


February 8, 2005



**Business Results for the
Third Quarter of
Fiscal Year Ending March 2005**

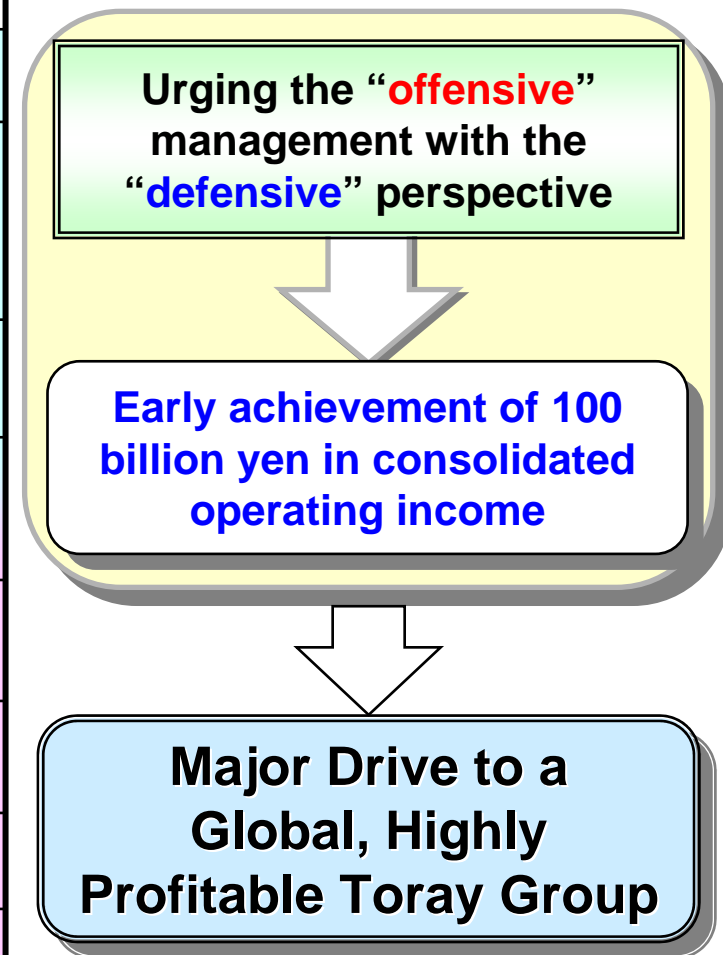
**Sadayuki Sakakibara, President
Toray Industries, Inc.**

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Main Action Points of NT-

Main Action Points	Project
Developing innovative attitudes and ideas / Reinforcing corporate structure (from the “defensive” perspective)	(1) Activating corporate culture
	(2) Mar/05 : Strengthening cost competitiveness Apr/05 and beyond : Promoting self-improvement efforts
	(3) Strengthening financial structure
	(4) Promoting marketing innovation
Expanding revenues and profits through business structure reform (from the “offensive” perspective)	(5) Strengthening profit control by product type
	(6) Expanding advanced materials businesses
	(7) Expanding No. 1 businesses
	(8) Expanding businesses outside Japan



Target Numbers in NT-

¥ Billion

Operating Income Trend

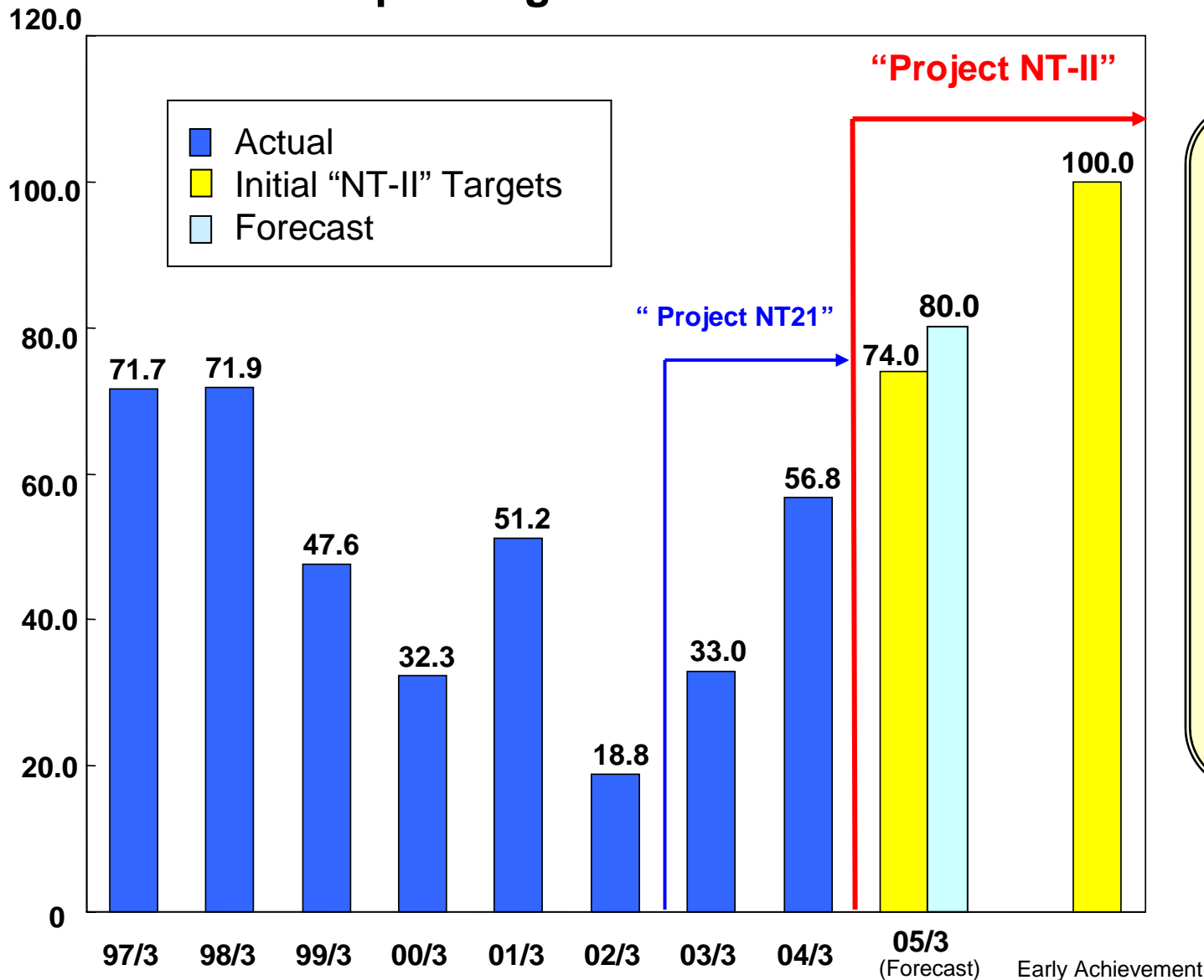


Image of Major Performance Indicator when ¥100 billion of Operating Income is Achieved

Ratio of Operating Income to Net Sales: About 8%

ROA: About 7%

ROE: About 10%

D/E Ratio: 1.0 or Lower

Summary of Business Results for the 3Q of FY Ending Mar/05

(Third Quarter (Oct. – Dec.))

Unit: Billion Yen

Excluding Chori and Suido Kiko effects

	3Q FY Mar/04	3Q FY Mar/05	Changes	3Q FY Mar/05	Changes
Net Sales	257.0	336.2	+79.2 (+30.8%)	276.8	+19.8 (+7.7%)
Gross Profit	55.9	64.3	+8.4 (+15.0%)	58.6	+2.7 (+4.8%)
(Gross Profit to Net Sales)	21.8%	19.1%	-2.6 points	21.2%	-0.6 points
Operating Income	11.4	14.6	+3.2 (+27.8%)	13.8	+2.3 (+20.5%)
(Operating Income to Net Sales)	4.5%	4.4%	-0.1 points	5.0%	+0.5 points
Non-operating Income and Expenses, net	0.7	1.0	-0.3 (-)		
Ordinary Income	10.7	13.6	+2.9 (+27.1%)		
Special Credits and Charges, net	-	1.9			
Net Income of the Quarter	-	7.0			

	End of Sep/04	End of Dec/04	Changes	End of Mar/04 (FYI)
Total Assets	1,395.3	1,405.9	+10.6 (+0.8%)	1,295.3
Stockholder's Equity	433.6	442.4	+8.8 (+2.0%)	414.2
Interest-bearing Debts	500.7	490.3	-10.5 (-2.1%)	494.5
D/E Ratio	1.15	1.11	-0.05	1.19

*Consolidated business results are the sums of Oct – Dec business results in companies whose FY ends on Mar 31 and Jul – Sep business results in companies whose FY ends on December 31.

*Consolidation effect of Chori and Suido Kiko is included on and after end of Sep. 2004.

