

May 11, 2004

## Toray Announces Consolidated Results for the fiscal year ended March 31, 2004

Tokyo, May 11, 2004 - Toray Industries today announced its consolidated and non-consolidated business results for the fiscal year ended March 31, 2004. The following summary of the business results that Toray submitted to the Tokyo Exchange is unaudited and for reference only. (Code Number: 3402)

### Consolidated Financial Highlights

(Millions of yen, millions of U.S. dollars, except per share data)

	Year ended March 31			
	2004	2003	Change	2004
	Yen		%	U.S. dollars
Net sales	<b>¥1,088,501</b>	¥1,032,991	5.4	<b>\$10,298</b>
Operating income	<b>56,792</b>	33,043	71.9	<b>537</b>
Ordinary income	<b>51,602</b>	23,746	117.3	<b>488</b>
Net income	<b>20,908</b>	5,790	261.1	<b>198</b>

Depreciation	<b>67,253</b>	74,142	(9.3)	<b>636</b>
Capital investment	<b>47,990</b>	53,816	(10.8)	<b>454</b>
Total assets	<b>1,295,314</b>	1,300,954	(0.4)	<b>12,255</b>
Property, plant and equipment, net	<b>543,315</b>	583,280	(6.9)	<b>5,140</b>
Total stockholders' equity	<b>414,247</b>	390,398	6.1	<b>3,919</b>

#### Per Share of common stock (yen)

Net Income Primary	<b>¥14.87</b>	¥4.13	260.0	-
Cash dividends	<b>¥5.50</b>	¥5.00	10.0	-
Stockholders' equity	<b>¥295.64</b>	¥278.65	6.1	-

#### Ratios (%)

Operating income to net sales	<b>5.2%</b>	3.2%	-	-
Net income to net sales	<b>1.9%</b>	0.6%	-	-
Equity ratio	<b>32.0%</b>	30.0%	-	-
Return on equity	<b>5.2%</b>	1.4%	-	-

#### Notes:

1. U.S. dollar amount have been converted from yen at the exchange rate of ¥105.7=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2004.
2. Amounts are rounded to the nearest million.

## Consolidated Business Segment Information

(Millions of yen, *millions of U.S. dollars*)

Net Sales	Year ended March 31			
	2004	2003	Change	2004
	Yen		%	<i>U.S. dollars</i>
Fibers and Textiles	<b>¥424,755</b>	¥418,332	1.5	<b>\$4,018</b>
Plastics and Chemicals	<b>258,093</b>	241,882	6.7	<b>2,442</b>
IT-related Products	<b>174,538</b>	147,729	18.1	<b>1,651</b>
Housing and Engineering	<b>120,123</b>	118,764	1.1	<b>1,136</b>
Pharmaceuticals and Medical Products	<b>47,875</b>	47,632	0.5	<b>453</b>
New Products and other Businesses	<b>63,117</b>	58,652	7.6	<b>597</b>
Elimination and Corporate	-	-	-	-

Operating Income	Year ended March 31			
	2004	2003	Change	2004
	Yen		%	<i>U.S. dollars</i>
Fibers and Textiles	<b>¥18,371</b>	¥10,380	77.0	<b>\$174</b>
Plastics and Chemicals	<b>9,676</b>	6,023	60.7	<b>92</b>
IT-related Products	<b>17,326</b>	9,298	86.3	<b>164</b>
Housing and Engineering	<b>1,695</b>	846	100.4	<b>16</b>
Pharmaceuticals and Medical Products	<b>3,510</b>	2,755	27.4	<b>33</b>
New Products and other Businesses	<b>5,868</b>	3,471	69.1	<b>56</b>
Elimination and Corporate	<b>346</b>	270	28.1	<b>3</b>

## Consolidated Geographic Segment Information

(Millions of yen, *millions of U.S. dollars*)

