

**Briefing Summary of the Analyst/Investor Meeting
for the 4th Quarter (January to March 2014) Financial Results
for the Fiscal Year ended March 31, 2014**

Tokyo, May 7, 2014

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 IR Group. Please also refer to the cautionary notes on the final page.

Overview of Financial Results by Mr. Ryo Hirooka, CFO

Overview of Financial Results

- I will begin my explanation with the Quarterly Consolidated Statement of Comprehensive Income on page 6 of the Quarterly Report. Sales amounted to ¥115,224 million, which represented an increase of ¥19,129 million, or 19.9%, over the same quarter of the previous year. The impact of the translation from foreign currencies into yen on the performance of consolidated subsidiaries overseas, together with the exchange rates for principal currencies, is shown in a note located at the bottom of page 6 of the Quarterly Report. The figure for sales includes ¥6,492 million due to translation into yen. If this is excluded, the real increase in sales was ¥12.6 billion, or 13%.
- Profit before tax for the quarter under review was ¥19,892 million, which represented a decline of ¥11,718 million, or 37.1%, from the same quarter of the previous year. If the effects of special factors are excluded, profit before tax rose ¥10.1 billion, or 77%. There is a gap between this figure and the ¥11.7 billion decline in profit before tax of about ¥22.0 billion. This gap was the result of a number of factors. These included a gain of ¥832 million due to the impact of foreign currency translation into yen; the absence of a gain of ¥14.2 billion owing to the receipt of insurance payments in connection with the flooding in Thailand, which was reported in the same quarter of the previous fiscal year; a loss of ¥1,666 million on the translation of assets denominated in foreign currencies into yen held by the Head Quarters and regional headquarters, compared with a gain of ¥7,793 million in the same quarter of the previous year, which gave rise to a total ¥9,458 million decline in profit; the reporting of an albeit small ¥6 million in profit related to companies accounted for under the equity method, compared with an investment loss of ¥2,286 million in the same quarter of the previous year, which resulted in ¥2.3 billion in gains; and an increase in loss factors of ¥1,958 million, which was

accounted for mainly by impairment losses on assets in the Information Technology business segment.

- If we take a closer look at results by segment, as shown on page 9 of the Quarterly Report, revenue from external customers (hereinafter, revenue) in the Information Technology segment amounted to ¥40,246 million. Excluding the effects of foreign currency translation, which were ¥2.4 billion, the real increase in revenue was ¥1.2 billion, or somewhat more than 3%. Revenue in the Life Care segment amounted to ¥74,193 million. Excluding the effects of foreign currency translation, which were about ¥4.1 billion, the real increase in revenue was ¥11.2 billion, or slightly less than 20%.
- Looking next at segment profit, the Information Technology segment reported an increase of ¥1,787 million, but after the exclusion of the effects of foreign currency and special losses as well as other special factors, the real increase in profit was ¥3.8 billion, or slightly less than 80%. The decline in profit in the Life Care segment was ¥6,542 million, but in real terms, profit rose ¥6.6 billion, or 70%.
- Taking an even closer look by sub-segment, electronics-related products showed an increase in revenues of ¥4,313 million, but after the exclusion of foreign currency translation effects (of +¥2.0 billion), the real increase in revenues was ¥2.3 billion, or just under 10%. Demand for masks for large-scale liquid crystal panels was quite strong, and, combined with demand for smartphone and tablet computer display panels, revenues expanded substantially for the full fiscal year, and even during the fourth quarter under review. On the other hand, revenues from glass memory disks (substrates) for hard disk drives (HDDs) decreased for the full fiscal year because of the drop in demand for laptop PCs. Looking only at the fourth quarter, growth in revenues was in the higher one-digit range. Revenues from imaging-related products decreased ¥685 million. In real terms, revenues were down ¥1.4 billion (approximately more than 10%).
- Revenues from healthcare-related products increased ¥11.4 billion, but after the exclusion of foreign currency translation effects (of +¥2.5 billion), the real increase in revenues was ¥9.0 billion, or about 20%. Revenues from eyeglasses showed double-digit growth compared with the same quarter of the previous year. This was because of a number of factors, including the transfer of the eyeglass lens business of Seiko Epson Corporation to HOYA and the commencement during the summer of transactions with a large chain store retailer in Europe, combined with stable growth in regular operations. In the contact lens business, where growth is generally in the mid-single-digit range, revenues expanded significantly during March because of the surge in demand prior to the increase in the consumption tax.

