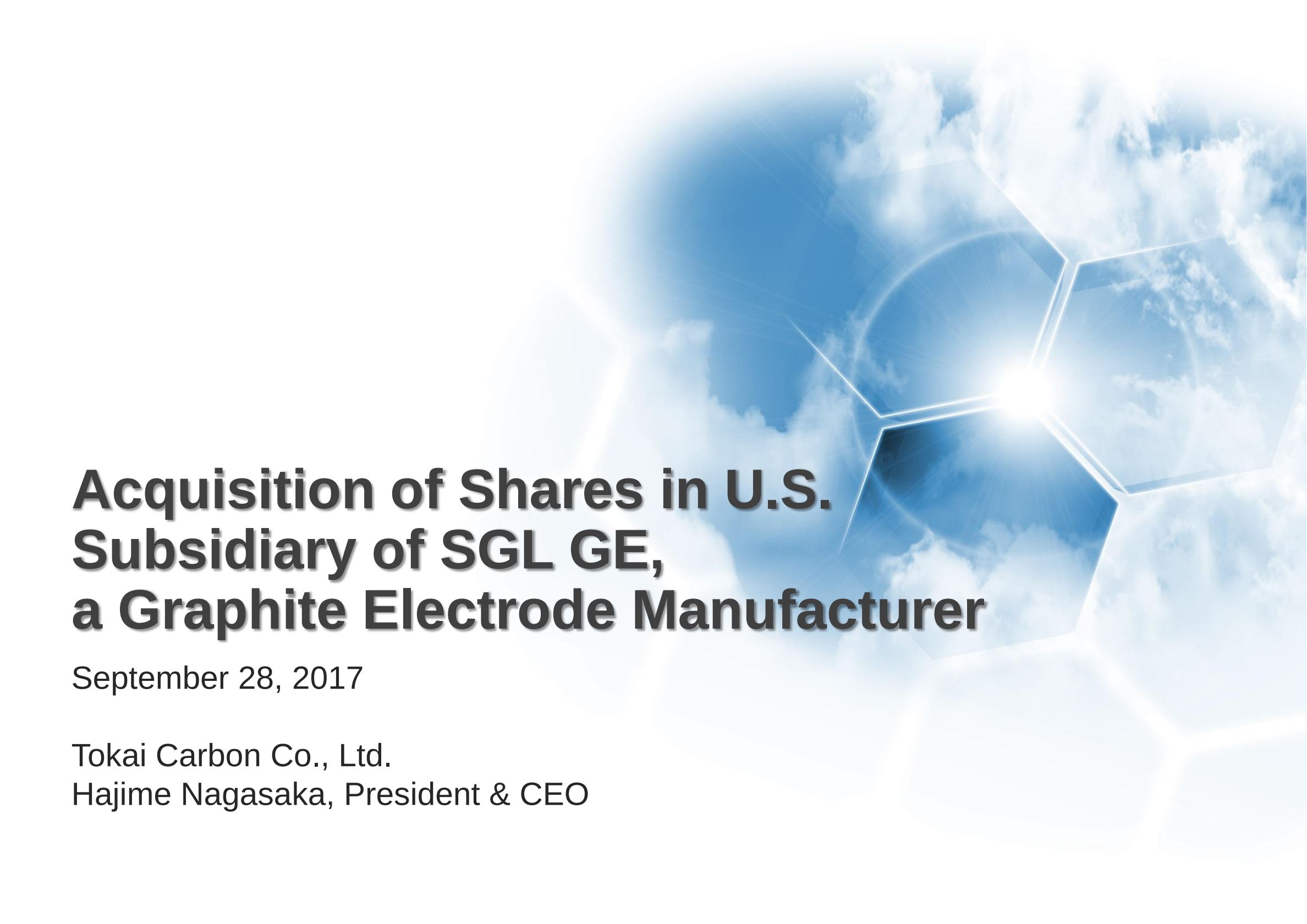




Acquisition of Shares in U.S. Subsidiary of SGL GE, a Graphite Electrode Manufacturer

September 28, 2017

Tokai Carbon Co., Ltd.
Hajime Nagasaka, President & CEO

Summary of Acquisition

Acquisition Candidate

SLG GE Carbon Holding LLC, which is engaged in the graphite electrode business. SGL GE Carbon Holding is a U.S. subsidiary of SGL GE Holding GmbH, a manufacturer of carbon products headquartered in Germany.

Acquisition Price

12.9 billion yen*

Financing Method

Plan to finance with cash on hand and bank loan.

* Calculation based on an assumed exchange rate of USD1 = JPY110. The actual acquisition price will be the adjusted price at the time the purchase of shares is executed pursuant to the acquisition agreement.

