Long-term Corporate Vision
“AP-Growth TORAY 2020”
and
Medium-term Management Program
“Project AP-G 2013”

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Akihiro Nikkaku
President, COO
Toray Industries, Inc.
Contents

Results of Medium-term Management Program “Project IT-II” (P2~P4)

Long-term Corporate Vision “AP-Growth TORAY 2020” (P5-P10)

Medium-term Management Program “Project AP-G 2013” (P11-P36)

<Reference> Medium-term Business Strategies by Segment (P37-P44)
Results of Medium-term Management Program “Project IT-II”
1. Total Cost Reduction (TC Project: Total Cost Reduction Project)

<table>
<thead>
<tr>
<th>TC reduction target</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of fixed costs</td>
<td>60</td>
</tr>
<tr>
<td>Reduction of variable costs</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>


Maximize earnings by “ensuring sales through every possible effort”
- Increase sales volume using optimal pricing strategies (increasing market shares in priority fields, etc.)
- Improve product spread through optimal price setting and reduction effects of variable costs, etc.
- 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
- Streamline facilities of LCD color filters business, etc.


Solution proposal to economical-growth constraints with Toray Group products and technologies
- Enter into battery separator film business
- Establish joint venture with Daimler AG for manufacturing and marketing of carbon-fiber based automobile parts
- Establish E&E Center to promote technology development for Green Innovation Businesses, etc.
- Leveraging growth potential of the enormously growing Asian market (especially in China)
- Alliance with local enterprises, enhance and expand production bases

Improvement of Cash Flows
- Reduction of capital expenditures and working capitals (inventories, etc.)
Trends in Consolidated Operating Income

Billion yen

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 (Forecast)

FY

51.2 18.8 33.0 56.8 81.1 93.0 102.4 103.4 36.0 40.1 96.0

NT-21 NT-II IT-II IT-2010
Long-term Corporate Vision
“AP-Growth TORAY 2020”
- Global Growth through Advanced Materials and Green Innovation -
Basic Principle of AP-Growth TORAY 2020

Toray Group

Corporate group that continually increases revenues and profits

Corporate group that proactively contributes to social development and environmental stewardship

Corporate group that provides high values to all stakeholders

Realization of Toray Group Corporate Philosophy

“Contributing to society through the creation of new value with innovative ideas, technologies and products”
Business Categories and Strategies

**Foundation Businesses**
- Expand businesses in growth business fields and regions and steadily increase revenues and profits.
- Improve products and business models to expand earnings and allocate management resources to growth business fields.

**Strategically Expanding Businesses**
- Focus on growth business fields including information-telecommunication, automobiles and aircraft, and energy saving and new energy.
- Allocate management resources with priority.
- Implement measures including M&A and business alliance.

**Intensively Developing and Expanding Businesses**
- Allocate management resources with priority.
- Develop and expand businesses by measures including M&A and business alliance.

**Steadily drive business expansion and profit growth of the Group**

**Environment & Engineering**

**Plastics & Chemicals**

**Fibers & Textiles**

**Carbon Fiber Composite Materials**

**IT-related Products**

**Life Science**

**Develop as the next driver for revenue and profit growth to follow IT-related products and carbon fiber composite materials**
Prospects of Business Structure Reform

To evolve into a corporation that continually increases revenues and profits, Toray Group will implement business structure reforms based on the strategy described below.

**Expand Business Revenue and Profit**
- Steadily expand revenues and profits through Foundation Businesses
- Bolster the earnings of Strategically Expanding Businesses through focused allocation of management resources

*Position Foundation Businesses and Strategically Expanding Businesses as the drivers of revenue and profit growth. Nurture Intensively Developing and Expanding Businesses to be the next profit base*

**Expand Global Business**
- Pursue growth in global markets in every segment to expand the net sales ratio of growth countries and regions from 34% to 50%

*Leverage global business opportunities in growth countries and regions*

**Expand Green Innovation Businesses**
- Promote the development of products and technologies that will provide solutions to global environmental issues and energy and resource issues

*Expand net sales of Green Innovation Businesses to 1 trillion yen around 2020*
Toray introduced LCM as a rationale to establish business strategies and management strategies based on an analysis of the balance of environmental load and costs from the standpoint of the entire lifecycle of products, technologies and services in all the industrial and business activities.

