

REVISED (on May 22, 2003)

'TORAY'

May 9, 2003

**Announcement of Business Results
for Fiscal Year Ended March 2003
and
"Project New TORAY21" Follow-up**

**Sadayuki Sakakibara, President
Toray Industries, Inc.**

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'TORAY'

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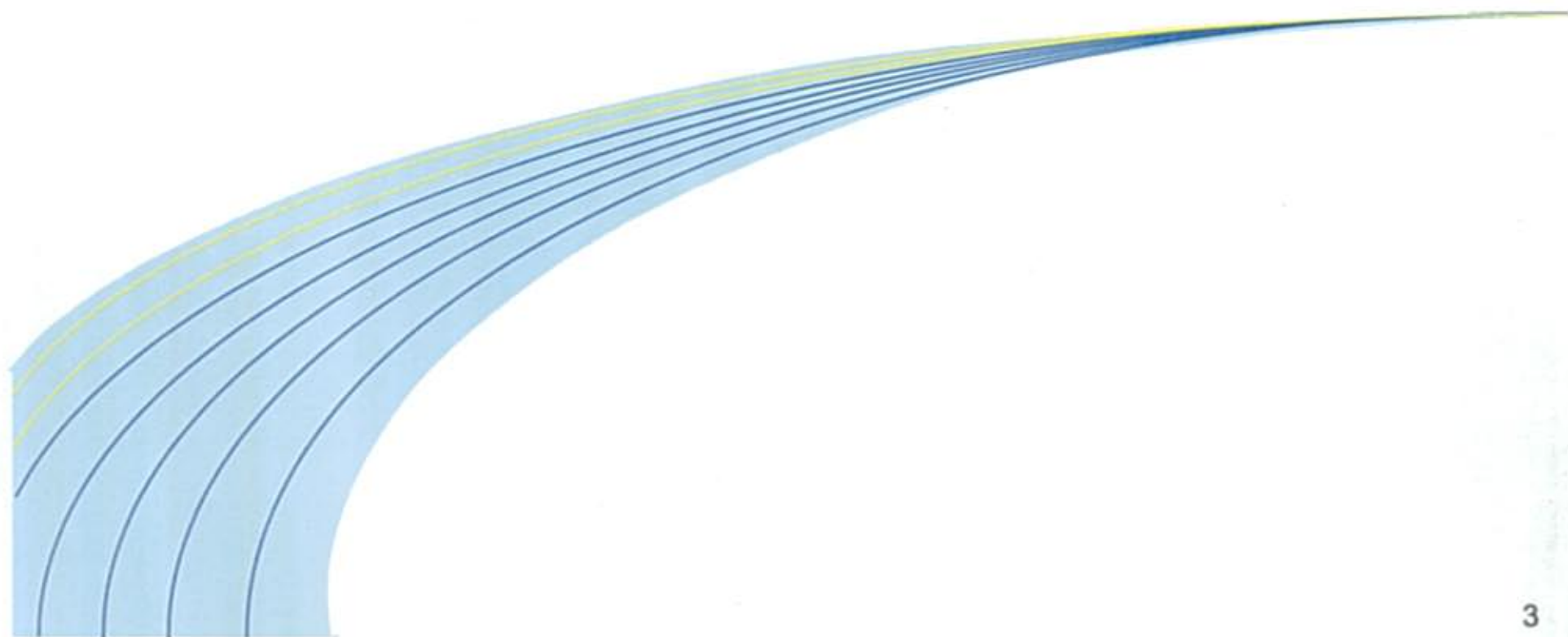
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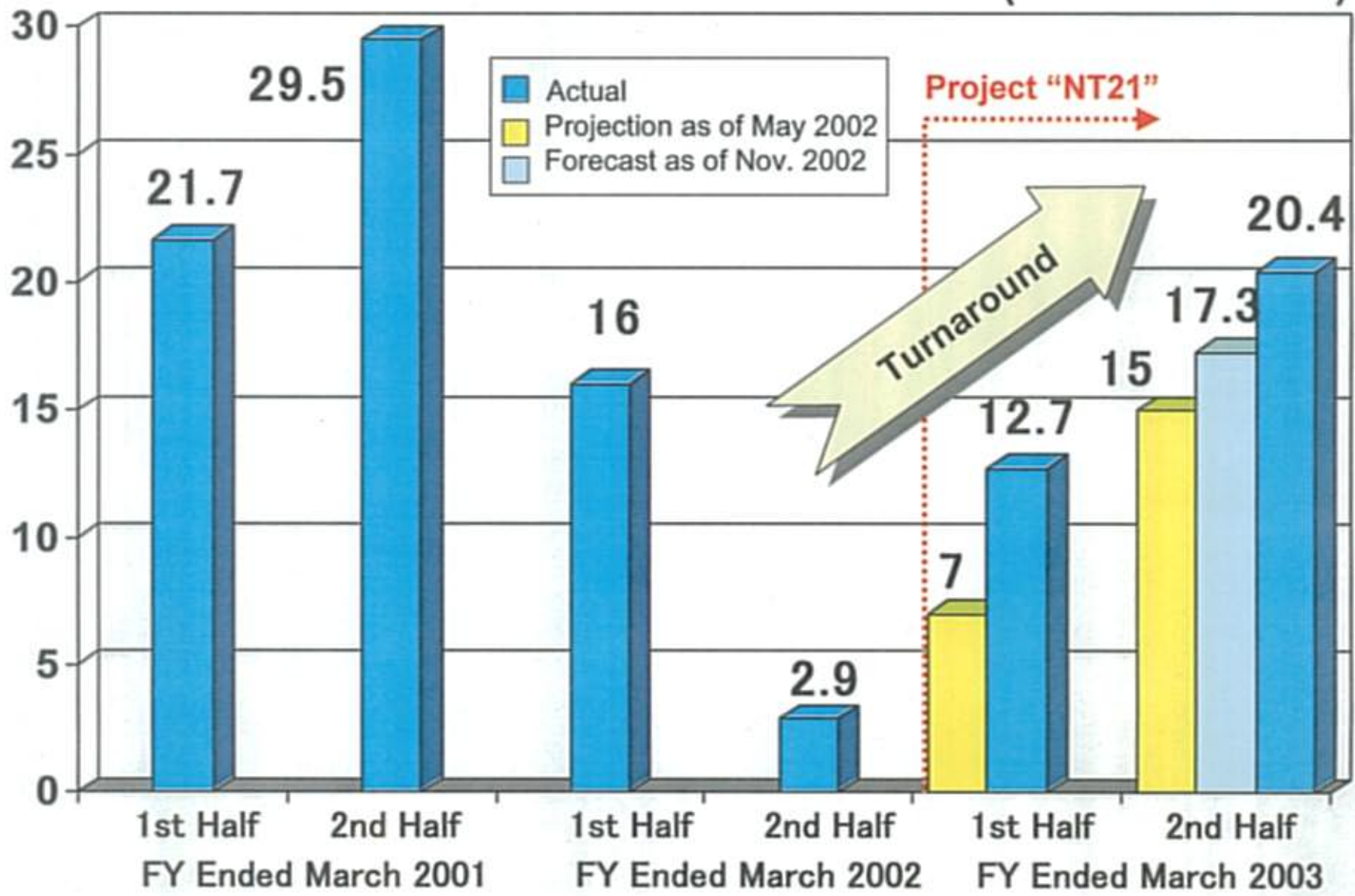
Consolidated Business Results for
Fiscal Year Ended March 31, 2003



Trend in Operating Profit



(Unit: Billion Yen)



Consolidated Financial Highlights

'TORAY'

Unit: Billion Yen

	FY Ended March 31, 2002			FY Ended March 31, 2003			Annual Change (%)	
	1st Half	2nd Half	Total	1st Half	2nd Half	Total		
Net Sales	518.4	497.3	1,015.7	498.5	534.5	1,033.0	+17.3	(+1.7%)
Cost of Goods Sold	405.2	398.9	804.1	393.6	420.9	814.5	+10.4	(+1.3%)
Operating Profit	16.0	2.9	18.8	12.7	20.4	33.0	+14.2	(+75.3%)
(Operating Profit Margin)	3.1%	0.6%	1.9%	2.5%	3.8%	3.2%	+1.3 Point	
Nonoperating Profit & Expenses	▲ 8.2	▲ 1.7	▲ 9.9	▲ 4.8	▲ 4.5	▲ 9.3	+0.6	(-)
Ordinary Profit	7.7	1.2	8.9	7.9	15.9	23.7	+14.8	(+165.7%)
Special Credits & Charges	0.3	3.9	4.2	1.7	▲ 3.0	▲ 1.3	-5.5	(-)
Net Profit	1.2	2.6	3.8	1.3	4.5	5.8	+2.0	(+52.3%)

Note: ▲ indicates negative figures.

Consolidated Financial Highlights

'TORAY'

Unit: Billion Yen

	FY Ended March 31, 2002		FY Ended March 31, 2003		Change (%)
	End Sep/02	End Mar/03	End Sep/02	End Mar/03	
Total Assets	1,429.4	1,386.5	1,325.7	1,301.0	-85.6 (-6.2%)
Stockholder's Equity	411.9	413.1	396.6	390.4	-22.7 (-5.5%)
Interest-bearing Debts	600.8	585.3	557.1	546.1	-39.2 (-6.7%)

	FY Ended March 31, 2002			FY Ended March 31, 2003			Annual Change (%)
	1st Half	2nd Half	Total	1st Half	2nd Half	Total	
ROE	0.6%	1.2%	0.9%	0.6%	2.3%	1.4%	+0.5 Point
ROA ^{*1}	2.2%	0.4%	1.3%	1.9%	3.0%	2.5%	+1.2 Point
Free Cash Flow	▲ 4.4	25.8	21.4	7.8	28.9	36.7	15.3 (+71.8%)

*1: ROA = Operating Profit / Total Assets

Results by Business Segment

'TORAY'

Sales

(Unit: Billion Yen)

Segment	FY Ended March 31, 2002			FY Ended March 31, 2003			Annual Change (%)	
	1st Half	2nd half	Total	1st Half	2nd half	Total		
Fibers & Textiles	222.4	209.1	431.5	209.1	209.3	418.3	-13.2	(-3.0%)
Pastics & Chemicals	119.3	105.6	224.9	119.2	122.7	241.9	+17.0	(+7.6%)
IT-related Products	69.8	71.6	141.4	72.1	75.6	147.7	+6.3	(+4.5%)
Housing & Engineering	49.3	55.8	105.2	44.7	74.0	118.8	+13.6	(+12.9%)
Pharmaceuticals & Medical Products	24.9	25.1	50.0	22.9	24.7	47.6	-2.4	(-4.8%)
New Products & Others	32.7	30.1	62.7	30.6	28.1	58.7	-4.1	(-6.5%)
Consolidated	518.4	497.3	1,015.7	498.5	534.5	1,033.0	+17.3	(+1.7%)

(Mar/2002)

(Mar/2003)

Exchange Rate (Yen/US\$)	Fiscal Year Average	125.1	122.0
	Year-end	133.3	120.2

Results by Business Segment

'TORAY'

Operating Profit

(Unit: Billion Yen)

Segment	FY Ended March 31, 2002			FY Ended March 31, 2003			Annual Change (%)
	1st Half	2nd half	Total	1st Half	2nd half	Total	
Fibers & Textiles	8.7	0.4	9.2	4.0	6.4	10.4	+1.2 (+13.1%)
Pastics & Chemicals	2.3	▲ 0.6	1.6	2.9	3.1	6.0	+4.4 (+267.3%)
IT-related Products	1.6	▲ 0.3	1.3	4.8	4.5	9.3	+8.0 (+600.7%)
Housing & Engineering	▲ 0.3	0.9	0.6	▲ 1.8	2.7	0.8	+0.3 (+42.4%)
Pharmaceuticals & Medical Products	1.0	0.9	1.9	0.9	1.8	2.8	+0.9 (+46.6%)
New Products & Others	2.0	1.0	3.1	1.5	1.9	3.5	+0.4 (+12.4%)
Total	15.3	2.4	17.7	12.3	20.5	32.8	+15.1 (+85.1%)
Elimination & Corporate	0.6	0.5	1.1	0.3	▲ 0.1	0.3	-0.9
Consolidated	16.0	2.9	18.8	12.7	20.4	33.0	+14.2 (+75.3%)