Profile of SGL GE Carbon Holding LLC

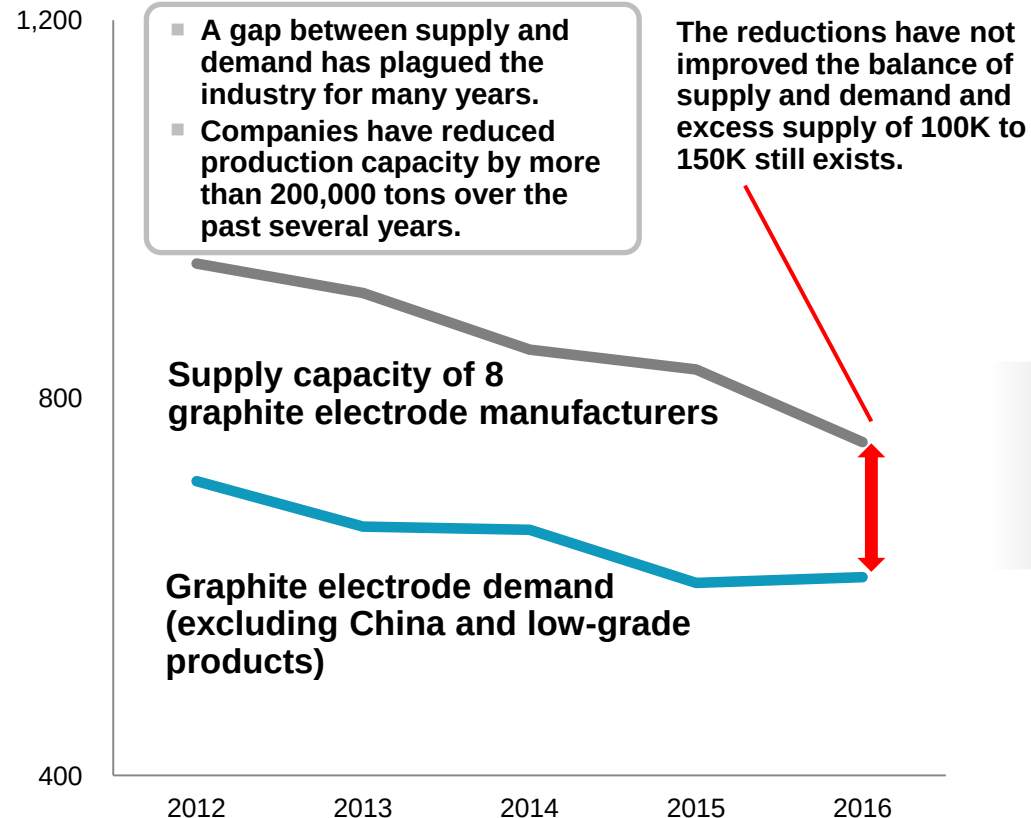
Company Name	SGL GE Carbon Holding LLC
Established	February 2016
Production Locations	Hickman (Kentucky): Upstream processes (forming~baking) Ozark (Arkansas): Downstream processes (baking~machining) - Production capacity: 30,000 tons/year, total for both plants
Net Sales	US\$80.8 million (December 2016 / aggregate basis)
Employees	Approximately 140
Business Description	Research and development on, and manufacture and sale of graphite electrodes

Background on Acquisition

- Showa Denko K.K. is acquiring SGL GE Holding GmbH in the process of industry restructuring, but had concern with antitrust laws in the U.S.
- Tokai Carbon proceeded with previously planned optimizing of production capacity and cost reduction to prepare for restructuring of the industry. Acquiring the U.S. locations will also enable the company to shift to a structure that will enable rapid establishment of a tri-regional global structure and optimization of production capacity.

Graphite Electrode Industry to Date

(Thousand tons)



Recent Industry Restructuring

- Showa Denko K.K. acquires SGL GE Holding GmbH
 - However, the U.S. business causes concern due to antitrust laws

Sale

U.S. Locations

Tokai Carbon Co., Ltd.

- Moved forward with previously planned optimizing of capacity and costs reduction to prepare for industry restructuring. However, if not for the acquisition, this would have presented the problems of decreased presence in terms of production capacity
- Lack of an integrated structure, from manufacturing through sales in U.S.

Acquisition

Acquisition Objectives

1

To build a tri-regional global structure

2

To capture the largest EAF market

3

To optimize production capacity and improve quality

1 To Build a Tri-Regional Global Structure

- This acquisition will enable Tokai Carbon to build a tri-regional structure.
- This acquisition will establish Tokai Carbon as a top global competitor.

