

**Briefing Summary of the Analyst / Investor Meeting for the Consolidated Financial
Results for the 2nd Quarter : Three Months ended September 30, 2009**

Tokyo, October 30, 2009

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.

Quarterly Financial Highlights by Mr. Ema, CFO

<Consolidated financial results for the second quarter (July to September)>

- The interim dividend was 30 yen per share, the same amount as the interim period of the previous year. The payout ratio was 91.4%. The regional holding company in the Netherlands paid dividends of 124.0 billion yen to the HOYA Corporation in Japan at the end of June. As a result, HOYA has ample funds for dividends. Almost all profits for the interim period will be returned to shareholders.
- In the notes shown on page 6 of the Quarterly Report, the amount of the effect of foreign exchange translation of overseas consolidated subsidiaries and the rate of increase or decrease in foreign exchange rates are indicated in terms of the US dollar, Euro and Thai baht. In the second quarter under review, the yen appreciated 13.3% against the US dollar, 16.6% against the euro, and 13.0% against the Thai baht on a year-on-year basis. With the appreciation of the yen, net sales fell by 8.3 billion yen from a year earlier, operating income declined by 2.0 billion yen, ordinary income dropped by 2.0 billion yen, and quarterly net income decreased by 1.7 billion yen.
- Net sales were significantly adversely affected by the euro. Income declined due to the effect of the Thai baht. Production capacity is concentrated with manufacturing subsidiaries in Asia. The income of the manufacturing subsidiaries was significant and had an impact.
- On a consolidated basis, net sales declined 16.8%, of which 6.5% or 8,295 million yen was attributable to the effect of foreign exchange rates. Excluding the effect of foreign exchange rates, net sales fell 10.3% on an actual business activity basis. Net sales dropped 8.4% in the Electro-Optics (EO) division and 0.3% in the Vision Care (VC) division, rose 0.7% in the Health Care (HC) division, and declined 1.7% in the Pentax division. The EO division accounted for most of the decline in net sales. Digital-related businesses were adversely affected after the Lehman shock.
- On a consolidated basis, operating income declined 9.2% from a year earlier. Operating income decreased 9.8% or 2.0 billion yen due to the effect of foreign exchange rates, but rose 0.5% or 0.1 billion yen on an actual business activity basis. Operating income fell 24.3% or 5.0 billion yen in the EO division, but rose 3.2% or 0.6 billion yen in the VC division, 2.7% or 550 million

yen in the HC division and 18.8% or 3.8 billion yen in the Pentax division. The Pentax showed a significant improvement from the operating loss it posted a year earlier.

- Please look at the segment information on page 8. In the past, the EO division showed the highest profit ratio. Given the impact of the slump in digital-related businesses, however, the profit ratio of the Eye Care was higher than that of the EO. The Pentax moved into the black. In the Pentax division, an asset impairment loss of 28.0 billion yen was recognized at the end of March this year. As a result, without the cost of 1.1 billion yen that should originally have been recorded for the quarter under review, the overall cost was lower. The Pentax showed a profit of around 70 million yen, however, even with the above cost of 1.1 billion yen, and returned to the black, albeit only just.
- With respect to the growth rate by product (page 13), almost all businesses showed a decline. The year-on-year growth rate posted a double-digit drop because it is compared to the actual results before the Lehman shock.
- Conversely, compared to the immediately preceding quarter, a bottom was reached in the January to March period. The first quarter showed double-digit improvement from the January to March period, and the second quarter under review also indicated double-digit recovery from the first quarter. However, mask blanks and LCD photomasks remained at the same level as the first quarter, or showed a slight decline. MD (Memory Disk) indicated a recovery of about 70% from the previous fourth quarter in the first quarter, and an approximately 60% recovery from the first quarter in the second quarter. MD is currently in full production. The volume of MD increased, but its unit prices dropped. MD recovered to only about 70% of net sales at its peak, due to a fall in selling prices and the effect of the appreciation of the yen.

