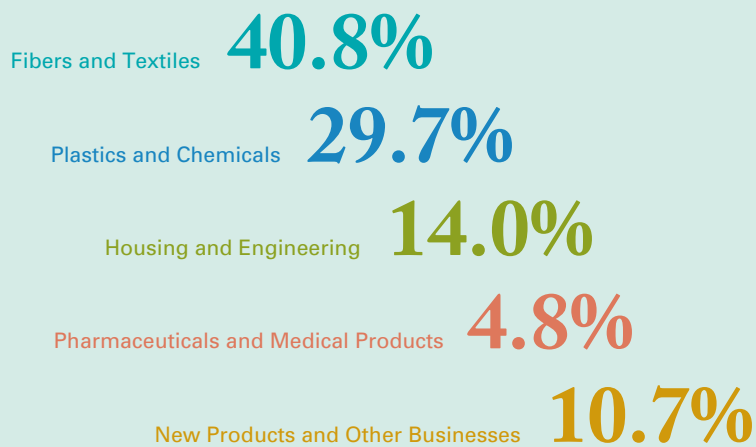


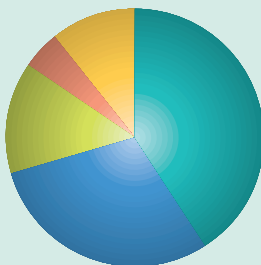
Annual Report 2000

April 1, 1999–March 31, 2000

www.toray.co.jp



CONSOLIDATED SALES, BY SEGMENT



PROFILE

Toray Industries, Inc., is the world's leading manufacturer of synthetic fibers and textiles, with 199 subsidiaries and affiliated companies in 17 countries and areas around the world. The Toray Group's diversified businesses include fibers and textiles, plastics and chemicals, housing and engineering, pharmaceuticals and medical products, and new products and other businesses, including carbon fiber and electronics and information-related products. In fiscal 2000, ended March 31, 2000, consolidated net sales totaled ¥990.5 billion.

CONTENTS

Financial Highlights	01
From the President	02
Global Re-Engineering	04
Research and Development	07
Environmental Activities	10
Corporate Citizenship	15
Toray's Main Products at a Glance	16
Review of Operations	18
Board of Directors	28
Financial Section	29
The Toray Group	50
Global Network	52
Investor Information	53

Product names with an asterisk (*) are trademarks of Toray Industries, Inc., or its subsidiaries or affiliated companies.

FINANCIAL HIGHLIGHTS

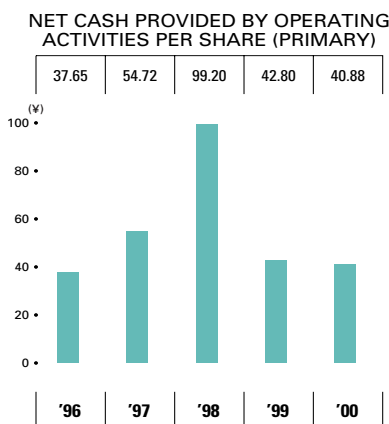
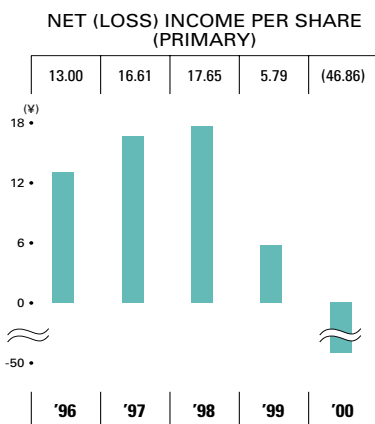
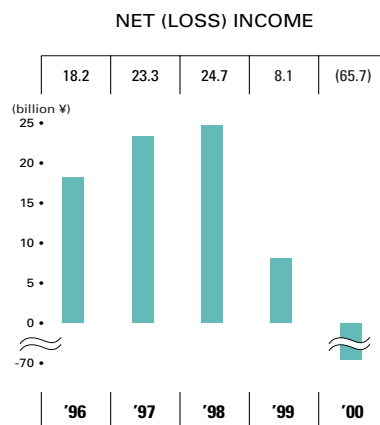
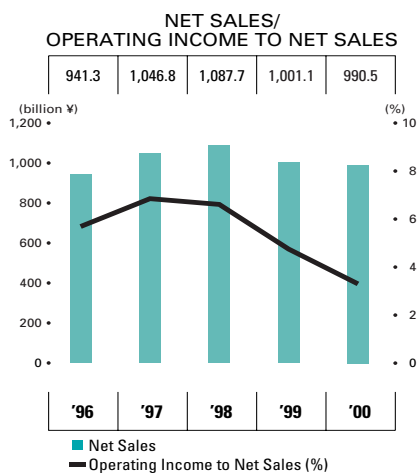
Toray Industries, Inc. and Subsidiaries
Years ended March 31

01

	Millions of yen			Thousands of U.S. dollars
	2000	1999	1998	2000
For the year:				
Net sales	¥ 990,487	¥1,001,117	¥1,087,713	\$ 9,344,217
Operating income.....	32,320	47,564	71,919	304,906
Net (loss) income	(65,667)	8,117	24,740	(619,500)
Net cash provided by operating activities	57,298	59,984	139,023	540,547
Capital expenditures.....	109,514	120,968	150,700	1,033,151
Per share of common stock (in yen and U.S. dollars):				
Net (loss) income:				
Primary	¥(46.86)	¥ 5.79	¥17.65	\$(0.442)
Fully diluted	—	—	17.43	—
Net cash provided by operating activities (primary)	40.88	42.80	99.20	0.386
Cash dividends	7.00	7.00	7.00	0.066
At year-end:				
Total assets	¥1,470,850	¥1,437,360	¥1,427,291	\$13,875,943
Total stockholders' equity	415,878	491,497	493,366	3,923,377

Notes: 1. All dollar figures herein refer to U.S. currency. Yen amounts have been translated, for convenience only, at ¥106 to \$1.00. Billion is used in the American sense of one thousand million.

2. Due to the posting of a net loss in fiscal 2000, net income per share on a fully diluted basis is not reported.



FROM THE PRESIDENT

02

OVERVIEW AND RESULTS

Dear Shareholders,

I am pleased to report on the business performance of the Toray Group in fiscal 2000, ended March 31, 2000.

During the term under review, although the Japanese economy began to show positive effects from government stimulus measures, sluggish personal consumption and the absence of a self-sustaining economic recovery led to the continuation of a harsh domestic business environment for Toray. Outside Japan, European and Asian economies moved on a recovery path, and the U.S. economy continued to demonstrate stable growth.

Under these business conditions, Toray sought to expand earnings in all of its business segments while pursuing such operating framework enhancements as increasing cost-competitiveness through programs aimed at modernizing and streamlining its production processes as well as reducing various expenses. In addition, we aggressively implemented capital investment programs in Japan and overseas with the aim of expanding and strengthening our business operations over a medium- to long-term perspective.

Consolidated net sales declined 1.1%, to ¥990.5 billion. Operating income fell 32.0%, to ¥32.3 billion, and income before special credits (charges) plunged 39.9%, to ¥24.9 billion.

Net loss of ¥65.7 billion was mainly due to net special charges of ¥133.0 billion. Special charges include the one-time recognition of retirement benefits of ¥106.2 billion, reflecting the amendment in accounting standards that is to come into operation in fiscal 2001, and a ¥12.1 billion loss on the write-down of real estate for commercial sales. The application of new accounting standards was to strengthen the Company's financial condition and enhance its transparent disclosure.

Looking at sales performances, sales of resins, housing and engineering, and electronics and information-related products increased, while sales of chemicals as well as pharmaceuticals and medical products were on par with those in the previous term. Sales of fibers and textiles, films, and advanced composite materials declined. Consequently, consolidated net sales experienced a year-on-year decline.

With regard to profits, operating income in the plastics and chemicals business fell mainly due to deteriorating market conditions for polyester film used for home video applications. Furthermore, decreased profits in the advanced composite materials business, as a result of sluggish market conditions for carbon fiber, and a delayed price recovery in the fibers and textiles business adversely affected the Company's performance. As a result, operating income fell from the previous fiscal year.

CORPORATE ACTIVITIES

Besides continuous and steady investments in its production capabilities, R&D, and human resources with a view toward laying a solid foundation for dynamic future growth, Toray is proactively addressing environmental issues and pushing forward with obtaining ISO 14001 certification for its environmental management systems.

Furthermore, as part of corporate efforts to contribute to local communities, Toray supported sports, educational, medical, and cultural programs as well as science technology promotion programs through the Toray Science Foundation—a Japanese pioneering corporate foundation established in 1960. Toray Science Foundations in Thailand, Indonesia, and Malaysia also supported the promotion of science in their respective countries.



OUTLOOK

We anticipate that Toray's business environment will become increasingly harsh, as fading international economic barriers and advancing information technologies further heighten competition.

Amid such conditions, Toray is pushing forward with establishing an enhanced operating structure and profitability. In this context, one of our primary medium-term management objectives is to increase the profitability of core businesses. To achieve this objective, we will take steps to create a highly integrated earnings structure across the entire Toray Group. To this end, we will enact the Toray Global Re-Engineering plan for the polyester filament yarns and polyester films businesses to reorganize the Group's production and sales structures in Japan and overseas.

The second important medium-term management objective is to achieve business growth and higher profitability in

strategic business domains, including advanced composite materials, pharmaceuticals and medical products, and electronics and information-related products as well as in such environment-related areas as the water treatment business. The major thrust of this effort centers on allocating management resources to these promising new areas to enhance business growth and profitability with a view to growing these fields into our next core businesses.

Furthermore, Toray is working on effectively leveraging its core competencies in such growing areas as telecommunications and life sciences as well as environmental business fields with a view to activities in these areas playing a major role in driving the Company's growth and dynamism into the 21st century.

We are confident that pursuing management initiatives aimed at creating additional synergies within the Toray Group by executing Group management and promoting globalization strategies will lead to sound business results as well as the creation of an organization that grows in harmony with the times and obtains superior earnings power.

We look forward to the continued support of all our financial and business partners in fiscal 2001 and beyond.

June 29, 2000

Katsuhiko Hirai

President and Chief Executive Officer

GLOBAL RE-ENGINEERING

By fiscal 1999, Toray had completed construction on the key production bases comprising its integrated global system for further expanding its core fibers and textiles and films businesses. To ensure that this structure performs to its maximum capabilities and results in increased earnings, the Company has introduced a proprietary management concept called "Global Re-Engineering."

Global Re-Engineering involves not only such financial management changes as combining the revenue streams of 24 strategic projects undertaken overseas in the past three years, but also a complete restructuring of the Company's global production and sales systems, including those in Japan, as part of an aggressive push to further increase operational efficiency. The Company is already initiating the implementation of the Global Re-Engineering plan for the Tetonon* polyester filament yarns, Tetonon*/cotton blended fabrics, and polyester films businesses.

TETORON* POLYESTER FILAMENT YARNS BUSINESS

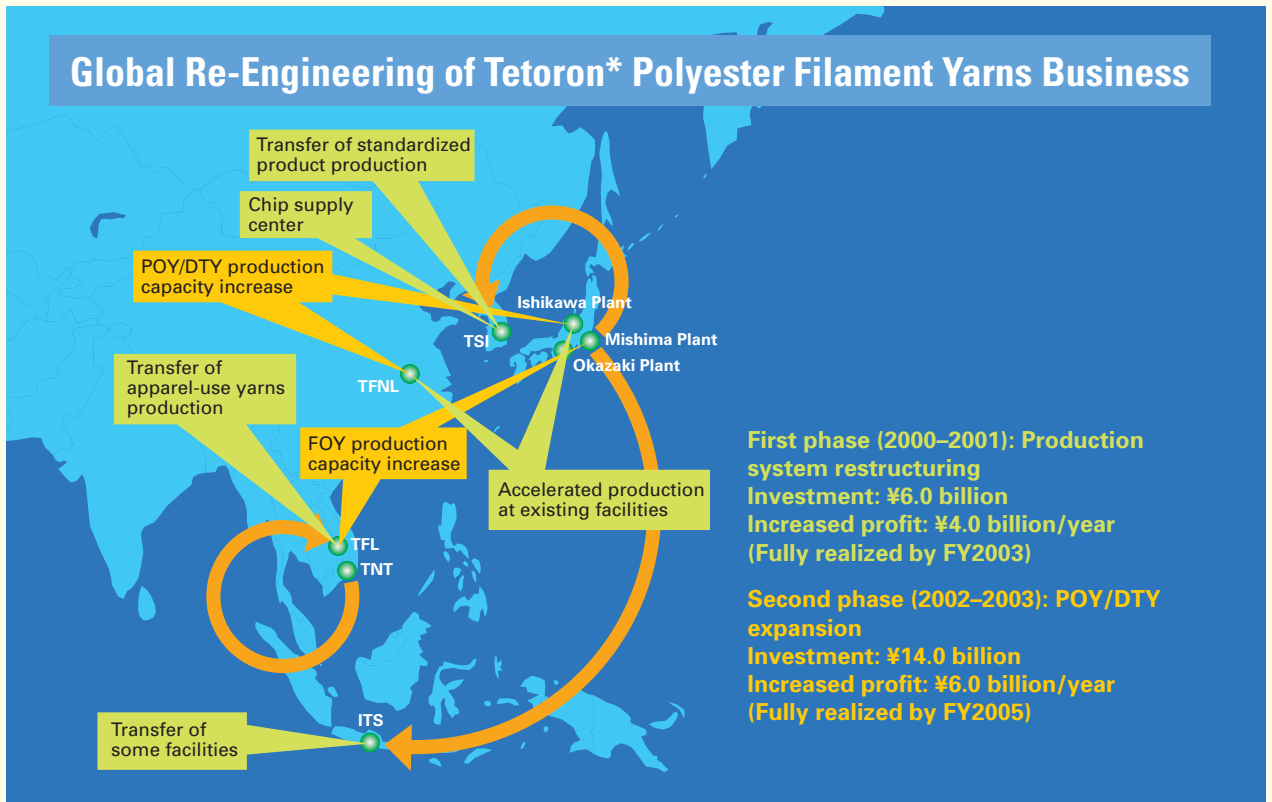
The first phase of the plan is aimed at restructuring and streamlining the production system. The main focus of these efforts will be on streamlining domestic plants and condensing the number of products manufactured at eight plants in five overseas locations,



Tetonon* filament yarn processing at P.T. Indonesia Toray Synthetics (ITS)

including Toray Saehan Inc. (TSI) in South Korea. Project investment over fiscal 2001 and fiscal 2002 will total ¥6.0 billion.

Specifically, production of standardized products at the Mishima Plant will be transferred to TSI; a portion of the Mishima Plant's facilities will be transferred to P.T. Indonesia Toray Synthetics (ITS); production of apparel-use yarns at Toray Nylon Thai Co., Ltd. (TNT), will be transferred to Toray Fibers (Thailand) Ltd. (TFL) for concentrated production; and existing production facilities will be refined for accelerated production at the Ishikawa Plant and Toray Fibers (Nantong) Co., Ltd. (TFNL), in China. In addition, TSI will be





Spun yarn produced by Toray Fibers (Nantong) Co., Ltd.

newly used as a chip supply center for the Toray Group to take advantage of that company's superior cost-competitiveness.

The second phase of the plan involves a ¥14.0 billion investment during 2002 and 2003 mainly aimed at partially oriented yarn (POY) and draw-textured yarn (DTY) operations, which includes capacity expansion plans for standardized products at TFNL and differentiated products at the Ishikawa Plant. In addition, TFL is scheduled for a capacity upgrade and the Mishima Plant is scheduled to increase production of specialty products as part of a plan to increase production of differentiated products in Japan and meet growing overseas demand, especially for fully oriented yarn (FOY).

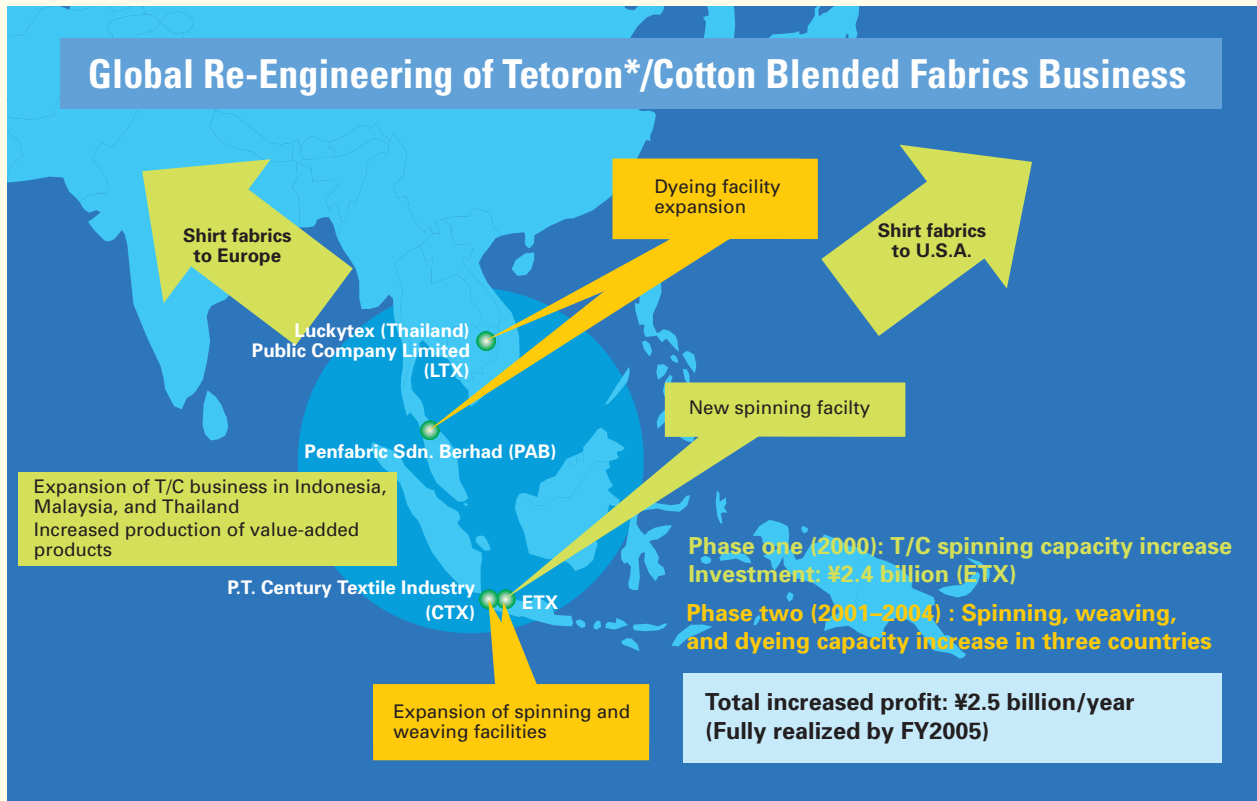
TETORON*/COTTON BLENDED FABRICS BUSINESS

Toray's Teteron*/cotton blended fabrics business boasts a high market share for shirt fabrics in Europe and the United States.

The first phase of the plan has already been initiated with the construction of a new spinning facility at highly cost-competitive P.T. Easterntex (ETX) in Indonesia, which will be finished during fiscal 2001. First-phase investment will total approximately ¥2.4 billion. As a next step, Toray will strive to increase cost-competitiveness across all the production processes of standardized products by focusing on Indonesia as the key production location for standardized spun yarns and woven products as well as promoting closer cooperation of fiber operations with weaving and dyeing



Woven fabric processing at P.T. Easterntex (ETX)



operations throughout the ASEAN region. In addition, Toray will take steps to increase profits by expanding applications as well as increasing the product portfolio composition ratio of such value-added products as high-cotton-content blend yarns and 100%-cotton yarns.

