



## Notice of the 74th Ordinary General Meeting of Shareholders

### Matters for resolution

#### ■Matters proposed

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Proposition

Election of 7 Directors

### Information for the meeting

#### ■ Date and time of meeting

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June 20 (Wednesday), 2012

Start accepting 9:00 a.m.

Opening of the meeting 10:00 a.m.

#### ■Location

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Bellesalle Shinjuku Grand  
(Event Hall)

8-17-3 Nishi Shinjuku, Shinjuku-ku,  
Tokyo, Japan

Please note that the Location of the  
meeting is not the same as last year's.

# HOYA CORPORATION

Commitment  
to  
society

Dedication to  
innovative  
management

**HOYA**

Commitment  
to  
customers

**Corporate Mission**

“Dedicated to innovation in  
information technology,  
lifestyles and culture,  
HOYA envisions a world  
where all can enjoy the good life,  
living in harmony with nature.”

Commitment  
to  
employees

Commitment  
to  
shareholders

## Message from President & CEO

The fiscal year ended March 2012 was marked by a series of unprecedented events, namely, natural disasters such as the Great East Japan Earthquake and the massive flooding in Thailand, the surge in prices stemming from the rapid appreciation of the Japanese Yen and China's restriction of rare earth exports, and changes in the market environment for semiconductors. These events were undoubtedly adverse challenges for the Japanese economy and its industries.

Under these circumstances, the HOYA Group was affected to no small extent, as were others. In particular, the eyeglass lenses business in the Life Care segment experienced a situation where its flagship plant had to suspend operations temporarily due to the damage inflicted by the flooding in Thailand; I would like to take this opportunity to apologize once again for causing a great deal of inconvenience and concern to many of our customers and shareholders.

Other than the aforementioned temporary factors, our basic business structure has been enhanced and is thus leaner and more robust; consequently, we were able to steadily implement our portfolio management strategy of capturing value in Information Technology segment and concentrating management resources in Life Care to accelerate growth during the year.

In the Information Technology, selection and concentration of businesses proved fruitful amid the increasingly fierce competition environment: we overcame such challenges as the strong yen and the surge in raw materials prices by demonstrating technical capabilities in their respective fields of specialty, and managed to secure relatively stable earnings. In the Life Care, growth of medical endoscope and eyeglass lenses businesses was prominent in emerging markets, while contact lenses and intraocular lenses businesses expanded steadily in the Japanese market.

The HOYA Group currently regards the Life Care as the upcoming growth driver, and is aggressively investing the proceeds from the Information Technology into growth of the Life Care. Emerging countries will require better medical infrastructure as their populations increase, and economic disparities shrink; in that sense, the medical market is likely to continue expanding globally in the coming years. Accordingly, the HOYA Group will inject more resources than ever before into the Life Care and pursue accelerated growth of existing businesses as a matter of course, while considering M&A as one of its options.

HOYA will continue to make concerted group-wide efforts to enhance its portfolio and increase its shareholder value. We thank our shareholders for their ongoing support and understanding.

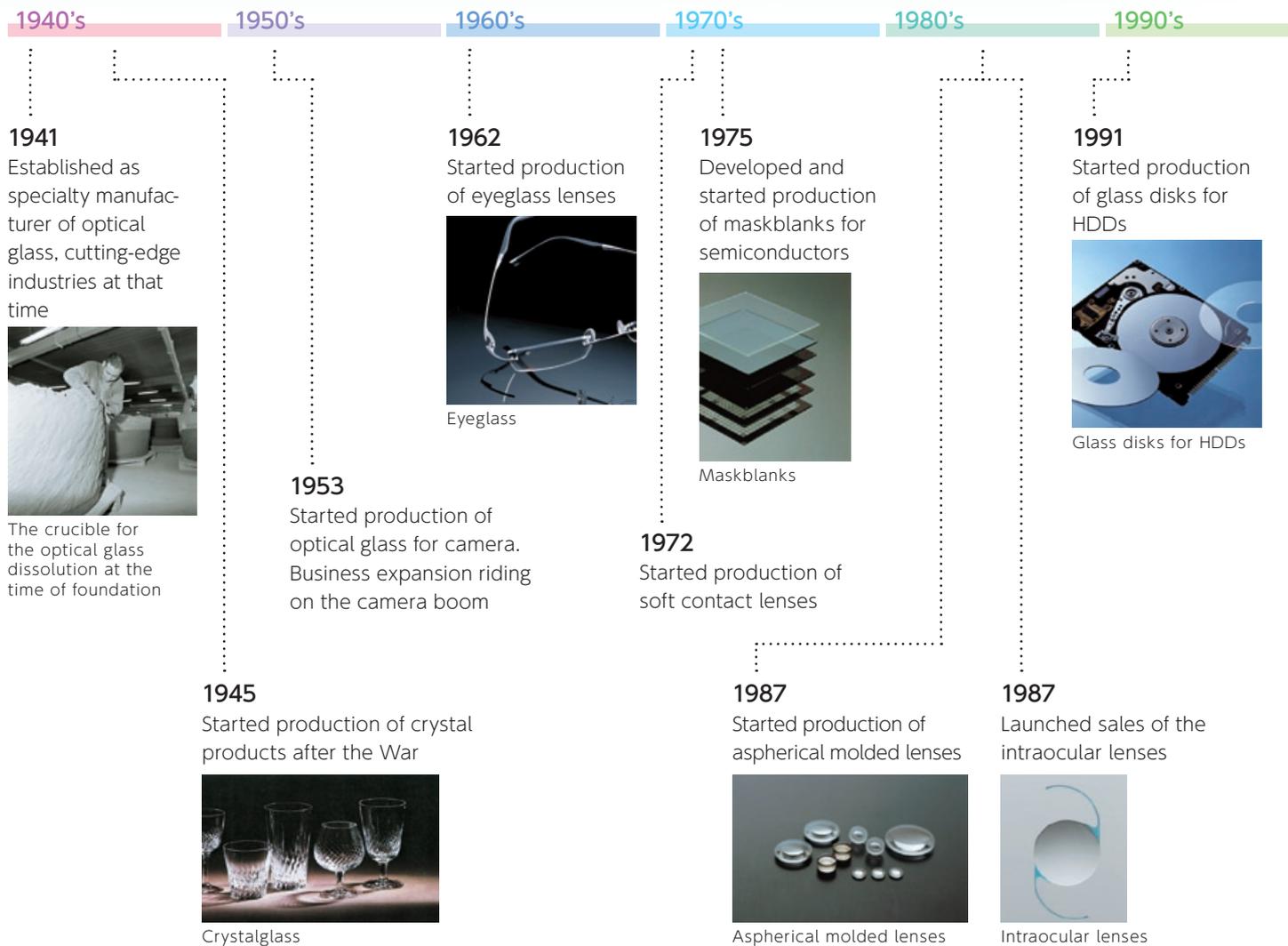


A handwritten signature in black ink, which appears to read "Hiroshi Suzuki". The signature is stylized and fluid.

Hiroshi Suzuki  
President & CEO

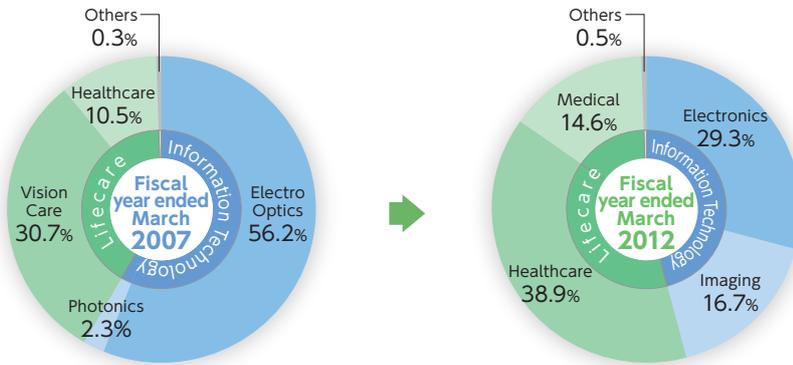
# From the Past, to the Present, and into the Future

As the world's leading manufacturer of optical products, HOYA has played an integral role in people's lives. HOYA implements "portfolio management" to ensure profitability, stability and growth potential of the Group as a whole while engaging in and balancing multiple businesses adapting to the changes of times.



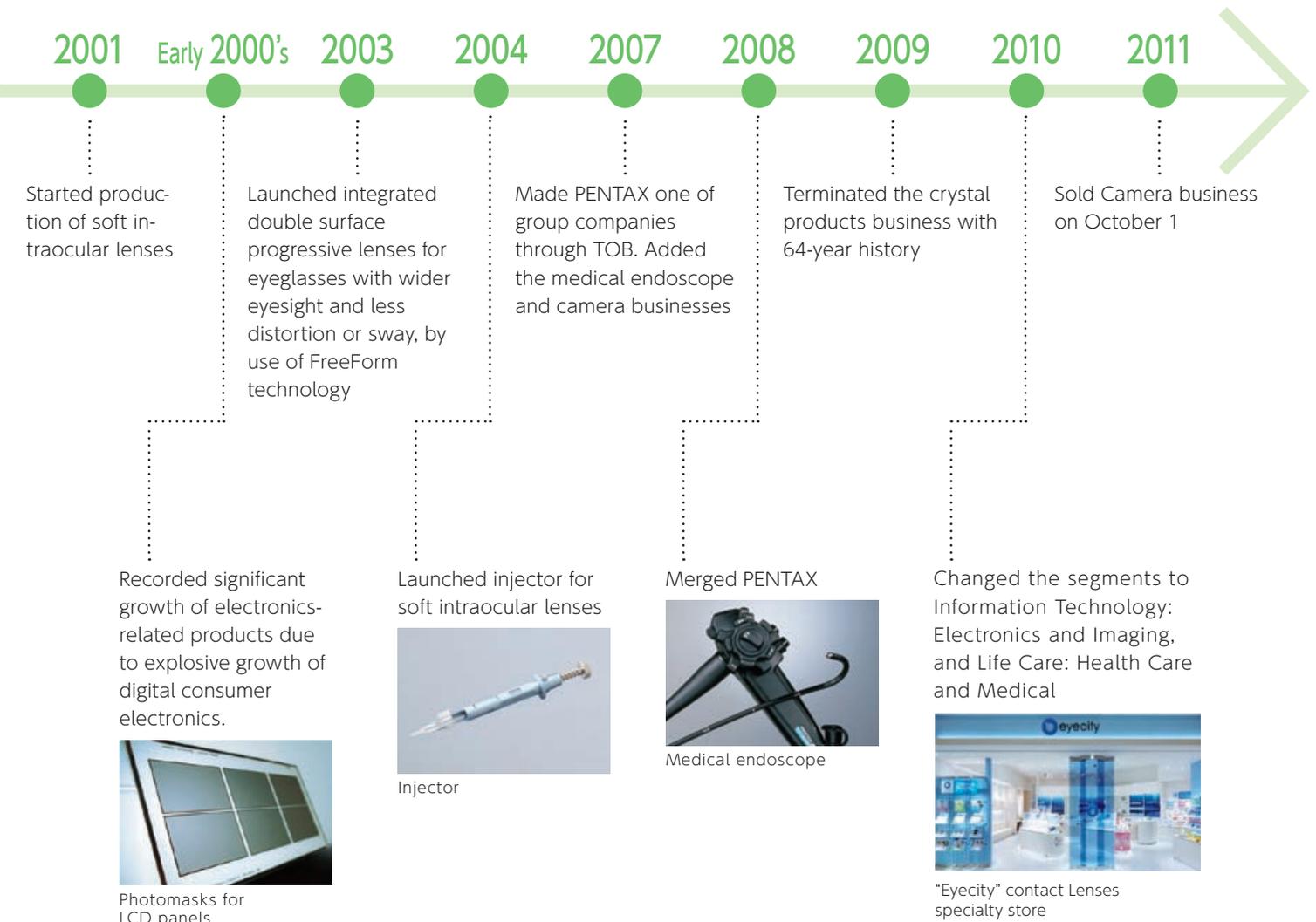
## “Enhancing Portfolio Management” Toward Continual Growth

The HOYA Group is currently executing a business portfolio strategy that involves maintaining its competitive edge with the aim of capturing a certain level of revenues in Information Technology segment, which pivots on our exceptional optical technology, and accelerating growth in Life Care segment by investing management resources on a priority basis.



## Future

Aiming at further growth in the Life Care area



Photomasks for LCD panels



Injector



Medical endoscope

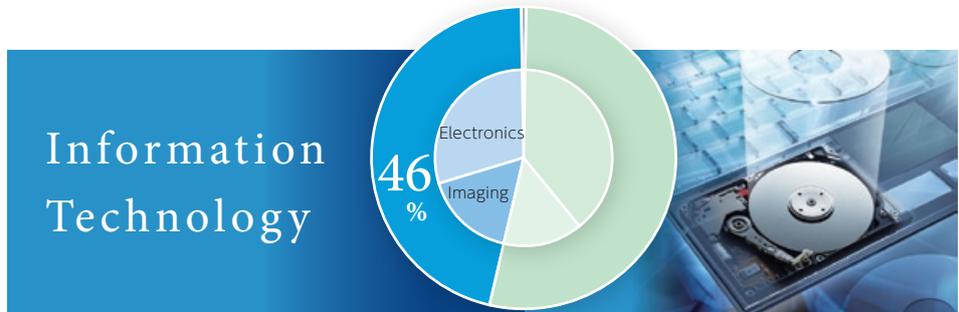


“Eyecity” contact Lenses specialty store

# HOYA Group's Businesses

HOYA Group conducts its business by adopting portfolio management, which ensures profitability, stability and growth potential of the Group as a whole while holding and maintaining a balance among its multiple and diverse business segments. Currently, Information Technology and Life Care are the two major pillars of HOYA's business. While we secure stable earnings by capitalizing on HOYA's competitive engineering strengths in the Information Technology segment, we also achieve accelerated growth in the Life Care segment by aggressively investing our management resources. HOYA will continue its efforts to ensure its sustained corporate growth by optimally allocating its investment resources to maximize its shareholder value.

<Note>  
As we execute consolidated group management, the term "HOYA" herein refers to the "HOYA Group" in reference to its history, activities, operating results, etc. In particular, statements concerning HOYA on a nonconsolidated basis are written in the form of "HOYA Corporation" or "HOYA Corp."



### Electronics

Mask Blanks and photomasks used in the production of semiconductors and LCD panels as well as glass disks for HDDs.



Mask Blanks and Photomasks for Semiconductor Manufacturing



Photomasks for Liquid Crystal Display      Glass Disks for HDDs

### Imaging

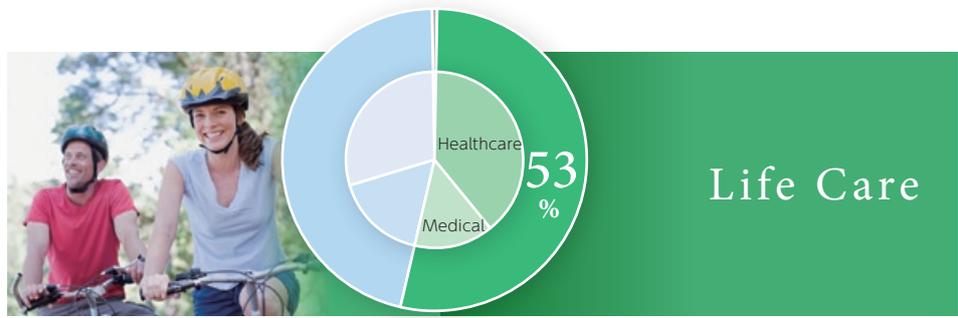
Engaged in the manufacture and sales of optical lenses, optical glasses, compact camera lens modules, and micro lenses for DVD and Blu-ray.



