

February 6, 2009

# **Business Results Announcement for the Nine Months ended December 31, 2008**

Toray Industries, Inc.

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**I. Business Results for the  
Nine Months ended  
Dec. 31, 2008  
(Consolidated Basis)**

# Summary (Profits)

Billion yen

	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes
Net Sales	1,207.5	<b>1,169.0</b>	- 38.5 (-3.2%)
Cost of Sales	970.2	<b>951.4</b>	- 18.8 (-1.9%)
Gross Profit	237.3	<b>217.6</b>	- 19.7 (-8.3%)
(Gross Profit to Net Sales)	19.7%	<b>18.6%</b>	- 1.0 point
Operating Income	63.3	<b>43.1</b>	- 20.2 (-31.9%)
(Operating Income to Net Sales)	5.2%	<b>3.7%</b>	- 1.6 points
Non-operating Income and Expenses, net	▲ 4.2	▲ <b>9.5</b>	- 5.3
Ordinary Income	59.2	<b>33.6</b>	- 25.5 (-43.1%)
Special Credits and Charges, net	▲ 4.4	▲ <b>18.2</b>	- 13.8
Income before Income Taxes	54.8	<b>15.4</b>	- 39.3 (-71.8%)
Net Income	32.0	<b>5.5</b>	- 26.5 (-82.9%)

## Exchange Rate

<Yen/US\$>

FY Mar/08 → FY Mar/09  
(Apr.-Dec.) (Apr.-Dec.)

Average: 117.3 → 102.8

End of the term: 114.2 → 91.0

<Yen/Euro>

FY Mar/08 → FY Mar/09  
(Apr.-Dec.) (Apr.-Dec.)

Average: 162.8 → 150.7

End of the term: 166.7 → 128.0

## Oil Price

<US\$/B> (DUBAI FOB)

FY Mar/08 → FY Mar/09  
(Apr.-Dec.) (Apr.-Dec.)

Average: 72.5 → 94.3

\*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.

# Non-operating Income and Expenses

Billion yen

	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes	Comments
Non-operating Income	13.0	<b>9.6</b>	-3.4	
Interest and Dividend Income	3.6	<b>3.3</b>	-0.3	
Equity in Earnings of Affiliates	5.1	<b>2.5</b>	-2.6	
Others	4.3	<b>3.7</b>	-0.6	
Non-operating Expenses	<b>▲ 17.2</b>	<b>▲ 19.1</b>	-1.9	
Interest Expenses	<b>▲ 8.5</b>	<b>▲ 8.8</b>	-0.3	
Others	<b>▲ 8.7</b>	<b>▲ 10.3</b>	-1.6	
Non-operating Income and Expenses, net	<b>▲ 4.2</b>	<b>▲ 9.5</b>	-5.3	
Interest and Dividend Income, Interest Expenses, net	<b>▲ 4.9</b>	<b>▲ 5.4</b>	-0.5	
Other Income and Expenses, net	<b>▲ 4.4</b>	<b>▲ 6.6</b>	-2.2	

\* Positive numbers : Income , Negative numbers ( ▲ ) : Expenses

# Special Credits and Charges

Billion yen

	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes	Comments
<b>Special Credits</b>	<b>5.1</b>	<b>2.3</b>	-2.9	
Gain on Sales of Property, Plant and Equipment	0.4	0.6	+0.2	
Gain on Sales of Investment Securities	2.0	1.7	-0.3	
Others	2.8	-	-2.8	
<b>Special Charges</b>	<b>▲ 9.5</b>	<b>▲ 20.5</b>	-10.9	
Loss on Sales and Disposal of Property, Plant and Equipment	▲ 3.6	▲ 3.3	+0.4	
Loss on Impairment of Fixed Assets	▲ 4.7	-	+4.7	
Loss on Write-down of Investment Securities	▲ 0.1	▲ 10.1	-10.0	
Loss on Liquidation and Devaluation of Subsidiaries and Affiliates	▲ 0.0	▲ 5.2	-5.2	Loss on liquidation, integration and elimination of subsidiaries, etc.
Loss on Valuation of Inventories	-	▲ 1.2	-1.2	Loss generated by changes in the accounting standards
Others	▲ 1.1	▲ 0.7	+0.4	
<b>Special Credits and Charges, net</b>	<b>▲ 4.4</b>	<b>▲ 18.2</b>	-13.8	