The second phase of the plan will involve further expansion of the spun and woven fabric business in Indonesia as well as investment to expand dyeing facilities in Thailand and Malaysia. These activities are aimed at creating a base for the worldwide expansion of the Company's finished garments business as well as preparing for the abolition of garment import quotas in 2005 and for changes in the distribution structure under policies implemented through the World Trade Organization system.

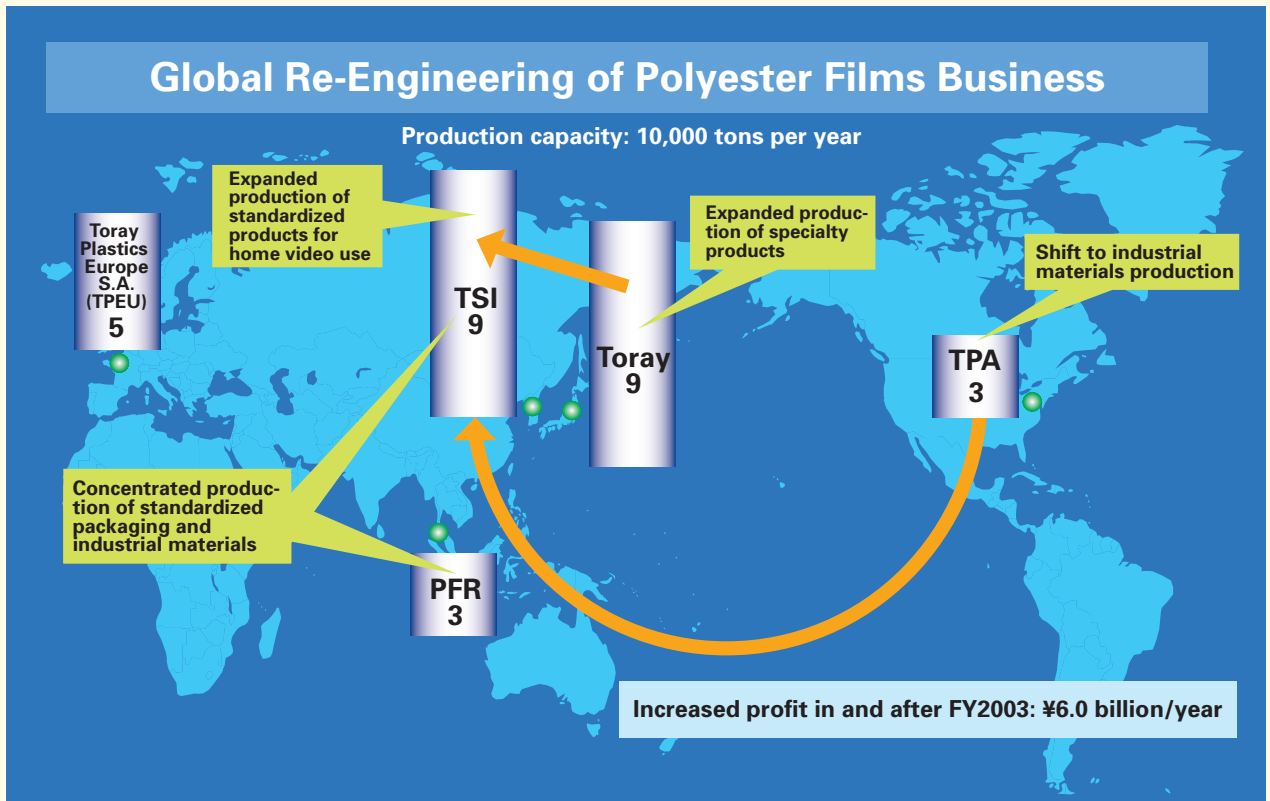
POLYESTER FILMS BUSINESS

To create a business structure capable of superior financial performance amid a constantly evolving polyester films market, Toray is pushing ahead with the re-engineering of seven production facilities, including those at TSI, in five other countries, including Japan. At Toray Plastics (America), Inc. (TPA), minimal investment has been focused exclusively on industrial material applications from fiscal 2000.

In another move, Toray transferred production of applications for standardized home video products from TPA and the Mishima Plant to TSI. The resulting increase in cost-competitiveness at all three companies is contributing to substantially improved consolidated financial performances. In addition, Toray is in the process of transferring standardized packaging and industrial materials application production at Penfibre Sdn. Berhad (PFR) in Malaysia to TSI.



Film produced by Toray Plastics (America), Inc. (TPA)



RESEARCH AND DEVELOPMENT

In fiscal 2000, Toray's investment in R&D totaled ¥38.8 billion. With the intensification of global competition, Toray considers it essential to further its understanding of increasingly diversified and sophisticated market needs and to continually feed this information back to its R&D activities. Since 1985, Toray has pushed ahead with ongoing efforts to reinforce its R&D structure by building it around the nucleus of the Technology Center, which is responsible for planning corporate R&D strategies as well as major projects.

The center allows the Company to seamlessly integrate the activities of the Research and Development, Manufacturing, and Engineering Divisions and the activities of each business unit as well as those of each member of the Toray Group, regardless of their location around the world. To maximize the synergistic effects of seamless integration of the research, development, and engineering functions, each organization has its own clearly defined role and a clear distinction is drawn between research and development, with the result being accelerated and more efficient R&D.

Part of the Technology Center's mission is to explore strategic new business fields. The center's New Projects Development Division has the role of turning the results of work conducted by the Research and Development Division into new business units. Appropriate technical sections of the Manufacturing Division perform the same role for established business operations.

Research laboratories encourage a certain level of "underground research," or preliminary exploration and investigation, to identify research themes. Through this process, researchers are encouraged to independently

pursue large-scale research themes in an environment characterized by innovation and originality. Meanwhile, technical sections focus their efforts on hastening the pace of development and expediting the commercialization of developmental projects by identifying clear goals and schedules.

This research and technology development framework forms the backbone of the corporate growth of the Toray Group and has enabled the realization of many groundbreaking products and technologies.

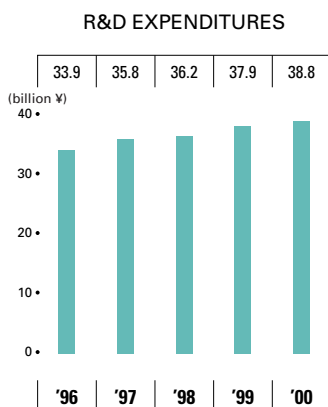
DEVELOPMENT OF TETORON*-BASED FEMINOS* FOR APPLICATION IN WOMEN'S APPAREL

Recent changes in consumers' attitudes toward fashion have blurred the distinction between clothes for going out and clothes for engaging in everyday activities. Moreover, the emphasis is now on clothing that is simple and comfortable to wear.

Always highly responsive to consumer trends, Toray set out to create hybrid synthetic fibers and textiles for casual garments. To achieve this, the Company combined the best of synthetic fibers with the feel of high-quality natural fibers using advanced technology to develop a 21st century fabric concept.

The result of this effort was Feminos*—the Company's first hybrid synthetic fiber and textile with qualities like those of fine silk. Feminos* was developed using Toray's proprietary hybrid polymer technology and shape-memory filament technology. Based on polymer design technology, hybrid polymer technology achieves a microlevel fibroin surface structure in the direction of the fiber axis, which results in an exceptional rustle and delicate texture. Shape-memory filament technology uses crystallization control technology to achieve a polymer structure that provides a fiber with a soft feel. Textile processing technology is also applied to achieve the shape-memory property with a maximum amount of air in the fabric. The result is garments that are bulky, very comfortable to wear, and that look tailor-made. Feminos* is finding applications in a wide range of fine women's apparel, ranging from those that use light fabrics to heavy fabrics and woven materials.

Toray is now using this concept as the basis for further developing new hybrid fibers and textiles that have tex-



tures unique to synthetic fibers and textiles, which clearly stand out from “shingosen” fibers and textiles.

DEVELOPMENT OF MICTRON* METALIZED BASE FILM FOR APPLICATION IN NEXT-GENERATION, HIGH-DENSITY MAGNETIC MEDIA

Rapidly growing market demand for high-capacity, high-density electronic storage media has driven efforts to enhance the unique properties of base films to make them suitable for application in magnetic tape.

To meet this need, such properties as surface uniformity, high rigidity, heat resistance, humidity resistance, and ultrathinness are essential. Toray, for example, has made efforts to enhance the functional qualities of the polyester film Lumirror*—one of the Company’s leading products. Mictron* is a para-based aramid film that boasts special features. It has the highest mechanical properties of any industrialized film as well as superior heat resistance and dimensional stability against humidity. In addition, Mictron* offers superior surface smoothness that provides heightened electromagnetic conversion capabilities when used in recording and playback equipment. Furthermore, Mictron* achieves consistent friction levels due to the Company’s proprietary surface design technologies, which allow precise control of the height and density of microprotrusions on the film’s surface. This quality makes Mictron* a high-performance tape that realizes highly stable and consistent running performance.

Previous practical applications of para-based aramid films demonstrated their superior mechanical properties, such as high tensile strength and high tensile modulus, but there were concerns about their dimensional stability against humidity compared to that of polyester films because of their moisture-absorption characteristics. Mictron* has successfully improved the dimensional stability of aramid films against humidity.

Also, the primary method for creating magnetic recording media used to be the magnetic substance coating on the tape. However, instead of the coating, the vapor deposition of the magnetic substances is studied to achieve higher recording density, and Mictron* is suitable for the metalization with the vapor deposition. The metalized magnetic recording media requires the

exceedingly high level of surface precision provided by ultrathin recording layers, and Mictron* is adopted to the next-generation magnetic recording media with its unique surface design technology. Toray expects Mictron* to be adopted for a wide variety of applications in this field.

DEVELOPMENT OF CFRPs FOR APPLICATION IN LARGE-SCALE STRUCTURES

Toray has pushed forward with the development of carbon fiber reinforced plastics (CFRPs) for use in large-scale structures and has taken concrete steps toward establishing a full-fledged business presence in this arena.

CFRPs are drawing attention as highly durable civil engineering materials because of their superior implementation capabilities in terms of lightness and strength as well as their solid performance record as materials for repair and reinforcement projects.

Toray’s CFRP large-scale structure materials are optimal for use as roof structure materials in such large-span structures as exhibition centers and sports facilities. This versatility provides reduced total construction expenses, including those for building substructures, simple implementation, and significantly reduced construction times. In addition, because Toray uses monocoque integrated large-scale molding technology, component shapes can be tailored to user needs and virtually leakproof roofs can be realized. Moreover, because they are highly corrosion resistant, Toray’s CFRPs are excellent for application in such environments as indoor pools and spas. In



Torayca Lightroof* was used in this elementary school gymnasium built by Toray Construction Co., Ltd.

addition, because no painting is required to prevent rust, maintenance costs are reduced.

Toray's CFRPs are already in use in a number of new public buildings and pools, and the Company is moving ahead with research into applications in large-scale, single-body molded structures.

As a result of Toray's drive to develop applications that are excellent substitutes for metals, the Company's CFRPs are being used in the driveshafts in vehicles of Japanese automakers. Not only does their light weight reduce fuel costs, Toray's CFRP construction meets driveshaft requirements for horizontal strength and longitudinal fragility to achieve a high degree of collision safety.

DEVELOPMENT OF WATERLESS COMPUTER-TO-PLATE PRINTING SOLUTION

In 1979, Toray commercialized Toray Waterless Plate*, the world's first waterless planographic printing plate, as a revolutionary printing solution that permits offset printing without the need for water dampening. Since then, Toray has pushed forward with enhancing the infrastructure for waterless printing by upgrading its lineup of waterless printing solutions as well as developing such products as specialty inks.

Currently, the offset printing industry is seeing accelerated developments in digital image processing technologies and the rapid adoption of computer-to-plate (CTP) systems that output images directly onto the printing plate, thereby eliminating the intermediate step of



Image created using the Toray CTP Waterless Plate*

film processing. It is estimated that CTP solutions will comprise 30% of the offset printing market by 2005.

To meet the requirements of this rapidly evolving market, in fiscal 2000 Toray launched a waterless CTP printing plate based on its long experience in waterless printing plate technology. The waterless CTP printing plate can be processed by thermal laser imaging equipment under daylight, and the CTP imaging equipment is compatible with that of a thermal CTP printing plate that requires water. In addition, not only does the new waterless CTP printing plate achieve the same superior image performance of existing waterless plates, it can be used with existing waterless developing equipment, thereby eliminating such steps as the administration of developing solutions.

WATER TREATMENT TECHNOLOGY DEVELOPMENT

In 1991, Toray established the Global Environment Research Laboratory to pursue research aimed at contributing to the improvement of the global environment. Currently, Toray has been intensifying its R&D efforts in the field of water treatment by leveraging the combined capabilities of the entire Group to create innovative water treatment solutions, mainly based on membrane and filter cloth technologies as well as biotechnologies.

The primary research projects include the development of various polymeric membranes and their application in water treatment systems for such purposes as seawater desalination, drinking water purification, and wastewater treatment as well as biological treatment systems for wastewater with persistent organic pollutants.

Toray's membrane technologies were developed using the Company's expertise in polymer chemistry and fiber manufacturing technology, refined over many years. Leveraging its position as one of the world's leading fiber membranes makers, Toray is developing hollow-fiber membranes with microporous structures and commercializing specialty filter cloths made from ultrafine fibers to apply in a wide range of water treatment fields.

ENVIRONMENTAL ACTIVITIES

ENVIRONMENTAL ACCOUNTING

Since 1969, Toray has compiled statistics on environment-related capital investment and expenses. A portion of this information was presented in the Company's 1999 Environmental Report. Moreover, in conformance with Environment Agency guidelines, Toray has compiled investment and expense figures on a broader basis and established environmental accounting to calculate independent environmental preservation cost figures based on financial results for fiscal 2000. However, due to the difficulty in determining which environment-related R&D investment and costs should be subject to environmental accounting, these items are not included in calculations for fiscal 2000.

In addition, in the calculation of cost reductions resulting from its environmental actions, despite the existence of proposals for including the calculation of the economic effects of preventive environmental actions that would have, if not implemented, resulted in environmental harm restoration expenses and compensation expenses, Toray includes only those results that can be accurately measured.

As a result, as shown in the environmental accounting chart on the right, in fiscal 2000 Toray's total environment-related investment was ¥2.0 billion and total environment-related expenses were ¥5.0 billion. Looking at expenses, the largest category was water quality

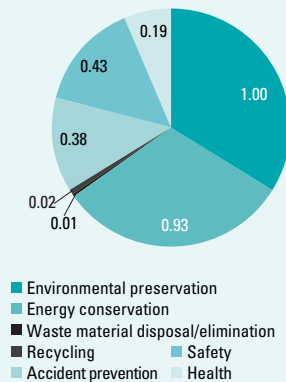
Fiscal 2000 Environmental Accounting

Costs		(million ¥)	
Item	Subcategory	Capital Investment	Expense
1. Environmental preservation	① Air (including chlorofluorocarbon reduction)	492	862
	② Water quality	444	1,596
	③ Noise/vibration	15	9
	④ Greening	0	351
	⑥ Other	59	2
	2. Energy conservation	Energy conservation, prevention of global warming	934
3. Waste material disposal/elimination	Burial, incineration, waste volume reduction, recycling	7	1,046
4. Product recycling	① Product recycling	16	4
	② Container and packaging recycling	0	0 ⁽²⁾
5. Environmental management	Direct labor costs, environmental education, ISO certification and maintenance	0	436
6. Social contribution	Environmental information, regional activities, support of environmental organizations	0	39
7. Other	SO _x levies, donations, litigation-related expenses	0	619
Total		1,967	4,964

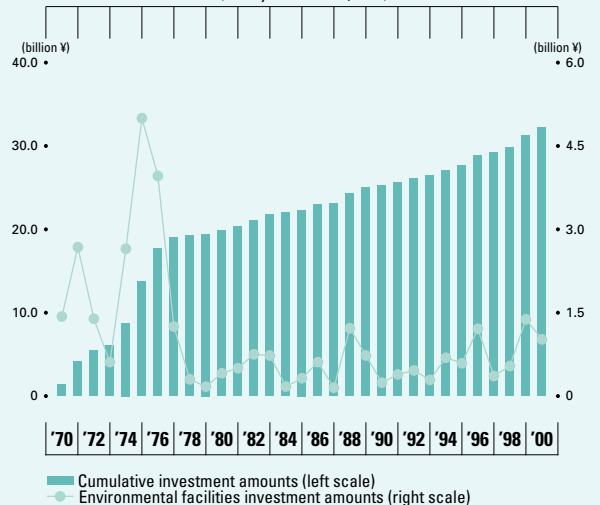
Effects		(million ¥)
Item	Amount	
1. Industrial waste disposal expense and reduction effect	29	
2. Energy conservation effect	327 ⁽³⁾	

Notes: 1. Energy conservation expense calculations are not stated because expenses are previously deducted at the time of calculation.
 2. There were no results reported for fiscal 2000. However, due to the complete enforcement of the Containers and Packaging Recycling Law, such expenses are expected to occur from fiscal 2001 onward.
 3. The amount for energy conservation effect is after the deduction of various expenses required for operation, twelve months of normal operations after the completion of energy conservation facilities at the time of calculation.

FISCAL 2000 INVESTMENT IN SAFETY, ENERGY CONSERVATION, AND ENVIRONMENTAL PRESERVATION FACILITIES (billion ¥)
(Toray Industries, Inc.)



ENVIRONMENTAL FACILITIES INVESTMENT (ENVIRONMENTAL PRESERVATION + WASTE DISPOSAL)
(Toray Industries, Inc.)



(primarily, wastewater treatment facility operating expenses), totaling ¥1.6 billion. As an ancillary effect, Toray was able to reduce its disposal expenses by ¥30 million thanks to a lower volume of industrial waste disposed of. Furthermore, ¥0.9 billion invested in energy conservation facilities resulted in a ¥0.3 billion decrease in energy expenses.

FACILITIES INVESTMENT

From 1970 to 1975, Toray carried out environmental preservation investment programs with a focus on such equipment as wastewater treatment facilities and exhaust gas desulfurization units. Since then, Toray has made investments amounting from hundreds of millions to billions of yen every year on equipment used for ensuring a clean environment. As a result, since fiscal 1970 Toray had made a cumulative investment in environmental facilities totaling ¥32.2 billion as of the end of fiscal 2000.

In fiscal 2000, Toray’s investment in environmental preservation facilities totaled ¥1.0 billion. Moreover, the Company continued with a program launched in the previous term to compile data on its investment activities related to such efforts as reducing emissions into the atmosphere subject to voluntary control and reducing the nitrogen content of discharged wastewater.

Furthermore, the Company pushed vigorously forward with other energy conservation efforts through such

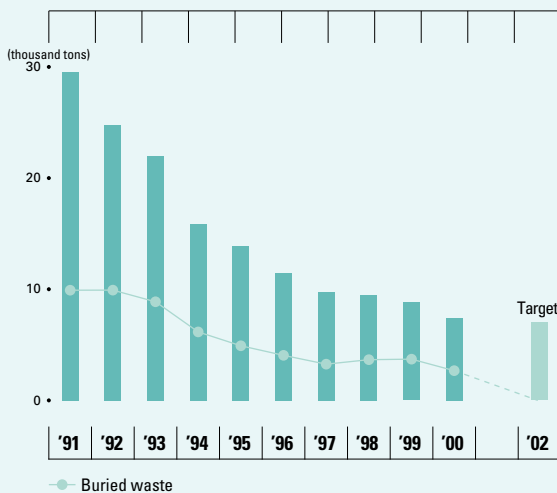
programs as the establishment of an internal incentive system that can be viewed as having a tax-reduction effect of ¥3,600 per ton of carbon emissions reduced, which can be viewed as CO₂ emissions reductions. This system was set up to gauge the impact of investments aimed at promoting the reduction of carbon emissions in advance of the anticipated introduction of a carbon tax.