Segment Overview by Mr. Suzuki, CEO

<Mask Blanks/ Photomasks for Use in Semiconductors>

- In the semiconductor industry, consumables seem to be making a fairly good recovery but the equipment-related business still has some way to go with HOYA falling somewhere in the middle. Even if there is a recovery of volume, the mask industry will not improve unless the new designs and nodes start moving. For the time being, the market for masks is difficult. HOYA has an 80% share of the market in mask blanks, but with the market shrinking, there is an overall drop on sales of 20% with one third due to the exchange rates, one third due to the decline in unit prices and one third due to the aggravation of product mix. This situation will probably continue for the time being. It is difficult to imagine any major expansion of the mask market in the future. Since it is thought that the number of designs will decrease due to consolidation among manufacturers, there is no sense of an increase for masks. There is finally some startup in mass production of 45 nm but the hurdles are still high for the 32 nm. No matter which manufacturer, there are no so many installments of high NA liquid immersion steppers and without double exposure, it is not possible to make holes on chip. I believe that without capital investment, the ever-shrinking chip will come out using double exposure, before going

to 32 nm. I also believe that there is a connection with the demand for masks but unless moving to the new node, there will be no uplift in mask prices and things will be tough.

<Photomasks used for LCD>

- As for LCDs, I believe that the situation is favorable to China. Since every manufacturer seems to be going to China, the actual work of manufacturing the panels will probably also be moving to China. As far as panel production goes, we are seeing trends that are different from those of the past.

<Glass Memory Disks (MD) for HDD>

- Since about the last week of August, production has been running at full. Since September, a lack of capacity has caused some inconvenience to customers.
- The brakes were suddenly applied after the Lehman shock, but the subsequent acceleration was also sudden. Viewed from the perspective of the whole year, I am not sure that results will exceed those of last year due to the big fall in production in the first half-term. The Company is trying to retrieve in the second half-term what was lost in the first half of the year. At the moment, both substrates and media are operating at full capacity.
- Since it seems that we will fall short in terms of quantities in the second half of next year, there is a plan to build another factory.
- Unit prices are falling, in particular, for media. Since there has been a decline of 35-40% on unit price alone, I believe it will take time before a return to the previous state in terms of sales and earnings.
- There is a lack of production capacity in media. Since there does not seem to be much elbowroom in the overall market and there will soon be a shortage of substrates and media, I believe that prices will stabilize somewhat. For 2.5 inch disks, when memory capacity shifts to 320GB and I believe there will be a recovery in unit prices so the future is somewhat bright.

<Eyeglass Lenses>

- From a macro perspective, the situation is not all that bad but in Japan it is not good. As ever, the market in Japan is shrinking. The unit price factor was big in the past but now it seems that there is also contraction on a volume basis. The market is contracting by about 8%.
- For various reasons, business performance in the United States was not good in the 2nd quarter but on a local currency basis, there has been growth in the overseas markets including Europe and Southeast Asia.
- Considering the stated intention to sacrifice profitability for growth, the profit ratio is climbing even as sales are sluggish, and the upshot is a situation where VC profit ratio is overtaking EO. Nevertheless, there is a sense that the profit ratio for this term improved by about one point for inventory-related reasons. Again, I would like to adopt a strategy of reinforcing growth.

