

Briefing Summary of the Analyst / Investor Meeting
for the 1st quarter financial results for the fiscal year ending March 31, 2012
Tokyo, July 29, 2011

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

<Overview of financial results>

- Pursuant to the rules of the International Financial Reporting Standards (IFRSs), the “Kessan Tanshin” or official consolidated financial results, submitted to Tokyo Stock Exchange, were created by focusing mainly on continuing operations, which I believe makes it difficult to capture the entire picture. Accordingly, I will use the *Quarterly Report*, you can see the photo of large tree on the cover page, written in English, to provide you with explanations regarding all our businesses.
- In the 1st quarter under review, we concluded an agreement to transfer our camera business to Ricoh. "Assets held for sale" of 18,836 million yen, which appears in the balance sheet on page 4 of the *Quarterly Report*, indicates the value as a lump sum. Accordingly, many of the assets on the same balance sheet decreased from the previous quarter. In the same way, page 5 shows "Liabilities held for sale" of 9,474 million yen. The difference between these two values, which is 9,362 million yen, is the book value of the sale of the camera business as of the end of June.
- The “Quarterly Consolidated Statement of Comprehensive Income” on page 6 shows the values of all operations. For the performance of the entire Group, please see page 6 (all operations).
- To provide you with an overview of the Consolidated Statement of Comprehensive Income, sales were approx. 101.8 billion yen, down 4,172 million yen (3.9%) year on year. Contributions to this negative growth included a 1,687 million yen decrease in sales due to the influence of the exchange rate change, as described in Note 1. When the 1,687 million yen influence of forex is subtracted from 4,172 million yen, which is the total amount of the decrease, the remaining value is 2,485 million yen. This is the amount of the decrease due to actual business activities. However, the value for the previous year includes sales of approx. 4 billion yen from the HDD glass disk media business, which we sold to WD during the last fiscal year. If we consider this point, sales from actual business activities increased by approx. 1.6 billion yen year on year. To show the breakdown of this value, sales in the Life Care business increased by 3.2 billion yen, while those in Information Technology declined by 1.6 billion yen.
- Profit before tax was approx. 19.3 billion yen, down approx. 9.1 billion yen (32.1%) from

approx. 28.4 billion yen in the same quarter of the previous year. Contributions to this negative growth included a decrease in sales of approx. 0.7 billion yen due to the exchange rate change. In addition, the value for the previous year includes 10.9 billion yen from the HDD glass disk media business we sold last year (including a gain from the transfer of 10.3 billion yen). When these points are taken into account, the profit from actual business activities increased by 2.5 billion yen. By segment, Information Technology showed an increase of 0.4 billion yen, while the value of Life Care grew by 1.4 billion yen. The other values are for Adjustments and Other.

- With regard to comprehensive income, the value for “Exchange differences on translation of foreign operations” was calculated by translating the total net assets of approx. 100 overseas subsidiaries based on local currencies. The value is negative if the yen is stronger at the time of conversion. The value for the same quarter of the previous fiscal year was -19,119 million yen, while that for the quarter under review was -3,793 million yen.
- As Note 2 shows, the value of the yen against the US dollar was 11% higher and that against the Thai baht was 4.6% higher, while being 3% lower against the euro. These variances are negative factors for sales and income in Asia and the Americas, while being a slightly positive factor in the euro zone.
- Page 7 shows the comprehensive income from continuing and discontinued operations, respectively. Last year, the HDD glass disk media business was the only discontinued operation. This year, the camera business, which we decided to sell, is the only discontinued operation, and income from the camera business in the same quarter of the previous year is also shown for comparison. The variances for this business have no substantive meaning.
- Regarding the Quarterly Consolidated Statement of Cash Flows on page 8, the “Net cash generated from operating activities,” which is approx. 19.5 billion yen, includes approximately 19 billion yen profit before tax. Regarding the “Net cash used in investing activities,” which is 6.7 billion yen, a transferable deposit is included in the securities. Part of this transferable deposit is appropriated for the acquisition of property, plant and equipment, and the remaining value is 6.7 billion yen. With regard to “Net cash used in financing activities,” the cash was used mostly for the payment of dividends.
- Page 9 shows the segment information. The “Segment profit before tax ratio” was 24.3% for Information Technology and 19.9% for Life Care.
- Page 11 shows further details of the results for each segment. The upper table shows the results by business segment, and the lower table shows the breakdown by geographical area. The results of continuing operations comprise the majority in both tables. By business segment, “Electronics related products” in the Information Technology segment shows a decrease in sales. During the 1st quarter under review, the semiconductor industry had a difficult time due to the earthquake, which caused a decline in sales of LSI photomasks. Sales of HDD glass disk substrates were also affected by the slump of the entire PC market. Sales of Imaging related products were affected by the shutdown of an optical lens plant due to the rolling blackouts. In the Health Care related products, both eyeglasses and contact

