

Briefing Summary of the Analyst / Investor Meeting
for the 1st quarter financial results for the fiscal year ending March 31, 2011
Tokyo, August 3, 2010

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.

Overview of financial results provided by Mr. Ema, CFO

- The Accounting Standards Board of Japan has released ASBJ statement No.17 and ASBJ Guidance No.20, which mainly incorporate the concepts behind the management approach with respect to information about the segments, and as of this fiscal year we have changed the segments. Appears on page 9 of the Quarterly Report, a complete change from the past framework for the segments, we have brought together products for similar markets and medical related products under the jurisdiction of the Ministry of Health, Labour and Welfare.
- If you look at the income statement (p. 7 of the Quarterly Report), sales were 105,592 million yen (an increase of 11.2% or 10,604 million yen compared to the same period in the previous year). With respect to the impact of foreign exchange rates, the yen appreciated 5.7% against the dollar in this period, 14.0% against the euro, and dropped 0.4% against the Thai baht. In particular, the appreciation of the yen against the euro had a major impact.
- Performance at our consolidated overseas subsidiaries is converted into yen. The Quarterly Report notes the impact of the difference between the exchange rate in the previous fiscal year and the rate for this fiscal year. The impact was 2,932 million yen on net sales, 452 million yen on operating income, 570 million yen on ordinary income, and 429 million yen on net income, so it seems the impact is diminishing the sales and profits.
- Net sales increased by 11.2% over the same period in the previous year but since the impact of the exchange rate decreased 3.1% (2.9 billion yen), net sales on a constant currency basis were up 14.3% (13.5 billion yen). On a per-operation basis, the Information Technology segment increased by 10.2 billion yen (up 10.8%) and the Lifecare segment by 3.58 billion yen (up 3.8%).
- Operating income was 20,139 million yen, which is an increase of 116.6% or 10,842 million yen. Since foreign currency rates results in a decrease of 4.9%, there was an increase of 11,290 million yen (up 121.5%) on a constant currency basis. On a per-operation basis, income increased by 10.0 billion yen (up 107.9%) in the Information Technology segment and increased by 1.3 billion yen (up 14.0%) in the Lifecare segment.
- The Information Technology segment contributed to increases in both sales and profits on an overall consolidated basis.

- Ordinary income rose by 10,977 million yen to 17,460 million yen (year-on-year increase of 169.3%) but the gain on transfer for the sale of the glass memory disk media business was 10.3 billion yen. Income for the 1st quarter before adjustment for taxes was 25,118 million yen, and 1st quarter net income increased by approximately 5.5 times to 21,025 million yen (up by 446.0%).
- The cash flow statement (p. 8 of the Quarterly Report) shows that net cash provided by operating activities earned 27,909 million yen in cash revenue. Net income for the 1st quarter before adjustment for taxes was 25,118 million yen and when we add in depreciation costs of 8,187 million yen, we have approximately 33.0 billion yen, comprising the greater part of cash flow provided by operating activities.
- Cash flow used in investing activities amounted to 9,654 million yen. Most of this sum was attributable to payments of 8.0 billion yen due to acquisitions of tangible fixed assets.
- With respect to cash flow provided by (used in) financing activities, we paid out 14,562 million yen in dividends, and since we raised 7,998 million yen from commercial paper, which results in net out at 6,626 million yen. The balance of cash and cash equivalents was 168,507 million yen at the end of the first quarter.
- With respect to the interim earnings forecast for September 2010 (p. 4 of the Quarterly Report), we estimate sales of 205,600 million yen (an increase of 1.9%), operating income of 38,700 million yen (up by 38.2%), ordinary income of 34,900 million yen (up by 65.7%) and interim net income of 32,600 million yen (an increase of 129.5%). With respect to the second quarter of the financial year, we estimate sales of 100,008 million yen, operating income of 18,561 million yen, ordinary income of 17,440 million yen and net income for the period of 11,575 million yen. Since we have sold the media business to Western Digital Corporation in the United States, we no longer have media sales and profits, which is a negative factor. However, since the other businesses are working hard, operating income has decreased by 0.8% compared to the same period in the previous year, and the outlook is to roughly maintain the standard of last year. In terms of foreign currency exchange, the impact of the euro is a major factor.

