

**'TORAY'**

**Notice of the  
136th Ordinary  
General Meeting  
of Stockholders**

For the Fiscal Year Ended March 31, 2017



**2017**

**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 136th 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 26, 2017 (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 36 and enter your vote for or against each proposition by the above time limit.

June 5, 2017

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 27, 2017, 10:00 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 136th business year (from April 1, 2016 to March 31, 2017), 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 136th business year (from April 1, 2016 to March 31, 2017)

### Matters to be acted upon:

- Proposition No. 1:  
Appropriation of Surplus .....3
- Proposition No. 2:  
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- Proposition No. 3:  
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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.

Starting from this year, the Company will no longer give out souvenirs to stockholders who attend the meeting. We appreciate your understanding.

## 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 in light of Toray's business performance, financial strength and other factors. As a result, the annual dividend, consisting of an interim dividend of ¥7 and a year-end dividend of ¥7, will be ¥14 per share, an increase of ¥1 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 per share of common stock  
Total amount: ¥11,199,803,209
- (3) Effective date of distribution of surplus  
June 28, 2017

**Proposition No. 2:**

*Election of three Members of the Board*

Messrs. Shogo Masuda, Akio Sato and Satoru Hagiwara will resign from their positions as members of the Board at the close of the general meeting. The stockholders are requested to elect three substitute members of the Board for the three retiring members of the Board.

Required Information on Candidates for Members of the Board:

**Kazuo Morimoto**

(Newly appointed)

<b>Date of Birth:</b> November 26, 1951	<b>Personal History:</b> June 1975	Joined the Company
<b>Shares Owned:</b> 65,464	April 2001	Director, Toray Composites (America), Inc.
	March 2002	General Manager, Industrial Materials Dept.
	July 2004	Assistant General Manager, Industrial & Functional Materials Division; General Manager, Industrial Materials Dept.
	June 2007	General Manager, Industrial & Functional Materials Division; General Manager, Industrial Materials Dept.
	June 2008	General Manager, Purchasing & Logistics Division
	June 2009	Vice President (Member of the Board)
	June 2012	Retired from Vice President (Member of the Board) Chief Executive Representative for the Americas; Chief Representative for the Americas; Chairman, Toray Holding (U.S.A.), Inc.; President, Toray Industries (America), Inc.
	June 2015	President and Representative Director, Du Pont-Toray Co., Ltd. (incumbent)

(Reason for recommending him as candidate for member of the Board position)  
Mr. Kazuo Morimoto has gained rich experience, knowledge, and deep expertise and is well versed in worksites through his many years of engagement mainly in sales related to the fibers and textiles business and resin business at the Company. He has also accrued sufficient knowledge of management through his duties of core positions and as a president of an overseas group company, domestic group company, and officer of the Company. We believe that he will be able to execute his duties by making appropriate management judgments and decisions based on his knowledge and ability, and will supervise management from an objective viewpoint. We therefore request the election of Mr. Morimoto as a new Member of the Board.

## Osamu Inoue

(Newly appointed)

<b><i>Date of Birth:</i></b> <i>January 7, 1954</i>	<b><i>Personal History:</i></b> April 1976	Joined the Company
<b><i>Shares Owned:</i></b> <i>25,186</i>	June 1999	General Manager, Industrial Films 1st Dept.
	February 2002	General Manager, Industrial Films 1st Dept.; General Manager, Films Trading Dept.
	June 2003	General Manager, Films Division
	June 2006	Chairman, Toray Plastics Europe S.A.S.
	February 2008	Chairman, Toray Plastics Europe S.A.S.; Chairman, Toray Films Europe S.A.S.
	June 2010	Vice President (Member of the Board)
	June 2012	Retired from Vice President (Member of the Board) President and Representative Director, Toray Battery Separator Film Co., Ltd.
	April 2017	Assistant General Manager, Films Division (incumbent)

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

Mr. Osamu Inoue has gained rich experience, knowledge, and deep expertise and is well versed in worksites through his many years of engagement mainly in sales related to the films business at the Company. He has also accrued sufficient knowledge of management through his duties of core positions and as an officer of an overseas group company, president of a domestic group company, and an officer of the Company. We believe that he will be able to execute his duties by making appropriate management judgments and decisions based on his knowledge and ability, and will supervise management from an objective viewpoint. We therefore request the election of Mr. Inoue as a new Member of the Board.

