



February 9, 2017

Company name: Tokai Carbon Co., Ltd.

Representative: Hajime Nagasaka, President and CEO

Security code: 5301 [Tokyo Stock Exchange]

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Notice on the appropriation of surplus fund

Tokai Carbon Co., Ltd. (hereinafter referred to as "the Company") announces that the Board of Directors meeting held on February 09, 2017 passed a resolution to submit a proposal of appropriation of surplus fund in the 155th annual meeting of shareholders scheduled to be held on March 29, 2017 as shown below.

1. Objective of appropriation of surplus fund

The Company has recorded a loss of JPY 2,585,489,452 from retained earnings brought forward for individual settlements made in December 2016.

It was decided to appropriate the surplus fund for the purpose of covering this loss and distributing stable and continuous dividends, which is the Company's basic policy, as well as for providing an agile capital policy in future.

2. Method of appropriating surplus fund

The loss will be covered by reducing the voluntary reserve amount by JPY 10,000,000,000, and this amount will be transferred to the retained earnings brought forward, in accordance with Article 452 of the Company Law. The reduced voluntary reserve amounts to JPY 34,368,656,945.

Moreover, the amount of retained earnings brought forward to cover losses will be used as a dividend resource for distributing the term end dividends.

(1) Surplus fund to be reduced and the corresponding amount

Voluntary reserve JPY 10,000,000,000

(2) Surplus fund to be increased and the corresponding amount

Retained earnings brought forward JPY 10,000,000,000

3. Schedule for appropriation of surplus fund

(1) Board of Directors meeting resolution date: February 09, 2017

(2) Shareholders' meeting resolution date: March 29, 2017 (Scheduled)

(3) Effective date: March 30, 2017 (Scheduled)

4. Future prospects

The appropriation of surplus fund mentioned above will be described as the transfer of the account titles in the net assets on the balance sheet of the Company. Therefore, the profit and loss and net

asset amounts shall not change, and neither will there be any impact on the Company's performance.

The above details must be passed in the resolution in the 155th annual meeting of shareholders to be held on March 29, 2017.

End of notice