

March 5, 2018

To Our Shareholders:

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

Tokai Carbon Co., Ltd.

Hajime Nagasaka, President and CEO

Notice of the 156th Annual Meeting of Shareholders

The Company would hereby like to request shareholders to attend the Company's 156th 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 28, 2018 (Wednesday).

Sincerely yours,

1. **Date:** 10:00 a.m., March 29 (Thursday), 2018
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 156th business period (January 1, 2017 to December 31, 2017)
 2. The non-consolidated financial statements for the 156th business period (January 1, 2017 to December 31, 2017)
 - Items to be resolved:**
 - Agenda No. 1:** Appropriation of Retained Earnings
 - Agenda No. 2:** Election of Seven (7) Directors
 - Agenda No. 3:** Election of One (1) Auditor
 - Agenda No. 4:** 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.

The Company regards returning profits to shareholders to be one of its important management priorities in its efforts to increase corporate value over the medium and long term. Accordingly, the Company aims to pay dividends stably and continuously with a consolidated payout ratio of 30% as a target, while giving consideration to its business results and forecasts, investment plans, and status of cash flows, etc. in each period.

The Company plans to pay a year-end dividend of ¥6 per share for the current period, which is the same as the interim dividend. The year-end dividend will bring the total 2017 dividend, including the interim dividend, to ¥12 per share.

1. Type in which dividends are paid
Cash payment
2. Allocation of dividends and total amount of dividends
¥6 per common share of the Company Total ¥1,278,937,356
3. Effective date on which dividends are disbursed from retained earnings
March 30, 2018

Agenda No. 2: Election of Seven (7) 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 seven (7) Directors by decreasing the number of Directors by one in order to make flexible decisions on the Board of 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	113,100

		February 2015	President and CEO (incumbent)	
Reason for nomination as a candidate for Director Mr. Hajime Nagasaka has been involved in the management of the Company and its group companies over many years, serving as President and CEO since February 2015. The Company reappointed him as a candidate for Director because Mr. Nagasaka has extensive experience and broad knowledge mainly of its mainstay carbon black business and the graphite electrode business.				

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 March 2017 Director Senior Managing Executive Officer responsible for Corporate Planning Department (incumbent)	93,353
Reason for nomination as a candidate for Director Mr. Nobuyuki Murofushi has been involved in the management of the Company and its group companies over many years, serving as Director, Senior Managing Executive Officer since March 2009. The Company reappointed Mr. Murofushi as a candidate for Director because he has extensive experience and knowledge mainly of its mainstay graphite electrode business and overseas business.			

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.) 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 March 2017 Director Managing Executive Officer responsible for Accounting & Finance Department and Information System Department (incumbent)		35,100
Reason for nomination as a candidate for Director Mr. Masanao Hosoya, having engaged in the practical operations and management at Bank of Tokyo-Mitsubishi UFJ, Ltd. over many years, assumed the position of Director, Managing Executive Officer of the Company in March 2015. The Company reappointed him as a candidate for Director because he has extensive experience and knowledge mainly in financing and finance.				

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)	Number of the Company's shares owned
4	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 March 2017 Director Executive Officer responsible for Human Resources Department, General Affairs Department, and Legal Affairs Department (incumbent)	51,000
Reason for nomination as a candidate for Director Mr. Yuji Serizawa has been engaged in the management of the Company and its group company over many years, serving as Director, Executive Officer of the Company since March 2015. The Company reappointed Mr. Serizawa as a candidate for Director because he has extensive experience and knowledge mainly in the fine carbon business, graphite electrode business, and administrative operations.			

