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## CARBONE LORRAINE LAUNCHES A CAPITAL INCREASE

Carbone Lorraine launches a capital increase through an issue of shares with preferential subscription rights for shareholders for a gross amount of €63 million including the issue premium.

BNP Paribas and Calyon are the lead managers for this issue.

- Carbone Lorraine shareholders may subscribe by way of right and for excess shares for 2 new shares for each 9 existing shares held. The issue will lead to the issuance of 2 489 420 new shares ranking for dividend payments from January 1, 2004.
- The issue price is €25.30 per share, including the issue premium.
- The subscription period will run from September 23, 2004 to October 6, 2004 inclusive.
- The new shares are due to be listed on October 19, 2004.
- The theoretical value of the preferential subscription rights is €1.53 (based on Carbone Lorraine's closing share price on the Premier Marché of Euronext Paris S.A. on September 14 2004, i.e. €33.70).

Carbone Lorraine's principal shareholder, BNP Paribas, has undertaken to subscribe to the increase of share capital in proportion to its shareholding, i.e. 20.97%.

The proceeds of this capital increase will help the Group to implement several organic growth projects geared to meeting three priorities:

- moving into new markets;
- stepping up the pace of its geographical expansion, principally in Asia;
- pursuing a brand labeling strategy;

as well as seizing opportunities for selective acquisitions.

*This announcement is not an offer for sale of securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended. Carbone Lorraine does not intend to register any portion of the offering of the securities in the United States or to conduct a public offering of the securities in the United States. Any offer of the securities to be made in the United States will be made only by means of an offering memorandum, which will contain detailed information about the company and its management and financial statements. Copies of this announcement are not being made and may not be distributed or sent into the United States, Canada or Japan.*

*This communication is directed only at persons who (i) are outside of the United Kingdom or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (all such persons together being referred to as "relevant persons"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.*

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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:*

- *Electrical Applications*
- *Permanent Magnets*
- *Electrical Protection*
- *Advanced Materials & Technologies*
- *World # 1 in brushes for electric motors*
- *World # 3 in magnets for automobiles*
- *World # 2 in industrial fuses*
- *World # 1 in thermal anti-corrosion equipment*
- *World # 2 in high-temperature applications of isostatic graphite*

*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.*

**To find out more about the Group, please visit our website at [www.carbonelorraine.com](http://www.carbonelorraine.com)**

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