Balance

Environmental load Reduction and Sustainable Growth

For the development of a viable engagement
## Image of Financial Indicators

<table>
<thead>
<tr>
<th></th>
<th>FY 2010 (Forecast)</th>
<th>Around 2015 (Image)</th>
<th>Around 2020 (Image)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>1,530</td>
<td>2,000</td>
<td>3,000</td>
</tr>
<tr>
<td><strong>Foundation Businesses</strong></td>
<td>945 (62%)</td>
<td>1,100 (55%)</td>
<td>1,500 (50%)</td>
</tr>
<tr>
<td><strong>Strategically Expanding Businesses</strong></td>
<td>585 (38%)</td>
<td>900 (45%)</td>
<td>1,500 (50%)</td>
</tr>
<tr>
<td><strong>Intensively Developing and Expanding Businesses</strong></td>
<td>520 (34%)</td>
<td>900 (45%)</td>
<td>1,500 (50%)</td>
</tr>
<tr>
<td><strong>Growth Countries and Regions</strong></td>
<td>370 (24%)</td>
<td>600 (30%)</td>
<td>1,000 (33%)</td>
</tr>
<tr>
<td><strong>Green Innovation Businesses</strong></td>
<td>370 (24%)</td>
<td>600 (30%)</td>
<td>1,000 (33%)</td>
</tr>
</tbody>
</table>

**Operating Income**

<table>
<thead>
<tr>
<th></th>
<th>FY 2010 (Forecast)</th>
<th>Around 2015 (Image)</th>
<th>Around 2020 (Image)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>96</td>
<td>180</td>
<td>300</td>
</tr>
<tr>
<td><strong>Operating Income to Net Sales ratio</strong></td>
<td>6.3%</td>
<td>9%</td>
<td>10%</td>
</tr>
</tbody>
</table>

**ROA**

<table>
<thead>
<tr>
<th></th>
<th>FY 2010 (Forecast)</th>
<th>Around 2015 (Image)</th>
<th>Around 2020 (Image)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>about 6%</td>
<td>9%</td>
<td>10%</td>
</tr>
</tbody>
</table>

**ROE**

<table>
<thead>
<tr>
<th></th>
<th>FY 2010 (Forecast)</th>
<th>Around 2015 (Image)</th>
<th>Around 2020 (Image)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>about 9%</td>
<td>12%</td>
<td>13%</td>
</tr>
</tbody>
</table>

ROA = Operating Income / Total Assets  
ROE = Net Income / Shareholders' Equity
Medium-term Management Program
“Project AP-G 2013”

A New Growth Track through Reform and Proactive Management
Roadmap to AP-G2013

Long-term Vision

AP-New TORAY 21
- Breakaway from Crisis

AP-Innovation TORAY 21
- Management with Innovation and Creativity
  - Challenge for Further Growth

AP-Growth TORAY 2020
- Reforms with No Exception
  - Overcoming Economic Crisis

Mid-term Business Strategies

NT21
- Corporate Structure Reinforcement, Defensive Management Postures
  - Breakaway from Crisis

NT-Ⅱ
- Offensive Management Postures
  - Establish Foundation for Further Growth

IT-2010
- Challenge for Further Growth

IT-Ⅱ
- Overcoming Economic Crisis

2002 April
2004 April
2006 October
2009 April
2011 April
2014 March

AP-G 2013
- Reform and Proactive Management
  - A New Growth Track
Key Principle and Basic Strategies

Key Principle

Expand businesses in growth business fields and regions
Establish a robust business footing by cost reductions

Basic Strategies

1. Business expansion in growth business fields
2. Business expansion in growth countries and regions
3. Capital investment strategy
4. M&A and business alliance strategies
5. R&D investment strategy
6. Developing and securing human resources
7. Bolstering competitiveness
8. Ongoing promotion of business structure reform
For the four major growth business fields, Toray Group will expand its business by bolstering development of advanced materials and cross-sectional business approach. Regarding businesses related to environmental issues, Toray Group will comprehensively and aggressively expand its Green Innovation Businesses.

