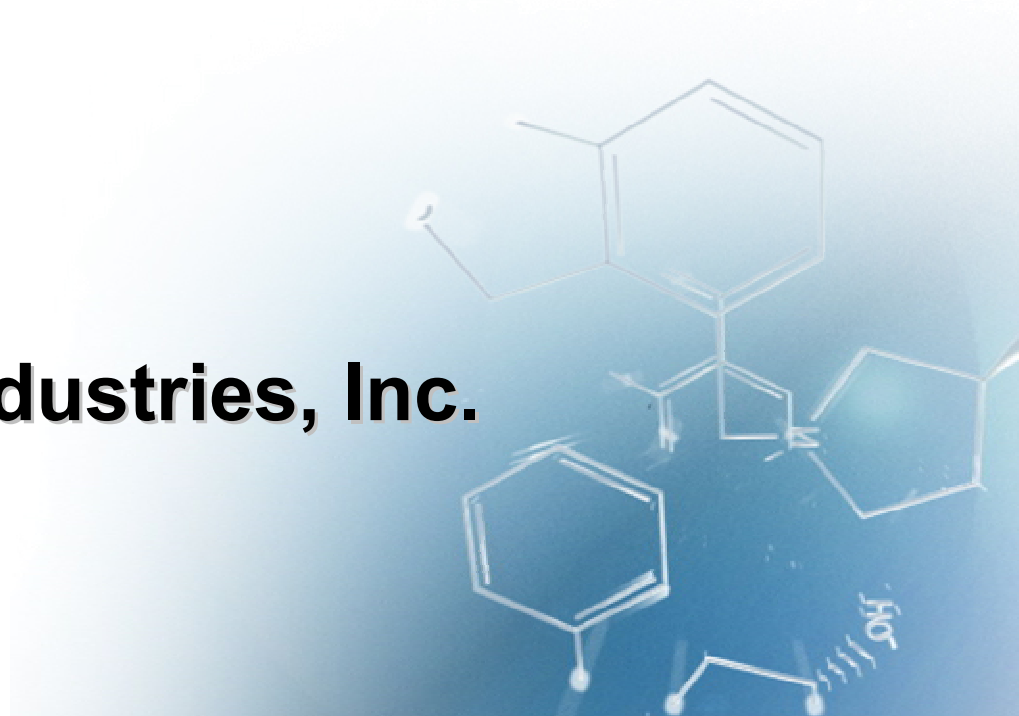


May 11, 2009

Medium-term Management Program “Project IT-II (Innovation TORAY II)”

Toray Industries, Inc.



Recognition of the Business Environment and Response to the Deterioration of the Business Environment

[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
- Serious global economic downturn



Demand is declining rapidly on a global scale
Toray recognizes that the economy will take certain time to recover

[Response to the deterioration of the business environment]

August 2008 ~

Group-wide Emergency Measures (1st 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 (2nd Phase)

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

February 2009 ~

Group-wide Emergency Measures (3rd Phase)

- ① Zero executive bonus and reduce fixed remuneration for executives by an average of 30%
- ② Reduce all types of fixed and variable costs
- ③ Maximize earnings through securing demand
- ④ Comprehensively reduce capital expenditures and prioritize boldly R&D themes
- ⑤ Reduce inventories by reducing production

- Freeze the pursuit of "IT-2010" numerical targets for the time being

Medium-term Management Program

“Project IT- II”

Basic strategy to overcome the economic crisis and respond to socioeconomic structural changes for the next two years

Medium-term Management Program “Project IT-II (Innovation TORAY II)”

launched in April 2009

[Basic Principles of “IT-II”]

1. Total cost reduction

2. Profit maximization by comprehensively
“ensuring sales through every possible effort”

3. Optimization of the scale and systems of the businesses in response to structural changes in business environment

4. In-depth reduction of capital expenditures and working capital

5. Promotion of business structure reform to prepare for future growth

Group-wide Projects under “IT-II”

1. Total Cost Reduction Project

(TC Project: Total Cost Reduction Project)

2. “Action Program for Survival” Project

(APS Project: Action Program for Survival)

3. “Action Program for Growth” Project

(APG Project: Action Program for Growth)

1. Total Cost Reduction Project (TC Project)

- As a Group, we will reduce all types of costs to bolster our competitiveness in response to the rapid deterioration of the business environment

< Key issues >

- **Reduce production fixed costs through all possible measures including scaling down, shutdown and consolidation of production lines**
- **Comprehensively reduce SGA fixed costs**
(product development costs, labor costs, sales promotion costs, etc.)
- **Comprehensively reduce variable costs**
(yield improvement, VA in purchasing, logistic efficiency improvement, etc.)

