

To Our Shareholders:

2-3, Kita-Aoyama 1-Chome, Minato-ku,
Tokyo

Tokai Carbon Co., Ltd.

Hajime Nagasaka, President and CEO

Notice of the 154th Annual Meeting of Shareholders

The Company would hereby like to request shareholders to attend the Company's 154th Annual Meeting of Shareholders as described below.

If you are unable to attend the meeting on the date, you may also exercise your voting rights in writing or via the Internet, etc., as described in the "Guidance on Exercising Your Voting Rights" on page 2. We kindly request you to read the following "Reference Document for the Annual Meeting of Shareholders" and exercise your voting rights no later than 5:40 p.m., March 29, 2016 (Tuesday).

Sincerely yours,

1. **Date:** 10:00 a.m., March 30 (Wednesday), 2016
2. **Venue:** 10F, Aoyama Bldg.
Tokai Carbon Head Office
2-3, Kita-Aoyama 1-Chome, Minato-ku, Tokyo
(Please refer to the details on the last page.)
3. **Purposes:**
 - Items to be reported:**
 1. The business report, the consolidated financial statements and the results of consolidated financial statement audits by the Accounting Auditor and the Board of Auditors for the 154th business period (January 1, 2015 to December 31, 2015)
 2. The non-consolidated financial statements for the 154th business period (January 1, 2015 to December 31, 2015)
 - Items to be resolved:**
 - Agenda No. 1:** Appropriation of Retained Earnings
 - Agenda No. 2:** Partial Changes to the Articles of Incorporation
 - Agenda No. 3:** Election of Eight (8) Directors
 - Agenda No. 4:** Election of Four (4) Auditors
 - Agenda No. 5:** Election of One (1) Substitute Auditor

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1. When you attend the meeting, we kindly request that you submit the enclosed voting form to the receptionist at the venue.
 2. If there are any revisions to the Reference Document for the Annual Meeting of Shareholders, the business report, the consolidated financial statements and the non-consolidated financial statements, such revisions will be posted on the Company's website. (URL: <http://www.tokaicarbon.co.jp/>)

Reference Document for the Annual Meeting of Shareholders

Agenda No. 1: Appropriation of Retained Earnings

The Company would like to appropriate retained earnings as follows.

With the aim of increasing shareholder returns, enhancing corporate value, and strengthening the operating base of the Tokai Carbon Group as a whole, the Company has adopted a policy of setting dividends based on its earnings status viewed from a medium-term perspective, while also maintaining sufficient retained earnings.

The Company plans to pay a year-end dividend of ¥3 per share, which is the same as the interim dividend, in consideration of the business results of the period, the economic environment surrounding the Company and other factors. The year-end dividend will bring the total 2015 dividend, including the interim dividend, to ¥6 per share.

1. Type in which dividends are paid
Cash payment
2. Allocation of dividends and total amount of dividends
¥3 per common share of the Company Total ¥639,555,426
3. Effective date on which dividends are disbursed from retained earnings
March 31, 2016.

Agenda No. 2: Partial Changes to the Articles of Incorporation

1. Reasons for proposal

- 1) In light of the prevalence of the Internet and in accordance with the provisions of the Ordinance of the Ministry of Justice, a new article will be added, thereby stipulating the Internet disclosure and deemed provision of the “Reference Document for the Annual Meeting of Shareholders,” and other supplementary materials. For this purpose, Article 17 and subsequent Articles currently in effect will be renumbered by moving the Article numbers down one number.
- 2) To enable Directors and Auditors to adequately fulfill their expected roles, necessary changes will be made to Articles 25 (Exemption from Liability of External Directors) and 32 (Exemption from Liability of External Auditors) that are currently in effect. As a result of these changes, Directors and Auditors are exempted from liability within the range stipulated by the law based on the resolution adopted by the Board of Directors.

In addition, with the enactment of the Act for Partial Revision of the Companies Act (Act No. 90 of 2014) on May 1, 2015, the Company is allowed to enter into a liability limitation agreement with its Directors (excluding Executive Directors, etc.) and Auditors (excluding External Auditors). To enable these Directors and Auditors to adequately fulfill their expected roles pursuant to this Act, necessary changes will be made to Articles 25 (Exemption from Liability of External Directors) and 32 (Exemption from Liability of External Auditors) that are currently in effect.

The consent of each Auditor has been obtained regarding the changes to Article 25 (Exemption from Liability of External Directors) currently in effect.

- 3) As for Articles 19 and 29 that are currently in effect, only the presentation will be changed to clarify the description. There will be no change to the contents.

2. The contents of changes

The contents of changes are described below.

(Underlined portions represent changes.)

Current	Proposed revision
Newly Added	<u>Article 17. (Internet disclosure of Reference Document for Annual Meeting of Shareholders and other supplementary materials)</u> <u>The Company, when convening an annual meeting of shareholders, may be deemed to have provided its shareholders with necessary information (i.e., information on matters that should be described or indicated in the reference document for the annual meeting of shareholders, business report, financial statements and consolidated financial statements) by disclosing it via the Internet pursuant to the provisions stipulated by the law.</u>
Article <u>17</u>. (Resolutions) 1. Unless otherwise provided in applicable laws and regulations or in the Company's Articles of Incorporation, resolutions of shareholders meetings shall be adopted by a majority of the votes held by the shareholders entitled to vote present in person at such meeting. 2. Unless otherwise provided in applicable laws and regulations, special resolutions stipulated in Article 309, Paragraph 2 of the Companies Act shall be adopted by two-thirds (2/3) or more of the votes represented in person at a meeting where shareholders holding one-third (1/3) or more of the votes of shareholders entitled to vote are present.	Article <u>18</u>. (Resolutions) 1. Unless otherwise provided in applicable laws and regulations or in the Company's Articles of Incorporation, resolutions of shareholders meetings shall be adopted by a majority of the votes held by the shareholders entitled to vote present in person at such meeting. 2. Unless otherwise provided in applicable laws and regulations, special resolutions stipulated in Article 309, Paragraph 2 of the Companies Act shall be adopted by two-thirds (2/3) or more of the votes represented in person at a meeting where shareholders holding one-third (1/3) or more of the votes of shareholders entitled to vote are present.