Operating Profit by Business Segment

TORAY

(Unit: Billion Yen)

Segment	FY Ended Mar/02	FY Ended Mar/03	Change	Comments
Fibers & Textiles	9.2	10.4	+1.2	Toray: Became positive in 2nd half through strengthening corporate structure, transformation of business structure, and promotion of sales price increase Domestic Subsidiaries: Increased O.P. through fashion related companies and others Overseas Subsidiaries: Decreased O.P. in Asia especially Indonesia due to labor cost and infrastructure cost increase / Decreased O.P. in the US and Europe including Alcantara due to sluggish economy in Europe
Pastics & Chemicals	1.6	6.0	+4.4	Toray: Good in resin business due to steady automobile industry / Increased O.P. in film businesses for packages and industrial applications / Increased O.P. in chemicals due to recovering business environment and lower material costs Domestic Subsidiaries: Increased O.P. through fine chemical and resin molding companies Overseas Subsidiaries: Increased O.P. in Korean and S.E. Asia through resin and film companies / Increased O.P. for the US and Europe film companies through improvement of production mix
IT-related Products	1.3	9.3	+8.0	Toray: Increased O.P. due to demand recovery of IT-related resins, films, and circuit materials / Increased O.P. for LCD color filter due to demand recovery in the first half and drastic cost cutting measures Domestic Subsidiaries: Decreased total O.P. Overseas Subsidiaries: Increased O.P. for the US and Europe film companies through improvement of production mix shifting from video-tape to other growing IT applications
Housing & Engineering	0.6	0.8	+0.3	Toray: Decreased O.P. due to tough competition and sluggish demand for construction materials Domestic Subsidiaries: Increased O.P. by expanding sales of construction company and construction material companies going into the black
Pharmaceutical & Medica Products	1.9	2.8	+0.9	Toray: Increased O.P. in medical business through sales expansion of "Dorner," sales cost reduction, and lump-sum royalty receipt Domestic Subsidiaries: Decreased O.P. due to tough competition regardless of sales effort for artificial kidneys
New Products & Others	3.1	3.5	+0.4	Toray (Carbon Fibers): Increased O.P. due to sales increase in industrial and sports applications regardless of low demand for aircraft applications Domestic Subsidiaries (Services): Increased O.P. Overseas Subsidiaries (Carbon Fibers): Decreased O.P. for the US and Europe companies due to low demand for aircraft applications
Total	17.7	32.8	+15.1	
Elimination & Corporate	1.1	0.3	-0.9	
Consolidated	18.8	33.0	+14.2	

Operating Profit by Business Segment

'TORAY'

(Unit: Billion Yen)

Segment	① Original Project	② Mid-term Forecast	③ Actual	③-② Change	Comments
Fibers & Textiles	10.0	10.5	10.4	-0.1	
Pastics & Chemicals	3.0	6.0	6.0	+0.0	
IT-related Products	3.0	8.0	9.3	+1.3	Exceeding the expected demand on IT-related in the second half
Housing & Engineering	1.0	0.5	0.8	+0.3	Better results of a construction subsidiary
Pharmaceuticals & Medica Products	2.0	2.0	2.8	+0.8	Royalty receipt and others
New Products & Others	3.0	3.0	3.5	+0.5	Better results of carbon fiber businesses
Total	22.0	30.0	32.8	+2.8	
Elimination & Corporate			0.3	+0.3	
Consolidated	22.0	30.0	33.0	+3.0	

Update of "Project New TORAY21"



Issues and Reforms
in the Near-term

“Project New TORAY21”

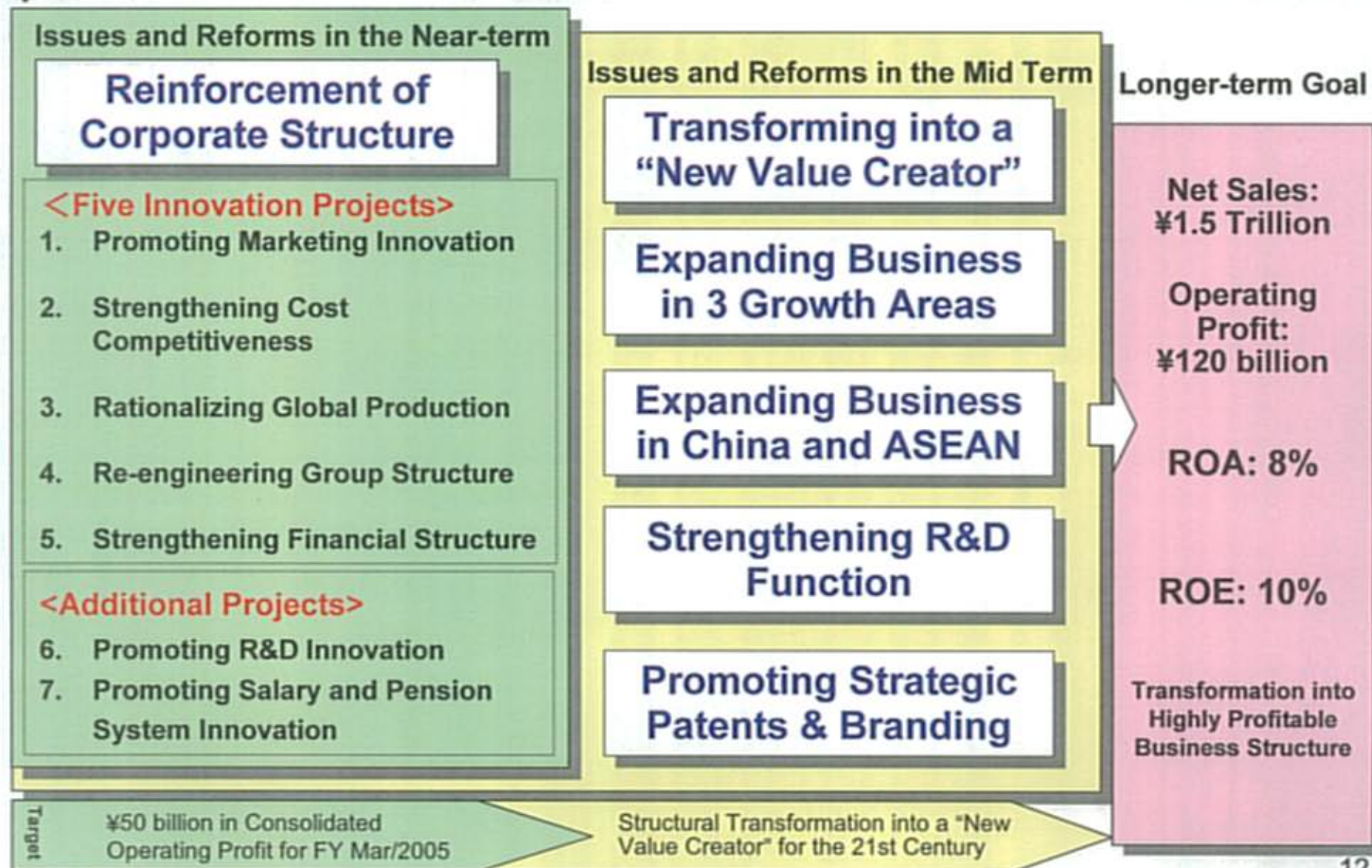
TORAY

April/2002

March/2004

March 2007

Around 2010



Specific Measures to Improve Earnings




Operating Profit improvements and measures (FY Mar/2002 to FY Mar/2005)

Unit: Billion Yen

Businesses/Companies		3/02 → 3/05 Plan	3/02 Results	Main Measures for Improvement	
(1)	Parent	Fibers & Textiles	30	11	Drastic Reduction in Fixed Costs, Build-up of New Business Network, Expansion of Textiles Exports, Expansion of Functional Materials Sales
		PET Films			Expansion of IT-related Value-Added Materials Sales, Early Start-up of Cutting-Edge Machines, Sales Expansion of Value-Added Packaging Materials and Disposal of Idle Excess Machines
		Carbon Fibers			Sales Expansion Keeping Pace with Growth in Demand; Materials for Aerospace Applications (for Airbus) and Industrial Uses (for Compressed Gas Containers and Civil Engineering Materials)
		Caprolactam			Domestic Sales Promotion of Caprolactam, or Alternatively, Plant Streamlining to be Studied Depending on Its Profitability
		Color Filter			Drastic Improvement in Efficiency of Production System and Sales Promotion of Specialty Products Having Technical Superiority
	TPA (USA)	Sales Expansion of Value-Added PET Film for Packaging Materials and Strengthening of OPP Films Manufacturing Bases			
	TPEu (France)	Sales Expansion of Value-Added Packaging Materials, Strengthening of Marketing and Reduction of Personnel			
(2)	Overseas Fibers & Textiles	20	3.2	Increase in Profits Primarily in China and ASEAN Businesses	
	Toray except above (1)			Decrease in Profits from Downward Revision of Pharmaceutical Prices Could Be More than Compensated for by Profit Increase in Medical Products, Resins, Electronic Materials, Water Treatment	
	Domestic Subsidiaries and Affiliates			Increase in Profits Expected from Toyo Metallizing, Toray Fine Chemicals, Toray Glassal, etc.	
	Overseas Subsidiaries and Affiliates excepting above			Increase in Profits Expected from STEMCO, CFA etc.	
(3)	"Reinforcement of Corporate Structure by "Project NT21"	20	14.0	Increased Profits to be Realized from such Projects as Rationalization of Global Production Bases, Strengthening Total Cost Competitiveness and Re-Engineering of Business Structure	
	Elimination of Duplicate Efforts	-17	-14.0	Elimination of Duplicated Increase in Profits Resulting from Strengthening Measures to be Implemented in the above Business Domains	
Total		53	14.2		

Items in Blue: Measures Already Implemented

Amount Improved

-  ¥5 billion
-  ¥3-5 bil.
-  ¥1-3 bil.

Plan / Result	> 30.0	14.2
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Reinforcement of Corporate Structure **'TORAY'**

Management Focus over Two Years (FY Mar/2003 and FY Mar/2004) to be Placed on Promotion of Drastic Reinforcement of Corporate Structure

	Project	Specific Measures
(1)	Promoting Marketing Innovation	<ul style="list-style-type: none"> >To Thoroughly Promote Innovative Attitudes and Customer-oriented Ideas and Actions by Operational Staff >To Establish Performance Benchmarks (ROA by Divisions, Sales and Operating Profit per Head, etc.) >To Be Armed with IT, To Secure and Nurture Appropriate Human Resources for Marketing Operations, and To Review Employees' Performance Assessment System
(2)	Strengthening Total Cost Competitiveness (TC Project)	<ul style="list-style-type: none"> >To Reduce Personnel and Gross Labor Costs >To Reduce Procurement and Distribution Costs >To Reduce Head Office Expenditures
(3)	Rationalizing Global Production (GR Project)	<ul style="list-style-type: none"> >To Enhance and Strengthen Global Production Structure >To Optimize Production Bases and Capacities >To Reduce Fixed Production Costs
(4)	Re-Engineering of Toray Group's Business Structure (CS Project)	<ul style="list-style-type: none"> >Comprehensive Review of Businesses of Toray, Subsidiaries and Affiliates → Retrenchment, Streamlining, Restructuring and Disposal of Low-profit and Low-growth Businesses with Lower Strategic Priority >To Pursue Synergy Effects and Reduction of Administrative Costs through Integration of Subsidiaries and Affiliates >To Promote Strategic M&A and Global alliances
(5)	Strengthening Financial Structure (FK Project)	<ul style="list-style-type: none"> >To Reduce Interest-bearing Liabilities by improving Profitability, Efficiency in Capital Expenditure, Inventory Curtailment and Disposal of Assets Possession of which Has Low Significance → To be reduced to ¥500 billion in Mar/2005
(6)	Promoting R&D Innovation	<ul style="list-style-type: none"> >To Further Strengthen Toray's Basic Research Activities >Biotechnology, Nanotechnology, and Their Integration >To Use Outside Engineers and a Project-based Hiring System
(7)	Promoting Salary & Pension System Innovation	<ul style="list-style-type: none"> >To Reorganize Qualification System and To Introduce New Salary System >To Reform Current Pension System

Strengthening Cost Competitiveness

Achieved cost reductions of ¥14.0 billion on consolidated basis and ¥13.5 billion at Toray in FY ended Mar/2003 – Far exceeding the expectations set under our initial target of ¥10 billion of O.P. improvement

TC-1 Project (Apr/02 - Mar/03)

Toray improves more than ¥10 billion of O.P. through reduction of sales and production costs in FY ended Mar/03.