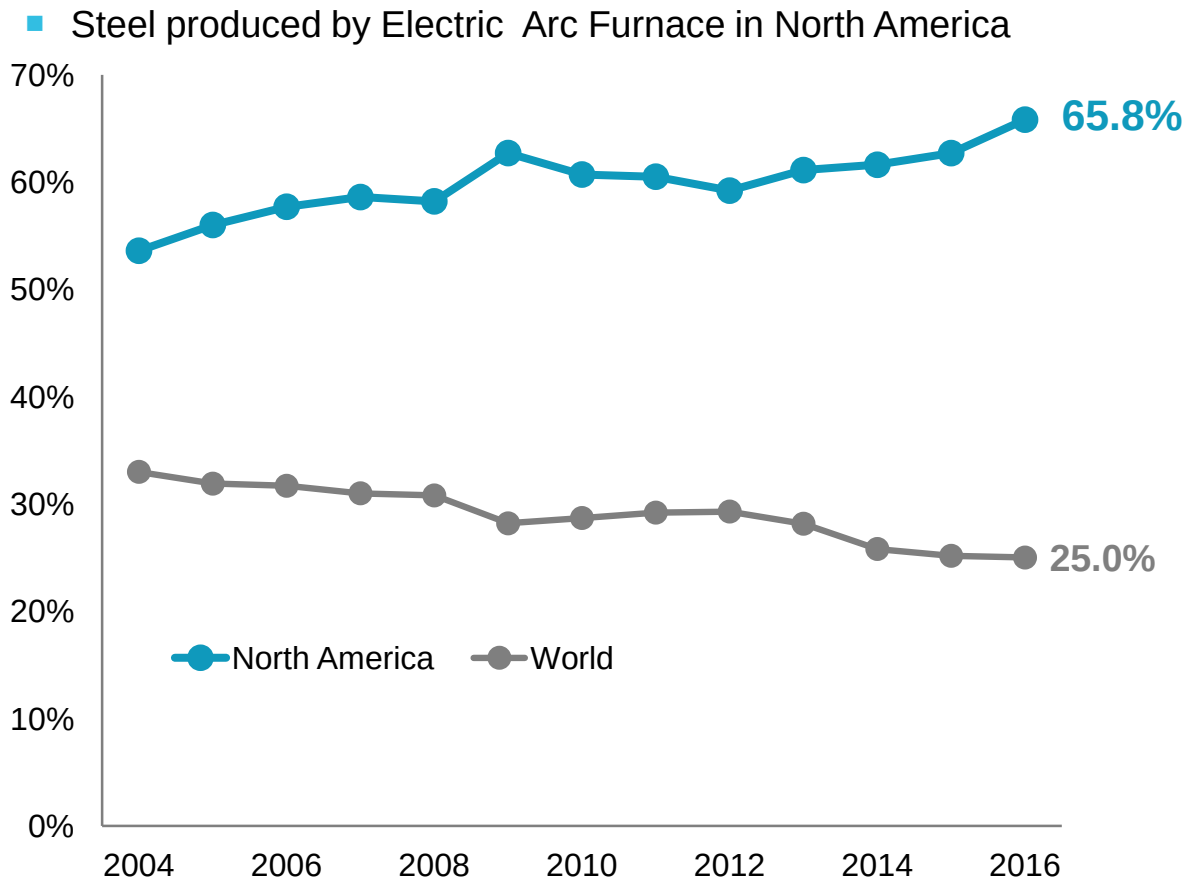
- Production Locations and Capacity of Main Graphite Electrode Manufacturers (post-acquisition)*

Company Name	Locations			Production Capacity	
	North America	Europe	Asia	Number of Plants	Prod. Capacity (Thousand tons)
Showa Denko	○	○	○	8	259
Tokai Carbon + SGL GE (U.S.)	× → ○	○	○	3 → 5	66 → 96
Graftech International	○	○	×	4	191
Graphite India	×	○	○	4	98
HEG	×	×	○	1	80
Nippon Carbon	×	×	○	1	30
SEC Carbon	×	×	○	1	30

* The status of production capacity and locations presumes successful closing of this acquisition. Production capacity shows the simple total of the estimate for Tokai Carbon and existing production capacity.

2 To Capture the largest EAF market

- North America is the most important market. Over 65% of steel is produced by electric arc furnace in North America while the world average is 25%.
- Tokai Carbon is also dependent on the North American market for roughly 40% of its export sales, and establishing a production and sales structure in the North American market has been an issue for many years.