Optical Lenses



Compact Camera Lens Modules      Micro Lenses



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Reference Material for the General Meeting of Shareholders

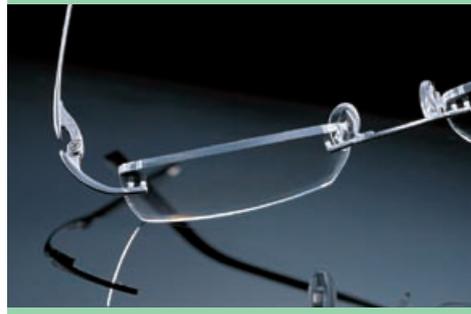
- Proposition
- Election of 7 Directors

Business Report

- Matters Relating to the Present State of the HOYA Group
- Current State of the Company
- Frameworks and Policies of the Company
- Corporate Governance

Health Care

Engaged in the manufacture and sales of eyeglass lenses and operates the *Eyecity* chain of contact lens specialty stores.



Eyeglass Lenses

Medical

Engaged in the manufacture and sales of medical endoscope, intraocular lenses for cataract patients and biocompatible ceramic products for bone defects.



Medical Endoscope



*Eyecity*



Apatite Products (Composite Bone)

Pre-Loaded Injector and Intraocular Lenses

Security Code: 7741  
May 31, 2012

## **Notice of the 74th Ordinary General Meeting of Shareholders**

Dear Shareholders:

Notice is hereby given that the 74th Ordinary General Meeting of Shareholders of the Company will be held as set forth below and you are cordially invited to be present at such meeting.

Since voting rights can be exercised in writing or via the Internet even if you are not present at the meeting, please go over the information set forth in the accompanying Reference Material for the General Meeting of Shareholders and send us, either by return mail the enclosed voting form indicating your approval or disapproval of the proposition, or enter your approval or disapproval of the proposition from the voting site designated by the Company (<http://www.evotep.jp>) no later than 5:45 p.m. on June 19 (Tuesday), 2012 to exercise your voting rights.

Yours very truly,

**HOYA CORPORATION**  
2-7-5, Naka-Ochiai, Shinjuku-ku, Tokyo, Japan  
**Hiroshi Suzuki**  
Director, President & CEO

## Description

**1. Date and time of meeting:** June 20th (Wednesday), 2012, at 10:00 a.m.

**2. Location:** Bellesalle Shinjuku Grand (at Event Hall)  
8-17-3 Nishi Shinjuku, Shinjuku-ku, Tokyo, Japan  
(Please note that the location of the meeting is unlike last year's and please refer to the map at the end of this document for directions.)

**3. Agenda:**

**Matters to be reported:**

1. The business report and consolidated financial statements for the 74th fiscal year (from April 1, 2011 to March 31, 2012) and the audited reports of the consolidated financial statements for the fiscal year by the Accountant Auditor and the Audit Committee.
2. Reports on financial statements for the 74th fiscal year (from April 1, 2011 to March 31, 2012).

**Matters for resolution:**

**Proposition:** Election of 7 Directors

For an outline of the proposition, please refer to the accompanying Reference Material for the General Meeting of Shareholders.

**[Matters published on the Internet]**

- (1) Of the matters to be included in this notice pursuant to laws and regulations and provisions of Article 16 of the Articles of Incorporation of the Company, Notes to the Consolidated Financial Statements and Notes to the non-consolidated Financial Statements are disclosed on our website (<http://www.hoya.co.jp/english/>) instead of being included in the accompanying this business report.
- (2) If any revision takes places in the accompanying Reference Materials for the General Meeting of Shareholders, the business report, the financial statements or the consolidated financial statements, it will be published at the Company's website on the Internet (<http://www.hoya.co.jp/english/>).

**[Precautions for exercising the voting rights by proxy]**

If attending the meeting by proxy, the proxy must present to the receptionist at the meeting an item showing authority to act as proxy, with a signature or name and seal of the shareholder who entrusted the service as proxy, together with the voting form of the said shareholder or a copy of a form of ID (seal registration certificate, driver's license, etc.). The proxy must be another shareholder of the Company having voting rights as provided under the Articles of Incorporation of the Company.

## **Information on exercising the voting rights**

As the exercise of voting rights in the Ordinary General Meeting of Shareholders is the important right of all shareholders. Please go over the information set forth in the accompanying Reference Material for the General Meeting of Shareholders and exercise your voting rights.

The exercise of voting rights is subject to the following three ways.

### **1. If you attend the meeting**

If you are attending the meeting, please present the enclosed voting form to the receptionist at the meeting.

### **2. If you are exercising your voting rights by returning the voting form by mail.**

Please indicate your approval or disapproval of the proposition on the enclosed voting form and send us by return mail **no later than 5:45 p.m. on June 19 (Tuesday), 2012.**

[Handling of voting rights]

- If you indicate neither your approval nor disapproval of a proposition, your answer will be deemed to be approval.
- If you exercise your voting rights redundantly via the Internet and by mail, the voting rights exercised via the Internet shall be treated as valid.
- If you exercise your voting rights more than once via the Internet, the Company will regard the content of the last exercise as valid. Similarly, when you exercise your voting rights redundantly via a personal computer, a smart phone and a mobile phone, the Company will regard the content of the last exercise as valid.

### **3. If you are exercising your voting rights via the Internet**

If you are exercising your voting rights via the Internet, please confirm the following precautions before exercising the rights.

Exercising of the voting rights via the Internet is accepted **until 5:45 p.m. on June 19 (Tuesday), 2012**, however, please exercise your rights at the earliest possible time, and if you have any questions please contact the help desk below.

Contact Information:

Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Department (Help Desk)  
Tel: **0120-173-027** (Office hours: from 9:00 a.m. to 9:00 p.m., toll free)

#### **1. About the voting rights exercising site**

- The voting rights can be exercised via the Internet by a personal computer, a smart phone or a mobile phone (i-mode, EZweb, Yahoo!Keitai) (Note) only by accessing the voting rights exercising site designated by the Company (<http://www.evotep.jp/>). (However, the service is suspended from 2:00 am to 5:00 a.m. every day.)  
(Note) "i-mode", "EZweb" and "Yahoo!" are trademarks or registered trademarks of NTT DoCoMo, Inc., KDDI Corporation and Yahoo! Inc. in the United States, respectively.
- It may not be possible to exercise the voting rights from a personal computer depending on the Internet environment of the shareholder in case firewalls or anti-virus software are set up on the personal computer, or a proxy server is used, etc.
- When you exercise your voting rights from a mobile phone, please use one of the following mobile phone services: i-mode, EZweb or Yahoo!Keitai. For security purposes, mobile phones that are not able to handle encrypted communications (SSL communication) and to transmit terminal ID information are not supported.

#### **2. How to exercise the voting rights via the Internet**

- On the voting website (<http://www.evotep.jp/>), please enter the "Login ID" and "temporary password" which are stated on your voting form, and follow instructions on screen to enter your approval or disapproval.
- In order to prevent unauthorized access by third parties other than shareholders (so-called "spoofing") and to prevent tampering with the content of the voting, please note that shareholders who use this function will be asked to change the "temporary password" on the voting website.

#### **3. Costs incurred when accessing the voting website**

Costs incurred when accessing the voting website (such as Internet connection charges and phone charges) are to be borne by the shareholders. When a smart phone or a mobile phone is used, packet communication fees and other smart phone or mobile phone usage fees are incurred, and these are also to be borne by the shareholders.

# Reference Material for the General Meeting of Shareholders

## Proposition and information

### Proposition Election of 7 Directors

The term of office of all of the eight Directors will expire at the close of this Ordinary General Meeting of Shareholders. It is therefore proposed that seven Directors be elected in accordance with the decision made by the Nomination Committee.

The Nomination Committee has reported that according to the "Basis for Election of Candidates for Directors" established by the committee, each candidate for Director does not fall under any reason for disqualification and all candidates for both Inside Directors and Outside Directors meet the requirements for such candidates.

The candidates for Directors are as follows:

No	Name	Current positions and assignments at the Company
1	<b>Yuzaburo Mogi</b>	Director, Chairman of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee <b>Independent</b>
2	<b>Eiko Kono</b>	Director, Chairman of the Compensation Committee Member of the Nomination Committee Member of the Audit Committee <b>Independent</b>
3	<b>Yukiharu Kodama</b>	Director, Chairman of the Audit Committee Member of the Nomination Committee Member of the Compensation Committee <b>Independent</b>
4	<b>Itaru Koeda</b>	Director, Member of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee <b>Independent</b>
5	<b>Yutaka Aso</b>	Director, Member of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee <b>Independent</b>
6	<b>Hiroshi Suzuki</b>	Director, President & CEO
7	<b>Kenji Ema</b>	Director, Executive Officer & CFO

(Note) Mr. Yuzaburo Mogi, Ms. Eiko Kono, Mr. Yukiharu Kodama, Mr. Itaru Koeda and Mr. Yutaka Aso are candidates for the posts of Outside Directors. The Company has provided notice to the Tokyo Stock Exchange of Mr. Yuzaburo Mogi, Ms. Eiko Kono, Mr. Yukiharu Kodama, Mr. Itaru Koeda and Mr. Yutaka Aso as being independent directors appointed by the Company, in accordance with the Tokyo Stock Exchange's rules and regulations.

No	Name	Brief history, positions and assignments at the Company, and important position of other companies concurrently held
1	 <p><b>Yuzaburo Mogi</b> (Born on Feb. 13, 1935)</p> <p>Candidates for Outside Director</p> <p>Number of years in office of the Director of the Company: 11 Years</p> <p>Number of shares of the Company held: 4,000 Shares</p>	<p>Apr. 1958 Joined Noda Shoyu Co., Ltd. (present Kikkoman Corporation)</p> <p>Mar. 1979 Director of Kikkoman Corporation</p> <p>Mar. 1982 Managing Director of Kikkoman Corporation</p> <p>Oct. 1985 Managing Director and Representative Director of Kikkoman Corporation</p> <p>Mar. 1989 Executive Managing Director and Representative Director of Kikkoman Corporation</p> <p>Mar. 1994 Executive Vice President and Representative Director of Kikkoman Corporation</p> <p>Feb. 1995 President and Representative Director of Kikkoman Corporation</p> <p>Jun. 2001 Director of the Company (present post)</p> <p>Jun. 2004 Representative Director, Chairman and CEO of Kikkoman Corporation</p> <p>Jun. 2011 Honorary CEO, Chairman of the Board of Kikkoman (present post)</p> <p><b>(Important position of other companies concurrently held)</b></p> <p>Honorary CEO, Chairman of the Board of Kikkoman Corporation</p> <p>Outside Director of Meiji Yasuda Life Insurance Company</p> <p>Outside Director of Calbee, Inc.</p> <p>Outside Auditor of Tobu Railway, Co., Ltd.</p> <p>Outside Auditor of Fuji Media Holdings, Inc.</p> <p>Outside Auditor of Fuji Television Network, Inc.</p>

#### Reason for the Selection of Candidate for Director

The above candidate has engaged in the management of Kikkoman Corporation in the food industry for many years, and has executed strategies in view of global markets from the early years at Kikkoman Corporation. Mr. Mogi also engages in various public activities representing business community, and is active as an opinion leader to boost Japan's international competitiveness. The Nomination Committee has determined that he is perfect for providing management supervision and governance from a broad and objective perspective, based on his experience as a global-minded, well-balanced management executive and his achievement as Outside Director for many years and as Chairman of the Compensation Committee till the fiscal year before last. Although reelection frequency is capped at 9 times as a general rule under the Basis for Election of Candidates for Directors set forth by the Nomination Committee, Mr. Mogi was nominated as a candidate for Director again due to strong requests made by all members of the Committee.

#### Message to Shareholders from Candidate

Our expected role as outside directors is to monitor the proper management conduct of executive officers from a perspective that differs from the internal management team. For this reason I feel it's important to ask tough questions at board meetings without reservation. I sense even from a long-term perspective that HOYA is a company with a great future. I would like to continue to support its growth from an objective standpoint.

No	Name	Brief history, positions and assignments at the Company, and important position of other companies concurrently held
	 <p><b>Eiko Kono</b> (Born on Jan. 1, 1946)</p> <p>Candidates for Outside Director</p> <p>Number of years in office of the Director of the Company: 9 Years</p> <p>Number of shares of the Company held: 1,000 Shares</p>	<p>Dec. 1969 Joined RECRUIT Co., Ltd. Apr. 1984 Director of RECRUIT Co., Ltd. Aug. 1985 Managing Director of RECRUIT Co., Ltd. Nov. 1986 Senior Managing Director of RECRUIT Co., Ltd. Jul. 1994 Executive Vice President of RECRUIT Co., Ltd. Jun. 1997 President and Representative Director of RECRUIT Co., Ltd. Jun. 2003 Chairperson and CEO of RECRUIT Co., Ltd. Jun. 2003 Director of the Company (present post) Apr. 2004 Chairperson and Chairperson of the Board of Directors of RECRUIT Co., Ltd. Jun. 2005 Special Advisor of RECRUIT Co., Ltd.</p> <p><b>(Important position of other companies concurrently held)</b> Outside Director of Mitsui Sumitomo Insurance Co., Ltd. Outside Director of DIC Corporation Outside Director of Tokyo Stock Exchange Group, Inc. Outside Director of Tokyo Stock Exchange, Inc.</p>

## 2

**Reason for the Selection of Candidate for Director**

The above candidate was the youngest director of Recruit Co., Ltd. in the information services industry at the time when she was appointed to the position in the 1980s. Ms. Kono has since served as President and Chairperson & CEO, and as one of the few female management executives in Japan, pursued the management reform of Recruit Co., Ltd. She has subsequently served as a member of many government councils and outside director of companies including the Tokyo Stock Exchange with her broad expertise. She has made substantial contributions at the meetings of the Board of Directors of the Company by giving knowledgeable advice based on her background as such, especially in utilizing human resources and further motivating personnel. The Nomination Committee has nominated her as a candidate for Director again this year, having determined that she would be able to supervise the management of the Company based on her insight as such, and from a different perspective.

**Message to Shareholders from Candidate**

The atmosphere in the meetings of the Board of Directors of HOYA is extremely open and impartial, so discussions are held in a serious manner without concealing any problems. As Outside Directors check the management by applying their diverse experience and knowledge, I feel certain the governance structure is world-class. Each and every Outside Director has an awareness of being an interested party; the Outside Directors fulfill their respective duties as if they manage HOYA themselves. I believe the role of the top management is to evolve the organization and increase corporate value. Based on this belief, I am committed to contributing to the further growth of HOYA.

