

**Briefing Summary of the Analyst/Investor Meeting
for the 3rd Quarter (October to December 2014) Financial Results
for the Fiscal Year Ending March 31, 2015
Tokyo, January 30, 2015**

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 7 of the Quarterly Report. Sales amounted to ¥128,206 million, which represented an increase of ¥18,516 million, or 16.9%, over the same quarter of the previous year. Profit before tax for the quarter under review was ¥36,240 million, which represented an increase of ¥6,741 million, or 22.9%, over the same quarter of the previous year. Profit for the quarter from all operations was ¥29,142 million, which was ¥6,868 million, or 30.8%, higher than in 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 7 of the Quarterly Report. During the third quarter in particular, the yen weakened against the U.S. dollar and Thai baht. The figure for sales includes ¥6,688 million due to translation into yen. If this is excluded, the real increase in sales was ¥11.8 billion, or 10.8%, from the same quarter of the previous year. Similarly, the figure for profit before tax includes ¥2,154 million due to translation into yen. If this is excluded, the real increase in profit for the quarter was ¥4.5 billion, or 15.6%.
- Among special items, gains from the translation of assets denominated in foreign currencies into yen that amounted to ¥6.0 billion were reported as a negative

expense. During the same period of the previous year, the foreign exchange gain was ¥5.3 billion; therefore, compared to the same period of last year, this represented a gain of somewhat less than ¥0.7 billion. Also, “other income” included the receipt of ¥0.7 billion in insurance settlements in connection with the flooding in Thailand as well as gains recorded due to the liquidation of an overseas subsidiary (not wholly owned) in the Information Technology segment in the same period of the previous year. In addition, after the exclusion of other special items, including those among other financial income and costs, income from special items was ¥1.2 billion larger in the same quarter of the previous year. If these special items are excluded, the real increase in income was ¥5.8 billion.

- Turning next to segment results, which are shown on page 9 of the Quarterly Report, revenues of the Information Technology segment were ¥47,718 million (an increase of ¥6.5 billion, or 16.0% year on year). Segment profit (before tax) amounted to ¥17,279 million (an increase of ¥4.5 billion, or 35.4%, year on year). After the exclusion of the effects of foreign currency translation, the real increase in revenues was ¥2.9 billion, or 7.1%, and the rise in segment profit was ¥3.2 billion, or 25.4%. After the exclusion of the previously mentioned special gain reported in connection with the liquidation of an overseas subsidiary, the increase in segment profit was ¥4.6 billion.
- In the Life Care segment, revenues were ¥79,671 million (an increase of ¥11.8 billion, or 17.4%, and segment profit amounted to ¥14.7 billion (an increase of ¥0.8 billion, or 6.0%). After the exclusion of foreign currency translation effects, the real increase in segment revenues was ¥8.7 billion, or 13.0%, and segment profit was ¥4.4 billion, or 0.3%, virtually flat with the same period of the previous year. In addition, after the exclusion of the previously mentioned special factor (receipt of insurance settlements of ¥0.7 billion), the increase in segment profit on a real basis was ¥1.0 billion.
- Taking an even closer look by sub-segment, as shown on page 10 of the Quarterly Report, electronics-related products showed revenues of ¥36.0 billion, an increase of ¥5.9 billion, or 19.9% year on year, but after the exclusion of the effects of foreign currency translation, on a real basis, revenues were up ¥3.0 billion, or 10.0% year on year.
- Revenues from imaging-related products amounted to ¥11.6 billion (an increase of ¥595 million, or 5.4%, but, on a real basis, revenues decreased slightly, by ¥70 million, or 0.7%.