Summary (Results by Business Segment)



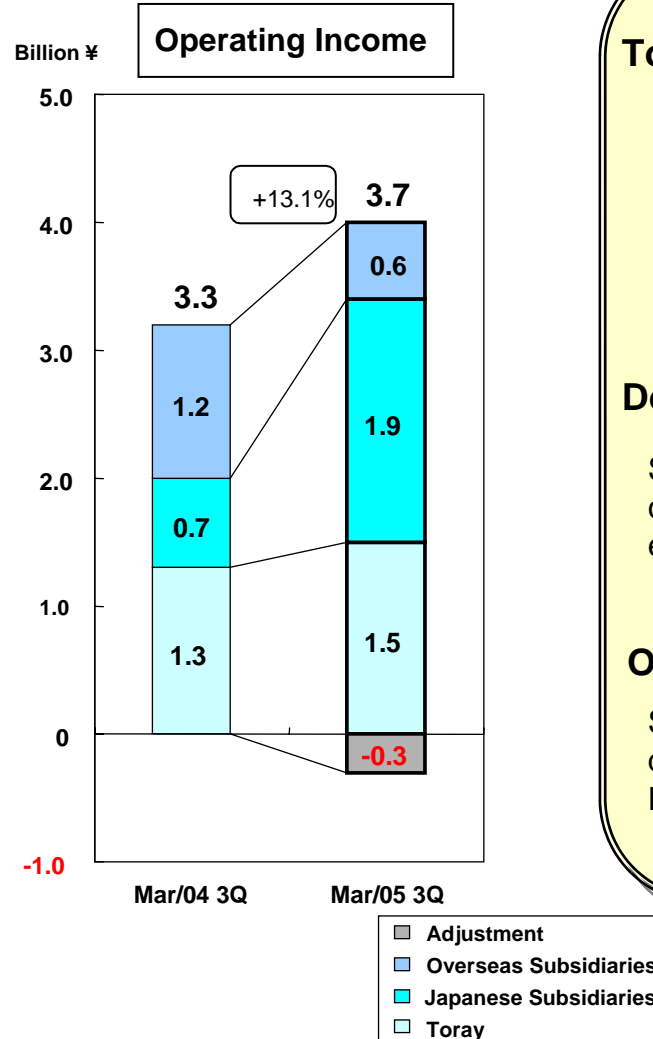
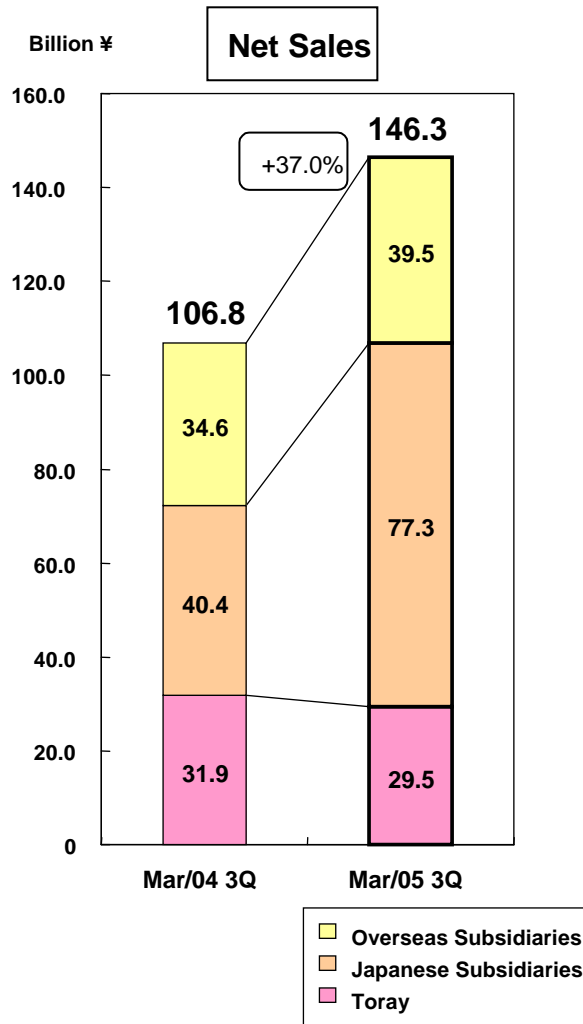
Unit: Billion Yen

	Net Sales			Operating Income			Comments
	3Q FY Mar/04	3Q FY Mar/05	Changes	3Q FY Mar/04	3Q FY Mar/05	Changes	
Fibers and Textiles	106.8	146.3	+39.5 (+37.0%)	3.3	3.7	+0.4 (+13.1%)	Toray : Sales decreased, Income increased Japan : Sales increased Income increased Overseas: Sales increased Income decreased
Plastics and Chemicals	64.1	83.8	+19.7 (+30.7%)	2.4	3.8	+1.3 (+55.7%)	Toray : Sales decreased, Income decreased Japan : Sales increased Income increased Overseas: Sales increased Income increased
IT-related Products	41.4	55.1	+13.7 (+33.0%)	4.4	6.2	+1.8 (+40.2%)	Toray : Sales increased Income increased Japan : Sales increased Income increased Overseas: Sales increased Income remained at the same level
Housing and Engineering	19.4	24.2	+4.9 (+25.0%)	0.5	1.0	-0.5 (-)	Toray : Sales decreased Income increased Japan : Sales increased Income decreased Overseas: Sales increased Income remained at the same level
Pharmaceuticals and Medical Products	11.3	9.9	-1.4 (-12.3%)	0.7	0.0	-0.7 (-95.7%)	Toray : Sales decreased Income decreased Japan : Sales decreased Income decreased Overseas: Sales decreased Income remained at the same level
New Products and Other Businesses	13.9	16.8	+2.9 (+20.8%)	1.1	1.8	+0.7 (+60.1%)	Toray : Sales increased Income increased Japan : Sales increased Income increased Overseas: Sales increased Income increased
(Carbon Fiber Composite Materials)	9.0	11.2	+2.3 (+25.4%)	1.0	1.3	+0.3 (+30.1%)	
Total	257.0	336.2	+79.2 (+30.8%)	11.4	14.5	+3.1 (+27.1%)	
Elimination & Corporate				0.0	0.1	+0.1	
Consolidated	257.0	336.2	+79.2 (+30.8%)	11.4	14.6	+3.2 (+27.8%)	

*IT-related chemical products of Toray Fine Chemicals are displaced from the Plastics & Chemicals segment to IT-related Products segment from this first quarter.

Accordingly, those of the third quarter FY Mar/04 were also amended.

Results by Business Segment (Fibers and Textiles)



Comments

Toray

Although sales and income increased substantially through steady growth in industrial use and further improvement in profitability by product type, sales dropped due to internal sales increase by consolidation of Chori.

Domestic Subsidiaries

Sales and income increased by consolidation of Chori and sales expansion of trading companies.

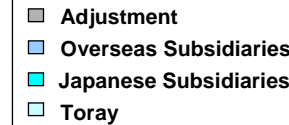
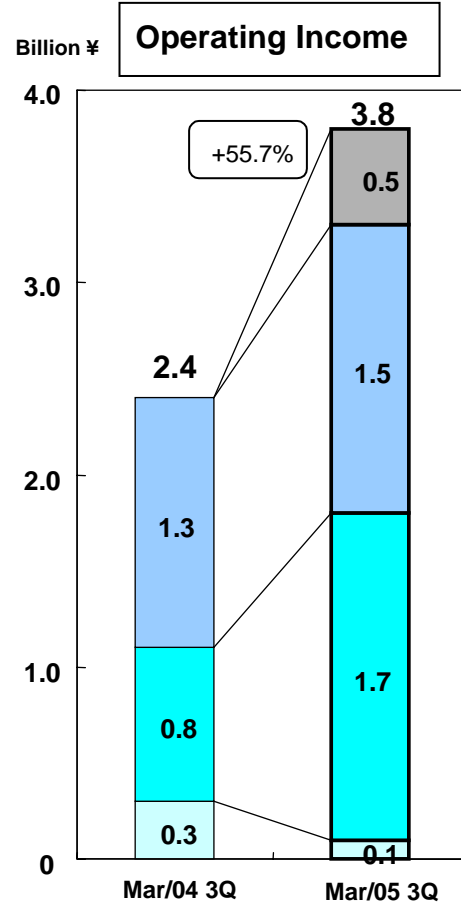
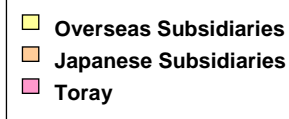
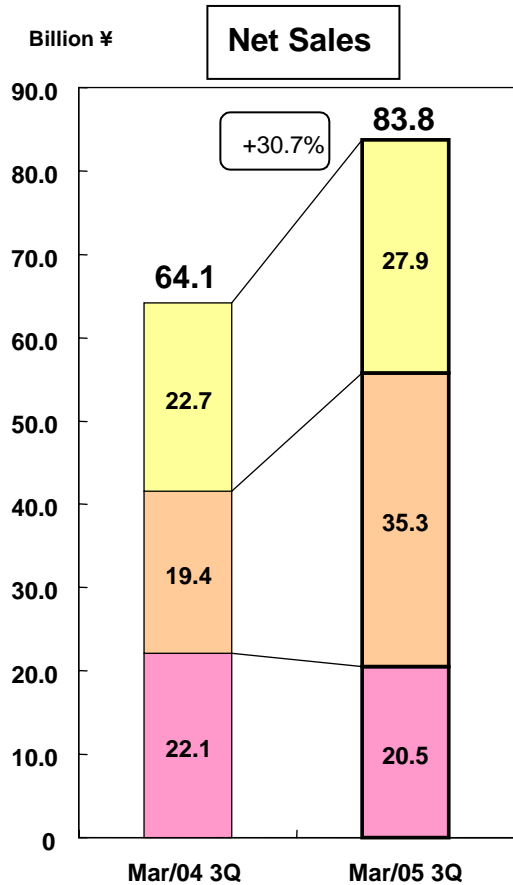
Overseas Subsidiaries

Sales increased but income decreased due to sluggish business in an European subsidiary, etc.

<Major Subsidiaries>

Japan: Toray International Inc., Ichimura Sangyo, Co., Ltd., Chori Co., Ltd., etc.
 Asia : PENFABRIC (Malaysia), LUCKYTEX (Thailand), ITS (Indonesia), TFNL (China), etc.
 Europe & US : ALCANTARA (Italy), etc.

Results by Business Segment (Plastics & Chemicals)



Comments

Toray

Resins for automotives and electric parts applications and films for industrial use grew steadily, however, income decreased by the effect of soaring raw materials' prices. Chemicals sales decreased due to retreat from the unprofitable caprolactum export businesses.

Japanese Subsidiaries

Sales and income increased through good sales of a film processing subsidiary and the consolidation of Chori.

Overseas Subsidiaries

Despite the impact of soaring raw materials' prices, sales and income increased by each subsidiary's promotion of passing on raw materials' prices increase to selling prices and shift to profitable products.