Net Sales	Year ended March 31			
	2004	2003	Change	2004
	Yen		%	<i>U.S. dollars</i>
Japan	<b>¥786,063</b>	¥737,013	6.7	<b>\$7,437</b>
Asia	<b>180,676</b>	175,601	2.9	<b>1,709</b>
North America & Europe	<b>121,762</b>	120,377	1.2	<b>1,152</b>
Elimination and Corporate	-	-	-	-

Operating Income	Year ended March 31			
	2004	2003	Change	2004
	Yen		%	<i>U.S. dollars</i>
Japan	<b>¥42,202</b>	¥21,270	98.4	<b>\$399</b>
Asia	<b>9,462</b>	8,614	9.8	<b>90</b>
North America & Europe	<b>5,010</b>	3,298	51.9	<b>47</b>
Elimination and Corporate	<b>118</b>	(139)	-	<b>1</b>

### Notes:

1. U.S. dollar amount have been converted from yen at the exchange rate of ¥105.7=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2004.
2. Amounts are rounded to the nearest million.

## Export Sales and Sales by Overseas Subsidiaries

(Millions of yen, *millions of U.S. dollars*)

	Year ended March 31			
	2004	2003	Change	2004
	Yen		%	<i>U.S. dollars</i>
Asia	<b>¥274,372</b>	¥253,580	8.2	<b>\$2,596</b>
Other Regions	<b>168,901</b>	173,849	(2.8)	<b>1,598</b>
Total	<b>443,273</b>	427,429	3.7	<b>4,194</b>

Year ended March 31	Percentage against consolidated net sales (%)	
	2004	2003
Asia	<b>25.2</b>	24.6
Other Regions	<b>15.5</b>	16.8
Total	<b>40.7</b>	41.4

Notes:

1. U.S. dollar amount have been converted from yen at the exchange rate of ¥105.7=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2004.
2. Amounts are rounded to the nearest million.

## Forecast of Consolidated Results for the fiscal year ending March 31, 2005

(Millions of yen, *millions of U.S. dollars*)

	Year ending March 31, 2005	
	Million of yen	<i>U.S. dollars</i>
Net sales	¥1,150,000	\$10,952
Operating income	74,000	705
Ordinary income	74,000	705
Net income	38,000	362

Notes: U.S. dollar amount have been converted from yen at the exchange rate of ¥105=U.S.\$1, the estimated rate of exchange for the fiscal 2004 (April 2004 - March 2005).

## Non-consolidated Financial Highlights

(Millions of yen, *millions of U.S. dollars*, except per share data)

	Year ended March 31			
	2004	2003	Change	2004
	Yen		%	<i>U.S. dollars</i>
Net sales	<b>¥458,845</b>	¥442,586	3.7	<b>\$4,341</b>
Operating income	<b>24,009</b>	9,674	148.2	<b>227</b>
Ordinary income	<b>30,931</b>	10,397	197.5	<b>293</b>
Net income	<b>17,000</b>	3,122	444.6	<b>161</b>

Depreciation	<b>29,203</b>	32,131	(9.1)	<b>276</b>
Capital investment	<b>17,428</b>	20,547	(15.2)	<b>165</b>
Total assets	<b>895,549</b>	873,638	2.5	<b>8,473</b>
Property, plant and equipment, net	<b>253,987</b>	267,970	(5.2)	<b>2,403</b>
Total stockholders' equity	<b>431,145</b>	402,539	7.1	<b>4,079</b>

### Per Share of common stock (yen)

Net Income Primary	<b>¥12.08</b>	¥2.23	441.7	-
Cash dividends	<b>¥5.50</b>	¥5.00	10.0	-
Stockholders' equity	<b>¥307.70</b>	¥287.32	7.1	-

### Ratios (%)

Operating income to net sales	<b>5.2%</b>	2.2%	-	-
Net income to net sales	<b>3.7%</b>	0.7%	-	-
Equity ratio	<b>48.1%</b>	46.1%	-	-
Return on equity	<b>4.1%</b>	0.8%	-	-

### Notes:

1. U.S. dollar amount have been converted from yen at the exchange rate of ¥105.7=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2004.
2. Yen amounts are rounded to the nearest million.