\* Positive numbers : Income , Negative numbers ( ▲ ) : Expenses

# Summary (Financial Position)



Innovation by Chemistry

Billion yen

	End of Mar/08	End of Dec/08	Changes	Comments	End of Sept/08 <FYR>
<b>Total Assets</b>	<b>1,698.2</b>	<b>1,642.1</b>	<b>-56.2</b>		<b>1,690.2</b>
Current Assets	733.2	<b>740.4</b>	+7.2	Increase of inventories, etc.	<b>750.8</b>
Tangible Assets	681.0	<b>640.7</b>	-40.3	Foreign currency translation adjustment, etc.	<b>666.5</b>
Intangible Assets	14.9	<b>11.0</b>	-3.9		<b>11.4</b>
Investments and Other Assets	269.2	<b>250.0</b>	-19.2		<b>261.5</b>

	End of Mar/08	End of Dec/08	Changes	Comments	End of Sept/08 <FYR>
<b>Total Liabilities</b>	<b>1,056.1</b>	<b>1,074.3</b>	<b>+18.3</b>		<b>1,075.3</b>
Current Liabilities	544.9	<b>552.5</b>	+7.5		<b>548.3</b>
Other Liabilities	511.1	<b>521.9</b>	+10.8	Increase of long-term debt, etc.	<b>527.1</b>
<b>Total Net Assets</b>	<b>642.2</b>	<b>567.7</b>	<b>-74.5</b>		<b>614.8</b>
<b>Interest-bearing Debts*1</b>	<b>591.2</b>	<b>684.0</b>	<b>+92.8</b>		<b>650.0</b>
<b>D/E ratio*2</b>	<b>1.00</b>	<b>1.31</b>	<b>+0.32</b>		<b>1.15</b>

\*1 End of Dec/08 figure includes lease obligation \*2 Interest-bearing Debts / Shareholders' Equity

(Shareholders' Equity = Total Net Assets – Minority Interests in Consolidated Subsidiaries)

<Free Cash Flows> Billion yen

	FY Mar/09 (Apr.-Dec.)
Cash Flows from Operating Activities	▲ 1.1
Cash Flows from Investment Activities	▲ 89.8
Free Cash Flows	▲ 90.9

# Capital Expenditures, Depreciation

Billion yen

	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes	Comments
Capital Expenditures	99.2	<b>67.2</b>	-31.9	Toray : 29.8, Japan : 6.9, Overseas : 30.5
Depreciation -)	63.8	<b>62.7</b>	-1.1	Toray : 29.8, Japan : 8.8, Overseas : 24.2
Transfer, Disposal, etc.	▲ 4.9	▲ <b>44.8</b>	-39.9	
Changes in Tangible Assets	30.5	▲ <b>40.3</b>		

## Major Capital Expenditures:

<Japan> Toray : Carbon fiber production facilities (Ishikawa)

<Overseas>

SOFICAR : Carbon fiber production facilities (France)

CFA : Carbon fiber production facilities (US)