Cost reduction target (~ FY ending March 2011) : total 100 billion yen

<breakdown: fixed costs; 60 billion yen / variable costs ; 40 billion yen>

(internal management basis in comparison with FY Mar/09 budget)

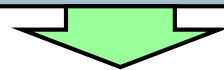
→ aim for 50 billion yen of cost reduction by FY Mar/10

2. “Action Program for Survival” Project (APS Project)

- We will maximize earnings by comprehensively “ensuring sales through every possible effort” even in the contracted markets
- We will optimize the scale and systems for marketing and sales, production and development functions based on medium-term business forecasts

< Key issues >

- Increase sales volume using optimal pricing strategies
(increasing market share in priority fields)
- Establish reasonable forecasts for the scale of businesses in the medium term, and optimize the scale and systems for marketing and sales, production and development functions (including actions on unprofitable and low-profit businesses and companies)
- Review allocation of technology development resources and realize profits ahead of schedule by concentrating the resources on top priority development themes which are expected to make a quick contribution to profit
- Set up and implement specific tasks to achieve group-wide objectives established under the TC Project, etc.



Sales and marketing, production, technology, R&D of each business division will work seamlessly to make snap decisions and promote the project

3. “Action Program for Growth” Project (APG Project)

- We will promote growth strategies to once again consistently grow as a highly profitable business group after overcoming the economic crisis
- We will provide solutions toward global-scale constraining factors on economic growth (environmental issues, natural resources / energy, aging population with the diminishing number of children, etc.) with Toray products and technologies in order to achieve further growth

Medium-term and long-term growth strategies inherited from “IT-2010”

< Basic strategies >

Transforming to a highly profitable business group

Expanding advanced materials in 4 major growing business fields

Information / Telecommunications / Electronics

Automobiles / Aircraft

Life Science

Environment / Water- related / Energy

< Specific Measures >

Expand Strategically Expanding / Developing Businesses, Advance business structure reform

Expand electro-coating / circuit materials businesses

Expand carbon fiber composite materials business, Expand A & A Center

Launch new drugs (Careload@LA, REMITCH®), Expand artificial kidney business

Expand water treatment business globally, Expand bio-polymer products

Basic strategies of the Action Program for Growth addressed in “IT-II”

< Providing solutions to the constraining factors on economic growth with Toray Group products and technologies >

- Preservation of global environment (CO₂ reduction, etc.) : Energy conservation, Renewable energies
- Depletion of fossil / energy resources : New energy resources, Non-petrochemical raw materials-based polymers
- Securing of water resources / food stocks : Seawater desalination system, Non-food bio-polymers
- Aging population with the diminishing number of children : QOL improvement with life science business, others

