

'TORAY'

**Notice of the
137th Ordinary
General Meeting
of Stockholders**

For the Fiscal Year Ended March 31, 2018



2018

Toray Industries, Inc.

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

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

To Our Stockholders

Dear Stockholder:

Please take notice that the 137th Ordinary General Meeting of Stockholders of the Company will be held as set forth to the right and that you are cordially invited to attend.

If you do not expect to attend the meeting, you can exercise your voting rights by either of the following methods outlined below. Please review the accompanying information and exercise your voting rights by 5:30 p.m., Monday, June 25, 2018 (Japan standard time).

Voting via Mail:

Please indicate your vote for or against each proposition on the enclosed voting form and return the form to us by the time described above.

Voting via the Internet:

Please review "A Guide for the Exercise of Voting Rights via the Internet" on page 3 and enter your vote for or against each proposition by the above time limit.

June 6, 2018

Akihiro Nikkaku
President, Chief Executive Officer and
Chief Operating Officer

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

Notes

1. Date and time of meeting:
Tuesday, June 26, 2018, 10:00 a.m.
2. Place:
Tokyo International Forum
(Hall A),
5-1, Marunouchi 3-chome,
Chiyoda-ku, Tokyo, Japan
3. Matters to be discussed and to be reported:
 1. The Business Report and Consolidated Financial Statements for the 137th business year (from April 1, 2017 to March 31, 2018), and Reports of Independent Auditors and the Board of Corporate Auditors on the relevant Consolidated Financial Statements conducted respectively
 2. Report on the Nonconsolidated Financial Statements for the 137th business year (from April 1, 2017 to March 31, 2018)

Matters to be acted upon:

- Proposition No. 1:
Appropriation of Surplus4
- Proposition No. 2:
Election of nineteen Members of the Board ..5
- Proposition No. 3:
Election of one Substitute Corporate Auditor 23
- Proposition No. 4:
Payment of Bonuses to Members of the Board 25

(*1) Please note that the website (<https://www.web54.net>) is available only in Japanese.

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

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

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

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

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

A Guide for the Exercise of Voting Rights via the Internet

The exercise of voting rights via the Internet is only possible through the website (<https://www.web54.net> (Japanese only)) designated by the Company for the purpose of exercising voting rights.

When exercising voting rights via the Internet, please note the following points.

1. Matters to note concerning the exercise of voting rights

- (1) When exercising voting rights via the Internet, please enter the proxy code and temporary password supplied on the enclosed proxy form. Then follow the instructions and enter your vote for each proposal.
- (2) Please exercise your voting rights via the Internet by 5:30 p.m., Monday, June 25, 2018 (Japan standard time).
- (3) If two or more online votes are exercised, only the latest vote will count.
- (4) If a vote is exercised in duplicate via online and via the enclosed proxy form, only the online vote will count.

2. Matters to note concerning your Password

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

3. Inquiries concerning the operation of your personal computer

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

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

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

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

Voting Information

Propositions and Related Information:

Proposition No. 1:
Appropriation of Surplus

With regard to the year-end dividend for the business year, management intends to pay ¥8 per share in light of Toray's business performance, financial strength and other factors. As a result, the annual dividend, consisting of an interim dividend of ¥7 and a year-end dividend of ¥8, will be ¥15 per share, an increase of ¥1 per share as compared to the previous fiscal year.

Year-end dividend

- (1) Type of dividend assets: Money
- (2) Allotment of dividend assets to stockholders and the total amount
Allotment of dividend assets to stockholders: ¥8 per share of common stock
Total amount: ¥12,802,172,552
- (3) Effective date of distribution of surplus
June 27, 2018

Proposition No. 2:

Election of nineteen Members of the Board

The term of office of all the twenty-five members of the Board will expire at the close of the general meeting. Toray Group supplies a wide range of industries with basic materials and globally plays an active part in a broad scope of business fields. The Board of Directors is required to evaluate various risks surrounding business from multiple perspectives and to fulfill the functions of supervising management and making managerial decisions. To that end, the Board of Directors has a management structure with a well-balanced composition and appropriate number of members of the Board while widely covering the fields of the corporate activities of the Group in terms of knowledge, experience, ability and other strengths.

By implementing this concept more thoroughly, Toray Group aims to realize the Group's sustainable growth and increased corporate value through constructive and efficient discussions of the Board of Directors based on the expertise of their respective worksites. The stockholders are requested to hold an election to name replacements for these nineteen members of the Board.

The candidates for inside members of the Board consist of members who cover the Group's business fields and major management functions without redundancy. On the other hand, the candidates for outside directors consist of members who supervise the management from a broader perspective to further enhance its transparency and fairness and are capable of offering advice to the management from a medium to long-term perspective.

The abovementioned concept on the number and composition of the members of the Board was reviewed by the Governance Committee and thereupon the candidates for the members of the Board were nominated.

Required Information on the nineteen Candidates for Members of the Board is as follows.

[List of Candidates]

Candidate No.	Name	Current positions, responsibilities and significant concurrent positions at the Group	Attendance at the meetings of the Board of Directors
1	Akihiro Nikkaku [Reappointed]	President, Chief Executive Officer, Chief Operating Officer and Representative Member of the Board	100% (15 out of 15)
2	Koichi Abe [Reappointed]	Executive Vice President and Representative Member of the Board (In charge of Intellectual Property Division, Automotive Material Strategic Planning Dept., Global Environment Business Strategic Planning Dept., and Life Innovation Business Strategic Planning Dept.; General Manager, Technology Center; General Manager, Toray Human Resources Development Center)	100% (15 out of 15)
3	Ryo Murayama [Reappointed]	Senior Vice President (Member of the Board and Member of the Executive Committee) (General Manager, Pharmaceuticals & Medical Products Division)	100% (15 out of 15)

Candidate No.	Name	Current positions, responsibilities and significant concurrent positions at the Group	Attendance at the meetings of the Board of Directors
4	Yukichi Deguchi [Reappointed]	Senior Vice President (Member of the Board and Member of the Executive Committee) (General Manager, Corporate Strategic Planning Division; General Manager, Quality Assurance Division; General Manager, HS Business Development Dept.)	100% (15 out of 15)
5	Mitsuo Ohya [Reappointed]	Senior Vice President (Member of the Board and Member of the Executive Committee) (General Manager, Fibers & Textiles Division; General Manager, Osaka Head Office)	100% (15 out of 15)
6	Hiroshi Otani [Reappointed]	Senior Vice President (Member of the Board) (General Manager, Water Treatment & Environment Division; Chairman, Toray Asia Pte. Ltd.; Director, Suido Kiko Kaisha, Ltd.)	100% (15 out of 15)
7	Toru Fukasawa [Reappointed]	Senior Vice President (Member of the Board) (General Manager, Affiliated Companies Division; Director, Chori Co., Ltd.)	100% (15 out of 15)
8	Yasuo Suga [Reappointed]	Senior Vice President (Member of the Board) (General Manager, Torayca & Advanced Composites Division; Chairman, Toray Composite Materials America, Inc.; Chairman, Toray Carbon Fibers Europe S.A.)	100% (15 out of 15)
9	Hirofumi Kobayashi [Reappointed]	Senior Vice President (Member of the Board) (General Manager, Electronic & Information Materials Division)	100% (15 out of 15)
10	Tetsuya Tsunekawa [Reappointed]	Senior Vice President (Member of the Board) (General Manager, Research & Development Division; General Manager, Basic Research Center)	100% (15 out of 15)
11	Kazuo Morimoto [Reappointed]	Senior Vice President (Member of the Board) (General Manager, Resins & Chemicals Division)	100% (15 out of 15)
12	Osamu Inoue [Reappointed]	Senior Vice President (Member of the Board) (General Manager, Films Division; Chairman, Toray Films Europe S.A.S.)	100% (15 out of 15)
13	Takashi Fujimoto [Reappointed]	Vice President (Member of the Board) (General Manager, Information Systems Division; General Manager, Engineering Division)	100% (15 out of 15)
14	Shigeki Taniguchi [Reappointed]	Vice President (Member of the Board) (General Manager, Personnel & Industrial Relations Division)	100% (15 out of 15)

