

Briefing Summary of the Analyst/Investor Meeting
for the Financial Results for the 3rd quarter ended December 31, 2011
Tokyo, January 31, 2012

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>

- Let me make use of the Quarterly Report (English) for my briefing. The Balance Sheet on page 4 shows assets held for sale until the end of the 2nd quarter, but since we sold the camera business to Ricoh effective October 1, 2011, we no longer hold these assets at the end of the present term. This accounts for almost the whole decrease in total assets. On page 5, we see that total equity has decreased by about 10.0 billion yen. This is mainly due to the payment of interim dividends.
- The Quarterly Statement of Comprehensive Income for all operations is on page 6. I would like to comment on four points. The first one is the currency exchange. In the first half of the year, the currency exchange had a major impact, but as shown in the footnote, there was also a drop in sales of 1,660 million yen in the third quarter. This is due to the impact of yen conversion in order to consolidate overseas subsidiaries. Profit before tax rose by 130 million yen, and profit for the quarter was up by 110 million yen.
- The second point is the impact of the flooding in Thailand. Of particular impact for this period was the drop in sales of 9.0 billion yen as a result of being unable to operate the plants for eyeglass lenses due to disaster damage. Consequently, income on ordinary basis fell by 6.1 billion yen. Losses due to the disaster totaled 4,876 million yen, including damage to plant equipment and inventory. This is how the flooding impacted on the eyeglass operations. For hard disk drives and optical lenses, there was also the indirect impact of orders not coming to us because customers were unable to manufacture products due to damage, or were unable to finish products due to stopped shipments from component manufacturers. Since the extent of the impact is unclear, we have not put a figure on the damage, so it is best to view the amount of the impact as factored into the business activities.
- The third point is the sale of the camera business to Ricoh effective October 1, 2011. In the 3rd quarter of the previous fiscal year, the business had sales of 13.6 billion yen, but this has been eliminated for this period.
- The fourth point is that since we sold the hard disk glass media business to Western Digital Corporation in June, 2010, the sales of 3.2 billion yen that the business racked up in the 3rd quarter of the preceding year have also been eliminated for this period. As these operations were discontinued, total sales decreased by 16.8 billion yen. If we discount these factors and the impact of the currency exchange, there was a slight increase in revenue for the continuing businesses. Similarly, profit before tax has decreased by 1.0 billion yen, but if we discount the same impact here, there has been a slight increase in profit for the Group as a whole. We absorbed the impact of the rising prices for rare earths last year, as well as the high yen, and were able to slightly improve profits.

But, with the impact of the flooding in Thailand on the eyeglass business, and the impact of the business discontinuations, superficially, it looks like dramatically lower profit on lower revenue.

- Since page 7 shows the business divided into continuing operations and discontinued operations, the data should be interpreted based on today's briefing.
- Page 8 shows the cash flow table. Net cash generated from operating activities is 11.0 billion yen, but net cash used in investment activities is negative 15.3 billion yen. "Proceeds from sales of subsidiary's stocks" of 12.9 billion yen refers to the sale of the camera business to Ricoh. However, since we have not completed adjustments of the final figure, there is no impact on earnings for the current settlement of accounts. As far as the 15.3 billion yen expenditure on net cash used in investing activities is concerned, since there are expenses of approximately 20.0 billion yen after deducting deposits and withdrawals from time deposits, and deposits for transferable deposits, the total is negative 15.3 billion yen despite the proceeds from sales of subsidiary's stocks.
- Please take a look at page 10, which shows revenues and results by segment divided into continuing operations and discontinued operations. The bottom table shows that sales for the whole business have decreased by 25.3 billion yen, and profit before tax has declined by 9.5 billion yen. Looking at the left-hand column, we see that sales have decreased by 1.6% for the Information Technology sector, but profits are slightly up, while the 9.0 billion yen decrease in the eyeglass operations due to flooding have had an impact on the Life Care segment. The decline of 11.0 billion yen in profit before tax includes the impact of the eyeglass business.
- Page 22 shows the forecast for the full business year. Compared to the previous year, sales are expected to drop by 11.8% to 373.0 billion yen, a total decrease of 50.0 billion yen. To break it down, the impact of the flooding on the eyeglass operation is expected to be 18.0 billion yen. Termination of sales due to discontinued businesses is expected to be 34.7 billion yen with the media business accounting for 11.2 billion yen and the camera business for 23.5 billion yen. Conversely, when these special factors are discounted, the sales outlook is for an increase of 2.7 billion yen, and, with the exception of the eyeglass operations, a slight increase is expected for the continuing businesses in the overall Group portfolio. With the impact of the currency exchange, we had a shortfall of 5.7 billion yen until the third quarter, but this has been absorbed and turned into a slight increase. As for profit before tax, we expect a shortfall of 12.0 billion yen due to the 18.0 billion yen decline in sales for the eyeglass business. The outlook is in the range of 6.0 billion yen each for the third and fourth quarters. Adjusted for property damage of 4.8 billion yen due to flooding in Thailand, a decrease of 17.0 billion yen in profit before tax is expected for the eyeglass business. Elsewhere, there is some fluctuation in the continuing businesses, but the overall expectation is for a slight increase in profits. However, as I just mentioned, since we have not yet completed the final adjustments for the sale of the camera business, these earnings are not included, and while property damage and profit insurance due to the flooding in Thailand are included, insurance income has not been included as matters are still under investigation. These are the premises for this outlook.