No	Name	Brief history, positions and assignments at the Company, and important position of other companies concurrently held
3	 <p><b>Yukiharu Kodama</b> (Born on May 9, 1934)</p> <p>Candidates for Outside Director</p> <p>Number of years in office of the Director of the Company: 7 Years</p> <p>Number of shares of the Company held: 1,000 Shares</p>	<p>Apr. 1957 Joined the Ministry of International Trade and Industry (MITI) (now the Ministry of Economy, Trade and Industry (METI))</p> <p>Jun. 1985 Director General of the Minister's Secretariat MITI</p> <p>Jun. 1988 Director General of Industrial Policy Bureau MITI</p> <p>Jun. 1989 Administrative Vice-Minister of MITI</p> <p>Jun. 1991 Retired from MITI</p> <p>Jun. 1991 Advisor to Japan Industrial Policy Research Institute (JIPRI)</p> <p>Feb. 1992 Advisor to the Industrial Bank of Japan (IBJ)</p> <p>Jun. 1993 President of The Shoko Chukin Bank</p> <p>Jul. 2001 Chairman of the Japan Information Processing Development Corporation</p> <p>Jun. 2005 Director of the Company (present post)</p> <p>Nov. 2007 Chairman of the Mechanical Social Systems Foundation</p> <p>Apr. 2012 Chairman of the Mechanical Social Systems Foundation (present post)</p> <p><b>(Important position of other companies concurrently held)</b>  Chairman of the Mechanical Social Systems Foundation  Outside Director of Asahi Kasei Corporation  Outside Auditor of Tokyo Dome Corporation  Outside Auditor of Yomiuri Land Co., Ltd.</p>
<p><b>Reason for the Selection of Candidate for Director</b></p> <p>The above candidate has overseen business community widely in assisting the Minister of International Trade and Industry (current Minister of Economy, Trade and Industry) for many years, and gained a substantial knowledge and experience as an outside officer of other companies including financial institutions. The Nomination Committee has nominated Mr. Kodama as a candidate for Director again this year, having determined that he would be able to make contributions to the Board of Directors from a perspective that is different from a business entrepreneur based on his experience in overseeing Japanese business community and the global affairs surrounding them for many years, and execute management supervision in a fair and objective manner based on his achievement as the Chairman of the Audit Committee for many years.</p>		
<p><b>Message to Shareholders from Candidate</b></p> <p>Having served as Director over the past seven years, I believe HOYA is a company that constantly engages in dynamic activities as a global enterprise and relentlessly pursues the spirit of innovation even at the management level. HOYA offers products based on advanced technology one after the other in the fields of electronics, life care, etc., having started with glass technology. As Outside Director, I intend to continue making contributions at the meetings of the Board of Directors, the Committees, etc. to fulfill our shareholders' expectations for the further growth of HOYA, while further enhancing corporate governance at HOYA.</p>		

No	Name	Brief history, positions and assignments at the Company, and important position of other companies concurrently held
4	 <p><b>Itaru Koeda</b> (Born on Aug. 25, 1941)</p> <p>Candidates for Outside Director</p> <p>Number of years in office of the Director of the Company: 3 Years</p> <p>Number of shares of the Company held: 5,000 Shares</p>	<p>Apr. 1965    Joined Nissan Motor Co., Ltd.  Jun. 1993    Director of Nissan Motor Co., Ltd.  May 1998    Managing Director of Nissan Motor Co., Ltd.  May 1999    Vice President of Nissan Motor Co., Ltd.  Apr. 2003    Representative Director of Nissan Motor Co., Ltd.  Jun. 2003    Co-Chairman of Nissan Motor Co., Ltd.  Jun. 2003    Chairman of Calsonic Kansei Corporation  Jul. 2003    Director of Renault S.A.  Mar. 2005    Chairman of JATCO Ltd.  Jun. 2008    Chairman Emeritus and Advisor of Nissan Motor Co., Ltd.  Jun. 2008    Chairman of Nissan Shatai Co., Ltd. (present post)  Jun. 2009    Director of the Company (present post)</p> <p><b>(Important position of other companies concurrently held)</b>  Chairman Emeritus and Advisor of Nissan Motor Co., Ltd.</p>
<p><b>Reason for the Selection of Candidate for Director</b></p> <p>The above candidate has been engaged in the management of Nissan Motor Co., Ltd. for many years, during which period he had the valuable experience of promoting a joint venture with Renault. Mr. Koeda has also made substantial contributions to the Board of Directors of the Company with his deep knowledge of the management of the Company as a manufacturer, based on his management experience in the manufacturing division for many years. The Nomination Committee has nominated Mr. Koeda as a candidate for Director again this year, having determined that he would be able to give advice and execute supervision with respect to the management of the Company based on his achievement as Director to date, and his deep understanding of market requirements considering his experience in dialogues with global stock markets over many years.</p>		
<p><b>Message to Shareholders from Candidate</b></p> <p>Rapid changes are currently taking place in all aspects of political, economic and social life across the world. Resources allocation and decision making are carried out in a dynamic and speedy manner by the management of HOYA, which consists of diverse businesses such as high-tech materials, eyeglasses and medical-related equipment within the HOYA Group and engages in development, production and sales on a global scale. As an Outside Director, I intend to fulfill my duties vigilantly so that management decisions are made by taking advantage of HOYA's strengths and are appropriate in view of social norms, by making the most of my management experience in the automobile industry.</p>		

No	Name	Brief history, positions and assignments at the Company, and important position of other companies concurrently held
5	 <p style="text-align: center;"><b>Yutaka Aso</b> (Born on Aug. 28, 1946)</p> <p>Candidates for Outside Director</p> <p>Number of years in office of the Director of the Company: 1 Year</p> <p>Number of shares of the Company held: 1,000 Shares</p>	<p>Nov. 1973 Joined Osawa Shokai (presently J.Osawa Group Co., Ltd.)</p> <p>May 1975 Auditor of Aso Cement Co., Ltd. (present Aso Corporation)</p> <p>Jun. 1977 Senior Managing Director of Aso Cement Co, Ltd.</p> <p>Dec. 1979 President of Aso Cement Co., Ltd.</p> <p>Aug. 2001 President and Representative Director of Aso Cement Co., Ltd.</p> <p>Aug. 2001 President and Representative Director of Aso Cement Co., Ltd. (present LAFARGE ASO CEMENT Co, Ltd.) (present post)</p> <p>Jun. 2010 Chairman and Representative Director of Aso Corporation (present post)</p> <p>Jun. 2011 Director of the Company (present post)</p> <p><b>(Important position of other companies concurrently held)</b> Chairman and Representative Director of Aso Corporation President and Representative Director of LAFARGE ASO CEMENT Co, Ltd.</p>

#### Reason for the Selection of Candidate for Director

The above candidate has been engaged in management with a superior sense of balance for many years as a representative of the Aso Group, which operates wide range of businesses including medical, nursing care, education and IT businesses. Mr. Aso has contributed to the Board of Directors of the Company by giving objective advice on the Company's growth strategies and advice that helps further motivate persons responsible for business, not to mention his deep knowledge in the life care field, which is regarded as a growth sector by the Company. The Nomination Committee has nominated Mr. Aso as a candidate for Director again this year, having determined that he would be able to execute management supervision in a fair and objective manner, given his competence and capability as Director, not to mention that he is refreshingly frank, outspoken and full of vitality.

#### Message to Shareholders from Candidate

I believe the strength of HOYA lies in the fact that: its medium and long-term strategies have been considered from a global perspective; it has already sowed the seeds, made preparations and laid the groundwork overseas where there is growth potential to a certain degree; and it is boosting its share in domestic markets through acquisitions and selling businesses to generate cash by demonstrating strong leadership decisively to consolidate businesses in mature domestic markets. I am committed to being of assistance to HOYA as an individual involved in life care business, in which HOYA is particularly seeking to put more effort.

No	Name	Brief history, positions and assignments at the Company, and important position of other companies concurrently held
6	 <p><b>Hiroshi Suzuki</b> (Born on Aug. 31, 1958)</p> <p>Number of years in office of the Director of the Company: 19 Years</p> <p>Number of shares of the Company held: 942,080 Shares</p>	<p>Apr. 1985    Joined the Company  Jun. 1993    Director of the Company  Jun. 1997    Managing Director of the Company  Apr. 1999    Managing Director of the Company,  President of Electro Optics Company  Jun. 1999    Executive Managing Director of the Company  Jun. 2000    President and Representative Director of the Company  Jun. 2003    Director, President &amp; CEO of the Company (present post)  Dec. 2011    Chief Representative of Singapore Branch of the Company (present post)</p>
<p><b>Reason for the Selection of Candidate for Director</b></p>		
<p>The above candidate serves as the driving force of the management of the HOYA Group as President &amp; CEO and Director, and gives appropriate explanations and reports on strategies based on portfolio management at the meetings of the Board of Directors. Mr. Suzuki also supervises the performance of duties by other executive officers, and adequately fulfills his role as Executive Officer and Director. The Nomination Committee has nominated Mr. Suzuki as a candidate for Director again this year, in consideration of his achievement as Director to date.</p>		
<p><b>Message to Shareholders from Candidate</b></p>		
<p>HOYA is managed based on a mechanism in which each Strategic Business Unit (SBU) formulates and executes its own business strategies. Accordingly, it is my understanding that the role of CEO is to execute portfolio management of the HOYA Group as a whole in view of the continuity of the company as a matter of top priority. I am committed to steering HOYA steadily to attain long-term growth, amid the rise of emerging countries, the economic crisis in U.S. and Europe and other dramatic changes in the global environment.</p>		

No	Name	Brief history, positions and assignments at the Company, and important position of other companies concurrently held
7	 <p><b>Kenji Ema</b> (Born on Nov. 8, 1947)</p> <p>Number of years in office of the Director of the Company: 19 Years</p> <p>Number of shares of the Company held: 44,800 Shares</p>	<p>Mar. 1970 Joined the Company</p> <p>Jun. 1993 Director of the Company, in charge of Administration Planning, Accounting and Purchase</p> <p>Jun. 1997 Managing Director of the Company, in charge of Strategy, Planning and Treasury</p> <p>Jun. 2000 Executive Managing Director of the Company, in charge of Corporate Finance</p> <p>Jun. 2001 Executive Managing Director &amp; CFO of the Company</p> <p>Jun. 2003 Director, Executive Officer &amp; CFO of the Company (present post)</p> <p>Jul. 2003 President of HOYA HOLDINGS N.V.</p> <p>Jan. 2007 Executive Officer Chief Financial of Netherlands Branch of the Company</p> <p>Dec. 2011 Executive Officer Chief Financial of Netherlands Branch of the Company (renomination, present post)</p>
<p><b>Reason for the Selection of Candidate for Director</b></p>		
<p>The above candidate supports and manages HOYA Group's capital policies and business strategies as Executive Officer and CFO and Director, and gives appropriate explanations and reports on the financial status of HOYA Group at the meetings of the Board of Directors. Mr. Ema also supervises the performance of duties by other executive officers, and adequately fulfills his role as Executive Officer and Director. The Nomination Committee has nominated Mr. Ema as a candidate for Director again this year, in consideration of his achievement as Director to date.</p>		
<p><b>Message to Shareholders from Candidate</b></p>		
<p>I am committed to increasing HOYA's corporate value through portfolio management while striking a balance between optimal asset utilization and risks. Furthermore, I intend to continue to press forward aggressively with timely disclosures of information so as to improve the transparency of HOYA's business conduct and further raise the significance of HOYA's presence as a corporation. By so doing, I hope to protect the common interest of all our stakeholders in HOYA and fulfill the responsibility entrusted upon me by our shareholders.</p>		

- (Notes) 1. No candidate has any relationship of special interest with the Company.
2. Reasons for the selection of candidates for the posts of Outside Directors  
 In 2003, the Company adopted "company-with-committees" management system. The Company set up three committees, namely the Nomination Committee, Compensation Committee and Audit Committee, with the aim of securing management transparency and fairness and reinforcing supervisory functions. At the same time, the Company carried out a substantial transfer of authority from the Board of Directors to Executive Officers to put in place a system that enables speedy and efficient management by Executive Officers. Outside Directors must comprise a majority at each of the three committees. The Articles of Incorporation of the Company prescribe that half or more of its Directors must be Outside Directors, for the purpose of ensuring fairness. At present, five of the eight Directors of the Company are Outside Directors. Reason for the selection of the Outside Directors each candidate is described to each candidate.
3. Years since appointment as Outside Directors of the Company (up to the close of this General Meeting of Shareholders) is described to each candidate.
4. The Company and the five candidates for reappointment as Outside Director have concluded an agreement that limits liabilities for damages prescribed in Paragraph 1, Article 423 of the Companies Act to the higher of a prefixed amount exceeding 10 million yen or the amount set by law. When the reappointment of each person is approved and passed, the liability limitation contract for the previous term will be continued.
5. The candidates for Outside Director not only meet the conditions for outside directors stipulated by the Companies Act but also meet the "Basis for Election of Candidates for Directors" that the Nomination Committee has set out as standards to ensure the independence of candidates for Outside Directors. The requirement of the Company is more stringent than that of the Tokyo Stock Exchange's rules and regulations. Therefore, the Nomination Committee has determined that the candidate is sufficiently endowed with independence as an Outside Director.

The Company sets forth "Basis for Election of Candidates for Directors" to ensure the independence of candidates for Outside Directors and the candidates must not fall under any of the categories below.

<Those related to the HOYA Group>

- Those who previously worked for the HOYA Group
- Those who have a family member (spouse, child or blood relatives or in-laws up to the second degree) who have held the position of a director, executive officer, corporate auditor or management employee in the past 5 years.

<Those related to a big business partner>

- Those who are operating officers, executive officers or employees of HOYA Group's important clients who make up 2% or more of HOYA's consolidated sales in the past 3 consecutive years; or if the HOYA Group is an important client who makes up 2% or more of the consolidated sales of the candidate's enterprise group in the past 3 consecutive years.

<Those who provide professional services (lawyers, chartered accountants, certified tax accountants, patent attorneys, judicial scriveners and those in similar professions.)>

- Those who have received remuneration of 5 million yen or more per year from the HOYA Group in the past two years.

<Other categories>

- When directors are mutually assumed between HOYA and other companies or organizations
- If the candidate's company has any other important interests within the HOYA Group

# Business Report

An attachment to the Notice of the 74th Ordinary General Meeting of Shareholders (From April 1, 2011 to March 31, 2012)

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## Matters Relating to the Present State of the HOYA Group

### Business Development and Results

#### ■ General Overview

As of March 31, 2012, the HOYA Group consisted of the HOYA CORPORATION, 103 consolidated subsidiaries (4 of which are domestic and 99 overseas) and nine affiliates (4 of which are Japanese and the other 5 overseas).

The HOYA Group is operated and managed through global consolidated group management. The independent management teams of business segments, including Information Technology, and Life Care, are responsible for executing management strategies.

Regional headquarters in America, Europe and Asia support business operations by strengthening relationships with countries and areas in the respective regions, such as by providing legal support and conducting internal audits. In particular, the HOYA Group has its treasury base in the Netherlands.

#### <Adoption of the International Financial Reporting Standards>

Beginning with the 73rd fiscal year, the HOYA Group prepares its consolidated financial statements and other documents in compliance with the International Financial Reporting Standards (IFRSs) pursuant to the first paragraph, Article 120 of the Ordinance on Accounting of Companies. With respect to reportable segments presented in the overview of operation by business category, the HOYA Group divides its business into three reportable segments, based on IFRSs. These segments are Information Technology, Life Care, and Other Businesses.

The Information Technology segment handles electronics related products including semiconductors, liquid crystals and electronics related products such as hard disk drives (HDDs), and imaging related products such as digital camera lenses. The Life Care segment deals in health care related products such as eyeglass lenses and contact lenses, as well as medical related products such as intraocular lenses and endoscopes. The Other Businesses segment offers mainly information system services and takes charge of newly initiated business enterprises.

The figures for prior consolidated fiscal years and the percentage figures used in comparison with prior consolidated fiscal years are based on the figures for continuing operations in prior consolidated fiscal years with adjustments for income that was newly reclassified to discontinued operations in the current period.

### <Sales>

During the current consolidated fiscal year, a sense of uncertainty continued to linger in the global economy due to financial concerns in the United States and Europe, despite the growth observed in emerging countries. Japan suffered the impact of the Great East Japan Earthquake in the beginning of the fiscal year, but showed signs of recovery along with the restoration of supply chains. However, causes of concern still remain, such as the electricity shortage and the radioactivity issue stemming from the nuclear power plant accident, in addition to the accelerated uptrend of the Japanese Yen, further heightening the sense of anxiety over the future of the economy. On top of this, the massive flooding that occurred in Thailand in October inflicted huge damage to manufacturing sites of Japanese companies and heavily affected supply chains.

In the foreign exchange market, the yen appreciated 7.3% against the U.S. dollar on average during the current fiscal year while it gained 2.7% against the euro and 5.8% against the Thai baht over the preceding fiscal year.

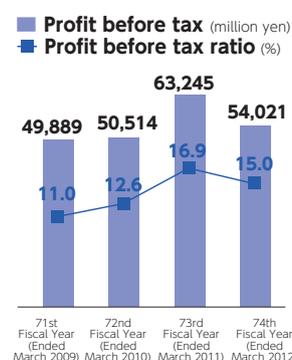
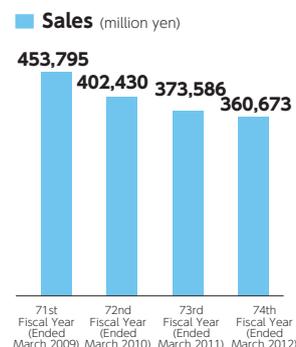
Against such uncertainties, the HOYA Group properly responded to changes in orders received according to market demand, and basically maintained the competitiveness of its businesses per se, but its sales were affected greatly by a fall in unit prices and the strong yen. Furthermore, the HOYA Group's production sites of flagship products such as eyeglass lenses, which are located in Thailand, were severely affected by the flood, such as being forced to suspend operations for a long period of time. It was also affected by the production sites of clients including HDD manufacturers being flooded.