Overview of operations provided by Mr. Suzuki, CEO

- With respect to the interim earnings outlook, if pushed I would have to say that we are working on the assumption that the yen will strengthen even further on the currency exchange.

< Mask Blanks/Photomasks for Semiconductor Manufacturing >

- We have long been saying that “photomasks are counter-cyclical” and with semiconductors entering the adjustment stage across the board, new devices development is moving bit by bit, and there is a little improvement in photomasks. Since foundries and other semiconductor manufacturers have been running at full production until now, new devices development was in disarray but as we are now seeing partial movement in new devices development, I believe we find ourselves in a situation where demand and supply for semiconductors has eased off a little.

- Development of EUV is now in full swing at major companies and they have intention to start up their pilot lines in 2011, and mass production from 2012 focusing on DRAM. There is a move on in the industry to work this out.
- Development of new devices and the drive for cutting-edge development are robust in Asia.

<Photomasks for Liquid-Crystal Displays (LCD)>

- Production of small size panels for smart phones seems busy and the shortage situation continues. As for televisions, it seems that Taiwan manufacturers have entered the adjustment stage with production down by more than 10%. In South Korea, capacity utilization is a little higher but it seems that disposing of inventory has become difficult. Since the unit prices of panels for 38-inch and 42-inch televisions are also coming down, South Korea is also likely to shortly enter the adjustment stage. I think the second and third quarters will continue at this pace and that unit prices will not go up.
- There are rumors about the G11 in Taiwan. If Taiwan really launches the G11, we will also have to consider capital investment that is compatible with G11.

<Glass Memory Disks (MD) for Hard Disk Drives (HDD)>

- HDD manufacturers have entered a stage of adjustment. It seems that inventory levels for drives are in excess of 4 weeks. For a period of time, they had inventories of maybe one week so compared to that period, it seems that the stock has built up a little and they are applying the brakes.
- At the end of June, drive manufacturers flooded PC manufacturers with their products and as a result inventories dropped considerably for a time around the end of June, but as of July there have been drastic cuts in production.
- 320 GB products are the leading edge but it seems that the yield rate is not good at any drive manufacturer. The main product at their production is still 250 GB and nobody is able to have made the complete switch to 320 GB. Therefore, the prices of 320GB HDD are dropping unexpectedly, even though no many 320 GB HDD products are released, and I am afraid that the 320 GB HDD will miss out on profitability.
- Glass substrates are booming at the moment. The drives as such are in the adjustment stages, but since inventories of both glass substrates and media are empty, substrate shipments are for the moment running at full capacity, but even here there will be a temporary period of adjustment at some stage. For the moment, we are still in full production.

<Optical Lenses etc.>

- With the exception of several of the major camera manufacturers, all companies are making downward revisions. Since commercial inventories have accumulated in Europe and the United States and there is a lack of movement, camera manufacturers are in a period of inventory

adjustment. However, lens manufacturers are sensing a tailwind in the air since there is currently competition in the 8x and 10x zoom lenses for compact cameras and emergence of the new so-called mirrorless format in the SLR camera market, which format differs from the old interchangeable lenses.

- We are currently concerned about raw materials for optical glass. Rare earth elements are used in the lens polishing materials but demand is strong in China, and since China seems to be controlling exports, there is an atmosphere of restrictions on exports of rare earth elements. Depending on the product, there is potential for an impact here.

<Eyeglass Lenses>

- In local currency terms, our performance is not bad. We have a double-digit increase in sales in Europe and growth of nearly 20% in Asia. The United States is also on the plus side. In Japan, unit prices are still falling in a market where distribution is growing by 20% but the sums are decreasing by 10%.
- We are concerned that what has happened in Japan is also happening in other markets. There are signs that unit prices may fall too far in Scandinavia, Spain and Australia, and unless price competition between the major chains stops, unit prices will have dropped by 20-30% in one year in Sweden and about 20% in Spain. A phenomenon that in the past was only seen in Japan is now appearing in other markets. Unless products sell in considerable volume, it is not possible to raise good sales. From the perspective of manufacturers, it seems that there has been an increase in markets where the competition weeds out the players.
- Adjustment is currently progressing across the board. I believe that the market will not drop too far from this point, but even if the adjustments more or less come to an end, there is currently no sign of any factors that will set volumes soaring with the exception of seasonality. There will not be much of a drop from here, but since we are not in a situation where things are moving up, I believe that the second and third quarters will hover at the present base.