# Results by Business Segment

**TORAY**

Innovation by Chemistry

Billion yen

	Net Sales			Operating Income		
	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes
Fibers & Textiles	485.1	<b>452.2</b>	-32.9 (-6.8%)	14.7	<b>9.9</b>	-4.8 (-32.6%)
Plastics & Chemicals	302.3	<b>316.3</b>	+13.9 (+4.6%)	13.5	<b>10.8</b>	-2.7 (-20.2%)
IT-related Products	207.2	<b>187.4</b>	-19.7 (-9.5%)	17.0	<b>12.8</b>	-4.2 (-24.8%)
Carbon Fiber Composite Materials	61.0	<b>55.0</b>	-6.0 (-9.8%)	12.6	<b>8.7</b>	-3.9 (-31.1%)
Environment & Engineering	104.5	<b>110.8</b>	+6.2 (+6.0%)	4.2	<b>0.4</b>	-3.8 (-90.9%)
Life Science & Other Businesses	47.3	<b>47.2</b>	-0.1 (-0.1%)	2.9	<b>0.9</b>	-2.0 (-68.7%)
(Pharmaceuticals and Medical Products)	33.4	<b>34.0</b>	+0.6 (+1.8%)	0.7	<b>▲ 1.1</b>	-1.7 (-)
Total	1,207.5	<b>1,169.0</b>	-38.5 (-3.2%)	64.9	<b>43.4</b>	-21.5 (-33.1%)
Elimination & Corporate				<b>▲ 1.5</b>	<b>▲ 0.3</b>	+1.3
Consolidated	1,207.5	<b>1,169.0</b>	-38.5 (-3.2%)	63.3	<b>43.1</b>	-20.2 (-31.9%)

# Results by Business Segment (Fibers and Textiles)

Billion yen

	Net Sales			Operating Income			Comments
	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes	
Toray	92.2	80.7	-11.5 (-12.5%)	3.1	▲ 0.6	-3.7 (-)	Sales and income decreased. Despite efforts to transfer cost increase of raw materials and fuel prices on to selling prices through the first two quarters, demand for apparel applications remained sluggish and sales volume for industrial applications, especially in the automobile sector, declined reflecting the demand decrease since October.
Japanese Subsidiaries	233.3	219.0	-14.3 (-6.1%)	7.1	6.2	-0.9 (-13.1%)	Sales of garments for a major SPA expanded at a trading subsidiary, however, overall business was affected by sluggish Japanese and overseas demand which led to decrease in sales and income.
Overseas Subsidiaries	159.6	152.5	-7.1 (-4.5%)	5.0	4.0	-1.0 (-20.7%)	Man-made suede business in Europe, and nylon fibers and fabrics business for airbags in Thailand performed strongly through the first two quarters, however, Chinese subsidiaries saw slowdown in sales due to weakening of exports to the US. In addition, businesses in various regions were affected by worsening economy from the 3rd quarter, and as a result, total sales and income decreased.
Adjustment				▲ 0.5	0.3	+0.9	
Total	485.1	452.2	-32.9 (-6.8%)	14.7	9.9	-4.8 (-32.6%)	

## <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 and Chemicals)



Innovation by Chemistry

Billion yen

	Net Sales			Operating Income			Comments
	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes	
Toray	66.6	65.1	-1.5 (-2.3%)	1.0	▲ 1.5	-2.5 (-)	In plastic resins business, applications including automobiles, electric/electronic appliances, which were steady through the first two quarters, saw a decline in sales volume due to the impact of the global economic downturn that caused demand decrease since October. In films business, while solar cells applications remained strong, shipment of products for other applications slowed down reflecting the worsening global economy since October. Added with effects of the steep rise in raw materials and fuel prices through the first two quarters, total sales and income decreased.
Japanese Subsidiaries	105.7	114.9	+9.2 (+8.8%)	7.6	8.0	+0.3 (+4.3%)	Sales and income increased thanks to steady performance at a fine chemicals-related subsidiary through the first two quarters, and expansion of transaction volume at a trading subsidiary, etc.
Overseas Subsidiaries	130.0	136.2	+6.2 (+4.8%)	4.8	3.9	-0.9 (-18.4%)	Sales expanded at US and Korean films subsidiaries. As for a plastic resins subsidiary in Malaysia, sales increased through start-up of operation of new production facilities for ABS resins, however, income decreased because the cost increase resulting from the steep rise in raw materials and fuel prices through the first two quarters was not completely covered by price increase. A films subsidiary in Europe was impacted by price decline reflecting the intensified market competition. As a result, total sales increased and income decreased.
Adjustment				0.1	0.4	+0.3	
Total	302.3	316.3	+13.9 (+4.6%)	13.5	10.8	-2.7 (-20.2%)	