Toray	¥13.5 bill.	} Total ¥14.0 billion
Subsidiaries	¥0.5 bill.	

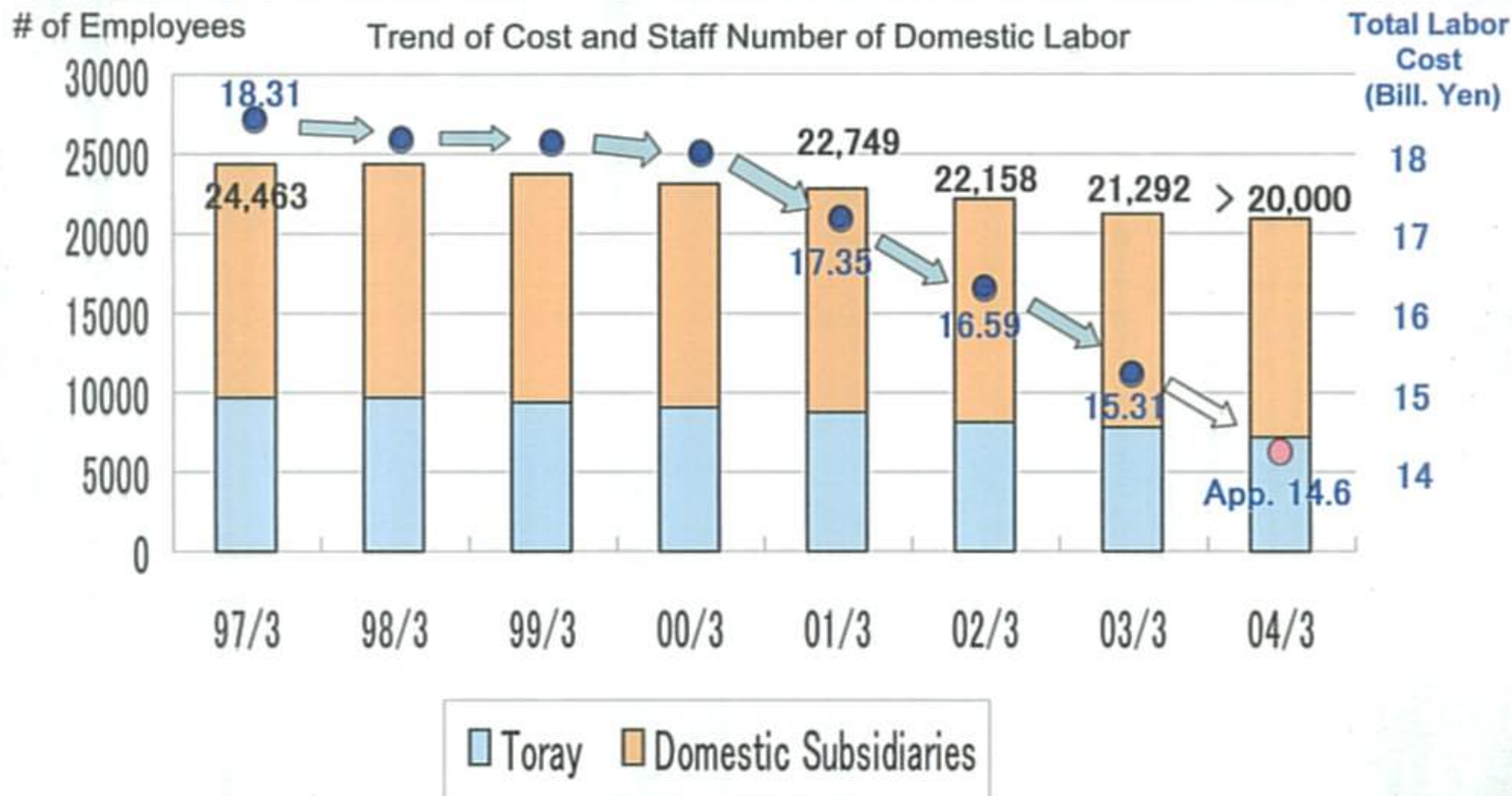
TC-2 Project (Apr/03 - Mar/04)

Toray group (Toray+Subsidiaries) improves more than ¥10 billion of O.P. through optimizing the number of employees and cost reduction in FY ended Mar/04.

Total Labor Cost Reduction

'TORAY'

Achieved the target of domestic labor cost reduction one year early (Target: 10% reduction of Mar/01 in Mar/04; Actual: 12% reduction of Mar/01 in Mar/03)



Re-engineering Toray Group's Business Structure

'TORAY'

● Major Subsidiaries (As of Sept/02)

	Domestic	Overseas	Total
Consolidated Subsidiaries	61	55	116
Non-Consolidated Subsidiaries	40	15	55
Equity Method Applicable Affiliates	17	16	33
Total	118	86	204

To be reduced to a total of about 80 Subsidiaries (or to 2/3)
69 major subsidiaries to be reduced to 2/3

To be handled strategically

	Decided	Already Finished		In Process
Reorganization/ Divesture	6	3	Pennyblak Marella Japan, Daiwa Computec, Toray Agency (Lease Business Only)	-
Discontinue	7	4	Ecsaine Plaza Aoyama, Taiei, Toray Finance, Santo Development Co.	-
Integration/ Consolidation	8	4	Toray Thiokol (to Toray Fine Chemicals Co.) Tecmat Industries, Chuno Cetech Co. (to Toray Glasal Corp.) Ronze Inc. (to Toray International)	3
# Reduced	21	11		3

Re-engineering Toray Group's Business Structure

'TORAY'

Review of Loss-generating Businesses at Toray

Business	Appraisal as of Apr/02	Current Status & Future Actions	Current Appraisal
Nylon Staple fiber	x ~ Δ	Improve profitability through reinforcement of corporate structure, reengineering of Toray's group structure, and reinforcement of operation (Reevaluate in three years)	○
Acrylic Staple fiber	x ~ Δ		○
Polyolefin Foam	Δ	Transfer this business to subsidiary to be able to take quick actions except automobile application	○
Apparel Multimedia	Δ	Evaluate this business within this year	Δ
Liquid Crystal Polymer	Δ ~ ○	Focus on high-end market by strengthening R&D capability	Δ ~ ○
IC Molding Compound	x ~ Δ	Decide the direction by Sept/03	x ~ Δ

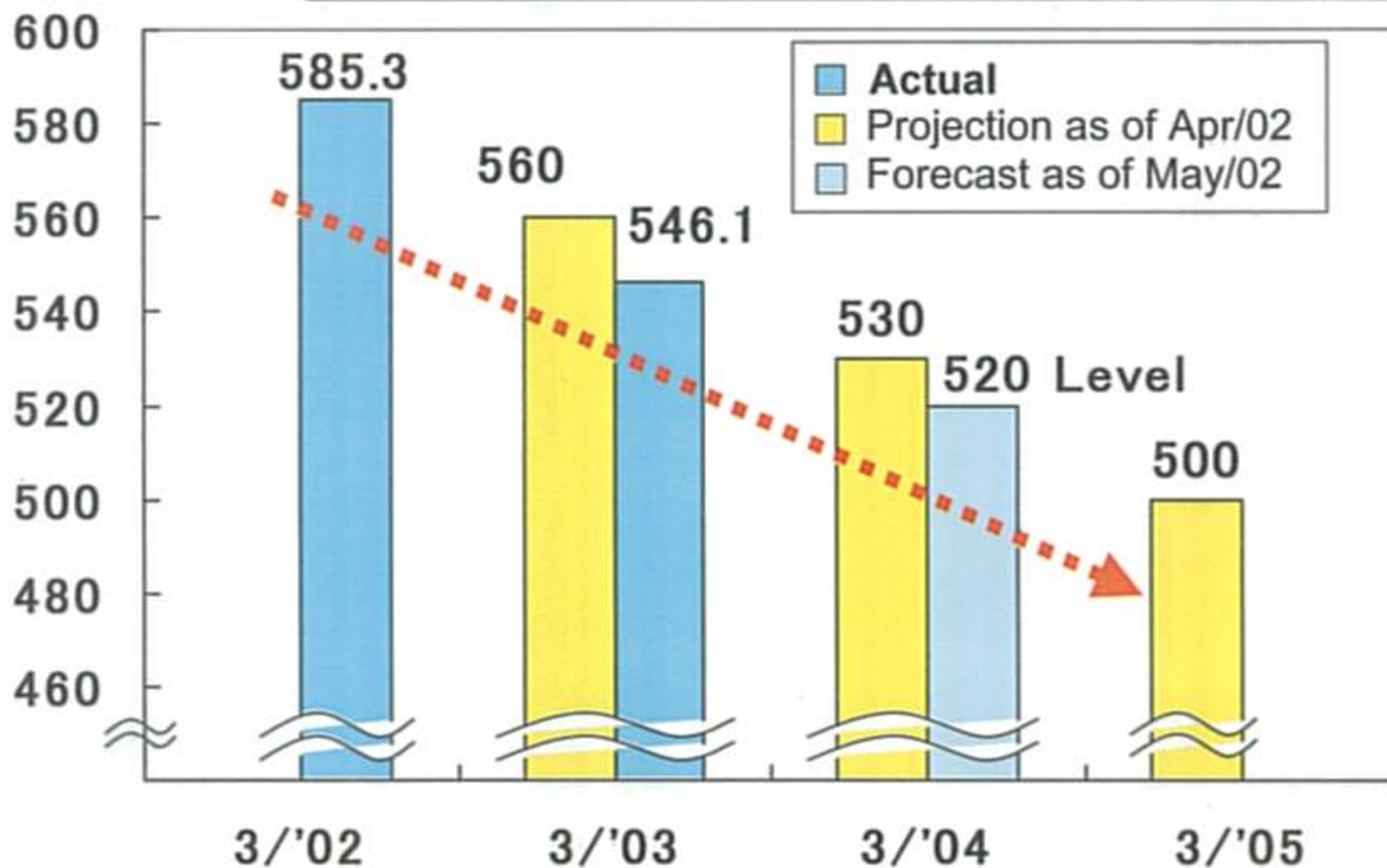
Appraisal: ○ = Continue, Δ = Consolidation/Retrench, x = Discontinue

Strengthening Financial Structure

'TORAY'

Achieved reduction of interest-bearing debt much faster than projected

Interest-bearing Debt (Billion Yen)



Strongly Promote External Coordination such as Research Collaboration and Development Alliance with Universities, Research Institutes and Other Companies Worldwide

<Point of Innovation>

1. Basic Concept

- Participation in National Projects related to significant Projects in Toray (25 Cases)
- External Coordination, e.g. Research Collaboration (About 150 Cases)
- Open Laboratory (at Pioneering Fusion Research Laboratories), etc.

2. Technological Fusion

- Biotechnology, Nanotechnology, and Their Merger

3. Organization and Personnel

- External Consultants
- Project-base Hiring System

<Current National Projects which Toray participates in>

High-strength Fiber
Natural Fiber by Melt Spinning
Carbon Nanotube
Nanocarbon Material

Nanoparticle Composite and Functioning
Direct Methanol Fuel Cell
Next-generation Micro Reactor
Next-generation Circuit Material

Insect Genome
Membrane Bio-reactor
Advanced Nanobio Device
DNA Chip, etc.