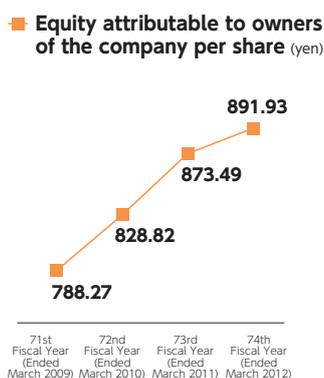
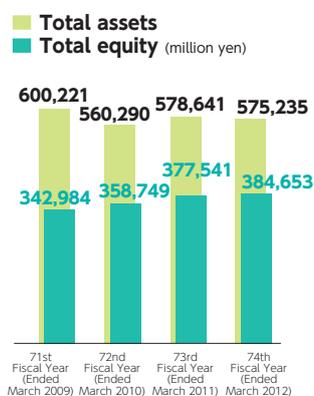
As a result, sales generated by continuing operations for the current fiscal year amounted to 360,673 million yen, a 3.5% decrease year on year.

### <Profit>

From continuing operations, profit before tax decreased 14.6% year on year to 54,021million yen, and profit for the year fell 19.7% to 39,790 million yen. In addition to the reduction in sales and profit caused by the loss of sales opportunities due to the suspension of operation of the flagship plant for eyeglass lenses as a result of the flooding in Thailand, a loss of plant facilities, etc. due to disaster in the amount of 5,909 million yen was recorded.

The ratio of profit before tax was 15.0%, a 1.9 percentage point decrease over the previous consolidated fiscal year's 16.9%.





Sales of the entire HOYA Group, including discontinued operations, fell 10.9% to 376,940 million yen from the preceding consolidated fiscal year. During the preceding consolidated fiscal year, the hard disk glass media manufacturing business and its assets were sold to Western Digital Corporation, a US maker of hard disc drives (in June 2010). During the current consolidated fiscal year, PENTAX Imaging Systems Business was sold to Ricoh Co., Ltd. on October 1, 2011.

Profit figures of the entire HOYA Group, including discontinued operations, were profit before tax of 58,530 million yen, and profit for the year of 42,680 million yen. These profit figures represented a decrease of 20.8% and 28.4% respectively over the preceding consolidated fiscal year, in part because of a gain of 10,343 million yen posted on sale of the hard disk glass media manufacturing business during the preceding consolidated fiscal year.

#### <Financial Position>

Total assets at the end of the current consolidated fiscal year decreased 3,406 million yen, or 0.6 % year on year, to 575,235 million yen.

Non-current assets decreased 32,624 million yen year on year, to 171,561 million yen.

Current assets increased by 29,218 million yen year on year, to 403,674 million yen. The increase was primarily due to a rise in other short-term financial assets by 20,308 million yen, and a 19,521 million yen increase in cash and cash equivalents, while trade and other receivables decreased by 10,763 million yen.

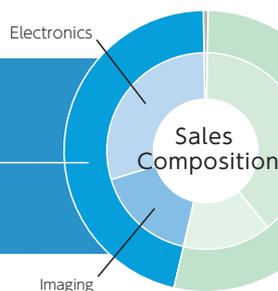
Liabilities amounted to 190,582 million yen, a 10,518 million yen decrease from the levels of a year earlier.

Total equity increased by 7,112 million yen year on year, to 384,653 million yen, partly due to a 15,177 million yen increase in retained earnings. Equity attributable to owners of the Company, which is obtained by deducting non-controlling interest in equity from total equity, amounted to 384,802 million yen, improving the ratio of equity attributable to equity holders of the parent by 1.8 point from a year earlier levels, to 66.9%.

The breakdown of changes in retained earnings is as presented later in this report in the section for Consolidated Statement of Changes in Equity.

## Information Technology

# 46%



### Outline of consolidated results by business segment

#### Electronics related products

The markets of semiconductors and liquid crystal-related products generated a certain level of demand, especially in emerging countries, but growth was sluggish on the whole amid economic uncertainties. The HOYA Group managed to secure considerable shipment volumes, especially among state-of-the-art products and high precision products, but sales decreased, due to a continued falling trend of unit prices and yen's appreciation.

In contrast, shipment volumes of glass disks (substrates) for HDDs surpassed those in the preceding consolidated fiscal year, but sales decreased slightly compared to the previous year due to clients being affected by the flooding in Thailand, on top of the impact of the strong yen.

#### Imaging related products

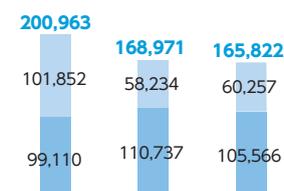
Lenses for digital cameras contributed significantly to increased sales from the preceding consolidated fiscal year, driven by interchangeable lenses for digital single-lens cameras particularly noteworthy was the increase in the ratio of high-value-added glass models, in which we had been putting a great deal of sales expansion efforts.

As a result, the Information Technology segment posted sales of 165,822 million yen, a 1.9% decrease over the preceding consolidated fiscal year. Segment profit before tax (profit before tax) decreased 8.3% year on year, to 33,018 million yen.

On July 1, 2011, an agreement was reached and concluded between HOYA and Ricoh Co., Ltd. to transfer the PENTAX Imaging Systems Business to Ricoh and the transfer was executed on October 1, 2011. As a result, the Business is classified as a discontinued operation from this consolidated fiscal year.

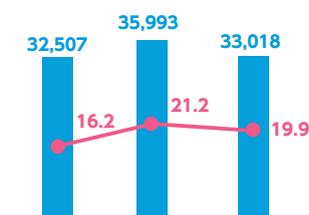
Sales (million yen)

■ Electronics ■ Imaging

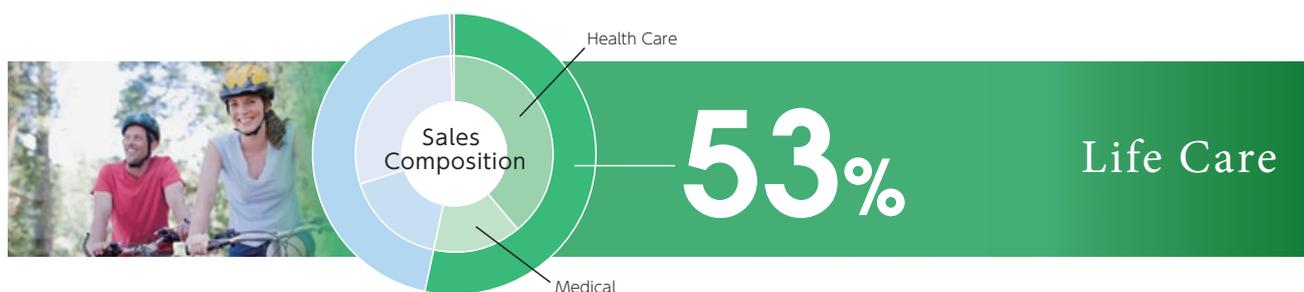


72nd Fiscal Year (Ended March 2010) 73rd Fiscal Year (Ended March 2011) 74th Fiscal Year (Ended March 2012)

■ Profit before tax (million yen)  
● Profit before tax ratio (%)



72nd Fiscal Year (Ended March 2010) 73rd Fiscal Year (Ended March 2011) 74th Fiscal Year (Ended March 2012)



### Health Care related Products

Eyeglass lenses experienced an increase in shipment volumes mainly to Europe in the first half of the consolidated fiscal year compared to the previous corresponding period. In the second half, however, the suspension of operations at the plants due to the flooding in Thailand — HOYA Group's major production site — resulted in a substantial fall in sales from the preceding consolidated fiscal year, combined with the impact of yen's appreciation.

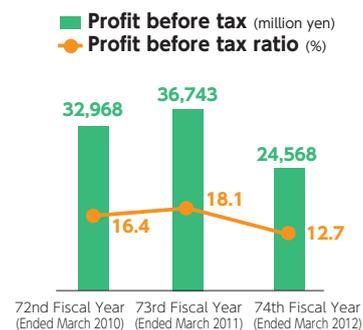
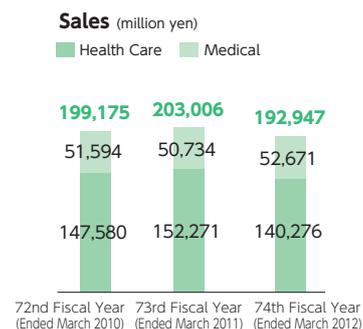
Sales of contact lenses grew, thanks to an increase in the number of customers visiting directly-managed stores, a sales expansion of products with high added value, and an increase in the number of stores, resulting from aggressive opening of new stores.

### Medical related Products

Medical endoscopes remained sluggish in European market due to the financial crisis. In the United States, however, purchase activities are picking up. Markets in emerging countries remained healthy. As a result, sales rose in comparison with the preceding consolidated fiscal year as a whole. As for intraocular lenses (IOL), soft lenses sold at a healthy pace and sales increased from the preceding consolidated fiscal year.

As a result, the Life Care segment reported sales of 192,947 million yen, a 5.0% decrease over the preceding consolidated fiscal year. Segment profit before tax was 24,568 million yen, down 33.1% from the preceding consolidated fiscal year.

(Note) The Other Businesses segment reported sales of 1,903 million yen, an increase of 20.1% over the preceding consolidated fiscal year. Segment profit before tax amounted to 774 million yen, an 18.2% decrease from the preceding consolidated fiscal year.



# HOYA in the Global Arena

HOYA steers the enterprise efficiently from a global perspective. Management decisions, research and development, production and sales are carried out at the optimal location, based on a combination of management resources tailored to boost its competitiveness on the world stage.



## Global personnel organization (overseas: 28,600 persons, Japan: 3,700 persons)

Overseas personnel account for 90% of HOYA's employees. HOYA promotes localization as needed in expanding its businesses on a global scale.

## Promotion of global personnel to business executives

Among various businesses, the three Life Care businesses (medical endoscopes, eyeglass lenses and intraocular lenses) for which business strategies need to be formulated and executed particularly from a global perspective are headed by personnel with a wealth of knowledge and experience in their respective fields, regardless of nationality.

## Ratio of overseas production: 70% Ratio of overseas sales: 60%

HOYA has built production and sales sites overseas and promoted production and sales at optimal locations from the early years, in consideration of customers' needs and production efficiency. HOYA is now a global enterprise, boasting high overseas production and sales ratios.

## Established financial HQ in Netherlands, CEO Office in Singapore

In conjunction with the globalization of businesses, HOYA shifted its financial headquarters in 2003 to the Netherlands, the optimal location for formulating and executing financial strategies. There a dedicated team engages in activities from a global perspective. In this fiscal year, HOYA established a CEO Office in charge of the Group's portfolio strategies in Singapore, which is located in a center of Asian markets that are expected to enjoy substantial growth in the future. The CEO Office takes command of HOYA's global strategies.

## Globalization to accelerate further

During this fiscal year, HOYA established a new plant for producing mask blanks in Singapore and a new plant for melting optical glass in Shandong, China. We will also consider expanding into South America and the Middle East, where there is still much room for tapping markets.

## Initiatives in Emerging Markets

### Brazilian Eyeglass Lens Company Becomes HOYA's Wholly-owned Subsidiary

OPTOTAL HOYA, which has a huge prescription lens plant and wholesale network in Brazil, has become HOYA's wholly-owned subsidiary in April, 2012. OPTOTAL HOYA has continued to grow steadily in Brazil since its establishment as a joint venture company in 2007, and currently boasts the biggest market share in the country in the premium progressive lenses category. OPTOTAL HOYA employs 400 people. The addition of OPTOTAL HOYA as a wholly-owned subsidiary is deemed to enable HOYA to have a greater presence in South America and aggressively expand business in the Brazilian market, which continues to experience rapid growth.



### Training Center for Endoscopes Established in South America

HOYA's subsidiary, PENTAX OF AMERICA Medical Company established two endoscope training centers, one in Ecuador and the other in Argentina, with the cooperation of the World Endoscopy Organization. The centers opened in local hospitals offer endoscope-related education, training and support as a research and education institutions for physicians. The centers are scheduled to provide programs developed by PENTAX OF AMERICA Medical Company as to improve clinical treatment and new product evaluation by using state-of-the-art endoscope equipment.



### Lens Simulation Centers Opened One after the Other

Lens Simulation Centers have been opened one after the other in China, Malaysia, Hungary, etc. The centers provide useful information on progressive lenses, and enable customers to experience what it feels like to use the lenses by actually walking up and down the stairs, reading road signs and maps, practicing golf putting and performing other tasks in everyday life while wearing eyeglasses.



### Intraocular Lenses in Indian Market on Full Scale

For the purpose of making full-fledged entry into the Indian market, which continues to experience high growth, intraocular lens sales subsidiary HOYA MEDICAL INDIA was established in New Delhi. HOYA MEDICAL INDIA will engage in marketing and sales activities for intraocular lens in India and seek to penetrate HOYA products in the market by conducting education activities and, training in collaboration with local ophthalmologists. At the conference of the All India Ophthalmological Society in February 2011, which is the largest of its kind in India, HOYA's booth enjoyed popularity, having showcased the superiority of its products to ophthalmologists who gathered from across India and overseas.



# Accelerating Growth in the Life Care Field

## Medical Endoscope Business: Markets Growing on a Global Scale

HOYA delivers products that incorporate advanced image processing technology, together with high operability and durability, to medical treatment facilities all over the world. The market of medical endoscopes is projected to grow at an annual average rate of 10%, and in excess of 20% in emerging countries, over the next five years. HOYA will invest its management resources in this segment to accelerate the company's growth.



### Market Growth Potential

- Increasing incidence rate of cancer
- Ageing population
- Worldwide efforts to reduce medical-related costs
- Growing demands for minimally invasive medical treatment and minimally invasive diagnostic equipment
- Improvement in medical insurance systems, economic development and changes in lifestyles in emerging countries

There is a growing demand for minimally invasive medical treatment among medical professionals; in particular, the role of medical endoscopes that enable the early diagnosis/treatment of pathological changes is increasing year by year. The endoscopes market is expected to continue enjoying substantial growth in the coming years, given that it is making significant contributions especially to the early discovery of colon cancer.

### HOYA's Growth Strategy

- Development of superior products
- Providing solutions tailored to the respective markets of developed and emerging countries
- Acceleration of expansion into emerging countries and global expansion
- Promotion and enhancement of physician training
- Aggressive expansion into therapeutics

HOYA is endeavoring to expand its sales channels in emerging countries where medical infrastructure is undergoing rapid development, not to mention developed countries. We will build networks with hospitals and physicians in various locations and work on developing products that fulfill their needs, while aggressively promoting physician training to improve their skills, in order to boost our presence in growth markets.

## Intraocular Lenses for Cataract

### Successful Differentiation from Competitors by Introducing Innovative Preloaded System

The market for intraocular lenses is dramatically expanding on a global scale, especially in emerging countries.

In such market environment, HOYA's products developed by applying advanced technology have been highly rated.

Sales promotion of these highly competitive products has resulted in the steady increase in HOYA's share in the Japanese market as well.

HOYA will seek to attain growth at an average rate of at least 10% per year by providing superior products and services to meet customer's expectation in important global markets.



Intraocular Lens



Preloaded System

## "Eyecity" Contact Lenses Specialty Stores

### Expanding Retail Contact Lens Business under the "Eyecity" Brand

As of March 31, 2012, the retail network built by HOYA consisted of more than 190 stores in Japan.

In Japan, where the market is shrinking due to the falling birthrate and the ageing population, Eyecity has expanded its domestic market share and continued to enjoy double-digit growth.

We will aim to attain further growth by understanding the needs of customers through making such efforts as digital media advertising including television commercials and launching campaigns.

We also operate stores where customers can visit comfortably, having developed a special training and qualification system for sales staff.