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**Hideki Hirabayashi**

(Newly appointed)

***Date of Birth:****October 18, 1957****Shares Owned:****20,000****Personal History:***

April 1981	Joined the Company
February 2002	Assistant General Manager, Films Trading Dept.
February 2003	Director, Penfibre Sdn. Berhad
July 2005	Executive Vice President, Toray Plastics (America), Inc.
April 2007	General Manager, Industrial Films 1st Dept.
October 2010	Chief Executive Representative for Europe; Chief Representative for Europe; General Manager, Europe Office
April 2014	General Manager on Special Assignment, Corporate Strategic Planning Division
June 2016	General Manager, General Administration & Legal Division; General Manager, General Administration Dept. (incumbent)

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

Mr. Hideki Hirabayashi has gained rich experience, knowledge, and deep expertise and is well versed in worksites over his many years of engagement mainly in sales related to the films business at the Company, as well as in overseas business, corporate strategic planning, and general administration. He has also accrued sufficient knowledge of management through his duties of core positions and as an officer of an overseas group company. We believe that he will be able to execute his duties by making appropriate management judgments and decisions based on his knowledge and ability, and will supervise management from an objective viewpoint. We therefore request the election of Mr. Hirabayashi as a new Member of the Board.

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

**Proposition No. 3:**

*Election of one Corporate Auditor*

Mr. Motoyuki Yagita 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:

**Shogo Masuda**

(Newly appointed)

<b>Date of Birth:</b> <i>August 15, 1951</i>	<b>Personal History:</b> April 1975	Joined the Company
<b>Shares Owned:</b> <i>48,000</i>	January 1999	Director, Penfabric Sdn. Berhad; General Manager on Special Assignment, Finance & Controller's Division (Chief, Finance & Controller's Division for Malaysia)
	June 2001	General Manager, Controller's Dept.
	June 2006	Assistant General Manager, Affiliated Companies Division; General Manager, Affiliated Companies Administration Dept.;
	June 2007	General Manager on Special Assignment, Corporate Strategic Planning Division
	June 2011	Vice President (Member of the Board)
	June 2016	Senior Vice President (Member of the Board & Member of the Executive Committee) (incumbent)
		(Concurrently Director, Soda Aromatic Co., Ltd.; Director, Chori Co., Ltd.)

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

Mr. Shogo Masuda has broad knowledge on the overall management of the Company and considerable knowledge of financing and accounting based on his many years of experience of holding key managerial offices and engagement in the accounting affairs of the Company. We believe that he will be able to conduct appropriate audits from an objective viewpoint, and therefore request the election of Mr. Masuda 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)

<b>Date of Birth:</b>	<b>Personal History:</b>	
<i>October 16, 1948</i>	April 1973	Legal apprentice
<b>Shares Owned:</b>	April 1975	Appointed to an assistant judge
<i>0</i>	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)
	June 2016	Outside Director, Yuki Gosei Kogyo Co., Ltd. (incumbent)

(Reason for recommending him as candidate for substitute 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: ¥154,400,000.

(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, 2016 to March 31, 2017)****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, the global economy as a whole maintained its recovery despite some delay in recovery seen in the U.S. and Europe. The Chinese economy has been heading towards recovery and there were also signs of the recovery in many of the other emerging countries. The Japanese economy in general continued on a gradual recovery track on the back of improving employment and income situation.

As for foreign exchange rates, the yen remained stronger against the U.S. dollar and other major currencies compared with a year earlier, resulting in declines in net sales and profits at overseas subsidiaries when converted into yen.

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, implemented a growth strategy focused on taking advantage of growth business fields and business opportunities, while pursuing business expansion in growth countries and regions as well as further bolstering its competitiveness in accordance with the program.

As a result, consolidated net sales for the fiscal year ended March 31, 2017 declined 3.7% compared with the same period of the previous fiscal year to ¥2,026.5 billion. Operating income decreased 4.9% to ¥146.9 billion, and ordinary income fell 4.3% to ¥143.7 billion. Net income attributable to owners of parent increased by 10.3% to ¥99.4 billion.

Business performance by segment is described below.

**Fibers and Textiles**

In Japan, demand for apparel and industrial applications remained weak. Against this background, Toray Group strived to expand sales on the whole and worked to improve profitability

by upgrading the business primarily through promotion of a business format that integrates fibers to textiles to final products and improving profitability through cost reduction.

Overseas, mainly in apparel applications, business performance of some subsidiaries in Southeast Asia and other regions were affected by a slowdown in final demand in Europe and China. On the other hand, materials for automotive applications and hygiene products remained strong in general.

Overall sales of Fibers & Textiles segment declined 4.0% to ¥856.1 billion from the previous year and operating income fell 3.1% to ¥66.8 billion.

**Plastics and Chemicals**

In the resin business, shipment for automotive applications was strong in general, both in Japan and overseas. Besides automotive applications, Toray Group also promoted sales expansion of ABS and PPS resins. In the film business, while overseas demand for some applications in the U.S. and Europe was sluggish, the Group made efforts to expand sales of high value-added products in Asia and other regions, and the products for packaging applications performed strongly in Japan.