## Forecast of Non-consolidated Results for the fiscal year ending March 31, 2005

(Millions of yen, *millions of U.S. dollars*)

	Year ending March 31, 2005	
	Millions of yen	<i>U.S. dollars</i>
Net sales	¥470,000	<b>\$4,476</b>
Operating income	31,000	295
Ordinary income	37,000	352
Net income	20,000	190

Notes: U.S. dollar amount have been converted from yen at the exchange rate of ¥105=U.S.\$1, the estimated rate of exchange for the fiscal 2004 (April 2004 - March 2005).

# Management Policies

## 1. Corporate Mission

Toray's corporate philosophy is "to contribute to society through the creation of new value by innovative ideas, technologies and products." Under this philosophy, Toray has established the following corporate missions:

For our customers:

To provide new value to our customers through high-quality products and superior services

For our employees:

To provide our employees with opportunities for self-development in a challenging environment

For our shareholders:

To provide our shareholders with dependable and trustworthy management

For the local community:

To act as a responsible corporate citizen and build a long-lasting, beneficial partnership with the local communities in which we do business

Toray is committed to taking on responsibility and contributing to its customers, employees, shareholders and the local community.

## 2. Policy on Distribution of Surplus Profits

The Toray Group recognizes the importance of profit distribution policy, and accordingly is committed to distributing profits fairly through deliberate consideration of every factor, including business results, financial conditions and retention of earnings necessary for future investment.

## 3. Key Issues and Medium- to Long-term Business Strategy

Since April 2002, the Toray Group has been implementing its Project New TORAY 21 (NT 21) management reform program designed to achieve early income improvement by dramatically strengthening corporate structure. As a result of reform efforts made with the combined efforts of the Group, consolidated operating income underwent a strong recovery to ¥33.0 billion (US\$312 million) in the fiscal year ended March 2003 and ¥56.8 billion (US\$537 million) in the fiscal year ended March 2004, in effect accelerating by one year the attainment of the initial three-year income improvement plan under NT 21. Effective this March-end, the Toray Group therefore concluded NT 21. Building on its success and starting this April together with the new fiscal year, the Group has initiated Project NT - II (NT - II) as the second stage of reform, with the medium-term management objective of creating a dynamic and highly profitable corporate group.

NT 21 consisted of management reforms to reinforce the corporate structure from the “defensive” perspective. NT - II, however, seeks to sustain management from the “defensive” perspective through continuous reinforcement of the corporate structure while simultaneously advancing with an “offensive” management approach of expanding revenues and profits through business structure reform. In order to realize this objective, the Toray Group will be focusing on the following issues.

### Reinforcing Corporate Structure

#### *Activating Group Energy*

The first key to reinforcing corporate structure is mobilizing the energy of the entire Toray Group. NT 21 fostered a healthy sense of crisis combined with a new clarity of purpose and direction, and these are now shared by all employees of the Toray Group. Building on this spirit, the Toray Group will introduce additional measures to improve and strengthen communication and information sharing, thus creating a revitalized organization ready to make further remarkable progress.

#### *Strengthening Global Competitiveness*

The second aspect of the Toray Group’s efforts to reinforce corporate structure is to enhance global competitiveness by continuing to work to reduce total cost and strengthen the Group’s financial structure. In the current fiscal year, building on the successful “strengthening cost competitiveness” project of NT 21, the Toray Group is working to achieve further reductions in total cost across the entire Group. Regarding strengthening of the financial structure, given that the Group succeeded one year ahead of schedule in reducing interest-bearing liabilities to ¥500 billion (US\$4,730 million) — a target originally set for the end of the fiscal year ending March 2005 under NT 21 — it has set a new financial goal under NT - II: early reduction of the ratio of interest bearing debt to shareholders’ equity (D/E ratio) to 1.0 or lower, in order to realize both increased investment in its advanced materials businesses and further strengthening of the financial structure.