"Eyecity" store

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## Overview of Capital Expenditure

The total capital expenditure to all operations of the HOYA Group amounted to 33,185 million yen during the consolidated fiscal year under review, a decrease of 5,303 million yen over the preceding consolidated fiscal year.

In the consolidated fiscal year under review, investment in the Information Technology business amounted 20,474 million yen and investment in Life Care business amounted 11,780 million yen, which account for 61.7% and 35.5% of the total investment by the Group respectively.

The investment was funded with internally generated funds.

The Great East Japan Earthquake that struck on March 11, 2011 caused some damage to the Company's facilities. The cost to repair the damaged facilities did not significantly affect the results of the current consolidated fiscal year. However, the Earthquake has given rise to a greater need to have multiple manufacturing sites from the viewpoint of risk dispersion, so new plants for information technology business area were established overseas and they were accounted for the amount of capital investment in the current consolidated fiscal year.

Furthermore, the massive flooding in Thailand that occurred in October 2011 flooded HOYA's eyeglass lens production site and forced it to suspend operations. Consequently, HOYA was forced to enhance production capacity in HOYA group factories located in other than the Thailand, as alternative production site, and manufacturing facilities in the Thailand had to be completely replaced at the plant, and they were partly accounted for in the current consolidated fiscal year.

Category	72nd Fiscal Year (Ended March 2010)	73rd Fiscal Year (Ended March 2011)	74th Fiscal Year (Ended March 2012)
Capital Expenditure (million yen)	29,020	38,488	33,185

## Financing

There are no relevant items.

## Corporate Reorganizations, etc.

### Transfer of PENTAX Imaging Systems Business

On July 1, 2011, HOYA reached and concluded an agreement with Ricoh Co., Ltd. to transfer the PENTAX Imaging Systems Business, and on October 1, 2011, executed the transfer of the Business. Consequently, the Business was classified as a discontinued operation in the current consolidated fiscal year.

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## Management Issues Requiring Actions

The principal policy of HOYA Group is to maximize its corporate value and to manage the Group with a global perspective, with the aim of acquiring a leading share in the world market. We are endeavoring to improve results in our diverse range of business operations by finding the right combination of our management resources that brings out the full potential of our competitive edge.

Management issues at the HOYA Group are as follows:

### (1) Flexible Response to Changing Markets and Efficient Implementation of Management Resources

In the manifold business areas of the HOYA Group, we will accurately identify customers' needs in the market and devise strategies in advance of the competition to respond quickly and flexibly to market trends. We will allocate management resources of the Group appropriately and will make timely decisions regarding plant and equipment investment, business alliances, mergers and acquisitions, withdrawal from or reduction in business operations, etc.

### (2) Creation of New Business and Technologies

We realize that, to secure corporate earnings and maintain our growth, building growth segments that differ from existing segments by developing technologies other companies cannot imitate and creating new businesses is critical, in addition to expanding our existing businesses.

We will devote greater resources to developing technologies that will have global applications and products that have a significant competitive advantage; to exploring and creating new businesses; and to acquiring and training personnel able to support our next generation business.

### (3) Business Expansion in Life Care Business

The reduction of burden and shortening of time for medical treatment are the demands of both physicians and patients during medical treatment, and minimally invasive treatment has spread rapidly. The HOYA Group will position the Life Care business fields (health care-related products, such as eyeglass lenses and contact lenses, and medical-related products, including endoscopes for medical treatment and intraocular lenses), where knowledge and experience in optics are applied, as a strategic growth area. We place priority on investing management resources in these fields and intend to expand the businesses by increasing market shares in developed countries and also increasing global sales through emerging countries.

### (4) Securing Stable Earnings in the Information Technology Business

The market is quickly approaching maturity in the Information Technology business. We will accelerate technological development, promotion of product differentiation and new product development by strengthening cooperation with customers, in an effort to turn this into a business area where we can secure contracts and maintain profitability regardless of the economic trends. At the same time, we will endeavor to reduce costs by relocating some production facilities to foreign countries, integrating and closing some production bases and by innovating production technologies. We will invest earnings thus generated in the Life Care business area, which is a future area of growth.

We will thus minimize the range of fluctuations in the earnings of the HOYA Group caused by market conditions and financial conditions of customers so as to build a business structure that is less likely to be affected by the economy. This will be accomplished by maintaining a balance between the Life Care and Information Technology business areas.

### (5) Energy Conservation Measures, Risk Dispersion and Emergency Preparedness

In 2011, two major natural disasters struck the HOYA Group. On top of energy saving and other such environmental conservation efforts that have long been made on a group-wide scale, the HOYA Group is committed, as a member of society, to aggressively meeting the growing requests to reduce electricity consumption since the Great East Japan Earthquake in March 2011. The HOYA Group, which had conventionally improved efficiency and profitability through the concentration of development and production sites at one location wherever possible, is now promptly taking action to disperse risks, such as dispersing its manufacturing sites and relocating them overseas, having learned a lesson from the two disasters—the Great East Japan Earthquake and the massive flooding in Thailand. We are committed to developing a structure that would cause no concerns among our customers in the future.

## Changes in the State of Assets, Profits and Losses

### ■ Overview of Assets, Profits and Losses of the HOYA Group

Classification		71 <sup>st</sup> Fiscal Year (Ended March 2009) [IFRS]	72 <sup>nd</sup> Fiscal Year (Ended March 2010) [IFRS]	73 <sup>rd</sup> Fiscal Year (Ended March 2011) [IFRS]	74 <sup>th</sup> Fiscal Year (Current consolidated fiscal year) (Ended March 2012) [IFRS]
<b>Sales</b>	(million yen)	453,795	402,430	373,586	360,673
<b>Profit before tax</b>	(million yen)	49,889	50,514	63,245	54,021
<b>Profit for the year</b>	(million yen)	29,079	41,517	59,579	42,680
<b>Profit attributable to owners of the Company</b>	(million yen)	29,380	41,214	59,744	43,219
<b>Basic earnings per share</b>	(yen)	67.87	95.24	138.49	100.18
<b>Total assets</b>	(million yen)	600,221	560,290	578,641	575,235
<b>Total equity</b>	(million yen)	342,984	358,749	377,541	384,653
<b>Equity attributable to owners of the Company per share</b>	(yen)	788.27	828.82	873.49	891.93

(Notes)

- Starting with the 73rd consolidated fiscal year, the Group began to use the International Financial Reporting Standards, in the preparation of its consolidated financial statements pursuant to the first paragraph, Article 120 of the Ordinance on Accounting of Companies. For information, figures prepared in accordance with the International Financial Reporting Standards are shown for the 71st and the 72nd fiscal years as well. Detailed information on these figures can be found in the Consolidated Financial Statements for the 72nd Fiscal Year, prepared in accordance with the International Financial Reporting Standards (IFRS Report) issued on December 21, 2010, found at the Company's website (<http://www.hoya.co.jp/english>).
- The amounts of sales and profit before tax present only the amount for continuing operations. The amount of profit for the year presents the amount of all operations including discontinued operations.
- Regarding the 73rd fiscal year, the profit and loss from continuing operations are presented after rearrangement of profit and loss that was newly reclassified to discontinued operations in the current consolidated fiscal year while such rearrangement has not been made in the 71<sup>st</sup> and the 72<sup>nd</sup> fiscal years.
- Basic earnings per share is computed, based on the average of the total number of the outstanding shares during the year. Equity attributable to owners of the Company per share is computed, based on the total number of shares outstanding as of the end of fiscal years. The figures for the total number of outstanding shares exclude treasury shares.
- The overview of the 74th fiscal year (the current consolidated fiscal year) is provided in the section of this report titled "Business Development and Results."

### Important Subsidiaries (as of March 31, 2012)

Company Name	Capital stock	Voting rights owned by the Company	Main business
HOYA HOLDINGS, INC. (USA)	5,489 thousands of U.S. dollar	100.0%	Regional headquarters in America
HOYA HOLDINGS N.V. (The Netherlands)	9,929 thousands of euro	100.0%	Holding company in Europe, controlling the distribution and sale of eyeglass lenses in Europe
HOYA HOLDINGS (ASIA) B.V. (The Netherlands)	19 thousands of euro	100.0%	Holding company in Asia
HOYA HOLDINGS ASIA PACIFIC PTE LTD. (Singapore)	80,794 thousands of Singapore dollar	100.0% (100.0%)	Regional headquarters in Asia and Oceania

(Note) The figure appearing in a bracket in the column entitled "Voting rights owned by the Company" represents indirect ownership.

### Major Businesses (as of March 31, 2012)

The HOYA Group has established two business domains in its management concept. They are "Information Technology" and "Life and Culture". In order to realize a continuous increase in the corporate value in each of the business domains, the Group makes decisions on management resource allocations and monitors business results. The major businesses of the HOYA Group can thus be broken down roughly to Information Technology business and Life Care business.

Diverse and varied application product groups that evolved as the result of the digitalization of information and emergence of Internet are the areas in which the Information Technology segment conducts business. The Group manufactures and sells a wide range of input/output (I/O) devices, or peripheral equipment, in the Information Technology field. Included are electronics-related products that are indispensable for today's digital information and communication technology, and image-related products that use optics technology and are necessary to capture images as digital data.

The Life Care segment manufactures and sells health care-related products that are used routinely in medical treatment and health maintenance fields, and medical-related products that include medical equipment and medical supplies used in medical treatment. Some unique features of this business segment are that government approvals and permits are required pursuant to the Pharmaceutical Affairs Law and that advanced technological strength and reliable quality control systems are the key requirements.

The major products and services handled by each division are as follows:

Business Segment	Business Category	Major products and services
Information Technology	Electronics related Products	Maskblanks and Photomasks for semiconductors, Masks and Devices for liquid-crystal displays (LCDs) Glass disks for hard disk drives (HDDs)
	Imaging related products	Optical lenses, Optical glasses, Digital camera modules, Micro lenses, Laser equipments
Life Care	Health Care related products	Eyeglass lenses, Contact lenses
	Medical related products	Endoscopes, Medical accessories, Intraocular lenses, Artificial bone
Other		Design of information systems, outsourced works

#### Head Office, Principal Places of Business and Plants (as of March 31, 2012)

##### (1) HOYA CORPORATION

Division	Name	Location
Headquarters	Global Headquarters	Shinjuku-ku, Tokyo
	Netherlands Branch	The Netherlands
	Singapore Branch	Singapore
Information Technology	Blanks Division and other Sales Departments	Shinjuku-ku, Tokyo, etc.
	Yokohama Marketing Center	Yokohama-shi, Kanagawa
	Nagasaka Office	Hokuto-shi, Yamanashi
	Hachioji Factory	Hachioji-shi, Tokyo
	Kumamoto Factory	Ozu-machi, Kumamoto
	Akishima Factory	Akishima-shi, Tokyo
Life Care	Vision Care Company, Japan Headquarters	Shinjuku-ku, Tokyo
	Eye Care Division	Shinjuku-ku, Tokyo
	Medical Division, Japan Headquarters	Shinjuku-ku, Tokyo
	Showa-no-mori Office	Akishima-shi, Tokyo

(2) Subsidiaries

Segment	Name	Location
Information Technology	HOYA CORPORATION USA	USA
	HOYA ELECTRONICS MALAYSIA SDN.BHD	Malaysia
	HOYA GLASS DISK VIETNAM LTD.	Vietnam
	HOYA OPTICS (THAILAND) LTD.	Thailand
	HOYA CANDEO OPTRONICS CORPORATION	Toda-shi, Saitama
	PENTAX CEBU PHILIPPINES CORPORATION	The Philippines
Life Care	HOYA LENS DEUTSCHLAND GMBH	Germany
	HOYA LENS U. K. LTD.	UK
	HOYA LENS OF AMERICA, INC.	USA
	HOYA LENS THAILAND LTD.	Thailand
	HOYA SURGICAL OPTICS, INC.	USA
	HOYA MEDICAL SINGAPORE PTE, LTD.	Singapore
	PENTAX OF AMERICA INC.	USA
	PENTAX EUROPE GMBH	Germany
PENTAX MEDICAL SINGAPORE PTE, LTD.	Singapore	
Other	HOYA SERVICE CORPORATION	Shinjuku-ku, Tokyo
Corporate	HOYA HOLDINGS, INC.	USA
	HOYA HOLDINGS N. V.	The Netherlands
	HOYA HOLDINGS (ASIA) B. V.	The Netherlands
	HOYA HOLDINGS ASIA PACIFIC PTE LTD.	Singapore

**Employees** (as of March 31, 2012)

(1) By Segment

Segment	Number of Employees	Year-on-year Comparison at Year End
Information Technology	20,543	Down 3,941
Life Care	11,353	Down 212
Other	306	Down 4
Corporate	161	Down 27
<b>Total</b>	<b>32,363</b>	<b>Down 4,184</b>

(Notes)

1. The number of employees represents officially-hired employees of all operations. Temporary and contract workers are excluded.
2. The Corporate figure represents the number of employees in the Global Headquarters, overseas regional headquarters and branches.
3. The reason of large decrease in Information Technology segment in the current fiscal year is mainly due to that as of October 1, 2011, the PENTAX Imaging System Business was transferred to Ricoh Co., Ltd.
4. Employees at HOYA CORPORATION numbered 4,454 (down 285 YOY). Their ages and service periods averaged 42.5 and 14.2 years, respectively.

(2) By Region

Region	Number of Employees	Year-on-year Comparison at Year End
Japan	3,700	Down 498
Americas	1,760	Down 78
Europe	2,487	Down 134
Asia	24,416	Down 3,474
<b>Total</b>	<b>32,363</b>	<b>Down 4,184</b>

(3) Changes in the number of employees

Category	71 <sup>st</sup> Fiscal Year (Ended March 2009)	72 <sup>nd</sup> Fiscal Year (Ended March 2010)	73 <sup>rd</sup> Fiscal Year (Ended March 2011)	74 <sup>th</sup> Fiscal Year (Ended March 2012)
Overseas	29,578	30,088	32,349	28,663
Japan	5,014	4,362	4,198	3,700

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**Major Lenders** (as of March 31, 2012)

<b>Lender</b>	<b>Loans Payable</b>
Japan Science and Technology Agency	428 million yen

**Other Important Matters concerning the HOYA Group**

**(1) Flood Damage in Thailand**

The massive flooding that occurred in Thailand in October 2011 inflicted damage directly to two plants at HOYA LENS THAILAND LTD., which is the HOYA Group's flagship manufacturing site for eyeglass lenses.

Heavy damage was incurred particularly at Ayutthaya Plant, which deals in custom-made products: its premises were flooded, so operations were suspended on October 12. At the Plant, flood waters subsided towards the end of the year, so efforts were made to restore its infrastructure and manufacturing facilities, which resulted in the resumption of operations in the beginning of April 2012.

Fortunately, neither deaths nor injuries have been reported. We sincerely apologize for having caused substantial inconvenience to many customers during the suspension of operations.

**(2) Conclusion of Basic Agreement on Eyeglass Lens Related Products with Two Companies**

On April 10, 2012, HOYA Corporation concluded a basic agreement with Seiko Epson Corporation (hereinafter referred to as "Epson") on commencing discussions to transfer Epson's eyeglass lens development and manufacturing business to HOYA.

At the same time, HOYA concluded a basic agreement with Seiko Holdings Corporation (hereinafter referred to as "Seiko") on the eyeglass-related product sales business to consider the partial transfer of interest in Seiko Optical Products Co., Ltd. (which is Seiko's wholly-owned subsidiary that engages in the business of selling eyeglass-related products) to HOYA as well as the strategic business alliance aimed at promoting the sales of eyeglass-related products on a global scale.

HOYA will engage in negotiations with the aim of concluding a legally-binding agreement promptly based on the respective basic agreements.