Segment Overview by Mr. Hamada, COO

<Digital Cameras and Optical Lenses etc.>

- Since the crash last year, inventory adjustment has been ongoing with all manufacturers curbing production. Stores have only recovered to about 80% in a year-on-year comparison but orders have been coming in since the summer and it seems that market conditions are recovering.
- Compact cameras will probably finish at 95-96% compared to the previous year and SLR at 99%, close to 100% in a year-on-year comparison in terms of volume. Volume seems to be recovering but the unit price is falling. This also has an impact on raw materials. HOYA optical materials and optical lenses have also recovered to the levels of the preceding year in terms of volume but since unit prices have fallen by 20-30%, sales have decreased by 20-30% compared to the previous financial year.
- From now on, it depends on how much is sold at Christmas season. Many of our customers in optical lenses said they are not sure about the outlook and there is a sense of caution about placing orders. The peak for optical lenses is from October to December with the start of the New Year being quiet. Now is the time to proceed with care.
- How much is sold in the stores is the key. There is a small recovery in North America while Japan is so-so, and Europe seems to be a little weak. According to the chain stores, customers are down by 20%.
- We manufacture the plastic lenses used in Blu-ray. In the spring of this year orders were flooding in but since the products for Christmas have already been manufactured and shipped, things are a little calmer now.
- In camera business, there is less of a burden on several fronts thanks to last year's restructuring and as a result of narrowing the focus to channels, regions and countries where we are strong, there has been considerable improvement but we still do not have our heads above water in the 2nd quarter. We are working hard to get to the surface and take in some air (turn to black) in the 3rd quarter.
- Volumes for the PENTAX K-7 midrange camera that was released in July are according to plan. Since the product is priced at ¥110,000-¥130,000, the results will not go beyond expectations.
- Orders for the K-x, a camera that is available in a choice of 100 colors, have been extremely high. Since it has not been on the market long, we have yet to receive the numerical results.

<Contact Lenses>

- In monetary terms, the market seems to have dropped by about 5%. There have been cases of customers switching one-day disposable contact lenses for lenses that can be used for two weeks or a month. At HOYA positive growth continues and we would like to see double-digit annual growth. There is also steady growth in the market share.

<Intraocular Lenses (IOL)>

- Growth in the market has been flat or little declined. A year-on-year comparison shows positive

growth for HOYA.

- Since entering the US market six months ago, we have received high marks from ophthalmologists, and the sense of expectation is high with respect to HOYA as an optics manufacturer and further evolution of optical technology through the merger with Pentax.
- We have moved the headquarters for the business to the United States and we have picked an American as a head of the division. It seems that this is something that ophthalmologists in North America appreciate. We are aiming for double-digit growth in the future.

<Medical Endoscopes>

- Overseas accounts for 95% of sales. Europe and North America are about fifty-fifty so the exchange rate has a great impact on the business.
- On a local currency basis, a year-on-year comparison shows positive growth for the units and the scopes for gastrointestinal (stomach and colon) endoscopes in both Europe and North America. The growth rate is higher in Europe.
- The United States is in the middle of revamping its healthcare system and the impact is some psychological restraint on buying. Large hospitals that depend on the budget system have a freeze on buying. Outpatient centers for colon examination established by groups of medical colleagues are operated privately and as such they are sensitive to business trends. There is a wait-and-see attitude of making decisions after seeing how the Obama reforms and the economy develop. Nevertheless, consumption of scopes is favorable since these are tools in everyday use.

Questions and answers

Q: Actual operating income is 4.0 billion yen higher than the 14.7 billion yen that was expected at the time of the financial results announcement for the first quarter. Tell us which products have contributed to this result.

A: (Ema, CFO) The MD substrate has contributed significantly to this result.

Q: Can you give us an outlook for the third quarter?

A: (Ema, CFO) Not yet, because the financial results for the second half will depend on what sales are like during the Christmas selling season.

(Suzuki, CEO) During the second quarter, sales were not as brisk in July, and began to rise from the latter part of August. Given this, sales are not expected to increase sharply in the third quarter, but are expected to rise from the second quarter. I think the problem will be the fourth quarter, but I do not expect that sales will decline sharply in the fourth quarter.

Q: I am a little shocked because the forecast of sales of mask blanks is pessimistic. It appears that exposure equipment makers have received numerous orders. I asked a mask inspection equipment maker, who told me that the sales volume of advanced masks had increased

considerably. As a result, I expected good news from HOYA. I am a little concerned about the fact that I consider that your competitors have increased their share. What is your reaction to this?