- Revenues of Health Care related products were ¥58.3 billion (an increase of ¥10.1 billion, or 21.2%). On a real basis, revenues were up ¥8.4 billion, or 17.5%. Revenues from eyeglass lenses expanded due to the consolidation of Seiko Optical Products Co., Ltd. (SOP) and other factors. Revenues from medical-related products were ¥21.3 billion (an increase of ¥1.6 billion, or 8.2%), and, on a real basis, they increased ¥0.3 billion, or 1.8%.
- Turning next to the Quarterly Consolidated Statement of Financial Position, which may be found on page 4 of the Quarterly Report, inventories, trade and other receivables, and other assets rose mainly as a result of foreign currency translation effects, but, in real terms, they increased only 1% to 2%, and remained virtually unchanged.
- Next, let us review the Consolidated Statement of Cash Flows, which may be found on page 6 of the Quarterly Report. Among cash flows from financing activities, dividend payments were ¥12.7 billion because the interim dividend of ¥30 per share was paid during the third quarter. In addition, the effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies are shown near the bottom of the cash flow statement. Since the Company has substantial holdings of cash in foreign currencies (currencies other than the yen), the value of cash and cash equivalents increased by ¥20.3 billion owing to the effects of foreign currency translation.
- Turning to the Projected Results for the Full Year, we are forecasting revenues of ¥482.5 billion, profit before tax of ¥119.0 billion, and profit for the term of ¥94.0 billion. This forecast assumes that revenues in the fourth quarter will decline below the level of the third quarter. Factors accounting for this will be seasonal fluctuations in the Information Technology segment and declines in production in some of the countries where the Company manufactures its products because of decreases in the number of working days in those countries due to long holidays. In addition, we reported ¥6.0 billion in profit before tax in the third quarter results due to the effects of foreign currency translation. Although the yen strengthened in January and we believe the yen may appreciate slightly from the third into the fourth quarter, assuming that there will not be any major movements, we are not expecting substantial gains due to currency factors.
- As announced in our news release issued today, the Board of Directors has approved a share repurchase of a maximum of 7.5 million shares and a total purchase value of ¥30 billion. The purchases will be made over a three-month

period from February 2 through May 1. We are scheduled to cancel the stocks purchased. The Board made its decision on the share repurchase this time after taking account of the cash remaining on our balance sheets, which can be allocated to finance future growth, foreign currency conditions, the Company's cash position, future cash flows, and other factors.

Overview of Operations by Mr. Hiroshi Suzuki (CEO)

- From an overall perspective, I think the results this time for the Information Technology segment represent something of an overachievement. Performance may decline in the fourth quarter due to seasonal fluctuations, but, on the upside, I think we have to make structural changes. If there is a business with upside potential, I think it is optical products.
- In the Life Care segment, during the third quarter, revenues increased, but without commensurate improvement in profitability. Factors accounting for this were our investments for future growth and the negative impact of foreign currency trends. Life Care is an area where we want to expand, and, in part because we are focusing our resources in that area, so the current level of profitability looks reasonable to me. We are seeing growth in the middle of the single-digit range, after excluding the effects of foreign currency fluctuations and M&A. However, I want to accelerate revenue growth somewhat more. Speeding up sales growth in the Life Care segment is one of HOYA's highest priority issues.

Eyeglass Lenses

- On a local currency basis, sales in Europe showed double-digit growth, and sales in Asia, excluding Japan, were in the middle of the single-digit range, while sales in the Americas expanded.
- Performance in Japan was not good, and it appears that the overall market shrank. The physical volume in the market has not declined, but prices at both the retail and wholesale levels have fallen. Products that sold for ¥30,000 in the past have now dropped to ¥5,000, even for ordinary eyeglasses. Prices of somewhat more-sophisticated lenses have dropped to around ¥18,000. The market appears to be contracting at a pace of between 5% and 6% annually. Japan's share in total sales is also declining; so, the impact is relatively small, but, even so, if there is no growth in Japan, then this has some effect on the overall performance.

- Integration of Seiko Optical Products Co., Ltd. (SOP) and the eyeglass lenses manufacturing division we purchased from Epson is proceeding as planned. Profitability is improving, but the integration process involves incurring some costs in advance that are related to the realignment of plants in the Philippines and the United States. Also, since costs of overseas production plants are denominated in U.S. dollars, the decline in the value of the yen is resulting in reduced profitability.
- But we are doing what we should be doing; so, I think the business is fine.

