

**Summary of financial results meeting
for the three months ended December 31, 2007.**

Tokyo, January 28, 2008,

Note: This memo is posted for reference purposes for the convenience of those who were unable to attend the meeting and is not a verbatim record of all statements made at the meeting. Please be aware that it has been compiled in a concise form at the judgment of the Company's Corporate Communications Group. Please also refer to the cautionary notes on the final page.

Note:

3Q: October 1 to December 31, 2007

4Q: January 1 to March 31, 2008

【Performance for the 3rd Quarter presented by CFO Ema】

- Pentax's income statement is also included in the 3rd quarter (3Q) consolidated financial results and the calculation is implemented with the assumption that there are no figures for Pentax in the previous year.
- In regard to foreign exchange, there appears to be some bloating due to the effects of the weak yen. The effects of foreign exchange are noted in the footnotes of the 3Q business report (p.13).
- Pentax is included in the 3Q consolidated results and the amortization of goodwill has started. In the 3Q, ¥2.4 billion is posted to selling, general and administrative expenses and ¥1.7 billion is expected in the 4Q. There will be a total of ¥4.1 billion in the second half.
- There is an increase of 1.1% in operating profit year-on-year. Though a lower sales volume in the Electro-optics (EO) sector, especially HDD glass disks, and a decline in the operating profit margin have had an effect, in view of the quarterly results, operating margin is gradually improving after bottomed in the 1Q.
- There has also been a negative effect due to the price decline in LCD photomasks.
- Pentax posted an operating profit of ¥1,495 million after deducting goodwill. The negative growth in EO are offset by sectors other than EO and Pentax and there was an increase in profits of about ¥300 million year-on-year for the group overall.
- In the non-operating area, the performance of NH Techno Glass, an equity method affiliate, has improved, and there was also a year-on-year decline in exchange-rate losses and therefore both were factors contributing to higher profits and ordinary income was positive.
- After-tax income increased by 13.2% year-on-year.
- In regard to the outlook for the full year, negative growth in operating income while ordinary income increased by 3.2%. In regard to net income for the term, there was a profit of ¥9.7 billion from the sale of fixed real estate assets in the previous year and, since this was not in the current year, it is negative compared to the previous year.

Sales Growth rate by Products
(Actual & Estimate)

Fiscal Term Products	Y on Y Growth rate (%)		Q on Q Growth rate (%)		Annual Growth rate (%) (Estimate)
	3 rd Quarter (Actual)	4 th Quarter (Estimate)	3 rd Quarter (Actual)	4 th Quarter (Estimate)	
Mask Blanks	10.3	1.7	2.6	△4.7	9.0
LSI Photomasks	△7.4	△5.1	△9.9	14.4	0.6
LCD Photomasks	△19.2	△7.9	△10.5	△0.9	△14.3
Memory Disks	△11.5	2.5	0.6	△1.1	△9.0
Optical Lenses	4.1	△2.7	△11.0	△1.6	7.3
Eyeglass lenses	5.7	△2.9	1.7	2.4	5.2
Japan	△2.2	△3.1	△6.8	3.0	△2.5
USA	△2.2	△12.5	△11.2	7.2	1.3
Europe	9.7	△0.8	13.2	1.0	8.9
Asia	23.9	5.7	2.6	△0.4	19.2
PENTAX(*)	12.5	13.7	7.3	△5.6	13.9
Imaging System(IS)	△4.9	5.0	3.8	△5.6	6.8
Life Care(LC)	29.1	14.6	20.4	3.3	17.8
Optical Component(OC)	59.4	62.6	9.1	△15.8	40.7

* Income statements of PENTAX were consolidated from the 3rd quarter ended Dec 31, 2007. Sales growth rates of PENTAX are the comparison with 3rd quarter last year and the 2nd quarter this year for your information. Expected annual growth for PENTAX are the comparison between the actual results of last year and the aggregate results of 1H before consolidation and the estimated 2H results after the consolidation.

【Presentation by CEO Suzuki】

- Though better than in the Q1 and Q2, 3Q has not regained the level that it should. The Company announced the projected results for the Q4 and the full year today. It seems that it appear with figures somewhat on the low side, which is due to current conditions that are not looked very well. This is due to various concerns taking the current environments and prospects in the 4Q and the upcoming 1Q in the next fiscal year into account. Therefore, I hope that you will accept this in the form of a message, rather than the actual figures.
- I previously said that I would tell you about the Pentax story in January. Though we tried preparing handouts and presentations, after thinking about it, I think that I would rather talk to you orally about our thoughts.