## <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)

Billion yen

	Net Sales			Operating Income			Comments
	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes	
Toray	85.1	81.4	-3.7 (-4.4%)	8.4	5.3	-3.1 (-36.5%)	Semiconductor coating materials, LCD-related materials, and PDP-related materials performed strongly through the first two quarters. However, most of the products saw a decline in sales volume since October reflecting the impact of production adjustment in the flat panel displays and semiconductor/electronic components-related industries, etc. As a result, total sales and income decreased.
Japanese Subsidiaries	63.6	53.0	-10.6 (-16.6%)	5.4	4.4	-1.1 (-20.0%)	Sales of LCD-related manufacturing equipment grew at an IT-related machinery subsidiary. However, transaction volume declined at trading subsidiaries, and production adjustment of LCD panels caused a decrease in sales volume at a film processing subsidiary. As a result, total sales and income decreased.
Overseas Subsidiaries	58.5	53.1	-5.4 (-9.3%)	2.9	2.9	-0.0 (-1.7%)	Sales declined because Korean films and circuit materials-related subsidiaries were impacted by price decline reflecting the intensified market competition. Meanwhile, income was largely unchanged against the previous year through sales increase at a circuit materials-related subsidiary.
Adjustment				0.2	0.2	-0.0	
Total	207.2	187.4	-19.7 (-9.5%)	17.0	12.8	-4.2 (-24.8%)	

## <Major Subsidiaries>

Japan : Toray Engineering Co., Ltd., Toray Advanced Film Co., Ltd., etc.

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

# Results by Business Segment (Carbon Fiber Composite Materials)

Billion yen

	Net Sales			Operating Income			Comments
	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes	
Toray	55.8	39.6	-16.2 (-29.0%)	5.2	2.7	-2.5 (-48.5%)	Sales decreased due to low demand in sports applications, weakening of automobiles and PC chassis in industrial applications, and impact of Boeing's delay in purchasing our products. Income decreased due to the steep rise in raw materials and fuel prices, declining export profits reflecting the effects of strong yen, and increase of depreciation cost accompanying the new production facilities, etc. As a result, total income decreased.
Japanese Subsidiaries	36.4	29.8	-6.6 (-18.2%)	0.4	0.2	-0.2 (-43.4%)	
Overseas Subsidiaries	51.5	47.6	-3.9 (-7.5%)	7.1	5.0	-2.1 (-29.8%)	Sales and income decreased due to Boeing's delay in purchasing our products and effects of the strong yen as well as the steep rise in raw materials and fuel prices.
Adjustment	▲ 82.7	▲ 61.9	+20.7	▲ 0.1	0.8	+0.9	
Total	61.0	55.0	-6.0 (-9.8%)	12.6	8.7	-3.9 (-31.1%)	

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.

## <Major Subsidiaries>

Japan : Toray International, Inc.

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

# Results by Business Segment (Environment & Engineering)

Billion yen

	Net Sales			Operating Income			Comments
	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes	
Toray	5.9	5.8	-0.1 (-2.0%)	▲ 0.3	▲ 1.7	-1.4 (-)	Orders for RO membranes and MBRs expanded briskly especially in Europe/US and in the Middle East. Japanese sales of home water purifiers also performed strongly. However, sales remained mostly unchanged but income decreased because of the strong yen and increased expenses accompanying business expansion.
Japanese Subsidiaries	97.6	102.8	+5.1 (+5.2%)	4.9	2.3	-2.6 (-53.6%)	Sales increased with good performance of machinery export through the first two quarters at a trading subsidiary. Meanwhile, profits deteriorated at a water treatment engineering subsidiary, and sales of industrial equipments saw a decline reflecting the slow rate of capital investments, therefore, total income decreased.
Overseas Subsidiaries	0.9	2.2	+1.2 (+130.2%)	▲ 0.4	▲ 0.5	-0.1 (-)	Sales grew at a US water treatment subsidiary while there were increased expenses stemming from prior investment for future business expansion, etc.
Adjustment				▲ 0.1	0.2	+0.3	
Total	104.5	110.8	+6.2 (+6.0%)	4.2	0.4	-3.8 (-90.9%)	