### Expanding Revenues and Profits

#### *Comprehensive Profit Management by Product*

The first step to expanding revenues and profits is implementing comprehensive profit management by product. NT 21, as part of its measures focused on the core objective of structural reinforcement, sought to cut back on loss-generating businesses and companies or bring them into the black, a goal that is also linked to income improvement. NT - II takes this approach one step further: each business is expected to improve income by increasing the share of high-margin products, regaining profitability or at the very least cutting losses from unprofitable products included in the portfolios of otherwise profitable businesses.

#### *Expanding Advanced Materials Businesses*

The second action to increasing revenues and profits is expansion of advanced materials businesses. Advanced materials development at the Toray Group has to date focused on the core technologies of organic synthetic chemistry, polymer chemistry, and biochemistry. Business expansion has been driven by supplying these products to industries and users primarily in the three growth areas of IT-related products; life sciences; and environment, safety, and amenity. NT - II calls for an

expansion of existing advanced materials businesses within and outside Japan, accompanied by rapid development of new advanced materials and related business initiatives using the Toray Group's core technologies as well as sophisticated technologies such as technologies for increasing the limits of performance, nanotechnology, biotechnology, etc. To this end, management resources will be allocated to advanced materials businesses commensurate with their profitability, which will serve to transform the Toray Group's business structure and position the Company as "Toray — The Leader in Advanced Materials."

#### *Expand and Reinforce Global No. 1 Businesses*

The third measure for securing greater revenues and profits is expanding and strengthening Toray Group businesses that rank global no. 1 in their fields. Roughly 30 of the Toray Group's businesses have claimed the top share of the global market — in the polyester-cotton blended textiles, man-made suede, polyester film, carbon fiber composite materials, and other businesses. The Group will be able to increase profitability by further expanding and strengthening its no. 1 businesses in these areas, businesses that are being developed by taking full advantage of the comprehensive strengths of the Toray Group.

#### *Expand Revenues and Profits from Businesses Outside Japan*

The fourth aspect of expanding revenues and profits involves expanding earnings from businesses outside Japan. The Toray Group has been striving to implement further structural reform at its businesses in 18 countries and regions worldwide, strengthening them as sources of earnings, while simultaneously pursuing business growth outside Japan through new business initiatives. NT-II aims to further broaden the Group's business and increase revenues and profits in Asia by expanding into the high-growth IT-related industry in South Korea and by using regional headquarters, which have already been established in the three ASEAN countries of Indonesia, Thailand, and Malaysia, and in China. This stage of reform will increase profits by reinforcing and reforming the Group's business structure in the U.S.A. and Europe businesses, as well.

#### *TOREX\* Brand Strategy*

In addition to these points, establishing a brand strategy is essential to remaining victorious amid conditions of global overproduction, and to achieving business expansion and earnings growth. To this end, the Group has positioned *TOREX\** as the Toray Group's core brand, symbolizing the Group's high quality, superior product grades, and advanced materials, and is currently planning for implementation of a global brand strategy.

All employees of the Toray Group are involved in reforms under NT - II, which take the reform efforts of NT 21 and advance them even further. Through realization of the goals of NT - II, the Toray Group seeks to increase ROA and ROE, and to transform itself into a global, highly profitable corporate group.

#### 4. Corporate Governance

The Toray Group's basic stance on corporate governance is clearly articulated in its Corporate Mission: "to provide our shareholders with dependable and trustworthy management," as well as in its Guiding Principles: "Fairness and sincerity — Behaving fairly with a strong feeling of responsibility and a high ethical sense, thereby establishing a trustworthy relationship with society." This is one of the Toray Group's most important management policies.

The Board of Directors has 30 members and the Board of Corporate Auditors has four, two of whom are external auditors. The Toray Group is a manufacturing conglomerate that supplies a wide variety of basic materials to a diverse range of industries, and therefore management needs to make varied judgments and decisions based on specialist knowledge and close liaison with the business field. To ensure that management fulfills its responsibility to shareholders, The Toray Group believes that directors who make decisions at board meetings and oversee business operations should be appointed by the general shareholders meetings and be familiar with the Toray Group's businesses. For this reason, the Toray Group intends to retain the current framework of its Board of Directors and Board of Auditors.