Toray Group, despite many of the business's products being affected by price competition in Japan and abroad, strived to improve profitability of the business by focusing on sales expansion of high value-added products as well as on cost reduction.

Overall sales of Plastics & Chemicals segment declined 4.2% to ¥499.1 billion from the previous year while operating income increased 15.0% to ¥33.8 billion.

**IT-related Products**

Among materials for flat panel displays, smartphone and tablet terminal-related materials performed strongly with shipment for organic EL applications growing.

Shipment of battery separator films for lithium-ion secondary batteries expanded reflecting demand growth.

While many of the business's applications were affected by price competition, Toray Group strived to improve profitability of the business by focusing on sales expansion of high value-added products as well as on cost reduction.

Overall sales of IT-related Products segment increased 1.3% to ¥254.4 billion from the previous year and operating income rose 16.7% to ¥30.5 billion.

### **Carbon Fiber Composite Materials**

In the Carbon Fiber Composite Materials segment, while the final demand for aircraft was strong, demand for carbon fiber intermediate products (prepreg) remained on a weak note, reflecting the inventory adjustment in the supply chain. Demand of products for compressed natural gas tank applications was slow due to the impact of the decline in crude oil price. Meanwhile, shipment for wind turbine blade application expanded on the back of growing demand.

Overall sales of Carbon Fiber Composite Materials segment declined 13.2% to ¥161.6 billion from the previous year and operating income fell 33.6% to ¥24.0 billion.

### **Environment and Engineering**

In the water treatment business, although Toray Group continued to work on sales expansion of reverse osmosis membranes and other products, exports from Japan were affected by the further appreciation of the yen.

Among domestic subsidiaries in the segment, pharmaceuticals-related plant construction and lithium-ion secondary battery-related machinery at an engineering subsidiary performed strongly.

Overall sales of Environment & Engineering segment increased 1.5 % to ¥186.1 billion from the previous year and operating income rose 3.3% to ¥9.9 billion.

### **Life Science**

In the pharmaceutical business, sales volume of pruritus treatment REMITCH®\* grew solidly, as the product received approval for the additional indication in 2015, while it was affected by the

National Health Insurance drug price revision in April 2016. Shipment of natural-type interferon beta preparation FERON® and orally active prostacyclin derivative DORNER® remained sluggish due to the impact of alternative medicines and their generic drugs.

In the medical devices business, shipment of dialyzers grew strongly in Japan and overseas.

Overall sales of Life Science segment declined 3.0% to ¥54.2 billion from the previous year and operating income fell 30.0% to ¥2.1 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," Toray Group have made proactive capital investment and implemented M&As and alliances primarily in growth business fields and growth countries and regions.

In terms of new major capital investment in the Fibers & Textiles segment, Toray Group reinforced facilities in response to growing demand for automotive applications. Toray Advanced Textile Mexico, S.A. de C.V., a Mexican subsidiary, decided to commercialize airbag nylon fibers and airbag fabric. Toray Group plans to invest about ¥10.0 billion to construct production facilities within the factory premises of Zoltek Companies, Inc., a subsidiary of the Company, and to start operation of the facilities in March 2018. Alcantara S.p.A., an Italian subsidiary, made a decision to expand and reinforce facilities for Alcantara®, high-quality Italian-made materials being increasingly adopted as interior materials mainly for high-grade car models. This subsidiary plans to invest about ¥35.0 billion to fund a gradual expansion of its production capacity up to about double its present volume. In addition, Toray Group has decided to establish new development facilities at the Shiga Plant in order to strengthen the development of polypropylene spunbond special products in response to increasing demand for use in disposable diapers and other hygiene products.

In the Plastics & Chemicals segment, Toray Group decided to reinforce the production capacity of TORAYPEF<sup>®</sup>, polyolefin form, at Toray Plastics (America), Inc., a US subsidiary, in response to growing demand for automotive applications in North America. TORAYPEF<sup>®</sup> is increasingly adopted primarily in door trim as automakers upgrade their interior materials. Toray Group plans to invest about ¥4.0 billion and start operation at the beginning of 2018.

In the Carbon Fiber Composite Materials segment, Toray Group made a decision to expand and reinforce facilities for large-tow carbon fibers in response to growing demand for the application in the wings of wind power generators. Toray Group plans to double the production capacity at the Mexico Plant of Zoltek Companies, Inc. and to start operation of the expanded facilities in December 2017. Large-tow carbon fibers are expected to be increasingly adopted as a material for automobile structures. In the fields of carbon fiber composite materials, Toray Group decided to construct large production facilities for fuel cell electrode substrate. Toray's electrode materials have been successively adopted into Toyota Motor Corporation's "MIRAI" and Honda Motor Co., Ltd.'s "CLARITY FUEL CELL," contributing to improved capability and space-saving designs of fuel cell stacks. Toray Group will establish large facilities at the Ehime Plant with approximately five times the capabilities of the existing facilities at the Shiga Plant, in preparation for growing demand in the future.