**Environment, Water-related and Energy**
- Aggressively expand carbon fiber composite materials to be the mainstay of Green Innovation Businesses
- Expand materials for use in batteries and next-generation power sources
- Global expansion of the water treatment business
- Expand applications for non-petrochemical-based fibers, resins and films

**Automobiles and Aircraft**
- Expand new applications of carbon fiber composite materials and high-performance resins that can provide energy efficiencies through weight reduction and reduce greenhouse gas emissions
- Develop products to leverage expanding markets for next-generation power trains and automotive electronics
- Aggressively expand investment in carbon fiber composite materials

**Information, Telecommunications and Electronics**
- Expand business in the electronic device market including cell phones, flat panel TVs and smartphones
- Accelerate development and sales expansion of innovative products through vertically integrated tie-ups with customers
- Improve competitiveness by integrating businesses from resin and film materials to parts

**Life Science**
- Extend the drug discovery business model
- Develop and market high value-added medical materials
- Create innovative bio-tools by combining biotechnology and nanotechnology
Business Expansion in Growth Countries and Regions

Leverage the Group’s management resources efficiently to expand business smoothly and promptly in Asia and emerging countries.

China

Fibers & Textiles, Plastics & Chemicals
- Establish vertically integrated businesses extending from filament yarn, woven and knitted fabrics to garments
- Increase production capacity of polypropylene spunbond to enhance the supply system
- Bolster production base for resin compounds and start-up chemical businesses (including DMSO, etc.)

IT-related Products
- Improve and expand the supply system of display materials

Environment & Engineering
- Start-up full-scale production of reverse osmosis membranes at TBMC and strengthen the sales structure

Republic of Korea

Fibers & Textiles, Plastics & Chemicals
- Upgrade existing business structures

IT-related Products
- Carbon Fiber Composite Materials
- Expand IT-related materials through collaboration with customers
- Embark on full-scale carbon fiber business

ASEAN

Fibers & Textiles, Plastics & Chemicals
- Upgrade products at each existing local companies and develop new business models which leverage Free Trade Agreements and Economic Partnership Agreements
- Expand businesses in growth business fields such as automotive applications

Emerging Countries
- Strategically prioritize investment in India, Mideast, Brazil and others
To expedite business expansion, make strategic decisions and actions on priority themes including M&A schemes considered on a business unit basis as well as those promoted from a group-wide perspective.

M&A funds will be held separate from capital expenditures and be invested based on strategic decisions.
Increase R&D investment focusing on Green Innovation

160 billion yen in 3 years period from FY 2011

Major Issues

1. Strengthen R&D in green innovation-related themes
   <Major Themes>
   ① High-efficiency in energy use
      CFRP for lightening of vehicles and aircraft, etc.
   ② New energy
      Materials, parts for three major batteries
      (solar cells, fuel cells, lithium ion battery), etc.
   ③ Bio-based polymers
      Conversion to bio-based polymers such as
      polylactic acid, PET, etc.
   ④ Water treatment
      High-performance RO, UF / MF membranes, etc.

2. Promote open innovation

3. Intensify global research and development

4. Strengthen basic and fundamental research

50% out of R&D expenses shall be allocated to research and development related to green innovation
Promote Open Innovation

Promote integrated co-development with customers: comprehensive ability and speed

A&A Center
- Automotive Center
- Advanced Composite Center
- Plastics Application Technology Development Center

E&E Center
- Environment and Energy Development Center
- Collaborate with environmental energy-related institutions and Japanese and overseas subsidiaries and affiliated companies

Technical Marketing
(Reflect theme proposal, product design of the market)

Planning, Project Management

Parts, product development

Verified evaluation

Collaboration with each laboratories Japanese and overseas subsidiaries and affiliated companies

Public Institutions (National Projects)

Leading Companies

Market (Customers)

Academia

Collaborative Strategy, Project

Global Environment Business Planning Dept.
Intensify Global Research and Development

Global implementation of Business Expansion in Growth Business Fields and Regions (Number of R&D staff on a global basis: about 3,300)

Develop collaborative research and technological development with operational bases in each country

Global development of Intellectual Property Strategy

- **Europe**: Advanced composite materials, films, fibers & textiles, etc.
  - R&D base
  - Lyon, Abidos

- **Republic of Korea**: IT-related films, electronics materials, etc.
  - R&D base
  - Seoul, Gumi