In addition to data on its investment in equipment related to environmental preservation, energy conservation, and waste disposal, which are subject to environmental accounting, Toray compiled statistics on its investment activities related to recycling, safety, accident prevention, and health. In fiscal 2000, Toray’s combined investment in these areas totaled ¥3.0 billion.

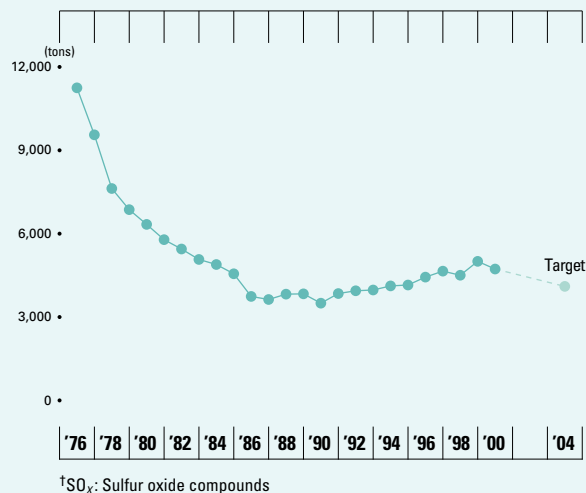
In the areas of safety and accident prevention, Toray pushed forward with a number of ongoing programs, centered on upgrading disaster notification equipment, aimed at heightening safety at its facilities.

Although programs to reduce fuel expenses are not included in the Company’s calculation of total environment-related investment, Toray has taken such steps as upgrading its equipment to allow wood chips made from dismantled structures to be used as fuel in its electric-powered boiler. As a result, on an annual basis the Company is able to efficiently use approximately 14,000 tons of disposed wood materials, which had previously been incinerated or put into landfills. Through such

INDUSTRIAL WASTE DISPOSAL
(Toray Industries, Inc.)



SO_x[†] EMISSIONS
(Toray Industries, Inc.)



resource conservation efforts, the Company has been able to reduce its annual coal usage volume by approximately 8,000 tons.

REDUCTION OF INDUSTRIAL WASTE DISPOSAL

As a result of more effective use of waste materials and efforts to reduce waste amounts, in fiscal 1999 Toray exceeded the targets set forth in “the Waste Reduction Project” by reducing the volume of waste disposed of (excluding simple coal ash) 70% from fiscal 1991 levels—two years ahead of schedule.

From fiscal 2000, Toray has been working under “the Second Waste Reduction Project” with a goal of lowering its volume of industrial waste disposed of to less than 6,800 tons and achieving a recycling ratio of 80% or greater by fiscal 2002. As a result, in fiscal 2000 Toray lowered its volume of industrial waste disposed of to 7,500 tons and raised its recycling ratio to 78%.

Furthermore, in fiscal 2000 Toray reduced its volume of buried waste to 2,700 tons, a decrease of 27% from the previous fiscal year. Toray’s ultimate goal is to reduce this amount to zero.

In fiscal 1998, domestic subsidiaries and affiliated companies reduced their volume of industrial waste disposed of 30% from fiscal 1991 levels. In fiscal 2000, 32 of those companies were named model plants and worked to achieve a target of a 10% year-on-year reduc-

tion in the volume of industrial waste disposed of. Overseas subsidiaries and affiliated companies also have programs in place to promote recycling and reduce industrial waste.

PREVENTION OF AIR POLLUTION

Reduction of SO_x Emissions

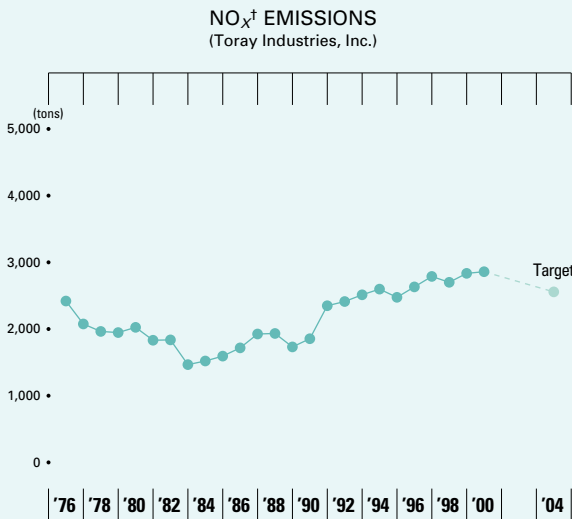
In fiscal 2000, with efforts to reduce emissions using low-sulfur fuels and an exhaust desulfurization unit, Toray’s SO_x emissions totaled 4,727 tons, 58.1% lower than the fiscal 1976 level. Toray is pushing forward with efforts to reverse an upward trend in its SO_x emissions of the past several years and has set a goal of 4,100 tons or less by fiscal 2004.

Reduction of NO_x Emissions

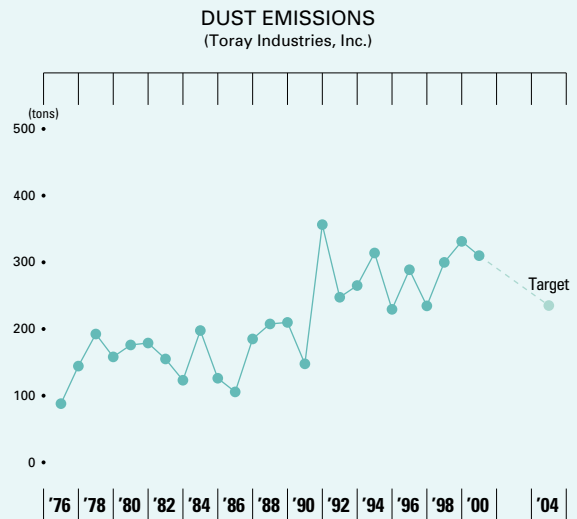
Since fiscal 1991, Toray has worked to minimize the increase in NO_x emissions that has accompanied increased production volume through the use of such equipment as boilers powered by cogeneration electric power plants and diesel-powered electric generators. Toray is working to meet its goal of 2,600 tons or less by fiscal 2004.

Reduction of Dust Emissions

Since fiscal 1991, just as the case with NO_x, dust emissions have risen along with increased production



†NO_x: Nitrogen oxide compounds



volumes. The main source of dust emissions is coal-powered boilers. Toray is pushing forward with the implementation of high-efficiency dust collectors and other equipment as a means of achieving its goal of 240 tons of dust emissions or less by fiscal 2004.

PREVENTION OF WATER CONTAMINATION

Reduction of BOD Discharge

Toray strives to reduce the level of biochemical oxygen demand (BOD), which increases along with the expansion of business activities, through improved production facilities and increased treatment efficiency at wastewater treatment facilities.

Toray's fiscal 2000 BOD level was 1,351 tons, or 65.7% lower than the level in fiscal 1976.

Reduction of COD Discharge

Toray has implemented programs similar to those for BOD to reduce chemical oxygen demand (COD) levels. As a result, Toray has reduced its fiscal 2000 COD discharge volume to 472 tons, or 51.3% lower than the level in fiscal 1976.

As part of a scheduled effort to reduce emissions of nitrogen, the primary cause of water eutrophication, Toray is upgrading its wastewater bionitrification facilities at its Nagoya and Tokai plants, which produce base materials for nylon 6.

As a result, in fiscal 2000 Toray reduced its emission volume of nitrogen in wastewater by approximately 1,000 tons, or 55% from the previous fiscal year.

CONTROL OF CHEMICAL SUBSTANCE EMISSIONS

Reduction of Chemical Substance Emissions

Subject to Voluntary Control

With the aim of promoting a greater reduction in the volume of harmful chemical substances emitted into the atmosphere, Japan's Air Pollution Control Law was revised in May 1996 to include 12 substances to be voluntarily controlled.

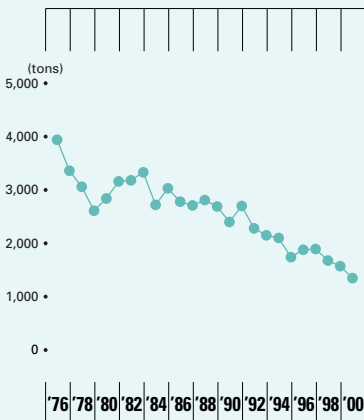
Companies in the chemicals industry in Japan set the goal of reducing the emission volumes of these substances to 30% below fiscal 1996 levels by fiscal 2000.

Toray achieved a 50% reduction in emissions of the five substances applicable to it (acrylonitrile, dichloromethane, trichloroethylene, 1,3-butadiene, and benzene). This surpassed Toray's planned objective of an overall 45% reduction from fiscal 1996 levels by the end of fiscal 2000. Toray will push forward with achieving its next goal of a 75% reduction in emission volumes for these substances from fiscal 1996 levels by fiscal 2004.

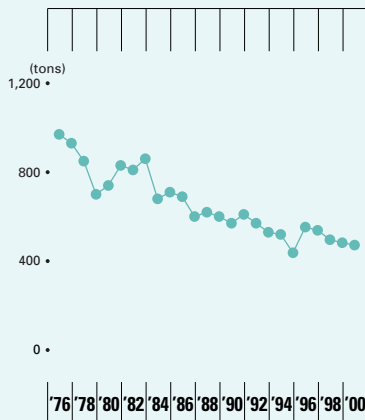
PRTR Correspondence

A Pollutant Release and Transfer Register (PRTR) is a system for collecting data on and reporting the volume

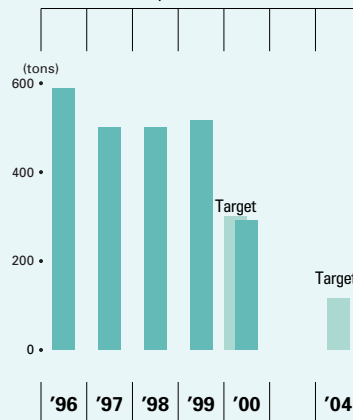
BOD DISCHARGE
(Toray Industries, Inc.)



COD DISCHARGE
(Toray Industries, Inc.)



TOTAL EMISSIONS OF SUBSTANCES SUBJECT TO VOLUNTARY CONTROL
(Toray Industries, Inc.)



of emissions of chemical substances from production plants to the environment (air, water, and others) as well as the volume transported off-site for treatment and disposal.

The Japan Chemical Industry Association (JCIA) initiated a self-assessment system in fiscal 1996. In fiscal 2000, there were a total of 284 substances subject to JCIA self-assessment.

Toray implemented a self-assessment in fiscal 1996 and issued an assessment report to the JCIA covering 65 substances relevant to the Company's operations in fiscal 2000. Based on the results of this assessment, Toray aims to voluntarily achieve an overall 40% reduction from fiscal 1996 levels by fiscal 2004 by improving manufacturing processes and upgrading equipment.

PREVENTION OF GLOBAL WARMING

Energy Conservation

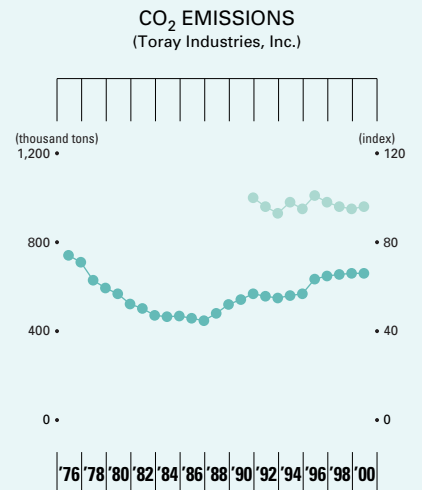
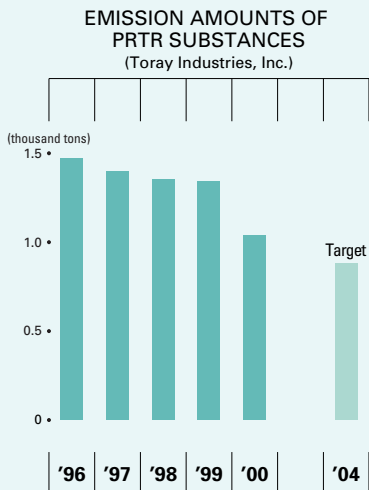
Under its Responsible Care Implementation Plan, Toray works to achieve 1.0% year-on-year decreases in the energy consumption per unit of production quantity. In fiscal 1998 and fiscal 1999, Toray exceeded this goal by reducing energy consumption 1.1% and 1.2%, respectively. In fiscal 2000, Toray achieved a 0.9% reduction from the previous fiscal year, or a 9.4% decrease from fiscal 1991 levels.

To meet targets for 2000 and beyond, Toray is pushing forward with energy conservation activities that include efforts to minimize energy loss and identify processes that result in higher energy efficiency. In addition, Toray is making large-scale investments to boost energy efficiency and moving forward with the development of technologies that will result in the implementation of energy conserving production processes at all its plants.

Reduction of Greenhouse Gas Emissions

At the Third Conference of Parties to the United Nations Framework Convention on Climate Change (COP3) held in Kyoto in December 1997, six greenhouse gases—carbon dioxide (CO₂), methane, nitrous oxide, and three fluorocarbons—thought to promote global warming were targeted for reduced emissions. Japan had sought to reduce its output of these gases approximately 6% below fiscal 1991 levels between 2008 and 2012.

Toray's output of CO₂—the only greenhouse gas released by Toray facilities—as a percentage of total output has risen since fiscal 1991 as a result of increased production levels. However, Toray has successfully held steady its CO₂ emission per unit of production quantity. Toray will continue to make every effort to meet its targets for the reduction of CO₂ emissions.



● Energy usage volume (left scale)
 ● Energy usage per unit of production quantity (right scale)
 *Energy usage unit (index): Crude oil conversion energy usage volume, with the value for fiscal 1991 set to an index value of 100

● CO₂ emissions (left scale)
 ● Emissions per unit of production quantity (right scale)
 *Emission unit (index): Emissions per unit of production quantity, with the value for fiscal 1991 set to an index value of 100

CORPORATE CITIZENSHIP

As a good corporate citizen, Toray supplies superior products under a basic tenet of its corporate philosophy, "To contribute to society through the creation of new value by innovative ideas, technologies, and products," while encouraging participation in local community activities at its factories and research laboratories as well as supporting educational, scientific, artistic, cultural, and sporting activities both in Japan and overseas.

LOCAL ACTIVITIES

Toray is committed to a wide range of activities aimed at strengthening ties with communities in the areas in which it operates. These activities range from greening projects and factory site beautification efforts to the implementation of measures to preserve the local environment. The Company also works to enhance communication with local communities and residents through such endeavors as making corporate facilities available for public use and encouraging employees to visit nearby public welfare facilities.

SUPPORTING EDUCATION AND SCIENCE

Since its pioneering establishment in 1960 in Japan, the Toray Science Foundation has served as Toray's chief vehicle for contributing to the promotion of science education and advances in science and technology.

With a view to carrying out similar activities in their respective countries, Toray Science Foundations were established in Indonesia and Malaysia in fiscal 1994 and in Thailand in fiscal 1995.

SUPPORTING ARTISTS AND CULTURAL ENDEAVORS

Toray proudly sponsors domestic and overseas performances of the traditional Japanese theater genres Noh and Bunraku, donating costumes for these performances. Moreover, the Company has backed performances in Japan and China of Orchestra Asia, an orchestra featuring traditional folk instruments from Japan, Korea, and China. To support the emerging genre of digital art, Toray established a dedicated gallery page at its Web site in 1996 and launched an award program to attract submissions from digital artists.

SUPPORTING SPORTING EVENTS

Since 1984, Toray has sponsored the annual Toray Pan Pacific Open Tennis Tournament, Asia's largest and most prestigious women's tennis tournament. Since 1997, the Company, together with the Shanghai Sports Federation, has sponsored the Toray Cup Shanghai International Marathon, the first such citizens' marathon to promote friendly relations between Japan and China.

As a good corporate citizen, Toray maintains an ongoing commitment to making substantial contributions to the countries and communities it serves through its global operations.



Under the Moon—by Fernando Hocevar, of Argentina—won the grand prize in Toray's fifth annual Digital Creation Awards.

Martina Hingis, winner of the 17th annual Toray Pan Pacific Open Tennis Tournament

The 1999 Toray Cup Shanghai International Marathon's award ceremony for the men's full marathon held on November 14

TORAY'S MAIN PRODUCTS AT A GLANCE

PRINCIPAL PRODUCTS

18

Fibers and Textiles

Filament yarns, staple fibers, spun yarns, woven and knitted fabrics of nylon, Teton* polyester, and Toraylon* acrylic; PPS; nonwoven fabrics; Ecsaine* man-made suede; sewn products; and CAD/CAM systems for the apparel industry



21

Plastics and Chemicals

Nylon, Toyolac* ABS, PBT, Torelina* PPS, Siveras* LCP, and Amilus* polyacetal resins and their molded products; Lumirror* polyester film; Torayfan* polypropylene film; Mictron* para-based aramid film; Torelina* PPS film; Kapton®† polyimide film; processed film products; and Toraypef* polyolefin foam

Caprolactam; gypsum; such specialty chemicals as rubber and resin additives; aromatic fine chemical products; catalysts; pure optical isomers; and Intercat* feline interferon agent

† Kapton® is a registered trademark of E.I. Du Pont de Nemours & Co.



23

Housing and Engineering

Spuckturf* artificial turf; Romembra* reverse-osmosis membranes; Toraysurou* water-permeable paving material; Torayvino* home water purifiers; Glasal* and Kanpeki* wall materials; condominium construction; and synthetic fiber plant engineering and machinery



25

Pharmaceuticals and Medical Products

Feron* natural interferon- β preparation; Dorner* prostacyclin (PGI₂) derivative drug; Filtryzer* artificial kidneys for removing toxic substances; Toraysulfone* polysulfone-based artificial kidneys; Toraymyxin* blood purification columns; Inoue-Balloon catheter; and Anthron* antithrombogenic materials



26

New Products and Other Businesses

Torayca* carbon fiber and advanced composite materials

Electronic and graphic materials; TOPTICAL* color filters for LCDs; and Raytela* optical fibers

Breath-O* contact lenses and E-Filter* antireflecting PC screen filters

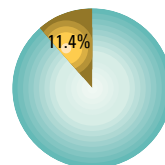
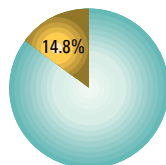
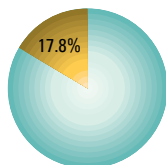
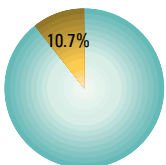
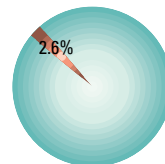
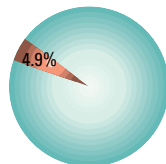
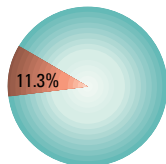
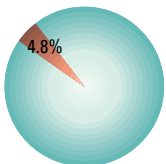
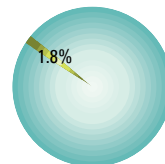
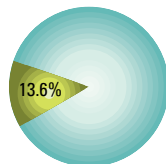
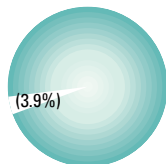
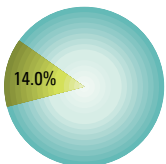
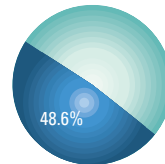
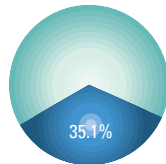
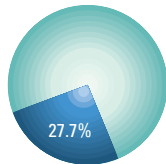
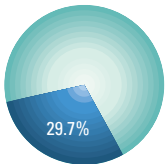
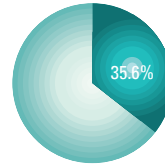
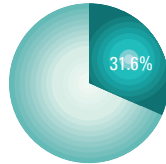
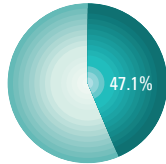
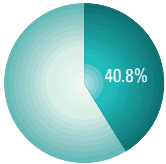


NET SALES

OPERATING INCOME (LOSS)

TOTAL ASSETS

CAPITAL EXPENDITURES



Note: All figures are percentages of the respective total.