A: (Suzuki, CEO) In terms of advanced products, awareness increased, but there was no boom in the actual business. As of now, in advanced product development, 32nm and 3Xnm are in sights. These in a red zone (there is no solution to produce) in the past in terms of technology changed to yellow. It means it has reached the stage where they may be produced, but they are not at the stage of commercialization yet. We compete with other makers in the 32nm and 22nm nodes, and there are therefore no effects on profitable business. Both the 32nm and the 22nm will take more time. It will take one to two years to determine the next standards for blanks. I think that some of the blanks of the maker you mentioned will be used for 32nm. But I think that most of blanks to be used for 32nm will be the blanks of HOYA. It will take more time for the blanks to have a significant effect on business.

Q: Can you give us a forecast of capital investment and depreciation expenses for the fiscal year under review? If they increase, what will be the contributing factors? What are the projected capital investment and depreciation expenses for the next year?

A: (Ema, CFO) I previously advised that capital investment would amount to 25.0 billion yen, but I now expect that capital investment will increase by approximately 3.0 billion yen to around 28.0 billion yen. An increase of 3.0 billion yen is attributable to eyeglass lens manufacturing facilities and investment in new business with an allied party. Depreciation expenses stand at around 35.0 billion yen, which has not changed from last time. As to figures for the coming term, I have no data I can provide because the annual plan is yet to be developed.

Q: Will capital investment for MD be made in the next term?

A: (Suzuki, CEO) Capital investment for MD will be made next year on an inspection basis. It will therefore be reflected in next year's figures.

Q: With regard to photomasks used for semiconductors, I see that no new facilities or equipment have been purchased recently. What is your schedule for the future?

A: (Suzuki, CEO) Facilities and equipment for 32nm and 22nm were purchased last year and are currently in the start-up process. Consequently, I believe that we are included in the advanced group for semiconductor masks.

Q: Are HOYA's LCD photomasks benefiting from the boom in liquid crystal capital investment in China?

A: (Suzuki, CEO) We may be receiving certain benefits, however I believe that the facilities and equipment will become those for mass production. As a result, the market for masks will not be as large. I rather think that if production increases in China, the market capacity will certainly

be exceeded. I am concerned about this. A rise in capital investment in China may be favorable for HOYA, however if it causes a problem to industries, the mask industry will be also affected.

Q: I understand that HOYA took various measures to win back market share for LCD photomasks. What were the effects?

A: (Suzuki, CEO) I think that the measures we took have had an impact. With the start of G10, the entire market has expanded. Our competitor has only enjoyed the expanded portion. As to the remaining portion, I believe that our share has increased. The share of HOYA in the entire market has declined, but I think that our non-commitment to G10 was a good decision.

Q: For how long did the price of MD decline? Is my recollection that the price hit the bottom in the second quarter correct? If the plants are added, will depreciation expenses become a factor to squeeze profits?

A: (Suzuki, CEO) The price declined from the end of last year to the beginning of this year, and has continued to hit the bottom since then. Now that the price has fallen, it will not rise unless technologies are improved. As a result, the price is continuing to crawl the bottom. I believe that the shift to the next technologies will take place in the latter part of December, and I therefore expect that the price will recover in the fourth quarter. I believe that capital investment will amount to more than 10.0 billion yen, but it will not cause a heavy burden on a net basis because the other depreciation expenses have decreased.

Q: Will another plant be constructed for both substrate and media? When will the production capacity be increased next year?

A: (Suzuki, CEO) Another plant will be constructed for substrate only. The peak of the production capacity will be around this time next year. Even if a plan for new plant begins to be developed now, the plant will not be ready by this time next year. We will therefore use the vacant space of the existing plants next year, and make do. The new plant will operate normally the year after next.

Q: Do you mean that there is room to increase the volume by using the vacant space of the existing plants?