Candidate No.	Name	Current positions, responsibilities and significant concurrent positions at the Group	Attendance at the meetings of the Board of Directors
15	Hideki Hirabayashi [Reappointed]	Vice President (Member of the Board) (In charge of CSR; General Manager, Legal & Compliance Division; General Manager, General Administration & Communications Division; General Manager, CSR Operations Dept.; General Manager, Tokyo Head Office)	100% (15 out of 15)
16	Kazuyuki Adachi [Newly appointed]	Director, Toray Industries (Thailand) Co., Ltd.; President, Luckytex (Thailand) Public Company Limited; Chairman, Thai Toray Textile Mills Public Company Limited	—
17	Hiroshi Enomoto [Newly appointed]	General Manager, Electronic Materials Division	—
18	Kunio Ito [Reappointed] [Outside Director] [Independent Director]	Outside Director	100% (15 out of 15)
19	Ryoji Noyori [Reappointed] [Outside Director] [Independent Director]	Outside Director	100% (15 out of 15)

No.1

Akihiro Nikkaku

(Reappointed)

Date of Birth:

January 6, 1949

Shares Owned:

180,400

Personal History:

April 1973	Joined the Company
June 2001	General Manager, Engineering Division; General Manager, Second Engineering Dept.
June 2002	Vice President (Member of the Board)
June 2004	Senior Vice President (Member of the Board)
June 2006	Senior Vice President (Member of the Board & Member of the Executive Committee)
June 2007	Executive Vice President and Representative Member of the Board
June 2010	President and Representative Member of the Board (incumbent) (Presently Chief Executive Officer and Chief Operating Officer)

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

No.2

Koichi Abe

(Reappointed)

Date of Birth:

February 21, 1953

Shares Owned:

53,600

Personal History:

April 1977

Joined the Company

June 2004

General Manager, Aichi Plant

June 2005

Vice President (Member of the Board)

June 2009

Senior Vice President (Member of the Board)

June 2011

Senior Vice President (Member of the Board & Member of the Executive Committee)

June 2013

Senior Vice President and Representative Member of the Board

June 2014

Executive Vice President and Representative Member of the Board (incumbent)

(Presently in charge of Intellectual Property Division, Automotive Material Strategic Planning Dept., Global Environment Business Strategic Planning Dept., and Life Innovation Business Strategic Planning Dept.; General Manager, Technology Center; General Manager, Toray Human Resources Development Center)

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

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

No.3

Ryo Murayama

(Reappointed)

Date of Birth:

March 3, 1950

Shares Owned:

58,900

Personal History:

April 1973

Joined the Company

June 2005

General Manager, LCD Materials Division

June 2008

Vice President (Member of the Board)

June 2010

Senior Vice President (Member of the Board)

June 2013

Senior Vice President (Member of the Board and Member of the Executive Committee) (incumbent)

(Presently General Manager, Pharmaceuticals & Medical Products Division)

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

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

No.4

Yukichi Deguchi

(Reappointed)

Date of Birth:

December 19, 1949

Shares Owned:

61,100

Personal History:

April 1973

Joined the Company

May 2009

Assistant General Manager, Research & Development Division

June 2009

Vice President (Member of the Board)

June 2012

Senior Vice President (Member of the Board)

June 2014

Senior Vice President (Member of the Board and Member of the Executive Committee) (incumbent)

(Presently General Manager, Corporate Strategic Planning Division; General Manager, Quality Assurance Division; General Manager, HS Business Development Dept.)

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

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

No.5

Mitsuo Ohya

(Reappointed)

Date of Birth:

June 11, 1956

Shares Owned:

51,058

Personal History:

April 1980	Joined the Company
June 2009	General Manager, Industrial & Textile Fibers Division
June 2012	Vice President (Member of the Board)
June 2014	Retired from Vice President (Member of the Board) President and Representative Member of the Board, Toray International, Inc.
June 2016	Senior Vice President (Member of the Board & Member of the Executive Committee) (incumbent) (Presently General Manager, Fibers & Textiles Division; General Manager, Osaka Head Office)

(Reason for recommending him as candidate for member of the Board position)
Mitsuo Ohya has gained rich experience and deep expertise in sales mainly related to the fibers and textiles business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2016. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.6

Hiroshi Otani

(Reappointed)

Date of Birth:

February 22, 1953

Personal History:

April 1978

Joined the Company

Shares Owned:

29,500

April 2011

Assistant General Manager, Water Treatment & Environment Division

June 2011

Vice President (Member of the Board)

June 2014

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

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

No.7

Toru Fukasawa

(Reappointed)

Date of Birth:

June 3, 1955

Personal History:

April 1978

Joined the Company

Shares Owned:

24,900

June 2010

Chief Executive Representative for America; Chief Representative for America; Chairman, Toray Holding (U.S.A.), Inc.; President, Toray Industries (America), Inc.

June 2012

Vice President (Member of the Board)

June 2015

Senior Vice President (Member of the Board) (incumbent)
(Presently General Manager, Affiliated Companies Division)
(Concurrently Director, Chori Co., Ltd.;
Director, Atsugi Co., Ltd.)

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

No.8

Yasuo Suga

(Reappointed)

Date of Birth:

April 29, 1955

Shares Owned:

24,200

Personal History:

April 1980

Joined the Company

May 2012

General Manager, Advanced Composites Division; General Manager, Automotive & Air craft Center

June 2013

Vice President (Member of the Board)

June 2016

Senior Vice President (Member of the Board) (incumbent)
(Presently General Manager, Torayca & Advanced Composites Division)
(Concurrently Chairman, Toray Composite Materials America, Inc.; Chairman, Toray Carbon Fibers Europe S.A.)

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

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

No.9

Hirofumi Kobayashi

(Reappointed)

Date of Birth:

November 22, 1958

Shares Owned:

19,400

Personal History:

April 1983

Joined the Company

May 2011

General Manager, Electronic & Information Materials Division (Technology and Manufacturing)

June 2013

Vice President (Member of the Board)

June 2016

Senior Vice President (Member of the Board) (incumbent)
(Presently General Manager, Electronic & Information Materials Division)

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

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

No.10

Tetsuya Tsunekawa

(Reappointed)

<i>Date of Birth:</i>	<i>Personal History:</i>	
<i>March 28, 1960</i>	April 1984	Joined the Company
<i>Shares Owned:</i>	June 2012	General Manager, Tsuchiura Plant
<i>15,900</i>	June 2014	Vice President (Member of the Board)
	June 2016	Senior Vice President (Member of the Board) (incumbent) (Presently General Manager, Research & Development Division; General Manager, Basic Research Center)

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

No.11

Kazuo Morimoto

(Reappointed)

<i>Date of Birth:</i>	<i>Personal History:</i>	
<i>November 26, 1951</i>	June 1975	Joined the Company
<i>Shares Owned:</i>	June 2008	General Manager, Purchasing & Logistics Division
<i>67,064</i>	June 2009	Vice President (Member of the Board)
	June 2012	Retired from Vice President (Member of the Board) Chief Executive Representative for the Americas; Chief Representative for the Americas; Chairman, Toray Holding (U.S.A.), Inc.; President, Toray Industries (America), Inc.
	June 2015	President and Representative Member of the Board, Du Pont-Toray Co., Ltd.
	June 2017	Senior Vice President (Member of the Board) (incumbent) (Presently General Manager, Resins & Chemicals Division)

(Reason for recommending him as candidate for member of the Board position)
Kazuo Morimoto has gained rich experience and deep expertise in sales mainly related to the fibers and textiles business and resin business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2017. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.12

Osamu Inoue

(Reappointed)

Date of Birth:

January 7, 1954

Shares Owned:

27,486

Personal History:

April 1976

Joined the Company

February 2008

Chairman, Toray Plastics Europe S.A.S.; Chairman, Toray Films Europe S.A.S.

June 2010

Vice President (Member of the Board)

June 2012

Retired from Vice President (Member of the Board)
President and Representative Member of the Board, Toray Battery Separator Film Co., Ltd.

April 2017

Assistant General Manager, Films Division

June 2017

Senior Vice President (Member of the Board) (incumbent)
(Presently General Manager, Films Division)
(Concurrently Chairman, Toray Films Europe S.A.S.)

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

Osamu Inoue has gained rich experience and deep expertise in sales mainly related to the films business. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2017. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.13

Takashi Fujimoto

(Reappointed)

Date of Birth:

July 5, 1955

Shares Owned:

17,193

Personal History:

April 1980

Joined the Company

June 2014

President and Representative Member of the Board, Toray Precision Co., Ltd.