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. Toray's Positive

Photosensitive Polyimide Coatings for organic EL displays received the 63th Okochi Memorial Production Award. Organic EL displays are being adopted at a rapidly increasing pace, mainly for smartphones, to take advantage of their thin film components, low-weight technologies, and low power consumption. Toray's photosensitive polyimide is extensively adopted as a standard material for the isolation films of organic EL displays. Toray Group has verified a membrane-based bioprocess as a technology to put non-edible biomass-based materials and chemicals to practical use. Toray Group succeeded in verifying the increased scale of a membrane-based fermentation process to efficiently produce ethanol from sugarcane, by merging Toray's water-treatment membrane technology with biotechnology. Toray Group has also established a joint venture in Thailand to verify a membrane-based saccharifying process by which cellulose sugar used for biotechnology chemicals materials are made from sugarcane waste (bagasse).

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, the US FDA has granted approval for the start of phase I clinical testing in the US on TRK-950, the cancer remedy Toray has been independently developing in the pharmaceutical and medicine fields. For the future, Toray will promote clinical development on a global basis with the aim of achieving early regulatory approval of the agent as an epoch-making cancer remedy. In the cutting-edge materials fields, Toray has realized the practical application of hitoe<sup>®</sup> functional materials for detecting bio-signals for monitoring and observation services. Regarding hitoe<sup>®</sup>, Toray registered "hitoe medical electrodes," which are products for measuring electricity generated by heart, as general medical equipment and started promoting them for medical use. Further, Toray obtained manufacturing and marketing approval for RAPROS<sup>®</sup>, an orally active prostacyclin preparation, as a remedy for chronic kidney



disease in cats. RAPROS® is expected to not only cure feline kidney disease, a common affliction in cats, but to contribute to improved life quality as an indirect therapeutic benefit for cat owners.

## **(2) Issues to be Addressed**

In 2011 Toray Group drew up the “AP-Growth TORAY 2020,” a long-term corporate vision. Toray Group worked on “Project AP-G 2013,” a medium-term management program for the three-year period through FY 2013 as the first stage of the vision, and “Project AP-G 2016,” a medium-term management program for the three-year period through FY 2016. Through these initiatives, Toray Group has implemented growth strategies focused on expanding business in growth business fields and growth countries and regions, and strengthening its competitiveness.

In February 2017 Toray Group announced “Project AP-G 2019,” a new medium-term management program as the third stage toward the realization of the long-term corporate vision. Under “Project AP-G 2019” applicable to the three years through FY 2019, Toray Group will complete the programs it has worked on so far to address management issues, while at the same time strengthening its initiatives to generate new revenue resources for sustainable growth and increased corporate value for FY 2020 and onward.

In FY 2017, the global economy as a whole is expected to maintain its gradual recovery tone led by economic recovery in developed countries with a focus on the U.S., as well as the upswing in emerging economies. However, attention should be paid to risk factors such as the increasing pressure of protectionism policies by developed countries, the impact of normalization of the U.S. monetary policy and growing geopolitical tension. The Japanese economy is also expected to recover gradually on the back of improving employment and income situations, though there are concerns that the economy may be weighed down by uncertainties in overseas economies and the changes in the financial and capital markets.

Under such circumstances, Toray Group will expand business by taking advantage of advanced

materials, core technologies and global business foundations. Toray Group will prioritize capital expenditure, research & development, and allocation of other management resources in growth business fields and growth countries and regions. If synergies appear to be achievable through the use of the Group’s strengths, Toray Group will extend and supplement the growth of its existing businesses by flexibly planning M&As and alliances.

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 continue to 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 “Sixth CSR Roadmap” for three years through FY 2019 and systematically continues to promote 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:

***Fibers and Textiles:***

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

***Carbon Fiber Composite Materials:***

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

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

***Fibers and Textiles:***

Expansion of production facilities for polypropylene spunbond (at Toray Advanced Materials Korea Inc.)

***Fibers and Textiles:***

Establishment of production facilities for nylon fiber and airbag fabric (at Toray Advanced Textile Mexico, S.A. de C.V.)

***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:***

Establishment of production facilities for carbon

fiber and prepreg (at Toray Carbon Fibers America, Inc.)

