

'TORAY'

**Notice of the
135th Ordinary
General Meeting
of Stockholders**

For the Fiscal Year Ended March 31, 2016



2016

Toray Industries, Inc.

1-1, Nihonbashi-Muromachi 2-chome,
Chuo-ku, Tokyo 103-8666, Japan

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

To Our Stockholders

Dear Stockholder:

Please take notice that the 135th Ordinary General Meeting of Stockholders of the Company will be held as set forth to the right and that you are cordially invited to attend.

If you do not expect to attend the meeting, you can exercise your voting rights by either of the following methods outlined below. Please review the accompanying information and exercise your voting rights by 5:30 p.m., Monday, June 27, 2016 (Japan standard time).

Voting via Mail:

Please indicate your consent or dissent for each item listed on the enclosed voting form and return the form to us by the time described above.

Voting via the Internet:

Please review "A Guide for the Exercise of Voting Rights via the Internet" on page 57 and enter your vote for or against each proposition by the above time limit.

June 6, 2016

Akihiro Nikkaku
President, Chief Executive Officer and
Chief Operating Officer

Toray Industries, Inc.
1-1, Nihonbashi-Muromachi 2-chome,
Chuo-ku, Tokyo 103-8666, Japan

Notes

1. Date and time of meeting:
Tuesday, June 28, 2016, 10 a.m.
2. Place:
Tokyo International Forum
(Hall A),
5-1, Marunouchi 3-chome,
Chiyoda-ku, Tokyo, Japan
3. Matters to be discussed and to be reported:
 1. The Business Report and Consolidated Financial Statements for the 135th business year (from April 1, 2015 to March 31, 2016), and Reports of Independent Auditors and the Board of Corporate Auditors on the relevant Consolidated Financial Statements conducted respectively
 2. Report on the Nonconsolidated Financial Statements for the 135th business year (from April 1, 2015 to March 31, 2016)

Matters to be acted upon:

- Proposition No. 1:
Appropriation of Surplus3
- Proposition No. 2:
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Election of one Corporate Auditor23
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Election of one Substitute Corporate Auditor24
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(*1) Please note that the website (<http://www.web54.net>) is available only in Japanese.

4. Matters decided upon convocation:
- (1) If a stockholder exercises two or more online votes, only the latest vote shall be effective.

 - (2) If a stockholder exercises his/her vote in duplicate, both online and via the enclosed proxy form, only the online vote shall be effective.

If the Company finds the need to make any correction in the Voting Information, Business Report, Consolidated Financial Statements, or Nonconsolidated Financial Statements, the Company will announce the correction through the Company's website (<http://www.toray.co.jp> (Japanese only)).

If you attend the meeting in person, please present the enclosed proxy form to the receptionist.

If attending the meeting by proxy, a stockholder may exercise his voting rights by authorizing one (1) other stockholder with voting rights to act as his/her proxy as stipulated in the Articles of Incorporation of the Company, provided that such proxy shall submit to the Company a document evidencing his or her power of representation, such as power of attorney.

Voting Information

Propositions and Related Information:

Proposition No. 1:
Appropriation of Surplus

With regard to the year-end dividend for the business year, management intends to pay ¥7 per share, an increase of ¥1 per share as compared to the previous fiscal year, in light of Toray's business performance, financial strength and other factors. As a result, the annual dividend, consisting of an interim dividend of ¥6 and a year-end dividend of ¥7, will be ¥13 per share, an increase of ¥2 per share as compared to the previous fiscal year.

Year-end dividend

(1) Type of dividend assets: Money

(2) Allotment of dividend assets to stockholders and the total amount

Allotment of dividend assets to stockholders: 7 yen per share of common stock

Total amount: 11,196,000,053 yen

(3) Effective date of distribution of surplus

June 29, 2016

Proposition No. 2

Election of twenty-five Members of the Board

The term of office of all the twenty-five members of the Board will expire at the close of the general meeting. Because Toray Group supplies a wide range of industries with basic materials and globally plays an active part in a broad scope of business fields, it is required to evaluate various risks from multiple perspectives based on the expertise and knowledge of the worksites not only when making managerial judgments and decisions, but also when supervising management.

Toray Group aims to realize sustainable growth and increased corporate value by promoting a long-term corporate vision and medium-term management program. To that end, the Group is committed to further strengthening a management structure with a well-balanced lineup of members of the Board while widely covering the fields of the corporate activities of the Group. The stockholders are requested to hold an election to name replacements for these twenty-five members of the Board, including members of the Board to reappoint in view of their work to steadily promote the growth strategy based on the above initiatives.

Required Information on the twenty-five Candidates for Members of the Board:

Akihiro Nikkaku

(Reappointed)

<i>Date of Birth:</i>	<i>Personal History:</i>	
<i>January 6, 1949</i>	April 1973	Joined the Company
<i>Shares Owned:</i> <i>177,000</i>	June 2001	General Manager, Engineering Division; General Manager, Second Engineering Dept.
	June 2002	Vice President (Member of the Board)
	June 2004	Senior Vice President (Member of the Board)
	June 2006	Senior Vice President (Member of the Board & Member of the Executive Committee)
	June 2007	Executive Vice President and Representative Member of the Board
	June 2010	President and Representative Member of the Board (incumbent)

(Reason for recommending him as candidate for member of the Board position)
Akihiro Nikkaku has gained rich experience and deep expertise in technology, production, engineering, research, sales, and corporate strategic planning as a whole. He has also led the promotion of the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as President in June 2010. We believe that he has contributed to the Company's sustainable development by leading the Group's management and has supervised the management of the overall Group from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Koichi Abe

(Reappointed)

Date of Birth:

February 21, 1953

Shares Owned:

34,000

Personal History:

April 1977	Joined the Company
June 2004	General Manager, Aichi Plant
June 2005	Vice President (Member of the Board)
June 2009	Senior Vice President (Member of the Board)
June 2011	Senior Vice President (Member of the Board & Member of the Executive Committee)
June 2013	Senior Vice President and Representative Member of the Board
June 2014	Executive Vice President and Representative Member of the Board (incumbent)

(Presently in charge of General Administration & Legal Division (Security Trade Administration Dept.), Intellectual Property Division, Automotive Material Strategic Planning Dept., Global Environment Business Strategic Planning Dept., and Life Innovation Business Strategic Planning Dept.: General Manager, Technology Center)

(Reason for recommending him as candidate for member of the Board position)

Koichi Abe has gained rich experience and deep expertise mainly in research, technology, and production as a whole. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2005. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Kazushi Hashimoto

(Reappointed)

<i>Date of Birth:</i> <i>February 9, 1949</i>	<i>Personal History:</i> April 1972	Joined the Company
<i>Shares Owned:</i> <i>70,000</i>	June 2002	General Manager, Fibers Division; General Manager, Fibers & Textiles Recycling Dept.
	June 2004	Vice President (Member of the Board)
	June 2007	Senior Vice President (Member of the Board)
	June 2013	Senior Vice President (Member of the Board and Member of the Executive Committee) (incumbent)
		(Presently in charge of Marketing and Sales; in charge of International Division, Marketing Planning Dept., and branches)

(Reason for recommending him as candidate for member of the Board position)
Kazushi Hashimoto has gained rich experience and deep expertise in sales and overseas business operations mainly related to the fibers and textiles business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2004. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We continue to recommend his election as a member of the Board.

Ryo Murayama

(Reappointed)

<i>Date of Birth:</i> <i>March 3, 1950</i>	<i>Personal History:</i> April 1973	Joined the Company
<i>Shares Owned:</i> <i>51,000</i>	June 2005	General Manager, LCD Materials Division
	June 2008	Vice President (Member of the Board)
	June 2010	Senior Vice President (Member of the Board)
	June 2013	Senior Vice President (Member of the Board and Member of the Executive Committee) (incumbent)
		(Presently General Manager, Pharmaceuticals & Medical Products Division)

(Reason for recommending him as candidate for member of the Board position)
Ryo Murayama has gained rich experience and deep expertise in sales mainly related to the fibers and textiles business, electronic and information materials business, and pharmaceuticals and medical products business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2008. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Yukichi Deguchi

(Reappointed)

<i>Date of Birth:</i> <i>December 19, 1949</i>	<i>Personal History:</i> April 1973	Joined the Company
<i>Shares Owned:</i> <i>52,000</i>	May 2009	Assistant General Manager, Research & Development Division
	June 2009	Vice President (Member of the Board)
	June 2012	Senior Vice President (Member of the Board)
	June 2014	Senior Vice President (Member of the Board and Member of the Executive Committee) (incumbent) (Presently General Manager, Corporate Strategic Planning Division; General Manager, IT Business SBU)

(Reason for recommending him as candidate for member of the Board position)
Yukichi Deguchi has gained rich experience and deep expertise in research, technology and production mainly related to the film business and electronic and information materials business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2009. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Akira Umeda

(Reappointed)

<i>Date of Birth:</i> <i>July 18, 1950</i>	<i>Personal History:</i> April 1975	Joined the Company
<i>Shares Owned:</i> <i>53,000</i>	June 2007	General Manager, Manufacturing Division (Pharmaceuticals & Medical Products); General Manager, Forth Production Technical Dept.
	June 2008	Vice President (Member of the Board)
	June 2012	Senior Vice President (Member of the Board)
	June 2015	Senior Vice President (Member of the Board and Member of the Executive Committee) (incumbent) (Presently in charge of Product Safety & Quality Assurance Planning Dept.; General Manager, Manufacturing Division)

(Reason for recommending him as candidate for member of the Board position)
Akira Umeda has gained rich experience and deep expertise in technology and production mainly related to the fibers and textiles business and pharmaceuticals and medical products business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2008. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Shogo Masuda

(Reappointed)

Date of Birth: August 15, 1951	Personal History: April 1975	Joined the Company
Shares Owned: 45,000	June 2006	Assistant General Manager, Affiliated Companies Division; General Manager, Affiliated Companies Administration Dept.; General Manager on Special Assignment, Corporate Strategic Planning Division
	June 2007	Vice President (Member of the Board)
	June 2011	Senior Vice President (Member of the Board) (incumbent) (Presently General Manager, Affiliated Companies Division) (Concurrently Director, Soda Aromatic Co., Ltd.)

(Reason for recommending him as candidate for member of the Board position)
Shogo Masuda has gained rich experience and deep expertise mainly in accounting, administration and planning. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2007. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Akio Sato

(Reappointed)

Date of Birth: November 5, 1950	Personal History: April 1976	Joined the Company
Shares Owned: 25,000	June 2010	President and Representative Director, Toyo Plastic Seiko Co., Ltd.
	June 2012	Vice President (Member of the Board)
	June 2013	Senior Vice President (Member of the Board) (incumbent) (Presently General Manager, Resins & Chemicals Division)

(Reason for recommending him as candidate for member of the Board position)
Akio Sato has gained rich experience and deep expertise in sales, technology and production mainly related to the resins and chemicals business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2012. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Hiroshi Otani

(Reappointed)

Date of Birth:	Personal History:	
February 22, 1953	April 1978	Joined the Company
Shares Owned:	April 2011	Assistant General Manager, Water Treatment & Environment Division
26,000	June 2011	Vice President (Member of the Board)
	June 2014	Senior Vice President (Member of the Board) (incumbent) (Presently General Manager, Water Treatment & Environment Division) (Concurrently Chairman, Toray Asia Pte. Ltd.; Director, Suido Kiko Kaisha, Ltd.)

(Reason for recommending him as candidate for member of the Board position)
Hiroshi Otani has gained rich experience and deep expertise in sales, technology and production mainly related to the water treatment and environment business and related to engineering. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2011. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Satoru Hagiwara

(Reappointed)

Date of Birth:	Personal History:	
October 22, 1956	April 1981	Joined the Company
Shares Owned:	April 2011	General Manager, Industrial Films Division
18,000	June 2012	Vice President (Member of the Board)
	June 2014	Senior Vice President (Member of the Board) (incumbent) (Presently General Manager, Films Division) (Concurrently Chairman, Toray Films Europe S.A.S.)

(Reason for recommending him as candidate for member of the Board position)
Satoru Hagiwara has gained rich experience and deep expertise in sales, technology and production mainly related to the films business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2012. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Toru Fukasawa

(Reappointed)

<i>Date of Birth:</i> <i>June 3, 1955</i>	<i>Personal History:</i> April 1978	Joined the Company
<i>Shares Owned:</i> <i>18,000</i>	June 2010	Chief Executive Representative for America; Chief Representative for America; Chairman, Toray Holding (U.S.A.), Inc.; President, Toray Industries (America), Inc.
	June 2012	Vice President (Member of the Board)
	June 2015	Senior Vice President (Member of the Board) (incumbent) (Presently General Manager, Finance & Controller's Division) (Concurrently President, Toray Holding (U.S.A.), Inc.; President, Toray Capital (America), Inc.; Director, Atsugi Co., Ltd.)

