

May 13, 2002

FOR IMMEDIATE RELEASE:

Toray Announces FY2002 Financial Results

Overview of Fiscal Year 2002 (April 2001 - March 2002):

The world economy deteriorated with the fall in demand brought about by IT depression and the September 11th terrorist attacks in the U.S. The Japanese economy continued in a severe state due to structural issues including bad debts and de-industrialization.

Under these circumstances, Toray was affected by a significant demand decrease despite having taken measures such as reducing costs of production, sales and administration.

As a result, the company's consolidated net sales for FY 2002 fell 5.5% year-on-year to 1,015.7 billion yen (US\$7.637 billion), while operating income decreased 63.2% to 18.8 billion yen (US\$141 million) and ordinary income dropped 78.1% to 8.9 billion yen (US\$67 million). Net income also fell 77.6% to 3.8 billion yen (US\$29 million).

Business Performances by Sector:

<Fibers and Textiles>

Domestic sales of nylon declined in FY2002 due to sluggish demand in the apparel and industrial use. Sales of Tetoron* polyester yarn also dropped due to deterioration in the apparel market and an increase in imported products, despite the company expanding its sales for industrial uses centering on automotive application. On the other hand, sales for trading business increased steadily. Overall overseas sales in this sector stayed on the same level year-on-year due to improved sales of polyester filament textile in China, despite the global economic slump.

As a result, overall sales of fibers and textiles decreased year-on-year to 431.5 billion yen (US\$3.244 billion), and operating income dropped to 9.2 billion yen (US\$69 million).

<Plastics and Chemicals>

Domestic Sales of ABS resin Toyolac* fell as a result of decreased demand in the automobile sector and the increasing shift to overseas production by home electric-appliance manufacturers. Sales in the overseas market also decreased due to a slowdown in the Hong Kong and Chinese markets. Sales of the nylon resin Amilan* and PBT resin Toraycon* also plummeted due to a slump in domestic demand from the electric sector, despite a steady improvement of sales in the automobile sector.

In the Film Business, sales of mainstay polyester film Lumirror* continued to increase, particularly in the domestic and overseas packaging-application markets. However, overall sales of Lumirror* decreased due to the weak industrial market. Sales of polypropylene film Torayfan* also dropped, mainly as a result of deterioration in the domestic industrial market.

In the chemicals sector, sales of Caprolactam, a raw material of nylon, decreased under the influence of worsening market conditions. Sales of fine chemicals such as agricultural chemicals also decreased.

As a result, sales of plastics and chemicals overall decreased year-on-year to 224.9 billion yen (US\$1.69 billion) and operating income fell to 1.6 billion yen (US\$12 million).

<IT related Products >

In the IT-related resin and film sector, sales of precision resin molding products in China and film products for magnetic-tape use in Korea expanded. However, overall sales in this sector dropped because, as a result of the domestic IT recession, demand in electronic components, liquid crystal displays (LCDs) applications and capacitors decreased.

In the Electronic and Information-related product business, sales of electronic circuit products in Korea increased, although overall sales decreased due to unfavorable demand in the domestic market.

In the LCD Material business, sales of Toptical*, a high-quality TFT color filter for LCDs, decreased due to slow demand and a depressed selling price in the first half in FY2001, despite the fact that sales showed a favorable trend in the second half under the influence of a moderate recovery in the domestic LCD market.

As a result, overall sales of Information Technology materials dropped year-on-year to 141.4 billion yen (US\$1.063 billion), and operating income fell to 1.3 billion yen (US\$10 million).

<Housing and Engineering>

The construction business was slack under the influence of stagnation in the public and private sectors. Overall sales for the housing and engineering business decreased year-on-year to 105.2 billion yen (US\$791 million). However, improved profitability resulted in an operating increase to 0.6 billion yen (US\$4.5 million).

<Pharmaceutical and Medical Products>

The pharmaceutical business was affected by a decrease in revenues from royalties. With regard to medical products, there was an improvement in sales of Toraysulfone*, a polysulfone hollow-fiber artificial kidney, and of Toraymyxin*, a blood purification device for treating septicemia.