June 2016

Vice President (Member of the Board) (incumbent)
(Presently General Manager, Information Systems Division;
General Manager, Engineering Division)

(Reason for recommending him as candidate for member of the Board position)
Takashi Fujimoto has gained rich experience and deep expertise mainly in engineering. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2016. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.14

Shigeki Taniguchi

(Reappointed)

Date of Birth:

April 8, 1959

Shares Owned:

21,700

Personal History:

April 1983

Joined the Company

April 2015

General Manager, General Administration & Legal Division;
General Manager, General Administration Dept.

June 2016

Vice President (Member of the Board) (incumbent)
(Presently General Manager, Personnel & Industrial Relations
Division)

(Reason for recommending him as candidate for member of the Board position)
Shigeki Taniguchi has gained rich experience and deep expertise mainly in personnel, industrial relations, and general administration. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2016. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.15

Hideki Hirabayashi

(Reappointed)

Date of Birth:

October 18, 1957

Personal History:

April 1981

Joined the Company

Shares Owned:

21,200

June 2016

General Manager, General Administration & Legal Division;
General Manager, General Administration Dept.

June 2017

Vice President (Member of the Board) (incumbent)
(Presently in charge of CSR: General Manager, Legal &
Compliance Division; General Manager, General Administration
& Communications Division; General Manager, CSR Operations
Dept.; General Manager, Tokyo Head Office)

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

Hideki Hirabayashi has gained rich experience and deep expertise in sales mainly related to the films businesses and general administration. He has steadily promoted the growth strategy based on a long-term corporate vision and the medium-term management program since assuming office as a member of the Board in June 2017. We believe that he has appropriately executed his duties in the business fields under his charge and has supervised management from an objective viewpoint. We therefore continue to recommend his election as a member of the Board.

No.16

Kazuyuki Adachi

(Newly appointed)

Date of Birth:

March 14, 1957

Shares Owned:

11,000

Personal History:

April 1980	Joined the Company
June 2004	President, Toray Textiles Central Europe s.r.o.
June 2010	General Manager, Textiles Technical Dept.; General Manager on Special Assignment, Technology Center Planning Dept.
June 2013	Director, Toray Industries (China) Co., Ltd.; Chairman and President, Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd.
November 2016	Director, Toray Industries (Thailand) Co., Ltd.; President, Luckytex (Thailand) Public Company Limited
October 2017	Director, Toray Industries (Thailand) Co., Ltd. (incumbent); President, Luckytex (Thailand) Public Company Limited (incumbent); Chairman, Thai Toray Textile Mills Public Company Limited (incumbent)

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

No.17

Hiroshi Enomoto

(Newly appointed)

Date of Birth:

May 19, 1959

Shares Owned:

6,000

Personal History:

April 1983	Joined the Company
June 2006	General Manager, Electronic & Information Materials Marketing & Sales Dept.
February 2010	General Manager, Electronic Materials Marketing & Sales Dept. 2
May 2012	General Manager, Electronic Materials Division; General Manager, Electronic & Information Materials Dept.
April 2014	General Manager, Electronic Materials Division (incumbent)

(Reason for recommending him as candidate for member of the Board position)
Hiroshi Enomoto has gained rich experience, knowledge, and deep expertise and is well versed in worksites over his many years of engagement mainly in sales related to the electronic and information materials business at the Company. He has also accrued sufficient knowledge of management through his duties of core positions in the relevant business field. We believe that he will be able to execute his duties by making appropriate management judgments and decisions based on his knowledge and ability, and will supervise management from an objective viewpoint. We therefore request his election as a new member of the Board.

No.18

Kunio Ito

(Reappointed)	(Candidate for an outside and independent director position)	
<i>Date of Birth:</i>	<i>Personal History:</i>	
<i>December 13, 1951</i>	April 1980	Lecturer, Faculty of Commerce and Management, Hitotsubashi University
<i>Shares Owned:</i>	June 1984	Assistant Professor, Faculty of Commerce and Management, Hitotsubashi University
<i>14,900</i>	April 1992	Professor, Faculty of Commerce and Management, Hitotsubashi University
	August 2002	Dean, Graduate School of Commerce and Management and Faculty of Commerce and Management, Hitotsubashi University
	December 2004	Executive Vice President and Board Member, Hitotsubashi University
	June 2005	Member of the Board, Akebono Brake Industry Co., Ltd. (incumbent)
	December 2006	Professor, Graduate School of Commerce and Management, Hitotsubashi University
	June 2007	Member of the Board, Mitsubishi Corporation
	June 2009	Director, Sharp Corporation
	June 2009	Director, Tokio Marine Holdings, Inc.
	June 2012	Director, Sumitomo Chemical Company, Limited (incumbent)
	June 2013	Director, Kobayashi Pharmaceutical Co., Ltd. (incumbent)
	May 2014	Director, Seven & i Holdings Co., Ltd. (incumbent)
	June 2014	Vice President (Member of the Board) (incumbent)
	April 2015	Research Professor, Graduate School of Commerce and Management, Hitotsubashi University
	April 2018	Research Professor, Department of Business Administration, Hitotsubashi University Business School (incumbent)

(Reason for recommending him as candidate for outside director position)
Kunio Ito has rich experience and advanced expertise as a university professor (accounting and management). He also has experience as an outside director of corporations and is known for his good personality and deep insight. We are sure he will objectively supervise management and participate in important decision-making. The Company thus recommends his reelection to the Board of Directors as an outside director. While he has not participated in corporate management in any position other than as an outside director, we believe that he will be able to perform the duties of outside director appropriately for the aforementioned reasons. His term of office as outside director will reach 4 years at the close of this general meeting.

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

No.19

Ryoji Noyori

(Reappointed)	(Candidate for an outside and independent director position)	
<i>Date of Birth:</i>	<i>Personal History:</i>	
<i>September 3, 1938</i>	February 1968	Assistant Professor, School of Science, Nagoya University
<i>Shares Owned:</i> <i>13,000</i>	August 1972	Professor, School of Science, Nagoya University
	January 1997	Dean, Graduate School of Science and School of Science, Nagoya University
	June 2001	Director, TAKASAGO INTERNATIONAL CORPORATION (incumbent)
	October 2003	Designated Professor, Nagoya University
	October 2003	President, RIKEN
	October 2003	Chief Fellow, Center for Research and Development Strategy, Japan Science and Technology Agency
	October 2004	Special Professor, Nagoya University (incumbent)
	June 2015	Director-General, Center for Research and Development Strategy, Japan Science and Technology Agency (incumbent)
	June 2015	Vice President (Member of the Board) (incumbent)

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

Ryoji Noyori has rich experience as a university professor, and advanced expertise in synthetic organic chemistry, one of core technologies of the Company. He also has experience as an outside director of corporations and is known for his good personality and deep insight. We are sure he will supervise management from an objective position and participate in important decision-making based on his academic and technical viewpoints. The Company thus recommends his reelection to the Board of Directors as an outside director. While he has not participated in corporate management in any position other than as an outside director, we believe that he will be able to perform the duties of outside director appropriately for the aforementioned reasons. His term of office as outside director will reach 3 years at the close of this general meeting.

(Matters regarding independency)

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

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

Note 2: Akebono Brake Industry Co., Ltd., a company in which Kunio Ito assumes office as a member of the Board, was subject to investigation by an investigation committee in November 2015 after a fact of improper accounting treatments came to light. Because the impact on performance was found to be insignificant in the investigation, the account settlements were not revised. Although Kunio Ito did not acknowledge the fact in advance, he usually made recommendations for improving internal control and strengthened compliance functions at the company's Board of Directors meetings. After exposure of the fact, Kunio Ito performed his duties as a member of the Board

mainly by advising the company on measures for the prevention of recurrence.

Note 3: In accordance with the Articles of Incorporation, the Company entered into agreements with Kunio Ito and Ryoji Noyori, with respect to the limitation of liabilities for damages arising from negligence in the performance of duties. Under these agreements, the damage liability of the outside directors shall be limited to the minimum amount stipulated in Article 425, paragraph 1 of the Companies Act if such outside directors have performed their duties in good faith and without gross negligence. If reappointment is approved as proposed, the Company will renew the liability limitation agreement with Kunio Ito and Ryoji Noyori under the same conditions.

Proposition No. 3:

Election of one Substitute Corporate Auditor

The stockholders are requested to hold an election to name one substitute corporate auditor to prepare for cases where the number of outside corporate auditors falls below the number stipulated by laws and ordinances.

The Company has obtained the Board of Corporate Auditors' prior consent to the submission of this proposition.

