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FOR IMMEDIATE RELEASE:

Toray Announces FY2001 Financial Results

Overview of Fiscal Year 2001 (April 2000 - March 2001):

The Japanese economy demonstrated a moderate recovery in the first half of FY 2001, while consumer spending continued to lag. In the second half of the year, business confidence declined steeply due to the slowdown in the U.S. economy, which significantly affected Toray's core businesses, including fibers and textiles.

Although overseas economies remained strong during the first half of the year, the slowdown in the U.S. economy had a ripple effect in Europe and Asia in the second half of the year.

Under such circumstances, Toray slashed costs and diversified marketing across all business sectors. Toray also improved the profitability of its fiber and textile subsidiaries in China and Southeast Asia, as had been planned for the year.

As a result of these improvement plans, Toray's consolidated net sales for FY 2001 increased 8.6% from the previous year to 1,075.4 billion yen (US\$8,673 million), while operating income increased 58.3% to 51.2 billion yen (US\$413 million) and ordinary income increased 63.9% to 40.9 billion yen (US\$330 million). Net income increased by 82.6 billion yen to 16.9 billion yen (US\$136 million). The increase in net income was partly due to the recognition in the previous year of an extraordinary loss of 106.2 billion yen as a result of proactive application of an upcoming regulatory amendment to generally accepted accounting principles in Japan regarding employee retirement benefits.

Business Performances of Each Sector:

<Fibers and Textiles>

Domestic sales and profits for nylon declined in FY2001 due to a slowdown in the apparel market and an overseas shift in customer production facilities. Sales and profits for Teton* polyester yarn increased due to expanded sales of staple fibers for wadding and non-woven fabrics. On the other hand, sales of filament yarn for apparel- and industrial-use decreased due to a market slowdown. Sales of the acrylic fiber Toraylon* declined due to lower domestic consumption resulting from an increase in imported end-products.

In terms of overseas operations, Toray Saehan, Inc. (TSI), one of Toray's South Korean subsidiaries, which started operation in December 1999, has contributed to the fiscal results under review. TSI operates polyester filament yarn and non-woven fabrics businesses. Sales of affiliates in China and Southeast Asia increased due to expanded marketing in the polyester filament yarn, polyester woven textile and polyester-cotton blended textile sectors.

As a result, both sales and operating income for Toray's overall fibers and textiles business increased year on year. Sales grew to 433.5 billion yen (US\$3.496 billion), while operating income reached 23 billion yen (US\$185 million).

On the production side, investment for renewal and labor saving has been made for domestic production of Teton* fiber for industrial use. As for overseas, P.T. Easterntex, a subsidiary in Indonesia added new yarn spinning facilities, resulting in increased output.

<Plastics and Chemicals>

Sales of ABS resin Toyolac* improved, because of expanded marketing in the automobile sector, higher selling prices in the domestic market, and increased sales in the electronic and toy sectors for the export market. An increase in overseas sales reflected strong economic performance in Hong Kong and China. Sales of the nylon resin Amilan* and PBT resin Toraycon* also improved due to increased domestic demand from the automotive and electric/electronic sectors.

In the Film Business, sales of polyester film Lumirror*, one of our core products, continued to increase mainly in the domestic packaging-application market. Lumirror's overseas sales also increased due to increased demand for packaging and industrial-use, and a shift of U.S. operations from standard

magnetic-tape use to industrial-use.

In the chemicals sector, sales for Caprolactam, one of Nylon's raw materials, nearly flattened out compared with previous year results due to worsening market conditions since last summer. However, the total sales of the chemicals sector increased thanks to expanded sales of fine chemical products such as pharmaceutical intermediates.

As a result, sales of plastics and chemicals overall increased year-on-year to 245.8 billion yen (US\$1.982 billion) and operating income reached 11.1 billion yen (US\$90 million).

<IT related Products >

Because of the expanded business fields and importance on information and telecommunication businesses, Toray began from this fiscal year to manage a new business sector "Information Technology related Products." Therefore, the relevant businesses in Plastic and Chemicals, Housing and Engineering, New Products and Other Businesses are now reclassified as an independent business unit.

In the IT-related resin and film sector, sales of polyester film for standard magnetic tape use in the U.S., European and Japanese markets continued to decline. On the other hand, sales of electronic components and liquid crystal display (LCD) applications increased. In addition, the IT-related film businesses of TSI have been consolidated within this sector. As a result, the total sales amount of this sector have increased.

