

February 7, 2007

A decorative background of blue and cyan circles is scattered across the slide, primarily surrounding the central text. The circles vary in size and opacity, creating a textured effect.

Announcement of Business Results
For the Third Quarter of
Fiscal Year Ending March 2007

Sadayuki Sakakibara, President
Toray Industries, Inc.

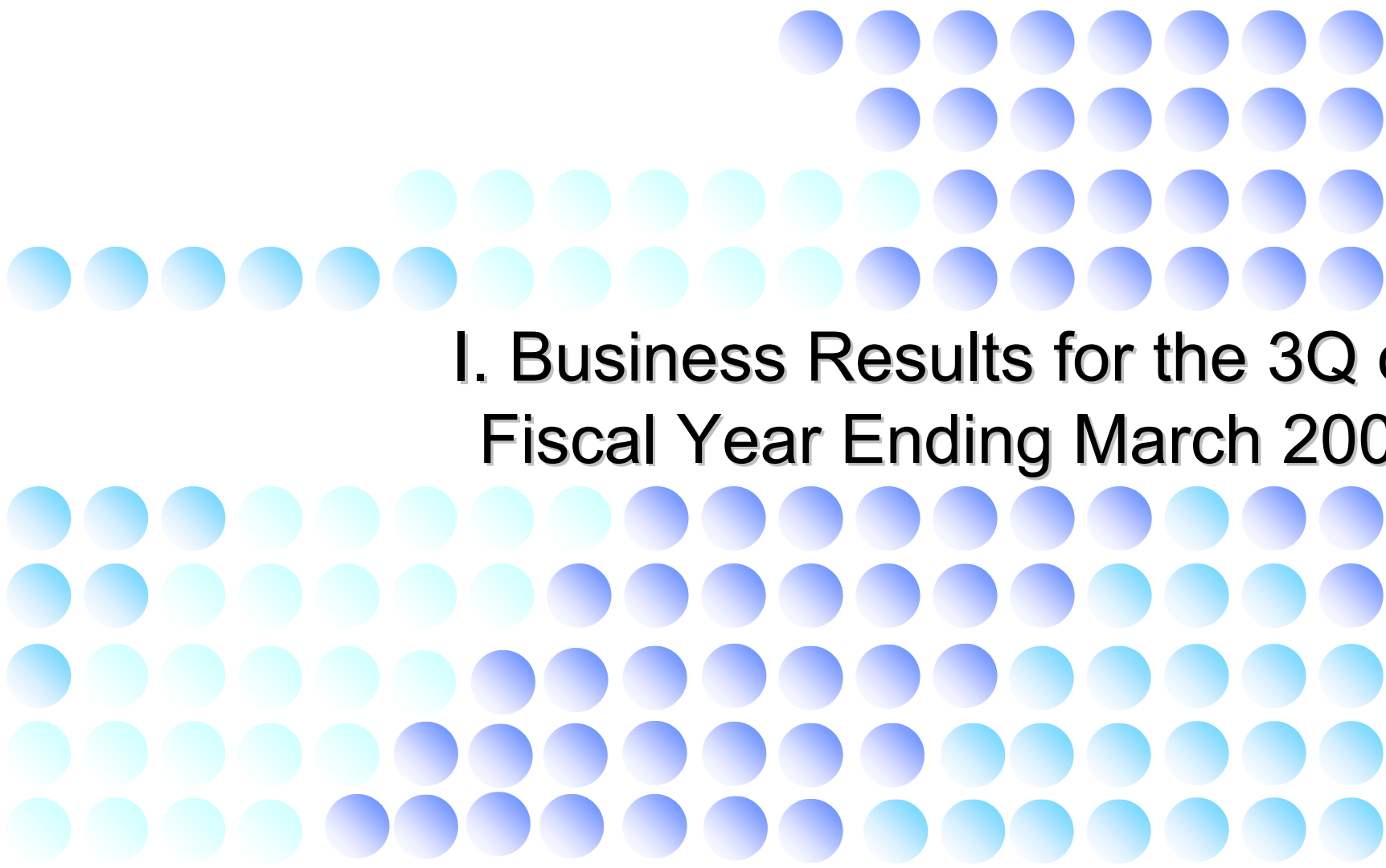
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The background of the slide is decorated with a pattern of blue and cyan circles. The circles are arranged in a grid-like pattern, with some circles missing or faded, creating a sense of depth and movement. The circles are in various shades of blue and cyan, ranging from light to dark. The text is centered on the slide, and the overall design is clean and professional.

I. Business Results for the 3Q of Fiscal Year Ending March 2007

Summary (Profits of nine months from '06/4 to '06/12)

TORAY

Innovation by Chemistry

Billion ¥

	Apr-Dec of FY Mar/06	Apr-Dec of FY Mar/07	Changes
Net Sales	1,026.5	1,129.6	+103.1 (+10.0%)
Cost of Sales	813.0	900.7	+87.7 (+10.8%)
Gross Profit	213.5	228.9	+15.4 (+7.2%)
(Gross Profit to Net Sales)	20.8%	20.3%	-0.5 points
Operating Income	57.8	64.1	+6.3 (+10.8%)
(Operating Income to Net Sales)	5.6%	5.7%	+0.0 points
Non-operating Income and Expenses, net	▲ 3.7	▲ 2.6	+1.1
Ordinary Income	54.2	61.5	+7.4 (+13.6%)
Special Credits and Charges, net	▲ 4.8	▲ 11.0	-6.2
Income before Income Taxes	49.3	50.5	+1.2 (+2.5%)
Net Income	28.0	40.6	+12.6 (+45.1%)

*Consolidated business results are the sums of Apr–Dec business results in companies whose FY ends on March 31, and Jan–Sep business results in companies whose FY ends on December 31.

Summary (Profits of Third Quarter (Oct.- Dec.))

TORAY

Innovation by Chemistry

Billion ¥

Billion ¥

	3Q FY Mar/06	3Q FY Mar/07	Changes
Net Sales	347.7	383.4	+35.7 (+10.3%)
Cost of Sales	276.3	306.6	+30.4 (+11.0%)
Gross Profit	71.5	76.8	+5.3 (+7.4%)
(Gross Profit to Net Sales)	20.6%	20.0%	- 0.5 points
Operating Income	19.0	21.2	+2.2 (+11.6%)
(Operating Income to Net Sales)	5.5%	5.5%	+0.1 points
Non-operating Income and Expenses, net	▲ 1.7	▲ 0.2	+1.5
Ordinary Income	17.3	21.0	+3.7 (+21.2%)
Special Credits and Charges, net	1.1	0.1	-1.0
Income before Income Taxes	18.5	21.1	+2.7 (+14.4%)
Net Income	11.2	12.6	+1.3 (+11.9%)

	End of Sep/06	End of Dec/06	Changes	End of Mar/06 <FYI>
Total Assets	1,561.8	1,614.2	+52.4	1,537.4
Total Liabilities	957.1	990.2	+33.1	946.7
Minority Interests in Consolidated Subsidiaries	-	-	-	53.7
Total Stockholders' Equity	-	-	-	537.0
Total Net Assets	604.7	624.0	+19.2	-
Interest-bearing Debts	507.4	529.2	+21.7	484.4
D/E ratio	0.92	0.94	+0.01	

*Consolidated business results are the sums of Oct–Dec business results in companies whose FY ends on March 31, and Jul–Sep business results in companies whose FY ends on December 31.

Results by Business Segment

(Nine months from '06/4 to '06/12)



Innovation by Chemistry
Billion ¥

	Net Sales			Operating Income		
	Apr-Dec of FY Mar/06	Apr-Dec of FY Mar/07	Changes	Apr-Dec of FY Mar/06	Apr-Dec of FY Mar/07	Changes
Fibers & Textiles	431.9	457.8	+25.9 (+6.0%)	14.6	14.4	-0.1 (-0.9%)
Plastics & Chemicals	248.6	279.8	+31.2 (+12.6%)	13.3	12.6	-0.6 (-4.7%)
IT-related Products	169.2	197.2	+27.9 (+16.5%)	19.8	21.8	+2.0 (+10.2%)
Carbon Fiber Composite Materials	38.0	50.3	+12.2 (+32.2%)	8.7	13.0	+4.3 (+49.4%)
Environment & Engineering	90.2	96.8	+6.6 (+7.4%)	▲ 0.8	0.4	+1.2 (-)
Life Science & Other Businesses	48.5	47.7	-0.9 (-1.8%)	2.6	2.9	+0.3 (+11.3%)
(Pharmaceuticals & Medical Products Included)	30.5	30.4	-0.2 (-0.5%)	0.9	0.8	-0.2 (-17.4%)
Total	1,026.5	1,129.6	+103.1 (+10.0%)	58.2	65.2	+7.0 (+12.1%)
Elimination & Corporate				▲ 0.3	▲ 1.1	-0.8
Consolidated	1,026.5	1,129.6	+103.1 (+10.0%)	57.8	64.1	+6.3 (+10.8%)

Results by Business Segment (Third Quarter (Oct. – Dec.))