Solution Proposal to Constraining Factors on Economic Growth

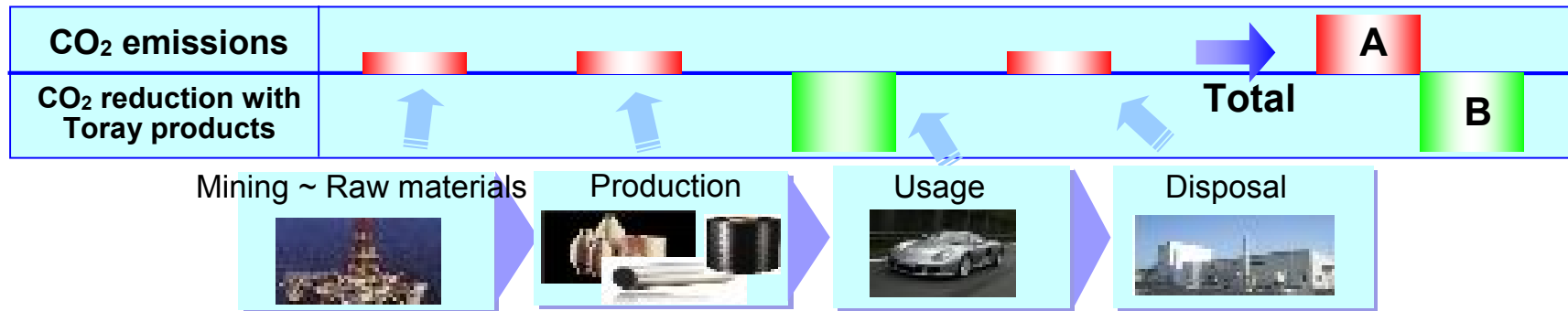
Constraints	Solutions	Toray Group Products (examples)		
		Latest (~ 2010)	Mid-term (~ 2015)	Long-term (~ 2020)
Preservation of global environment (CO ₂ reduction, etc.)	Energy conservation	CFRP for aircraft	CFRP for automobiles	
	Renewable energy	Special PP film for hybrid cars	Energy-saving process with membranes	High-insulating film / foam
Depletion of fossil /energy resources	New energy resources	Halogen-free flame retardant resin / film	Paint-less, surface-decorating film	High-performance heat-transfer element
	Promote recycling	Back sheet of solar cells	CFRP for wind turbine generator	Solar cells manufacturing equipment
	Non-petrochemical raw material-based polymers	Electrode substrate of fuel cells	Lithium-ion battery manufacturing equipment	Electrolyte membrane of fuel cells
Securing of water resources / food stocks	Water treatment	Lithium-battery separator		Next generation solar cell
	Downhold of medical expenses	Recycled raw material	Carbon fiber recycling	
Aging population with the diminishing number of children, others	QOL improvement	Polylactic acid	Thermoplasticity cellulose fiber	Bio-process with membranes
		RO membrane element and system		Non-food biomass polymer
		Hollow-fiber membrane module	MBR membrane module	High virus-removable hollow-fiber membrane
		Hemodialyzer	Oral antipruritus drug	Urinary incontinence curative drug
		Blood purification device		Chronic hepatitis curative drug
		Air filter	DNA chip	Protein chip
				Leukocyte removal column
				Drug delivery system
				Inflammatory bowel disease curative drug

Contribution to Global Environmental Issues through Life Cycle Assessment (LCA)

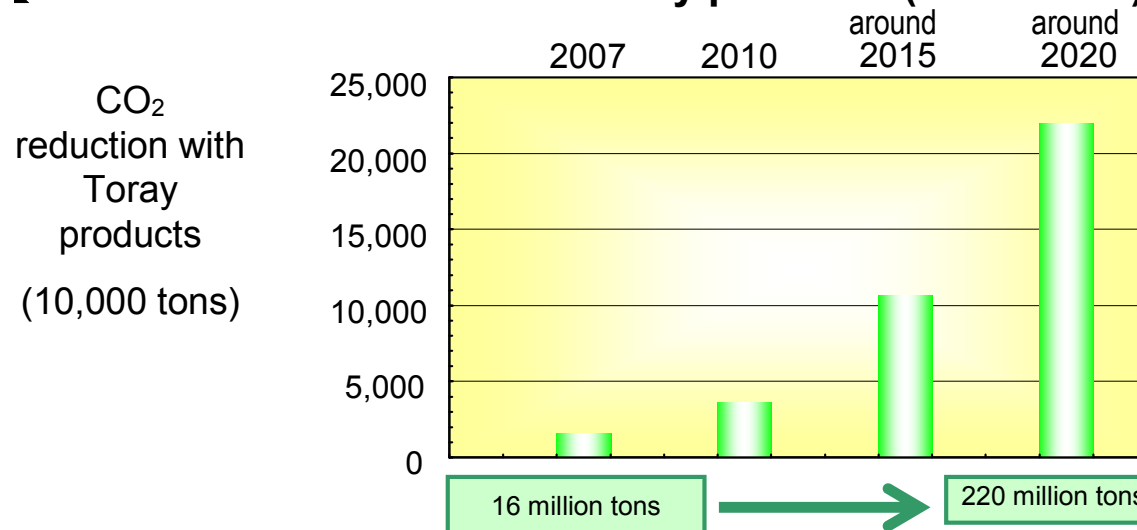
【LCA: CO₂ reduction effects of whole life cycle】

- CO₂ emissions during manufacturing process
(mining natural resources ~ production) and disposal : A
- CO₂ reduction during usage through energy-saving effects, etc. : B
- CO₂ reduction of whole life cycle : B - A

} **LCA**
(Life Cycle Assessment)



【CO₂ reduction effects with Toray products (estimation)】



- Energy-saving materials
(carbon fiber composite materials)
- Water-treatment systems
- Energy-saving processes
- Renewable energies
- New energy resources
- Nonfood biomass polymers
- others