<Major Subsidiaries>

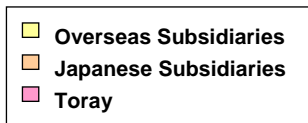
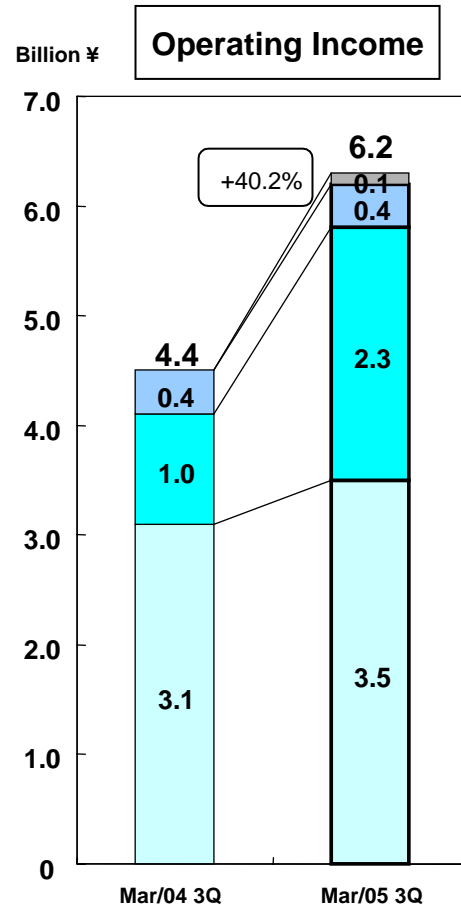
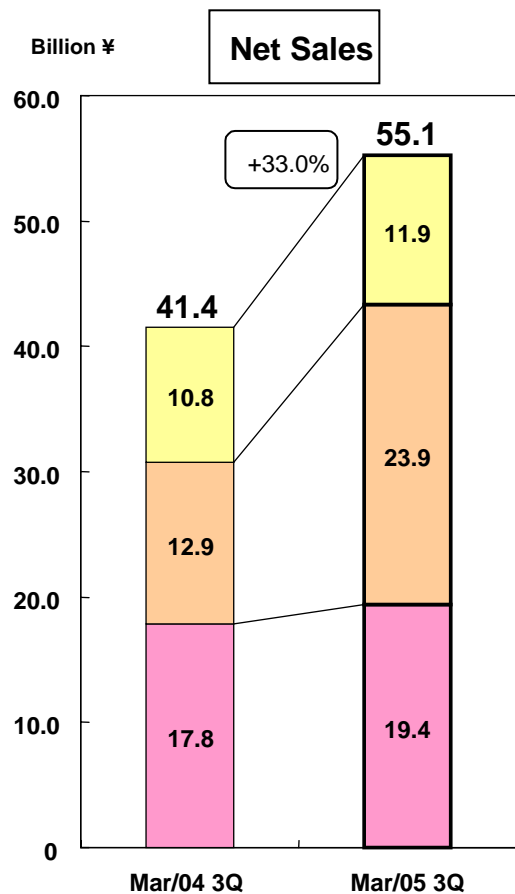
Japan : Toray Advanced Film Co., Ltd., Toray Fine Chemicals Co., Ltd., Soda Aromatic Co., Ltd., Chori Co., Ltd., etc.

Overseas : TPA (US), TPM (Malaysia), TPEu (France), TSI (Korea), etc.

*IT-related chemical products of Toray Fine Chemicals are displaced from the Plastics & Chemicals segment to IT-related Products segment from this first quarter.

Accordingly, those of the third quarter FY Mar/04 were also amended.

Results by Business Segment (IT-related Products)



<Major Subsidiaries>

Japan : Toray Engineering Co., Ltd., Toray Advanced Film Co., Ltd., etc.
 Overseas : TPA (US), TPEu(France), TSI (Korea), etc.

Comments

Toray

Sales and income of IT-related resins / films, circuit materials, LCD color filters and others increased by rapid demand expansion of digital-related products.

Japanese Subsidiaries

Sales and income increased drastically through sales expansion of equipment for LCD color filters (slit coaters) and the consolidation of Chori, etc.

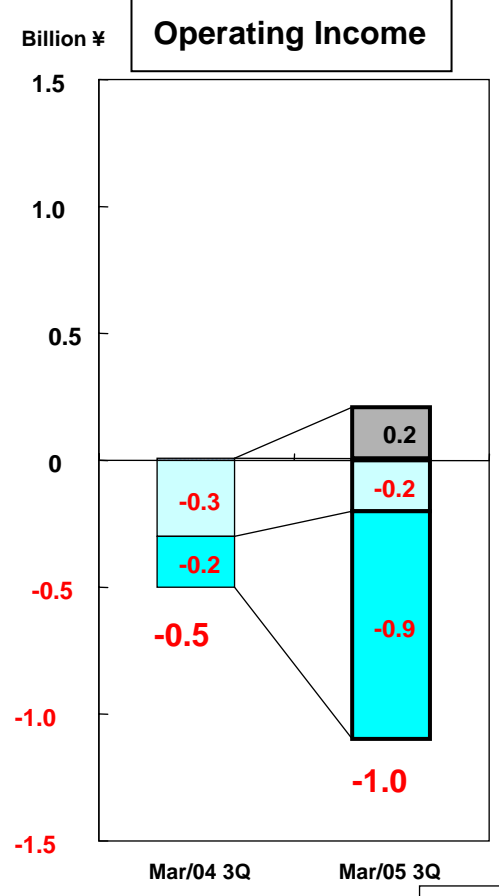
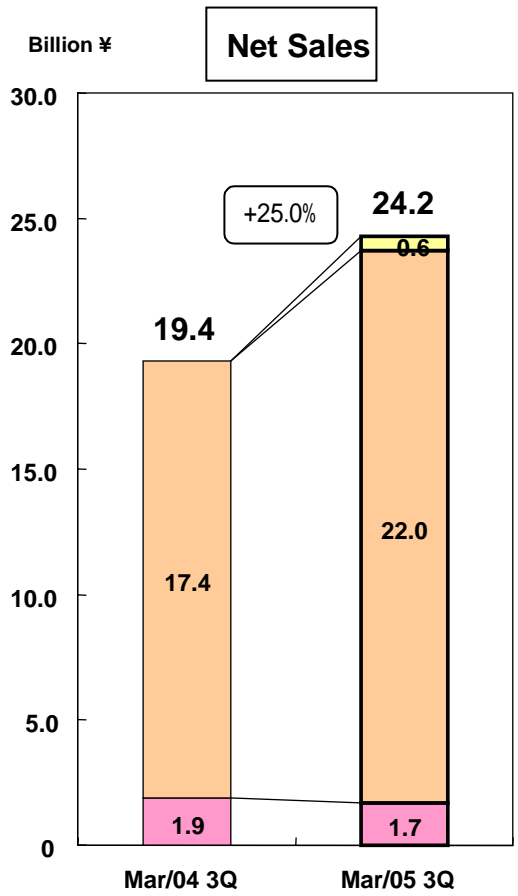
Overseas Subsidiaries

Sales and income increased in IT-related resin and film subsidiaries by demand expansion of digital-related products. Income decreased in a Korean circuit materials-related subsidiary due to LCD panel maker's production adjustment.

*IT-related chemical products of Toray Fine Chemicals are displaced from the Plastics & Chemicals segment to IT-related Products segment from this first quarter.

Accordingly, those of the third quarter FY Mar/04 were also amended.

Results by Business Segment (Housing & Engineering)



Comments

Japanese Subsidiaries

Sales increased by consolidation of Chori and Suido Kiko but income decreased as most sales of a construction subsidiary and Suido Kiko are recorded in the fourth quarter.

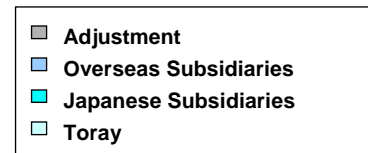
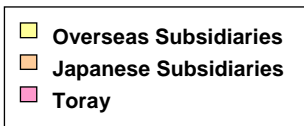
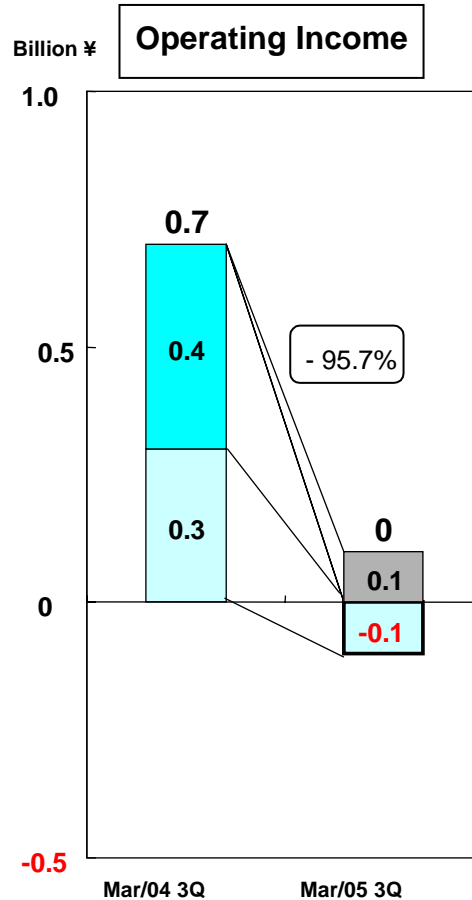
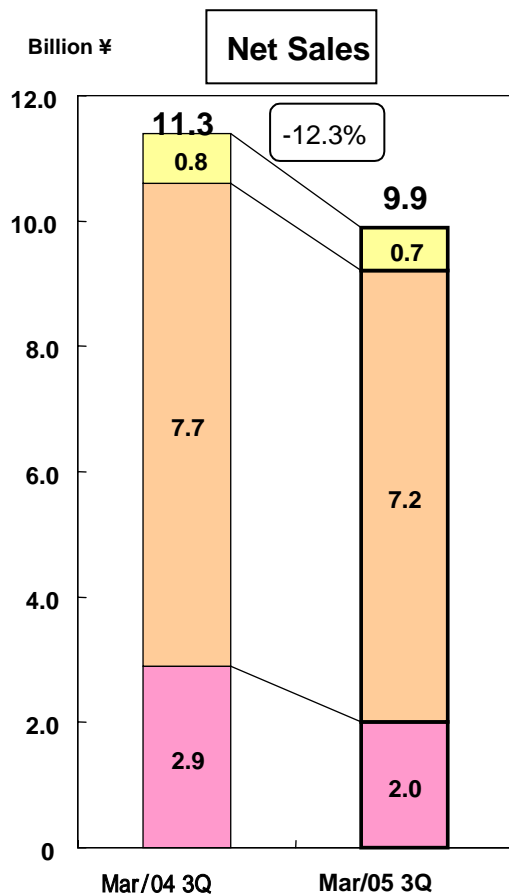
Overseas Subsidiaries
 Japanese Subsidiaries
 Toray

Adjustment
 Overseas Subsidiaries
 Japanese Subsidiaries
 Toray

<Major Subsidiaries>

Japan : Toray Construction Co., Ltd., Toray Engineering Co., Ltd., Toray ACE Co., Ltd., Suido Kiko Kaisha, Ltd., etc.

