

November 22, 2011

**Establishment of a Production and Sales Joint Venture Company  
with the POSCO Group for Isotropic Graphite Materials in South Korea**

Tokai Carbon Co., Ltd. (Head office: Minato-ku, Tokyo; President and CEO: Yoshinari Kudo; hereinafter "Tokai Carbon") has agreed on the basic policy for jointly establishing in South Korea a production and sales joint venture for isotropic graphite materials with the POSCO Group (Head office: Pohang City, Kyongsangbuk-do, South Korea; Chairman: Joon-Yang Chung; hereinafter "POSCO").

The joint venture company will likely be capitalized at 70.0 billion won, with POSCO holding a 60 percent stake and Tokai Carbon holding the remaining 40 percent. The two parties shall conduct a further study of the detailed terms, with a view to establishing the company in spring 2012.

Isotropic graphite materials are essential for the processes of manufacturing semiconductor and solar cell components, and demand is expected to increase in the medium- and long-terms.

The manufacturing facilities of the joint venture company will be constructed in South Korea with a planned production capacity of 4,000 tons of isotropic graphite materials per year. Operations are scheduled to begin before the end of 2014.

POSCO will supply raw materials for isotropic graphite material to the joint venture company from another joint venture that it plans to establish in South Korea, and Tokai Carbon will provide manufacturing technology for isotropic graphite materials.

Tokai Carbon has heretofore been conducting operations for downstream processes, such as machining, purification, and silicon carbide coating of graphite materials, through Tokai Carbon Korea Co., Ltd., its overseas affiliated company listed on KOSDAQ. Through the production and sales joint venture, in South Korea as well, by laying out a framework for an integrated supply structure starting from materials manufacturing for upstream processes, Tokai Carbon intends to stably supply isotropic graphite materials and products, whose demand is expected to grow in the medium- and long-terms.