1. Innovation in Salary System for Manager-level Employees

- Reorganization of New Qualification System Based on Roles and Responsibilities
- New Salary System (Already Adopted in Apr/03)
 - Control Total Annual Salary Strictly
 - Realize More Achievement-based Fair Treatment
 - Discontinue Traditional Regular Pay Raise
 - Increase Variable Portion of Salary

2. Innovation in Salary System for Non-manager-level Employees

Planning to Revise the Seniority Pay Raise of Non-manager-level Employees in Apr/04 to Improve Toray's Cost Competitiveness

3. Pension System Innovation

- Gained Special Credit on Absolution of Certain Pension Liabilities
- Preparing for a New System from Apr/04 That Requires Huge Recognized Pension Liabilities

Update of "Project New TORAY21"



Issues and Reforms
in the Mid Term

Transforming into a “New Value Creator” **TORAY**

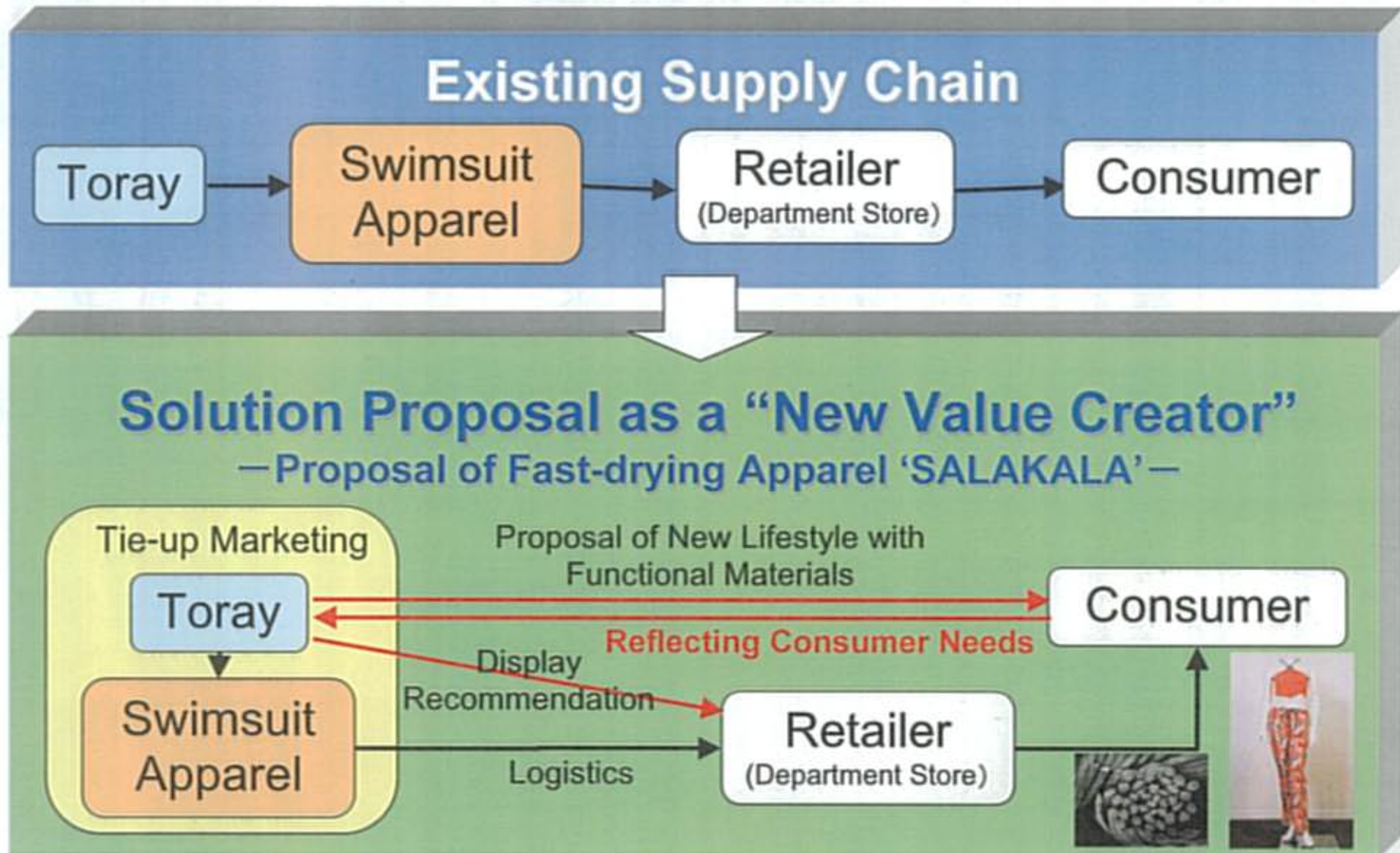
New Business Model Creation through Knowledge and Know-how as a “New Value Creator” – Package of Goods & Services, New Production & Logistics System

- **Building New Sales Channels
(New Supply Chain Management)**
- **Proposing New Business Models
(Solution-oriented Business Models)**
- **Market Development with New Materials
& Products
(Solution-oriented Products)**

**Capture “Added Value of Products”
and “Trade Margin in Toray”**

Transforming into a “New Value Creator” TORAY

Success Story: Fibers (Swimsuit) Business



Transforming into a “New Value Creator” TORAY

Success Story: Fibers (General Cloth) Business

Understanding Market Needs to Keep Allergy-causing Pollen out of Homes

Development of New Solution-oriented Product

Fiber

Weaving

Coating

New Textile Repelling Pollen Is 5 Times More Effective

High Density Textile

Water Repellant Treatment

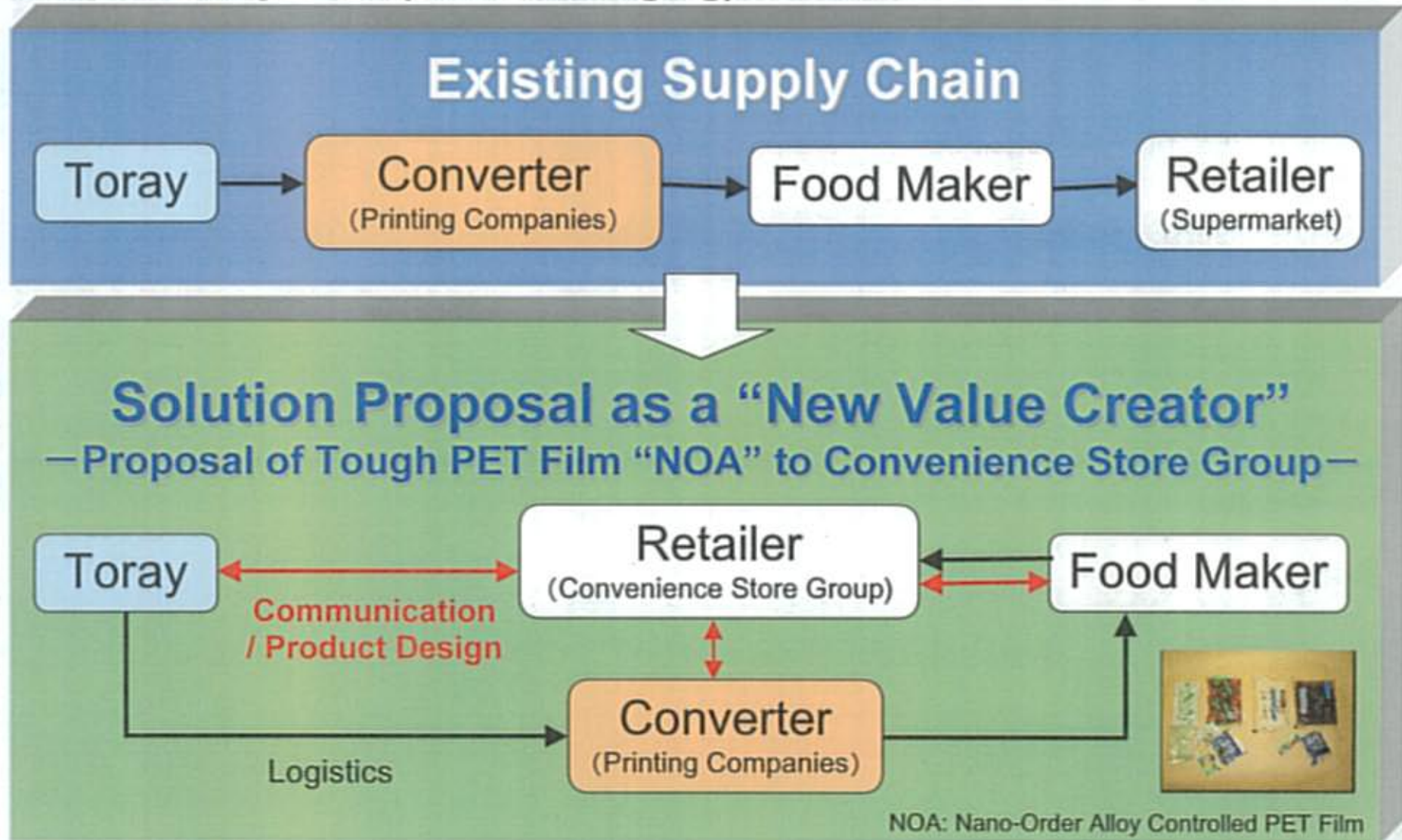
Solution Proposal as a “New Value Creator”

— Proposal of Pollen-repellent “Anti-Pollen” to Retailers & Apparel Makers —










- 2002 Toray proposed “Anti-Pollen” directly to Ion, one of the largest Japanese supermarket groups. The material was commercialized for coats, etc.
- 2003 In addition to retailers like Ion, Ito Yokado, and Aoyama, apparel companies such as Sanyo started promoting this material. More than 10 companies are handling the product now.
(*Sales and profit in 2003 grew more than 10 times over 2002 numbers.)

Transforming into a “New Value Creator” TORAY

Success Story: Film (Food Packaging) Business



Aggressive Expansion in 3 Growth Areas **TORAY**

Areas	Specific Business Fields	Sales (Mar/02)	Sales Expansion (2010)	R&D Personnel (Mar/02)
IT-Related	   <p>Polyimide Adhesive Tape for TAB Polyimide Coatings for Semiconductor Color Filter for LCD 'Topical'</p>	¥140 billion (14%)	¥380 billion (25%)	745 (27%)
Life Sciences	   <p>Natural Interferon-beta 'Feron' Prostacyclin (PGI₂) 'Domer' Blood Purification Device 'Toraymyxin'</p>	¥55 billion (5%)	¥150 billion (10%)	484 (17%)
Environment, Safety and Amenity	   <p>Carbon Fiber 'Torayca' Propel Shaft by 'Torayca' RO Membrane Elements 'Romembra'</p>	¥65 billion (6%)	¥220 billion (15%)	403 (14%)
Three Areas Total →		¥260 billion (25%)	¥750 billion (25%)	1,632 (58%)
Toray Group Total →		¥1,020 billion	¥1,500 billion	2,820

Aggressive Expansion in 3 Growth Areas 'TORAY'

	Initiative	Details
January 2002	Started Construction of Pioneering Research Laboratories	• New base for R&D in nano-technology and bio-technology and their integration (Kamakura/Japan, Open May 2003)
August 2002	Established Toray Fluorofibers (America), Inc.	• Acquired fluorofiber business from Dupont and reinforce No.1 market position in industrial /high-performance fibers and textile business
September 2002	Started Construction of New Production Facility for Polypropylene Spun Bonds	• Respond to increasing demand for diapers and industrial uses (Toray Saehan./Korea, 32,000ton/year → 45,000 ton/year, Starting Oct. 2003)
September 2002	Acquired Shares of a Leading Water Purification Plant Engineering Company	• Made a strategic move to high growth area membrane filtration in water purification (Suido Kiko Kaisha/Japan)
November 2002	Developed Nanofiber Technology	• Developed a new technology to produce multi-filament shape nanofibers (Several tens of nanometer in diameter)
January 2003	Increased Production Capacity of Carbon Fiber in France	• Respond to increasing demand in Europe (Soficar/France, 800ton/year→2,600ton/year, Starting Aug. 2004)
January 2003	Developed Poly Lactic Acid Fiber Business on a Full-scale Basis	• Plans to apply the Poly Lactic Acid (PLA) fibers for industrial and daily use such as carpets, bedding and car materials at the beginning
January 2003	Started an Alliance of New Anti-pruritus Drug Business in Europe	• Agreed to co-development and exclusive license of the new anti-pruritus drug with Fujisawa Pharmaceutical for European market
February 2003	Increased Production Capacity of Waterless CTP Plate	• Build a new production facility for Waterless CTP (Computer-to-plate), a unique printing plate (Okazaki/Japan, Starting Aug. 2003)
February 2003	Increased Production Capacity of Advanced Circuit Material	• Decided to increased plated-type adhesive-less circuit material 'Metaloyal' suitable for COF (Chip On Flex) application (Toyo Metallizing/Japan, 330,000m ² → 500,000m ² /year, starting Apr. 2003)
April 2003	Integrated Toray's Building Material Business	• To strengthen Toray's amenity area, integrated Toray Group's four building material companies and established 'Toray ACE'