Overview of operations by Mr. Suzuki, CEO

<Mask Blanks for Semiconductor Manufacturing>

- 3rd quarter performance was nearly level with the previous year. Since the situation was severe for foundries and domestic mask manufacturers, quantities declined. Double patterning 2x development

products have raised the sales, and there was a slight increase over the previous year if we discount the financial impact of the currency exchange. 2x development is not easy.

<Photomasks for Semiconductor Manufacturing>

- Times are difficult for domestic mask manufacturers. Without high-end products, the mask business is tough. At the moment, semiconductor manufacturers make the high-end masks of their own, and there has been a decrease in buying high-end masks from mask manufacturers. Since the mask business is structurally difficult, we also experienced a fairly severe situation in the 2nd and 3rd quarter. In terms of mask blanks, there are some shipments to those who manufacture high-end photomasks, but other than the high-end products, there is little activity in foundry design.

<Photomasks for Liquid Crystal Displays>

- Since the mask business in Korea is extremely depressed, the situation is fairly bad. I think the reasons are restructuring among the Korean makers, and the time required to make decisions about new products, but the subdued situation for new designs continued in the 3rd quarter. On the other hand, compact models for smartphones remained buoyant. Since the size is small, the financial returns are also small, but domestic manufacturers are working hard toward high resolutions.

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

- If we only consider shipments of substrates at HOYA, there was a decline of approximately 20% compared to the 3rd quarter estimate, and a year-on-year decline of approximately 10%. There has been a further decline in manufacturing volumes. Since some of our competitors were damaged by the flooding in Thailand, I believe our market share has increased to some extent. Even so, on a volume basis, we fell short of the plans. Concerning parts of HDDs, it seems there is a shortage of motors. However, since manufacturing volumes for motors are also on the mend, people say that HOYA will be the next to drag down supplies. Since we have one vacant plant in Vietnam, we would be able to raise production capacity in three months, but since I believe that the increase in HDD manufacturing volumes will be transient, we will increase capacity while keeping an eye on the situation.
- We have made progress on a replacement for cerium as a polishing material. However, since the price of cerium is also coming down, it seems that there is no longer any need to focus on a replacement. I believe we will build a system where we can use either material.

<Eyeglass Lenses>

- At the flooded plant in Thailand, we have completed the removal of damaged equipment, and we have finished rebuilding the infrastructure. New equipment will be brought in from February, and operations will restart at the end of March with production capacity at 20% from mid- to late April, 50% by mid-June, and a return to full production in the August, September period. Since there is also the issue of capacity at equipment manufacturers, not all equipment will be brought in at once. However, even if capacity is restored, we don't know if the customers will come back. Since manufacturing capacity was reduced by half, I believe it will take 12 to 18 months for customers who went to other companies to come back. Since I believe we will not get orders unless we are flexible on pricing, I believe that operating profits will be held back by 4 to 5 points.