- **Japan**: R&D base
  - Nantong, Shanghai
  - Singapore, Sydney

- **US**: Films, advanced composite materials, resins, etc.
  - R&D base
  - Decatur, Rhode Island, Troy, San Francisco

- **China**: Fibers & Textiles, resins & chemicals, films, electronics materials, water treatment, etc.
  - R&D base
  - Singapore
Developing and Securing Human Resources

<Strategic Direction>
1. Develop and secure personnel with high aspirations and global mind-set
2. Secure world-leading R&D and technological capabilities
3. Realize strong operational competency to beat international competition

- Develop and secure competent employees who will lead the creation and implementation of key strategies
  - Redesign Toray Management School for capable managers to develop into future executives

- Employ and foster employees internationally that can excel globally regardless of national boundaries
  - Develop and promote local personnel and appoint competent personnel to executives and senior managers
  - Strategically increase global recruitment
  - Enrich internationalization training (studying-abroad program for Japanese employees and upgrading of training in Japan for local staffs, etc.)
Bolstering Competitiveness

Undertake efforts to bolster corporate competitiveness to establish a robust business footing

- Maintain fixed costs at an appropriate level and radically reduce variable costs (over 70 billion yen)
- Strengthen operational strength at manufacturing sites and production technology to enable production of world-class quality and competitiveness
- Comprehensively optimize and drive efficiencies in administrative and indirect functions
- While maintaining capital investment for business expansion, increase the efficiency of working capital via thorough inventory management, in order to improve cash flows
- Improve capital efficiency (ROA, ROE, etc.)
- The guideline figure for D/E ratio is 1

Ongoing Promotion of Business Structure Reform

- Continue to implement structural reform of loss-generating and low-profit businesses in Japan and overseas
- For Foundation Businesses in Japan, maintain and bolster foundations for production and marketing and sales by shifting offerings to advanced products, strengthening collaboration with existing customers, improving market share and continuing to strengthen corporate structure
- Steadily increase profits in Strategically Expanding Businesses by identifying issues such as developing new products and applications and strengthening cost competitiveness
- Implement structural reforms including integration and reorganization of group companies in Japan to strategically expand businesses and enhance business synergies
Trends in Cash Flows and Inventories

Trends in Consolidated Cash Flows

- Cash flows from operating activities
- Cash flows from investment activities
- Free cash flows

Ensure positive free cash flows in three years total.

Trends in Consolidated Inventories

- Inventory Amount
- Inventory Days

Keep the inventory amount and inventory days to the adequate level.
Group-wide Projects

**Green Innovation Business Expansion (GR) Project**
Toray Group will use its strength in chemistry to develop “Green Innovation Businesses” on a global scale to provide solutions to the environmental issues and energy and resource issues, towards the independence from petroleum resources and the realization of a low-carbon society.

**Asia and Emerging Country Business Expansion (AE) Project**
Toray Group will seek to aggressively develop and expand businesses in Asia and emerging countries in other regions that are expected to realize major economic growth.

**Total Cost Reduction (TC-II) Project**
Toray Group will continue cost reduction initiatives to reinforce the robust business footing required to achieve its objective of becoming a corporate group that continually increases revenues and profits.
Toray Group will use its strengths in chemistry to develop Green Innovation Businesses on a global scale.

Expansion of Green Innovation Businesses
Toray Group will aim to contribute to global issues including the global environment and energy and resource.

Development of Green Innovation Businesses
Toray Group will develop technologies and businesses related to new materials and components that will contribute to solutions to global environmental issues (solar battery cell encapsulant materials, electrolyte membranes for fuel cells, lithium ion battery electrode materials, etc.)

Reduction of Greenhouse Gas (GHG)
- Toray Group will promote development of technologies and products, and increase sales with aim to reduce GHG emissions achieved through the use of its products to 200 million tons per year around 2020
- Toray Group will aim to reduce 25% of GHG emissions in manufacturing processes by FY2020 over FY1990 in its operations in Japan.