Required Information on Candidate for Substitute Corporate Auditor Position:

Koichi Kobayashi

(Candidate for substitute outside and independent corporate auditor position)

Date of Birth:	Personal History:	
<i>October 16, 1948</i>	April 1973	Legal apprentice
Shares Owned:	April 1975	Appointed to an assistant judge
<i>0</i>	April 1985	Registered as a lawyer (The Dai-ichi Tokyo Bar Association) Co-partner, Taguchi General Law Firm
	April 2003	Professor, Kanto Gakuin University College of Law (incumbent)
	June 2006	Corporate Auditor, TV Asahi Corporation
	June 2012	Substitute Corporate Auditor of the Company (incumbent)
	July 2012	Joined Mizoguchi Law Office (incumbent)
	June 2016	Outside Director, Yuki Gosei Kogyo Co., Ltd. (incumbent)

(Reason for recommending him as candidate for substitute corporate auditor position)
Koichi Kobayashi has rich experience as a lawyer, has established a highly regarded record of achievements and is deeply knowledgeable in legal and corporate affairs from his expert viewpoint, and is known for his good personality and deep insight. He would conduct appropriate audits objectively. The Company thus recommends his election to the Board of Corporate Auditors as a substitute outside corporate auditor. While he has not participated in corporate management in any position other than as an outside corporate auditor, we believe that he will be able to perform the duties of outside corporate auditor appropriately for the aforementioned reasons.

(Matters regarding independency)
Koichi Kobayashi satisfies the requirements for independent director/auditor set forth in the regulations of Tokyo Stock Exchange and the standards for judging the independence stipulated by the Company. In addition, we have not concluded any advisory or consulting agreements or engaged in transactions with Mizoguchi Law Office, the firm to which Koichi Kobayashi belongs. We therefore believe that his independency is secured.

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

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

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

Proposition No. 4:***Payment of Bonuses to Members of the Board***

In light of business results during the period under review, the Company proposes to pay the following bonuses to the twenty-three members of the Board (excluding outside directors) who are in office as of the end of the fiscal year: ¥214,200,000.

(Reference)

Standards for Judging the Independence of Outside Directors/Corporate Auditors

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

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

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

Notes

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

[Attached Documents]**Business Report (from April 1, 2017 to March 31, 2018)****1. Review of Operations of Toray Group****(1) Operations and Results for the Period****The Business Environment and Trends in Sales and Profitability**

During the period under review, the U.S. and European economy continued to register a gradual recovery. There were signs of the economy picking up in many emerging countries. The Japanese economy, in general, continued on its gradual recovery track on the back of improving employment and income situation.

In the meantime, the rise in raw material and fuel prices had a negative impact on Toray Group's profits.

Under such circumstances, Toray Group, in April 2017, embarked on the new medium-term management program "Project AP-G 2019" that spans over three years from fiscal year 2017 to 2019 and has been implementing the growth strategy focused on taking advantage of growth business fields, pursuing business expansion in growth countries and regions as well as further bolstering its cost competitiveness.

As a result, consolidated net sales for the fiscal year ended March 31, 2018 increased 8.8% compared with the previous fiscal year to ¥2,204.9 billion. Operating income rose 6.5% to ¥156.5 billion, and ordinary income increased 6.0% to ¥152.3 billion. Net income attributable to owners of parent declined 3.5% to ¥95.9 billion.

Business performance by segment is described below.

Fibers and Textiles

In Japan, demand for some industrial applications such as automobiles was strong and apparel applications saw gradual improvement in store sales of final products. Against this background, Toray Group not only strived to expand sales in both apparel and industrial applications but also worked to expand the business format that integrates fibers to textiles to final products while focusing on strengthening cost competitiveness.

Overseas, business performance of some

subsidiaries in Southeast Asia and the Republic of Korea remained slow. On the other hand, materials for automotive applications and hygiene products remained strong in general and the Group expanded the integrated business for apparel applications.

Overall sales of Fibers & Textiles segment increased 6.7% to ¥913.6 billion from the previous year and operating income rose 8.5% to ¥72.4 billion.

Performance Chemicals

In the resin business, shipment for automotive applications was strong in general, mainly in Japan. Besides automotive applications, Toray Group also promoted sales expansion of ABS and PPS resins. In the film business, shipment of battery separator films for lithium-ion secondary batteries increased reflecting demand growth, while films for electronic parts which are used for applications such as smartphones continued to be favorable. In the electronic & information materials business, demand for OLED panels increased and shipment of related materials expanded.

Overall sales of Performance Chemicals segment increased 10.9% to ¥803.3 billion from the previous year and operating income increased 15.5% to ¥71.4 billion.

Carbon Fiber Composite Materials

With the final demand for the aircraft remaining strong in the aerospace applications, shipments showed signs of recovery as the inventory adjustment in the supply chain was completed. In the industrial applications, demand showed a recovery trend primarily in the environment and energy-related field led by compressed natural gas tank applications and wind turbine blade applications. The segment was affected by increases in raw material prices as well as intensifying competition.

Overall sales of Carbon Fiber Composite Materials segment increased 10.1% to ¥177.9 billion from the previous year while operating income fell 13.3% to ¥20.8 billion.

Environment & Engineering

In the water treatment business, demand for reverse osmosis membranes and other products in general grew strongly in Japan and abroad.

In terms of domestic subsidiaries in the segment, industrial machinery and electronics-related equipment performed strongly at an engineering subsidiary.

Overall sales of Environment & Engineering segment increased 12.1% to ¥238.3 billion from the previous year and operating income rose 13.5% to ¥13.3 billion.

Life Science

In the pharmaceutical business, shipment of pruritus treatment REMITCH®* expanded due to the impact of the introduction of a new dosage form and approval of new indications. On the other hand, shipment of natural-type interferon beta preparation FERON® and orally active prostacyclin derivative DORNER® remained sluggish due to the impact of alternative medicines and generic drugs, and royalty income on some products decreased.

In the medical devices business, shipment of dialyzers grew strongly.

Overall sales of Life Science segment declined 0.6% to ¥53.8 billion from the previous year and operating income fell 9.6% to ¥1.9 billion.

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

New Investments, R&D, and Other Activities

In order to implement growth strategies of “Project AP-G 2019,” Toray Group is making proactive capital investment and implementing M&As and alliances primarily in growth business fields and growth countries and regions.

In terms of new major capital investment in the Fibers & Textiles segment, Toray Group made a decision to construct new production bases for high-performance polypropylene spunbond in Guangdong province, China and Andhra Pradesh, India, in order to meet growing demand for hygiene products such as disposable diapers in China, Asia, and India. Moreover, with a view to

global strategic expansion in the knitted fabric and textile field, Toray Group has taken a stake in Pacific Textiles Holdings Ltd., a company that engages in the manufacture and sales of knitted fabric and printed fabric, as well as the dyeing of fabric, in Hong Kong. As a result, Toray Group will strengthen partnership with the company and expand the knitted fabric business while promoting the further advancement and expansion of the business format that integrates fibers to textiles to final products. In addition, in an effort to respond to growing demand mainly for automotive interiors, Toray Group made a decision to reinforce production facilities for ULTRASUEDE®, an ultra-microfiber non-woven fabric with a suede texture manufactured in Japan.

In the Performance Chemicals segment, Toray Group decided to reinforce the SETELA® battery separator film for lithium-ion batteries (LIB), along with coating facilities for the film at Toray Battery Separator Film Korea Limited and Toray BSF Coating Korea Limited, subsidiaries in Korea. LIB is expected to see increased demand for automotive applications due to the global prevalence of electric vehicles, in addition to steadily increasing demand for consumer applications. Toray Group plans to invest about ¥35.0 billion in total to respond to the rapidly growing demand.

In the Carbon Fiber Composite Materials segment, Toray Group developed a new variety of regular-tow carbon fibers offering outstanding cost performance and decided to establish production facilities at the Mexico Plant of Zoltek Companies, Inc., a U.S. subsidiary. Toray Group also decided to expand and reinforce production facilities for large-tow carbon fibers at the Hungary Plant of Zoltek Companies, Inc. Together with the production at the Mexico Plant, the total production capacity of large-tow carbon fibers will increase to over 25,000 tons. Furthermore, Toray Group made a decision to acquire all shares issued of TenCate Advanced Composites Holding B.V., a carbon fiber

composite materials manufacturer in the Netherlands that holds technologies and production facilities for thermoplastic prepreg, in the amount of EUR 930 million. The vertical integration with the Company's carbon fiber business and the attainment of a new supply chain resulting from expanding technologies are expected to bring large-scale synergy effects. Through these initiatives, Toray Group will rapidly respond to the expanding market for small aircrafts, while further expanding its business for industrial applications, including automotive applications, in the mid- to long-term.