(Reason for recommending him as candidate for member of the Board position)
Toru Fukasawa has gained rich experience and deep expertise in accounting, administration and strategic planning. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2012. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Yasuo Suga

(Reappointed)

<i>Date of Birth:</i> <i>April 29, 1955</i>	<i>Personal History:</i> April 1980	Joined the Company
<i>Shares Owned:</i> <i>19,000</i>	May 2012	General Manager, Advanced Composites Division; General Manager, Automotive & Air craft Center
	June 2013	Vice President (Member of the Board) (incumbent) (Presently Assistant General Manager, Torayca & Advanced Composites Division; General Manager, Advanced Composites Division) (Concurrently Chairman and Representative Director, Toray Carbon Magic Co., Ltd.)

(Reason for recommending him as candidate for member of the Board position)
Yasuo Suga has gained rich experience and deep expertise in sales, technology and production mainly related to the carbon fiber composite materials business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2013. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Hirofumi Kobayashi

(Reappointed)

Date of Birth: November 22, 1958	Personal History: April 1983	Joined the Company
Shares Owned: 11,000	May 2011	General Manager, Electronic & Information Materials Division (Technology and Manufacturing)
	June 2013	Vice President (Member of the Board) (incumbent) (Presently General Manager, Electronic & Information Materials Division; General Manager, FPD Materials Division)

(Reason for recommending him as candidate for member of the Board position)
Hirofumi Kobayashi has gained rich experience and deep expertise in sales, technology and production mainly related to the electronic and information materials business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2013. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Kazuhiko Shuto

(Reappointed)

Date of Birth: December 31, 1957	Personal History: April 1980	Joined the Company
Shares Owned: 11,000	April 2014	General Manager, Textiles Division
	June 2014	Vice President (Member of the Board) (incumbent) (Presently Representative of Toray in China) (Concurrently Chairman, Toray Industries (China) Co., Ltd.; Chairman, Toray Jifa (Qingdao) Textile Co., Ltd.; Director, KOMATSU SEIREN CO., LTD.)

(Reason for recommending him as candidate for member of the Board position)
Kazuhiko Shuto has gained rich experience and deep expertise in sales mainly related to the fibers and textiles business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2014. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Tetsuya Tsunekawa

(Reappointed)

Date of Birth:

March 28, 1960

Personal History:

April 1984

Joined the Company

Shares Owned:

9,000

June 2012

General Manager, Tsuchiura Plant

June 2014

Vice President (Member of the Board) (incumbent)

(Presently General Manager, Research & Development Division;
General Manager, Basic Research Center)

(Reason for recommending him as candidate for member of the Board position)
Tetsuya Tsunekawa has gained rich experience and deep expertise in research, technology and production mainly related to the films business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2014. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Satoru Nishino

(Reappointed)

Date of Birth:

November 1, 1958

Personal History:

April 1983

Joined the Company

Shares Owned:

7,000

May 2015

General Manager, Manufacturing Division (Films)

June 2015

Vice President (Member of the Board) (incumbent)

(Presently General Manager, Manufacturing Division (Films))

(Reason for recommending him as candidate for member of the Board position)
Satoru Nishino has gained rich experience and deep expertise in technology and production mainly related to the films business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2015. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Yoshiyuki Tanaka

(Reappointed)

Date of Birth:

July 7, 1959

Shares Owned:

6,000

Personal History:

April 1984

Joined the Company

May 2015

General Manager, Manufacturing Division (Fibers & Textiles);
General Manager, First Production Technical Dept.; General
Manager on Special Assignment, Technology Center Planning
Dept.

June 2015

Vice President (Member of the Board) (incumbent)
(Presently General Manager, Manufacturing Division (Fibers &
Textiles))
(Concurrently Director, SAKAI OVEX Co., Ltd.)

(Reason for recommending him as candidate for member of the Board position)

Yoshiyuki Tanaka has gained rich experience and deep expertise in technology and production related to the fibers and textiles business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2015. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

Mitsuo Oya

(Newly appointed)

Date of Birth:

June 11, 1956

Shares Owned:

47,158

Personal History:

April 1980	Joined the Company
June 2002	General Manager, Filament Dept.
April 2008	Director (Member of the Board), P.T. Indonesia Toray Synthetics; Vice President (Member of the Board), PT. OST Fibre Industries
June 2008	Executive Vice President, P.T. Indonesia Toray Synthetics; Director (Member of the Board), PT. OST Fibre Industries
June 2009	General Manager, Industrial & Textile Fibers Division; General Manager, Fibers & Textiles Recycling Dept.
June 2011	General Manager, Industrial & Textile Fibers Division
June 2012	Vice President (Member of the Board)
June 2014	Retired from Vice President (Member of the Board) President and Representative Member of the Board, Toray International, Inc. (incumbent) (Concurrently Chairman, Toray International (China) Co., Ltd.)

(Reason for recommending him as candidate for member of the Board position)
Mitsuo Oya has gained rich experience, knowledge, and deep expertise and has become well versed in worksites over his many years in the Company engaged mainly in sales related to the fibers and textiles business. He has also accrued sufficient knowledge of management through his duties in core positions in the relevant business fields and as an officer of an overseas group company, President of a domestic group company, and Vice President (Member of the Board) of the Company.

We believe that he will be able to execute his duties by making appropriate judgments and decisions on management issues based on his knowledge and ability mentioned above, and will supervise management from an objective viewpoint. We therefore ask for the election of Mitsuo Oya as a new member of the Board.

Takashi Fujimoto

(Newly appointed)

Date of Birth:*July 5, 1955****Shares Owned:****11,293****Personal History:***

April 1980	Joined the Company
September 2005	Assistant General Manager, First Engineering Dept.
April 2009	General Manager, First Engineering Dept.
June 2014	President and Representative Member of the Board, Toray Precision Co., Ltd. (incumbent)

(Reason for recommending him as candidate for member of the Board position)

Takashi Fujimoto has gained rich experience, knowledge, and deep expertise and has become well versed in worksites over his many years in the Company in positions related to engineering. He has also accrued sufficient knowledge of management through his duties in core positions in the relevant business field and as President of a domestic group company of the Company.

We believe that he will be able to execute his duties by making appropriate judgments and decisions on management issues based on his knowledge and ability mentioned above, and will supervise management from an objective viewpoint. We therefore ask for the election of Takashi Fujimoto as a new member of the Board.

Yuji Fukuda

(Newly appointed)

Date of Birth:

July 30, 1955

Shares Owned:

8,288

Personal History:

April 1979	Joined the Company
February 2001	Assistant General Manager, Plastics Strategic Planning & Business Administration Dept.
June 2003	General Manager, Plastics & Films Division, Planning & Administration Dept.
June 2007	General Manager, Films Business Planning & Administration Dept.; General Manager, Resins & Chemicals Business Planning & Administration Dept.
June 2009	General Manager, Affiliated Companies Administration Dept.
June 2013	General Manager, Auditing Dept. (incumbent)

(Reason for recommending him as candidate for member of the Board position)

Yuji Fukuda has gained rich experience, knowledge, and deep expertise and has become well versed in worksites over his many years in the Company engaged mainly in roles related to accounting, administration, and strategic planning. He has also accrued sufficient knowledge of management through his duties in core positions in the relevant business fields.

We believe that he will be able to execute his duties by making appropriate judgments and decisions on management issues based on his knowledge and ability mentioned above, and will supervise management from an objective viewpoint. We therefore ask for the election of Yuji Fukuda as a new member of the Board.

Shigeki Taniguchi

(Newly appointed)

Date of Birth:

April 8, 1959

Shares Owned:

11,000

Personal History:

April 1983	Joined the Company
June 2006	General Manager, Administration Dept., Nagoya Plant
December 2014	General Manager, General Administration Dept.
April 2015	Genial Manager, General Administration & Legal Division; Genial Manager, General Administration Dept. (incumbent)

(Reason for recommending him as candidate for member of the Board position)
Shigeki Taniguchi has gained rich experience, knowledge, and deep expertise and has become well versed in worksites over his many years in the Company in positions mainly related to personnel, industrial relations, and general affairs. He has also accrued sufficient knowledge of management through his duties in core positions in the relevant business fields.

We believe that he will be able to execute his duties by making appropriate judgments and decisions on management issues based on his knowledge and ability mentioned above, and will supervise management from an objective viewpoint. We therefore ask for the election of Shigeki Taniguchi as a new member of the Board.

Toshiyuki Kondo

(Newly appointed)

Date of Birth:

June 5, 1959

Shares Owned:

6,000

Personal History:

April 1985	Joined the Company
April 2004	General Manager, Torayca & Advanced Composites Business Planning & Administration Dept.; General Manager on Special Assignment, Advanced Composites Development Center
April 2007	Assistant General Manager, First Torayca Production Dept., Ehime Plant
September 2007	General Manager, Second Torayca Production Dept., Ehime Plant
June 2009	President, Toray Composites (America), Inc.
May 2013	President, Toray Carbon Fibers America, Inc.
May 2015	General Manager, Manufacturing Division (Torayca & Prepreg Technology and Manufacturing, ACM Technology Dept.) (incumbent)

(Reason for recommending him as candidate for member of the Board position)

Toshiyuki Kondo has gained rich experience, knowledge, and deep expertise and has become well versed in worksites over his many years in the Company engaged mainly in technology and production related to the carbon fiber composite materials business. He has also accrued sufficient knowledge of management through his duties in core positions in the relevant business fields and as a President of overseas group companies.

We believe that he will be able to execute his duties by making appropriate judgments and decisions on management issues based on his knowledge and ability mentioned above, and will supervise management from an objective viewpoint. We therefore ask for the election of Toshiyuki Kondo as a new member of the Board.

Kenichiro Miki

(Newly appointed)

Date of Birth:

September 23, 1959

Shares Owned:

19,000

Personal History:

April 1982	Joined the Company
June 2005	Assistant General Manager, TFNL Division, Toray Industries (China) Co., Ltd.; Vice President and Director, Toray Fibers (Nantong) Co., Ltd.
January 2007	Vice President and Director, Toray Industries (China) Co., Ltd.; Vice President and Director, Toray Fibers (Nantong) Co., Ltd.
December 2007	General Manager, Staple Fibers Dept.
May 2012	General Manager, Filament Dept.
May 2013	General Manager, Industrial & Textile Fibers Division
May 2016	General Manager, Textile Division; Concurrently Chairman, Toray Textiles Europe Ltd. (incumbent)

(Reason for recommending him as candidate for member of the Board position)

Kenichiro Miki has gained rich experience, knowledge, and deep expertise and has become well versed in worksites over his many years in the Company engaged mainly in sales related to the fibers and textiles business. He has also accrued sufficient knowledge of management through his duties in core positions and as an officer of overseas group companies.

We believe that he will be able to execute his duties by making appropriate judgments and decisions on management issues based on his knowledge and ability mentioned above, and will supervise management from an objective viewpoint. We therefore ask for the election of Kenichiro Miki as a new member of the Board.

Kunio Ito

(Reappointed)

(Candidate for outside director position)

Date of Birth:

December 13, 1951

Personal History:

April 1980

Lecturer, Faculty of Commerce and Management, Hitotsubashi University

Shares Owned:

5,000

June 1984

Assistant Professor, Faculty of Commerce and Management, Hitotsubashi University

April 1992

Professor, Faculty of Commerce and Management, Hitotsubashi University

August 2002

Dean, Graduate School of Commerce and Management and Faculty of Commerce and Management, Hitotsubashi University

December 2004

Executive Vice President and Board Member, Hitotsubashi University

June 2005

Member of the Board, Akebono Brake Industry Co., Ltd. (incumbent)

December 2006

Professor, Graduate School of Commerce and Management, Hitotsubashi University

June 2007

Member of the Board, Mitsubishi Corporation

June 2009

Director, Sharp Corporation

June 2009

Director, Tokio Marine Holdings, Inc.