As a result, sales and operating income of the pharmaceutical and medical products sector decreased year-on-year to 50 billion yen (US\$376 million) and 1.9 billion yen (US\$14 million), respectively.

<New Products and Other Businesses >

Even though sales for aviation industries leveled off due to the September 11th terrorist attacks in the U.S., Toray's advanced composite materials business expanded, mainly as a result of steady demand from industrial and sports applications. However, overall sales and operating income dropped year-on-year to 62.7 billion yen (US\$471 million) and 3.1 billion yen (US\$23 million), respectively, affected by losses resulting from disposal of subsidiaries in the information and service sector.

<Recent Investments>

Toray established a joint venture in China with the China-based Yizheng Chemical Fibre Group Company to produce and market polyester film products. In the resin business, Toray also acquired a resin compound production facility in the U.S. from the U.S. subsidiary of Japan Pigment Co., Ltd. Toray has already begun production of resin compound at the new facility.

< Dividends>

Considering the business performance for the FY 2002, as well as the projections for FY 2003, the dividend for FY 2002 will be 5 yen per share, down 2 yen from the previous fiscal year.

< Finance and Cash Flows for FY 2002>

Toray's assets ended March 31, 2002 were 1,386.5 billion yen (US\$10.425 billion), a 74.6 billion yen (US\$561 million) decline from a year ago. This is primarily due to decreases in credit of sales, mark-to-market price of listed stock and investments in securities for payment of the employee retirement benefit trust. Liabilities were 941.1 billion yen (US\$7.076 billion), a 63.7 billion (US\$479 million) yen decrease from the previous year due to decreases in accounts payable and allowance for employee retirement benefits. Capital was 413.1 billion yen (US\$3.106 billion), a 12.1 billion yen (US\$91 million) drop year-on-year, mainly because of a decline in the balance resulting from the assessment of investments in securities. As a result, Toray's stockholders' capital-asset ratio ended March 31, 2002 reached 29.8%, a 0.7point increase over the previous year.

Free cash flows, cash flows from operating activities net of cash flows from investment activities, for FY 2002 decreased year-on-year to 21.4 billion (US\$161 million). Cash flows, as well as changes in and balances of cash and cash equivalents, for FY 2002 are as follows:

Unit: billions of JPY

	Year ended March 31	
	2002	2001
Cash flows from operating activities	68.6 (US\$516 million)	108.8 (US\$877 million)
Cash flows from investment activities	-47.2 (US\$-355 million)	-64.0 (US\$516 million)
Balance (free cash flows)	21.4 (US\$161 million)	44.7 (US\$360 million)
Cash flows from financing activities	-34.4 (US\$-259 million)	-55.7(US\$449 million)
Effects of changes in exchange rate	1.4 (US\$11 million)	0.8 (US\$6.5 million)
Change in cash and cash equivalents for the year	-11.6 (US\$-87 million)	-10.1 (US\$81 million)
Cash and cash equivalents at the beginning of the year	62.9 (US\$473 million)	73.0 (US\$589 million)
Effect of changes of consolidated subsidiaries	0.2 (US\$1.5 million)	0.0 (US\$0 million)
Cash and cash equivalents at the end of the year	51.5 (US\$387 million)	62.9 (US\$507 million)

<Projection for FY 2003>

We forecast that the Japanese economy will continue to decline due to stagnant consumer spending, despite a modest recovery in demand for IT-related business. We also forecast overseas economies to remain unstable, as the recovery of the U.S. economy is still uncertain.

In view of these circumstances, the Toray Group is planning to establish a new profit-generating structure by reinforcing its corporate structure, reducing total costs including labor costs as well as purchasing and logistics costs and liquidating unprofitable operations. These measures are included in the company's new business plan dubbed "Project New TORAY 21". Although the company is worried that raw material prices are likely to increase, it intends to promote the new project aggressively in the immediate future. Accordingly, Toray plans to achieve net sales of 1,040 billion yen (US\$8 billion), operating income of 22 billion yen (US\$169 million), ordinary income of 12 billion yen (US\$92 million) and net income of 6 billion yen (US\$46 million) for FY 2003. The estimated exchange rate for FY2003 will be 130 yen =US\$1.