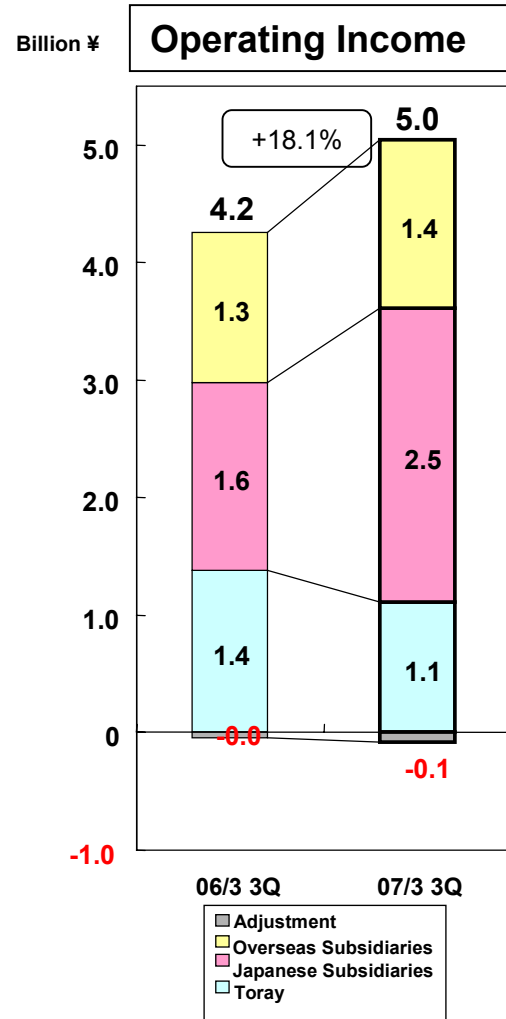
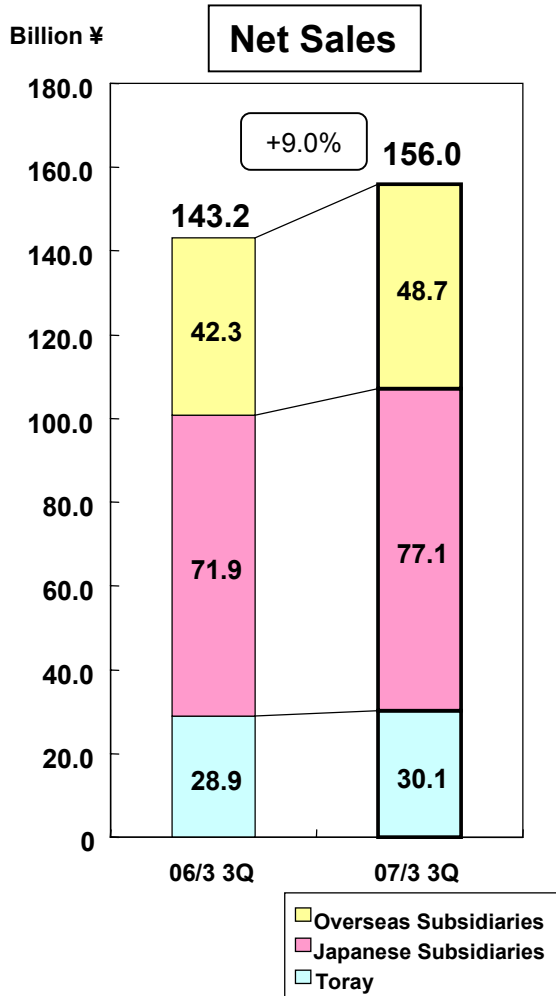


Innovation by Chemistry

Billion ¥

	Net Sales			Operating Income		
	3Q FY Mar/06	3Q FY Mar/07	Changes	3Q FY Mar/06	3Q FY Mar/07	Changes
Fibers & Textiles	143.2	156.0	+12.8 (+9.0%)	4.2	5.0	+0.8 (+18.1%)
Plastics & Chemicals	89.8	95.2	+5.4 (+6.1%)	4.6	4.0	-0.7 (-14.3%)
IT-related Products	58.1	69.4	+11.3 (+19.4%)	6.7	7.3	+0.6 (+8.8%)
Carbon Fiber Composite Materials	13.6	18.4	+4.8 (+35.0%)	2.8	4.2	+1.4 (+48.5%)
Environment & Engineering	28.3	29.0	+0.7 (+2.6%)	0.4	0.3	-0.1 (-28.1%)
Life Science & Other Businesses	14.8	15.4	+0.6 (+4.0%)	0.6	0.9	+0.3 (+58.5%)
(Pharmaceuticals & Medical Products Included)	10.2	10.4	+0.2 (+1.7%)	0.3	0.2	-0.1 (-44.1%)
Total	347.7	383.4	+35.7 (+10.3%)	19.3	21.6	+2.3 (+11.8%)
Elimination & Corporate				▲ 0.3	▲ 0.4	-0.1
Consolidated	347.7	383.4	+35.7 (+10.3%)	19.0	21.2	+2.2 (+11.6%)

Results by Business Segment (Fibers & Textiles)



Comments

Toray

Sales increased but income decreased due to the steep rise in raw materials and fuel prices in spite of price raise and shift to high value-added products. While in textiles businesses, sales and income increased through export expansion of high value-added products for high-grade dress fabrics and sporting fabrics.

Japanese Subsidiaries

Sales and income increased through sales expansion at trading subsidiaries.

Overseas Subsidiaries

Sales and income increased through improvement of profits at subsidiaries in China as well as good man-made suede business at a subsidiary in Italy.

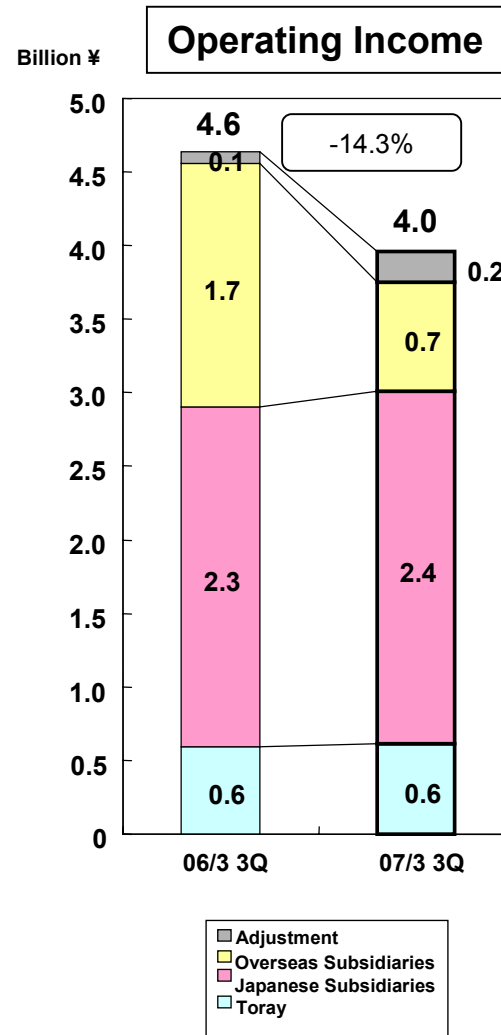
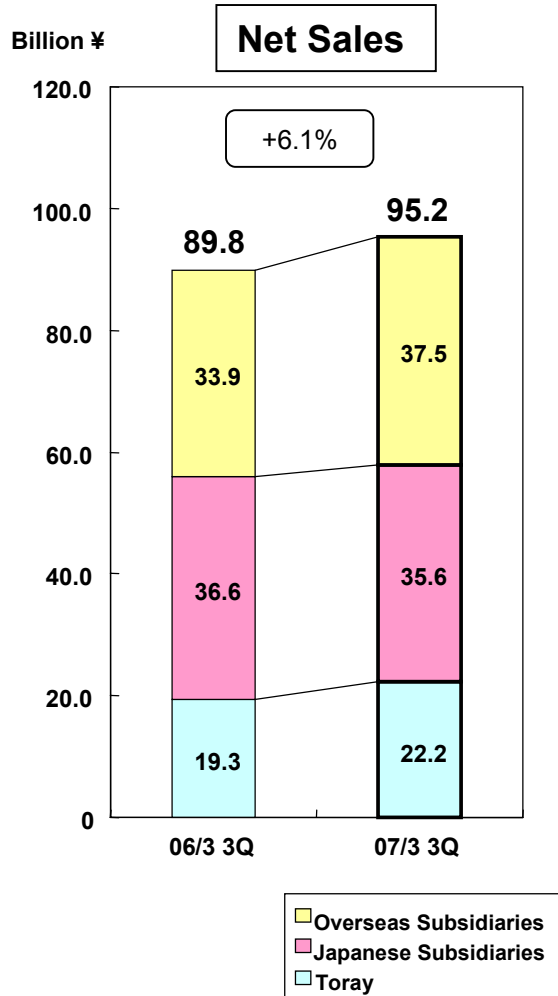
<Major Subsidiaries >

Japan : Toray International Inc., Ichimura Sangyo, Co., Ltd., Chori Co., Ltd., etc.

Asia : PENFABRIC (Malaysia), LUCKYTEX (Thailand), ITS (Indonesia), TFNL (China), etc.

Europe & US : ALCANTARA (Italy), etc.

Results by Business Segment (Plastics & Chemicals)



Comments

Toray

In plastics businesses, sales expanded mainly for automobiles, home appliances and game machines, etc. In films businesses, sales expanded mainly for hybrid car capacitors. However, income of plastics businesses and films businesses in total decreased due to the steep rise in raw materials and fuel prices in spite of price raise. Sales and income increased in chemicals which led to total increase in sales and income of the segment.

Japanese Subsidiaries

Sales decreased due to sluggish businesses at some trading subsidiaries, however, income of Japanese subsidiaries increased as a whole.