June 2012

Director, Sumitomo Chemical Company, Limited (incumbent)

June 2013

Director, Kobayashi Pharmaceutical Co., Ltd. (incumbent)

May 2014

Director, Seven & i Holdings Co., Ltd. (incumbent)

June 2014

Vice President (Member of the Board) (incumbent)

April 2015

Research Professor, Graduate School of Commerce and Management, Hitotsubashi University (incumbent)

(Reason for recommending him as candidate for outside director position)

Kunio Ito has rich experience and advanced expertise as a university professor (accounting and management). He also has experience as an outside director of corporations and is known for his good personality and deep insight. We are sure he will objectively supervise management and participate in important decision-making. The Company thus recommends his reelection to the Board of Directors as an outside director. While he has not participated in corporate management in any position other than as an outside director, we believe that he will be able to perform the duties of outside director appropriately for the aforementioned reasons. His term of office as outside director will reach 2 years at the close of this general meeting.

(Matters regarding independency)

Kunio Ito satisfies the requirements for independent director/auditor set forth in the regulations of Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company, and we believe that his independency is secured.

Ryoji Noyori

(Reappointed) (Candidate for outside director position)

Date of Birth: <i>September 3, 1938</i>	Personal History: February 1968	Assistant Professor, School of Science, Nagoya University
Shares Owned: <i>10,000</i>	August 1972	Professor, School of Science, Nagoya University
	January 1997	Dean, Graduate School of Science and School of Science, Nagoya University
	June 2001	Director, TAKASAGO INTERNATIONAL CORPORATION (incumbent)
	October 2003	Designated Professor, Nagoya University
	October 2003	President, RIKEN
	October 2003	Chief Fellow, Center for Research and Development Strategy, Japan Science and Technology Agency
	October 2004	Special Professor, Nagoya University (incumbent)
	June 2015	Director-General, Center for Research and Development Strategy, Japan Science and Technology Agency (incumbent)
	June 2015	Vice President (Member of the Board) (incumbent)

(Reason for recommending him as candidate for outside director position)

Ryoji Noyori has rich experience as a university professor, and advanced expertise in synthetic organic chemistry, one of core technologies of the Company. He also has experience as an outside director of corporations and is known for his good personality and deep insight. We are sure he will supervise management from an objective position and participate in important decision-making based on his academic and technical viewpoints. We therefore ask for the reelection of Ryoji Noyori as an outside director. While he has not participated in corporate management in any position other than as an outside director, we believe that he will be able to perform the duties of outside director appropriately for the aforementioned reasons. His term of office as outside director will reach 1 year at the close of this general meeting.

(Matters regarding independency)

Ryoji Noyori satisfies the requirements for independent director/auditor set forth in the regulations of Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company.

Ryoji Noyori served as a Special Councilor for research and technological strategy of the Company until April 2015, but the amount of compensation paid to him by the Company in the fiscal year ended March 31, 2016 was less than 1% of the total compensation he received that year. The Company has not concluded a councilor agreement with Ryoji Noyori as of the present. For the aforementioned reasons, we believe that his independency is secured.

Note 1: There are no special interests between each of the candidates for member of the Board position and the Company.

- Note 2: Akebono Brake Industry Co., Ltd., a company in which Kunio Ito assumes office as a member of the Board, was subject to investigation by an investigation committee in November 2015 after a fact of improper accounting treatments came to light. Because the impact on performance was found to be insignificant in the investigation, the account settlements were not revised. Although Kunio Ito did not acknowledge the fact in advance, he usually made recommendations for improving internal control and strengthened compliance functions at the company's Board of Directors meetings. After exposure of the fact, Kunio Ito performed his duties as a member of the Board mainly by advising the company on measures for the prevention of recurrence.
- Note 3: In accordance with the Articles of Incorporation, the Company entered into agreements with Kunio Ito and Ryoji Noyori, with respect to the limitation of liabilities for damages arising from negligence in the performance of duties. Under these agreements, the damage liability of the outside directors shall be limited to the minimum amount stipulated in Article 425, paragraph 1 of the Companies Act if such outside directors have performed their duties in good faith and without gross negligence. If reappointment is approved as proposed, the Company will renew the liability limitation agreement with Kunio Ito and Ryoji Noyori under the same conditions.

Proposition No. 3:

Election of one Corporate Auditor

Mr. Kiyoshi Fukuchi will resign from his position as corporate auditor at the close of the general meeting. The stockholders are requested to hold an election to name a replacement for one corporate auditor as his substitute. The Company has obtained the Board of Corporate Auditors' prior consent to the submission of this proposition.

Required Information on Candidates for Corporate Auditor Position:

Shoshiro Taneichi

(Newly appointed)

Date of Birth	Personal History:	
<i>July 29, 1953</i>	April 1979	Joined the Company
Shares Owned: <i>8,000</i>	June 2000	General Manager, Third Production Technical Dept.; General Manager on Special Assignment, Technology Center Planning Dept.
	June 2002	General Manager, Electronic & Information Materials Dept.
	June 2006	General Manager, Electronic and Imaging Materials Research Laboratories
	May 2009	General Manager, Electronic & Information Materials Division (Technology and Manufacturing)
	May 2011	General Manager, Environment & Amenity Products Division (Technology and Manufacturing); General Manager, Shiga Plant
	May 2012	General Manager, Shiga Plant (incumbent)

(Reason for recommending him as a candidate for corporate auditor position)
Shoshiro Taneichi has broad knowledge on the overall management of the Company based on his many years of experience holding key managerial offices in the Company. He would conduct appropriate audits objectively. We therefore recommend his election to the Board of Corporate Auditors as a corporate auditor.

Note: There are no special interests between the candidate for corporate auditor position and the Company.

Proposition No. 4:

Election of one Substitute Corporate Auditor

The stockholders are requested to hold an election to name one substitute outside corporate auditor to prepare for cases where the number of corporate auditors falls below the number stipulated by laws and ordinances. The Company has obtained the Board of Corporate Auditors' prior consent to the submission of this proposition.

Required Information on Candidate for Substitute Corporate Auditor Position:

Koichi Kobayashi

(Candidate for substitute outside corporate auditor position)

Date of Birth:	Personal History:	
October 16, 1948	April 1973	Legal apprentice
Shares Owned:	April 1975	Appointed to an assistant judge
0	April 1985	Registered as a lawyer (The Dai-ichi Tokyo Bar Association)
		Co-partner, Taguchi General Law Firm
	April 2003	Professor, Kanto Gakuin University College of Law (incumbent)
	June 2006	Corporate Auditor, TV Asahi Corporation
	June 2012	Substitute Corporate Auditor of the Company (incumbent)
	July 2012	Joined Mizoguchi Law Office (incumbent)

(Reason for recommending him as candidate for corporate auditor position)

Koichi Kobayashi has rich experience as a lawyer, has established a highly regarded record of achievements and is deeply knowledgeable in legal and corporate affairs from his expert viewpoint, and is known for his good personality and deep insight. He would conduct appropriate audits objectively. The Company thus recommends his election to the Board of Corporate Auditors as a substitute outside corporate auditor.

While he has not participated in corporate management in any position other than as an outside corporate auditor, we believe that he will be able to perform the duties of outside corporate auditor appropriately for the aforementioned reasons.

(Matters regarding independency)

Koichi Kobayashi satisfies the requirements for independent director/auditor set forth in the regulations of Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company.

In addition, we have not concluded any advisory or consulting agreements or engaged in transactions with Mizoguchi Law Office, the firm to which Koichi Kobayashi belongs. We therefore believe that his independency is secured.

Note 1: There are no special interests between the candidate for substitute corporate auditor position and the Company.

Note 2: The Tokyo Stock Exchange will be notified that Koichi Kobayashi is an independent director/auditor under the regulations of the Exchange, upon his assumption of office as outside corporate auditor.

Note 3: In accordance with the Articles of Incorporation, the Company intends to enter into an agreement with Koichi Kobayashi, upon his assumption of office as outside corporate auditor, with respect to the limitation of liabilities for damages arising from negligence in the performance of duties. Under these agreements, the damage liability of the outside corporate auditor shall be limited to the minimum amount stipulated in Article 425, paragraph 1 of the Companies Act if such outside corporate auditor has performed his duties in good faith and without gross negligence.

Proposition No. 5:***Payment of Bonuses to Members of the Board***

In light of business results during the period under review, the Company proposes to pay the following bonuses to the twenty-three members of the Board (excluding outside directors) who are in office as of the end of the fiscal year: ¥161,100,000.

(Reference)

Standards for Judging the Independence of Outside Directors/Corporate Auditors

Toray Industries, Inc. (the “Company”) established the following standards for the independence of outside directors and outside corporate auditors (collectively, “Outside Director/Corporate Auditor”) to ensure the objectivity and transparency of governance.

If an Outside Director/Corporate Auditor or a candidate for Outside Director/Corporate Auditor is found not to fall under any of the following items as a result of an investigation of the candidate performed by the Company to a reasonably practicable extent, the Company shall judge that he/she possesses independence.

1. An executive (Note 1) of the Company, its subsidiaries, or affiliated companies (collectively, the “Group”) or a person who has been an executive of the Group in the past 10 years.
2. A current major shareholder of the Company (Note 2) or an executive thereof.
3. A party of which the Group directly or indirectly holds 10% or more voting rights out of the total number of voting rights, or an executive thereof.
4. A major client or supplier (Note 3) of the Group or an executive thereof.
5. A person who belongs to an audit company acting as the independent auditor of the Company or Group companies.
6. A person rendering professional services, such as a consultant, attorney-at-law, or certified public accountant, who receives a large amount of monetary consideration or other property (Note 4) from the Group besides remuneration as a member of the Board or corporate auditor (if the person receiving such property is a body such as a legal person and partnership, including a consulting firm, legal firm, or accounting firm, a person who belongs to such body).
7. A person who receives a large donation (Note 5) from the Group (if the person receiving such large donation is a body such as a legal person and partnership, an executive thereof).
8. An executive of a company in which an executive of the Group is elected as a member of the Board or corporate auditor.
9. A person who has fallen under any of items 2 through 8 above in the past three years.
10. If a person who falls under any of items 1 through 8 above is an important person (Note 6), a spouse or relative within the second degree of kinship thereof.
11. Any other person who is likely to have conflicts of interest with general shareholders and is subject to circumstances reasonably deemed unable to fulfill his/her duties as an independent Outside Director/Corporate Auditor.

Notes

1. An “executive” means an executive director, executive officer, operating officer of a legal person or other body, or other person or employee similar thereto. When judging the independence of an outside corporate auditor, a non-executive director is included.
2. A “major shareholder” means a shareholder who holds shares with 10% or more of voting rights in his/her own name or another person’s name at the end of the most recent fiscal year of the Company.
3. With respect to a “major client or supplier,” in order to enable a substantial judgment of the degree of a possible conflict of interest, the Company shall examine the importance of the transactions for both the Group and the counterparty using an appropriate indicator and disclose summaries of the results.
4. With respect to a “large amount of monetary consideration or other property,” the Company examines the importance of the monetary consideration, etc. for both the Group and counterparty using an appropriate indicator and discloses summaries of the results.
5. With respect to a “large donation,” the Company examines the importance of the donation for both the Group and recipient using an appropriate indicator and discloses summaries of the results.
6. An “important person” means an executive director, executive officer, operating officer, or an employee with a senior managerial position of General Manager or higher.

[Attached Documents]**Business Report (from April 1, 2015 to March 31, 2016)****1. Review of Operations of Toray Group****(1) Operations and Results for the Period****The Business Environment and Trends in Sales and Profitability**

During the period under review, while the Chinese economy continued to slow down gradually and economies of many other emerging countries also showed signs of weakness, the U.S. economy maintained its recovery and the European economy also picked up steadily. The Japanese economy continued on its modest recovery track on the back of improving corporate earnings as well as employment and income situation, despite some signs of sluggishness in production and exports.

Under such circumstances, Toray Group, based on the medium-term management program "Project AP-G 2016" that spans over three years from fiscal year 2014 to 2016, has been implementing the growth strategy with focus on taking advantage of growth business fields and business opportunities and pursuing business expansion in growth countries and regions and further bolstering its total cost competitiveness in accordance with the program.

As a result, consolidated net sales for the fiscal year ended March 31, 2016 increased 4.7% compared with the previous fiscal year to ¥2,104.4 billion. Operating income increased 25.1% to ¥154.5 billion, ordinary income increased 16.8% to ¥150.2 billion and net income attributable to owners of parent increased 26.9% to ¥90.1 billion.

Business performance by segment is described below.

Fibers and Textiles

In Japan, demand for apparel applications remained weak and sales for industrial applications were affected by inventory adjustment at some customers for automotive applications. Against this background, Toray Group not only strived to expand sales on the

whole but also worked to improve profitability by upgrading the business primarily through promotion of a business format that integrates fibers to textiles to final products.