## <Major Subsidiaries>

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

# Results by Business Segment (Life Science & Other Businesses)



Billion yen

	Net Sales				Operating Income				Comments	
	FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes		FY Mar/08 (Apr.-Dec.)	FY Mar/09 (Apr.-Dec.)	Changes			
Toray	6.7	6.3	-0.4	(-6.3%)	▲ 0.3	▲ 1.7	-1.5	(-)	<b>Pharmaceuticals and Medical Products</b> Despite adverse market conditions including falling sales prices due to NHI drug price revision and reimbursement price reduction and intensified market competition, overall sales increased through sales volume expansion of artificial kidneys. However, income decreased reflecting the decline in the sales prices of pharmaceuticals and medical products.	
Japanese Subsidiaries	39.5	39.3	-0.1	(-0.3%)	2.8	2.0	-0.9	(-29.9%)		<b>Others</b> Sales and income decreased due to weak performance at a trading subsidiary as well as the order decline of analytical business in the semiconductor area at an analytical service subsidiary, etc.
Overseas Subsidiaries	1.1	1.6	+0.5	(+46.1%)	0.1	0.2	+0.0	(+20.9%)		
Adjustment					0.2	0.5	+0.3			
<b>Total</b>	<b>47.3</b>	<b>47.2</b>	<b>-0.0</b>	<b>(-0.1%)</b>	<b>2.9</b>	<b>0.9</b>	<b>-2.0</b>	<b>(-68.7%)</b>		
(Pharmaceuticals and Medical Products)	33.4	34.0	+0.6	(+1.8%)	0.7	▲ 1.1	-1.7	(-)		