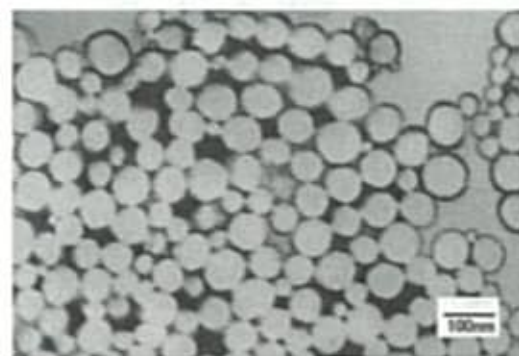
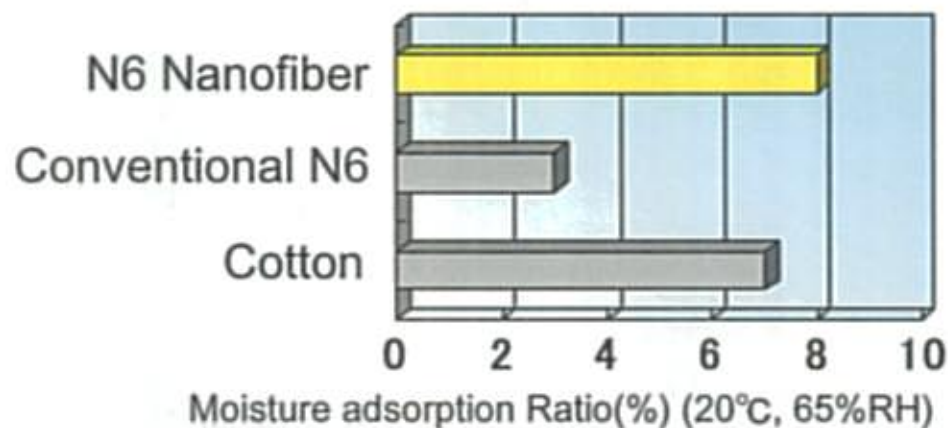
Development of Nanofiber Technology 'TORAY'

- Combine Toray's Strong Fiber-making Technology with Nano-structure Control Technology and Developed Nano-level Thin Fibers
- Apply this Technology to a Wide Variety of Products such as Apparel, Filters and Cleaning Cloths

<Features of Nanofiber Technology>

- Superior **adsorption and adhesion properties** by much larger surface area
- Applicable to commodity polymer like Nylon and Polyester
- Applicable to existing production equipment

Superior Moisture Adsorption:



Cross Section of Nanofiber

Bean (0.15g)



Earth

Moon

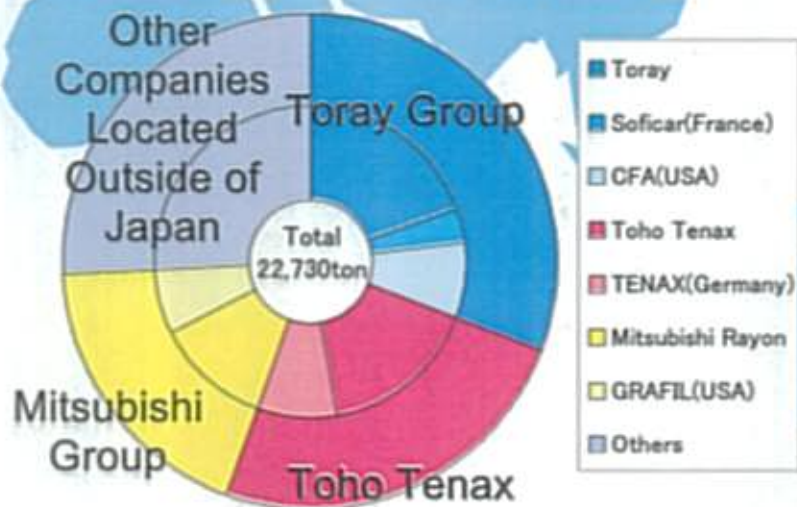
Increase of Carbon Fiber Capacity in France

'TORAY'

Increase the Production Capacity of Carbon Fiber in France in Respond to the Demand Increase for Windmill Blades, CNG Tanks and Building Materials



PAN-base Carbon Fiber Production

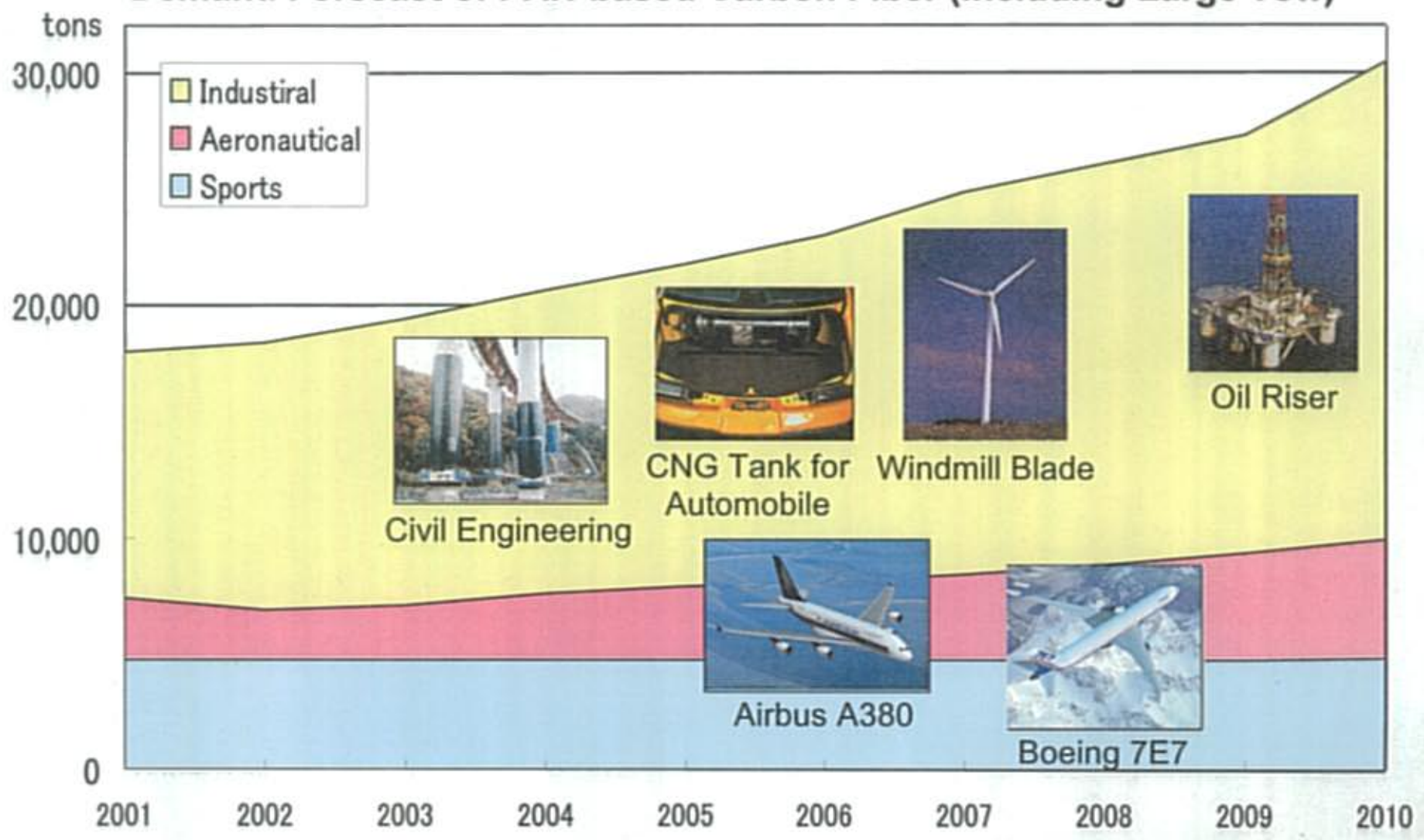


	<Present>	<August 2004>
Japan (Ehime Plant)	4,700	4,700
France (Soficar)	800	2,600
USA (CFA)	1,800	1,800
Toray Group Total	7,300	9,100

Forecast for Carbon Fiber Business

'TORAY'

Demand Forecast of PAN-based Carbon Fiber (including Large Tow)

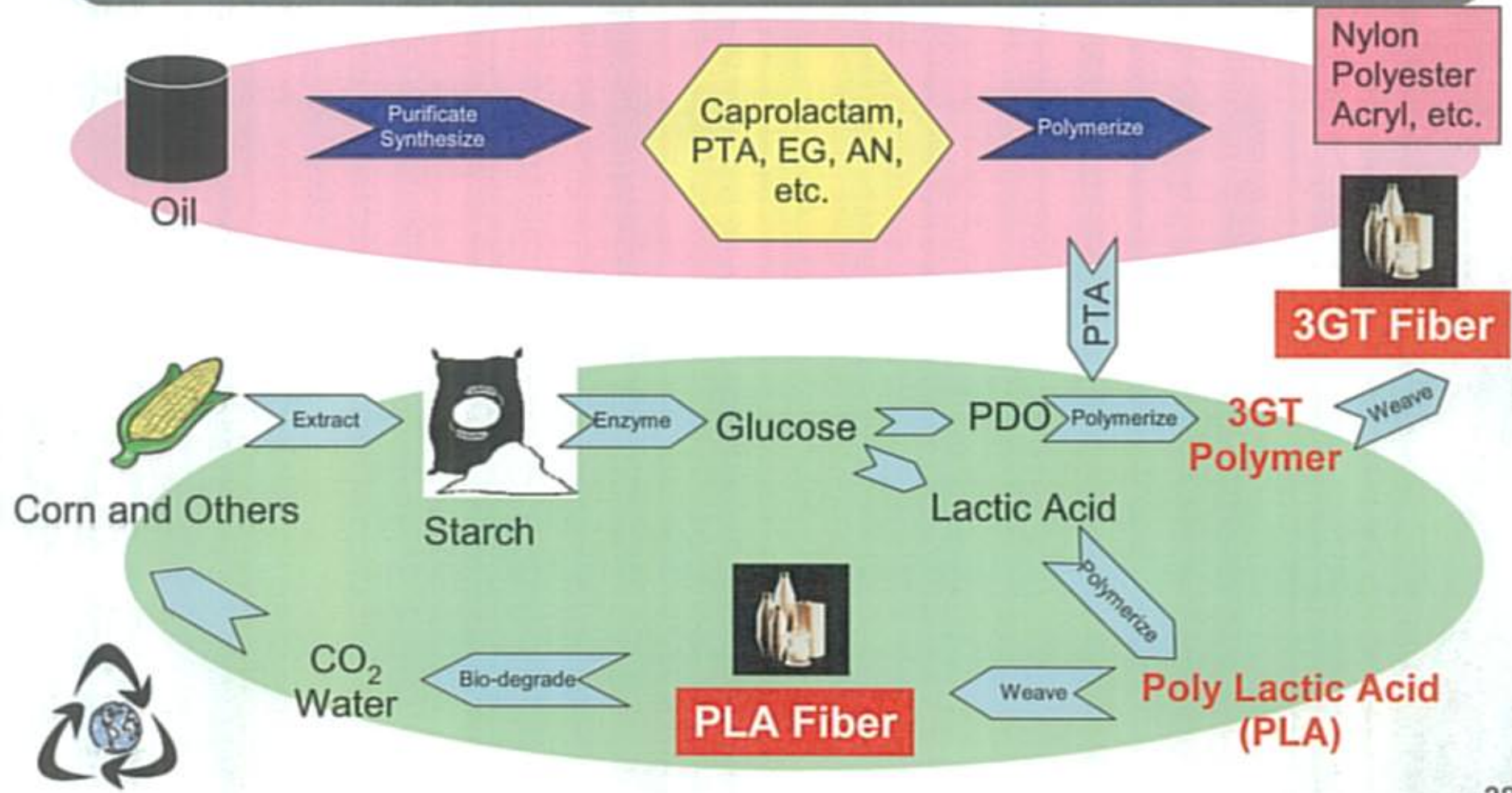


Data: Toray Forecast

Business Development of Biotechnology Oriented Fibers

'TORAY'

Apply Non-oil-based Polymer Materials to Toray's Strong Weaving and High Processing Technologies and Create New Fiber Materials to Meet the Needs of the Recycling Oriented Society