Overseas, despite being affected by a slowdown in demand in Europe and sluggish domestic demand in China, textile subsidiaries in China and Southeast Asia pursued sales expansion and a shift towards high value-added products. In addition, shipment for automotive applications such as airbag fabric and interior materials was strong, and demand for hygiene products in Southeast Asia and India expanded.

Overall sales of Fibers & Textiles segment in the fiscal year ended March 31, 2016 increased 4.1% to ¥892.0 billion from the previous year and operating income rose 23.9% to ¥68.9 billion.

Plastics and Chemicals

In the resin business, while shipment of automotive application products was affected in Japan by the decline in automobile production, other applications performed strongly in general. Overseas, shipment at subsidiaries in the U.S. expanded for automotive applications and shipment of ABS resin at a Malaysian subsidiary remained strong.

In the film business, the products for packaging applications performed strongly both in Japan and abroad. Toray Group, despite many applications being affected by price competition, strived to improve profitability of the business by emphasizing on sales expansion of high value-added products and cost reduction.

Overall sales of Plastics & Chemicals segment increased 5.0% to ¥521.2 billion from the previous year and operating income rose 23.1% to ¥29.4 billion.

IT-related Products

In the IT-related Products segment, regarding large LCD panel-related materials, the trend shifted to larger displays and demand for 4K TV expanded, but related materials such as films and processed film products were affected by production adjustment at customers given the

slowing demand in China and other emerging countries. Smartphone and tablet terminal-related materials performed strongly, as shipment of high performance electric circuit materials at a subsidiary in Republic of Korea expanded. A Japanese subsidiary expanded sales of LCD color filter manufacturing equipment, etc. In the meantime, all materials continued to be affected by price competition and Toray Group worked to maintain profitability of the business through measures such as cost reduction.

Overall sales of IT-related Products segment increased 1.2% to ¥251.1 billion from the previous year and operating income rose 6.8% to ¥26.2 billion.

Carbon Fiber Composite Materials

In the Carbon Fiber Composite Materials segment, shipment of carbon fibers and intermediate products (prepreg) increased, as demand for aircrafts as well as that in the environment and energy fields including wind turbine applications expanded. The new facilities that started production in the latter half of 2014 and in the first half of 2015 contributed to production increase and sales expansion, and the shipment of products for fuel cell vehicles started in earnest.

Overall sales of Carbon Fiber Composite Materials segment increased 17.6% to ¥186.2 billion from the previous year and operating income rose 37.7% to ¥36.1 billion.

Environment and Engineering

In the water treatment business, profitability of exports of products including reverse osmosis (RO) membranes from Japan improved thanks to the progress made in cost reduction and the weaker yen. Subsidiaries in the U.S., China and Republic of Korea also performed strongly.

As for domestic subsidiaries in the segment, the number of plant construction projects declined at an engineering subsidiary.

Overall sales of Environment & Engineering segment increased 1.9% to ¥183.3 billion from the previous year and operating income rose 19.5% to

¥9.6 billion yen.

Life Science

In the pharmaceutical business, shipment of natural-type interferon beta preparation FERON® and orally active prostacyclin derivative DORNER® remained sluggish due to the impact of alternative medicine and generic drugs. License revenue also decreased from the previous year. On the other hand, sales volume of pruritus treatment REMITCH®* increased, as the product received approval for the additional indication of treating pruritus in chronic liver disease patients. The medical devices business performed strongly, as shipment of dialyzers grew strongly and profitability of exports improved.

Overall sales of Life Science segment declined 2.1% to ¥55.8 billion from the previous year and operating income fell 24.7% to ¥3.1 billion.

* REMITCH® is a registered trademark of Torii Pharmaceutical Co., Ltd.

New Investments, R&D, and Other Activities

In order to implement growth strategies of “Project AP-G 2016,” a plan under which Toray shall make proactive capital investment primarily in growth fields and regions, Toray Group made several new investments for expanding businesses such as carbon fiber composite materials in the period under review.

In terms of new major capital investment in the Carbon Fiber Composite Materials segment, Toray Group decided to build an integrated facility, for production of materials from precursors to carbon fibers and to intermediate products, in South Carolina, the U.S. The investment in this project will amount to about 50.0 billion yen and the new facility is expected to start operation in a phased manner from May 2017 starting with the production of precursors. Moreover, Toray Group made a decision to increase production capacity of large-tow carbon fibers at a U.S. subsidiary Zoltek Companies, Inc. in response to growing demand for wind turbine application and expanding adoption of the

material for automobile structure in the future and the facility began production by March 2016.

In the Fibers & Textiles segment, Toray Group continues to improve the global supply structure of airbag materials and hygiene products, whose demand has been expanding. In the Plastics & Chemicals segment, Toray Group established Toray Resins Europe GmbH, a marketing and sales company of high-performance resin products, in Germany, and a U.S. subsidiary Toray Resin Co. enhanced its resin technical center. Toray Group will proceed with the development of the system to respond meticulously to local needs and strengthen collaboration with European and North American automobile parts manufacturers as well as Japanese ones. In the IT-related Products segment, Toray Group has been enhancing the production system of battery separator films for lithium-ion batteries, the demand of which is expected to grow.

In addition to capital investment, Project AP-G 2016 calls for flexibly carrying out M&As and alliances when it can expect to generate synergies by leveraging its core technologies and business foundations.

In the period under review, Toray Group in the Carbon Fiber Composite Materials segment acquired 55% of the outstanding shares in Italian prepreg manufacturer Delta Tech S.p.A and made the company and its wholly owned subsidiary Delta Preg S.p.A into Toray subsidiaries. Delta Group is highly rated by the market for development and supply of its high quality intermediate processed products for automobile applications as well as for its meticulous engineering service. The acquisition of the controlling interest further strengthens Toray Group's integrated supply chain in Europe.

Moreover, Toray Group, with an eye on greater business expansion in the future, acquired the entire stake of SolviCore GmbH & Co. KG from

Umicore AG & Co. KG and Solvay GmbH and established it as a new company Greenerity GmbH. Catalyst Coated Membrane (CCM) and Membrane Electrode Assembly (MEA) are important parts that form the core of fuel cells and water electrolyzers that are indispensable for realizing the coming hydrogen society. With the establishment of Greenerity, Toray Group will realize synergies in the fuel cells and related fields and expand the business.

Toray Group invests continuously in research & development for sustainable growth in the future. The Group has been vigorously developing products based on core technologies, namely organic synthetic chemistry, polymer chemistry, biochemistry, and nanotechnology.

For the period under review, the Group achieved solid results in Green Innovation towards the solution of issues facing the global environment and natural resources and energy and water resources. The ecodear®PET, a partially plant-based polyester fiber, conformed to the new criteria for a Type I environmental label, the first of its kind in the world, was certified as an Eco Mark product in Japan, and was used in swimsuits for the first time. The Toray Group also continues to promote its initiatives for practical development with a view to commercializing products derived entirely from biomass materials. Toray Group has also developed a basic technology for a reverse osmosis membrane to which underwater dirt components do not adhere. As the membrane developed with this technology is capable of steadily providing high-quality filtrated water for long periods, we anticipate that the demand for Toray membranes for wastewater reclamation will increase across the world. In the Life Innovation field focused on improving the quality of healthcare, alleviating burden at medical institutions and contributing to health and longevity in general, substantive experiments for work monitoring and observation services using the hitoe® wearable biometric sensor by outdoor workers at construction sites and airports

progressed. And as a 90th anniversary project, the Toray Group has decided to establish the R&D Innovation Center for the Future at the Shiga Plant, the site of the former Central Research Laboratories and company's founding, as a center with basic research function for generating advanced materials using ultimate technology and fusion technology that will create a future underpinned by the strength of new materials and support the Company for centuries to come.

(2) Issues to be Addressed

The global economy as a whole is expected to continue its gradual recovery led by the U.S. and other developed countries, though attention should be paid to risk factors such as the slowdown in the Chinese economy, downturn in other emerging economies and the impact of the normalization of the U.S. monetary policy. Similarly, the Japanese economy is also expected to break free from the current standstill and recover gradually on the back of improving employment and income situation, but there remain concerns that downturn of overseas economies and fluctuations of the global financial markets would hurt the economic sentiment.

Under such circumstances, Toray Group will continue to focus on implementation of the growth strategy and strengthening of its revenue base under the medium-term management program "Project AP-G 2016," whose final year is fiscal year 2016.

In the two growth fields of Green Innovation and Life Innovation, Toray Group will leverage its core and fundamental technologies as well as its global business foundation. Moreover, to capture demand in countries and regions that are expected to register economic growth as Toray Group's revenue to the maximum extent, it will proactively expand business in Asia, Americas and emerging countries through establishment of new business bases and other steps.

Toray Group will prioritize capital expenditure, research & development, and allocation of other

management resources in these growth business fields and growth countries and regions. If synergies appear to be achievable through the use of the Group's core technologies and business foundations, the Group will have the leeway to flexibly plan M&As and alliances in order to implement growth strategies.

In dealing with changes in foreign exchange rates or raw materials and fuel prices, the Group will continue to maintain a business structure insulated from these external factors insofar as can be practically achieved, by making use of its global business foundations. Further, the Group will aim to sustain its growth through capital expenditure, research & development, and human resources development from a medium- to long-term perspective and practice management to meet the trust and expectations of stockholders and other stakeholders.

As for dividend policy, Toray will maintain stable and continuous increase of dividend distributions to stockholders at a level commensurate with the improvement of business performance.

Toray Group assigns the highest managerial priority to safety, accident prevention, and environmental preservation, corporate ethics, legal compliance, and other essentials of Corporate Social Responsibility (CSR) and will further promote its CSR initiatives. Toray Group has drawn up the "Fifth CSR Roadmap" for three years from FY 2014 to FY 2016 and has systematically promoted CSR in every aspect of business. The Group will strive to combine sustainable growth with CSR and balance its management strategies with CSR according to the "CSR Roadmap."

Toray Group, with the belief that the materials, which form the base of all products, have the power to intrinsically change society, aims to develop and commercialize cutting-edge technologies and new materials by constantly pursuing technological innovations ahead of its competition around the world. Further, Toray Group shall aim to sustain its growth by focusing on all the aspects of our business activities, grasping the situation thoroughly and overcoming the hurdles through analysis of the situation, and

shall strive to realize the ideals of its corporate philosophy of “contributing to society through the creation of new value with innovative ideas, technologies and products.”

We hope all stockholders will grant continued understanding and support in the future.

(3) Investment in Fixed Assets

The following are major investments in production facilities that have been implemented during the business year.

- 1) Major production facilities completed during the year:

IT-related Products:

Expansion of production facilities for polyethylene film (at Toray Battery Separator Film Co., Ltd.)

Carbon Fiber Composite Materials:

Establishment of manufacturing facilities for CFRP automobile parts (at Euro Advanced Carbon Fiber Composites GmbH)

Carbon Fiber Composite Materials:

Expansion of production facilities for carbon fiber (at Toray Carbon Fibers Europe S.A. and others)

- 2) Establishment or expansion of major production facilities under construction during the year:

Fibers and Textiles:

Expansion of production facilities for polypropylene spunbond (at P.T. Toray Polytech Jakarta)

Plastics and Chemicals and IT-related Products:

Establishment of production facilities for PPS resin (at Toray Advanced Materials Korea Inc.)

IT-related Products:

Expansion of production facilities for polyethylene film (at Toray Battery Separator Film Korea Limited)

Carbon Fiber Composite Materials:

Expansion of production facilities for prepreg (at Toray Composites (America), Inc.)

Carbon Fiber Composite Materials:

Establishment of production facilities for carbon fiber and prepreg (at Toray Carbon Fibers America, Inc.)

(4) Financing Activities

Toray Group raised funds mainly in the form of bank loans.

(5) Financial Highlights

Toray Group (Consolidated basis)

Years ended	Billions of yen			
	except per share data			
March 31	2013	2014	2015	2016
Net sales	¥1,592.3	¥1,837.8	¥2,010.7	¥2,104.4
Operating income	83.4	105.3	123.5	154.5
Ordinary income	88.2	110.6	128.6	150.2
Net income attributable to owners of parent	48.5	59.6	71.0	90.1
Net income per share (yen)	29.75	36.59	44.33	56.38
Net assets	779.6	944.6	1,080.8	1,024.9
Total assets	1,731.8	2,119.7	2,357.9	2,278.4

Note 1: Net income per share is calculated based on the average number of shares outstanding during the year after deducting treasury stock.