Overview of performance provided by Mr. Hamada, COO

<Optical Lenses>

- The floods in Thailand also hit the digital camera supply chain, but both sales and volume have maintained year-on-year growth. The digital camera industry continues to see dramatic change – the growing market share of mirrorless cameras, for one – and not only in Japan, but also in North America and Europe. The mirrorless is positioned as a hybrid camera, below the SLR, but above compact cameras, similar to an entry-level SLR camera. They have captured market shares of 15-20% in the main countries. This is a good thing for HOYA. Because when new products are launched, interchangeable lenses are made, and as a result orders for HOYA are growing. If Canon releases a mirrorless camera, it seems that nearly all manufacturers will be accounted for, so I believe the mirrorless will establish one segment. On the other hand, the higher performance and popularity of smartphones is eroding the market for low-end compact cameras. Cameras with a 5x zoom lens or less are dwindling rapidly. It seems the market for compact cameras is shrinking by 10 million units every year. The low-end compact cameras have no chance against the smartphones in terms of convenience and performance. I think manufacturers capable of making high-performance lenses will win out in the future.

<Medical Endoscopes>

- Compared to the preceding year, performance is nearly flat on a yen basis. Since more than 90% of sales are overseas, we have felt the effects of the currency exchange. There are the issues of the economic crisis and budget freezes in Europe, but we are expanding our sales channels into emerging markets at considerable speed. Business is sluggish in Germany, France, Italy, Britain and other principal countries, but, on a local currency basis, the overall outlook is for growth of about 20% over the preceding year. Since regional coverage is up, it seems we hardly feel the direct effects of the economic crisis. North America is not that bad, and Japan is up by more than 20%. In Asia, there have been delays in timing for some big projects, and growth was down compared to the year before, but overall, the situation for medical endoscopes is constantly expanding and heading for double-digit growth by region, on a local currency basis.

<Contact Lenses>

- There are about 190 eyecity stores in Japan. By steadily opening stores, we have achieved year-on-year growth of more than 10%. Our share of users is 21%. Since the share was 13% the year before last, and 17% last year, we have been expanding by 4 points every year. There is a risk that the speed of growth will fall as the market share increases, but since there are still regional areas with no coverage, I believe that continuing to open stores will lead to growth.

<Intraocular Lenses>

- We have had considerable growth in the Japanese market. In this period, our share of the market is likely to rise to about 35% to capture the top share of the Japanese market. Alcon is the manufacturer with the top share of world markets, and they are No. 1 in every country. It is a big thing for HOYA to capture the top market share in Japan, which is ranked second largest among world markets. In the

future, we will continue to launch new products, and I believe we will see further growth in Europe and Asia where we are currently focusing our attention. Product approval has been delayed in the United States. HOYA is not the only company faced with delays, as the FDA tends to be slow about approving pharmaceuticals and medical equipment, so we are at the stage of waiting. When we get to the stage where our products are ready, we will try to expand little by little in the United States as well.

General Overview of the Forecast for the Year by Mr. Suzuki, CEO

- Decline is mostly about the impact of the flooding in Thailand. If we discount its impact, we have overcome the issue of rare earths, currency exchange and earthquake disaster to achieve a small increase in terms of operating profit. Structurally speaking, the company now has a better structure than it did last year. We have also completed the liquidation of the camera business. The market environment is not very good for the information technology field, but we have built a structure where every division will to some degree be able to earn stable revenue. In terms of sales, I think we have built a profit structure that exceeds about 20%.

Q&A

Q: Concerning future production systems for eyeglass lenses, production capacity recovery, and recovery of customer share, please tell us your thoughts on how long it will take to return to pre-flood levels.

A: (Suzuki, CEO) The concentration in Thailand was a mistake from a viewpoint of risk management, but it was the result of demands for further efficiency. I think it is necessary for us to improve. But in terms of time, I think that the quickest way forward is to restore production in Thailand. First, we will restore Thailand to its original state, and then we will disperse the operations. The alternatives are to create new capacity elsewhere, or to move the capacity we had in Thailand somewhere else, but this is still pending. As soon as the plant in Thailand was stopped by the flooding and production capacity was lost, we had to stop supplies to major chain stores worldwide. We would like to apologize we have caused them a lot of trouble. To recover customers in the future, we must win back the major chain stores. First, we must work out how to convince major chain stores and give them a sense of security that there are no problems with supplies. Second, I think we won't get any takers unless we lower prices. We will lower cost and prices for a fixed period to entice major chain stores to return. We are looking at a cycle of about 18 months until things have leveled out and prices returned to what they were.