REVIEW OF OPERATIONS

FIBERS AND TEXTILES

Sales of fibers and textiles declined 3.6% from the previous fiscal year, to ¥405.0 billion, and accounted for 40.8% of consolidated net sales. Segment operating income fell 5.2%, to ¥14.9 billion.

Domestic sales of nylon filament yarns for applications in garment fabrics registered a year-on-year rise. Increased sales of filament yarns for applications in woven fabrics and higher sales of processed yarns more than offset continued sluggish sales for pantyhose and undergarment applications. Overseas, although filament yarn exports from Japan decreased, ASEAN subsidiaries increased their sales for applications in sports and casual wear.

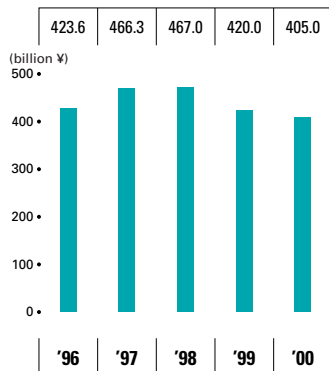
Regarding industrial-use filament yarns, lower domestic shipment volumes, due mainly to lower demand for tire cord applications, were compensated for by increased exports from Japan for air bag applications and strong sales for fishing net use by ASEAN subsidiaries.

In spite of slumping conditions for applications in the women's garment sector, Teton* polyester filament yarns for applications in garment fabrics as a whole registered increased sales in Japan as sales for other garment applications were boosted primarily by higher textile application prices stemming from trade inventory adjustments. Overseas, exports from

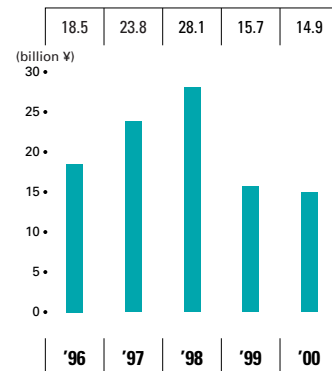
Japan decreased as the Company scaled back shipments in unprofitable sectors. In addition, sales by Thai and Indonesian subsidiaries were adversely affected by a surge in raw materials prices and a weakening of local currencies, which shrank the Toray Group's profits. In European markets, Toray Group sales of polyester filament yarns declined as a result of sluggish textile market conditions and heightened competition in the print fabrics sector. However, thanks to smoothly increased production and sales of taffeta woven materials by Toray Textiles Central Europe s.r.o and higher sales supported by the start of regular operations at a new plant in China as well as the start of full-scale operations of expanded production capacity at a facility in Thailand, overseas sales of Teton* polyester filament yarns for garment applications and textiles registered an overall year-on-year increase.

In fiscal 2000, Toray ceased operations of U.K.-based Toray Komatsu Printing (EU) Ltd., a polyester filament yarn woven printed fabrics operations subsidiary, as part of efforts to eliminate unprofitable operations. On the other hand, Toray Saehan Inc. in Korea commenced production and sales of polyester filament yarns and began polypropylene nonwoven fabric operations in December 1999.

SALES



OPERATING INCOME



FIBERS AND TEXTILES



Puluela*’s sporty yet elegant texture makes it excellent for application in women’s apparel for any generation.

Healthcare apparel made of Lumimagic*

Mulberry[†] brand product image

[†] *Mulberry is a registered trademark of Mulberry Group LLC (U.K.).*

Looking at industrial-use Tetoron* polyester filaments, domestic sales were on par with those in the previous fiscal year as strong sales for tire cord applications helped to offset continued stagnant demand for domestic construction and civil engineering materials applications. In overseas markets, export shipment volumes from Japan for seat belt and narrow-width belt applications increased; however, prices were lower than in the previous fiscal year.

New products Toray launched in fiscal 2000 included Puluela*, a Tetoron*-based elastic woven material for women’s garment applications. In addition, the Company pushed forward with the creation of such functional products as jointly developed Lumimagic*, a material that incorporates technology that imbues fibers with unique photosensitive properties that eliminate such unpleasant odors as those resulting from tobacco products and perspiration.

Tetoron* polyester staple fibers business achieved increased sales volumes in Japan as a result of higher demand for non-woven materials for hygiene-related applications that made up for lower sales of fibers for such spinning applications as apparel. Regarding ASEAN subsidiaries, sales volumes were on par with those of the previous fiscal year.

However, as the Asian market did not experience a full recovery, the Tetoron* staple fibers business as a whole experienced decreased sales.

Tetoron*/cotton blended fabrics produced by subsidiaries and affiliated companies in Malaysia, Thailand, and Indonesia continued to show substantially increased shipment volumes.

However, due to slumping prices and adverse exchange rate movements, overall sales registered a year-on-year decline.

Toraylon* acrylic staple fibers experienced lower sales in Japan, due mainly to weak demand for sweater applications. Compounding this situation were stagnant shipments to China, the Company’s primary Toraylon* export market. As a result, both Toraylon* shipment volume and sales showed year-on-year declines.

Ecsaine* man-made suede enjoyed increased domestic shipment volume, which was driven primarily by demand for apparel, automotive interior, and furniture applications. However, due to decreased exports to Europe, a sluggish performance by the Italian subsidiary Alcantara S.p.A. as a result of increased competition in Europe, and adverse exchange rate movements, overall sales of Ecsaine* declined from the previous fiscal year.

Toray has made its Ecsaine* business a division, as part of a program to strengthen and expand its man-made suede operations in Japan, Europe, and the United States.

Trading Division

Due to sluggish apparel consumption in Japan, imported apparel business volume was virtually unchanged from the previous fiscal year. In addition, sales of fiber-related products by the Company’s affiliated overseas trading companies resulted in a weakened overall business performance for the division.

As part of a move to strengthen our headquarters’ functions in promoting global operations, oversight of the fibers and textiles import and sales operations will be transferred to the

FIBERS AND TEXTILES



Toray Fibers (Nantong) Co., Ltd., in China's Jiangsu Province

Tetoron* filament yarn production facility at Toray Fibers (Thailand) Ltd.

Toray Textiles Central Europe s.r.o. in the Czech Republic

Fibers and Textiles departments, respectively. These departments will assume full responsibility for the import of garments. The Trading Division has been eliminated, and Toray's overseas affiliated trading companies have become part of the International Division.

Fashion Division

Toray concluded a master license agreement in Japan with Mulberry Group LLC (U.K.). The Fashion Division is looking forward to establishing a licensing business in such fields as women's apparel, menswear, leather bags, and eyeglasses as well as home interior.

Capital Investment Activities

In Japan, among the capital investment programs implemented were the upgrade of the Company's Ecsaine* production facility and the upgrade and increased automation at the Company's Tetoron* production facility, which were aimed at enhancing cost-competitiveness and product quality.

Overseas, capital investment programs included the start of regular operations at a new plant in China that manufactures Tetoron* filament yarns and chips as well as the completion of a program to double the polyester filament yarn production capacity at a facility in Thailand. In the Czech Republic, the Company started production of polyester woven materials for lining material applications. In Korea, in October 1999 the Company established the joint venture company Toray Saehan. In December 1999, Toray Saehan inaugurated its polyester filament yarn and polypropylene nonwoven fabric businesses,

which have annual production capacities of 50,000 tons and 24,000 tons, respectively.

Outlook

In fiscal 2001, amid expectations for a modest improvement in fibers and textiles market conditions, Toray will push forward with efforts to improve profits by maintaining a pricing policy that fully reflects increases in raw materials costs while cutting back unprofitable applications as well as expanding high-profit applications and cultivating new applications and users. In addition, the Company will continue to streamline its product lineup and reduce production costs. To comply with changes in supply-chain management technologies in Japan and reestablish its production and sales information systems, the Company established the Fibers and Textiles System Planning Department with a view to enhancing the efficiency of its business operations.

Moreover, with the goal of building a more efficient business structure through global operations, Toray has launched the Global Re-Engineering plans for the Tetoron* polyester filament yarns and Tetoron*/cotton blended fabrics businesses as part of a medium-term program to enhance earnings.

PLASTICS AND CHEMICALS

Sales of plastics and chemicals declined only 0.6% from the previous fiscal year, to ¥293.7 billion, which accounted for 29.7% of consolidated net sales. Operating income contracted 48.9%, to ¥8.8 billion.

Resins

Domestic sales of Toyolac* ABS resin rose primarily as a result of strong demand for miscellaneous applications, especially for use in TV game machines. In overseas markets, sales of Toyolac* increased, fueled by transparent-grade product exports from Japan and increased shipment volumes by a Malaysian subsidiary to Asian markets. Moreover, sales of Amilan* nylon resin and Toraycon* polybutylene terephthalate (PBT) resin expanded, primarily due to strong domestic demand for use in automotive, electric, and electronic applications. In addition, the Company's plastics molding business in Japan and other locations in Asia further expanded business activities driven by increased orders for applications in computer peripherals, appliances, and automotive components.

Films

In the films business, domestic sales of Lumirror* polyester film increased for such applications as high-performance magnetic recording media, including memory tapes for computer data backup storage devices; industrial applications, such as

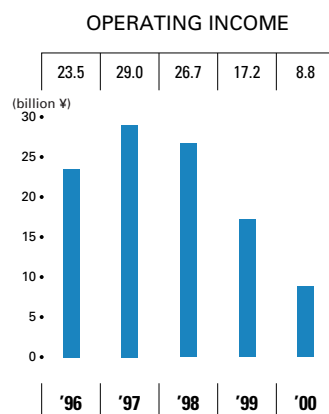
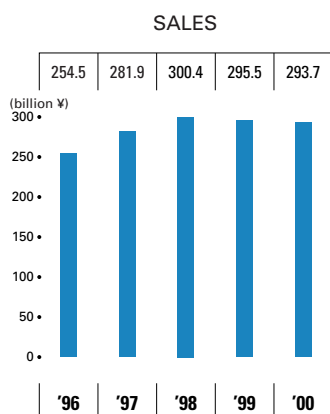
release films used for mobile phone component manufacturing processes and optical films used for liquid crystal displays (LCDs); and packaging applications, such as for polyvinylidene chloride (PVDC) substitutes. In addition, the Company's domestic film processing subsidiaries increased sales driven by strong demand for IT-related applications.

Outside Japan, higher polyester film production and sales were attained for packaging and industrial applications, supported by the completion of the second-phase capital investment program at a Malaysian subsidiary. In addition, Toray Saehan, a new joint venture in Korea, commenced operations in December 1999. However, very soft home videos application markets both in Japan and overseas led to poor sales performances by the Company and its subsidiaries in the United States and France. Overall sales of polyester film, consequently, registered a considerable year-on-year decline.

Regarding Torayfan* polypropylene film, increased export sales made up for sluggish domestic sales for capacitor applications. Accompanied also by higher shipments for packaging applications, Torayfan* expanded overall shipments.

Chemicals

In the chemicals business, caprolactam, a mainstay of the Company's raw materials business, registered higher sales driven by increased shipments to other countries in Asia,



PLASTICS AND CHEMICALS



Toyolac* ABS resin is widely used for applications in products ranging from OA equipment, automobile interior parts, and household electric equipment to daily-use items.

Torayfan* polypropylene film is the lightest of all plastic films.

Toray Plastics (America), Inc.

although its price did not recover enough to reach the same level as in the previous fiscal year. In contrast, sales of fine chemicals fell as increased sales of chiral compounds for use in pharmaceutical intermediates were more than offset by decreased demand for intermediates used in agrochemicals in Europe and the effects of the yen's appreciation. Consequently, sales of chemicals as a whole maintained almost the same level as those in the previous fiscal year.

Capital Investment Activities

In fiscal 2000, the Company carried out a program in Japan to increase its Lumirror* production capacity for high-performance magnetic recording media applications. Overseas, the Company completed a program at a subsidiary in France to increase polyester film production capacity by 20,000 tons per year. In Malaysia, the Company commenced full-scale production of the second production line that boosted polyester film production by 16,000 tons per year. In Korea, the Company incorporated Toray Saehan, which was established as a joint venture with Saehan Industries, Inc., in the Toray Group and commenced polyester film business activities with an annual production capacity of 90,000 tons.

Outlook

In fiscal 2001, in the context of a full-scale economic recovery in Japan and Southeast Asia, Toray expects to achieve sales growth in its resin business driven through steady growth of

high-performance specialty products, new application development in the automotive sector, and continued sales growth in electric, electronic, and TV game machine applications. In its films business, although the Company does not see clear signs of recovery for home video application markets, it does expect to see continuous growth in the high-performance magnetic recording media market as well as for packaging and industrial applications. Also, expanded demand for Mictron* para-based aramid film in high-density computer memory tapes can be highly expected.

Under such conditions, in its resin business the Company will work to increase sales by developing new resin applications and taking advantage of swelling demand in Asian countries. In its films business, the Company, in order to improve profitability, will take further steps to drastically reform its business structure, complying with a change in the home video application market structure through the integration of TSI's operations and expanding operations by capturing growing demand for packaging and industrial applications in Europe, the United States, and Asia. To achieve this goal, the Company will push ahead with the Global Re-Engineering plan for the polyester films business, which will start realizing benefits in fiscal 2001, to establish highly efficient, profitable, and integrated operations among our five manufacturing and sales bases.

HOUSING AND ENGINEERING



Toraysurou* is an environment-friendly paving material that combines water-permeability and water-retention qualities.

Spuckturf* artificial turf

Ameniflex* coating material for civil engineering and construction applications

Housing and engineering sales rose 4.8%, to ¥138.7 billion, and accounted for 14.0% of consolidated net sales. The segment incurred an operating loss of ¥1.2 billion.

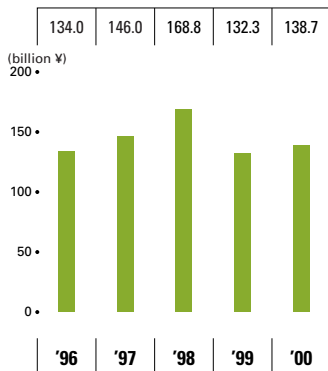
Although provisional government tax programs to promote home ownership and lower interest rates led to a slight recovery in housing-related demand, reduced public works spending and a slow recovery in private-sector capital investment created a harsh environment for civil engineering materials and plant engineering businesses.

Among Toray's domestic housing and engineering subsidiaries, Toray Engineering Co., Ltd., experienced a fall in sales, mainly as a result of lower fiber plant orders. Conversely, Toray Construction Co., Ltd., enjoyed higher revenues thanks to increased apartment sales. In addition, Toray Glasal Corp. enjoyed expanded sales as a result of increased demand for exterior wall materials for housing applications. As a result, segment sales rose from the previous fiscal year.

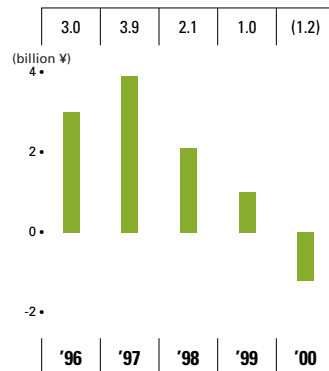
However, due to the combination of Toray Construction's decreased profit; the ceased operations of Toray Living Co., Ltd., whose main business was sales and project execution operations related to home and office interior materials; and an expanded loss by Toray Glasal, the segment registered an overall operating loss. Furthermore, Toray Construction carried out a capital increase to compensate for a deteriorated capital structure resulting from an extraordinary write-down of real estate possessed for development and sale. Going forward, this company will be reorganized under a plan already in place.

In the Amenity and Civil Engineering (ACE) Division, sales of air filters for air purifiers increased. However, as a result of lower demand for artificial turf and civil engineering materials, overall sales decreased from the previous fiscal year. The Water Treatment Division, which was made independent of the ACE Division in fiscal 2000, turned in a strong performance as stronger technological and sales cooperation with Toray

SALES



OPERATING (LOSS) INCOME



HOUSING AND ENGINEERING

24



Romembra* reverse-osmosis membrane elements are highly effective in seawater desalination and the production of ultrapure water.

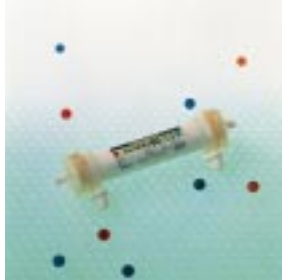
Torayvino Cassetty* touch-type household water purifier

Engineering with a view to gaining increased orders for water treatment plants was highly successful, especially regarding seawater desalination plant marketing activities outside Japan. Moreover, sales of Romembra* reverse-osmosis membrane elements rose thanks to increased export demand and a rebound in orders from semiconductor-related fields. Consequently, the ACE Division registered an overall increase in sales.

Outlook

Toray does not expect to see a significant improvement in the environment for its housing-related businesses. Under such conditions, the Company will work to restore the segment to profitability by further strengthening the operations of its subsidiaries in this segment and reorganizing its housing business with the aim of improving revenues. For example, the Company will concentrate its management resources on further expanding its activities in the electronics-related diagnostics equipment field, which has been performing strongly since fiscal 1999.

PHARMACEUTICALS AND MEDICAL PRODUCTS



Feron* natural interferon- β preparation

Toraysulfone* polysulfone hollow-fiber artificial kidney

Toraymyxin* lifesaving blood purification device for treating septicemia

Pharmaceuticals and medical products sales dipped 0.7%, to ¥47.4 billion, and accounted for 4.8% of consolidated net sales. Operating income fell 15.5%, to ¥3.6 billion.

Pharmaceuticals

The market for interferon for the treatment of chronic hepatitis C was highly competitive in fiscal 2000. Consequently, shipments of Toray's natural interferon- β preparation Feron* declined. In addition, sales volume of Dorner* beraprost sodium PGI₂ derivative for the treatment of arterial occlusion fell. These two factors contributed to an overall decline in pharmaceutical sales. In fiscal 2000, Dorner* was approved in Japan for an expanded indication as a treatment for primary pulmonary hypertension.