Current	Proposed revision
CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS Article <u>18</u>. (Number of Directors) The Company shall have no more than thirteen (13) Directors. Article <u>19</u>. (Election) 1. Directors shall be elected at a shareholders meeting. 2. A resolution for the election set forth in the preceding paragraph <u>shall require the presence of shareholders holding one-third (1/3) or more of the votes of shareholders entitled to vote.</u> 3. No cumulative voting shall be used for the election of Directors. Article <u>20</u>. (Term of Office) The term of office of Directors shall be until the close of the annual shareholders meeting pertaining to the last fiscal year within one (1) year following their election. Article <u>21</u>. (Representative Director) 1. The Representative Director shall be appointed by a resolution of the Board of Directors. 2. The Representative Director shall represent the Company and execute its business. Article <u>22</u>. (Board of Directors) 1. The Board of Directors shall determine the matters stipulated in applicable laws and regulations or in these Articles of Incorporation as well as the material matters relating to the execution of business. 2. One (1) Chairperson of the Board of Directors, Vice Chairperson of the Board of Directors and President and Director, as well as several Executive Vice Presidents, Senior Managing Directors and Managing Directors may be appointed by a resolution of the Board of Directors. 3. Executive Vice Presidents, Senior Managing Directors and Managing Directors shall execute their business by assisting the Representative Director. Article <u>23</u>. (Notice of Board of Directors Meeting) 1. Notice of any Board of Directors meeting shall be given to each Director and each Auditor at least three (3) days prior thereto; provided, however, that in the event of any emergency, such period may be shortened. 2. If the consent of all Directors and Auditors is obtained, Board of Directors meetings may be held without following the convocation procedures. Article <u>24</u>. (Omission of Resolution of Board of Directors) If the Company satisfies the requirements stipulated in Article 370 of the Companies Act, resolutions of the Board of Directors shall be deemed to have been adopted. Article <u>25</u>. (Exemption from Liability of <u>External Directors</u>)	CHAPTER IV. DIRECTORS AND BOARD OF DIRECTORS Article <u>19</u>. (Number of Directors) The Company shall have no more than thirteen (13) Directors. Article <u>20</u>. (Election) 1. Directors shall be elected at a shareholders meeting. 2. A resolution for the election set forth in the preceding paragraph <u>shall be adopted by a majority of the votes represented in person at a meeting where shareholders holding one-third (1/3) or more of the votes of shareholders entitled to vote are present.</u> 3. No cumulative voting shall be used for the election of Directors. Article <u>21</u>. (Term of Office) The term of office of Directors shall be until the close of the annual shareholders meeting pertaining to the last fiscal year within one (1) year following their election. Article <u>22</u>. (Representative Director) 1. The Representative Director shall be appointed by a resolution of the Board of Directors. 2. The Representative Director shall represent the Company and execute its business. Article <u>23</u>. (Board of Directors) 1. The Board of Directors shall determine the matters stipulated in applicable laws and regulations or in these Articles of Incorporation as well as the material matters relating to the execution of business. 2. One (1) Chairperson of the Board of Directors, Vice Chairperson of the Board of Directors and President and Director, as well as several Executive Vice Presidents, Senior Managing Directors and Managing Directors may be appointed by a resolution of the Board of Directors. 3. Executive Vice Presidents, Senior Managing Directors and Managing Directors shall execute their business by assisting the Representative Director. Article <u>24</u>. (Notice of Board of Directors Meeting) 1. Notice of any Board of Directors meeting shall be given to each Director and each Auditor at least three (3) days prior thereto; provided, however, that in the event of any emergency, such period may be shortened. 2. If the consent of all Directors and Auditors is obtained, Board of Directors meetings may be held without following the convocation procedures. Article <u>25</u>. (Omission of Resolution of Board of Directors) If the Company satisfies the requirements stipulated in Article 370 of the Companies Act, resolutions of the Board of Directors shall be deemed to have been adopted. Article <u>26</u>. (Exemption from Liability of <u>Directors</u>) <u>1. Subject to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, based on the resolution of its Board of Directors, exempt its Directors (including former Directors) from their liabilities under Article 423, Paragraph 1 of the said Act.</u>