As for electronic and information-related product applications, sales of Toptical*, a high-quality color filter for LCD, increased, and subsidiaries in Japan and Korea expanded their circuit materials business.

As a result, overall sales of information technology materials increased year-on-year to 153.6 billion yen (US\$1.239 billion) and operating income reached 6.8 billion yen (US\$54.8 million).

<Housing and Engineering>

Though the construction business was slack, the engineering business recovered steadily, with year-on-year sales increasing slightly to 124.1 billion

yen (US\$1.0 billion). An improvement in the profitability of subsidiaries and affiliated companies resulted in an operating gain compared to a 1.8 billion yen (US\$14.5 million) loss in the previous year.

<Pharmaceutical and Medical Products>

Although the pharmaceutical business was affected by the deterioration of market prices caused by a downward revision in regulated drug prices, increased sales of Dorner* for peripheral vascular disorders and revenues from royalties led to a year-on-year sales expansion. In spite of the pricing competition, an expansion in the sales volume of Toraysulfone*, a polysulfone membrane artificial kidney, and Toraymyxin*, a suction-type blood purification device for treating septicemia helped boost the sales total.

As a result, the pharmaceutical and medical products sector overall recorded an increase in both sales and operating income, with sales hitting 52.4 billion yen (US\$423 million) and operating income totaling 6.3 billion yen (US\$51 million).

On the production side, the production facilities of artificial kidney have been expanded.

<New Products and Other Businesses >

Toray's advanced composite materials business expanded primarily due to strong demand from the European and U.S. aviation industries, as well as industrial application demand from Europe. However, sluggish domestic demand for sports applications and a decrease in sales of composite molding goods led to a year-on-year decline in profits.

Overall, new products and other businesses resulted in a year-on-year increase in sales to 66 billion yen (US\$532 million), and operating income to 3.6 billion yen (US\$29 million).

<Recent Investments>

As for the company's Water Treatment Business, Toray contracted a joint venture agreement with Ionics Incorporated of the United States, the world's largest manufacturer of water treatment plants, and Mitsui & Co. America. The joint venture, named Toray Membrane America, Inc. (TMA), will produce and sell reverse osmosis membrane elements in the Americas and also sell Toray's

brine conversion two-stage sea water desalination in the region. Also, Toray expanded their operations in the European water treatment market by investing in ROPUR AG, a distributor of reverse osmosis membranes.

In the information and telecommunication materials sector, Toray aligned with Matsushita Electric Industrial Co., Ltd. to manufacture plasma display panel (PDP) devices and PDP television sets.

1) Dividends

In accordance with the company's long-standing management policy of providing stable dividends, the dividend for FY 2001 will be 7 yen per share, the same as the previous fiscal year.

2) Cash Flows for FY 2001

Free cash flows from operating activities minus cash flows from investment activities improved year-on-year to 44.7 billion (US\$360 million). The cash flows for FY 2000 and 2001, including the balances of cash and cash equivalents, are as follows:

Unit: billions of JPY

	Year ended March 31	
	2001	2000
Cash flows from operating activities	108.8 (US\$877 million)	57.3 (US\$462 million)
Cash flows from investment activities	-64.0 (US\$516 million)	-102.1 (US\$823 million)
Balance (Free cash flows)	44.7 (US\$360 million)	-44.8 (US\$361 million)
Cash flows from financing activities	-55.7 (US\$449 million)	33.2 (US\$268 million)
Effects of exchange rate changes	0.8 (US\$6.5 million)	-1.3 (US\$10 million)
Change in cash and cash equivalents for the year	-10.1 (US\$81 million)	-12.9 (US\$104 million)
Cash and cash equivalents at the beginning of the year	73.0 (US\$589 million)	85.8 (US\$692 million)
Effect of changes of consolidated subsidiaries	0.0 (US\$0 million)	0.1 (US\$1 million)
Cash and cash equivalents at the end of the year	62.9 (US\$507 million)	73.0 (US\$589 million)

Projection for FY 2002

We forecast that the Japanese economy will continue to decline due to stagnant consumer spending as well as a slowdown in exports and domestic capital investment. We also expect overseas economies to continue slowing down.