In the medical-related products business, revenues increased ¥3.9 billion, but after the exclusion of foreign currency translation effects (of +¥1.6 billion), the real increase in revenues was ¥2.3 billion. Growth in sales of medical endoscope products on a local currency basis was in the lower half of the single-digit range, with sales in Europe showing a reactionary decline following the strong performance in the same period of the previous year, but sales expanded in the Americas and other regions. Revenues from intraocular lenses (IOLs) were negatively affected by a recall of these products, but we began marketing again in Europe in fall 2013 and revenue returned to pre-recall levels. In Japan, the Company is proceeding cautiously with sales activities, and some further time will be needed before these products contribute to revenues.

- Next, let us review the Consolidated Statement of Cash Flows for the full year, which may be found on page 15 of the Quarterly Report. Among net cash flows used in investing activities, payments for the acquisition of property, plant and equipment amounted to ¥16,546 million, a major decline from the ¥43,049 million reported in the previous fiscal year. There were some spillovers of related payments into the current fiscal year, but these were about ¥20.0 billion lower than in the previous year.
- Turning next to the Quarterly Consolidated Statement of Financial Position, which may be found on page 4 of the Quarterly Report, investments in associated companies accounted for under the equity method declined ¥1,650 million from the immediately preceding quarter. This was because the Company acquired 30% of the shares of Seiko Optical Products Co., Ltd. (SOP) in June 2013, and then another 20% of that company's shares with an effective date of March 31, 2014, and made it a consolidated subsidiary.
- We have issued three news releases today, relating to the non-consolidated difference compared to previous year results, the dividend forecast, and repurchases of the Company's own shares. The year-end dividend for the fiscal year will be increased by ¥10 per share, to ¥45 per share, thus bringing the total dividend for the fiscal year to ¥75 per share. This represents a dividend payout ratio of 55%. Regarding share repurchases, the Company has set an upper limit of 10 million shares or a purchase value limit of ¥30.0 billion. The period for these repurchases will be six months.

Overview of Operations by Mr. Hiroshi Suzuki, CEO

- Before beginning my review of our principal businesses, I would like to announce some changes in our management team. As of the Ordinary General Meeting of

Shareholders this year, Mr. Yusaburo Mogi will resign from his position, and Mr. Takao Takasu, former Representative Director and Chairman of NAMCO BANDAI Holdings Inc., has been proposed as a candidate for the position of newly appointed director.

Eyeglass Lenses

- During the Company's fourth quarter, a surge in demand emerged prior to the increase in the consumption tax, which was implemented on April 1, 2014. We were not able to include the sales for the last four days of the quarter, and we saw them being included, instead, in figures for April.
- In the fourth quarter, revenues (sales) and profits returned to the levels prevailing prior to the flood disaster in Thailand. Although average unit prices of our products have declined, unit volume is increasing, and we have seen considerable increases in our rate of production capacity utilization. We are planning to start operations at a new plant during the current year and increase our production capacity.
- We increased our operating margin to 20% for the fourth quarter. With the inclusion of SOP in the scope of consolidation, we will be starting from a temporarily lower margin. We will work to return the operating margin to what we regard as our "cruising speed" of between 18% and 20%. Basically, it will be important to realize synergies with SOP. We will expand overseas sales of SEIKO brand eyeglass lenses, working to increase sales volume and improve profitability.
- Issues to be addressed during the current fiscal year are expanding sales of SEIKO lenses in overseas markets and increasing average unit prices through changes in the product mix.

Contact Lenses

- In March, a surge in demand prior to the increase in the consumption tax emerged, and sales climbed more than 20% over the same quarter of the previous year. I think there will be a large reactionary decline in demand in April and subsequent months, but our view is that all of the decline will not take place in April, but that sales will continue below the levels of the previous year for several months. We believe that the recent surge in demand this time was most likely due to purchases by people who use contact lenses mainly on weekends and people who use them infrequently. These people will probably not buy contact lenses again for a while.
- Excluding the surge in demand, sales are growing at between 6% and 7% annually.
- This year, we are planning to add another 20 to 23 retail outlets. We think that annual growth of about 6% is just right for striking a good balance between sales

growth and profits. I also believe that we have to look for different sales channels and methods.