Current	Proposed revision
Subject to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may execute an agreement with <u>an external Director</u> that restricts liabilities resulting from acts under Article 423, Paragraph 1 of the said Act; provided, however, that the limited amount of liabilities under such agreement shall be the amount specified in applicable laws and regulations. Article <u>26</u>. (Regulations on Board of Directors) Other matters concerning the Board of Directors shall be governed by the regulations on Board of Directors separately set out by the Board of Directors. Article <u>27</u>. (Senior Advisors and Consultants) The Company may appoint several senior advisors and consultants by a resolution of the Board of Directors. CHAPTER V. AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD Article <u>28</u>. (Number of Auditors) The Company shall have no more than four (4) Auditors. Article <u>29</u>. (Election) 1. Auditors shall be elected at a shareholders meeting. 2. A resolution for the election set forth in the preceding paragraph <u>shall require the presence of shareholders holding one-third (1/3) or more of the votes of shareholders entitled to vote.</u> Article <u>30</u>. (Term of Office) 1. The term of office of Auditors shall be until the close of the annual shareholders meeting pertaining to the last fiscal year within four (4) years following their election. 2. The term of office of any Auditor appointed to fill a vacancy of an Auditor who vacated the office prior to the termination of his/her term shall be only for the remainder of the term of the vacating Auditor. Article <u>31</u>. (Board of Auditors) 1. The Board of Auditors shall determine the matters stipulated in applicable laws and regulations or in these Articles of Incorporation as well as the matters relating to the execution of duties of Auditors; provided, however, that this may not preclude Auditors from exercising their authority. 2. Notice of any Board of Auditors meeting shall be given to each Auditor at least three (3) days prior thereto; provided, however, that in the event of any emergency, such period may be shortened. 3. If the consent of all Auditors is obtained, meetings of Board of Auditors may be held without following the convocation procedures. Article <u>32</u>. (Exemption from Liability of <u>External Auditors</u>)	<u>2</u>. Subject to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may execute an agreement with <u>a Director (excluding Executive Directors, etc.)</u> that restricts liabilities resulting from acts under Article 423, Paragraph 1 of the said Act; provided, however, that the limited amount of liabilities under such agreement shall be the amount specified in applicable laws and regulations. Article <u>27</u>. (Regulations on Board of Directors) Other matters concerning the Board of Directors shall be governed by the regulations on Board of Directors separately set out by the Board of Directors. Article <u>28</u>. (Senior Advisors and Consultants) The Company may appoint several senior advisors and consultants by a resolution of the Board of Directors. CHAPTER V. AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD Article <u>29</u>. (Number of Auditors) The Company shall have no more than four (4) Auditors. Article <u>30</u>. (Election) 1. Auditors shall be elected at a shareholders meeting. 2. A resolution for the election set forth in the preceding paragraph <u>shall be adopted by a majority of the votes represented in person at a meeting where shareholders holding one-third (1/3) or more of the votes of shareholders entitled to vote are present.</u> Article <u>31</u>. (Term of Office) 1. The term of office of Auditors shall be until the close of the annual shareholders meeting pertaining to the last fiscal year within four (4) years following their election. 2. The term of office of any Auditor appointed to fill a vacancy of an Auditor who vacated the office prior to the termination of his/her term shall be only for the remainder of the term of the vacating Auditor. Article <u>32</u>. (Board of Auditors) 1. The Board of Auditors shall determine the matters stipulated in applicable laws and regulations or in these Articles of Incorporation as well as the matters relating to the execution of duties of Auditors; provided, however, that this may not preclude Auditors from exercising their authority. 2. Notice of any Board of Auditors meeting shall be given to each Auditor at least three (3) days prior thereto; provided, however, that in the event of any emergency, such period may be shortened. 3. If the consent of all Auditors is obtained, meetings of Board of Auditors may be held without following the convocation procedures. Article <u>33</u>. (Exemption from Liability of <u>Auditors</u>) <u>1. Subject to the provisions of Article 426, Paragraph 1 of the Companies Act, the Company may, based on the resolution of the Board of Directors, exempt its Auditors (including former Auditors) from their liabilities under Article 423, Paragraph 1 of the said Act.</u>

Current	Proposed revision
Subject to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may execute an agreement with <u>an external Auditor</u> that restricts liability resulting from acts under Article 423, Paragraph 1 of the said Act; provided, however, that the limited amount of liability under such agreement shall be the amount specified in applicable laws and regulations. Article <u>33</u>. (Regulations on Board of Auditors) Other matters concerning the Board of Auditors shall be governed by the regulations on Board of Auditors separately set out by the Board of Auditors. CHAPTER VI. FINANCIAL AUDITORS Article <u>34</u>. (Accounting Auditors) 1. Accounting Auditors shall be elected at a shareholders meeting. 2. A resolution for the election set forth in the preceding paragraph <u>shall require the presence of shareholders holding one-third (1/3) or more of the votes of shareholders entitled to vote.</u> 3. The term of office of Accounting Auditors shall be until the close of the annual shareholders meeting pertaining to the last fiscal year within one (1) year following their election. 4. Unless otherwise resolved at the annual shareholders meeting under the preceding paragraph, Accounting Auditors shall be deemed to have been reappointed at such shareholders meeting. CHAPTER VII. ACCOUNTS (Fiscal Year) Article <u>35</u>.~ Article <u>38</u>. Provisions omitted.	<u>2</u>. Subject to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company may execute an agreement with <u>an Auditor</u> that restricts liability resulting from acts under Article 423, Paragraph 1 of the said Act; provided, however, that the limited amount of liability under such agreement shall be the amount specified in applicable laws and regulations. Article <u>34</u>. (Regulations on Board of Auditors) Other matters concerning the Board of Auditors shall be governed by the regulations on Board of Auditors separately set out by the Board of Auditors. CHAPTER VI. FINANCIAL AUDITORS Article <u>35</u>. (Accounting Auditors) 1. Accounting Auditors shall be elected at a shareholders meeting. 2. A resolution for the election set forth in the preceding paragraph <u>shall be adopted by a majority of the votes represented in person at a meeting where shareholders holding one-third (1/3) or more of the votes of shareholders entitled to vote are present.</u> 3. The term of office of Accounting Auditors shall be until the close of the annual shareholders meeting pertaining to the last fiscal year within one (1) year following their election. 4. Unless otherwise resolved at the annual shareholders meeting under the preceding paragraph, Accounting Auditors shall be deemed to have been reappointed at such shareholders meeting. CHAPTER VII. ACCOUNTS (Fiscal Year) Article <u>36</u>.~ Article <u>39</u>. Same as current.