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

For the period under review, the Group achieved solid results in the Green Innovation businesses towards the solution of issues facing the global environment and natural resources and energy and water resources. In the Carbon Fiber Composite Materials segment, the Group has developed a new technology that obviates the use of autoclaves in the processes used to fabricate carbon-fiber-reinforced plastic (CFRP). Contacted thermo-molding under vacuum pressure is expected to increase productivity through its improved dimensional accuracy, together with energy savings through heating efficiency. Toray Group will work for a wide range of application of this technology for automotive and industrial applications, in addition to aircraft. In addition, Toray Group established the Toray Automotive Center Europe in the suburbs of Munich with a view to strengthening R&D functions focused on new materials for European environment-conscious cars. The Group will accelerate the growth strategy for the Green Innovation businesses while striving to achieve more stringent targets for environmental regulations and contributing to the realization of a low-carbon society. In the water treatment

business field, Toray Group received the Grand Prize of the 49th (2017) Technology Awards from the Japan Chemical Industry Association. The award was granted to commend the development of high-performance reverse osmosis membranes. The new membranes have been highly evaluated for their excellent energy-saving capability, high permeability, high removal functions, etc. against various water resources, and their significant contribution to industrial development and the resolution of water shortages across the world.

In the Life Innovation business field focused on improving the quality of healthcare, easing burden on medical professionals and contributing to health and longevity in general, Toray Group started ordinary sales of LIVMOA[®], a line of highly permeable disposable protective clothing designed to lighten the physical burden of health care providers working under high-temperature and high-humidity conditions, and also developed a new type of LIVMOA[®] with oil resistance functions, in the Fibers & Textiles segment. Toray Group will contribute to the advancement of medical care quality, ease the burden for health care providers, and health in general by improving safety and comfort at medical institutions. In the life science business field, Toray Group developed the TRK-820 orally disintegrating tablet (OD tablet), a treatment for pruritus, and received an approval for the domestic production and marketing of the product as the REMITCH[®] OD tablet 2.5 μ g, opening the way to the launch of sales. Because the REMITCH[®] OD tablet 2.5 μ g can be administered with or without water, it is expected to increase convenience for elderly and other patients whose swallowing functions have declined, as well as for patients who are required to limit water intake. Furthermore, Toray advanced phase I clinical trials in the U.S. on TRK-950, the cancer treatment Toray has been developing. For the future, Toray will promote clinical development on a global basis with the aim of achieving early regulatory approval of the agent as an epoch-making cancer treatment.

[Changes in Reporting Segments]

The Company has changed the reporting segments from six reporting segments of “Fibers & Textiles,” “Plastics & Chemicals,” “IT-related Products,” “Carbon Fiber Composite Materials,” “Environment & Engineering” and “Life Science” to five reporting segments by integrating the “Plastics & Chemicals” and “IT-related Products” segments into the “Performance Chemicals” segment, effective from the fiscal year ended March 31, 2018. IT-related equipment business and service-related businesses such as information processing, previously classified in “IT-related Products,” have been reclassified to “Environment & Engineering” and “Others,” respectively.

(2) Issues to be Addressed

In 2011 Toray Group drew up the “AP-Growth TORAY 2020,” a long-term corporate vision. Toray Group worked on “Project AP-G 2013,” a medium-term management program for the three-year period through FY 2013 as the first stage of the vision, and “Project AP-G 2016,” a medium-term management program for the three-year period through FY 2016 as the second stage of the vision. From FY 2017 Toray Group is working on “Project AP-G 2019,” a new medium-term management program for the three-year period through FY 2019. Toray Group will complete the programs it has worked on so far to address management issues, while following its cornerstone policies in the former two medium-term management programs: “expand business in growth business fields and growth countries and regions” and “strengthen its competitiveness.” At the same time, Toray Group will strengthen initiatives to generate new revenue resources for sustainable growth and increased corporate value for FY 2020 and onward.

In FY 2018, the global economy as a whole is expected to continue its gradual expansion, as the economies of the U.S., Europe and other developed countries maintain their expansion and emerging economies in general perform strongly except for a slight slowdown in China. However, attention

should be paid to risk factors such as the protectionism trade policy of developed countries, trade friction and financial market turmoil caused by moves towards monetary policy normalization in the U.S. and Europe. The Japanese economy is also expected to continue on a gradual recovery track on the back of improving employment and income situations, though there are concerns that the economy may be affected by uncertainties in overseas economies and fluctuations in crude oil prices and in the financial markets.

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

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

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

With respect to safety, accident prevention, and environmental preservation, corporate ethics, legal compliance, and other essentials of Corporate Social Responsibility (CSR), Toray Group is strengthening its CSR initiatives as issues that take the highest managerial priority. Toray Group has drawn up the “Sixth CSR Roadmap” for three

years through FY 2019 and systematically continues to promote CSR in every aspect of business. Through these initiatives, the Group will strive to combine sustainable growth with CSR and balance its management strategies with CSR according to the “CSR Roadmap.”

Under these circumstances, it was discovered that Toray Hybrid Cord, Inc., a subsidiary of the Company, had inappropriately overwritten data in product inspection reports. It has been confirmed in this case that there were no legal violations and no problems relating to the safety of products of customers. An evaluation submitted by an Expert Committee entrusted by Toray Group to investigate this case stated that the Group’s response was appropriate but recommended that the Group strengthen its measures toward compliance adherence.

In addition, we are using this opportunity to investigate quality data of the entire Group. It was confirmed that there were no legal violations or other problems affecting the safety of products of customers.

The Company has started to take measures to secure the effectiveness of quality assurance across the entire Group and will redouble efforts relating to compliance adherence, including quality assurance activities. In order to ensure quality assurance and address problems in a rapid and appropriate manner if problems occur, Toray Group will strengthen communication with customers. The Board of Directors and Corporate Auditors receive regular reports about the status of progress of these measures to fulfill the Group’s governance functions. The Group will henceforth engage in its corporate activities with the concerted commitment of all of the executives and employees “have the integrity to the right thing in the right way.”

< Overview of data overwriting incidents >

Company concerned: Toray Hybrid Cord, Inc.
Product concerned: Tire cords, etc.
Amount of overwritten data: 149 data entries out of approximately 112,000 data entries
Period: April 2008 to July 2016

Number of customers concerned: 13
Employees involved: Two Managers of the Quality Assurance Sect. then in office
Details of the data overwriting: Inappropriately overwrote data that deviated by insignificant margins from the upper or lower limits of customer contract quality standards

<Organizational response to prevent recurrence and to strengthen compliance>

- Appoint a Board member supervising quality assurance, establish the Quality Assurance Division under the President’s direct control (February 2018)
- Establish the Legal & Compliance Division under the President’s direct control (April 2018)

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

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

(3) Investment in Fixed Assets

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

- 1) Major production facilities completed during the year:

Performance Chemicals:

Expansion of production facilities for battery

separator film (at Toray Battery Separator Film Korea Limited)

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

Fibers and Textiles:

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

Fibers and Textiles:

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

Fibers and Textiles:

Expansion of production facilities for Alcantara® (at Alcantara S.p.A.)

Performance Chemicals:

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

Performance Chemicals:

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

Performance Chemicals:

Expansion of coating facilities for battery separator film (at Toray BSF Coating Korea Limited)

Carbon Fiber Composite Materials:

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

Carbon Fiber Composite Materials:

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

Carbon Fiber Composite Materials:

Expansion of production facilities for carbon fiber (at Zoltek de Mexico S.A. de C.V.)

Carbon Fiber Composite Materials:

Expansion of production facilities for carbon fiber (at Zoltek Zrt.)

(4) Financing Activities

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

(5) Succession of Rights and Obligations regarding Businesses of Other Corporations due to Absorption-type Merger or Absorption-type Company Split

The Company absorbed Toray Battery Separator Film Co., Ltd., effective on April 1, 2017.