Net sales ratio of Green Innovation Businesses

<table>
<thead>
<tr>
<th>Year</th>
<th>FY2007 (Actual)</th>
<th>FY2010 (Forecast)</th>
<th>FY2013 (Target)</th>
<th>Around 2015 (Image)</th>
<th>Around 2020 (Image)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13%</td>
<td>24%</td>
<td>28%</td>
<td>30%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Toray Group aims to expand its Green Innovation Businesses to 1 trillion yen around 2020.
Strategic Fields of Green Innovation Businesses (1)

<Carbon Fiber Composite Materials>

Expansion of Environment, Energy-related Applications

- Clean Energy
- Light-weight, Energy-saving

CNG tank | Wind power blade | Aircraft | Automobile

Recommencement of the expansion of high-performance carbon fibers

Start of full-scale commercialization of carbon fibers in Republic of Korea

Establishment of a joint venture with Daimler AG for the manufacturing and sales of automobile parts

The carbon fiber composite materials will be a core business for the “Green Innovation Businesses” and Toray Group will aim to rapidly expand its application in a wide range of areas.
1. Strengthen and expand **Global Marketing Structure**

2. Strengthen profit structure through improvement of production system and increase of production capacity

3. Create new technologies and new products fully utilizing comprehensive R&D and manufacturing technology capabilities

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**Strategic Fields of Green Innovation Businesses (2)**

*Water Treatment Membranes*

- TMEu (Europe, Mideast, Africa)
- TBMC (China)
- TMBJ・TCH (China)
- TMUS (US)
- TAS (Oceania)

- Major sales base
- Sales office
- Agency
- Production base

**Maintain the strong position as the world leader in membrane business by strengthening globalization**
Aim to become a comprehensive manufacturer of battery materials with unified effort of Toray Group.
**Strategic Fields of Green Innovation Businesses (4)**

**<Biomass Materials>**

*Plant-derived materials*  
*non-edible*

**Biotechnology** + **Nanotechnology**

- lactic acid
- 1,3-propanediol (+TPA)
- melt spinning fiber
- cellulose
- plant oil
- nano-alloy

**New Biomass Polymer**

- Polylactic Acid (PLA)
- 3GT*

**Polylactic Acid Products**  
**Fibers & Textiles**  
**Resins**  
**Films**

- Blister pack, food containers, packaging material, etc.
- PC, TV (casing), office automation equipment, etc.

**Fibers & Textiles**

- Apparel, carpets, automotive interiors, etc.

*carbon neutral*

*photosynthesis*

- Plant oil
- water
- carbon dioxide

- e.g.: forest loss

*3GT: polytrimethylene terephthalate*

**Promote development and commercialization of new products utilizing biomass-origin materials**
Asia and Emerging Country Business Expansion (AE) Project

Toray Group will seek to aggressively develop and expand businesses in Asia and emerging countries in other regions that are expected to realize major economic growth.

- Develop and provide products and materials that meet the needs in Asia and emerging countries. Strengthen marketing and sales capabilities to ensure that products penetrate local markets.

- Strengthen infrastructure of existing production bases and also establish new facilities in areas where facilities do not currently exist. Bolster local technical support functions to customers.

- Achieve rapid expansion of businesses by leveraging existing production and sales bases as well as group-wide management resources to the greatest extent possible, and through alliances with local leading companies as necessary.

- Aggressively expand business mainly with advanced materials to respond to the rapid increase in demand resulting from the growing numbers of both upper- and middle-income group.

Trends in Net Sales in Growth Countries and Regions

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth countries and regions (Asia, others)</th>
<th>Others (Japan, US, Europe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2000</td>
<td>1,075.4</td>
<td>251.5</td>
</tr>
<tr>
<td>FY2010 (Forecast)</td>
<td>1,530.0</td>
<td>520.0</td>
</tr>
<tr>
<td>FY2013 (Target)</td>
<td>1,800.0</td>
<td>720.0</td>
</tr>
<tr>
<td>Around 2015 (Image)</td>
<td>2,000.0</td>
<td>900.0</td>
</tr>
<tr>
<td>Around 2020 (Image)</td>
<td>3,000.0</td>
<td>1,500.0</td>
</tr>
</tbody>
</table>

Net sales ratio of Growth Countries and Regions

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth countries and regions (Asia, others)</th>
<th>Others (Japan, US, Europe)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2000</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>FY2010 (Forecast)</td>
<td>34%</td>
<td></td>
</tr>
<tr>
<td>FY2013 (Target)</td>
<td>40%</td>
<td></td>
</tr>
<tr>
<td>Around 2015 (Image)</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>Around 2020 (Image)</td>
<td>50%</td>
<td></td>
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</table>
## Operational Base in Asia (1)