Significant contribution to the global environment

Relations of “IT-2010” and “IT-II”

Long-term vision

“AP-Innovation TORAY 21”

Corporate image of Toray Group in the 21st century

Corporate slogan “Innovation by Chemistry”

“Toward a Global Top Company of Advanced Materials”

continue

Mid-term Business Strategies

“IT-2010”

「Management with
Innovation and Creativity」
- Challenges for Further Growth -

Major issues: Five Innovations

Basic Strategies
1. transforming to a highly profitable business group
2. expanding advanced materials in four major growing business fields

Capital expenditures /
R&D investment strategies

Eight Projects

1. Business structure innovation
2. Overseas business strengthening
3. Advanced material business expansion
4. R&D capabilities innovation
5. Manufacturing technology innovation
6. Cost innovation
7. Marketing and sales innovation
8. Corporate brand strengthening

Numerical targets around 2010

Net sales 1,800 billion yen
Operating income 150 billion yen
ROA 8%, ROE 11%

freeze

“IT-II”

「Reforms with No Exception」
- Overcoming Economic Crisis -

continue

Concentrate on overcoming the
economic crisis
Build a foundation for the future growth
Three Projects

1. Total cost reduction
2. Action Program for Survival
3. Action Program for Growth

Numerical target for FY March 2011

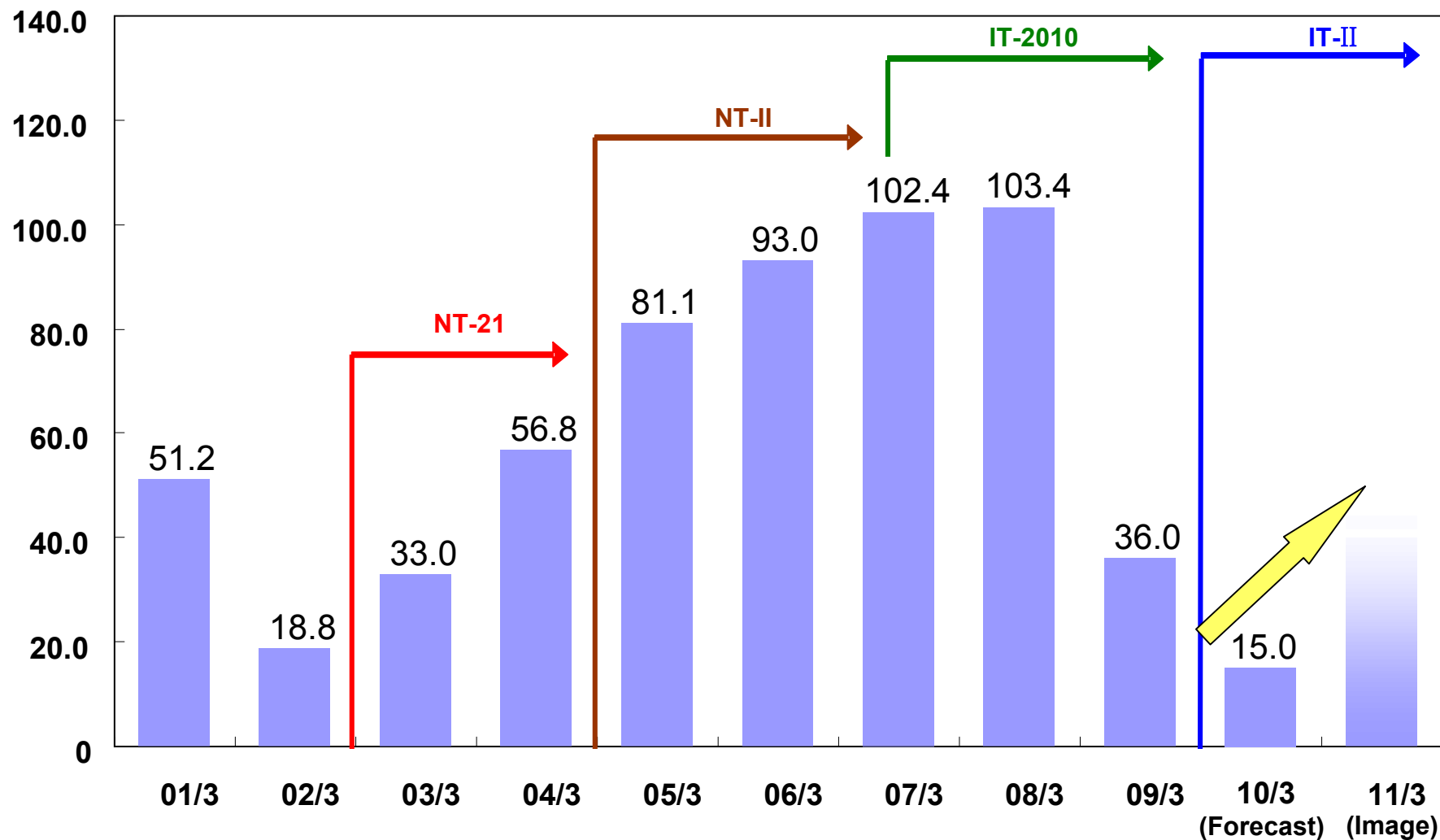
Achieve operating income at
least equal to the FY March
2009 level