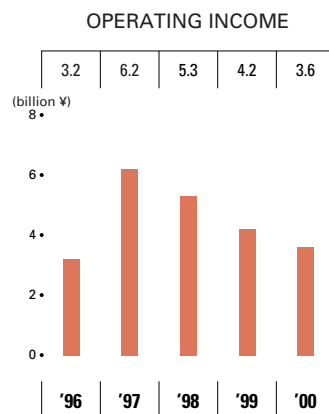
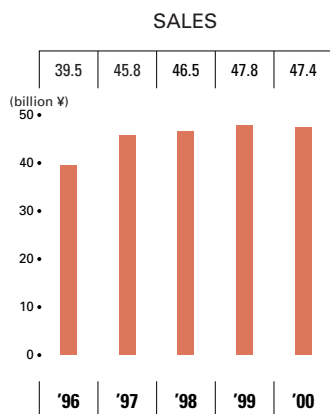
Medical Products

Sales of medical products were boosted by strong performances by Toraysulfone* polysulfone-based artificial kidneys and Toraymyxin*, a device for treating severe septicemia by removing endotoxins from blood.

Furthermore, Toray and its subsidiary Toray Medical Co., Ltd., cooperated in entering the home oxygen therapy business. This business is seen as contributing to an improved quality of life for those with respiratory problems by providing a means for undergoing therapy at home. In recent years, there has been a swell in demand for home medical treatment to reduce medical costs and respond to the growing senior citizen population in Japan. The Company is moving forward with the development of systems and devices for the growing market for home medical treatment.

Outlook

Although the downward revision of national health drug prices presents an increasingly challenging environment for pharmaceuticals, there are positive developments as well, such as the approval of Feron* as a retreatment covered by the National Health Insurance system. In addition, the Company anticipates that increased production capacity and sales of Toraysulfone* will lead to expanded overall business operations and help to counter such negative factors as the downward revision in reimbursement prices for medical products.



NEW PRODUCTS AND OTHER BUSINESSES



Topical* high-quality color filters for LCDs

Printed circuit materials of film carrier-tape for TAB

Torayca* carbon fiber is used in the propeller shaft of the Pajero®†, which is produced by Mitsubishi Motors Corp.

† Pajero® is a registered trademark of Mitsubishi Motors Corporation.

Sales in new products and other businesses rose 0.2%, to ¥105.7 billion, and accounted for 10.7% of consolidated net sales. Operating income fell 37.5%, to ¥5.6 billion.

Advanced Composite Materials

Worldwide demand for carbon fiber has surged over the past several years, and the growth of the market is expected to continue. To meet this growing demand, carbon fiber manufacturers expanded their production capacities mainly in 1998 and 1999. However, because of sluggish demand for carbon fiber in industrial applications and inventory adjustments in the market, world demand in 1999 was virtually unchanged from the previous year.

Due to worldwide lower market prices caused by oversupply and weak demand, carbon fiber business sales in fiscal 2000 were below those of the previous fiscal year.

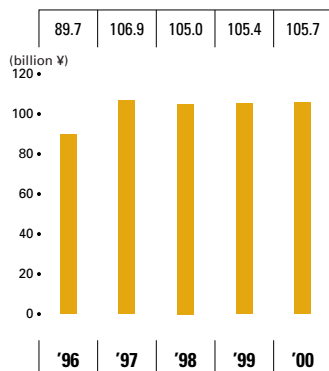
Considering medium-term market expansion, the Company expects the supply and demand situation to return quickly to equilibrium as demand for carbon fiber for industrial and sports applications continues to rebound and use for aircraft applications is steadily expanding.

Sales of components made of composite materials rose substantially thanks to solid demand for PC materials and other IT-related applications in Japan.

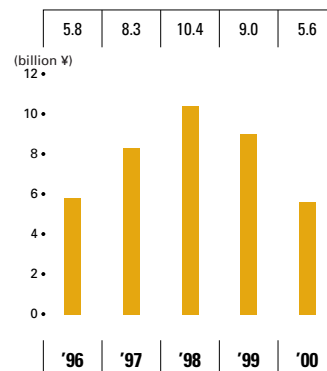
In April 1999, Toray commenced production and sales of Torayca* carbon fiber at Toray Carbon Fibers America, Inc. (production capacity of 1,800 tons per year) located in Decatur, Alabama, the United States. This now gives the Company a three-location production system with bases in Europe, Japan, and the United States.

Over the medium term, Toray expects to see increased demand for carbon fiber. Toray will promote the development

SALES



OPERATING INCOME



NEW PRODUCTS AND OTHER BUSINESSES



E-Filter* antireflecting filters are a hit with PC users.

of applications in the energy-related, large-scale structures, and transportation equipment fields and seek to further extend its position as the world's leading producer of composite materials by more closely integrating the activities of its bases in Europe, Japan, and the United States.

Electronics and Information-Related Products

Overall sales of electronics and information-related products rose substantially, due mainly to strong demand for circuit materials and for TOPTICAL* thin-film transistor (TFT) color filters for LCDs.

Toray enjoyed higher sales of color filters for applications in notebook computers and other small and medium-sized panels, as a market rebound for TFTs and LCDs drove increased demand for these filters. In addition, the Company focused marketing efforts on its specialty products used in monitor displays. These products were well received by users, and the Company commenced operations of a new production line for color filters with a larger substrate size in the second half of fiscal 2000.

In circuit materials, sales of flexible printed circuit boards and film carrier-tape rose sharply on increased demand for application in LCD panels and mobile phones. Sales of tape automated bonding (TAB), produced by the Company's affiliate in South Korea, were strong.

In fiscal 2001, the Company aims to achieve substantially increased sales and profits by accelerating the production of color filters for its larger substrate size line and increasing its production capacity for color filters in the small and medium-sized lines. Also, the Company is expecting higher profits with

the expansion of its circuit materials business.

In addition, in the graphics business the Company will begin full-scale production of the Toray CTP Waterless Plate* printing plate to meet growing demand for digital printing solutions.

Other Businesses

In the printer business, domestic sales of printing systems declined and export sales of printer engines were sluggish.

In the large-scale structures business, sales increased thanks to a new application for carbon fiber reinforced plastics in passenger vehicle driveshafts. The Company is pushing ahead with the construction of a trial production facility to support the commercialization of this material for application as a structural material in the roofs of such large-scale structures as exhibition centers and sports facilities.

In the contact lens and optical filter businesses, the Company achieved increased sales of Breath-O* Super Hard contact lenses. However, sales of screen filters for preventing eye fatigue decreased.

BOARD OF DIRECTORS

(As of June 29, 2000)

28

Chairman of the Board
and Representative Director
KATSUNOSUKE **MAEDA**

President
and Chief Executive Officer
and Representative Director
KATSUHIKO **HIRAI**

Executive Vice Presidents
and Representative Directors
HIDETANE **IJIMA**
YOICHI **SHIMOKAWA**
HIN **IGARASHI**

Senior Managing Directors
SADAYUKI **SAKAKIBARA**
TAKANOBU **SHIBUYA**
HIROTAKE **NAKASHIMA**
SATORU **MASUZAKI**

Managing Directors
KIYOTERU **WAKASUGI**
KAZUO **TOMIITA**
SHINJI **KOYAMA**
MASAO **KATSURAUMA**
NOBORU **FUJIHARA**
HIROAKI **KOBAYASHI**
YOSHIHIRO **OKUMURA**
JUNICHI **UJIKE**
MOTOO **YOSHIKAWA**

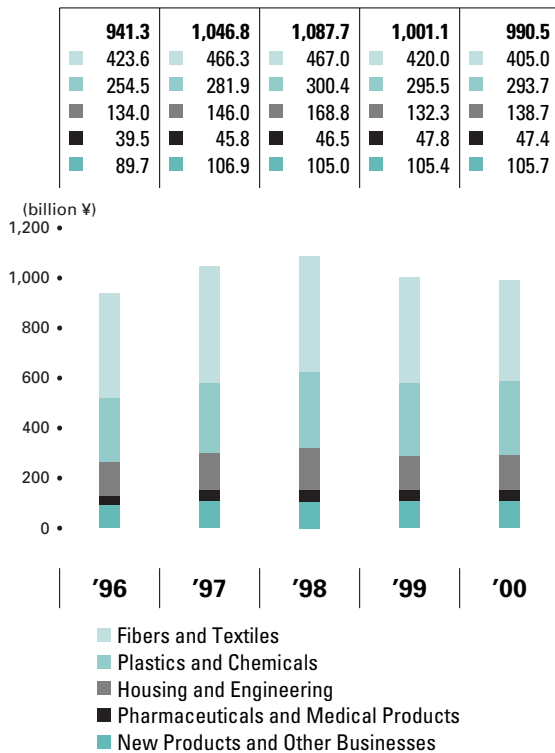
Directors
TOSHIYUKI **UMEMOTO**
KEIZO **SANO**
TSUYOSHI **WATANABE**
CHIAKI **TANAKA**
SHUNJI **NAKAZAWA**
NOBUYUKI **MATSUBARA**
TETSUO **MITSUYASU**
YUKIHIRO **SUGIMOTO**
SHINSUKE **IMAMURA**
OSAMU **NAKATANI**
KOICHI **MINORIKAWA**

Corporate Auditors
JUNICHI **KABE**
AKIRA **SAWAMURA**
EIICHI **KAKEI**
KENICHI **SUEMATSU**

FINANCIAL SECTION

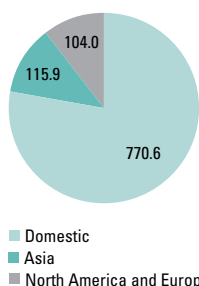
- 30 Six-Year Summary of Selected Financial Data
- 31 Management's Discussion and Analysis
- 36 Consolidated Balance Sheets
- 38 Consolidated Statements of Income and Surplus
- 39 Consolidated Statements of Cash Flows
- 40 Notes to Consolidated Financial Statements
- 49 Report of Independent Certified Public Accountants

FIVE-YEAR SUMMARY OF SALES
BY INDUSTRIAL SEGMENT

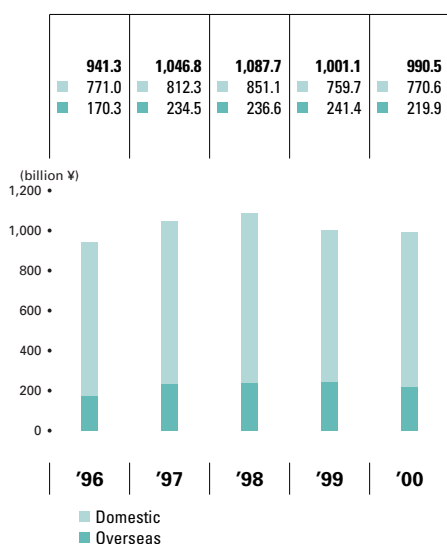


MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL 2000 SALES BY GEOGRAPHIC SEGMENT (billion ¥)



DOMESTIC AND OVERSEAS SALES



OVERVIEW

In fiscal 2000, although the Japanese economy showed improvement as a result of government economic stimulus measures, sluggish personal consumption and the absence of a self-sustained recovery prolonged a harsh operating domestic environment for Toray and its Group companies.

Outside Japan, the economies of Asia and Europe moved on a growth path, while the U.S. economy demonstrated solid expansion.

Under these conditions, Toray worked to enhance profitability by expanding sales across its entire range of business activities and by strengthening cost-competitiveness through upgrading the efficiency of production processes.

INCOME ANALYSIS

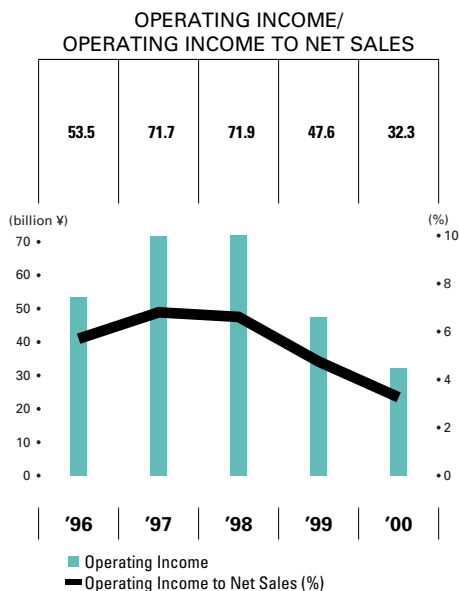
Net Sales

In fiscal 2000, Toray recorded consolidated net sales of ¥990.5 billion, down 1.1%, or ¥10.6 billion, from the previous fiscal year. By industrial segment, fibers and textiles, plastics and chemicals, and pharmaceuticals and medical products all experienced lower sales, while housing and engineering as well as new products and other businesses achieved increased sales.

In the fibers and textiles segment, domestic sales of nylon yarns for garment applications and Tetoron* filament yarn rose thanks to higher volumes and selling prices, while exports from Japan contracted. For industrial applications, export volumes of nylon yarns and Tetoron* filament yarn expanded as a result of increased demand from overseas operations of Japanese companies, while domestic sales were sluggish. Sales volume of

Tetoron* staple fiber was higher than in the previous fiscal year; however, lower selling prices resulted in an overall sales decline. Toraylon* acrylic fiber sales were sluggish. Outside Japan, the start of operations in China supported higher sales in that country. In Southeast Asia, despite increased sales volumes overall sales of polyester filament yarn and polyester- and cotton-blended fabrics declined, as a recovery in selling prices was not enough to reach the previous year's level and the yen appreciated against local currencies. Thus, segment sales declined 3.6%, or ¥15.1 billion, to ¥405.0 billion, and accounted for 40.8% of consolidated net sales, down 1.2 percentage points from fiscal 1999.

In the plastics and chemicals segment, domestic ABS resin sales rose on expanded demand for video game machine applications and other general applications. Sales of ABS resin outside Japan also rose as a result of increased sales volumes for electrical machinery applications and other general applications that were driven by recoveries in other Asian markets. Domestic sales of nylon resins and PBT resins expanded as a result of heightened demand for automotive and electrical machinery applications. Although sales of Lumirror* polyester film rose as a result of strong domestic demand for its application in digital recording media, electronic components, labels, and packaging, deteriorated market conditions for home video tapes in Japan and overseas led to an overall sales decline. Torayfan* polypropylene film enjoyed expanded sales volume both in Japan and overseas; however, lower selling prices resulted in reduced



sales. Overall chemical sales were virtually unchanged from the previous fiscal year. Consequently, segment sales dipped 0.6%, or ¥1.8 billion, from the previous fiscal year, to ¥293.7 billion.

In the housing and engineering segment, sales climbed 4.8%, or ¥6.3 billion, to ¥138.7 billion, due primarily to higher revenues in construction and real estate business.

In the pharmaceuticals and medical products segment, sales of pharmaceuticals decreased slightly amid an increasingly severe business environment. In contrast, sales increased in medical products owing to increased sales of Toraysulfone*, the polysulfone-membrane artificial kidney, and Toraymyxin*, the suction-type blood purification device for the treatment of septicemia. The segment sales slipped 0.7%, to ¥47.4 billion.

In the new products and other businesses segment, sales rose 0.2%, to ¥105.7 billion, as increased sales of electronics and information-related products, driven by strong demand for Topical* LCD color filters, circuit materials, and graphic materials, more than offset lower advanced composite materials sales, which contracted due to lower selling prices and lower exports amid weak global market conditions for carbon fiber.

By geographic segment, due to higher revenues by domestic subsidiaries, sales in Japan rose 1.4%, or ¥10.8 billion, to ¥770.5 billion, and accounted for 77.8% of consolidated net sales, up from 75.9% in fiscal 1999.

Sales in Asian countries outside Japan, including China, Indonesia, Thailand, Malaysia, and Korea, rose 4.9%, or ¥5.5 billion, to ¥115.9 billion, and

accounted for 11.7% of consolidated net sales, up from 11.0% in fiscal 1999.

Sales in North America and Europe, which includes the United States, the United Kingdom, France, Italy, and the Czech Republic, were adversely affected by sluggish market conditions for advanced composite materials and lower prices for film for home video applications. Thus, sales slumped 20.5%, or ¥26.9 billion, to ¥104.0 billion, and accounted for 10.5% of consolidated net sales, down from 13.1% in fiscal 1999.

On a market basis, increased sales in Asian countries outside Japan were insufficient to compensate for lower sales in North America and Europe. Consequently, sales outside Japan fell 1.8%, or ¥6.7 billion, to ¥363.4 billion, and accounted for 36.7% of consolidated net sales, down 0.3 percentage point from fiscal 1999. Broken down by area, sales in Asian countries outside Japan totaled ¥182.3 billion and sales in North America, Europe, and other areas totaled ¥181.1 billion, comprising 18.4% and 18.3% of consolidated net sales, respectively.

Costs and Expenses

The cost of sales ratio rose 1.5 percentage points, to 77.0%, as fixed cost per unit increased and sales volume decreased, and gross margins deteriorated as a result of lower selling prices.

Selling, general and administrative (SG&A) expenses fell 1.6%, or ¥2.6 billion, to ¥155.1 billion, due mainly to a decrease in general expenses. SG&A expenses as a percentage of consolidated net sales fell 0.1 percentage point, to 15.7%.

Research and development expenses rose 2.3%, or ¥0.9 billion, to ¥38.8 billion.

Furthermore, amortization of cost in excess of net assets acquired fell ¥0.8 billion, to ¥1.3 billion.

Consequently, total costs and operating expenses as a percentage of consolidated net sales rose 1.5 percentage points, to 96.7%.

Operating Income and Net Income

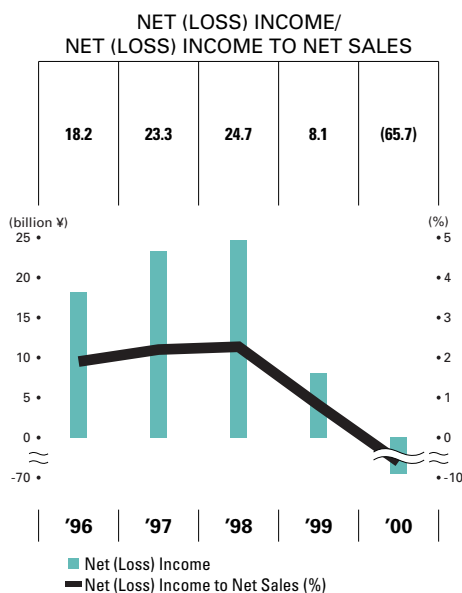
Operating income fell 32.0%, to ¥32.3 billion, due mainly to a 1.1% decline in consolidated net sales. Consequently, the ratio of operating income to consolidated net sales declined 1.5 percentage points, to 3.3%.

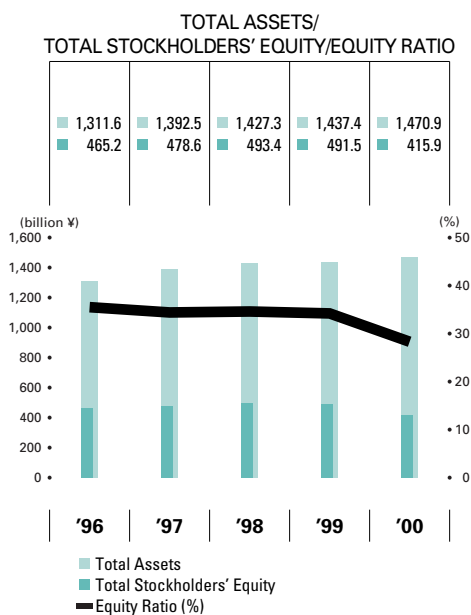
Regarding operating income (loss), all industrial segments registered weaker performances. Operating income in the fibers and textiles segment rose for both the parent company and for domestic subsidiaries; however, the appreciation of the yen adversely affected the performances of overseas subsidiaries. As a result, segment operating income slipped 5.2%, or ¥0.8 billion, to ¥14.9 billion, and accounted for 47.1% of total operating income. In the plastics and chemicals segment, operating income fell 48.9%, or ¥8.4 billion, to ¥8.8 billion, due mainly to sluggish performances by overseas subsidiaries and the films business. The housing and engineering segment posted an operating loss of ¥1.2 billion, compared with an operating income of ¥1.0 billion in the previous term. In the pharmaceuticals and medical products segment, operating income was down 15.5%, or ¥0.7 billion, to ¥3.6 billion, and that in the new products and other businesses segment fell 37.5%, or ¥3.4 billion, to ¥5.6 billion.