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)	Number of the Company's shares owned
5	Masafumi Tsuji (January 10, 1963)	April 1986 Joined the Company March 2007 General Manager, Human Resources Department, Corporate Planning Division March 2010 General Manager, Management Planning Office, Corporate Planning Division March 2014 Business Director General Manager, Carbon Black Division March 2015 Executive Officer General Manager, Carbon Black Division January 2016 Executive Officer General Manager, Graphite Electrode Division January 2017 Executive Officer General Manager, Fine Carbon Division March 2017 Director 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 Korea Co., Ltd. Chairman of the Shareholders Committee, Tokai Carbon Europe GmbH Chairman of the Shareholders Committee, Tokai Carbon Deutschland GmbH Chairman of the Board, Tokai Carbon (Dalian) Co., Ltd.	46,500
Reason for nomination as a candidate for Director Mr. Masafumi Tsuji has held positions, such as General Manager, Human Resources Department, General Manager, Management Planning Office, General Manager, Carbon Black Division, General Manager, Graphite Electrode Division, and General Manager, Fine Carbon Division, and he has been serving as Director, Executive Officer since March 2017. The Company reappointed Mr. Tsuji as a candidate for Director because he has extensive experience and knowledge of the Company's businesses ranging from planning and administration to sales.			

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)		Number of the Company's shares owned
6	Yoshio Kumakura (January 19, 1940)	April 1969 Registered as an attorney-at-law April 1969 Joined Nakamatsu Patent & Law Firm (currently Nakamura & Partners) January 1980 Partner, Nakamura & Partners (incumbent) June 2004 Auditor, Nippon Flour Mills Co., Ltd. March 2007 External Director, the Company (retired in March 2013) June 2014 Outside Director, Nippon Flour Mills Co., Ltd. (incumbent) March 2016 External Director, the Company (incumbent) (Notable Concurrent Positions) Partner, Nakamura & Partners Outside Director, Nippon Flour Mills Co., Ltd.		29,300
Reason for nomination as a candidate for External Director Mr. Yoshio Kumakura has been a partner at Nakamura & Partners for many years and has served as External Director of the Company since March 2007, with the exception of three years when he left the position. 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, he has provided appropriate advice on the Company's management and execution of business from an objective and professional viewpoint based on his extensive experience and knowledge mainly in intellectual property law, antimonopoly law, and international trade law gained as a lawyer and patent attorney. Accordingly, the Company reappointed him as a candidate for Director.				

No.	Name (Date of birth)	Brief profile, position and responsibility at the Company (Significant concurrent position)	Number of the Company's shares owned
7	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. June 2015 Chairman, Japan Ship Technology Research Association (incumbent) March 2016 External Director, the Company (incumbent) June 2017 Outside Director, Inui Global Logistics Co., Ltd. (incumbent) (Notable Concurrent Positions) Chairman, Japan Ship Technology Research Association Outside Director, Inui Global Logistics Co., Ltd.	9,300
Reason for nomination as a candidate for External Director Mr. Nobumitsu Kambayashi has held various positions, such as President and Representative Director of Kawasaki Shipbuilding Corporation and President of Ship & Offshore Structure Company of Kawasaki Heavy Industries, Ltd., and he has been serving as External Director of the Company since March 2016. The Company reappointed Mr. Kambayashi as a candidate for Director because he has provided appropriate advice on the management and business execution of the Company from an objective and professional viewpoint based on his extensive experience and insights gained as a manager of globally operating manufacturing companies.			

Notes:

- There are no special conflict of interests between the candidates for Directors and the Company.
- Mr. Yoshio Kumakura and Mr. Nobumitsu Kambayashi are the candidates for External Directors.
- Matters concerning the candidate for External Director are as follows.
 - Number of years since assuming the post of External Director

The term of office of Mr. Yoshio Kumakura as an External Director will be eight (8) years (2007 - 2013 and 2016 - 2018) at the conclusion of this Annual Meeting of Shareholders.