A: (Suzuki, CEO) I believe that the space can accommodate next year's portion, since I expect that the demand volume will increase by less than 18% to 20%. Given partial replacement of the 3.5 inch with the 2.5 inch and an increase in the 2.5 inch for laptop PC, 18% is assumed.

Q: Did sales of endoscopes on a local currency basis increase from a year earlier?

A: (Hamada, COO) Sales of endoscopes rose in Europe, and remained roughly flat or dropped slightly in North America.

Q:Has the effect of the healthcare system reform in the U.S. been felt yet? If there is progress in the reform, will capital investment be reduced? Or will demand for endoscopes rise due to an increase in demand for examinations?

A:(Hamada, COO) The effect began to be felt from around this January onward. It appears that people are psychologically unwilling to buy.

(Suzuki, CEO) I think the healthcare system reform is favorable for endoscopes. If the existing policy is carried out, a budget will be prepared for what is preventive and for early discovery. As a result, it appears that the healthcare system reform is considered favorable for endoscopes in general.

Q:I would like to confirm your approach to M&A. I heard that, in the past, Mr. Suzuki said that expenditure would be a maximum of around 500 billion yen, given a good deal, and Mr. Hamada recently mentioned a figure of around 100 billion yen. I think it will depend on whether or not the deal is good. If it is a good deal, will you conduct M&A by increasing borrowings? Or will you conduct M&A within the limit of the available cash?

A:(Suzuki, CEO) Even if the Company merged or acquired a good company at a cost of 500 billion yen, the Company would not collapse. In this sense, I think I said that we could do it at a cost of around 500 billion yen. I do not know what finance will be provided at the time, and whether it will be an acquisition or a merger. I was speaking hypothetically.

(Hamada, COO) I was asked whether there could be a deal as large as the Pentax deal. I replied that such a deal may exist. It appears that the amount of that deal was therefore reported in an article.

(Suzuki, CEO) I don't think that a company engaging in the eyeglass lens business would be as high as 100 billion yen. However, a medical company worth several tens of billions of yen would easily be priced at 100 billion yen on the present market. If that amount of money is not on hand, nothing meaningful can be done if there is a desire to do something in the medical area. I think this is a recent approach to valuation in the market.

Q:Can you give me the current operating income ratio for endoscopes?

A:(Suzuki, CEO)I cannot provide a specific figure. Basically, endoscopes are selling well, and they are better than before in terms of earnings and structure. However, endoscopes are very susceptible to foreign exchange rates. The overall cost of endoscopes is determined in yen, but almost all the sales are derived from overseas. As a result, sales of endoscopes on a US dollar or euro basis are affected by foreign exchange rates. Nonetheless, some profits have been earned from endoscopes, so please take into account the fact that endoscopes have improved in terms of structure. I think that the creation of a structure that is not vulnerable to foreign exchange rates will be a task in the future.

Q:You said that the mask blanks business is still experiencing difficulties. However, I believe there is

a possibility that sales of mask blanks will show a double-digit increase in the first half of next year. Orders received for devices and equipment are currently increasing. I therefore believe that the plant will begin to operate about a half year later, reflecting the orders. Are actual sales of mask blanks recorded earlier or later than when sales of manufacturing equipment are recorded?

A: (Suzuki, CEO) In general, sales of mask blanks are recorded earlier. Photomasks are required for equipment makers to conduct inspections. Sales of equipment are recorded when the inspection of the equipment is completed. On the other hand, photomasks are sold and their sales are recorded between the process of manufacturing the equipment and conducting inspections. As a result, I believe that the recording of sales of photomasks is earlier in general, by around three months.

Q: How do you see the stock price and valuation? How are they viewed internally?

A: (Suzuki, CEO) The current stock price is lower than the price quoted last year when the Company's results were poor, so it does not appear entirely linked to the Company's results. Regardless of whether the current market is good or bad, I believe that the current market capitalization of the Company is low, at around 750 billion yen. I think that the EVITDA ratio of 9 is somewhat low. Unless these figures become a little higher, I will personally not be satisfied.

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