lenses showed increased sales. Among the Medical related products, intraocular lenses showed double-digit growth in Europe and Asia, but declined in the United States. Medical endoscopes showed double-digit growth in Japan and Asia. Medical endoscopes also showed double-digit growth in the United States in local currency terms, but remained flat due to the appreciation of the yen.

- Page 12 shows the projected results for the first half of the current fiscal year for all operations, including camera business. Revenues are expected to be 210 billion yen, while profit before tax and profit for the term are forecast to be 38 billion yen and 30 billion yen, respectively. For the 2nd quarter, revenue is expected to remain flat, while profits are forecast to show a modest increase.

Overview of operations provided by Mr. Suzuki, CEO

<Overall>

- The impact of the earthquake turned out to be relatively minor. Overall, the number of orders received has been recovering, and I do not believe that the situation is too bad.

<Mask Blanks for Semiconductor Manufacturing>

- Sales were almost equivalent to those for the same quarter of the previous year. There was no significant change. We will establish a plant in Singapore to which we will transfer part of production.
- With regard to EUV, steppers (exposure systems) have been adopted at some companies. They have been begun operating and we are beginning to gain an understanding of what we can and cannot do. I believe that devices with 20-something nm, which we are targeting, will be technologically possible.

<Photomasks for Semiconductor Manufacturing>

- Sales declined 20% year on year. The impact of the earthquake was significant, and we were not able to operate the plants in April due to the rolling blackouts. In addition, our overseas sales declined because overseas customers did not place orders for masks with Japanese manufacturers in April and May.

<Photomasks for Liquid Crystal Displays (LCD)>

- We achieved 10% year-on-year growth, led by small- and medium-size products for smartphones. These products are not large in terms of size, but do require technologies. Accordingly, the prices are high.

<Optical Lenses>

- The sales amount itself is almost unchanged from the same quarter of the previous year. We were unable to melt glass in April because of the rolling blackouts, but we were not affected significantly because we had sufficient inventory of melted glasses.

<Glass Memory Disks for Hard Disk Drives (HDDs)>

- Because our plants are located overseas, we were able to operate them normally with no impact from the earthquake. However, demand declined because some of our customers faced shortages of other parts in April and were therefore unable to produce 2.5-inch HDDs with capacities of 250GB and 320GB in April and May. In addition, set manufacturers had inventory, partly because the PC market itself had been weak, so the entire market did not gather steam until early June. Consequently, sales of our substrates declined by approx. 20% year on year. We have now resumed full-capacity production. Drive manufacturers are bullish regarding their prospects for the second half of the year.
- The main factor that dragged profit down was the soaring price of cerium. An alternative material is already in use, but it will not fully replace cerium. The use of the alternative material results in a longer processing time than with cerium, which leads to reduced production efficiency and considerable costs. We have commenced negotiations with customers regarding a price increase of around 30%.