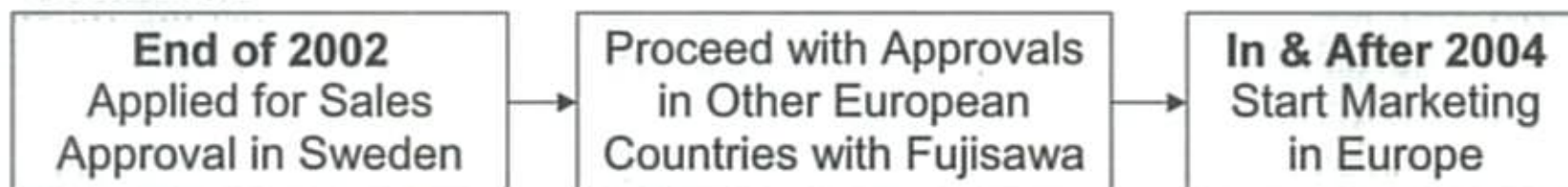


Business Development of New Antipruritus Drug

'TORAY'

Agreed Co-development and Exclusive Licensing of Injectable Formulation of New Antipruritus Drug (TRK-820) with Fujisawa Pharmaceutical in European Market

Schedule



Toray's Major Products and Business Partners

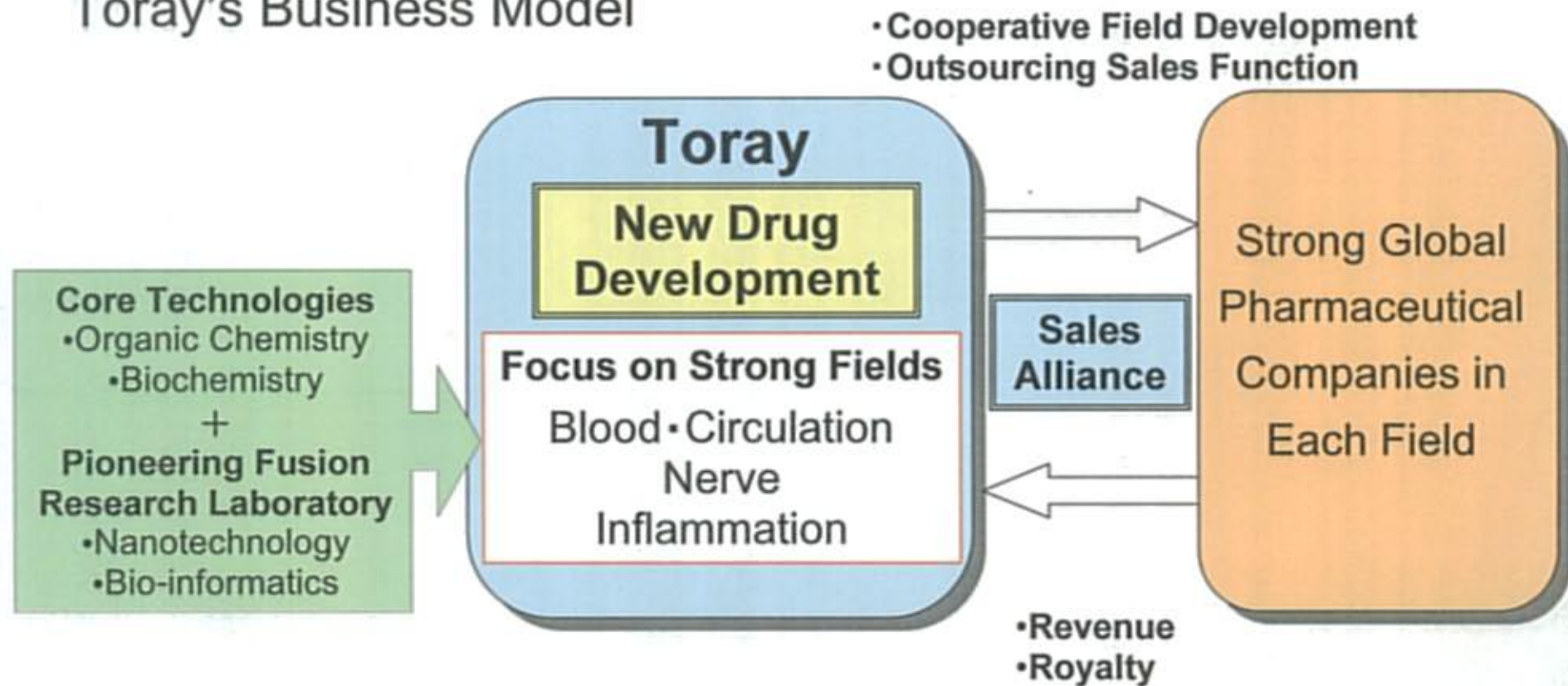
	Companies	Interferon β	BPS	TRK-820
Japan	Daiichi	Feron™		
	Yamanouchi		Dorner™	
	Kaken		Procylin™	
	Toray Medical	Feron™		
USA	United Therapeutics			
Europe	Aventis			
	Fujisawa			

Strategy in Medical Business

'TORAY'

Focus on "New Drug Development" in Toray's Strong Fields and Promote Sales Alliance with Strong Pharmaceutical Companies in Each Field

Toray's Business Model



Increase Capacity of Waterless CTP Plate **TORAY**

Increase the Production Capacity of Unique Waterless CTP Printing Plate in Respond to Globally Increasing Demand for CTP (computer-to-plate) Printing (Okazaki Plant/Japan, Starting August 2003)

<FY2001>

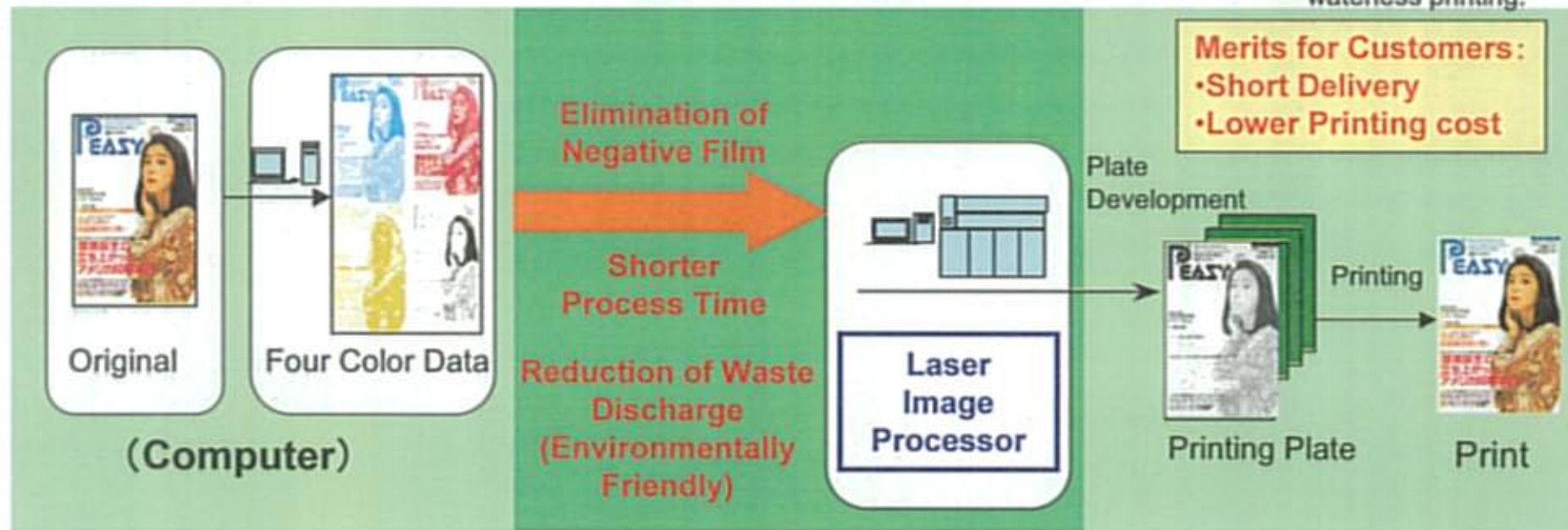
<FY2004>

Annual Sales: About ¥4 billion → About ¥7 billion

Target Commercial Printing Market: About ¥100 billion



"Butterfly Mark" stands for environmentally-friendly waterless printing.

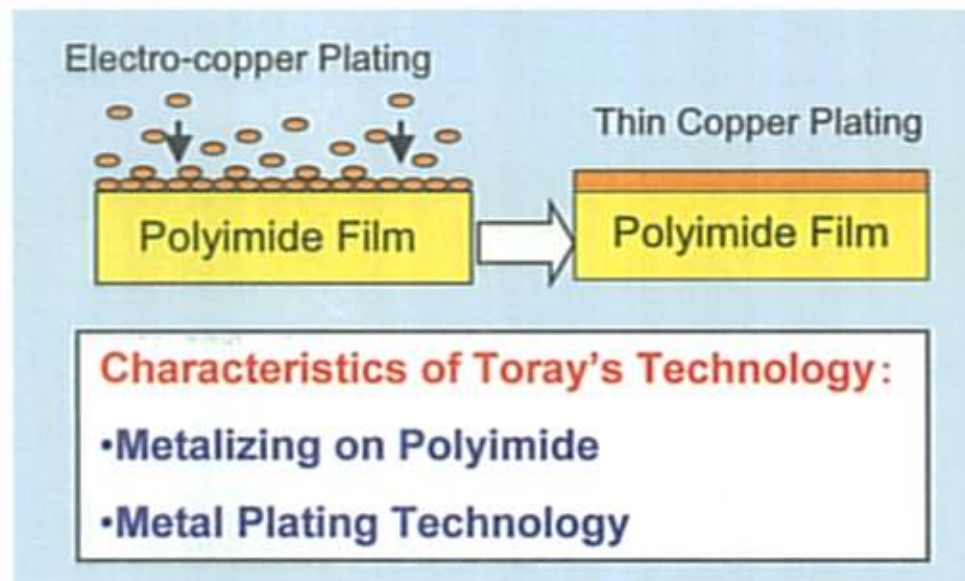


Increase Capacity of Advanced Circuit Material **'TORAY'**

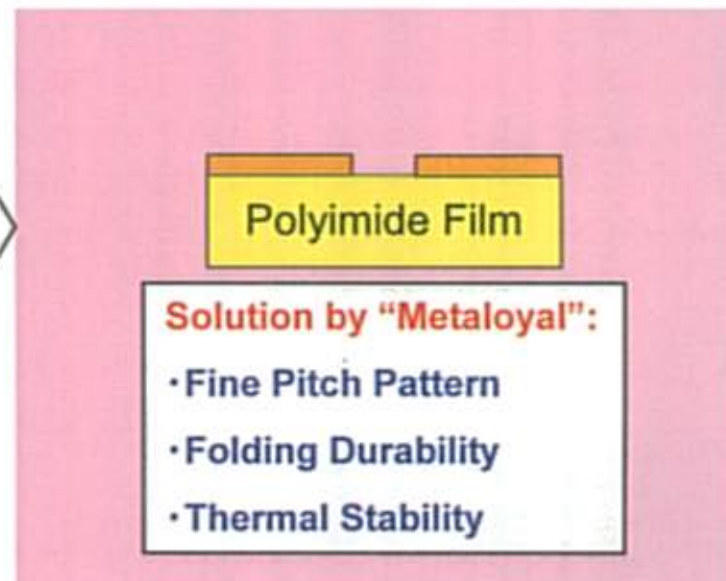
Increased the Production Capacity of the Flexible Circuit Material "Metaloyal" in response to Increasing Demand for Flat Panel Display (LCD, PDP, etc.) Applications, etc.