Note 2: Figures are shown rounded to the nearest ¥0.1 billion.

(6) Major Subsidiaries

	Capital stock (Millions)	Toray's stake (%)	Main business
Ichimura Sangyo Co., Ltd.	¥1,000	85.00	Manufacturing and sales of raw materials for fibers, woven and knitted fabrics and plastics products
Toray International, Inc.	¥2,040	100.00	Trading of textile products and plastics products, etc.
Chori Co., Ltd.	¥6,800	51.25	Purchasing and sales of textile products and chemical products, etc.
Toray Engineering Co., Ltd.	¥1,500	99.99	General engineering
Toray Plastics (America), Inc.	US\$238	— (100.00)	Manufacturing and sales of polyester and polypropylene films, and polyolefin foam
Toray Carbon Fibers Europe S.A.	EUR185	100.00	Manufacturing and sales of carbon fibers
P.T. Indonesia Toray Synthetics	US\$105	92.37 (7.63)	Manufacturing and sales of nylon fibers and polyester fibers
Thai Toray Synthetics Co., Ltd.	THB3,078	70.77 (19.24)	Manufacturing and sales of nylon fibers, polyester fibers, nylon resin, PBT resin and polypropylene films
Penfabric Sdn. Berhad	RM86	100.00	Manufacturing and sales of polyester and cotton blended woven fabrics
Toray Fibers (Nantong) Co., Ltd.	RMB2,171	90.00 (10.00)	Manufacturing and sales of synthetic fibers, chips and air filters
Toray Advanced Materials Korea Inc.	Won576,000	100.00	Manufacturing and sales of polyester films, polyester filament yarns, spunbond and carbon fibers

Note: Figures in parenthesis under "Toray's stake" indicate Toray's subsidiaries' stake.

(7) Main Business

Manufacturing, processing and sales of the following products, among others:

Fibers and Textiles:

Filament yarns, staple fibers, spun yarns, woven and knitted fabrics of nylon, polyester, acrylic and others; non-woven fabrics; ultra-microfiber non-woven fabric with suede texture; apparel products.

Plastics and Chemicals:

(Except films and plastic products included in IT-related Products listed below)

Nylon, ABS, PBT, PPS and other resins and molded products, polyolefin foam; polyester, polypropylene, PPS and other films and processed film products; raw materials for synthetic fibers and other plastics; zeolite catalysts; fine chemicals such as raw materials for pharmaceuticals and agrochemicals; veterinary medicines.

IT-related Products:

Films and plastic products for information and telecommunications related products; electronic circuits and semiconductor-related materials; color filters for LCDs and related materials; magnetic recording materials; graphic materials and IT-related equipment.

Carbon Fiber Composite Materials:

Carbon fibers, carbon fiber composite materials and their molded products.

Environment and Engineering:

Comprehensive engineering; condominiums; industrial equipment and machinery; environment-related equipment; water treatment membranes and related equipment; materials for housing, building and civil engineering applications.

Life Science:

Pharmaceuticals, medical devices, etc.

Others:

Analysis, physical evaluation, research, and other services.

(8) Directory

1) Toray Industries, Inc.

Head Office:

1-1, Nihonbashi-Muromachi 2-chome,
Chuo-ku, Tokyo 103-8666, Japan

Osaka Head Office:

3-3, Nakanoshima 3-chome,
Kita-ku, Osaka 530-8222, Japan

Branches:

Nagoya (Aichi), Hokuriku (Fukui), Kyushu (Fukuoka),
Tohoku (Miyagi) and Chugoku & Shikoku (Hiroshima)

Plants:

Shiga, Seta (Shiga), Ehime, Nagoya (Aichi), Tokai
(Aichi), Aichi, Okazaki (Aichi), Mishima (Shizuoka),
Chiba, Tsuchiura (Ibaraki), Gifu and Ishikawa

Laboratories:

Fibers and Textiles Research Laboratories
(Shizuoka), Films and Films Products Research
Laboratories (Shiga), Chemicals Research
Laboratories (Aichi), Composite Materials Research
Laboratories (Ehime), Electronic and Imaging
Materials Research Laboratories (Shiga), Global
Environment Research Laboratories (Shiga),
Pharmaceutical Research Laboratories (Kanagawa),
New Frontiers Research Laboratories (Kanagawa),
Advanced Materials Research Laboratories (Shiga)

2) Major Subsidiaries

Ichimura Sangyo, Co., Ltd. (Ishikawa, Japan)

Toray International, Inc. (Tokyo, Japan)

Chori Co., Ltd. (Osaka, Japan)

Toray Engineering Co., Ltd. (Tokyo, Japan)

Toray Plastics (America), Inc. (U.S.A.)

Toray Carbon Fibers Europe S.A. (France)

P.T. Indonesia Toray Synthetics (Indonesia)

Thai Toray Synthetics Co., Ltd. (Thailand)

Penfabric Sdn. Berhad (Malaysia)

Toray Fibers (Nantong) Co., Ltd. (China)

Toray Advanced Materials Korea Inc. (Republic of Korea)

(9) Employees

Segment	Number of employees	Increase (decrease) from the end of last fiscal year
Fibers and Textiles	20,470	(1,060)
Plastics and Chemicals	6,851	159
IT-related Products	5,812	310
Carbon Fiber Composite Materials	5,129	667
Environment and Engineering	3,501	17
Life Science	1,653	9
Others	1,726	(55)
Corporate	697	3
Total	45,839	50

(10) Principal Lenders

	Outstanding loan amount (Millions of yen)
Sumitomo Mitsui Banking Corporation	105,398
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	67,324
Mizuho Bank, Ltd.	46,989
Nippon Life Insurance Co.	20,100
Sumitomo Life Insurance Co.	12,000

Note1: Outstanding loan amount includes loans from overseas subsidiaries of the lenders.

Note2: In addition to the above, we have ¥224,772 million of outstanding syndicated loans.

2. Stock Information

(1) Total Number of Shares Authorized to be Issued:	4,000,000,000 shares
(2) Number of Shares of Common Stock in Issue:	1,599,428,579 shares (excluding treasury stock of 32,052,824 shares)
(3) Number of Stockholders at March 31, 2016:	144,798
(4) Principal Stockholders:	

	Number of shares held (Thousands)	Percentage of total shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	120,414	7.53
Japan Trustee Services Bank, Ltd. (Trust Account)	104,611	6.54
Nippon Life Insurance Co.	71,212	4.45
Mitsui Life Insurance Co., Ltd.	35,961	2.25
Sumitomo Mitsui Banking Corporation	30,022	1.88
Japan Trustee Services Bank, Ltd. (Trust 4 Account)	24,701	1.54
Japan Trustee Services Bank, Ltd. (Trust 9 Account)	21,696	1.36
State Street Bank West Client-Treaty 505234	20,679	1.29
Japan Trustee Services Bank, Ltd. (Trust 7 Account)	20,083	1.26
The Bank of New York Mellon SA/NV 10	19,859	1.24

Note: The percentage of total shares is computed after deducting treasury stock (32,052,824 shares)

3. Stock Acquisition Rights

(1) Outline of Stock Acquisition Rights held by Members of the Board of the Company as of the end of the Fiscal Year

	No.1 Stock Acquisition Right	No.2 Stock Acquisition Right	No.3 Stock Acquisition Right
Date of resolution of issuance	July 29, 2011	July 19, 2012	July 26, 2013
Number of Stock Acquisition Rights	244	382	305
Number of persons held	13 members of the Board	17 members of the Board	18 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 244,000 shares	Common Stock: 382,000 shares	Common Stock: 305,000 shares
Issue price of Stock Acquisition Rights	¥513	¥394	¥546
Exercise price	¥1	¥1	¥1
Exercise period for Stock Acquisition Rights	From August 21, 2011 to August 20, 2041	From August 5, 2012 to August 4, 2042	From August 11, 2013 to August 10, 2043

	No.4 Stock Acquisition Right	No.5 Stock Acquisition Right
Date of resolution of issuance	July 23, 2014	July 28, 2015
Number of Stock Acquisition Rights	352	252
Number of persons held	21 members of the Board	23 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 352,000 shares	Common Stock: 252,000 shares
Issue price of Stock Acquisition Rights	¥605	¥987
Exercise price	¥1	¥1
Exercise period for Stock Acquisition Rights	From August 10, 2014 to August 9, 2044	From August 23, 2015 to August 22, 2045

(2) Outline of Stock Acquisition Rights Granted to Employees, etc. of the Company during the Fiscal Year

	No.5 Stock Acquisition Right
Date of resolution of issuance	July 28, 2015
Number of Stock Acquisition Rights	106
Number of persons granted	31 directors of the Company
Type and number of shares to be issued upon exercise	Common Stock: 106,000 shares
Issue price of Stock Acquisition Rights	¥987
Exercise price	¥1
Exercise period for Stock Acquisition Rights	From August 23, 2015 to August 22, 2045

(3) Bonds with Stock Acquisition Rights

	Stock Acquisition Rights attached to Zero Coupon Convertible Bonds due 2019	Stock Acquisition Rights attached to Zero Coupon Convertible Bonds due 2021
Date of resolution of issuance	May 22, 2014	May 22, 2014
Number of Stock Acquisition Rights	5,000	5,000
Type and number of shares to be issued upon exercise	Common Stock: 56,116,722 shares	Common Stock: 60,459,492 shares
Issue price of Stock Acquisition Rights	Gratis	Gratis
Conversion price	¥891	¥827
Exercise period for Stock Acquisition Rights	From June 23, 2014 to August 16, 2019	From June 23, 2014 to August 17, 2021
Outstanding amount of Bonds with Stock Acquisition Rights	¥50,000 million	¥50,000 million

Note: The number of shares to be issued upon exercise is computed by dividing the outstanding amount of Bonds with Stock Acquisition Rights by the conversion price.

4. Members of the Board and Corporate Auditors

(1) Names and Titles

Akihiro Nikkaku, *President, Chief Executive Officer, Chief Operating Officer and Representative Member of the Board*

Eizo Tanaka, *Executive Vice President and Representative Member of the Board* (In charge of International Operations; In charge of Marketing and Sales; in charge of Corporate Marketing Planning Dept., Automotive Material Strategic Planning Dept., and branches; General Manager, Fibers & Textiles Division; General Manager, Osaka Head Office)

Koichi Abe, *Executive Vice President and Representative Member of the Board* (In charge of General Administration & Legal Division (Security Trade Administration Dept.), Intellectual Property Division, Global Environment Business Strategic Planning Dept., and Life Innovation Business Strategic Planning Dept.; General Manager, Technology Center)

Moriyuki Onishi, *Senior Vice President (Member of the Board and Member of the Executive Committee)* (General Manager, Torayca & Advanced Composites Division; Chairman, Toray Carbon Fibers America, Inc.; Chairman, Toray Composites (America), Inc.; Chairman, Zoltek Companies, Inc.; Chairman, Zoltek Corporation)

Shinichi Okuda, *Senior Vice President (Member of the Board and Member of the Executive Committee)* (General Manager, Information Systems Division and Purchasing & Logistics Division; General Manager, Engineering Division)

Kazushi Hashimoto, *Senior Vice President (Member of the Board and Member of the Executive Committee)* (Chief Representative for China; Chairman & President, Toray Industries (China) Co., Ltd.; Chairman, Toray Jifa (Qingdao) Textile Co., Ltd.)

Ryo Murayama, *Senior Vice President (Member of the Board and Member of the Executive Committee)* (General Manager, Pharmaceuticals & Medical Products Division)

Yukichi Deguchi, *Senior Vice President (Member of the Board and Member of the Executive Committee)* (General Manager, Corporate Strategic Planning Division; General Manager, IT Business SBU)

Akira Umeda, *Senior Vice President (Member of the Board and Member of the Executive Committee)* (General Manager, Product Safety & Quality Assurance Planning Dept.; General Manager, Manufacturing Division)

Akira Uchida, *Senior Vice President (Member of the Board)* (In charge of CSR; General Manager, General Administration & Legal Division, Investor Relations Dept., Corporate Communications Dept., and Advertising Dept.; General Manager, Tokyo Head Office)

Shogo Masuda, *Senior Vice President (Member of the Board)* (General Manager, Affiliated Companies Division; Director, Soda Aromatic Co., Ltd.)

Akio Sato, *Senior Vice President (Member of the Board)* (General Manager, Resins & Chemicals Division)

Hiroshi Otani, *Senior Vice President (Member of the Board)* (General Manager, Water Treatment & Environment Division; Chairman, Toray Asia Pte. Ltd.; Director, Suido Kiko Kaisha, Ltd.)