Overview of performance provided by Mr. Hamada, COO

<Digital Cameras>

- With regard to cameras as a whole, we were concerned the supply chain to be damaged significantly by the earthquake, but it recovered earlier than expected. Probably due to the early recovery, we experienced an increase in the number of orders we received for our lenses. However, sales of SLR cameras stopped growing in June and July, which was a global trend. They also stopped growing suddenly in China, where they had been growing continuously. The market has thus gradually been growing bearish, and we are not sure what the cause of this trend is.
- As for the camera business of HOYA, the P/L statement figure broke even, despite the impact of the appreciation of the yen and the March 11 earthquake. We expect a better result for the 2nd quarter because we will be launching a new product.

<Optics>

- The performance of our Optics Division has been stable, with long-term contracts with manufacturers, thanks in part to the reestablishment of relationships with manufacturers that we have achieved in the last few years.

<Eyeglass Lenses>

- Globally, we achieved year-on-year growth in local currency terms.

<Contact Lenses>

- We have maintained positive year-on-year growth of around 10%. Currently, as of today, the number of our stores in Japan has increased to 186, and our share has grown to nearly 20%.

I believe that we will maintain strong performance for some time.

<Intraocular Lenses>

- We remain stagnant in the United States because we are having difficulty gaining approval for the new product. We are enjoying steady growth in other geographical areas. Above all, our market share in Japan has grown to 32%, according to our own research. We expect that we will be ranked 1st in terms of domestic market share in eight or nine months.

<Medical Endoscopes>

- The economic environment is worsening in Europe, particularly in Portugal, Spain, and Italy. Italy intends to cut its healthcare budget by 1.5 trillion yen to nearly 2 trillion yen in the coming three years. Our performance in Europe in local currency terms remained almost unchanged from the same quarter of the previous year. We are continuing to experience double-digit growth in the United States, Asia, and South America. Our entry into emerging countries has been progressing well to date.
- We are enjoying a double-digit profit ratio. We will aim to achieve both increased sales and profit ratio growth, although this is difficult.

Q&A

Q: *The projected results for the 2nd quarter on page 12 state that the profit before tax will be 18 billion yen. Will this include a large amount of profit from the discontinued operation? What will it be like in comparison to the profit before tax from continuing operations for the 1st quarter, which was 17.5 billion yen?*

A: (Ema, CFO) Profit before tax for the 2nd quarter from all operations will grow by 13.3% compared with the same quarter of the previous year. Sales of HDD glass disk substrates have been recovering from the damage they suffered during the previous year. The quarter-on-quarter comparison shows a 3.3% decline, but this is due in part to special factors, as the figure for the 1st quarter includes a reversal of the impairment we undertook in the past. As a result, the profit is expected to increase virtually.

Q: *Is there any change in the results for the April-June quarter or in the full-year business prospects compared with what you expected at the time of the announcement of the financial statements in May? Was the soaring price of rare earth within your expectations?*

A: (Suzuki, CEO) We developed the annual budget internally, but did not use it because the earthquake occurred immediately afterwards. We did not announce any projected results officially as of May, but our views have not changed significantly from what they were in May. However, events that were unexpected last year, such as the decision to undertake the overseas transfer of plants and the soaring price of rare earth, occurred after the earthquake. Such events do not have a major impact on P/L, but brought about changes to our views regarding cash and capital expenditure.

The impact of rare earth on costs was not what we expected. Above all, its impact on HDD glass disks was significant, and as I told you earlier, we are asking our customers to accept a 30% price increase. You can assume we are affected to that extent.

Q There is a sense of uncertainty regarding the future of the high-tech market. What is HOYA's outlook for the future of the semiconductor industry? We would be interested in your answer to this question, along with your business outlook.

A: (Suzuki, CEO) We don't consider the entire semiconductor industry to be particularly bad. Demand for PCs has been declining recently, so we consider that the situation of DRAMs is tough in terms of price. Overall demand for flash memory, which should continue to grow due to demand for its use in smartphones, is lacking momentum. In addition, demand for flash memory other than that for smartphones has decreased. It therefore seems that the flash memory market is less vigorous than expected. But it also seems that the business has become stable in terms of profit structure as the development of a structure for co-existence has made progress through the mergers of companies, etc. Because the ground has thus become firm, some investments in new designs have begun to be made, for example. There are both positive and negative aspects, but the entire industry appears to be changing for the better.

