

Briefing Summary of the Analyst/Investor Meeting
for the 4th quarter and full-year financial results for the fiscal year ended March 31, 2012
Tokyo, May 9, 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. Figures for the fourth quarter are shown on and after page 4 of the report. Regarding the balance sheet, bonds were issued at the time HOYA acquired Pentax, and 40.0 billion yen in bonds will be redeemed this September. 40.0 billion yen, which is included in the other short-term financial assets of 47 billion yen shown on the 8th line from the bottom on page 4, is recorded as reserve for redemption. Regarding the debt shown on page 5, 40.0 billion yen, which was transferred from long-term debt to short-term debt, is a fund for bond redemption. Please turn to page 4. Regarding assets held for sale, we plan to sell the land (in Itabashi, Tokyo) for the head office of the former Pentax, and the book value of the land is shown here.
- As shown in the statement of comprehensive income on page 6, sales of all operations declined 13.3 billion yen, or 13.2%, from the previous year, to 87,525 million yen. Profit before tax increased 4.9 billion yen to 17,661 million yen. I will explain about these factors while we look at page 7. The bottom part of page 7 shows discontinued operations. Pentax's camera business was sold in the third quarter. And, the previous year's figures are stated here after the recalculation. The actual results for the fourth quarter showed no profit or loss. Regarding other income, gains on business transfer earned at the sale of the camera business are recorded here. Sales of 9.2 billion yen was recorded in the previous year, including 1.1 billion yen in sales of HDD media and 8.1 billion yen for the sales of camera. Sales declined by this 9.2 billion yen from the previous year as discontinued operations. Regarding the continuing operations shown in the top half of the page, the previous term's figures were recalculated by excluding operations that were newly discontinued in this period. Sales for the fourth quarter stood at 87,525 million yen. Profit before tax rose 957 million yen to 14,044 million yen. In the fourth quarter, the plants for eyeglass lenses in Thailand have suffered from the flood, thereby reducing its production capacity and sales. Therefore, sales declined 8.6 billion yen from the previous year, and profit before tax decreased 7 billion yen. Talking about the breakdown of the decrease of 7.0 billion yen in profit before tax, 6.3 billion yen decreased, reflecting a decline in sales of 8.6 billion yen. In addition, 1 billion yen was recorded as losses from disaster (fixed assets, etc.). Meanwhile, subsidiaries outside Thailand received insurance proceeds, and 351 million yen was already paid. Looking at the substantial figures after subtracting these from the figures for continuing operations, sales will increase by 4,590 million yen, or 5.0%, and profit before tax will increase by 7,990 million yen, or 61.5%.

- In the fourth quarter, sales declined 1,450 million yen and profit before tax decreased 76 million yen, reflecting the adverse effect of yen appreciation. Costs increased due to rare earth, etc. purchases almost a year earlier. However, in this period we achieved a substantial increase in sales and profit by offsetting the effect of foreign exchange rate differences and increased costs.
- In the cash flow statement shown on page 8, 4.1 billion yen is recorded as tentative insurance proceeds (temporary receipts) in “other proceeds” for cash flow from investing activities. Insurance proceeds of 351 million yen from profit insurance were already recorded in the income statement. In addition, received insurance proceeds of 1,335 million yen are included under “others” for cash flow from operating activities. Therefore, a total of 5.8 billion yen in insurance proceeds were received. In April, we also received 474 million baht, or about 1.4 billion yen. Therefore, we had received income of about 7 billion yen up to now. The insurance proceeds were paid for lost facilities and equipment. Therefore, using the insurance proceeds, we plan and make capital investments. The Thailand government will impose no taxes on this portion. However, facilities and equipment that have a small book value due to depreciation will be replaced, and therefore their book value will rise and the depreciation burden will increase slightly. Proceeds from profit insurance are partly included in the 7 billion yen. However, the Thailand government will impose taxes on this as received income. Therefore, we will record it so income is recognized. We received 5.8 billion yen up until the end of March, of which only 350 million yen was recorded as income. When properties are tied to the items for insurance proceeds, we will record them as insurance proceeds. Profit insurance covers the amount of the decline in annual profit from the previous year. The flood occurred last October, and insurance proceeds will continue to be received during the first half of the present term. If these proceeds are received, we will recognize them as income. In this period, losses occurred in advance, but only 350 million yen in income was received.
- Page 10 shows a table of the breakdown of continuing and discontinued operations by segment. Revenues for all operations decreased 13.2 billion yen from the year before, and profits rose 4.8 billion yen. These figures reflect a decrease of 8.6 billion yen in revenues and 7.0 billion yen in profit before tax due to the flood. In addition, revenues declined 1,450 million yen and profit before tax decreased 70 million yen due to the effect of foreign exchange rate differences. Excluding the effects of the flood and foreign exchange rate differences, revenues of all operations would have declined only 3.2 billion yen, and profit before tax would have increased 11,990 million yen. However, in discontinued operations, revenues decreased 9.2 billion yen, and profit before tax increased 3.9 billion yen. Further, considering that revenues therefore declined due to the effect of business restructuring, the amount for continuing operations shows an increase in revenues of 6.0 billion yen, or 6.6%, and in profit before tax of 8,070 million yen, or 61.7%, if the effects of the flood and foreign exchange rate differences are excluded.
- By segment, if the effects of the flood and foreign exchange rate differences are excluded, in the Information Technology segment, revenues rose 2.3 billion yen, or 5.9%, and profit before tax increased 300 million yen, or 4.3%. In the Life Care segment, revenues increased 3,580 million yen, or 6.9%, and profit before tax rose 3.5 billion yen, or 44.2%.