<Semiconductors (blanks and masks for LSI production)>

- There has been no particularly great change in the business environment. Since customers in the U.S. experienced some degree of inventory buildup in the 3Q, that has improved the Company's figures. Business in Europe has shrunk while Asia expanded. In addition, there was no change in the trend toward shrinkage in Japan

- and no change in the structure of sales driven by production shifting to 90nm.
- The 4Q is weak in seasonal terms. It is due in part to the influence of the Chinese New Years and inventory adjustment in the 4Q arising from a buildup of inventory in December by customers in preparation for the New Years holidays in Japan. Therefore, a certain degree of weakness in the 4Q reflects the seasonal nature of this business and I am sure that the same will be true this year as well. There has been no change in business fundamentals.
 - One of the concerns is the emergence of a possibility that the blanks of other company will be used for a certain process of the 32nm production at one of semi-conductor manufactures. I think that the impact will not be that great and that it will only be limited use.
 - This being an industry of a hasty nature, the development of masks for 22nm has already begun and, since 22nm will basically be developed as an extension of 32nm, the switch from 32nm to 22nm may be quicker than we expect.
 - Meanwhile, in regard to LSI photomasks, there was a definite move toward 90nm in the 3Q, though essentially the switch to 65nm had to be implemented to a considerable degree in the 3Q. The design cycle itself is delayed and the release of masks is so delayed that the most high-end production lines in foundries are nearly idle. Since the release of masks is delayed, mask producers have reduced their prices but, even though the prices are lower, there has been no increase in releases. 3Q was thus a quarter in which the price of high-end masks declined. However, since the prices of masks are decided individually, the prices will likely increase if supply and demand becomes tight. Due in part to idle situation of high-end fabs for both mask and chip production, the 3Q was a quarter exceptionally difficult that saw a collapse in the prices of high-end masks.
 - Since only the 65nm mass production design cycle is delayed, there will probably be a concentration of releases in the 4Q to make up for that delay and, therefore, I think that company performance should not be that bad in the 4Q. However, since that phenomenon is not yet apparent, it is still too early to say.

<LCD photomasks>

- LCD panel market is robust. Panel producers are in full production due to the shortage of 32-inch panels. Taiwanese producers, in particular, are in full production and are apparently working so hard to produce 32-inch panels that they do not have any free of time to think about developing new products.
- Though supply and demand situation for monitor panel has not become so tight, there still seems to be full production at this stage.
- There has apparently been a shortage of color filters for a while now. There has been a continuous prolonged shortage of color filters especially for around 50-inch.
- The market environment for mask producers in the 3Q was not very good either in Japan or in Taiwan. In Japan, panel sizes overall were relatively small. Filters were previously produced in the past for each model of mobile telephones, car navigators, etc.; however, since there is no profit in that, as one may expect, models are being

integrated and, in the case of mobile phones, six models have been developed with a single mask and the number of panel models is decreasing. Due partly to that, the demand for masks in Japan is declining while, in Taiwan, they are busy with the mass productions of panel and are not involved in development activities. Therefore, the decline in mask orders was a factor in the Company's poor performance in the 3Q. Currently, there has not been any particular change and, once the Chinese New Year holiday is over, mass production activities by Taiwanese producers will decline somewhat and they will probably have some extra time to change models and production lines. Mask demand may therefore improve to a degree.

- New mask demand will probably emerge beginning in April, 2008. Panel producers will probably engage in capital investments that will realize something like the installation of exposure equipment and reinforcement of production lines in a way that will boost production in unused spaces within existing fabs. That would be a positive factor for the Company.
- The mask market shrank through the end of the year and mask producers are suffering. There is no particular feeling that the Company's share has declined but rather that the mask market overall has become smaller.