Overview of performance provided by Mr. Hamada, COO

<Digital Cameras>

- Inventory is still accumulating in Europe. Production and shipments are higher than the momentum of consumption. This year, SLR cameras will grow by 15-20% over the previous year in terms of production, shipment and sales but inventories of compact cameras seem to be building all over Europe. We are keeping careful watch on the situation.
- In Japan, in particular, the mirrorless camera market is growing and is positioned to capture approximately 30% of the SLR market.
- Overseas, mirrorless cameras are selling to some degree in the United Kingdom. Manufacturers may not have got around to sales yet but one way or other the mirrorless cameras are starting to

catch on, and all companies will be focusing on sales from now. I think they will have about 30% of the global SLR market within two years or so.

- We have looked carefully at the situation but since sales are not good even when we release the same products as other companies, we would like to release products with an individuality that shines through.
- In the beginning of June we shipped the medium-format digital SLR (645D) for professional and advanced amateur use. Priced at about 900,000 yen apiece, we released several hundred in one go, and it sold so well we finally managed to get back orders. As a result, the camera business broke even in the first quarter.

<Microscopes>

- With respect to Blu-ray players, set manufacturers have started to think that “they will not sell beyond expectations” and production plans have been revised downward in the past month or two. It seems unlikely they will sell well even in the Christmas shopping season, and since it seems they won’t sell even if prices are lowered, some manufacturers are saying that are determined not to lower prices. It seems that consumer goods, including televisions, will not see much growth in the Christmas shopping season this year.

<Medical Endoscopes>

- In Europe, the ratio of national and public hospitals is high and with the United Kingdom and southern Europe waiting for reforms to the medical system, there is a complete curb on investment, buying is fairly restrained, and decision-making is slow. There is a sense of deceleration.
- In the United States, there is a sense of a gradual momentum but it seems demand for endoscopes and other products for capital investment has not recovered fully. Since surgical instruments are used every day, I think recovery here is faster than endoscopes. We have a subsidiary in the US that deals in surgical instrument and they are making a good recovery.
- Asia and Southeast Asia, including China and India seem to be completely divorced from the recession and the global economic uncertainty, and since many countries are brimming with intention to build their healthcare systems, there is sound growth. We are also expanding in order not to lag behind the growth in the market.

<Contact Lenses>

- We have 170 stores in Japan and seven in Shanghai, China. Growth is steady at double digits.

<Intraocular Lenses (IOL)>

- Growth is steady at double digits. Since we have only just advanced on North America, and since our operations are in the startup stages, there is lots to work. Asia is growing steadily. We are also planning new products and we have various products in the pipeline.

<Composite Bone>

- We are using a new material called apatite with wide applications ranging from surgery and joints to cranioplasty. We have developed products from ceramics to pastes and while the scale of the business is small, it is doing well.

Q&A

Q: Please tell us about performance trends for electronics-related products.

A: (CEO Suzuki) HDD glass disks performed best in terms of both sales and profits. Compared to the same period last year, optical lenses have also improved. These two segments are driving the performance. Aside from this, there have been no major changes in semiconductors and LCD products.

Q: We are concerned about the competitive climate for blanks and declining price with new entrants in the market, but there are also the EUVL products, which are potential growth drivers. Please tell us about the possibilities and the current competition.

A: (CEO Suzuki) We are competing in the race to develop the 22 nm and 20 nm domains, but there is no impact on real business since we still do not know which of these products will be certified. So far HOYA has been 100% involved in the advanced domain and I think the environment will turn viciously competitive from now on. This is the situation in 32 nm to 22 nm but if we look a bit further into the future, people are saying that there is no other solution but only EUV can be the only way forward for DRAM, so EUV is perhaps emerging sooner than we thought. We have been working on this issue for nearly 20 years now but since we thought that EUV would be another four or five years in the future, there is some sense of urgency since things are now suddenly starting to move. Unless we put out a solution, things will not be able to move forward. We still don't know if EUV will be marketable but since EUV is the only remaining solution for the advanced domain, the industry has no choice but to move that way.

Q: You have sold the media business and that share of sales and profits will disappear, but will you also continue to supply glass substrates to Western Digital (WD)?

A: (CEO Suzuki) Right, I would like you to understand that we have retained the right and responsibilities to supply substrates for the Singapore plant where we originally manufactured media. You should recognize that we still retain about one third of the decline in media sales in the form of substrates sales.