Overview of operations by Mr. Hamada, COO

I will be stepping down from my position in June. I thank you for your guidance and encouragement, including your astute questions, over the past four years. For the past four years, I have had to spend most of my time on the streamlining and integrating business of Pentax. Among others, the camera business was the heaviest burden.

After the acquisition, many different issues occurred, including the extreme appreciation in the yen, the Lehman failure, the European crisis, the earthquake, the flood, and the Arab Spring. In this environment, I think that through joint efforts, HOYA and Pentax could lay a foundation for growing, streamlining, and integrating business. Problems still remain, but streamlining and integrating business made considerable progress. I will step down here, please accept my selfish conduct. Now, I will report on operations.

<Life Care>

- Doctors will use endoscopes for five to 10 more years. Therefore, even if a new, epoch-making product is invented, doctors will not immediately lunge for it. We should steadily make products that are difficult to break and easy to use. Therefore, we should put its energy into service. As part of this, we have proceeded with construction over the last year. We built a European repair center in Bulgaria, which has just begun operating. We are considering establishing a system in the future to collect European products in Bulgaria, repair them, and quickly return them. We will improve the usability of our core products. Meanwhile, we have planned low-cost products for emerging markets. In high-end areas, we are advancing our study of next-generation products that make diagnosing cancer possible. We will compete in general areas such as providing easier diagnosis and good services. We established bases in Turkey, Moscow, and Brazil, and have continued investing for growth in these markets. There are regions where we can stand up to our competitors. At the same time we have continued to invest (people and facilities) in different regions around the world that are enjoying growth. Regarding M&A, we recently acquired Venture Company in Germany. Light and Low-cost processors with good performance have been developed. Hardware has become a commodity, and uses small packages. We are conducting research and development in that direction. Endoscopes have required a lot of work for me in the past. They do not stand out on a yen basis, partly due to the aftereffects of the economic crisis. But I planted the seeds for growth. So please watch over them in the long view.
- The intraocular lens and contact lens businesses showed growth of about 10% from the previous year, and remained steady.

<Lens Units>

- Regarding compact cameras, all companies are going to introduce differentiated products, including both Low-end and expensive ones. I am afraid this industry may have passed its peak. Once, the market was understood to be one where at least 120 million units a year could be sold. But I believe the time of selling only 50 or 60 million units will come sooner or later. The industry announced that at least 90 million units would be sold this year. But I am wondering that slightly more than 80 million units will be sold. This cannot be helped. Industries have a lifetime. There will be some growth, but I think that large growth is not expected in the future. The number of digital video cameras sold halved in these seven years. Average prices halved, and the size of the industry is now

one quarter of what it was seven years ago. I think that Blu-ray, which was expected to follow DVDs, will be disappointing. The life cycle of end products has become very short. Therefore, we pay attention and act in consideration of the trends in end products, not just as a manufacturer of materials and devices. I believe we have been focusing our minds on that.

Overview of operations by Mr. Suzuki, CEO

Talking about a year-on-year comparison of the fourth-quarter results for each product, sales of mask blanks remained at the same level as the previous year. Sales of photomasks for semiconductor and liquid crystal displays declined sharply from last year. Sales of glass substrates for HDD rose by double digits. Sales of optical lenses and glasses also increased. Sales of eyeglasses declined remarkably. Sales of intraocular lenses grew at about double digits. Sales of contact lenses also rose by double digits. Sales of endoscopes remained at the same level as the previous year due to the effect of European foreign exchange rate differences.

Glass substrates for HDD contributed most to sales. Masks had an adverse effect, and sales of and profits from masks declined. Profits from eyeglasses decreased sharply due to the effect of the flooding in Thailand, which had an extremely profound influence. If the effects of the flood are excluded, profits would have increased.