By geographic segment, operating income from domestic operations fell 18.8%, or ¥4.9 billion, to ¥21.3 billion, due mainly to sluggish performances by the parent company's films and composite materials businesses as well as housing and engineering subsidiaries in Japan. Operating income in Asia dropped 35.8%, or ¥3.1 billion, to ¥5.5 billion, primarily as a result of lower selling prices in the fibers and textiles as well as plastics and chemicals businesses. In North America and Europe, operating income dropped 64.4%, or ¥8.3 billion, to ¥4.6 billion, principally due to sluggish performances by the films and advanced composite materials businesses. Consequently, the ratios of operating income to assets for operations in Japan and outside Japan were 2.0% and 2.7%, respectively, reflecting the high profitability of the Company's overseas operations.

Net other income (expenses) worsened ¥1.3 billion, to expenses of ¥7.4 billion. By category, interest and dividend income decreased ¥1.6 billion, to ¥3.4 billion, while interest expenses—comprising interest payments and discount charges—improved ¥1.4 billion, to ¥16.5 billion. As a result, net finance expenses worsened ¥0.2 billion, to ¥13.1 billion. Other income (expenses), other, net, posted expenses of ¥0.3 billion, compared with an income of ¥0.6 billion in the previous fiscal year. Equity in earnings of affiliates fell ¥0.2 billion, to ¥6.0 billion.

Net special credits (charges) worsened ¥115.3 billion, to charges of ¥133.0 billion. This was due to the one-time recognition of retirement benefits of ¥106.2 billion, reflecting the amendment in accounting standards regarding





employee retirement benefits, scheduled to be introduced in fiscal 2001, and a ¥12.1 billion loss on the write-down of real estate for commercial sales.

Consequently, the Company registered a loss before income taxes of ¥108.1 billion.

After adjusting for income taxes and minority interests in net income of consolidated subsidiaries, the Company posted a net loss of ¥65.7 billion, compared with a net income of ¥8.1 billion in fiscal 1999.

Primary net loss per share was ¥46.86, compared with a net income per share of ¥5.79 in fiscal 1999. The Company maintained cash dividends at ¥7.00 per share in accordance with its policy of maintaining stable distributions to shareholders.

FINANCIAL POSITION

Assets

Total assets at the end of fiscal 2000 amounted to ¥1,470.9 billion, up 2.3%, or ¥33.5 billion from the end of fiscal 1999. This increase stemmed mainly from an increase in deferred tax assets resulting from the application of tax-effect accounting for a one-time recognition of retirement benefits and a loss on the write-down of real estate for commercial sales. Overseas assets as a percentage of total assets rose 0.3 percentage point, to 25.7%.

Current Assets

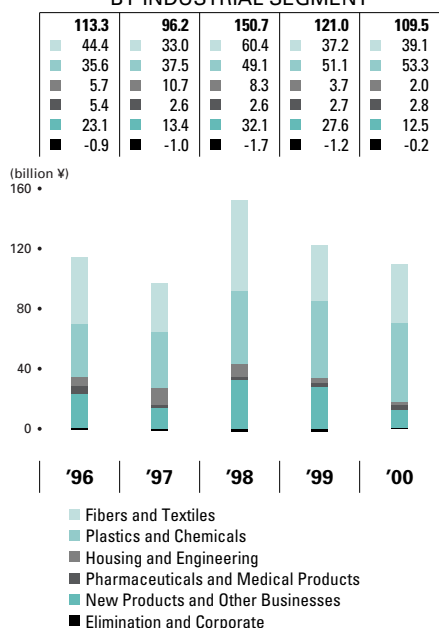
Total current assets slipped 0.7%, or ¥4.1 billion, to ¥571.6 billion. Total liquid assets—including cash, time deposits, and marketable securities—dropped 16.8%, or ¥15.7 billion, to ¥77.9 billion, mainly as a result of

activities by the Company to increase fund utilization efficiency through a reduction of cash. Trade receivables—comprising notes receivable and accounts receivable—rose 5.8%, or ¥13.2 billion, to ¥239.7 billion. Marketable securities rose 13.5%, or ¥4.4 billion, to ¥36.8 billion, due mainly to an increase in the Company's money market fund holdings. Inventories dropped 0.8%, or ¥1.7 billion, to ¥217.4 billion.

Property, Plant and Equipment

At March 31, 2000, property, plant and equipment, net, totaled ¥636.5 billion, down 1.2%, or ¥7.4 billion, from the end of fiscal 1999. Capital investment declined ¥13.0 billion, to ¥108.7 billion, as the Company continued to aggressively implement programs focused on fields expected to show strong growth while it pushed forward with rationalization and modernization programs centered on improving production process efficiency. In the fibers and textiles segment, capital investment totaled ¥38.8 billion, and consisted of such programs as the expansion and upgrade of the Company's Ecsaine* production facilities, the establishment of a polyester filament fabric weaving and dyeing facility at Toray Textiles Central Europe s.r.o, and the acquisition of Toray Saehan Inc.'s polyester filament yarn and nonwoven filament yarn production facilities. In the plastics and chemicals segment, capital investment totaled ¥53.4 billion, and included programs to enhance polyester film production capabilities at the parent company and at Toray Plastics Europe S.A. and increase production capacity at Toyo Metalizing Co., Ltd.'s processing facility. In the housing and engineering

CAPITAL EXPENDITURES BY INDUSTRIAL SEGMENT



segment, capital investment totaled ¥1.8 billion. In the pharmaceuticals and medical products segment, capital investment totaled ¥2.9 billion and included a program to upgrade the parent company's artificial kidney production facility. In the new products and other businesses segment, capital investment totaled ¥11.8 billion and included a program to increase production capacity at the parent company's LCD color filter production facility as well as a hotel construction program undertaken by Toray Enterprise Corp.

Liabilities

Total liabilities at the end of fiscal 2000 amounted to ¥1,012.0 billion, up 10.9%, or ¥99.7 billion. Current liabilities rose 6.2%, or ¥30.2 billion, to ¥515.6 billion. Bank loans rose ¥7.0 billion, to ¥173.1 billion. Long-term debt due within one year rose ¥33.4 billion, to ¥99.3 billion, due mainly to a rise in the current portion of the Company's long-term debt. Long-term debt, including the current portion rose ¥2.8 billion, to ¥441.7 billion. Consequently, total financial liabilities—comprising bank loans, long-term debt, commercial paper, and discounted notes—at the end of the term totaled ¥619.7 billion, up 1.3%, or ¥8.0 billion, from the end of fiscal 1999.

Stockholders' Equity

Total stockholders' equity fell 15.4%, or ¥75.6 billion, to ¥415.9 billion. This decrease comprised a ¥65.7 billion net loss and ¥9.9 billion in appropriations for cash dividends and bonuses to directors and corporate auditors. Consequently, stockholders' equity per share fell ¥53.96, to ¥296.74, while the

equity ratio declined 5.9 percentage points, to 28.3%.

CASH FLOWS

Net Cash Provided by Operating Activities

Net cash provided by operating activities shrank ¥2.7 billion, to ¥57.3 billion. The main reasons for this decrease were the posting of a ¥108.1 billion loss before income taxes, versus income before income taxes of ¥23.7 billion in fiscal 1999, and ¥101.2 billion increase in retirement benefits.

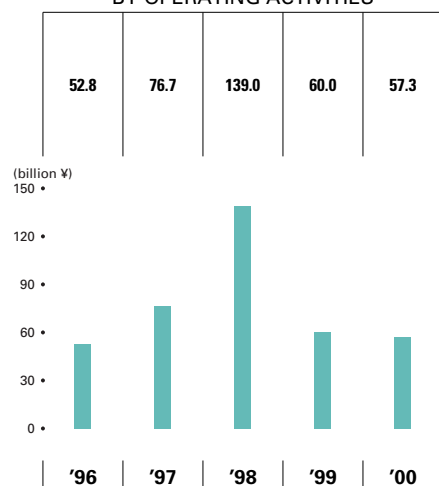
Net Cash Used in Investing Activities

Net cash used in investing activities decreased ¥29.8 billion, to ¥102.1 billion. The main factors behind this decrease were a ¥6.7 billion reduction in capital expenditures, to ¥114.3 billion, an ¥11.9 billion decrease in purchase of investment securities, to ¥4.9 billion, and a ¥10.6 billion increase in proceeds from sales and disposal of noncurrent assets, to ¥12.7 billion.

Net Cash Provided by Financing Activities

Net cash provided by financing activities rose ¥1.6 billion, to ¥33.2 billion. The primary factors affecting this result were an ¥18.4 billion increase in proceeds from long-term debt, to ¥108.9 billion, a ¥12.1 billion rise in short-term debt, to ¥13.7 billion, ¥10.6 billion in proceeds from capital increase by minority interest, and a ¥40.2 billion increase in repayments of long-term debt, to ¥87.9 billion.

NET CASH PROVIDED BY OPERATING ACTIVITIES



CONSOLIDATED BALANCE SHEETS

Toray Industries, Inc. and Subsidiaries
March 31, 2000 and 1999

Thousands of
U.S. dollars
(Note 2)

Assets	Millions of yen		2000
	2000	1999	
Current assets:			
Cash.....	¥ 28,638	¥ 43,827	\$ 270,170
Time deposits (Note 6)	12,398	17,344	116,962
Marketable securities (Note 3)	36,819	32,427	347,349
Trade receivables (Note 5):			
Notes receivable	59,699	53,099	563,198
Accounts receivable	179,993	173,410	1,698,047
Allowance for doubtful accounts	(3,634)	(2,897)	(34,283)
Inventories (Note 4)	217,350	219,071	2,050,472
Deferred tax assets (Note 7)	15,070	8,011	142,170
Prepaid expenses and other current assets	25,288	31,461	238,566
Total current assets	571,621	575,753	5,392,651
Property, plant and equipment (Note 6 and 10):			
Land.....	86,703	81,761	817,953
Buildings	369,540	355,938	3,486,226
Machinery and equipment	1,232,379	1,180,445	11,626,217
Construction in progress	18,877	61,894	178,085
	1,707,499	1,680,038	16,108,481
Accumulated depreciation	(1,071,008)	(1,036,124)	(10,103,849)
	636,491	643,914	6,004,632
Investments, long-term loans and other assets:			
Affiliates.....	38,546	44,413	363,641
Marketable equity securities (Notes 3 and 6)	55,907	58,059	527,424
Other securities	13,848	17,064	130,642
Long-term loans receivable	2,348	2,288	22,151
Deferred tax assets (Note 7)	49,009	—	462,349
Other	33,721	41,546	318,123
Allowance for doubtful accounts	(1,306)	(1,800)	(12,321)
	192,073	161,570	1,812,009
Intangible assets	6,427	4,218	60,632
Cost in excess of net assets acquired	1,515	2,781	14,292
Foreign currency translation adjustment	62,723	49,124	591,727
	¥1,470,850	¥1,437,360	\$13,875,943

See accompanying notes to consolidated financial statements.

Liabilities and Stockholders' Equity	Millions of yen		Thousands of U.S. dollars (Note 2)
	2000	1999	2000
Current liabilities:			
Bank loans (Note 6)	¥ 173,073	¥ 166,098	\$ 1,632,764
Long-term debt due within one year (Note 6)	99,253	65,825	936,349
Commercial paper	—	500	—
Trade payables (Note 5):			
Notes payable	51,429	70,024	485,179
Accounts payable	110,778	100,050	1,045,075
Income taxes payable	5,397	6,567	50,915
Accrued liabilities	43,770	47,364	412,925
Other current liabilities	31,949	29,063	301,406
Total current liabilities	515,649	485,491	4,864,613
Long-term debt (Note 6)	342,465	373,115	3,230,802
Retirement benefits	147,619	46,936	1,392,632
Customers' guarantee deposits and other liabilities	4,327	5,665	40,821
Deferred tax liabilities (Note 7)	1,980	1,183	18,679
	1,012,040	912,390	9,547,547
Contingent liabilities (Note 9)			
Minority interests in consolidated subsidiaries	42,932	33,473	405,019
Stockholders' equity (Note 8):			
Common stock:			
Authorized—4,000,000,000 shares			
Issued—1,401,481,403 shares	96,937	96,937	914,500
Additional paid-in capital	85,792	85,792	809,359
Consolidated surplus	233,152	308,770	2,199,547
	415,881	491,499	3,923,406
Treasury stock, at cost	(3)	(2)	(29)
Total stockholders' equity	415,878	491,497	3,923,377
	¥1,470,850	¥1,437,360	\$13,875,943

CONSOLIDATED STATEMENTS OF INCOME AND SURPLUS

Toray Industries, Inc. and Subsidiaries
Years ended March 31, 2000, 1999 and 1998

38

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2000	1999	1998	2000
Net sales (Note 5)	¥990,487	¥1,001,117	¥1,087,713	\$9,344,217
Costs and expenses:				
Cost of sales (Note 5)	763,011	755,900	819,895	7,198,217
Selling, general and administrative expenses (Note 10)	155,100	157,691	159,718	1,463,208
Research and development expenses	38,790	37,915	36,181	365,943
Amortization of cost in excess of net assets acquired	1,266	2,047	—	11,943
	958,167	953,553	1,015,794	9,039,311
Operating income	32,320	47,564	71,919	304,906
Other income (expenses):				
Interest expenses	(16,532)	(17,909)	(18,705)	(155,962)
Interest and dividend income	3,405	4,961	5,171	32,122
Equity in earnings of affiliates	6,050	6,243	—	57,075
Other, net.....	(316)	601	1,669	(2,981)
	(7,393)	(6,104)	(11,865)	(69,746)
Income before special credits (charges)	24,927	41,460	60,054	235,160
Special credits (charges):				
(Loss) gain on disposal of property, plant and equipment, net	(1,950)	(2,531)	17,082	(18,396)
Loss on write-down of real estate for commercial sales	(12,050)	—	—	(113,679)
Loss on sale or write-down of investments in securities, net.....	(2,278)	(4,850)	(55)	(21,490)
Loss on liquidation of affiliated companies	(788)	—	(174)	(7,434)
Special severance payments and other restructuring expenses	(6,282)	(4,809)	(5,626)	(59,264)
Loss arising from the accounting change of employees' retirement benefit	(106,155)	—	—	(1,001,462)
Special contributions for retirement pension plan.....	(509)	(665)	(790)	(4,802)
Exchange loss	(2,460)	(4,328)	(10,988)	(23,208)
Provision for bad debt	(548)	(548)	(548)	(5,170)
	(133,020)	(17,731)	(1,099)	(1,254,905)
(Loss) income before income taxes	(108,093)	23,729	58,955	(1,019,745)
Income taxes (Note 7):				
Current	12,754	12,929	24,267	120,321
Deferred	(56,316)	357	3,736	(531,283)
	(43,562)	13,286	28,003	(410,962)
(Loss) income from consolidated operations	(64,531)	10,443	30,952	(608,783)
Minority interests in net income of consolidated subsidiaries	(1,136)	(2,326)	(6,164)	(10,717)
Amortization of cost in excess of net assets acquired	—	—	(1,919)	—
Equity in earnings of affiliates	—	—	1,871	—
Net (loss) income	(65,667)	8,117	24,740	(619,500)
Consolidated surplus:				
At beginning of year	308,770	310,638	271,634	2,912,925
	243,103	318,755	296,374	2,293,425
Appropriations:				
Cash dividends	9,810	9,810	9,810	92,547
Bonuses to directors and corporate auditors	141	175	160	1,331
	9,951	9,985	9,970	93,878
At end of year.....	¥233,152	¥ 308,770	¥ 286,404	\$2,199,547
		Yen		U.S. dollars (Note 2)
Net (loss) income per share (Note 1):				
Primary	¥(46.86)	¥5.79	¥17.65	\$(0.442)
Fully diluted	—	—	17.43	—

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Toray Industries, Inc. and Subsidiaries
Years ended March 31, 2000, 1999 and 1998

Thousands of
U.S. dollars
(Note 2)

39

	Millions of yen			2000
	2000	1999	1998	
Cash flows from operating activities:				
(Loss) income before income taxes	¥(108,093)	¥23,729	¥58,955	\$ (1,019,745)
Adjustments to reconcile (loss) income before income taxes to net cash provided by operating activities:				
Depreciation and amortization	80,698	79,663	74,633	761,302
Interest and dividend income	(3,405)	(4,961)	(5,171)	(32,122)
Equity in earnings of affiliates	(6,050)	(6,243)	(1,871)	(57,075)
Interest expenses	16,532	17,909	18,705	155,962
Loss (gain) on sales and disposal of noncurrent assets	4,228	7,381	(17,027)	39,887
Loss on write-down of real estate for commercial sales	12,050	—	—	113,679
Increase (decrease) in retirement benefits	101,225	(828)	421	954,953
(Increase) decrease in trade receivables	(20,253)	13,069	25,622	(191,066)
Increase in inventories	(18,002)	(21,610)	(1,152)	(169,830)
Increase (decrease) in trade payables and accrued liabilities	3,261	(29,932)	18,105	30,764
Other, net	14,678	12,974	3,241	138,471
Sub total	76,869	91,151	174,461	725,180
Interest and dividend income received	11,447	8,135	7,406	107,990
Interest expenses paid	(17,222)	(17,724)	(18,667)	(162,472)
Income taxes paid	(13,796)	(21,578)	(24,177)	(130,151)
Net cash provided by operating activities	57,298	59,984	139,023	540,547
Cash flows from investing activities:				
Capital expenditures	(114,293)	(120,968)	(150,700)	(1,078,236)
Purchase of investment securities	(4,934)	(16,810)	(5,545)	(46,547)
Proceeds from sales and disposal of noncurrent assets	12,707	2,095	32,569	119,878
Other, net	4,446	3,843	5,475	41,943
Net cash used in investing activities	(102,074)	(131,840)	(118,201)	(962,962)
Cash flows from financing activities:				
Increase in short-term debt	13,732	1,595	12,306	129,547
Proceeds from long-term debt	108,859	90,434	83,995	1,026,972
Repayments of long-term debt	(87,877)	(47,727)	(83,872)	(829,028)
Cash dividends paid	(12,097)	(12,731)	(12,141)	(114,122)
Proceeds from capital increase by minority interest	10,560	—	—	99,622
Net cash provided by financing activities	33,177	31,571	288	312,991
Effect of exchange rate changes on cash and cash equivalents	(1,296)	(2,337)	(3,797)	(12,227)
Net (decrease) increase in cash and cash equivalents	(12,895)	(42,622)	17,313	(121,651)
Cash and cash equivalents at beginning of year	85,819	126,852	109,539	809,613
Beginning of term balance of cash and cash equivalents at subsidiaries not previously included in consolidated financial statements	99	1,589	—	934
Cash and cash equivalents at end of period	¥ 73,023	¥ 85,819	¥126,852	\$ 688,896

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Toray Industries, Inc. and Subsidiaries
Years ended March 31, 2000, 1999 and 1998

40

1. Significant Accounting Policies

Basis of Presenting Consolidated Financial Statements

Toray Industries, Inc. (the Company) and its subsidiaries in Japan have prepared their financial statements in accordance with accounting principles and practices generally accepted in Japan.

Overseas subsidiaries have prepared their financial statements in accordance with accounting practices prevailing in their respective domicile countries.