<Glass disks for HDD>

- The reason why the performance of the EO overall hit a low point in the 1Q and improved in the 2Q and 3Q is basically because of improvement in HDD glass disks' performance. In this quarter, we caused inconvenience to our customers because we were unable to supply sufficient glass substrates due to operational problems, even though demand was so strong.
- There was a strike at the plant overseas and we were troubled because our supply was short for that. The strike has now been settled.
- Demand dropped just as the second building at the Vietnam plant was about to be constructed and investment for the building was suspended. That will be done later and capacity will therefore increase by about 20% by around June or so.
- Though utilization rate of glass media production was about 80% centered in 120GB products, it looks like we should be able to increase the rate somewhat more. Though not entirely back in form, we acquired qualification from three HDD drive producers in the 3Q and were producing products centered in 120GB products. We have just been qualified by two companies for 160GB products for the 4Q. I think that the 160GB products should proceed quite smoothly. Since demand weakens somewhat in the 4Q due to seasonal factors, the 1Q of the next fiscal term may be better than the 4Q. Even so, I don't think that the situation will return to the time when our sales volume was greatest. I think that there will be recovery taking advantage of the present trend.
- It seems that too many 2.5-inch HDDs were produced in the 3Q and there is a feeling that there is an extra inventory of about two weeks or so in the HDD market. I think there will be an inventory adjustment sometime during the 4Q, though probably not a major adjustment.

<Optical lenses>

- Our greatest concern is digital cameras. I don't know if it is only our Company or whether it is the entire market but I feel that demands in the market have weakened since the last half of November. I think that distribution inventory is probably accumulating. It seems that digital camera manufacturers are also being cautious and an inventory adjustment seems to have actually already started. The essential pattern is that the camera industry itself is very busy until Christmas and then tends to be less busy during the 4Q. It was also the same during the age of the film camera. During the past few years, digital camera have continued to show increasing growth and there was also a succession of fourth quarters that demonstrated good performance, though this year it looks like there will be a drop in the 4Q. Since HOYA has not only been in the conventional optical lens business now but has also been involved in Pentax cameras and components, if that is the way it turns out, the Company will also likely be affected. Though it may be a misconception on my part, for some reason, that is what I envision in the market.
- Single-lens reflex (SLR) cameras are expanding. The HOYA Optics Division has not contributed much in the area of SLR cameras and lenses for compact digital cameras have been much greater in importance. The company will be adversely affected if in the market SLR cameras expand and compact digital cameras decline.
- This is the field in which there was a sense of surprise in the 3Q and also the greatest source of worry in the 4Q.

<Vision Care (eyeglass lenses)>

- I would like to increase the profit margin a little more.
- We fail to offset the drop of the Japanese market in other areas. The market in Japan itself, including unit prices, is steadily shrinking. Though there has been no decrease in quantities, unit prices apparently continue to fall. Thus far, we mentioned "lower prices for eyeglasses for young people" and "the emergence of shops that sell eyeglasses for ¥5,000, ¥7,000 and ¥9,000 and the prices are falling even while quantities are increasing." During the past half year, there has been an expansion in shops that sell eyeglasses at prices of ¥20,000 or ¥19,800 in the bifocal market. People who have purchased bifocal eyeglasses at a cost of ¥35,000 or ¥40,000 are now going to those shops and that market has considerably reduced in size. It has been in a downward spiral.
- The greatest growth has been in Asia where the growth rate is 24%.
- Growth in Europe has temporarily stagnated due in part to the effects of foreign exchange but there is still room for growth in the future.
- 4Q is a strong season in Europe. There will be growth in January-March but the growth rate will probably be duller than in the same term last year. Although there was double-digit growth last year, there may not be that much growth this year.

<Health Care (Contact lenses)>

- The market environment is changing and this can be looked upon as a period of change. The Pharmaceutical Affairs Law has been amended and it would appear that things will become more severe for eye doctors who specialize in contact lenses. Since HOYA is developing contact lens retail stores in collaboration with doctors, it becomes impossible for the Company to establish new shops if they do not gain income and their numbers tend to drop. Among industry peers, there have been shop closures and also the inability to conduct advertising and publicity as a consequence of the amendment of the Pharmaceutical Affairs Law last year. Conversely, though, customers have increased by 20% at our existing stores and, though we would like to establish new shops, that is difficult to do because of the shortage of doctors. Though in the past we realized double-digit growth without fail while opening new stores, now the sales of existing shops are increasing and things are going smoothly overall but I think that it is a difficult environment for realizing further growth.

<PENTAX: Digital Cameras>

- There was no expansion in compact cameras. There are two reasons, first, we could not produce enough volume due to the shortage of battery supplies and, secondly, they were produced and sold but they did not sell very well.
- Though SLR camera sales were good, at first new products were supposed to have been released in October, 2007 but release was delayed about three months and, therefore, the Christmas selling campaign had to be promoted using old products and (camera) bodies were an uphill battle. However, interchangeable lenses expanded since the problem of insufficient capacity was resolved. The total sales in 3Q did not expand because the performance of camera bodies and compact type digital cameras was not satisfactory, while there was improvement in profitability thanks to the favorable sales of interchangeable lenses.
- In the 4Q, four new models (2 compact cameras and 2 SLR cameras) and five interchangeable lenses will be released on the market in late February and there should be growth there. The 4Q is essentially not a strong season but we can probably expect good sales of SLR cameras.