<Eyeglass Lenses>

- Our eyeglass plant in Ayutthaya, Thailand, consists of three buildings. One of the buildings has begun operations after it received equipment. In the second building, infrastructure construction (electricity, pipelines, and sewer channels) is under way, as equipment cannot be received. The third building has been kept unchanged since being damaged in the flood. In the latter part of September the capacity of these three buildings is planned to be expanded to what it was before the flood. They will start to operate one by one after they receive equipment. However, it is uncertain if customers will return even if capacity is restored to its original level. Our production to Japanese and European customers has been suspended, so these customers asked other eyeglass lens manufacturing companies to supply product, and have obtained supplies from them. Therefore, they can't come back to us so quickly even if our production recovers. Customers say that they will want us to supply the same volume as in the past, but most of them respond that it would be difficult for them to do so right now. Therefore, we are not sure how soon our sales will recover. Roughly speaking, it will take a year for a recovery in our sales. Customers will not return without a reasonable incentive. We must adopt a method that is advantageous to customers. It will take more time for us to generate the same sales as in the past.

<Photomasks for Liquid Crystal Displays>

- Small masks for smartphone are selling well in Japan and Taiwan. Yet even if we sell a large quantity of small masks, we can't earn a large profit due to their low prices. All companies can't sell televisions, whatever they manufacture. Finally, it appears that the new television models have started to sell. It also appears that operations are expanding little by little, and have become better than they were in the past, because inventory reduction is completed.

<Photomasks for Semiconductors>

- Since sales of semiconductor masks are concentrated in Japan, we can't do anything. High-precision masks with high unit prices do not sell in Japan. Although the market situation appears to be hitting bottom, there's nothing we can do.

<Maskblanks for Semiconductors>

- Sales remained at the same level as the previous year. Advanced areas have reasonable activity. 20x also showed moderate movement. The reason for this may be that the development of 10x has started actually.
- Regarding 20x, it appears that competitors' blanks were also used somewhat. However, when 10x is introduced, more people seem to say that our phase-shift mask blanks are more usable, although it depends on each manufacturer.

<Glass Memory Disks for HDD>

- Our customers were affected by the flooding in Thailand, and the total production volume of HDD declined. There was a sustained period of having little inventory of drives. However, drive production finally recovered, and prices rose slightly. I think that the entire HDD industry is enjoying good conditions at the moment.
- In the fourth quarter, production recovered to almost the level of last year. I think the production of sliders is currently causing a bottleneck. If drive production increases further in the future, our inventory of glass disks may become insufficient.
- I believe that it will be difficult for ultrabook drives to become flash-based due to prices. The trend is that thin 7 mm or 5 mm drives need to be installed. I think that ultrabooks will spread, but they will not become a direct negative factor in sales volumes for HDD. Sales of external drives are brisk. Therefore, I think that sales volumes for HDD will grow by several percentage points. It is time for the Company to increase production by making a capital investment in the plant in Vietnam. I think that our business will enjoy favorable developments in conditions for the time being.

<Optical Glass>

- Although this business is brisk, sales did not grow very much. Lens units, which are sold to specified manufacturers, are adversely affected if the cameras models of these manufacturers do not sell. Lens units were adversely affected in this period because sales of the models we received orders for were not brisk. There was also progress in the use of high-powered lenses, but the manufacture of these lenses became difficult. Therefore, the Company experienced a setback. Because of this, sales were not very high in the fourth quarter. I believe that the current market environment is not good. Looking at even single-lens reflex digital cameras and mirrorless digital cameras, I think the environment is not very good. However, the competitive power of our products is strong, and I believe that this business will grow continuously in the future.

<Forecast for the Present Term>

- In the present term, sales of eyeglass lenses will increase in the second half. Sales of HDD will also definitely grow. Sales of optics will increase from last year. Sales of intraocular lenses and contact

lenses will continue to experience double-digit growth, as in the past. If sales of endoscopes increase similarly, I think that the present term will be a good year. Hypothetically or prospectively speaking, I think that the present term will be a year when we can obtain reasonable figures from a structural viewpoint.

Q&A

Q: I suppose that demand for new types of photomasks is reasonably high, because the yield rate of new products is not good in the semiconductor market. How do you think? Also I expect that there may be demand for large masks for liquid crystal displays. What do you think?

A: (Suzuki, CEO) Mask sales will not necessarily increase due to a bad yield rate. The bad yield rate is attributable to something other than the process of lithography. Therefore, even if we worked on masks, it wouldn't be helpful. With the exception of mask blanks, demand for semiconductor masks will not increase for the time being. Liquid crystal displays will not pay unless televisions sell more. If more sophisticated televisions are not developed, demand will not increase. Panel makers appear to have tried and failed, and I believe that demand for television masks will increase soon. Masks for organic EL appear to have been developed recently, but the process is fairly difficult. There will be an upside for liquid crystal masks during the present term.