Contact Lenses

- Sales in the contact lens market in Japan were below the level of the previous year, and major declines were reported for Eye City sales in the first quarter of the current fiscal year following the increase in the consumption tax. However, sales returned almost to the previous year's levels in the second quarter, and then were up 5% year on year in the third quarter. Sales at existing stores were at about 100% of the previous year's levels.
- In the fourth quarter, since there was a surge in demand in the same period of the prior year in advance of the increase in the consumption tax, sales are expected to be below previous levels. Even so, as the overall market shrinks, I believe we will be able to expand sales by raising our market share.
- Internet retailers raised their market share temporarily, but because of higher procurement costs due to the depreciation of the yen, it appears that recently their sales growth has stopped. Since some sales of existing eyeglass stores were captured by sales over the Internet, now that growth in Internet sales has stopped, even if the market is shrinking, HOYA will be able to grow.
- Also, it seems that color contact lenses are selling well. Color contact lenses without corrective functions are being sold at general merchandise stores, but, recently, it seems that persons requiring corrective functions are shifting toward buying color contact lenses at general merchandise stores. This is causing us some concern. In the short term, we are not worried, but, in the long term, we may have to respond to this trend.

Endoscopes

- Sales dropped substantially year on year in the Middle East and Canada. Until last year, we expanded sales in countries on the periphery of the European region,

including those in the Middle East and Russia, but sales this year have not been good due to a reactionary decline.

- I do not know about the effects of Obamacare in North America, but mergers among hospitals are proceeding rapidly, and 10 major hospital chains are forming. In the past, we raised sales by concluding a number of small business deals, but, recently, individual deals have become larger and larger, and, if we lose out on one deal, this could have an effect on our performance. Since the market is changing, we may not be able to respond fully and effectively to this change.
- We introduced a new product for the first time in a number of years. For ear, nose, and throat clinics, we introduced our VIVIDEO video scope that incorporates CMOS technology, instead of CCDs, and features lower costs. Since this product is aimed at a newly emerging market, we are scheduled to expand our lineup going forward.

Intraocular Lenses

- Since we temporarily stopped sales and recalled our main products in this business, sales in overseas markets have recovered to the level we had reached before the recall. In Japan, sales have still only come back to about 60% of the former level. Since doctors are currently watching and waiting to see what trends develop, full recovery to the previous level will take more time. Between four and five months have passed since we resumed sales, but no product-related problems have appeared; I believe that, if we take time, sales will make a comeback.

Review of Performance by Mr. Eiichiro Ikeda (COO)

- Our CEO commented that our performance in the Information Technology field “represented something of an overachievement.” However, over the past one to two years, we have proceeded with structural reforms in line with developments in the external environment, and, as a result of our strengthening competitiveness in existing domains, I think we have been able to establish a stable earnings structure. Since the market environment in many of our businesses is mature, we manage our businesses based on a somewhat severe outlook. Within this business environment, since demand has been relatively firm recently, I believe we have reported a good performance. Looking ahead, among existing businesses, the markets for laptop computers and digital cameras are shrinking, but since we now see our way for

expanding applications in other businesses, we want to allocate our resources to develop those businesses in the future.

Mask Blanks for Semiconductors

- Conditions in the semiconductor industry have been favorable since the beginning of 2014, and sales not only of 300mm wafers but also 200mm wafers are expanding. In the blanks business, since we have a product lineup covering the high, middle, and low ends, sales in the third quarter held strong.
- Recently, there have been many discussions about extreme ultraviolet lithography (EUVL), and we are receiving many questions related to this field. To begin with, we remain cautious about whether EUVL will become a reality. Regarding critical layers in the semiconductor exposure process, in the light of cost considerations, semiconductor manufacturers are thinking about whether they will move toward double patterning, quadro, or EUVL. Under these circumstances, EUV has become a rival to compete with double patterning. HOYA is already providing blanks for EUV development use. If the industry moves toward EUV, I think this will certainly be a plus for us. However, since we do not know what direction the industry will take, as a manufacturer of blanks, we want to have systems ready that can respond to whatever direction the industry takes.