Members of the Company's Board of Auditors attend all important company meetings, including board meetings, as well as hold meetings to interview individual directors and senior managers. Further, they audit each of the Company's business locations, manufacturing bases, and domestic and overseas subsidiaries and affiliates to ensure proper oversight of directors' performance. External auditors have no financial interest in (i.e., no business relationship with) the Toray Group, and the Audit Department carries out internal audits, including of subsidiaries and affiliates.

Toray has established a Corporate Ethics Committee, which is composed of members of the Board of Directors and includes the Board of Auditors as observers, in order to address corporate ethics and legal compliance — an essential component of Corporate Social Responsibility (CSR). In addition, Toray established a Compliance Committee under the Corporate Ethics Committee to strengthen those activities through a reworking of the management structure.

Toray also ensures that the accounting firm that audits the Company only allows its employees to work on the Company's account for a limited duration.



# Consolidated Business Results and Financial Condition

## 1. Overview of Fiscal 2003 (April 2003 – March 2004)

The global economy saw recovery proceed in the US, with an overall upturn taking hold in Europe and Asia. In Japan, signs of a rebound emerged in connection with rising exports and growing markets for digital electronic products. Nevertheless, personal consumption, the driving force of economic expansion, remained weak due to sustained challenging conditions for incomes and employment, and a full-fledged economic rebound failed to materialize.

Amid these conditions, the Toray Group has been continuing with the implementation of its management reform program, Project NT 21, commenced in April 2002, while engaging in structural reinforcement and business structure reform.

As a result, consolidated net sales for fiscal 2003 increased 5.4% on a year-on-year basis, to ¥1,088.5 billion (US\$10,298 million). Operating income came to ¥56.8 billion (US\$537 million), up 71.9% from the previous year, and ordinary income was ¥51.6 billion (US\$488 million), an increase of 117.3%. Net income expanded 261.1% year-on-year to ¥20.9 billion (US\$198 million).

### **Business Performance by Sector:**

#### *Fibers and Textiles*

In domestic trading, overall sales increased compared with a year earlier. Sales of nylon yarns expanded from a year earlier due to a successful shift to high-margin products in apparel applications and recovering price levels. In industrial applications, sales rose due to increased demand for use-in air bags. Despite continued slack domestic final consumption in apparel related applications, the Toray Group was able to raise sales of its polyester yarn *Tetoron\**, attended by solid shipments for industrial applications.

Overseas sales expanded in the aggregate, helped by increases at staple polyester fiber and polyester/rayon blend operations in Indonesia, polyester filament operations in China, and polypropylene spunbond operations in South Korea.

As a result, overall sales of Fibers and Textiles increased to ¥424.8 billion (US\$4,018 million) and operating income rose to ¥18.4 billion (US\$174 million) from the previous year.

Production capacity has been increased in China for polyester filament fiber and in South Korea for polypropylene spunbond, and both facilities have come on-stream.

#### *Plastics and Chemicals*

Sales of *Toyolac\** acrylonitrile butadiene styrene (ABS) resin increased due to the good demand in domestic automobile and electronic applications, export sales of transparent-grade, and also good demand in overseas thanks to ongoing economic recovery. The aggregate sales surpassed the year-earlier record. With higher demand in the automobile and electric sectors, sales of *Amilan\** nylon resin and *Toraycon\** polybutylene terephthalate (PBT) resin showed favorable growth as well.

In the Film Business, sales of the Toray Group mainstay *Lumirror*\* polyester (PET) film continued to advance. This expansion reflected demand in overseas packaging and industrial application markets along with a shift to value-added products. Sales of *Torayfan*\* polypropylene film also rose, principally because of higher demand in packaging-application markets abroad.