(6) Financial Highlights

Toray Group (Consolidated basis)

Years ended	Billions of yen except per share data			
	2015	2016	2017	2018
March 31				
Net sales	¥2,010.7	¥2,104.4	¥2,026.5	¥2,204.9
Operating income	123.5	154.5	146.9	156.5
Ordinary income	128.6	150.2	143.7	152.3
Net income attributable to owners of parent	71.0	90.1	99.4	95.9
Net income per share (yen)	44.33	56.38	62.17	59.97
Net assets	1,080.8	1,024.9	1,100.2	1,169.2
Total assets	2,357.9	2,278.4	2,396.8	2,592.9

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

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

(7) Major Subsidiaries

	Capital stock (Millions)	Toray's stake (%)	Main business
Ichimura Sangyo Co., Ltd.	¥1,000	85.00	Manufacturing and sales of raw materials for fibers, woven and knitted fabrics and plastics products
Toray International, Inc.	¥2,040	100.00	Trading of textile products and plastics products, etc.
Chori Co., Ltd.	¥6,800	51.25	Purchasing and sales of textile products and chemical products, etc.
Toray Engineering Co., Ltd.	¥1,500	99.99	General engineering
Toray Plastics (America), Inc.	US\$238	— (100.00)	Manufacturing and sales of polyester and polypropylene films, and polyolefin foam
Toray Carbon Fibers Europe S.A.	EUR185	100.00	Manufacturing and sales of carbon fibers
P.T. Indonesia Toray Synthetics	US\$105	92.37 (7.63)	Manufacturing and sales of nylon fibers, polyester fibers and resin compound products
Thai Toray Synthetics Co., Ltd.	THB3,078	70.77 (19.24)	Manufacturing and sales of nylon fibers, polyester fibers, resin compound products and polypropylene films
Penfabric Sdn. Berhad	US\$19	100.00	Manufacturing and sales of polyester and cotton blended woven fabrics
Toray Fibers (Nantong) Co., Ltd.	RMB2,171	90.00 (10.00)	Manufacturing and sales of synthetic fibers, chips and air filters
Toray Advanced Materials Korea Inc.	Won651,100	100.00	Manufacturing and sales of polyester films, polyester filament yarns, spunbond, PPS resin and carbon fibers

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

(8) Main Business

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

Fibers and Textiles:

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

Performance Chemicals:

Nylon, ABS, PBT, PPS and other resins and molded products; polyolefin foam; polyester, polyethylene, polypropylene and other films and processed film products; raw materials for synthetic fibers and other plastics; fine chemicals; electronic and information materials and graphic materials.

Carbon Fiber Composite Materials:

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

Environment and Engineering:

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

Life Science:

Pharmaceuticals, medical devices, etc.

Others:

Analysis, physical evaluation, research, and other services.

(9) Directory

1) Toray Industries, Inc.

Head Office:

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

Osaka Head Office:

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

Branches:

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

Plants:

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

Laboratories:

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

2) Major Subsidiaries

Ichimura Sangyo, Co., Ltd. (Ishikawa, Japan)
Toray International, Inc. (Tokyo, Japan)
Chori Co., Ltd. (Osaka, Japan)
Toray Engineering Co., Ltd. (Tokyo, Japan)
Toray Plastics (America), Inc. (U.S.A.)
Toray Carbon Fibers Europe S.A. (France)
P.T. Indonesia Toray Synthetics (Indonesia)
Thai Toray Synthetics Co., Ltd. (Thailand)
Penfabric Sdn. Berhad (Malaysia)
Toray Fibers (Nantong) Co., Ltd. (China)
Toray Advanced Materials Korea Inc. (Republic of Korea)

(10) Employees

Segment	Number of employees	Increase (decrease) from the end of last fiscal year
Fibers and Textiles	19,422	(1,029)
Performance Chemicals	12,091	148
Carbon Fiber Composite Materials	5,459	182
Environment and Engineering	4,183	199
Life Science	1,544	(74)
Others	2,305	66
Corporate	758	22
Total	45,762	(486)

(11) Principal Lenders

	Outstanding loan amount (Millions of yen)
Sumitomo Mitsui Banking Corporation	103,539
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	100,428
Mizuho Bank, Ltd.	52,408
Development Bank of Japan Inc.	15,000
Mitsubishi UFJ Trust and Banking Corporation	11,205

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

Note 2: In addition to the above, we have ¥168,226 million of outstanding syndicated loans.

2. Stock Information

(1) Total Number of Shares Authorized to be Issued:	4,000,000,000 shares
(2) Number of Shares of Common Stock in Issue:	1,600,271,569 shares (excluding treasury stock of 31,209,834 shares)
(3) Number of Stockholders at March 31, 2018:	155,653
(4) Principal Stockholders:	

	Number of shares held (Thousands)	Percentage of total shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	117,902	7.37
Japan Trustee Services Bank, Ltd. (Trust Account)	91,157	5.70
Nippon Life Insurance Co.	71,212	4.45
Mitsui Life Insurance Co., Ltd.	35,961	2.25
State Street Bank West Client-Treaty 505234	31,680	1.98
Japan Trustee Services Bank, Ltd. (Trust 5 Account)	29,035	1.81
Sumitomo Mitsui Banking Corporation	28,522	1.78
Japan Trustee Services Bank, Ltd. (Trust 4 Account)	25,510	1.59
Japan Trustee Services Bank, Ltd. (Trust 7 Account)	21,638	1.35
Japan Trustee Services Bank, Ltd. (Trust 1 Account)	21,546	1.35

Note: The percentage of total shares is computed after deducting treasury stock (31,209,834 shares)

3. Stock Acquisition Rights

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

	No.1 Stock Acquisition Right	No.2 Stock Acquisition Right	No.3 Stock Acquisition Right
Date of resolution of issuance	July 29, 2011	July 19, 2012	July 26, 2013
Number of Stock Acquisition Rights	149	205	177
Number of persons held	8 members of the Board	9 members of the Board	10 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 149,000 shares	Common Stock: 205,000 shares	Common Stock: 177,000 shares
Issue price of Stock Acquisition Rights	¥513	¥394	¥546
Exercise price	¥1	¥1	¥1
Exercise period for Stock Acquisition Rights	From August 21, 2011 to August 20, 2041	From August 5, 2012 to August 4, 2042	From August 11, 2013 to August 10, 2043

	No.4 Stock Acquisition Right	No.5 Stock Acquisition Right	No.6 Stock Acquisition Right
Date of resolution of issuance	July 23, 2014	July 28, 2015	July 27, 2016
Number of Stock Acquisition Rights	211	161	245
Number of persons held	13 members of the Board	15 members of the Board	20 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 211,000 shares	Common Stock: 161,000 shares	Common Stock: 245,000 shares
Issue price of Stock Acquisition Rights	¥605	¥987	¥902
Exercise price	¥1	¥1	¥1
Exercise period for Stock Acquisition Rights	From August 10, 2014 to August 9, 2044	From August 23, 2015 to August 22, 2045	From August 21, 2016 to August 20, 2046

	No.7 Stock Acquisition Right
Date of resolution of issuance	July 24, 2017
Number of Stock Acquisition Rights	263
Number of persons held	23 members of the Board
Type and number of shares to be issued upon exercise	Common Stock: 263,000 shares
Issue price of Stock Acquisition Rights	¥899
Exercise price	¥1
Exercise period for Stock Acquisition Rights	From August 20, 2017 to August 19, 2047

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

	No.7 Stock Acquisition Right
Date of resolution of issuance	July 24, 2017
Number of Stock Acquisition Rights	111
Number of persons granted	31 directors of the Company
Type and number of shares to be issued upon exercise	Common Stock: 111,000 shares
Issue price of Stock Acquisition Rights	¥899
Exercise price	¥1
Exercise period for Stock Acquisition Rights	From August 20, 2017 to August 19, 2047

(3) Bonds with Stock Acquisition Rights

	Stock Acquisition Rights attached to Zero Coupon Convertible Bonds due 2019	Stock Acquisition Rights attached to Zero Coupon Convertible Bonds due 2021
Date of resolution of issuance	May 22, 2014	May 22, 2014
Number of Stock Acquisition Rights	5,000	5,000
Type and number of shares to be issued upon exercise	Common Stock: 56,580,287 shares	Common Stock: 60,953,309 shares
Issue price of Stock Acquisition Rights	Gratis	Gratis
Conversion price	¥883.7	¥820.3
Exercise period for Stock Acquisition Rights	From June 23, 2014 to August 16, 2019	From June 23, 2014 to August 17, 2021
Outstanding amount of Bonds with Stock Acquisition Rights	¥50,000 million	¥50,000 million

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

4. Members of the Board and Corporate Auditors

(1) Names and Titles

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

Koichi Abe, *Executive Vice President and Representative Member of the Board* (In charge of Intellectual Property Division, Automotive Material Strategic Planning Dept., Global Environment Business Strategic Planning Dept., and Life Innovation Business Strategic Planning Dept.; General Manager, Technology Center; General Manager, Toray Human Resources Development Center)

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

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

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

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

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

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

Toru Fukasawa, *Senior Vice President (Member of the Board)* (General Manager, Affiliated Companies Division; Director, Chori Co., Ltd.; Director, Atsugi Co., Ltd.)