## Current State of the Company

### State of Shares (as of March 31, 2012)

- (1) Total number of shares the Company authorized: Common stock 1,250,519,400 shares  
 (2) Total number of issued shares: Common stock 435,017,020 shares  
 (3) Number of shareholders: 83,617 (down 4,551 YOY)  
 (4) Number of shares constituting one unit: 100 shares  
 (5) Principal shareholders: (Top 10 shareholders)

Rank	Name	Number of shares	The percentage of investment
		(Hundred shares)	%
1	Japan Trustee Services Bank, Ltd. (Trust Account)	305,987	7.09
2	JP Morgan Chase Bank 380055	214,949	4.98
3	State Street Bank and Trust Company	186,273	4.31
4	The Master Trust Bank of Japan, Ltd. (Trust Account)	141,017	3.26
5	State Street Bank and Trust Company 505225	125,288	2.90
6	SSBT OD05 OMNIBUS ACCOUNT – TREATY CLIENTS	104,111	2.41
7	Mellon Bank NA as agent for its client Mellon Omnibus US Pension	100,908	2.33
8	Mamoru Yamanaka	90,204	2.09
9	The Chase Manhattan Bank N.A. London Securities Lending Omnibus Account	81,467	1.88
10	Northern Trust Company (AVFC) Sub Account American Client	69,078	1.60

(Notes)

- In consideration of the number of voting rights, the numbers of shares are stated in units of one hundred shares and the shares that do not constitute one trading unit are rounded down.
- The percentage of investment is calculated by excluding treasury stocks (3,591,600 shares).

## State of Stock Acquisition Rights, etc.

(1) Stock acquisition rights owned by Directors and Executive Officers of the Company that have been issued as compensation for their execution of duties (as of March 31, 2012)

Issue (Date of resolution)	5 <sup>th</sup> issue of stock acquisition rights (December 22, 2005)	6 <sup>th</sup> issue of stock acquisition rights (October 19, 2006)	7 <sup>th</sup> issue of stock acquisition rights (October 29, 2007)	8 <sup>th</sup> issue of stock acquisition rights (November 10, 2008)	10 <sup>th</sup> issue of stock acquisition rights (November 19, 2009)	11 <sup>th</sup> issue of stock acquisition rights (November 18, 2010)	12 <sup>th</sup> issue of stock acquisition rights (December 22, 2011)	
Number of stock acquisition rights	155	157	148	420	455	209	272	
Type and number of shares to be issued on exercise of stock acquisition rights	62,000 shares of ordinary share	62,800 shares of ordinary share	59,200 shares of ordinary share	168,000 shares of ordinary share	182,000 shares of ordinary share	83,600 shares of ordinary share	108,800 shares of ordinary share	
Exercise price per share	4,150 yen	4,750 yen	4,230 yen	1,556 yen	2,215 yen	1,947 yen	1,616 yen	
Contribution of stock acquisition right	No contribution is required in exchange for a stock acquisition right							
Exercise period	October 1, 2006 - September 30, 2015	October 1, 2007 - September 30, 2016	October 1, 2008 - September 30, 2017	October 1, 2009 - September 30, 2018	October 1, 2010 - September 30, 2019	October 1, 2011 - September 30, 2020	October 1, 2012 - September 30, 2021	
Outline of terms and conditions for the exercise of stock acquisition rights	Exercise of stock acquisition rights is permitted under certain conditions even after retiring from the post due to the expiration of term of office or mandatory retirement age. Inheritance or transfer of the stock acquisition rights, creation of a pledge concerning the rights, etc. are not permitted.							
State of ownership	Directors (excluding Outside Directors) and Executive Officers	Number of owners: 2 Number of stock acquisition rights: 85	Number of owners: 2 Number of stock acquisition rights: 127	Number of owners: 2 Number of stock acquisition rights: 118	Number of owners: 3 Number of stock acquisition rights: 390	Number of owners: 4 Number of stock acquisition rights: 375	Number of owners: 4 Number of stock acquisition rights: 169	Number of owners: 4 Number of stock acquisition rights: 182
	Outside Directors	Number of owners: 3 Number of stock acquisition rights: 70	Number of owners: 3 Number of stock acquisition rights: 30	Number of owners: 3 Number of stock acquisition rights: 30	Number of owners: 3 Number of stock acquisition rights: 30	Number of owners: 4 Number of stock acquisition rights: 80	Number of owners: 4 Number of stock acquisition rights: 40	Number of owners: 5 Number of stock acquisition rights: 90

(Notes)

- The first issue of stock acquisition rights, resolved at the meeting of the Board of Directors held on October 21, 2002, the third issue of stock acquisition rights, resolved at the meeting of the Board of Directors held on November 27, 2003, and the fourth issue of stock acquisition rights, resolved at the meeting of the Board of Directors held on November 25, 2004, have ceased to exist, as the respective periods for their exercise have elapsed.
- No stock acquisition rights were granted to Directors and Executive Officers of the Company in the second issue of stock acquisition rights resolved at the meeting of the Board of Directors held on May 23, 2003 and in the ninth issue of stock acquisition rights resolved at the meeting of the Board of Directors held on February 5, 2009.

(2) Conditions of stock acquisition rights granted to employees, etc. as compensation for the fulfillment of duties during the fiscal year under review

Issue (Date of the resolution)		12 <sup>th</sup> issue of stock acquisition rights (December 22, 2011)
Number of stock acquisition rights		1,430 rights
Type and number of shares to be issued on exercise of stock acquisition rights		572,000 shares of ordinary share
Exercise price per share		1,616 yen
Contribution of stock acquisition right		No contribution is required in exchange for stock acquisition right
Exercise period		October 1, 2012 – September 30, 2021
Outline of terms and conditions for the exercise of stock acquisition rights		-Exercise of stock acquisition rights is permitted under certain conditions even after retiring from the post due to the expiration of term of office or mandatory retirement age. -Inheritance or transfer of the stock acquisition rights, creation of a pledge concerning the rights, etc. are not permitted.
State of ownership	Employees of the Company	Number of owners: 48 Number of stock subscription rights: 715 rights
	Officers and employees of subsidiaries of the Company	Number of owners: 47 Number of stock acquisition rights: 715 rights

## Directors of the Company

(1) Directors and Executive Officers (as of March 31, 2012)

Name	Position and role at the Company	Important positions of other organization concurrently held
Yuzaburo Mogi	Director Chairman, Nomination Committee  Compensation Committee member Audit Committee member	Honorary Chief Executive Officer and Chairman of the Board of Directors of Kikkoman Corporation Outside Director of Meiji Yasuda Life Insurance Company Outside Director of Calbee, Inc. Outside Auditor of Tobu Railway, Co., Ltd. Outside Auditor of Fuji Media Holdings, Inc. Outside Auditor of Fuji Television Network, Inc.
Eiko Kono	Director Chairman, Compensation Committee Nomination Committee member Audit Committee member	Outside Director of Mitsui Sumitomo Insurance Co., Ltd. Outside Director of DIC Corporation Outside Director of Tokyo Stock Exchange Group, Inc. Outside Director of Tokyo Stock Exchange, Inc.
Yukiharu Kodama	Director Chairman, Audit Committee Nomination Committee member Compensation Committee member	Chairman of the Mechanical Social Systems Foundation Outside Director of Asahi Kasei Corporation Outside Auditor of Tokyo Dome Corporation Outside Auditor of Yomiuri Land Co., Ltd.
Itaru Koeda	Director Nomination Committee member Compensation Committee member Audit Committee member	Chairman Emeritus and Advisor of Nissan Motor Co., Ltd.
Yutaka Aso	Director Nomination Committee member Compensation Committee member Audit Committee member	Chairman and Representative Director of Aso Corporation President and Representative Director of LAFARGE ASO CEMENT Co., Ltd.
Hiroshi Suzuki	Director President & CEO	
Hiroshi Hamada	Director Executive Officer & Chief Operating Officer (COO)	
Kenji Ema	Director Executive Officer & Chief Financial Officer (CFO)	
Taro Hagiwara	Executive Officer in charge of technology	

(Notes)

- Mr. Yuzaburo Mogi, Ms. Eiko Kono, Mr. Yukiharu Kodama, Mr. Itaru Koeda and Mr. Yutaka Aso are outside directors as indicated in the 15th item, Article 2 of the Companies Act.
- Each member of the Audit Committee of the Company has engaged in corporate management or has monitored the business community at government offices for many years. At the same time, they have served in financial institutions as outside directors or advisors. They have considerable levels of knowledge concerning finance and accounting. Mr. Yuzaburo Mogi, in particular, has direct on-site finance and accounting experience as an accounting section member and as a director and chief controller.

(2) Independent Directors

The company provided notice on Mr. Yuzaburo Mogi, Ms. Eiko Kono, Mr. Yukiharu Kodama, Mr. Itaru Koeda, and Mr. Yutaka Aso to the Tokyo Stock Exchange as being independent directors appointed by the Company, in accordance with the Tokyo Stock Exchanges rules and regulations.

(3) Outside Directors

(i) See “(1) Directors and Executive Officers” above for important positions and roles concurrently held by the Company’s Outside Directors at other organization and their relationship with the Company. There is no important business transactions relationship between the Company and each of any other organization.

(ii) Attendance at Board of Directors Meetings and Other Committee Meetings (Number of meetings attended/Number of meetings held)

Name	Board of directors meeting	Audit Committee	Compensation Committee	Nomination Committee
Yuzaburo Mogi	10/10 (100%)	10/10 (100%)	9/9 (100%)	4/4 (100%)
Eiko Kono	10/10 (100%)	10/10 (100%)	9/9 (100%)	4/4 (100%)
Yukiharu Kodama	10/10 (100%)	10/10 (100%)	9/9 (100%)	4/4 (100%)
Itaru Koeda	10/10 (100%)	10/10 (100%)	9/9 (100%)	4/4 (100%)
Yutaka Aso	7/8 (88%)	7/8 (88%)	7/7 (100%)	3/3 (100%)

(iii) Major Activities at the Board of Directors Meetings and Other Committee Meetings during the Fiscal Year under Review

Name	Major Activities
Yuzaburo Mogi	Mr. Mogi actively made useful contributions to the discussion of items on the agenda, based on his substantial management experience and expertise. As an Outside Director, he made remarks from a fair and impartial position as the occasion required, and fulfilled his role in terms of management supervision. As the Chairman of the Nomination Committee, Mr. Mogi led discussion toward Committee decisions on agenda items including the selection of candidates for Director’s posts and the appointment of candidates for Executive Officers.
Eiko Kono	Ms. Kono actively made useful contributions to the discussion of items on the agenda, based on her substantial management experience and expertise. As an Outside Director, she made remarks from a fair and impartial position as the occasion required, and fulfilled her role in terms of management supervision. As the Chairman of the Compensation Committee, she led the discussion of agenda items toward Committee decisions, for conducting fair and adequate performance evaluations and constructing a remuneration system that gives heightened incentives to Directors and Executive Officers.
Yukiharu Kodama	Mr. Kodama actively made useful contributions to the discussion of items on the agenda based on his experience as the minister’s aide and an impartial observer of the business community at the Ministry of International Trade and Industry (the predecessor of the Ministry of Economy, Trade and Industry), and based on the substantial experience and expertise he has gained at financial institutions. As an Outside Director, he made remarks from a fair and impartial position as the occasion required, and fulfilled his role in terms of management supervision. As the Chairman of the Audit Committee, Mr. Kodama led the discussions toward Committee decisions on agenda items, including verification of financial statements, monitoring of internal control systems, and auditing of operations and assets.

Name	Major Activities
Itaru Koeda	<p>Mr. Koeda made useful contributions to the discussion of items on the agenda, based on his substantial management experience and expertise. As an Outside Director, he made remarks from a fair and impartial position as the occasion required, and fulfilled his role in term of management supervision.</p>
Yutaka Aso	<p>Mr. Aso made useful contributions to the discussion of items on the agenda, based on his substantial management experience and expertise. As an Outside Director, he made remarks from a fair and impartial position as the occasion required, and fulfilled his role in term of management supervision.</p>

(iv) Overview of Liability Limitation Contract

The Company and its Outside Directors have concluded an agreement that limits possible future liabilities of the latter prescribed in the first paragraph, Article 423 of the Companies Act to the higher of a prefixed amount exceeding 10 million yen or the amount prescribed by the Act.

Remuneration etc. for the Director of the Company

(1) Policy of the Compensation Committee for determining the amount of remuneration and other benefits received by Directors and Executive Officers and details of the policy

(i) Basic Policy

The Company has established a Compensation Committee with the objective of "contributing to improvement of results of the Company by constructing a remuneration system that raises motivation among Directors and Executive Officers and by appraising their performance appropriately." The Committee is made up of all of 5 Outside Directors who are not Executive Officers of the Company.

(ii) Policy concerning remuneration for Directors

The remuneration of Directors consists of a fixed salary and stock options.

The fixed salaries consist of a basic compensation and compensation for being a member or a chairman of the Nomination, Compensation or Audit Committee. The compensation levels are set appropriately by taking into consideration such factors as the Company's business environment and the levels set by other companies as determined by a survey conducted by an outside professional organization.

(iii) Policy concerning remuneration for Executive Officers

The remuneration of Executive Officers consists of a fixed salary, performance-based compensation and stock options.

Fixed salaries are set appropriately according to the office and responsibility of each Executive Officer (President, CEO, etc.) and by taking into consideration such factors as the Company's business environment and the levels set by other companies as determined by a survey conducted by an outside professional organization.

Performance-based compensation is determined by both financial performance, measured as the percentage of targets met with respect to indicators corresponding to sales, profit for the year and earnings per share according to Japanese GAAP, which is given an 80% weight, and the degree of achievement with respect to management measures set at the beginning of the fiscal year, which is given a 20% weight. Remuneration typically consists of 50% fixed salary and 50% performance-based pay. The performance-based portion, however, can fluctuate widely, depending on the Company's performance.

Benefits granted to expatriates (such as housing) are also set at appropriate levels in consideration of the Company's business environment and the levels set by other companies as determined by a survey conducted by an outside professional organization.

(iv) Stock Options

In order for newly-appointed Directors and Executive Officers to share the same perspective as shareholders in regards to share price, and for re-appointed to share common interest with shareholders on long-term basis, commensurate stock options, which are a certain percentage of the granted shares when newly-appointed, are granted continuously every year in consideration of the exercise price at the time of granting (a market price one day prior to a Board of Directors resolution regarding stock option grants), fluctuations in the share price during the exercise period and fixed annual salaries.

Based on the above, the number of stock options granted to Outside Directors is fixed each year, whereas the number of stock options granted to Executive Officers is based on Company performance and individuals' evaluations, subject to deliberation by the Compensation Committee and decided by the Board of Directors.

Retirement benefits for officers were eliminated in 2003 as it was determined that these benefits were essentially a service pay for many years of service and had little to do with Company's performance or shareholder returns, and as such are not appropriate as a component of the officer compensation scheme.

(2) Total amount of remuneration, etc. of Directors and Executive Officers for the fiscal year under review

Classification		Number of payees	Total amount of remuneration, etc.	Total amount of remuneration by type		
				Fixed salary	Performance-based remuneration	Stock options
Directors	Outside	6 persons	59 million yen	51 million yen	—	8 million yen
	Internal	3 persons	24 million yen	24 million yen	—	—
	<b>Total</b>	9 persons	83 million yen	75 million yen	—	8 million yen
Executive Officers		4 persons	275 million yen	184 million yen	43 million yen	48 million yen
<b>Total</b>		10 persons	358 million yen	258 million yen	43 million yen	56 million yen

(Notes)

1. At the end of the fiscal year under review, there were eight Directors and four Executive Officers. Three of the four Executive Officers served concurrently as internal Directors.
2. The total amount of remuneration includes remuneration paid to one Executive Officer who retired as of the conclusion of the 73rd Ordinary General Meeting of Shareholders.
3. Fixed salary for Executive Officers includes oversea Executive Officer's benefit as expatriate of 18million yen.
4. For the stock options, fair values of stock acquisition rights were calculated and the table above shows amounts to be recorded as expenses for the fiscal year under review.

(3) Amount of consolidated remuneration for each Executive Officer (CEO and those with remuneration totaling 100 million yen or more)

The remuneration of the Chief Executive Officer (CEO) for the 74th fiscal year is as follows.

There was only one Director/Executive Officer whose consolidated remuneration totaled 100 million yen or more during the period, as shown below.