Results by Business Segment (Pharmaceuticals and Medical Products)

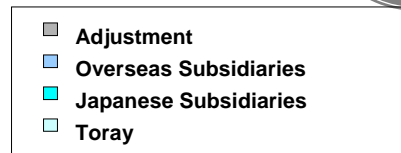
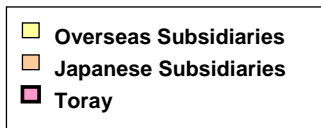
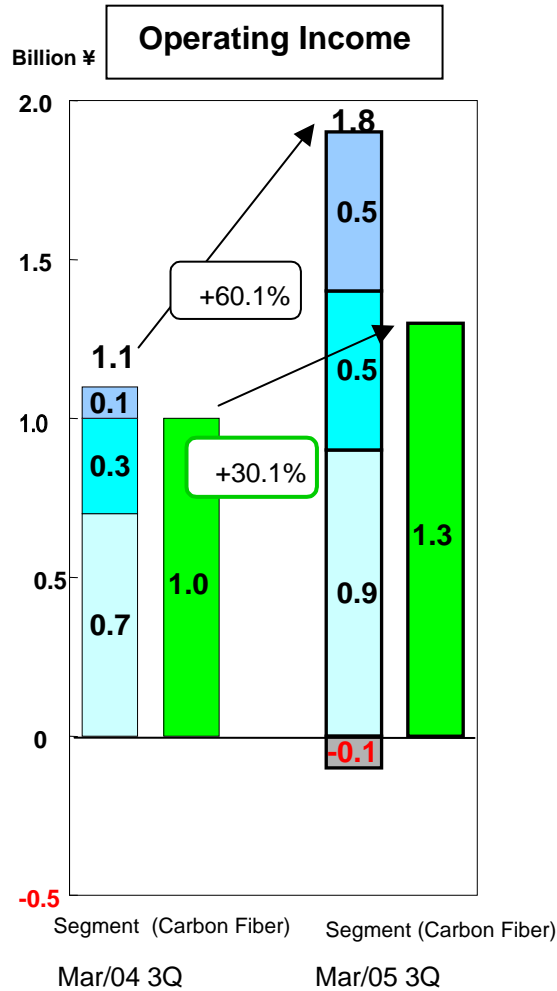
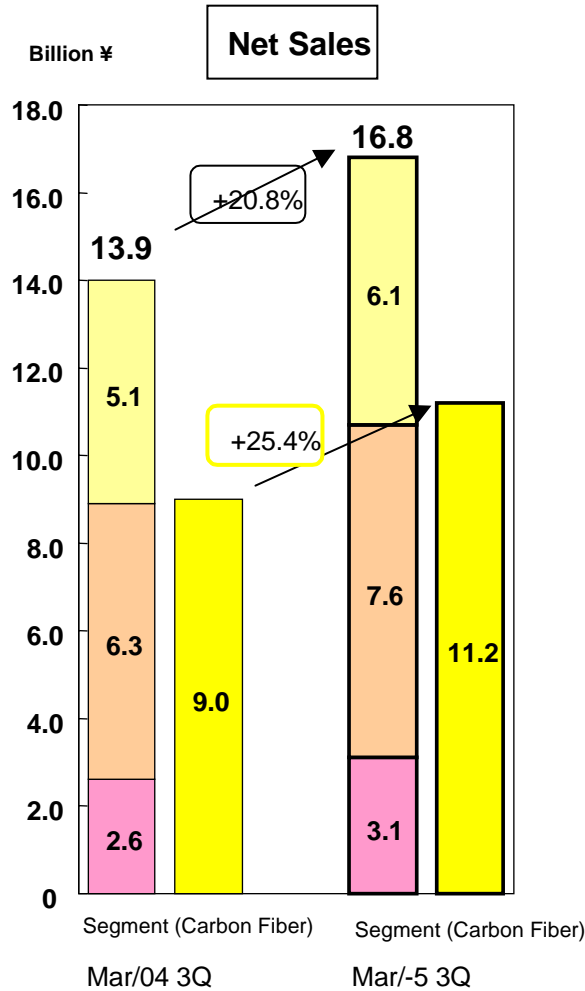


Comments

Toray
Sales and income decreased due to the price reduction of drugs and the intensified competition of the market.

Japanese Subsidiaries
Regardless of the sales expansion of medical products, sales and income decreased due to price reduction.

Results by Business Segment (New Products and Other Businesses)



Comments

Toray

Sales and income increased mainly by growth of carbon fiber composite materials businesses.

Japanese Subsidiaries

Sales and income increased mainly through sales expansion of trading and service-related subsidiaries.

Overseas Subsidiaries

Sales and income increased by expansion of carbon fiber composite materials for aircraft and industrial applications.

<Major Subsidiaries>

Japan : Toray Research Center Inc., Toray Enterprise Corp., etc.
Overseas : SOFICAR (France), etc.

Operating Income Factor Analysis

Unit: Billion Yen

FY Mar/04 to FY Mar/05	1Q	2Q	3Q	1Q~3Q total
Expansion of Advanced Materials and NVC* activities, Production & Sales Efficiency Improvement, Sales & Production Amount Increase, etc.	+5.4	+6.2	+3.1	+14.7
Achievement of "TC Project"(Reduction of Production Fixed Costs, Outsourcing Costs, Procurement and Logistics Costs, Overhead Costs, and Sales Expenses, Optimization of Head Count, etc.)	+1.5	+2.2	+3.5	+7.2
Influence of Appreciation of Selling Prices and Raw Material Costs, etc. (Net)	-0.2	-4.2	-3.4	-7.8
Total	+6.7	+4.2	+3.2	+14.0

FY Mar/03 to FY Mar/04	1Q	2Q	3Q	4Q	Total
Expansion of Advanced Materials and NVC* activities, Production & Sales Efficiency Improvement, Sales & Production Amount Increase, etc.	+5.8	+5.3	+5.5	+1.5	+18.1
Achievement of "TC Project"(Reduction of Production Fixed Costs, Outsourcing Costs, Procurement and Logistics Costs, Overhead Costs, and Sales Expenses, Optimization of Head Count, etc.)	+3.5	+3.0	+2.8	+3.0	+12.3
Influence of Appreciation of Selling Prices and Raw Material Costs, etc. (Net)	-4.1	-1.4	-1.9	+0.8	-6.6
Total	+5.2	+6.9	+6.4	+5.2	+23.7

*NVC : New Value Creator

Forecast Summary

Unit: Billion Yen

	FY Mar/04 (Actual)	FY Mar/05 (Revised Forecast)	Changes	FY Mar/05 (Previous Forecast as of Nov.9/04)	Changes
Net Sales	1,088.5	1,310.0	+221.5 (+20.3%)	1,320.0	-10.0 (-0.8%)
Operating Income	56.8	80.0	+23.2 (+40.9%)	80.0	- (-)
Ordinary Income	51.6	76.0	+24.4 (+47.3%)	76.0	- (-)
Net Income	20.9	33.0	+12.1 (+57.8%)	39.0	-6.0 (-15.4%)

Expected Exchange Rate (Jan-Mar 2005) : 103 yen / US\$, 1.3 US\$ / Euro
 Expected Oil Price : 38 US\$ / B (Dubai FOB)

Forecast by Business Segment



(1) Year-on-year Comparison

FY ending Mar/05

Unit: Billion Yen

	Net Sales				Operating Income				Comments
	FY Mar/04 <Actual>	FY Mar/05 <Revised Forecast>	Changes		FY Mar/04 <Actual>	FY Mar/05 <Revised Forecast>	Changes		
Fibers and Textiles	424.8	525.0	+100.2	(+23.6%)	18.4	21.0	+2.6	(+14.3%)	Sales and income are expected to increase through price raise to cover raw materials' prices increase, shift to high-value-added products, promotion of corporate-structure reinforcement as well as the Chori consolidation effect.
Plastics and Chemicals	254.8	300.0	+45.2	(+17.7%)	9.2	15.0	+5.8	(+63.3%)	Sales and income are expected to increase through sales expansion of resins for automotives and electric parts and films for industrial use.
IT-related Products	177.8	215.0	+37.2	(+20.9%)	17.8	28.5	+10.7	(+59.9%)	Sales and income are expected to increase through business growth of IT-related resins and films, electronics materials, and IT-related equipments, etc.
Housing and Engineering	120.1	150.0	+29.9	(+24.9%)	1.7	4.0	+2.3	(+136.0%)	Sales and income are expected to increase through sales expansion, corporate-structure reinforcement of construction and engineering-related subsidiaries, and the consolidation effect of Suido Kiko.
Pharmaceuticals and Medical Products	47.9	45.0	-2.9	(-6.0%)	3.5	2.5	-1.0	(-28.8%)	Sales and income are estimated to fall due to price reduction and tough competition.
New Products and Other Businesses	63.1	75.0	+11.9	(+18.8%)	5.9	9.0	+3.1	(+53.4%)	Sales and income are expected to increase due to shift to high-value-added products of carbon fiber composite materials supported by its strong demand.
(Carbon Fiber Composite Materials)	37.3	47.0	+9.7	(+26.0%)	3.6	6.0	+2.4	(+68.0%)	
Total	1,088.5	1,310.0	+221.5	(+20.3%)	56.4	80.0	+23.6	(+41.7%)	
Elimination & Corporate					0.3		-0.3		
Consolidation	1,088.5	1,310.0	+221.5	(+20.3%)	56.8	80.0	+23.2	(+40.9%)	

*IT-related chemical products of Toray Fine Chemicals are displaced from the Plastics & Chemicals segment to IT-related Products segment from this first quarter.