Q: How are the situations surrounding the sales of EUV and the entry of other companies into the LSI mask blanks market?

A: (Suzuki, CEO) Mask blanks for EUV has yet to generate a large amount of sales. Our market share has been scarcely affected by the entry of other companies into the blanks market. Those companies are still in the product development phase and have not yet begun operating in the market.

Q: Please let us know how you will disclose your financial statements under IFRSs going forward. Please include the aspects that improved and those that worsened after the introduction of IFRSs.

A: (Ema, CFO) We began to apply IFRSs in 2008 in response to the request to use a single measure for making internal decisions with regard to budget. We would like to let investors know about it as our management approach. However, the principle of IFRSs tells us to divide operations into continuing and discontinued operations for investors, while investors say that they will only refer to information regarding continuing operations. In fact, however, we are convinced it is necessary for you and us to look at the entire company. In that respect, the designated formats, including that of the Japanese official financial statements such as "Kessan Tanshin", lead to our having sympathy for the investors because they only show the results of continuing operations. We would like to make it much easier to use by involving people from the mass media as well.

A: (Suzuki, CEO) I think it will take some time before it becomes easy to use. I believe that you

want to make comparisons with other companies. However, I do not think it will be easy to use unless more companies apply IFRSs and the format is unified under shared ideas.

Q: Please tell us more about the rapid decline in sales of SLR cameras in China. Other companies attribute the decline to a lack of products. What is the actual situation? How much annual demand do you estimate?

A: (Hamada, COO) The first region that other major manufacturers focused their efforts on after the earthquake was Europe. It is true that the volume of exports to China became lower accordingly. In this aspect, they may be right in attributing the decline to a lack of products. However, sales in Europe have not grown in the last few months either, probably due to the deteriorating economy in that region. The market in the United States has also been slowing, which must be watched, but the cause of the decline is unknown. With regard to compact cameras, the market is invaded by smartphones. We believe that sales of SLR cameras will grow around 15% year on year. Currently, sales are almost unchanged year on year from the global perspective, but we will have to wait and see what happens during the period from autumn until the Christmas selling season. We believe that the market itself will still continue to grow because major manufacturers will release mirrorless cameras in the coming six months.

Q: At the time of the disclosure of your financial statements in May, you estimated 40 billion yen for capital expenditure and 35 billion yen for depreciation and amortization. Please tell us your plans for the current year and next year in relation to the establishment of factories for producing blanks and optical glasses.

A: (Suzuki, CEO) We are yet to develop our plan for the next year, but the establishment of factories for blanks and optical lenses will result in a capital expenditure increase of approx. 10 billion yen from the value we projected in May. The 10 billion yen covers equipment to be accepted this year. Depreciation and amortization will not change very much this year, although it will change significantly next year.

A: (Ema, CFO) Based on current acceptance, we estimate our capital expenditure for this year to be 46 billion yen. Depreciation and amortization is estimated to be around 34 billion yen.

Q: How do you view and consider dividend resources under the IFRSs?

A: (Ema, CFO) We determine the dividend amount based on the profit attributable to the owners of the Company in the Consolidated Statement of Comprehensive Income and by taking into account the future R&D cost, capital expenditure, marketing cost, and other costs. The parent company receives the profits of overseas subsidiaries as dividends, so the issue is how to reflect them in the parent company's cash flow.

Q: Please tell us what you mean by saying that the added value of photomasks for LCDs will increase while new tablet PCs and smartphones appear.

A: (Suzuki, CEO) It is impossible for panel manufacturers to produce panels for smartphones

using their old facilities. Accordingly, they have two options. One is to introduce new facilities, and the other is to improve the performance of the masks for producing the panels. The cost of the latter is far lower than that of the former. This is why the added value of the masks will be higher.

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