Name	Total Amount	Fixed Salary	Performance-based remuneration	Stock Option
Hiroshi Suzuki, CEO	103 million yen	74 million yen	16 million yen	14 million yen

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## Independent Auditors

(1) Name                      Deloitte Touche Tohmatsu LLC

(2) Amount of remuneration, etc.

Classification	Amount of payment
Amount of remuneration, etc. paid to independent auditors regarding the fiscal year under review	190 million yen
Aggregate amount of monetary and other asset gains the Company and its subsidiaries owe to independent auditors	190 million yen

(Notes)

1. The audit agreement between the Company and its independent auditors makes no clear distinction between the amount of audit fees based on the Companies Act and the audit fee based on the Financial Instruments and Exchange Act. For this reason, the total amount of remuneration, etc. for the independent auditors is stated as the amount of remuneration, etc. for the fiscal year under review.
2. The member firms of Deloitte Touche Tohmatsu Limited and Ernst & Young Global Limited provide audit services to the Company's major subsidiaries overseas.

(3) Policy on dismissal of independent auditors or decision against reappointment

When a condition that corresponds to any of the reasons for dismissal prescribed in the items of first paragraph, Article 340 of the Companies Act exists, and dismissal is deemed to be reasonable, the Audit Committee shall dismiss the independent auditors with the agreement of all Audit Committee members. In this case, an Audit Committee member appointed by the Audit Committee shall report the dismissal of the independent auditors and the reason for the dismissal at the first General Meeting of Shareholders following the dismissal.

The Audit Committee shall also examine the potential for reappointment by taking into consideration the term of office of independent auditors, the status of prior audit execution, the presence or absence of any serious reason that causes independent auditors to lose credibility, and other circumstances, and, when reappointment is not considered reasonable, shall place "no reappointment of independent auditors" on the agenda for discussion at a general meeting of shareholders on the regulations of the Audit Committee.

## **Frameworks and Policies of the Company**

### **1. Frameworks and Policies Concerning Internal Control Systems**

#### **1) System for Ensuring Adequacy of Operations:**

Contents of the resolutions the Board of Directors of the Company made with regard to internal control systems set out in (b) and (e) of first item, first paragraph, Article 416 of the Companies Act and Article 112 of the Ordinance for Enforcement of the Companies Act are as follows:

##### (1) Important matters in the execution of duties by the Audit Committee

###### (i) Matters concerning Directors and employees assisting the Audit Committee in its duties

The Audit Committee Office shall be established to assist the Audit Committee in its duties.

###### (ii) Matters concerning independence from the Executive Officers of Directors and employees stated in the above item

The regulations of the Company shall prescribe that the Audit Committee has the power to appoint and dismiss staff members of the Audit Committee Office.

###### (iii) Systems required for reports to the Audit Committee, including reports by Executive Officers and employees

The Board of Directors Regulations were amended to require reporting of all important matters to the Board of Directors, where Outside Directors comprise the majority of Board members. As a result, reports to the Board of Directors began to cover all important matters. For this reason, no special stipulations are established regarding matters that need to be reported to the Audit Committee.

###### (iv) Other systems to ensure the effectiveness of audits by the Audit Committee

The Company shall position the Internal Audit Division under the Audit Committee. The Internal Audit Division shall conduct audits focusing on onsite audits according to the audit policies and plans adopted or approved by the Audit Committee, and shall report to the Audit Committee as the occasion demands.

Each internal organization shall promptly report information it retains or manages at the request of the Audit Committee or the Internal Audit Division.

##### (2) Matters required for ensuring the adequacy of operations

###### (i) Systems concerning the storage and management of information about the execution of duties by Executive Officers

Efforts shall be made to adequately store and manage important matters, including documents, records and minutes relating to applications for internal approval, in accordance with laws, regulations and other standards.

###### (ii) Regulations and other systems concerning the management of the risk of loss

Each organ and division shall try to identify and manage risks, and shall aim for improvements as the occasion demands, taking into consideration the instructions of the Internal Audit Division, etc.

###### (iii) Systems for ensuring the efficiency of duty performance by Executive Officers

Each division shall carry out its operations according to the annual plan and the quarterly budget adopted at meetings of the Board of Directors. The HOYA Group shall ensure the efficiency of Group management by evaluating the levels of target achievement every quarter and working to make improvements as the occasion demands.

Executive Officers shall be timely and precise in performing their duties based on the decision-making system for their execution of duties, which covers their standards for approving important matters.

###### (iv) Systems for ensuring compliance with laws, ordinances and the Articles of Incorporation of the way duties are performed by Executive Officers and employees

The HOYA Group shall secure systems relating to the HOYA Business Conduct Guidelines that need to be observed by Directors and employees of the HOYA Group.

- (v) Systems for ensuring the adequacy of Group operations, including a given company, its parent and its subsidiaries

The HOYA Group shall observe across its organization the HOYA Business Conduct Guidelines established based on the Management Policy and Management Principles of the Group, and shall undertake educational activities as required. The HOYA Group will reinforce the effectiveness of such activities with the HOYA Help Line, an intra-Group system for reporting and counseling. The Group shall operate this system not only in Japan but also overseas to ensure the soundness of Group activities.

- (3) System for ensuring reliability of financial reporting

The HOYA Group shall establish and manage a system of internal controls for financial reporting and build a system for evaluating its financial reporting to ensure the reliability of its financial reporting and valid, appropriate submission of internal control reports as prescribed in the Financial Instruments and Exchange Act.

**2) Basic Policy for Eliminating Antisocial Forces**

A meeting of the Board of Directors resolved to adopt the following basic policy for the elimination of antisocial forces. We shall have no association whatsoever with antisocial forces, and deal with undue claims made by such forces resolutely as an organization in cooperation with specialized external agencies.

**2. Basic Policy on Parties that Control Decisions Concerning Corporate Finance and Business Policies**

The Company does not have a specific basic policy in this regard. However, the Company's basic view is as follows: The Company takes the view that judgment should ultimately lie with shareholders when an acquisition proposal and the like is made with the transfer of management control as its objective. No concrete threat regarding acquisition has emerged so far. The Company has no intention to fix concrete arrangements (so-called "countermeasures against takeovers") before the emergence of any such proposal. The responsibility of management is not to take unnecessary actions to defend companies from takeovers. As an entity that operates for the benefit of its shareholders, the Company considers it crucial to increase the return of profit to shareholders and increase its corporate value by constantly monitoring transactions of its shares and changes to its shareholders, to improve its business performance and increase its financial strength with the greater objective of achieving further growth.

If an acquisition or similar proposal is made, the Company considers it important to provide the information shareholders require to make a judgment based on an examination of the proposal made by the proposer. If the Company believes that the proposal will not increase the corporate value of the Company and benefit the common interest of its shareholders, it will clearly explain to the shareholders the reasons that form the background to its position, and try to obtain the understanding of shareholders.

### **3. Policy Concerning Decisions on Appropriation of Retained Earnings, etc.**

The Company endeavors to enhance its corporate value to meet shareholders' expectations through the promotion of Group management by focusing on business development from a global standpoint.

With respect to the distribution of retained earnings, the Company will examine both the results for the fiscal year under review and medium- to long-term fund requirements and make decisions, giving consideration to the balance among returns to the shareholders, the welfare of employees and the buildup of internal reserves for future growth of the Company.

With respect to internal reserves, resources will be appropriated preferentially in markets so as to establish brands, particularly for consumables in the Life Care business fields. Furthermore, the Company plans to aggressively pursue mergers and acquisitions (M&A) to ensure its future business growth, and make timely investment in M&A, as well as in R&D expenditures to strengthen its competitiveness. The Company will also continue to make capital investment so as to secure proper production capacity and develop next-generation technologies and new products so that it will generate stable earnings in the future.

Although the Company recorded decreased sale and profit in comparison to the preceding consolidated fiscal year as described earlier, the Company set the year-end dividend for the consolidated fiscal year under review at 35 yen per share so as to respond to the support of shareholders while retaining adequate internal reserves needed for future growth. Coupled with the interim dividend of 30 yen per share already paid, the annual dividend will be 65 yen per share.

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#### [Notes]

1. Yen amounts shown were obtained by rounding fractions to the closest stated units. Percentage figures shown were also obtained by rounding fractions to the lowest place shown. Numbers of shares shown were obtained by rounding down fractions less than the stated units.
2. Sales and other figures do not include consumption tax or local consumption tax.

## Corporate Governance

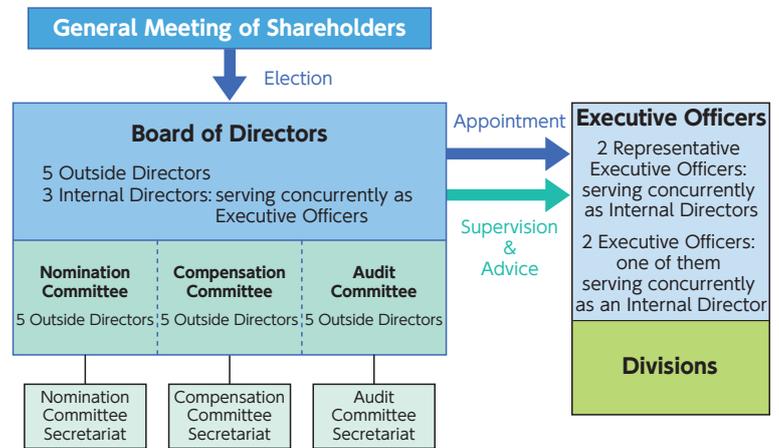
HOYA promotes management with the aim of maximizing its corporate value based on the recognition that corporate governance is a matter of utmost importance for management.

As the basis of taking a fair approach to stakeholders, we have adopted a “company with committees” structure simultaneously with the revision of the Companies Act, which enables us to better distinguish the execution and supervision of management to prevent management from being conducted based solely on in-house logic. We

have also set forth in the Articles of Incorporation that the majority of Directors consist of Outside Directors, who actively supervise management by Executive Officers and provide advice in order to improve corporate value from an objective and broad perspective.

HOYA also gives Executive Officers the authority and responsibility for the execution of operations, in order to accelerate decision making and improve management efficiency.

### Corporate Governance Structure



As of March 31, 2012

### Board of Directors

HOYA's Board of Directors, in which Outside Directors comprise the majority of Board members (8 Directors, consisting of 5 Outside and 3 Internal Directors as of March 31, 2012), convene regular Board meetings 10 times a year as a general rule.

Each meeting of the Board of Directors involves lively discussions and deliberations in a solemn atmosphere, with globally-minded Outside Directors

with a wealth of management experience supervising the execution of operations by Executive Officers and providing them with advice from various angles.



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## Executive Officers

At HOYA, four persons — namely, the Chief Executive Officer (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO) and Executive Officer in charge of Technology — are nominated by the Nomination Committee as candidates for Executive Officers and elected at the meeting of the Board of Directors as of March 31, 2012 (CEO, COO and CFO concurrently serve as Internal Directors). Each of them oversees the execution of operations in their respective jurisdictions determined by the Board of Directors, and carry out decision-making in a speedy fashion. Respective persons responsible for business divisions are instructed by the Executive Officers to formulate and execute specific policies based on the management policies decided at the meetings of the Board of Directors, and report the progress of businesses at the business reporting meetings, which are held more or less each month.

## Committees

The Board of Directors has internal organizations, namely, “Nomination Committee”, “Compensation Committee” and “Audit Committee”, each of which consists solely of Outside Directors.

### Nomination Committee

The Nomination Committee, which is comprised of 5 Outside Directors, selects candidates for Directors based on the “Basis for Election of Candidates for Directors” and proposes the candidates to the General Meeting of Shareholders for voting. It also selects candidates for Executive Officers and the Representative Executive Officer, and proposes the candidates to the Board of Directors for voting. As necessary, it makes decisions to propose the dismissal of Directors to the General Meeting of Shareholders and the dismissal of Executive Officers to the Board of Directors for voting. The Committee sets out the criteria for independence of candidates for Directors, which is stricter than the rules by Tokyo Stock Exchange so that a function of overseeing Executive Officers required to outside Directors is secured. The criteria of the independence of candidates for Outside Directors is described in the Reference Material.

### Compensation Committee

The Compensation Committee, which is comprised of 5 Outside Directors, builds a remuneration structure that gives more incentives to Directors and Executive Officers and assesses their work in an appropriate manner, with the aim to help improve HOYA’s business performance. The Compensation Committee determines the remuneration of Directors and Executive Officers on an individual basis. The policy of Compensation Committee is shown in this report.

### Audit Committee

The Audit Committee, which is comprised of 5 Outside Directors, formulates the audit policies and audit plans for each fiscal year, and verifies financial statements, etc. based on the quarterly reports and year-end reports received from the Independent Auditor according to such policies and plans. It also interviews the Internal Audit Division to obtain the results of operational audits, and verifies the soundness, legality, efficiency, etc. of management. All important matters are reported to the Board of Directors, and countermeasures are taken as necessary.

**Consolidated Statement of Financial Position** (As of March 31, 2012)

(Millions of yen)

Item	Amount	Item	Amount
<b><u>ASSETS</u></b>		<b><u>EQUITY AND LIABILITIES</u></b>	
<b>Non-current assets:</b>	<b>171,561</b>	<b><u>EQUITY</u></b>	
Property, plant and equipment–net	108,404	<b>Equity attributable to owners of the Company:</b>	<b>384,802</b>
Goodwill	1,431	Share capital	6,264
Intangible assets	13,164	Capital reserves	15,899
Investments in associates	12,935	Treasury shares	(10,928)
Long-term financial assets	8,442	Other capital reserves	(2,505)
Other non-current assets	2,119	Retained earnings	442,898
Deferred tax assets	25,066	Accumulated other comprehensive income	(66,826)
<b>Current assets:</b>	<b>403,674</b>	<b>Non-controlling interests</b>	<b>(149)</b>
Inventories	62,972	<b>Total equity</b>	<b>384,653</b>
Trade and other receivables	75,691	<b><u>LIABILITIES</u></b>	
Other short-term financial assets	47,272	<b>Non-current liabilities:</b>	<b>69,627</b>
Income tax receivables	874	Interest-bearing long-term debt	60,821
Other current assets	6,738	Retirement benefits obligation	5,533
Cash and cash equivalents	204,772	Other provisions	1,662
Sub total	398,318	Other non-current liabilities	1,251
Assets held for sale	5,356	Deferred tax liabilities	360
<b>Total assets</b>	<b>575,235</b>	<b>Current liabilities:</b>	<b>120,955</b>
		Interest-bearing short-term debt	41,224
		Trade and other payables	42,138
		Other short-term financial liabilities	642
		Income tax payables	2,509
		Other provisions	612
		Other current liabilities	33,830
		<b>Total liabilities</b>	<b>190,582</b>
		<b>Total equity and liabilities</b>	<b>575,235</b>

**Consolidated Statement of Comprehensive Income** (From April 1, 2011, to March 31, 2012)

(Millions of yen)

Item	Amount	
<b>Continuing operations</b>		
<b>Revenue:</b>		
Sales	360,673	
Finance income	1,582	
Share of profit of associates	1,864	
Other income	3,546	<b>367,664</b>
<b>Expenses:</b>		
Changes in inventories of goods, products and work in progress	(4,166)	
Raw materials and consumables used	77,446	
Employee benefits expense	87,395	
Depreciation and amortization	27,594	
Subcontracting cost	4,622	
Advertising and promotion expense	9,621	
Commission expense	21,140	
Impairment losses	831	
Finance costs	2,027	
Loss on disaster	5,909	
Other expenses	81,226	<b>313,643</b>
<b>Profit before tax</b>		<b>54,021</b>
Income tax expense		14,231
<b>Profit for the year from continuing operations</b>		<b>39,790</b>
<b>Discontinued Operations</b>		
Profit for the year from discontinued operations		2,890
<b>Profit for the year</b>		<b>42,680</b>
<b>Other comprehensive income:</b>		
Net loss on revaluation of available-for-sale financial assets	(319)	
Exchange differences on translation of foreign operations	(6,982)	
Share of other comprehensive income of associates	(113)	
Income tax relating to components of other comprehensive income	128	<b>(7,286)</b>
<b>Total comprehensive income for the year</b>		<b>35,394</b>
<b>Profit attributable to:</b>		
Owners of the Company	43,219	
Non-controlling interests	(538)	42,680
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	35,983	
Non-controlling interests	(589)	35,394