Accordingly, those of FY Mar/04 were also amended.

Forecast by Business Segment

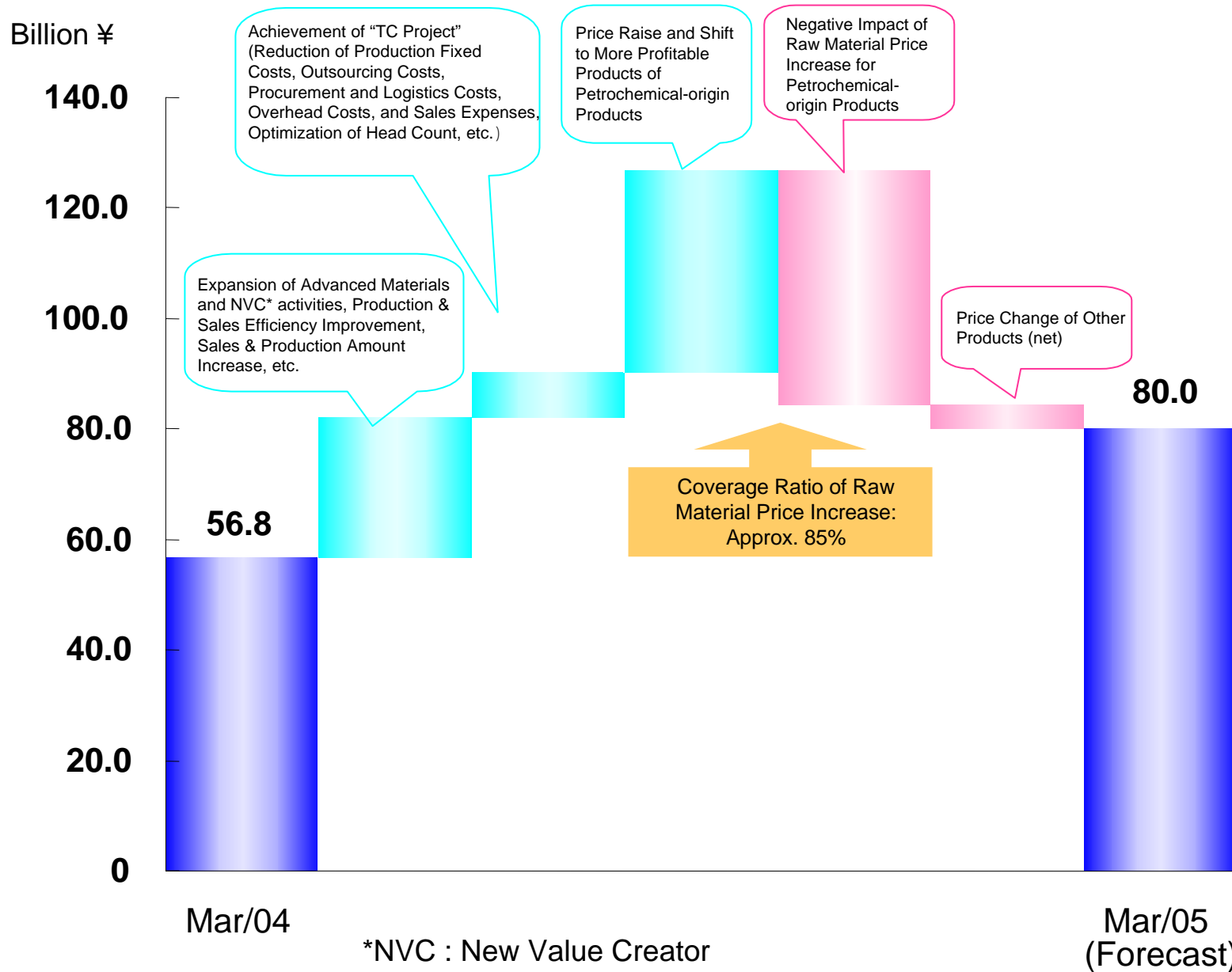
(2) Comparison with Previous Forecast as of Nov.9/04

FY ending Mar/05

Unit: Billion Yen

	Net Sales			Operating Income			Comments
	FY Mar/05 <Previous Forecast as of Nov.9/04>	FY Mar/05 <Revised Forecast>	Changes	FY Mar/05 <Previous Forecast as of Nov.9/04>	FY Mar/05 <Revised Forecast>	Changes	
Fibers and Textiles	530.0	525.0	-5.0 (-0.9%)	21.5	21.0	-0.5 (-2.3%)	Sales were revised downward due to reduction of unprofitable products. Income also revised downward due to high price of raw materials.
Plastics and Chemicals	300.0	300.0	- (-)	14.0	15.0	+1.0 (+7.1%)	Thanks to demand growth, income was upwardly revised through price raise to cover raw materials cost increase and shift to high-value-added products.
IT-related Products	220.0	215.0	-5.0 (-2.3%)	29.0	28.5	-0.5 (-1.7%)	Sales and income were revised downward due to temporary inventory adjustment of digital-related products.
Housing and Engineering	150.0	150.0	- (-)	4.0	4.0	- (-)	
Pharmaceuticals and Medical Products	45.0	45.0	- (-)	3.0	2.5	-0.5 (-16.7%)	Income revised downward due to increase of development expenditures.
New Products and Other Businesses	75.0	75.0	- (-)	8.5	9.0	+0.5 (+5.9%)	Supported by its strong demand of carbon fiber composite materials businesses, income was revised upward through shift to high-value-added products.
(Carbon Fiber Composite Materials)	47.0	47.0	- (-)	5.6	6.0	+0.4 (+7.1%)	
Total	1,320.0	1,310.0	-10.0 (-0.8%)	80.0	80.0	- (-)	
Elimination & Corporate							
Consolidation	1,320.0	1,310.0	-10.0 (-0.8%)	80.0	80.0	- (-)	

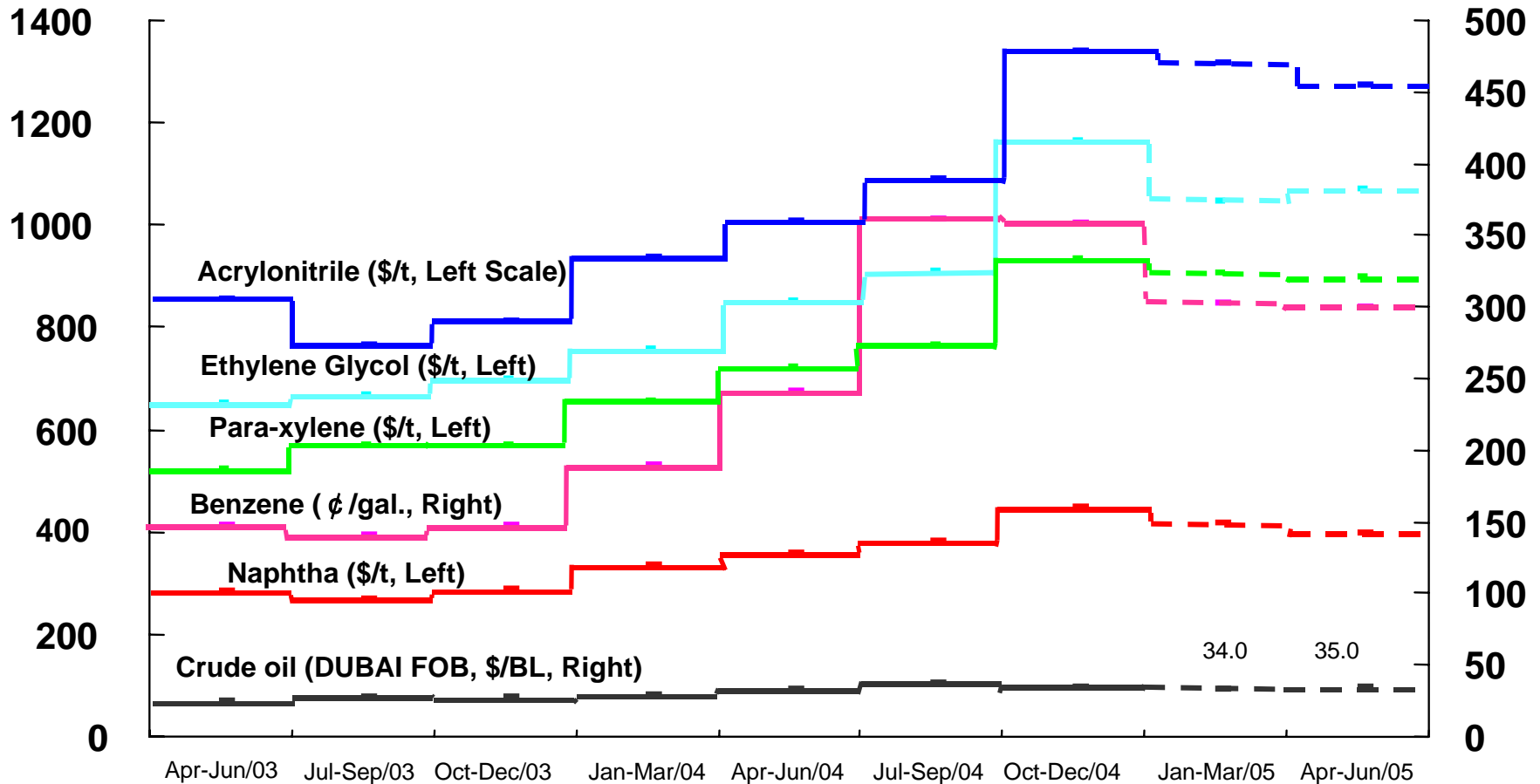
Factor Analysis of Operating Income Forecast



Forecast of Raw Material Prices

Prices of crude oil and major raw materials are expected to fall slightly but still remain high after Jan – Mar / 05.

