

**Joint venture between Carbone Lorraine and
Kirkwood Industries in North America**

Groupe Carbone Lorraine has announced the formation of a joint venture with Kirkwood Industries in the USA.

The new joint venture, Carbone Kirkwood LLC, encompasses Carbone Lorraine's and Kirkwood's automobile brush for small electric motor businesses in North America, as well as Kirkwood's carbon disks for commutator activities. During 2002, the businesses transferred by Carbone Lorraine and Kirkwood Industries to the joint venture posted sales of €18 million and €10 million, respectively. Carbone Lorraine's brushcards business, which notably derived from the acquisition of AVO in 2001, does not form part of the joint venture.

The transaction has been structured as a contribution of the relevant assets by each of the partners. Carbone Lorraine holds 70% of the joint venture and has an option to buy out the interest held by Kirkwood Industries in 2005.

The formation of this joint venture will enable Carbone Lorraine to bolster the competitiveness and profitability of its brush for small electric motor business. Substantial economies of scale will flow from the transfer of Kirkwood's equipment and business to Farmville (Carbone Lorraine's plant in Virginia). The effects of this transfer will show up from the end of 2003.

The pooling of Carbone Lorraine's and Kirkwood's technology in carbon commutators (used notably in fuel pumps) will give Carbone Lorraine a leadership position in this fast growing segment.

This deal fits perfectly with Carbone Lorraine's strategy of bolstering its leadership positions in each of its activities by increasing its market share and lowering its production costs.

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Reminder:

Carbone Lorraine is an industrial group specialising in electrical components (brushes for electric motors, magnets and industrial fuses) and advanced materials and technologies. Well-established world-wide, the Group holds world-class positions in all its main markets :

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| ▪ <i>Electrical Applications</i> | <i>World no. 2 in brushes for electric motors</i> |
| ▪ <i>Permanent Magnets</i> | <i>World no. 3 in magnets for the automobiles</i> |
| ▪ <i>Electrical Protection</i> | <i>World no. 2 in industrial fuses</i> |
| ▪ <i>Advanced Materials & Technologies</i> | <i>World no. 1 in thermal anti-corrosion equipment</i> |

The Group is listed on the Premier Marché of the Paris Stock Exchange. It is part of the SBF 120 and Euronext 150 indices.

For further information, visit our website : www.carbonelorraine.com

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