

Structural Reform of the Fine Carbon Segment and Introduction of the Early Retirement Program

May 30, 2016

Company name:	 TOKAI CARBON CO.,LTD.
Listings:	Tokyo Stock Exchange, first section
Security code:	5301
URL:	http://www.tokaicarbon.co.jp/

As part of the structural reform included in Mid-Term Management Plan T-2018 announced on February 12, 2016, the Board of Directors of Tokai Carbon Co., Ltd. decided at its meeting on May 30, 2016 to implement the business streamlining measures as below.

1. Structural reform of the fine carbon segment

(1) Background

The continuous supply and demand imbalance in the Fine Carbon* business, is putting the company in a difficult business environment marked by increasing price competition in both domestic and international markets. In this circumstance, company decided to implement the radical structural reform for setting a competitive business platform for a mid-long term growth of the business.

*Note: Fine carbon is special graphite material mainly used in the area of semiconductors, solar cells, and molds for automotive components.

(2) Description of the structural reform

The current annual production capacity (11,000 tons) for isotropic graphite will be reduced by approximately 45% to 6,000 tons, by disposing of and shutting down old equipment used in the forming and baking processes. At the same time, the future of product groups will be evaluated stringently to streamline the product lineup, for example by stop production which we cannot count on for the future growth.

(3) Timeline

Above measures will be implemented within 2016.

2. Early retirement program

(1) Background

Not only for the personnel of above-mentioned structural reforms of Fine Carbon segment but as a company-wide basis, Tokai Carbon will implement measures to optimize its personnel in line with its T-2018 structural reform plan.

(2) Description of the Early retirement program

- a. Eligible employees Full-time employees of Tokai Carbon Co., Ltd. (not including consolidated affiliates)
- b. Number of employees to be covered Approximately 50
- c. Program period To be discussed
- d. Benefits Retirement under the program will be deemed as involuntary and provided with a special retirement benefit.
Individuals who seek reemployment will be provided with support via a support company.
- e. Other Going forward, the company will ask the Tokai Carbon Labor Union to enter into negotiations regarding the program plans.

3. Further optimization of personnel

In addition to the above (item 2) early retirement program for full-time employees of Tokai Carbon Co., Ltd., the company will cut approximately 50 contracts of non-full-time employees in Tokai Carbon and its group companies.

4. Impact on business performance

The amount of the impact of the above streamlining measures will be announced as soon as the final figure has been determined.

End of notice