Q: Regarding glass substrates for HDD, please explain the current tight condition of plant capacity and the future timing of investments to expand production.

A: (Suzuki, CEO) Overall capacity has declined from past periods. When total demand fell after the flooding, we determined that the oldest plant could not handle 500 GB due to quality problems, and stopped investment in it. Therefore, the Company is now at full operation because its overall capacity declined. Customer sub-inventory has decreased considerably. Therefore, including orders to cover this, we are now at full operation. Given the production volume for drives, the current capacity of the Company is about 10% higher than demand. If customers try to build up their inventories, our capacity will become short. The production volume of the plant we stopped investment in will be covered by new plants. We already made an investment, and capacity will be expanded around August to a level slightly higher than the original capacity. Regarding the next production increase, we plan to make a decision around June or July of this year, a year before, to meet a peak in August or September of next year. The new plant in Vietnam will be placed in full operation. We estimate that capacity will increase about 15% from current levels. Based on our estimate that the production volume for drives will not increase very much toward the peak period of this year, we will have sufficient capacity, as a result of calculating the capacity of the Company and its competitors. This capacity will be lessened if drive sales rise more sharply than expected, or if competitors cut back on production for some reason. Regarding 500 GB drives, products using internally produced media heads may be introduced in the latter part of this year. In the near future, 7 mm drives for ultrabooks will be introduced. This year we will have to both shift to mass production of 500 GB drives and manufacture thin 7 mm drives.

Q: Regarding glass substrates for HDD, I think that unit prices rose due to an increase in the price of rare earth and the shift to 500 GB drives. However, I don't think it's necessary to discount prices, because the price of rare earth has fallen, costs have declined, and supply and demand conditions have

tightened this year. Will profitability increase significantly this year?

A: (Suzuki, CEO) Believing that we should not cause any more problems for customers, we purchased rare earth enough at fairly high prices. So we now have a fairly high inventory of rare earth. Since we use the First in, First out method, our products are produced at a high cost. An alternative technology to reduce the volume of use of rare earth was developed, but, given the current price of cerium, if we use this alternative material, the cost will not be advantageous. We are currently waiting for a decrease in prices and using up our inventory of rare earth before we use this alternative technology. The inventory of rare earth that we purchased at a high price is likely to remain to the end of the second quarter.

Q: Please tell us how you view the free cash flow (FCF) for this fiscal year.

A: (Ema, CFO) Regarding the outlook for FCF for this fiscal year, we will announce our forecast for the first half when we announce financial results for 1st quarter in August. Please wait until that time. On the other hand, we plan on a capital investment of 48 billion yen during this fiscal year. Depreciation expenses will amount to 30 billion yen. Out of this 48 billion yen, 20% will be allocated for the mask blanks plant in Singapore. Slightly more than 20% is planned for the glass substrate plant for HDD in Vietnam. 25% of this is expected to be spent on for eyeglasses, including required expenses due to the flood. Regarding the remaining 10 billion yen, 2 to 3 billion yen is planned for other businesses, respectively. This year's capital investment will exceed the amount of depreciation expenses. Insurance proceeds are expected to be received for the eyeglass operation due to the flooding in Thailand. We had held 25% of the shares of a company in Brazil related to the eyeglass business. In April, 2012, we increased this to 100% by paying 8 billion yen. This company will require a small capital investment, however, which is not included in the 48 billion yen.

(Suzuki, CEO) If the Seiko Epson matter, what is assumed in pipelines, and others are included, M&A, the amount of which will be close to the amount of capital investment, may take place this year.

Q: Regarding endoscopes, how much will be invested annually? What market share will you aim at in the future? Hard mirrors and laparoscopes have been used recently. Will your company enter that area?

A: (Hamada, COO) Investment in the endoscope business will remain at a level sufficient to employ people for direct sales and provide equipment financing for visiting agents. Therefore, the endoscope business does not require a large capital investment. There are many areas our competitors cannot reach and we still have opportunities. Regarding endoscopes, it is important to provide good service and unbreakable, easy-to-use products. We visited large hospitals and introduced confocal endoscopes and ultrasonic endoscopes, which we are proud of, since they are our flagship products. Then, some hospitals that were only using competitors' products opened their doors to us. We will steadily provide good service, reasonable prices, and ease of use for the mainstream and deal with markets requiring low costs by using appropriate products. We want to aim for a 30% share in 10 years from now.

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.