<PENTAX: Endoscopes>

- Endoscopes performed well. It is a product with a resolution of 1.2 mega pixels and enables diagnoses with about twice as much detail as conventional products. When used, it is possible to clearly see changes in the color of blood vessels and they are selling especially well in the U.S. and Europe. The plant is in full production. Even so, I feel that we are doing this with high costs both in production and in design and, though sales expanded, we still have not attained a satisfactory level in terms of profitability.
- Unlike digital cameras, this is a product with long product life and therefore favorable performance should continue in the 4Q.

<PENTAX: Medium- to Long-term prospects>

- I do not think that sales will expand that much. Sales are currently at the level of about ¥180 billion and we are aiming for about ¥200 billion by 2010 (the year ending March 31, 2011). In regard to profitability, I would like to achieve an operating profit rate of 18% before goodwill amortization. Though what we are really looking forward to is beyond that, it is too still early to give any specific figures.
- In regard to cameras, activity will be concentrated in SLR cameras. The self-development and production of compact cameras will be terminated, OEM will be accepted and only those areas that generate profit will be undertaken. Though it will be promoted in stages, as compact cameras decrease, that decrease will be offset by SLR cameras. Even with SLR cameras, we would rather produce the interchangeable lenses than the bodies. It is camera lovers who purchase lots of lenses and, if our products are acceptable to them, the number of lenses per camera will increase. I want to produce cameras that would be popular with people like that. I would like to work in a market that is different from other companies. Since SLR cameras will increase only to the extent that compact cameras decrease, sales volume will not increase but profitability will probably improve.
- In regard to endoscopes, what I really want to do will probably ultimately appear in the figures in 2010 and later. I can't say too much since confidential strategies are largely involved but there are markets that will probably expand steadily over the next five or six years including endoscopes themselves, endoscopes with forceps or stitching instruments installed at the tip or with instruments for electrically adhering cells, conducting surgery and so forth. Though such surgery is already being performed now, treatment is currently being implemented by methods on a larger scale. However, if endoscope surgery becomes a standard method in the future, I envision a market that will grow significantly and we will therefore proceed with this as a focus. Endoscopes will probably be different from those of today both in functions and in form. Since they will be instruments for performing surgery, image processing will naturally be necessary and we intend to work hard to promote their development with the aim of releasing them in 2010 and later as instruments for performing surgery rather than diagnostic purpose.
- One thing that we have to do by 2010 is how to assist in diagnosis since there is quite a lot that is missed in examinations using endoscopes. Another thing is examinations of colon. I think it is the colon that is affected most by lifestyle habits and the colon cancer is increasing faster than any other form of cancer. Stomach cancer is decreasing due to the reduction of Helicobacter pylori bacteria, which is the cause, and lung cancer is also decreasing due to the decline in smokers. It is a colon cancer that is not decreasing and examinations of the colon will increase steadily in the future. The growth of endoscopes themselves is said to have been 2-3% thus far and we will probably see overall improvement there. As long as we promote these two areas properly, the market will expand without fail. The market itself will expand and, since it is a new market, the company will be able to make a fresh start.
- Cameras account for ¥100 billion of the Pentax sales target of ¥200 billion. Within this

¥100 billion, compact cameras will decline while SLR cameras will increase. Half of the rest is for medical instruments and half of that again is for other business operations. Those other operations are also the tough segment in terms of profitability. Since there is a portion of those that would be best to undertake jointly with HOYA, I think that we have to earn ¥70-80 billion in the medical instrument operations including endoscopes by 2010. Since, in that case, we will have to achieve growth of more than 20% a year, we will focus special effort in that area. Then, in the Pentax operations, I would then like to achieve a profit margin of about 18%, excluding goodwill, by 2010.

