

May 10, 2016

TOKYO OHKA KOGYO CO., LTD.

Announcement of the TOK Group's Medium-Term Plan
– tok Medium-Term Plan 2018 (FY2017-FY2019) –

TOKYO OHKA KOGYO CO., LTD. (“TOK”) has formulated “**tok** Medium-Term Plan 2018” covering FY2017-FY2019 (from April 1, 2016 to March 31, 2019), and the following is a summary.

■ Summary of **tok** Medium-Term Plan 2018 (FY2017-FY2019) ■

Positioning: The 3-year period that holds **the key to achieving** the FY2021 target (operating income of ¥20 billion)

Numerical Targets of FY2019

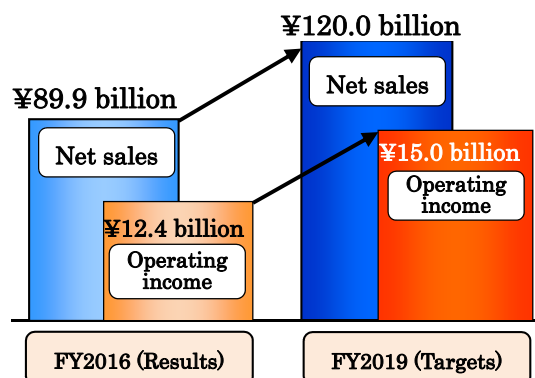
| | |
|------------------|----------------------|
| Net sales | Over 120 billion yen |
| Operating income | Over 15 billion yen |
| Ordinary income | Over 15 billion yen |
| Net income | Over 10 billion yen |
| ROE | Over 7% |

Management Vision

“Aim to be a globally trusted corporate group by inspiring customers with high value-added products that have satisfying features, low cost and superior quality.”

Features of tok Medium-Term Plan 2018

1. Continue making **proactive investments** to achieve an overarching aspiration
2. Achieve **new record profits** (*) in the plan's final year
3. **Set ROE target of over 7% and enhance returns to shareholders**



(*)Record-high operating income: ¥13,253 million (FY2015)

Company-wide strategy

1. Reform business portfolios

As an R&D-driven company, TOK provides high value-added products and services, and works to continuously renew its businesses portfolio.

2. Evolve our strategy of building close relationships with customers

Make the most of our bases newly built under the previous medium-term plan, build long-term relationships of trust with customers, and expand business.

3. Develop global personnel

Develop human resources keeping an eye on the needs of the entire TOK Group, and generate synergies throughout the Group. Furthermore, recruit and promote diverse human resources that are suited to conducting global business.

4. Strengthen management foundation

Make use of the Group Management System (“GMS”) Project, and build a governance system aimed at reducing the risks associated with globalization and at enhancing corporate value.

1. Background to the formulation of “tok Medium-Term Plan 2018”

In the “tok Medium-Term Plan 2015,” we set out our management vision, which is to “Aim to be a globally trusted corporate group by inspiring customers with high value-added products.” As a result of its associated efforts, TOK achieved record-high profits in its financial results for the fiscal year ended March 2015. TOK attained a measure of success as regards its quantitative targets, but as regards its qualitative targets, despite the progress made in our strategy of building close relationships with our customers, TOK did not manage to create new businesses or otherwise reform its business portfolios, and is continuing to rely on its existing businesses.

Under the “tok Medium-Term Plan 2018,” TOK recognizes that the plan covers the important 3-year period that holds the key to achieving the FY2021 target of TOK attaining its aspiration of an operating income of ¥20 billion. In line with this medium-term plan, TOK has risen to the challenge of aiming for its quantitative target with a determination stronger than ever before.

Through the implementation of this medium-term plan, TOK will continue to work to become a corporate group that is highly trusted by its shareholders and all other stakeholders.

2. Details of Management Targets and Company-wide Strategy

(1) Management Targets

The management targets of “tok Medium-Term Plan 2018” are continued from the previous plan and comprise “Deepen and expand existing business domains, and swiftly launch new business domains,” aiming for the FY2021 target of TOK attaining its aspiration of an operating income of ¥20 billion.

(2) Details of Company-wide Strategy

TOK is making efforts as regards the following priorities of its company-wide strategy in order to achieve the above management targets and FY2019 numerical targets.

1) Reform business portfolios

- ◆ Renew mainstay products
- ◆ Create new businesses and new materials
- ◆ Achieve an earnings recovery in the Equipment Business and expand TSV technology to multiple applications, etc.

2) Evolve our strategy of building close relationships with customers

- ◆ Strengthen development of ArF (1X, 10nm and beyond) ⇒ Achieve over 30% share on a worldwide basis
- ◆ Further increase share of KrF ⇒ Thick-film photoresists for 3D-NAND use, etc.
- ◆ Strengthen customer support structure in the Chinese market etc.

3) Develop global personnel

- ◆ Develop core human resources keeping an eye on the entire TOK Group, and recruit and promote diverse human resources that are suited to conducting global business

4) Strengthen management foundation

- ◆ Make use of the Group Management System (“GMS”) Project, etc.
⇒ Build a governance system aimed at reducing the risks associated with globalization and at enhancing corporate value
- ◆ ROE target FY2019: Over 7% ⇒ FY2021: Over 8%
- ◆ Dividend policy: To ensure that distributions continually result in a consolidated dividend payout ratio over 40%, while taking into account current dividend levels

(Changed from a consolidated dividend payout ratio of over 30%)