Notes:

- 1) U.S. dollar amounts have been converted from yen at the exchange rate of 133 yen=US\$1, the approximate rate of exchange prevailing on March 31, 2002.
- 2) The financial data are under audit.
- 3) Product names with (*) are trademarks of Toray Industries, Inc.

For further information, please contact:

Mr. Tadashi Nakano
Corporate Communications Section

Mr. Ichiro Maeda
Investor Relations Section

Toray Industries, Inc.
Tel. 81-3-3245-5179
Fax. 81-3-3245-5459
<http://www.toray.co.jp>

Consolidated Business Results

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

(1) TORAY'S CONSOLIDATED FINANCIAL HIGHLIGHTS

	Year ended March 31		
	2002 (A)	2001 (B)	Change $\frac{\{(A) - (B)\} \times 100}{(B)}$
Net sales	1,015,713	1,075,371	-5.5%
Fibers and textiles	431,483	433,500	-0.5%
Plastics and chemicals	224,895	245,804	-8.5%
IT related products	141,424	153,612	-7.9%
Housing and engineering	105,153	124,055	-15.2%
Pharmaceuticals and medical products	50,015	52,425	-4.6%
New products and other businesses	62,743	65,975	-4.9%
Operating income	18,845	51,166	-63.2%
Ordinary income	8,938	40,866	-78.1%
Net income	3,802	16,937	-77.6%
Depreciation	78,104	80,032	-2.4%
Capital investment	65,093	59,504	9.4%
Total assets	1,386,507	1,461,133	-5.1%
Property, plant and equipment, net	633,345	629,007	0.7%
Total stockholders' equity	413,140	425,193	-2.8%
Per Share of common stock:			
Net income:			
Primary	¥2.71	¥12.09	-77.6%
Fully diluted	---	¥12.02	---
Cash dividends	¥5.00	¥7.00	---
Stockholders' equity	¥294.80	¥303.39	-2.8%
Ratios:			
Operating income to net sales	1.9%	4.8%	
Net income to net sales	0.4%	1.6%	
Equity ratio	29.8%	29.1%	
Return on equity	0.9%	3.9%	

Projection of results	2003
Net sales	1,040,000
Operating income	22,000
Ordinary income	12,000
Net income	6,000

(2) SEGMENT INFORMATION (For the year ended March 31, 2002)

Industrial Segment Information

	Sales to outside customers	Inter-segment sales	Total sales	Operating income	Assets	Depreciation and amortization	Capital expenditures
Fibers and Textiles	431,483	445	431,928	9,174	464,945	26,145	17,531
Plastics and Chemicals	224,895	23,398	248,293	1,640	361,556	23,995	19,342
IT Related Products	141,424	5,943	147,367	1,327	234,414	16,076	15,912
Housing and Engineering	105,153	43,593	148,746	594	165,599	2,481	2,034
Pharmaceuticals and Medical Products	50,015	54	50,069	1,879	78,568	2,649	3,461
New Products and Other Businesses	62,743	19,307	82,050	3,087	136,495	9,521	7,606
Total	1,015,713	92,740	1,108,453	17,701	1,441,577	80,867	65,886
Elimination and Corporate	---	(92,740)	(92,740)	1,144	(55,070)	(1,726)	(519)
Consolidated Total	1,015,713	---	1,015,713	18,845	1,386,507	79,141	65,367

Geographic Segment Information

	Sales to outside customers	Inter-segment sales	Total sales	Operating income	Assets
Japan	729,966	64,084	794,050	4,825	995,302
Asia	167,600	27,809	195,409	9,888	247,897
Europe & United States	118,147	3,927	122,074	3,022	168,628
Total	1,015,713	95,820	1,111,533	17,735	1,411,827
Elimination and Corporate	---	(95,820)	(95,820)	1,110	(25,320)
Consolidated Total	1,015,713	---	1,015,713	18,845	1,386,507