Photomasks for Large Liquid Crystal Displays (LCDs)

- Sales of photomasks used for smartphone panel production held firm. Sales of photomasks for TV panel production calmed down temporarily, but since then have been on a recovery trend. On the other hand, demand in the tablet computer sector has quieted down.
- As in recent developments, in 2015 also, we think panel manufacturers will shift to 4K TV production and the trends toward larger sizes and curved panel processing will continue. In addition, we believe the development of 8K and new TVs will continue. Just as flat panels for PCs will move toward 4K and 5K and screens for smartphones will shift to 4K, in all product areas, development will move toward higher resolution and higher definition. We will, therefore, develop the necessary masks and supply them. We believe that, in the midst of these trends toward higher resolution and higher definition, the most-important thing will be to build a technologically differentiated position to satisfy these needs. When we do this, as the new era dawns, we will also consider additional investments.

Glass Memory Disks for Hard Disk Drives (HDDs)

- Although demand for 2.5-inch HDDs for laptops has quieted down, demand for external HDDs, performance enterprise HDDs, and near-line units is increasing. In consequence, sales of glass substrates in volume terms have increased over the preceding quarter. Foreign currency movements have had a major impact, and sales on a monetary basis expanded at double-digit rates.
- The outlook is for demand for laptops to settle down in fiscal 2015. However, sales of glass memory disks for external HDDs and servers are expected to increase. Products for two terabyte external drives are selling well, and the DD ratio is rising. In addition, the number of disks in a single drive for use in servers is large, for 2.5-inch HDDs as a whole, even if these units cannot cover the decline in PCs; in terms of the number of glass substrates, the decline in units for PCs will be covered, and we are expecting that we will probably be able to sell the same in volume terms on this basis.

Imaging-Related Products

- In the imaging-related products business as a whole, sales were at about the same level as in the same quarter of the previous year. In the optical glass materials and lenses business, we are working to shift direction from the dependence of this business on digital cameras. We expanded sales of interchangeable lenses in the after-sales market and for security surveillance cameras, and sales were above the same quarter of the previous year. However, conditions for lens units for compact cameras continued to be severe, and sales were down year on year.
- Regarding the previously mentioned lens units, however, at the Consumer Electronics Show (CES) in January, in North America, the units came up as a subject of conversation, and it was mentioned that a certain smartphone manufacturer will begin to install our “CUBE” miniature camera units featuring 3x optical zooming on their products beginning in April 2015. In line with this development, we will begin the mass production of these units in March 2015. Since we have received inquiries from a number of smartphone manufacturers, we are anticipating that these units will be installed on many types of smartphones.
- The optical products business has declined and seems it reached bottom, and, at the present time, the business has recovered to the point where sales are level with the previous year. We are also introducing new products and want to expand sales in this field.

Questions and Answers Following the Briefing

Q: What is your appraisal of the growth potential for smartphone lens modules, LCD photomasks, and mask blanks for EUVL?

A. Mr. Ikeda (COO): In the case of smartphone lens modules, we have confirmed an initial lot for one model of one company, but the results will depend on how many units are sold into the smartphone market. Therefore, it is difficult for us to say how many units will be sold on an annual basis. We are moving ahead with activities to have a number of companies adopt these units for a number of their smartphone models.

In the case of LCD photomasks, I think that not only HOYA but also its competitors in this field are producing at full capacity. We are working to create an environment where we can receive orders for higher-resolution, higher-definition masks at higher prices, but we believe that leeway for increasing sales in the next period will be limited.

Regarding mask blanks for EUVL, we have already supplied mask blanks for development work, but we do not see any factor that would make sales of these rise suddenly in the next period; so, we are not forecasting a major increase in sales of blanks for EUVL. However, HOYA is the main supplier of EUVL blanks, and we want to consolidate our position in this field; therefore, we are planning to put additional emphasis on technological development in this field.