***Carbon Fiber Composite Materials:***

Establishment of production facilities for fuel cell electrode substrate (at the Ehime Plant of the Company)

***Carbon Fiber Composite Materials:***

Expansion of production facilities for carbon fiber (at Zoltek de Mexico SA de CV)

### (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			
	2014	2015	2016	2017
March 31				
Net sales	¥1,837.8	¥2,010.7	¥2,104.4	<b>¥2,026.5</b>
Operating income	105.3	123.5	154.5	<b>146.9</b>
Ordinary income	110.6	128.6	150.2	<b>143.7</b>
Net income attributable to owners of parent	59.6	71.0	90.1	<b>99.4</b>
Net income per share (yen)	36.59	44.33	56.38	<b>62.17</b>
Net assets	944.6	1,080.8	1,024.9	<b>1,100.2</b>
Total assets	2,119.7	2,357.9	2,278.4	<b>2,396.8</b>

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.	Won602,600	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 Film 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	20,451	(19)
Plastics and Chemicals	6,972	121
IT-related Products	5,942	130
Carbon Fiber Composite Materials	5,277	148
Environment and Engineering	3,529	28
Life Science	1,618	(35)
Others	1,723	(3)
Corporate	736	39
Total	46,248	409

## (10) Principal Lenders

	Outstanding loan amount (Millions of yen)
Sumitomo Mitsui Banking Corporation	107,153
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	84,150
Mizuho Bank, Ltd.	46,480
Nippon Life Insurance Co.	20,100
Mitsubishi UFJ Trust and Banking Corporation	12,474

Note 1: Outstanding loan amount includes loans from overseas subsidiaries of the lenders.

Note 2: In addition to the above, we have ¥209,634 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:	1,599,971,887 shares (excluding treasury stock of 31,509,516 shares)
(3) Number of Stockholders at March 31, 2017:	137,641
(4) Principal Stockholders:	

	Number of shares held (Thousands)	Percentage of total shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	116,760	7.30
Japan Trustee Services Bank, Ltd. (Trust Account)	95,213	5.95
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 5 Account)	27,918	1.74
State Street Bank West Client-Treaty 505234	25,813	1.61
Japan Trustee Services Bank, Ltd. (Trust 4 Account)	23,366	1.46
Japan Trustee Services Bank, Ltd. (Trust 9 Account)	22,164	1.39
Japan Trustee Services Bank, Ltd. (Trust 7 Account)	20,896	1.31

Note: The percentage of total shares is computed after deducting treasury stock (31,509,516 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	167	263	221
Number of persons held	9 members of the Board	12 members of the Board	13 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 167,000 shares	Common Stock: 263,000 shares	Common Stock: 221,000 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	No.6 Stock Acquisition Right
Date of resolution of issuance	July 23, 2014	July 28, 2015	July 27, 2016
Number of Stock Acquisition Rights	259	191	280
Number of persons held	16 members of the Board	18 members of the Board	23 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 259,000 shares	Common Stock: 191,000 shares	Common Stock: 280,000 shares
Issue price of Stock Acquisition Rights	¥605	¥987	¥902
Exercise price	¥1	¥1	¥1
Exercise period for Stock Acquisition Rights	From August 10, 2014 to August 9, 2044	From August 23, 2015 to August 22, 2045	From August 21, 2016 to August 20, 2046

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

	No.6 Stock Acquisition Right
Date of resolution of issuance	July 27, 2016
Number of Stock Acquisition Rights	101
Number of persons granted	30 directors of the Company
Type and number of shares to be issued upon exercise	Common Stock: 101,000 shares
Issue price of Stock Acquisition Rights	¥902
Exercise price	¥1
Exercise period for Stock Acquisition Rights	From August 21, 2016 to August 20, 2046

(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: 56,350,726 shares	Common Stock: 60,709,082 shares
Issue price of Stock Acquisition Rights	Gratis	Gratis
Conversion price	¥887.3	¥823.6
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*

**Koichi Abe**, *Executive Vice President and Representative Member of the Board* (In charge of 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; General Manager, Toray Human Resources Development Center)

**Kazushi Hashimoto**, *Executive Vice President and Representative Member of the Board* (In charge of Marketing and Sales; in charge of General Administration & Legal Division (Security Trade Administration Dept.), Corporate Marketing Planning Dept., and branches; General Manager, International Division)

**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, Purchasing & Logistics Division, Product Safety & Quality Assurance Planning Dept.; General Manager, Manufacturing Division)

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

**Mitsuo Oya\***, *Senior Vice President (Member of the Board and Member of the Executive Committee)* (General Manager, Fibers & Textiles Division; General Manager, Osaka Head Office)

**Akio Sato**, *Senior Vice President (Member of the Board)* (General Manager, Resins & Chemicals Division; General Manager, 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)* (In charge of CSR; General Manager, General Administration & Legal Division, Investor Relations Dept., Corporate Communications Dept., and Advertising Dept.; General Manager, Tokyo Head Office; Director, Atsugi Co., Ltd.)