Agenda No. 3: Election of Eight (8) Directors

The terms of office of all eight (8) Directors will expire at the conclusion of this Annual Meeting of Shareholders. Accordingly, the Company proposes to elect eight (8) Directors. The candidates for Directors are as follows.

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)	Number of the Company's shares owned
1	Hajime Nagasaka (January 9, 1950)	April 1972 Joined Tokai Electrode Mfg. Co., Ltd. (currently the Company) March 2006 Director Executive Officer Deputy General Manager, Carbon Black Division Sales Manager, Carbon Black Division March 2007 Director Executive Officer Deputy General Manager, Carbon Black Division Sales Manager, Carbon Black Division Administration & Purchasing Manager, Carbon Black Division March 2008 Director Managing Executive Officer Deputy General Manager, Carbon Black Division Sales Manager, Carbon Black Division Administration & Purchasing Manager, Carbon Black Division General Manager, Osaka Branch March 2009 Director Managing Executive Officer Deputy General Manager, Carbon Black Division Administration & Purchasing Manager, Carbon Black Division General Manager, Osaka Branch March 2010 Director Managing Executive Officer General Manager, Carbon Black Division March 2011 Director Senior Managing Executive Officer General Manager, Carbon Black Division March 2012 Director Senior Managing Executive Officer in charge of Carbon Black Division and Graphite Electrode Division March 2013 Representative Director Senior Managing Executive Officer in charge of Carbon Black Division and Graphite Electrode Division General Manager, Osaka Branch General Manager, Nagoya Branch March 2014 Representative Director Executive Vice President in charge of Carbon Black Division, Graphite Electrode Division and Raw Material Procurement Department February 2015 President and CEO (incumbent)	90,000

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)	Number of the Company's shares owned
2	Nobuyuki Murofushi (January 5, 1955)	April 1978 Joined the Company March 2003 Director Deputy General Manager, Graphite Electrode Division Sales Manager, Graphite Electrode Division General Manager, Asia Pacific Office March 2004 Director Deputy General Manager, Graphite Electrode Division Sales Manager, Graphite Electrode Division March 2005 Director Executive Officer Deputy General Manager, Graphite Electrode Division Sales Manager, Graphite Electrode Division March 2006 Director Managing Executive Officer General Manager, Graphite Electrode Division Administration & Purchasing Manager, Graphite Electrode Division March 2007 Director Managing Executive Officer General Manager, Graphite Electrode Division March 2009 Director Senior Managing Executive Officer in charge of Fine Carbon Division General Manager, Graphite Electrode Division March 2012 Director Senior Managing Executive Officer in charge of Corporate Planning Division General Manager, Corporate Planning Division March 2015 Director Senior Managing Executive Officer General Manager, Corporate Planning Division January 2016 Director Senior Managing Executive Officer General Manager, Carbon Black Division (incumbent) (Notable Concurrent Positions) Chairman of the Board, Tokai Carbon (Tianjin) Co., Ltd. Chairman of the Board, Cancarb Limited Chairman of the Board, Tokai Carbon Korea Co., Ltd.	81,053

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)		Number of the Company's shares owned
3	Masanao Hosoya (August 27, 1955)	April 1979	Joined The Mitsubishi Bank, Ltd. (currently The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	27,000
		January 2008	Advisor, the Company	
		March 2008	Executive Officer	
		March 2009	Executive Officer	
			General Manager, Corporate Administration Division	
		March 2010	Director	
			Executive Officer in charge of Corporate Administration Division	
			General Manager, Corporate Administration Division	
		March 2015	Director	
			Managing Executive Officer	
			General Manager, Corporate Administration Division (incumbent)	

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)	Number of the Company's shares owned
4	Toshiaki Fukuda (November 13, 1957)	April 1984 Joined the Company March 2005 General Manager, R & D Planning Department March 2008 General Manager, R & D Planning Department, R & D Strategy Division March 2009 Senior Officer, General Manager, R & D Planning Department, R & D Strategy Division General Manager, Functional Material Department, Corporate Planning Division General Manager, Production Technology Center March 2010 Business Director Deputy General Manager, R & D Strategy Division March 2011 Business Director Deputy General Manager, R & D Strategy Division General Manager, R & D Planning Department, R & D Strategy Division September 2011 Business Director assistant-in-charge of Fine Carbon Division Deputy General Manager, R & D Strategy Division March 2012 Director Executive Officer assistant-in-charge of R & D Strategy Division and Fine Carbon Division General Manager, R & D Strategy Division March 2014 Director Executive Officer assistant-in-charge of Fine Carbon Division General Manager, R & D Strategy Division February 2015 Director Executive Officer in charge of R & D Strategy Division General Manager, R & D Strategy Division March 2015 Director Managing Executive Officer General Manager, R&D Strategy Division January 2016 Director Managing Executive Officer General Manager, Fine Carbon Division (incumbent) (Notable Concurrent Positions) Chairman of the Board, Tokai Carbon U.S.A., Inc. Chairman of the Board, Tokai Carbon (Dalian) Co., Ltd.	31,000

