly favorable sales trends. Over the first nine months of the year, sales rose by 8% to €182 million.

Electrical Applications

The Electrical Applications division recorded a slight decline of 1% in its sales compared with the year-earlier period.

This drop was attributable to the production cutbacks made by US carmakers during 2005. In response, Carbone Lorraine has made adjustments to its production facilities and transferred to France and India the North American production lines manufacturing brushes for automobile auxiliary motors.

At end-September, sales advanced by 1% to €144 million.

Electrical Protection

The Electrical Protection division posted brisk sales growth, with the top line moving up 11% during the quarter.

Business trends were firm across all geographical regions both in general-purpose fuses and semiconductor protection fuses.

Over the first nine months of the year, sales rose by 13% to €153 million.

Outlook

Business trends are expected to remain firm in the fourth quarter, although with a growth rate capped by the very substantial deliveries of anticorrosion equipment made in the fourth quarter of 2005.

In spite of this effect, sales growth over fiscal 2006 is likely to approach 8% at constant exchange rates and 6% on a like-for-like basis.

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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.

- 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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