Consolidated statements of cash flows have been required to be prepared with effect for the year ended March 31, 2000, in accordance with a new Japanese accounting standard. This new standard specifies a format which differs from that used in earlier years, under the previous accounting practice in Japan; accordingly, the comparative period's consolidated statements of cash flows have been reformatted.

Certain items presented in the original consolidated financial statements in Japanese have been reclassified for the convenience of readers outside Japan.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and substantially all of its subsidiaries.

Assets and liabilities in consolidated subsidiaries are revalued to fair market value when the majority interest in the subsidiaries is purchased.

Investments in unconsolidated subsidiaries and affiliated companies are accounted for by the equity method.

All intercompany accounts and transactions are eliminated in consolidation. The excess of acquisition costs over net assets acquired is amortized generally over five years on a straight-line basis.

Cash and Cash Equivalents

Cash and cash equivalents for the years ended March 31, 2000 and 1999 include cash, short-term time deposits which may be withdrawn on demand without diminution of principal and highly liquid investments with original maturities of three months or less.

Cash and cash equivalents consisted of:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Cash	¥28,638	¥43,827	\$270,170
Time deposits.....	12,398	17,344	116,962
Marketable securities.....	36,819	32,427	347,349
Less—Time deposits with maturity of over 3 months.....	(15)	—	(142)
Less—Marketable equity securities and others.....	(4,817)	(7,779)	(45,443)
Cash and cash equivalents.....	¥73,023	¥85,819	\$688,896

Marketable Securities

Marketable securities in current assets and marketable equity securities in noncurrent assets are generally carried at the lower of moving average cost or market.

Allowance for Doubtful Accounts

The Company and its domestic subsidiaries provide an allowance for doubtful accounts principally at an estimated amount of probable bad debts plus the maximum permitted deduction under Japanese tax regulations.

Overseas subsidiaries provide an allowance for doubtful accounts at an estimated amount of probable bad debts.

Inventories

Finished goods and work in process are generally stated at average cost.

Raw materials and supplies are generally stated at the lower of average cost or current replacement cost.

Other Securities

Other securities in noncurrent assets are stated at average cost or less.

Property, Plant and Equipment

Property, plant and equipment is stated at cost except those of overseas subsidiaries that are revalued in accordance with the regulations of domicile countries and recorded at such revalued amount.

Depreciation for property, plant and equipment of the Company and its domestic subsidiaries is principally computed by the declining balance method and depreciation for those of overseas subsidiaries is principally computed by the straight-line method at rates based on estimated useful lives that are as follows:

Buildings	7–50 years
Machinery and equipment	5–10 years

Leases

Finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees are accounted for by a method similar to that applicable to ordinary operating leases.

Software

Certain items have been reclassified, compared with the prior year, to better reflect their nature. Capitalized software costs are now classified within "Intangible assets." Previously they were classified within "Investments—Other." This is in accordance with application of the "Guidelines for dealing with research and development costs and software accounts processing."

Income Taxes

Income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants taxes and enterprise

taxes. Income taxes are determined using the asset and liability approach, where deferred tax assets and liabilities are recognized for temporary differences between the tax basis of assets and liabilities and their reported amount in the financial statements. The Company also provides for the anticipated tax effect of future remittances of retained earnings from overseas subsidiaries and affiliated companies.

Retirement Benefits

The Company and its domestic subsidiaries have two retirement plans in effect (an unfunded lump-sum benefit plan and a funded contributory pension plan) covering all eligible employees.

Under the terms of the unfunded lump-sum benefit plan, eligible employees are entitled under most circumstances, upon mandatory retirement or earlier voluntary severance to indemnities based on compensation at the time of severance and years of service.

The Company's funded pension plan covers all eligible employees. In general, the plan provides for pension payments for life commencing from age 60. The annual pension expense for this plan includes current period costs, amortization of prior service costs over a 15-year and 2-month period and interest on the unfunded portion. The provision is determined actuarially and funded currently through an outside trustee.

At March 31, 1999, the liability for the unfunded lump-sum benefit plan as shown in the balance sheet represents 50% of the amount which would be required if all employees voluntarily terminated their service at the balance sheet date. The liability for the funded pension plan, if any, was not recorded on the balance sheet. The contribution for the funded pension plan has been charged to income when paid for the years ended March 31, 1999 and 1998.

With effect from March 31, 2000, the Company changed its accounting policy for employees' retirement benefit. Under the new method, the liability, including both the unfunded lump-sum benefit plan and the funded pension plan, is calculated as the difference between the discounted expected future retirement and pension payments, and the related assets set aside to meet such future payments. The effect of this change was to increase the loss before income taxes by ¥106,155 million (\$1,001,462 thousand) compared with the previous accounting policy. The resulting adjustment has been disclosed as a "loss arising from the accounting change of employees' retirement benefit" in the accompanying consolidated statements of income and surplus. The effect of this change on segment information is presented in Note 11.

The amounts charged to income for both the employees' lump-sum benefit plan and the pension plan amounted to ¥126,538 million (\$1,193,755 thousand), ¥19,635 million and ¥17,739 million in 2000, 1999 and 1998, respectively.

Allowance for retirement benefits for directors and corporate auditors ("officers") of the Company and certain of its domestic subsidiaries is provided based on their pertinent rules and is calculated as the estimated amount which would be payable if all officers were to retire at the balance sheet date. Any amounts payable to officers upon retirement are subject to approval at the shareholders' meeting. The amount is included in retirement benefits on the consolidated balance sheets.

Appropriation of Consolidated Surplus

Cash dividends and bonuses to directors and corporate auditors are recorded in the fiscal year when the proposed appropriation of consolidated surplus is approved by the Board of Directors and/or stockholders.

Foreign Currency Transactions

Noncurrent receivables and payables of the Company and its domestic subsidiaries denominated in foreign currencies are translated into Japanese yen at historical exchange rates.

Other current receivables and payables denominated in foreign currencies are translated at the applicable rates of exchange in effect at year-end.

All realized foreign currency exchange gains and losses and unrealized gains and losses on current receivables and payables are included in net income.

Translation of Foreign Currency Financial Statements

Translation of foreign currency financial statements of overseas subsidiaries into Japanese yen for consolidation purposes is made by using the current exchange rates prevailing at the balance sheet dates, with an exception that the translation of stockholders' equity is made by using the historical rates. Revenue and expense accounts are translated at the year's average rate of exchange.

Net Income per Share

The computation of net income per share of common stock shown in the consolidated statements of income and surplus is based on the weighted average number of shares of common stock outstanding for the year.

Diluted net income per share is computed to reflect dilutive effect on net income assuming potential issues of new shares of common stock upon conversion of convertible debt securities and exercise of warrants outstanding with the related reduction of interest expenses.

With regard to net income per share on a fully diluted basis, although convertible bonds were issued during the term, as a result of adjustment calculations, the posting of a net loss for the term precludes reporting.

2. U.S. Dollar Amounts

The Company and its domestic consolidated subsidiaries maintain their accounting records in yen. The U.S. dollar amounts included in the accompanying consolidated financial statements and notes thereto represent the arithmetic results of translating yen into U.S. dollars at the rate of ¥106 to \$1.00, the approximate exchange rate

prevailing on March 31, 2000. The inclusion of such U.S. dollar amounts is solely for the convenience of readers outside Japan and is not intended to imply that yen amounts and assets and liabilities that originated in yen have been or could be readily converted, realized, or settled in U.S. dollars at this or at any other rate.

3. Marketable Securities

At March 31, 2000 and 1999, the marketable securities in current assets consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Marketable equity securities	¥ 2,769	¥ 4,134	\$ 26,123
Marketable debt securities investments	30,535	20,671	288,066
Securities purchased under agreements with resale (Bond <i>GENSAKI</i>)	1,510	3,977	14,245
Other marketable securities	2,005	3,645	18,915
	¥36,819	¥32,427	\$347,349
Market value of marketable equity securities	¥ 7,342	¥11,498	\$ 69,264

Also, at March 31, 2000 and 1999, the market value of marketable equity securities in noncurrent assets amounted to ¥170,012 million (\$1,603,887 thousand) and ¥162,917 million, respectively.

4. Inventories

At March 31, 2000 and 1999, inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Finished goods and work in process	¥176,759	¥179,631	\$1,667,538
Raw materials and supplies	40,591	39,440	382,934
	¥217,350	¥219,071	\$2,050,472

5. Account Balances and Transactions with Affiliates

At March 31, 2000 and 1999, account balances and transactions with unconsolidated subsidiaries and affiliated companies were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Trade receivables	¥12,885	¥12,468	\$121,557
Trade payables	8,531	6,731	80,481
Sales	47,604	45,701	449,094
Purchases	33,510	32,025	316,132

6. Bank Loans and Long-Term Debt

Bank loans at March 31, 2000 and 1999, were represented by bank overdrafts and short-term notes. The Company is not required

to pay commitment fees on unused balances of the bank overdraft agreements.

Long-term debt at March 31, 2000 and 1999, was as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Loans principally from banks and insurance companies with interest rates primarily from 0.105% to 7.783%, maturing serially through 2012:			
Collateralized	¥ 2,619	¥ 3,871	\$ 24,708
Unsecured	200,758	187,172	1,893,943
Medium-term notes of consolidated subsidiaries with interest rates from 0.231% to 5.650% due 2000 to 2002 (including zero coupon notes)	23,348	32,804	220,264
Mortgage bonds with an interest rate of 1.8% due 1999	—	100	—
Mortgage bonds with an interest rate of 2.3% due 2006	500	500	4,717
Convertible debentures with an interest rate of 1.7% due 2002	29,493	29,493	278,235
Yen notes with an interest rate of 4.35% due 1999	—	20,000	—
Yen notes with an interest rate of 4.25% due 2001	20,000	20,000	188,679
Yen notes with an interest rate of 2.65% due 2001	10,000	10,000	94,340
Yen notes with an interest rate of 2.40% due 2009	20,000	20,000	188,679
Yen notes with an interest rate of 2.275% due 2004	15,000	15,000	141,509
Yen notes with an interest rate of 2.25% due 2001	20,000	20,000	188,679
Yen notes with an interest rate of 2.20% due 2003	15,000	15,000	141,509
Yen notes with an interest rate of 2.05% due 2003	1,000	1,000	9,434
Yen notes with an interest rate of 2.03% due 2008	10,000	10,000	94,340
Yen notes with an interest rate of 1.95% due 2009	10,000	—	94,340
Yen notes with an interest rate of 1.93% due 2009	10,000	—	94,340
Yen notes with an interest rate of 1.925% due 2005	20,000	20,000	188,679
Yen notes with an interest rate of 1.65% due 1999	—	10,000	—
Yen notes with an interest rate of 1.40% due 2001	5,000	5,000	47,170
Yen notes with an interest rate of 1.40% due 2004	10,000	10,000	94,340
Yen notes with an interest rate of 1.31% due 2001	1,000	1,000	9,434
Yen notes with an interest rate of 1.05% due 2004	10,000	—	94,340
Yen floating rate notes due 2002	8,000	8,000	75,472
	441,718	438,940	4,167,151
Less amounts due within one year	99,253	65,825	936,349
	¥342,465	¥373,115	\$3,230,802

At March 31, 2000, assets pledged as collateral for short-term bank loans and collateralized loans and certain mortgage bonds of subsidiaries were as follows:

	Millions of yen	Thousands of U.S. dollars
Time deposits	¥ 17	\$ 160
Investments in securities at carrying value	41	387
Property, plant and equipment, at cost less accumulated depreciation	15,050	141,981
	¥15,108	\$142,528

The trust deeds covering the 1.7% convertible debentures provide for the conversion, subject to adjustment under specified conditions,

into 32,162 thousand shares of common stock at ¥917 (\$8.65) per share at March 31, 2000.

The annual maturities of long-term debt are as follows:

	Millions of yen	Thousands of U.S. dollars
Years ending March 31:		
2001	¥ 99,253	\$ 936,349
2002	85,115	802,972
2003	73,609	694,425
2004	50,390	475,377
2005	43,274	408,245
2006 and thereafter	90,077	849,783
	¥441,718	\$4,167,151

7. Income Taxes

The statutory tax rates used for calculating deferred tax assets and deferred tax liabilities in fiscal 2000, 1999 and 1998 were 42.3%, 42.3% and 47.6%, respectively.

At March 31, 2000 and 1999, significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Deferred tax assets:			
Inventories	¥ 5,009	¥ —	\$ 47,255
Rebate	703	689	6,632
Accrued bonuses	2,361	701	22,273
Accrued enterprise taxes	807	495	7,613
Allowance for doubtful accounts	2,053	859	19,368
Long-term prepaid expenses	1,222	1,213	11,528
Employees' retirement benefits	50,612	6,903	477,472
Tax loss carryforwards	12,084	—	114,000
Unrealized earnings	14,038	13,950	132,434
Other	6,793	3,423	64,085
	95,682	28,233	902,660
Valuation allowance	(5,501)	—	(51,896)
Total deferred tax assets	90,181	28,233	850,764
Deferred tax liabilities:			
Reserve for advanced depreciation	13,591	13,800	128,217
Reserve for special depreciation	2,316	1,487	21,849
Depreciation	5,955	—	56,179
Undistributed earnings of foreign subsidiaries and affiliates	5,203	5,758	49,085
Other	1,095	360	10,330
Total deferred tax liabilities	28,160	21,405	265,660
Net deferred tax assets	¥62,021	¥ 6,828	\$585,104

At March 31, 2000 and 1999, reconciliation of the statutory tax rate and the effective income tax rate was as follows:

	2000	1999
Statutory tax rate	(42.3)%	47.6%
Increase (decrease) in taxes resulting from:		
Permanent differences	0.0	1.8
Losses by subsidiaries not utilizing tax effect accounting	2.7	11.7
Change of statutory tax rate	—	(3.1)
Equity in earnings of affiliates	(2.4)	(8.7)
Amortization of cost in excess of net assets acquired	0.5	4.1
Other	1.2	2.6
Effective income tax rate	(40.3)%	56.0%

8. Stockholders' Equity

The Japanese Commercial Code requires that at least 50% of the paid-in capital of new share issues be transferred to the "Common stock" account, provided 50% of the paid-in capital is greater than the par value of the shares.

Changes of common stock and additional paid-in capital for the years ended March 31, 2000, 1999 and 1998, are summarized as follows:

	Common stock			Additional paid-in capital	
	Thousands of shares	Millions of yen	Thousands of U.S. dollars	Millions of yen	Thousands of U.S. dollars
March 31, 1998	1,401,481	¥96,937		¥85,792	
March 31, 1999	1,401,481	96,937		85,792	
March 31, 2000	1,401,481	96,937	\$914,500	85,792	\$809,359

At the June 2000 annual meeting, stockholders approved the payment of cash dividends of ¥3.50 per share, aggregating ¥4,905 million (\$46,274 thousand).

9. Contingent Liabilities

At March 31, 2000, contingent liabilities were as follows:

	Millions of yen	Thousands of U.S. dollars
Notes discounted	¥ 4,916	\$ 46,377
As guarantors of loans to:		
Affiliates	¥ 9,867	\$ 93,085
Others	7,291	68,783
	¥17,158	\$161,868
Obligations of guarantee	¥ 91	\$ 858

10. Leases

The Group leases certain machinery, equipment and vehicles and other assets (fixtures and tools). Total lease payments under these leases were ¥1,670 million (\$15,755 thousand) and ¥1,735 million for the years ended March 31, 2000 and 1999, respectively.

Pro forma information relating to acquisition costs, accumulated depreciation and future minimum lease payments for property held under finance leases which do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2000 and 1999, is as follows:

	Millions of yen		
	Machinery, equipment and vehicles	Other (fixtures and tools)	Total
Year ended March 31, 2000:			
Acquisition costs	¥998	¥5,744	¥6,742
Accumulated depreciation	801	3,949	4,750
Net leased property	¥197	¥1,795	¥1,992
	Millions of yen		
	Machinery, equipment and vehicles	Other (fixtures and tools)	Total
Year ended March 31, 1999:			
Acquisition costs	¥2,457	¥5,509	¥7,966
Accumulated depreciation	1,450	2,902	4,352
Net leased property	¥1,007	¥2,607	¥3,614

	Thousands of U.S. dollars		
	Machinery, equipment and vehicles	Other (fixtures and tools)	Total
Year ended March 31, 2000:			
Acquisition costs	\$9,415	\$54,189	\$63,604
Accumulated depreciation.....	7,556	37,255	44,811
Net leased property.....	\$1,859	\$16,934	\$18,793

Future minimum lease payments under finance leases as of March 31, 2000 and 1999 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2000	1999	2000
Due within one year	¥1,157	¥1,424	\$10,915
Due over one year	835	2,190	7,878
Total	¥1,992	¥3,614	\$18,793

The acquisition costs and future minimum lease payments under finance leases include the imputed interest expense portion.

11. Segment Information

Results by Industrial Segment

The Company and its subsidiaries operate principally in five industrial segments: fibers and textiles, plastics and chemicals, housing and engineering, pharmaceuticals and medical products, and new products and other businesses.

Operations in the fibers and textiles segment involve the production and sale of nylon, polyester, acrylic fiber and textile products and synthetic suede. Operations in the plastics and chemicals segment involve the production and sale of nylon and ABS resins, polyester and polypropylene films, synthetic fiber raw materials and fine and specialty chemicals. Operations in the housing and engineering segment involve construction and plant engineering services and the manufacturing of industrial equipment and machinery. Operations in the pharmaceuticals and medical products segment involve the production and sale of interferon- β and beraprost sodium drugs and artificial kidneys. Operations in the new products and other businesses segment involve the production and sale of advanced composite

materials and electronics and information-related products as well as the provision of services in such diverse areas as research support, systems integration and hotel chain operation.

As described in Note 1, effective April 1, 1999, the Company changed the accounting method for employees' retirement benefits.

As a result of the change, assets in the fibers and textiles segment were ¥13,874 million (US\$130,887 thousand) higher, those for the plastics and chemicals segment were ¥13,336 million (US\$125,811 thousand) higher, those for the housing and engineering segment were ¥5,526 million (US\$52,132 thousand) higher, those for the pharmaceuticals and medical products segment were ¥3,182 million (US\$30,019 thousand) higher and those for the new products and other businesses segment were ¥7,866 million (US\$74,208 thousand) higher in fiscal 2000 than they would have been had the method used in fiscal 1999 been applied.