Overseas Subsidiaries

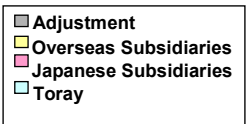
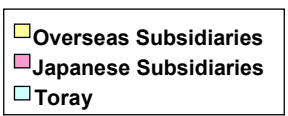
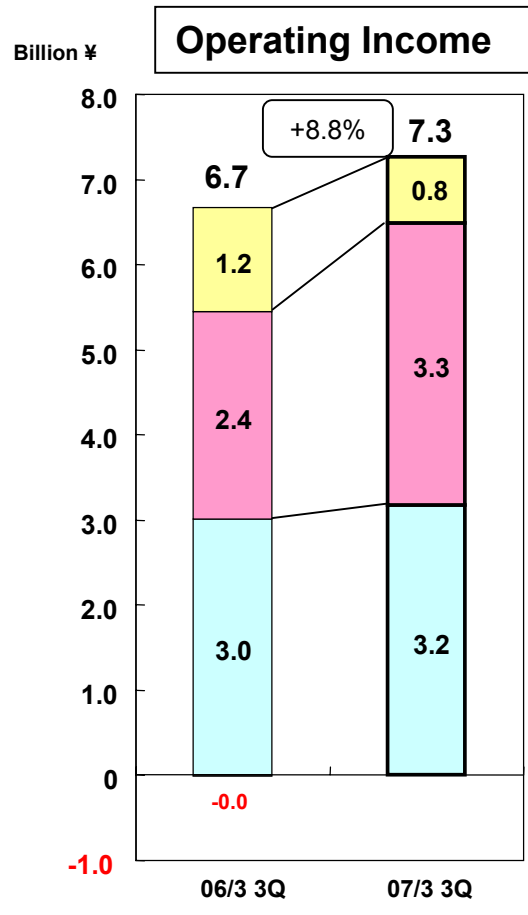
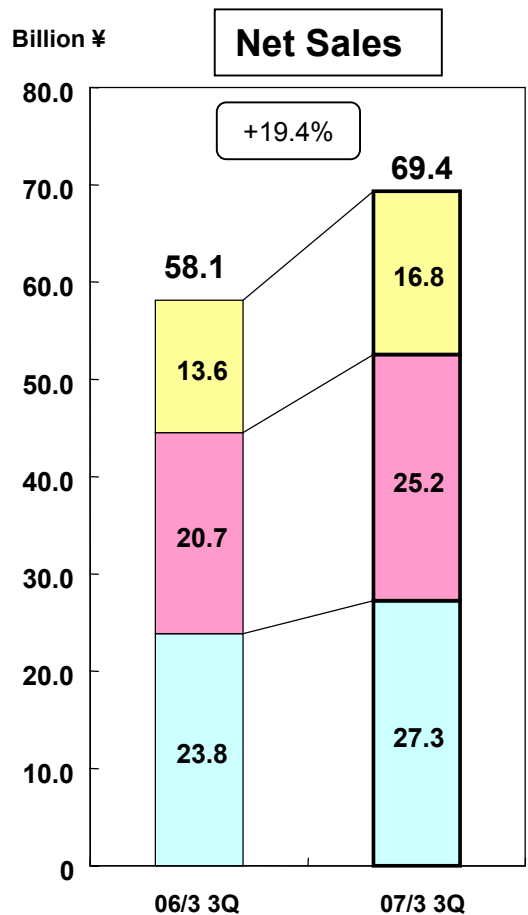
Sales increased through sales expansion at Asian plastics subsidiaries and US film subsidiary, however, total income decreased due to strategic shift of films businesses to IT-related products at Korean film subsidiary as well as the effect of the steep rise in raw materials and fuel prices at film subsidiaries.

<Major Subsidiaries>

Japan : Toray Advanced Film Co., Ltd., Toray Fine Chemicals Co., Ltd., Soda Aromatic Co., Ltd., Chori Co., Ltd., etc.

Overseas : TPA (US), TPM (Malaysia), TPEu (France), TSI (Korea), etc.

Results by Business Segment (IT-related Products)



Comments

Toray

Sales and income increased through sales expansion of IT-related plastics and films, and PDP-related materials along with the growth of FPD market as well as strong sales of semiconductor-related materials.

Japanese Subsidiaries

Sales and income increased mainly through sales expansion of LCD color filters manufacturing equipments, etc.

Overseas Subsidiaries

At Korean subsidiary, sales increased through sales expansion of FPD/electronic component-related films and processed films, however, income decreased due to circuit materials effected by tough market competition. Furthermore, Korean circuit materials subsidiaries were affected by customers' production adjustment. In total, sales increased but income decreased.

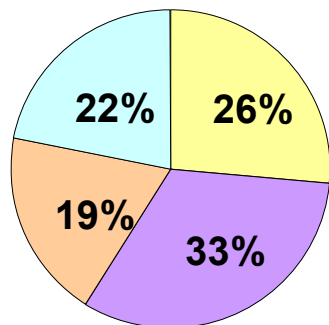
<Major Subsidiaries>

Japan : Toray Engineering Co., Ltd., Toray Advanced Film Co., Ltd., etc.
Overseas : TPA (US), TPEu (France), TSI (Korea), STEMCO (Korea), etc.

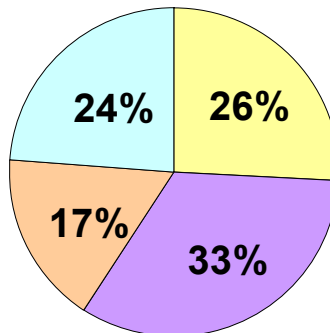
Details of the Sales of IT-related Products Segment

[Sales ratio by sub-segment in FY Mar/07]

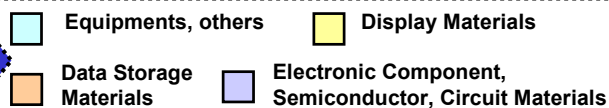
Nine months from Apr.-Dec.
(1Q ~3Q)



Third Quarter
(three months)



Sub-segments



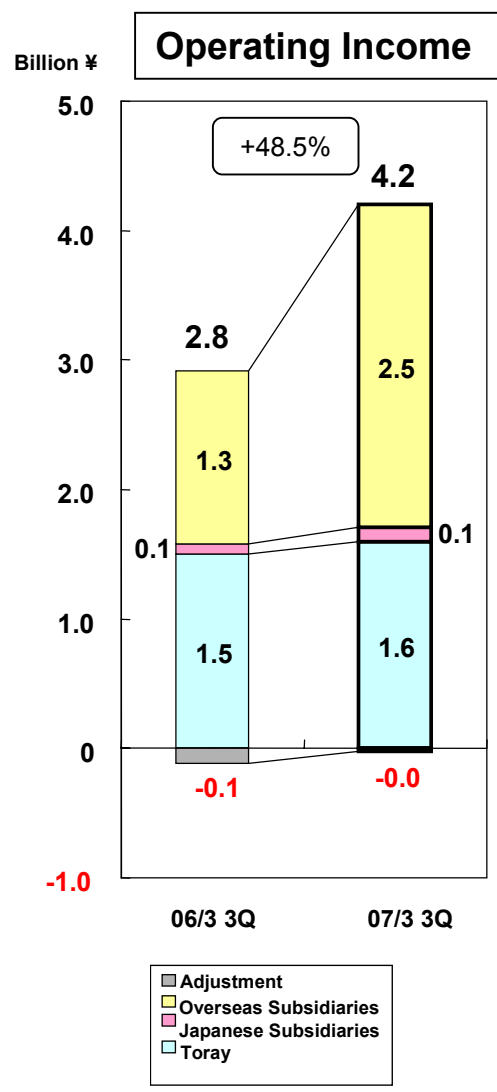
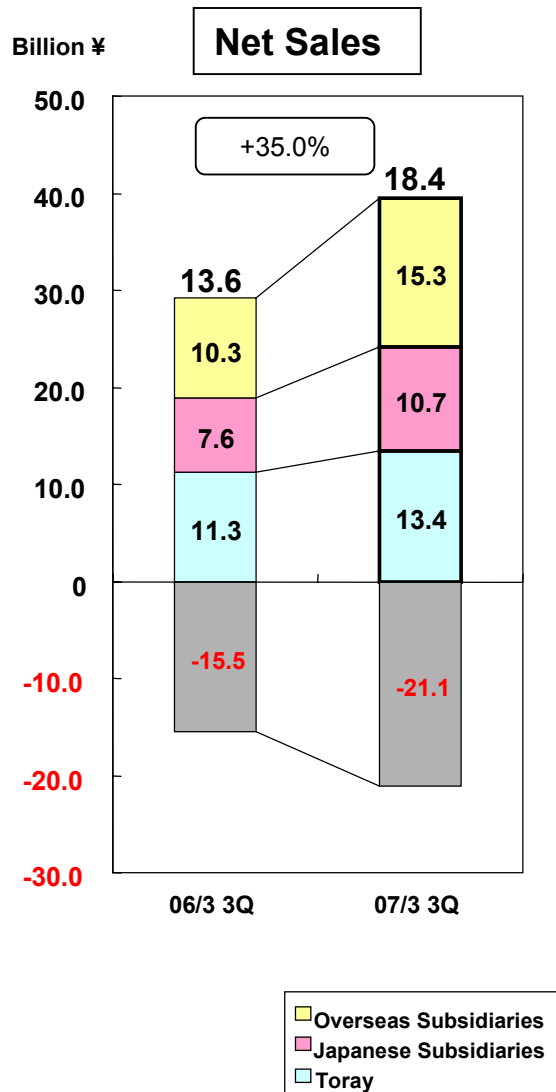
Sub-segments	Products
Display Materials	Optical films, processed optical films, PDP paste materials, color filters, paste materials for color filters, chemicals materials, OLED materials, etc.
Electronic Component, Semiconductor, Circuit Materials	Films for electronic components / circuit materials, FPC copper clad laminated films, adhesive tapes for TAB, adhesive sheets for semiconductors / electronic components, semiconductor coating materials, CMP pads, two-layer copper clad laminated films, TAB tapes, COF tapes, plastics, plastics products, etc.
Data Storage Materials	Magnetic materials, TTR (Thermal Transfer Ribbon), films for graphic art base, printing plates, etc.
Equipments, others	Slit coaters for LCD, die bonding equipment, inspection equipment, equipment / components for PDP, trading companies, IT support services, services, others

[Sales trends by sub-segment]

Billion ¥

Sub-segment	Nine months from Apr.-Dec.			3Q (three months)		
	FY Mar/06	FY Mar/07	Changes	FY Mar/06	FY Mar/07	Changes
Display Materials	37.2	52.1	+40%	13.5	18.0	+33%
Electronic Component, Semiconductor, Circuit Materials	52.9	64.2	+21%	19.5	23.1	+19%
Data Storage Materials	39.2	37.7	-4%	12.9	11.8	-9%
Equipments, others	40.0	43.2	+8%	12.2	16.6	+35%
Total of IT-related Products Segment	169.2	197.2	+17%	58.1	69.4	+19%

Results by Business Segment (Carbon Fiber Composite Materials)



Comments

Toray

Sales and income increased through sales expansion of carbon fibers, intermediate materials, and molded products in response to the active demand of aircraft, sporting and industrial applications.