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)	Number of the Company's shares owned
5	Yuji Serizawa (December 27, 1959)	April 1984 Joined the Company March 2006 Executive Officer Deputy General Manager, Fine Carbon Division General Manager, Carbon Ceramics Sales Department, Fine Carbon Division General Manager, Electronic & Functional Material Sales Department, Fine Carbon Division March 2007 Executive Officer Deputy General Manager, Fine Carbon Division General Manager, Marketing & Sales Department, Fine Carbon Division March 2008 Executive Officer Deputy General Manager, Fine Carbon Division March 2009 Executive Officer General Manager, Fine Carbon Division March 2012 Director Executive Officer in charge of Fine Carbon Division General Manager, Fine Carbon Division March 2013 Director Executive Officer General Manager, Tanoura Laboratory General Manager, Tanoura Plant March 2014 Executive Officer General Manager, Graphite Electrode Division February 2015 Executive Officer in charge of Raw Material Procurement Department General Manager, Graphite Electrode Division March 2015 Director Executive Officer in charge of Raw Material Procurement Department General Manager, Graphite Electrode Division January 2016 Director Executive Officer General Manager, Corporate Planning Division (incumbent)	46,000

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)	Number of the Company's shares owned
6	Kanji Sugihara (November 23, 1958)	April 1984 Joined the Company March 2005 General Manager, Production Technology Department, Fine Carbon Division March 2012 Senior Officer Deputy General Manager, Fine Carbon Division General Manager, Production Technology Department, Fine Carbon Division March 2013 Executive Officer General Manager, Fine Carbon Division March 2014 Director Executive Officer General Manager, Fine Carbon Division General Manager, Production Technology Department, Fine Carbon Division General Manager, Business Administration Department, Fine Carbon Division February 2015 Director Executive Officer in charge of Fine Carbon Division General Manager, Fine Carbon Division General Manager, Production Technology Department, Fine Carbon Division General Manager, Business Administration Department, Fine Carbon Division (incumbent) March 2015 Director Managing Executive Officer General Manager, Fine Carbon Division General Manager, Production Technology Department, Fine Carbon Division September 2015 Director Managing Executive Officer General Manager, Fine Carbon Division January 2016 Director (part-time) (incumbent)	20,000

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)		Number of the Company's shares owned
7	*Yoshio Kumakura (January 19, 1940)	April 1969 Registered as an attorney-at-law April 1969 Joined Nakamatsu Patent & Law Firm (currently Nakamura & Partners) June 1976 Obtained an L.L.M. degree (Master of Laws) at Harvard Law School January 1980 Partner, Nakamura & Partners (incumbent) April 2000 Council Member, International Law Association, Japan Branch, a general incorporated association (incumbent) May 2000 Council Member, Friends of LAWASIA Association in Japan (incumbent) June 2004 Auditor, Nippon Flour Mills Co., Ltd. March 2007 Director, the Company (retired in March 2013) June 2011 President, International Association for the Protection of Industrial Property (currently the International Association for the Protection of Intellectual Property of Japan) June 2014 Director, Nippon Flour Mills Co., Ltd. (incumbent) (Notable Concurrent Positions) Partner, Nakamura & Partners Council Member, International Law Association, Japan Branch, a general incorporated Council Member, Friends of LAWASIA Association in Japan Director, Nippon Flour Mills Co., Ltd.		20,000
8	*Nobumitsu Kambayashi (May 28, 1948)	April 1971 Joined Kawasaki Heavy Industries, Ltd. October 2002 Director, Kawasaki Shipbuilding Corporation June 2005 Managing Director, Kawasaki Shipbuilding Corporation April 2008 Managing Executive Officer, Kawasaki Heavy Industries, Ltd. Director/Senior Vice President, Kawasaki Shipbuilding Corporation June 2009 Senior Vice President, Kawasaki Heavy Industries, Ltd. April 2010 President & Representative Director, Kawasaki Shipbuilding Corporation Senior Vice President (part-time), Kawasaki Heavy Industries, Ltd. October 2010 Senior Vice President (Representative Director), Kawasaki Heavy Industries, Ltd. President, Ship & Offshore Structure Company April 2013 Director, Kawasaki Heavy Industries, Ltd. June 2013 Adviser, Kawasaki Heavy Industries, Ltd. (incumbent) June 2015 Chairman, Japan Ship Technology Research Association (incumbent) (Notable Concurrent Positions) Corporate adviser, Kawasaki Heavy Industries, Ltd. Chairman, Japan Ship Technology Research Association		0

Notes:

- * denotes newly appointed candidates for Director.
- There are no special conflict of interests between the candidates for Directors and the Company.

3. Mr. Yoshio Kumakura and Mr. Nobumitsu Kambayashi are the candidates for External Directors.
4. Matters concerning the candidate for External Director are as follows.
 - (i) Reasons for nominating as the candidates for External Directors

Mr. Yoshio Kumakura was the Company's External Director for six years from March 2007 and held senior positions in the legal industry. The Company has judged that he can carry out the supervision of the management function from a standpoint independent from the management team that executes business operations.

Although Mr. Kumakura has not been involved in managing a company by a method other than serving as an external director or an external audit & supervisory board member, the Company's view based on the aforesaid reason is that he can appropriately carry out his duties as External Director.