**Consolidated Statement of Changes in Equity**

(From April 1, 2011, to March 31, 2012)

(Millions of yen)

	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at April 1, 2011	6,264	15,899	(10,964)	(2,496)	427,722
Comprehensive income/(loss) for the year					
Profit for the year					43,219
Other comprehensive income/(loss)					
Total comprehensive income/(loss) for the year					43,219
Transactions with owners					
Contributions by and distributions to owners					
Acquisition of treasury shares			(2)		
Disposal of treasury shares			37	(18)	
Dividends, Yen 65 per share					(28,042)
Change in non-controlling interests				(393)	
Share-based payments (Stock option)				402	
Total contributions by and distributions to owners			35	(10)	(28,042)
Total transactions with owners	—	—	35	(10)	(28,042)
Balance at March 31, 2012	6,264	15,899	(10,928)	(2,505)	442,898

	Net gain/(loss) on revaluation of available-for-sale financial assets	Exchange differences on translation of foreign operation	Share of other comprehensive income of associates	Accumulated other comprehensive income/(loss)	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Balance at April 1, 2011	361	(57,921)	(2,030)	(59,590)	376,836	705
Comprehensive income/(loss) for the year							
Profit for the year					43,219	(538)	42,680
Other comprehensive income/(loss)	(175)	(6,948)	(113)	(7,236)	(7,236)	(50)	(7,286)
Total comprehensive income/(loss) for the year	(175)	(6,948)	(113)	(7,236)	35,983	(589)	35,394
Transactions with owners							
Contributions by and distributions to owners							
Acquisition of treasury shares					(2)		(2)
Disposal of treasury shares					19		19
Dividends, Yen 65 per share					(28,042)	(1)	(28,044)
Change in non-controlling interests					(393)	(264)	(657)
Share-based payments (Stock option)					402		402
Total contributions by and distributions to owners					(28,016)	(265)	(28,282)
Total transactions with owners	—	—	—	—	(28,016)	(265)	(28,282)
Balance at March 31, 2012	186	(64,869)	(2,143)	(66,826)	384,802	(149)	384,653

(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

May 18, 2012

To the Board of Directors of  
HOYA CORPORATION

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Hitoshi Matsumoto

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Yoshiaki Hatori

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Ichiro Sakamoto

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Kazuhiro Sota

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2012 of HOYA CORPORATION (the "Company") and its consolidated subsidiaries, and the related statements of comprehensive income and changes in equity for the fiscal year from April 1, 2011 to March 31, 2012, and the related notes.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with International Financial Reporting Standards with some omissions of disclosure items pursuant to the latter part of the first paragraph of Article 120 of the Ordinance of Companies Accounting, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Audit Opinion**

In our opinion, the consolidated financial statements referred to above, that are prepared in accordance with International Financial Reporting Standards with some omissions of disclosure items pursuant to the latter part of the first paragraph of Article 120 of the Ordinance of Companies Accounting, present fairly, in all material respects, the financial position of the Company and consolidated subsidiaries as of March 31, 2012, and the results of their operations for the year then ended.

**Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

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## Non-consolidated Balance Sheet

(As of March 31, 2012)

(Millions of yen)

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>217,061</b>	<b>Current liabilities</b>	<b>93,888</b>
Cash and deposits	78,860	Notes payable – trade	453
Notes receivable – trade	4,290	Accounts payable – trade	26,652
Accounts receivable – trade	47,378	Current portion of long-term debt	4
Marketable securities	40,000	Current portion of bonds	39,998
Merchandise and finished products	15,563	Accounts payable – other	7,587
Work in process	3,173	Accrued expenses	5,752
Raw materials and supplies	6,164	Accrued income taxes	1,105
Short-term loans to subsidiaries and affiliates	1,941	Advances received	2,238
Deferred tax assets	10,834	Deposits received	988
Accounts receivable - other	6,399	Accrued bonuses to employees	4,141
Income tax refundable	220	Warranties provision	395
Others	2,662	Accounts payable–facilities	3,142
Allowance for doubtful receivables	(423)	Others	1,434
<b>Non-current assets</b>	<b>125,443</b>		
<b>Property, plant and equipment</b>	<b>41,506</b>	<b>Long-term liabilities</b>	<b>67,819</b>
Buildings	9,237	Bonds	59,993
Structures	735	Long-term loans	425
Melting furnaces	226	Retirement benefits obligation	4,455
Machinery and equipment	6,935	Reserve for periodic repairs	1,057
Vehicles	8	Asset retirement obligations	1,049
Tools, equipment and fixtures	9,572	Others	840
Land	12,648		
Construction in progress	2,146	<b>Total liabilities</b>	<b>161,707</b>
<b>Intangible assets</b>	<b>8,529</b>	<b>(Net assets)</b>	
Patents	4,386	<b>Shareholders' equity:</b>	<b>178,570</b>
Technology	2,691	<b>Share capital</b>	<b>6,264</b>
Software	1,314	<b>Capital reserve</b>	<b>15,899</b>
Others	138	Additional paid-in capital	15,899
<b>Investments and other assets</b>	<b>75,408</b>	<b>Retained earnings</b>	<b>167,335</b>
Investment securities	2,967	Legal reserve	1,566
Equity securities of subsidiaries and affiliates	53,177	Other retained earnings	165,769
Investments in capital	2	Reserve for special depreciation	62
Investments in subsidiaries and affiliates	8,344	Reserve for advanced depreciation of fixed assets	199
Long-term loans	164	Unappropriated Retained earnings	165,509
Advances to subsidiaries and affiliates	20	<b>Treasury shares – at cost</b>	<b>(10,928)</b>
Claims in bankruptcy	488	<b>Valuation and translation adjustments</b>	<b>185</b>
Long-term prepaid expenses	181	Unrealized gain on available – for –sale securities	185
Deferred tax assets	6,848	<b>Stock acquisition rights</b>	<b>2,041</b>
Lease deposits	3,657		
Others	1,364		
Allowance for doubtful accounts	(1,804)	<b>Total net assets</b>	<b>180,797</b>
<b>Total assets</b>	<b>342,504</b>	<b>Total liabilities and net assets</b>	<b>342,504</b>

**Non-consolidated Statement of income**

(From April 1, 2011, to March 31, 2012)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		<b>266,346</b>
<b>Cost of sales</b>		<b>184,010</b>
<b>Gross profit</b>		<b>82,336</b>
<b>Selling, general and administrative expenses</b>		<b>68,259</b>
<b>Operating income</b>		<b>14,077</b>
<b>Non-operating income</b>		
Interest income	292	
Dividend income	13,768	
Commission received	9,823	
Others	926	
		<b>24,809</b>
<b>Non-operating expenses</b>		
Interest expense	33	
Interest on bonds	1,655	
Foreign exchange loss	1,698	
Others	128	
		<b>3,513</b>
<b>Ordinary income</b>		<b>35,373</b>
<b>Extraordinary income</b>		
Gain on business transfer	4,902	
Gain on sales of property, plant and equipment	15	
Gain on reversal of stock acquisition rights	88	
Others	166	
		<b>5,171</b>
<b>Extraordinary losses</b>		
Loss on sales of fixed assets	61	
Loss on disposal of fixed assets	667	
Loss on write-down of investment securities	25	
Impairment loss	176	
Severance payments	1,017	
Environmental cost	139	
Others	384	
		<b>2,469</b>
<b>Profit before income taxes</b>		<b>38,075</b>
Income taxes—current	730	
Income taxes—deferred	10,654	
		<b>11,384</b>
<b>Profit for the year</b>		<b>26,691</b>

**Non-Consolidated Statement of Changes in Net Assets**

(From April 1, 2011, to March 31, 2012)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital reserve		Legal reserve	Retained earnings			
		Additional paid-in capital	Total capital surplus		Other retained earnings			Total retained earnings
					Reserve for special depreciation	Reserve for advanced depreciation of fixed assets	Unappropriated retained earnings	
Balance as of April 1, 2011	6,264	15,899	15,899	1,566	108	207	166,821	168,702
Changes during the current fiscal year								
Reversal of reserve for special depreciation					(49)		49	—
Increase of reserve for special depreciation due to the change of tax rate					2		(2)	
Reversal of reserve for advanced depreciation of fixed assets						(21)	21	—
Increase of reserve for advanced depreciation of fixed assets due to the change of tax rate						13	(13)	
Dividends from retained earnings							(28,042)	(28,042)
Profit for the year							26,691	26,691
Acquisition of treasury shares								
Disposition of treasury shares							(15)	(15)
Changes in items other than shareholders' equity during the current fiscal year - net								
Total changes during the current fiscal year	—	—	—	—	(46)	(8)	(1,313)	(1,367)
Balance as of March 31, 2012	6,264	15,899	15,899	1,566	62	199	165,509	167,335

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury shares - at cost	Total shareholders' equity	Unrealized gain on available-for-sale securities	Total valuation and translation adjustments		
Balance as of April 1, 2011	(10,964)	179,901	360	360	1,731	181,992
Changes during the current fiscal year						
Reversal of reserve for special depreciation		—				—
Increase of reserve for special depreciation due to the change of tax rate		—				—
Reversal of reserve for advanced depreciation of fixed assets		—				—
Increase of reserve for advanced depreciation of fixed assets due to the change of tax rate		—				—
Dividends from retained earnings		(28,042)				(28,042)
Profit for the year		26,691				26,691
Acquisition of treasury shares	(2)	(2)				(2)
Disposition of treasury shares	37	22				22
Changes in items other than shareholders' equity during the current fiscal year - net			(175)	(175)	311	136
Total changes during the current fiscal year	35	(1,331)	(175)	(175)	311	(1,195)
Balance as of March 31, 2012	(10,928)	178,570	185	185	2,041	180,797

(TRANSLATION)

## INDEPENDENT AUDITOR'S REPORT

May 18, 2012

To the Board of Directors of  
HOYA CORPORATION

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Hitoshi Matsumoto

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Yoshiaki Hatori

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Ichiro Sakamoto

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Kazuhiro Sota

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2012 of HOYA CORPORATION (the "Company"), and the related statements of income and changes in net assets for the 74th fiscal year from April 1, 2011 to March 31, 2012, and the related notes and the accompanying supplemental schedules.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to

obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Audit Opinion**

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2012, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

**Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

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# Audit Committee's Audit Report

## AUDIT REPORT

The members of the Audit Committee of the Company audited the performance of the Directors and Executive Officers of their duties during the 74th fiscal year from April 1, 2011 to March 31, 2012. We hereby report the method and results thereof:

### 1. AUDIT METHOD AND ITS CONTENTS

We received periodic reports from the Directors, Executive Officers and others concerning the state of construction and management of the system (internal control system) established in accordance with the resolutions of the Board of Directors concerning matters provided for in (b) and (e) of first item, first paragraph, Article 416 of the Companies Act, requested explanations and expressed its opinions as necessary. In addition, we attended important meetings, received reports from Directors, Executive Officers and others on matters concerning the performance of their duties, requested explanations whenever necessary, inspected documentation of important decisions, etc. and investigated the state of activities and assets at the head office and major business offices of the Company in accordance with the audit policy and the assignment of duties, etc. established by the Audit Committee and in collaboration with the audit department of the Company. Regarding internal controls over financial reports, we received reports on the evaluation of the internal controls and the state of audits from Executive Officers and others, as well as Deloitte Touche Tohmatsu LLC, and requested explanations as necessary.

With respect to subsidiaries, we communicated and exchanged information with directors and auditors thereof, and received business reports from the subsidiaries whenever necessary.

We also monitored the Company's Independent Auditors to verify that they maintained a position of independence and conducted proper audits. We received reports from the Independent Auditors on the state of execution of their duties, and asked them for explanations whenever necessary. Additionally, we received from the Independent Auditors a letter that they were taking steps to build the System for Ensuring Adequate Execution of Duties (pursuant to the items of Article 131 of the Ordinance for Companies Accounting) in accordance with the Standards for Quality Control of Audit (Business Accounting Council, October 28, 2005), and asked the Independent Auditors for explanations whenever necessary.

Based on the method described above, we examined the business report, financial statements (consisting of the balance sheet, statement of income, statement of changes in total equity, and notes to financial statements), their supplementary schedules, and consolidated financial statements (consisting of the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, and notes to consolidated financial statements, prepared by omitting certain items required to be disclosed by the International Financial Reporting Standards and pursuant to the provisions of the latter part of first paragraph, Article 120 of the Ordinance for Companies Accounting) for the current fiscal year.

### 2. AUDIT RESULTS

#### (1) Results of the audit of the business report, etc.

A. We are of the opinion that the business report and its supplementary schedules fairly present the state of the Company in accordance with laws, ordinances and the Articles of Incorporation

B. We are of the opinion that, in connection with the performance by the Directors or Executive Officers of their duties, no dishonest act or material fact of violation of laws, ordinances or the Articles of Incorporation exists.

C. We are of the opinion that the resolution of the Board of Directors concerning the internal control system was reasonable. We are also of the opinion that, in connection with the descriptions in the Business Report or the performance by the Directors or Executive Officers of their duties concerning said internal control system, no matter that needs to be pointed out exists.

#### (2) Results of the audit of the financial statements and their supplementary schedules

We are of the opinion that the method and results of the audit made by Deloitte Touche Tohmatsu LLC, the

Company's Independent Auditors, are in order.

#### (3) Results of the audit of the consolidated financial statements

We are of the opinion that the method and results of the audit made by Deloitte Touche Tohmatsu LLC, the Company's Independent Auditors, are in order.

May 25, 2012

Audit Committee  
HOYA CORPORATION

Yukiharu Kodama	Member of the Audit Committee
Yuzaburo Mogi	Member of the Audit Committee
Eiko Kono	Member of the Audit Committee
Itaru Koeda	Member of the Audit Committee
Yutaka Aso	Member of the Audit Committee

Notes: The Members of the Audit Committee, Yukiharu Kodama, Yuzaburo Mogi, Eiko Kono, Itaru Koeda, and Yutaka Aso, are outside directors as provided in the 15th item, Article 2 and third paragraph, Article 400 of the Companies Act.

## Notice

### Notice concerning online disclosure of HOYA Report

To enable better understanding of our business activities, HOYA CORPORATION formerly distributed printed copies of the HOYA Report each year. Since 2010, however, we have decided to disclose the Report online only, without printing it.

We plan to enhance the contents of the Report, for instance by using video, audio, and computer graphics, to provide easy-to-understand information about the HOYA Group.

The online HOYA Report 2012 will be available at our website (<http://www.hoya.co.jp/english/>) around July. We hope you will find the Report useful.

### Notice concerning report of resolutions and results of exercise of voting rights at the Ordinary General Meeting of Shareholders

HOYA CORPORATION discloses the resolutions along with the results of exercise of voting rights on our website (<http://www.hoya.co.jp/english/>).

### Shareholders' Memo

<b>Business year:</b>	From April 1 every year to March 31 of the following year
<b>Date to determine shareholders who are entitled to receive year-end dividend payments</b>	March 31
<b>Date to determine shareholders who are entitled to receive interim dividend payments</b>	September 30
<b>Ordinary General Meetings of Shareholders:</b>	June every year
<b>Transfer agent Account management institution for the special accounts</b>	Mitsubishi UFJ Trust and Banking Corporation
<b>Contact</b>	Corporate Agency Department Mitsubishi UFJ Trust and Banking Corporation 7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081, Japan Free phone: 0120-232-711
<b>Market:</b>	The Tokyo Stock Exchange
<b>Method for public notice:</b>	Electronic URL for the notice: <a href="http://www.hoya.co.jp/">http://www.hoya.co.jp/</a> (However, if the Company is unable to publish public notices by electronic means because of an accident or any other unavoidable event, public notices shall be published in the <i>Nihon Keizai Shimbun</i> .)