Japanese Subsidiaries

Sales and income increased through steady sales expansion at a trading subsidiary.

Overseas Subsidiaries

Sales and income increased due to the active demand of aircraft and industrial applications as well as production/sales increase effect at US subsidiaries which started operation in January 2006.

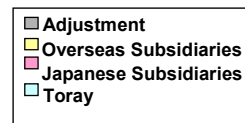
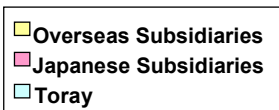
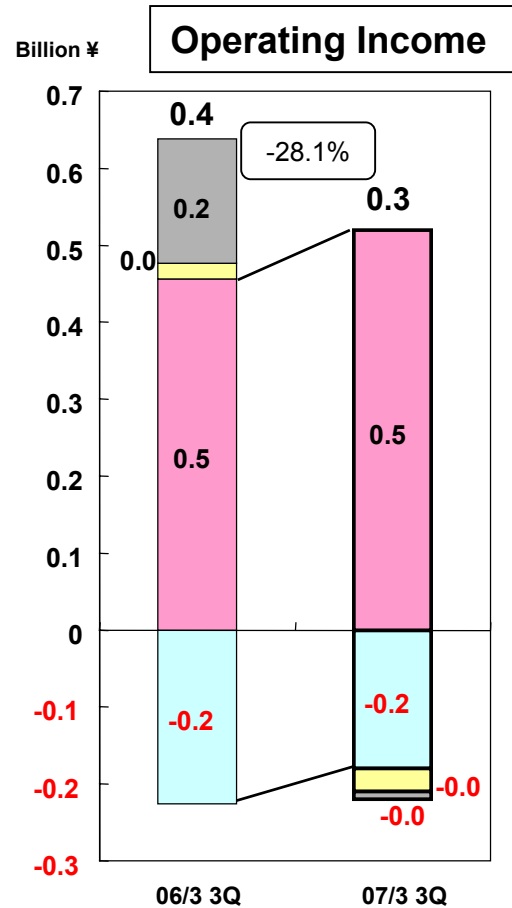
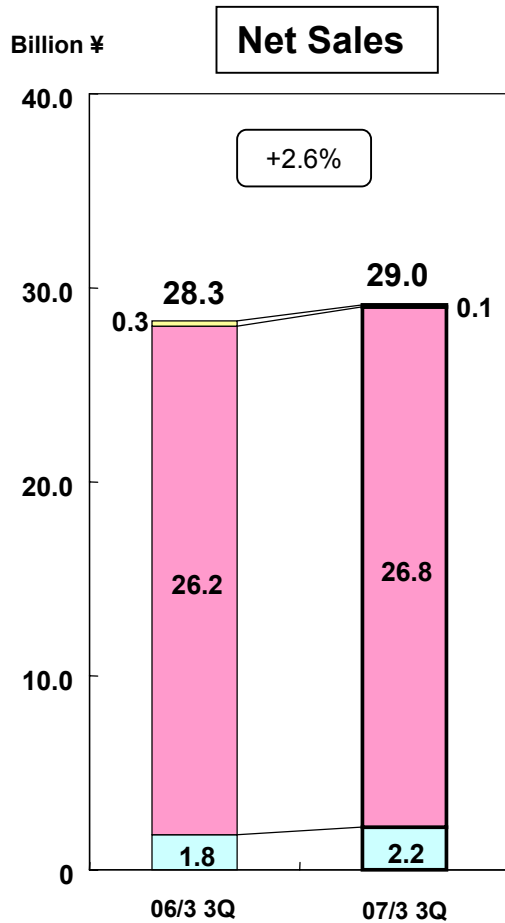
<Major Subsidiaries>

Japan : Toray International, Inc.

Overseas : SOFICAR (France), CFA (US), TCA (US)

As the segment highly conducts global operation with Japanese, Europe, and US facilities, Internal sales figures are shown in adjustment line, to describe the true state of the business.

Results by Business Segment (Environment & Engineering)



<Major Subsidiaries>

Japan : Toray Construction Co., Ltd., Toray Engineering Co., Ltd., Toray ACE Co., Ltd., Suido Kiko Kaisha, Ltd., etc.

Comments

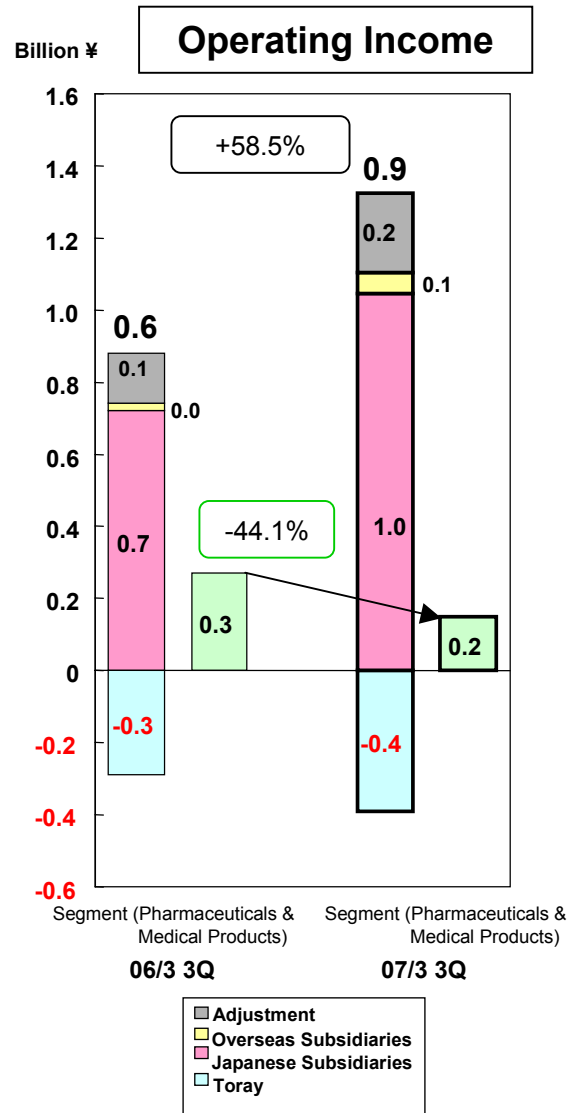
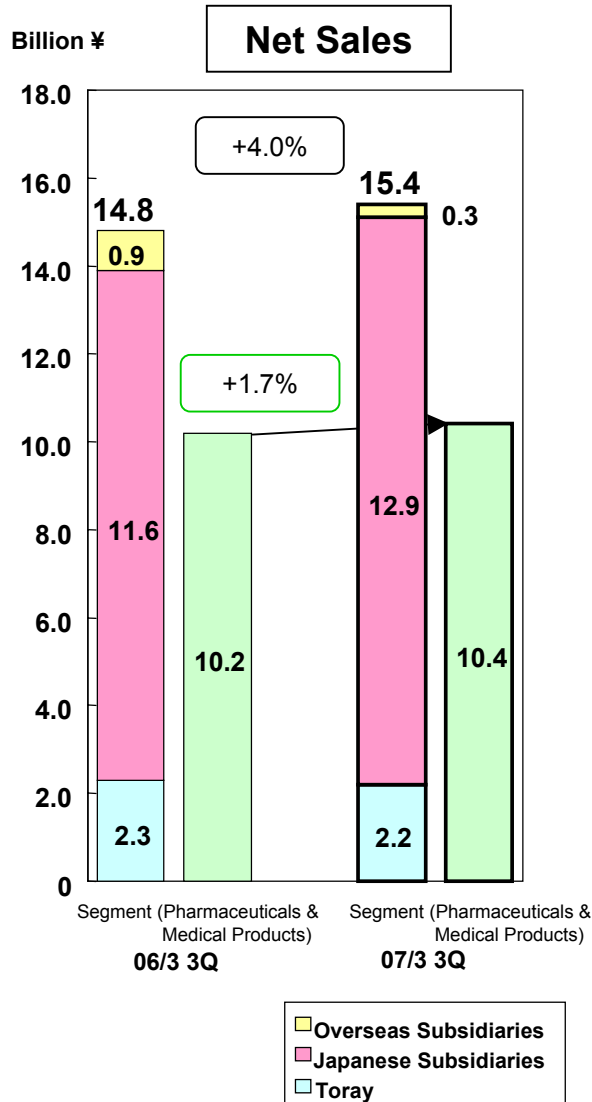
Toray

Water-treatment businesses enjoyed large sales through export of reverse osmosis membranes though income was the same level year-on-year due to increase in expenses generated by trial operation.

Japanese Subsidiaries

Sales increased and income was as the same level year-on-year through steady businesses at an engineering subsidiary.

Results by Business Segment (Life Science & Other Businesses)



Comments

Pharmaceuticals and Medical Products

In spite of sales increase of Feron, which got approval of new indication, and sales increase of artificial kidney, income decreased due to the reduction of National Health Insurance (NHI) drug price, etc.