Mr. Nobumitsu Kambayashi has abundant experience and extensive knowledge in the management of transportation equipment manufacturing business and the Company has judged that he can carry out the supervision of the management function from a standpoint independent from the management team that executes business operations.
 - (ii) Outline of limited liability agreement

If this agenda is approved as proposed, the Company plans to enter into an agreement with Messrs. Yoshio Kumakura and Nobumitsu Kambayashi, candidates for External Directors, to limit the liability of damages stipulated in Article 423, Paragraph 1 of the Companies Act pursuant to Article 427, Paragraph 1 of the said Act. The amount of liability for damages under this agreement shall be the amount of minimum limited liability stipulated in laws and regulations.
 - (iii) If this agenda is approved as proposed, the Company plans to designate Messrs. Yoshio Kumakura and Nobumitsu Kambayashi as independent officers provided for in the provisions of the Tokyo Stock Exchange and register them accordingly with the said exchange.

Agenda No. 4: Election of Four (4) Auditors

The term of office of all Auditors (four persons) will expire at the conclusion of this Annual Meeting of Shareholders. Therefore, the Company would like to elect four (4) Auditors. The Board of Auditors has already given its consent to this agenda item.

The candidates for Auditors are as follows:

No.	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)		Number of the Company's shares owned
1	Seiichiro Sasao (November 15, 1956)	April 1980	Joined Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation)	11,000
		June 2006	Manager, Kyushu Corporate Sales Division, Mitsubishi UFJ Trust and Banking Corporation	
		April 2008	Manager, General Affairs Department, Mitsubishi UFJ Trust and Banking Corporation	
		April 2009	Managing Director, Mitsubishi UFJ Daiko Business Co., Ltd.	
		February 2012	Advisor, Mitsubishi UFJ Daiko Business Co., Ltd.	
		March 2012	Auditor (full-time), the Company (incumbent)	
2	Tsune-hisa Samukawa (April 11, 1943)	March 1966	Joined DMW Corporation	593,790
		April 1985	Joined the Company	
		March 1998	Full-time Auditor, the Company	
		March 2012	Auditor, the Company (incumbent)	
3	*Yukihisa Asakawa (March 6, 1949)	April 1972	Joined Nippon Kayaku Co., Ltd.	0
		August 2003	Manager, Accounting Group, Business Support Center, Nippon Kayaku Co., Ltd.	
		August 2004	General Manager, Accounting Department, Group Administration Headquarters, Nippon Kayaku Co., Ltd.	
		August 2005	Executive Officer General Manager, Accounting Department, Administration Headquarters, Nippon Kayaku Co., Ltd.	
		August 2006	Auditor, Nippon Kayaku Co., Ltd. (retired in June 2014)	

No.	Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)	Number of the Company's shares owned
4	*Kazuyuki Kakehashi (December 7, 1951)	April 1972 Joined Toyo Carbon Co., Ltd. (currently the Company) March 2001 General Manager, Production Technology Department, Fine Carbon Division, the Company March 2004 General Manager, Tanoura Plant March 2009 General Manager, Shonan Office General Manager, Chigasaki Plant Industrialization Group Manager, R&D Strategy Division August 2009 Assistant to General Manager, Fine Carbon Division September 2009 Assistant to General Manager, R&D Strategy Division March 2010 General Manager, R&D Planning Department, R&D Strategy Division August 2010 Director, Tokai Konetsu Kogyo Co., Ltd. March 2015 Managing Executive Officer, Tokai Konetsu Kogyo Co., Ltd. (incumbent)	17,000

Notes:

1. * denotes newly appointed candidates for Auditors.
2. There are no special conflict of interests between the candidates for Auditors and the Company.
3. Mr. Seiichiro Sasao and Mr. Yukihiisa Asakawa are the candidates for External Auditors.
4. Matters concerning the candidate for External Auditor are as follows.
 - (i) Reasons for nominating as the candidate for External Auditor
 - (1) The Company has judged that Mr. Seiichiro Sasao can use his experience in operations and management at a trust bank and its related companies to carry out the audits of the Company's business on the whole.
 - (2) Mr. Yukihiisa Asakawa was an Auditor (full-time) of Nippon Kayaku Co., Ltd. from August 2006 to June 2014. The Company has judged that Mr. Asakawa can use his abundant experience in manufacturing operations and roles as such board member to carry out the audits of the Company's business on the whole.
 - (ii) Number of years since assuming the position of External Auditor

The term of office of Mr. Seiichiro Sasao as an External Auditor will be four years at the conclusion of this Annual Meeting of Shareholders.
 - (iii) Outline of limited liability agreement

If the Agenda No. 2 "Partial Changes to the Articles of Incorporation" and this agenda item are approved as proposed and Messrs. Seiichiro Sasao, Tsunehisa Samukawa, Yukihiisa Asakawa and Kazuyuki Kakehashi assume their positions of Auditors, the Company plans to enter into an agreement with them to limit the liability of damages stipulated in Article 423, Paragraph 1 of the Companies Act pursuant to Article 427, Paragraph 1 of the said Act. The amount of liability for damages under this agreement shall be the amount of minimum limited liability stipulated in laws and regulations.

Agenda No. 5: Election of One (1) Substitute Auditor

The Company would like to elect one (1) Substitute Auditor to prepare for the situation in which there is a shortfall in the number of auditors required by laws and regulations. The Board of Auditors has already given its consent to this agenda item.

The candidate for Substitute Auditor is as follows.