Endoscopes

- Since the Company manufactures these devices in Japan and sells them overseas, this business benefitted from the weakening of the yen. The profitability of this business exceeded that of the Life Care segment as a whole. Prices of endoscopes are stable, and the decline in the value of the yen has boosted profits from this source.
- After the exclusion of foreign currency translation effects, growth in sales was in the middle of the one-digit range. We wanted to push sales even higher.
- Next year, we will place marketing emphasis on ultrasonic endoscopes. These devices can be used to take tissue samples from the kidneys, liver, and gall bladder by extending a needle-like instrument from the head of the endoscope into these body organs. Demand for endoscopes of this type is expected to increase.

Intraocular Lenses (IOLs)

- We temporarily suspended production of IOLs and conducted a recall during the previous fiscal year. Permission for selling IOLs has been obtained in Japan, but we are conducting cautious epidemiology surveys at present. Thus far, no issues have arisen. From the summer of 2014 onward, we are scheduled to recommence nationwide sales in Japan.

Photomasks and Maskblanks for Semiconductors

- Conditions in this business have settled down, and no major changes were reported. The plant for manufacturing maskblanks is located in Nagasaka, Yamanashi Prefecture, and, during the heavy snows this year, transportation routes were temporarily closed. As a result, inventories have declined, but this has not had an adverse effect on sales.

Photomasks for Large Liquid Crystal Displays (LCDs)

- Demand for photomasks for OLED use was quite active. In addition to meeting demand for high-resolution masks for smartphone use, we are proceeding with the development of masks for the production of ultra-large TVs, including 100-inch units, and TV displays that can be bent into curved configurations.
- There has been a trend in photomasks toward patterns with finer lines. In addition, at the micron level, there have been discussions about the difficulty of forming

holes accurately. This is like a similar time in semiconductor production. Instead of solving this issue through the equipment used, we are working to find solutions through the development of high-value-added masks, including phase shifted and other types.

- Demand for photomasks is extremely strong, and production facilities are running at full capacity. It appears that some of our competitors are considering the expansion of their capacity. However, we are concerned because we have finally turned a profit in these operations, and increasing capacity in the market might make showing a profit more difficult.

Glass Memory Disks for Hard Disk Drives (HDDs)

- Although sales to manufacturers of notebook PCs have decreased, our performance has remained firm because of replacement demand for PCs running the post-Windows XP operating systems. Also, while sales of HDDs for use in game consoles are typically weak in the January-to-March quarter, sales this year have remained favorable even after the beginning of the fourth quarter.
- Since 667 GB units account for only a small portion of sales, we do not feel that these units will show major growth. Among 2.5-inch HDDs, 90% of those adopted for use are 500 GB units, and the market has not moved onward to larger capacity units. On the other hand, it appears there are customers who would like to have one terabit HDDs; so, there is a trend toward increasing the number of disks used for one HDD.

Optical Glass

- Market inventories of interchangeable lenses increased following the Christmas season, and it appears that camera manufacturers are adjusting their production levels.
- We are also focusing on applications for optical glass other than cameras. Last year, we began to make lens modules for smartphone cameras equipped with zoom functions and hand-motion cancelling features. A few manufacturers are interested in these units, and products with these features are scheduled for launching in the latter half of the current fiscal year. If these cameras meet with a favorable market response, I think they will contribute to our performance, but right now they are an unknown quantity.
- In other fields, we are beginning to offer optical glass for cameras installed in automobiles. To avoid running into other objects, a high image quality is needed; therefore, high quality is needed in sensors and lenses.

Questions and Answers Following the Briefing

Q: What was your reason for setting the upper limit on share repurchases at ¥30.0 billion? Also, has your thinking about M&A undergone any changes?

A: (CFO) We made this decision based on a wide range of considerations, including our own funding demand, current conditions, and stock prices. The shift in our product portfolio from Information Technology to Life Care is accelerating, and the focus of our business activities will likely move to Life Care. As regards share repurchases, during the period under review, we made major reductions in capital investments, and, taking account of the condition of our cash flows, we decided on the ¥30 billion figures to return a portion of retained earnings to shareholders.

(CEO) As in the past, we will continue our M&A activities. We are thinking of continuing to use cash for our M&A deals.