new

Image of Business Recovery under "IT-II" (consolidated operating income)

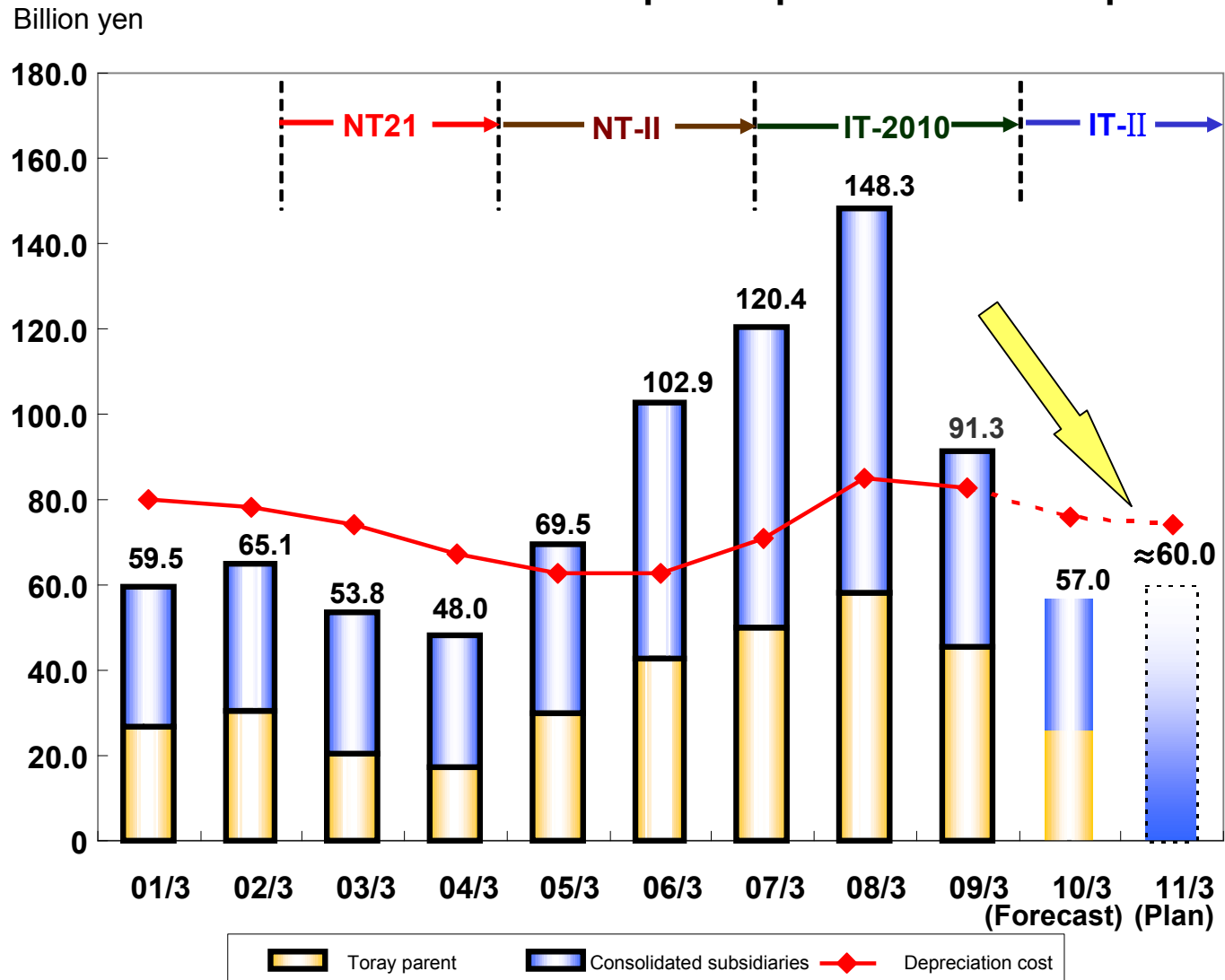
Trends in consolidated operating income

Billion yen



Reduction of Capital Expenditures