Mr. Suzuki (CEO): Looking first at our CUBE lens modules for smartphones, there are doubts about how strong consumer needs are for smartphone cameras with optical zoom functions. However, regarding shake reduction functions for CUBE modules, many users take photographs with their smartphones when they are moving; so, if the market turns attention to the feature, I think sales will increase further.

In the case of mask blanks for EUVL, manufacturers of semiconductors are putting a lot of effort into this area, but, because the related hurdles are high, their plans may not move on schedule. The reason for focusing on EUVL is that manufacturers do not see any economic merit in increasing the number of exposure processes.

Q: I believe you have shifted to a multi-brand strategy in your eyeglass lens business. Could you please provide information on your market share at present and the directions your strategies will take going forward?

A. Mr. Suzuki (CEO): The market share of Essilor products is about 45%, and HOYA's share is approximately 15%. Our understanding is that rather than taking share from

Essilor, we are capturing share from other manufacturers. At present, consolidation of retailers has advanced, and large chain stores are buying up small shops and chains. Amid these developments, customers have some dissatisfaction and concerns about top manufacturers monopolizing the market. To respond to these customers, we want to take initiatives to give them a better customer experience from the perspectives of products and supply capabilities. In overseas markets, customer awareness of HOYA among small eyeglass stores is still low. Therefore, even if we cover each market from single points, in reality, we are not covering the full market area. We think it will be necessary to make investments for future growth to expand the overall area that we can cover. Since the number of brands has increased, we want to expand our market coverage both in terms of products and regions. I believe we are competitive both in quality and cost.

Q: For the fourth quarter, compared to the immediately prior third quarter, you are assuming a decline in profit of ¥10 billion. What will be the factors accounting for this?

A. Mr. Hirooka (CFO): Of the ¥10 billion decline in profit that you mentioned, ¥6.0 billion will be due to the absence of the ¥6.0 billion in foreign currency translation gains that we reported in the third quarter. The remaining ¥4.0 billion will be accounted for by declines in business profitability. Particularly in the case of substrates for HDDs, we manufacture these overseas, but we are expecting that the number of running days in the fourth quarter will decline, and this will be a factor reducing profit. Also, in the Life Care segment, because the U.S. dollar has strengthened compared to other currencies, the Thai baht and other currencies linked to the dollar have strengthened against the yen. We are assuming that the result will be that, even though sales expand, profits will not rise as much as sales.

Q: In the LCD photomasks business, we understand that your competitor(s) has(have) installed mask writers. Does HOYA have plans for additional investments? Also, in the HDD disk domain, when the HAMR became a reality, what impact will that have on HOYA?

A. Mr. Ikeda (COO): We are viewing the prospects for the technological implementation of HAMR with caution. The hurdles to overcome for head and recording media may be high, but, as far as substrates are concerned, we are already supplying samples, and it appears that there are no major problems. Going forward also, we believe the most-important point will be to properly develop and supply products that meet customers' development needs. In the HAMR process, glass disks are indispensable. So far as capacity is concerned, we also have responsibilities for supply;

so, therefore, we will respond properly and conscientiously. In photomasks for LCD use, if the only issue were increasing capacity, then, as in the past, supply capacity would exceed demand and prices would decline. Thus, we think it is important for us first to establish our technological competitiveness to win over other companies. We are planning to allocate resources to development initiatives that will increase our technological competitiveness.

Mr. Suzuki (CEO): In the LCD mask business, we think there is still room for price increases. Most of the growth in sales in this business at present is a result of increases in prices. We want to shift the product mix toward technologically more-sophisticated products and increase prices.

Q: What are your plans and specific content for investment and depreciation in the next period?

A. Mr. Hirooka (CFO): We are preparing these plans now. As in the case of eyeglass lenses, there may be cases where plans in the fourth quarter are shifted into the next period. Please note that our comments based on our decision-making process will not always correspond to actual payments.

Mr. Suzuki (CEO): Taking into account some investment being delayed to the following quarters, the annual amount of CAPEX will be a little larger next year.

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.