Name (Date of birth)	Brief profile and position at the Company (Significant concurrent positions)		Number of the Company's shares owned
Masahiro Kusaba (January 24, 1950)	April 1973	Joined Mitsubishi Trust & Banking Corp. (currently Mitsubishi UFJ Trust and Banking Corporation)	15,000
	October 2000	General Manager, Head Office Institutions Business Division, Mitsubishi Trust & Banking Corp.	
	February 2003	Personnel Division, Mitsubishi Trust & Banking Corp.	
	March 2003	Full-time Auditor, the Company	
	March 2012	Auditor, Tokai Konetsu Kogyo Co., Ltd. (scheduled to retire on March 24, 2016)	
	December 2015	Auditor, the Company (incumbent)	

Notes:

1. There are no special conflict of interests between Mr. Masahiro Kusaba and the Company.
2. Mr. Masahiro Kusaba is the candidate for substitute External Auditor.
3. Matters concerning the candidate for substitute External Auditor are as follows.
 - (i) Reasons for nominating as the candidate for substitute External Auditor
Mr. Masahiro Kusaba was an External Auditor (full time) of the Company from March 2003 to March 2012, and was reappointed to the same position (part-time) in December 2015 to use his experience in operations at a trust bank to carry out the audits of the Company's business on the whole.
Although Mr. Kusaba has not been involved in managing a company by a method other than serving as an external auditor, the Company's view based on the aforesaid reason is that he can continue to appropriately carry out his duties as External Auditor.
Mr. Kusaba is an Auditor of Tokai Konetsu Kogyo Co., Ltd., a subsidiary of the Company (scheduled to retire on March 24, 2016).
 - (ii) Outline of limited liability agreement
If this agenda item is approved as proposed and Mr. Masahiro Kusaba assumes the position of External Auditor, the Company plans to enter into an agreement with Mr. Kusaba to limit the liability of damages stipulated in Article 423, Paragraph 1 of the Companies Act pursuant to Article 427, Paragraph 1 of the said Act. The amount of liability for damages under this agreement shall be the amount of minimum limited liability stipulated in laws and regulations.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(millions of yen)

	As of December 31, 2014	As of December 31, 2015
	Amount	Amount
Assets		
Current assets		
Cash and cash equivalents	14,862	16,045
Notes and accounts receivable	33,972	26,897
Securities	—	7,000
Merchandise and finished goods	15,574	13,828
Work in process	13,585	12,182
Raw materials and supplies	12,138	8,241
Deferred tax assets	1,133	1,384
Other	3,568	2,509
Allowance for doubtful accounts	(149)	(122)
Total current assets	94,685	87,968
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	18,807	18,282
Machinery, equipment and vehicles, net	34,570	26,576
Furnaces, net	1,350	998
Land	7,219	6,703
Construction in progress	4,525	3,070
Other, net	1,107	997
Total tangible fixed assets	67,581	56,629
Intangible fixed assets		
Software	416	404
Goodwill	7,581	6,135
Customer-related assets	4,933	3,896
Other	1,171	888
Total intangible fixed assets	14,103	11,324
Investments and other assets		
Investment securities	30,590	24,681
Net defined benefit asset	2,318	1,993
Deferred tax assets	384	606
Other	834	922
Allowance for doubtful accounts	(59)	(51)
Total investment and other assets	34,069	28,153
Total fixed assets	115,753	96,106
Total assets	210,439	184,074

(millions of yen)

	As of December 31, 2014	As of December 31, 2015
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable	13,717	9,196
Electronically recorded obligations-operating	2,334	2,201
Short-term borrowings	19,504	7,469
Current portion of long-term debt	2,071	2,068
Income taxes payable	750	3,540
Consumption tax payable	313	496
Accrued expenses	1,135	1,366
Reserve for bonuses	200	212
Other	4,870	4,575
Total current liabilities	44,897	31,126
Fixed liabilities		
Long-term debt	16,713	14,398
Deferred tax liabilities	10,274	7,872
Net defined benefit liability	4,145	3,816
Reserve for directors' retirement benefits	119	107
Reserve for executive officers' retirement benefits	35	35
Provision for environment and safety measures	477	469
Other	1,433	1,276
Total fixed liabilities	33,198	27,976
Total liabilities	78,096	59,103
Net assets		
Shareholders' capital		
Common stock	20,436	20,436
Additional paid-in capital	17,502	17,502
Retained earnings	77,295	78,214
Treasury stock	(7,227)	(7,243)
Total shareholders' capital	108,006	108,910
Other accumulated comprehensive income		
Net unrealized gains/losses on other securities	11,958	9,392
Deferred gains or losses on hedges	—	(0)
Foreign currency translation adjustments	9,212	3,782
Remeasurements of defined benefit plans	806	830
Total other accumulated comprehensive income	21,977	14,004
Minority interests	2,359	2,055
Total net assets	132,343	124,971
Total liabilities and net assets	210,439	184,074

**(2) Consolidated Statements of Operations and Comprehensive Income
(Consolidated Statement of Operation)**

(millions of yen)

