

FOR IMMEDIATE RELEASE:

May 12, 2000

Toray Announces Consolidated and Non-Consolidated Business Results for the fiscal year ended March 31,2000.

1. Consolidated business results

(1)Review of the fiscal year ended March 31,2000

Toray Industries, Inc. today reported consolidated net sales of ¥ 990.5 billion (US\$ 9,344 million), down 1.1% from the previous year, operating income of ¥ 32.3 billion (US \$305 million), down 32.0%, ordinary income of ¥ 24.9 billion (US\$ 235 million), down 39.9%, and net loss of ¥ 65.7billion (US\$ 620 million) for the fiscal year ended March 31, 2000.

Though the Japanese economy shows signs of recovery due to several government stimulus packages, prolonged slumps in consumer spending have stymied a self-sustaining economic recovery, severely affecting Toray's business results. In contrast, the U.S. economy is firm and the economic situations of the EU and Asia have been recovering.

Toray's business results were also adversely affected by weak market conditions for polyester film used in home video tape, weakening demand for carbon fiber, and a slow recovery in fiber and textile prices.

Under such a business environment, Toray tried to enhance its profitability in all businesses, and to reinforce its cost competitiveness by modernizing and streamlining production processes as well as slashing expenses.

The extraordinary loss of ¥ 137.3 billion (US\$ 1,295 million) by reflecting the proactive application of an upcoming regulatory amendment to accounting standards regarding employee retirement benefits and fair value evaluations, scheduled to be introduced in FY2001, led the decreased net loss of ¥ 65.7 billion(US\$ 620 million), down ¥ 73.8 billion (US\$ 696 million) from the previous fiscal year. The application included a one-time cumulative adjustment mainly associated with recognition of liabilities and write-downs of real estate possessed for development and sale by Toray's subsidiaries. The adjustment was carried out to strengthen the Company's financial condition and enhance its transparent disclosure.

Sales of fibers and textiles totaled ¥ 405.0 billion (US\$ 3,821 million), down

slightly from the previous fiscal year. Domestic sales of Tetoron*, a polyester filament yarn for apparel application, increased owing to a larger sales volume and higher sales prices, even though export sales from Japan decreased. For industrial applications, exports of nylon fibers and Tetron fibers increased owing to a strong demand among overseas affiliates of Japanese manufacturers, while sales at home suffered. Sales of Tetron staple decreased mainly because an increase in sales volume did not offset the effect of the decreased sales prices. Sales of Toraylon*, the acrylic fiber, were lackluster.

Overseas, a new plant in China contributed to a sales increase. In Southeast Asia, the sales volume for polyester filament yarns and polyester-cotton blended textiles contributed to an increased sales volume. Although, sales prices bottomed out during the fiscal year, average sales prices declined, compared with the previous year. The appreciation of the Yen was another factor of the sales decline in the Yen term.

Domestically, the group enhanced its competitiveness in terms of quality and cost by upgrading production facilities for Ecsaine*, a man-made suede, and industrial-use Tetoron* filament yarn. Overseas, new polyester filament yarn production facilities started full-fledged operations in China and Thailand, and polyester textile production commenced in Czech Republic.

As a result, operating income in this segment decreased slightly to ¥ 14.9 billion (US\$ 141 million).

Sales of plastics and chemicals decreased to ¥ 293.7 billion (US\$ 2,771 million) compared with the preceding fiscal year. ABS resin sales increased owing to a strong demand for video game applications at home and a wide range of other applications. Overseas, its sales for electronics and other applications mainly in recovering Southeast Asian markets also increased. Sales of nylon resin and PBT resin were favored for domestic automotive and electronics applications. Sales of Lumirror*, a polyester film, increased for digital magnetic recording tape, electronics, labeling and packaging applications mainly in domestic markets, while sales of the product for home video tape declined due to slacking market conditions at home and abroad. Sales of Torayfan*, a polypropylene film, decreased because the effect of lower sales prices surpassed the advantage of an increase in sales volume.

Toray's chemical business nearly flattened out compared with the results of the previous fiscal year.

Toray carried out capital investment to strengthen the production capacity of Lumirror*, used for high-density memory, and it also launched new plants in France and Malaysia.

As a result, Operating income in this segment was ¥ 8.8 billion (US\$83 million).

In housing and engineering, sales increased to ¥ 138.7 billion (US\$ 1,308 million),

mainly due to an increase in sales of construction and building materials. Operating income for the segment, however, dropped to -¥1.2 billion (-US\$ 11 million.)

