

February 17, 2014
Toray Industries, Inc.

**Toray Formulates the Medium-Term Management Program “Project AP-G 2016”
(From April 2014 to March 2017)**

- Thorough implementation of growth strategy through “innovation and aggressive management” -

Toray Industries, Inc. (headquarters: Chuo-ku, Tokyo; President: Akihiro Nikkaku; hereinafter referred to as "Toray") announced today that it has formulated its new medium-term management program “Project AP-G 2016”, which would run from April 2014 through March 2017, as the ongoing “Project AP-G 2013”, started in April 2011, will be completed in March this year.

Under “Project AP-G 2013”, Toray Group, based on the pillars of expanding business in growth business fields and regions and bolstering competitiveness, has been harnessing its comprehensive strengths to thoroughly implementing the Green Innovation Business Expansion (GR) Project, the Asia and Emerging Country Business Expansion (AE) Project, and the Total Cost Reduction (TC-II) Project for achieving the performance targets of consolidated net sales of 3 trillion yen and consolidated operating income of 300 billion yen, set in the long-term corporate vision “AP-Growth TORAY 2020”, drafted in February 2011 with focus on the business structure around 2020. In fiscal year 2013, the final year of “Project AP-G 2013”, the Group, even though it failed to achieve the initial target of 150 billion yen in consolidated operating income due to changes to the business environment and other factors, expects to post a record 110 billion yen in operating income.

Against this backdrop, Toray Group, while retaining the basic concepts followed in the medium-term management programs till now, shall promote innovations and aggressive management stance and aim to thoroughly implement the growth strategy in “Project AP-G 2016”, which will start from April 2014.

Under the key principles of “AP-G 2016”, the Group will incorporate growth strategy from a new angle in addition to the basic strategies under “Project AP-G 2013” for achieving the targets set forth by the long-term corporate vision of “AP-Growth TORAY 2020.”

Under “Project AP-G 2016”, the Group will promote the eight basic strategies of (1) Business expansion in growth business fields, (2) Business expansion in growth countries and regions, (3) Bolstering competitiveness, (4) Strengthening sales and marketing (5) R&D strategies / Intellectual property strategies, (6) Capital investment strategies, (7) M&A and business alliance strategies and (8) Human resources strategies.

In particular, regarding business expansion in growth fields and growth countries and regions, Toray will strongly promote the four group-wide projects of (1) Green Innovation Business Expansion (GR) Project, (2) Life Innovation Business Expansion (LI) Project (3) Asia, America and Emerging Country Business Expansion (AE-II) Project and, (4) Total Cost Reduction (TC-III) for bolstering competitiveness.

As for performance goals, the Group aims to achieve consolidated net sales of 2.3 trillion yen and consolidated operating income of 180 billion yen in the fiscal year ending March 2017, the final fiscal year under the project.

To achieve these targets, Toray Group will invest 180 billion yen over three years from fiscal year 2014 in research and technology development to support the Group's sustainable growth through creation of innovative materials and technologies in the key fields of green innovation and life innovation, while building entry barriers by deploying the intellectual property strategy to firmly protect superiority of Toray Group's technologies.

Toray Group will carry out 400 billion yen in capital investment over the three years from fiscal year 2014. It plans to spend about 60% of the total in the growth fields, and 60% of the total will be allocated to Asia and other emerging countries and Americas, where economic growth is expected.

Key management benchmarks and policies under "Project AP-G 2016" are as follows:

1. Management benchmarks (for fiscal year 2016)

Consolidated net sales:	2.3 trillion yen
Consolidated operating income:	180 billion yen
ROA:	8%
ROE:	10%

2. Key Policies

Strengthening of sales and marketing: Formulate business strategies that covers the entire supply chain and build commercial distribution that create profits, through which operating revenue is expanded around the world

R&D strategies: Invest about 180 billion yen in research and technology development for the three years from fiscal year 2014

Capital investment strategies: Carry out capital investment worth about 400 billion yen in the three years from fiscal 2014 (about 60% of which in the growth fields, about 60% of which will be allocated to Asia/other emerging countries and Americas)

M&A and business alliance strategies: Funds for M&As are set aside separately from capital investment and will be spent in a focused manner based on strategic decisions

Human resources strategies: Secure and develop skilled human resources who can excel on site and lead dramatic business expansion globally and allocate them optimally to key fields.

3. Group-wide Projects

(1) Green Innovation Business Expansion (GR) Project

In addition to the efforts under "Project AP-G 2013", Toray Group, in the environment and energy field, will capture new business opportunities created by the shale gas innovation and aim to expand the related sales from approximately 520 billion yen (expected) for fiscal year 2013 to about 700 billion yen in fiscal year 2016.

(2) Life Innovation Business Expansion (LI) Project

In the medical and health field, Toray Group will leverage its core technologies, fundamental technologies and business foundation and aim to expand related net sales from approximately 120 billion yen (expected) for fiscal year 2013 to about 170 billion yen in fiscal year 2016.

(3) Asia, Americas and Emerging Country Business Expansion (AE-II) Project

Toray Group will further enhance organic collaborations among the Group's overseas bases and pursue development of new markets and business expansion. In Asia and emerging countries in other regions, the Group will aggressively expand the businesses in which our strengths lie and accelerate the business expansion being implemented under "Project AP-G 2013" to fully take on the growing demands.

In addition, in North and Latin Americas, Toray Group will ride the steady expansion of the U.S. economy enabled by the shale gas innovation and the government's policy to revive the manufacturing industry and pursue new business expansions.

Through these initiatives, Toray Group aims to expand net sales in these regions from approximately 780 billion yen (expected) in fiscal year 2013 to more than 1.15 trillion yen in fiscal year 2016.

(4) Total Cost Reduction (TC-III) Project

With the aim of acquiring the world's top-level cost competitiveness, Toray Group will reinforce the robust business footing through continued relentless strengthening of its standing. The Group will continue with TC-II, which it worked on under "Project AP-G 2013", and will fully enforce variable cost reduction activities (more than 3% every year and more than 10% in three years from fiscal year 2014) and fixed cost management using P-ratio (P-ratio of 0.96 or lower every year). Furthermore, Toray Group will implement production process innovation that promotes construction of innovative production process from new perspectives and approaches to enable drastic cost reduction, and sales total cost reduction to build highly competitive supply chain through analysis and grasping of sales total cost including costs occurring at trading firms, agents and outsourcing as well as distribution and delivery function.

With this, the group intends to reduce costs by total 200 billion yen from fiscal 2014 to fiscal 2016.

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