Q: What are your plans for capital investments during the current fiscal year, ending March 2015?

A: (CFO) We are looking to invest between ¥20.0 billion and ¥25.0 billion on an annual basis.

Q: Could you please give us your view on the semiconductor market and the very latest developments in that area?

A: (CEO) The industry is currently in the process of starting up 16nm processes. Theoretically, this is possible, but the question of what these semiconductors will be used for after being made available is still in doubt.

Also from the perspective of miniaturization and functionality, I have the feeling that these semiconductors will leave the job only half done.

Q: For the fiscal year as a whole, please explain the reasons for increases and decreases, including special factors.

A: For the fiscal year as a whole, profit before tax decreased ¥5,718 million from the previous fiscal year, but, on a real basis, profit before tax increased just under ¥15.0 billion, or approximately 25%. The special factors were as follows. A gain of ¥7,372 million due to the impact of foreign currency translation into yen; a decline to ¥0.8 billion in receipt of insurance payments in connection with the flooding in Thailand, compared with receipts amounting to ¥32.1 billion in the previous fiscal year; the absence, compared with the previous year, of ¥2.2 billion in gains on the step-by-step

acquisition of a lens manufacturing company in Brazil; and a decline of about ¥4.0 billion in the loss on translation of the value of assets denominated in foreign currencies into yen by the Head Quarters and regional headquarters, from ¥12.5 billion in the previous year, to ¥8.5 billion in the year under review.

In addition, equity (loss) in earnings related to associated companies accounted for under the equity method improved from a loss of ¥11.9 billion to a loss of ¥0.3 billion. The net total of these special factors amounted to about ¥20.0 billion. If these factors are excluded, the increase in profit before tax was ¥15.0 billion.

Q: Is the amount of the capital investment in the new eyeglass lens plant included in your annual figure of total planned investments between ¥20 billion and ¥25 billion? Also, where is the plant located?

A: (CEO) As Epson has a plant in the Philippines, we are considering a location in the Philippines. Since we will be investing in stages, the full amount will not be included in the current period.

Q: Overseas, the view now being expressed frequently is that digital surfacing technology (DST) will be a threat to lens manufacturers, such as Essilor. What is HOYA's view on this point?

A: (CEO) There are two types of eyeglass lenses. Those held in inventory and those produced on special order. Almost all lenses produced on special order are progressive lenses for persons with presbyopia and other eye conditions. This is an area of special strength for Essilor and HOYA. Lens manufacturers such as HOYA sell semi-finished or these special order lenses as finished products to eyeglass retailers or to so-called eyeglass laboratories that have lenses processing equipment. These laboratories buy these lenses in semi-finished form from lenses manufacturers, process them into finished form, and then sell them to eyeglass retailers. There are many of these lenses-finishing laboratories in the United States. In part because the prices of DST equipment have declined, these eyeglass laboratories are buying their own equipment, and then they have the capability to do a portion of aspheric surface processing. As a result of the wider use of DST, we believe that the level of sales of semi-finished lenses by lens manufacturers may decrease temporarily because they will be put in a disadvantageous position. On the other hand, however, this trend may have merits for these manufacturers. Because of DST, the leeway for design has increased, and they will be able to offer special, custom-made lenses. We think there is a possibility that the types of design (optical design) will expand. This will mean that we will be entering an era when design will be more important rather than

processing capabilities. We are anticipating that lens manufacturers, such as HOYA that are proceeding with optical design that takes account of the workings of “the lenses,” “the eyes,” and “the brain that recognizes images of objects, will be even better positioned to show their true strengths. Therefore, we believe that, from a long-term perspective, this trend toward DST will put us at an advantage. Also, a certain report has also stated the concern that, if eyeglass retailers acquire lenses-making capabilities, this may be a threat to lens manufacturers. However, as you might expect, from the perspective of production, lens manufacturers will definitely be in a better position.

Q: You indicated that the profitability of the eyeglass lens business had improved to 20%. What were the reasons for this?

A: (CEO) The major factor was the increase in the plant utilization ratios. Profitability in the Epson-related business is also improving gradually.

Q: What will be the impact on your performance of consolidating SOP?

A: (CEO) We expect that consolidating SOP will contribute ¥14.0 billion to revenues for the year ending March 2015.

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.