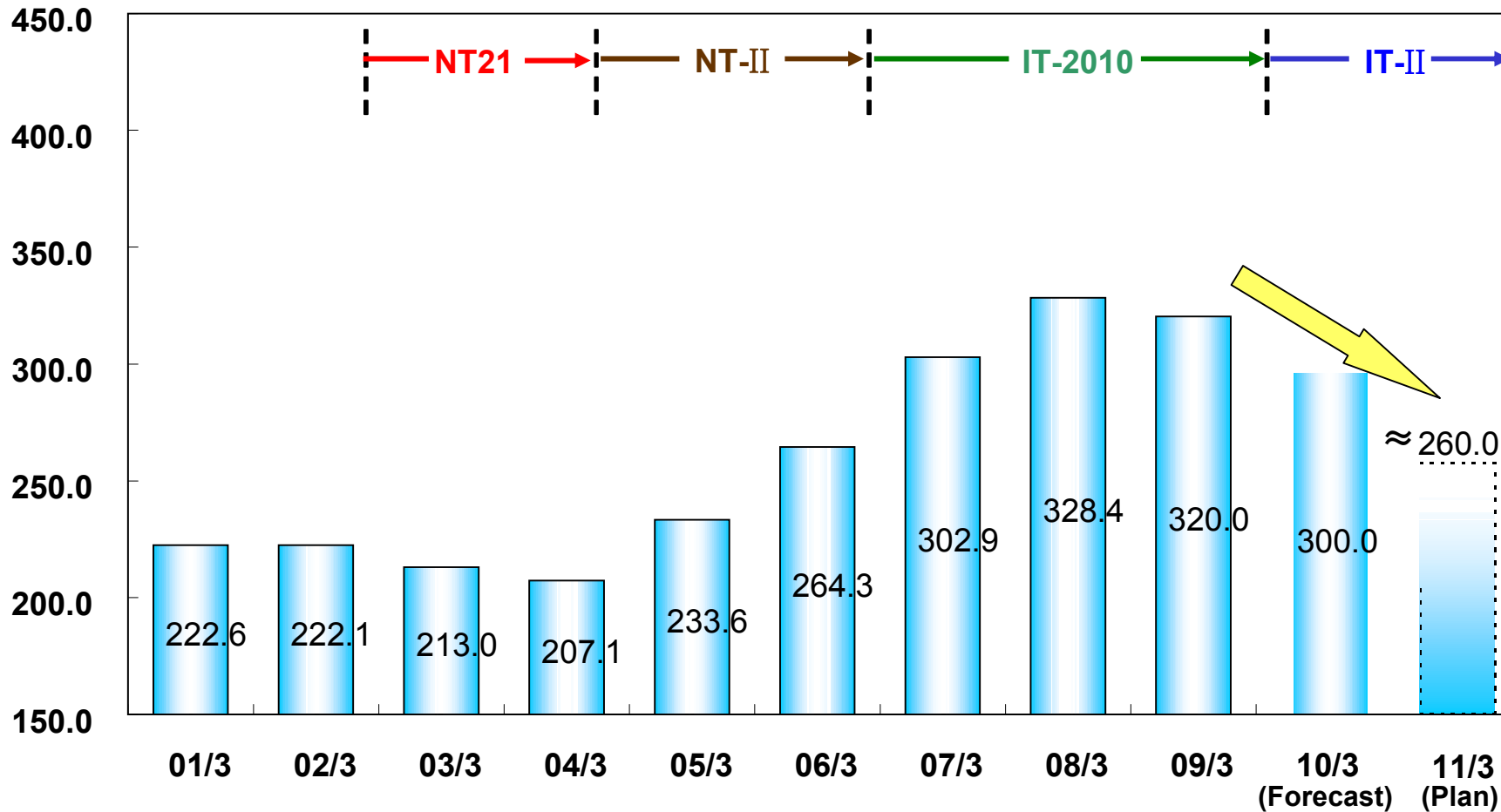
Trends in consolidated capital expenditures and depreciation cost



Reduction of Working Capitals (inventories / account receivable, etc.)