【Questions and Answers】

Q: *Is the ¥4.1 billion for goodwill in the second half included in the Pentax segment?*

A: (CFO Ema) All of the goodwill is in the sales expenses of Pentax in segment data. It breaks down like this: intangible assets including patent rights (8-year amortization), order backlog (3-month amortization) and licenses (¥1 million/year with 10-year amortization) and, besides that, 10-year amortization for goodwill for that portion derived by subtracting Pentax's net assets from the sum total of ¥770 per share for Pentax stock purchased by HOYA. Though it is essentially debatable whether or not it should be the liability of the Pentax segment, it is posted to the Pentax segment in the calculation. The outlook for goodwill in the 4Q is ¥1.7 billion and operating profit would virtually disappear if we were to take liability for that.

Q: *It would seem that Pentax's operating profit for the full year would be about ¥8 billion if calculated based on the ¥3.3 billion of the first half. Do you think that there will be an upward shift in the initial forecast of ¥7 billion?*

A: Yes, that would seem to be so excluding goodwill.

Q: *You have included Pentax in the consolidated financial results beginning in the latter half. Does that mean that you have achieved results in something new that you are doing? Specifically, what changes will the president try to realize in the second half when he goes to Pentax?*

A: (CEO Suzuki) What we are working hard on now is the clarification of the profit/loss of the segment. Clarifying profit/loss will enable us to impose accountability on those who are managing the businesses. In other words, it will no longer be possible to get by with ambiguity and I think that it will be possible to realize the effect of diligent work driven by a sense of responsibility.

Q: *Do you intend to disclose the operating profit in each segment of Pentax and the number of cameras shipped, which has been the usual practice thus far?*

A: (CFO Ema) We have no such plans for disclosure.

Q: *What are the general targets for camera and medical instrument operating profit for 2010?*

A: (CEO Suzuki) The overall profit margin will be 18% but I can't say anything about the

distribution.

Q: I think that current performance has declined and that things will be tough for a while. Do you think that there will be some improvement next year? Do you think that it will be possible to boost profits to about 10% next year taking the foreign exchange situation and business climate into account?

A: (CEO Suzuki) I think that glass disks for HDD will move in a positive direction. I think that glass disks will no longer be lagging behind and that they will have an effect in elevating performance. Our greatest concern is the state of the digital camera market. I think that, if we are able to supply the volume that we anticipate, performance overall should trend upward. However, if the digital camera market deteriorates, I think that next year would be a tough year for us.

Q: In achieving a sales volume of ¥200 billion at Pentax, do you think that you will have to deal with fixed expenses in the form of structural reform? I think that Pentax has 6,000 employees but how will you deal with distribution between segments in the future? In addition, though HDD market is currently favorable, what will it be like in the long term? Have there been any changes since your last explanation?

A: (CEO Suzuki) There are some operations at Pentax that are not very profitable and I think that it will be difficult to continue operations with a low profit structure. There will be no improvement in profitability overall unless we do something about that.

In regard to the future of HDDs, you are probably talking about flash memory. In regard to competition with flash memory, though the cost of flash memory has dropped, I doubt that there is anything at present that can replace HDDs as the mainstream and, basically, I think that the hybrid type makes sense. Though it would depend on the time span that you have in mind, I think that it would be rather difficult to say that flash memory will replace HDDs to a degree this year or next.

Q: Within the context of the problem of the restructuring and such of the HDD industry, will you be thinking from a perspective of leadership? Will it be in a sort of non-core form?

A (CEO Suzuki) We are not thinking of a sell-off. I think that we would like to participate in some form or other if the opportunity arises within the restructuring process. Within that context, whether or not we play a core role will depend on the situation. We are not thinking in terms of a scenario of complete sell-off.

Q: What is the general impact of the strike at the HDD glass disk's plant in numerical terms? Is it within the range of opportunity loss, will there be recovery in the 4Q?

A: (CEO Suzuki) I think that production in the 3Q in real terms dropped about 8%. There was marginal loss. There is no substrate inventory at our side. Our concern regarding inventory is HDD inventory in the market.

Q: I think that HDD drive shipments showed an increase of more than 30% in October-December in the market. There is quite a gap between that and the -11.7% negative glass disks growth year-on-year at HOYA. It would be difficult to explain that entirely in terms of the impact of the strike and the issue of glass media. Specifically, isn't there a significant difference in the rate of income decline compared to media and substrate?

A: (CEO Suzuki) The most important factor is the reduction in the capacity of glass media compared to the previous year. Last year, we had full production with both old and new equipment but, with the switch to perpendicular magnetic recording, we could no longer use the old equipment and are promoting production using only the new equipment. Even if you call it full production, the actual capacity is less than last year. Therefore, I think that the actual share is also smaller. Since we made a capital investment only for the replacement of the old equipment, the overall capacity became smaller compared to the time when both (old and new) machines were being operated temporarily. Another factor is the drop in the unit price of glass substrate. In terms of volume, there was been double-digit growth though there has been no growth in terms of value, which is due to the drop in unit price.