Q: In the second half of the fiscal year, sales of eyeglass lenses usually account for about 50.0 billion yen, but with the impact of the flooding, sales will probably shrink by 18.0 billion yen. Do you have any thoughts on sales in the second half of the next fiscal year if production capacity recovers?

A: (Suzuki, CEO) The 18 months is speculation and there is no firm foundation for it, but I believe we will make a quick recovery to a certain level, but after that recovery will be slow. The impact was great on clients that relied on HOYA and we caused them a lot of problems. Since I think that some of the major clients will not procure products from HOYA on the same scale as in the past when we return to capacity, it will be hard work to get them to come back once a certain level has been passed.

Q: Regarding to mask blanks Some people say they have tried the products of other manufacturers at the

forefront , but it's no good unless it is HOYA. Will this have an impact on market share in the future?

A: (Suzuki, CEO) Nobody has been yet moving to mass production for the fine 3x, nor the rough 2x. We are yet to find out what happens in terms of quality when we get to a mass production basis. I think the true strength will be in how stable the product quality is once mass production starts in the future.

Q: In the medical endoscope market, are customers moving to HOYA because of the Olympus issue?

A: (Suzuki, CEO) In terms of the market, there is hardly any impact.

Q: I would like to confirm some figures. Is it correct to say that there would have been a slight increase in profit before tax, had there been no flooding in Thailand? Compared to the 3rd quarter, will profits increase for both Information Technology and Life Care in the 4th quarter?

A: (Suzuki, CEO) That is our understanding of profit before tax. But insurance revenue, and special losses etc. for the flooding are still coming through in bits and pieces, so please exercise caution when you look at the figures. Concerning the 4th quarter, the flooding has had an impact on the Information Technology HDD disk Division in both the 3rd and 4th quarters, and also on optical lenses in the 3rd quarter, so to that extent, I believe there may well be an increase in profit.

Q: I would like to confirm the capital expenditure in the colored graph on page 10. Are the 4th quarter figures due to investment in mask blanks in Singapore? Also, please talk about the amount of capital expenditure on the basis of the budget for the next fiscal term.

A: (Ema, CFO) Since capital expenditure for the next fiscal term will be decided at the board meeting at the end of March, we are not yet at a stage where I can comment. On the point of an increase in the 4th quarter outlook, these figures are based on receipt and inspection, and since there is a time lag with the timing for decision-making, I would ask you not to worry too much about them. There was a decrease on an annual basis. For the past ten or so years, we have concentrated about 70% of capital expenditure in the Information Technology field. Since the completion rate for the all Information Technology businesses has increased, we will shift investment to the Life Care segment in the next term. When we shift to Life Care, the amount of capital expenditure will become exceedingly small. This is the time for the switch, and we are in the middle of aggregating the figures for the next fiscal term, but from a long-term perspective, capital expenditure will ease off. Instead, the weight will shift to research and development expenditure.

A: (Suzuki, CEO) Even in capital expenditure, few cases are going with investment in production increases, and since the earthquake we have been going with risk dispersion investment at plants for blanks. There is also the rare earths issue, and since it is possible that optical glass will not be melted in Japan, we are going with the transfer of a part of the optical glass production to China. Assuming that this is the case, there is a possibility of building a new plant for production of 500GB HDD in the next fiscal term. I think it is closer to renewed investment rather than investment in increased production. In financial terms, I think the trend is for something far less than in the past.

Q: About the employee benefits expense on page 6 of the Quarterly Report, I suppose the figure of 21.8 billion yen in the 3rd quarter is due to the termination of the camera business, but if I multiply this by four, will I have an idea of employee benefits expense for the whole of the next fiscal year?

A: (Ema, CFO) Please look at the table for continuing businesses on page 7. It varies since there are always additional benefit amounts for retirement etc.

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 judgments 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.