Export Sales and Sales by Overseas Subsidiaries

	Export sales and sales by overseas subsidiaries	Percentage of such sales against consolidated net sales
Asia	232,221	22.9%
Other regions	178,965	17.6%
Total	411,186	40.5%

<Attachment>

Management Policy

1) Corporate Mission

Toray's corporate philosophy is "to contribute to society through the creation of new value by innovative ideas, technologies and products." Under this philosophy, Toray established the following corporate missions:

For our customers:

To provide new value to our customers through high-quality products and superior services

For our employees:

To provide our employees with opportunities for self-development in a challenging environment

For our shareholders:

To provide our shareholders with dependable and trustworthy management

For the local community:

To act as a responsible corporate citizen and build a long-lasting, beneficial partnership with the local communities in which we do business

Toray is committed to taking on responsibility and contributing to its customers, employees, shareholders and the local community.

2) Policy on distribution of surplus profits

Toray recognizes that its profit distribution policy is a vital matter for the company and it is committed to distributing such profits fairly through deliberate considerations of every factor, including business results, financial conditions and a retention of earnings necessary for future investment.

3) Issues Remaining to Be Solved and Medium- to Long-term Business Strategy

Toray has worked out a new management program dubbed "Project New TORAY 21" in order to transform itself into a new innovative company for the 21st century, with the aim of becoming a company with high earnings. Toray launched the program on April 1st 2002.

In order to strengthen the company's global competitiveness, Toray's management will focus on promotion of drastic reinforcement of its corporate structure in the immediate future (FY2003/ FY2004). Specifically, the company will promote the following five projects:

1. Promoting Marketing Innovation

The company will strongly promote innovative attitudes and customer-oriented ideas and actions by operational staff.

2. Rationalizing Global Production (GR Project)

With regard to the fibers and textiles, plastics and chemicals businesses, in order to upgrade its global competitiveness the company intends to enhance and strengthen its global production structure while optimizing production scales in Japan.

3. Strengthening Total Cost Competitiveness (TC Project)

Toray will reduce personal and gross labor costs, fixed production costs, procurement and distribution costs, and head office expenditures in order to drastically reduce total costs.

4. Re-engineering of Toray Group's Business Structure (CS Project)

The company will conduct a comprehensive review of its own businesses and those of its subsidiaries and affiliates in order to promote retrenchment, streamlining, restructuring and disposal of low-profit/low-growth businesses with lower strategic priority.

5. Strengthening Financial Structure (FK Project)

Toray will reduce interest-bearing liabilities by improving profitability and efficiency in capital expenditure, inventory curtailment and disposal of assets with low significance in its possession. The company aims to achieve an operating income of 500 billion yen for FY2005 on a consolidated basis.

In parallel with these projects, the company aims to evolve from a manufacturing-oriented corporation to a "New Value Creator" of the 21st century -- an entity that creates new values and provides solutions for its customers by incorporating its expertise and know-how through the introduction of new services and new systems of production and distribution.

Toray is focusing on allocating its managerial resources mainly to the three growing areas of Information & Telecommunications, Life Sciences and Environment /Safety/Amenity. These areas will be nurtured into Toray's nucleus businesses in the 21st century.

To achieve this, the company intends to further strengthen its R&D activities while strategically evolving intellectual properties (patents/brands). In addition, Toray will strongly promote global alliances and M&A projects and will expand its businesses in China, where prospects for business have become more encouraging. Toray regards China as one of its major business bases, next to the ASEAN countries. In the meantime, the company will reduce gross labor costs through diversification of employment to reinforce its corporate structure.

Such efforts will enable the company to achieve higher earnings in the future.

Toray is promoting realization of fair and transparent management by revitalizing its Board of Directors and strengthening management control functions. The company is also designating four auditors, including two outside auditors who will join the company's board of directors, to strengthen the auditors' meeting.

#