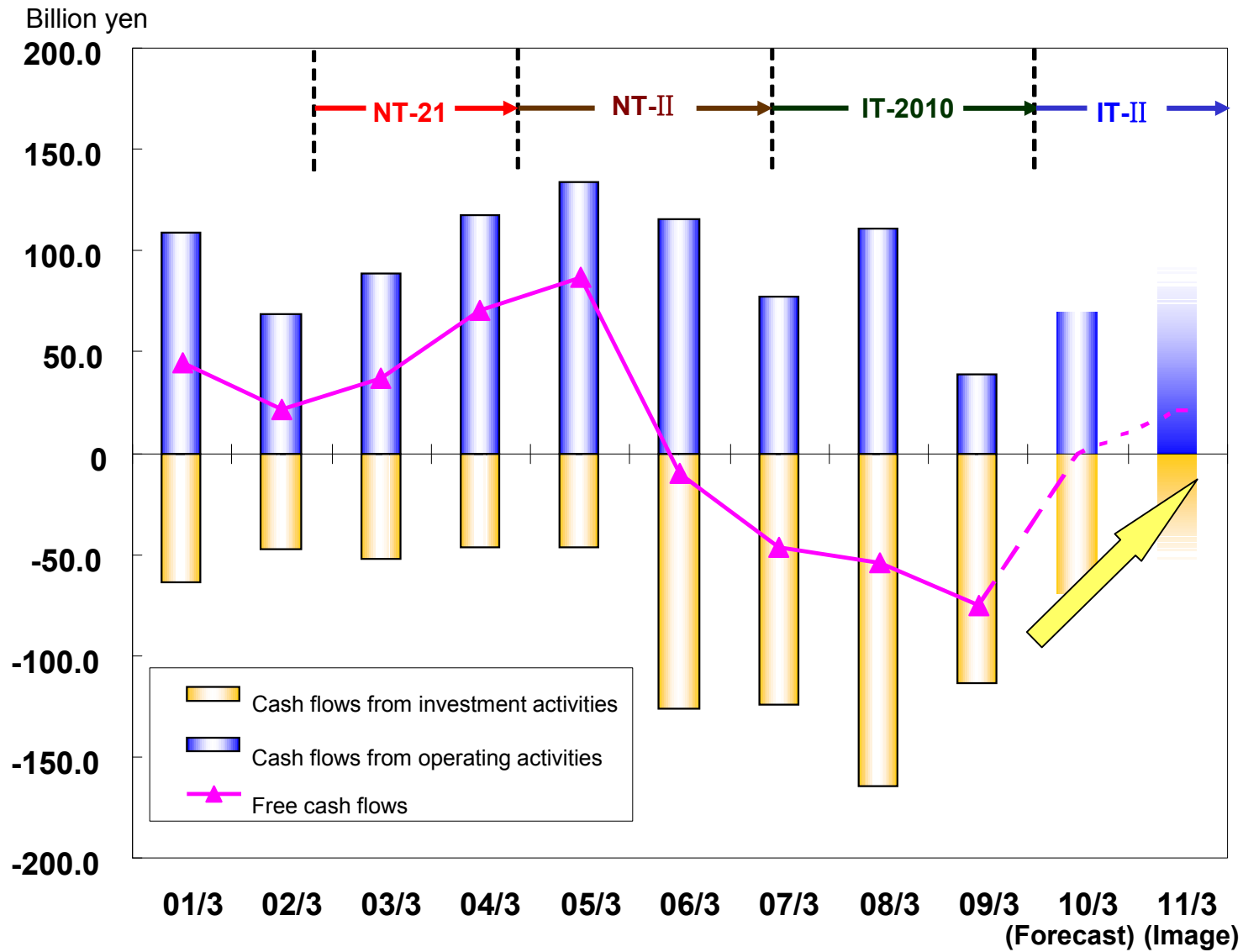
Trends in consolidated inventories

Billion yen



Improvement of Cash Flows

Trends in consolidated cash flows



Descriptions of predicted business results, projections and business plans contained in this material are based on assumptions and forecasts regarding 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.