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

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

**Kazuhiko Shuto**, *Senior Vice President (Member of the Board)* (Chief Representative for China; Chairman & President, Toray Industries (China) Co., Ltd.; Chairman, Toray Jifa (Qingdao) Textile Co., Ltd.)

**Tetsuya Tsunekawa**, *Senior 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.)

**Takashi Fujimoto\***, *Vice President (Member of the Board)* (General Manager, Information Systems Division; General Manager, Engineering Division)

**Yuji Fukuda\***, *Vice President (Member of the Board)* (General Manager, Finance & Controller's Division; President, Toray Holding (U.S.A.), Inc.)

**Shigeki Taniguchi\***, *Vice President (Member of the Board)* (General Manager, Personnel & Industrial Relations Division)

**Toshiyuki Kondo\***, *Vice President (Member of the Board)* (General Manager, Manufacturing Division (Torayca & Prepreg Technology and Manufacturing, ACM Technology Dept.))

**Kenichiro Miki\***, *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.)

**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)

**Motoyuki Yagita**, *Corporate Auditor*

**Shoshiro Taneichi\***, *Corporate Auditor*

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

**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 135th Ordinary General Meeting of Stockholders held on June 28, 2016.

Note 8: The following members of the Board and Corporate Auditors retired from their positions at the close of the 135th Ordinary General Meeting of Stockholders held on June 28, 2016.

**Eizo Tanaka**, *Executive Vice President and Representative Member of the Board*

**Moriyuki Onishi**, Senior Vice President (Member of the Board and Member of the Executive Committee)

**Shinichi Okuda**, Senior Vice President (Member of the Board and Member of the Executive Committee)

**Akira Uchida**, Senior Vice President (Member of the Board)

**Kunihiko Yoshida**, Vice President (Member of the Board)

**Masashi Fujita**, Vice President (Member of the Board)

**Kiyoshi Fukuchi**, Corporate Auditor

Note 9: As of April 1, 2017, the assignments and important offices held concurrently by members of the Board have been changed as follows.

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

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

**Yasuo Suga**, Senior Vice President (Member of the Board) (General Manager, Torayca & Advanced Composites Division; Chairman, Toray Composite Materials America, Inc.; Chairman, Zoltek Companies, Inc.; Chairman, Zoltek Corporation)

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

**Yoshiyuki Tanaka**, Vice President (Member of the Board) (General Manager, Manufacturing Division (Fibers & Textiles Technology and Manufacturing))

## (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	31	¥1,358 million
(inclusive of Outside Directors)	(2)	[¥24 million]
Corporate Auditors	5	¥101 million
(inclusive of Outside Corporate Auditors)	(2)	[¥19 million]
<b>Total</b>	<b>36</b>	<b>¥1,459 million</b>

Note 1: The number of recipients includes six members of the Board and one corporate auditor who retired in the current period.

Note 2: The total amount of remuneration includes ¥154 million (members of the Board, ¥154 million) of bonuses for members of the Board to be resolved at the 136th Ordinary General Meeting of Stockholders.

Note 3: The total amount of remuneration includes ¥252 million of stock options (stock acquisition rights) granted to members of the Board.

Note 4: The amount equivalent to ¥81 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 three retiring members of the Board ¥246 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.

**(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; Corporate Auditor, SUMITOMO CORPORATION)

**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 14 meetings of the Board of Directors held during the period under review. 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 13 out of 14 meetings of the Board of Directors and all 11 meetings of the Board of Corporate Auditors held during the period under review. Also participated in audits of Toray's plants 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 all 14 meetings of the Board of Directors and all 11 meetings of the Board of Corporate Auditors held during the period under review. Also participated in audits of Toray's plants 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, 2017 was ¥220 million.

2) The total amount of remuneration paid or payable to independent auditors by the Company and its consolidated subsidiaries was ¥463 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.