Under such unfavorable circumstances, we are planning to continue global reengineering in core businesses, such as polyester filament yarn and polyester film. We also plan to improve the sales and profits of our overseas subsidiaries. In addition, Toray also plans to expand its IT business, restructure marketing strategies, and improve capital efficiency. Toray plans net sales of 1,150 billion yen (US\$9.3 billion), operating income of 58.0 billion yen (US\$468 million), ordinary income of 47.0 billion yen (US\$379 million) and net income of 23.0 billion yen (US\$185 million) for FY 2002.

Notes:

- 1) U.S. dollar amounts are converted from yen at an exchange rate of 124 yen=US\$1, the approximate rate of exchange prevailing on March 31,2001.
- 2) The financial data are under audit.
- 3) Product names with (*) are trademarks of Toray Industries, Inc.

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1 Consolidated Business Results

(All amounts in millions of Japanese Yen except the "per share" data)

(1) TORAY'S CONSOLIDATED FINANCIAL HIGHLIGHTS

	Year ended March 31		
	2001 (A)	2000 (B)	Change $\frac{\{(A) - (B)\} \times 100}{(B)}$
Net sales	1,075,371	990,487	8.6%
Fibers and textiles	433,500	404,966	7.0%
Plastics and chemicals	245,804	221,230	11.1%
IT related products	153,612	125,599	22.3%
Housing and engineering	124,055	123,615	0.4%
Pharmaceuticals and medical products	52,425	47,439	10.5%
New products and other businesses	65,975	67,638	-2.5%
Operating income	51,166	32,320	58.3%
Ordinary income	40,866	24,927	63.9%
Net income	16,937	-65,667	---
Depreciation	80,032	79,144	1.1%
Capital investment	59,504	108,660	-45.2%
Total assets	1,461,133	1,470,850	-0.7%
Property, plant and equipment, net	629,007	636,491	-1.2%
Total stockholders' equity	425,193	415,878	2.2%
Per Share of common stock:			
Net income:			
Primary	¥12.09	¥-46.86	---
Fully diluted	¥12.02	---	---
Cash dividends	¥7.00	¥7.00	---
Stockholders' equity	¥303.39	¥296.74	2.2%
Ratios:			
Operating income to net sales	4.8%	3.3%	
Net income to net sales	1.6%	-6.6%	
Equity ratio	29.1%	28.3%	
Return on equity	3.9%	-14.5%	

Projection of results	2002
Net sales	1,150,000
Operating income	58,000
Ordinary income	47,000
Net income	23,000

(2) SEGMENT INFORMATION (For the year ended March 31, 2001)

Industrial Segment Information

	Sales to outside customers	Inter-segment sales	Total sales	Operating income	Assets	Depreciation and amortization	Capital expenditures
Fibers and Textiles	433,500	370	433,870	23,005	476,240	27,468	19,846
Plastics and Chemicals	245,804	24,475	270,279	11,108	383,041	24,009	16,958
IT Related Products	153,612	6,690	160,302	6,837	249,976	16,198	10,682
Housing and Engineering	124,055	32,711	156,766	34	188,457	2,475	1,880
Pharmaceuticals and Medical Products	52,425	182	52,607	6,255	78,174	2,681	3,777
New Products and Other Businesses	65,975	19,216	85,191	3,649	146,874	9,925	7,320
Total	1,075,371	83,644	1,159,015	50,888	1,522,762	82,756	60,463
Elimination and Corporate	---	(83,644)	(83,644)	278	(61,629)	(1,953)	(392)
Consolidated Total	1,075,371	---	1,075,371	51,166	1,461,133	80,803	60,071

Geographic Segment Information

	Sales to outside customers	Inter-segment sales	Total sales	Operating income	Assets
Japan	799,168	59,799	858,967	33,262	1,082,091
Asia	166,643	22,986	189,629	15,267	236,479
Europe & United States	109,560	4,483	114,043	2,479	168,016
Total	1,075,371	87,268	1,162,639	51,008	1,486,586
Elimination and Corporate	---	(87,268)	(87,268)	158	(25,453)
Consolidated Total	1,075,371	---	1,075,371	51,166	1,461,133

Export Sales and Sales by Overseas Subsidiaries

	Export sales and sales by overseas subsidiaries	Percentage of such sales against consolidated net sales
Asia	235,210	21.9%
Other regions	193,000	17.9%
Total	428,210	39.8%