<FY2002> <FY2004(Target)>
Annual Sales: About ¥0.6 billion → About ¥2 billion

Production Process of "Metaloyal"

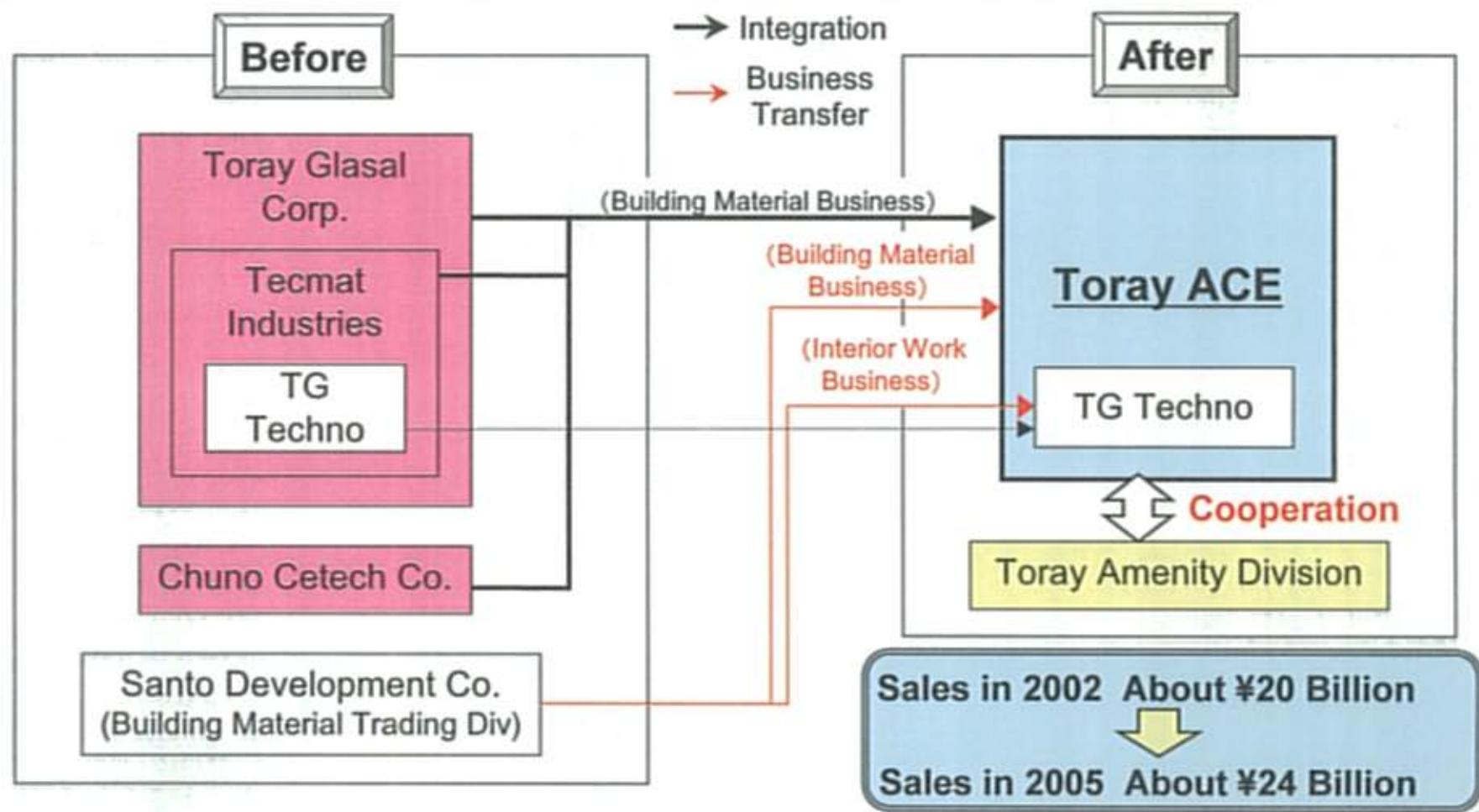


Pattern Making at Customer



Integration of Building Material Business 'TORAY'

To Strengthen Toray's Amenity Business, We Integrated Four of Toray's Group Companies (Toray Glasal, Tecmat, Chuno Cetech and Santo Development) and Established Toray Amenity and Civil Engineering (ACE) Co.



Expansion into High-Growth Regions

'TORAY'

	Region	Details
March 2002	China	• Established Toray Fibers & Textiles Research Laboratories (China) Co., Ltd.
April ~ 2002	Malaysia, Thailand, China and Indonesia	• Established regional headquarters in Malaysia, Thailand, China and Indonesia
July 2002	China	• Decided to increase polyester film production capacity at Yihua Toray Polyester Film Co., Ltd., a 50:50 joint venture between Toray and Yizen Chemical Fibre Group
September 2002	Thailand	• Decided to increase production capacity of industrial nylon filament for airbags
November 2002	China	• Decided to increase production capacity of polyester filament at TFNL (35,000 ton/year → 55,000 ton/year, starting Jan. 2004)
November 2002	China	• Decided to establish sewing facilities in Nantong and south coastal area (Toray International)
November 2002	China	• Finished the first-phase production capacity increase and started production of Polyester and Nylon Filament Yarn (TSD, 25,000 m/month → 50,000 m/month)
November 2002	Malaysia	• Started production of ABS resin at the increased capacity on a full-scale basis (170,000 ton/year → 220,000 ton/year)
March 2003	China	• Decided to established a new compound facility specialized in PPS resin (LCS, 3000 ton/year, starting October 2003)
March 2003	China	• Introduced "TOREX," the new mother brand for fibers and textiles in China and Japan • Started promoting the new brand on TV and newspaper, targeting consumers in Shanghai

Expansion into High-Growth Regions

'TORAY'

- Established regional headquarters in fast-growing regions with authority to make business decisions

Toray is focused on expanding businesses in the following four countries.

Thailand

- GDP Growth Rate: 4.1% (03 Forecast)
- Toray's Entry: 1963
- Number of Companies: 6

Malaysia

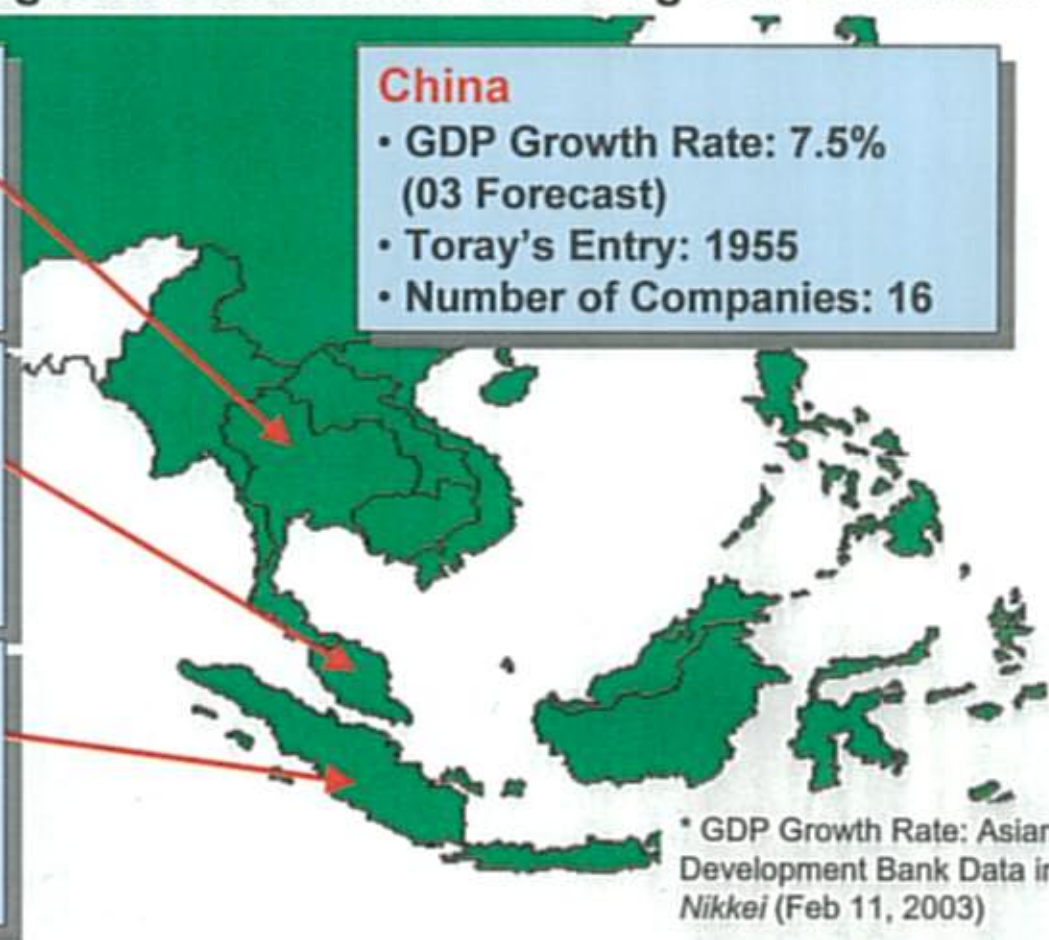
- GDP Growth Rate: 4.7% (03 Forecast)
- Toray's Entry: 1971
- Number of Companies: 8

Indonesia

- GDP Growth Rate: 3.6% (03 Forecast)
- Toray's Entry: 1970
- Number of Companies: 8

China

- GDP Growth Rate: 7.5% (03 Forecast)
- Toray's Entry: 1955
- Number of Companies: 16

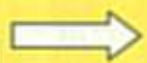


Toray Group's Business Sites in China

'TORAY'

Polyester FY Business in Nantong

TFNL



TSD



	Regional HQ
	Fibers & Textiles
	Plastics & Chemicals
	Trading Company
	Other

- Toray Fibers (Nantong) Co., Ltd. (TFNL)
- Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd. (TSD)
- Toray Fibers & Textiles Research Laboratories (China) Co., Ltd. (TFRC)

LCS

Yihua Toray Polyester Film Co., Ltd. (YTP)

LIBI Plastic Compounding (Shenzhen) Co., Ltd. (LCS)

•Toray Sanko Precision (Zhongshan) Ltd. (RKZ)
•Toray Film Products (Zhongshan) Ltd. (TFZ)

TALTEX (Zhuhai) Ltd. (TAZ)

Beijing Office

Beijing

Nantong

Yizheng

Shanghai

Toray Industries (China) Co., Ltd (TCH)
Toray Trading (Shanghai) Co., Ltd (TSL)

Zhongshan

Shenzhen

Hong Kong

Zhuhai

•Toray Industries (South China) Co., Ltd (TSCH)
•TAL Knits Ltd. (TAK)
•Toray Sanko Precision (Hong Kong) Ltd. (RKH)
•LIBI Plastic Compounding (Hong Kong) Ltd. (LCH)
•Toray Film Products (Hong Kong) Ltd. (TFH)
•Toray Industries (H.K.) Ltd. (THK)

- Established a new research and technology development center in Nantong, covering polymer science, fiber technology, etc.
- Cooperative approach with Toray Technology Center

1. Integrate Toray's polymer and fiber technologies with high-level R&D personnel in China
2. Establish R&D system covering from polymer basic research to production technology development
3. Increase the personnel to 120 in 2003 and to 500 within 3-5 years
4. Organize consortiums with universities, public research institutions, and other companies in China
5. License new technologies and products developed by Toray to other organizations



Toray Fibers & Textiles Research Laboratories (China) Co., Ltd. (TFRC) in Nantong