Other Businesses

Sales and income increased through steady business at an analytical services subsidiary.

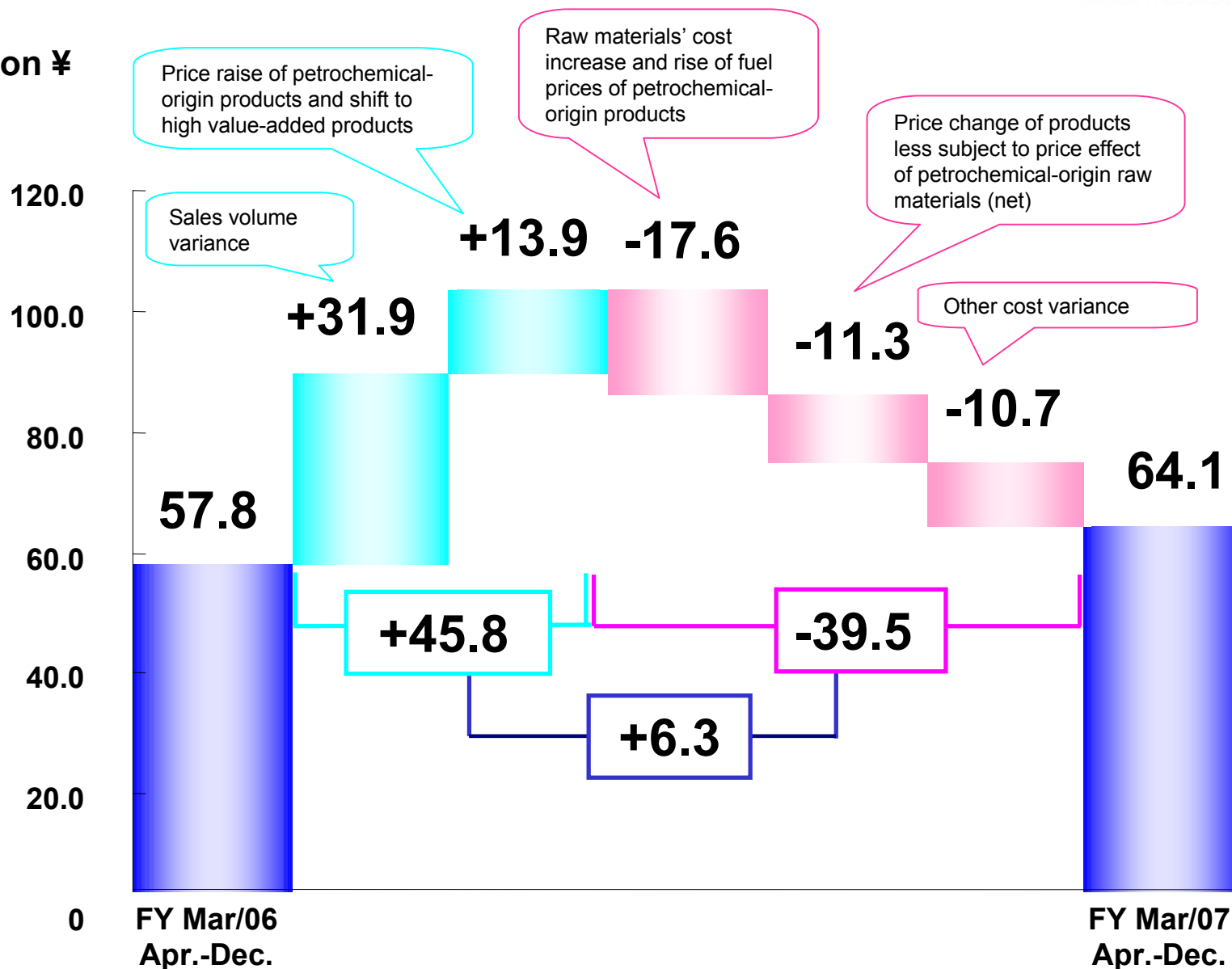
<Major Subsidiaries>

Japan : Toray Medical Co., Ltd., Toray Research Center Inc., Toray Enterprise Corp., etc.

Income Variance Factor Analysis

(Nine months from '06/4 to '06/12)

Billion ¥





II. Business Forecast for the Fiscal Year Ending March 2007 (Consolidated Basis)

Forecast Summary



Innovation by Chemistry

Billion ¥

	FY Mar/06 (Actual)	FY Mar/07 (Forecast)	Changes	FY Mar/07 (Previous Forecast as of Nov.8/06)
Net Sales	1,427.5	1,540.0	+112.5 (+7.9%)	1,550.0
Operating Income	93.0	102.0	+9.0 (+9.7%)	104.0
Ordinary Income	87.7	99.0	+11.4 (+12.9%)	101.0
Net Income	47.4	58.0	+10.6 (+22.3%)	59.0

(FYI) Percentage of Achievement of Year-end Operating Income Forecast

Billion ¥

	FY Mar/06	FY Mar/07
Operating Income (Apr.-Dec.)	57.8	64.1
Year-end Operating Income FY Mar/06 is Actual FY Mar/07 is Forecast	93.0	102.0
Percentage of Achievement (Apr.-Dec.)	62.2%	62.8%

Expected exchange rate (Jan./'07 ~ Mar./'07) : 120Yen / US\$, 153 Yen / Euro
 Expected oil price (Jan./'07 ~ Mar./'07) : US\$55 / B (Dubai FOB)

Forecast by Business Segment



Innovation by Chemistry

Billion ¥

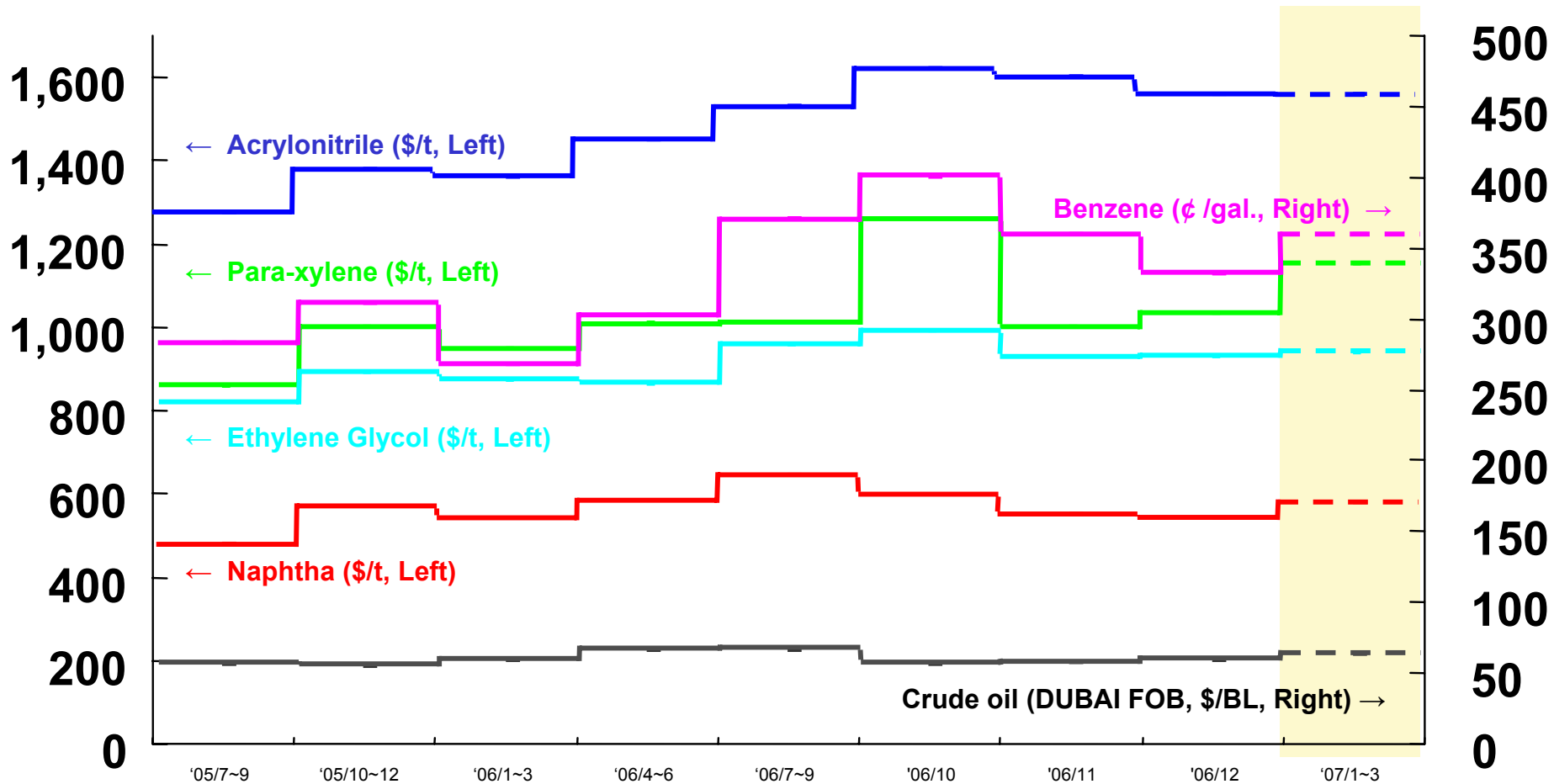
	Net Sales			Operating Income			Comments
	FY Mar/06 (Actual)	FY Mar/07 (Forecast)	Changes	FY Mar/06 (Actual)	FY Mar/07 (Forecast)	Changes	
Fibers & Textiles	580.5	600.0	+19.5 (+3.4%)	20.7	19.5	-1.2 (-5.7%)	Sales are expected to increase through price raise and shift to high value-added products as well as export expansion of textiles. However, in spite of drastic profits improvement of Chinese fibers and textiles subsidiaries, income is estimated to decrease due to the steep rise in raw materials and fuel prices.
Plastics & Chemicals	338.0	370.0	+32.0 (+9.5%)	18.5	19.0	+0.5 (+2.8%)	Sales and income are expected to increase through sales expansion of resin compoundings for automobiles and films for high growth fields such as hybrid car capacitors and solar cells.
IT-related Products	235.0	270.0	+35.0 (+14.9%)	31.3	34.0	+2.7 (+8.8%)	Sales and income are expected to increase through business expansion of PDP-related materials, semiconductor-related materials, and IT-related equipments along with sales expansion of optical films, films for electronic components, and processed films.
Carbon Fiber Composite Materials	52.7	70.0	+17.3 (+32.8%)	11.8	18.0	+6.2 (+52.3%)	Sales and income are expected to increase through demand expansion in all applications including aircraft, sporting and industrial as well as capacity/sales increase effect at US subsidiaries.
Environment & Engineering	154.1	160.0	+5.9 (+3.8%)	4.9	5.0	+0.1 (+1.6%)	Sales and income are expected to increase through sales expansion of RO membranes to US, Europe, and China along with steady businesses in condominiums and engineering.
Life Science & Other Businesses	67.1	70.0	+2.9 (+4.3%)	6.5	7.5	+1.0 (+16.2%)	Sales and income are expected to increase through sales expansion of Feron which got approval of new indications and steady sales of medical devices as well as increase of royalty receipt, etc.
(Pharmaceuticals & Medical Products Included)	43.5	45.0	+1.5 (+3.4%)	3.2	4.5	+1.3 (+40.3%)	
Total	1,427.5	1,540.0	+112.5 (+7.9%)	93.6	103.0	+9.4 (+10.0%)	
Elimination & Corporate				▲ 0.6	▲ 1.0	-0.4	
Consolidated	1,427.5	1,540.0	+112.5 (+7.9%)	93.0	102.0	+9.0 (+9.7%)	