Year ended March 31, 2000:	Millions of yen						Elimination and corporate	Consolidated total
	Fibers and textiles	Plastics and chemicals	Housing and engineering	Pharmaceuticals and medical products	New products and other businesses	Total		
Sales to outside customers	¥404,966	¥293,736	¥138,692	¥47,439	¥105,654	¥ 990,487	¥ —	¥ 990,487
Intersegment sales.....	581	22,339	42,239	51	20,934	86,144	(86,144)	—
Total sales	¥405,547	¥316,075	¥180,931	¥47,490	¥126,588	¥1,076,631	¥(86,144)	¥ 990,487
Operating income (loss)	¥ 14,869	¥ 8,763	¥ (1,224)	¥ 3,580	¥ 5,607	¥ 31,595	¥ 725	¥ 32,320
Assets	¥462,525	¥513,638	¥199,091	¥71,415	¥215,657	¥1,462,326	¥ 8,524	¥1,470,850
Depreciation and amortization	27,163	31,404	2,517	2,558	16,822	80,464	(1,032)	79,432
Capital expenditures.....	39,143	53,318	1,995	2,845	12,482	109,783	(269)	109,514

Millions of yen

Year ended March 31, 1999:	Fibers and textiles	Plastics and chemicals	Housing and engineering	Pharmaceuticals and medical products	New products and other businesses	Total	Elimination and corporate	Consolidated total
Sales to outside customers	¥420,040	¥295,537	¥132,343	¥47,796	¥105,401	¥1,001,117	¥ —	¥1,001,117
Intersegment sales	1,144	25,578	61,192	25	21,066	109,005	(109,005)	—
Total sales	¥421,184	¥321,115	¥193,535	¥47,821	¥126,467	¥1,110,122	¥(109,005)	¥1,001,117
Operating income	¥ 15,690	¥ 17,156	¥ 1,041	¥ 4,237	¥ 8,976	¥ 47,100	¥ 464	¥ 47,564
Assets	¥466,269	¥478,255	¥204,021	¥66,497	¥249,596	¥1,464,638	¥ (27,278)	¥1,437,360
Depreciation and amortization	26,763	30,756	2,957	2,887	15,626	78,989	(1,373)	77,616
Capital expenditures	37,203	51,086	3,666	2,661	27,579	122,195	(1,227)	120,968

**Years ended
March 31, 2000:**

Thousands of U.S. dollars

Sales to outside customers	\$3,820,434	\$2,771,094	\$1,308,415	\$447,538	\$ 996,736	\$ 9,344,217	\$ —	\$ 9,344,217
Intersegment sales	5,481	210,745	398,481	481	197,491	812,679	(812,679)	—
Total sales	\$3,825,915	\$2,981,839	\$1,706,896	\$448,019	\$1,194,227	\$10,156,896	\$(812,679)	\$ 9,344,217
Operating income (loss)	\$ 140,273	\$ 82,670	\$ (11,547)	\$ 33,774	\$ 52,896	\$ 298,066	\$ 6,840	\$ 304,906
Assets	\$4,363,443	\$4,845,642	\$1,878,217	\$673,726	\$2,034,500	\$13,795,528	\$ 80,415	\$13,875,943
Depreciation and amortization	256,255	296,264	23,745	24,132	158,698	759,094	(9,736)	749,358
Capital expenditures	369,273	503,000	18,821	26,840	117,755	1,035,689	(2,538)	1,033,151

Results by Geographic Segment

As a result of a change in employees' retirement benefits, assets in Japan were ¥43,784 million (US\$413,057 thousand) higher in fiscal

2000 than they would have been had the method used in fiscal 1999 been applied.

Millions of yen

Year ended March 31, 2000:	Japan	Asia	North America and Europe	Total	Elimination and corporate	Consolidated total
Sales to outside customers	¥ 770,548	¥115,915	¥104,024	¥ 990,487	¥ —	¥ 990,487
Intersegment sales	55,259	14,317	6,561	76,137	(76,137)	—
Total sales	¥ 825,807	¥130,232	¥110,585	¥1,066,624	¥(76,137)	¥ 990,487
Operating income	¥ 21,317	¥ 5,474	¥ 4,559	¥ 31,350	¥ 970	¥ 32,320
Assets	¥1,064,618	¥215,084	¥153,052	¥1,432,754	¥ 38,096	¥1,470,850

Year ended March 31, 1999:

Sales to outside customers	¥ 759,745	¥110,455	¥130,917	¥1,001,117	¥ —	¥1,001,117
Intersegment sales	70,490	11,510	8,249	90,249	(90,249)	—
Total sales	¥ 830,235	¥121,965	¥139,166	¥1,091,366	¥(90,249)	¥1,001,117
Operating income	¥ 26,239	¥ 8,530	¥ 12,817	¥ 47,586	¥ (22)	¥ 47,564
Assets	¥1,051,585	¥176,754	¥180,647	¥1,408,986	¥ 28,374	¥1,437,360

Thousands of U.S. dollars

Year ended March 31, 2000:	Japan	Asia	North America and Europe	Total	Elimination and corporate	Consolidated total
Sales to outside customers	\$ 7,269,321	\$1,093,538	\$ 981,358	\$ 9,344,217	\$ —	\$ 9,344,217
Intersegment sales	521,312	135,066	61,896	718,274	(718,274)	—
Total sales	\$ 7,790,633	\$1,228,604	\$1,043,254	\$10,062,491	\$(718,274)	\$ 9,344,217
Operating income	\$ 201,104	\$ 51,642	\$ 43,009	\$ 295,755	\$ 9,151	\$ 304,906
Assets	\$10,043,566	\$2,029,094	\$1,443,887	\$13,516,547	\$ 359,396	\$13,875,943

Major countries in the categories Asia and North America and Europe are as follows:

Asia: China, Indonesia, Thailand, Malaysia, South Korea

North America and Europe: U.S.A., U.K., France, Italy, Czech Republic

Export Sales and Sales by Overseas Subsidiaries

Year ended March 31, 2000:	Millions of yen		
	Asia	North America, Europe and other areas	Total
Export sales and sales by overseas subsidiaries	¥182,333	¥181,107	¥363,440
Percentage of such sales against consolidated net sales.....	18.4%	18.3%	36.7%

Year ended March 31, 1999:

Export sales and sales by overseas subsidiaries	¥165,577	¥204,560	¥370,137
Percentage of such sales against consolidated net sales.....	16.5%	20.5%	37.0%

Year ended March 31, 2000:

Thousands of U.S. dollars

Export sales and sales by overseas subsidiaries	\$1,720,123	\$1,708,556	\$3,428,679
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Major countries in the categories Asia and North America, Europe and other areas are as follows:

Asia: China, Indonesia, Thailand, Malaysia, South Korea

North America, Europe and other areas: U.S.A., U.K., France, Italy

12. Directors' Interests

None of the Company's directors held a material interest in any contract significant to the Company or its affiliates at any time during the three years in the period ended March 31, 2000. Furthermore, none

of the directors or members of their families held interests of 5% or more in shares of the Company at any time during the three years in the period ended March 31, 2000.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ChuoAoyama Audit Corporation

PRICEWATERHOUSECOOPERS 

49

Kasumigaseki Bldg. 32nd Floor
3-2-5, Kasumigaseki, Chiyoda-ku,
Tokyo 100-6088, Japan

The Board of Directors
Toray Industries, Inc.

We have audited the accompanying consolidated balance sheets of Toray Industries, Inc. and its consolidated subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income and surplus, and cash flows for each of the three years in the period ended March 31, 2000, all expressed in Japanese Yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in *Japan* and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Toray Industries, Inc. and its consolidated subsidiaries as of March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2000 in conformity with accounting principles and practices generally accepted in *Japan* (see Note 1) consistently applied during the periods, except for the change, with which we concur made as of March 31, 2000 in the accounting for Employees' Retirement Benefits, as described in Note 1 and 11.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 2 to the accompanying consolidated financial statements.



ChuoAoyama Audit Corporation

June 29, 2000
Tokyo, Japan

THE TORAY GROUP

(As of March 31, 2000)

50

	SUBSIDIARIES (171 COMPANIES)		
	CONSOLIDATED SUBSIDIARIES		
FIBERS, TEXTILES & FASHION	Japan (25 Companies) Toray Monofilament Co., Ltd. Toyo Tire Cord Co., Ltd. Ogaki Spinning Co., Ltd. Fuso Spinning Co., Ltd. Toyo Dyeing Co., Ltd. Marusa Co., Ltd. Toray Textiles, Inc. Inami Textiles, Inc. Toray Kimono Co., Ltd. Ronze Inc. Toray Fishing Corp. Towa Orimono Co., Ltd. (Osaka) Ichimura Sangyo Co., Ltd. Towa Orimono Co., Ltd. (Ishikawa) Maruichi Fiber Co., Ltd. Maruwa Orimono Co., Ltd. Toray Diplomode, Inc. Japan Apparel System Science Co., Ltd. Sunrich Mode Inc. Ecsaine Plaza-Aoyama, Inc. San e Origin Co., Ltd. Daiichi Lace Mfg. Co., Ltd. Others	U.S.A. (1 Company) Toray Ultrasuede (America), Inc. United Kingdom (1 Company) Toray Textiles Europe Ltd. Italy (1 Company) Alcantara S.p.A. Czech Republic (1 Company) Toray Textiles Central Europe s.r.o. Indonesia (5 Companies) P.T. Indonesia Toray Synthetics P.T. Indonesia Synthetic Textile Mills P.T. Acryl Textile Mills P.T. Easterntex P.T. Century Textile Industry Thailand (3 Companies) Toray Nylon Thai Co., Ltd. Luckytex (Thailand) Public Company Limited Toray Fibers (Thailand) Ltd.	Malaysia (5 Companies) Penfibre Sdn. Berhad Penfabric Sdn. Berhad Pentex Sdn. Berhad Woodard Textile Mills Sdn. Berhad Pentley Sdn. Berhad Singapore (1 Company) China (4 Companies) Toray Sakai Printing & Dyeing (Nantong) Co., Ltd. Toray Sakai Weaving (Nantong) Co., Ltd. Toray Fibers (Nantong) Co., Ltd. Other Hong Kong China (4 Companies) TAL Knits Ltd. Others
(76 COMPANIES)			(51 Companies)
TRADING	Japan (3 Companies) Toray International, Inc. Toray Ireeve Corp. Toray Alphart Co., Ltd. U.S.A. (1 Company) Toray Marketing and Sales (America), Inc.	Germany (1 Company) Toray Deutschland GmbH United Kingdom (1 Company) Toray Europe Ltd. Singapore (1 Company) Toray Industries (Singapore) Pte. Ltd.	Hong Kong China (2 Companies) Toray Industries (H.K.) Ltd. Other
(14 COMPANIES)			(9 Companies)
PLASTICS & CHEMICALS	Japan (10 Companies) Toray PEF Products Inc. Toyo Plastic Seiko Co., Ltd. Toyo Metalizing Co., Ltd. Toray Plastic Films Co., Ltd. Toray Fine Chemicals Co., Ltd. Toray Thiokol Co., Ltd. SODA AROMATIC Co., Ltd. Others	U.S.A. (1 Company) Toray Plastics (America), Inc. France (1 Company) Toray Plastics Europe S.A. China (2 Companies) LIBI Plastic Compounding (Shenzhen) Co., Ltd. Toray Sanko Precision (Zhongshan) Co., Ltd.	Hong Kong China (2 Companies) LIBI Plastic Compounding (Hong Kong) Co., Ltd. Toray Sanko Precision (Hong Kong) Co., Ltd. Malaysia (3 Companies) Pensanko Precision Sdn. Berhad Toray Plastics (Malaysia) Sdn. Berhad Other South Korea (1 Company) Toray Saehan Inc.
(32 COMPANIES)			(20 Companies)
HOUSING & ENGINEERING	Japan (11 Companies) Toray Construction Co., Ltd. Toray Engineering Co., Ltd. Toray Precision Co., Ltd. Toray Glasal Corp.	Santo Development Co., Ltd. Tecmat Industries Corp. Others U.S.A. (1 Company)	Malaysia (1 Company) Singapore (1 Company) South Korea (1 Company)
(21 COMPANIES)			(15 Companies)
PHARMACEUTICALS & MEDICAL PRODUCTS	Japan (1 Company) Toray Medical Co., Ltd.		
(5 COMPANIES)			(1 Company)
NEW PRODUCTS & OTHER BUSINESSES	U.S.A. (2 Companies) Toray Composites (America), Inc. Toray Carbon Fibers America, Inc.	France (1 Company) Société des Fibres de Carbone S.A.	
(7 COMPANIES)			(3 Companies)
INFORMATION & SERVICES	Japan (11 Companies) Eastern Viva Co., Ltd. Toray Enterprise Corp. Toray Agency Inc. Toray Research Center Inc. Toyo Logistics Co., Ltd. Toray Systems Center Inc. Toyo Jitsugyo Co., Ltd. Toray Finance Inc. Mishima Shokusan Inc. Others	U.S.A. (3 Companies) Toray Industries (America), Inc. Toray Holding (U.S.A.), Inc. Toray Capital (America), Inc. The Netherlands (1 Company) Toray Capital (Europe) B.V.	
(44 COMPANIES)			(15 Companies)
TOTAL: 199 COMPANIES			114 COMPANIES

		AFFILIATES (28 COMPANIES)	
	SUBSIDIARIES ACCOUNTED FOR BY EQUITY METHOD	AFFILIATES ACCOUNTED FOR BY EQUITY METHOD	
	<p>Japan (9 Companies) Toyo Flocking Co., Ltd. Toyo Waso Kogyo Co., Ltd. Toray Ecsaine Plaza, Inc. Others</p> <p>Indonesia (2 Companies) P.T. Jakarta Triapparel P.T. OST Fibre Industries</p> <p>Vietnam (1 Company) Vietnam TNT Fibers Co., Ltd.</p> <p>Hong Kong China (1 Company)</p> <p>Brazil (1 Company)</p> <p style="text-align: right;">(14 Companies)</p>	<p>Japan (4 Companies) Du Pont-Toray Co., Ltd. Matsumoto Textiles Co., Ltd. Pennyblack Marella Japan Co., Ltd. Other</p> <p>United Kingdom (1 Company)</p> <p>Indonesia (1 Company) P.T. Century Textile Industry</p> <p>Thailand (2 Companies) Thai Toray Textile Mills Public Company Limited Other</p> <p style="text-align: right;">(11 Companies)</p>	<p>Malaysia (1 Company)</p> <p>Singapore (1 Company)</p> <p>South Korea (1 Company) Saehan Industries, Inc.</p>
	<p>Italy (1 Company) Toray Italia S.r.l.</p> <p>Indonesia (1 Company) P.T. Toray Trading Indonesia</p> <p>China (1 Company) Toray Trading (Shanghai) Co., Ltd.</p> <p style="text-align: right;">(4 Companies)</p>	<p>Chinese Taipei (1 Company) Tong Shing Inc.</p> <p style="text-align: right;">(1 Company)</p>	<p>Japan (1 Company) Chori Co., Ltd.</p> <p style="text-align: right;">(1 Company)</p>
	<p>Japan (2 Companies)</p> <p>U.S.A. (1 Company) Toray Resin Co.</p> <p>South Korea (1 Company) KTP Industries Inc.</p> <p style="text-align: right;">(4 Companies)</p>	<p>Japan (4 Companies) East Three Technology Co., Ltd. Dow Corning Toray Silicone Co., Ltd. Sanyo Chemical Industries, Ltd. Other</p> <p>Indonesia (1 Company) P.T. Petnesia Resindo</p> <p style="text-align: right;">(8 Companies)</p>	<p>Thailand (1 Company) 3TM Plastics Co., Ltd.</p> <p>Chinese Taipei (2 Companies)</p>
	<p>Japan (4 Companies) Chuno Cetech Co., Ltd. Toray Fine Machinery Co., Ltd. Others</p> <p style="text-align: right;">(4 Companies)</p>	<p>U.S.A. (1 Company)</p> <p>South Korea (1 Company) Daehan Precision Co., Ltd.</p> <p style="text-align: right;">(2 Companies)</p>	
	<p>Japan (2 Companies)</p> <p style="text-align: right;">(3 Companies)</p>	<p>Singapore (1 Company) S&J Dialysis Centre Ltd.</p> <p style="text-align: right;">(1 Company)</p>	
	<p>Chinese Taipei (1 Company) Advanced Sporting Composites Inc.</p> <p style="text-align: right;">(2 Companies)</p>	<p>South Korea (1 Company) STEMCO, Ltd.</p> <p style="text-align: right;">(2 Companies)</p>	<p>Japan (1 Company) Sakai Composites Co., Ltd.</p> <p>South Korea (1 Company) STECO, Ltd.</p> <p style="text-align: right;">(2 Companies)</p>
	<p>Japan (24 Companies) Toray Corporate Business Research, Inc. Toray Travel Co., Ltd. Toray Techno Co., Ltd. Toray Intellectual Property Experts Co., Ltd. Kanto General Service Inc. Shiga Shokusan Inc. Toyo Shokusan Inc. Meinan Service Inc. Toyo Service Inc. Okazaki Shokusan Inc. Mishima Shokusan Inc.</p> <p>Gifu Shokusan Inc. Ishikawa Shokusan Inc. Chiba Shokusan Inc. Tsuchiura Shokusan Inc. Others</p> <p>U.S.A. (1 Company)</p> <p>Indonesia (1 Company) P.T. Jabato International</p> <p style="text-align: right;">(26 Companies)</p>	<p>Japan (3 Companies) Chiryu Hotel Corp. Shiga Cable Network Inc. Other</p> <p style="text-align: right;">(3 Companies)</p>	
	57 COMPANIES	28 COMPANIES	

GLOBAL NETWORK

(As of June 29, 2000)

52

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Toray Industries, Inc., Seoul Office
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London Toray Industries, Inc., Europe Office
Frankfurt Toray Deutschland GmbH

Milan Toray Italia S.r.l.

Seoul Toray Industries, Inc., Seoul Office

Beijing Toray Industries, Inc., Beijing Office
Shanghai Toray Industries, Inc., Shanghai Office
Hong Kong Toray Industries (H.K.) Ltd.
Taipei Tong Shing Inc.

Bangkok Luckytex (Thailand) Public Company Limited

Penang Penfabric Sdn. Berhad

Singapore Toray Industries (Singapore) Pte. Ltd.

Jakarta P.T. Indonesia Toray Synthetics

New York
Toray Industries (America), Inc.

INVESTOR INFORMATION

(As of March 31, 2000)

Toray Industries, Inc.

Head Office

2-1, Nihonbashi-Muromachi 2-chome,
Chuo-ku, Tokyo 103-8666, Japan
Telephone: 81 (3) 3245-5113
Facsimile: 81 (3) 3245-5459
URL: <http://www.toray.co.jp>

2nd Head Office Building

8-1, Mihama 1-chome,
Urayasu, Chiba 279-8555, Japan
Telephone: 81 (47) 350-6001
Facsimile: 81 (47) 350-6075

Osaka Head Office

6-20, Dojima 1-chome,
Kita-ku, Osaka 530-8222, Japan
Telephone: 81 (6) 6445-4101
Facsimile: 81 (6) 6452-7774

Established: January 1926

Common Stock:

Authorized: 4,000,000,000 shares
Issued: 1,401,481,403 shares

Number of Stockholders: 161,653

Listings:

Common stock is listed on the Tokyo Stock Exchange, the Osaka Securities Exchange, and six other domestic stock exchanges. Overseas listings are on exchanges in London, Luxembourg, Frankfurt, Düsseldorf, and Paris.

Transfer Agent:

The Chuo Mitsui Trust and
Banking Co., Ltd.
7-1, Kyobashi 1-chome, Chuo-ku,
Tokyo 104-8345, Japan

Common Stock Price Range:	2000		1999	
	High	Low	High	Low
First quarter.....	¥665	¥565	¥728	¥631
Second quarter	635	501	745	545
Third quarter	587	392	598	502
Fourth quarter.....	484	326	657	201

Cash Dividends per Share:	2000	1999
Total for the year	¥7.00	¥7.00
Interim	3.50	3.50

Composition of Stockholders:	Percent of total	Thousands of shares
Financial institutions	48.16%	674,987
Securities companies	2.50	35,000
Other corporations	6.71	94,109
Foreign investors.....	11.66	163,343
Individuals and others.....	30.96	433,846
Public bodies.....	0.01	193

Number of Employees:	
Parent company	9,118
Domestic subsidiaries	8,969
Overseas subsidiaries	17,429
Total	<u>35,516</u>



Toray Industries, Inc.

2-1, Nihonbashi-Muromachi 2-chome,

Chuo-ku, Tokyo 103-8666, Japan

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