## Consolidated Balance Sheet

Toray Industries, Inc. and Subsidiaries  
March 31, 2017

Assets	Millions of yen	Liabilities	Millions of yen
<b>Current assets:</b>	<b>¥1,066,709</b>	<b>Current liabilities:</b>	<b>¥ 669,976</b>
Cash and time deposits	143,111	Notes and accounts payable - trade	229,192
Notes and accounts receivable - trade	426,122	Short-term borrowings	132,014
Merchandise and finished goods	235,127	Long-term borrowings due within one year	110,234
Work in process	78,646	Commercial paper	19,000
Raw materials and supplies	95,559	Income taxes payable	18,560
Deferred tax assets	26,438	Reserve for employees' bonuses	20,438
Other current assets	63,911	Reserve for bonuses of members of the Board	156
Allowance for doubtful accounts	(2,205)	Other current liabilities	140,382
<b>Noncurrent assets:</b>	<b>1,330,076</b>	<b>Noncurrent liabilities:</b>	<b>626,633</b>
<b>Property, plant and equipment:</b>	<b>881,434</b>	Bonds	140,000
Buildings and structures	258,107	Long-term borrowings	310,757
Machinery, equipment and vehicles	409,266	Deferred tax liabilities	43,320
Land	79,831	Reserve for retirement benefits of members of the Board and corporate auditors	1,253
Construction in progress	107,562	Net defined benefit liability	103,459
Other	26,668	Other noncurrent liabilities	27,844
<b>Intangible assets:</b>	<b>77,295</b>	<b>Total liabilities</b>	<b>1,296,609</b>
Goodwill	45,779	<b>Net assets</b>	
Other	31,516	<b>Stockholders' equity:</b>	<b>939,432</b>
<b>Investments and other assets:</b>	<b>371,347</b>	Common stock	147,873
Investment securities	280,144	Capital surplus	121,091
Long-term loans receivable	1,566	Retained earnings	691,290
Deferred tax assets	13,513	Treasury stock, at cost	(20,822)
Net defined benefit asset	28,322	<b>Accumulated other comprehensive income:</b>	<b>81,840</b>
Other	51,065	Net unrealized gains on securities	66,513
Allowance for doubtful accounts	(3,263)	Net deferred gains on hedges	21
		Foreign currency translation adjustments	13,764
		Remeasurements of defined benefit plans	1,542
		<b>Stock acquisition rights</b>	<b>1,205</b>
		<b>Non-controlling interests</b>	<b>77,699</b>
		<b>Total net assets</b>	<b>1,100,176</b>
<b>Total assets</b>	<b>¥2,396,785</b>	<b>Total liabilities and net assets</b>	<b>¥2,396,785</b>

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

## Consolidated Statement of Income

Toray Industries, Inc. and Subsidiaries

April 1, 2016 - March 31, 2017

	Millions of yen
<b>Net sales</b>	<b>¥2,026,470</b>
Cost of sales	1,596,472
<b>Gross profit</b>	<b>429,998</b>
Selling, general and administrative expenses	283,105
<b>Operating income</b>	<b>146,893</b>
<b>Nonoperating income:</b>	<b>18,104</b>
Interest and dividend income	5,010
Equity in earnings of unconsolidated subsidiaries and affiliated companies	7,506
Other income	5,588
<b>Nonoperating expenses:</b>	<b>21,261</b>
Interest expense	4,654
Other expenses	16,607
<b>Ordinary income</b>	<b>143,736</b>
<b>Special gains:</b>	<b>5,965</b>
Gain on sales of property, plant and equipment	1,042
Gain on sales of investment securities	3,767
Gain on return of assets from retirement benefits trust	810
Other special gains	346
<b>Special losses:</b>	<b>10,689</b>
Loss on sales and disposal of property, plant and equipment	6,013
Loss on impairment of fixed assets	2,925
Loss on write-down of investment securities	816
Other special losses	935
<b>Income before income taxes and non-controlling interests</b>	<b>139,012</b>
Income taxes:	
Current	31,361
Deferred	1,708
<b>Net income</b>	<b>105,943</b>
Net income attributable to non-controlling interests	6,525
<b>Net income attributable to owners of parent</b>	<b>¥99,418</b>