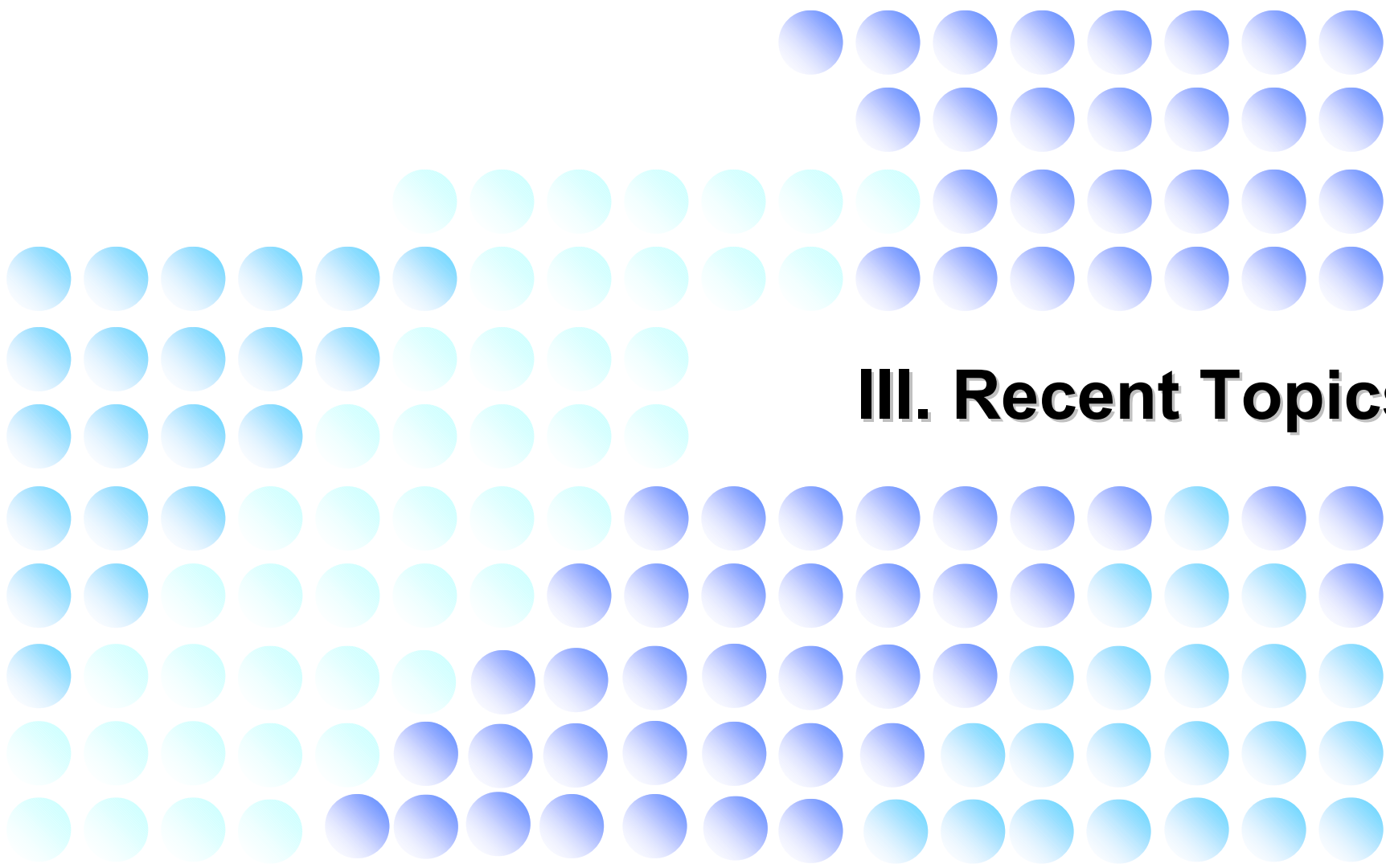
3Q vs. 4Q Comparison of Operating Income by Business Segment

Business Segment	Operating Income 3Q → 4Q () variance in Billion ¥, rate		Variance Factors
	FY Mar/06	FY Mar/07	
Fibers & Textiles	4.2 → 6.1 (+1.9 +46%)	5.0 → 5.1 (+0.1 +2%)	<ul style="list-style-type: none"> • Promotion of price raise to offset the steep rise of raw materials and fuel prices and shift to high value-added products
Plastics & Chemicals	4.6 → 5.2 (+0.6 +13%)	4.0 → 6.4 (+2.4 +61%)	<ul style="list-style-type: none"> • Sales expansion of automobile-related materials (resins, films for capacitors, etc.) • Promotion of price raise to offset the steep rise of raw materials and fuel prices and shift to high value-added products • Production/sales expansion of PET films which are made by a new line in Malaysia
IT-related Products	6.7 → 11.5 (+4.8 +72%)	7.3 → 12.2 (+4.9 +68%)	<ul style="list-style-type: none"> • Production/sales expansion of optical films which increased capacity • Additional sales expansion of strong PDP-, semiconductor-related materials • Sales expansion of optical films and processed films in Korea • Royalty receipt related to PDPs
Carbon Fiber Composite Materials	2.8 → 3.1 (+0.3 +11%)	4.2 → 5.0 (+0.8 +19%)	<ul style="list-style-type: none"> • Production/sales expansion of new facility at Ehime Plant
Environment & Engineering	0.4 → 5.7 (+5.3 +1276%)	0.3 → 4.6 (+4.3 +1445%)	<ul style="list-style-type: none"> • Completion of large-scale construction businesses centers in 4Q • Sales expansion of RO membranes and MBRs
Life Science & Other Businesses	0.6 → 3.8 (+3.3 +548%)	0.9 → 4.6 (+3.7 +389%)	<ul style="list-style-type: none"> • Steady sales expansion of existing pharmaceuticals • Increase of royalty receipt
Elimination & Corporate	▲ 0.3 → ▲ 0.3 (+0.1)	▲ 0.4 → +0.1 (+0.5)	
Consolidated	19.0 → 35.2 (+16.2 +85%)	21.2 → 37.9 (+16.7 +79%)	

Trends in Raw Materials Prices

Prices of major raw materials kept rising until October. Following a down trend, it is estimated to rise again in January – March.





III. Recent Topics

Developed molding materials for automotive body-in-white (platforms) utilizing carbon fiber reinforced plastics and newly installed the test facility of large-size RTM* for the manufacturing of automotive platforms. Started world's first, full-scale proof-of-concept prototype production in order to verify the short molding cycle time less than 10 minutes.

RTM* : Resin Transfer Molding

Molding material for automotive platforms

High strength and rigidity are essential for platforms



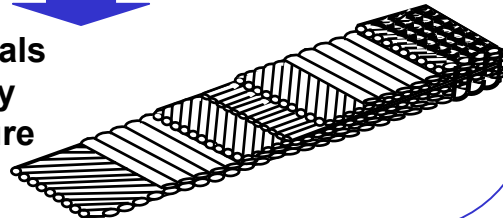
Laminated plies with 3~10mm thickness layers is expected



Shortening the processing time is an issue for the existing method as cutting, laminating, and preforming of 0.2~0.4mm woven fabrics need voluminous layers



Developed molding materials for platforms that originally possess laminated structure



Large-size RTM test facility installed for automotive platforms

Simulation technologies to estimate the resin flow



Started verification of short-cycle integrated RTM process for light-weight safety body-in white

This technology/facility is installed/developed as a part of a National Project, "R&D of carbon fiber reinforced plastics for lightweight automobiles," on consignment from NEDO (National Economic Development Office).