Q: You have announced plans for new plants but what about the plans for annual investment sums and depreciation cost? Please tell us about the schedule for the new plants.

A: (CFO Ema) We announced a 43 billion yen capital investment plan in May and, at this time, aside from the glass substrate plant in the Philippines (planned to go operational in the fall), we have

plans for a plant on a similar scale in another country where we have been preparing for sites and buildings. For that part, we decided to increase the amount of capital investment by about 3 billion yen in this fiscal year. It takes approximately one year from the start of work to shipments. In May we announced depreciation costs of 33.5 billion yen and we are now planning for 34 billion yen.

(CEO Suzuki) We plan to start up the plant in the Philippines around October, but we don't know what will happen to demand once adjustments enter in the picture. If things go according to the present plan, we expect to run at full capacity by April next year. As for the other plant, we have prepared a building but in terms of timing and how much equipment to install there, we will be keeping an eye on demand as we move forward. When demand increases, I think we will only require a system capable of short-term shipments. The G11 is still in the hearsay stage, and we would prefer not to go down that route, but if other companies than Sharp get involved, we will have to do something. Since it is still at the level of rumors, we will take our decision after confirming the real intentions.

Q: Compared to the same period last year, profitability in the Lifecare business has improved. What are the reasons?

A: (CEO Suzuki) We have changed the mix of products.

(CFO Ema) Retail of contact lenses and endoscopes did better than last year.

Q: With respect to the interim forecast, the sale of the media business and the impact of foreign currency exchange rates are negative factors. Would there be increases in sales and profit if they were excluded?

A: (CEO Suzuki) Things would be flat.

Q: Performance has been good but on the other hand, I think the stock price has not performed so well recently. There is a gap between the direction of the changes in the business structure and market recognition, and I think there have been some disappointments. What do you think?

A: (CEO Suzuki) I am not sure how appropriate it is to comment on the market from the position of someone who manages a company, but perhaps I dare say that we are in a situation where "we do not quite know what is HOYA at the present." As far as we are concerned there has hardly been any change between now and five years ago, but in the view of the market of five or six years ago, whenever they looked at semiconductors, LCD or HDD, it indicated HOYA, and at that time, it seemed no one was interested when we talked about eyeglasses. The market sees that HOYA is not clear on "how it will build a future for itself" and I suppose we also have problems with communications, but I think the way the market reacts gives people indigestion. As was the case with HOYA seven or eight years ago, we can see the limitations. Having said that, semiconductors are not going to disappear and HDD will also grow from now on in volume terms. It is possible that flash will replace HDD at some stage, but at the moment we are still seeing growth, and there is

reasonable leeway for growth in both electronics and PCs. The scale is still small but there is also new application development such as cover glass for smartphones. But, from the macro perspective, we would like to balance future growth at HOYA by pursuing non-technologies (Life Care segment). There are some underestimated areas in this domain, both inside and outside the company, and it is our task to convert this growth margin into something tangible, and at the end of the day, we would like the stock market to appreciate this point as well. With technology and non-technology as the two wheels under the cart, we would like an appropriate assessment on the market that is reflected in the share price. At the moment, the market is also in a transition period, and I think the point of “what will become of HOYA” is causing some people indigestion.

Q: Compared to one year ago, the Information Technology segment has increased earnings by about 10 billion yen. Which products contributed the most?

A: (CFO Ema) Glass memory disks and optical lenses were the biggest contributors. Next, it will be photomasks for semiconductors.

(CEO Suzuki) Glass disks and optical lenses account for 80-90% of the increase in profits. Other products (semiconductors and LCD) are also contributing to the positive growth but their contribution ratios are small.

Certain statements contained in this report constitute forward-looking statements regarding the company’s future performance and environment of the industry in which the company is involved. Forward-looking statements are based on the judgment of the company and corporate group obtained based on information obtainable at the time the statements are made and they also contain risks and uncertainties. The company does not guarantee the completeness or accuracy of the content. Consequently, you are advised to refrain from making investment judgments relying entirely on these forecasts. Actual performance and the industry environment may differ materially from those expressed by the forward-looking statements for a number of reasons. You are requested to make final decisions regarding investment, etc., on your own. Please be aware that we cannot take responsibility for the outcome of investments.