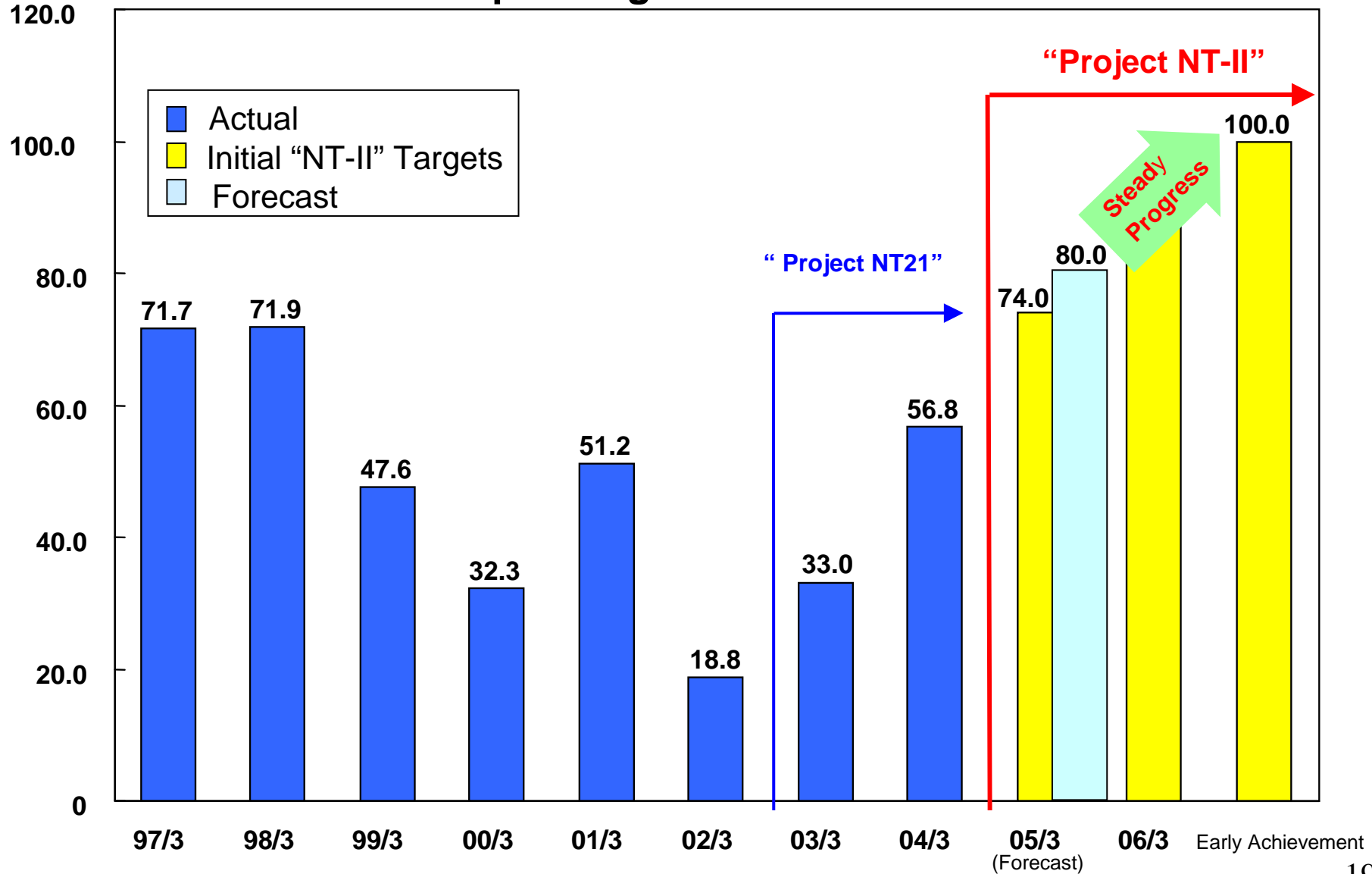
Trend of Crude Oil and Raw Materials' Prices



Toward Achievement of "Project NT-II"

¥ Billion

Operating Income Trend



Reference



Recent Topics

	Topics	NT-II Issues			
		Expanding Advanced Materials Businesses	Expanding Global No.1 Businesses	Expanding Businesses Outside Japan	Business Structure Reform. NVC
Nov.	<p>Decided to commercialize new type polysulfone-membrane artificial kidney business start</p> <p>Decided to commercialize a new “Dry-type polysulfone-membrane”, a high-performance, small-sized, light-weighted polysulfone hollow-fiber artificial kidney (dialyzer) by applying Toray’s nano-technology. (plan to commercialize in summer 2005)</p>				
Nov.	<p>Held inaugural meeting of “Toray Synthetic Textile Cluster”</p> <p>Sixty-seven member companies of the “Toray Synthetic Textile Cluster”, established in June 2004, attended the inaugural meeting and decided the Cluster’s management policy and the future semi-group activities.</p>				
Dec.	<p>Developed thermoplastic with the world’s highest thermal conductivity</p> <p>Developed a thermoplastic with the world’s highest thermal conductivity, more than 100 times higher than normal plastics, by applying Toray’s technology to form a “conduction pass”, a heat passage, which improves intermolecular interplay between the plastic and high thermoplastic fillers.</p>				
Jan.	<p>Started marketing of polylactic acid resin Ecodear*</p> <p>Ecodear* is a Toray’s overarching brand for environmental-conscious advanced materials derived from vegetables and Toray will further develop applications in fiber and resin markets. World first to be applied in large-size laptop plastic chassis. (Fujitsu FMV-BIBLO)</p>				

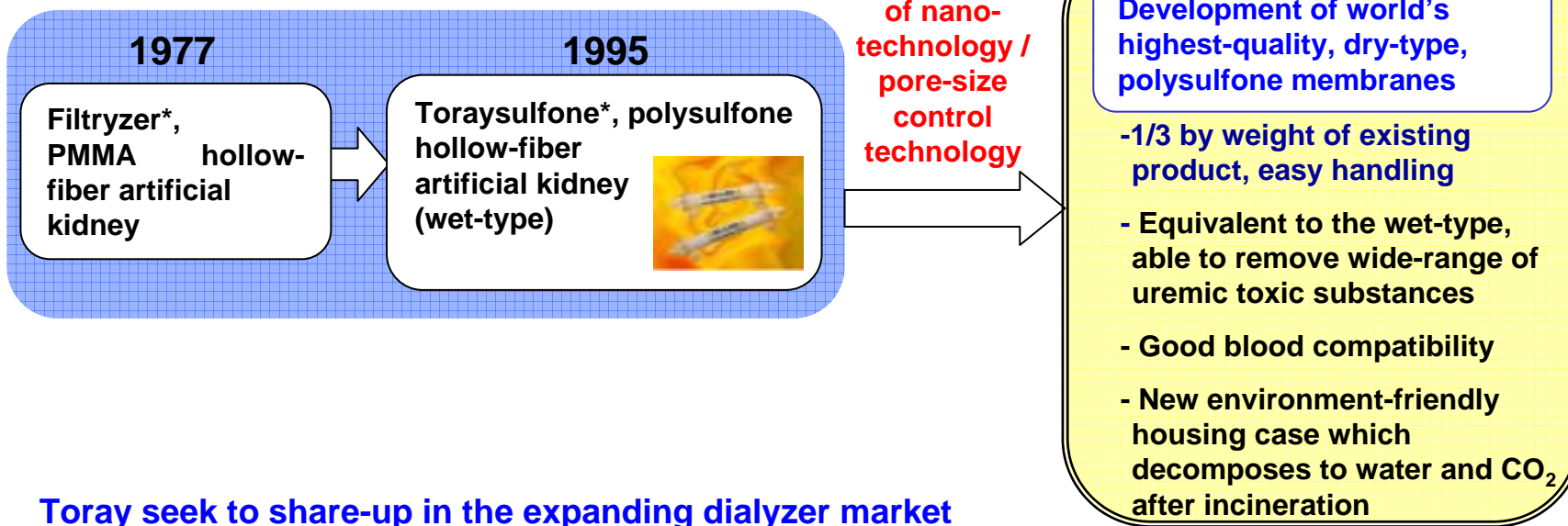
Recent Topics

	Topics	NT-II Issues			
		Expanding Advanced Materials Businesses	Expanding Global No.1 Businesses	Expanding Businesses Outside Japan	Business Structure Reform. NVC
Jan.	<p>Decided to increase capacity of PET films for capacitors in China Yihua Toray Polyester Film Co., Ltd. (YTP), a joint venture with Chinese chemical conglomerate the Yihua Group and Toray, decided to increase production capacity of PET films for capacitors to meet the growing market demand in China.</p>				
Jan.	<p>Achieved lightness and rigidity of notebook PCs with multi-layer Torayca* plate Toray's carbon fiber Torayca* achieved recognition of its lightweight and rigidity of notebook PCs. With the expansion of carbon fiber composite materials applications, the industrial application is expected to grow rapidly as well as the aircraft application.</p>				
Feb.	<p>Decided to increase capacity of nylon filament yarn for automotive air-bags in Thailand In order to meet the world's growing automotive air-bag market, Toray Group will develop an integrated global production system of air-bags from filament yarn to fabric. As a part of the project, Toray decided to increase 6,000 tons of nylon filament yarn capacity for airbags at Thai subsidiary TTS.</p>				
Feb.	<p>Decided to increase capacity of two-layer substrate film for high-density flexible printed circuit board Toray Advanced Film Co., Ltd. will increase production capacity of Metaloyal*, two-layer substrate films for flexible printed circuit boards at Fukushima Plant in response to the demand expansion. (operation planned to start in January 2006)</p>				
Feb.	<p>Established an ultimate wastewater treatment system By utilizing world-leading membrane separation technology and bio technology, Toray established basic technology of an ultimate zero sludge emission-type membrane separation method (Membrane Bioreactor:MBR) which almost prevents the occurrence of surplus activated sludge and proceeded to world's first pilot test stage.</p>				