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

## Nonconsolidated Balance Sheet

Toray Industries, Inc.  
March 31, 2017

Assets	Millions of yen	Liabilities	Millions of yen
<b>Current assets:</b>	<b>¥ 301,294</b>	<b>Current liabilities:</b>	<b>¥ 255,416</b>
Cash and time deposits	11,648	Notes payable - trade	4,846
Notes receivable - trade	4,749	Accounts payable - trade	46,584
Accounts receivable - trade	129,824	Short-term borrowings	817
Finished goods	56,048	Long-term borrowings due within one year	56,408
Work in process	18,456	Commercial paper	19,000
Raw materials and supplies	26,676	Accounts payable - other	30,563
Prepaid expenses	1,667	Accrued expenses	15,710
Deferred tax assets	8,207	Income taxes payable	4,883
Short-term loans receivable	32,466	Deposits received	65,300
Accounts receivable - other	15,499	Reserve for employees' bonuses	8,400
Other current assets	2,320	Reserve for bonuses of members of the Board	154
Allowance for doubtful accounts	(6,266)	Other current liabilities	2,750
<b>Noncurrent assets:</b>	<b>966,804</b>	<b>Noncurrent liabilities:</b>	<b>448,980</b>
<b>Property, plant and equipment:</b>	<b>241,017</b>	Bonds	140,000
Buildings	82,564	Long-term borrowings	215,677
Structures	12,211	Deferred tax liabilities	16,227
Machinery and equipment	95,254	Reserve for employees' retirement benefits	62,789
Vehicles	130	Reserve for loss on guarantees	210
Tools and furniture	6,503	Reserve for loss on business of subsidiaries and affiliated companies	190
Land	31,321	Asset retirement obligations	1,258
Construction in progress	13,033	Other noncurrent liabilities	12,629
<b>Intangible assets:</b>	<b>3,154</b>	<b>Total liabilities</b>	<b>704,395</b>
Software	2,198	<b>Net assets</b>	
Other intangible assets	957	<b>Stockholders' equity:</b>	<b>500,442</b>
<b>Investments and other assets:</b>	<b>722,633</b>	<b>Common stock</b>	<b>147,873</b>
Investment securities	170,337	<b>Capital surplus:</b>	<b>136,727</b>
Investment securities in subsidiaries and affiliated companies	459,838	Additional paid-in capital	136,727
Investment in capital	278	<b>Retained earnings:</b>	<b>236,084</b>
Investment in subsidiaries' and affiliated companies' capital	68,902	Legal reserve	24,234
Long-term loans receivable	270	Other retained earnings	211,850
Long-term prepaid expenses	494	Reserve for write-down of fixed assets for tax purposes	10,333
Prepaid pension cost	16,760	General reserve	112,000
Other	5,796	Retained earnings brought forward	89,517
Allowance for doubtful accounts	(41)	<b>Treasury stock, at cost</b>	<b>(20,242)</b>
<b>Total assets</b>	<b>¥1,268,099</b>	<b>Valuation, translation adjustments and other:</b>	<b>62,069</b>
		Net unrealized gains on securities	61,843
		Net deferred losses on hedges	225
		<b>Stock acquisition rights</b>	<b>1,192</b>
		<b>Total net assets</b>	<b>563,703</b>
		<b>Total liabilities and net assets</b>	<b>¥1,268,099</b>

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



## Nonconsolidated Statement of Income

Toray Industries, Inc.  
April 1, 2016 - March 31, 2017

	Millions of yen
<b>Net sales</b>	<b>¥ 547,029</b>
Cost of sales	414,353
<b>Gross profit</b>	<b>132,675</b>
Selling, general and administrative expenses	101,993
<b>Operating income</b>	<b>30,683</b>
<b>Nonoperating income:</b>	<b>36,496</b>
Interest and dividend income	33,144
Other income	3,353
<b>Nonoperating expenses:</b>	<b>4,773</b>
Interest expense	890
Other expenses	3,883
<b>Ordinary income</b>	<b>62,406</b>
<b>Special gains:</b>	<b>7,960</b>
Gain on sales of property, plant and equipment	282
Gain on sales of investment securities	3,556
Gain on sales of investment securities in subsidiaries and affiliated companies	328
Adjustments for transfer pricing taxation	2,983
Gain on return of assets from retirement benefits trust	810
<b>Special losses:</b>	<b>9,291</b>
Loss on sales and disposal of property, plant and equipment	4,694
Loss on write-down of investment securities	811
Loss on liquidation and devaluation of subsidiaries and affiliated companies	3,536
Other special losses	250
<b>Income before income taxes</b>	<b>61,074</b>
Income taxes:	
Current	2,775
Deferred	4,595
<b>Net income</b>	<b>¥53,704</b>

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

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(Translation)  
Independent Auditor's Report

May 17, 2017

The Board of Directors  
Toray Industries, Inc.

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Ernst & Young ShinNihon LLC  
Kazuhiro Suzuki  
Certified Public Accountant  
Designated and Engagement Partner

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Takeshi Isogai  
Certified Public Accountant  
Designated and Engagement Partner

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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, 2016 through March 31, 2017.

*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, 2017 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, 2017 are written in Japanese.

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(Translation)  
Independent Auditor's Report

May 17, 2017

The Board of Directors  
Toray Industries, Inc.

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Ernst & Young ShinNihon LLC  
Kazuhiro Suzuki  
Certified Public Accountant  
Designated and Engagement Partner

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Takeshi Isogai  
Certified Public Accountant  
Designated and Engagement Partner

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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 136th fiscal year from April 1, 2016 through March 31, 2017.

*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 136th fiscal year ended March 31, 2017 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, 2017 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 136th fiscal term from April 1, 2016 to March 31, 2017, 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, 2017.

**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 18, 2017

Board of Corporate Auditors  
Toray Industries, Inc.

Motoyuki Yagita, Corporate Auditor  
Shoshiro Taneichi, Corporate Auditor  
Toshio Nagai, Outside Corporate Auditor  
Kazuya Jono, Outside Corporate Auditor

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**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 26, 2017 (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.