Satoru Hagiwara, *Senior Vice President (Member of the Board)* (General Manager, Films Division; Chairman, Toray Films Europe S.A.S)

Toru Fukasawa, *Senior Vice President (Member of the Board)* (General Manager, Finance & Controller's Division; President, Toray Holding (U.S.A.), Inc.; President, Toray Capital (America), Inc.; Director, Atsugi Co., Ltd.)

Kunihiko Yoshida, *Vice President (Member of the Board)* (General Manager, Personnel & Industrial Relations Division)

Yasuo Suga, *Vice President (Member of the Board)* (Assistant General Manager, Torayca & Advanced Composites Division; General Manager, Advanced Composites Division; Chairman and Representative Director, Toray Carbon Magic Co., Ltd.)

Hirofumi Kobayashi, *Vice President (Member of the Board)* (General Manager, Electronic & Information Materials Division; General Manager, FPD Materials Division)

Masashi Fujita, *Vice President (Member of the Board)* (General Manager, Manufacturing Division (Pharmaceuticals & Medical Products); General Manager, Dialysis Products Division)

Kazuhiko Shuto, *Vice President (Member of the Board)* (Assistant General Manager, Fibers & Textiles Division; General Manager, Textiles Division; Chairman, Toray Textiles Europe Ltd.; Director, KOMATSU SEIREN CO., LTD.)

Tetsuya Tsunekawa, *Vice President (Member of the Board)* (General Manager, Research & Development Division; General Manager, Basic Research Center)

Satoru Nishino*, *Vice President (Member of the Board)* (General Manager, Manufacturing Division (Films))

Yoshiyuki Tanaka*, *Vice President (Member of the Board)* (General Manager, Manufacturing Division (Fibers & Textiles); Director, SAKAI OVEX Co., Ltd.)

Kunio Ito *Vice President (Member of the Board)* (Member of the Board, Akebono Brake Industry Co., Ltd.; Director, Sumitomo Chemical Company, Limited; Director, Kobayashi Pharmaceutical Co., Ltd.; Director, Seven & i Holdings Co., Ltd.)

Ryoji Noyori*, *Vice President (Member of the Board)* (Director, TAKASAGO INTERNATIONAL CORPORATION)

Kiyoshi Fukuchi, *Corporate Auditor*

Motoyuki Yagita, *Corporate Auditor*

Toshio Nagai*, *Corporate Auditor* (Lawyer, Takusyou Sogo Law Office)

Kazuya Jono*, *Corporate Auditor* (Corporate Auditor, The Japan Steel Works, Ltd.)

Note 1: Kunio Ito and Ryoji Noyori are outside directors in accordance with Article 2, paragraph 15 of the Companies Act.

Note 2: The Tokyo Stock Exchange has been notified that Kunio Ito and Ryoji Noyori are independent directors/auditors under the regulations of the Exchange.

Note 3: Toshio Nagai and Kazuya Jono are outside corporate auditors in accordance with Article 2, paragraph 16 of the Companies Act.

Note 4: The Tokyo Stock Exchange has been notified that Toshio Nagai and Kazuya Jono are independent directors/auditors under the regulations of the Exchange.

Note 5: Motoyuki Yagita, Corporate Auditor, has been in charge of accounting in the Company and its overseas group companies for many years, and has considerable knowledge of financing and accounting matters.

Note 6: Kazuya Jono, Corporate Auditor, has been in charge of financing businesses at a bank for many years, and has considerable knowledge of financing and accounting matters.

Note 7: Members of the Board and Corporate Auditors marked with an Asterisk(*) were newly appointed to these positions at the 134th Ordinary General Meeting of Stockholders held on June 24, 2015.

Note 8: The following members of the Board and Corporate Auditors retired from their positions at the close of the 134th Ordinary General Meeting of Stockholders held on June 24, 2015.

Sadayuki Sakakibara, *Chairman of the Board*

Nobuo Suzui, *Executive Vice President and*

Representative Member of the Board

Hiroshi Murakami, *Senior Vice President (Member of the Board)*

Minoru Yoshinaga, *Vice President (Member of the Board)*

Mitsuaki Yahagi, *Corporate Auditor*

Makoto Matsuo, *Corporate Auditor*

Note 9: As of April 1, 2016, the assignments and important offices held concurrently by members of the Board have been changed as follows.

Kazushi Hashimoto, *Senior Vice President (Member of the Board and Member of the Executive Committee)* (Chief Representative for China; Chairman, Toray Industries (China) Co., Ltd.; Chairman, Toray Jifa (Qingdao) Textile Co., Ltd.)

(2) Outline of the agreement to limit the liability of outside directors and outside corporate auditors

In accordance with the Articles of Incorporation, the Company enters into an agreement with each of the outside directors and outside corporate auditors with respect to the limitation of liabilities for damages arising from negligence in the performance of their duties. Under these agreements, the damage liability of each outside director or outside corporate auditor shall be limited to the minimum amount stipulated in Article 425, paragraph 1 of the Companies Act if such outside director or outside corporate auditor has performed his/her duties in good faith and without gross negligence.

(3) Amounts of Remuneration to Members of the Board and Corporate Auditors

	Persons paid	Amounts of remuneration during the year
Members of the Board (inclusive of Outside Directors)	29 (2)	¥1,505 million [¥21 million]
Corporate Auditors (inclusive of Outside Corporate Auditors)	6 (4)	¥102 million [¥19 million]
Total	35	¥1,607 million

Note 1: The number of recipients includes four members of the Board and two corporate auditors who retired in the current period.

Note 2: The total amount of remuneration includes ¥161 million (members of the Board, ¥161 million) of bonuses for members of the Board to be resolved at the 135th Ordinary General Meeting of Stockholders.

Note 3: The total amount of remuneration includes ¥253 million of stock options (stock acquisition rights) granted to members of the Board.

Note 4: The amount equivalent to ¥72 million of employee's salary of the employee-director is not included in the above amount.

Note 5: In addition to the above, the Company paid two retiring members of the Board ¥626 million as retirement benefits for termination resulting from the abolition of the retirement benefit system for members of the Board and corporate auditors, as resolved at the 130th Ordinary General Meeting of Stockholders. Out of the remuneration paid to members of the Board, ¥96 million is included in the amount of remuneration for the current period.

(4) Outside Directors and Outside Corporate Auditors

1) Offices concurrently held by the outside directors and outside corporate auditors

Kunio Ito, *Outside Director* (Member of the Board, Akebono Brake Industry Co., Ltd.; Director, Sumitomo Chemical Company, Limited; Director, Kobayashi Pharmaceutical Co., Ltd.; Director, Seven & i Holdings Co., Ltd.)

Ryoji Noyori, *Outside Director* (Director, TAKASAGO INTERNATIONAL CORPORATION)

Toshio Nagai, *Outside Corporate Auditor* (Lawyer, Takusyou Sogo Law Office)

Kazuya Jono, *Outside Corporate Auditor* (Corporate Auditor, The Japan Steel Works, Ltd.)

Note: There is no special relationship between the Company and corporations, etc. in which outside directors and outside corporate auditors concurrently hold office.

2) Main activities of the outside directors and outside corporate auditors

Kunio Ito, *Outside Director*

Attended all 14 meetings of the Board of Directors held during the period under review. Contributed to these meetings with appropriate comments from his professional perspective based mainly on experience of research and study activities on accounting and business administration.

Ryoji Noyori, *Outside Director*

Attended all 10 meetings of the Board of Directors held during the period under review after his assumption of office. Contributed to these meetings with appropriate comments from his academic and technological perspective based mainly on experience of research and study activities on organic synthetic chemistry.

Toshio Nagai, *Outside Corporate Auditor*

Attended all 10 meetings of the Board of Directors and all 7 meetings of the Board of Corporate Auditors held during the period under review after his assumption of office. Also participated in audits of Toray's plants, laboratories, and Group companies in Japan and

overseas. Contributed to these meetings and audits with appropriate comments based mainly on his professional perspective as a lawyer.

Kazuya Jono, *Outside Corporate Auditor*

Attended 9 out of 10 meetings of the Board of Directors and all 7 meetings of the Board of Corporate Auditors held during the period under review after his assumption of office. Also participated in audits of Toray's plants, laboratories, and Group companies in Japan and overseas. Contributed to these meetings and audits with appropriate comments based on his professional perspective as an executive with rich experience.

5. Independent Auditors

(1) Name of Independent Auditor

Ernst & Young ShinNihon LLC

(2) Amounts of Remuneration to Independent Auditors

1) Amount of remuneration paid for the fiscal year ended March 31, 2016 was ¥220 million.

2) The total amount of remuneration paid or payable to independent auditors by the Company and its consolidated subsidiaries was ¥489 million.

Note 1: Given that the audit engagement contract between the Company and the independent auditors does not differentiate the amount of audit fees payable under the Companies Act from the amount of audit fees payable under the Financial Instruments and Exchange Law, and given that such differentiation is practically impossible, the amount of remunerations shown in 1) above is an aggregate of both amounts.

Note 2: Based on the "Practical Guidelines for Cooperation with Independent Auditors" announced by the Japan Audit & Supervisory Board Members Association, the Board of Corporate Auditors

checked the audit hours in auditing plans, changes in audit fees, status of auditing plans versus actual results in previous fiscal years, etc., and examined the appropriateness of the estimated amount of remuneration. As a result, the Board of Corporate Auditors approved the remuneration paid or payable to the independent auditors as set forth in Article 399, Paragraph 1 of the Companies Act.

Note 3: Among major subsidiaries of the Company, Chori Co., Ltd., Toray Plastics (America), Inc., Toray Carbon Fibers Europe S.A., P.T. Indonesia Toray Synthetics, Thai Toray Synthetics Co., Ltd., Penfabric Sdn. Berhad, Toray Fibers (Nantong) Co., Ltd., and Toray Advanced Materials Korea Inc. are audited by certified public accountants or independent auditors other than Toray's independent auditors.

(3) Non-audit Work

The Company commits to independent auditors, with compensation, certain services regarding advice on transition to the IFRS, etc., other than the services stipulated in Article 2, Clause 1 of the Certified Public Accountants Act of Japan.

(4) Policy for Determining the Dismissal or Non-reappointment of Independent Auditors

If an independent auditor is deemed to fall under any of the items of Article 340, paragraph 1 of the Companies Act, such independent auditor shall be dismissed subject to the unanimous approval of the Board of Corporate Auditors.

In addition to the case mentioned above, if any event that impairs the qualifications or independence of an independent auditor occurs and is therefore expected to make it difficult for such independent auditor to perform appropriate audits, the Board of Corporate Auditors shall determine the content of a proposal for the dismissal or non-reappointment of the independent auditor to be submitted to the General Meeting of Stockholders.

(5) Business suspension orders issued against an Independent Auditor in the past two years

Contents of the disciplinary disposition announced by the Financial Services Agency effective on December 22, 2015

- 1) Entity subject to the disposition
Ernst & Young ShinNihon LLC
- 2) Details of the disposition
 - Business suspension regarding the conclusion of new contracts for three months (From January 1, 2016 to March 31, 2016)
 - Business improvement order (for improvement of business management structure)
- 3) Reasons for the disposition
 - When auditing the financial documents of TOSHIBA CORPORATION for the fiscal years ended March 31, 2010, March 31, 2012, and March 31, 2013, certified public accountants of Ernst & Young ShinNihon LLC failed to pay reasonable attention, erroneously certified that financial documents containing material misstatements were free of material misstatements.
 - The management of Ernst & Young ShinNihon LLC was determined to be extremely improper.

6. Organization and Policies of the Company

System to ensure that the members of the Board perform their duties in compliance with laws and regulations as well as the Articles of Incorporation, and other systems for ensuring appropriate business operations.

Following are the contents of the resolutions adopted by the Company at the Board of Directors meeting held on December 18, 2015 with respect to the basic policy on the internal control system for ensuring the appropriate execution of operations (“Contents of the Basic Policy”), and the principal activities conducted during the period under review based on the Contents of the Basic Policy (“Overview of Operation”).

[Contents of the Basic Policy]

To realize the Management Philosophy, the Company shall establish a structure to execute its business legally and effectively by improving its internal control system according to the following basic policy as a structure to enable it to appropriately establish organization, formulate regulations, communicate information, and monitor the execution of operations.