In Chemicals, recovering price levels led to an overall increase in sales.

Total sales of Plastics and Chemicals increased year-on-year to ¥258.1 billion (US\$2,442 million), and operating income rose to ¥9.7 billion (US\$92 million).

#### *IT-related Products*

In the Information and Telecommunication (IT) related Products segment, domestic sales of resin and film products increased in line with the global upturn in the liquid crystal display (LCD), cellular phone and digital home electronic appliance sectors. Total sales in the Electronics and Information-related Materials business also increased due to favorable performance of electric circuit materials in Japan and elsewhere, as well as printing materials. In liquid crystal materials business, *Topical*\* color filters used in TFT-LCDs gained on the popularity of small and medium-sized LCDs mainly for cellular-phone applications as well as LCD-TVs, with an overall expansion in sales as a result.

IT-related products experienced higher aggregate sales on growth in LCD coating equipment and other semiconductor- and LCD-related devices.

As a result, sales of IT-related Products increased to ¥174.5 billion (US\$1,651 million), and operating income rose to ¥17.3 billion (US\$164 million).

On the production side, an ultra-high-quality production facility for polyester film came on-stream at the Mishima Plant. In the printing plate business, the Okazaki plant saw waterless computer-to-plate (CTP) special facilities come on-stream. Furthermore, a production facility for condenser vapor deposition went into operation at Toray Film Products (Zhongshan) Ltd.

#### *Housing and Engineering*

With expansion in the condominium business and construction business, total sales in the Housing and Engineering segment registered a year-on-year increase of ¥120.1 billion (US\$1,136 million), while operating income rose to ¥1.7 billion (US\$16 million).

#### *Pharmaceutical and Medical Products*

While sales declined in Pharmaceuticals due to competition with rival products, in the Medical Products area, sales of *Toraysulfone*\*, a polysulfone hollow-fiber artificial kidney, and *Toraymyxin*\*, a blood purification device for treating septicemia, increased.

As a result, sales increased year-on-year to ¥47.9 billion (US\$453 million) and operating income rose to ¥3.5 billion (US\$33 million).

### *New Products and Other Businesses*

Total sales of Advanced Composite Materials were up, reflecting a steady increase driven mostly by industrial applications including civil engineering, windmill blades for wind-power generation and CNG tanks for natural gas vehicles, assisted by recovering demand for aircraft applications.

Total sales and operating income in the New Products and Other Business segment rose year-on-year to ¥63.1 billion (US\$597 million) and ¥5.9 billion (US\$56 million), respectively.

### *Recent Investments*

To promote the environmental improvement activities, Toray has started non-petroleum corn-based polylactic acid (PLA) fiber and plastic business. Toray has signed a master agreement — encompassing brands, technology licenses, and PLA chip supply — with US-based Cargill Dow LLC.

In the field of resins, a joint venture was established in Malaysia with BASF AG of Germany for the production of polybutylene terephthalate (PBT) base resin.

The Toray Group also established the New Frontiers Research Laboratories in Kamakura for research in biotechnology, nanotechnology and joint projects.

## 2. Dividends

Taking into consideration earnings performance during the term under review and considering the outlook for the coming fiscal year, Toray is proposing to pay a year-end dividend of ¥3 per share of common stock, an increase of ¥0.5 from the previous year, for an aggregate annual dividend of ¥5.5 per share of common stock, including the interim dividend.

## 3. Finance and Cash Flows for Fiscal 2003

Current assets at the end of March 31, 2004 year were ¥27.4 billion (US\$259 million) higher than a year earlier, reflecting an increase in cash and deposits, among other factors. By contrast, tangible fixed assets declined, leading to a ¥33.1 billion (US\$313 million) contraction in fixed assets, with total assets slipping ¥5.6 billion (US\$53 million) from the previous year to ¥1,295.3 billion (US\$12,255 million). Liabilities contracted by ¥32.6 billion (US\$308 million) from a year earlier to ¥843.7 billion (US\$7,982 million) thanks to a reduction in interest-bearing debt. Shareholders' equity rose by ¥23.8 billion (US\$225 million) year-on-year to ¥414.2 billion (US\$3,919 million) mainly due to higher retained earnings and unrealized gains on securities. As a result, the equity ratio at fiscal-year end was 32.0%, reflecting a 2.0 percentage-point increase from a year earlier.

