

Reformation Plan of Tokai Carbon (Tianjin) Co., Ltd.

July 1, 2016



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 June 23, 2016, to implement measures to enhance the profitability of Tokai Carbon (Tianjin) Co., Ltd., (hereinafter referred to as “Tokai Carbon (Tianjin)”) which is our subsidiary manufacturing and selling carbon black products.

1. Background

Tokai Carbon (Tianjin) was established in 2004 and has responded to the carbon black demand from tire and rubber parts manufacturers that expanded their businesses to the region. In accordance with the drastic environmental changes, such as the widening of the local supply-demand gaps and the decline of the market price, they declared impairment of fixed assets at the end of last year, but the management environment surrounding the company continued to be harsh even this year; therefore, we decided that a more in-depth response was essential.

2. Details of the Measures to Enhance Profitability

(1) Closure of one line in the production facilities

One of the four lines of their carbon black facilities will be closed, and the production capacity will be reduced to 70,000 tons from 110,000 tons on an annual basis. Some of the related facilities to the production line would be also optimized for less energy operation.

(2) Change in production-mix

The production will be much more focused on the special carbon black products, which are the high value added products.

(3) Schedule

Scheduled to be completed within 2016.

3. Outline of Tokai Carbon (Tianjin)

Name of the Company:	Tokai Carbon (Tianjin) Co., Ltd.
Address:	No. 45 Xixia Road, TEDA Hangu Modern Industry Park, Tianjin, P.R. China
Representative:	Representative Director Nobuyuki Murofushi (our company's Managing Director and Operating Officer)
Business Description:	Manufacture and sales of carbon black
Establishment:	April, 2004
Capital:	U.S. \$146,000,000
Shareholder Composition:	100% owned by our company

4. Impact on Business Performance

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

End of Notice

Contact:

Tokai Carbon Co., Ltd.

Akira Yamada

Telephone Number +81-3-3746-5100