### Strong presence in Asia is an advantage to expand business

<table>
<thead>
<tr>
<th>Year</th>
<th>Fibers &amp; Textiles</th>
<th>Plastics &amp; Chemicals</th>
<th>IT-related Products</th>
<th>Environment &amp; Engineering</th>
<th>Trading</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>PAB (Malaysia)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>PFR (Malaysia)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>ITS (Indonesia)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td>CENTEX (Indonesia)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>TTTM (Thailand)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>TTS (Thailand)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>LTX (Thailand)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>TSTEM (Indonesia)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Fibers & Textiles**
  - PAB (Malaysia)
  - PFR (Malaysia)
  - ITS (Indonesia)
  - CENTEX (Indonesia)
  - TTTM (Thailand)
  - TTS (Thailand)

- **Plastics & Chemicals**
  - TPSZ (China)
  - YTP (China)
  - TFCC (China)
  - TAK (Korea)

- **IT-related Products**
  - STEMCO (Korea)
  - STECO (Korea)

- **Environment & Engineering**
  - TBM (China)

- **Trading**
  - THK (Hong Kong)
  - TISP (Singapore)
  - TCH/TSL (China)

**Regions**
- China
- Hong Kong Region
- Southeast Asia Region
- Republic of Korea
## Operational Base in Asia (2)

<table>
<thead>
<tr>
<th></th>
<th>China</th>
<th>Republic of Korea</th>
<th>Southeast Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong>&lt;sup&gt;*1&lt;/sup&gt;</td>
<td>approx. 170 billion yen</td>
<td>approx. 100 billion yen</td>
<td>approx. 160 billion yen</td>
</tr>
<tr>
<td><em>(FY Mar/11 Forecast)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated Subsidiaries</strong></td>
<td>33</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td><em>(End of Sept. 2010 Actual)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Number of Employees on a</strong></td>
<td>approx. 7,600</td>
<td>approx. 1,700</td>
<td>approx. 9,000</td>
</tr>
<tr>
<td><strong>Consolidated basis</strong>&lt;sup&gt;*2&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>(End of Sept. 2010 Actual)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Accumulated Capital Investment</strong>&lt;sup&gt;*3&lt;/sup&gt;</td>
<td>approx. 80 billion yen</td>
<td>approx. 90 billion yen</td>
<td>approx. 280 billion yen</td>
</tr>
<tr>
<td><em>(End of Sept. 2010)</em></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*1 Sum total of net sales of consolidated subsidiaries at each region  
*2 Number of employees of consolidated subsidiaries at each region  
*3 Accumulated capital investment of major consolidated subsidiaries at each region
Tangible and intangible management assets in Asia

Promote further business expansion in Asia utilizing all out of existing operational bases
Total Cost Reduction (TC-II) Project

To reinforce the robust business footing, Toray Group will implement the group-wide project outlined below:

Variable Cost Reduction

Implement “VCI - 10 (Variable Cost Innovation 10%)” Project

- Improvements in unit consumptions will be achieved by applying methods developed at certain Japanese plants to group companies in Japan and overseas
- Purchasing VA (Value Analysis) will be undertaken for cost reductions in accordance with business strategies
- The Purchasing & Logistics Division will provide support to individual purchasing VA activities and build a global procurement system

Reduce variable costs by over 3% each year and over 10% (over 70 billion yen) over three years

Fixed Cost Reduction

- Toray Group will continue to improve its operational effectiveness to keep fixed costs at proper levels in line with profit growth
### Financial Targets