Sales of pharmaceuticals and medical products marginally decreased to ¥47.4 billion (US\$ 447 million). Sales of medical products such as Toraysulfone*, a polysulfone hollow-fiber artificial kidney with superior ultrafiltration performance, and Toraymyxin*, a lifesaving blood purification device for treating septicemia, increased. However, pharmaceuticals sales decreased slightly, reflecting the severe market conditions. During the term Toray added production capacity for artificial kidneys. As a result, operating income dropped to ¥3.6billion (US\$ 34 million).

Sales of new products and other businesses were almost level with the previous year at ¥105.7 billion (US\$ 997 million). Sales of Toptical*, TFT-color filters for liquid crystal displays, circuit materials and print materials increased. However, sales of advanced composite materials decreased because weakened market conditions worldwide for carbon fiber led to a decline in exports to the United States and Europe, and a drop in sales prices. Operating income decreased to ¥5.6 billion (US\$ 53 million).

As a notable strategic investment, Toray launched Toray Saehan, Inc. for production of polyester film, polyester filament yarns and non-woven fabrics in South Korea. The Company also strengthened its corporate structures by restructuring unprofitable businesses, including closure of Toray Living Co., Ltd. and Toray Komatsu Printing (EU).

(2) Dividend

Mainly due to an extraordinary loss by proactive application of new accounting standards regarding employee retirement benefits, Toray posted a consolidated net loss of 65.7 billion and a non-consolidated net loss of 44.5 billion. Toray's board of directors recommended a year-end dividend of 3.5 yen per share, along with a policy to sustain a stable dividend. The total dividend during the term, combined with the mid-term dividend, will be 7 Yen per share, the same as the previous year.

(3) Cash flows

Toray's cash flows and the changes and balances of cash and cash equivalents are as follows:

Cash flows from operating activities	¥ 57.3 billion(US\$ 541 million)
Cash flows from investing activities	(-) ¥ 102.1 billion(US\$ 963 million)
Cash flows from financing activities	¥ 33.2 billion (US\$ 313 million)
Effect of changes in exchange rate on cash and cash equivalents	(-) ¥ 1.3 billion (US\$12 million)
Changes in cash and cash equivalents	(-) ¥ 12.9 billion (US\$ 122 million)

Cash and cash equivalents at the beginning of the period	¥ 85.8 billion (US\$ 809 million)
Beginning of term balance of cash and cash equivalents at subsidiaries not previously included in consolidated financial statements	¥ 0.1 billion (US\$ 1 million)
Cash and cash equivalents at the end of the period	¥ 73.0 billion (US\$ 689million)

2. Outlook

In spite of the ongoing economic recovery in Japan, weak consumer spending is expected to continue affecting some of the businesses of the Group, including fibers and textiles in particular. Overseas, economic conditions in Europe and Asia will recover further, and the U.S. economy is expected to remain firm. Under such circumstances, Toray is acting aggressively to increase its profitability in core businesses by thoroughly overhauling its polyester film and polyester filament yarn operations. The Company projects better earnings by carrying out Global Re-Engineering and improving profitability in its fiber operations in China. In addition, the polyester film and polyester filament yarn operations of Toray Saehan Inc. (South Korea) will fully contribute to the Company's results. Also, electronics and information-related products and housing and engineering operations are projected to be profitable in the fiscal year ending March 31, 2001. Toray is targeting consolidated net sales of about ¥ 1,080 billion (US\$ 10,189 million), operating income of about ¥ 50 billion (US\$ 472 million), ordinary income of about ¥ 40 billion (US\$ 377 million), and net income of about ¥ 20 billion (US\$ 189 million).

- Notes:(1) U.S. dollar amounts are converted from yen at an exchange rate of ¥ 106 = US\$1, the approximate rate of exchange prevailing on March 31, 2000.
- (2) The financial information herein has been compiled based on audited financial statements.
- (3) Product names with an asterisk are trademarks of Toray Industries, Inc.

3. Management Policy

(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 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 by building 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 profit distribution

Toray recognizes that the profit distribution policy is a vital matter for the Company and it is committed to distributing such profits fairly through deliberate considerations of such factors as business results, financial conditions and dividend pay-out ratio. In light of shareholders' interests, Toray has a longstanding policy to continue stable dividends. Toray is executing aggressive programs to reinforce its business structure and expand businesses. From this point of view, Toray's management believes that a certain retention of earnings to accommodate aggressive capital investment and research-and-development will benefit shareholders in the long run.