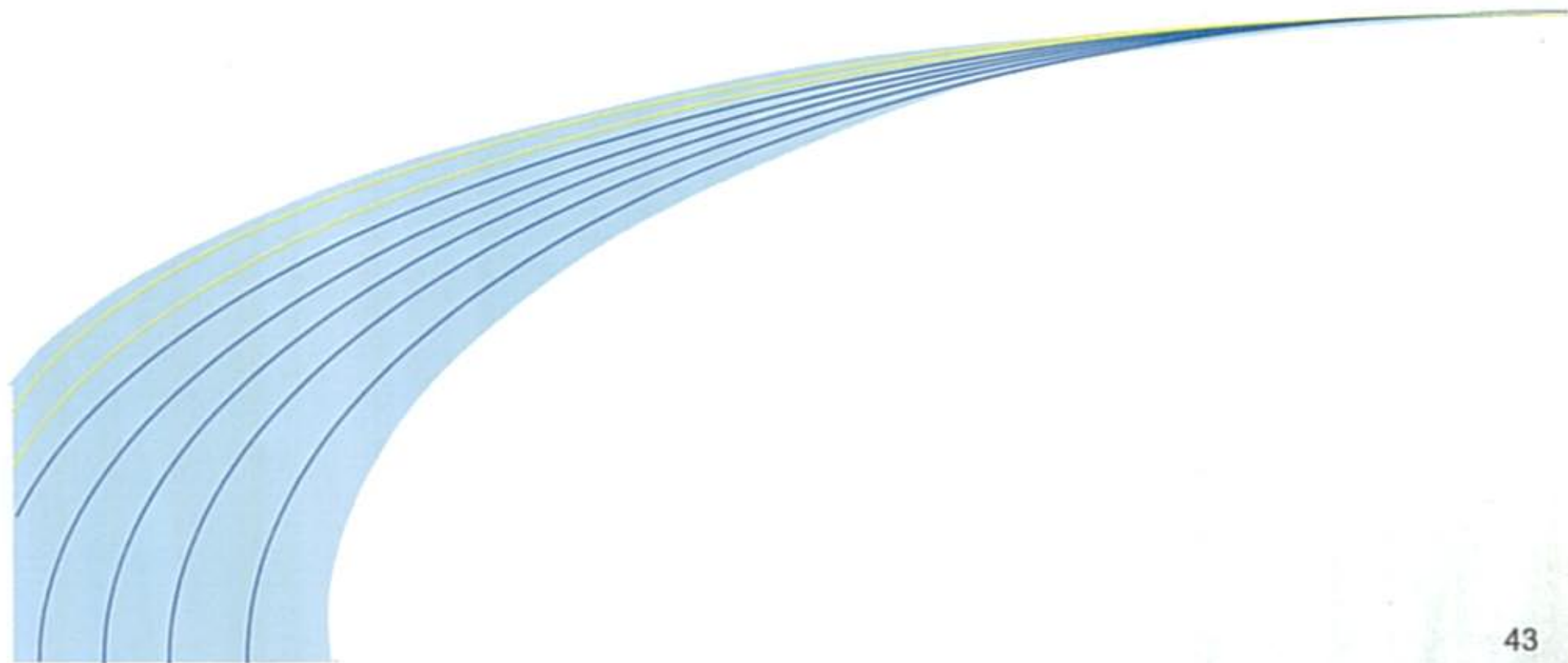
- Introduced "TOREX" as the mother brand of Toray's fibers and textiles business
- Now promoting "TOREX" to the industry as well as consumers in China

TOREX
东丽特丝

Brand Promise of "TOREX"

1. "TOREX" is a global leading brand that supplies human-oriented products as well as guarantees superior quality and functions.
2. "TOREX" is an interface that corresponds to any environment surrounding people, and it provides optimum solutions to assure convenience for people.
3. "TOREX" creates comfort through future-looking design and superior technical innovation by creative knowledge and highly technical innovative functionality.

Consolidated Business Forecast Ending March 2004



Consolidated Business Forecast

'TORAY'

Unit: Billion Yen

	FY Ended March 31, 2003			FY Ended March 31, 2004			Annual Change (%)	
	1st Half	2nd Half	Total	1st Half	2nd Half	Total		
Net Sales	498.5	534.5	1,033.0	505.0	545.0	1,050.0	+17.0	(+1.6%)
Operating Profit	12.7	20.4	33.0	15.0	28.0	43.0	+10.0	(+30.1%)
Ordinary Profit	7.9	15.9	23.7	11.0	25.0	36.0	+12.3	(+51.6%)
Net Profit	1.3	4.5	5.8	2.0	7.0	9.0	+3.2	(+55.4%)

Assumptions: Exchange Rate: ¥120/\$US, US\$1.00/EURO
Oil Price: US\$27/Barrel (Dubai FOB)

Consolidated Business Forecast

'TORAY'

Sales

Unit: Billion Yen

	FY Ended March 31, 2003			FY Ended March 31, 2004			Annual Change (%)	
	1st Half	2nd Half	Total	1st Half	2nd Half	Total		
Fibers & Textiles	209.1	209.3	418.3	205.0	215.0	420.0	+1.7	(+0.4%)
Plastics & Chemicals	119.2	122.7	241.9	120.0	130.0	250.0	+8.1	(+3.4%)
IT-related Products	72.1	75.6	147.7	75.0	75.0	150.0	+2.3	(+1.5%)
Housing & Engineering	44.7	74.0	118.8	55.0	65.0	120.0	+1.2	(+1.0%)
Pharmaceuticals & Medical Products	22.9	24.7	47.6	20.0	30.0	50.0	+2.4	(+5.0%)
New Products & Others	30.6	28.1	58.7	30.0	30.0	60.0	+1.3	(+2.3%)
Total	498.5	534.5	1,033.0	505.0	545.0	1,050.0	+17.0	(+1.6%)
Elimination & Corporate	-	-	-	-	-	-	-	-
Consolidated	498.5	534.5	1,033.0	505.0	545.0	1,050.0	+17.0	(+1.6%)

Consolidated Business Forecast

'TORAY'

Operating Profit

Unit: Billion Yen

	FY Ended March 31, 2003			FY Ended March 31, 2004			Annual Change (%)
	1st Half	2nd Half	Total	1st Half	2nd Half	Total	
Fibers & Textiles	4.0	6.4	10.4	7.5	10.5	18.0	7.6 (+73.4%)
Plastics & Chemicals	2.9	3.1	6.0	2.0	5.5	7.5	1.5 (+24.5%)
IT-related Products	4.8	4.5	9.3	3.5	6.0	9.5	0.2 (+2.2%)
Housing & Engineering	▲ 1.8	2.7	0.8	0.5	1.0	1.5	0.7 (+77.3%)
Pharmaceuticals & Medical Products	0.9	1.8	2.8	0.5	2.5	3.0	0.2 (+8.9%)
New Products & Others	1.5	1.9	3.5	1.0	2.5	3.5	0.0 (+0.8%)
Total	12.3	20.5	32.8	15.0	28.0	43.0	10.2 (+31.2%)
Elimination & Corporate	0.3	▲ 0.1	0.3	-	-	-	-
Consolidated	12.7	20.4	33.0	15.0	28.0	43.0	10.0 (+30.1%)

REVISED


Specific Measures to Improve Earnings **TORAY**

Operating Profit Improvements and Measures (FY Mar/2002 to FY Mar/2005)

Unit: Billion Yen

Businesses/Companies		3/02 → 3/05 Plan	3/02 Results	3/03→3 Plan	3/02→3/04 Total	Main Measures for Improvement	
(1)	Parent	Fibers & Textiles	30.0	11.0	6.5	17.5	Reduction in Fixed Costs, Build-up of New Business Network, Expansion of Functional Materials Sales
		PET Films					Expansion of Value-Added Industrial and Packaging Materials Sales, Early Start-up of Cutting-Edge Machines
		Carbon Fibers					Sales Expansion for Industrial Uses and Aerospace Applications
		Caprolactam					Profit Improvement of Caprolactam
		Color Filter					Focus on Small-to-Mid Size, Sales Promotion of Machine and Technology Licensing
	TPA (USA)	Sales Expansion of Value-Added PET Film for Industrial and Packaging Materials, Strengthening Production Basis					
	TPEu (France)	Sales Expansion of Value-Added PET Film for Industrial and Packaging Materials, Cost-down through Restructuring					
(2)	Overseas Fibers & Textiles	20.0	3.2	3.5	6.7	Increase Profit in China and ASEAN Businesses	
	Toray Except Above (1)					Increase Profit in Medical Products, Resins, Electronic Materials, Water treatment	
	Domestic Subsidiaries and Affiliates						
	Overseas Subsidiaries and Affiliates Except Above						
(3)	"Reinforcement of Corporate Structure by "Project NT21"	20.0	14.0	10.0	24.0	Increased Profits to be Realized from Total Cost Down Project (TC-2)	
	Elimination of Duplicate Efforts	-17.0	-14.0	-10.0	-24.0	Elimination of Duplicated Increase in Profits	
Total		53.0	14.2	10.0	24.2		

Plan / Achievement	> 30.0	14.2	10.0	24.2
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Amount Improved  ¥5 billion
 ¥3-5 bil.
 ¥1-3 bil.

REVISED

Consolidated O.P. Factor Analysis

Unit: Billion Yen

	02/3→03/3	
	Before Revision	After Revision
Sales & Production Amount Increase	+10.3	
Production & Sales Efficiency Improvement (New Product, NVC*, Product Mix Difference, Product Unit Improvement, etc.), Sales & Production Amount Increase, etc.		+12.5
Achievement of "TC Project" (Sales Expenses Reduction, Production Fixed Cost Reduction, etc.)	+20.2	+14.0
Sales Price Decline, Material Cost Increase, etc.	-16.3	-12.3
Total	+14.2	+14.2

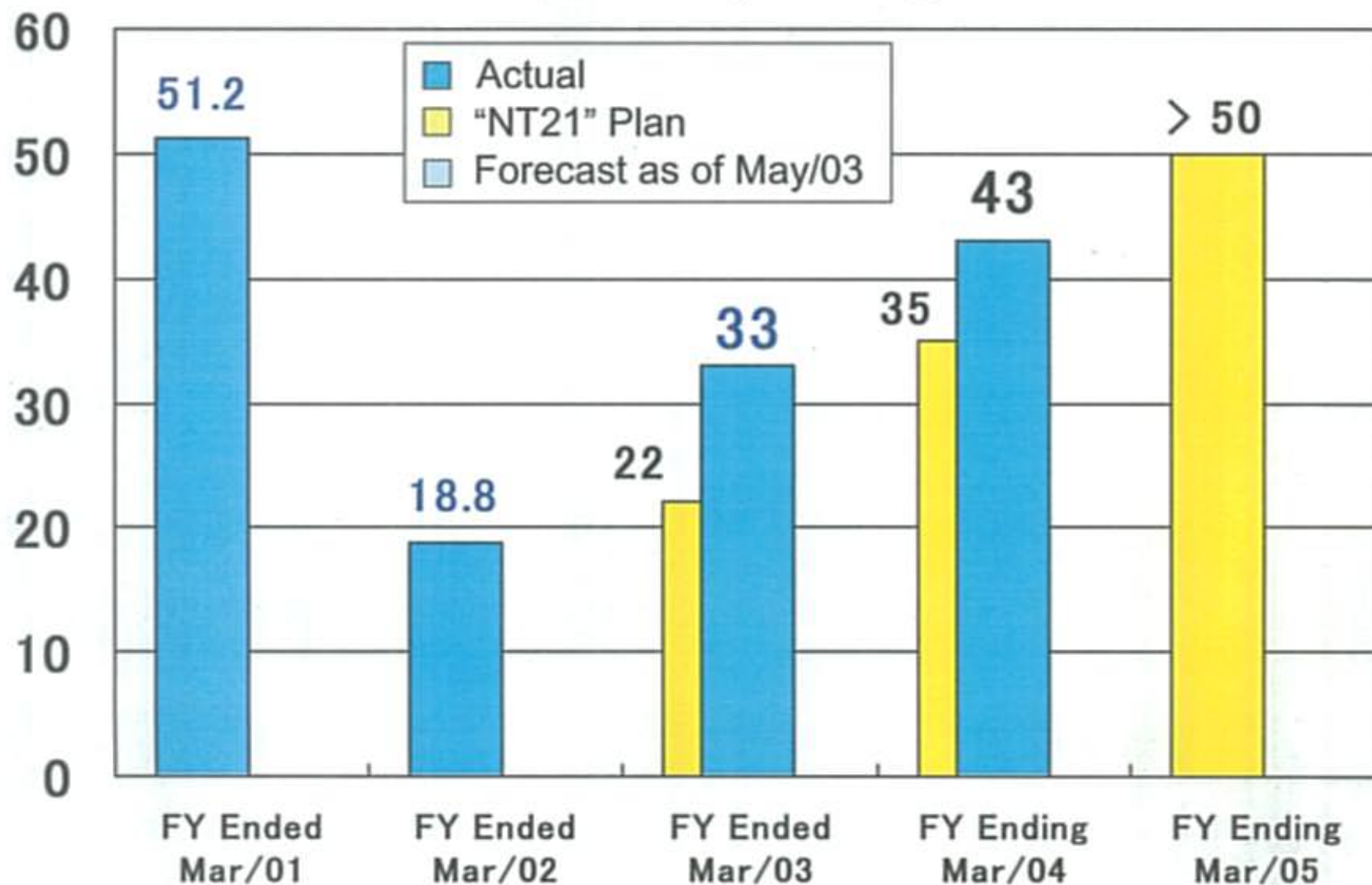
*NVC: "New Value Creator"

Operating Profit Target

'TORAY'

Billion Yen

Consolidated Operating Profit



Descriptions of predicted business results, projections 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 presentation is not a guarantee of the Company's future business performance.

May 9, 2003

Toray Industries, Inc.