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2010 (Forecast)</th>
<th>FY 2013 (Target)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>1,530</td>
<td>1,800</td>
</tr>
<tr>
<td>Foundation Businesses</td>
<td>945 (62%)</td>
<td>1,000 (56%)</td>
</tr>
<tr>
<td>Strategically Expanding Businesses</td>
<td>585 (38%)</td>
<td>800 (44%)</td>
</tr>
<tr>
<td>Intensively Developing and Expanding Businesses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth Countries and Regions</td>
<td>520 (34%)</td>
<td>720 (40%)</td>
</tr>
<tr>
<td>Green Innovation Businesses</td>
<td>370 (24%)</td>
<td>500 (28%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Ratio</th>
<th>FY 2010</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>96</td>
<td>150</td>
</tr>
<tr>
<td>Operating Income to Net Sales Ratio</td>
<td>6.3%</td>
<td>8.3%</td>
</tr>
<tr>
<td>ROA</td>
<td>about 6%</td>
<td>8%</td>
</tr>
<tr>
<td>ROE</td>
<td>about 9%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Remarks: Estimated exchange rate 80 yen / US$  
Estimated oil price 95 US$ / B(DUBAI FOB)  
ROA=Operating Income / Total Assets  
ROE=Net Income / Shareholders' Equity

### Basic policy of Dividends

Aim for sustainable increase of dividends linked to the business performance
Trends in Net Sales / Operating Income by Segment

Net Sales

Operating Income

Billion yen

Billion yen

FY2009 (Forecast) FY2010 FY2013 (Target)

FY2009 (Forecast) FY2010 FY2013 (Target)

Fibers & Textiles Carbon Fiber Composite Materials Environment & Engineering Others Adjustment

Plastics & Chemicals IT-related Products

FY2009 FY2010 FY2013

(Forecast) (Target)

1,359.6 1,530.0 1,800.0

1,500.0

96.0

150.0

14.1 175.0 275.0

332.7 380.0

52.0 15.0 14.9

17.0 3.0

30 60 90 120 150

120

60

30

0

1,000

1,500

2,000

Trends in Net Sales / Operating Income by Segment

Fibers & Textiles Carbon Fiber Composite Materials Environment & Engineering Others Adjustment

Plastics & Chemicals IT-related Products

FY2009 FY2010 FY2013

(Forecast) (Target)
Trends in Operating Income

Billion yen

Actual
Mar/11 Forecast
Target
Image

Project NT21
「Breakaway from Crisis」

Project NT-II
「Establish Foundation for Further Growth」

Project IT-2010
「Challenge for Further Growth」

Project AP-G 2013
「Reforms with no Exception」

Reform and Proactive Management

AP-Growth TORAY 2020

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 (Forecast)
2013 (Target) Around 2015 (Image) Around 2020 (Image)
Medium-term Business Strategies by Segment
## Business Categories and Segments

<table>
<thead>
<tr>
<th>Business Categories</th>
<th>Toray Divisional Organization</th>
<th>Segment</th>
<th>Basic Materials</th>
<th>Advanced Materials</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Foundation Businesses</strong></td>
<td>Fibers &amp; Textiles</td>
<td>Fibers &amp; Textiles</td>
<td>Synthetic Fibers, Resins, Films, Chemical Materials, others</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Resins &amp; Chemicals</td>
<td>Plastics &amp; Chemicals</td>
<td></td>
<td>High-function Fibers &amp; Textiles</td>
</tr>
<tr>
<td><strong>Strategically Developing Businesses</strong></td>
<td>Electronics &amp; Information Materials</td>
<td>Advanced Composite Materials</td>
<td>Carbon Fiber, Composite Materials</td>
<td>Carbon Fibers, Advanced Composite Materials</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Pharmacueticals and Medical Devices, others</td>
</tr>
<tr>
<td><strong>Intensively Developing Businesses</strong></td>
<td>Pharmaceuticals &amp; Medical Products</td>
<td>Life Science</td>
<td></td>
<td>Environmentally-friendly Materials, High-function Separation Membranes</td>
</tr>
<tr>
<td></td>
<td>Water Treatment, Environment</td>
<td>Environment &amp; Engineering</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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<Basic Policy>
Maintain and strengthen a stable earnings structure as a Foundation Business and promote business expansion in growth business fields and regions

<Business Strategies>
1. In Japan, maintain domestic production of all materials by improving facilities and products as well as continuing with “ensuring sales through every possible effort”
2. Outside Japan, promote expansion of facilities and businesses in appropriate locations to respond to global growth of the fiber and textile industry
3. Bolster and expand garment business to build a foundation for revenue and profit through extensive optimization of supply chains and as an outlet for fibers and textiles manufactured in and outside Japan
4. Expand sales in growth regions (China, ASEAN, India, etc.) and develop new business models which leverage Free Trade Agreements and Economic Partnership Agreements
5. Expand business related to growth business fields (automotive sector, green innovation product sector, etc.)
6. Expand advanced materials business through high-performance fibers (PPS, fluorofiber, LCP, etc.) and bio-based polymer fibers (PLA, 3GT, etc.).
Plastics & Chemicals Segment