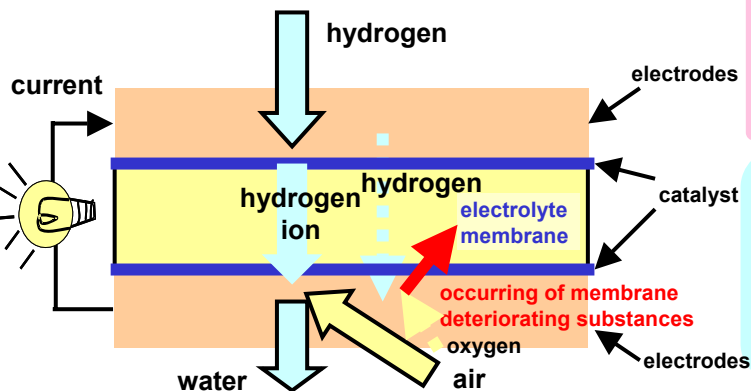
Developed World's First Hydrocarbon-type Electrolyte Membrane for Fuel Cells with Practical Durability

Successfully developed an innovative hydrocarbon-type electrolyte membrane suitable for hydrogen fuel cell vehicles, etc. by utilizing nano-level molecular-structure control technologies. This innovative polymer electrolyte membrane satisfies both high power generation property and durability with 2.5 times of high tensile elongation and 5 times of high tensile strength as much as conventional hydrocarbon-type membranes without reducing the hydrogen ion conductivity.

Comparison of electrolyte membranes for fuel cells

Issue	Cost	Environment Contamination	Chemical Durability	Strength
Fluorine Type	×	× (as for the usage of fluorine)	× Hydrogen permeability as well as hydrogen ion permeability is high which causes the occurring of membrane deteriorating substances due to hydrogen-oxygen reaction	○
Hydrocarbon Type (conventional)	○	○	○	× Specifically for automobile fuel cells, the frequent on/off of power generation will cause a repeat of swelling and shrinkage which leads to breakable electrolyte membrane

Structure of fuel cells



Through **nano-level polymer structure control**, Toray developed an electrolyte membrane with **lower hydrogen-permeability (about 1/10 of fluorine type)** as well as **stronger physical strength** than conventional hydrocarbon-type membrane without reducing the hydrogen ion conductivity.

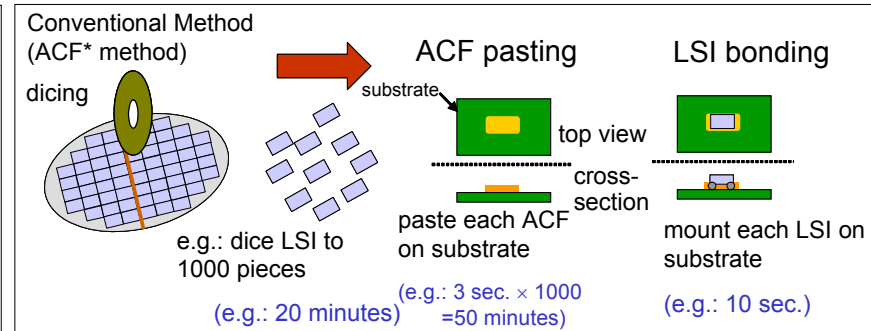
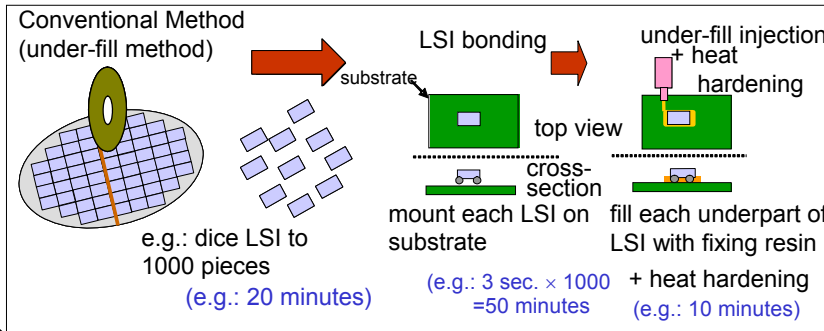
High performance and long life of hydrogen fuel cell vehicles, etc.

Miniaturization and long time use of mobile electronic devices that uses methanol fuel cells

can be achieved

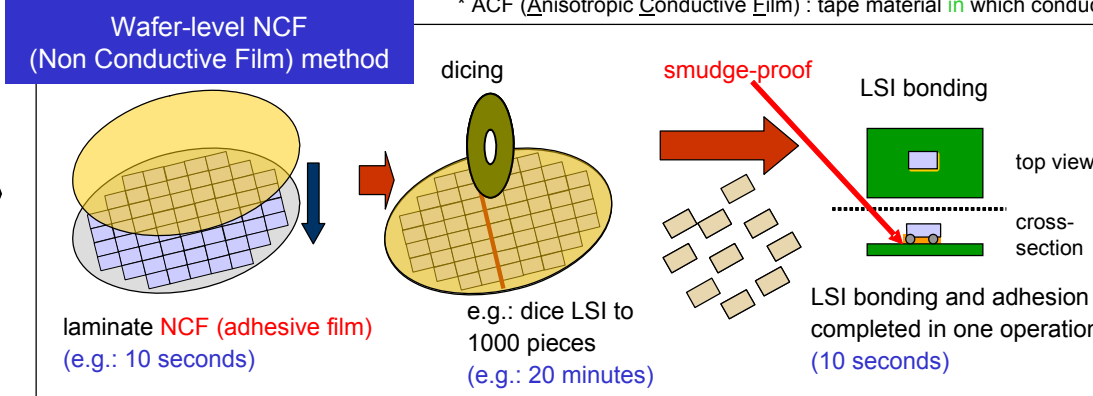
Utilizing Toray's unique nano-structure design control technologies, developed an epoxy-based adhesive for semiconductor chip mounting that enables dicing of the wafer uncured after laminating it on the silicon wafer surface and succeeded the establishment of the technology of WL-NCF (Water Level Non-conductive Film) for flip-chip bonding. This technology will realize minimization of LSI bonded area and process simplification with expectation to lead to the downsizing and productivity improvement of flat panel displays. Through co-development with semiconductor manufacturers, we plan for the world's first practical realization within 1~2 years.

dicing

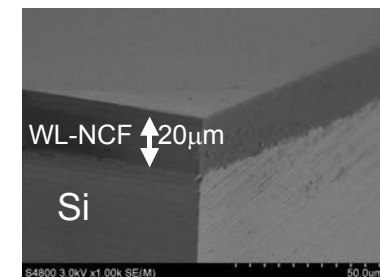


* ACF (Anisotropic Conductive Film) : tape material in which conducting particle is dispersed with insulating adhesive

LSI-processed semiconductor wafer



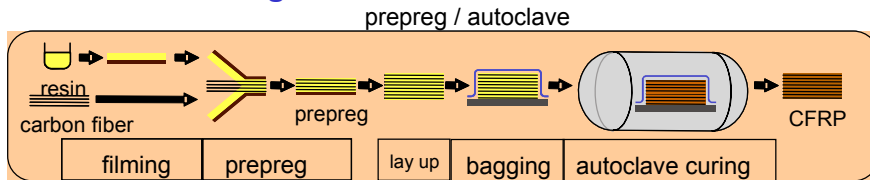
Cross-sectional SEM image after dicing



Possibility to shorten 1/3 of bonding process after dicing through wafer-level NCF method

Successfully developed new photosensitive matrix resin for visible light (VL) curing of Carbon Fiber Reinforced Plastics (CFRP). Utilizing this new resin, thinly-designed CFRP such as aircraft secondary structure, repairing and reinforcement parts can be easily molded. This resin is expected to become innovative materials that realize next generation CFRP manufacturing technology.

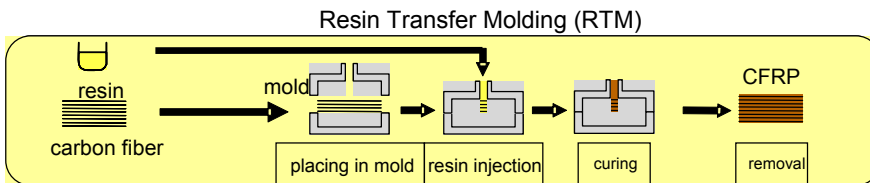
General molding method of CFRP



aircraft

Take long curing time (about 2hrs) to complete as molded products

Study curing reaction with energy wave that can shorten reaction time



Automobile (hood)

Among energy wave such as electronic beam and UV, applied VL which is safe and does not need special light source

Disadvantages of VL

- (1) Limit in curing reaction due to less energy amount than electronic beam or UV
- (2) Less adhesion to carbon fiber against existing thermosetting resin

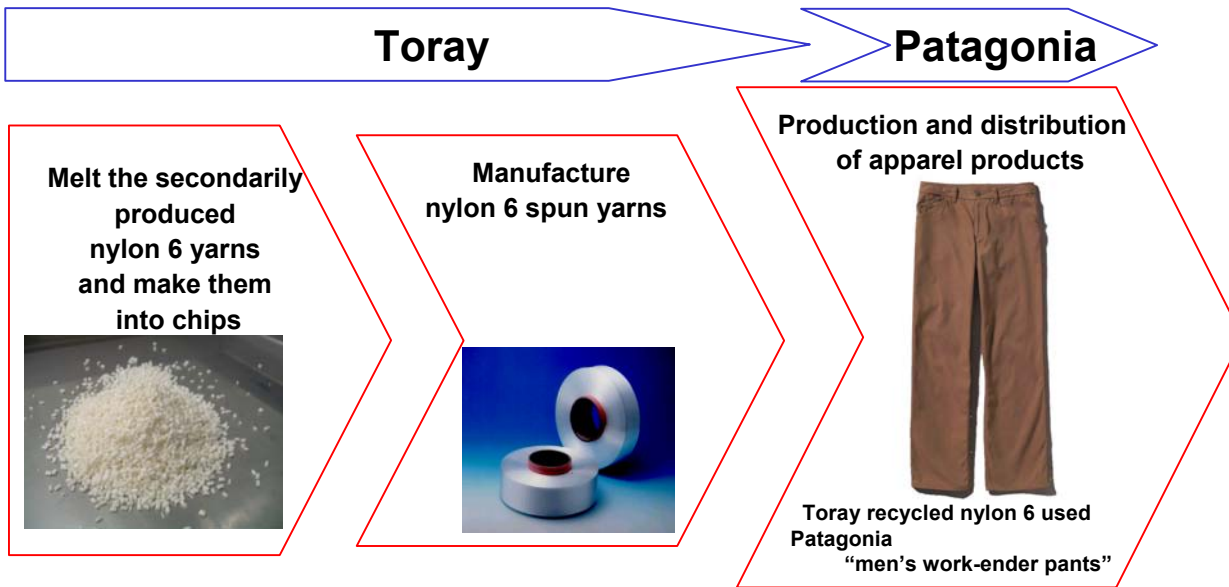
Solutions led by Toray unique technologies