The term of office of Mr. Nobumitsu Kambayashi as an External Director will be two (2) years at the conclusion of this Annual Meeting of Shareholders.
 - Outline of limited liability agreement

The Company has entered into an agreement with External Directors Yoshio Kumakura and Nobumitsu Kambayashi to limit their liability for damages as 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 minimum limited liability stipulated in laws and regulations. If this agenda item is approved as proposed, the Company plans to continue the said agreement limiting their liability.
 - The Company designated Mr. Yoshio Kumakura and Mr. Nobumitsu Kambayashi as independent officers provided for in the provisions of the Tokyo Stock Exchange and has registered them accordingly with the said exchange. If Mr. Yoshio Kumakura and Mr. Nobumitsu Kambayashi are reappointed as External Directors, the Company plans to continue their designation as independent

officers.

Agenda No. 3: Election of One (1) Auditor

Mr. Seiichiro Sasao, Auditor, will resign at the conclusion of this Annual Meeting of Shareholders. Therefore, the Company would like to elect one (1) Auditor.

As this candidate is not elected as a substitute auditor to fill a vacancy left by a resigning Auditor, the term of office of an Auditor shall expire at the conclusion of the Annual Meeting of Shareholders relating to the last fiscal year ending within four (4) years of his election.

The Board of Auditors has already given its consent to this agenda item.

The candidate for 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
Yoshio Namura (August 31, 1965)	April 1988	Joined Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation)	0
	May 2012	General Manager, Business Division VIII, Mitsubishi UFJ Trust and Banking Corporation	
	June 2013	General Manager, Business Division VII, Mitsubishi UFJ Trust and Banking Corporation	
	April 2015	General Manager, assistant to director, Corporate Business Planning Division, Mitsubishi UFJ Trust and Banking Corporation	
	April 2016	Managing Director, Mitsubishi UFJ Daiko Business Co., Ltd. (incumbent)	
	March 2018	Resigning from Mitsubishi UFJ Trust and Banking Corporation (scheduled)	
Reason for nomination as a candidate for External Auditor The Company has judged that Mr. Yoshio Namura 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.			

Notes:

1. Mr. Yoshio Namura is newly appointed candidate for Auditor.
2. There are no special conflict of interests between Mr. Yoshio Namura and the Company.
3. Mr. Yoshio Namura is the candidate for External Auditor.
4. Outline of limited liability agreement
If this agenda item is approved as proposed and Mr. Yoshio Namura assumes the position of External Auditor, the Company plans to enter into an agreement with Mr. Namura to limit the liability for damages as 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 minimum limited liability stipulated in laws and regulations.
5. If this agenda is approved as proposed, the Company plans to designate Mr. Yoshio Namura as an independent officer provided for in the provisions of the Tokyo Stock Exchange and register him accordingly with the said exchange.

Agenda No. 4: Election of One (1) Substitute Auditor

The effective tenure of Mr. Kenichi Kubota, who was elected as a Substitute Auditor at the 155th Annual Meeting of Shareholders held on March 29, 2017, expires at the beginning of this Annual Meeting of Shareholders. Accordingly, the Company wishes to elect one (1) Substitute Auditor to prepare for a 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
Kenichi Kubota (May 20, 1949)	December 1973	Joined Yasumori Audit Corporation	3,000
	September 1978	Registered as a certified public accountant and established Kubota CPA Office (incumbent)	
	July 1987	Assumed the position of Representative Partner at Yasumori Audit Corporation (resigned from the office in July 2009)	
Reason for nomination as a candidate for Substitute External Auditor Mr. Kenichi Kubota has specialized knowledge of finance and accounting gained through his work as a certified public accountant, as well as an experience serving as Representative Partner at an audit firm for many years. Although Mr. Kubota has never been involved in corporate management, he has insight based on his experience as above. Accordingly, he is deemed able to provide management with appropriate advice, as External Auditor, from the perspective of financial soundness and accuracy.			

Notes:

1. There are no special conflict of interests between Mr. Kenichi Kubota and the Company.
2. Mr. Kenichi Kubota is the candidate for Substitute External Auditor.
3. Outline of limited liability agreement
If this agenda item is approved as proposed and Mr. Kenichi Kubota assumes the position of External Auditor, the Company plans to enter into an agreement with Mr. Kubota to limit the liability for damages as 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 minimum limited liability stipulated in laws and regulations.