Decided to Commercialize New Type Polysulfone-membrane Artificial Kidney

Decided to commercialize a new 「Dry-type polysulfone-membrane」, a high-performance, small-sized, light-weighted polysulfone hollow-fiber artificial kidney (dialyzer) by applying Toray's nano-technology. (plan to commercialize in summer 2005)

<Development flow of Toray's Synthetic Polymer Dialyzer>



Toray seek to share-up in the expanding dialyzer market

Present dialyzer market

Domestic:35million/yr (expand 4% per annum rate)

Overseas:76million/yr (expand 7%per annum rate)

Total : 111million/yr (expand 6% per annum rate)

Summer 2005

14 million

Few years later

30 million

Held Inaugural Meeting of “Toray Synthetic Textile Cluster”

Sixty-seven member companies of the “Toray Synthetic Textile Cluster”, established in June 2004, attended the inaugural meeting and decided the Cluster’s management policy and the future semi-group activities.

Promoting the Recovery of the Fibers & Textiles Industry and Semi-group Activities

<Issues>

<Semi-group Activities>

Promoting fundamental structural reform including the distribution structure

- Apply for large conjunctive issues such as self-reliance project of small and medium-sized enterprises
- Develop system linkage with the Hokuriku production side of Toray’s fiber Quick Response (QR) System

Promoting export expansion and correspond to the trading policy

- FTA Workshop, Southeast Asia Workshop
- China Workshop
- Survey analysis of Russia and East Europe

Strengthening material / product development capabilities

- Development of new nano-tech functional materials
- Development of carbon fiber-based new advanced composite materials
- Development of new environmentally-compatible products

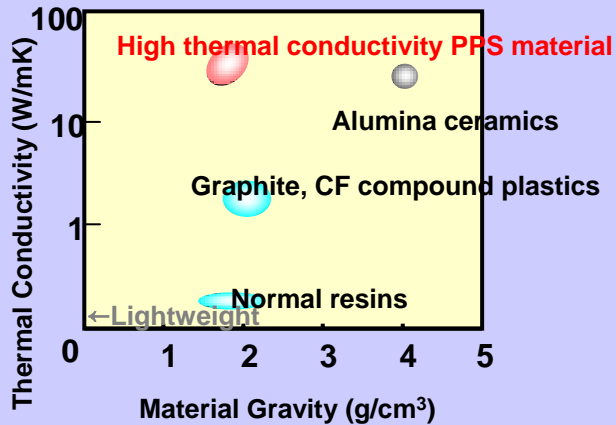
Developed Thermoplastic with the World's Highest Thermal Conductivity

Developed a thermoplastic with the world's highest thermal conductivity, more than 100 times higher than normal plastics, by applying Toray's technology to form a "conduction pass," a heat passage, which improves intermolecular interplay between the plastic and the high thermoplastic fillers.

<Advantages (comparison with aluminum and other metal, ceramics)>

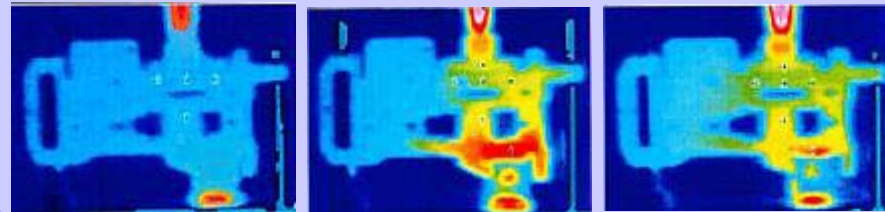
- ◆ Lightweight
- ◆ Quietness (no need of cooling fans)
- ◆ Low Cost
- ◆ High efficiency for complex processed moldings

<Thermal Conductivity and Material-Specific Gravity>



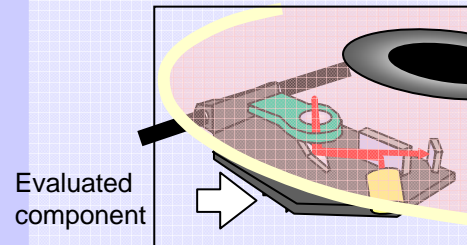
<Thermal conductivity by an actual part>

Newly-developed material has the equivalent discharge properties as aluminum die-cast does



Conventional material High-thermal PPS Aluminum die-cast

Evaluated in use for DVD-RAM optical component



Promote full-scale deployment in areas where high heat-release / energy-saving properties are required such as home appliances / office automation equipment, automobiles, and others.

Started Marketing of Polylactic Acid Resin Ecodear*

Ecodear* is a Toray's overarching brand for environmental-conscious advanced materials derived from vegetables and Toray will further develop applications in fiber and resin markets. World's first to be applied in large-size laptop plastic chassis. (for Fujitsu FMV-BIBLO)

Ecodear*

Polylactic acid fibers & textiles, resins and films derived from vegetable products

Integrated marketing in fibers & textiles, resins and films of Toray's environment-friendly polylactic acid-related overarching brand, Ecodear*.



Fibers & Textiles

Process easily into various forms – filaments, staple fibers, BCF's, spun-bonds, etc. Apply long-cultivated fibers application processing technologies – spinning technology, specific dyeing method, highly-functional fabrication technology – to polylactic acid fibers and develop industrial applications, apparels, bedding materials, carpets, and others.

Film products

Develop packaging use such as wrapping films and industrial applications utilizing "flexible polylactic acid films" based on fine film patterning technology.

Resin products

Develop high-performance plastics for such as electric/electronic equipment and automobile components using "polylactic acid nano-alloy" applying nano-level dispersion technology.

Ecodear* adoption example



Floor carpets for Toyota "Raum"



Spear tire covers for Toyota "Raum"



Home-use rugs



Laptop chassis for Fujitsu "FMV-BIBLO"

Decided to Increase Capacity of PET Films for Capacitors in China

Yihua Toray Polyester Film Co., Ltd. (YTP), a joint venture with Chinese chemical conglomerate the Yihua Group and Toray, decided to increase production capacity of PET films for capacitors to meet the growing market demand in China.

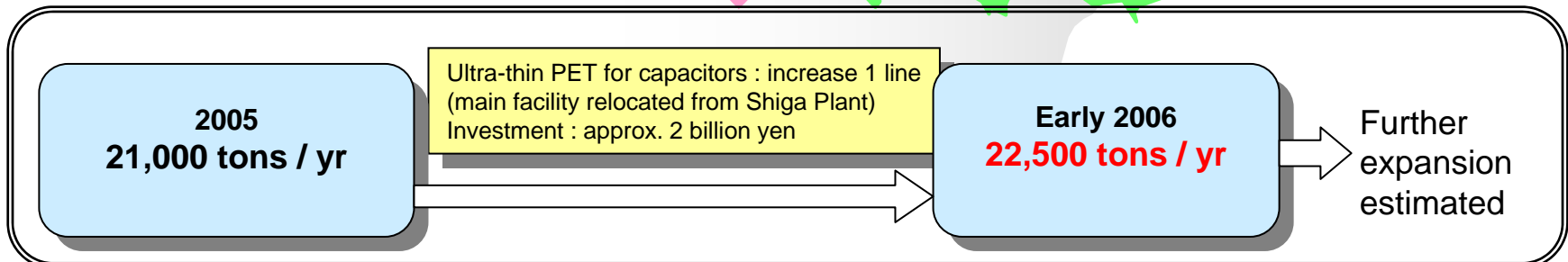
World's PET film demand : 1.1million ~ 1.2million tons

Chinese PET film demand : approx. 200,000 tons (annual growth rate : over 10%)

<Chinese PET film market for capacitors>

- Drastic demand expansion through increasing ventures into China of electric / electronic components manufacturers followed by non-Japanese capacitor manufacturers together with business growth of Chinese local capacitor manufacturers.
- There are few suppliers of ultra-thin PET films for capacitors in China and the market is relying on imports.