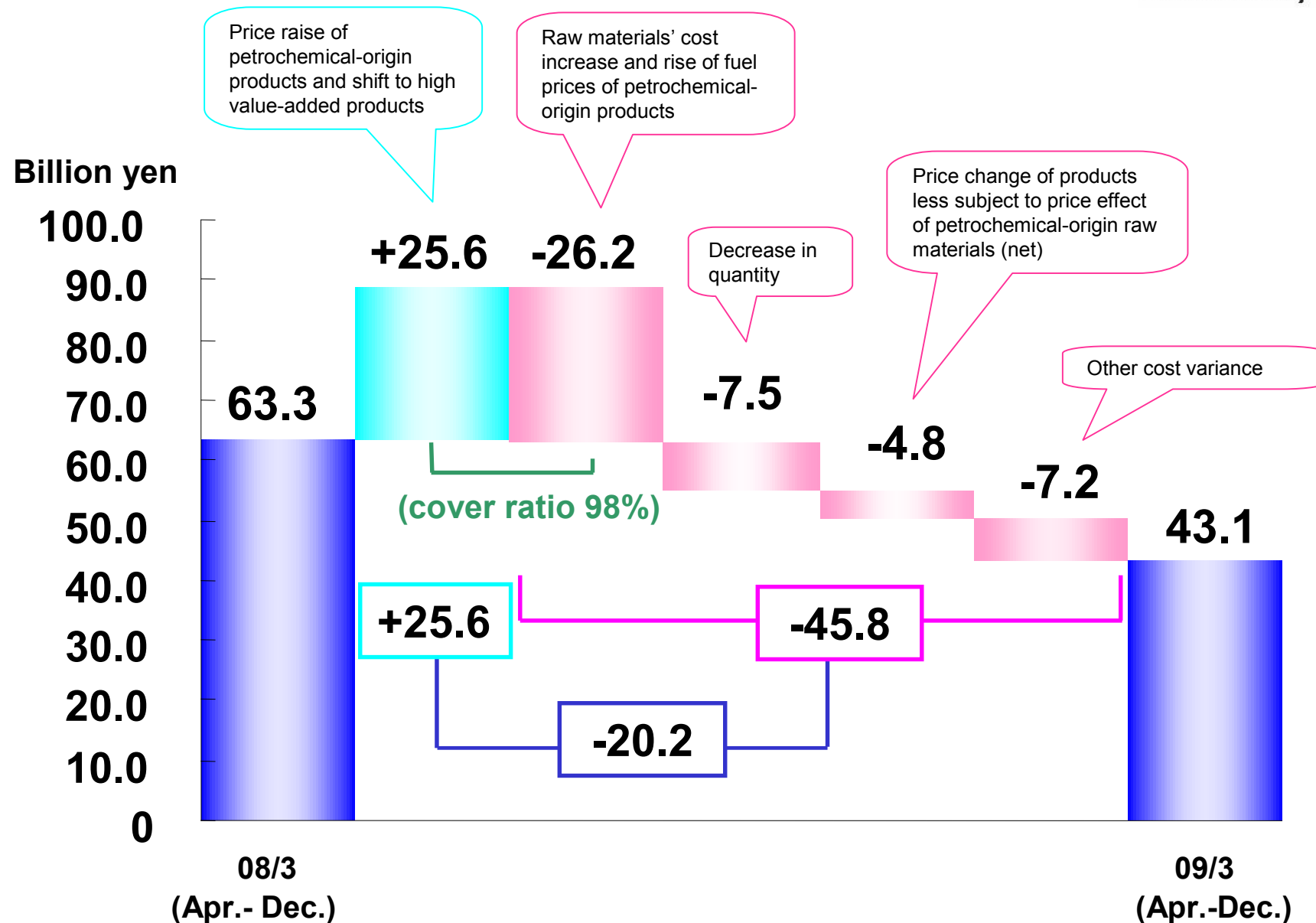
## <Major Subsidiaries>

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

# Income Variance Factor Analysis (Nine Months)



Innovation by Chemistry





## **II. Business Forecast for the Fiscal Year Ending March 2009 (Consolidated Basis)**

# Forecast Summary



Innovation by Chemistry

Unit : Billion yen

		FY Mar/08	FY Mar/09 Previous Forecast	FY Mar/09 New Forecast	Year-on-year Changes	Difference from FY Mar/09 Previous Forecast
Net Sales	1st Half	802.3	800.9	800.9	-1.5 (-0.2%)	—
	2nd Half	847.3	899.1	699.1	-148.2 (-17.5%)	-200.0
	<b>Total</b>	<b>1,649.7</b>	<b>1,700.0</b>	<b>1,500.0</b>	<b>-149.7 (-9.1%)</b>	<b>-200.0</b>
Operating Income	1st Half	44.0	30.3	30.3	-13.7 (-31.2%)	—
	2nd Half	59.4	44.7	7.7	-51.7 (-87.0%)	-37.0
	<b>Total</b>	<b>103.4</b>	<b>75.0</b>	<b>38.0</b>	<b>-65.4 (-63.3%)</b>	<b>-37.0</b>
Ordinary Income	1st Half	41.9	27.5	27.5	-14.4 (-34.3%)	—
	2nd Half	49.6	42.5	▲ 6.5	-56.1 (-)	-49.0
	<b>Total</b>	<b>91.5</b>	<b>70.0</b>	<b>21.0</b>	<b>-70.5 (-77.0%)</b>	<b>-49.0</b>
Net Income	1st Half	23.0	10.5	10.5	-12.5 (-54.2%)	—
	2nd Half	25.1	19.5	▲ 26.5	-51.6 (-)	-46.0
	<b>Total</b>	<b>48.1</b>	<b>30.0</b>	<b>▲ 16.0</b>	<b>-64.1 (-)</b>	<b>-46.0</b>

Net Income per Share	1st Half	16.4 yen	7.5 yen	7.5 yen
	2nd Half	17.9 yen	13.9 yen	▲18.9 yen
	<b>Total</b>	<b>34.3 yen</b>	<b>21.4 yen</b>	<b>▲11.4 yen</b>
Dividend per Share	1st Half	5.0 yen	5.0 yen	5.0 yen
	2nd Half	5.0 yen	5.0 yen	2.5 yen
	<b>Total</b>	<b>10.0 yen</b>	<b>10.0 yen</b>	<b>7.5 yen</b>
Dividend Payout Ratio	1st Half	30.4%	66.4%	66.4%
	2nd Half	27.9%	35.9%	(-)
	<b>Total</b>	<b>29.1%</b>	<b>46.7%</b>	<b>(-)</b>

Remarks : Estimated exchange rate : 90 yen / US\$ (January ~)  
 Estimated oil price : 45 US\$/ B (DUBAI FOB) (January ~)

\* Previous Forecast refers to the previous business announcement for the 2Q of FY Mar/09 on November 7, 2008.