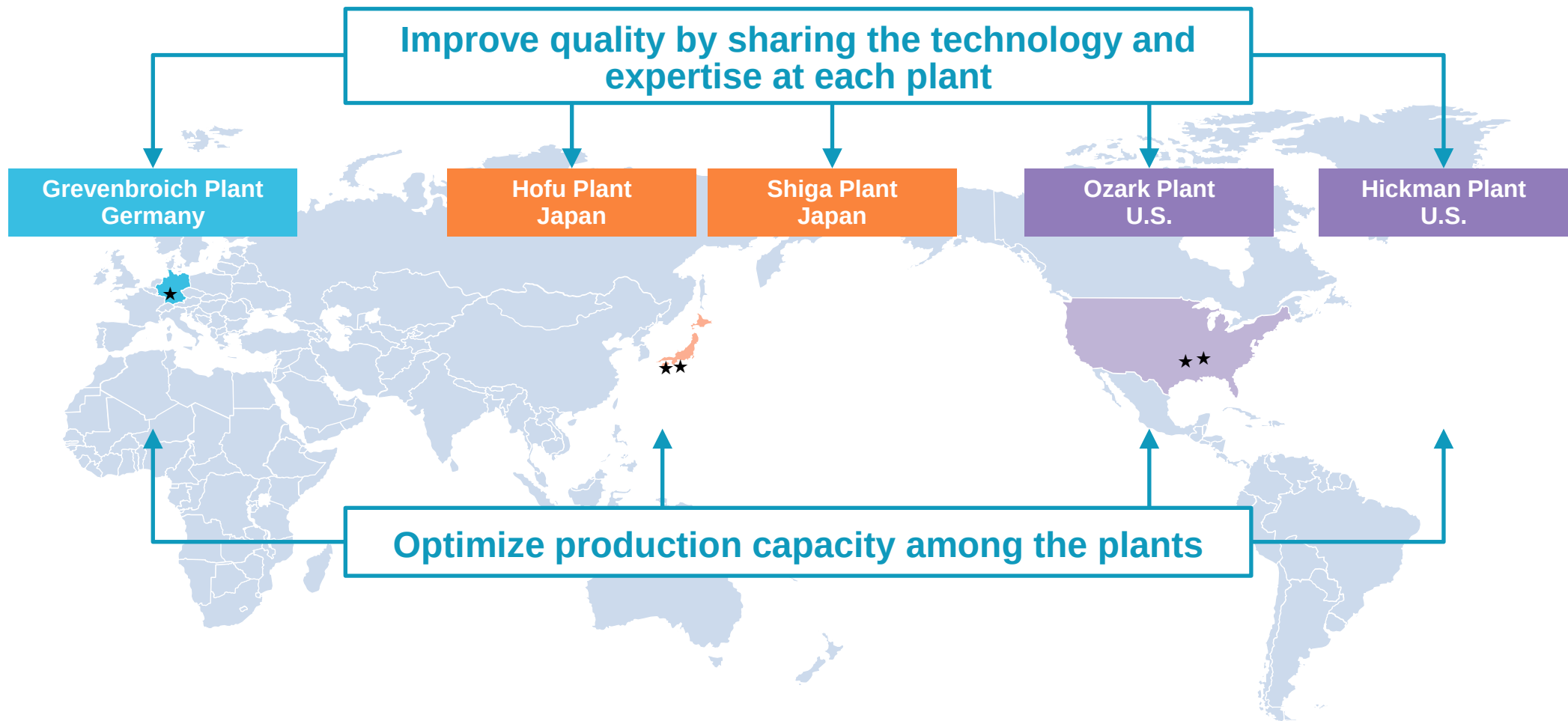


- Electric arc furnaces continue to maintain superiority in cost, due in part to legacy costs, etc. for blast furnaces.
- This is also backed by the desire of the U.S. government to invest in infrastructures.

The electric arc furnace steel market in North America is expected to remain strong in the future.

3 To Optimize Production Capacity and Improve Quality

- To improve quality and reduce costs through the synergistic benefits derived from SGL's technology and Tokai Carbon's technology.
- To enable optimal positioning of group production capacity amid the trend of restructuring in the graphite electrode business.



Future Schedule and Impact on Business Performance

Schedule

- **Date of Board of Directors' Resolution:**
September 28, 2017
 - **Agreement Conclusion Date:**
Anticipated date of October 2, 2017
 - **Share Purchase Completion Date:**
Anticipated in Early November 2017
- * This acquisition was publicly disclosed after examination by U.S. authorities.

Impact on Business Performance

- We expect the impact on consolidated business performance for the fiscal year ending December 31, 2017 to be minimal. However, we will promptly disclose information on the revision of business results and any other pertinent information that emerges from future due diligence.
- We plan to disclose the consolidated financial outlook for the fiscal year ending December 31, 2018 when reporting the financial results for the fiscal year ending December 31, 2017.

Cautionary Statement Regarding Future Prospects

The earnings forecasts and other forward-looking statements in this document are based on information obtainable at the time this document was published and assumptions as of the date of publication concerning elements of uncertainty that could affect future earnings.

Actual results may differ substantially, depending on various future factors. Factors that affect business performance include, but are not limited to, economic conditions, raw material prices, trends in product demand and market prices, and fluctuation in exchange rates.

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