(3) Medium- and Long - Term Business Strategies and Management Focus

Toray will be faced with increasing competition given the continued globalization and application of advanced information technologies in its business environment. One of the most important tasks the Company is undertaking to meet these challenges is to restructure its production and sales processes in order to improve the profitability of its core businesses. Moreover, it will enhance Global Re-Engineering in polyester film and polyester filament yarn operations in order to

enhance the profitability of the entire Toray Group.

Another focus for Toray is to enhance its earnings power through further business expansion in the strategic business fields of advanced composite materials, pharmaceuticals and medical products, electronics and information-related products and environmental businesses, such as water treatment.

Toray is determined to focus its resources on these growing and promising areas in order to establish new core businesses and achieve stable, long-term growth in the 21st century. The Company intends to expand its businesses by taking advantage of its core strengths. Such efforts will enable the Company to improve its ROE and achieve higher earnings in the future.

For further information, please contact:

Mr. Ichiro Maeda

Investor Relations Section

Toray Industries, Inc.

Telephone: 81-3-3245-5113

Facsimile: 81-3-3245-5459

1 Consolidated Business Results

(All amounts in millions of Japanese Yen except the "per share" data)

(1) TORAY'S CONSOLIDATED FINANCIAL HIGHLIGHTS

	Year ended March 31		
	2000 (A)	1999 (B)	Change $\frac{\{(A) - (B)\} \times 100}{(B)}$
Net sales	990,487	1,001,117	-1.1%
Fibers and textiles	404,966	420,040	-3.6%
Plastics and chemicals	293,736	295,537	-0.6%
Housing and engineering	138,692	132,343	4.8%
Pharmaceuticals and medical products	47,439	47,796	-0.7%
New products and other businesses	105,654	105,401	0.2%
Operating income	32,320	47,564	-32.0%
Ordinary income	24,927	41,460	-39.9%
Net income	-65,667	8,117	---
Depreciation	79,144	78,143	1.3%
Capital investment	108,660	121,677	-10.7%
Total assets	1,470,850	1,437,360	2.3%
Property, plant and equipment, net	636,491	643,914	-1.2%
Total stockholders' equity	415,878	491,497	-15.4%
Per Share of common stock:			
Net income:			
Primary	¥-46.86	¥5.79	---
Fully diluted	---	---	---
Cash dividends	¥7.00	¥7.00	---
Stockholders' equity	¥296.74	¥350.70	-15.4%
Ratios:			
Operating income to net sales	3.3%	4.8%	
Net income to net sales	-6.6%	0.8%	
Equity ratio	28.3%	34.2%	
Return on equity	-14.5%	1.6%	

Projection of results	2001
Net sales	1,080,000
Operating income	50,000
Ordinary income	40,000
Net income	20,000

(2) SEGMENT INFORMATION (For the year ended March 31, 2000)

Industrial Segment Information

	Sales to outside customers	Inter-segment sales	Total sales	Operating income	Assets	Depreciation and amortization	Capital expenditures
Fibers and Textiles	404,966	581	405,547	14,869	462,525	27,163	39,143
Plastics and Chemicals	293,736	22,339	316,075	8,763	513,638	31,404	53,318
Housing and Engineering	138,692	42,239	180,931	(1,224)	199,091	2,517	1,995
Pharmaceuticals and Medical Products	47,439	51	47,490	3,580	71,415	2,558	2,845
New Products and Other Businesses	105,654	20,934	126,588	5,607	215,657	16,822	12,482
Total	990,487	86,144	1,076,631	31,595	1,462,326	80,464	109,783
Elimination and Corporate	---	(86,144)	(86,144)	725	8,524	(1,032)	(269)
Consolidated Total	990,487	---	990,487	32,320	1,470,850	79,432	109,514

Geographic Segment Information

	Sales to outside customers	Inter-segment sales	Total sales	Operating income	Assets
Japan	770,548	55,259	825,807	21,317	1,064,618
Asia	115,915	14,317	130,232	5,474	215,084
Europe & United States	104,024	6,561	110,585	4,559	153,052
Total	990,487	76,137	1,066,624	31,350	1,432,754
Elimination and Corporate	---	(76,137)	(76,137)	970	38,096
Consolidated Total	990,487	---	990,487	32,320	1,470,850

Export Sales and Sales by Overseas Subsidiaries

	Export sales and sales by overseas subsidiaries	Percentage of such sales against consolidated net sales
Asia	182,333	18.4%
Other regions	181,107	18.3%
Total	363,440	36.7%