



The Combined General Meeting of Carbone Lorraine's shareholders was held on December 12, with the Board of Directors in attendance.

In their presentation of the Expansion 2011 plan, Claude Coccozza, Chairman and Chief Executive Officer, Ernest Totino, Chief Operating Officer, and Jean-Claude Suquet, Chief Financial Officer, emphasized the following points:

■ **Confirmation of the objectives for 2008:** energy efficiency, Asia, innovation and acquisitions will enable Carbone Lorraine, as forecast, to post a strong performance in 2008. The Group is thus set to reach its targets of sales growth of 8% on a like-for-like basis and of a 10% increase in its operating income before non-recurring items.

■ **Expansion 2011 plan:** Together with growing awareness of environmental issues, the ramp-up in energy demand is driving strong and irreversible growth in renewable energies, creating an historic opportunity for Carbone Lorraine. To capitalize on it, the Group plans to increase its program of modular investments to €420 million in order to increase its production capacity for the solar and wind energy industry.

Based on the financial and economic data currently at its disposal, the Company is reiterating the objectives stated in its Expansion 2011 plan, which targets sales of €1.1 billion and ROCE of 18%.

■ **Financing:** Carbone Lorraine has three sources of financing at its disposal, i.e. cash generated by its operations, the credit lines renegotiated this year, which amount to over \$420 million and a **PACEO (medium-term equity financing facility) program**, which was approved by the General Meeting of the shareholders. The PACEO is a medium-term equity financing facility not exceeding €75 million, which will result in the issue of 2,500,000 share issuance rights reserved for Société Générale. The precise terms and conditions of the PACEO program are presented in an offering circular, which is available for download from the web site of the Autorité des Marchés Financiers under visa no. 08-271 (www.amf-France.org).

The share issuance rights are to be subscribed by December 17, 2008 by Société Générale. They may then be exercised, solely at Carbone Lorraine's request, during a two-year period in tranches not exceeding a maximum number of 400,000 shares. The total number of shares that may be issued by the end of the two-year period will not exceed 2.5 million, i.e. 17.5% of the share capital prior to any issues. For each tranche, the issue price will be a function of the share price, when the capital is raised, less a discount not exceeding 10%. This discount can be analyzed as a risk premium for Société Générale, which has undertaken to subscribe then resell on each occasion all or some of the shares irrespective of any major volatility affecting the financial markets. Société Générale, which is underwriting the transaction, acts as a financial intermediary and will not retain an interest in the Company's share capital.

P R E S S R E L E A S E

The General Meeting of the shareholders voted on and passed all the resolutions submitted for its approval. In addition to the PACEO program, the resolutions adopted by the General Meeting focused on two aspects:

■ **Manager and employee motivation:** Motivation will be a crucial factor for the success of the Expansion 2011 plan, especially if economic conditions experience the forecast downturn. To this end, the General Meeting authorized grants of options and allotments of bonus performance shares. These measures are consistent with the recent recommendations contained in the AFEP-MEDEF's corporate governance code, which the Board decided to apply from October 17.

■ **Corporate governance:** shortening of directors' term in office to four years; approval of the agreement with the Chief Operating Officer and appointment of three new directors, namely Marc Speeckaert representing Sofina, Dominique Gaillard and Yann Chareton representing AXA Private Equity.

Sofina holds around 6% and AXA Private Equity around 17% of the Company's share capital.

During the General Meeting, a representative of AXA Private Equity stated that three of the provisions contained in the agreement between AXA Private Equity and Carbone Lorraine announced on July 10, 2008 had become null and void. Specifically, these concern:

- the cap on AXA Private Equity's shareholding
- the self-imposed limit on AXA Private Equity's voting rights
- the inalienability of the shares acquired by AXA Private Equity

AXA Private Equity and Carbone Lorraine reiterated that the agreement provides for the three aforementioned provisions to become null and void automatically, notably when the volume-weighted average share price over a period of 20 consecutive trading sessions falls more than 25% below the weighted average cost of AXA Capital's shareholding in Carbone Lorraine, which is now the case.

The other provisions of the agreement, notably those related to governance issues and the orderly sale of the shares remain in full force.

During the General Meeting, AXA Private Equity reiterated its desire to support the Group over the long term in support of Carbone Lorraine's strategy and growth. This stance received firm support at the General Meeting since the appointment of Dominique Gaillard and Yann Chareton to the Board was approved by a very large majority.

P R E S S R E L E A S E

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***



Visit our website at www.carbonelorraine.com

Investor and Analyst Relations

Carbone Lorraine
Sébastien Desarbres

Tel.: +33 (0)1 46 91 54 49
dri@carbonelorraine.com
www.carbonelorraine.com

Press Relations

Publicis Consultants
Vilizara Lazarova

Tel.: +33 (0)1 44 43 74 81
vilizara.lazarova@consultants.publicis.fr

P R E S S R E L E A S E