<Basic Policy>
Leverage Group’s global operation to achieve improvements in earnings and expand business in growth business fields and regions

<Business Strategies>
- Resins & Chemicals Business
  1. Pursue global business expansion in the face of market changes based on fundamental technologies of chemistry
  2. Aggressively promote global alliances and further strengthen ties with customers
  3. Launch and expand sales of new products by integrating capabilities regarding resins and chemicals

- Films Business -
  1. Expand businesses in the growing markets mainly in Asia
  2. Extend the environment and energy businesses as a revenue and profit platform through the development of proprietary technology and proactive pursuit of global alliances
  3. Accelerate globalization of the high value-added film processing business
<Basic Policy>

Bolster production capacity and develop and launch new products to meet increasing demand. Also continue strengthening cost competitiveness in response to expected declines in market prices.

<Basic Strategies>

- Films Business -
  1. Aggressively expand display films business leveraging growing demand in the Asian markets by bolstering production capacity, reducing costs and developing and launching new products.
  2. Expand products associated with global operation by enhancing manufacturing technologies and quality levels at overseas bases.
  3. Accelerate globalization of the high value-added film processing business.

- Electronics & Information Materials Business -
  1. Focus on high-performance electronic materials including varnish and paste materials, with proprietary material technology as a key pillar, centering on functional polymers.
  2. Utilizing the aforementioned high-functional materials, expand business in display, semiconductor and mobile phones and other applications.

![Graph showing Net Sales and Operating Income from FY 2009 to Around 2015 with projections for FY 2013.](Image)
<Basic Policy>
In order to maintain and strengthen position as the world's leading manufacturer in carbon fibers, reinforce strategic approach to important applications and customers, further expand market share, and aim to realize price recovery to establish a highly-profitable business structure.

<Basic Strategies>
1. Maintain and strengthen position as the world’s leading manufacturer in the high-performance and high-quality carbon fiber market by ensuring the integrity of the aircraft programs.
2. Implement a transition to a highly advanced supply chain by extending cooperation with important end-user customers as well as aggressively expand the intermediate materials business.
3. Meet growing demand for carbon fiber for industrial applications with a large proportion realized in China by increasing capacity at existing facilities and establishing a production base in Asia that is the most cost competitive in the world.
4. Expand composite business by leveraging Toray’s strength in molding technology and newly developed intermediate materials.
**<Basic Policy>**
Expand business and provide solutions to environmental fields with the mainstay of separation membranes and filtration technologies. Also promote business expansion in environmental and energy fields utilizing Toray's original engineering technologies.

**<Basic Strategies>**
- Water Treatment & Environment Business -
  1. Develop the water treatment membrane business of RO, UF/MF and MBR membranes into the next generation growth engine by expanding market share and bolstering profitability.
  2. In the membrane system and plant business, build group internal synergies and expand current businesses and create new businesses in Japan and overseas.

- Engineering Business -
  1. Positioning environment and energy-related fields as the future core business and expand its business utilizing proprietary technologies.
  2. Develop new businesses by establishing new business models and applying core technologies in new business fields.
  3. Aggressively expand business in growth countries and regions by leveraging overseas group companies.

![Graph](Image)
Life Science Segment

**<Basic Policy>**
As the market grows led by demand increase in emerging countries, aim for significant business expansion in the long term (by 2020) by developing businesses with Toray’s unique characteristics.

**<Basic Strategies>**
- **Pharmaceuticals Business** -
  1. Increase new indication of existing drugs
  2. Develop and adapt new drugs in nervous system and autoimmune system fields

- **Medical Products Business** -
  1. Expand business in the areas of blood purification (including dialysis), intervention and materials offerings
  2. Dialysis business
    1. Increase market share in Japan of the new dialyzer product released in the second half of 2010
    2. Review options for launching business in emerging countries

Bolster capabilities in sales and marketing and development of the aforementioned businesses to promote business growth in and outside Japan.
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.