<Capacity of YPT>

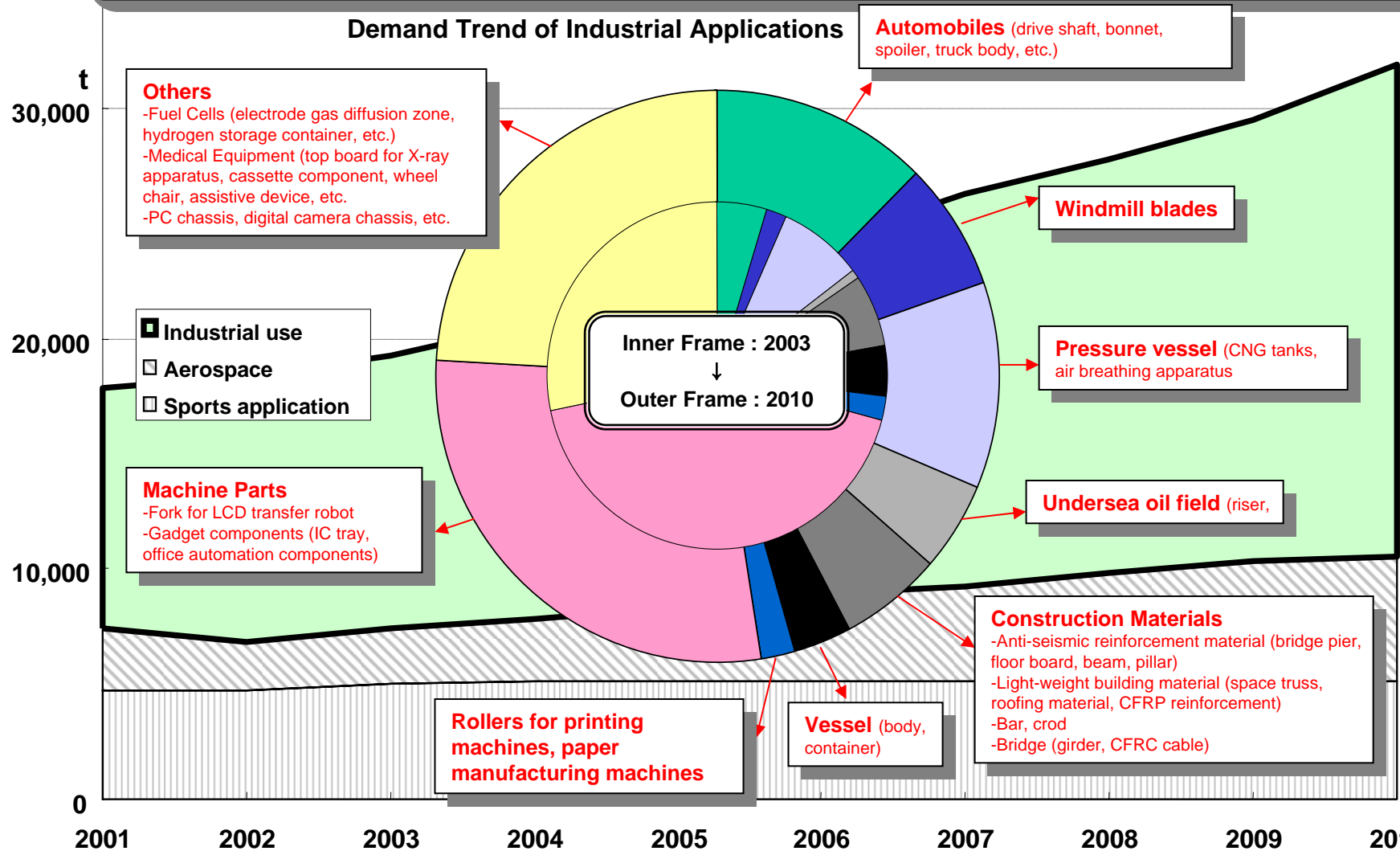


Achieved Lightness and Rigidity of Notebook PCs with Multi-layer Torayca* Plate



Toray's carbon fiber Torayca* achieved recognition of its lightweight and rigidity of notebook PCs. With the expansion of carbon fiber composite materials applications, the industrial application is expected to grow rapidly (9~10% annual growth rate) as well as the aircraft application.

Demand Trend of Industrial Applications



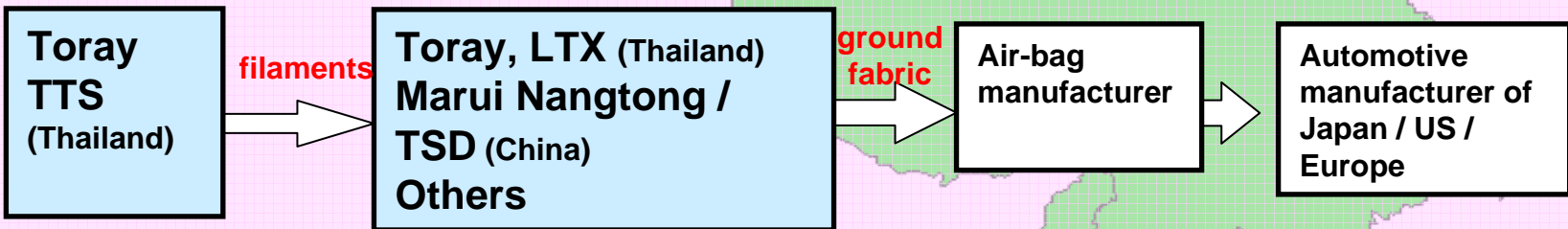
Decided to Increase Capacity of Nylon Filament Yarn for Automotive Air-bags in Thailand



In order to meet the world's growing automotive air-bag market, Toray Group will develop an integrated global production system of air-bags from filament yarn to fabric. As a part of the project, Toray decided to increase 6,000 tons/yr of nylon filament yarn capacity for airbags at Thai subsidiary TTS.

World's nylon market for air-bags : 68,000 tons / yr (2003)
(annual growth rate : 8%)

<Toray Group integrated supply system of nylon filament / ground fabric>



<Toray Group production capacity of nylon filaments for air-bags>

	2005	Spring 2006
Toray (Okazaki Plant)	8,000 tons / yr	8,000 / yr
TTS(Thailand)	6,000 tons / yr	12,000 / yr
Total	14,000 tons / yr	20,000 / yr



curtains, side air-bags

Decided to Increase Capacity of Two-layer Substrate Film for High-density Flexible Printed Circuit Board **TORAY**

Toray Advanced Film Co., Ltd. will increase production capacity of Metaloyal*, two-layer substrate films for flexible printed circuit boards at Fukushima Plant in response to the demand expansion. (operation planned to start in January 2006)

- Flatter in size of large LCD panels
- Downsize of drive unit

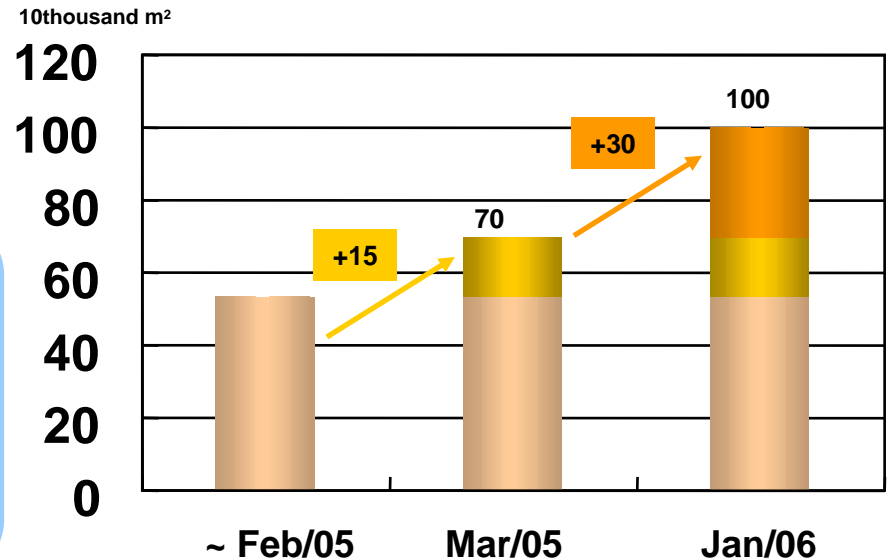


Shift of flexible printed circuit boards from Three-layer type (film + adhesive + copper plate) to **Two-layer type (film + copper plate)**



Metaloyal*

Production capacity of Metaloyal* (conversion of standard COF)



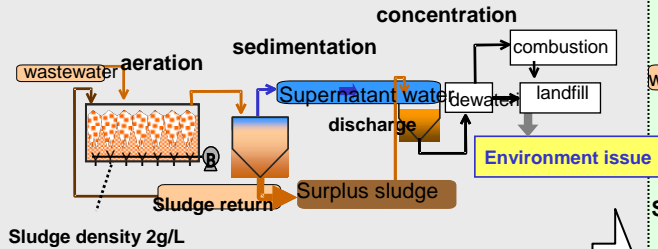
Aim to expand sales to ¥ 10 billion by increasing additional capacity in 3~4 years.

Established an Ultimate Wastewater Treatment System

By utilizing world-leading membrane separation technology and bio technology, Toray established basis technology of an ultimate zero sludge emission-type membrane separation method (Membrane Bioreactor:MBR) which almost prevents the occurrence of surplus activated sludge and proceeded to world's first pilot test stage.

<Current wastewater treatment technology>

Activated Sludge Method (ASM)



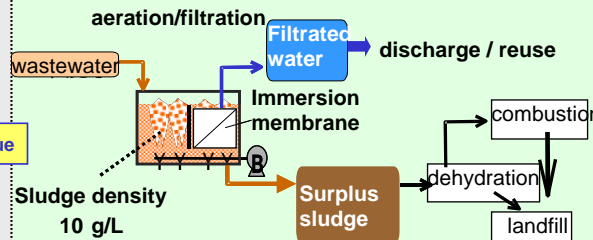
Merit:

- extensive experience

Demerit:

- large footprint necessary
- limited water quality
- much surplus sludge
- instability

Conventional Membrane Bioreactor



Merit:

- good quality of treated water
- suitable for reuse
- cost reduction

Demerit:

- still occurrence of surplus sludge

<New wastewater treatment technology under development>

Ultimate Zero Emission-type MBR

- microbiological control technology *1
- low-fouling membrane technology
- energy saving, high-efficient aeration technology

Surplus sludge almost zero *2

→about 1/7 of ASM

→about 1/4 of conventional MBR

Example of cost reduction *2

→about 3/4 of ASM

→about 4/5 of conventional MBR



Demonstration plant

*1: microbiological control technology: technology to keep sludge filtration and viscosity at a certain level

*2: industrial wastewater: when BOD 1000ppm

Descriptions of forecasted business results, expectations, estimation, and business plans contained in this material are based on predictive forecasts of the future business environment made at the present time.

The material in this presentation is not a guarantee of the Company's future business performance.