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

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

Kazuhiko Shuto, *Senior Vice President (Member of the Board)* (Chief Representative for China; Chairman & President, Toray Industries (China) Co., Ltd.; Chairman, Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd.)

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

Kazuo Morimoto*, *Senior Vice President (Member of the Board)* (General Manager, Resins & Chemicals Division; General Manager, Resins Division)

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

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

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

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

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

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

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

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

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

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

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

Shogo Masuda*, *Corporate Auditor*

Shoshiro Taneichi, *Corporate Auditor*

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

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

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

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

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

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

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

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

Note 7: Members of the Board and Corporate Auditors marked with an Asterisk(*) were newly appointed to these positions at the 136th Ordinary General Meeting of Stockholders held on June 27, 2017.

Note 8: The following members of the Board and Corporate Auditors retired from their positions at the close of the 136th Ordinary General Meeting of Stockholders held on June 27, 2017.

Shogo Masuda, *Senior Vice President (Member of the Board and Member of the Executive Committee)*

Akio Sato, *Senior Vice President (Member of the Board)*

Satoru Hagiwara, *Senior Vice President (Member of the Board)*

Motoyuki Yagita, *Corporate Auditor*

Hideki Hirabayashi, *Vice President (Member of the Board) (In charge of CSR; General Manager, Legal & Compliance Division; General Manager, General Administration & Communications Division; General Manager, CSR Operations Dept.; General Manager, Tokyo Head Office)*

Note 9: As of April 1, 2018, the assignments and important offices held concurrently by members of the Board have been changed as follows.

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

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

Akira Umeda, *Senior Vice President (Member of the Board and Member of the Executive Committee) (General Manager, Purchasing & Logistics Division; General Manager, Manufacturing Division)*

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

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

Yuji Fukuda, *Vice President (Member of the Board) (General Manager, Finance & Controller's Division)*

Kenichiro Miki, *Vice President (Member of the Board) (Assistant General Manager, Fibers & Textiles Division; Director, KOMATSU SEIREN CO., LTD. (part-time))*

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

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

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

	Persons paid	Amounts of remuneration during the year
Members of the Board	28	¥1,384 million
(inclusive of Outside Directors)	(2)	[¥24 million]
Corporate Auditors	5	¥99 million
(inclusive of Outside Corporate Auditors)	(2)	[¥19 million]
Total	33	¥1,483 million

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

Note 2: The total amount of remuneration includes ¥214 million (members of the Board, ¥214 million) of bonuses for members of the Board to be resolved at the 137th Ordinary General Meeting of Stockholders.

Note 3: The total amount of remuneration includes ¥240 million of stock options (stock acquisition rights) granted to members of the Board.

Note 4: The amount equivalent to ¥93 million of employee's salary of the employee-director is not included in the above amount.

Note 5: In addition to the above, the Company paid one retiring member of the Board ¥54 million as retirement benefits for termination resulting from the abolition of the retirement benefit system for members of the Board and corporate auditors, as resolved at the 130th Ordinary General Meeting of Stockholders.

(4) Outside Directors and Outside Corporate Auditors

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

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

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

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

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

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

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

Kunio Ito, *Outside Director*

Attended all 15 meetings of the Board of Directors held during the period under review. Contributed to these meetings with appropriate comments from his professional perspective based mainly on experience of research and study activities on accounting and business administration.

Ryoji Noyori, *Outside Director*

Attended all 15 meetings of the Board of Directors held during the period under review. Contributed to these meetings with appropriate comments from his academic and technological perspective based mainly on experience of research and study activities on organic synthetic chemistry.

Toshio Nagai, Outside Corporate Auditor

Attended all 15 meetings of the Board of Directors and all 11 meetings of the Board of Corporate Auditors held during the period under review. Also participated in audits of Toray's plants and Group companies. Contributed to these meetings and audits with appropriate comments based mainly on his professional perspective as a lawyer.

Kazuya Jono, Outside Corporate Auditor

Attended 14 out of 15 meetings of the Board of Directors and all 11 meetings of the Board of Corporate Auditors held during the period under review. Also participated in audits of Toray's plants and Group companies. Contributed to these meetings and audits with appropriate comments based on his professional perspective as an executive with rich experience.

Note: As stated in 1. (2) Issues to be Addressed, the fact that a subsidiary of the Company had inappropriately overwritten data in product inspection reports was discovered. Outside directors and outside corporate auditors had expressed opinions and called attention to the importance of compliance at meetings of the Board of Directors and other meetings even before the fact was discovered. After the discovery, Toshio Nagai, Outside Corporate Auditor, demanded a strengthening of quality assurance compliance and the thorough implementation of measures to prevent recurrence as a member of the Expert Committee that investigated this case, drew up measures to prevent recurrence, and reviewed the appropriateness of the responses directed outside of the Company. Other outside directors and outside corporate auditor fulfilled their duties and responsibilities by, for example, expressing opinions on initiatives to prevent recurrence.

5. Independent Auditor

(1) Name of Independent Auditor

Ernst & Young ShinNihon LLC

(2) Amounts of Remuneration to Independent Auditor

- 1) Amount of remuneration paid for the fiscal year ended March 31, 2018 was ¥223 million.
- 2) The total amount of remuneration paid or payable to independent auditors by the Company and its consolidated subsidiaries was ¥617 million.

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

Note 2: Based on the "Practical Guidelines for Cooperation with Independent Auditors" announced by the Japan Audit & Supervisory Board Members Association, the Board of Corporate Auditors checked the audit hours in auditing plans, changes in audit fees, status of auditing plans versus actual results in previous fiscal years, etc., and examined the appropriateness of the estimated amount of remuneration. As a result, the Board of Corporate Auditors approved the remuneration paid or payable to the independent auditors as set forth in Article 399, paragraph 1 of the Companies Act.

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

(3) Non-audit Work

The Company commits to independent auditors, with compensation, certain services regarding

advice on transition to the IFRS, etc., other than the services stipulated in Article 2, Clause 1 of the Certified Public Accountants Act of Japan.

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

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

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

Consolidated Balance Sheet

Toray Industries, Inc. and Subsidiaries
March 31, 2018

Assets	Millions of yen	Liabilities	Millions of yen
Current assets:	¥1,152,666	Current liabilities:	¥ 676,526
Cash and time deposits	141,101	Notes and accounts payable - trade	245,550
Notes and accounts receivable - trade	489,549	Short-term borrowings	135,936
Merchandise and finished goods	248,513	Long-term borrowings due within one year	62,974
Work in process	92,501	Commercial paper	46,000
Raw materials and supplies	98,659	Income taxes payable	13,966
Deferred tax assets	25,641	Reserve for employees' bonuses	21,531
Other current assets	58,739	Reserve for bonuses of members of the Board	226
Allowance for doubtful accounts	(2,037)	Other current liabilities	150,343
Noncurrent assets:	1,440,248	Noncurrent liabilities:	747,200
Property, plant and equipment:	927,029	Bonds	241,264
Buildings and structures	277,151	Long-term borrowings	326,393
Machinery, equipment and vehicles	422,193	Deferred tax liabilities	48,361
Land	78,370	Reserve for retirement benefits of members of the Board and corporate auditors	1,220
Construction in progress	120,514	Net defined benefit liability	101,786
Other	28,801	Other noncurrent liabilities	28,176
Intangible assets:	68,647	Total liabilities	1,423,726
Goodwill	40,146	Net assets	
Other	28,501	Stockholders' equity:	1,008,318
Investments and other assets:	444,572	Common stock	147,873
Investment securities	353,091	Capital surplus	117,572
Long-term loans receivable	1,447	Retained earnings	763,504
Deferred tax assets	12,902	Treasury stock, at cost	(20,631)
Net defined benefit asset	28,812	Accumulated other comprehensive income:	82,377
Other	51,281	Net unrealized gains on securities	74,290
Allowance for doubtful accounts	(2,961)	Net deferred losses on hedges	(901)
		Foreign currency translation adjustments	4,830
		Remeasurements of defined benefit plans	4,158
		Stock acquisition rights	1,334
		Non-controlling interests	77,159
Total assets	¥2,592,914	Total net assets	1,169,188
		Total liabilities and net assets	¥2,592,914