	Year ended December 31, 2014	Year ended December 31, 2015
	Amount	Amount
Net sales	114,576	104,864
Cost of sales	95,924	84,904
Gross profit	18,651	19,960
Selling, general and administrative expenses		
Selling expenses	4,874	4,865
General and administrative expenses	10,072	11,005
Total selling, general and administrative expenses	14,947	15,871
Operating income	3,703	4,088
Non-operating income		
Interest income	96	86
Dividend income	508	591
Rental income	294	300
Equity in income of non-consolidated subsidiaries and affiliates	609	589
Foreign exchange gains	910	—
Other non-operating income	549	649
Total non-operating income	2,969	2,217
Non-operating expense		
Interest expense	744	595
Compensation expenses	12	210
Foreign exchange losses	—	383
Other non-operating expense	1,736	799
Total non-operating expense	2,492	1,989
Ordinary income	4,180	4,317
Extraordinary income		
Gain on sales of investment securities	—	5,814
Gain on sales of fixed assets	179	1,003
Gain on liquidation of subsidiaries and associates	—	189
Total extraordinary income	179	7,006
Extraordinary losses		
Impairment loss	14	*4,326
Demolition expenses	—	106
Contribution for liquidation of subsidiaries and associates	—	86
Loss on sales of shares of subsidiaries and associates	—	78
Total extraordinary losses	14	4,597
Income before income taxes	4,345	6,726
Income taxes, inhabitants tax, and enterprise taxes	1,928	4,891
Income taxes adjustments	(179)	(545)
Total income taxes	1,749	4,345
Income before minority interests	2,596	2,381
Minority interests in income (loss)	34	(103)
Net income	2,562	2,484

(Consolidated Statement of Comprehensive Income)

(millions of yen)

	Year ended December 31, 2014	Year ended December 31, 2015
	Amount	Amount
Income before minority interests	2,596	2,381
Other comprehensive income		
Valuation difference on available-for-sale securities	1,247	(2,558)
Deferred gains or losses on hedges	—	(0)
Foreign currency translation adjustment	5,352	(5,534)
Remeasurements of defined benefit plans	—	24
Share of other comprehensive income of associates accounted for using equity method	540	(54)
Total other comprehensive income	7,140	(8,124)
Comprehensive income	9,737	(5,742)
(breakdown)		
Comprehensive income attributable to owners of the parent company	9,439	(5,487)
Comprehensive income attributable to minority interests	298	(254)

(3) Consolidated Statements of Changes in Shareholders' Capital

Fiscal year ended December 31, 2014 (January 1, 2014 to December 31, 2014)

(millions of yen)

	Shareholders' capital				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' capital
Balance at the beginning of the period	20,436	17,502	76,014	(7,146)	106,807
Cumulative effects of changes in accounting policies					—
Beginning balance reflecting changes in accounting policies	20,436	17,502	76,014	(7,146)	106,807
Changes of items during the period					
Dividends from surplus			(1,281)		(1,281)
Net income			2,562		2,562
Purchase of treasury stock				(82)	(82)
Disposal of treasury stock			(0)	0	0
Changes in the scope of consolidation					
Net changes of items other than shareholders' capital					
Total changes of items during the period	—	—	1,280	(81)	1,199
Balance at the end of the period	20,436	17,502	77,295	(7,227)	108,006

	Other accumulated comprehensive income					Minority interests	Total net assets
	Net unrealized gains/losses on other securities	Deferred hedge gain/loss	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance at the beginning of the period	10,715	—	3,578	—	14,294	2,131	123,232
Cumulative effects of changes in accounting policies							—
Beginning balance reflecting changes in accounting policies	10,715	—	3,578	—	14,294	2,131	123,232
Changes of items during the period							
Dividends from surplus							(1,281)
Net income							2,562
Purchase of treasury stock							(82)
Disposal of treasury stock							0
Changes in the scope of consolidation							—
Net changes of items other than shareholders' capital	1,243	—	5,633	806	7,682	228	7,911
Total changes of items during the period	1,243	—	5,633	806	7,682	228	9,110
Balance at the end of the period	11,958	—	9,212	806	21,977	2,359	132,343

Fiscal year ended December 31, 2015 (January 1, 2015 to December 31, 2015)

(millions of yen)

	Shareholders' capital				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' capital
Balance at the beginning of the period	20,436	17,502	77,295	(7,227)	108,006
Cumulative effects of changes in accounting policies			(295)		(295)
Beginning balance reflecting changes in accounting policies	20,436	17,502	76,999	(7,227)	107,710
Changes of items during the period					
Dividends from surplus			(1,279)		(1,279)
Net income			2,484		2,484
Purchase of treasury stock				(15)	(15)
Disposal of treasury stock			(0)	0	0
Changes in the scope of consolidation			9		9
Net changes of items other than shareholders' capital					
Total changes of items during the period	—	—	1,215	(15)	1,199
Balance at the end of the period	20,436	17,502	78,214	(7,243)	108,910

	Other accumulated comprehensive income					Minority interests	Total net assets
	Net unrealized gains/losses on other securities	Deferred hedge gain/loss	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance at the beginning of the period	11,958	—	9,212	806	21,977	2,359	132,343
Cumulative effects of changes in accounting policies							(295)
Beginning balance reflecting changes in accounting policies	11,958	—	9,212	806	21,977	2,359	132,047
Changes of items during the period							
Dividends from surplus							(1,279)
Net income							2,484
Purchase of treasury stock							(15)
Disposal of treasury stock							0
Changes in the scope of consolidation							9
Net changes of items other than shareholders' capital	(2,566)	(0)	(5,430)	24	(7,972)	(303)	(8,276)
Total changes of items during the period	(2,566)	(0)	(5,430)	24	(7,972)	(303)	(7,076)
Balance at the end of the period	9,392	(0)	3,782	830	14,004	2,055	124,971