Q: Would it be correct to say that the glass substrate unit price will not drop any further in 2008 because the shift to perpendicular will no longer have any effect?

A: (CEO Suzuki) It will not drop when viewed against the previous year.

Q: Do you think that the volume of LSI masks in EO segment will decline because of the loss of vigor of customers? I think that there should perhaps be a 50% improvement in revenues of LCD masks in the next term to offset the poor performance in the present term if seen strictly the trend of capital investment by panel producers. Do you think that is too optimistic?

A: (CEO Suzuki) Since the panel producers will install new equipment, the demand for masks will increase in proportion to the equipment installed. However, panel producers are busy at mass production and in the case the number of masks required for production volume has been reduced to the extreme. The offset between negative elements like this and the positive element of newly installed equipment will correspond to the mask demand next year.

There has been an extreme decline in high-end type semiconductor (LSI) masks. Besides high-end, there has also been a decrease especially in Japan in low-end to medium priced models.

Q: Please provide a breakdown of the ¥11.9 billion in capital investments in the October-December term, a breakdown of ¥12.5 billion in investments scheduled for the January-March term, your approach to investment in the next term and also to investment for growth in eyeglasses.

A: (CEO Suzuki) Almost all is related to EO and consist of investments for next-generation blanks and SLR camera interchangeable lenses and also for other operations in EO.

Next year, it will be necessary to make investments for increased HDD glass disks production in Vietnam. As the plan, in digital camera lenses, we would like to incorporate that portion of products produced internally by camera manufacturers and, in that case, we would like to continue capital investments even if growth in the digital camera market comes to a halt. Still, we want to think about this for a while, keeping our eyes on the situation. As for investment in eyeglasses, I think that it will be in the form of M&As rather than capital investment. The environment has become far easier to work in than before. I think that the amount of capital investment next term will be somewhat greater than this year.

Q: You stated that the shift to 160GB in HDD glass disks should proceed smoothly as long as they don't fall in production. Even so, if you shift to 160GB, the yield will probably decline at first. What do you envision in terms of the shift to 160GB and the profitability of glass disk business?

A: (CEO Suzuki) Though the yield is likely to drop, the unit price will increase. Generally, when launching the production of new products, the first three weeks are considerably tough. Looking at it in terms of quarters, profitability basically increases during those quarters in which you shift to a new generation of products. The structure is such that profitability rises in the first quarter and prices fall and profitability declines during the next quarter and we will also likely have a tough time with the 160GB disks. I think that it is natural for earnings to move upward during the quarter in which we shift to 160GB. In regard to the timing, it will be from the 4Q to the 1Q of the next term.

Q: If you achieve a sale volume of ¥200 billion and 18% operating profit for the Pentax segment, getting 18% in cameras is probably not possible with sales of ¥100 billion and, if you try in medical, the year 2010 is not that far in the future and, besides, a certain amount of R&D and investment are also probably necessary. Would it therefore be correct to say that you are placing the priority on 18% rather than on the ¥200 billion figure?

A: (CEO Suzuki) Yes, we are placing the priority on an operating profit rate of 18% rather than ¥200 billion. Moreover, the pipeline is not necessarily empty and the question is where to place the importance on those items that are in the pipeline. Whatever the case, in order to achieve that 18%, though it will depend on how far we can expand medical, we will not achieve ¥100 billion with endoscopes alone and business other than that is not going to disappear.

Q: It seems that there are some customers that use Shin-Etsu's blanks for semiconductor production. How much impact do you think there will be on competitive strength or the profit rate of blanks overall during the next three years or so?

A: (CEO Suzuki) I think that is a matter limited to 32nm. Since there is zero-based competition in 22nm, even if their products are partially used in 32nm, that will not be necessarily developed into 22nm. I think that Shin-Etsu will work harder than before if it

can achieve sales as a business. However, I don't think that there is any question of using technology used with 32nm in the next generation.

Q: Can I have any comments on the acquisition of Gyrus by Olympus?

A: (CEO Suzuki) I think that it is a good purchase. I think that the purchase of assets in that field itself is the proper choice for Olympus and, since it is not an improper market, it is appropriate as an acquisition.

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