1. System to ensure that the execution of duties by members of the Board and employees complies with laws and regulations and the Company’s Articles of Incorporation

[Contents of the Basic Policy]

- (1) Toray shall establish the Corporate Ethics Committee, as one of the company-wide committees to promote observance of corporate ethics and legal compliance, and shall take other measures to improve the required internal systems, including the establishment of dedicated organizations.
- (2) Toray shall establish the Corporate Ethics and Legal Compliance Code of Conduct as specific provisions to be observed by members of the Board and employees, and shall take other measures to improve the required guidelines, etc.

Especially with regard to eliminating relations with antisocial forces, the Company shall act as one to stand firmly against them.

- (3) Toray shall establish an internal reporting system (whistle-blowing system) for the reporting of the discovery of violation of laws, regulations, or the Company’s Articles of Incorporation.
- (4) Toray shall establish Security Trade Control Program, one of the most important legal compliance issues, and establish an organization dedicated to security export control.

[Overview of Operations]

- (1) During the period under review, the Company held the Board of Directors meetings fourteen times, the Corporate Ethics Committee twice, and a company-wide Legal Compliance Committee twice. To further improve deliberations, the company-wide Legal Compliance Committee extended the time allotted for deliberations, starting from the period under review. In addition, with a view to further promoting and strengthening group compliance, in October 2015 the Company renamed the Legal Dept. the Legal & Compliance Dept. and established the Compliance Promotion Group as an organization dedicated to the promotion of planning, drafting, and company-wide implementation of measures for group compliance.
- (2) The Company has established Corporate Ethics and Legal Compliance Guidelines specifying the details of the Corporate Ethics and Legal Compliance Code of Conduct. The Company has formulated and distributed the Corporate Ethics and Legal Compliance Handbook, a compilation of issues to which all Board members and employees should pay attention, including the above. During the period under review, the Company reviewed parts of the Corporate Ethics and Legal Compliance Code of Conduct and Corporate Ethics and Legal Compliance Guidelines and issued and distributed a revised version of the Corporate Ethics and Legal Compliance Handbook.
- (3) The Company handles all internal reporting

according to the predetermined procedures.

- (4) The Company has established the Security Trade Administration Dept. as a department dedicated to security export control. The Company has also established the Security Trade Administration Committee as a company-wide committee, held a meeting of the Security Trade Administration Committee once during the period under review, and checked the results of activities and deliberated issues for initiatives.

2. System to ensure the efficient execution of duties by the members of the Board

[Contents of the Basic Policy]

- (1) Toray shall establish the Authority of Top Management to stipulate matters with respect to which decision-making authority is reserved by the Board of Directors and matters with respect to which decision-making is delegated to the President, General Managers, etc., from among matters necessary for decision-making.
- (2) Toray shall establish the Executive Committee and Board of Senior Vice Presidents as deliberative organs for important matters decided by the Board of Directors or the President. The Executive Committee shall be responsible for the general direction of policy, while the Board of Senior Vice Presidents shall be in charge of issues related to implementation.

[Overview of Operations]

- (1) To ensure compliance with the revision of the Companies Act, the Company revised part of the Authority of Top Management in May and June 2015.
- (2) During the period under review, the Company held the Executive Committee twelve times and the Board of Senior Vice Presidents twelve times.

3. System for preserving and managing information pertaining to the execution of duties by the members of the Board

[Contents of the Basic Policy]

- (1) Toray shall establish regulations for important

documents and important information related to management, confidential information and personal information, and appropriately preserve and manage them in accordance with the rules.

[Overview of Operations]

- (1) The Company established the Confidential Information Management Regulations as a set of company-wide regulations, prescribed a confidential information management standard for each division, department and plant, and periodically provided training sessions and made them thoroughly familiar to all officers and employees of the Company.

4. Regulations and other systems pertaining to controls over risks of loss

[Contents of the Basic Policy]

- (1) Toray shall identify potential risks in business activities, promote company-wide risk management to strive to reduce the level of risk under normal business conditions, and prevent future crises, as well as improve regulations and establish an internal committee to enable immediate implementation in the event of a major crisis.
- (2) Toray shall establish an internal control system for financial reporting that ensures the reliability of financial reporting.

[Overview of Operations]

- (1) The Company established Crisis Management Regulations. During the period under review, the Company held the CSR Committee, one of the company-wide committees, twice, and the Risk Management Committee, a committee under the CSR Committee, twice.
- (2) In June 2015, the Company prepared and submitted an internal control report to the effect that internal control related to financial reporting was effective.

5. System for ensuring appropriate business operations within subsidiaries

[Contents of the Basic Policy]

- (1) To establish a system under which subsidiaries report to the Company on matters regarding the execution of duties by members of the Board, etc. of the subsidiaries, the Company shall provide regulations on the regular reporting of important management information to the Company and regularly hold conferences at which the Company's management receives direct reports on the status of the management of the subsidiaries.
- (2) To establish regulations and other systems pertaining to controls over risks of loss for subsidiaries, the Company shall provide subsidiaries with guidance to help them to establish risk management systems appropriate for their respective business forms and business environments, and shall receive regular reports on the status of their activities.
- (3) To establish a system for ensuring that members of the Board, etc. of subsidiaries effectively execute their duties, the Company shall provide regulations on the scope under which the Company can reserve its authority over the execution of business operations. In addition, the Company shall endeavor to grasp management information in a unified manner and provide assistance and guidance necessary for subsidiaries by determining divisions, etc. with control over its respective subsidiaries.
- (4) To establish a system for ensuring that the execution of duties by members of the Board, etc. and employees of subsidiaries complies with laws and regulations and the Articles of Incorporation, the Company shall thoroughly familiarize its subsidiaries with the Company's Corporate Ethics and Legal Compliance Code of Conduct as a code of conduct in common for the Toray Group. At the same time, the Company shall request the subsidiaries to establish their own codes of conduct, guidelines, etc. in consideration of the laws and regulations, business practices, business forms, and other factors in their respective countries. In addition, the Company shall direct its subsidiaries to establish systems under which the status of internal whistle-blowing by members of the

Board, etc. and employees of the subsidiaries is appropriately reported to the Company.

[Overview of Operations]

- (1) The Company established a Standard for Assistance and Administration for Domestic Group Companies and a Standard for Assistance and Administration for Overseas Group Companies as regulations governing the subsidiaries' reports on important management information. During the period under review, the Company made partial amendments to the two standards. The Company also respectively held a Global Budget Conference and Domestic Group Company Follow-up Conference once during the period under review as conferences at which the Company's top management directly received reports from subsidiaries on their business conditions. The Company also held regional committees overseas, when appropriate.
- (2) The Risk Management Subcommittee checked the results of activities performed to establish risk management systems at the subsidiaries.
- (3) The Company stipulated the scope under which the Company can reserve its authority over the execution of business operations by subsidiaries in Guidelines for Reserving Authority over Domestic Group Companies and Standards for the Execution of Business Operations at Overseas Group Companies.
- (4) With respect to the matters stated in 1. (2) and (3) of the Overview of Operations, the Company applies them to its subsidiaries and makes them thoroughly familiar to its subsidiaries, in consideration of the laws, regulations, and business practices of the countries in which the subsidiaries are located.

6. System for reporting to corporate auditors and systems for ensuring that persons who report to corporate auditors are not treated disadvantageously because of their reporting

[Contents of the Basic Policy]

- (1) Members of the Board, etc. and employees of Toray Group and corporate auditors of

subsidiaries shall report matters regarding the execution of duties to corporate auditors in response to requests from the corporate auditors.

- (2) Department in charge of the internal reporting system (whistle-blowing system) shall regularly report the status of internal whistle-blowing in the Toray Group to the corporate auditors.
- (3) Toray shall stipulate regulations to the effect that members of the Board and employees who report to corporate auditors shall not be subjected to any disadvantageous treatment because of the said reporting, and shall provide subsidiaries with guidance to help them stipulate the same regulations.

[Overview of Operations]

- (1) At the meetings with the corporate auditors and the audits by the corporate auditors, the members of the Board, etc. and employees of Toray Group and corporate auditors of subsidiaries reported matters regarding the execution of duties to the corporate auditors and otherwise responded to requests from the corporate auditors.
 - (2) The Department in charge of the internal reporting system (whistle-blowing system) appropriately reported the status of internal whistle-blowing to the corporate auditors each time the department received internal whistle-blowing reports, and otherwise regularly reported to the corporate auditors.
 - (3) Based on the Whistleblower Protection Act, the Company stipulated the prohibition of disadvantageous treatment in the Unified Labor Agreement, Central Labor Agreement, and Work Regulations. In addition, the Company instructs its subsidiaries to formulate similar regulations in consideration of laws and regulations, etc. of the countries in which the subsidiaries are located.
7. Items pertaining to the handling of expenses and liabilities arising from the execution of duties by corporate auditors

[Contents of the Basic Policy]

- (1) Toray shall pay expenses, etc. incurred from the execution of duties by corporate auditors.

[Overview of Operations]

- (1) The Company pays expenses, etc. incurred from the execution of duties by corporate auditors.
8. Items pertaining to employees assisting with corporate auditors' duties, items pertaining to the independence of said employees from members of the Board, and items pertaining to the assurance of effectiveness of instructions from the corporate auditors to said employees

[Contents of the Basic Policy]

- (1) Toray shall assign a full-time employee to provide assistance if and when corporate auditors request assistance. The said employee shall exclusively follow the corporate auditors' commands and instructions, and the Company shall consult with corporate auditors in advance with respect to the personnel arrangements for the said employee.

[Overview of Operations]

- (1) The Company has established a system under which it may set up an organization and assign a full-time employee to provide assistance if and when corporate auditors request assistance.
9. Other systems for ensuring effective implementation of audits by corporate auditors

[Contents of the Basic Policy]

- (1) Corporate auditors shall attend Board of Directors meetings and other important meetings so that they may ascertain important decision-making processes and the execution of operations.
- (2) Corporate auditors shall hold regular meetings with members of the Board and management and conduct regular visiting audits of Toray offices, plants, and subsidiaries.

[Overview of Operations]

- (1) During the period under review, the corporate

auditors attended all fourteen meetings of the Board of Directors and all twelve meetings of the Board of Senior Vice Presidents.

- (2) In accordance with auditing policy and plans formulated by the Board of Corporate Auditors in July 2015, corporate auditors held meetings with members of the Board as well as divisional and departmental general managers during the period under review, and conducted audits of the Company's offices, plants, laboratories, and branches as well as Japanese and overseas subsidiaries.

Consolidated Balance Sheet

Toray Industries, Inc. and Subsidiaries
March 31, 2016

Assets	Millions of yen	Liabilities	Millions of yen
Current assets:	¥1,009,559	Current liabilities:	¥ 571,348
Cash and time deposits	120,168	Notes and accounts payable - trade	213,143
Notes and accounts receivable - trade	402,220	Short-term borrowings	135,960
Merchandise and finished goods	229,199	Long-term borrowings due within one year	48,497
Work in process	75,992	Commercial paper	6,000
Raw materials and supplies	88,843	Income taxes payable	15,815
Deferred tax assets	24,113	Reserve for employees' bonuses	19,816
Other current assets	70,815	Reserve for bonuses of members of the Board	171
Allowance for doubtful accounts	(1,791)	Other current liabilities	131,946
Noncurrent assets:	1,268,827	Noncurrent liabilities:	682,129
Property, plant and equipment:	830,612	Bonds	140,010
Buildings and structures	250,919	Long-term borrowings	370,339
Machinery, equipment and vehicles	380,751	Deferred tax liabilities	34,632
Land	76,942	Reserve for retirement benefits of members of the Board and corporate auditors	1,327
Construction in progress	97,497	Net defined benefit liability	104,803
Other	24,503	Other noncurrent liabilities	31,018
Intangible assets:	87,159	Total liabilities	1,253,477
Goodwill	54,299	Net assets	
Other	32,860	Stockholders' equity:	860,224
Investments and other assets:	351,056	Common stock	147,873
Investment securities	256,020	Capital surplus	119,180
Long-term loans receivable	1,494	Retained earnings	614,334
Deferred tax assets	12,633	Treasury stock, at cost	(21,163)
Net defined benefit asset	32,737	Accumulated other comprehensive income:	85,344
Other	51,601	Net unrealized gains on securities	61,272
Allowance for doubtful accounts	(3,429)	Net deferred losses on hedges	(490)
		Foreign currency translation adjustments	29,270
		Remeasurements of defined benefit plans	(4,708)
		Stock acquisition rights	1,181
		Non-controlling interests	78,160
Total assets	¥2,278,386	Total net assets	1,024,909
		Total liabilities and net assets	¥2,278,386

Note: Figures are shown rounded to the nearest ¥1 million.