# Forecast by Business Segment

	Net Sales			Operating Income		
	FY Mar/08	FY Mar/09	Changes (%)	FY Mar/08	FY Mar/09	Changes (%)
Fibers & Textiles	637.3	<b>570.0</b>	-67.3 (-10.6%)	21.4	<b>9.0</b>	-12.4 (-57.8%)
Plastics & Chemicals	404.0	<b>390.0</b>	-14.0 (-3.5%)	20.7	<b>5.0</b>	-15.7 (-75.9%)
IT-related Products	283.7	<b>240.0</b>	-43.7 (-15.4%)	29.8	<b>10.0</b>	-19.8 (-66.4%)
Carbon Fiber Composite Materials	83.6	<b>70.0</b>	-13.6 (-16.2%)	18.1	<b>10.0</b>	-8.1 (-44.7%)
Environment & Engineering	173.2	<b>165.0</b>	-8.2 (-4.7%)	9.8	<b>3.0</b>	-6.8 (-69.2%)
Life Science & Other Businesses	67.8	<b>65.0</b>	-2.8 (-4.1%)	6.3	<b>3.0</b>	-3.3 (-52.4%)
(Pharmaceuticals and Medical Products)	48.4	<b>46.0</b>	-2.4 (-4.9%)	2.8	<b>0.0</b>	-2.8 (-)
Total	1,649.7	<b>1,500.0</b>	-149.7 (-9.1%)	106.0	<b>40.0</b>	-66.0 (-62.3%)
Elimination & Corporate				▲ 2.5	▲ <b>2.0</b>	+0.5
Consolidated	1,649.7	<b>1,500.0</b>	-149.7 (-9.1%)	103.4	<b>38.0</b>	-65.4 (-63.3%)

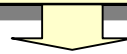
# Response to the Deterioration of the Business Environment



Innovation by Chemistry

## [Recognition of the business environment]

- Deepening of a world wide chain reaction of a credit crunch and deterioration of business conditions triggered by the financial market turmoil
- Currently in a drastic global economic downturn



Demand is declining rapidly in the real economy  
Toray recognizes that the economy will take certain time to recover

## [Key initiatives to overcome the economic crisis]

- ① Total cost reduction
- ② Profit maximization by securing demand
- ③ Cut-back of capital expenditures and bold prioritization of R&D themes
- ④ Cut-back of working capital by reducing inventories, etc.

# Promotion of Group-wide Emergency Measures

**TORAY**

Innovation by Chemistry

Launched Group-wide Emergency Measures in response to the worsening business environment in August 2008

→ Accelerate initiatives in accordance with the severity of the situation

August 2008 ~

## Group-wide Emergency Measures (1<sup>st</sup> Phase)

- ① Promote cost reduction
- ② Maintain and expand the product spread
- ③ Hold down capital expenditures and R&D expenses

December 2008 ~

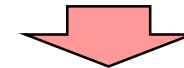
## Group-wide Emergency Measures (2<sup>nd</sup> Phase)

- Strengthen Phase 1 initiatives  
+
- ④ Optimize inventory levels by reducing production

February 2009 ~

## Group-wide Emergency Measures (3<sup>rd</sup> Phase)

- ① Reduce overall cost including zero executive bonus and reduction of fixed remuneration for executives by an average of 30%
- ② Maintain profits through securing demand
- ③ Reduce capital expenditures and prioritize boldly R&D themes
- ④ Reduce inventories by reducing production



On the assumption that the severe environment will continue through the coming fiscal year, Toray Group suspends the implementation of the IT-2010 numerical targets for the immediate future and is **currently establishing Group-wide programs** to overcome the economic crisis.

Descriptions of predicted business results, projections, and business plans for the Fiscal Year ending March 2009 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.