Free cash flows, cash flows from operating activities and net of cash flows from investment activities for the fiscal year ended March 2004 were up year-on-year to ¥70.9 billion (US\$671 million). Cash flows, as well as changes in the balances of cash and cash equivalents, for the fiscal year ended March 2004 are as follows:

(Billions of yen, *millions of U.S. dollars*)

	Year ended March 31		
	2004	2003	2004
	Yen		U.S. \$
Cash flows from operating activities	<b>117.6</b>	88.6	<b>1,113</b>
Cash flows from investment activities	<b>(46.7)</b>	(51.9)	<b>(442)</b>
Balance (Free cash flows)	<b>70.9</b>	36.7	<b>671</b>
Cash flows from financing activities	<b>(46.7)</b>	(31.9)	<b>(442)</b>
Translation gains/losses	<b>(1.3)</b>	(0.6)	<b>(12)</b>
Change in cash and cash equivalents for the year	<b>22.9</b>	4.2	<b>217</b>
Cash and cash equivalents at beginning of the year	<b>55.7</b>	51.5	<b>527</b>
Effect of changes in consolidated subsidiaries	<b>0.1</b>	0	<b>1</b>
Cash and cash equivalents at end of the year	<b>78.7</b>	55.7	<b>745</b>

#### Index of Cash Flows:

	Year ended March 31				
	2000	2001	2002	2003	2004
Stockholder's equity / Total assets (%)	28.3	29.1	29.8	30.0	<b>32.0</b>
Market capitalization / Total assets (%)	37.7	48.4	35.6	28.3	<b>52.2</b>
Interest-bearing debt / Operating cash flow (years)	10.8	5.4	8.5	6.2	<b>4.2</b>
Operating cash flow/Interest paid (times)	3.3	5.8	4.5	10.6	<b>16.5</b>

#### Notes:

- 1) All indices are computed based on consolidated data.
- 2) Market capitalization equals the stock price at the end of the period multiplied by the number of shares outstanding at the end of the period (excluding treasury stock).
- 3) Operating cash flow is stated in the consolidated statements of cash flows. Interest-bearing debt is all debt included in the consolidated balance sheets on which is paid.

#### 4. Forecast for Fiscal 2004 (ending March 31, 2005)

Encouraged by the US economy, the global economic upturn is expected to continue in fiscal 2004. Although Japan's economy appears to be in a moderate economic recovery driven by digital electronic household appliances among other things, challenging conditions for incomes and employment have been holding down personal consumption in general. Furthermore, rallying raw material prices and the higher value of the yen have been causes for concern, making for a sustained unpredictable environment.

Amid these conditions, the Toray Group will work to address the medium-term management issues of constant reinforcement of corporate structure and expanding revenues and profits through business structure reform, as set out in NT - II, in order to achieve the rapid transformation to a highly profitable corporate group that is its goal. For fiscal 2004, which is the first under this new project, the Group plans to achieve sales of ¥1,150 billion (US\$10,952 million), operating income of ¥74 billion (US\$705 million), and ordinary income of ¥74 billion (US\$705 million). These forecasts are based on expectations of a foreign exchange rate of ¥105 to the US dollar.

Notes:

- 1) U.S. dollar amounts have been converted from yen at the exchange rate of ¥105.7 = US\$1, the approximate rate of exchange prevailing on March 31, 2004.
- 2) Product names with (\*) abbreviation are trademarks of Toray Industries, Inc.

Disclaimer

Descriptions of predicted business results, forecasts and business plans contained in this material are based on predictive forecasts of the future business environment made at the present time. The material in this statement is not a guarantee of the Company's future business performance.

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