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

Consolidated Statement of Income

Toray Industries, Inc. and Subsidiaries

April 1, 2017 - March 31, 2018

	Millions of yen
Net sales	¥2,204,858
Cost of sales	1,748,017
Gross profit	456,841
Selling, general and administrative expenses	300,377
Operating income	156,464
Nonoperating income:	19,050
Interest and dividend income	5,222
Equity in earnings of unconsolidated subsidiaries and affiliated companies	9,221
Other income	4,607
Nonoperating expenses:	23,209
Interest expense	5,091
Other expenses	18,118
Ordinary income	152,305
Special gains:	4,547
Gain on sales of property, plant and equipment	931
Gain on sales of investment securities	3,532
Other special gains	84
Special losses:	20,240
Loss on sales and disposal of property, plant and equipment	8,015
Loss on impairment of fixed assets	3,944
Loss on liquidation and devaluation of subsidiaries and affiliated companies	3,591
Environmental expenses	2,597
Other special losses	2,093
Income before income taxes and non-controlling interests	136,612
Income taxes:	
Current	34,851
Deferred	(1,419)
Net income	103,180
Net income attributable to non-controlling interests	7,265
Net income attributable to owners of parent	¥95,915

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

Nonconsolidated Balance Sheet

Toray Industries, Inc.
March 31, 2018

Assets	Millions of yen	Liabilities	Millions of yen
Current assets:	¥ 338,395	Current liabilities:	¥ 253,555
Cash and time deposits	23,906	Notes payable - trade	6,185
Notes receivable - trade	4,951	Accounts payable - trade	52,181
Accounts receivable - trade	141,068	Short-term borrowings	747
Finished goods	60,095	Long-term borrowings due within one year	17,500
Work in process	23,135	Commercial paper	46,000
Raw materials and supplies	29,368	Accounts payable - other	33,976
Prepaid expenses	1,813	Accrued expenses	16,366
Deferred tax assets	9,199	Income taxes payable	4,927
Short-term loans receivable	33,125	Deposits received	62,183
Accounts receivable - other	16,027	Reserve for employees' bonuses	9,200
Other current assets	2,262	Reserve for bonuses of members of the Board	214
Allowance for doubtful accounts	(6,554)	Other current liabilities	4,078
Noncurrent assets:	1,084,018	Noncurrent liabilities:	542,558
Property, plant and equipment:	264,689	Bonds	240,000
Buildings	91,143	Long-term borrowings	203,177
Structures	13,309	Deferred tax liabilities	19,201
Machinery and equipment	101,962	Reserve for employees' retirement benefits	64,836
Vehicles	142	Reserve for loss on guarantees	41
Tools and furniture	7,351	Reserve for loss on business of subsidiaries and affiliated companies	246
Land	32,818	Other noncurrent liabilities	15,057
Construction in progress	17,964	Total liabilities	796,113
Intangible assets:	6,981	Net assets	
Software	2,576	Stockholders' equity:	557,137
Goodwill	1,217	Common stock	147,873
Other intangible assets	3,188	Capital surplus:	136,730
Investments and other assets:	812,348	Additional paid-in capital	136,727
Investment securities	181,797	Other capital surplus	2
Investment securities in subsidiaries and affiliated companies	474,911	Retained earnings:	292,585
Investment in subsidiaries' and affiliated companies' capital	131,825	Legal reserve	24,234
Prepaid pension cost	17,294	Other retained earnings	268,350
Other	6,552	Reserve for advanced depreciation of fixed assets for tax purposes	10,050
Allowance for doubtful accounts	(32)	General reserve	112,000
		Retained earnings brought forward	146,301
		Treasury stock, at cost	(20,051)
		Valuation, translation adjustments and other:	67,829
		Net unrealized gains on securities	68,612
		Net deferred losses on hedges	(783)
		Stock acquisition rights	1,334
Total assets	¥1,422,412	Total net assets	626,299
		Total liabilities and net assets	¥1,422,412

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

Nonconsolidated Statement of Income

Toray Industries, Inc.
April 1, 2017 - March 31, 2018

	Millions of yen
Net sales	¥ 591,664
Cost of sales	452,593
Gross profit	139,071
Selling, general and administrative expenses	112,359
Operating income	26,712
Nonoperating income:	71,138
Interest and dividend income	68,766
Other income	2,372
Nonoperating expenses:	5,664
Interest expense	837
Other expenses	4,827
Ordinary income	92,186
Special gains:	9,252
Gain on sales of property, plant and equipment	328
Gain on sales of investment securities	3,022
Gain on extinguishment of tie-in shares	5,902
Special losses:	17,529
Loss on sales and disposal of property, plant and equipment	4,019
Loss on liquidation and devaluation of subsidiaries and affiliated companies	9,672
Environmental expenses	2,507
Other special losses	1,331
Income before income taxes	83,909
Income taxes:	
Current	6,340
Deferred	(1,332)
Net income	¥78,902

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

(Translation)
Independent Auditor's Report

May 16, 2018

The Board of Directors
Toray Industries, Inc.

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

Takeshi Isogai
Certified Public Accountant
Designated and Engagement Partner

Tsuyoshi Nakano
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Toray Industries, Inc. (the "Company") applicable to the fiscal year from April 1, 2017 through March 31, 2018.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Toray Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended March 31, 2018 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

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

Notice to Readers:

The original consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements, applicable to the fiscal year ended March 31, 2018 are written in Japanese.

(Translation)
Independent Auditor's Report

May 16, 2018

The Board of Directors
Toray Industries, Inc.

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

Takeshi Isogai
Certified Public Accountant
Designated and Engagement Partner

Tsuyoshi Nakano
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of Toray Industries, Inc. (the "Company") applicable to the 137th fiscal year from April 1, 2017 through March 31, 2018.

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

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Toray Industries, Inc. applicable to the 137th fiscal year ended March 31, 2018 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

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

Notice to Readers:

The original financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules, applicable to the fiscal year ended March 31, 2018 are written in Japanese. The related supplementary schedules have been omitted in the accompanying financial statements.

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

The Board of Corporate Auditors, following its review and deliberation of the reports prepared by each corporate auditor concerning the execution of duties by members of the Board for the 137th fiscal term from April 1, 2017 to March 31, 2018, has prepared this Audit Report as its unanimous opinion and hereby submits it as follows:

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

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

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

In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules, the nonconsolidated financial statements (the nonconsolidated balance sheet, nonconsolidated statement of operations, nonconsolidated statement of changes in net assets and notes to the nonconsolidated financial statements) and the supplementary schedules, and the consolidated financial statements (the consolidated balance sheet, consolidated statement of operations, consolidated statement of changes in net assets and notes to the consolidated financial statements) for the year ended March 31, 2018.

2. Results of Audit

- (1) Results of audit of the business report and others
 - 1) The business report and supplementary schedules are found to present fairly the state of the Company in accordance with laws, ordinances and the Articles of Incorporation.
 - 2) In connection with the performance by members of the Board of their duties, no dishonest act or material fact in contravention of laws, ordinances, or the Articles of Incorporation is found to exist.
 - 3) Resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional mention regarding the content of business report described on the internal control and the execution of duties by members of the Board. As stated in the Business Report, the fact that a subsidiary of the Company had inappropriately overwritten data in product inspection reports was discovered. The Board of Corporate Auditors had expressed opinions and called attention to the importance of compliance even before the fact was discovered. After the discovery, the Board of Corporate Auditors heard relevant facts and the status of responses from the relevant departments, etc. and confirmed that they had been taking due measures to prevent recurrence and further strengthen quality assurance compliance. The Board of Corporate Auditors will henceforth keep a close eye on the effectiveness of these measures.
- (2) Results of audit of the nonconsolidated financial statements and the supplementary schedules
The auditing methods and results of the independent auditors, Ernst & Young ShinNihon LLC, are fair and reasonable.

- (3) Results of audit of the consolidated financial statements
The auditing methods and results of the independent auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 18, 2018

Board of Corporate Auditors
Toray Industries, Inc.

Shogo Masuda, Corporate Auditor
Shoshiro Taneichi, Corporate Auditor
Toshio Nagai, Outside Corporate Auditor
Kazuya Jono, Outside Corporate Auditor