- (1) High reactivity by VL utilizing resin curing reaction control technology
- (2) Good adhesion utilizing matrix resin design technology

Succeeded in applying VL to CFRP molding which has been considered impossible
Development of applications is expected particularly in aircraft as well as civil engineering and construction, automobile parts

Will Start Material Recycling of Nylon 6 with Patagonia, Inc. **TORAY** Innovation by Chemistry

Toray and Patagonia, Inc. (HQ in Ventura, California, US) will launch marketing of material recycled nylon 6 apparel products. Will start marketing and sales in 12 countries through 2,000 stores to begin with 2007 autumn-winter men's work-pants and 2008 spring-summer men's surf-board shorts.



This recycling system will realize manufacturing nylon 6 yarns with about 1/6 energy compared to that of apparel products using crude oil-based virgin nylon 6 yarns. CO2 emission can be reduced drastically to 1/5 during manufacturing.



Mr. Bill Werlin, President, Patagonia Japan and Mr. Ginjiro Ishii, Managing Director, General Manager of Textiles Division, Toray Industries.

To Build the Fifth PDP Plant in Hyogo, Japan

Matsushita Electric Industrial Co., Ltd. and Toray will build a new plasma display panel (PDP) manufacturing facility which will be the fifth PDP plant of their joint venture, Matsushita PDP Company Ltd. (MPDP), in Amagasaki, Hyogo Prefecture, near the existing fourth plant, enabling MPDP to further step up the largest PDP production capacity in the world. With an investment of approximately 280 billion yen, the new plant will have a monthly production capacity of one million units (calculated base on 42-inch panels) – the largest production capacity in the world. The construction is scheduled to start in November 2007 and the first phase of the production in May 2009.

Forecast of PDP market

Demand for flat-panel TV will increase rapidly due to the global digitalization of TV broadcasts



2010

Share increase of flat-panel TVs:

65% of world TVs demand **will be for flat-panel TVs**
(world demand for TVs is estimated to be 200 million units in 2010)

Advance of larger screen TVs : **over 30%** of world TVs demand is estimated to be occupied by the 37-inch or larger flat-panel TVs



The world PDP market in 2010 is expected to grow to **30 million units**

Profile of new plant

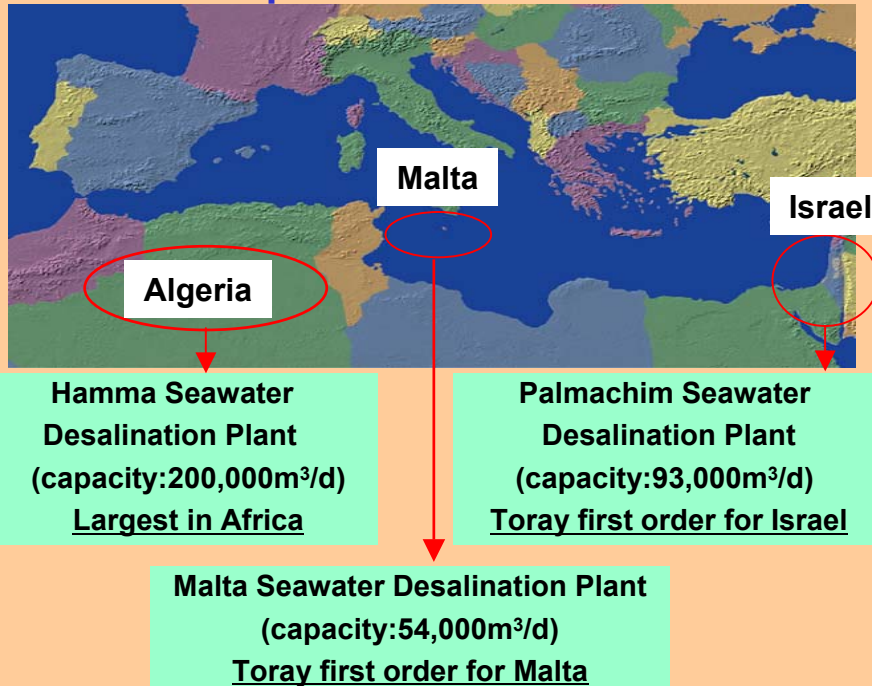
	No.4 plant (Amagasaki)	No.5 plant (Amagasaki)
Expected commencement time	July 2007	May 2009
Production capacity / month (calculated based on 42" panels)	500,000 units	1 million units
Number of panels per mother glass	Eight 42" panels (six 50" panels)	Ten 42" panels (eight 50" panels)
Investment	approx. 180 billion yen	approx. 280 billion

Investment productivity of PDP No.5 plant will be the best in the world and will lead the flat-panel large-screen world market through overwhelming production scale and cost competitiveness.

Toray Successively Received Orders for Reverse Osmosis Membranes for Seawater Desalination Plants in the Mediterranean Coast

Successively received orders for reverse osmosis membrane for seawater desalination plants in the Mediterranean Coast. Planned to start operation in 2007 at all three plants in Hamma (200,000m³/day, Algeria), Palmachim (93,000m³/day, Israel), and Malta (54,000m³/day)

New ordered plants



The Mediterranean Coast is designated as **water shortage region in 2025 along with the Arabian Gulf region.** (*1)

Capacity of the desalination plants of the same region is estimated to increase 179% around 2015 which is **twice of that of the Arabian Gulf** (*2)

Constructions of large-scale RO seawater desalination plant are planned particularly in **Algeria, Israel, and Spain** where Toray has good experience.

Along with the Mediterranean Coast, Toray will enlarge areas in the Middle East and China

*1=District where water demand largely exceed water supply (water shortage ratio over 40%),

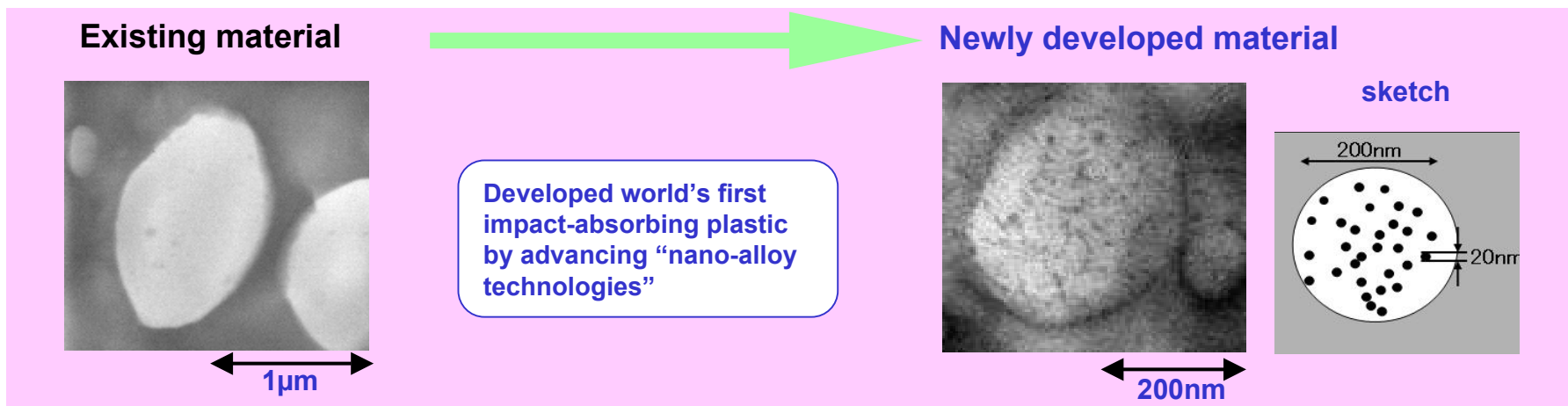
water shortage ratio=(1 – water supply / water requirement) × 100

*2=Estimation by the Global Water Intelligence

Developed World's First Impact-absorbing Plastic

Under the “precise polymer technology project”, on consignment of NEDO*), Toray and Professor Inoue Group in Yamagata University co-developed world's first impact-absorbing plastic. Normally characterizing as high-performance plastic, the impact-absorbing plastic changes its shape like rubbers under a drastic impact.

*) NEDO: New Energy and Industrial Technology Development Organization



Large-size high-speed weight-drop test of newly developed material (200kg load / 50cm high)



Change shape flexibly and absorbs the impact

Develop new applications where energy absorption property is effective including automotive materials, electric / electronic applications, and sporting goods, etc.

Descriptions of forecasted business results, estimates, expectations, and business plans for the Fiscal Year ending March 2007 contained in this material are based on predictive forecasts of the future business environment made at the present time.

The material in this presentation is not a guarantee of the Company's future business performance.