Consolidated Statement of Income

Toray Industries, Inc. and Subsidiaries

April 1, 2015 - March 31, 2016

	Millions of yen
Net sales	¥2,104,430
Cost of sales	1,662,556
Gross profit	441,874
Selling, general and administrative expenses	287,394
Operating income	154,480
Nonoperating income:	14,889
Interest and dividend income	5,042
Equity in earnings of unconsolidated subsidiaries and affiliated companies	5,016
Other income	4,831
Nonoperating expenses:	19,199
Interest expense	5,350
Other expenses	13,849
Ordinary income	150,170
Special gains:	5,986
Gain on sales of property, plant and equipment	982
Gain on sales of investment securities	4,456
Gain on sales of investment securities in subsidiaries and affiliated companies	130
Other special gains	418
Special losses:	18,348
Loss on sales and disposal of property, plant and equipment	6,080
Loss on impairment of fixed assets	9,063
Loss on write-down of investment securities	2,183
Other special losses	1,022
Income before income taxes and non-controlling interests	137,808
Income taxes:	
Current	31,435
Deferred	9,191
Net income	97,182
Net income attributable to non-controlling interests	7,050
Net income attributable to owners of parent	¥90,132

Note: Figures are shown rounded to the nearest ¥1 million.

Nonconsolidated Balance Sheet

Toray Industries, Inc.
March 31, 2016

Assets	Millions of yen	Liabilities	Millions of yen
Current assets:	¥ 294,499	Current liabilities:	¥ 214,273
Cash and time deposits	13,016	Notes payable - trade	4,178
Notes receivable - trade	4,156	Accounts payable - trade	42,069
Accounts receivable - trade	118,409	Short-term borrowings	20,856
Finished goods	56,235	Long-term borrowings due within one year	28,138
Work in process	18,383	Commercial paper	6,000
Raw materials and supplies	26,023	Accounts payable - other	29,212
Prepaid expenses	1,433	Accrued expenses	15,113
Deferred tax assets	8,096	Income taxes payable	1,871
Short-term loans receivable	33,446	Deposits received	56,270
Accounts receivable - other	19,182	Reserve for employees' bonuses	8,500
Other current assets	1,781	Reserve for bonuses of members of the Board	161
Allowance for doubtful accounts	(5,660)	Other current liabilities	1,904
Noncurrent assets:	937,759	Noncurrent liabilities:	490,000
Property, plant and equipment:	240,256	Bonds	140,000
Buildings	82,312	Long-term borrowings	262,085
Structures	11,437	Deferred tax liabilities	9,545
Machinery and equipment	96,923	Reserve for employees' retirement benefits	60,930
Vehicles	149	Reserve for loss on business of subsidiaries and affiliated companies	1,035
Tools and furniture	6,151	Asset retirement obligations	1,355
Land	31,886	Other noncurrent liabilities	15,050
Construction in progress	11,398	Total liabilities	704,273
Intangible assets:	3,006	Net assets	
Software	2,138	Stockholders' equity:	468,836
Other intangible assets	868	Common stock	147,873
Investments and other assets:	694,497	Capital surplus:	136,727
Investment securities	145,351	Additional paid-in capital	136,727
Investment securities in subsidiaries and affiliated companies	447,212	Retained earnings:	204,819
Investment in capital	297	Legal reserve	24,234
Investment in subsidiaries' and affiliated companies' capital	68,652	Other retained earnings	180,585
Long-term loans receivable	270	Reserve for write-down of fixed assets for tax purposes	10,685
Long-term prepaid expenses	97	General reserve	112,000
Prepaid pension cost	27,188	Retained earnings brought forward	57,899
Other	6,758	Treasury stock, at cost	(20,583)
Allowance for doubtful accounts	(1,329)	Valuation, translation adjustments and other:	57,981
Total assets	¥1,232,258	Net unrealized gains on securities	58,053
		Net deferred losses on hedges	(72)
		Stock acquisition rights	1,168
		Total net assets	527,985
		Total liabilities and net assets	¥1,232,258

Note: Figures are shown rounded to the nearest ¥1 million.

Nonconsolidated Statement of Income

Toray Industries, Inc.
April 1, 2015 - March 31, 2016

	Millions of yen
Net sales	¥ 563,611
Cost of sales	426,145
Gross profit	137,466
Selling, general and administrative expenses	103,185
Operating income	34,281
Nonoperating income:	34,376
Interest and dividend income	32,701
Other income	1,674
Nonoperating expenses:	5,730
Interest expense	1,558
Other expenses	4,171
Ordinary income	62,927
Special gains:	3,661
Gain on sales of property, plant and equipment	602
Gain on sales of investment securities	2,590
Gain on sales of investment securities in subsidiaries and affiliated companies	468
Special losses:	23,638
Loss on sales and disposal of property, plant and equipment	4,948
Loss on impairment of fixed assets	3,436
Loss on write-down of investment securities	1,937
Loss on liquidation and devaluation of subsidiaries and affiliated companies	13,315
Other special losses	2
Income before income taxes	42,950
Income taxes:	
Current	(577)
Deferred	9,355
Net income	¥34,172

Note: Figures are shown rounded to the nearest ¥1 million.

(Translation)
Independent Auditor's Report

May 18, 2016

The Board of Directors
Toray Industries, Inc.

Ernst & Young ShinNihon LLC
Kazuya Oki
Certified Public Accountant
Designated and Engagement Partner

Takeshi Isogai
Certified Public Accountant
Designated and Engagement Partner

Tsuyoshi Nakano
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Toray Industries, Inc. (the "Company") applicable to the fiscal year from April 1, 2015 through March 31, 2016.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Toray Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2016 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Notice to Readers:

The original consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements, applicable to the fiscal year ended March 31, 2016 are written in Japanese.

(Translation)
Independent Auditor's Report

May 18, 2016

The Board of Directors
Toray Industries, Inc.

Ernst & Young ShinNihon LLC
Kazuya Oki
Certified Public Accountant
Designated and Engagement Partner

Takeshi Isogai
Certified Public Accountant
Designated and Engagement Partner

Tsuyoshi Nakano
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Toray Industries, Inc. (the "Company") applicable to the 135th fiscal year from April 1, 2015 through March 31, 2016.

Management's Responsibility for the Financial Statements and the Related Supplementary Schedules

Management is responsible for the preparation and fair presentation of these financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Toray Industries, Inc. applicable to the 135th fiscal year ended March 31, 2016 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Notice to Readers:

The original financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules, applicable to the fiscal year ended March 31, 2016 are written in Japanese. The related supplementary schedules have been omitted in the accompanying financial statements.

Audit Report of the Board of Corporate Auditors (For Reference Only)

The Board of Corporate Auditors, following its review and deliberation of the reports prepared by each corporate auditor concerning the execution of duties by members of the Board for the 135th fiscal term from April 1, 2015 to March 31, 2016, has prepared this Audit Report as its unanimous opinion and hereby submits it as follows:

1. Methods and Contents by the Corporate Auditors and the Board of Corporate Auditors

- (1) The Board of Corporate Auditors established the auditing policies and plans, received reports and explanations on the status and results of audits from each corporate auditor, received reports and explanations on the status of the execution of duties from the members of the Board and independent auditors, and requested explanations as necessary.
- (2) In accordance with the auditing standards for corporate auditors determined by the Board of Corporate Auditors and the auditing policies and plans, each corporate auditor made efforts to collect information and established auditing circumstances through communication with members of the Board, the Auditing Department and other employees, and conducted audit in accordance with the following procedures:
 - 1) Each corporate auditor attended the Board of Directors meetings and other important meetings to receive reports regarding execution of duties from members of the Board and employees and requested explanations as necessary. Each corporate auditor also inspected the approved documents and examined the status of operations and conditions of assets at the Company's head office and principal offices (plants). In addition, each corporate auditor received from subsidiaries their business reports as necessary through communication and information sharing with their directors and corporate auditors.
 - 2) With respect to the resolutions adopted by the Board of Directors regarding the establishment of a system for ensuring that duties of members of the Board are performed in conformity of laws, ordinances and the Articles of Incorporation of the Company and the establishment of a system necessary to ensure proper business operations of the company group, which consists of the joint stock company and its consolidated subsidiaries, set forth in Paragraphs 1 and 3 of Article 100 of Enforcement Regulations of the Companies Act as described in the business report, as well as the systems (Internal Control System) established in accordance with a resolution of the Board of Directors, each corporate auditor regularly received briefing from members of the Board and the employees on the status of the establishment and operations, requested them to provide explanations as necessary, and expressed his opinions. Regarding internal control over financial reporting, each corporate auditor received reports on the evaluation of the relevant internal control and the status of audits from the members of the Board, etc. and Ernst & Young ShinNihon LLC, and requested explanations as necessary
 - 3) Further, corporate auditors monitored the independent auditors to verify that the independent auditors maintained independence

and conducted the audit appropriately. Each corporate auditor also received reports on the status of the execution of duties from the independent auditors and requested explanations as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are performed appropriately" (matters stipulated in the items of Article 131 of the Corporate Calculation Regulations) in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005) by the independent auditors and requested explanations as necessary.

In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules, the nonconsolidated financial statements (the nonconsolidated balance sheet, nonconsolidated statement of operations, nonconsolidated statement of changes in net assets and notes to the nonconsolidated financial statements) and the supplementary schedules, and the consolidated financial statements (the consolidated balance sheet, consolidated statement of operations, consolidated statement of changes in net assets and notes to the consolidated financial statements) for the year ended March 31, 2016.

2. Results of Audit

- (1) Results of audit of the business report and others
 - 1) The business report and supplementary schedules are found to present fairly the state of the Company in accordance with laws, ordinances and the Articles of Incorporation.
 - 2) In connection with the performance by members of the Board of their duties, no dishonest act or material fact in contravention of laws, ordinances, or the Articles of Incorporation is found to exist.
 - 3) Resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional mention regarding the content of business report described on the internal control and the execution of duties by members of the Board.
- (2) Results of audit of the nonconsolidated financial statements and the supplementary schedules
The auditing methods and results of the independent auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.
- (3) Results of audit of the consolidated financial statements
The auditing methods and results of the independent auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 19, 2016

Board of Corporate Auditors
Toray Industries, Inc.

Kiyoshi Fukuchi, Corporate Auditor
Motoyuki Yagita, Corporate Auditor
Toshio Nagai, Outside Corporate Auditor
Kazuya Jono, Outside Corporate Auditor

A Guide for the Exercise of Voting Rights via the Internet

The exercise of voting rights via the Internet is only possible through the website (<http://www.web54.net> (Japanese only)) designated by the Company exclusively for the purpose of exercising voting rights. When exercising voting rights via the Internet, please note the following points.

1. Matters to note concerning the exercise of voting rights

- (1) When exercising voting rights via the Internet, please enter the proxy code and temporary password supplied on the enclosed proxy form. Then follow the instructions and enter your vote for each proposal.
- (2) Please exercise your voting rights via the Internet by 5:30 p.m., Monday, June 27, 2016 (Japan standard time).
- (3) If two or more online votes are exercised, only the latest vote will count.
- (4) If a vote is exercised in duplicate via online and via the enclosed proxy form, only the online vote will count.

2. Matters to note concerning your Password

- (1) A temporary password is our means to verify if the person voting is a genuine stockholder. Please handle this password with the same level of strict confidentiality with which you would handle a seal or personal identification number. We are unable to respond to any telephone inquiries.
- (2) If you input the wrong password more than a certain number of times, your password will be locked and rendered unusable. If you desire the issuance of a new password, please take the procedures shown in the instructions on the screen.

3. Inquiries concerning the operation of your personal computer

- (1) If you need instructions to operate your personal computer in order to exercise your voting rights via the Internet, please contact the following support desk:

Transfer Agent Web Support, Sumitomo Mitsui Trust Bank, Limited Phone: +81-(0)120-652-031 (Office hour 9:00 a.m.~9:00 p.m.)
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- (2) For other inquiries, please contact the following center:
 - a. Stockholders who have accounts at securities companies
Please contact the securities companies where you have your accounts.
 - b. Stockholders who don't have accounts at securities companies (stockholders who have special accounts)

Transfer Agent Business Center, Sumitomo Mitsui Trust Bank, Limited Phone: +81-(0)120-782-031 (Office hour 9:00 a.m.~5:00 p.m., weekdays)
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[For Institutional Investors]

In addition to voting via the Internet as mentioned above, institutional investors have the option of voting via the Electronic Proxy Voting Platform operated by ICJ Inc.